INDITEX

annual report

2013

Transparency is the fundamental principle that inspires Inditex in its relations with its stakeholders

indicators

EVOLUTION OF MAIN INDICATORS

Turnover (in billions of euros)	2013	2012
Sales	16.724	15.946

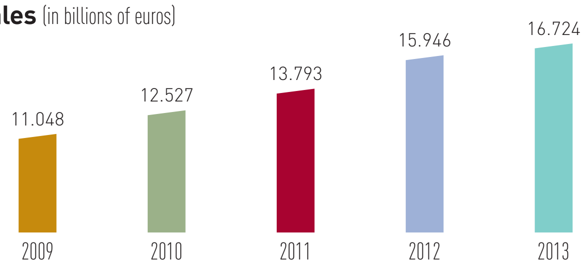
Results (in billions of euros)	2013	2012
Operating profit (EBITDA)	3.926	3.913
Operating profit (EBIT)	3.071	3.117
Net profit	2.382	2.367
Net profit attributable to the parent company	2.377	2.361

Financial and management ratios	2013	2012
ROE (Return On Equity)	27%	30%
ROCE (Return On Capital Employed)	35%	39%

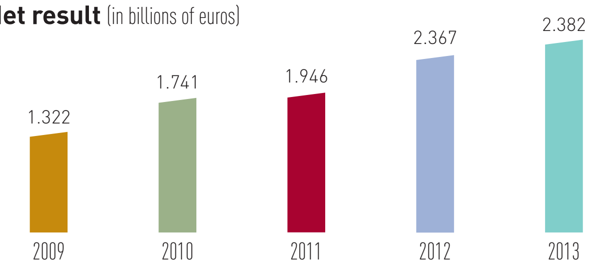
Other relevant information	2013	2012
Number of stores	6,340	6,009
Net openings	331	482
Number of markets with commercial presence	87	86
Number of markets with an online store	25	22
Number of employees	128,313	120,314
Percentage of women	78.1%	78.7%
men	21.9%	21.3%
Overall energy consumption (in terajoules)	3,895	4,010
Number of suppliers	1,592	1,490
Investment in social programmes (in millions of euros)	23	21

RELEVANT DATA

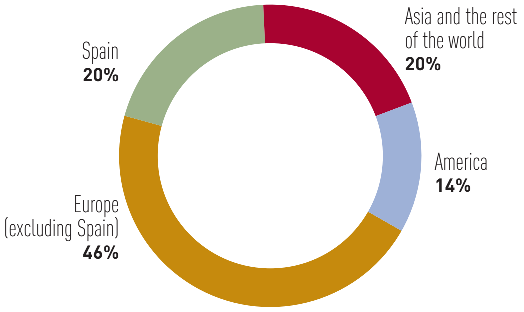
Sales (in billions of euros)



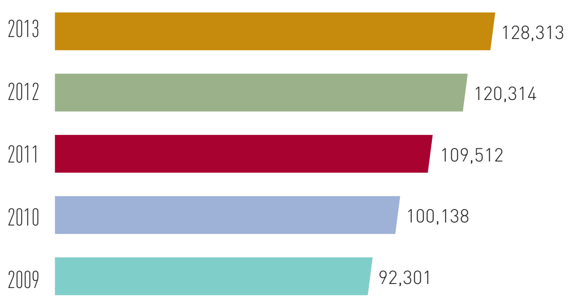
Net result (in billions of euros)



Sales by geographical area



Number of employees



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about this report

Transparency is the fundamental principle that inspires Inditex in its relations with its interest groups, all the stakeholders who have some kind of relationship with the company. Inditex actively participates in the most innovative global reporting initiatives, incorporating best practices into its Annual Report in order to provide transparent, reliable, relevant and accurate information.

The Annual Report sets out the most important social, economic and environmental developments of the year, allowing stakeholders to assess the value created and performance of the Group over the year.

Strategic additional information available at www.inditex.com.

INTERNATIONAL REPORTING INITIATIVES SUBSCRIBED TO BY INDITEX

Global Reporting Initiative

- Inditex has adhered to its criteria since 2002 and is an active member of the Organizational Stakeholders group
- Member of the "G4 Pioneers" programme since its launch
- The 2013 Annual Report is published in accordance with the guidelines set out in the new G4 Guide launched by GRI last year
- The Report has been drafted in "comprehensive accordance" with the G4 Guide (maximum level of adherence)

IR PILOT PROGRAMME

- Member of the Integrated Reporting Pilot Programme of the International Integrated Reporting Council (IIRC) since its launch
- Active participation in the drafting of the Integrated Reporting Framework
- In line with the principles established in the Framework, Inditex's 2013 Annual Report is presented as an integrated report

THE GLOBAL COMPACT

- Participant in the United Nations Global Compact since 2001
- Committed to aligning company strategies and operations with the 10 principles of the Global Compact
- GC Advanced level (maximum level awarded by the Global Compact) in its last Communication on Progress
- The Communication on Progress for this Annual Report is included in the Report's GRI index

GUIDING PRINCIPLES FOR THE DRAFTING OF INDITEX'S 2013 ANNUAL REPORT

GRI – G4

Principles for determining Report contents

- Stakeholders inclusiveness
- Sustainability context
- Materiality
- Completeness

Principles for determining the quality of the Report

- Balance
- Comparability
- Accuracy
- Timeliness
- Clarity
- Reliability

Integrated Reporting Framework

Guiding Principles

- Strategic focus and future orientation
- Connectivity of information
- Stakeholder relationships
- Materiality
- Conciseness
- Reliability and integrity
- Consistency and comparability

AccountAbility

AccountAbility Principles AA1000

- Inclusivity
- Materiality
- Responsiveness

External verification

Inditex's Annual Report has been verified by SGS ICS Ibérica, SA, in accordance with ISO 19011 and in line with the principles established in the G4 Guide to Sustainability Reporting of the Global Reporting Initiative, the principles established in the International Integrated Reporting Framework, and AA1000 AccountAbility Principles Standard 2008 (AA1000APS). The results of this verification demonstrate that the application level (In Accordance – Exhaustive) declared for the GRI Guide (G4) is appropriate. Equally, a selection of relevant indicators was reviewed by KPMG Asesores in accordance with standard ISAE 3000. This selection of indicators was produced based on Inditex's annual materiality analysis, carried out in conjunction with stakeholders. In 2013, the scope of these groups was expanded.

year review


ZARA
ZARA

letter from the Chairman

Dear Friends,

Once again, 2013 was a year marked by the growth of our business, the international expansion of our retail formats, investment and job creation. Last year we continued to promote our strategy to open and refurbish emblematic stores and implemented new projects both on the retail and the operational front.

With a constant focus on transparency in management, this Annual Report endeavours to go beyond the mere listing of facts and figures. Our aim is to ensure that the Annual Report sets out the key details that will allow all stakeholders to make an in-depth analysis of our performance. In this respect, our commitment to the United Nations' Global Compact, participation in international platforms such as the Ethical Trading Initiative or the Sustainable Apparel Coalition, and collaboration with the international trade union federation IndustriALL are good examples of the rigorous way in which we achieve this transparency.

This effort is linked to Inditex's strong commitment to preparing a comprehensive Report, in which all variables of our business are presented in a clear, interconnected way. Only this kind of overview of the business and the management of its impact on the environment can serve to adequately assess the progress made in our sustainability strategy. The company's culture and philosophy have always been linked to creating value beyond strict financial profitability; value for its customers, employees, shareholders, business partners and the community.

This commitment is reflected in the economic boost generated by the Group's activity, not only in the form of job creation, with more than 8,000 posts created in 2013, but also in the impetus given to the activities of all of the suppliers linked to our business activity, which in turn channel wealth into communities. Inditex also makes an important tax contribution, both in terms of the taxes paid by the company worldwide, with more than 4 billion in direct taxes or taxes collected for governments during 2013, and – fundamentally – in Spain, where the Group's tax contributions reached over 1.2 billion euros in total.

In many cases this value is expressed in elements that are not strictly economic, related to issues such as our shareholders' confidence in the quality of Inditex's corporate governance and our customers' confidence in the products they buy in our stores or our continuous improvement

> “Inditex has an enormous potential for the future based on the extreme professionalism and commitment of all the people who are part of the company”
>
> **Pablo Isla**
> Chairman

of working conditions in the supply chain and our ability to collaborate with charitable organisations to develop community programmes.

A wealth of information on these and other aspects can be found in the following pages along with, naturally, the data that reflects the group's healthy economic performance in a year of significant international expansion and investment as well as an increase in return to our shareholders. Inditex's consolidated sales in 2013 totalled over 16.7 billion euros, backing its growth in the excellent performance of like-for-like sales, which rose by 3%. This figure is particularly relevant if we consider that it is preceded by a 6% growth in 2012 and a cumulative 17% growth over the last four fiscal years.

Another important factor in the increase in sales has been the 9% increase in retail space, which added over 280,000 square metres of new floor space for a total of almost 3.5 million metres. In terms of this growth is it worth noting that the new retail space is largely concentrated in key locations, both in the case of new stores and the expansion of existing ones. The range of refurbishments that have been carried out to implement the new look of our retail formats with extended retail space has had a very significant impact in 2013, with more than a hundred refurbishments carried out in the company's most emblematic commercial locations around the world.

In this regard, I would also like to emphasise the progress made in implementing our eco-efficient store model, now fully operational in more than 2,200 stores and which will spread to our entire sales network by no later than 2020. Implementation of this model has continued to be backed up by international certification awarded to some of our most prominent stores. Thus, the U.S. Green Building Council has awarded the highest LEED certifications to our new Zara stores on the Champs Élysées, on Kalverstraat in Amsterdam, in the Haas-Haus in Vienna and Park House in London, and on Nanjing West Street in Shanghai.

If the physical expansion of our retail space has been significant, so has the development of our online sales platform, which closed out 2013 with a presence in 25 markets and plans to launch online sales in South Korea and Mexico this year. As we have maintained since we started our online sales with Zara Home in 2007, our goal is to gradually reach online all the markets in which we have bricks-and-mortar stores. The pace at which we are expanding our online business is more than satisfactory for the moment, and we are currently operating in most of the markets in which e-commerce has made significant inroads.

One of the pillars that underpins our global expansion is the high efficiency of our logistics system, which is subject to ongoing dimensioning efforts required by the increasing numbers of stores and markets in which we operate. Thus, significant investments in all operating distribution centres were made in 2013 and construction began on a new centre in Cabanillas (Guadalajara, Spain), which will open its doors in 2014. In terms of investments I should also mention the expansion of our headquarters in Arteixo (A Coruña, Spain), which almost doubled its working area with the addition of 70,000 square metres of new floor space.

Regarding the outlook for 2014, the company will keep its expansion pace with a total planned investment of 1.35 billion euros. All our retail formats will continue to take advantage of the excellent opportunities both in bricks-and-mortar and online stores on a global scale.

Inditex has indeed an enormous potential for the future, based on its competitive dynamism and in particular, on the extreme professionalism and commitment of all the people who are part of this company. Without the engagement and effort of those human teams, none of the figures below-stated would make any sense. Therefore, I would like to thank each and every one of the people who are part of Inditex for their invaluable contribution to the company's results.

This high level of commitment from the almost 130,000 people that form Inditex Group allows us not only to successfully face the competitive demands of the global market but also, as I commented at the start of this letter, our ongoing effort to create value that goes beyond strict profitability.

Pablo Isla
Chairman

Context

Revamped retail space designed with eco-efficiency criteria

The Inditex Group stores, bricks-and-mortar and online, are the main channel of communication used by the company to get to know its customers' preferences, which lie at the very heart of Inditex's business model. As a result, the Inditex Group has allocated a large proportion of the 1.24 billion the company invested in 2013 to opening new stores and refurbishing and expanding existing ones. The past year was characterised by a significant effort to improve the commercial network, adapting it to the standards of excellence that guide everything Inditex does. In fact, elements of eco-efficiency were incorporated into all new and refurbished stores in 2013, a practice in line with the Group's sustainability strategy. Half of Inditex's 14 stores that have been LEED eco-efficiency certified by the U.S. Green Building Council achieved this recognition in 2013.

Online sales have also been included in this effort and have continued to advance in 2013, breaking into two new markets: Russia and Romania. At year-end the Inditex Group provided e-commerce in 25 markets. Its websites receive about five million visits a day.

Thanks to its constant contact with customer demands, the Inditex Group has launched initiatives such as an item locator service (for both bricks-and-mortar and online stores), improvements in packaging for online orders, and same-day delivery for online purchases.

Integrity of the supply chain

Inditex approved its 2014-2018 supply chain management strategy in 2013. This strategy is based on identifying the activities of suppliers and manufacturers who work for the Group and analysing them in depth in order to help them improve their practices. In 2013 alone, over 4,300 audits were performed and more than 1,100 suppliers (three in four) were trained in matters relating to production traceability.

In the textile sector 2013 was a year marked by the Rana Plaza building tragedy in Dhaka (Bangladesh), which left over a thousand dead, and thousands more injured. Although Inditex had no business relationship with any of the factories in the Rana Plaza, from the outset the company felt it was its duty to participate in the initiatives undertaken to mitigate the effects of the collapse of the building. Inditex was an active collaborator in drafting the Bangladesh Accord on Fire and Building Safety and was among the first companies to sign the agreement. The company was also selected to be a member of the Accord's implementation team and member of its Steering Committee.

Another commitment Inditex made to its supply chain was to ensure a fair wage for all workers along the supply chain. The Group's experience has revealed that, on the one hand, the legal minimum wage in certain regions is not always synonymous with a fair wage and that, on the other, the best way to address these issues is through direct negotiation between employers and employees. For this reason and to ensure fair trading conditions Inditex encourages dialogue between the parties under its framework agreement with the global union IndustriALL. In this regard, in 2013 Inditex launched programmes to promote workers' associations in Portugal, Morocco, China, Argentina and Brazil, in addition to the existing association in Turkey. Furthermore, Inditex has joined the fair wages task force created in 2013 by the Ethical Trading Initiative.

Responsible products

Product health and safety is one of the guiding principles of Inditex's business model, and the company's strategy in this area is continual innovation. Thus, in 2013 Inditex launched a pioneering programme for good manufacturing practice (Ready to Manufacture) that prevents the use or generation of unwanted substances during manufacturing. As part of its initiative The List, by Inditex, the Group has compiled a ranking of dyes, pigments and auxiliary chemical products according to their suitability for use in the supply chain.

Inditex has further strengthened its commitment to animal welfare. In 2013, the Group pledged to place no new orders of angora wool until the corresponding facilities have been inspected once again and the results have been checked against Inditex auditing protocol.

Reducing chemicals and emissions

Aware that water is a precious, limited resource used in a large proportion of its production process, Inditex created a Global Water Management Strategy to define its commitments in this area. An essential part of this strategy is the progress that the Group made in 2013 to reach "zero discharge" of unwanted chemical substances, a commitment Inditex made in 2012. These developments include the steps Inditex has taken hand-in-hand with its suppliers. For example, the Group published the Manufacturing Restricted Substances List (MRSL), mandatory for workshops and factories that work for the Group. Inditex also published the results of analyses of its major suppliers in order to assess the presence of priority chemicals in their waste. Moreover, Inditex participates together with eight other textile brands in the Bangladesh Water PaCT: Partnership for Cleaner Textile project, which works to increase awareness and training in different factories to reduce water, energy and raw material consumption as well as levels of wastewater and emissions.

Inditex also released its Global Energy Strategy this year which, among other objectives, aims to reduce energy consumption in the value chain in addition to mitigating direct and indirect emissions associated with both the production process and distribution. Examples of the Group's commitment to energy efficiency are the new Pull&Bear and Inditex offices (located in Narón and Arteixo respectively), and the new logistics centre in Guadalajara, all currently in the process of achieving LEED Gold Certification. The Tempe 3 logistics platform has BREEAM building sustainability certification.

Stock market performance

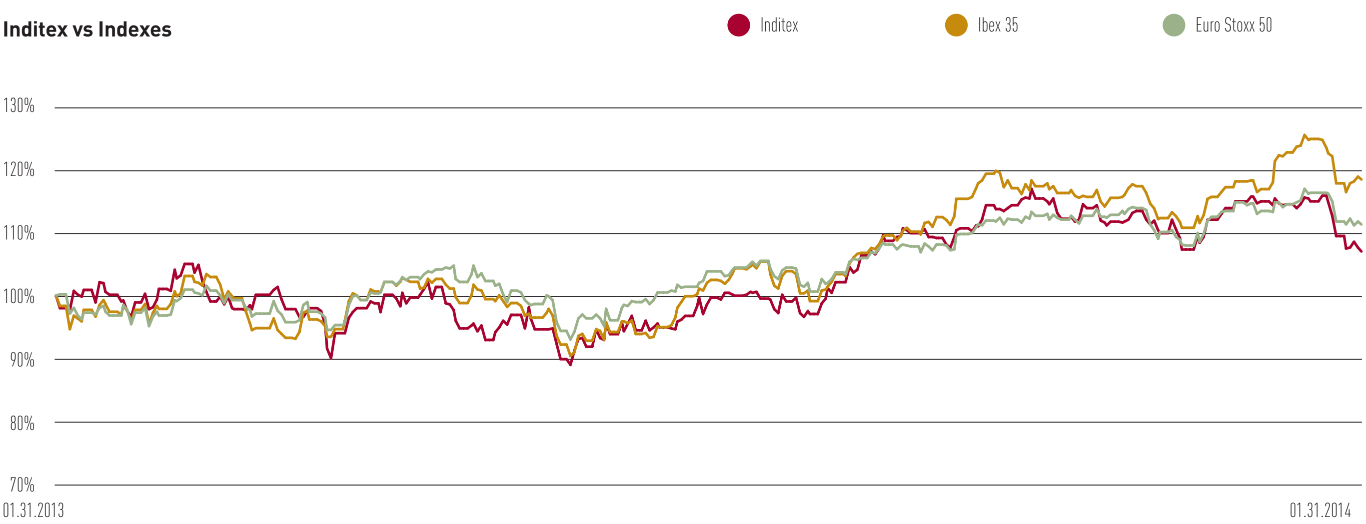
Shares in Inditex saw growth of 7.3% during the financial year 2013, closing at 110.7 Euros per share on 31st January 2014, compared to the 11.5% increase in the Euro Stoxx 50 and the 18.6% increase in the Spanish IBEX 35 Index over the same period. The average negotiated volume of shares was approximately 1.9 million per day.

Inditex´s market capitalisation stood at 69,002 million Euros at year end, 653% more than its initial market value on 23rd May 2001, as compared to the 3% increase of the IBEX 35 during the same period.

In May and November 2013, the dividend for fiscal 2012 was paid out, amounting to the sum of 2.20 Euros per share.

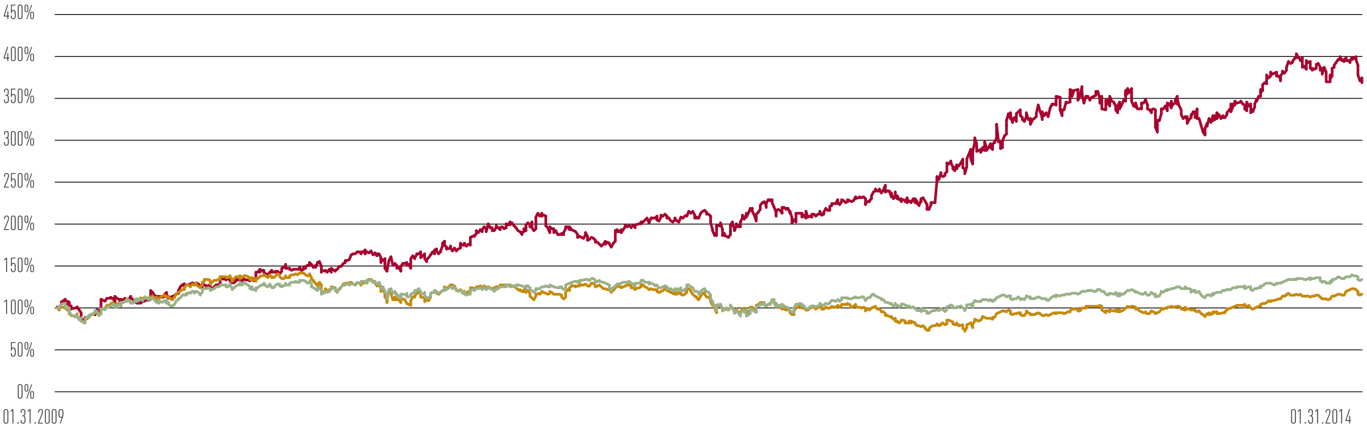
Performance 2013

Inditex vs Indexes



Performance last 5 years

Inditex vs Indexes



milestones of the year

April

Zara launches its online store in Canada.

Bershka celebrates its 15th anniversary.

Zara Home opens its first two stores in Japan in Osaka and Yokohama.

May

Inditex endorses the Bangladesh Accord on Fire and Building Safety for garment factories.

Uterqüe opens its flagship store in Moscow at Europeiskyj shopping center.

September

Stradivarius launches its online store in six European countries.

Oysho opens its for&from store in Palafolls (Barcelona).

Zara Home opens its first brick-and-mortar store in Sweden.

October

Stradivarius launches its new La Bohème store concept in Warsaw.

Massimo Dutti, Bershka, Stradivarius and **Oysho** launch their online sales in Russia.

June

Pull&Bear opens its first store in Germany, where it already had a presence through its e-commerce platform.

Stradivarius opens a flagship store in Mexico City.

July

Zara launches its online sales in Russia.

The **Massimo Dutti** and **Zara Home** online stores begin operations in Canada. The home decoration brand, which celebrates its tenth anniversary, also opens its first brick-and-mortar store in the same country.

November

Pull&Bear and **Zara Home** open their first stores in Taiwan.

Massimo Dutti opens a flagship shop on the Rue de la Paix in Paris.

December

Zara opens its first store in Algeria.

Bershka opens a new flagship store on the Mariahilferstrasse in Vienna.

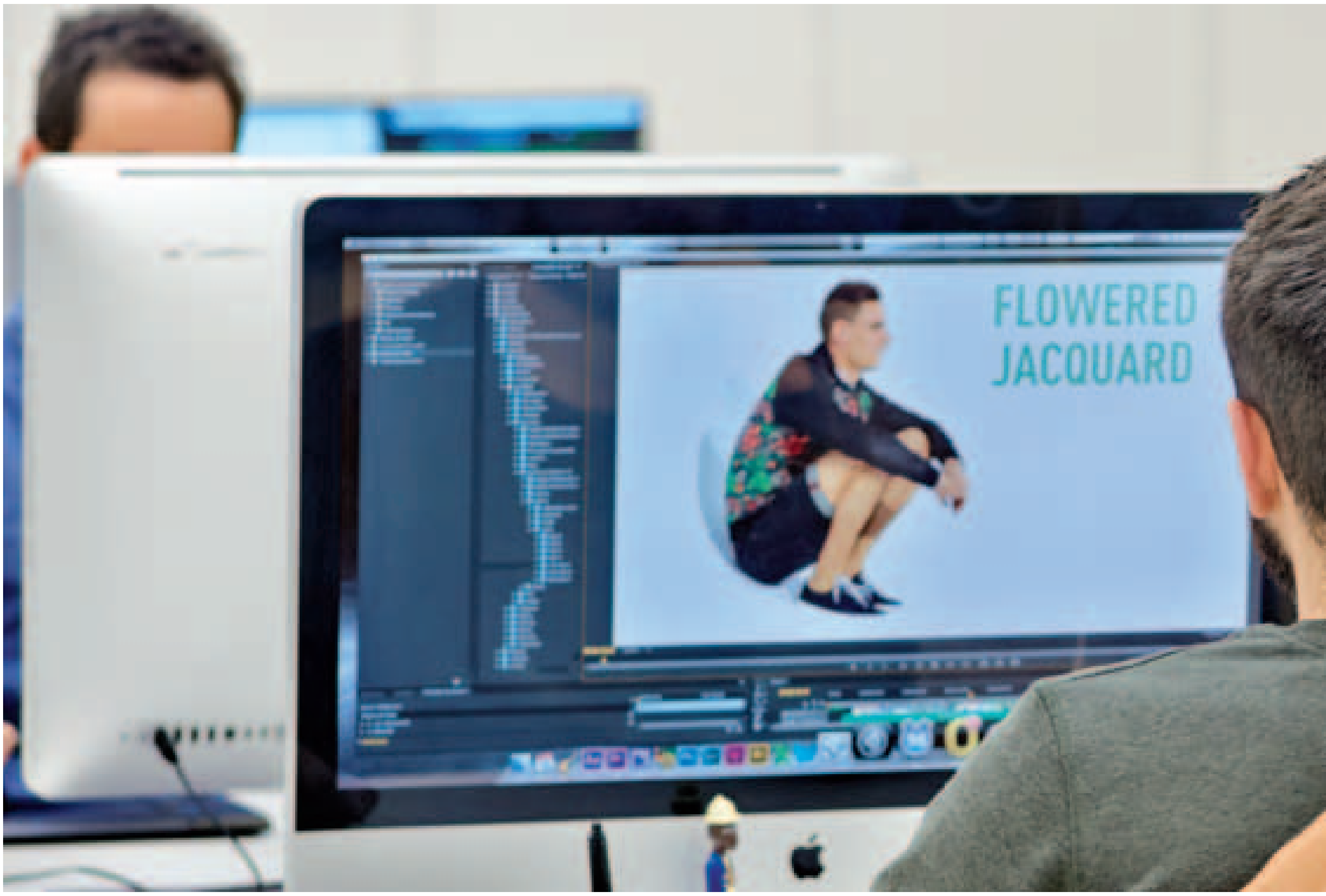
Commercial presence

ENTRY INTO NEW MARKETS BY BRAND

ZARA	PULL&BEAR	Massimo Dutti	Bershka
Algeria	Germany Panama Costa Rica Taiwan	Azerbaijan Ecuador Honduras	Philippines Tunisia Panama Costa Rica
Stradivarius	**OYSHO**	**ZARA HOME**	
Philippines Panama Costa Rica Honduras	Panama Colombia Ecuador Kazakhstan	Japan Panama Canada Honduras Sweden Indonesia Thailand Kazakhstan Uruguay Taiwan	

NUMBER OF STORES PER BRAND

	EUROPE		ASIA AND THE REST OF THE WORLD		AMERICA		**TOTAL**	
	markets	stores	markets	stores	markets	stores	**markets**	**stores**
Zara	43	1 307	26	450	18	234	**87**	**1 991**
Pull&Bear	35	638	18	153	10	62	**63**	**853**
Massimo Dutti	34	495	19	123	10	47	**63**	**665**
Bershka	36	706	20	165	10	83	**66**	**954**
Stradivarius	30	669	17	158	9	31	**56**	**858**
Oysho	21	414	12	89	6	46	**39**	**549**
Zara Home	18	309	16	50	11	35	**45**	**394**
Uterqüe	6	51	8	15	1	10	**15**	**76**

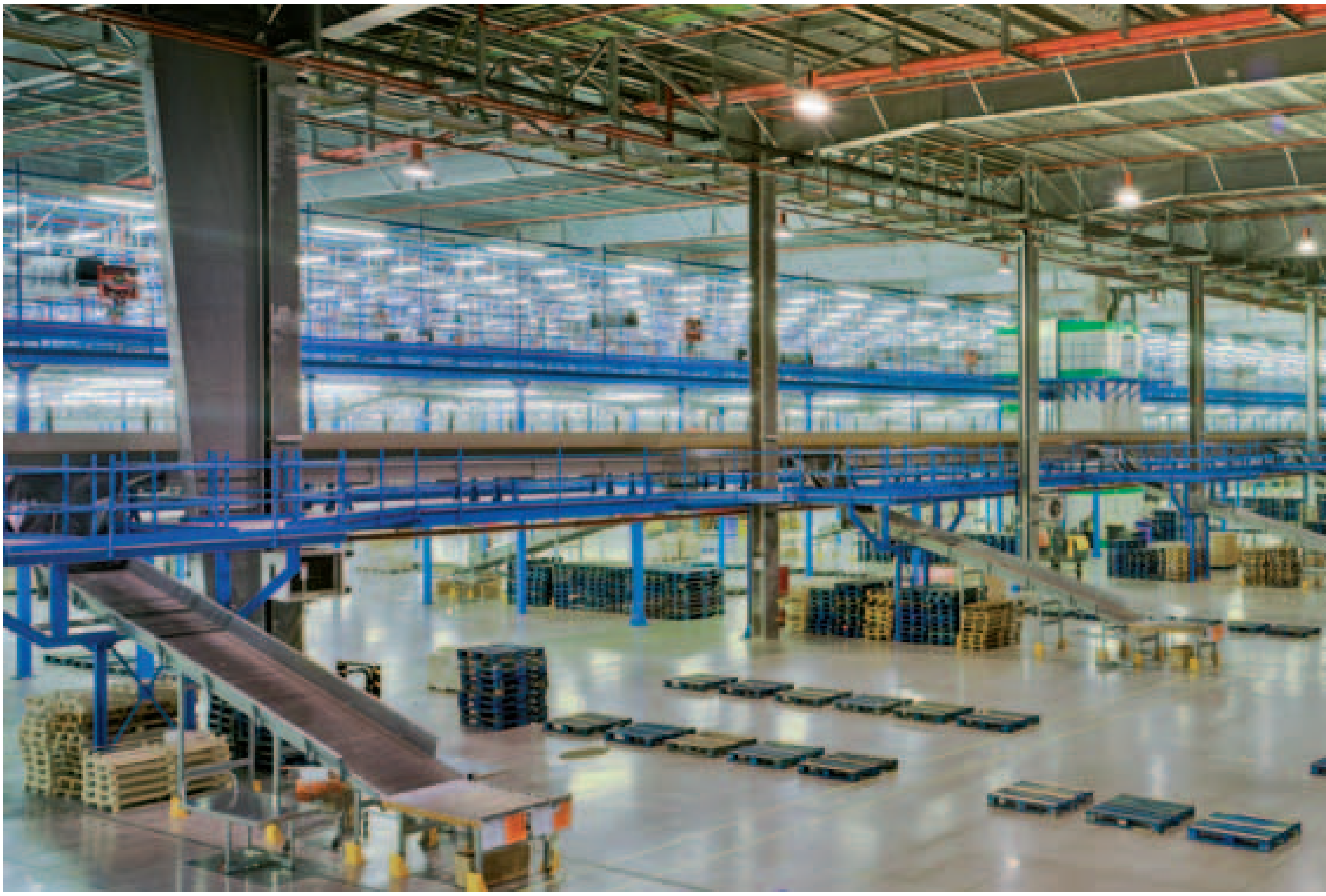


online sales platforms (as of 31 January 2014)

ZARA	PULL&BEAR	Massimo Dutti	Bershka
Austria, Belgium, Canada, China, Denmark, France, Germany, Ireland, Italy, Japan, Luxembourg, Monaco, Netherlands, Norway, Poland, Portugal, Russia, Spain, Sweden, Switzerland, United Kingdom, USA.	Austria, Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, Monaco, Netherlands, Poland, Portugal, Romania, Spain, Sweden, Switzerland, United Kingdom.	Austria, Belgium, Canada, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, Monaco, Netherlands, Norway, Poland, Portugal, Russia, Spain, Sweden, Switzerland, United Kingdom, USA.	Austria, Belgium, France, Germany, Greece, Ireland, Italy, Netherlands, Poland, Portugal, Russia, Spain, Switzerland, United Kingdom.
22	18	21	14

Group's total online sales platforms 25

stradivarius	OYSHO	ZARA HOME	UTERQÜE
Austria, Belgium, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Poland, Portugal, Russia, Spain, United Kingdom.	Austria, Belgium, France, Germany, Greece, Italy, Luxembourg, Netherlands, Poland, Portugal, Russia, Spain, United Kingdom.	Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Monaco, Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland, United Kingdom, USA.	Austria, Belgium, France, Germany, Netherlands, Portugal, Spain, Switzerland, United Kingdom.
13	13	21	9



evolution of main indicators

Turnover (in billions of euros)	2013	2012	2011	2010	2009
Sales	16.724	15.946	13.793	12.527	11.048

Financial structure (in billions of euros)	2013	2012	2011	2010	2009
Net assets attributable to the parent company	9.246	8.446	7.415	6.386	5.329
Net financial position	4.055	4.097	3.465	3.427	2.380

Financial and management ratios	2013	2012	2011	2010	2009
ROE (Return On Equity)	27%	30%	28%	30%	26%
ROCE (Return On Capital Employed)	35%	39%	37%	39%	34%

Results (in billions of euros)	**2013**	**2012**	**2011**	**2010**	**2009**
Operating profit (EBITDA)	3.926	3.913	3.258	2.966	2.374
Operating profit (EBIT)	3.071	3.117	2.522	2.290	1.729
Net profit	2.382	2.367	1.946	1.741	1.322
Net profit attributable to the parent company	2.377	2.361	1.932	1.732	1.314

Other relevant information	**2013**	**2012**	**2011**	**2010**	**2009**
Number of stores	6 340	6 009	5 527	5 044	4 607
Net openings	331	482	483	437	343
Number of markets with commercial presence	87	86	82	77	74
Number of employees	128 313	120 314	109 512	100 138	92 301

retail formats

ZARA

The Inditex Group's main brand continued its commitment to its multichannel strategy in 2013. Along with new openings in locations including Algiers and Istanbul, and the refurbishment of flagship stores (Manchester, New York), Zara launched its online sales platform in two new markets this year: Canada and Russia.

True to its commitment to eco-efficiency, at the end of 2013 the brand had nine LEED certified stores, an acknowledgement of their sustainability. Six of the stores obtained the certificate in 2013: Champs Élysées (Paris), Kalverstraat (Amsterdam), Nanjing West Road (Shanghai), Haas Haus (Vienna) and Madero (Mexico City) obtained LEED Gold certification while the Zara store located in Park House (London) has LEED Platinum certification, the highest category.

www.zara.com

Main indicators

Net sales (in million of euros)	Number of stores (at the end of the fiscal year)	Net openings	Markets	New markets in 2013	Online Markets (at the end of the fiscal year)
10 804	1 991	66	87	1	22

Online presence: Austria, Belgium, Canada, China, Denmark, France, Germany, Ireland, Italy, Japan, Luxembourg, Monaco, Netherlands, Norway, Poland, Portugal, Russia, Spain, Sweden, Switzerland, United Kingdom, USA.

PULL&BEAR

Inditex's casual and relaxed clothing brand continued its expansion across several continents in 2013, opening stores in new markets such as Germany, where it was already present through e-commerce, as well as Costa Rica, Panama and Taiwan. A flagship store was also opened on calle 83 in Bogota, one of the Colombian capital's main commercial areas. The brand also continued to make progress in online sales with the launch of its e-commerce platform in Romania.

Pull & Bear reflects its commitment to the environment through initiatives such as one carried out in 2013 involving the sale of limited edition men's jeans made from organic cotton.

www.pullandbear.com

Main indicators

Net sales (in million of euros)	Number of stores (at the end of the fiscal year)	Net openings	Markets	New markets in 2013	Online Markets (at the end of the fiscal year)
1 191	853	37	63	4	18

Online presence: Austria, Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, Monaco, Netherlands, Poland, Portugal, Romania, Spain, Sweden, Switzerland, United Kingdom.

Massimo Dutti

This past year has represented a new step forward in Massimo Dutti's growth. The brand combined entry to new markets via the opening of landmark stores with the launch of its e-commerce platform in more countries. As a result, Massimo Dutti embarked on its commercial activity in Azerbaijan, Ecuador and Honduras while launching flagship stores in locations as important as the Rue de la Paix in Paris, where the brand opened a retail space measuring over 1,500 m². The launch of Massimo Dutti's online store in Canada coincided with the opening of the brand's second bricks-and-mortar store in the country in one of Toronto's most exclusive malls. Massimo Dutti has also launched its online sales in Russia.

www.massimodutti.com

Main indicators

Net sales (in million of euros)	Number of stores (at the end of the fiscal year)	Net openings	Markets	New markets in 2013	Online Markets (at the end of the fiscal year)
1 293	665	35	63	3	21

Online presence: Austria, Belgium, Canada, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, Monaco, Netherlands, Norway, Poland, Portugal, Russia, Spain, Sweden, Switzerland, United Kingdom, USA.

Bershka

The Inditex Group's youngest fashion brand celebrated its 15th birthday in 2013, a year which also saw the opening of flagship stores and the start of operations in four new markets. In 2013 Bershka opened bricks-and-mortar stores in locations such as former palaces in Prague and Bologna or the 1,200 m² retail space on the Mariahilferstrasse, Vienna.

Bershka began operations in new markets including Costa Rica, the Philippines, Panama and Tunisia. In addition, the brand ended the year with a presence in 14 markets via its e-commerce platform following the launch of online sales in Russia.

www.bershka.com

Main indicators

Net sales (in million of euros)	Number of stores (at the end of the fiscal year)	Net openings	Markets	New markets in 2013	Online Markets (at the end of the fiscal year)
1 556	954	69	66	4	14

Online presence: Austria, Belgium, France, Germany, Greece, Ireland, Italy, Netherlands, Poland, Portugal, Russia, Spain, Switzerland, United Kingdom.

Stradivarius

2013 was a significant year for the expansion of Stradivarius, both in terms of opening bricks-and-mortar stores and in e-commerce. The brand initiated its online sales platform in seven markets: Austria, Belgium, Ireland, Luxembourg, Netherlands, Russia and the United Kingdom – all of which launched at the same time with the exception of Russia. The brand also opened its first stores in Costa Rica, Honduras, Panama and the Philippines.

Warsaw debuted Stradivarius stores' new image, which was launched in 2013, while Mexico City celebrated the first anniversary of the brand's arrival in the country with the opening of a 300 m² flagship store.

www.stradivarius.com

Main indicators

Net sales (in million of euros)	Number of stores (at the end of the fiscal year)	Net openings	Markets	New markets in 2013	Online Markets (at the end of the fiscal year)
1 006	858	78	56	4	13

Online presence: Austria, Belgium, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Poland, Portugal, Russia, Spain, United Kingdom.

OYSHO

The Inditex Group's women's underwear and lingerie brand opened stores in four new markets (Colombia, Ecuador, Kazakhstan and Panama) as well as a flagship store in Shanghai (Nanjing West Road). In line with other Group retail formats, Oysho launched its online sales platform in Russia.

True to its commitment to society, in 2013 Oysho launched its first store in the for&from programme, an initiative that the Inditex Group has been developing since 2002 to employ people with disabilities in collaboration with the Fundació el Molí d'en Puigvert. Along these same lines, for the first time Oysho sponsored the Women's Race against Breast Cancer, which took place in a number of Spanish cities.

www.oysho.com

Main indicators

Net sales (in million of euros)	Number of stores (at the end of the fiscal year)	Net openings	Markets	New markets in 2013	Online Markets (at the end of the fiscal year)
353	549	25	39	4	13

Online presence: Austria, Belgium, France, Germany, Greece, Italy, Luxembourg, Netherlands, Poland, Portugal, Russia, Spain, United Kingdom.

ZARA HOME

The brand specialising in home décor and linens experienced significant growth in 2013, the year of its tenth anniversary. Zara Home made a double impact in Canada, opening stores in Toronto and Montreal along with its online sales channel. The brand also launched its first stores in Osaka and Yokohama (Japan) as well as in Stockholm (Sweden). New stores were opened in Honduras, Indonesia, Kazakhstan, Panama, Taiwan, Thailand, and Uruguay.

Moreover, Zara Home has continued to expand in markets where it was already present, including France (Champs Élysées, Paris) and Spain (Hermosilla, Madrid and Paseo de Gracia, Barcelona).

www.zarahome.com

Main indicators

Net sales (in million of euros)	Number of stores (at the end of the fiscal year)	Net openings	Markets	New markets in 2013	Online Markets (at the end of the fiscal year)
451	394	37	45	10	21

Online presence: Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Monaco, Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland, United Kingdom, USA.

UTERQÜE

Inditex's fashion accessories brand celebrated its first five years in 2013: Uterqüe celebrated its fifth anniversary with a complete makeover of its online store. The Inditex Group's youngest brand gave its website a more dynamic interface, with new features offering customers a more complete shopping experience. The website's new possibilities include a quick buy option and the ability to reserve an item in any of the brand's stores. In terms of brick-and-mortar, Uterqüe opened a flagship store Moscow in one of the Russian capital's main shopping centres.

www.uterque.com

Main indicators

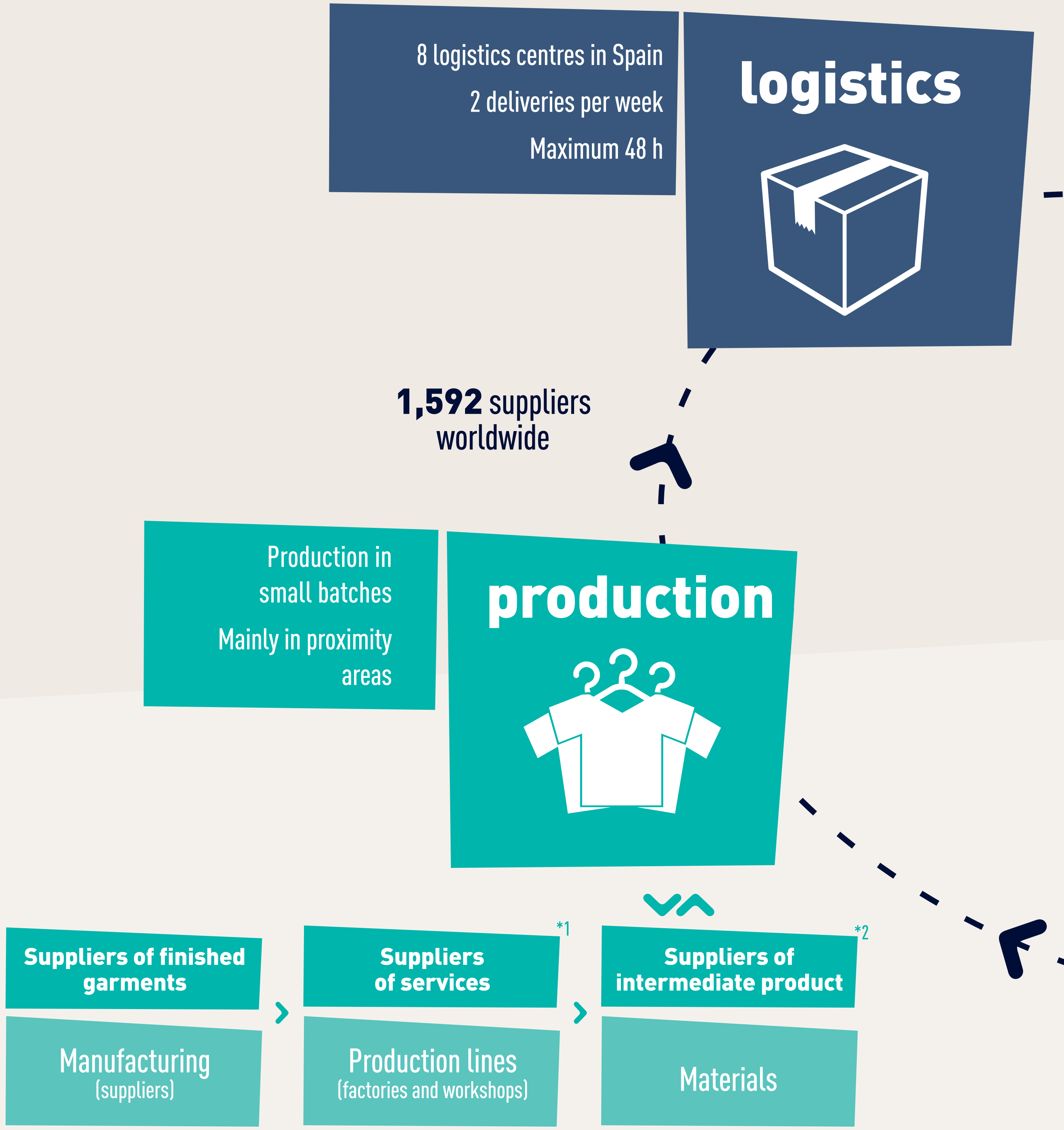
Net sales (in million of euros)	Number of stores (at the end of the fiscal year)	Net openings	Markets	New markets in 2013	Online Markets (at the end of the fiscal year)
71	76	-16	15	-3	9

Online presence: Austria, Belgium, France, Germany, Netherlands, Portugal, Spain, Switzerland, United Kingdom.

sustainable model


Cotton
W & B

Value chain



*1 > Sewing workshops, other wet processes, dyeing, printing and finishing factories, laundries

*2 > Production of accesories, weaving, threading, cultivation and processing of raw materials


948 million
garments
on the market
store
Daily sales analysis
Customer feedback
Strategic locations
Eco-efficient store
(LEED Gold certification)
Human team
(+120,000 professionals)
customer
6,340 stores
87 markets
25 online markets
design
+ 500 designers
+ 50,000 products

Right to Wear

Inditex Group takes sustainability as the starting point for its decision-making processes.This philosophy, which influences all of the Group's activity, is called **'Right to Wear'**, our mark of quality in capital letters.

Right to Wear guarantees the quality and sustainability of all the products and activities developed by Inditex. It takes the form of various specific initiatives covering different areas: **Clear To Wear, Safe to Wear, Teams to Wear, Tested to Wear, Social to Wear** and **Green to Wear**.

Clear&Safe to Wear

These standards guarantee that all the products we sell comply with the most stringent health and safety standards

http://www.inditex.com/en/sustainability/product/health_quality_standards

Programmes The list, by Inditex and Ready to Manufacture

Teams to Wear

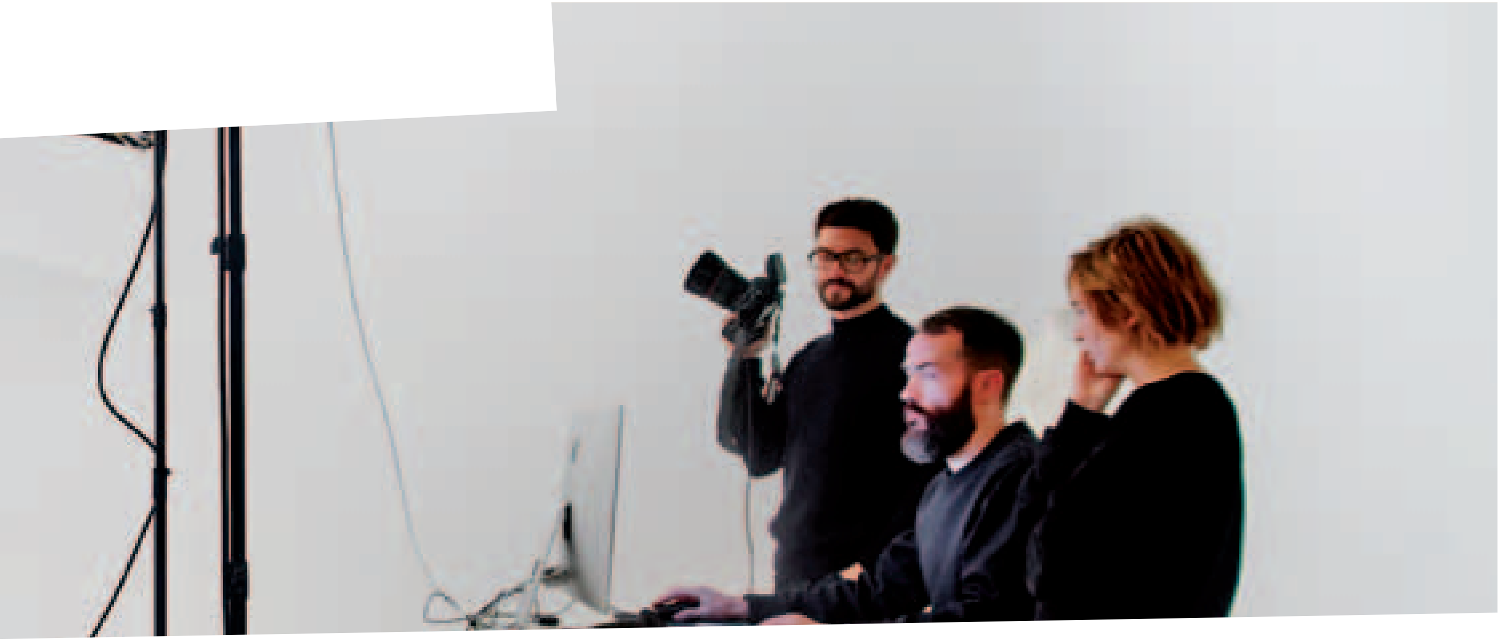
This sums up a corporate culture and philosophy that fosters business ethics, respect for others and their diversity, honesty in everything we do, transparency and professionalism

http://www.inditex.com/en/sustainability/employees

Tested to Wear

A production process audit and monitoring methodology designed to ensure that all our products are made upholding ethical criteria and human, labour and environmental rights

http://www.inditex.com/en/sustainability/suppliers



The contents of this report are organized around eight sustainability challenges that have been identified as part of this philosophy and in accordance with the results of the materiality analysis.

Social to Wear

Community investment initiatives with which we strengthen our ties with the communities in which we do business

http://www.inditex.com/en/sustainability/community

Green to Wear

The strategy designed to ensure we make and sell environmentally-friendly products

http://www.inditex.com/en/sustainability/environment

Programmes The list, by Inditex and Ready to Manufacture

company relations with

milestones of the year

Customers

Extension of product health and safety control to include more than just direct suppliers, encompassing the entire supply chain

Suppliers

Creation of the Southeast Asia Cluster

Promotion of production audits

Classroom training for over 1,100 suppliers

Member of the *Fur Free Retailer Program*

Employees

Over 900,000 hours of employee training

Training sessions on sustainable purchasing practices for 241 employees and internal purchasing teams

Community

Signing of collaboration agreements with MSF and the Fundación Entreculturas on the execution of development cooperation and humanitarian aid projects

Implementation of the educational project *We Water Experience*

Activation of emergency plans in the Philippines and Mexico in collaboration with MSF and Red Cross

Shareholders

Consolidated position on the FTSE4Good and DJSI indexes

Environment

Global Energy Strategy

Biodiversity Strategy

Publication of the Manufacturing Restricted Substances List (MRSL)

stakeholders

Dialogue with stakeholders is crucial to guaranteeing the sustainability of Inditex's business model.

objectives 2014

Customers

Communicating customers how our products are produced in a responsible and eco-efficient way

Improving customer services by means of specific training programmes

Community

Increasing number of beneficiaries and increasing impact generated by investment projects in the community

Strengthening of social investment projects in spheres related to the supply chain

Promoting education, social welfare and humanitarian aid by means of collaboration with charitable organisations

Suppliers

Strengthening of the coverage of all suppliers with specialised CSR teams in the field

Ensuring the traceability of the supply chain

Keeping continuous improvement in compliance with the Code of Conduct for Manufacturers and Suppliers

Shareholders

Stability and improvement in sustainability indexes

Employees

Promotion of employees' professional and personal growth in step with the business' growth

Environment

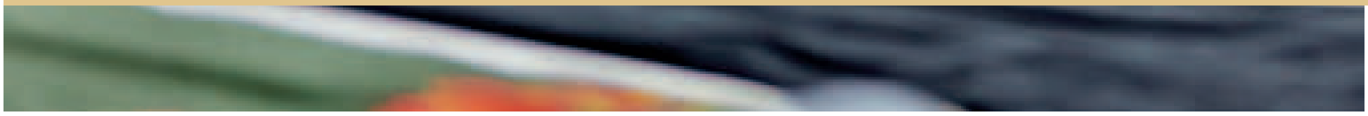
Guaranteeing the responsible use of water and zero discharge by 2020

Reduction by 20% of own operations' energy intensity for each item put onto the market by 2020. Reaching 100% of Eco-efficient stores by 2020

Protection and preservation of the rich wealth of species by means of promoting the consumption of sustainable raw materials and local conservation projects

Further information at http://www.inditex.com/en/sustainability/managing_sustainability/stakeholder_engagement

Materiality analysis



Inditex identifies the issues that most interest those parties with some kind of relation to the company by means of ongoing dialogue with its stakeholders. This allows the company to create a materiality or relevant issues matrix that serves to define the contents of its Annual Report, as well as to guarantee that Inditex's strategy is aligned with the concerns and expectations of those parties with links to the company or affected by its activities.

These concerns and expectations, along with the creation of sustainable value, are what give meaning to the programmes developed by Inditex to deal with the challenges and opportunities faced by the company. This way of working – analysing what issues are relevant in the eyes of the company's stakeholders – is key when it comes to defining the policies to be developed by the company and how these should be made known to society. To this end, Inditex follows the recommendations of the various international standards in which the Group participates, such as the Integrated Reporting Framework of the IIRC and the Global Reporting Initiative.

In 2013, the Group made further progress in the drafting of its materiality matrix. It defined the most relevant aspects by means of an analysis of its own value chain and the internal and external factors that affect the Group in some way. Moreover, Inditex increased the scope of the consultation both within and outside the company, making it possible to gain a more comprehensive vision of the opinions of its stakeholders.

PROCESS OF DRAFTING INDITEX'S 2013 MATERIALITY MATRIX

Identification

Analysis of megatrends affecting the business model

Assessment of issues reflecting significant financial, environmental and social impacts

Identification of key issues affecting value creation

30 relevant issues identified

Definition of prioritization

The 30 relevant issues resulting from this process were submitted to various internal and external stakeholders for evaluation of their level of importance and the organisation's performance in this area

Internal opinion leaders: The heads of the company's various departments, both in the spheres of business and sustainability

External opinion leaders: The Social Council, as the legitimate representative of Inditex's stakeholders and other groups such as customers, media and NGOs with a direct relationship with Inditex

Drafting

Drafting of the materiality matrix based on the results of the analysis of relevant issues by internal and external opinion leaders

What is relevant and where – 30 relevant issues ordered according to internal and external priority level

The matrix serves as the basis for establishing the contents of the Annual Report and the identification of challenges and opportunities

Validation

Validation of the result of the materiality matrix to ensure that it is a reasonable and balanced reflection of the issues relevant to the organisation

Internal validation by Inditex's directors and external validation via the Social Council

Materiality matrix 2013

The consultation process performed by Inditex with its stakeholders has revealed the 30 issues that concern stakeholders the most. These issues encompass topics such as customer relations; respect for human rights; labour practices and health and safety in factories and workshops working for the Group; water consumption and waste dumping control in the supply chain; human capital management; waste generation; greenhouse gas emissions and recycling practices in the company's operations; Inditex's dialogue with its stakeholders; and its involvement in the development of the communities where the Group is present. Inditex responds to all of these concerns by means of its policies, always in line with its business strategy. This Annual Report is a summary of the Group's actions over the year 2013 in all of these areas. Inditex's website (www.inditex.com) contains more detailed information on the Group's strategies and work in the sphere of sustainability.

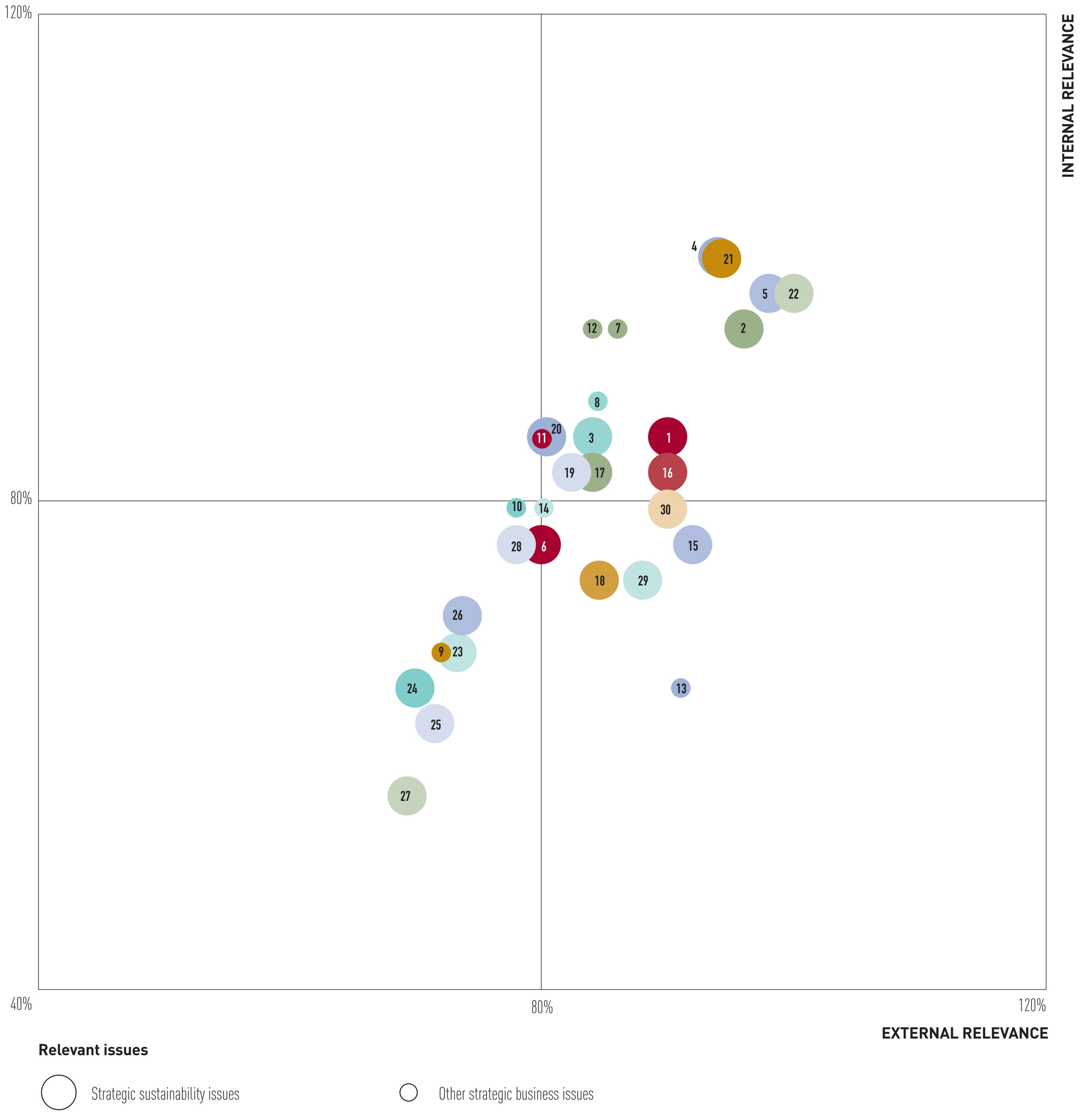
Material issues

1	Corporate Governance	**16**	Attraction and retention of talent
2	Internal code of conduct	**17**	Development of human capital
3	Corruption	**18**	Energy consumption in the supply chain (manufacturing)
4	Customer relations and satisfaction	**19**	Water consumption in the supply chain
5	Product quality, health and safety	**20**	Control of discharges
6	Green Design	**21**	Human rights and working practices in the supply chain
7	Changes in consumption habits	**22**	Health and safety in factories
8	Changes in purchasing habits (online sales)	**23**	Animal welfare
9	Proximity sourcing	**24**	Equal trading conditions
10	Volatility of raw material prices	**25**	Direct consumption of energy and GHG (scope 1)
11	Changes in regulation	**26**	Indirect consumption of energy and GHG (scope 2)
12	Time in distribution and distribution costs	**27**	Consumption of energy outside the organisation and GHG (scope 3)
13	Expansion in new and emerging markets	**28**	Waste production and recycling
14	Exposure in mature markets	**29**	Social action and local community development
15	Working practices	**30**	Dialogue with and commitment to stakeholders

The following organisations have taken part in the drafting of the materiality matrix, among others:

- IndustriALL Global Union
- Fundación Entreculturas
- Médecins Sans Frontières
- Fundación Ecología y Desarrollo
- Sustainalytics

Materiality matrix



Balance of material

Material issues	GRI Related Indicator	Category	Boundaries	Section of Annual Report 2013	Pages
Corporate Governance	G4-34 a G4-55; G4-SO6			Corporate Governance	114-137
Internal code of conduct	G4-56 a G4-58; G4-EN34; G4-LA16; G4-HR12; G4-SO11			Corporate Governance	114-137
Corruption	G4-SO3; G4-SO4; G4-SO5			Corporate Governance	114-137
Customer relations and satisfaction	G4-PR5			Strengthening customer services	96-99
Product quality, health and safety	G4-PR1 a G4-PR4			Manufacturing responsible products	66-71
Green Design	G4-EN1; G4-EN2; G4-EN11 a G4-EN14; G4-EN27; G4-EN28; G4-EN29			Responsible use of water in the supply chain; efficient use of resources throughout the business model; protection of biodiversity, sustainability balance	72-77, 78-83, 84-87, 138-165
Changes in consumption habits	Strategic Business Issue			Commercial formats, strengthening customer services	24-33, 96-99
Changes in purchasing habits (online sales)	Strategic Business Issue			E-commerce platforms	20-21
Proximity sourcing	Strategic Business Issue			Integrity of the supply chain, sustainability balance	50-65, 138-165
Volatility of raw material prices	Strategic Business Issue			Protection of biodiversity	84-87
Changes in regulation	Strategic Business Issue			Manufacturing responsible products	66-71
Time in distribution and distribution costs	Strategic Business Issue			Strengthening customer services	96-99
Expansion in new and emerging markets	Strategic Business Issue			Commercial presence, commercial formats	18-19, 24-33
Exposure in mature markets	Strategic Business Issue			Commercial presence, commercial formats	18-19, 24-33
Working practices	G4-LA4; G4-LA12; G4- LA13			Ongoing development of teams' motivation	88-95
Attraction and retention of talent	G4-EC3; G4-LA1; G4-LA2; G4-LA3			Ongoing development of teams' motivation	88-95
Development of human capital	G4-LA9; G4-LA10; G4-LA11			Ongoing development of teams' motivation	88-95
Energy in the supply chain (manufacturing)	G4-EN4; G4-EN7			Efficient use of resources throughout the business model, sustainability balance	78-83, 138-165

issues

Material issues	GRI Related Indicator	Category	Boundaries	Section of Annual Report 2013	Pages
Water in the supply chain	G4-EN8; G4-EN9; G4-EN10	Sustainability	Outside the organisation	Responsible use of water in the supply chain, sustainability balance	72-77, 138-165
Control of discharges	G4-EN11 a G4-EN14; G4-EN22; G4-EN24; G4-EN26; G4-EN32; G4-EN33; G4-EN34	Sustainability	Within and Outside the organisation	Responsible use of water in the supply chain, sustainability balance	72-77, 138-165
Human rights and labour in the supply chain	G4-LA14; G4-LA15; G4-LA16; G4-HR1 a GR-HR6; G4-HR10 a G4-HR12; G4-SO9 a G4-SO11	Sustainability	Outside the organisation	Integrity of the supply chain, sustainability balance	50-65, 138-165
Health and safety in factories	G4-LA5 a G4-LA8	Sustainability	Within and Outside the organisation	Integrity of the supply chain, sustainability balance	50-65, 138-165
Animal welfare	G4-EN11 a G4-EN14	Sustainability	Outside the organisation	Manufacturing responsible products	66-71
Equal trading conditions	There are no GRI related indicators	Sustainability	Outside the organisation	Integrity of the supply chain	50-65
Direct consumption of energy and GHG (scope 1)	G4-EC2; G4-EN3; G4-EN5; G4-EN6; G4-EN15; G4-EN18 a G4-EN21	Sustainability	Within and Outside the organisation	Efficient use of resources throughout the business model, sustainability balance	78-83, 138-165
Indirect consumption of energy and GHG (scope 2)	G4-EC2; G4-EN3; G4-EN5; G4-EN6; G4-EN16; G4-EN18; G4-EN19	Sustainability	Within and Outside the organisation	Efficient use of resources throughout the business model, sustainability balance	78-83, 138-165
Consumption of energy outside the organisation and GHG (scope 3)	G4-EC2; G4-EN4; G4-EN5, G4-EN6, G4-EN7; G4-EN17; G4-EN18; G4-EN19	Sustainability	Outside the organisation	Efficient use of resources throughout the business model, sustainability balance	78-83, 138-165
Waste production and recycling	G4-EN1; G4-EN2; G4-EN23; G4-EN25; G4-EN27; G4-EN28; G4-EN29	Sustainability	Within and Outside the organisation	Efficient use of resources throughout the business model, protection of biodiversity, sustainability balance	78-83, 84-87, 138-165
Social action and local community development	G4-EC1; G4-EC3; G4-EC4; G4-EC7; G4-EC8; G4-SO1; G4-SO2	Sustainability	Within and Outside the organisation	Improving community welfare, sustainability balance	102-113, 138-165
Dialogue with and commitment to the stakeholders	G4-24 a G4-27	Sustainability	Within and Outside the organisation	Company relations with stakeholders; integrity of the supply chain; manufacturing of responsible products; responsible use of water in the supply chain; efficient use of resources throughout the business model; protection of biodiversity; Ongoing development of teams' motivation; strengthening customer services; improving community welfare	40-41, 50-65, 66-71, 72-77, 78-83, 84-87, 88-95, 96-99, 102-113

Sustainability Business Within the organisation Outside the organisation Within and Outside the organisation

Challenges, objectives and opportunities


GRUPOS TIENDA
2072/302
2074/300/800

Supply chain integrity

Objective

Stable and sustainable supply chain

Opportunity

To secure supply chain management tools and to build innovative and collaborative programmes for their sustainability

Material issues

9. Proximity sourcing

21. Human rights and labour practices in the supply chain

22. Health and safety in factories

24. Equal trading conditions

30. Dialogue with and commitment to the stakeholders

Inditex aims to guarantee a stable and sustainable supply chain. It has two fundamental tools for this: the Inditex Code of Conduct for Manufacturers and Suppliers, which is compulsory for anyone who wants to produce for Inditex, and the Compliance Programme to assure its performance.

A sustainable and robust supply chain is only achieved with constant improvement, which can solely be articulated through social dialogue and coordination with the company's different stakeholders. In Inditex this dialogue is developed through its own tool, the clusters or groups of suppliers, and also through the Framework Agreement with IndustriALL Global Union, the industry's international association of unions, which gives rise to numerous joint actions. This is complemented by Inditex's active participation in international platforms such as the Ethical Trading Initiative and the United Nations Global Compact.

Further information at http://www.inditex.com/en/sustainability/suppliers

Inditex and the guiding principles on business and human rights

The promotion and protection of human, civil, political, economic, social and cultural rights, including the right to development, are the basis of the Guiding Principles on Business and Human Rights developed by the United Nations "Protect, Respect and Remedy" Framework, better known as the Ruggie Framework.

As a socially responsible company, Inditex has developed policies and procedures aimed at defending and promoting human rights both in its operations and those developed by its stakeholders.

In order to implement the Guiding Principles, Inditex has created several instruments, including an Ethics Committee to which any person or organisation directly related to the company may report any breach of these Principles or Inditex's Codes of Conduct. This Committee may also work on its own initiative, if necessary.

Further information at http://www.inditex.com/en/our_group/our_approach/code_conduct_responsible_practices

STAKEHOLDERS	PROTECT	RESPECT	REMEDY
EMPLOYEES	– Creation and implementation of the Inditex Code of Conduct and Responsible Practices.	– Training in purchasing practices for internal purchasing teams.	– Ethics Committee
SUPPLIERS	– Joint work with other companies, unions and the rest of civil society to mediate with governments on the modification of laws and practices which might breach human rights. – Creation and implementation of the Inditex Code of Conduct for Manufacturers and Suppliers and its relationship with the principles concerning the fundamental rights established in the ILO Declaration on Fundamental Principles and Rights at Work.	– Compliance Programme to ensure that all suppliers and manufacturers respect human rights in their operations. – Establishment of supplier clusters as tools for dialogue	– Establishment of Corrective Action Plans for suppliers and manufacturers. – Development of "Plan for the Prevention and Remediation of Work by Minors" wherever this might be necessary.
COMMUNITY	– Development of education, employment and health programmes.	– Development of humanitarian action programmes.	– Development of aid programmes in countries affected by conflicts. – Development of emergency programmes.

In 2013, Inditex approved its strategy for the management of the supply chain, which will run from 2014 to 2018 and which furthers the work that the Group has done in recent years. This strategy is based on two axes:

- lines of action which are based on the identification and thorough knowledge of the Group's suppliers and manufacturers. An exhaustive assessment is then made of these suppliers and manufacturers to help them improve and make the best use of their own resources, ensuring their sustainability and adjustment to the standards required by Inditex.
- objectives on which the lines of action are based: monitoring, capacity building, continual improvement and stakeholder engagement.

Strategic plan for a stable and sustainable supply chain 2014-2018

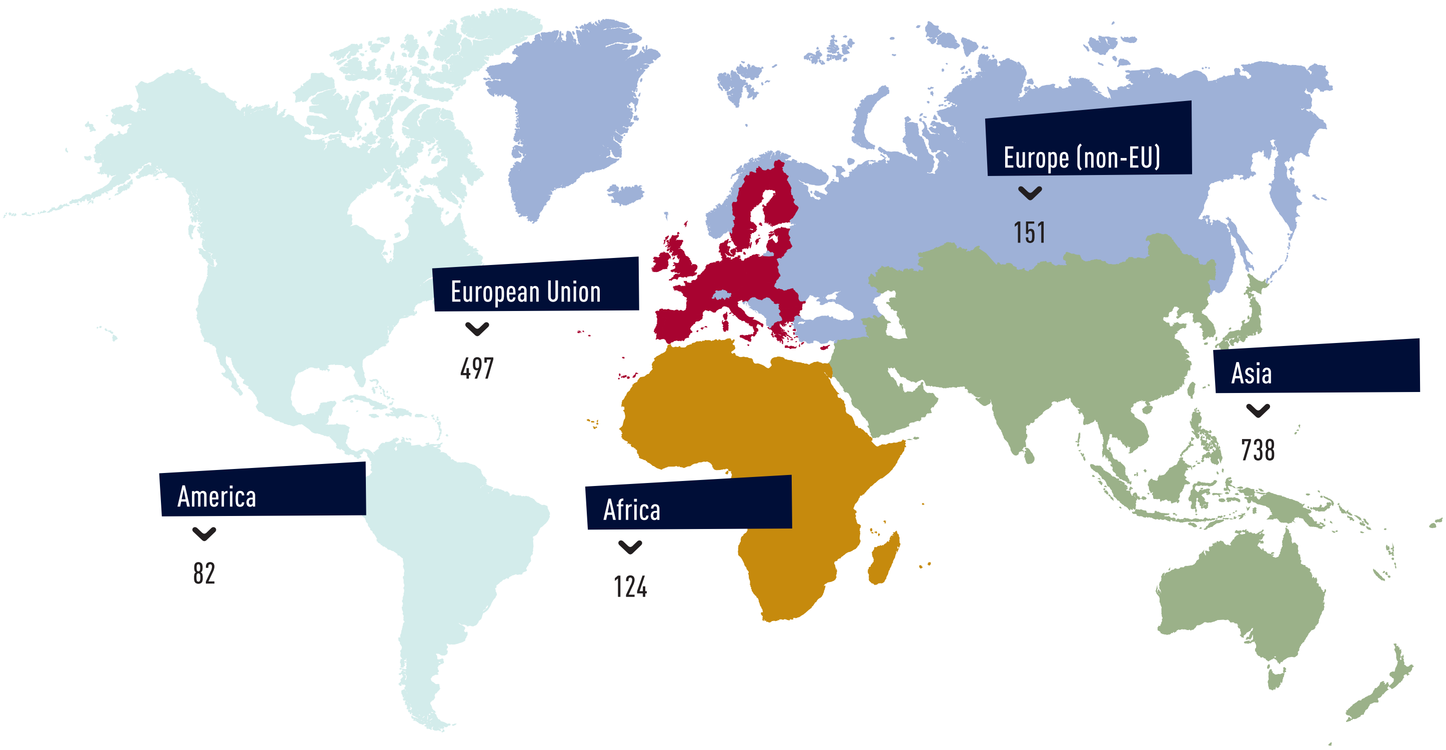
LINES OF ACTION

OBJECTIVES	IDENTIFICATION	ASSESSMENT	OPTIMISATION	SUSTAINABILITY
MONITORING	Traceability and training	Compliance programme	Effective auditing	Mature relations with suppliers
CAPACITY BUILDING	Training for auditors	Worker participation	Suppliers training (social and technical)	
CONTINUAL IMPROVEMENT	Audit quality management	Corrective Action Plans	Consolidation of the supply chain	Holistic approach and good practices
STAKEHOLDER ENGAGEMENT	Effective and efficient reference partners	Sharing good practices	Creating common strategies	

1. Identification of the supply chain

The Inditex supply chain in 2013 was made up of 1,592 suppliers in 46 countries. Inditex's commitment to ensuring the proximity of suppliers is reflected in the fact that 51% of production has its origins in suppliers located near Inditex's headquarters in Spain.

No. of suppliers



Inditex supply chain in 2013 (*)

Geographic area	Suppliers with purchase 2012	Not used 2013	New in 2013 (**)	Suppliers with purchase 2013
Africa	112	22	34	124
America	68	13	27	82
Asia	672	176	242	738
Europe (non-EU)	136	36	51	151
European Union	446	78	129	497
Total	**1 434**	**325**	**483**	**1 592**

(*) Suppliers of fashion items, mainly clothing, footwear and accessories, with a production of over 20,000 units/year. Suppliers with smaller production account for 0.59% of the total production.
(**) Includes textile suppliers with purchase in 2012, but which were not included in the scope of that year

Traceability | Systems update | Pre-assessment

IDENTIFICATION (highlights in 2013)

Traceability

Inditex incorporated the traceability of its supply chain into the Code of Conduct for Manufacturers and Suppliers in July 2012. In 2013 the related control instruments being developed by the Corporate Social Responsibility (CSR) teams to assure identification and control activities throughout the provisioning process were strengthened and developed.

Further information at http://www.inditex.com/en/sustainability/suppliers/compliance_programme

Updating of the Manufacturer Management System

In 2013, a brand new on-line system was established, designed specifically to cover Inditex's traceability needs. All of the suppliers in the supply chain manage their portfolio of manufacturers and exchange updated information on them with Inditex.

This new system is integrated with other company tools, such as the order platform used by the purchasing teams and the internal supplier supervision tool available to the CSR teams. This allows both Inditex's purchasing and CSR teams and the company's suppliers to share reliable, complete and updated information.

In 2013, numerous seminars and training sessions were held with suppliers. The aim was to familiarise suppliers with the new system and raise their aware of the importance of production traceability. A total of more than 1,100 suppliers (73% of the total) attended one of the face-to-face sessions.

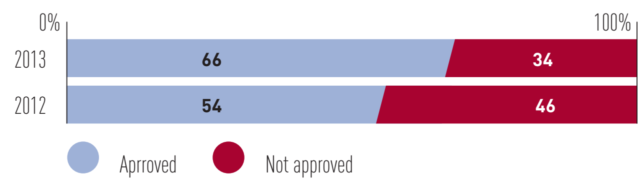
Suppliers trained in production traceability

Geographic area	Suppliers trained
Africa	25
America	46
Asia	840
Europe (non-EU)	134
European Union	124
Total	**1 169**

Pre-assessment

Pre-assessment is one of the first steps in the Inditex Code of Conduct Compliance Programme, and consists of a preliminary assessment of potential suppliers and factories. These assessments are performed by internal and external auditors without prior notice. Only those meeting the requirements established by Inditex in its Code of Conduct can enter the supply chain.

In 2013, some 1,425 pre-assessment audits were performed on potential suppliers and factories. Two out of every three were considered suitable to produce for Inditex. From that moment forth, they are subject to the Code of Conduct and to the standards set out in the Inditex Minimum Requirements.



Pre-assessment by region

Geographic area	General total	% approved
Africa	37	57%
America	15	53%
Asia	674	54%
Europe (non-EU)	341	67%
European Union	358	88%
Total	**1 425**	**66%**

The integration of the pre-assessment process into Inditex platforms and databases was completed during 2013. A specific application was developed which provides the purchasing team with updated information on the status and result of these assessments of the Group's potential suppliers.

The integration and availability of data, as well as the speed with which visits and assessments are performed, means that the Pre-assessment Programme supports for Inditex's business model and adapts to its needs.

Further information at http://www.inditex.com/en/sustainability/suppliers/compliance_programme

Further information in the Sustainability Balance Sheet (pages 152-156)

2. Assessment of the supply chain

Social audits	Supplier classification	Production audits	Corrective action plans

ASSESSMENT (highlights in 2013)

The Compliance Programme ensures that all suppliers of the Inditex Group observe the Code of Conduct for Manufacturers and Suppliers. The Programme has different assessment tools that allow full analyses to be made of the supply chain, identifying its strengths and needs.

Social audits

Each and every supplier in the Inditex supply chain is subject to periodic social audits. The aim is to verify their compliance with the Code of Conduct and to establish Corrective Action Plans (CAPs) intended to ensure that fundamental labour rights are respected.

Further information at http://www.inditex.com/en/sustainability/suppliers/csr_audits

In 2013, the number of audits increased by 24% compared with the previous year, mainly due to an increase in special audits which consisted of visits and inspections related to specific issues such as the health and safety of workers, and competence visits to ensure compliance with the Corrective Action Plans. These audits include, for instance, the inspection of laundry processes to ensure that the sandblasting process, which is prohibited by Inditex, is not in use.

The audits are performed on all levels of production and are carried out both by internal auditors and certified external auditors, without prior notification of the date the visit is to be performed.

Further information at http://www.inditex.com/en/sustainability/suppliers/compliance_programme

Audits performed on manufacturers in 2013 by geographic area and type

Geographic area	Initial	Follow-up	Special (*)	Total
Africa	120	43	244	407
America	261	-	238	499
Asia	994	172	1 120	2 286
Europe (non-EU)	543	65	14	622
European Union	502	48	3	553
Total	**2 420**	**328**	**1 619**	**4 367**

(*) Special audits include competence visits, Health and Safety verification, among others

Further information at http://www.inditex.com/en/sustainability/suppliers/csr_audits

Living wage

As expressly established in the Code of Conduct for Inditex Manufacturers and Suppliers, the company considers a living wage one which is "sufficient to cover at least the basic needs and any other that might be considered reasonable additional needs of the workers and their families". As a result of its monitoring work, the CSR team has detected that in some regions, the minimum legal wage is not sufficient to cover these needs. It therefore considers it a priority to establish joint measures with stakeholders to eliminate these differences.

For Inditex, assuring a living wage for all workers is one of the pillars of the management of its supply chain. In this sense, the company focus is based on facilitating the participation of all parties involved. From its experience, Inditex believes that such participation is the way to generate sustainable measures adapted to workers' real needs.

In the context of the Framework Agreement with the IndustriALL Global Union, Inditex encourages social dialogue to ensure that a living wage is agreed between workers and business owners through collective bargaining. To this end, Inditex has implemented programmes to promote freedom of association and make it possible to reach agreements. One example is the Joint Turkey Programme, an innovative programme that seeks to improve productivity and management systems by involving workers and their representatives. Other programmes to enhance social development were carried out in 2013 in the clusters in Portugal, Morocco, China, Argentina and Brazil.

Inditex also forms part of a working group created in 2013 by the Ethical Trading Initiative, in which it played an active role in drawing up general principles allowing wages on the supply chain to be increased. By adhering to these principles, the company undertakes to ensure that its purchasing practices favour living wages throughout the supply chain.

Supplier classification

The social audits assess the suppliers' compliance with each and every section of the Code of Conduct. According to the results obtained, specific areas are identified for improvement in order to ensure the fundamental labour rights of workers and guarantee product compliance with environmental and health and safety standards.

More than 92% of the articles produced in 2013 came from suppliers rated as A or B

	2013		2012	
	Supplier	**% Supplier**	**Supplier**	**% Supplier**
A	697	44%	525	37%
B	614	39%	617	43%
C	128	8%	157	11%
CAP (*)	82	5%	72	5%
PR (**)	71	4%	63	4%
Total	**1 592**	**100%**	**1 434**	**100%**

(*) Suppliers subject to a Corrective Action Plan
(**) Suppliers under audit

Further information in the Sustainability Balance Sheet (pages 152-156)

Percentage compliance with the Code of Conduct in the active factories and workshops (*) associated with suppliers with purchase in 2013

	Africa		America		Asia		Europe (non-EU)		European Union	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Prohibition of forced labour	+90%	+90%	+90%	+90%	+90%	+90%	+90%	+90%	+90%	+90%
Prohibition of work by youths or minors (**)	+90%	+90%	+90%	+90%	+90%	+90%	+90%	+90%	+90%	+90%
Prohibition of discrimination	+90%	+90%	+90%	+90%	+90%	+90%	+90%	+90%	+90%	+90%
Respect for freedom of association and collective bargaining	+90%	+90%	+90%	+90%	+90%	+90%	+90%	+90%	+90%	+90%
Prohibition of abuse or inhuman treatment	+90%	+90%	+90%	+90%	+90%	+90%	+90%	+90%	+90%	+90%
Hygiene at work	+50%	+70%	-50%	-50%	-50%	-50%	-50%	-50%	+70%	+50%
Wage compliance	+50%	+70%	+70%	+70%	+50%	+50%	+70%	+70%	+70%	+70%
Working hours	+90%	+90%	+90%	+90%	-50%	-50%	+50%	+50%	+70%	+70%
Environmental commitment	+90%	+90%	+90%	+90%	+70%	+70%	+90%	+90%	+90%	+90%
Regular work	+90%	+70%	+90%	+90%	+70%	+70%	+50%	+70%	+90%	+90%
Implementation of the Code (***)	+90%	+90%	+90%	+70%	+70%	+70%	+70%	+70%	+90%	+90%

(*) Does not include blocked workshops in 2013
(**) Includes the lack of suitable systems for checking the age of workers.
(***) Includes the lack of suitable systems for registering and informing workers.

+90% compliance · +70% · +50% · -50%

The high percentage of compliance with the Code of Conduct on the part of manufacturers with a relationship with Inditex reflects the efforts of the CSR teams and other members of the clusters to strengthen the supply chain.

The first phase of the implementation of the new methodology for checking workshops was carried out in 2013. This involved the application of more and better controls.

Corrective action plans (CAP)

After every audit, Inditex establishes Corrective Action Plans and supports and advises each factory on their application. These Corrective Plans are particularly strict in the case of factories that have committed certain breaches of the Code of Conduct. In such cases, plans are established for up to six months and are supervised by Inditex teams on the ground with the participation of institutions such as trade unions and NGOs where necessary.

In 2013, a total of 249 of the factories on a Corrective Action Plan successfully performed the necessary measures and continued to produce for Inditex.

Corrective Action Plans 2013 (Project D)

Geographic area	Factories that initiated an improvement process	Factories that improved their compliance	Factories in the process of improvement
Africa	31	23	5
America	16	11	-
Asia	274	105	48
Europe (non-EU)	197	98	14
European Union	50	12	12
Total	**568**	**249**	**79**

Inditex promotes the continuity of the suppliers in any case, helping them to guarantee workers' fundamental labour rights, but has zero tolerance with manufacturers or suppliers who fail to show progress in improving critical aspects of the Code of Conduct.

If, after the application of one of these plans no improvements are observed, the Inditex purchasing and CSR teams will suggest the suspension of commercial relations with the supplier.

Table of active suppliers at 31/01/2014

Geographic area	Nº of Suppliers	Rejected due to breach of the Code of Conduct	Rejected for commercial reasons	Active suppliers at 31/01/2014
Africa	124	1	2	121
America	82	19	-	63
Asia	738	56	2	680
Europe (non-EU)	151	13	1	137
European Union	497	10	9	478
Total	**1 592**	**99**	**14**	**1 479**

Production audits

The production audit is one of the tools available to Inditex to guarantee the traceability of its supply chain, reinforced during 2013. Production auditing verifies the following aspects:

Verified aspects	Verification method	Auditing tools
Processes	Verification that the supplier has reported all the processes it needs to manufacture a product	Factory Management System, visit to facilities
Amounts	Verification that the amounts ordered correspond to the workshops' production capacities	Factory Management System, visit to facilities, documentary check
Times	Verification that the required manufacturing times can be assured with the resources available to the supplier	Factory Management System, visit to facilities, documentary check
Management systems	Assessment of the management systems the company has for dealing with its production	Interviews, documentary revision
Other aspects	These include the supervision of other critical aspects of the Code of Conduct related to is compliance with labour and environmental issues	Visit to facilities, interviews, review of documentation

In 2013 more than 800 production audits were carried out.

Geographic area	No. of audits
Africa	307
America	347
Asia	82
Europe (non-EU)	84
European Union	-
Total	**820**

Inditex employs a verification system that allows it to identify discrepancies in production audits. If any breach of the Code of Conduct is detected, a Corrective Action Plan would be implemented, aiming at rectifying these. Those suppliers who do not commit themselves to carrying out a Corrective Action Plan or who, after application of one of these plans, do not reach any improvement, would be excluded from Inditex's supply chain.

Further information in the Sustainability Balance Sheet (pages 152-156)

Improvement of auditing	Training and awareness	Worker health and safety

OPTIMISATION (highlights in 2013)

3. Optimisation of the supply chain

Inditex understands that it must help its suppliers to improve their production conditions and support them in this process throughout their commercial relationship.

In this sense, in 2013 different projects were carried out in order to provide suppliers with tools and specific knowledge to ensure that they meet the standards and principles of labour rights set out in the Code of Conduct for Manufacturers and Suppliers.

Continual improvement of the auditing processes

In 2013, the teams of internal CSR auditors continued to train in the performance of social audits and also intensified their work on training external social auditors working with Inditex.

In particular, three projects were developed to perfect audits so that they can continue to be adapted to Inditex's own methodology:

- **Audit quality management**

  The CSR teams accompanied external auditors on 58 audits to assess their work and share good practices ("shadow audit"). Another quality management initiative involved the performance of 23 visits to factories in order to compare the quality of audits previously carried out by external staff.

- **Standardisation**

  All social audit reports are carefully checked by Inditex's CSR teams in order to guarantee their quality and adaptation to the Tested to Wear methodology in the countries where Inditex produces.

- **Training in pre-assessment processes**

  In 2013, a total of 90 internal and external auditors received specific training on pre-assessment audits in order to standardise their practices and achieve more reliable and accurate results.

Training and awareness-raising of suppliers and manufacturers

In addition to the training sessions organised around the manufacturer management system, in 2013 awareness-raising meetings were held on fundamental labour rights and good practices, which were attended by more than 360 suppliers and manufacturers.

The CSR teams in the different countries where Inditex produces are in constant contact with the suppliers to inform them about the application of the Inditex standards and to help them comply with these standards. Individual sessions dealing with specific themes are often held in order to reinforce these messages. More than 500 sessions took place in 2013.

Health and safety of workers in the supply chain

One of Inditex's priorities is to guarantee that all workers in its supply chain perform their work safely and without risk to their physical integrity.

The company has created specific initiatives aimed at and adapted to specific geographic areas to complement the work of the Code of Conduct Compliance Programme.

Of particular note is the project started in January 2013 in Bangladesh which aims to ensure that all manufacturers producing for Inditex in the country guarantee the safety of their workers.

The project, which has been developed jointly with a prestigious engineering firm, has made it possible to visit

244 factories and assess the structure of 111 buildings. The methodology specifically designed for the project is divided into two phases:

- **Phase 1:** Assessment and identification of the potential aspects for improvement in the area of fire and structural safety of buildings.
- **Phase 2:** Creation of evacuation plans and actions to implement improvements in factories on the basis of the visits and studies performed.

Furthermore, Inditex is a member of and works actively on the textile industry Accord on Fire and Building Safety in Bangladesh.

Further information at http://www.inditex.com/en/sustainability/suppliers/code_conduct/

Another example of a specific health and safety project can be found in Morocco, where 53 specific visits were made to manufacturers and suppliers in order to assess their health and safety compliance, principally in fire prevention (including fire prevention measures, safety in electrical systems and evacuation plans, etc.).

In India, in collaboration with the National Institute of Fashion Technology (NIFT) of New Delhi, a pilot project has been created to allow a working area to be designed for pregnant women and to develop safer and more suitable personal protective equipment.

Accord on Fire and Building Safety in Bangladesh

On 24 April 2013, the Rena Plaza building (Dhaka, Bangladesh) collapsed leaving more than a thousand dead. Although Inditex had no commercial relationship with any of the factories in Rana Plaza, the company took part from the outset in the initiatives which emerged from the tragedy to palliate the consequences of the collapse.

Since the accident, the IndustriALL union, with the support of Inditex, has become the coordinator of the stakeholders that had already begun to work together to agree on forms of action required to guarantee the sustainability of the textile sector in Bangladesh. In addition to the IndustriALL union itself, these groups also include international brands, the Bangladesh Garments Manufacturers and Exporters Association (BGMEA), multisector organisations and NGOs.

In May 2013, the Accord on Fire and Building Safety in Bangladesh was established. This is a pioneering agreement between international brands and distributors, local and international unions and NGOs in order to ensure better and lasting improvements to working conditions in the textile industry in Bangladesh. Designed as a joint effort between all parties, and with the direct involvement of the International Labour Organization (ILO), it is a credible and effective programme to achieve sustainable changes in the long-term in this country's textile industry.

Inditex played an active role in drafting the Accord in 2013 and became one of the first brands to sign it. Inditex was also chosen as a member of the application team dedicated to implementing the Accord. Later, Inditex was elected as a member of the Accord Steering Committee, which includes three union representatives, three representatives of international brands and one representative of NGOs acting as witness under the presidency of the ILO.

The Accord, which is valid for a period of five years, has already been endorsed by more than 150 companies and works on assessing over 1,800 factories, on the development of remediation plans and the creation of workers' committees receiving training both in fire prevention and workers' rights.

Further information at http://www.bangladeshaccord.org/

4. Sustainability of the supply chain

The final objective of the CSR strategy regarding the supply chain is to guarantee its sustainability.

Inditex therefore works by grouping its suppliers into clusters, which are defined as areas for dialogue and multilateral cooperation. The Group has ten clusters in the geographic areas where it has a larger and more significant presence: Spain, Portugal, Morocco, Turkey, India, South East Asia, Bangladesh, China, Brazil and Argentina. These clusters account for some 87% of Inditex's total production.

Clusters Map

Cluster	Spain	Portugal	Morocco	Turkey	India	Bangladesh	China	Brazil	Argentina	South East Asia	Total
Internal team	13	1	2	6	6	6	6	1	1	1	43
External team	11	15	10	22	49	38	346	44	29	53	596

A new cluster was created for the countries of South East Asia in 2013. Based in Vietnam, it encompasses countries such as Cambodia, Indonesia, Thailand and the Philippines.

In 2013 the clusters continued to grow and make progress on their objective of improving working conditions in the textile industry, contributing to creating value in the company through the following actions:

Objectives	Spain	Portugal	Morocco	Turkey	India
Primary objective 2013	To encourage purchasing practices that guarantee the sustainability of the supply chain.	To maintain a close and fluid relationship with suppliers and to strengthen their compliance with their obligations, particularly in the area of wages and taxation.	To guarantee the traceability of production and to strengthen relationships with different stakeholders such as unions or business associations.	To assure the quality of the monitoring tools and extend the scope of collaboration projects in order to improve working conditions.	To guarantee the traceability and sustainability of the supply chain as a continuation of the work carried out with the Vidya project.
Monitoring					
Pre-assessment audits	33	243	15	338	186
Social audits	88	379	138	601	239
Special audits	3	-	244	14	514
Production audits	-	-	307	84	-
Individual sessions with suppliers	-	-	-	108	172
Capacity building					
Suppliers trained in production traceability.		124	25	134	155
	A total of 241 employees in central offices received specific training in CSR.	The cluster continued its relationship with the Catholic University of Oporto, providing training and experience in social audits to postgraduate students.	The collaboration with IndustriALL provided direct awareness-raising among those responsible for five Moroccan suppliers in the area of workers' rights to freedom of association and collective bargaining.	Completion of the pilot training project for workers and managers in collaboration with IndustriALL, with a seminar attended by 49 participants and aimed at workers' representatives and supplier management with the participation of the International Labour Organisation (ILO) and ITBIK (a Turkish national union).	A project was started to improve the conditions of domestic workers by providing training in labour rights to 23 suppliers and more than 350 agents. Collaboration with St. Johns Medical College in Bangalore in training on women's health in the textile industry, which benefited more than 350 workers (Sakhi Project – meaning "friend" in Hindi).
Continual improvement	Joint work between the CSR team and the different departments of the company, in particular the purchasing departments.	In the area of salary and taxation, a diagnostic analysis was carried out to determine supplier compliance and compliance in matters of wages and taxes, and specific corrective measures were drawn up to deal with the breaches detected.	In 2013 Inditex began cooperating with the Moroccan Textiles and Clothing Industries Association (AMITH) on projects intended to ensure suppliers comply with the standards established in the Inditex Code of Conduct.	The Joint Turkey Programme, in collaboration with IndustriALL and two other international brands, entered its implementation phase in various suppliers in order to improve the productivity of factories, promote more mature industrial relations, and improve social dialogue and motivation among workers.	Work began with the NGO Pratham (an entity specialising in children's education) for the implementation of the Plan for the Prevention and Remediation of Work by Minors through the From Production Back to Education project.
Stakeholder engagement	Coordination of the global implementation of the Framework Agreement with IndustriALL. Member of the Accord on Fire and Building Safety in Bangladesh Steering Committee Representation of the company in international platforms such as Better Work, ETI, Global Compact.	In the area of the IndustriALL Framework Agreement, tighter collaboration was established with the Portuguese textile union (FESETE), working together to guarantee the rights of manufacturer and supplier employees.	Collaboration with Medicus Mundi in order to improve the health and welfare of workers in the supply chain. The project is currently in its first diagnosis phase.	Collaboration with the NGO Association for the Support of Contemporary Living (CYDD) in the area of preventing and remedying child labour through the From Production Back to Education project. EverGreen Programme; a pilot project with two suppliers in order to minimise and control waste dumping in production, with the participation of academics and experts in engineering.	The Sowbhagyam project was initiated with a specialised NGO as a continuation of the Sumangali project, carrying forward its awareness-raising efforts on the rights of workers in communities in southern India and benefiting more than 10,000 families. Proactive participation at the Tirupur Stakeholders Forum and the Tamil Nadu Multi-Stakeholder initiative promoted by the Ethical Trading Initiative for the collaboration of NGOs, unions and government in eradicating abusive employment schemes in southern India.

Further information in the Sustainability Balance Sheet (pages 152-156)

Bangladesh	China	Brazil	Argentina	South East Asia
To create programmes and practical alliances to prevent fire and promote the safety of workers in the textile industry.	To strengthen the working conditions of suppliers working for Inditex in China.	To assure the traceability of production and the continuity of cooperation programmes for the promotion of human rights.	To guarantee the traceability of the supply chain.	To strengthen the supply chain in the region of South East Asia.
42	354	5	8	60
242	574	151	100	81
479	127	19	219	-
62	20	108	239	-
63	130	2	24	-
147	538	-	46	-
Design and implementation of a programme in collaboration with an engineering firm intended to ensure that all manufacturers producing for Inditex in the country guarantee the safety of their workers. In 2013, visits were performed at 244 factories and structural assessments were made of more than 111 buildings.	In the development of the Framework Agreement between Inditex and IndustriALL, joint visits were made to six suppliers to analyse the state of working conditions in factories and the role of the unions in the region. Pilot project to identify and improve working conditions in the domestic sector, in which 32 domestic workers related to some suppliers were visited and interviewed.	Training for suppliers through fashion and business management courses imparted by Uniethos and advice for manufacturers given by SENAI (National Industrial Training Service) on people management, financial and business management, stock control, production control and other areas.	The awareness of the internal teams was strengthened by constant communications and training sessions, including three general meetings with all the local purchasing teams and the management of Zara Argentina. 24 training sessions were performed with suppliers.	Training of the head of the new cluster in charge of the teams in Spain and India.
With a view to guaranteeing lasting improvements in workers' conditions in the textile industry, Inditex is a member of the Accord on Fire and Building Safety in Bangladesh. The company played an active part in drawing up the Accord and was appointed a member of its Steering Committee.	The constant monitoring and work of the CSR teams with suppliers allowed 73 factories to successfully implement their Corrective Action Plans in 2013.	Specific supplier development programme resulting from an alliance between Zara Brazil and Uniethos. Eight suppliers and 27 manufacturers took part in the project in order to improve their working conditions and increase their competitiveness.	In collaboration with the National Institute of Industrial Technology (INTI) various suppliers were analysed as part of a pilot project to assess specific indicators related to the factories' production capacity in order to strengthen Inditex's supply chain.	The situation of Inditex's supply chain in Vietnam, Thailand, Cambodia, Malaysia and Indonesia was assessed in order to identify areas of CSR to be worked on.
Active participation in the multilateral Buyers' Forum and constant dialogue with national and local unions as well as with BGMEA, the National Association of textile manufacturers and exporters. Collaboration with the AWAJ Foundation, a renowned Bangladeshi entity engaged in protecting workers in the textile sector through the From Production Back to Education Programme for the development of the Plan for the Prevention and Remediation of Work by Minors	Collaboration with the Zhejiang Sci-Tech technological University on the specific training of Inditex internal auditors in textile processes and production capacity.	Cooperation and joint work of 13 international brands in the sector present in the country to identify and share information on aspects of supply chains and possible joint solutions.	Joint work with IndustriALL representatives to assess workers' conditions and meetings with three local textile unions in four suppliers representing the sector.	The first steps were taken to establish programmes and actions involving direct collaboration with different local and international stakeholders.

Manufacturing responsible products

Objective

Manufacturing responsible products

Opportunity

Constant improvement of quality, health and safety of products

Material issues

5. Product quality, health and safety

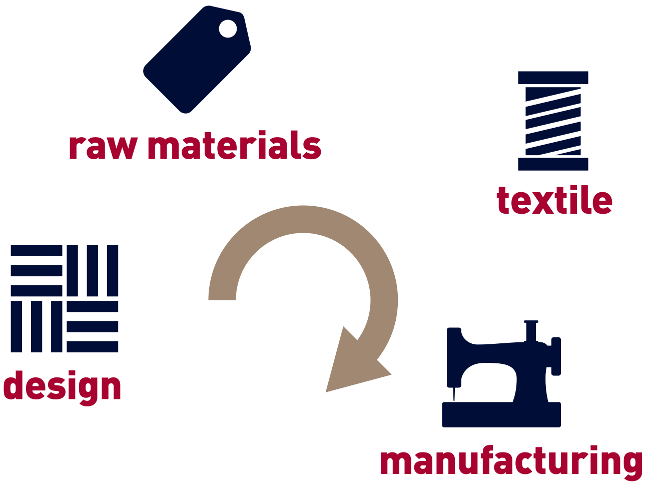
11. Changes in regulation

23. Animal welfare

30. Dialogue with and commitment to stakeholders

Inditex's commitment to its customers includes guaranteeing that all products marketed by the group meet the most demanding health and safety standards in the world. Inditex's strategy in this field covers all phases of production, from design to manufacture and distribution.

Health/safety intervention throughout the product life cycle



The objective is to study, regulate and supervise all the methods, processes and installations involved in production. All of these elements are analysed separately and together in order to continuously improve the quality of the products, increase efficiency in the use of resources and reduce any potential impact on the environment. This strategy is also specifically designed for Inditex, which allows it to be adjusted to the characteristics of the supply chain.

To work towards this commitment, Inditex, in collaboration with the University of Santiago de Compostela, has developed two standards of its own in product health and safety – Clear to Wear (CTW, health) and Safe to Wear (STW, safety) – which incorporate the most demanding world regulations in these areas.

Responsibility in the production of safe products is not solely limited to the supervision and control of processes typical of the textile industry: The auxiliary chemical industry and its suppliers also play a fundamental role. Therefore, Inditex's strategy of action includes audits throughout the supply chain and training and advisory sessions for the design team, as well as technology audits and training for suppliers.

Programmes to implement and comply with Clear To Wear and Safe To Wear standards

In 2013, Inditex intensified its collaboration with 28 benchmarked laboratories in 7 countries where the Group's main production clusters are located. These laboratories belong to reputed international suppliers and perform all analyses and tests intended to guarantee that products meet CTW and STW requirements.

This collaboration includes Inditex programmes to supervise the quality of laboratory analysis results and correction of any problems detected. The programmes required 10 auditing visits and the performance of more than 1,900 correlation analyses and 6 corrective actions.

The key instrument in the supervision of compliance with CTW and STW standards is the Picking Project. This is a programme that supervises the health and safety of the product during the production stage and seeks to detect the right implementation of the standards as early as possible in the manufacturing chain. The project, which was launched in 2012 and continued during 2013, involves the performance of technical inspections of factories during the final stage of the production of the product, the random selection of a representative number of finished garments before the end of the manufacturing process and the performance of tests and analyses on the garments to ensure that they meet the provisions of CTW and STW.

The development of the Picking Project in 2013 involved more than 41,500 inspection visits to factories and 1 million tests and analyses.

Ready to Manufacture Programme

The Ready to Manufacture (RTM) is the first world programme of Good Manufacturing Practices (GMP) intended specifically to prevent the inclusion or production of undesired substances during product manufacturing as a consequence of the technological processes used or the quality of the auxiliary chemical substances.

As part of the programme, a manufacturing code was drawn up together with a series of manuals containing guidelines and advice with the collaboration and guidance of experts in product health and textile manufacturing. These manuals serve as guidelines and help suppliers to control and improve their manufacturing processes, to select and manage the dyes, pigments and auxiliary chemical substances they use and to decide on the analytical tests they will perform to ensure compliance with CTW requirements. The RTM reference manual is intended to facilitate the incorporation of CTW in its entirety, while each of the guideline manuals is intended to reduce or eliminate incidents of non-compliance caused by a specific parameter regulated by CTW. In 2013, guideline manuals were drawn up for the following parameters: arilamines, formaldehyde, pH, colour solidity and fibre composition.

The Ready to Manufacture programme is complemented with specific training and supervision technical audits to ensure their implementation in all units of the supplier supply chain and investigate the source of any defects detected in order to facilitate the search for solutions.

The development of the pilot experience of the RTM programme in 2013 involved the performance of more than 2,200 audits and/or technical support visits.

The List, by Inditex

During 2013 Inditex developed a pioneering programme in the fashion industry entitled The List, by Inditex, which aims to deal with all productive units manufacturing dyes, pigments and auxiliary chemicals, performing processes liable to produce or transmit substances which, should they be present in finished articles, could cause a risk of non-compliance with CTW. This makes it possible to extend product health and safety controls to those industrial sectors that supply other products – above all, chemicals – used in the manufacture of garments.

The List, by Inditex programme is the result of a broad joint research programme with the University of Santiago de Compostela in close collaboration with the world's leading manufacturers of dyes, pigments and auxiliary chemical products used in the manufacturing of textiles and leather products.

The first result of the development of this programme has been the compilation of the first world classification of thousands of dyes, pigments and auxiliary chemical products used in manufacturing textiles, footwear and accessories according to their compliance with CTW. The methodology followed in assessing the chemical products that appear on The List, by Inditex include the performance of chemical analyses, the technical inspection of manufacturing facilities, the supervision of the product quality control and health mechanisms used and the manufacturing companies' commitments compared with good manufacturing practices and respect for the environment.

The development of The List, by Inditex in 2013 involved 11 leading multinationals in certain manufacturing clusters, allowing the classification of over 4,000 important chemical products in the textile and leather industry.

Cooperation programmes

Inditex believes it is fundamental to share and take full advantage of the experience acquired in the process of creating, implementing and supervising its CTW and STW standards. Two agreements have therefore been reached with business associations of textile exporters in Bangladesh and Turkey, two of the largest textile producers in the world, to increase their involvement in the programme to implement and supervise CTW and STW in their respective countries.

As part of the PIN Standard Project started in 2010 in collaboration with the universities of Dhaka and Santiago de Compostela and the Bangladesh Garments Manufacturers and Exporters Association (BGMEA), the creation and equipping of a benchmark laboratory was promoted in order to supervise the introduction of the product health and safety measures contained in the PIN Standard Project, equivalent to those established in CTW and STW. The laboratory was put into operation in 2013. These promotion and support actions on the part of Inditex also included the training of the laboratory's technical and management staff and the transfer of knowledge and methods for the supervision and analysis of the laboratory's own development.

Through its EKOTEKS laboratory, Inditex continued its work with the Istanbul Ready-Made Garment Exporters' Association (ITKIB) to implement the Clear to Wear and Safe to Wear standards and the supervision of their compliance in the case of items produced in Turkey. Equally, it continued to strengthen its relationship with the Chinese authorities to ensure their involvement in introducing the CTW and STW standards and in supervising compliance with these standards in the case of products marketed in China.

Further information at http://www.inditex.com/en/sustainability/product/health_quality_standards

Tailored supplier training and technical advisory programmes

Inditex's CSR department, working with reputed external advisers, has implemented a training and technological support programme for all players involved in the supply chain. The actions that have been developed were designed to suit each specific objective pursued and each target group.

Working groups on Clear to Wear and Safe to Wear standards were also created with suppliers and producers. These groups were adapted to the geographical, technological, environmental and cultural characteristics of the different regional production clusters.

Attendees to supplier training and technical advisory programmes

Year	Meetings	Attendees
2013	77	847
2012	32	514

Expert units have been created in all of the brands of the Inditex Group in the area of product health and safety in order to give ongoing training to the purchasing and design teams of each brand in all matters related to product health and safety and to provide them with in situ technical assistance, as well as reduce the time required to detect possible incidents of non-compliance and provide the solutions or technical support best suited to the specific type of product in each brand.

Internal product health and safety teams

Year	Staff in internal teams
2013	53
2012	43

In order to identify and eliminate potential risks in design and manufacturing processes as early as possible, specific training programmes have been designed and developed in the health and safety for Inditex staff.

Internal teams training in product health and safety

Year	Courses	Attendees
2013	78	773
2012	39	603

Animal welfare

In 2013, Inditex continued to strengthen its commitment to animal welfare. As a result of this commitment, the company signed up to the Fur Free Retailer Program promoted by the international coalition of animal protection organisations, the Fur Free Alliance.

Further information at http://www.inditex.com/en/sustainability/product/products_animal_origin

Angora

Inditex requires its suppliers to follow animal welfare recommendations concerning angora rabbits established by the various animal protection organisations with which Inditex is regularly in contact.

Similarly, Inditex has made additional farm visits and has carried out a process of independent certification of the angora production farms in its supply chain in order to confirm that they meet Inditex requirements. In this sense, Inditex has agreed not to place further orders with suppliers of products containing angora wool until the corresponding facilities have been inspected once again and the results have been checked against Inditex auditing protocol.

Responsible use of water in the supply chain

Objective

To guarantee the responsible use of water and zero discharge by 2020

Opportunity

To reduce water consumption and discharge to improve the efficiency of the supply chain and allow its environmental sustainability

Material issues

19. Water consumption in the supply chain

20. Control of discharges

30. Dialogue with and commitment to stakeholders

Inditex's commitment to sustainable development and the protection of the environment and natural resources has always been present in the company's fundamental values. Within the framework of the Strategic Plan "Sustainable Inditex" 2011-2015, a qualitative leap has been taken to further integrate sustainability into the Group's supply chain. One of the great milestones in 2013 was the publication of Inditex's Global Energy Strategy and Biodiversity Strategy, which along with the Global Water Management Strategy form the three pillars of the company's Strategic Plan.

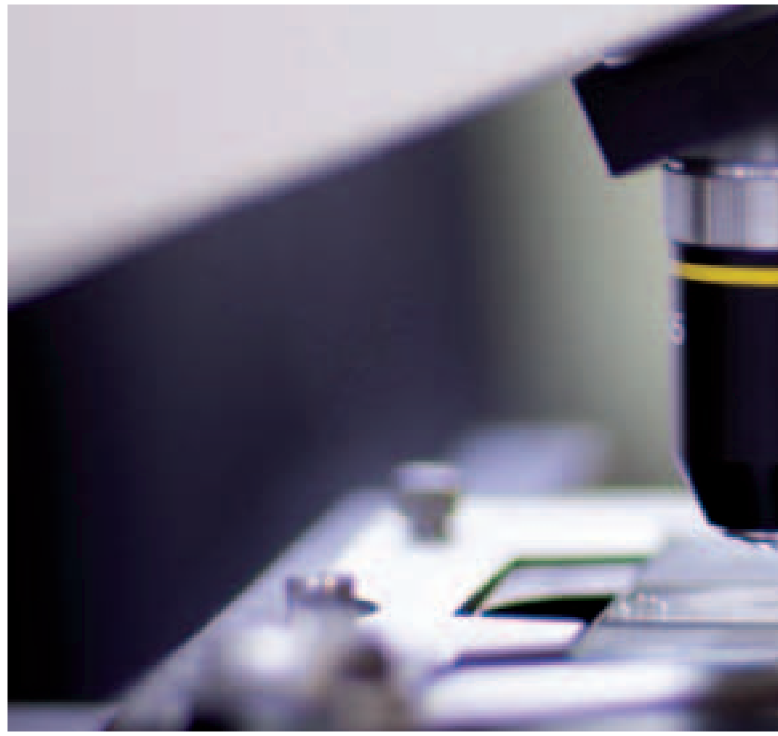
These strategies are being implemented following the principles that make up the Inditex's Environmental Policy, available at http://www.inditex.com/es/sustainability/environment.

Global Water Management Strategy

In 2013, Inditex continued to integrate sustainability criteria for the use of water in all of its business areas, thanks to the implementation of its Global Water Management Strategy. All of the proposed commitments and guidelines have been drafted in line with the CEO Water Mandate initiative promoted by the United Nations and endorsed by Inditex.

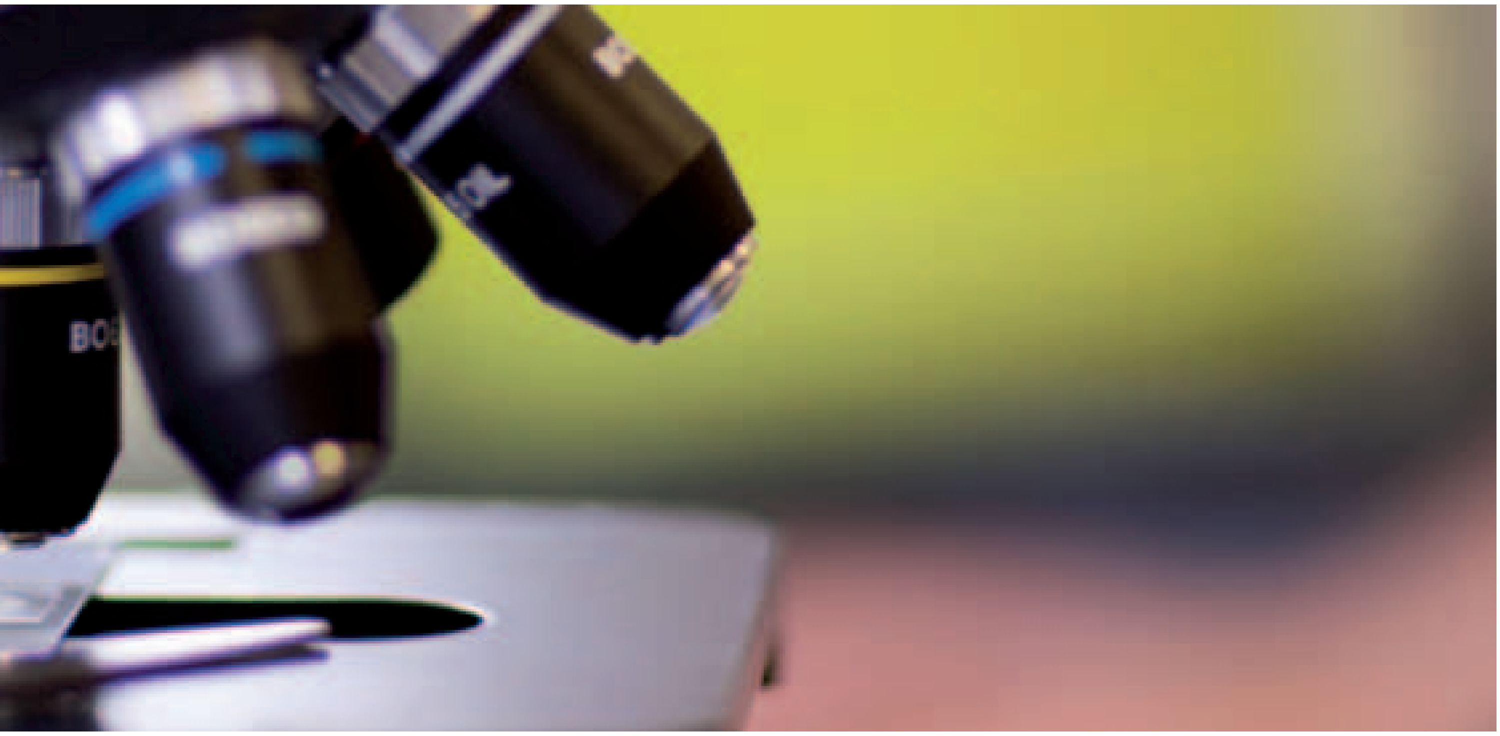
Further information at http://www.inditex.com/en/sustainability/environment/water

This section focuses on the initiatives carried out in the supply chain. However, as is shown in the following graph, Inditex is carrying out initiatives to ensure correct water management in each and every one of the links of its value chain.



Main initiatives developed as part of the Global Water Management Strategy in 2013

Raw materials	Manufacturing	Logistics	Stores and head offices	Product, use and end of life
GLOBAL WATER MANAGEMENT STRATEGY				
- Better Cotton Initiative (BCI) - Textile Exchange (TE) - Creation of regular lines of 100% organic cotton (OE 100/OCS). - Creation of other lines with 5% and 50% organic cotton (OE Blended/ OCS) - Creation of lines with other more sustainable fibres - Training on farms on sustainable agricultural techniques - Training of suppliers, sales people and purchasing staff on product sustainability	- Master Plan for Water Management in the Supply Chain - Chemicals guide - Manufacturing Restricted Substances List - Capacity building of the supply chain - Bangladesh Water PaCT - Leather Working Group (LWG) - Sustainable Apparel Coalition (SAC)	- ISO 14001 Environmental Management System - Sustainable certification of logistics centres (LEED, BREEAM®) - Environmental training in logistics centres	- Eco-efficient Store Manual - Construction of eco-efficient stores - Eco-refurbishments - Sustainable certification of stores and headquarters (LEED, BREEAM®).	- Ecolabel for footwear - Sustainable Apparel Coalition (SAC) - Roba Amiga Project



Master Plan for Water Management in the Supply Chain

The rational use of water and "zero discharge" of undesirable chemical substances are given special attention in the Master Plan for Water Management in the Supply Chain. This plan sets out the joint work of Inditex and its suppliers to integrate both of these criteria in the whole of the production process.

In 2013, Inditex published the results achieved on a specific website designed for the purpose of the plan in order to disseminate actions and developments in this area throughout the whole of the supply chain.

Further information at www.wateractionplan.com

"Zero discharge"

The commitment to "Zero Discharge" of Hazardous Chemicals 2020 was adopted by Inditex in November 2012.

Throughout 2013, Inditex continued to make progress in fulfilling this commitment, paying special attention in its supply chain to the 11 priority groups of undesirable chemical substances. The results yielded by water discharge samples provided by the Group's main suppliers have been published to this purpose.

Inditex's Chemicals Guidelines for achieving "zero discharge"

Inditex has set out its commitment to the elimination of undesired chemical substances from its supply chain with the publication of the Inditex Chemicals Guidelines for achieving "zero discharge".

These guidelines were applied in the supply chain in 2013 based on the following programmes:

- appropriate chemicals management in the manufacturing process: Ready to Manufacture programme.
- compliance with the Product Restricted Substances List (included in the Clear to Wear standard) and the Manufacturing Restricted Substances List (regulated by the Green to Wear standard): Programme of audits and capacity-building for "zero discharge".
- the promotion of green chemicals via the drafting of guides to safe alternatives: The List, By Inditex programme.
- appropriate water management both in use and disposal: an auditing and technical capacity-building programme for "zero discharge" and Bangladesh Water PaCT.

Further information at www.wateractionplan.com

Further information in pages 68,69 y 71

Global Water Management Strategy

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MASTER PLAN FOR WATER MANAGEMENT IN THE SUPPLY CHAIN

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INDITEX'S CHEMICAL GUIDE FOR ACHIEVING "ZERO DISCHARGE"

^	^	^	^
Chemicals management system (Ready to Manufacture)	Product Restricted Substances List Manufacturing Restricted Substances List	Best practices Guide to safe alternatives	Correct water management (Bangladesh Water PaCT)

Manufacturing Restricted Substances List (MRSL)

As a result of its commitment regarding the use of chemical substances in the manufacturing process, in 2013 Inditex published the Manufacturing Restricted Substances List.

This document specifies the restrictions and prohibitions on the chemical substances used in the main phases of manufacture of the products sold by Inditex. This restricted list must be observed by Inditex suppliers participating in wet processes (dyeing, printing, finishing factories and laundries, among others).

In the drafting of the list consideration was given not only to the strictest international legislation, but also to consultations made with experts of the textile industry, chemical product companies and suppliers of the Group.

Likewise, Inditex participated in the development of the ranking of hazardous chemicals, an initiative created as part of the Joint Roadmap towards Zero Discharge of Hazardous Chemicals (ZDHC). This methodology allows the updating and reviewing of the MRSL.

Further information at www.roadmaptozero.com

The Manufacturing Restricted Substances List complements the Product Restricted Substances List included in the Clear to Wear product health standard.

Programme of audits and capacity building in the supply chain

Inditex verifies and controls compliance with both lists of restricted substances (RSL and MRSL) by means of product analyses, chemical management audits and discharge quality standards audits. The latter controls consist of taking random water samples from Inditex's supply chain to check that the Group's suppliers comply with the discharge quality standards set out in each country's national legislation and the Manufacturing Restricted Substances List. Moreover, in the framework of the Master Plan for Water Management in the Supply Chain and the commitment to "zero discharge", a capacity building project was carried out in the supply chain. This project allowed work to be performed in close collaboration with suppliers and the factories themselves to achieve correct management of chemical products, guaranteeing compliance with Inditex's Chemicals Guidelines.

In 2013 Inditex carried out the following actions:

- Analysis of suppliers and own supply chain and assessment of awareness and application of the Inditex Chemicals Guidelines. The participation and collaboration of more than 50 suppliers, some 16% of the supply chain, allowed the performance of 101 audits in wet process plants – dyeing, washing, printing and fabric finishing installations – in China (39), India (28) and Bangladesh (34).
- Exhaustive investigation of the 11 priority groups of undesirable chemical substances. Water entering and leaving each plant was analysed to check for the presence of a total of 121 chemical substances belonging to the 11 groups of priority chemicals. The results obtained from the 101 factories were checked by the Water and Environment Engineering Group (GEAMA) of the University of A Coruña. Similarly, numerous plants published the results on the website of the Institute of Public and Environmental Affairs of China (IPE), a non-profit organisation which disseminates environmental information on Chinese companies in order to promote the improvement of their facilities in environmental matters. In this sense, it must be stressed that Inditex and the University of A Coruña have signed a framework collaboration agreement for the development of activities aimed at introducing improvements concerning the use and management of water.

The agreement is intended to achieve a more sustainable and rational management of water in the world and the preservation of the environmental quality of water basins. The actions planned as part of the agreement include the performance of studies and investigations and the validation of the analytical results published in this platform and which have been carried out by external laboratories.

Further information at www.wateractionplan.com

- Phase of capacity building and improved performance in the management of chemicals and water. In 2013, Inditex held training sessions with those in charge of environment, health and safety in the suppliers and plants taking part in the project in order to improve the use of chemical substances in the manufacturing process and correct water management. In this sense, and in the framework of the Joint Roadmap towards "Zero Discharge", Inditex is leading the development of training materials for suppliers regarding the use of chemical substances in manufacture.

  This phase is not solely limited to theoretical training. In the event that priority chemical substances are detected in the water samples, a corrective plan of action was defined in conjunction with the installation in which the chemical products that must be replaced or which require a more specific analysis were identified.

As a result of the previous investigations and specific corrective plans of action, the following success cases in some of the analysed suppliers can be highlighted:

- Elimination of ethoxylated alkyl phenol (APEOs): These chemical substances are mainly found in detergents and lubricants used to wash garments. Inditex made an analysis of the inventory of chemicals used and several samples of its auxiliary chemical products were analysed. The identification and withdrawal of chemical products containing APEOs allowed the concentration of these substances in subsequent discharge samples to be eliminated.

- Elimination of perfluorocarbons (PFCs): This group of chemicals is used for their impermeable and non-adherent properties in the manufacture of water-resistant garments. The dissemination of the Guide to PFC-free alternatives among Inditex suppliers and the capacity building of these suppliers has enabled the manufacture of outer garments which repel water while using auxiliary chemical products which comply with the Group's policy. Inditex has prohibited the use of PFCs C6, C7 and C8 in the manufacture of its products as of 2014.

Bangladesh Water PaCT

Inditex takes part along with eight textile brands in the Bangladesh Water PaCT. This initiative seeks to promote a change in the textile sector in Bangladesh. For four years, Inditex along with other brands will take part in different activities involving an environmental and social improvement in so-called wet processes, that is, in the processes of dyeing, washing, printing and other finishes.

Within the framework of this project, in 2013 Inditex selected 10 plants to take part in several awareness-raising and water and energy consumption reduction workshops. The advice that these plants will receive will enable them, among other things, to reduce their wastewater and emissions and to lower their general costs by between 30 and 50%.

Further information at http://www.textilepact.org/

Efficient use of resources throughout the business model

Objective

Reduction by 20% of own operations' energy intensity for each item put onto the market by 2020. Reaching 100% of eco-efficient stores by 2020

Opportunity

To reduce energy consumption to improve the efficiency of processes and to enable environmental sustainability

Material issues

18. Energy consumption in the supply chain (manufacturing)

25. Direct consumption of energy and GHG (scope 1)

26. Indirect consumption of energy and GHG (scope 2)

27. Consumption of energy outside the organisation and GHG (scope 3)

28. Waste production and recycling

30. Dialogue with and commitment to stakeholders

In 2013, Inditex published its Global Energy Strategy, thus recognising that this is a key component in the textile sector. Its aim is to promote a rational and efficient use of energy throughout the value chain by reducing greenhouse effect gas emissions and helping to mitigate their effects. It is framed within the Group's Sustainability Strategy, which is closely linked to Water and Biodiversity strategies.

The principal energy objectives drawn up in line with those of the United Nations for 2030 and those of the European Union for 2020 are:

- To reduce total energy consumption within Inditex's value chain by reducing the use of energy obtained or derived from fossil fuels.
- To reduce Inditex's energy intensity for each garment sold. In this way, more garments on the market would not necessarily mean a proportional increase in energy consumption.
- To mitigate the direct and indirect emissions of greenhouse effect gases by promoting the sustainable purchase, use and management of energy.
- To reduce energy and emissions related to the phases of production, use and end of life, taking action from the initial stages (such as the selection of more ecological raw materials) to their recycling.

Further information at http://www.inditex.com/en/sustainability/environment/energy

Although this section focuses on the activities carried out in logistics and distribution, stores and head offices, as is shown in the graph below, Inditex is carrying out initiatives for efficient energy management in each and every link of the value chain.

Principal initiatives developed under the Global Energy Strategy in 2013

Raw materials	Manufacturing	Logistics	Stores and head offices	Product, use and end of life
GLOBAL ENERGY STRATEGY				
- Emission compensation projects - Training on farms on sustainable agricultural techniques - Training of suppliers, sales people and purchasing staff on product sustainability	- Bangladesh Water PaCT - Leather Working Group (LWG) - Sustainable Apparel Coalition (SAC) - Own Waste Management model	- ISO 14001 Environmental Management System - Integration of an energy management system - Sustainable certification of logistics centres (LEED, BREEAM®) - Environmental training in logistics centres - Carbon footprint of logistics operations - Own Waste Management model	- Eco-efficient Store Manual - Manual of Waste Management in Stores - Construction of eco-efficient stores - Eco-refurbishments - Sustainable certification of stores and headquarters (LEED, BREEAM®). - Own Waste Management model	- Ecolabel for footwear - Sustainable Apparel Coalition (SAC) - Earth Hour - Roba Amiga Project

Inditex continues to endorse international initiatives such as The Sustainable Apparel Coalition (SAC) to promote lower energy consumption and access to safer energy sources in the supply chain.

Inditex includes the directives of this strategy in its logistics activities and in its headquarters and stores.

Environmental and energy management in logistics centres

All of Inditex's logistics centres have an Environmental Management System certified in accordance with the ISO 14001 international standard and all staff in the logistics centres have received environmental training. Furthermore, in 2013 work began to include an energy management system in the ISO 14001 Environmental Management System.

Sustainable certification in logistics centres

The LEED certification awarded by the U.S. Green Building Council is one of the most prestigious sustainable construction standards in the world. It measures the level of environmental respect in buildings, assessing their location, their water management, interior environmental quality, the materials used and the energy behaviour of the construction. The Inditex logistics centre in Cabanillas (Guadalajara), which will enter into operation in 2014, is taking part in the LEED certification process in the Gold category.

At the close of 2013, the Tempe 3 logistics centre had achieved BREEAM certification. This is one of the most advanced methods for assessing and certifying building sustainability in the world. The certification covers the various phases of building design, construction and use. Similarly, a Sustainable Management Manual has been drawn up for the Tempe 3 logistics centre.

This manual contains the guidelines and specific goals for Tempe 3 regarding sustainability. These goals, aligned with Sustainable Inditex 2011-2015, are clustered into four strategies: energy strategy, water strategy, waste reduction strategy and air quality strategy.

Environmental training in logistics centres

In 2013 Inditex initiated a new training programme for logistics centres with the aim of making workers more aware of the benefits of correct environmental management. Two workshops were held focusing on the sustainable management of energy resources and how this can affect people's day-to-day life and the health of the environment. In 2014, another two workshops will be performed focusing on efficient water use and sustainable waste management, respectively.

Carbon footprint of logistics operations

The company's transport and distribution operations are performed entirely by external operators. Therefore, the Greenhouse Effect Gases (GHGs) associated with these activities are considered scope 3 emissions according to GHG Protocol criteria.

Inditex has developed a tool for better management and control of these emissions which enables such emissions

to be calculated according to GHG Protocol, while at the same time offering suggested improvement plans for logistics operators in order to reduce emissions. This emission calculation tool for logistics operations is already in operation in Tempe, covering more than 6,000 stores and over 63,000 operations in 2013.

Eco-efficient stores

Stores represent one of the key areas of Inditex's business model. All of the Group's stores are built in accordance with the Inditex Eco-efficient Store Manual, which gives technical instructions for electrical installations, HVAC, plumbing, lighting, furniture and waste installations. Moreover, in 2013 a Manual of Waste Management in Stores was drawn up as a complement to the Eco-efficient Store Manual. This manual describes the measures applied in stores to reduce waste production, to reuse waste and to manage it in the most correct way. Supplier compliance with ZNormativa requirements on the packaging and distribution of products and the commitment of all employees to the Waste Minimization Plan have allowed Inditex to reduce waste generation and improve waste management. This own waste management model enabled the recovery of more than 72 million plastic hangers used in sending garments to stores. These hangers were classified and sent back to the factories and workshops for reuse.

Since 2007, more than 1,300 eco-efficient stores have been built around the world. The sustainability and energy efficiency measures implemented in these stores contribute savings of 30% in the case of electricity and 50% in water consumption compared to conventional stores. It is hoped that by 2020, all Inditex stores will be 100% eco-efficient.

In support of the eco-efficient store strategy, some individual stores have obtained LEED certification. This is the case of the Zara Park House (London), which was awarded LEED Platinum certification. The following stores received LEED Gold certification: Zara Madero (Mexico D.F.), Zara and Zara Home Champs Élysées (Paris), Zara West Nanjing (Shanghai), Zara Kalverstraat (Amsterdam) and Zara Haas Haus (Vienna).

Several other stores are also in the process of obtaining certification: Zara Serrano (Madrid), Bershka Colón (Valencia) and Zara Krakow (Poland) are seeking LEED Platinum certification, while Massimo Dutti Palma de Mallorca is seeking LEED Gold certification.

Eco-refurbishments

Eco-refurbishments have been carried out in stores opened before 2007 in order to reduce their electricity consumption by up to 30%. They follow the guidelines set out in the Eco-efficient Store Manual. In 2013 Inditex refurbished 423 stores in line with eco-efficient parameters.

Further information in the Sustainability Balance Sheet (pages 142-151)

LEED and BREEAM certified stores and headquarters in the world

LEDD Certification

AMERICA

ZARA Madero Mexico	LEED Gold

ASIA

ZARA West Nanjing Road, Shanghai	LEED Gold

AUSTRALIA

Zara Melbourne	LEED Gold

EUROPE

Bershka Berlin	LEED Platinum
Pull&Bear Gran Vía	LEED Gold
Pull&Bear Rotterdam	LEED Platinum
Zara Champs Élysées, Paris	LEED Gold
Zara, Haas Haus, Vienna	LEED Gold
Zara, Kalverstraat 66, Amsterdam	LEED Gold
Zara Park House, London	LEED Platinum
Zara Portal del Angel	LEED Gold
Zara Rome	LEED Platinum
Zara Home, Champs Élysées, Paris	LEED Gold
Zara Home Munich	LEED Gold
Other buildings	
Massimo Dutti offices	LEED Gold

Expected LEED certification

EUROPE

BERSHKA Colón, Valencia	LEED Platinum
Massimo Dutti, Palma de Mallorca	LEED Gold
Massimo Dutti Serrano, Madrid	LEED Gold
Zara Krakow, Poland	LEED Platinum
Zara Geneva	LEED Gold
Zara Hamburg	LEED Gold
Zara Ópera, Paris	LEED Gold
Zara Sánchez Bregua, A Coruña	LEED Gold
Zara Serrano, Madrid	LEED Platinum
Zara Theatinerstrasse, Munich	LEED Gold
Other buildings	
Inditex Datacenter(IDC) Arteixo	LEED Platinum
Inditex central offices, Arteixo	LEED Gold
Pull&Bear offices, Narón, A Coruña	LEED Gold

BREEAM Certification

EUROPE

Oysho Paris

Protection of biodiversity

Objective

To protect, conserve and develop the wealth of species and diversity by means of promoting the consumption of sustainable raw materials and the implementation of conservation projects in local communities

Opportunity

To achieve a more efficient management of natural resources and a more adequate protection of the environment and ecosystems

Material issues

6. Green Design

10. Volatility of raw material prices

28. Waste production and recycling

30. Dialogue with and commitment to the stakeholders

In 2013, Inditex published its Biodiversity Strategy, which strengthens and complements the Water and Energy Strategies and also forms part of the Group's Sustainability Strategy. This strategy establishes the directives for protecting, preserving and developing the biodiversity potentially affected by its business processes and, above all, by the raw materials it uses in production.

Inditex has defined its targets following the principles established in the United Nations Convention on Biological Diversity and recognising the work of the International Union for Conservation of Nature (IUCN). To guarantee the application of this strategy, its principles have been integrated into the master plans of each of the key areas of Inditex's business model. A system of indicators has also been established.

Further information at http://www.inditex.com/en/sustainability/environment/biodiversity

This section contains details of the actions carried out by Inditex to raise awareness about the importance of biodiversity and reducing direct pressure on the diversity of natural life and ecosystems. The following graph sets out initiatives designed to ensure the efficient use of resources from the sustainable production and management of raw materials and forests to the use and end of life of the product.

Principal initiatives developed under the Biodiversity Strategy in 2013

Raw materials	Manufacturing	Logistics	Stores and head offices	Product, use and end of life
BIODIVERSITY STRATEGY				
- Better Cotton Initiative (BCI) - Textile Exchange (TE) - Creation of regular lines of 100% organic cotton (OE 100/OCS). - Creation of other lines with 5% and 50% organic cotton (OE Blended/ OCS) - Creation of lines with other more sustainable fibres - Terra project - Training on farms on sustainable agricultural techniques - Training of suppliers, sales people and purchasing staff on product sustainability	- Master Plan for Water Management in the Supply Chain - Chemicals guide - Manufacturing Restricted Substances List - Capacity building of the supply chain - Bangladesh Water PaCT - Leather Working Group (LWG) - Sustainable Apparel Coalition (SAC) - Own Waste Management model	- ISO 14001 Environmental Management System - Sustainable certification of logistics centres (LEED, BREEAM®) - Environmental training in logistics centres - Own Waste Management model	- Eco-efficient Store Manual - Manual of Waste Management in Stores - Construction of eco-efficient stores - Eco-refurbishments - Sustainable certification of stores and headquarters (LEED, BREEAM®) - PEFC/FSC certification for bags, labels and furniture - Own Waste Management model	- Ecolabel for footwear - Sustainable Apparel Coalition (SAC) - Earth Hour - Roba Amiga Project

Initiatives Inditex collaborates with

Use of more sustainable fibres

Cotton is the principal raw material used by Inditex and is therefore one of the main priorities in moving forward in the sustainability of its business model. The use of organic cotton allows Inditex to reduce the environmental, social and economic impacts of conventional cotton, in particular in the cultivation phase.

In line with its participation in international initiatives such as the Textile Exchange and Better Cotton Initiative, Zara has launched collections based on ecologically grown cotton under the OE 100 and OE Blended (now called the OCS, Organic Content Standard) standards. Moreover, implementation of the Better Cotton Initiative has also begun in Zara's collections.

Inditex also collaborates through the Farm Investment Programme with agricultural projects for training in sustainable techniques and the development of seeds suitable for ecological farming.

Finally, in 2013, Inditex promoted raw material training not only for key suppliers in Spain, Portugal, Turkey, Bangladesh, India and China but also the Zara, Oysho, Pull&Bear and Tempe purchasing teams and the purchasing and production staff in their local offices in Spain, Portugal, Turkey, Bangladesh, India and China.

Participants receive training on the raw materials most commonly used by Inditex, their environmental, social and economic impacts and risks, as well as the programmes to increase the use of more sustainable fibres currently being implemented by the company. These training sessions aim not only to inform participants but also to encourage them to follow and contribute to such programmes.

As a result, this year Inditex placed more than 3.5 million 100% certified ecological cotton garments on the market, and also started 5% and 50% ecological cotton programmes.

Forest products management

Inditex has carried out emission compensation projects by repopulating forests and has promoted the sustainable use of resources by requiring that all paper bags, labels and furniture used in its business model have the PEFC/ FSC certification that guarantees sustainable forest management. These certifications guarantee that the entire forest management process is carried out in a controlled and sustainable manner.

Ecolabel for footwear

Since 2013, Inditex has taken part in the review process of the Ecolabel for footwear led by the European Commission. The aim of this review is to adapt the criteria for assessing the Ecolabel to the reality of the footwear value chain and to adapt the process of obtaining the Ecolabel to the business model of the fashion industry.

Higg Index

As active members and supporters of the Sustainable Apparel Coalition (SAC), Inditex has collaborated in preparing indicators for assessing footwear sustainability. These indicators were included in the new version of the index developed by the SAC, the Higg Index 2.0. This sustainability index allows the environmental and social impact of all stages of the textile production process to be assessed and to identify opportunities for improvement, which will help the end consumer take decisions on sustainable purchases. In 2014, the SAC will form part of a working group to develop indicators that assess the environmental impact of stores, to be included in a future version of the Higg Index. Inditex will put all of its knowledge into building eco-efficient stores available to the SAC for preparing said indicators.

Use and end of life of the product

Inditex believes that the best way to reuse a garment or textile waste is that which modifies the product as little as possible.

The reuse of the garment as it was produced is therefore the preferred option, followed by the reuse of sub-products deriving from discarded garments and recycling to obtaining products of the same or greater value. The disposal unit must be the last option, preceded by incineration (for energy production).

In 2013 the Group maintained its support for the Roba Amiga co-operative with a contribution of 100,000 euros as set out in the collaboration agreement 2011-2014. In addition to this funding, in 2013 Oysho and Tempe donated more than 90,000 garments and 116 tonnes of footwear, respectively, thus enabling the creation of more jobs.

Also in 2013, Tempe, in collaboration with A Puntadas, reused leather waste from the cutting rooms and samples of products to make 1,330 computer mouse mats. These mouse mats were sold in charity markets held in Tempe.

All of these actions enabled both the social and labour insertion of people in a situation or at risk of social exclusion.

Ongoing development of teams' motivation

Objective

The development of self-sufficient, responsible staff

Opportunity

To encourage the professional and personal growth of employees along with the development of the business

Material issues

15. Working practices

16. Attraction and retention of talent

17. Development of human capital

30. Dialogue with and commitment to the stakeholders

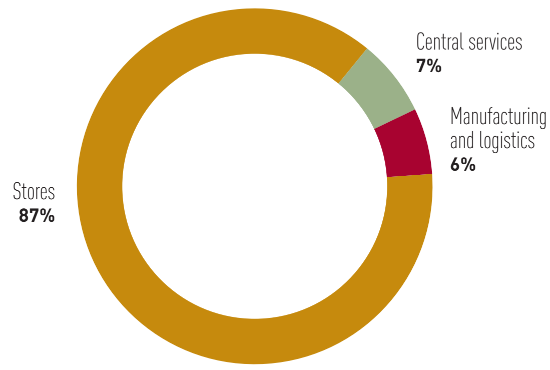
Inditex has closed 2013 with a total payroll of 128,313 employees. Of these, 7,999 are net incorporations this year, with an increase of 6.6% over 2012. In Spain alone, at the close of the year the Group employed 40,184 people, 1.8% more than the previous year. 78% of the employees are women, compared to 22% men. The average age of staff in 2013 was 32 years.

Evolution of the number of employees in the Inditex Group

Year	Employees
2009	92 301
2010	100 138
2011	109 512
2012	120 314
2013	**128 313**

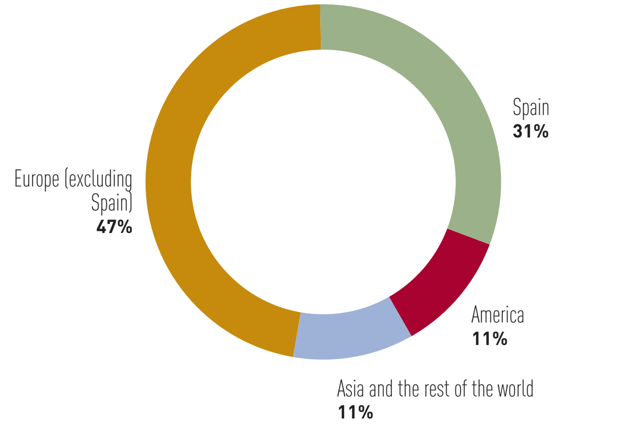
By area of activity, 87% of the staff work in the Group stores over the five continents. This is a slight increase over the previous year. By contrast, the percentage of workers performing tasks in the logistics area fell slightly (from 7% in 2012 to 6% in 2013), which indicates a better use and greater efficiency of resources in this area in providing service to the Group's stores.

Payroll distribution by area of activity 2013



A third of the payroll is in Spain, whereas the rest of Europe accounts for 47% of Inditex's total employees. Asia and the rest of the world and America share 11% of the total number of workers in each case.

Payroll distribution by geographic area 2013



Distribution of the Inditex Group payroll by markets

EUROPE

Germany	4 551
Austria	970
Belgium	1 894
Bosnia-Herzegovina	96
Bulgaria	527
Croatia	669
Denmark	104
Slovakia	190
Spain	40 184
Finland	175
France	7 311
Greece	3 020
Holland	1 440
Hungary	714
Ireland	743
Italy	5 567
Kazakhstan	377
Luxembourg	141
Macedonia	122
Monaco	41
Montenegro	101
Norway	152
Poland	4 272
Portugal	5 505
United Kingdom	4 595
Czech Republic	395
Romania	1 787
Russia	8 307
Serbia	407
Sweden	535
Switzerland	951
Turkey	3 619
Ukraine	1 058
Total Europe	**100 520**

AMERICA

Argentina	831
Brazil	2 673
Canada	1 300
Chile	751
United States	3 250
Mexico	4 532
Uruguay	222
Total America	**13 559**

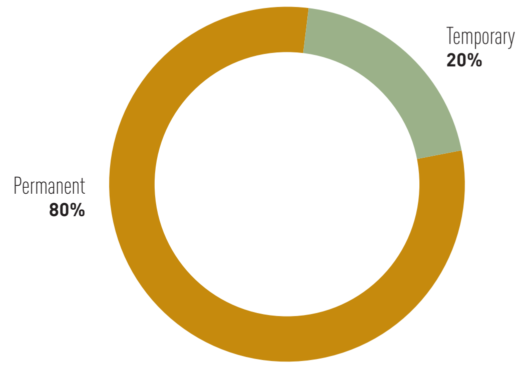
ASIA AND THE REST OF THE WORLD

Australia	751
Bangladesh	44
China	6 348
South Korea	998
Hong Kong	1 173
India	675
Japan	3 391
Macao	183
Morocco	2
South Africa	233
Taiwan	436
Total Asia and the rest of the world	**14 234**

Training, promotion and retention of talent

The more than 6,300 stores with which Inditex ended the year 2013 employ almost 90% of the employees of the Group. This is the reason why the principal challenge facing the company is that of retaining and developing the talent of these employees. The promotion of the staff in the stores occurs mainly in two forms: the development of a career in the commercial structure or transfer to one of the purchasing centres in the Group's brands.

Payroll distribution by type of contract 2013 (Spain)



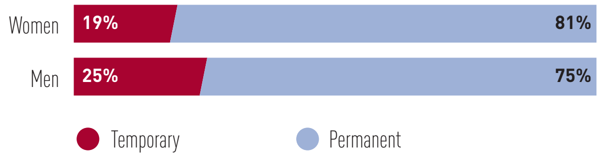
In the case of the purchasing centres, 39% of the staff come from internal promotion and, most of these, from a store. To identify and develop the potential of store staff for internal promotion opportunities, in 2013 the ZARAGO! Programme was set up and implemented in Italy, France and Poland.

Inditex also runs programmes in several countries to identify talent in stores. These programmes are adapted to the specific needs and situation of each country. In 2013, 451 people formed part of the programme in France. A third of these (153) have already been promoted to a management level post in the country. In Poland, more

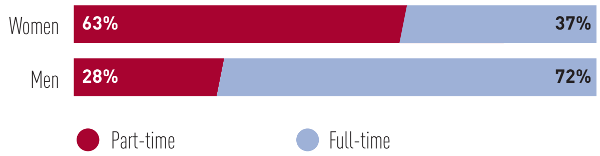
than 220 people form part of the programme and 77 have already improved their position within the company.

In addition to creating development plans, Inditex also strives to guarantee technical training or capacity building for its staff. In 2013, the Group devoted more than 850,000 hours to training its employees. The Efashion online programme, a course on management of the fashion business, had more than 250 participants in 2013.

Payroll distribution by type of working day and gender 2013 (Spain)



Payroll distribution by type of working day and gender 2013 (Spain)



Hours of training per country (*)

Country	Total received hours	Number of employees
Canada	26 644	1 300
China	30 266	6 348
France	22 005	7 311
Hong Kong	11 946	1 173
Ireland	14 433	743
Italy	12 363	5 567
Japan	4 462	3 391
Mexico	1 376	4 532
Poland	7 008	4 272
Portugal	243 651	5 505
Romania	3 256	1 787
Russia	36 114	8 307
Scandinavia (***)	1 484	966
South Korea	5 344	998
Spain (**)	218 616	33 737
Taiwan	2 008	436
Turkey	23 352	3 619
United Kingdom	187 697	4 595
TOTAL	**852 025**	**94 587**

(*) Does not include all countries where the Group is present. Training hours received from 1 January 2013 to 31 December 2013
(**) In the case of Spain, the hours of training included are only those corresponding to paid training, excluding the staff of logistics centres
(***) Scandinavia includes Sweden, Norway, Denmark and Finland
For Portugal and United Kingdom, the figure includes the initial training received at the job position for store positions

Attraction of talent

The Inditex Group continues to support its JoinFashion platform as a corporate emblem of its recruitment strategy. In 2013, Inditex worked to adapt this platform to local realities by maintaining its recruitment philosophy through two initiatives: The Hong Kong Talent Tour and We Seek Fashion Lovers.

The Hong Kong Talent Tour sought to present the JoinFashion brand in China, and a six-week programme was developed with a local recruitment centre to this end. This centre served not only to recruit new candidates, but also gave Inditex employees in Hong Kong the opportunity to get a closer look at the company they work for. In the case of the second project, the aim was to cover the same objectives, but in Germany. To this end, two recruitment events were held in Frankfurt and Munich.

Recruitment and training centres continue to be a pillar for guaranteeing the selection of the best professionals in cities with high recruitment rates where the aim is to consolidate Inditex's presence. In 2013, two new employment centres were opened in Turkey and Mexico, in addition to the seven already up and running and which have already been attended by more than 200,000 people.

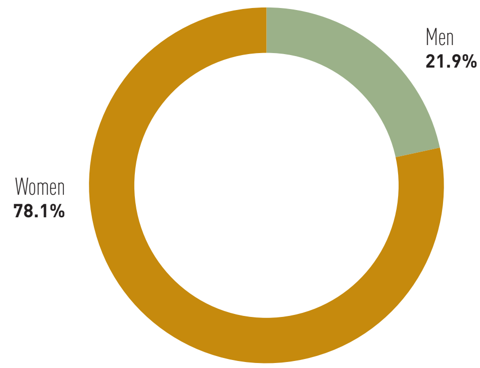
In 2013, Inditex continued to consolidate its presence on the social networks. One example of this was the creation of its own JoinFashion wall on Facebook which allows the company to speak directly to candidates. At the end of the year, the Group had almost 150,000 followers on LinkedIn.

Commitment

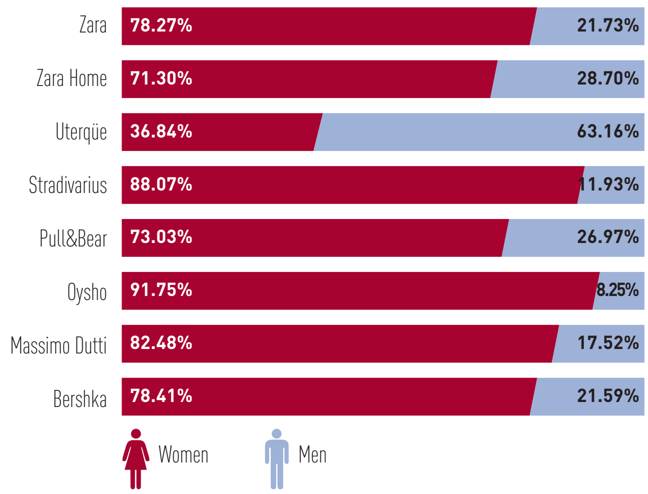
Inditex maintains its clear commitment to equal opportunities between men and women and non-discrimination, which began 2006 when the company ratified the EQUAL Diversidad Activa (Active Diversity) project co-financed by the European Commission and directed by the Spanish Coordinator of the European Women's Lobby and the Fundación Carolina.

Since 2007, with the enforcement of the Equality Law, Inditex has started an exhaustive process of analysis to implement equality plans in each of the Group's companies.

Payroll distribution by gender 2013



Payroll distribution by gender by commercial format 2013

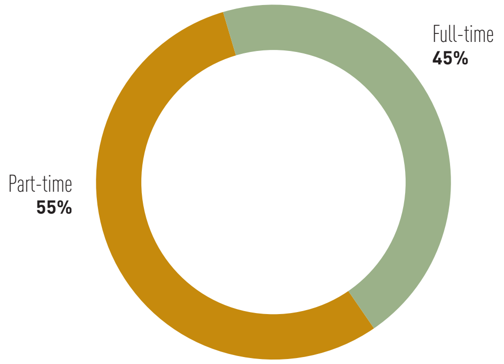


In 2013, Inditex finalized Oysho España S.A.'s equality plan and negotiations began on Stradivarius España S.A.'s equality plan. These plans can be added to those of the other Inditex companies already approved in previous years.

Follow-up meetings have been held every six months in Zara España, Massimo Dutti, Pull&Bear España and in the company's logistics centres in order to verify compliance with and implementation of equality plans. In addition to the 15 Inditex people certified as Equality Agents, another four people with responsibility in the Group companies joined the certification process.

Inditex is continuing with its firm commitment to equality and non-discrimination in 2014 by negotiating and promoting quality plans in the remaining brands, including Bershka BSK España S.A., Stradivarius España S.A., Tordera Logística, Uterqüe, Zara Home España S.A., as well as ensuring compliance with the integration of the people with disabilities.

Payroll distribution by working day type 2013 (Spain)



Remuneration policy

There are general criteria of action which are common to all of the areas of activity that adapt to each market and working environment. Within these general criteria, it is worth noting that Inditex has made continual efforts to promote variable pay in order to link wages to the results of the company, from the store employees to the employees in the Group's central services.

Staff expenses 2013

(thousands of euros)	2013	2012	Var. %
Fixed and variable wages	2 217 084	2 098 490	5.7%
Inditex contributions to Soc. Security	480 650	449 220	7.0%
Total staff costs	**2 697 734**	**2 547 710**	**5.9%**

Prevention of Occupational Risks

In the field of worker health and safety, in 2013 OHSAS 18001 certification was completed in all logistics centres and factories of the Inditex Group in Spain. With respect to the stores in Spain, this certification will begin to be implemented in Zara, Pull&Bear and Zara Home in order to achieve certification in 2014.

The Inditex Group logistics platforms concentrate the large part of training activities in the area of preventing muscular and skeletal injuries. In 2013 more than 1,700 workers were trained in this discipline. There follows a breakdown of the different training programmes according to the logistics centre where they were held:

- Zara Logistics: Course on the prevention of muscular and skeletal injuries. Some 200 workers received 4 hours of theoretical and practical training on fundamental notions of the human body's biomechanics, breathing as an engine of movement, post-isometric stretching, overall stretching of the different areas of the body, healthy posture, education and balance, coordinated muscle activity and occupational ergonomics.
- Massimo Dutti Logistics: Back school. 148 workers attended a training session of 4 hours of theory and practice.
- Oysho Logistics: Back school. 140 workers attended a training session of 4 hours of theory and practice.
- Zara Home Logistics: A course for preventing ergonomic risks including a theoretical preventive technical module and a practical health module with exercises to be performed by workers. The course lasted 6 hours and 29 employees were trained.
- Meco Logistics Platform: A course for preventing ergonomic risks including a theoretical preventive technical module and a practical health module with exercises to be performed by workers. The course lasted 6 hours and 415 employees were trained.
- Europe Platform: Healthy posture in manual work at tables. 31 people received training on basic knowledge in order to learn to adopt correct postures, to perform movements in the right way and to avoid muscular fatigue. Furthermore, 438 people received theoretical and practical training in handling loads and stretching.
- Tempe: Back school. On the reception course, more than 320 people were trained in subjects related to back pain and its prevention.

  In 2013, the Occupational Risk Training Course for Inditex Group stores in Spain was updated to include a specific chapter on training and recommendations on ergonomic risks. This course was imparted to more than 14,000 workers in stores in all of the brands.

In 2013, different actions were also performed in relation to worker healthcare, including a global campaign in the work centres with recommendations on healthy habits and training programmes to encourage workers to care for their bodies and to promote physical activity in and out of work and a healthy diet. A total of 191 workers were trained in these areas.

Occupational accident rates and average duration of sick leave 2013 (Spain) (*)

Central services

Accident rate (‰)	3.72
Average sick leave duration (days)	76.8

Stores

Accident rate (‰)	31.78
Average sick leave duration (days)	18.99

Design

Accident rate (‰)	12.46
Average sick leave duration (days)	35.43

Logistics

Accident rate (‰)	96.75
Average sick leave duration (days)	21.37

Manufacturing

Accident rate (‰)	89.73
Average sick leave duration (days)	40.35

(*) Accident rate = number of accidents with sick leave / average staff

Volunteer Force

Inpulse

In 2011, Inditex created the Inpulse portal as a corporate web platform for its workers, where they can find information on Corporate Social Responsibility initiatives carried out by the Group, as well as different kinds of actions in which they can get involved as volunteers.

2013 saw the second edition of The Big Idea Project: an opportunity for those employees who, with the support of non-profit institutions, decided to present their own initiative, seeking to gain the financing and volunteering time to implement it. This second edition extended its presence to four new countries, in addition to Spain: Germany, United States, Poland and the United Kingdom. Within the framework of The Big Idea Project, 20 projects were developed in 2013 with more than 1,000 direct beneficiaries to which Inditex conceded more than 2,000 hours of volunteering and over €400,000 in funding.

Integration

In compliance with the Law on the Social Integration of the Disabled (Ley de Integración Social de Minusválidos, LISMI) applicable in Spain, in 2013 Inditex directly hired a total of 299 people with a degree of disability of 33% or more, both in its different brands and in its logistics platforms. Furthermore, with the authorisation of the Ministry of Employment and Social Security, it contracted services with special employment centres with a total equivalent to contracting a further 217 workers with disabilities. Furthermore, the Group's different brands made donations to associations and foundations (involved in the integration of the people with disabilities into the labour market) amounting to more than 55,000 euros, equivalent to contracting 5 workers from this group.

Stylepack Project

Since 2010, the Inditex logistics centre in Zaragoza has housed a special employment centre (Stylepack) employing 30 people with physical and mental disabilities. The workers, who are constantly supervised by two monitors, are mainly involved in garment relabeling activities.

for&from Project

The for&from project aims to integrate the people with disabilities by creating a network of stores, in collaboration with social entities, under the form of an Inditex franchise. The Group supplies previous seasons' clothing items which are sold at competitive prices by these organisations.

At the present time, the for&from integration programme has seven commercial establishments in Spain in collaboration with four social economy institutions: Fundación Molí d'en Puigvert, Confederación Gallega de Personas con Discapacidad, Asociación Pro-Discapacitados Psíquicos de Alicante and Moltacte. These all provide stable employment to 56 people with disabilities.

In 2013, Oysho opened its first for&from store in Palafolls in collaboration with Fundación Molí d'en Puigvert, which is attended by people with severe mental disorders.

Similarly in 2013, Bershka modified the location of its for&from store in Palafolls in order to increase its area and improve the installations' accesibility in order to move forward in its aim to employ people with disabilities.

Further information in the Sustainability Balance Sheet (pages 156-157)

Data for&from stores 2013

	2013	2012	Variation
Sales (in euros)	3 647 189	2 978 504	22%
Store surface area (m^2)	1 077	957	13%
Sales/m^2	3 386	3 112	9%
No. of employees with disabilities	56	48	17%

Jeunes and Salta Projects

The Jeunes Project was created in France in 2008, which aims to promote the employment of disadvantaged young people in the Paris metropolitan area. Shortly afterwards and with the same aims, the Salta Programme was launched in Spain, a social initiative offering training opportunities and integration in the world of work for young people at risk of social exclusion.

In 2013, Zara France, in collaboration with the Force Ouvrière trade union, held the thirteenth edition of the JeunesProject. The two calls for applications made this year have brought in a total of 30 youngsters as employees of Inditex.

Madrid also has seen a new edition of Salta, which incorporated 16 young people as employees at the Group's stores.

Strengthening customer services

Objective

To offer and maintain qualified customer services segmented by country and service

Opportunity

To strengthen customer guidance and care

Material issues

4. Customer relations and satisfaction

7. Changes in consumption habits

8. Changes in purchasing habits (on-line sales)

12. Time in distribution and distribution costs

30. Dialogue with and commitment to stakeholders

Customers have a central role in Inditex's business model, whose flexibility enables it to rapidly meet their demands. Qualified customer services are therefore key to the Inditex Group. All of the brands provide services segmented by countries and sales channels (bricks-and-mortar stores and electronic trade).

The Group's customers can contact Inditex's different brands either through their free customer service phone numbers or through each brand's webpage. In 2013 in Spain, Inditex brands received a total of 5,609 complaints forms, an average of three per store.

The comments and suggestions submitted by customers allowed us to improve the service they received in the different sales channels. In 2013, mobile phone applications were developed to provide information on the availability of an item in a bricks-and-mortar store. In various brands, direct online customer services (click to call), same-day delivery of electronic sale orders and improvements in the packaging of on-line orders were also implemented. Another of the services launched to meet the demands of customers is the item locator service offered by Zara in several Spanish provinces (Madrid, Barcelona, Seville and Malaga). In 2013 alone, this service handled more than 82,000 calls, 40% up on the previous year.

Moreover, different seminars and training days were held for store teams, placing a special emphasis on customer service, raising staff awareness in this area and even appointing specific people in each team to permanently assess and improve these aspects.

Number of messages and calls received in the different customer attention services of the Inditex Group 2013

	Complaints sheets (*)	Emails – sales in store	Emails – online sales	Calls – sales in store	Calls – online sales
Zara	3 731	131 540	528 441	93 453	1 328 733
Pull and Bear	430	9 852	129 454	673	79 797
Massimo Dutti	163	18 609	123 382	9 050	119 896
Bershka	401	24 853	62 464	456	128 756
Stradivarius	403	9 268	44 361	3 622	63 071
Oysho	273	1 405	18 575	900	20 911
Zara Home	163	78 855	(*)	103 271	(*)
Uterqüe	45	1 441	6 400	836	8 961

(*) Complaints sheets only for Spain
(**) Zara Home provides consolidated customer services data for in store and online sales

Zara item locator service 2013 (*)

	Calls handled	% Variation
2012	58 882	n/a
2013	82 221	40

(*) Available only in four Spanish provinces

Affinity Card data 2013

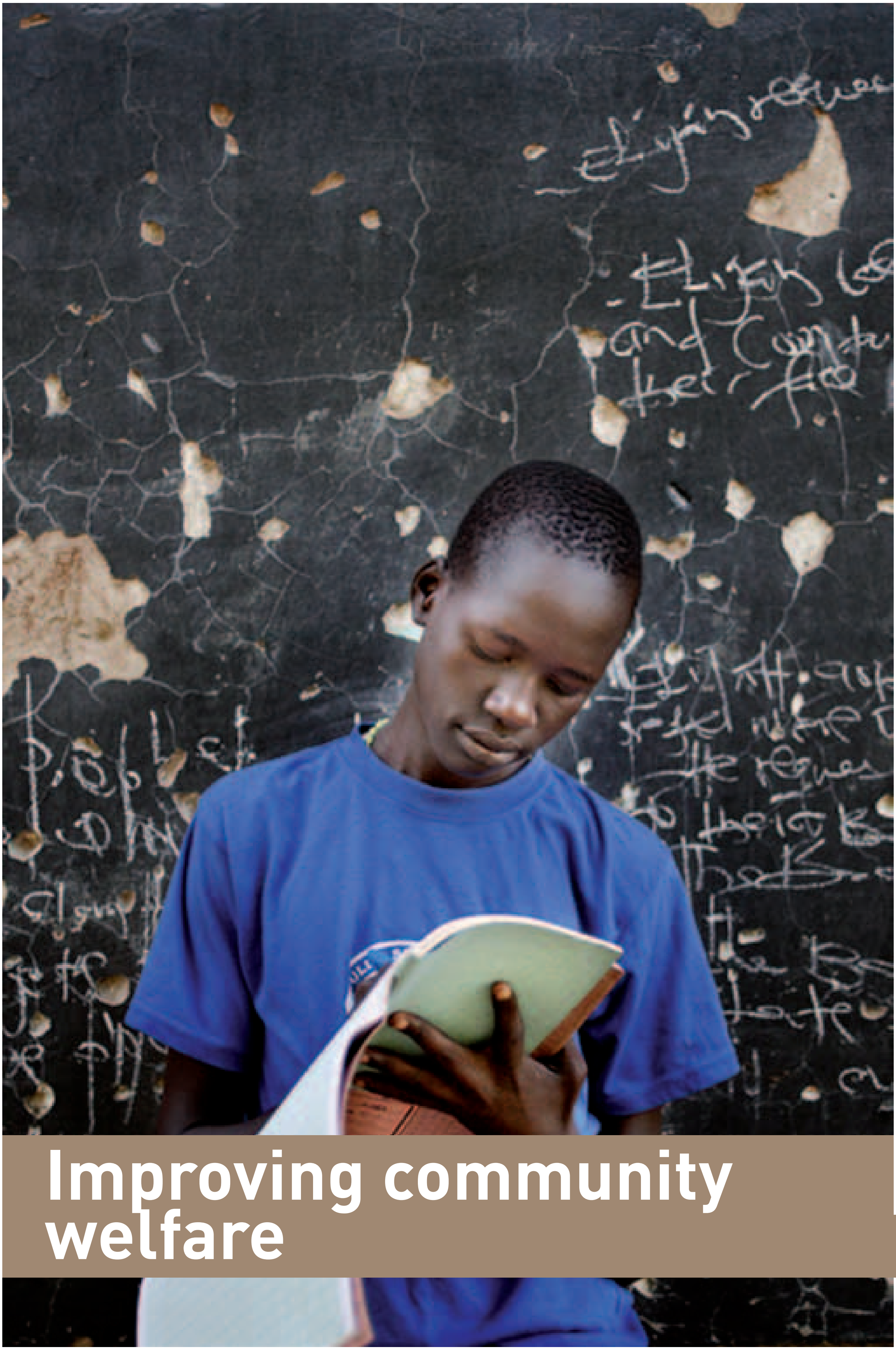
	2013	2012
Users	1.2 m	1.1 m
New users	120 000	90 075 (*)
Receipts	360 000	350 000
Newsletter	320 000	199 769
Web site visits	450 000	366 000

(*) In the Annual Report 2012, the number of new users published was incorrect.

Presence of the Inditex Group brands on social networks 2013 (on 31 January 2014)

	ZARA	PULL&BEAR	Massimo Dutti	Bershka
FACEBOOK	20 184 209	3 540 998	542 748	6 434 009
TWITTER	368 049	113 000	30 200	165 096
PINTEREST	55 900	8 438	6 603	8 654
INSTAGRAM	n/a	10 289	49 315	170 380
WEIBO (CHINA)	397 173	n/a	n/a	n/a
VK (RUSSIA)	124 414	n/a	n/a	n/a
TOTAL PER BRAND	**21 129 745**	**3 672 725**	**628 866**	**6 778 139**

Stradivarius	OYSHO	ZARA HOME	UTERQÜE	TOTAL GROUP
1 500 000	682 535	590 171	120 780	**33 595 450**
78 000	31 600	47 200	10 000	**843 145**
5 500	4 047	14 226	n/a	**103 368**
62 000	42 721	n/a	2 793	**337 498**
n/a	7 401	n/a	n/a	**404 574**
n/a	n/a	n/a	n/a	**124 414**
1 645 500	**768 304**	**651 597**	**133 573**	**35 408 449**



Improving community welfare

Objective

To improve the quality of life of people essentially from education, social welfare and humanitarian action.

Opportunity

To maximise the company's positive impacts on society

Material issues

29. Social action and local community development

30. Dialogue with and commitment to the stakeholders

Inditex believes that investment in community investment is an opportunity to contribute to the development of society by applying its business resources. This understanding of voluntary investment in the community, developed in collaboration with non-profit institutions, focuses principally on education, social welfare and humanitarian action.

Inditex reports its voluntary investment work in the community in line with the LBG (London Benchmarking Group) methodology. Using this methodology, Inditex aims to satisfy the demand of our stakeholders with respect to transparency and comparability of information concerning the community investment in social programmes carried out by the Group.

In 2013, Inditex's investment in social initiatives exceeded 23 million euros. This was 10% more than the previous year, amounting to 1% of the Group's net profit in 2013.

As for the type of contributions made, these can be broken down into the following categories:

- Cash contributions: the total amount of money that Inditex allocated to social programmes.
- Time contributions: the proportional cost of the paid working hours employees dedicated to social activities in the community during working hours.
- Contributions in kind: donations of products (mainly clothes) to non-profit entities at cost price.
- Management costs: including the estimated expenses incurred in the general management of social programmes.

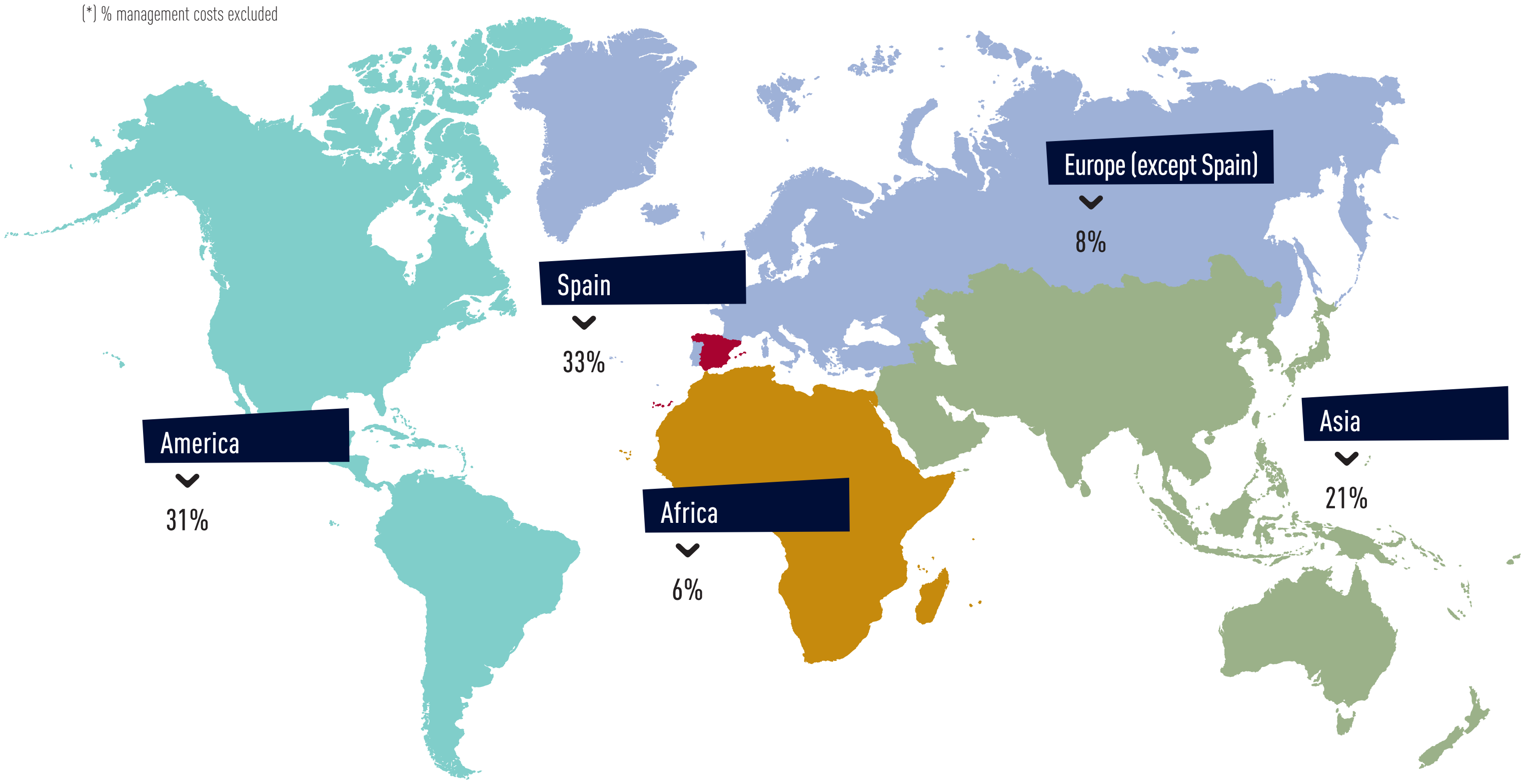
In 2013, the most significant cost was cash contributions: 81% of the total. Both cash contributions and time contributions by employees and the corresponding management expenses increased with respect to the previous year.

Inditex classifies its voluntary contributions to the community according to the LBG model into the following categories:

- Charitable gifts: Institutional donations to the general goals of non-profit organisations. These mainly include sponsorship and patronage initiatives, as well as donations of clothes to charity.
- Community investment: A long-term strategic commitment in collaboration with the community to support specific social activities. These include collaboration agreements with non-profit entities for the performance of specific social activities in geographic locations of common interest.
- Commercial initiatives: Initiatives of social interest directly related to the company's ordinary activity. This mainly includes the for&from programme and environmental programmes related to the communities where the workers of the Inditex supply chain reside.

Investment in social programmes by geographic area

(*) % management costs excluded



Global 1% (**)

(**) Contributions allocated to projects with a global scope

Evolution of investment in social programmes (in million euros)

In 2013, contributions classified as community investments and commercial initiatives increased, while the amount of charitable gifts made by the Group fell. This is explained by Inditex's intention to give priority to the strategic contributions made in the social area in order to maximise the impact of its investments in the community.

As for the area of activity, 31% of the Group's investment in the community went to education, 37% to social wellbeing (mainly the promotion of employment amongst vulnerable groups) and 13% to humanitarian aid.

In 2013, in line with the defined social intervention strategy, the strategic focuses of education and social welfare, the basic pillars of Inditex's investment in the community, were strengthened.

In terms of the geographic area where social programmes are implemented, Inditex gives priority to investment in social programmes in those communities where it carries out its supply activities. In 2013, investment in social programmes in countries where the company's clusters are located accounted for 73% of Inditex's total investment.

Programmes related to investment in the community directly benefitting more than 750,000 people were implemented with the collaboration of more than 300 non-profit organisations.

Type of contribution (*)	2013	%2013
Cash	€18 957 306	81%
Time	€790 274	3%
In kind	€3 395 434	14%
Management costs	€406 800	2%
TOTAL	**€23 549 814**	**100%**

Performance (**)	2013
No. of children in education	56 370
No. of people receiving occupational training	52 510
No. of migrants, refugees and displaced people attended	180 235
No. of people receiving healthcare	386 097
No. of employees generated as beneficiaries of social initiatives	6 283

Category	2013	%2013
Charitable gifts	€8 110 244	35%
Community investment	€13 445 072	58%
Commercial initiatives	€1 587 698	7%
TOTAL	**€23 143 014**	**100%**

% management costs excluded

Area of activity	2013	%2013
Education and youth	€7 068 007	31%
Health	€866 707	4%
Social economic development	€1 954 965	8%
Environment	€777 854	3%
Art and Culture	€910 771	4%
Social wellbeing	€8 529 377	37%
Humanitarian aid	€3 018 963	13%
Other areas	€16 370	0%
TOTAL	**€23 143 014**	**100%**

% management costs excluded

Geographical area	2013	%2013
Spain	€7 625 649	33%
Europe (excluding Spain)	€1 803 485	8%
America	€7 311 434	31%
Africa	€1 300 448	6%
Asia	€4 784 801	21%
Global	€317 197	1%
TOTAL	**€23 143 014**	**100%**

% management costs excluded

Outputs	2013	2012	% Variation
Total number of hours dedicated to social initiatives by employees during working hours	26 385	19 320	37%
Total number of social initiatives performed	455	494	-8%
Number of garments donated to social causes	648 072	615 404	5%
Total number of direct beneficiaries (**)	756 185	740 475	2%
Total number of beneficiary non-profit organisations	313 (***)	394	-21%

(*) Inditex's investment in social programmes includes cash contributions, contributions in kind, time and management costs given voluntarily by the Group in favour of social causes. The exchange rates at the close of the year were used to convert the data of the outlays made by Inditex Group entities in countries outside the euro zone. Outlay criterion is applied.

(**) Indicators corresponding to projects of community investment and commercial initiatives. This indicator does not include charitable gifts to social causes.

(***) Figure corresponding to the number of entities directly benefited by Inditex. In the case of several collaborations with different local, national or international delegations of a single federation, only one organisation was considered for the purposes of the calculation

Further information in the Sustainability Balance Sheet (pages 156-157)

Further information at http://www.inditex.com/en/sustainability/community

Social welfare

Asia Programme

In December 2013 the two-yearly programme developed by Inditex and Cáritas Española for the integral community development in two Asian countries, Bangladesh and Cambodia, came to an end, having directly benefited more than 67,000 people in rural areas.

Cambodia

The intervention aims to guarantee food safety and promote a sustainable model of social community development. The project has also contributed to improving healthcare, in particular the health of mothers and children, as well as reducing malnutrition. The intervention model based on the empowerment and strengthening of community structures and their connection with the public health system enabled the integration of the most vulnerable groups in the process of sustainable development.

Bangladesh

The programme supports the integral promotion and development of the indigenous adivasi communities to improve their living conditions through vocational training and rural development in marginal areas. The aims of this programme are to give training to adolescents and women who have abandoned education or never had access to education, increase the opportunities for means of sustainable life, especially among women, and to raise awareness of human rights.

Through these objectives, the intention is to contribute to empowering women by promoting income generation activities amongst enterprising women and influencing their leadership in the community. The programme has helped to improve the living conditions of a total of 9,215 direct beneficiaries.

Brazil Programme

Each year the Brazilian state of São Paulo receives a large number of immigrants, principally from Peru, Bolivia and Paraguay, who come to the country in order to work, mainly in the manufacturing industry.

In this context, through its support for the Centro de Direitos Humanos e Cidadania do Imigrante (CDHIC), the Centro de Apoio ao Imigrante (CAMI) and the Missão Paz in 2013 Inditex contributed to regularising the immigrant population, thereby helping to make official immigrants' work in the textile industry. Aid was also given in humanitarian emergency situations, mainly in the form of food and accommodation.

In 2013, Inditex also financed a new collaboration project with the Secretary of Citizenship and Justice of the State of São Paulo. The project will help to create a reference centre to attend to the needs of the immigrant population in the areas of regularisation, professional training and insertion in the labour market. The centre is expected to open in 2014 and will have the capacity to attend to around 1,000 immigrants a day.

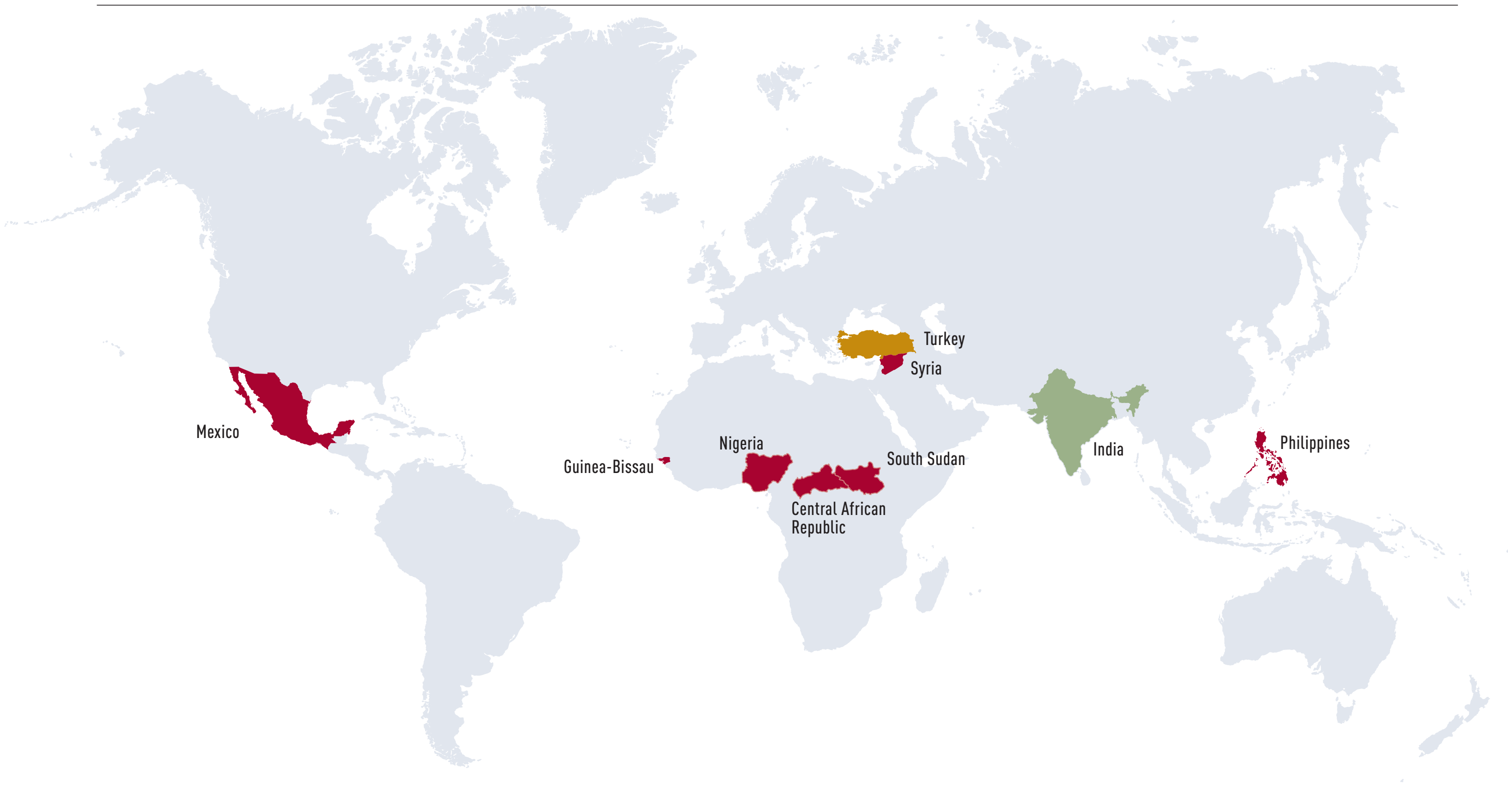
Programme to promote employment in Spain for people in a situation or at risk of social exclusion

The ongoing collaboration between Inditex and Cáritas in Spain aims to develop formulae that favour employment and facilitate the incorporation of the most vulnerable populations into the labour market.

Throughout 2013, support was given to innovative projects that contribute to improving the chances of finding work for the vulnerable, while fostering and protecting the creation of new jobs and facilitating the consolidation of existing jobs.

In 2013 some 428 jobs were created or maintained and 34 employment projects were developed. Furthermore, 1,339 people took part in the initiatives to make use of the ordinary undertaking and promotion of the social economy. The achieved insertion rate was 37%, while the chances of finding work were improved for 85% of the people taking part in the projects.

Humanitarian action



Turkey Programme

Assistance for Syrian refugees in Kilis

In 2013, Inditex and Médecins sans Frontières (MSF) developed a new project in Turkey in order to provide access to basic health and mental health care for Syrian refugees in the province of Kilis, in the Islàhiye camp (Gaziantep) and other locations in southern Turkey.

India Programme

Fight against child malnutrition

In 2013, Inditex continued to support the project of Médecins sans Frontières (MSF) to combat child malnutrition in the district of Darbhanga (Bihar).

The project aims at a model of community management of acute malnutrition integrated in the public health system which reduces mortality and morbidity in the long-term among the child population.

Fight against leishmaniasis in Vaishali

Inditex continued to support Médecins sans Frontières (MSF) in the fight to achieve the eradication of leishmaniasis. In 2013, MSF introduced a fundamental clinical study to move forward in the fight against this disease, which is endemic in Vaishali, the most badly affected area of the country. Thanks to this work, it has been possible to simplify treatments, guaranteeing their effectiveness and increasing access.

In addition to diagnosing and giving treatment to the population of Vaishali, the MSF teams are testing the effectiveness of this innovative treatment with the support of the Drugs for Neglected Diseases initiative (DNDi). In the first year of study, which included 918 patients, the initial cure rate was 99%.

Emergency programmes

Support for MSF emergencies unit

For the last three years, Inditex has been working with Médecins sans Frontières (MSF) to fund the structure which enables the organisation's teams to travel in under 24 hours with the necessary materials to attend an emergency anywhere in the world.

In 2013, the MSF emergencies unit focused a large part of its efforts on attending to the humanitarian needs of the Syrian population. In this country, the MSF teams attended the civilian population suffering the consequences of the armed conflict by giving emergency and primary

healthcare, supporting the existing health structures with donations of medication and medical materials and distributing basic necessities in the north of the country.

Furthermore, MSF intervened to control outbreaks of epidemics that could have had a devastating impact on the population: they performed a vaccination campaign against meningitis in South Sudan, countered a breakout of measles in Nigeria, cholera in Guinea Bissau and measles and malaria in the Central African Republic.

The MSF emergencies unit attended a total of more than 300,000 people in 2013.

Assistance for the victims of the Haiyan typhoon in the Philippines

In addition to the regular support given to the MSF emergency unit, in 2013 Inditex activated a specific emergency plan to palliate the negative consequences of the Haiyan typhoon. This programme contributed to the installation of four temporary hospitals in urban areas, the setting up of mobile clinics in rural areas and the distribution of basic necessities. Through the intervention of MSF, some 30,900 external consultations and 2,100 surgical interventions were made and more than 25,000 primary need kits were distributed.

Support for the Red Cross in Mexico

In mid-September 2013, Mexico was hit by the devastating tropical storm Ingrid and hurricane Manuel, which left more than a hundred victims. Some 58,000 people were evacuated and more than a million people were affected. Several regions in Mexico were declared emergency or disaster areas. Inditex activated an emergency plan in collaboration with the Red Cross in order to contribute to preserving the health conditions of the vulnerable in the states of Guerrero and Sinaloa. Inditex's contribution took the form of assistance and the provision of supplies to the families affected to cover their basic needs.

Education

America Programme

2013 saw the conclusion of the three-year programme developed by Inditex and the Fundación Entreculturas to foster education and employment in Latin America. In September 2013, both organisations signed a new agreement to implement the new programme "EPGO: Educating People, Generating Opportunities".

Between 2011 and 2013, the collaboration between the Fundación Entreculturas and Inditex benefited 175,000 people in countries including Argentina, Brazil, Chile, Mexico, Peru, Uruguay and Venezuela. The beneficiaries of the programme included young people at risk of exclusion, migrants, indigenous populations and other people in a special situation of vulnerability.

Similarly, the present agreement signed between the organisations in September 2013 foresees the development of 16 new projects in Latin America. These projects focus on two broad lines of action: technical training for young people aimed at their integration in the labour market, and assistance and training for particularly vulnerable groups. These projects, which will benefit more than 80,000 young people, will be carried out in Argentina, Bolivia, Brazil, Ecuador, Mexico, Paraguay, Peru, Venezuela and Uruguay.

Africa Programme

In 2013, Inditex continued to support the three-year programme that the Fundación Entreculturas, along with its partner the Jesuit Refugee Service, has been developing in Burundi, the Central African Republic, the Democratic Republic of the Congo, South Africa and South Sudan. This programme has meant that the most vulnerable population, the victims of conflict and poverty in the region, has received support in primary and secondary education for young people, teacher training, construction and equipment of classrooms, professional training and access to small credits to start businesses.

Furthermore, in September 2013, Inditex and the Fundación Entreculturas signed a new agreement that will benefit more than 35,000 beneficiaries in Chad, the Democratic Republic of the Congo, South Africa and Uganda. This new programme is based on improving the educational situation of refugee or displaced populations with whom the Jesuit Refugee Service works. The aim is to contribute to the effective achievement of the right to education in highly vulnerable groups by providing access to learning, improving its quality and paying special attention to the technical education that gives a population punished by different conflicts the chance to survive. The projects are articulated along two broad lines: the social and labour integration of refugees and the displaced, and education in emergency situations. The investment pledged by Inditex over the next three years is around 2.7 million euros.

Componente Colombia Programme

This programme forms part of a regional intervention in the geographic area known as "Componente Colombia", which includes the border areas of Colombia and three neighbouring countries (Panama, Ecuador and Venezuela). In these geographic areas, the Colombian armed conflict has taken on a transnational dimension reflected, for instance, in the growing number of refugees and migrants.

Inditex, in collaboration with Entreculturas and the Jesuit Refugee Service, continued to support this programme in 2013. The initiative has provided assistance to the displaced and refugee population and work has been done on raising awareness and training young people in education for peace and the prevention of violence. The programme also offers support to human rights organisations and encourages activities aimed at integrating displaced and refugee populations.

We Water Experience

In 2013 Inditex reached an agreement with the Foundation for UNESCO to support the Programme for the Education of Children in Need, based on the idea that educating and training young people is the best way to guarantee their autonomous development in the future.

A specific line of the programme aims to promote the sustainability of natural resources and in particular access to drinking water. Within this framework, Inditex has signed an agreement with Foundation for UNESCO to introduce an educational programme on water targeted at Chinese schoolchildren. Under the name of We Water Experience, the programme will last four years (2013 – 2016) and will be executed by Thirst - NGO promoted by Young Global Leaders of the World Economic Forum (YGLs).

Inditex Chair of Spanish Language and Culture at the University of Dhaka

The Inditex Chair of Spanish Language and Culture at the University of Dhaka (Bangladesh), created by means of an agreement between Inditex, the universities of Santiago de Compostela and A Coruña, and the Dhaka University in Bangladesh, started its activity in 2011. Its purpose is to promote the Spanish language and culture in Bangladesh and to encourage scientific production and exchange in this area, as well as to promote the movement of students and teachers between the university institutions.

In 2013, the teaching activities related to Spanish language and culture were completed for the 2012/2013 year and the 2013/2014 academic year commenced with 253 students. A grant programme was also implemented for students of the Chair, which enabled two students to do an intensive Spanish course at the University of Santiago de Compostela.

Inditex-UDC Chair of Social Responsibility

The Inditex Chair of Social Responsibility at the University of A Coruña (UDC) was created in 2010. In 2013, the second edition was held of the postgraduate course in social responsibility, which received 34 students and more than 30 professionals training on the course. The postgraduate course is articulated in a total of 200 hours of certified training spread over ordinary sessions and seminars, workshops, talks and visits to companies.

Environment

Textile recycling projects

In 2013, the Group maintained its support for the Roba Amiga cooperative with a contribution of 450,000 euros, as per the collaboration agreement 2011-2014. As a result of this agreement, last year Oysho and Tempe donated more than 90,000 items of clothing and 116 tonnes of footwear, respectively.

Also in 2013, Tempe, in collaboration with A Puntadas, reused leather waste from the cutting rooms and samples of products to make 1,330 computer mouse mats. These mouse mats were sold in charity markets held in Tempe.

All of these actions enabled both the social and labour insertion of people in a situation or at risk of social exclusion.

Terra project

In 2013, Inditex continued to develop the multi-annual agreement it holds with the Government of the Autonomous Region of Galicia in the sphere of forestry, to which it devotes 100,000 euros a year. This plan, which covers the years 2011 to 2013 and is a renewal of the agreement signed in 2007, is intended to constantly improve the genetic quality of forest reproductive materials of the principal Galician forest species in order to develop seed orchards and new collections of clones to allow a wide genetic variety to be maintained and to bring certain improvements into each generation.

Seeds Guardians Project

Within the framework of the Biodiversity Strategy, and in collaboration with the Textile Exchange, Inditex promotes the Seed Guardians project. The initiative seeks to guarantee the self-sufficiency of farming cooperatives in Odisha, India by means of their organic cotton seed supply. The three-year project will train between 40 and 60 women in the conservation of seed banks which will produce about 25 varieties of cotton seeds and fibres for use in organic farming. The women who form part of the cooperatives will in turn train and support other women to maintain healthy, viable seed banks and manage them in a responsible way.

Cotton cultivation initiative, Gujarabi

In relation to the use of more sustainable fibres, Inditex finances a cotton farming project in Gujarabi, India as part of the Better Cotton initiative. The project provides training and advice to more than 400 farmers on the efficient use of limited resources such as water, and the responsible management of chemical products including pesticides and fertilizers. The support for these cotton farmers has a very positive social and economic impact on these farmers and their families, benefiting more than 2,300 people.

Sponsorship and patronage

Inditex's sponsorship and patronage initiatives include the one-off contributions made both by Inditex and by the Groups' different subsidiaries and brands to non-profit institutions in order to contribute to improving the community welfare in the local area.

These initiatives are coordinated by the Inditex Sponsorship and Patronage Committee, which comprises the General Secretary and Secretary of the Board, the General Director of Communications and Institutional Relations and the Director of Corporate Social Responsibility.

In 2013, the Group invested 8,110,244 euros in this area both in monetary contributions and contributions in kind, which benefited 240 non-profit institutions working in the area of influence of the different companies of the Group.

In this sense, most of the projects approved by this committee took the form of initiatives whose area of influence is Spain, and in some cases Galicia, where the company headquarters are located.

Training and innovation

Inditex supported various training activities in 2013, including backing for different universities and educational institutions at home and abroad, including the Complutense University of Madrid, Fundación Carlos III de Madrid, Massachusetts Institute of Technology (MIT) and the Fundación Carolina. In the field of innovation and scientific and technological research, Inditex works with the Foundation of the National Centre of Cardiovascular Research (PRO-CNIC), the CYD Foundation and the Príncipe de Girona Foundation.

Culture and sport

Inditex has continued its steady collaboration with the Galician Symphony Orchestra, the Association of Friends of the Opera of A Coruña, the Albéniz Foundation, the Association of Friends of the Reina Sofía Art Centre and the Toledo Royal Foundation. In the area of sports, Inditex supports all work which encourages grassroots sport.

Social aid

The empowerment of women in an unfavourable situation, the fight against cancer, re-entry into the labour market, the fostering of the integration of the disabled into the labour market and work to protect vulnerable groups are examples of the activities that Inditex carried out in the field of social aid in 2013.

corporate governance

Corporate governance

A. Foreword

Corporate Governance is usually defined as the manner wherein companies are organised, managed and controlled. In this context, corporate governance is deemed to be good, where directors and officers responsible for governance proceed diligently, ethically and with transparency in the performance of their duties.

Section 5.4. of the Board of Directors´ Regulations reads as follows: *"The Board of Directors shall perform its duties in accordance with the corporate interest, it being understood as the viability and the maximization of the Company' s value in the long term for the common interest of all the shareholders, which shall not prevent taking into account also other lawful interests, whether public or private, concurring on the development of the business activity, especially those of the other "stakeholders" of the Company: employees, clients, suppliers and the civil society in general. The Board shall determine and review the business and financial strategies of the Company in the light of said criterion, seeking a reasonable balance between the proposals passed and the risks assumed."* Thus, the enhancement of the value of the company may only be understood as an ongoing process of building value for each and every stakeholder therein involved: employees, shareholders, clients, business partners, suppliers and society in general, i.e., a socially responsible business model that allows an ongoing dialogue and that serves the common interests all of groups associated with the company.

The concept of good corporate governance arises thus as a necessary instrument to help meet the goal of creating net worth in the long term, and it shall be necessarily embodied through a Management that shall act ethically and with transparency and subject to control and verification, both internal and external. This good corporate governance is an active part of the concept of corporate social responsibility, in its broad definition, that is a strategic tool to increase the effectiveness of the company, to achieve competitive advantages, together with the social responsibility *strictu sensu*, and environmental sustainability.

Annual Corporate Governance Report

In line with the foregoing, the Annual Corporate Governance Report for fiscal year 2013 (from 1 February 2013 through 31 January 2014) approved by the Board of Directors of Industria de Diseño Textil, S.A. (Inditex, S.A.) (hereinafter, Inditex, the Company or the Group) and available at the corporate website (www.inditex.com) and at the webpage of CNMV *[Spanish SEC]* (www.cnmv.es) furnishes full and reasoned information about the structure and governance practices of the company, so that the market and the stakeholders may obtain a true image and a full and grounded view of corporate governance of the Group, as well as of the degree of compliance with the recommendations of the Unified Good Governance Code of Listed Companies. During FY2013, such degree of compliance stands at 98% regarding the Recommendations which apply to Inditex.

Regulations on Corporate Governance

The rules governing the corporate governance of Inditex, available at www.inditex.com, are established in:

- The Articles of Association: they were approved by the Annual General Meeting of Shareholders in July 2000 and have been subject to different amendments subsequently. The latest amendment to the Articles of Association was approved by the Annual General Meeting held on 17 July 2012.
- The Regulations of the General Meeting of Shareholders: they were approved by the Annual General Meeting of Shareholders on 18 July 2003 and subject to different amendments afterwards. The latest partial amendment to such Regulations was approved by the Annual General Meeting held on 17 July 2012.
- The Board of Directors' Regulations were approved by the Board of Directors in July 2000 and subsequently amended. The Board of Directors' Regulations were amended by said body in the meeting held on 12 June 2012.
- The Internal Regulations of Conduct Regarding Transactions in Securities of Industria de Diseño Textil, S.A. and its Corporate Group (hereinafter, IRC): they were approved by the Board of Directors in July 2000 and amended in part by said body in the meetings held on 13 June 2006.
- The Code of Conduct and Responsible Practices and the Code of Conduct for Manufacturers and Suppliers: the Board of Directors approved the Code of Conduct and Responsible Practices and amended the Code of Conduct for Manufacturers and Suppliers in the meeting held on 17 July 2012.

Additionally, the Group relies on a Manual on Criminal Risks Prevention, approved by the Board of Directors in the meeting held on 17 July 2012.

Transparency and Information

Good Governance requires that stakeholders may have regular and timely access to any relevant, appropriate and reliable information, both as regards corporate governance regulations and exercise, and the results achieved.

Therefore, in order to achieve maximum transparency, in addition to including all relevant information and

communications on its corporate website, Inditex has kept the market regularly posted during fiscal year 2013 by means of the submission of the relevant "Results releases" and proceedings with institutional investors.

A summary of the most relevant issues of the Annual Corporate Governance Report is included in this Annual Report:

1. Ownership structure
2. General Meeting of Shareholders
3. Board of Directors
4. Board of Directors' Committees
5. Remunerations
6. Senior Management
7. Related-party transactions and situations of conflict of interest
8. Transparency and independence
9. Code of Conduct and Responsible Practices and Committee of Ethics

1. Ownership structure

Share capital

As at 31 January 2014, Inditex's share capital amounts to EUR 93,499,560 and is divided into 623,330,400 shares.

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

Market capitalisation

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 Eurotoxx 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.

As at 31 January 2014, Inditex's share price per the listing price on Spain's Electronic Trading System (continuous market) was EUR 110.7.

Ownership structure of the share capital

Inditex's shares are represented by the book-entry method and no shareholders register is kept by the Company, as a result of which, the list of owners of shares in the company is not fully known.

As at 31 January 2014, members of the Board of Directors hold a 59.365% stake in Inditex's share capital, as shown below:

Director	Number of direct shares	Number of indirect shares	Through	% of share capital
Pablo Isla Álvarez de Tejera	361,064	0	-	0.058%
Amancio Ortega Gaona		369,600,063	GARTLER, S.L. PARTLER 2006, S.L.	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 Bernaldo de Quirós	30,000	0	-	0.005%
Emilio Saracho Rodríguez de Torres	0	0	-	0%
Juan Manuel Urgoiti López de Ocaña	27,739	0	-	0.004%

In addition to directors, according to the information provided at CNMV's web site (www.cnmv.es) the following entities were owners of significant holdings in the Company:

- Partler 2006, S.L. (owner of 57,872,465 shares, representing 9.284% in the share capital) and
- Rosp Corunna Participaciones Empresariales, S.L.U. (owner of 31,494,806 shares, representing 5.053 % in the share capital). On 15 August 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.

Rights on shares

Mr Pablo Isla Álvarez de Tejera, Chairman and Chief Executive Officer might acquire up to a maximum number of 26,000 shares (representing up to 0.004% in the share capital) 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 of the Long Term Performance Shares Plan which was approved by the Annual General Meeting of Shareholders held on 16 July 2013 (the full text of this resolution is available at www.inditex.com).

Para-social Agreements

Inditex has not received any notice regarding the existence of any para-social agreements in respect of voting rights in annual general meetings, or which may limit the free transfer of shares, nor has it learned about any concerted actions between its shareholders

Own shares

The authorization 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 is authorized to acquire the Company's own share (the full text of this resolution is available at www.inditex.com).

During fiscal year 2013, the Company has acquired 450,000 own shares (representing 0.072% in the share capital), which represents the entire treasury stocks of the Company as at 31 January 2014, for the purposes of having the necessary number of shares to be delivered to the beneficiaries of the first performance cycle of the above mentioned Long Term Performance Shares Plan, within the scope of the above mentioned authorization for the derivative acquisition of shares.

2. 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.

Authorities

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 and, where appropriate, 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.

Proceedings

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 5% 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 and the agenda of the meeting must 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 Inditex's web site (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 Stock Exchanges where the company's shares are listed for its insertion in the relevant Listing Bulletins. The text of the notice shall also be available at the Company's web page.

Quorum required to hold a valid General Meeting of Shareholders

Call	General rule (sec. 193 ACC)	Special cases (sec. 194 ACC)
First	To be validly held on first call, shareholders who are present or represented by proxy must represent at least 50% of the subscribed share capital with the right to vote.	
Second	Generally, the General Meeting shall be validly held regardless of the share capital attending the same	Shareholders present or represented by proxy must represent at least 25% of the subscribed share capital with the right to vote.

Passing of resolutions

The system regarding passing of resolutions is that provided in the Act on Capital Companies.

Attendance to the Annual General Meeting of Shareholders held during FY2013

Date of latest Annual General Meeting	16-07-2013
Attendance data	
% attendance in person	0.08%
% attendance by proxy	84.59%
% distance voting	
Electronic vote others	1.16% (1)
Total	**85.83%**

(1) A total number of 143 shareholders cast remote vote by post

Resolutions passed

The full text of the resolutions passed by the Annual General Meeting held for FY2013 and the result of the votes thereof are available at www.inditex.com.

All resolutions were passed by majorities of votes between 99.28% and 99.84%.

Specifically, resolutions were passed regarding the items below:

"First.- Review and approval, where appropriate, of the Annual Accounts (Balance Sheet, Profit and Loss Account, Shareholders' Equity Statement, Cash Flow Statement and Annual Report) and Management Report of Industria de Diseño Textil, Sociedad Anónima, (Inditex, S.A.) for fiscal year 2012, ended on 31 January 2013.

Second.- Review and approval, where appropriate, of the Annual Accounts (Balance Sheet, Profit and Loss Account, *Statement of Comprehensive Income, Shareholders' Equity Statement, Cash Flow Statement and Annual Report) and Management Report of the consolidated group (Inditex Group) for fiscal year 2012, ended on 31 January 2013 and of the management of the company.*

Third.- Review and approval, where appropriate, effective as at 1 February 2013, of the Balance Sheet Revaluation of Industria de Diseño Textil, Sociedad Anónima (Inditex, S.A.) pursuant to the provisions of Act 16/2012, of 27 December.

Fourth.- Distribution of the income or loss of the fiscal year and distribution of dividend.

Fifth.- Approval, where appropriate, of a long term performance shares plan addressed to members of management, including the Executive Director and other key employees of the Inditex Group.

Sixth.- Authorization to the Board of Directors for the derivative acquisition of treasury stock, superseding the authorization approved by the Annual General Meeting held in 2012.

Seventh.- Advisory say-on-pay vote on the Annual Report on Directors' Compensation.

Eighth.- Granting of powers for the implementation of resolutions".

Shareholders' rights

There are no by-law restrictions requiring a minimum number of shares to attend the General Meeting of Shareholders.

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.

Encouragement of informed participation of shareholders

The information on the Annual General Meeting of Shareholders is included in the section "General Meeting of Shareholders" of the corporate web. .

With regard to the Annual General Meeting of Shareholders held in 2013, this section (http://www.inditex.com/es/investors/corporate_governance/annual_general_meeting) 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 reports and auditor's reports, 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 the Remuneration of Directors, 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 voting card and the remote proxy granting, 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.

Relationship with Investors

Information on the relationship with investors is provided in the Section headed "Investors and Stock Market indexes" of this Annual Report.

3. 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, clients, 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.

Authorities

The Board of Directors will directly exercise the following authorities

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

- i) the strategic or business Plan, as well as management goals and annual budgets;
- ii) the investment and financial policy;
- iii) the definition of the structure of the group of companies;
- iv) the corporate social responsibility policy;
- v) the policy regarding compensation and assessment of performance of senior managers;
- vi) the enterprise risk management and control policy as well as the periodic monitoring of the internal information and control systems;
- vii) the dividends policy as well as the treasury stock policy and especially, the limits thereto.

(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) Assessing on a yearly basis:

- i) the quality and efficiency of the running of the Board.
- ii) the performance of his/her duties by the chief executive officer.
- iii) the running of its Committees, on the basis of the report they submit.

(d) All other authorities reserved by the Board of Directors' Regulations.

Composition

The Board of Directors is made up of 9 members: 5 non-executive independent directors, 3 non-executive proprietary directors and one executive director.

As at 31 January 2014 the Board of Directors is comprised of the following members:

Name (person or company) of the Director	Type	Office	Appointment		Election procedure
			Date of first appointment	Date of latest appointment	
Pablo Isla Álvarez de Tejera	Executive	Chairman and CEO	9-06-2005	13-07-2010	AGM
Amancio Ortega Gaona	Non-executive Proprietary	Ordinary member	12-06-1985	13-07-2010	AGM
José Arnau Sierra	Non-executive Proprietary	Deputy Chairman	12-06-2012	17-07-2012	AGM
GARTLER, S.L. (repr. by Ms Flora Pérez Marcote)	Non-executive Proprietary	Ordinary member	12-12-2006	17-07-2012	AGM
Irene Ruth Miller	Non-executive Independent	Ordinary member	20-04-2001	19-07-2011	AGM
Nils Smedegaard Andersen	Non-executive Independent	Ordinary member	08-06-2010	13-07-2010	AGM
Carlos Espinosa de los Monteros Bernaldo de Quirós	Non-executive Independent	Ordinary member	30-05-1997	14-07-2009	AGM
Emilio Saracho Rodríguez de Torres	Non-executive Independent	Ordinary member	08-06-2010	13-07-2010	AGM
Juan Manuel Urgoiti López de Ocaña	Non-executive Independent	Ordinary member	02-01-1993	13-07-2010	AGM

No changes have occurred regarding the composition of the Board of Directors during the fiscal year

Profile of Directors

Mr Pablo Isla Álvarez de Tejera

Chairman and CEO of Inditex since 2011. He has been the Deputy Chairman and CEO since 2005. He is a graduate in Law from the Complutense University of Madrid and *Abogado del Estado* (State lawyer).

From 1992 to 1996 he was Director of Legal Services for Banco Popular. He went on to be appointed General Director of State Assets at the Ministry of Economy and Finances.

From July 2000 to 2005 he was Chairman of Altadis group

Likewise, he sits on the Board of Directors of Telefónica, S.A.

Mr Amancio Ortega Gaona

He is the founding shareholder of Inditex. He began his textile manufacturing operations in 1963. In 1972 he founded *Confecciones Goa, S.A.*, the first garment-making factory of Inditex and three years later he founded Zara España, S.A. the first distribution and retailing company.

He was re-elected to the Board of Directors by the AGM held on 30 June 1990, 31 July 1995, 20 July 2000, 15 July 2005 and 13 July 2010.

Mr José Arnau Sierra

A Law graduate from the University of Santiago de Compostela and State Tax Inspector, Mr Arnau has been the first executive of *Grupo Pontegadea* since 2001, a Director at GARTLER, S.L. since 1997 and member of the Board of Trustees of the Fundación Amancio Ortega Gaona since 2001. He was the director of Inditex's Tax Department and member of its Steering Committee from 1993 through 2001 and he also served on the Board of Directors of the company from 1997 through 2000. Previously, he held different positions in the Tax administration. He has also been a member of the Board of Directors of *Banco Pastor* (from 2005 through 2012) and *Profesor asociado* (part-time instructor) of Tax Law at the University of Corunna from 1993 through 1996.

GARTLER, S.L.

The company Gartler, S.L. is represented in the Board of Directors of Inditex by Ms. Flora Pérez Marcote, and directly holds 311,727,598 shares in the Company, which represents 50.01% in the share capital.

This company was appointed to the Board of Directors in December 2006, ratified by the AGM held on 17 July 2007, and re-elected by the AGM held on 17 July 2012.

Ms Irene R. Miller.

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 Nils S. Andersen.

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

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.

Mr Emilio Saracho Rodríguez de Torres.

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. In1985, 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.

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 Delagrange* and Board member of *Antibióticos, S.A.* At the present time he is the Chairman of Pescanova, S.A.. He is President of the F*undación 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.

Chairman and Chief Executive Officer

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

Balanced management is ensured through the following measures:

- Some of the powers delegated to the Chairman and CEO are subject to certain restrictions. Namely, those that involve the disposal of funds in excess of a certain amount expressly require that the Chairman and CEO acts jointly with another person who in virtue of any legal title is also empowered with the power in question as well as those that involve the alienation or encumbrance of real property of the Company, for which a prior resolution of the Board of Directors or its Executive Committee, shall be required.

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

- Mr José Arnau Sierra, non-executive 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 is the Lead independent Director; and he is entitled, among other things: i) to call the meeting of the Board of Directors and request 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.

General Counsel and Secretary of the Board of Directors

Mr Antonio Abril Abadín is the General Counsel and Secretary of the Board of Directors. Likewise, he is the Secretary of all Board Committees.

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

The Secretary shall support the Chairman in his duties and must provide for the smooth running of the Board by taking particular care to provide directors with the necessary advice and information, keep the documents of the Company, enter the proceedings in the minutes books and certify the Board's resolutions. When directors or the Secretary himself/herself should express concern about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved by the Board, they will be acknowledged in the minutes at the request of the person expressing them. Likewise, the Secretary shall devote particular attention to the formal and material legality of the Board's actions and ensure that the corporate governance principles and the Company's internal rules and regulations, are observed.

Gender diversity

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.

As at 31 January 2014, two female directors sat on the Board of Directors: Ms Flora Pérez Marcote (representing GARTLER, S.L., non-executive proprietary director) and Ms Irene R. Miller (non-executive independent director); such presence represents 22.22 % on the aggregate number of Directors, versus the average 13.5% percentage of female directors sitting on the boards of IBEX35 companies, according to the information disclosed by CNMV with regard to fiscal year 2012.

Additionally, Ms Irene R. Miller chairs the Audit and Control Committee and sits on the Nomination and Remuneration Committee, which represents a percentage of 16.7% female directors versus the aggregate number of members of such Board Committees.

Membership of Directors on Board of Directors of other listed companies

The Board of Directors 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.

As at 31 January 2014, Directors who hold offices in listed companies in Spain other than Inditex are shown below:

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

Selection, appointment, re-election and removal of directors

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 may fill up 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.

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, qualifications and experience, and must maximize their care in relation to such person called to discharge the office of independent director.

The Board of Directors may not propose or appoint to fill up 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 up 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 would 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.

With regard to the process of selection, appointment and re-election of Directors, the Nomination and Remuneration Committee has, among 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.

Likewise, 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 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.

During FY2013 no director was appointed to the Board.

Resignation of Directors

Directors must resign in such scenarios which could have a negative impact on the proceedings of the Board of Directors or the credit and reputation of Inditex.

Additionally, 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 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.

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.

During the fiscal year, no director has stepped down or placed his/her office at the disposal of the Board of Directors.

Proceedings of the Board of Directors

Quórum

Any 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. 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.

Attendance to meetings

Attendance data of Directors to meetings held during FY2013 are shown below:

	Number of meetings	% Directors' attendance
Board of Directors	5	91.11%
Audit and Control Committee	5	96.7%
Nomination and Remuneration Committee	4	100 %

Passing of resolutions

For resolutions to be passed, an absolute majority of votes for by the directors attending the meeting shall be required.

Notwithstanding the above, it shall be necessary that two-thirds of the members of the Board vote for in order to permanently delegate any power of the Board of Directors to the Executive Committee or to the Chief Executive Officer, should there be one, and to appoint the directors who have to fill such positions.

Likewise, in order to amend the Board of Directors' Regulations, the resolution must be passed by a majority of two-thirds of the directors present.

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

Proxy granting

Any director can grant proxy to another director in writing to be represented, such proxy having to be granted specifically for each meeting, communicating this in writing to the Chairman

External advice

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.

The decision to engage external experts must be notified to the Chairman of the Company and it may be open to veto by the Board of Directors if it proves that: a) such engagement is not necessary for the proper performance of the duties entrusted to the non-executive directors; b) the cost thereof is not reasonable in view of the importance of the problem and of the assets and income of the Company; c) the technical assistance obtained may be adequately provided by in-house experts and technicians or; d) the confidentiality of the information to be provided to the expert may be jeopardised.

Information

The notice for the ordinary meetings of the Board of Directors 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.

Likewise, Directors have the widest powers 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 is also provided 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 spokespersons 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.

Meanwhile, Directors are bound to diligently gather information on the course of business of the Company and prepare suitably for the Board meetings and for any committees they belong to.

Assessment proceedings

Pursuant to the provisions of article 32.3.e) of the Articles of Association and section 15.2.f) of the Board of Directors' Regulations and the Recommendations of the Unified Good Governance Code of Listed Companies, the performance of the Board of Directors, the Audit and Control Committee, the Nomination and Remuneration Committee, and the Chairman and Chief Executive Officer is assessed on an annual basis. Additionally, during FY2013 the individual performance of Independent Directors and of the Deputy Chairman has been assessed.

The result of the assessment carried out in FY2013 has been 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 the Chairman and Chief Executive Officer, the Deputy Chairman and Non-executive Independent Directors

4. Board of directors' committees

Audit and Control Committee

Composition

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

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

Regulations

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, who must be an independent director, 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 removal.

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.

Members of the management team or of the staff 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.

Duties

Among the duties incumbent on the Audit and Control Committee the following are to be found:

- Advising the Annual General Meeting of Shareholders on questions raised therein by shareholders in respect of issues within its remit.
- Proposing 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.
- 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.
- Overseeing performance of the audit agreement, ensuring that the opinion on annual accounts and the main contents of the auditors' report are clearly and accurately worded and assessing the results of each audit.
- Overseeing 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..
- Issuing 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.
- Overseeing the Internal Audit Department of the Company and its group, approving the budget of the Department, the Internal Audit Plan 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. Advising on the appointment of the Internal Audit Director prior to the relevant report of the Nomination and Remuneration Committee.
- Overseeing 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.
- Periodically reviewing 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.
- Reviewing 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.

Description of duties of the Audit and Control Committee is provided in the Articles of Association and in the Board of Directors' Regulations.

In addition, there are two Committees which regularly report to the Audit and Control Committee:

- The Code Compliance Supervisory Board: this body is made up of the Chairman and CEO of the company, who chairs it; the General Counsel who is also the Code Compliance Officer; the Capital Markets Director, and the Human Resources Director. The Code Compliance Supervisory Board is responsible for promoting knowledge and ensuring compliance with the Internal Regulations of Conduct regarding Transactions in Securities of Inditex and its Corporate Group in areas regarding Securities Markets.
- The Committee of Ethics: this body is made up of the General Counsel and Code Compliance Officer, who chairs it; the Internal Audit Director; the Human Resources Director and the Corporate Social Responsibility Director. The Committee of Ethics ensures compliance with the Code of Conduct and Responsible Practices.

Annual activities report of the Audit and Control Committee

A report on the activities of the Audit and Control Committee is issued on a yearly basis. Said report is available in the section headed: "Audit and Control Committee" of this Annual Report and at www.inditex.com.

Nomination and Remuneration Committee

Composition

Name	Office	Classification
Carlos Espinosa de los Monteros Bernaldo de Quirós	Chairman	Non-executive independent
Irene Ruth Miller	Ordinary Member	Non-executive independent
Nils Smedegaard Andersen	Ordinary Member	Non-executive independent
José Arnau Sierra	Ordinary Member	Non-executive proprietary
Emilio Saracho Rodríguez de Torres	Ordinary Member	Non-executive independent
Juan Manuel Urgoiti López de Ocaña	Ordinary Member	Non-executive independent

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

Regulations

LaThe 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, who must be an independent director, will be appointed from among its members.

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.

The description of duties of the Nomination and Remuneration Committee is provided in the Articles of Association and in the Board of Directors' Regulations,

Annual activities report of the Nomination and Remuneration Committee

A report on the activities of the Nomination and Remuneration Committee is issued on a yearly basis. Said report is available in the section headed: "Nomination and Remuneration Committee" of this Report and at www.inditex.com.

Executive Committee

Composition

Name	Office	Classification
Pablo Isla Álvarez de Tejera	Chairman	Executive
José Arnau Sierra	Deputy Chairman	Non-executive proprietary
Amancio Ortega Gaona	Ordinary Member	Non-executive proprietary
Nils Smedegaard Andersen	Ordinary Member	Non-executive independent
Carlos Espinosa de los Monteros Bernaldo de Quirós	Ordinary Member	Non-executive independent
Emilio Saracho Rodríguez de Torres	Ordinary Member	Non-executive independent
Juan Manuel Urgoiti López de Ocaña	Ordinary Member	Non-executive independent

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

All categories of directors sitting on the Board of Directors also sit on the Executive Committee.

Regulations

The Executive Committee holds in delegation all the powers of the Board, except for 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.

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.

5. Remunerations

Remuneration of Directors

During FY2013, the aggregate remuneration of the Board of Directors amounted to €8,010k

Annual Report on remuneration of Directors

The Board of Directors approved on 18 March 2014 the Annual Report on Remuneration of Directors for FY2013 drafted by the Nomination and Remuneration Committee pursuant to the provisions of section 61ter of Act 24/1988, of 28 July, of the Stock Exchange; Order ECC/461/2013, of 20 March, whereby the contents and structure of the annual corporate governance report, the annual remuneration report and other information instruments of listed public companies, savings banks and other entities which issue securities admitted to trading in official securities markets, are determined, of Circular 4/2013 of 12 June of the Comisión Nacional del Mercado de Valores regarding the annual report on the remuneration of directors of listed public companies, and of section 28, paragraphs 3 and 4 of the Board of Directors' Regulations of Inditex. This report is available at www.inditex.com.

The Annual Report on Remuneration of Directors will be put to the advisory say-on-pay vote of the Annual General Meeting of Shareholders as a separate item of the Agenda.

6. Senior management

As at 31 January 2014, Inditex's senior managers, excluding the Chairman and Chief Executive Officer were:

Name	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 [Deputy General Manager]
José Luis Rodríguez Moreno	Director of UTERQÜE
Carmen Sevillano Chaves	Director of OYSHO
Jordi Triquell Valls	Director of STRADIVARIUS

Remuneration of senior managers

During fiscal year 2013 the aggregate remuneration accrued by senior managers referred to in the section above, amounted to €17,344k.

Severance or golden parachute clauses

This type of clause is included in the employment agreements entered into with 12 senior managers, including the Chairman and Executive Director (covering their entitlement to receive compensation in an amount equivalent to two years of their aggregate remuneration, calculated on the basis of the pay of the last year he worked for the company), should the employment agreement be terminated further to withdrawal by Inditex, wrongful or unreasonable dismissal, or resignation based upon certain grounds (among which, a change in control of the Company, with a significant renewal of the corporate governing bodies occurring at the same time, or a change of the contents or purpose of the main activity of the Company).

7. Related-party transactions and situations of conflict of interest

Transactions with related parties

The Board of Directors reserves the right to approve any transaction between the Company and a director or a significant shareholder. However, 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.

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 Nomination and Remuneration 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) que se realicen en virtud de contratos cuyas i) they are conducted under contracts with standard terms and conditions which apply en masse to many clients;

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.

The detail of the transactions carried out by the Inditex Group with related individuals or entities, and of significant transactions carried out by Inditex with other entities 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, is included in the relevant section of the Annual Corporate Governance Report.

Mechanisms to prevent conflicts of interest

The definition of "conflicts of interest" is provided in section 32 of the Board of Directors' Regulations, set of rules which also lay down the rules governing such situations. Sections 31, 34 and 35 of the Board of Directors' Regulations address the rendering of professional services in competing companies, the use of corporate assets, the use of non-public company information for private ends, and the taking advantage of business opportunities of the Company. On the other hand, section 37 headed: "Duties of information of the director", provides the specific questions regarding which Directors must provide information to 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).

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

Among the duties it is entrusted with, 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 light of such report, approval of the transaction, where appropriate, falls on the Board of Directors.

Meanwhile, section 5 of the Internal Regulations of Conduct regarding Transactions in Securities sets forth the principles that affected persons must abide by with regard to conflicts of interest (Independence, abstention and confidentiality) and provides that they shall undertake in writing to act independently in their activities and to make known to the Code Compliance Office 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 suppliers, agents and franchisees, external advisers and the like.

Additionally, section 4.8 of the Code of Conduct and Responsible Practices provides the way Inditex's employees must act in case of conflicts of interest between their personal interests and those of the Company, and addresses the situations that must be disclosed to the Committee of Ethics.

8. Transparency, independence and good governance

información financiera

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

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 auditors' 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.

The auditors' report on Financial Statements for fiscal year 2013 has been issued without qualifications.

Auditors' independence

Mechanisms set to preserve the independence of the external auditor are:

- The relations of the Board with the external auditors of the company shall be channeled through the Audit and Control Committee.
- 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 an auditing firm incurring in incompatibility in accordance with the legislation on auditing as well as those auditors firm where the fees that it expects to pay them, for all services in all areas, are greater than five percent of the latter's total revenues over the last fiscal year.
- The Board of Directors shall publicly disclose the whole of the fees paid by the company to the audit firm for services other than auditing.
- 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 their 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.

External audit fees

	Company	Group	Total
Amount of assignments other than auditing (€k)	155	880	1,035
Amount of assignments other than auditing/aggregate amount billed by the audit firm (in %)	36.7%	16.4%	17.9%

9. Code of conduct and responsible practices and the committee of ethics

For the purposes of reaffirming the core values and principles which drive Inditex's activity and adapting the risks control system to the social and regulatory environment, 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) was approved by the Board of Directors in 2012, which also adapted the "Code of Conduct for Manufacturers and Suppliers" (previously named Code of Conduct for Manufacturers and External Workshops). Additionally, the Board of Directors approved the Manual of Criminal Risks Prevention and the Procedure of the Whistle Blowing Channel.

All employees of Inditex, 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 may report to the Committee of Ethics 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, by means of a report made in good faith.

In the course of fiscal year 2013, the Committee of Ethics has processed 60 dossiers, 55 of them after receipt of a notice or report and the other 5 ex-officio.

The main reasons at the basis of the notices received are the report of conducts by employees or third parties which might be in breach of the commitments or ethical values addressed in the Code of Conduct and Responsible Practices or the Code of Conduct for Manufacturers and Suppliers, and clearing up doubts on certain issues regarding the enforcement of the Code of Conduct for Manufacturers and Suppliers. All reports received have been duly processed and resolved by the Committee of Ethics.

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, clients, 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 Committee of Ethics

For the purposes of ensuring compliance with the Code of Conduct and Responsible Practices and with the Code of Conduct for Manufacturers and Suppliers, Inditex relies on a Committee of Ethics made up of the General Counsel and Code Compliance Offices, who chairs it, the Human Resources Director, the Corporate Social Responsibility Director and the Internal Audit Director.

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.

The Committee of Ethics submits a report twice a year to the Audit and Control Committee, 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 (twice during FY2013) 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 Corporate Compliance policy of the group from time to time in force.

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.

Decisions of the Committee of Ethics are binding for the company and for the employees.

B. Social Council

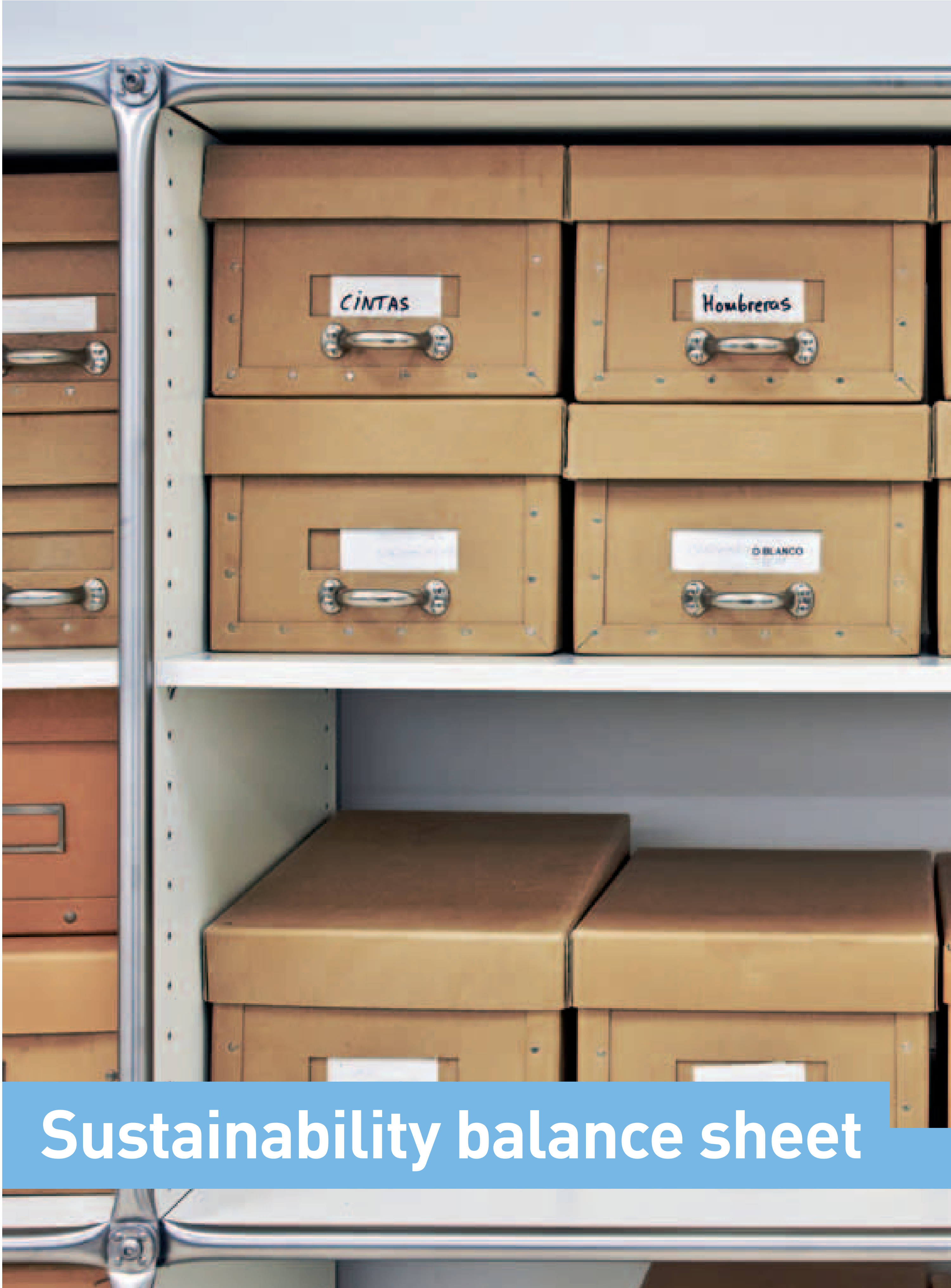
During 2013, the Social Council, Inditex's advisory body on matters on Corporate Social Responsibility, held two meetings. In the last one, it appointed two new members: Paula Farías, Managing Director of Médicines Sans Frontières in Spain (2006-2010), and Francisco Javier Sardina, Professor of Organic Chemistry in University of Santiago.

Members of Inditex's Social Council

Alfred Vernis	Ezequiel Reficco
Cecilia Plañiol	Paula Farías
Francisco Javier Sardina	Victor Viñuales

Meetings held in 2013

Date held	Venue	% of members attending
6-7-13	Arteixo (Spain)	80%
12-9-13	Arteixo (Spain)	60%



Sustainability balance sheet


CINTAS

Sustainability balance sheet

1. Consolidated sustainability balance sheet

SUSTAINABILITY INDICATORS	2013	2012
SUPPLIERS		
No. of active suppliers	1 592	1 434
No. of A suppliers	697	525
No. of B suppliers	614	617
No. of C suppliers	128	157
No. of CAP suppliers	82	72
No. of PR suppliers	71	63
No. of discarded suppliers	113	86
No. of active suppliers	1 479	1 348
No. of audits	6 612	3 513
No. of social audits	2 748	2 612
No. of pre-assessment audits	1 425	n/d*
No. of production audits	820	n/d
No. of special audits	1 619	892
No. of external audits	4 110	2 537
No. of internal audits	2 502	976
CUSTOMERS		
Improved production: Reduction of product deficiencies	63%	30%
Improved technological training in the supply chain		
Improved adaptation to good manufacturing practices, RTM, guidelines, TAVs and/or others	65%	47%
Number of manufacturing units (wet process plants) involved	571	253
ENVIRONMENT		
Electricity consumption from the grid in head offices and factories (kWh)	28 405 361 kWh	26 449 823 kWh
Renewable energy generation and trigeneration	22 898 057 kWh	26 626 548 kWh
CO2 emissions per garment released on the market	322.52 gCO_2/garment	361.95 gCO_2/garment
Waste generation per garment released on the market (**)	13.05 g/garment	12.90 g/garment
COMMUNITY		
Number of direct beneficiaries(***)	756 185	740 475
Investment in social programmes (euros)	23 549 814	21 345 481
Number of non-profit organisations supported	313	394
Number of social action projects undertaken	455	494
Number of garments donated to social causes	648 072	615 404
Total no. of working hours dedicated to social causes by employees	26 385	19 320
No. of Social Council meetings	2	3
EMPLOYEES		
Total number of employees	128 313	120 314
% women	78.4%	78.7%
% men	21.6%	21.3%
Total sustainability team	3 926	2 701
- Internal team	98	80
- External team	3 828	2 621
SHAREHOLDERS		
Indexes Dow Jones Sustainability Indices score	81/100	81/100
FTSE4Good score	4.3/5	4.3/5

(*) In the 2012 Annual Report the pre-assessment audits were included in the special audits
(**) Includes emissions scopes 1 and 2.
(***) Figure corresponding to the number of beneficiaries from community investment projects that involve a long-term commitment to the community. This figure does not include beneficiaries of charitable gifts to social causes.

2. Environmental indicators

The Inditex system of indicators shows the measureable results of our environmental commitments in terms of natural resources and energy consumption, waste generation and atmospheric emissions. These indicators are expressed in absolute and relative data according to the number of garments released on the market, reflecting the efficiency of all areas of the company. These relative indicators show that greenhouse gas (GHG) emissions have been significantly reduced, a reflection of the successful integration of innovative environmental management into all phases of the business. The scope of the indicators includes Inditex's own premises in Spain and all the stores owned by the Group worldwide.

The guidelines set out in the Intergovernmental Panel on Climate Change, IPCC (Guidelines for National Greenhouse Gas Inventories, 2007) and the World Resources Institute GHG Protocol (2008) are used to calculate GHG emissions. The emissions factors used are as follows:

- Natural gas: 0.2025 kg co2eq/kWh
- Diesel: 2.6919 kg CO2eq/litre
- Electricity: 0.299 kg CO2eq/kWh

The emission factors applied to natural gas and diesel are taken from the GHG Protocol for Stationary Combustion v.4.0 by the World Resources Institute (WRI). The emission factor for electricity is from the WRI database of emission factors (August 2012 version) and corresponds to the emissions associated with the electricity mix for Spain.

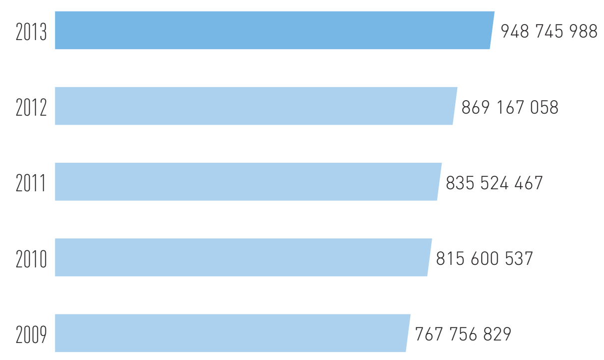
The conversion factors used to calculate energy consumption are:

- 1 tonne of oil equivalent (toe) = 41.868 GJ
- 10^3 m^3 of natural gas = 0.9315 toe
- 1 tonne diesel = 1.035 toe
- Oil density = 0.832 kg/litre at 15°C (Joint Research Centre, 2007).

Relative indicators are calculated according to the following formula:

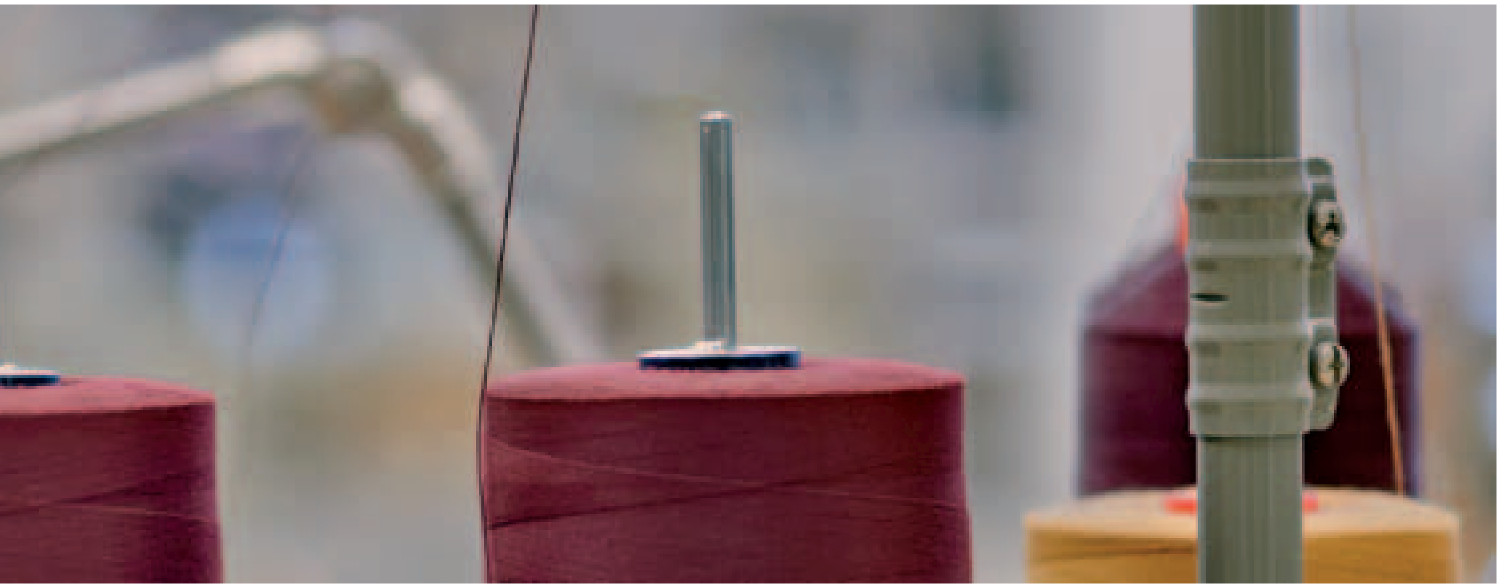
Ratio = (absolute value of the year/number of garment released on the market during the year) x 1000.

Garments released on the market*



* Includes all product units released on the market through all the stores, both owned and franchised.

The environmental indicator system includes data collected from 1 February 2013 to 31 January 2014.

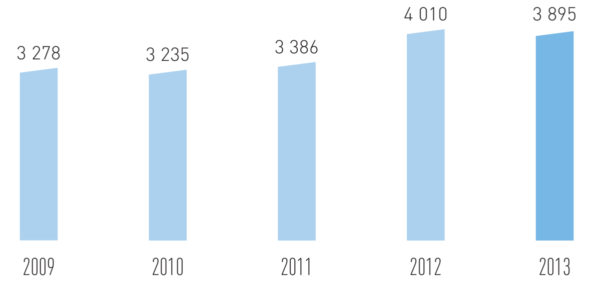


Energy consumption

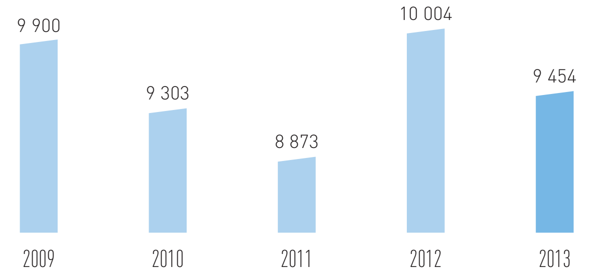
Overall energy consumption of Inditex Group facilities, expressed in terajoules (TJ), comes from the use of fossil fuels (natural gas, propane and diesel) and electricity from the grid. It includes the energy consumption of all factories, headquarters, brand head offices, logistics centres and stores. The scope of the indicators includes Inditex's own premises in Spain and all the stores owned by the Group worldwide.

Inditex's overall energy consumption remained stable following the completion of work to extend the Group's headquarters in Arteixo and the Massimo Dutti offices and logistics centre in Tordera in 2012. The lower natural gas consumption was mainly due to a decrease in trigeneration plant activity. Diesel consumption continued its downward trend due to the change from diesel boilers to natural gas and the closure of other diesel boilers at centres such as the Arteixo trigeneration plant.

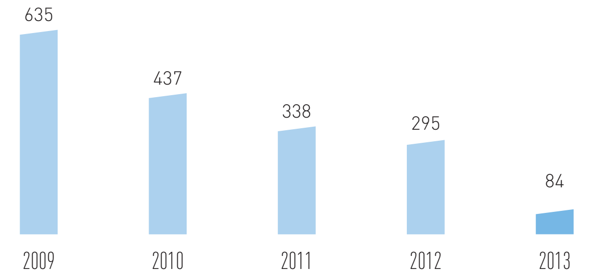
Overall energy consumption (TJ)



Overall natural gas consumption (toe)



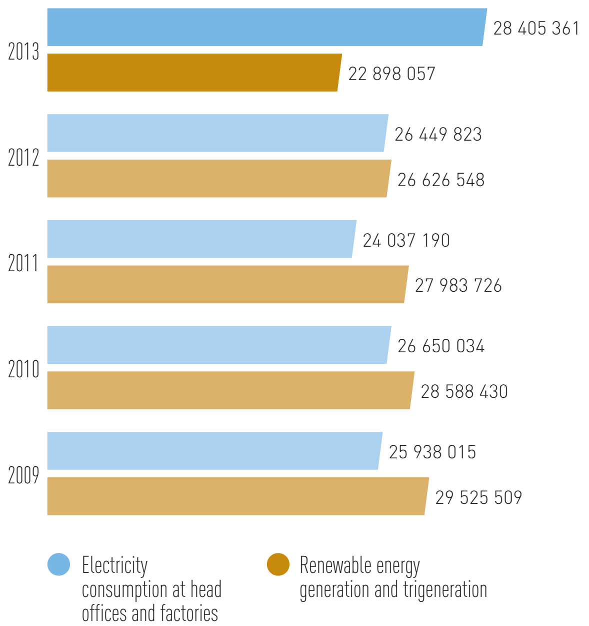
Overall diesel consumption (toe)



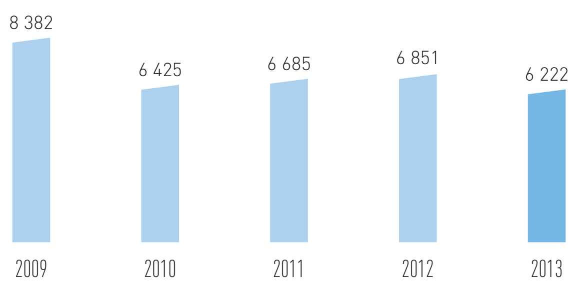
In head offices and factories

The company's energy consumption scheme permits the combination of different energy sources, including renewable energies. Trigeneration plants, heating and process boilers, solar panels and wind generators now account for more than 45% of the energy consumed in head offices and factories.

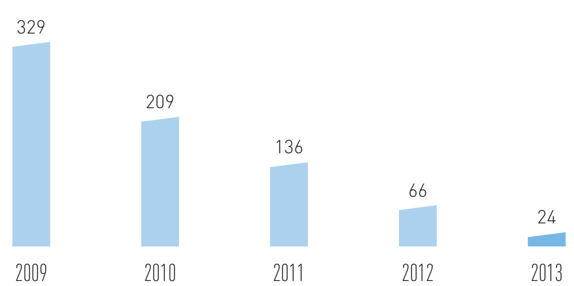
Electricity consumption at head offices and factories (kWh)



Natural gas consumption (toe)



Diesel consumption (toe)

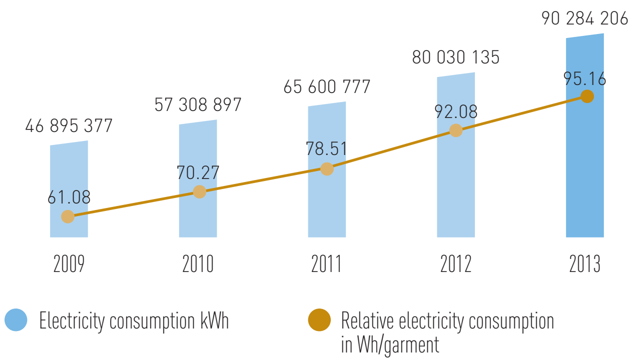


Electricity consumption increased in 2013 compared to previous years due to the start of work to extend company headquarters and the Massimo Dutti office building. Natural gas consumption remained stable, registering a slight decrease due to a lower level of activity at the trigeneration plants. The Group continued to focus on efficiency and caring for the environment by replacing diesel boilers with natural gas. As a result, the company is consuming ever decreasing amounts of diesel, and SO_2, CO and NO_x emissions have been significantly reduced.

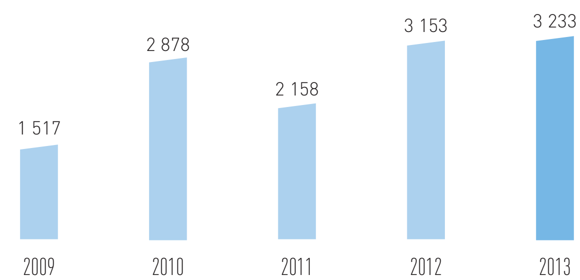
Logistics and transport centres

All garments manufactured by Inditex are distributed from the company's logistics centres in Spain. Inditex has increased the automation of distribution operations at its logistic centres in recent years, which has resulted in an increase in electricity consumed per garment released on the market (Wh/garment). To counteract this effect, sustainable logistics centres are being designed based on international certifications such as BREEAM and LEED that ensure their efficiency.

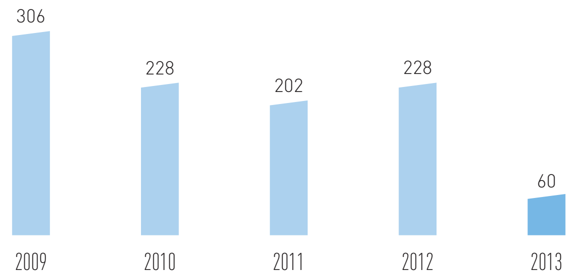
Electricity consumption in logistic centres (kWh)



Natural gas consumption (toe)



Diesel consumption (toe)

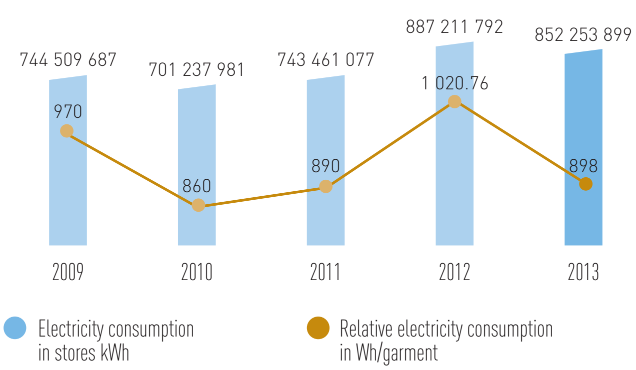


Natural gas consumption remains stable, recording a slight decrease due to a lower level of activity at trigeneration plants. The Group continues to focus on efficiency and caring for the environment by replacing diesel boilers with natural gas. As a result, the company is consuming ever decreasing amounts of diesel, and SO_2, CO and NO_x emissions have been significantly reduced.

Stores

Electricity consumption at stores is without doubt very high. Therefore, a great deal of effort has been made to continue improving the eco-efficient store model with the aim of achieving a 20% reduction in electricity consumption per garment before 2020, using 2005 as the base year. Absolute and relative power consumption has been reduced compared to 2012 due to the construction and remodelling of eco-efficient stores, as well as more favourable weather conditions during 2013.

Electricity consumption in stores (kWh)



Inditex Greenhouse Gas Emissions (GHG)

The Group's greenhouse gas (GHG) emissions are calculated and reported in line with the international directives of the Intergovernmental Panel on Climate Change (IPCC), Guides for National Greenhouse Gas Inventories (2007) and the World Resources Institute (GHG Protocol, 2008). The Inditex Group's GHG emissions inventory includes direct and indirect emissions for the period 1 February 2013 to 31 January 2014.

A data history based on each of the scopes considered by the GHG Protocol is presented below.

– ***Scope 1:***Direct emissions. These are GHG emissions associated with sources under the Inditex Group's control. It includes:

  - Emissions associated with electricity and heat generation in owned premises. Emissions linked to occasional leaks (or isolated leaks) of HFC and PFC gases from air conditioning equipment are not included
  - Emissions from the use of own vehicles

  Scope 1 includes the direct emissions from the following installations:

  - Headquarters and all brand head offices (Pull&Bear, Massimo Dutti, Stradivarius, Oysho, Bershka, Zara Home, Tempe, Zara, Uterqüe)
  - All group factories (Goa, Fios, Indipunt, Samlor, Stear, Denllo, Sabón, Inditex cogeneración)
  - All logistics centres (Pull&Bear, Stradivarius, Tordera Logistics Centre, Bershka Logistics Centre, Sabón Logistics Centre, León Logistics Platform, Europa Platform, Meco Logistics Platform and Tempe Logistics Centres).

– **Scope 2:** Indirect emissions. Emissions associated with the generation of electricity the Inditex Group buys. The calculation was based on GHG emissions from the head office, brand offices, all Group factories, all logistics centres and all stores. Electricity used in international offices not included.

– **Scope 3:** Optional scope that includes indirect emissions associated with the goods and services supply chain. It includes emissions associated with the transport of garments from logistics centres stores by external logistics operators (truck, short-, medium- and long-haul air and ship), as well as emissions associated with electricity consumption in franchise stores.

	2009	2010	2011	2012	2013
Scope 1 (t CO2eq)	24 591	22 870	21 919	24 479	22 525
Scope 2 (t CO2eq)	310 635	309 602	291 413	290 120	283 466
Scope 3 – Transport (t CO2eq)	248 021	289 431	332 097	398 158	462 120
Scope 3 – Franchises (t CO2eq)	-	-	-	34 654	34 329
Number of garments released on the market	767 756 829	815 600 537	835 524 467	869 167 058	948 745 988
g CO2eq per garment released on the market*	436.63	407.64	374.66	361.95	322.52

* The efficiency ratio includes the emissions associated with the Group's operations (Scope 1 and 2). The optional emissions (Scope 3) are not comparable with years before 2012 as new sources of emission have been included.

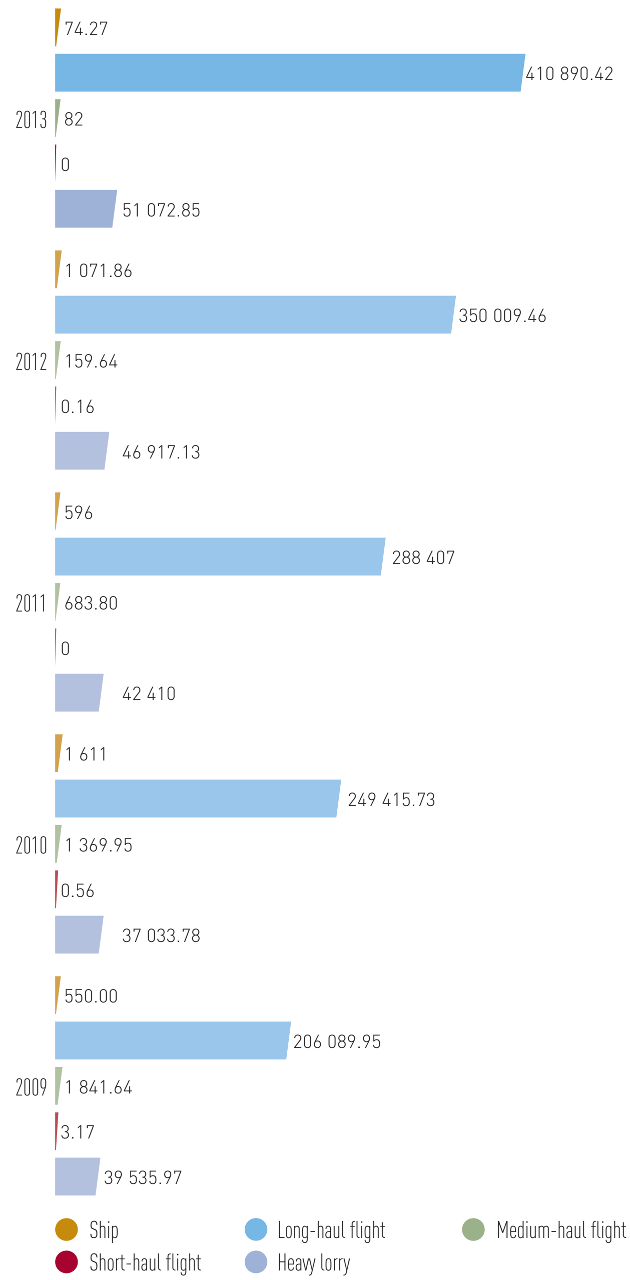
Scope 3 emissions detail

We calculate the GHG resulting from distribution and logistics operations carried out by external logistics operators based on the vehicles used to transport the product (Scope 3). Calculations were based on the weight of the product sent and the average number of kilometres travelled. The following emission factors, as proposed by the GHG Protocol, are used:

- Kg de CO_2/ km truck= 0.8678
- Kg de CO_2/ tonne and km short-haul flight (←463 km)= 1.96073
- Kg. de CO_2/ tonne and km medium-haul flight (between 463 and 1108 km)= 1.47389
- Kg de CO_2/ tonne and km medium-haul flight (→1108 km)= 0.61324
- Kg de CO_2/ km ship= 0.0079

The general increase in GHG emissions in transport over recent years is due to the increase of products released on the market. It is worth noting that this increase in emissions from air transport on long-haul flights (>1108 km) is due to the increase in exports to countries such as China.

GHG emissions by transport type (t CO2eq)

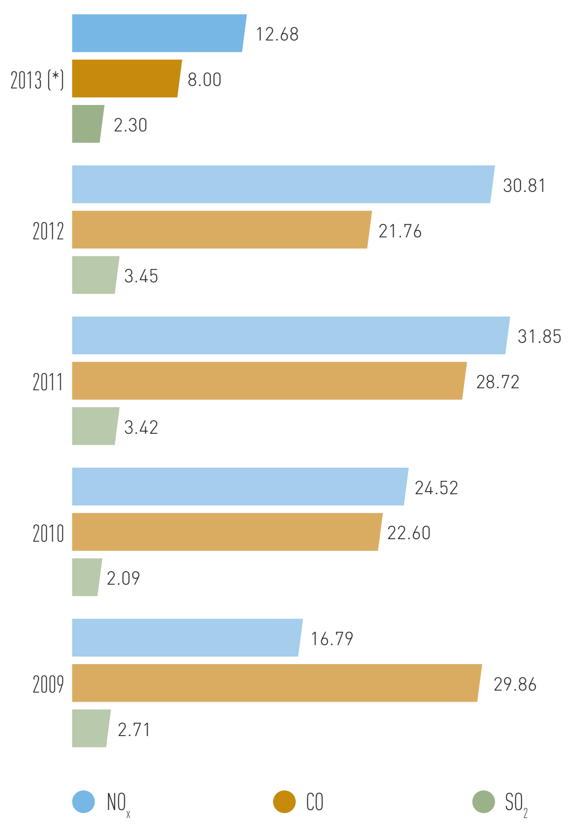


Other atmospheric emissions

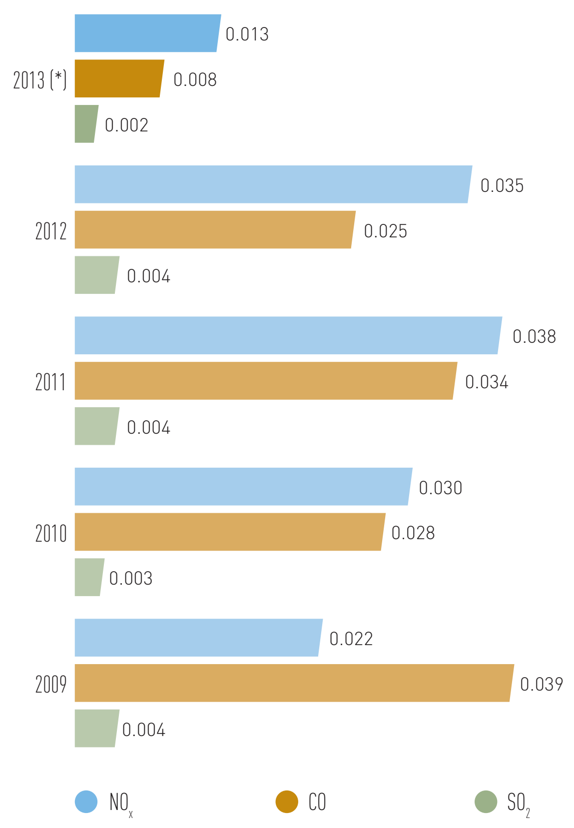
All the focuses of emissions of the Inditex Group are submitted to periodic controls by an authorized inspection authority and have been found to be within the parameters set out in the legislation in force. The following is the annual evolution of other atmospheric emissions associated with the emissions focus of the Groups's headquarters, all Inditex factories, brand head offices and logistics centres.

In 2013, decreased activity at Indipunt and the stopping of the bi-fuel engines at the Inditex trigeneration plant in Arteixo led to significant reductions in air emissions. Specifically, the reduction registered was of 99% and 59% respectively in each of the centres compared to emissions in 2012.

Total other atmospheric emissions (t)



Total other atmospheric emissions (g/garment)

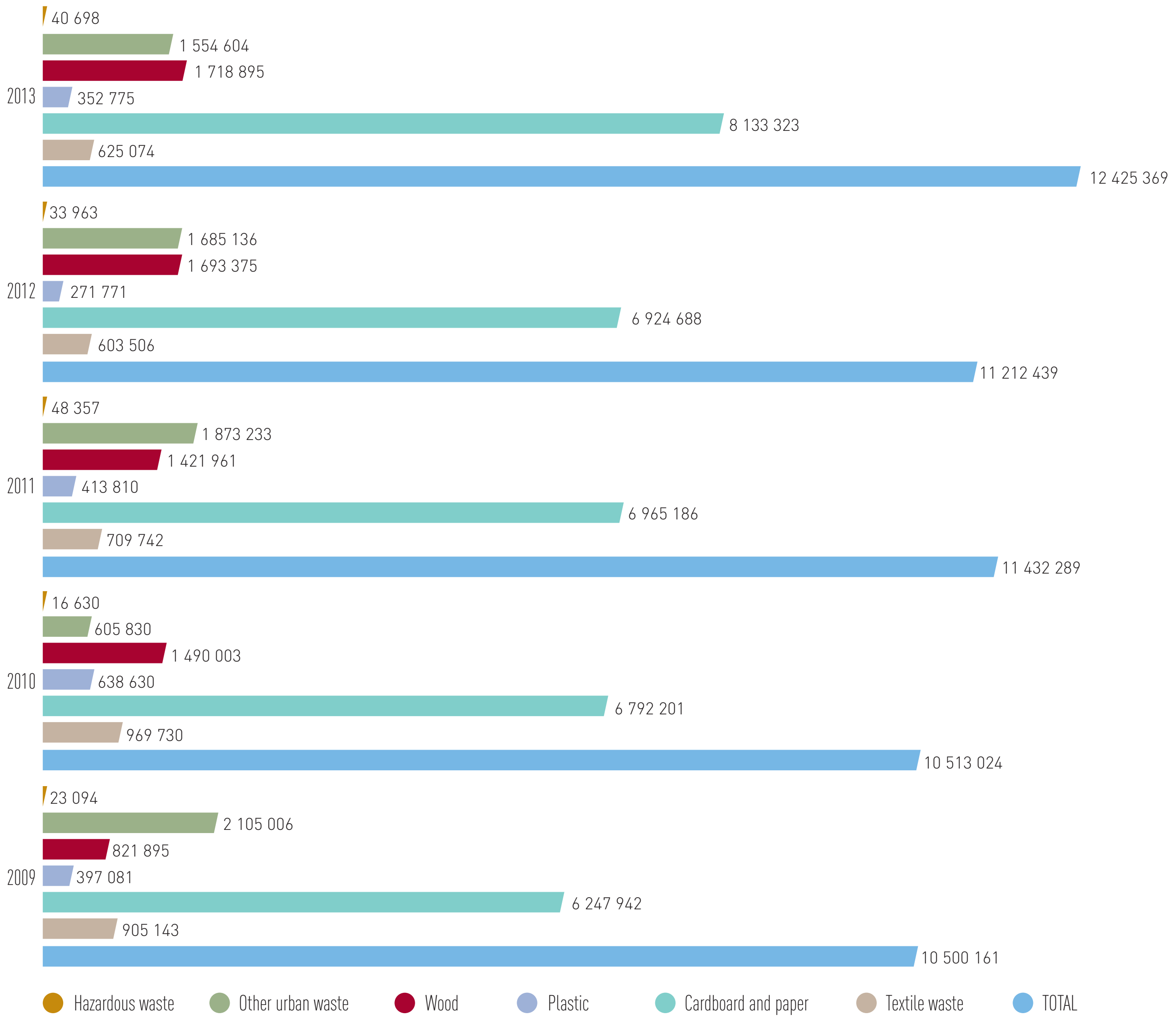


* Does not include Europa Platform (Zaragoza) measurements since during the 2013 inspection structural changes were being carried out on the chimney for the purpose of installing heating pipes.

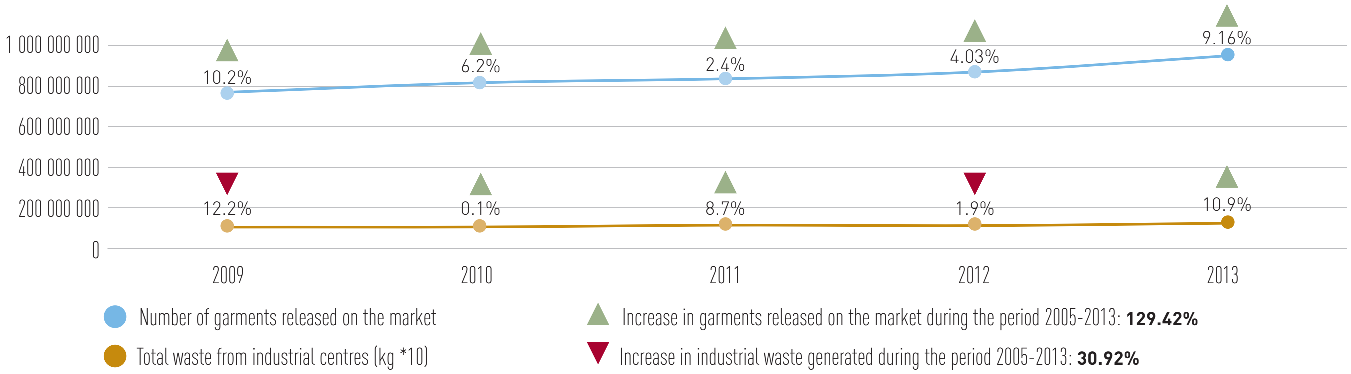
Waste generation and management

Thanks to the Waste Minimisation Plan and the efforts and commitment of all employees, using 2005 as the base year all types of waste were reduced despite the increase in garments released on the market. Waste generation data refers to the waste generated in headquarters, brand head offices, all Inditex factories and logistics centres. It does not include the waste generated in stores.

Evolution of industrial waste generation (Kg)



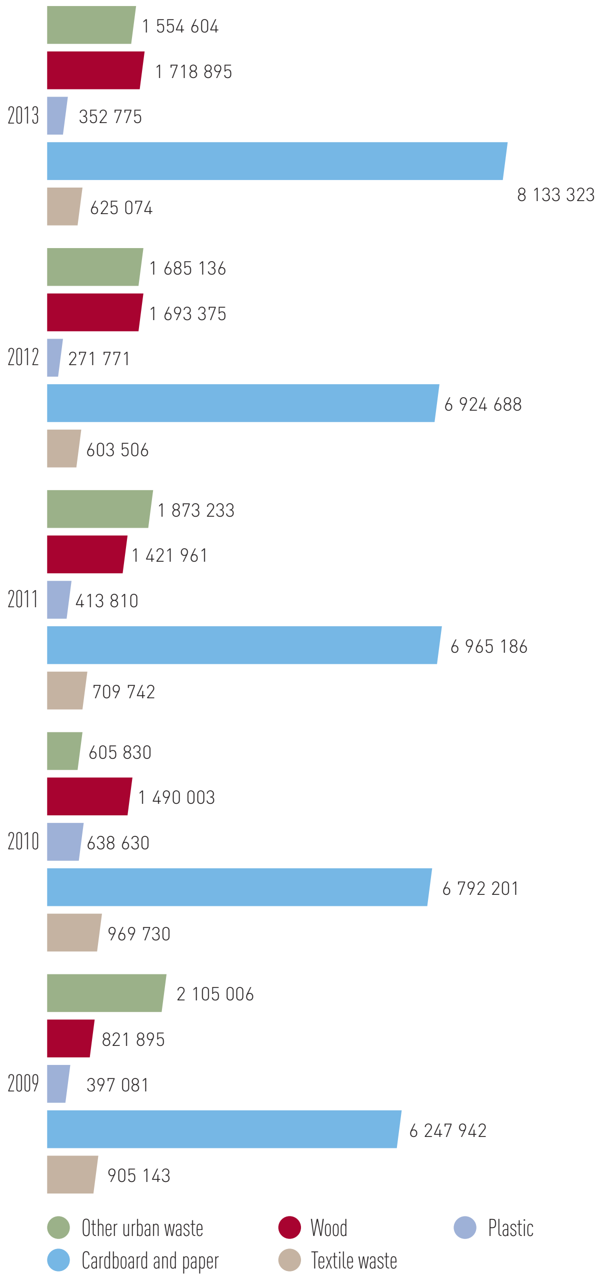
Comparison of the items released on the market with total waste generated



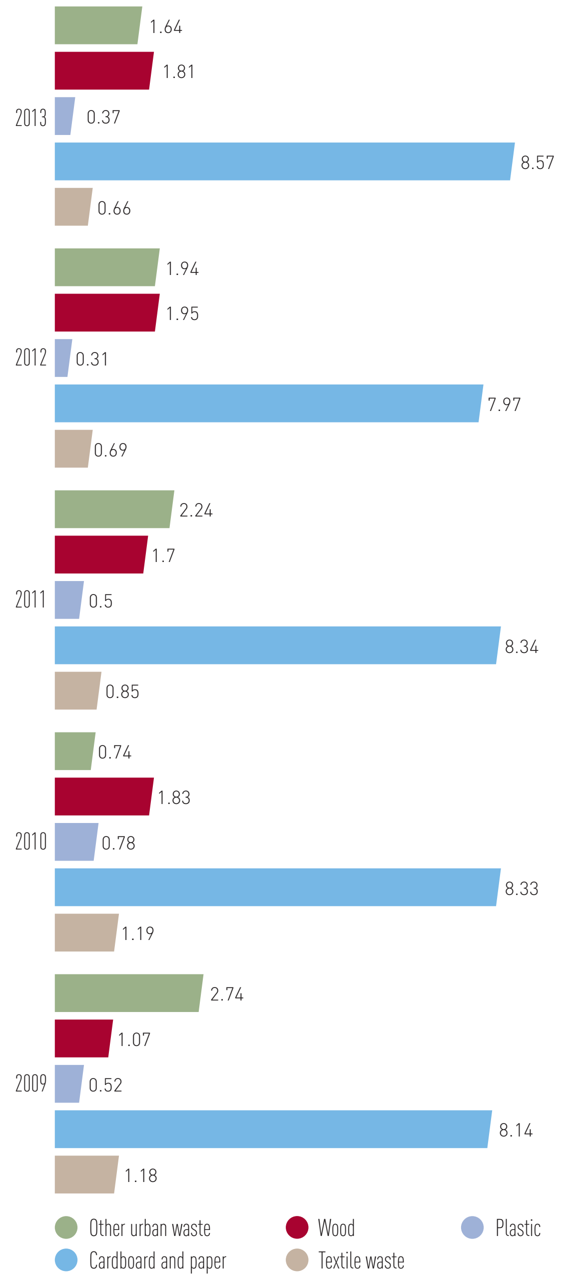
Annual generation of urban waste or similar

This waste is classified in accordance with the European Waste Catalogue (EWC) and its transposition into national and regional legislation.

Absolute data (kg)



Relative urban waste according to the number of items released on the market (g/garment)

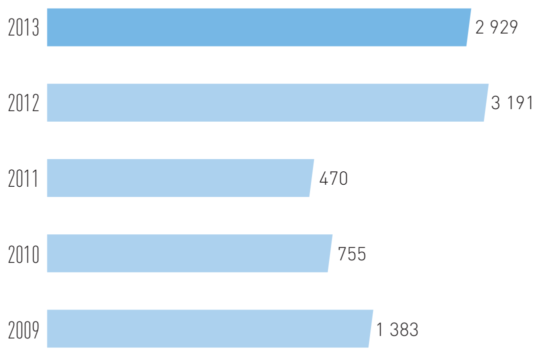


Use of reusable alarms

The success of the reusable alarm system introduced in 2011 has made it possible to completely eliminate the use of single-use alarms. In addition to financial savings, this initiative provides an important environmental benefit, since reuse reduces the natural resource consumption and atmospheric emissions associated with security tag manufacture and recycling.

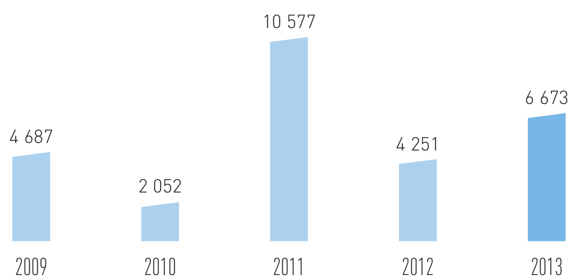
Annual generation of main types of hazardous waste

Batteries (kg)

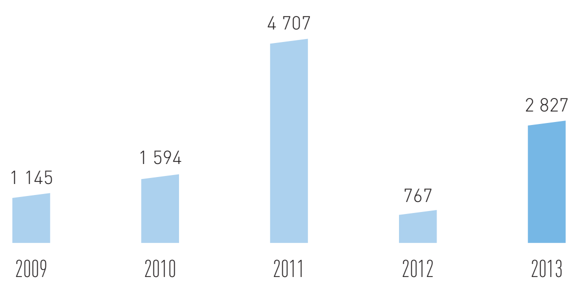


The increase in battery waste generation in 2012 and 2013 was due to the preventative maintenance of fire-fighting systems.

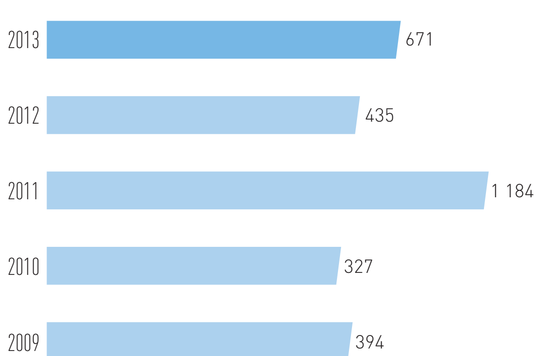
Electronic waste (kg)



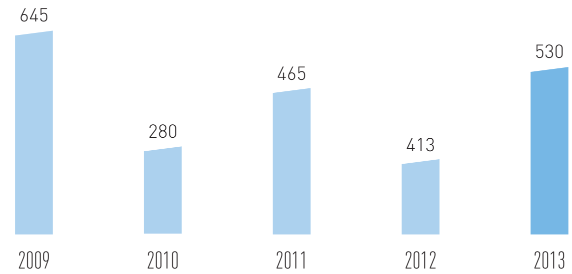
Fluorescent bulbs (kg)



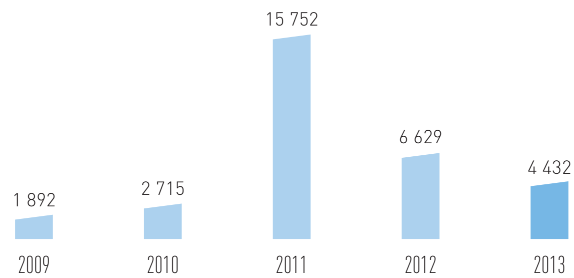
Oil filters (kg)



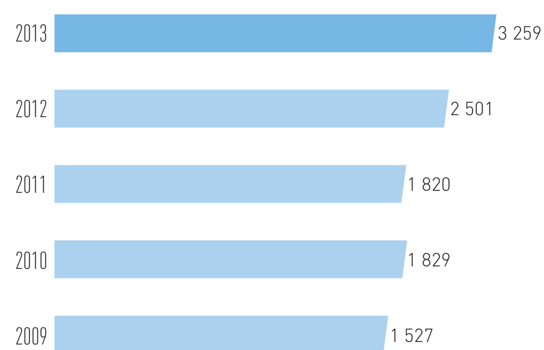
Contaminated metal containers (kg)



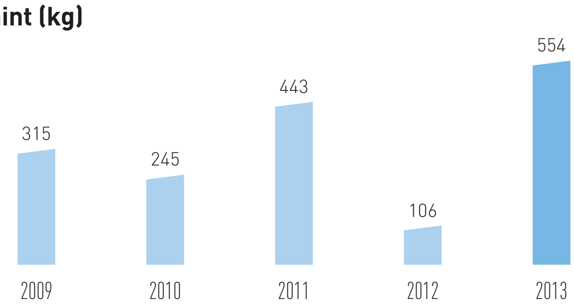
Used mineral oil (kg)



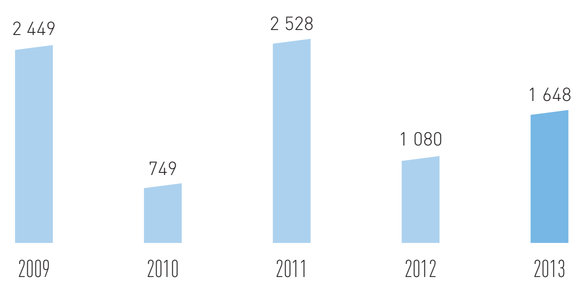
Contaminated absorbents (kg)



Paint (kg)



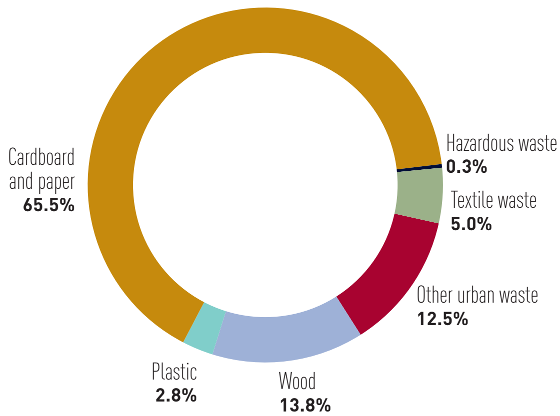
Contaminated plastic containers (kg)



Destination of waste according to type and treatment

As part of the final stage of Inditex's Waste Minimisation Plan, all waste generated by the company is collected and managed by a legally authorised body that sends the waste for recycling (in the case of security tags and paper), for composting or processing (wood, plastics), or to be managed in an environmentally-friendly way.

Proportion of waste generated by weight

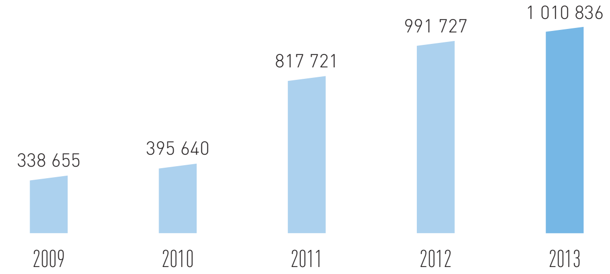


The packaging materials released on the market (paper and plastic bags, labels, protective elements) along with the products sold by Inditex are adequately managed by authorized bodies. Inditex subscribes to the Integrated Management Systems for Packaging and Wrapping available in countries that employ them. The company's commitment to these systems means that each Inditex brand pays a non-profit management agency to collect and manage the waste generated by the stores. This management agency is established with the recognition of the authorities of each country (Ecoembes in Spain) to ensure that the waste generated by stores is collected, managed and recycled correctly.

In terms of the recovery of products released on the market, it is not viable to assess the volume generated nor its management on a worldwide level, given that there is no specific collection or management system for textile materials on the global level.

Water consumption and use (m^3)

Data on water consumption comes from direct measurements and those received from suppliers (public water suppliers), offices, all Inditex's factories, logistics centres and own stores.



The increase in water consumption in 2013 over previous years was mainly due to the opening of new stores and the new Massimo Dutti office building and logistics centre.

Water supplied to all the centres for use both in processes and for consumption comes from public, authorised supply networks with the result that Inditex has no impact on protected habitats.

Most of the water consumption is accounted for domestic use – cleaning and sanitation – and its discharge to municipal sewage systems is guaranteed.

In the area of industrial activities, water is mainly required for steam generation and industrial refrigeration in a closed cycle, where recirculation systems are used. Discharge of waste water from all installations was carried out via sanitation networks, in all cases with the corresponding administrative authorization. This requires periodic analyses to guarantee compliance with the law in force. The amount of wastewater can be calculated as equal to water consumed, as there are no productive processes that consume water and the cooling systems use a closed cycle. In order to ensure better water use, the Indipunt factory (Narón) is installing a waste water recovery system capable of reusing 90% of the water discharged.

3. Social indicators

Clusters programme (*)

	2013
SPAIN	
Number of suppliers with purchase during the year	230
Number of sewing factories linked to suppliers with purchase	175
Other manufacturing processes linked to suppliers with purchase	88
Employees who form the staff of manufacturers working for Inditex in Spain	6 226
PORTUGAL	
Number of suppliers with purchase during the year	171
Number of sewing factories linked to suppliers with purchase	785
Other manufacturing processes linked to suppliers with purchase	163
Employees who form the staff of manufacturers working for Inditex in Portugal	33 851
TURKEY	
Number of suppliers with purchase during the year	150
Number of sewing factories linked to suppliers with purchase	653
Other manufacturing processes linked to suppliers with purchase	111
Employees who form the staff of manufacturers working for Inditex in Turkey	97 135
INDIA	
Number of suppliers with purchase during the year	138
Number of sewing factories linked to suppliers with purchase	195
Other manufacturing processes linked to suppliers with purchase	28
Employees who form the staff of manufacturers working for Inditex in India	54 987
BRAZIL (**)	
Number of suppliers with purchase during the year	66
Number of sewing factories linked to suppliers with purchase	153
Other manufacturing processes linked to suppliers with purchase	23
Employees who form the staff of manufacturers working for Inditex in Brazil	9 862

	2013
BANGLADESH	
Number of suppliers with purchase during the year	107
Number of sewing factories linked to suppliers with purchase	264
Other manufacturing processes linked to suppliers with purchase	1
Employees who form the staff of manufacturers working for Inditex in Bangladesh	358 616
MOROCCO	
Number of suppliers with purchase during the year	104
Number of sewing factories linked to suppliers with purchase	221
Other manufacturing processes linked to suppliers with purchase	9
Employees who form the staff of manufacturers working for Inditex in Morocco	59 566
CHINA	
Number of suppliers with purchase during the year	273
Number of sewing factories linked to suppliers with purchase	1 157
Other manufacturing processes linked to suppliers with purchase	89
Employees who form the staff of manufacturers working for Inditex in China	213 445
ARGENTINA (**)	
Number of suppliers with purchase during the year	65
Number of sewing factories linked to suppliers with purchase	122
Other manufacturing processes linked to suppliers with purchase	30
Employees who form the staff of manufacturers working for Inditex in Argentina	4 672
SOUTH EAST ASIA (***)	
Number of suppliers with purchase during the year	11
Number of sewing factories linked to suppliers with purchase	189
Other manufacturing processes linked to suppliers with purchase	18
Employees who form the staff of manufacturers working for Inditex in Southeast Asia	54 885

(*) Data was omitted from previous years in the sections on the number of manufacturers and employees since the information was gathered for the first time from the orders management system implemented in 2013.
(**) For information purposes, the total number of active suppliers in 2013 is included due to the average size of suppliers in the region.
(***) Clusters established in 2013.

Compliance programme

Pre-assessment audits by region

Geographic area	No. of audits	% approved	% not approved
Africa	37	56.76%	43.24%
America	15	53.33%	46.67%
Asia	674	54.45%	45.55%
European Union	341	67.16%	32.84%
Europe (non-EU)	358	87.99%	12.01%
Total	**1 425**	**65.96%**	**34.04%**

Audits per country

Country	Pre-assessment	Initial	Follow-up	Production	Special	Total
Albania	2	4				6
Germany		1				1
Argentina	8	100		239	219	566
Bangladesh	42	200	42	62	479	825
Brazil	5	151		108	19	283
Bulgaria	9	12				21
Cambodia	25	29				54
China	354	466	108	20	127	1 075
Colombia		1				1
South Korea	5					5
Egypt	2	6	2			10
United Arab Emirates		3				3
Spain	33	87	1		3	124
Hong Kong	1	1				2
Philippines	1					1
France	1					1
India	186	226	13		514	939
Indonesia	7	10	5			22
Italy	46	10				56
Laos	1					1
Lithuania		6				6
Madagascar		1				1
Malaysia	2					2
Morocco	15	101	37	307	244	704
Mauritius		1				1
Mexico	2	7				9
Nepal		1				1
Pakistan	16	20				36
Paraguay		1				1
Peru		1				1
Portugal	243	332	47			622
Romania	26	54				80
Sri Lanka	6	2				8
Thailand		1				1
Taiwan	3	1				4
Tunisia	20	11	4			35
Turkmenistan		2				2
Turkey	338	536	65	84	14	1 037
Ukraine	1	3				4
Vietnam	25	32	4			61
General total	**1 425**	**2 420**	**328**	**820**	**1 619**	**6 612**

Rating and production volume of suppliers with purchase in 2013

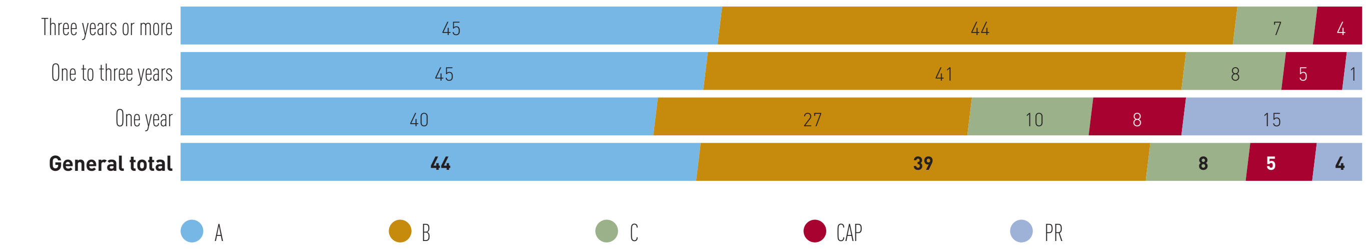
	2013		2012		2013	2012
TOTAL	**SUPPLIERS**	**% SUPPLIERS**	**SUPPLIERS**	**% SUPPLIERS**	**% UNITS**	**% UNITS**
A	697	43.78%	525	36.61%	33.38%	20.88%
B	614	38.57%	617	43.03%	58.93%	70.56%
C	128	8.04%	157	10.95%	4.04%	6.18%
CAP (*)	82	5.15%	72	5.02%	2.25%	1.21%
PR (**)	71	4.46%	63	4.39%	1.40%	1.17%
General total	**1 592**	**100%**	**1 434**	**100%**	**100%**	**100%**

(*) Suppliers subject to a Corrective Action Plan
(**) Suppliers under audit

Rating and production volume of suppliers with purchase in 2013 by region

	2013		2012		2013	2012
Africa	**SUPPLIERS**	**% SUPPLIERS**	**SUPPLIERS**	**% SUPPLIERS**	**% UNITS**	**% UNITS**
A	66	53.23%	77	68.75%	54.44%	63.95%
B	42	33.87%	24	21.43%	37.61%	22.26%
C	8	6.45%	4	3.57%	5.04%	0.77%
CAP	5	4.03%	6	5.36%	2.56%	1.95%
PR	3	2.42%	1	0.89%	0.35%	11.08%
Total	**124**	**100%**	**112**	**100%**	**100%**	**100%**
America						
A	61	74.39%	45	66.18%	38.11%	40.10%
B	12	14.63%	17	25.00%	54.72%	58.28%
C	5	6.10%	1	1.47%	5.90%	0.20%
CAP	3	3.66%	1	1.47%	1.13%	0.22%
PR	1	1.22%	4	5.88%	0.15%	1.19%
General total	**82**	**100%**	**68**	**100%**	**100%**	**100%**
Asia						
A	202	27.37%	142	21.13%	24.93%	15.13%
B	364	49.32%	338	50.30%	67.22%	73.06%
C	80	10.84%	109	16.22%	4.99%	9.50%
CAP	56	7.59%	51	7.59%	2.21%	1.82%
PR	36	4.88%	32	4.76%	0.65%	0.49%
General total	**738**	**100%**	**672**	**100%**	**100%**	**100%**
Europe (non-EU)						
A	69	45.70%	29	21.32%	34.12%	11.40%
B	56	37.09%	78	57.35%	55.60%	81.26%
C	14	9.27%	19	13.97%	8.69%	5.41%
CAP	7	4.64%	5	3.68%	1.13%	1.05%
PR	5	3.31%	5	3.68%	0.46%	0.89%
General total	**151**	**100%**	**136**	**100%**	**100%**	**100%**
European Union						
A	299	60.16%	232	52.02%	41.09%	24.09%
B	140	28.17%	160	35.87%	52.36%	72.32%
C	21	4.23%	24	5.38%	0.84%	2.80%
CAP	11	2.21%	9	2.02%	2.71%	0.27%
PR	26	5.23%	21	4.71%	3.00%	0.51%
General total	**497**	**100%**	**446**	**100%**	**100%**	**100%**

Supplier classification according to years of commercial relations with Inditex (%)



Distribution of investment in social programmes 2013

	2013	2012	% Variation
Investment in social programmes	€23 549 814	€21 345 481	10%
Investment in social programmes/ Net profit	1%	0.9%	10%

Type of contribution	2013	%2013	2012	%2012	Variation
Cash	€18 957 306	81%	€15 372 563	72%	23%
Time	€790 274	3%	€579 590	3%	36%
In kind	€3 395 434	14%	€5 010 028	23%	-32%
Management costs	€406 800	2%	€383 300	2%	6%
TOTAL	**€23 549 814**	**100%**	**€21 345 481**	**100%**	

% management costs included

Geographical area	2013	%2013	2012	%2012	Variation
Spain	€7 625 649	33%	€5 619 039	27%	36%
Europe (excluding Spain)	€1 803 485	8%	€2 717 143	13%	-34%
America	€7 311 434	31%	€ 5 643 948	27%	30%
Africa	€1 300 448	6%	€3 439 713	16%	-62%
Asia	€4 784 801	21%	€3 135 421	15%	53%
Global	€317 197	1%	€406 917	2%	-22%
TOTAL	**€23 143 014**	**100%**	**€20 962 181**	**100%**	

% management costs excluded

Activity area	2013	%2013	2012	%2012	Variation	
Education and youth	€7 068 007	31%	€3 984 523	19%	77%	
Health	€866 707	4%	€1 726 308	8%	-50%	
Social economic development	€1 954 965	8%	€2 616 704	13%	-25%	
Environment	€777 854	3%	€1 062 313	5%	-27%	% management costs excluded
Art and Culture	€910 771	4%	€404 470	2%	125%	
Social wellbeing	€8 529 377	37%	€7 544 454	36%	13%	
Humanitarian aid	€3 018 963	13%	€2 927 857	14%	3%	
Other areas	€16 370	0%	€695 552	3%	-98%	
TOTAL	**€23 143 014**	**100%**	**€20 962 181**	**100%**		

Indicators	2013	2012	% Variation
Total number of working hours dedicated to social initiatives by employees	26,385	19,320	37%
Total number of social initiatives performed	455	494	-8%
Number of garments donated to social causes	648 072	615,404	5%
Total number of direct beneficiaries	756 185	740,475	2%
Total number of beneficiary non-profit organisations	313	394	-21%

For&from data 2013

Store	Sales (in euros)	Store surface area (m²)	Sales/m²	No. employees with disabilities
Tempe for&from Elche	627 035	367	1 709	8
Massimo Dutti for&from Allariz	769 865	120	6 416	8
Tempe for&from Allariz	126 870	65	1 952	5
Stradivarius for&from Manresa	661 198	185	3 574	8
Massimo Dutti for&from Palafolls	938 624	140	6 704	11
Bershka for&from Palafolls	413 728	120	3 448	9
Oysho for&from Palafolls	109 869	80	1 373	7
Total	**3 647 189**	**1 077**	**3 386**	**56**

4. Social cash flow

(in billions of euros)	2013
Net cash received for sale of products and services	16.724
Cash flow received from financial investments	22
Cash received for sales of assets	0
Total value-added cash flow	**16.747**

Distribution of value-added cash flow	
Employee wages	2.698
Tax payments	896
Financial debt return	1
Dividends paid out to shareholders	1.378
Investment in social programmes	23
Cash withheld for future growth	51
Payments made outside the Group for the purchase goods, raw materials and services	10.302
Payments for investments in new productive assets	1.398
Total distribution of value-added cash flow	**16.747**

5. Capitals balance sheet

CAPITALS	CHALLENGES
Human capital	Supply chain integrity
	Manufacture of responsible products
	Ongoing development of staff self-sufficiency
	Strengthening customer services
	Improving community welfare
Intellectual capital	Manufacture of responsible products
	Strengthening customer services
Financial capital	Improving community welfare
Social and relationship capital	Supply chain integrity
	Manufacture of responsible products
	Ongoing development of staff self-sufficiency
	Strengthening customer services
	Improving community welfare
Productive capital	Supply chain integrity
	Manufacture of responsible products
	Responsible use of water in the supply chain
	Efficient use of resources throughout the business model
	Protection of biodiversity
Natural capital	Supply chain integrity
	Manufacture of responsible products
	Responsible use of water in the supply chain
	Efficient use of resources throughout the business model
	Protection of biodiversity
	Improving community welfare

6. Strategic objectives

Degree of compliance with the 2013 objectives

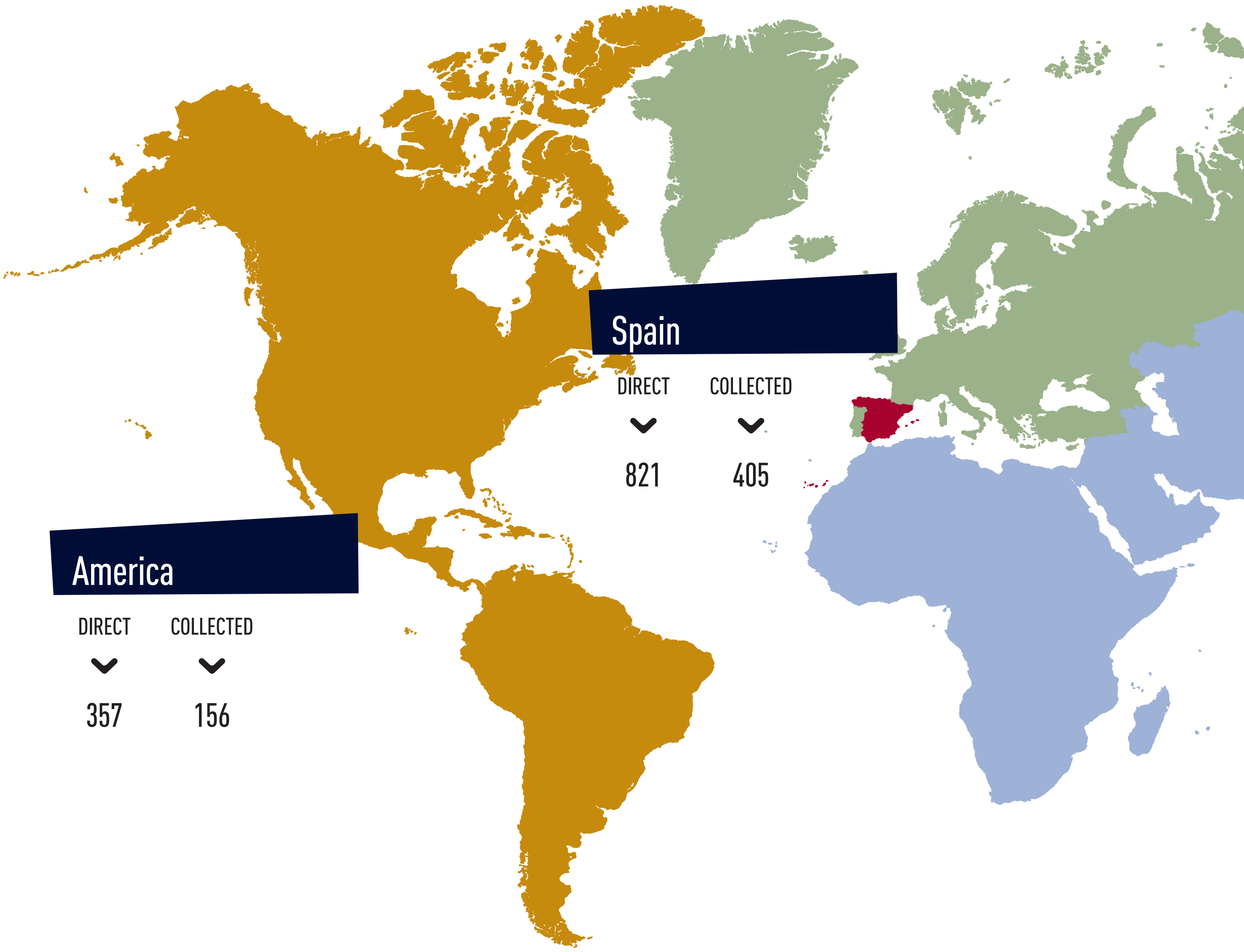
Stakeholders	Objective	Compliance
Suppliers	Creation of a procedure manual for clusters	Partial
	Reduction in no. of PR suppliers	Partial
	Implementation of new review method for external suppliers and manufacturers	Partial
	Consolidation of the new Protocol signed with IndustriALL	Total
	Creation of a manual on migrant workers	Partial
	Implementation of production audits in the various clusters	Total
	Increased participation in dialogue platforms related to the supply chain.	Total
	Creation and implementation of a technological standard for manufacturers	Total
	Development of training and awareness programmes in CTW and STW standards for suppliers	Total
	Implementation of best practice manuals to assist suppliers with product health and safety matters	Total
Customers	Training of local cluster teams in social and process audits	Total
	Updating of CTW and STW standards	Partial
	Strengthening cooperation programmes in product health and safety	Total
	Participation in forums of debate and committees related to the development of product health and safety policies	Total
Community	Increased contributions to social actions	Total
	Strengthening the employment of people at risk of exclusion as a priority focus in social action projects	Total
	Increasing the scope of social action programmes in countries where Inditex does business	Total
	Promotion of in-kind donations for social causes	Partial
	Growing the for&from programme by opening new retail outlets	Total
Employees	Consolidation of cluster teams	Total
	Training of sales teams in product health and safety	Total

Objectives 2014

CHALLENGE	OBJECTIVES
Supply chain integrity	Promotion of initiatives to ensure a living wage for workers in the supply chain
	Progress in the development of good practices in suplply chain traceability
	Development of a common methodology for production audits
	Consolidation of new clusters, strengthening of existing ones and exchange of good practices
	Development of the framework agreement signed with IndustriALL
	Creation of a manual on migrant workers
	Establishment of programmes to strengthen compliance with labour rights of homeworkers
	Participation, development and strengthening of employee health and safety programmes
Manufacturing responsible products	Creation and implementation of a product quality standard
	Updating of CTW and STW standards
	Strengthening cooperation programmes in product health and safety.
	Expansion of the range of chemicals included in The List, by Inditex Project and the participants involved
	Development of training and awareness programmes in CTW and STW standards for suppliers
	Training of sales teams in product health and safety
	Extending manufacturing technology standard to include feather and down items
	Extending collaborative programmes with test laboratories
Responsible use of water in the supply chain	To guarantee the responsible use of water and zero discharge by 2020
Efficient use of resources throughout the business model	Reduction of energy consumption and greenhouse effect gas emissions by 20% and 100% respectively by 2020 in stores built under eco-efficient standards
Protection of biodiversity	Protection, conservation and development of the wealth of species and diversity by means of promoting the consumption of sustainable raw materials and implementing conservation projects in local communities
Ongoing development of teams' motivation	Developing self-sufficient and responsible staff
Strengthening customer services	Offering and maintaining qualified customer services segmented by country and service
Improved community welfare	Increased contributions to social initiatives
	Increased number of beneficiaries and increased impact generated by investment projects in the community
	Increasing the scope of social programmes in countries where Inditex does business
	Promotion of in-kind donations for social causes
	Growing the for&from programme by opening new retail outlets
	Strengthening of social investment projects in communities related to the supply chain

tax contribution 2013

DIRECT TAX CONTRIBUTIONS/TAXES COLLECTED ACCORDING TO GEOGRAPHIC AREA (in millions of euros)

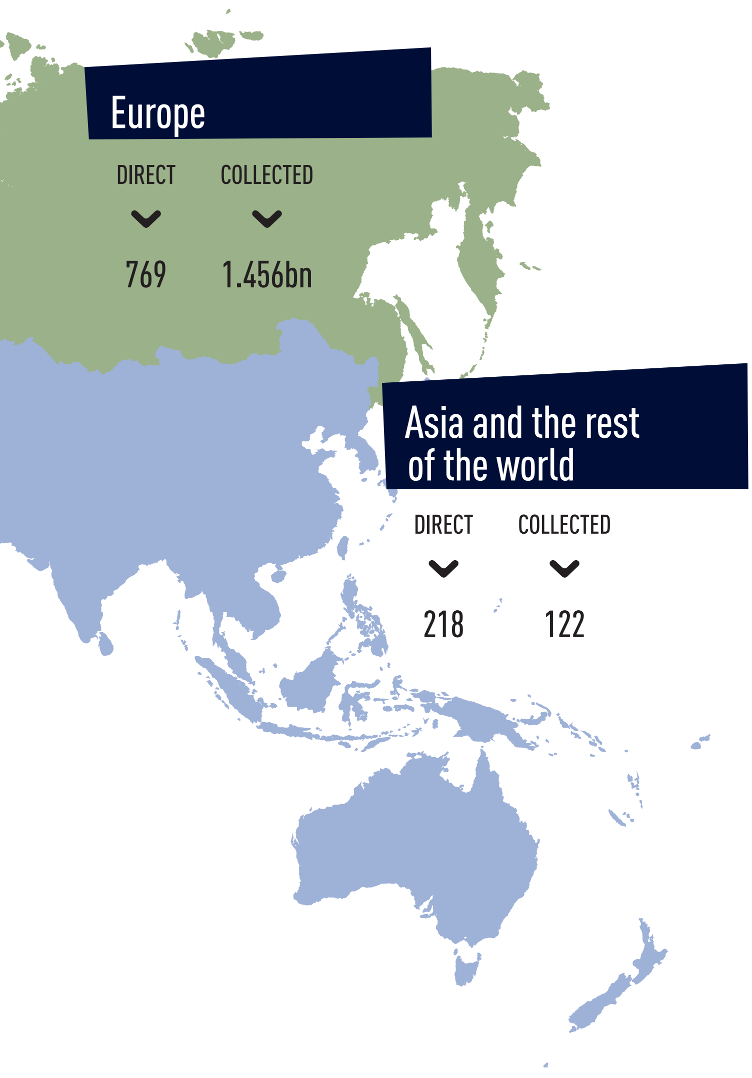


During 2013 financial year, Inditex made a total tax contribution in the markets where it develops its activity of 2.165 billion euros in direct taxes. This category includes taxes on profits, contributions to social security systems (490 million euros) and taxes on products and services (including tariff payment), as well as environmental, among others. The effective tax rate of Inditex in fiscal year 2013 was 22%.

By geographical area, Inditex paid 38% of its direct tax contribution in Spain (821 million euros), 23% in the European Union and 13% in non-EU European countries. America received 16% of the direct taxes that the Group paid in 2013 and Asia and the rest of the world, 10%.

It is worth mentioning that the greater tax base generated in Spain comes from the relevant added value activity that Inditex generates due to the fact that it exports all of its fashion goods from this country. Exports by Inditex from Spain accounted for 31% of total exports in the Spanish textile segment for customs purposes (section 11 of the TARIC Customs Code: textile materials and articles manufactured from textiles) in 2013.

In addition to the taxes that Inditex pays directly to the public tax offices of all of the markets in which it operates, its activity in the regions also yields important returns which the Group collects for the States. In 2013, this amounted



to 2.139 billion euros. This includes taxes such as VAT and payment of withholding arising from the salaries paid to employees. In terms of the geographical distribution of this indirect tax contribution, 1.260 billion euros were collected in the European Union. This does not include Spain, where indirect taxes amounted to 405 million euros (19% of total). A further 196 million euros were collected by the company for the state in non-EU Europe. Inditex collected a total of 156 million euros (7% of total) on behalf of the tax authorities in the different American markets where it is present. In Asia and the rest of the world, this figure reached 122 million euros (6% of the total).

(in billions of euros)

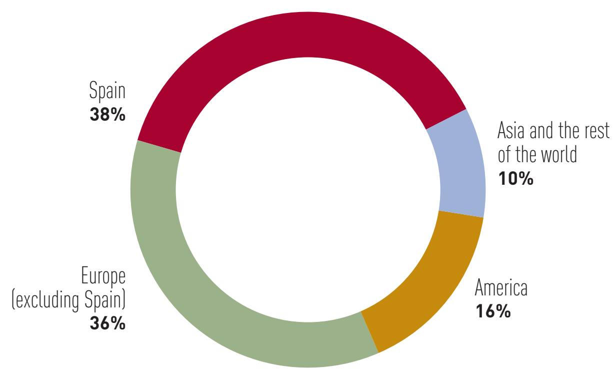
TOTAL tax contribution	**4.304**
Direct taxes	2.165bn
Taxes collected by States	2.139bn

Direct taxes

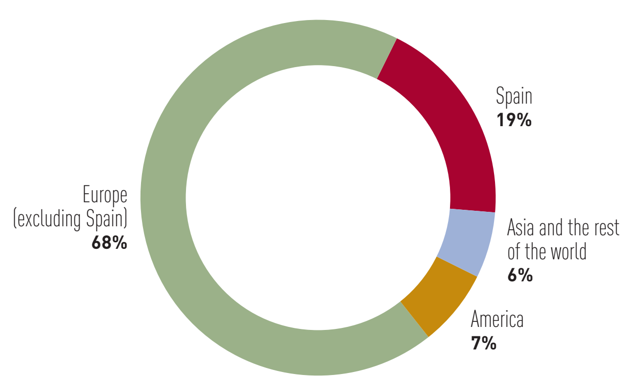
(in millions of euros)

Spain	821
European Union (not Spain)	497
Europe (non-EU)	272
America	357
Asia and the rest of the world	218
Total	**2.165bn**

Direct tax contribution 2013



Tax contribution collected 2013



Awards received by Inditex Group in 2013

INDITEX

Award	Entity	2013
MercoEmpresas	merco	1
MercoPersonas	merco	1
MercoResponsables	merco	1
Global 2000 leading companies	Forbes	321
Global 100 Most Sustainable Corporations	Corporate Knights	26
Global Top 100 Brand Corporations	European Brand Institute	79
The Gartner Supply Chain Top 25 for 2013	Gartner	12
World's Most Respected Companies	BARRON'S	69
LinkedIn's Most InDemand Employers	LinkedIn	51
Sustainability Index	DOW JONES	81/100
Ranking de empleadores ideales en España para estudiantes ciencias empresariales	universum peoplematters	1

ZARA

Award	Entity	2013
Best Global Brands	Interbrand	36
Best Global Green Brands	Interbrand	48
The World´s Most Valuable Brands	Forbes	52
The RepTrak™ 100: The World's Most Reputable Companies 2013	Reputation Institute	97
CSR RepTrak®: The World's Best Regarded Companies for CSR	Reputation Institute	98
BrandZ Top 100. Most Valuable Global Brands	WPP (Millward Brown)	35
Global powers of retailing	Deloitte.	47
Global 500 The World´s Most Valuable Brands	Brand Finance	155

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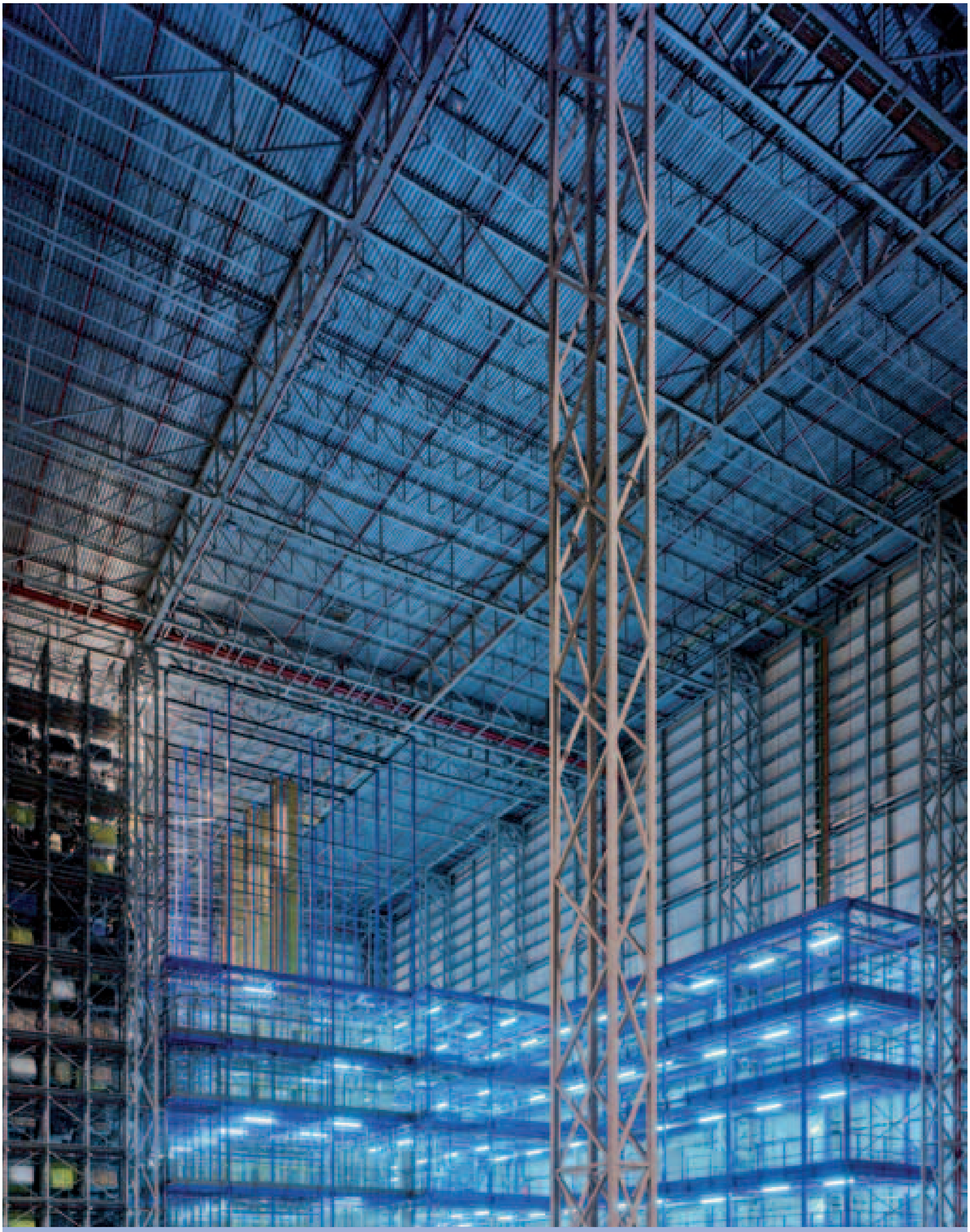


Investors and stock market indexes

Investors relations

Shareholder body

Inditex shares are represented by means of account annotations. Keeping the register of these annotations is the responsibility of the Management Company for Share Registration, Compensation and Liquidation Systems (Iberclear).

Inditex had 62,323 shareholders according to data from form X-25 which the company requested from Iberclear for the 2012 Ordinary General Shareholders Meeting. Of these 51,363 were individual shareholders and the remainder institutional investors. With the incorporation of significant holdings registered in the Spanish National Securities Market Commission, the approximate overview of shareholder structure is as follows:

Shareholder body	Shares	%
Institutional Inverstors	244,924,576	39.29%
Individuals	8,805,761	1.41%
Partler 2006 SL	57,872,465	9.28%
Gartler SL	311,727,598	50.01%
Total	**623,330,400**	**100%**

Among its operating principles, Inditex includes compliance with a policy of transparency with communication channels and maintenance of those channels. It guarantees that all of its current and potential shareholders have clear, complete, homogeneous and simultaneous information, adequate for evaluating company management and its economic and financial results. The Rules of the Board set down, in Article 41, a series of measures which regulate the relations with the shareholders.

Shareholders' Office

Any individual shareholder can visit the Shareholders' Office to request detailed information on the performance of the business and future strategy. Through this channel individual shareholders can formulate any request for information that they deem relevant on the performance of Inditex. The Shareholders' Office dealt with more than 1,000 petitions from individual investors during 2013.

The Shareholders' Office takes on special relevance during the period that the General Meeting of Shareholders is called and celebrated. It is traditionally held halfway through July at Inditex's corporate headquarters in Arteixo (A Coruña). Information and documentation is sent specifically to provide shareholders with appropriate knowledge on the convening and content of the General Meeting as well as to facilitate their participation in the decision making process of the Group's highest governing body.

Throughout 2013, meetings have been held with approximately 60 institutional investors from all over the world

Department of Relations with Investors and Analysts

- Some 46 financial and stock-market bodies publish analytical reports relating to Inditex shares. Inditex is Spain's number three company based on the number of analysts covering it.
- Some 10,960 institutional investors who own a total of 39.3% of our share capital play a key role in deciding on share price and liquidity.

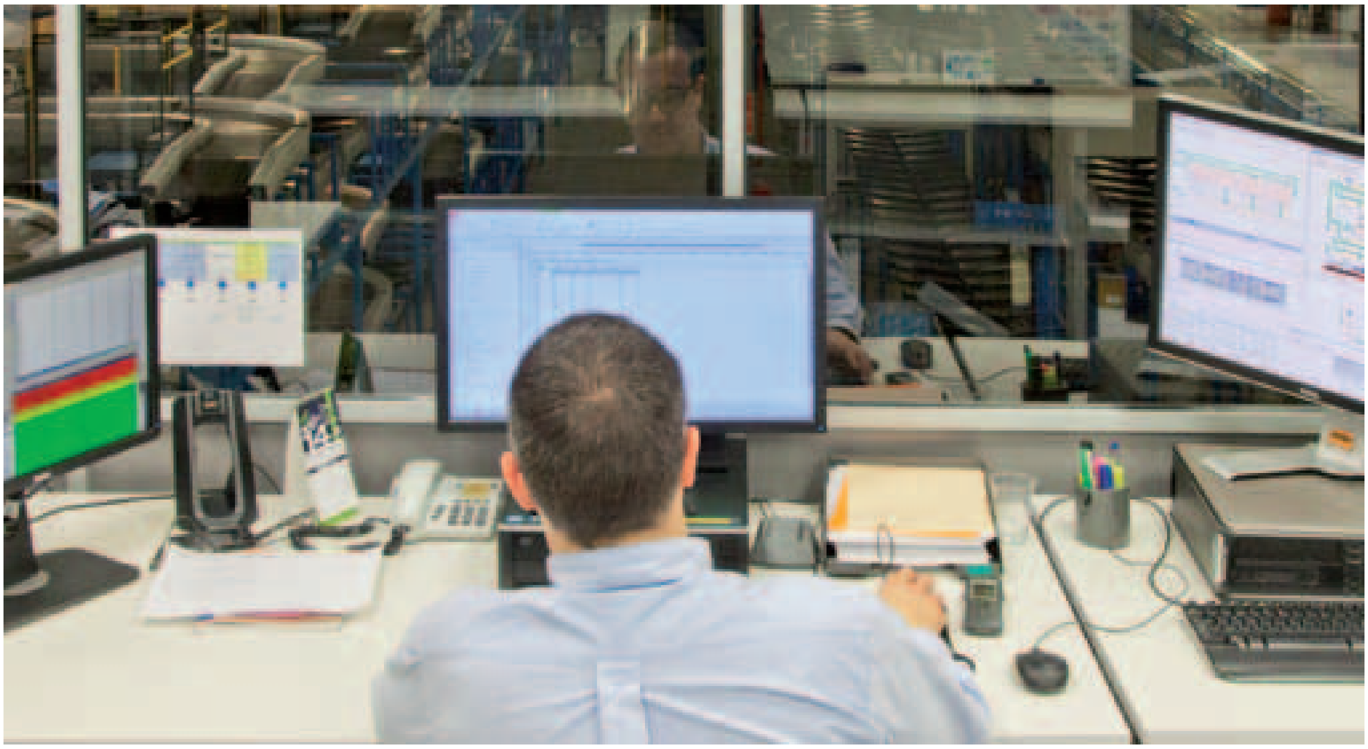
Relevant information on the performance of the business is communicated through the corporate website of Inditex (http://www.inditex.com) and is distributed to a database of more than 1,100 investors and analysts.

Inditex complements this information each quarter with freely accessible multiconferences. Additionally, Inditex carries out presentations and holds meetings with investors and analysts throughout the year in the principal financial capitals of the world.

Activities with institutional investors

a) Roadshows

Inditex holds two annual road shows where it presents the results of the first semester (spring-summer season) and the full year (after the autumn-winter season) in the world's principal financial capitals. Over two and a half weeks, the principal investors have access - mainly by means of individual meetings - to the strategic viewpoint of the management team. During these visits direct contact is established with more than 250 investors.



b) Sector Conferences

Other forums for communication with investors are the sector conferences organised by financial institutions. Inditex participates in the principle events held in Europe, each having an average attendance of 50 leading institutional investors.

c) Individual meetings

Apart from the programmed events, large numbers of meetings are held with investors during the year. In the case of specific requests, visits to investors from a certain country or geographical area are also organised. In the past year presentations have been made in the principal financial capitals of Europe, America and Asia to more than 150 institutional investors.

d) Investor visits to corporate facilities

There are also many visits to Inditex facilities from institutional investors. The purpose of these visits is to gain a deeper knowledge of our organisation, its business model, and corporate strategy. Throughout 2013, meetings have been held with approximately 60 institutional investors from all over the world. 200 videoconferences and multiconferences were also held.

Inditex on the stock market indices

Inditex is listed on the FTSE4Good and Dow Jones Sustainability Indices for the eleventh and twelfth consecutive years, respectively.

Euro STOXX 50/ IBEX 35

Inditex has been a member of Europe's leading blue-chip index for the Eurozone the Euro STOXX 50 since 2011 and the IBEX 35 since 2001.

Dow Jones Sustainability Indices (DJSI)

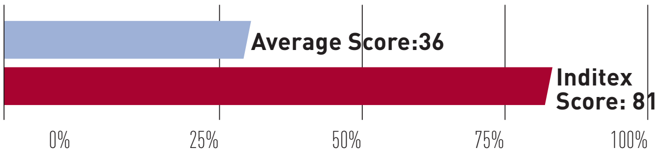
Inditex was included in the latest update of this family of indices as a member of DJSI World and DJSI Europe, scoring higher than 98% of the 88 companies included in the Retailing sector.

As can be seen in the ranking below, Inditex maintained its score in 2013 in a general context of an average drop in compliance on the part of companies in its sector for all the dimensions analysed.

	2013			2012		
	Inditex score (%)	Average score (%)	Percentile ranking (*)	Inditex score (%)	Average score (%)	Percentile ranking (*)
Total	**81**	**36**	**98**	**81**	**44**	**98**
Dimensions analysed						
Economic	79	42	98	80	45	98
Environmental	90	29	98	93	43	100
Social	76	33	97	73	42	93
Environmental dimension						
Criteria						
Environmental policy/management system	100	39	97	100	53	100
Environmental reporting	72	23	95	88	40	98
Operational eco-efficiency	81	19	94	86	26	93
Packaging	100	34	89	95	57	100
Social dimension						
Criteria						
Philanthropy	78	19	97	78	20	93
Human capital development	76	24	92	64	32	80
Labour practice indicators	75	51	97	80	57	93
Social reporting	85	20	97	91	36	100
Commitment to stakeholders	93	38	100	83	56	84
Talent attraction and retention	57	33	92	57	38	91

*Percentage of companies in the same sector which scored lower than Inditex

Inditex vs. sector comparison



FTSE4Good

Inditex has been a constituent of the FTSE4Good series for twelve years.

The analyses of the companies included in this index are carried out by the Ethical Investment Research Service (EIRIS) in collaboration with the Fundación Ecología y Desarrollo in Spain. They assess a series of environmental, social, and corporate governance criteria.

Inditex scored higher than 98% of the 88 companies included in the Retailing sector of the Dow Jones Sustanaibility Indexes (DJSI)

economic and financial report

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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see first page of the notes and Note 35). In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Industria de Diseño Textil, S.A.:

We have audited the consolidated financial statements of Industria de Diseño Textil, S.A. (the Parent) and Subsidiaries (the Group), which comprise the consolidated balance sheet at 31 January 2014 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended ("2013"). As indicated in the introduction to the notes to the accompanying consolidated financial statements, the Parent's directors are responsible for the preparation of the Group's consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with the audit regulations in force in Spain, which require examination, by means of selective tests, of the evidence supporting the consolidated financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework.

In our opinion, the accompanying consolidated financial statements for 2013 present fairly, in all material respects, the consolidated equity and consolidated financial position of Industria de Diseño Textil, S.A. and Subsidiaries at 31 January 2014, and the consolidated results of their operations and their consolidated cash flows for the year then ended, in conformity with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group.

The accompanying consolidated directors' report for 2013 contains the explanations which the directors of Industria de Diseño Textil, S.A. consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2013. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Industria de Diseño Textil, S.A. and Subsidiaries.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Manuel Arranz Alonso
March 19th, 2014

Inditex Group consolidated annual accounts

AT 31 JANUARY 2014

Industria de Diseño Textil, S,A, and subsidiary companies

1· Consolidated income statement

(Amounts in thousands of euros)	**(notes)**	**2013**	**2012**
Net sales	(3)	16,724,439	15,946,143
Cost of merchandise	(4)	(6,801,507)	(6,416,825)
GROSS PROFIT		**9,922,932**	**9,529,318**
		59,3%	59,8%
Operating expenses	(5)	(5,998,264)	(5,604,783)
Other losses and income, net	(6)	1,302	(11,578)
GROSS OPERATING PROFIT (EBITDA)		**3,925,971**	**3,912,957**
Amortization and depreciation	(7, 13,14,15,18)	(855,090)	(796,117)
NET OPERATING PROFIT (EBIT)		**3,070,880**	**3,116,840**
Financial results	(8)	(18,182)	14,129
PROFIT BEFORE TAXES		**3,052,698**	**3,130,969**
Income tax	(24)	(671,133)	(763,956)
NET PROFIT		**2,381,565**	**2,367,013**
NET PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**4,483**	**6,254**
NET PROFIT ATTRIBUTABLE TO THE PARENT		**2,377,082**	**2,360,759**
EARNINGS PER SHARE, euro cents	**(9)**	**381.5**	**378.7**

Industria de Diseño Textil, S,A, and subsidiary companies

2· Consolidated statement of comprehensive income

(Amounts in thousands of euros)	(notes)	2013	2012
Net profit		**2,381,565**	**2,367,013**
Other comprehensive income recognise directly in equity:			
Translation differences related to foreign operations		(154,696)	(129,503)
Cash flow hedges			(29,687)
Profit	(26)	4,768	-
Loss	(26)	(8,061)	-
Tax effect		988	8,906
Total		**(157,001)**	**(150,284)**
Transfers to profit or loss:			
Cash flow hedges			
Profit	(26)	(1,824)	-
Loss	(26)	21,216	-
Tax effect		(6,365)	-
Total		**13,027**	**0**
Total comprehensive income for the year		**2,237,591**	**2,216,729**
Total comprehensive income attributable to:			
Equity holders of the Parent		2,233,108	2,210,475
Non-controlling interests		4,483	6,254
Total comprehensive income for the year		**2,237,591**	**2,216,729**

Industria de Diseño Textil, S,A, and subsidiary companies

3· Consolidated balance sheet

(Amounts in thousands of euros)	(notes)	31-01-14	31-01-13
ASSETS			
CURRENT ASSETS		**6,764,961**	**6,692,150**
Cash and cash equivalents	(20)	3,846,726	3,842,918
Current financial investments	(20)	212,890	260,632
Trade and other receivables	(11)	815,227	847,608
Inventories	(12)	1,676,879	1,581,297
Other financial assets	(26)	13,022	7,831
Income tax receivable	(24)	95,637	58,936
Other current assets		104,580	92,928
NON-CURRENT ASSETS		**6,991,300**	**6,198,166**
Property, plant and equipment	(13)	5,137,581	4,662,407
Investment property	(14)	82,809	82,567
Rights over leased assets	(15)	508,919	487,474
Other intangible assets	(15)	133,363	125,326
Goodwill	(16)	203,458	207,089
Financial investments	(17)	20,634	3,992
Deferred tax assets	(24)	529,664	382,554
Other non-current assets	(18)	374,871	246,757
TOTAL ASSETS		**13,756,261**	**12,890,316**
LIABILITIES AND EQUITY			
CURRENT LIABILITIES		**3,462,293**	**3,485,064**
Trade and other payables	(19)	3,332,451	3,243,281
Financial debt	(20)	2,521	2,437
Other financial liabilities	(26)	38,339	73,918
Income tax payable	(24)	88,981	165,428
NON-CURRENT LIABILITIES		**1,015,605**	**923,391**
Financial debt	(20)	2,133	4,306
Deferred tax liabilities	(24)	217,291	191,654
Provisions	(21)	147,768	144,331
Other non-current liabilities	(22)	648,414	583,100
EQUITY		**9,278,363**	**8,481,861**
Equity attributable to the Parent		9,246,244	8,445,936
Equity attributable to non-controlling interests		32,119	35,925
TOTAL EQUITY AND LIABILITIES		**13,756,261**	**12,890,316**

Industria de Diseño Textil, S,A, and subsidiary companies

4· Consolidated statement of cash flows

(Amounts in thousands of euros)	2013	2012
Profit before taxes and non-controlling interests	**3,052,698**	**3,130,969**
Adjustments to profit		
Amortization and depreciation	855,090	796,117
Foreign exchange translation differences	57,591	(14,291)
Provisions for impairment	4,659	63,399
Other	(125,796)	97,584
Income tax	**(895,725)**	**(818,160)**
Funds from operations	**2,948,517**	**3,255,619**
Variation in assets and liabilities		
Inventories	(142,356)	(376,272)
Receivables and other current assets	25,374	(289,198)
Current payables	(4,263)	528,803
Changes in working capital	**(121,245)**	**(136,666)**
Cash flows from operating activities	**2,827,272**	**3,118,952**
Investments in intangible assets	(133,339)	(122,362)
Investments in property, plant and equipment	(1,117,066)	(1,192,590)
Collections/(Payments) relating to investments in companies	10,866	-
Acquisition of other financial investments	(16,642)	-
Investments in other assets	(142,095)	(23,908)
Changes in current financial investments	47,335	(260,632)
Cash flows from investing activities	**(1,350,942)**	**(1,599,492)**
Collections/(Payments) relating to non-current financial debt	-	3,913
Collections/(Payments) relating to acquisitions of treasury shares	(46,494)	-
Collections/(Payments) relating to current financial debt	(1,150)	750
Dividends	(1,377,724)	(1,129,769)
Cash flows used in financing activities	**(1,425,368)**	**(1,125,105)**
Net increase in cash and cash equivalents	50,962	394,355
Cash and cash equivalents at the beginning of the year	3,842,918	3,466,752
Effect of exchange rate fluctuations on cash and cash equivalents	(47,154)	(18,190)
Cash and cash equivalents at the end of the year	**3,846,726**	**3,842,918**

Industria de Diseño Textil, S,A, and subsidiary companies

5· Consolidated statement of changes in equity

	Equity attributable to the Parent									
(Amounts in thousands of euros)	Capital	Share premium	Retained earnings	Other reserves	Treasury shares	Translation differences	Cash flows	Subtotal	Non-controlling interests	Total equity
Balance at 1 February 2012	**93,500**	**20,379**	**7,258,155**	**54,489**	**0**	**(20,635)**	**8,918**	**7,414,806**	**40,771**	**7,455,577**
Profit for the year	-	-	2,360,759	-	-	-	-	2,360,759	6,254	2,367,013
Other movements	-	-	(57,350)	-	-	-	-	(57,350)	(3,327)	(60,677)
Other comprehensive income for the year	-	-	-	-	-	(129,503)	(20,781)	(150,284)	-	(150,284)
Translation differences related to foreign operations	-	-	-	-	-	(129,503)	-	(129,503)	-	(129,503)
Cash flow hedges	-	-	-	-	-	-	(20,781)	(20,781)	-	(20,781)
Operations with equity holders or owners	-	-	(1,121,995)	-	-	-	-	(1,121,995)	(7,774)	(1,129,769)
Dividends	-	-	(1,121,995)	-	-	-	-	(1,121,995)	(7,774)	(1,129,769)
Balance at 31 January 2013	**93,500**	**20,379**	**8,439,569**	**54,489**	**0**	**(150,138)**	**(11,863)**	**8,445,936**	**35,925**	**8,481,861**
Balance at 1 February 2013	**93,500**	**20,379**	**8,439,569**	**54,489**	**0**	**(150,138)**	**(11,863)**	**8,445,936**	**35,925**	**8,481,861**
Profit for the year	-	-	2,377,082	-	-	-	-	2,377,082	4,483	2,381,565
Transfers	-	-	(12,868)	(1,960)	-	14,828	-	-	-	-
Other movements	-	-	(18,126)	-	-	-	-	(18,126)	(1,397)	(19,523)
Other comprehensive income for the year	-	-	-	-	-	(154,696)	10,722	(143,974)	-	(143,974)
Translation differences related to foreign operations	-	-	-	-	-	(154,696)	-	(154,696)	-	(154,696)
Cash flow hedges	-	-	-	-	-	-	10,722	10,722	-	10,722
Operations with equity holders or owners	-	-	(1,370,832)	2,652	(46,494)	-	-	(1,414,674)	(6,892)	(1,421,566)
Treasury shares	-	-	-	-	(46,494)	-	-	(46,494)	-	(46,494)
Share-based payments	-	-	-	2,652	-	-	-	2,652	-	2,652
Dividends	-	-	(1,370,832)	-	-	-	-	(1,370,832)	(6,892)	(1,377,724)
Balance at 31 January 2014	**93,500**	**20,379**	**9,414,825**	**55,181**	**(46,494)**	**(290,006)**	**(1,141)**	**9,246,244**	**32,119**	**9,278,363**

6· Notes to the consolidated Annual Accounts of the Inditex group at 31 january 2014

The consolidated annual accounts of the Inditex Group for 2013 were prepared by the directors on 18 March 2014 and will be submitted for approval at the corresponding annual general shareholders' meeting, and it is considered that they will be approved without any changes. The consolidated annual accounts for 2012 were approved by the annual general shareholders' meeting held on 16 July 2013.

These annual accounts have been prepared in accordance with the International Financial Reporting Standards (IFRSs) and their interpretations (IFRICs and SICs) adopted by the European Union (EU-IFRSs) and other applicable financial reporting regulations.

Inditex's financial year and that of most of its subsidiaries starts on 1 February of each year and ends on 31 January of the following year. The twelve-month period ended 31 January 2013 will hereinafter be referred to as "2012", the period ended 31 January 2014 as "2013", and so on.

Unless otherwise stated, the amounts shown in these consolidated annual accounts are expressed in thousands of euros.

The consolidated annual accounts are presented in euros, since the euro is the Group's functional currency.

The separate annual accounts of the Parent (Inditex) for 2013 have been prepared by the board of directors in a separate document to these consolidated annual accounts.

These consolidated annual accounts present fairly the consolidated equity, financial position and changes in equity of the Inditex Group at 31 January 2014, as well as the results of its operations and cash flows for the year then ended.

The consolidated annual accounts of the Inditex Group for 2013 have been prepared on the basis of the accounting records of Inditex and the other Group companies.

In the consolidated income statement, EBITDA and EBIT are defined as:

- EBITDA: earnings before interest, taxes, depreciation and amortization, calculated as the gross margin less operating expenses and other losses and income, net.
- EBIT: earnings before interest and taxes, calculated as EBITDA less amortization and depreciation.

In preparing the consolidated annual accounts at 31 January 2014 estimates were made in order to measure certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The assessment of possible impairment losses on certain assets.
- The useful life of the property, plant and equipment, intangible assets and investment property.
- The fair value of certain assets, mainly financial instruments.
- The assumptions used in the actuarial calculation of the pension liabilities and other obligations to employees.
- The calculation of the provisions required for contingencies relating to litigation in progress and doubtful debts.
- The amount of the future minimum non-cancellable operating lease payments.
- The recovery of deferred tax assets.

Although these estimates were made on the basis of the best information available at 31 January 2014 and 2013, events that take place in the future might make it necessary to change these estimates in coming years. Changes in accounting estimates would be applied prospectively in accordance with the requirements of IAS 8.

The bases of consolidation and accounting policies applied are disclosed in note 32.

6.1. Activity and description of the Group

Industria de Diseño Textil, S.A. ("Inditex"), domiciled in Spain (Avenida de la Diputación s/n Edificio Inditex, Arteixo, A Coruña), is the Parent of a group of companies, the principal activity of which consists of the distribution of fashion items, mainly clothing, footwear, accessories and household textile products. Inditex carries out its activity through various commercial formats such as Zara, Pull & Bear, Massimo Dutti, Bershka, Stradivarius, Oysho, Zara Home and Uterqüe. Inditex is listed on all four Spanish stock exchanges and, together with its subsidiary companies, comprises the Inditex Group ("the Group").

Each format's commercial activity is carried out through chains of stores managed directly by companies in which Inditex holds all or the majority of the share capital, with the exception of certain countries where, for various reasons, the retail selling activity is performed through franchises. Certain franchise agreements entered into by the Group include purchase options which, if exercised, would entitle the Group to lease the premises in which the franchised stores operate and the assets associated with these stores. These options may be exercised after a certain period of time has elapsed since the signing of the franchise agreement.

Inditex's business model is characterized by the search for flexibility in adapting production to market demand by controlling the supply chain throughout the various stages of design, manufacture and retailing. This enables it to focus both its own and suppliers' production on changes in market trends during each sales campaign.

The Group's logistics system is based on constant deliveries from the distribution centers of the various commercial formats to stores throughout each season. This system essentially operates through centralized logistics centers for each concept in which inventory is stored and distributed to stores worldwide.

At 31 January 2014 the various Group formats had stores in 87 countries, as follows:

Number of stores	Company managed	Franchises	Total
Spain	1,820	38	1,858
Rest of Europe	2,607	137	2,744
Americas	424	124	548
Rest of the World	657	533	1,190
Total	**5,508**	**832**	**6,340**

At 31 January 2013, the geographical distribution of stores was as follows:

Number of stores	Company managed	Franchises	Total
Spain	1,894	36	1,930
Rest of Europe	2,407	137	2,544
Americas	380	102	482
Rest of the World	565	488	1,053
Total	**5,246**	**763**	**6,009**

The majority of store premises are held under operating leases. Information on the main terms of the leases is provided in note 25.

6.2. Business combinations

On 18 April 2013, the Group acquired for euros 5,423 thousand all the shares of Retail Group Kazakhstan, LLP, Best Retail Kazakhstan, LLP, PRO Retail Kazakhstan, LLP, Master Retail Kazakhstan, LLP and Spanish Retail Kazakhstan, LLP, which held the Zara, Bershka, Stradivarius, Pull&Bear and Massimo Dutti franchise rights in Kazakhstan. The acquisition price was paid in full in cash.

The aim of the acquisition is to strengthen the Group's retail presence in Kazakhstan.

The amounts recognized in relation to the identifiable assets acquired and liabilities assumed are as follows:

Property, plant and equipment	8,771
Other intangible assets	6
Other non-current assets	816
Cash and cash equivalents	13,680
Inventories	3,610
Other current assets	19
Trade and other receivables	819
Current liabilities	(3,390)
Non-current liabilities	(2,483)
Total identified net assets	**21,849**
Price paid	(5,423)
Gain on a bargain purchase	**(16,426)**

No deferred taxes arose as a result of this acquisition.

The sales revenue included in the consolidated income statement from 18 April 2013 that was contributed by the franchises acquired by the Group amounted to euros 37,520 thousand and the related profit amounted to euros 6,491 thousand.

Had these franchises been included in the scope of consolidation from 1 February 2013, the consolidated income statement would have reflected sales revenue of euros 45,380 thousand and a profit of euros 9,425 thousand.

The aforementioned acquisition gave rise to a gain on a bargain purchase of euros 16,426 thousand, which was recognized in the consolidated income statement.

The gain on a bargain purchase arose as a result of the purchase price, which was established by applying the price-setting formula provided for in the franchise agreement. No tax effect is expected to arise in this connection.

The accounting for the business combination was considered to have been completed at the end of 2013.

6.3. Sales

Sales in the consolidated income statement include amounts received from the sale of goods and income from rentals, royalties and other services rendered in the ordinary course of the Group's business, net of VAT and other sales taxes.

Details for 2013 and 2012 are as follows:

	2013	2012
Net sales in company-managed stores	15,209,964	14,470,197
Net sales to franchises	1,315,910	1,301,381
Other sales and services rendered	198,565	174,565
Total	**16,724,439**	**15,946,143**

6.4. Cost of sales

Details for 2013 and 2012 are as follows:

	2013	2012
Raw materials and consumables	6,897,088	6,721,113
Change in inventories	(95,582)	(304,288)
Total	**6,801,507**	**6,416,825**

Raw materials and consumables mainly include amounts relating to the acquisition from or production by third parties of products held for sale or conversion, and other direct expenses related to the acquisition of goods.

6.5. Operating expenses

The detail of "Operating Expenses" and of the changes therein is as follows:

	2013	2012
Personnel expenses	2,697,734	2,547,710
Operating leases (note 25)	1,656,310	1,529,705
Other operating expenses	1,644,219	1,527,368
Total	**5,998,264**	**5,604,783**

At 31 January 2014, the Group had a total of 128,313 employees, of whom 99,546 were women and 28,767 were men (120,314 employees at 31 January 2013, of whom 93,607 were women and 26,707 were men). Note 27 (employee benefits) provides additional information on personnel expenses.

The detail, by categories, at 31 January 2014 is as follows:

	Gender		
Categories	**W**	**M**	**Total**
Manufacturing and logistics	3,604	4,313	7,917
Central services	5,769	3,464	9,233
Stores	90,173	20,990	111,163
Total	**99,546**	**28,767**	**128,313**

At 31 January 2013 is as follows:

	Gender		
Categories	**W**	**M**	**Total**
Manufacturing and logistics	3,848	4,480	8,328
Central services	5,212	3,263	8,475
Stores	84,547	18,964	103,511
Total	**93,607**	**26,707**	**120,314**

Lease expenses relate mainly to the rental, through operating leases, of the Group's commercial premises. This line item also includes lease incentives, which are recognized in profit or loss. Note 25 provides more detailed information on the main terms of these leases, together with the related minimum future payment obligations.

"Other operating expenses" includes mainly expenses relating to store operations, logistics and general expenses, such as electricity, commissions on credit and debit card payments, travel, decoration expenses, communications and all kinds of professional services.

6.6. Other losses and income, net

This caption includes all operating expenses and income other than those associated with the Group's commercial and logistics activity, which are included under "Operating expenses" in the consolidated income statement, as described in the previous note.

This caption includes mainly changes in the prices of the debts recognized as a result of the existence of cross call and put options between the Group and the owners of some of the shares of certain of the subsidiaries, since these cross options are considered to be a deferred acquisition of the shares constituting the underlying. The estimated option strike price is recognized as a liability and changes are recognized in profit or loss.

The changes in prices arise basically as a result of the fact that the prices are tied to the number of stores operated, equity and the profit or loss of the subsidiaries in question.

Following is a description of the main cross put and call options on those investments:

a) Subsidiaries domiciled in Mexico

The Group holds call options on 5% of the share capital of Zara México, S.A. de C.V., on 3% of the share capital of Bershka México, S.A. de C.V., on 1.5% of the share capital of Oysho México, S.A. de C.V., on 1.5% of the share capital of Pull & Bear México, S.A. de C.V., on 1.5% of the share capital of Zara Home México, S.A. de C.V. and on 2% of the share capital of Massimo Dutti México, S.A. de C.V. owned by a non-controlling shareholder.

b) Subsidiaries domiciled in Korea

The Group holds a call option on 20% of the share capital of Zara Retail Korea, Ltd. This ownership interest is held by Lotte Shopping Co., Ltd., which in turn holds an option to sell the full amount of this holding to Industria de Diseño Textil, S.A.

c) Subsidiaries domiciled in South Africa

The Group holds a call option on 10% of the share capital of ITX Fashion Retail South Africa (Proprietary), LTD. This ownership interest is held by Peter Vundla Retail (Propietary), LTD, which in turn holds an option to sell the full amount of this holding to Industria de Diseño Textil, S.A.

d) Subsidiaries domiciled in Australia

The Group holds a call option on 20% of the share capital of Group Zara Australia, PTY. LTD. This ownership interest is held by International Brand Management, PTY. LTD., which in turn holds an option to sell the full amount of this holding to Industria de Diseño Textil, S.A.

6.7. Amortization and depreciation

The detail of "Amortization and depreciation" is as follows:

	2013
Amortization and depreciation charge (notes 13, 14, 15 and 18)	810,963
Variation in impairment losses (notes 13 and 15)	6,755
Profit/(Loss) on assets (notes 13 and 15)	51,374
Other	(14,002)
	855,090

"Other" relates mainly to gains on non-current asset sales.

6. 8. Financial results

Details of "Financial results" in the consolidated income statements for 2013 and 2012 are as follows:

	2013	2012
Interest income	22,477	23,762
Foreign exchange gains	8,140	17,775
Total income	**30,617**	**41,537**
Other finance costs	(11,109)	(10,520)
Foreign exchange losses	(37,691)	(16,888)
Total expenses	**(48,800)**	**(27,408)**
Total	**(18,182)**	**14,129**

Financial income and expenses mainly comprise interest accrued on the Group's financial assets and liabilities during the year (see note 20). Net foreign exchange differences are principally due to fluctuations in the currencies with which the Group operates (see note 26) between the time when income, expenses, acquisitions or disposals of assets are recognized and when the corresponding assets or liabilities are realized or settled under applicable accounting principles.

6. 9. Earnings per share

Basic earnings per share were calculated by dividing net profit for the year attributable to the Parent by the weighted average number of ordinary shares outstanding during the year, excluding the average number of treasury shares held by the Group (see note 23), which totalled 623,112,435 in 2013 and 623,330,400 in 2012.

Diluted earnings per share is calculated based on profit attributable to the holders of equity instruments of the Company and a weighted average number of ordinary shares outstanding after adjustment for the dilution effect of all potential ordinary shares.

6.10. Segment reporting

The principal activity of the Inditex Group comprises the retail distribution of clothing, footwear, accessories and household textile products through various commercial format stores aimed at different targeted sectors of the public.

The origin and predominant nature of the risks and rewards of the Inditex Group's business units correspond to operating segments, as these risks and rewards are mainly influenced by the fact that each cash-generating unit belongs to a particular commercial format. The internal organization of the Inditex Group, the decision-making process and the system for communicating information to the board of directors and Group management are organized by commercial format and geographical areas.

The key business indicators, understood to be those which form part of the segment information reported periodically to the board of directors and management of the Group and which are used in the decision-making process, are net sales and operating profit by segment.

The segment liabilities, financial results and taxes are not broken down as they do not form part of the key business indicators defined above or of the segment information reported periodically to the board of directors and management of the Group.

Details of Inditex Group segment reporting are as follows:

FY 2013

	ZARA	Bershka	Other	Total
Sales to third parties	10,803,540	1,556,152	4,364,747	16,724,439
Segment EBITDA	2,089,031	240,564	741,285	3,070,880
Amortization and depreciation	534,861	84,610	235,619	855,090
Segment total assets	10,243,434	827,006	2,685,822	13,756,261
ROCE	31%	46%	46%	35%
Number of stores	**1,991**	**954**	**3,395**	**6,340**

FY 2012

	ZARA	Bershka	Other	Total
Sales to third parties	10,541,032	1,485,454	3,919,657	15,946,143
Segment EBITDA	2,233,444	239,129	644,267	3,116,840
Amortization and depreciation	504,695	77,963	213,460	796,117
Segment total assets	8,284,111	1,005,768	3,600,437	12,890,316
ROCE	37%	51%	46%	39%
Number of stores	**1,925**	**885**	**3,199**	**6,009**

For the purposes of the reconciliation with the consolidated financial statements, sales to third parties relate to "Sales" in the consolidated income statement and the amortization and depreciation corresponds to "Amortization and depreciation" in the consolidated income statement.

The segment result refers to the operating result (EBIT) of the segment. Income and expenses which are considered corporate in nature or as belonging to the group of segments as a whole have been assigned to each segment in accordance with criteria considered reasonable by Group management. Inter-segment transactions are not material and, therefore, are not broken down.

Total segment assets relate to "Total assets" in the consolidated balance sheet.

Return on Capital Employed (ROCE) is defined as the ratio between the segment's result for the year (EBIT) and the average capital employed (equity and, where applicable, net financial debt).

Zara was the first chain created by the Inditex Group and its leading position is based on its fashion offering, with a wide range of products.

Bershka is aimed at the younger consumers and its aim is to offer the latest fashion at affordable prices.

Geographical reporting

In the presentation of information by geographical segment, revenue is based on the geographical location of customers and segment assets are based on the geographical location of assets. Non-current segment assets do not include deferred tax assets.

Sales	**2013**	**2012**
Spain	3,529,014	3,549,885
Other	13,195,424	12,396,258
Rest of Europe	8,011,771	7,648,663
Americas	2,272,230	2,168,918
Asia and rest of the world	2,911,424	2,578,677
Total	**16,724,439**	**15,946,143**

Non-current assets	**31/01/14**	**31/01/13**
Spain	2,303,471	2,172,661
Other	4,158,165	3,642,951
Rest of Europe	2,673,337	2,344,091
Americas	696,168	584,429
Asia and rest of the world	788,660	714,431
Total	**6,461,636**	**5,815,612**

6.11. Trade and other receivables

Details at 31 January 2014 and 2013 are as follows:

	31/01/14	**31/01/13**
Trade receivables	145,977	150,226
Receivables due to sales to franchises	162,039	147,116
Public entities	446,047	499,342
Other current receivables	61,164	50,924
Total	**815,227**	**847,608**

Trade receivables are mainly customer debit/credit card payments pending collection.

Part of the Group's activity is carried out through franchised stores (see note 1). Sales to franchisees are made under agreed collection terms, which are partially secured as described in note 26.

Balances receivable from public entities comprise VAT and other taxes and duties incurred by Group companies in the countries in which they operate.

Other current receivables include items such as rental incentives due from shopping center developers (see note 25) and outstanding balances on sundry operations, largely advances from creditors to sales representatives.

6.12. Inventories

Details at 31 January 2014 and 2013 are as follows:

	31/01/14	**31/01/13**
Raw materials and consumables	52,034	62,150
Goods in process	35,789	29,237
Finished goods for sale	1,589,056	1,489,910
Total	**1,676,879**	**1,581,297**

The Group contracts insurance policies to cover the potential risk of damage to its inventories.

6.13. Property, plant and equipment

Details of property, plant and equipment in the accompanying consolidated balance sheet and related changes are as follows:

	Land and buildings	Fixtures, furniture and machinery	Other plant and equipment	Work in progress	Total
Cost					
Balance at 01-02-12	1,028,305	6,091,341	295,964	393,384	7,808,993
Acquisitions	152,123	980,570	52,014	218,280	1,402,987
Disposals	(2,323)	(315,064)	(39,066)	(16,261)	(372,713)
Transfers	298,638	105,115	5,782	(402,755)	6,781
Foreign exchange translation differences	(12,754)	(95,815)	(3,273)	1,870	(109,973)
Balance at 31-01-13	**1,463,989**	**6,766,147**	**311,421**	**194,518**	**8,736,075**
Balance at 01-02-13	1,463,989	6,766,147	311,421	194,518	8,736,075
Acquisitions	10,315	1,047,333	58,841	219,394	1,335,884
Acquisitions of new companies	-	14,292	1,139	78	15,510
Disposals (Note 7)	(5,010)	(402,493)	(21,760)	(684)	(429,946)
Transfers	16,487	67,512	9,045	(115,952)	(22,908)
Foreign exchange translation differences	(598)	(150,962)	(8,861)	(6,683)	(167,104)
Balance at 31-01-14	**1,485,184**	**7,341,830**	**349,825**	**290,671**	**9,467,511**
Depreciation					
Balance at 01-02-12	173,652	3,293,634	163,975	-	3,631,261
Depreciation charge for the year	29,970	610,044	38,769	-	678,784
Disposals	(3,465)	(258,274)	(32,945)	-	(294,684)
Transfers	4,528	(1,751)	(56)	-	2,721
Foreign exchange translation differences	(479)	(38,988)	(1,693)	-	(41,160)
Balance at 31-01-13	**204,206**	**3,604,666**	**168,049**	**-**	**3,976,921**
Balance at 01-02-13	204,206	3,604,666	168,049	-	3,976,921
Depreciation charge for the year (Note 7)	22,887	630,716	44,122	-	697,725
Acquisitions of new companies	-	6,653	391	-	7,044
Disposals (Note 7)	(1,184)	(340,873)	(18,409)	-	(360,466)
Transfers	24,116	(28,792)	(2,426)	-	(7,102)
Foreign exchange translation differences	(408)	(55,456)	(4,418)	-	(60,281)
Balance at 31-01-14	**249,617**	**3,816,914**	**187,310**	**-**	**4,253,841**
Impairment losses (note 32.2-g)					
Balance at 01-02-12	-	114,667	-	-	114,667
Charge for the year	-	35,555	-	-	35,555
Amounts charged to profit or loss	-	(28,854)	-	-	(28,854)
Disposals	-	(26,012)	-	-	(26,012)
Transfers	-	1,391	-	-	1,391
Balance at 31-01-13	**-**	**96,747**	**-**	**-**	**96,747**
Balance at 01-02-13	-	96,747	-	-	96,747
Charge for the year (Note 7)	110	31,520	889	-	32,520
Amounts charged to profit or loss (Note 7)	(113)	(24,883)	(81)	-	(25,077)
Disposals (Note 7)	2	(21,376)	(538)	-	(21,912)
Transfers	1,507	(7,802)	1,043	-	(5,253)
Foreign exchange translation differences	-	(918)	(17)	-	(936)
Balance at 31-01-14	**1,506**	**73,287**	**1,296**	**-**	**76,089**
Carrying amount					
Balance at 31-01-13	**1,259,784**	**3,064,735**	**143,371**	**194,518**	**4,662,407**
Balance at 31-01-14	**1,234,061**	**3,451,630**	**161,219**	**290,671**	**5,137,581**

In 2013 there were no material additions to "Land and buildings". Additions in 2012 include most notably the investment for the acquisition of premises in London housing the flagship Zara store in Bond Street and the investment made to expand the corporate headquarters in Arteixo (A Coruña, Spain).

"Other plant and equipment" includes, inter alia, information technology equipment and motor vehicles.

An impairment test and a sensitivity analysis were performed in relation to reasonably possible changes in the main fair value estimates and the results did not vary significantly (see note 32.2.g).

Disposals comprise mainly assets related to the commercial premises at which the Group carries on its commercial activities.

Fully depreciated items of property, plant and equipment include certain items, mainly machinery, fixtures and furniture, with a gross cost value of euros 1,548,964 thousand and euros 1,474,245 thousand at 31 January 2014 and 31 January 2013, respectively.

Through its corporate risk management policy, the Group identifies, assesses and controls damage and liability-related risks to which the Group companies are exposed. It does this by compiling and measuring the main risks of damage, loss of profits and liability affecting the Group and implements prevention and protection policies aimed at reducing the frequency and intensity of these risks.

Likewise, standard measurement criteria are established at corporate level which enable the different risk risks to which the Group is exposed to be quantified, measured and insured.

Lastly, the Group takes out insurance policies through corporate insurance programs to protect its assets from risk and establishes limits, excesses and conditions according to the nature of such risk and the financial relevance of the company concerned.

6.14. Investment property

Investment property mainly relates to premises and other properties leased to third parties. The changes in this caption during 2013 and 2012 were as follows:

Cost	31/01/14	31/01/13
Opening balance	87,052	28,536
Acquisitions	38	70,154
Transfers	1,206	(11,638)
Closing balance	**88,296**	**87,052**
Depreciation		
Opening balance	4,485	8,729
Depreciation charge for the year (Note 7)	751	677
Transfers	251	(4,921)
Closing balance	**5,487**	**4,485**
Net carrying value	**82,809**	**82,567**

The total market value of the investment property at 31 January 2014 was approximately euros 83,000 thousand (31 January 2013: euros 83,000 thousand). This market value is supported, in the case of the most significant properties (91% of the total cost), by appraisals conducted in 2012 and 2013 by an independent valuer of acknowledged professional capacity and recent experience in relation to the location and category of the investment property being valued. The appraisals were conducted using a future cash flow discounting method based on the market prices of similar premises.

In 2013 euros 4,765 thousand (euros 3,178 thousand in 2012) of rental income on these properties were included under "Net sales – Other sales and services rendered" (see note 3) in the consolidated income statement.

6.15. Rights over leased assets and other intangible assets

"Rights over leased assets" include amounts paid in respect of leasehold assignment, access premiums or tenancy right waivers and indemnities in order to lease commercial premises.

The payments for these rights are attributable to the leased assets and the related cost is allocated to profit or loss in accordance with the terms and conditions of the leases over the lease term.

At 31 January 2014, the Group had included under "Rights on Leased Premises" items with an indefinite useful life amounting to euros 169,900 thousand (euros 161,407 thousand at 31 January 2013). The useful lives of these assets is reviewed at year-end and no events or circumstances altering this indefinite useful life assessment were identified. The Group does did not have other any intangible assets with an indefinite useful life.

"Other intangible assets" include amounts paid for the registration and use of Group brand names, industrial designs of items of clothing, footwear, accessories and household goods created during the year and the cost of software applications.

An impairment test and a sensitivity analysis were performed in relation to reasonably possible changes in the main fair value estimates and the results did not vary significantly (see note 32.2.g).

Details of other intangible assets and changes during 2013 and 2012 are as follows:

	Rights over leased assets	Patents and similar intangibles	Software	Other intangible assets	Total
Cost					
Balance at 01-02-12	900,304	20,564	52,171	110,089	1,083,129
Acquisitions	59,239	2,476	18,111	49,815	129,640
Disposals	(26,729)	(7)	(803)	(1,513)	(29,053)
Transfers	(1,155)	-	54	-	(1,101)
Foreign exchange translation differences	(13,966)	-	(581)	(3)	(14,550)
Balance at 31-01-13	**917,693**	**23,033**	**68,951**	**158,389**	**1,168,066**
Balance at 01-02-13	917,693	23,033	68,951	158,389	1,168,066
Acquisitions	76,025	1,891	22,811	53,650	154,377
Acquisitions of new companies	-	-	13	-	13
Disposals (Note 7)	(23,555)	(1,495)	(340)	(71,086)	(96,476)
Transfers	(3,151)	-	(62)	443	(2,771)
Foreign exchange translation differences	(11,430)	-	(611)	(75)	(12,116)
Balance at 31-01-14	**955,581**	**23,428**	**90,762**	**141,321**	**1,211,093**
Amortization					
Balance at 01-02-2012	393,932	9,852	20,978	37,848	462,610
Amortization charge for the year	43,369	1,803	10,660	44,742	100,574
Disposals	(18,144)	(4)	(435)	-	(18,585)
Transfers	(1,235)	-	4	-	(1,231)
Foreign exchange translation differences	(5,173)	-	(396)	(4)	(5,574)
Balance at 31-01-13	**412,748**	**11,650**	**30,811**	**82,586**	**537,794**
Balance at 01-02-13	412,748	11,650	30,811	82,586	537,794
Amortization charge for the year (Note 7)	40,363	1,950	15,969	49,838	108,120
Acquisitions of new companies	-	-	8	-	8
Disposals (Note 7)	(19,353)	(1,495)	(331)	(69,202)	(90,380)
Transfers	6,884	2	(81)	527	7,332
Foreign exchange translation differences	(5,543)	-	(419)	(74)	(6,037)
Balance at 31-01-14	**435,098**	**12,106**	**45,958**	**63,675**	**556,837**
Impairment losses (note 32.2-g)					
Balance at 01/02/12	6,411	-	-	-	6,411
Impairment charge for the year	11,060	-	-	-	11,060
Balance at 31-01-13	**17,472**	**-**	**-**	**-**	**17,472**
Balance at 01-02-13	17,472	-	-	-	17,472
Impairment charge for the year (Note 7)	2,977	-	-	-	2,977
Amounts charged to profit or loss (Note 7)	(3,648)	-	-	(17)	(3,665)
Disposals (Note 7)	(1,798)	-	-	(492)	(2,290)
Transfers	(3,349)	-	-	919	(2,431)
Foreign exchange translation differences	(90)	-	-	-	(90)
Balance at 31-01-14	**11,564**	**-**	**-**	**410**	**11,974**
Carrying amount					
Balance at 31-01-13	**487,474**	**11,383**	**38,140**	**75,803**	**612,800**
Balance at 31-01-14	**508,919**	**11,322**	**44,805**	**77,236**	**642,282**

The Group capitalized euros 13,401 thousand in 2013 (euros 7,661 thousand in 2012) corresponding to software development activities that meet the requirements for capitalization under IAS 38. The Group also capitalized euros 53,481 thousand (euros 49,734 in 2012) in respect of industrial designs that meet the requirements for capitalization under IAS 38.

6.16. Goodwill

The detail of this caption in the consolidated balance sheet and of the changes therein in 2013 and 2012 is as follows:

	2013	2012
Opening balance	207,089	218,094
Acquisitions	781	-
Disposals	-	(2,933)
Foreign exchange translation differences	(4,412)	(8,072)
Closing balance	**203,458**	**207,089**

Investee	2013	2012
Stradivarius España, S.A.	53,253	53,253
BCN Diseños, S.A. de C.V.	12,609	13,301
Zara Polska, S.p. Zo.o.	34,397	34,744
Zao Zara CIS	14,056	16,579
Pull&Bear CIS	310	428
Stradivarius CIS	5,984	6,336
Zara Serbia, D.0.0. Belgrade	4,437	4,643
Pull & Bear Serbia, D.0.0. Belgrade	738	772
Massimo Dutti Serbia, D.0.0. Belgrade	888	929
Bershka Serbia, D.0.0. Belgrade	858	898
Stradivarius Serbia, D.0.0. Belgrade	774	810
Oysho Serbia, D.0.0. Belgrade	516	540
Inditex Montenegro, D.0.0. Podgorica	2,577	2,577
Massimo Dutti Benelux, N.V.	19,921	19,921
Italco Moda Italiana, LDA.	51,357	51,357
Z-Fashion Finland OY	781	-
Closing balance	**203,458**	**207,089**

The goodwill corresponding to Stradivarius España, S.A. was generated upon acquisition of this company in 1998 and is stated at its carrying amount at 1 February 2004, the date of transition to EU-IFRSs.

The goodwill corresponding to BCN Diseños, S.A. de C.V. was generated upon acquisition of the holder of the franchise rights to the Massimo Dutti format in Mexico in 2004.

In 2005 Inditex acquired the Polish company formerly called Young Fashion Sp. Zo.o. (now Zara Polska S.p. Zo.o), which until then held the franchise rights to Zara in that country.

In 2006 Inditex acquired 100% of the share capital of the Russian company formerly known as Zao Stockmann-Kranoselskaya (currently Zao Zara CIS), which until then held the franchise rights to Zara in that country.

In 2007 Inditex acquired the companies which held the franchise rights to the Pull & Bear and Stradivarius formats in Russia, thus generating goodwill of euros 428 thousand and euros 6,719 thousand, respectively.

In 2011 the Group acquired the companies that until then had held the franchise rights to the Zara, Pull&Bear, Massimo Dutti, Bershka, Stradivarius and Oysho formats in Serbia and Montenegro, the Massimo Dutti format in Portugal and Belgium and the Uterqüe format in Belgium, giving rise to the goodwill shown in the accompanying table.

The additions in 2013 relate to the goodwill that arose on the acquisition of companies.

Goodwill arising from the acquisition or termination of franchise contracts is equal to the value of intangible assets that did not meet with the requirements established in IFRS 3 for separate recognition. These requirements were essentially related to the capacity of the assets to generate future cash flows.

The recovery of the goodwill is adequately guaranteed through the profitability of the acquired companies, whose future cash flows support their carrying amount at year end (see note 32.2.g).

Also, sensitivity analyses were performed in relation to reasonably possible changes in the main fair value estimates and the recoverable amount is higher than the related carrying amount (see note 32.2.g).

6.17. Financial investments

The detail of this caption in the consolidated balance sheet and of the changes therein in 2013 and 2012 is as follows:

	Investment securities	Investments in EIGs	Loans and other credit facilities	Total
Balance at 01/02/12	5,711	2,560	1,230	9,501
Disposals	-	(520)	(34)	(554)
Impairment losses	(4,955)	-	-	(4,955)
Balance at 31/01/13	**756**	**2,040**	**1,196**	**3,992**
Balance at 01/02/13	756	2,040	1,196	3,992
Acquisitions	-	-	17,423	17,423
Disposals	(41)	(251)	(489)	(781)
Balance at 31/01/14	**715**	**1,789**	**18,130**	**20,634**

The investment in Economic Interest Groupings (EIGs) comprises Inditex's shareholding in four EIGs (five at 31 January 2013), the activity of which is the leasing of assets managed by a separate, non-group entity which retains most of the profits and is exposed to the risks associated with this activity. These groupings have applied the tax incentives established in prevailing Spanish legislation (see note 24), the effect of which is shown under "Income tax" in the consolidated income statement.

6.18. Other non-current assets

The detail of this caption in the consolidated balance sheet and of the changes therein in 2013 and 2012 is as follows:

	Guarantees	Other	Total
Balance at 01/02/12	220,420	20,521	240,941
Acquisitions	28,641	6,353	34,994
Disposals	(10,786)	(300)	(11,086)
Profit/(Loss) for the year	(395)	(3,593)	(3,988)
Transfers	1,745	896	2,641
Foreign exchange translation differences	(15,892)	(853)	(16,745)
Balance at 31-01-13	**223,734**	**23,023**	**246,757**
Balance at 01/02/13	223,734	23,023	246,757
Acquisitions	154,741	10,696	165,437
Acquisitions of new companies	226	-	226
Disposals	(13,113)	(119)	(13,232)
Profit/(Loss) for the year (Note 7)	9	(4,376)	(4,367)
Transfers	(12,059)	2,704	(9,356)
Foreign exchange translation differences	(9,236)	(1,358)	(10,594)
Balance at 31-01-14	**344,302**	**30,569**	**374,871**

The guarantees and deposits relate mainly to amounts deposited with owners of leased commercial premises to ensure compliance with the conditions stipulated in lease contracts (see note 25), and to amounts paid to secure compliance with contracts in force.

These amounts are recognized at their repayment value as this value does not differ significantly from amortized cost.

6.19. Accounts payable

The detail of this caption in the consolidated balance sheet in 2013 and 2012 is as follows:

	31/01/14	31/01/13
Trade payables	2,371,190	2,240,095
Personnel	217,052	256,713
Public entities	529,674	545,007
Other current payables	214,536	201,466
Total	**3,332,451**	**3,243,281**

The following table shows the information on average payment periods required by Law 15/2012, of 5 July, amending Law 3/2004, of 29 December:

Amounts paid and payable at 31-01-14

	Thousands of euros	%
Paid in the maximum payment period	2,226,159	98%
Remainder	51,401	2%
Total payments made in the year	**2,277,559**	**100%**
Weighted average period of late payment	61	
Payments at year-end not made in the maximum payment period	0	

Amounts paid and payable at 31-01-13

	Thousands of euros	%
Paid in the maximum payment period	2,258,024	98%
Remainder	54,781	2%
Total payments made in the year	**2,312,805**	**100%**
Weighted average period of late payment	58	
Payments at year-end not made in the maximum payment period	0	

(*) The weighted average period of late payment.

This information relates to suppliers and creditors of Group companies domiciled in Spain. The maximum payment period applicable to the Spanish Group companies in 2013 was 60 days.

In addition, it is the Group's policy not to make payments if for any reason the quality of the goods or services is lower than expected or agreed upon once they have been received until the situation is rectified.

6.20. Net financial position

Details of "Cash and cash equivalents" on the asset side of the consolidated balance sheets are as follows:

	31/01/14	31/01/13
Cash in hand and at banks	2,117,362	2,583,249
Short-term deposits	1,231,840	435,167
Fixed-income securities	497,524	824,502
Total cash and cash equivalents	**3,846,726**	**3,842,918**

Cash in hand and at banks includes cash in hand and in demand deposits at banks. Short-term deposits and fixed-income securities comprise term deposits and money market investment funds that are used to acquire highly liquid, fixed-income securities with average weighted maturity of less than 90 days, a high credit rating and which are highly liquid and convertible to known amounts of cash and are subject to an insignificant risk of changes in value. All the balances under this caption are unrestricted as to their use and there are no guarantees or pledges attaching to them.

"Current assets - Financial investments" on the asset side of the consolidated balance sheet relates mainly to investments in money market investment funds and fixed-income securities, with weighted average maturities ranging from 90 days to 12 months, all of which have high credit ratings and are highly liquid.

Details of Group bank loans and borrowings and obligations under finance leases are as follows:

31/01/2014

	Current	Non-current	Total
Loans	1,635	1,520	3,154
Finance leases	274	613	887
Other financial debt	612	-	612
	2,521	**2,133**	**4,654**

31/01/2013

	Current	Non-current	Total
Loans	2,033	3,708	5,741
Finance leases	284	592	876
Other financial debt	120	6	126
	2,437	**4,306**	**6,743**

At 31 January 2014 the Group had a limit of euros 3,059,004 thousand on its credit facilities (euros 2,984,991 thousand at 31 January 2013).

Interest on all the financial debt is negotiated by the Group on the respective financial markets and usually consists of a monetary market index plus a spread in line with the solvency of the Parent or the subsidiary that has arranged the debt.

Financial debt is denominated in the following currencies:

	31/01/14	31/01/13
Euro	659	165
Other European currencies	35	89
Other currencies	3,959	6,489
	4,654	**6,743**

The maturity of the Group's bank loans and borrowings at 31 January 2014 and 2013 is as follows:

	31/01/14	31/01/13
Less than one year	2,521	2,437
Between one and five years	2,133	4,306
	4,654	**6,743**

6.21. Provisions

The detail of this caption in the consolidated balance sheet and of the changes therein in 2013 and 2012 is as follows:

	Pensions and similar obligations with personnel	Liability	Other provisions	Total
Balance at 01-02-12	38,205	95,361	13,752	147,318
Provisions recorded during the year	4,773	20,862	3,506	29,141
Disposals	(4,164)	(4,642)	(233)	(9,039)
Transfers	(15,980)	(4,045)	2,221	(17,804)
Foreign exchange translation differences	(320)	(2,143)	(2,823)	(5,286)
Balance at 31-01-13	**22,515**	**105,393**	**16,423**	**144,331**
Balance at 01-02-13	22,515	105,393	16,423	144,331
Provisions recorded during the year	12,986	8,167	1,331	22,484
Acquisitions of new companies	-	504	-	504
Disposals	(2,839)	(19,839)	(44)	(22,723)
Transfers	62	8	6,590	6,661
Foreign exchange translation differences	(529)	(1,502)	(1,457)	(3,489)
Balance at 31-01-14	**32,195**	**92,730**	**22,844**	**147,768**

Provision for pensions and similar obligations with personnel
Certain group companies have undertaken to settle specific obligations with personnel. The Group has a provision to cover the liability corresponding to the estimated vested portion of these obligations at 31 January 2014. The estimated average payment period for the amounts provisioned is between three and five years.

Provision for liability
The amounts shown here correspond to current obligations from legal claims or constructive obligations deriving from past actions which include a probable outflow of resources that has been reliably estimated. At the date of preparation of these consolidated accounts, there were no legal proceedings whose final outcome could significantly affect the Group's equity position.

The estimated average payment period for the amounts provisioned depends largely on the local legislation of each of the markets in which the Group operates. An analysis is performed each year of the portion that will foreseeably have to be paid the following year and the related amount is transferred to current payables.

The directors of Inditex consider that the provisions recorded in the consolidated balance sheet adequately cover risks deriving from litigation, arbitration and other contingencies and do not expect any liabilities additional to those recognized to arise therefrom.

6.22 Other non-current liabilities

The detail of this caption in the consolidated balance sheet and of the changes therein in 2013 and 2012 is as follows:

	Options with shareholders	Lease incentives	Other	Total
Balance at 01-02-12	6,816	449,118	13,500	469,434
Acquisitions	-	176,945	179	177,124
Changes through profit or loss	2,967	(89,668)	27,578	(59,123)
Disposals	-	(187)	(1,051)	(1,238)
Transfers	(4,352)	17,487	(6,500)	6,635
Foreign exchange translation differences	(221)	(9,382)	(130)	(9,733)
Balance at 31-01-13	**5,211**	**544,312**	**33,578**	**583,100**
Balance at 01-02-13	5,211	544,312	33,578	583,100
Acquisitions	-	119,417	425	119,841
Acquisitions of new companies	-	466	-	466
Changes through profit or loss	1,185	(5,941)	16,219	11,463
Disposals	-	(8,628)	-	(8,628)
Transfers	-	(35,140)	891	(34,249)
Foreign exchange translation differences	-	(23,545)	(36)	(23,581)
Balance at 31-01-14	**6,395**	**590,941**	**51,077**	**648,414**

The additions to "Options with shareholders" with a charge to profit or loss were recognized under "Other losses and income, net" (income of euros 1,302 thousand in 2013 and a loss of euros 9,976 thousand in 2012) (see note 6), most of which related to options classified as long-term and the remainder to options classified as short-term.

6.23. Capital and reserves

Share capital

At 31 January 2014 and 2013, the Parent's share capital amounted to euros 93,499,560 and was represented by 623,330,400 registered shares of euros 0.15 par value each, subscribed and fully paid. All shares are of a single class and series, carry the same voting and dividend rights and are represented by book entries.

The Parent's share premium at 31 January 2014 and 2013 amounted to euros 20,379 thousand, while retained earnings totaled euros 2,857,039 thousand and euros 2,640,312 thousand, respectively. The Parent's legal reserve, amounting to euros 18,700 thousand, has been appropriated in compliance with article 274 of the Spanish Companies Act, which requires that companies transfer 10% of profits for the year to a legal reserve until this reserve reaches an amount equal to 20% of share capital. The legal reserve is not distributable to shareholders and if it is used to offset losses, in the event that no other reserves are available, the reserve must be replenished with future profits. At 31 January 2014 and 2013, the Parent had appropriated to this reserve the minimum amount required by the Spanish Companies Act.

Of the total consolidated reserves at 31 January 2014, the restricted reserves amount to euros 359,141 thousand (euros 355,628 thousand at 31 January 2013), due mainly to local legal restrictions which limit their distribution.

Inditex shares are listed on the four Spanish stock exchanges. As shares are represented by book entries and the Company therefore does not maintain a record of shareholders, it is not possible to accurately know the share structure of the Company. According to public information registered with the Spanish Stock Exchange Commission, at 31 January 2014 the members of the board of directors owned, directly or indirectly, 59.36% of the Parent's share capital, compared to 59.37% at 31 January 2013 (see note 30). Gartler, S.L. held 50.010% of the shares of INDITEX (50.010% at 31 January 2013).

Dividends

Dividends distributed by the Parent during 2013 and 2012 amounted to euros 1,370,832 thousand and euros 1,121,995 thousand, respectively. These amounts correspond to earnings of 2.20 euro cents per share in 2013 and 1.80 euro cents in 2012.

The distribution of profit proposed by the board of directors is shown in note 29.

Treasury shares

The annual general shareholders' meeting held on 16 July 2013 approved a long-term share-based incentive plan (see note 27) and authorized the board of directors to derivatively acquire treasury shares to cater for that plan.

As a result, in 2013 450,000 treasury shares were acquired with an average acquisition cost of euros 103.32 per share.

6.24. Income taxes

With the exception of Industria de Diseño Textil, S.A., Indipunt, S.L. and Tempe, S.A., the companies whose information is included in these consolidated annual accounts file individual tax returns.

Industria de Diseño Textil, S.A. is the parent of a group of companies that files consolidated tax returns in Spain. The consolidated tax group is composed of Industria de Diseño Textil, S.A., the Parent, and Spanish subsidiaries which comply with prevailing tax legislation for filing consolidated tax returns. The subsidiaries that comprise this tax group are the following:

Bershka BSK España, S.A.	Lefties España, S.A.	Stear, S.A.
Bershka Diseño, S.L.	Lefties Logística, S.A.	Stradivarius Diseño, S.L.
Bershka Logística, S.A.	Massimo Dutti Diseño, S.L.	Stradivarius España, S.A.
Choolet, S.A.	Massimo Dutti Logística, S.A.	Stradivarius Logística, S.A.
Comditel, S.A.	Massimo Dutti, S.A.	Tordera Logísitica, S.L.
Confecciones Fíos, S.A.	Nikole, S.A.	Trisko, S.A.
Confecciones Goa, S.A.	Nikole Diseño, S.L.	Uterqüe Diseño, S.L.
Denllo, S.A.	Oysho Diseño, S.L.	Uterqüe España, S.A.
Fashion Logistics Forwarders, S.A.	Oysho España, S.A.	Uterqüe Logística, S.A.
Fashion Retail, S.A.	Oysho Logística, S.A.	Uterqüe, S.A.
Fibracolor, S.A.	Plataforma Cabanillas, S.A.	Zara Diseño, S.L.
Glencare, S.A.	Plataforma Europa, S.A.	Zara España, S.A.
Goa-Invest, S.A.	Plataforma Logística León, S.A.	Zara Home Diseño, S.L.
Grupo Massimo Dutti, S.A.	Plataforma Logística Meco, S.A.	Zara Home España, S.A.
Hampton, S.A.	Pull & Bear Diseño, S.L.	Zara Home Logística, S.A.
Inditex, S.A.	Pull & Bear España, S.A.	Zara Logística, S.A.
Inditex Logística, S.A.	Pull & Bear Logística, S.A.	Zara, S.A.
Kiddy's Class España, S.A.	Samlor, S.A.	Zintura, S.A.

Indipunt, S.L. is the parent of another tax group formed by it and the subsidiary Indipunt Diseño, S.L.

Also, Tempe, S.A. is the parent of the tax group formed with its subsidiaries Tempe Diseño, S.L. and Tempe Logística, S.A.

"Income tax payable" in the consolidated balance sheet corresponds to the 2013 income tax provision, net of withholdings and payments on account made during the period. "Trade and other payables" includes the liability deriving from the other applicable taxes.

"Income tax receivable" in the consolidated balance sheet essentially corresponds to amounts recoverable from the tax authorities. "Trade and other receivables" in the consolidated balance sheet includes mainly the amount by which the input VAT exceeded output VAT.

The income tax expense comprises both current and deferred tax. Current tax is the amount of income taxes payable in respect of the taxable profit for the year. Deferred tax is the amount of income taxes payable or recoverable in future years and arises from the recognition of deferred tax assets and liabilities.

The income tax expense comprises the following:

	2013	2012
Current taxes	780,190	791,743
Deferred taxes	(109,057)	(27,787)

A reconciliation of the income tax expense under the prevailing Spanish general income tax rate to "Profit before tax" and the expense recorded in the consolidated income statements for 2013 and 2012 is as follows:

	2013	2012
Consolidated accounting profit for the year before taxes	3,052,698	3,130,969
Tax expense at tax rate in force in the country of the Parent (30%)	915,809	939,291
Net permanent differences	(117,682)	(109,380)
Effect of application of different tax rates	(140,439)	(98,246)
Recognition of prior years' tax losses and tax credits	392	(2,380)
Adjustments to prior years' taxes	(2,334)	(2,330)
Tax withholdings and other adjustments	39,820	60,968
Adjustments to deferred tax assets and liabilities	(1,401)	(4,871)
Previously unrecognised tax losses used	(428)	(945)
Tax withholdings and tax benefits	(22,603)	(18,151)
Income tax expense	**671,133**	**763,956**

Permanent differences correspond mainly to non-deductible expenses, taxable income related to a contribution of rights to use certain assets to a subsidiary and the exemption of income from permanent establishments abroad.

Industria de Diseño Textil S. A. holds a 50% stake in two Economic Interest Groupings and a 49.5% stake in two other Economic Interest Groupings. These Groupings lease assets as their activity. They requested from the tax authorities, and were granted, tax incentives in accordance with income tax legislation. The aforementioned operations have given rise to positive and negative adjustments to taxable income mentioned above, which have been treated as permanent differences.

As permitted by the prevailing tax legislation in each country, Group companies took tax credits amounting to euros 22,603 thousand in 2013 (euros 18,151 thousand at 31 January 2013). These tax credits and tax relief relate mainly to investments and, to a lesser extent, to other tax benefits.

The Group revalued certain assets pursuant to Law 16/2012, of 27 December, which reduced the income tax expense by euros 47,366 thousand.

Temporary differences are the difference between the carrying amount of an asset or liability and its tax base. The consolidated balance sheet at 31 January 2014 reflects the deferred tax assets and liabilities at that date.

Details of "Deferred tax assets" and "Deferred tax liabilities" in the accompanying consolidated balance sheet are as follows:

Deferred tax assets arising from:	2013	2012
Provisions	69,477	43,671
Non-current assets	166,608	80,212
Lease incentives	28,286	21,424
Valuation adjustments	21,728	54,830
Tax losses	53,562	53,242
Intra-Group transactions	139,172	91,534
Other	50,831	37,641
Total	**529,664**	**382,554**

Deferred tax liabilities arising from:	2013	2012
Leases	1,181	2,875
Intra-Group transactions	57,214	43,217
Non-current assets	80,027	57,799
Valuation adjustments	52,158	47,469
Reinvestments of gains	3,667	3,957
Other	23,044	36,336
Total	**217,291**	**191,653**

Movement in deferred tax assets and liabilities in 2013 and 2012 is as follows:

2013	Deferred tax assets	Deferred tax liabilities
Beginning balance	382,554	191,653
Charge/Credit to profit or loss	140,938	31,881
Charge/Credit to equity	6,172	(6,243)
Ending balance	**529,664**	**217,291**

2012	Deferred tax assets	Deferred tax liabilities
Beginning balance	356,372	182,531
Charge/Credit to profit or loss	44,445	16,658
Charge/Credit to equity	(18,263)	(7,536)
Ending balance	**382,554**	**191,653**

These balances have been determined based on tax rates which, according to enacted tax legislation, will be in force during the years in which the balances are expected to reverse and which, in certain cases, differ from the tax rates prevailing in the current year.

At 31 January 2014, the Group had tax losses of euros 253,237 thousand (euros 208,713 thousand at 31 January 2013) which may be offset against future profits, the majority of which may be utilized indefinitely. Euros 53,562 thousand were recognized as a deferred tax asset since there is evidence that they will be recovered in the future. In this regard, the Group has a systematic generally applicable procedure for carrying out impairment tests as each Group company in the terms described in note 32.2.g) below.

Also, certain companies forming part of the consolidated Group have reserves which could be taxable if distributed. These consolidated annual accounts include the tax effect of those cases in which a firm decision has been taken to distribute reserves.

In addition, under the tax legislation applicable to the Parent of the Group, the dividends proposed or declared for the Parent's shareholders before the financial statements have been authorized for issue which have not bee recognized as liabilities do not have any income tax consequences for the Parent.

The years open to inspection by the tax authorities for the main applicable taxes vary depending on the tax legislation in each country in which the Group operates. During the year tax audits were initiated at the tax group of which Industria de Diseño Textil, S.A. is the parent. Also, certain foreign subsidiaries are being audited for tax purposes in France, Mexico and South Korea. In any case, the Group does not expect that significant additional liabilities that might significantly affect the Group equity position or results will arise as a result of these inspections or those that could be carried out in the future in relation to periods that have not yet expired.

6.25. Operating leases

Most of the commercial premises from which the Group carries out its retail distribution activities are leased from third parties. These leases are classified as operating leases since there is no transfer of risks and rewards incidental to ownership because:

- ownership of the asset is not transferred to the lessee by the end of the lease term;
- the lessee does not have any option to purchase the leased asset;
- the leases have an initial term of between 15 and 25 years, which is shorter than the estimated useful life of assets of this nature (see note 32.2 c);
- at the inception of the lease the present value of the minimum lease payments does not amount to at least substantially all of the fair value of the leased asset.

Due to the presence of the Group in various different countries, the variety of legislation governing lease contracts, the diverse nature and economic status of the owners and other factors, there is a broad range of clauses regulating leases contracts.

In many cases the lease contracts simply establish a fixed rental payment, normally monthly, adjusted for inflation based on a price index. In other cases the amounts payable to the lessor are a percentage of the sales obtained by the Group in the leased premises. These variable lease payments or contingent rent may have minimum guaranteed amounts or certain rules of calculation attached. In some countries lease contracts are periodically indexed to market rates, which on occasion entails an increase in rent, but rent is not reduced when market rates fall. Occasionally, staggered rental payments are agreed, which means cash outflows can be reduced during the initial years of the use of commercial premises, although the expense is recognized on a straight-line basis (see note 32.2-q). Free rental periods are also frequently established in order to avoid having to pay rent when premises are being refurbished and prepared for opening.

Lease contracts also sometimes require lessees to pay certain amounts to the lessor, which, from an accounting perspective, could be considered advance rental payments, or to the previous tenants so that they waive certain rights or transfer them to the Group (leasehold assignment rights or different types of indemnities). These amounts are recognized as non-current assets (see note 15) and are generally amortized over the term of the lease contract.

On certain occasions, shopping center developers or the proprietors of leased premises make contributions towards the establishment of the Group's business in their premises.

These contributions are treated as lease incentives (see note 22) and are taken to income over the lease term. A wide variety of situations also apply to the duration of lease contracts, which generally have an initial term of between 15 and 25 years. However, legislation in certain countries or the situations in which lease contracts are typically used means the duration of contacts is sometimes shorter.

In some countries, legislation or the lease contracts themselves protect the right of the lessee to terminate the contract provided that sufficient advance notice (e.g. three months) is given. In other cases, however, the Group is obliged to see out the full term of the contract, or at least a significant part thereof. Some contracts combine these obligations with get-out clauses that may only be exercised at certain times over the term of the contract (e.g. every five years or at the end of the tenth year).

Details of operating lease expenses are as follows:

	2013	2012
Minimum payments	1,424,921	1,333,311
Contingent rents	239,047	205,592
	1,663,967	**1,538,903**
Sublease income	4,676	5,960

Future minimum payments under non-cancelable operating leases are as follows:

Lease payments 2013

Less than one year	One to five years	Over five years
1,040,126	**1,588,406**	**702,002**

Lease payments 2012

Less than one year	One to five years	Over five years
930,731	**1,496,517**	**752,524**

6.26. Risk management and financial instruments

Financial risk management policy

The Group's activities are exposed to various financial risks: market risk (including foreign currency risk), credit risk, liquidity risk, and interest rate risk related to cash flows. The Group's risk management policy centers on the uncertainty of financial markets and attempts to minimize the potential adverse effects on the Group's profitability through the use of certain financial instruments as described below.

This note provides information on the Group's exposure to each of the aforementioned risks, the Group's objectives, policies and processes for managing risk, the methods used to measure these risks and any changes from the previous year.

Foreign currency risk

The Group operates in an international environment and, accordingly, is exposed to foreign currency risk, particularly relating to the US dollar and, to a lesser extent, the Mexican peso, the Russian ruble, the Chinese renminbi, the Japanese yen and the pound sterling. Foreign currency risk arises on future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

Foreign currency risk is managed in line with Group management guidelines, which establish, mainly, the arrangement of financial or natural hedges, ongoing monitoring of fluctuations in exchange rates and other measures designed to mitigate this risk.

In 2013, had the value of the euro increased by 10% compared to the US dollar and, as a result, compared to the rest of the foreign currencies linked to the US dollar, all other things being equal, consolidated profit after income tax would have been approximately euros 58,100 thousand lower (euros 84,591 thousand in 2012), and had the value of the euro dropped by 10%, consolidated profit after income tax would have been approximately euros 43,853 thousand higher (euros 88,141 thousand in 2012), primarily because of the translation of subsidiaries' annual accounts expressed in currencies other than the euro and the impact of merchandise purchases in US dollars.

Credit risk

The Group is not exposed to significant concentrations of credit risk as policies are in place to cover sales to franchises and retail sales comprise the vast majority of revenue. Collections are primarily made in cash or through credit card payments.

The Group adopts prudent criteria in its investment policy the main objectives of which are to reduce the credit risk associated with investment products and the counterparty risk associated with financial institutions by establishing highly detailed analysis criteria.

Investment vehicles are rated using a selection of criteria, including, ratings from the three main rating agencies, the size of the investment vehicle, location and returns. All the investment vehicles have the maximum credit rating.

In relation to the counterparty risk associated with financial institutions, the Group selects a minimum credit rating of A from the various rating agencies, a minimum TIER capital ratio pursuant to Basel III and also assesses other factors during the selection process.

Similarly, maximum limits are established for the various counterparties in order the meet the objective of ensuring diversification.

In relation to credit risk arising from commercial transactions, impairment losses are recognized for trade receivables when objective evidence exists that the Group will be unable to recover all the outstanding amounts in accordance with the original contractual conditions of the receivables. The amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognized in the income statement. The net impairment losses recognized during the year in respect of value adjustments to the balances recorded under this caption amount to euros 574 thousand (net reversals of euros 309 thousand in 2012) and correspond to doubtful trade receivables.

At 31 January 2014 and 2013, no significant outstanding balances existed. Furthermore, based on available historical data, the Group does not consider it necessary to make valuation adjustments to receivables which are not past due. The fair value of the receivables is equal to their carrying amount.

The main financial assets of the Group are shown under Financial Instruments: other information.

Liquidity risk

The Group is not exposed to significant liquidity risk, as it maintains sufficient cash and cash equivalents to meet the outflows of normal operations. In the event the Group requires financing, either in euros or in other currencies, it reverts to loans, credit facilities or other types of financial instruments (see note 20).

Details of financial liabilities are disclosed in note 20, along with their expected maturities.

Interest rate risk

Interest rate fluctuations affect the fair value of assets and liabilities which accrue a fixed rate of interest, as well as future cash flows from assets and liabilities tied to a floating interest rate. Group exposure to this risk is not significant for the reasons mentioned above.

The Group does not have any financial assets or liabilities designated as at fair value through profit or loss. Given the Group's investment policy, any changes in interest rates at year-end would not significantly affect consolidated profits.

Capital management

The Group's capital management objectives are to safeguard the Group's ability to continue operating as a going concern so that it can continue to generate returns for shareholders, benefit other stakeholders and maintain an optimum capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments thereto in response to changes in economic conditions. No significant changes to capital management were made during the year.

Neither the Parent nor the Inditex Group subsidiaries are subject to strict capital management criteria.

Financial instruments

Merchandise and goods for resale are partly acquired from foreign suppliers in US dollars. In accordance with prevailing foreign currency risk policies, Group management arranges derivatives, mainly forward contracts, to hedge cash flow fluctuations related with exchange rates.

Occasionally the Group instruments its hedges through financial investments owned by it.

Certain Group subsidiaries are granted internal financing denominated in currencies other than the euro. In accordance with prevailing foreign currency risk policies, derivatives are arranged, mainly forward contracts and swaps, to hedge changes in fair value related with exchange rates.

Moreover, and as described in note 32.2.o, the Group applies hedge accounting to mitigate the volatility that the existence of significant foreign currency transactions would have on the consolidated income statement. Hedge accounting is used because the Group meets the requirements described in note 32.2.o on accounting policies to be able to classify financial instruments as accounting hedges. More specifically, these financial instruments have been formally designated as hedges and it has been observed that the hedges are highly affective. The expiry dates of hedging instruments have been negotiated so that they coincide with the expiry dates of the hedged items. In 2013, using hedge accounting, no significant amounts were recognized in profit or loss either in relation to gains or losses on transactions that did not occur or as a result of the ineffectiveness of the hedges.

Approximately 60% of the cash flows associated with hedges in US dollars are expected to be generated during the six months subsequent to year-end, while the remaining 40% is expected to be generated between six months to a year. It is also likely that the impact on consolidated profit and loss will arise during these periods.

Also, as part of the risk management policy, the Group designates as hedged items financial assets recognized under "Current financial investments", since the related derivatives qualify for hedge accounting.

The fair value of the hedging instruments was calculated as described in note 32.2.o

At 31 January 2014 and 2013, the Group had arranged derivatives, basically forward contracts on future purchases in US dollars forwards to hedge intra-Group financing. The fair value of these derivatives is recognized under "Other financial assets" or "Other financial liabilities" depending on the related balance.

The detail of "Other financial assets" and "Other financial liabilities" in the consolidated balance sheet is as follows:

Other financial assets	2013	2012
Fair value of the hedging instruments	13,022	7,831
Total	**13,022**	**7,831**

Other financial liabilities	2013	2012
Fair value of the hedging instruments	21,408	54,501
Reciprocal call and put options (Notes 6 and 22)	16,931	19,417
Total	**38,339**	**73,918**

The detail of the fair value (measured as indicated in note 32.2.o) of the hedging instruments is as follows:

Other financial assets at fair value and classification based on fair value hierarchy

Description	Level	Fair value 2013	Transfer to income	Transfer to income from equity	Income recognise directly in equity	Fair value 2012
OTC derivatives						
Foreign exchange forwards	2	12,454	2,910	(861)	4,768	5,637
Cross currency swap	2	567	(663)	(963)	-	2,193
Total derivatives		**13,022**	**2,247**	**(1,824)**	**4,768**	**7,831**

Other financial liabilities at fair value and classification based on fair value hierarchy

Description	Level	Fair value 2013	Transfer to income	Transfer to income from equity	Income recognise directly in equity	Fair value 2012
OTC derivatives						
Foreign exchange forwards	2	21,044	(19,783)	(21,216)	8,061	53,982
Interest rate swap	2	364	(154)	-	-	518
Total derivatives		**21,408**	**(19,937)**	**(21,216)**	**8,061**	**54,501**

There were no transfers among the various hierarchical levels (see note 32.2.o).

Financial instruments: other information

The main financial assets held by the Group, other than cash and cash equivalents and derivative financial instruments, comprise loans and receivables related to the Group's principal activity and guarantees in relation to the lease of commercial premises, which are shown under other non-current assets. The main financial assets of the Group are as follows:

	2013	2012
Cash and cash equivalents	3,846,726	3,842,918
Current financial investments	212,890	260,632
Trade receivables	145,977	150,226
Receivable due to sales to franchises	162,039	147,116
Other current receivables	61,164	50,924
Guarantees	344,302	223,734
Total	**4,773,098**	**4,675,551**

The financial liabilities of the Group mainly comprise debts and payables on commercial transactions.

The fair value of financial assets and liabilities measured at amortized cost does not differ substantially from their carrying amount, taking into account that in the majority of cases collection or payment is made in the short term. In 2013 no significant financial asset impairment losses were recognized.

6.27. Employee benefits

Defined benefit or contribution plan obligations

In general, the Group has no defined benefit or contribution plan obligations to its employees. However, in line with prevailing labour legislation or customary employment practice in certain countries, the Group assumes certain obligations related with the payment of specific amounts for accidents, illness, retirement, etc., to which employees sometimes contribute. The associated risk is partially or fully externalized through insurance policies.

Furthermore, in some countries employees receive a share of the profits generated by Group companies. Liabilities associated with these items are recognized under "Trade and other payables" and "Other non-current liabilities" in the consolidated balance sheet. The impact of these obligations on the consolidated income statement and the consolidated balance sheet is not significant.

Long-term cash-settled incentive plan

Inditex's board of directors authorized a long-term incentive plan for members of the management team and other personnel from Inditex and its Group of companies. By complying with the terms of the plan, each beneficiary is entitled to receive an incentive up to a designated maximum.

The plan started on 1 February 2013 and ends on 31 January 2016. Incentives are divided into an initial payment for the period ending 31 January 2015 and a final payment for the period ending 31 January 2016.

In order to be entitled to the initial and final payments the employees must, in addition to fulfilling the other terms and conditions provided for in the plan, remain uninterruptedly in the employ of Inditex or of any Inditex Group company in the period from 1 February 2013 to the end of each of the aforementioned periods, unless any of the cases in which early settlement occurs arises (e.g. death, retirement, permanent disability or unjustified dismissal), in which case the incentive to which the employee in question might be entitled will be paid on the basis of the length of time effectively worked from the beginning of the term of the plan as a proportion of the total duration of the plan or, in the case of the initial payment, as a proportion of the duration of the initial period.

The liability in this connection is recognized under "Provisions" in the consolidated balance sheet and the period provision is reflected under "Operating expenses" in the consolidated income statement. The impact of these obligations on the consolidated balance sheet and the consolidated income statement is not material.

The cash-settled incentive plan does not expose the Group to significant risks. There are no plan assets in this connection.

Long-term equity-settled incentive plan

The general shareholders' meeting resolved to establish a long-term equity-settled incentive plan targeted at members of the management team and other personnel of Inditex and of its Group of companies whereby each beneficiary will be entitled, if the terms and conditions provide for in the plan are met, to receive up to the maximum number of shares designated to that beneficiary.

The plan consists of two mutually independent time periods: the first, and the only one running in 2013, started on 1 July 2013 and ends on 30 June 2016; and the second, if approved in 2014, starts on 1 July 2014 and ends on 30 June 2017.

The amount relating to this plan is recognized under "Equity" in the consolidated balance sheet and the period expense is recognized under "Operating expenses" in the consolidated income statement. The impact of these obligations on the consolidated income statement balance sheet and the consolidated balance sheet is not material.

The equity-settled incentive plan does not expose the Group to significant risks.

To cater for the plan, the Group acquired, as a plan asset, a sufficient number of treasury shares to be able to settle the future obligations (see note 23).

The number of shares granted is calculated on the basis of a performance-based formula approved by the shareholders at the general shareholders' meeting.

No shares were delivered under the plan in 2013.

6.28. Interests in joint ventures

Inditex has a 50% stake in the group formed by the parent Tempe, S.A. and its subsidiaries Tempe México, S.A. de C.V., Tempe Brasil, S.A., Tempe Logística, S.A., Tempe Diseño, S.L., Tempe Trading, Tempe Trading Asia, Ltd. and TMP Trading (Shanghai) Co. LTD. The principal activity of these companies is the design, supply and distribution of footwear to Inditex Group companies, their main customer. The assets, liabilities, income and expenses of the joint ventures that have been consolidated are as follows:

	2013	2012
Non-current assets	98,262	85,555
Current assets	294,396	257,847
Non-current liabilities	(33,097)	(15,982)
Current liabilities	(190,257)	(183,028)
Net assets	**169,304**	**144,392**
Revenues (*)	722,940	612,492
Expenses	(598,319)	(478,162)

(*) Income received from non-Group third parties: euros 74,691 thousand and euros 75,100 thousand in 2013 and 2012, respectively.

There are no obligations to the other venturers of the joint ventures other than those of a strictly commercial nature, from which no significant future contingencies are expected to arise.

6.29. Proposed distribution of the profit of the Parent

The directors will propose that the euros 1,507,371 thousand of 2013 net profit of the Parent, which is the maximum amount distributable, be distributed as an ordinary dividend of euros 1.92 per share and an extraordinary gross dividend of euros 0.5 per share on the total outstanding shares, and that euros 33,522 thousand be taken to voluntary reserves.

6.30. Remuneration of the board of directors and transactions with related parties

Remuneration of the board of directors

Remuneration earned by the board of directors and senior management during 2013 is shown in the section on transactions with related parties.

Other information concerning the board of directors

According to the public registers of the Spanish Stock Exchange Commission (CNMV), at 31 January 2014 the members of the board of directors held the following direct and indirect investments in the share capital of Inditex:

Name or company name of director	Number of direct shares	Number of indirect shares	Percentage of capital
Mr Pablo Isla Álvarez de Tejera	361,064	-	0.058%
Mr Amancio Ortega Gaona	-	369,600,063 1	59.294%
Mr José Arnau Sierra	6,000	-	0.001%
GARTLER, S.L.	311,727,598	-	50.010%
Ms Irene R. Miller	13,240	-	0.002%
Mr Nils Smedegaard Andersen	7,000	-	0.001%
Mr Carlos Espinosa de los Monteros Bernaldo de Quirós	30,000	-	0.005%
Mr Emilio Saracho Rodríguez de Torres	-	-	-
Mr Juan Manuel Urgoiti López de Ocaña	27,739	-	0.004%
Total			**59.36%**

1 Through Gartler, S.L. and Partler 2006, S.L.

As required by article 229 of the Spanish Companies Act, the following are companies outside the consolidated Inditex Group with a statutory activity which is identical, similar or complementary to that of Inditex and in which members of its board of directors or persons related thereto hold investments or management positions.

Board member	Name of Company	Post
Nils Smedegaard Andersen	Dansk Supermarked	Chairman
Nils Smedegaard Andersen	A.P. Moller-Maersk A/S	Group CEO
Irene Miller	Coach Inc.	Director

It should also be noted that those members of the board of directors or persons related thereto do not hold ownership interests of more than 0.1% in the share capital of those companies.

Related party transactions

Related parties are subsidiaries, joint ventures and associates, details of which are shown in Appendix I to the consolidated annual accounts, as well as significant or controlling shareholders, members of the board of directors of Inditex and senior management of the Inditex Group, as well as their close relatives, as defined in Article 2.3 of Spanish Ministry of Economy and Finance Order EHA/3050/2004, of 15 September, on information on related-party transactions that issuers of securities on official secondary markets must disclose. All amounts are expressed in thousands of euros.

The transactions with related parties were performed on an arm's length basis.

Inditex Group companies

Details of operations between Inditex and other Group companies not performed in the ordinary course of business of the Company in terms of their objective and continues or which have not been completely eliminated in the consolidation process as they are proportionately consolidated are as follows.

Type of company	2013	2012
Jointly controlled companies	(362,426)	(352,258)
Group companies	-	(518,240)

Details of operations with significant shareholders, the members of the board of directors and management are as follows:

Significant shareholders

In 2013 the transactions performed by the Inditex Group with Gartler, S.L., Partler 2006, S.L. or with persons of companies related to them or with Rosp Corunna Participaciones Empresariales, S.L.U. with persons of companies related to it were as follows:

FY 2013

Company name of significant shareholder	Nature of relationship	Type of operation	Amount
Gartler, S.L., Partler 2006, S.L. or related entities or persons	Contractual	Lease of assets	(34,709)
Gartler, S.L., Partler 2006, S.L. or related entities or persons	Contractual	Lease of assets	161
Gartler, S.L., Partler 2006, S.L. or related entities or persons	Contractual	Other expenses	(20)
Gartler, S.L., Partler 2006, S.L. or related entities or persons	Contractual	Product sales	28
Gartler, S.L., Partler 2006, S.L. or related entities or persons	Contractual	Services rendered	517
Rosp Corunna Participaciones Empresariales, S.L. U. or related entities or persons	Contractual	Lease of assets	(532)
Rosp Corunna Participaciones Empresariales, S.L. U. or related entities or persons	Contractual	Other expenses	(41)

FY 2012

Company name of significant shareholder	Nature of relationship	Type of operation	Amount
Gartler, S.L., Partler 2006, S.L. or related entities or persons	Contractual	Lease of assets	(25,344)
Gartler, S.L., Partler 2006, S.L. or related entities or persons	Contractual	Lease of assets	161
Gartler, S.L., Partler 2006, S.L. or related entities or persons	Contractual	Other expenses	(20)
Gartler, S.L., Partler 2006, S.L. or related entities or persons	Contractual	Product sales	177
Gartler, S.L., Partler 2006, S.L. or related entities or persons	Contractual	Services rendered	87

Several group companies have leased commercial premises belonging to companies related to the controlling shareholder. Most of these lease contracts were signed prior to 1994 and expire between 2014 and 2016.

Members of the board of directors and management

The following tables show the remuneration and termination benefits earned by the directors and management of Inditex in 2013:

An itemized breakdown of the remuneration of the members of the board of directors is as follows:

	Type	Remuneration of board members	Remuneration of Deputy Chairman of board of directors	Remuneration for serving on Committees and on other Boards of Directors	Remuneration for chairing Committees	Fixed remuneration	Variable remuneration	Total 2013
Mr. Pablo Isla Álvarez de Tejera	Executive	100				3,250	3,000	6,350
Mr. José Arnau Sierra	Propietary	100	80	100				280
Mr.Carlos Espinosa de los Monteros Bernaldo de Quirós	Independent	100		180	50			330
Ms. Irene R.Miller	Independent	100		100	7			207
Mr.Nils Smedegaard Andersen	Independent	100		100				200
Mr.Emilio Saracho Rodríguez de Torres	Independent	100		100				200
Mr.Juan Manuel Urgoiti López de Ocaña	Independent	100		100	43			243
GARTLER, S.L .(1)	Propietary	100						100
Mr. Amancio Ortega Gaona	Propietary	100						100
		900	**80**	**680**	**100**	**3,250**	**3,000**	**8,010**

Amounts in thousands of euros
(1) represented by Ms Flora Pérez Marcote

The following table shows the remuneration and termination benefits received by the management of the Inditex Group in 2013:

	Management
Remuneration	17,344
Termination benefits	437

The following tables show the remuneration and termination benefits received by the directors and management of Inditex in 2012:

An itemized breakdown of the remuneration of the members of the board of directors in 2012 is as follows:

	Type	Remuneration of board members	Remuneration of Deputy Chairman of board of directors	Remuneration for serving on Committees and on other Boards of Directors	Remuneration for chairing Committees	Fixed remuneration	Variable remuneration	Total 2012
Mr. Pablo Isla Álvarez de Tejera	Executive	100				3,268	3,112	6,480
Mr. José Arnau Sierra	Propietary	64	43	54				161
Mr.Carlos Espinosa de los Monteros Bernaldo de Quirós	Independent	100	37	140	50			327
Ms. Irene R.Miller	Independent	100		100	43			243
Mr.Nils Smedegaard Andersen	Independent	100		100				200
Mr.Emilio Saracho Rodríguez de Torres	Independent	100		100				200
Mr.Juan Manuel Urgoiti López de Ocaña	Independent	100		100	7			207
GARTLER, S.L .(1)	Propietary	100						100
Mr. Amancio Ortega Gaona	Propietary	100						100
		864	**80**	**594**	**100**	**3,268**	**3,112**	**8,018**

Amounts in thousands of euros
(1) represented by Ms Flora Pérez Marcote

The following table shows the remuneration and termination benefits received by the management of the Inditex Group in 2012:

	Management
Remuneration	14,094
Termination benefits	-

The long-term incentive plan targeted at management and other employees of the Inditex Group approved by Inditex in 2010 (the features of which are described in note 26 to the consolidated annual accounts for 2012) expired on 31 January 2013. For the purposes of the related party transactions, the noted to the 2012 annual accounts disclosed the estimated amount accrued in relation to the incentive assigned to directors and executives payable provided that the terms and conditions stipulated in the plan were met: Directors euros 1,333 thousand and executives euros 2,293 thousand.

At the meeting held on 14 June 2011 Inditex's board of directors agreed to contract a benefits plan for the Chairman/CEO, as part of his remuneration for carrying out his senior management duties. The plan is a defined contribution plan, consisting of a group life insurance policy contracted by Inditex with a reputable insurance company operating in the Spanish market. The plan contributions are payable by Inditex and will be settled in single annual installments each September. These annual contributions are equivalent to 50% of the fixed base salary approved by Inditex for the Chairman and CEO for each year. Inditex's contribution to the Plan during 2013 amounted to euros 1,625 thousand (euros 1,625 thousand in 2002).

6.31. External auditors

In 2013 and 2012 the fees for financial audit and other services provided by the auditor of the Company's annual accounts, or by companies related to these auditors as a result of a relationship of control, common ownership or common management, were as follows:

	2013	2012
Audit services	4,742	4,006
Other assurance services	175	196
Total audit and similar services	**4,917**	**4,202**
Tax advisory services	567	369
Other services	293	122
Total professional services	**5,777**	**4,693**

The figures in the table above include the total fees for services rendered in 2013 and 2012, irrespective of the date of invoice.

In addition to the audit of the Inditex Group annual accounts, audit services rendered by Deloitte in 2013 and 2012 also include certain audit work related with the external audit.

Non-audit services relate mainly to advisory services to certain of the Group's subsidiaries abroad.

According to information received from the auditors, fees received from the Inditex Group by the principal auditors and the rest of the firms belonging to the international network (and associated firms) do not exceed 0.019% of their total revenue.

6.32. Selected accounting policies

32.1) Basis of consolidation

i) Subsidiaries

Subsidiaries are entities controlled by the Parent. Control exists when the Parent has the power, directly or indirectly, to govern financial and operating policies. Subsidiaries are consolidated by aggregating the total amount of assets, liabilities, income, expenses and cash flows, after carrying out the adjustments and eliminations relating to intra-Group transactions. The results of subsidiaries acquired during the year are included in the consolidated annual accounts from the date that control commences. Details of subsidiaries and jointly-controlled entities are provided in Appendix I. Net identifiable assets acquired, liabilities and contingent liabilities assumed as part of a business combination are stated at their acquisition date fair value, providing this acquisition took after 1 January 2004, the date of transition to EU-IFRSs.

For business combinations subsequent to that date, any consideration given plus the value assigned to non-controlling interests that is in excess of the net assets acquired and liabilities assumed is recognized as goodwill. Any shortfall determined between the consideration given, the value assigned to non-controlling interests and identifiable net assets acquired is recognized in profit and loss.

Acquisitions of shares in businesses subsequent to gaining control and partial disposals that do not result in a loss of control are recognized as transactions with shareholders in equity.

Non-controlling interests in the consolidated statement of changes in equity are presented separately from the consolidated equity attributable to equity holders of the Parent.

The results and each item of other comprehensive income are allocated to equity attributable to equity holders of the Parent and to non-controlling interests in proportion to their investment, even if this gives rise to a balance receivable from non-controlling interests. Agreements entered into between the Group and non-controlling interests are recognized as a separate transaction.

The share of non-controlling interests shareholders of the equity and results of subsidiaries are presented under "Equity attributable to non-controlling interests" and "Net profit attributable to non-controlling interests", respectively. Details of subsidiaries and jointly-controlled entities are provided in Appendix I

ii) Joint ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement. The consolidated annual accounts include, in each individual caption of the balance sheet and income statement, the Group's proportionate share in these entities' assets, liabilities, revenue, expenses and cash flows from the date that joint control commences until the date that joint control ceases to exist.

iii) Harmonization of criteria

Each of the entities included in the consolidated Group prepares its annual accounts and other accounting records in accordance with the accounting policies and legislation applicable in the country of origin. When these accounting criteria and policies are different to those adopted by Inditex in the preparation of its consolidated annual accounts, they have been adjusted in order to present the consolidated annual accounts using homogenous accounting policies.

iv) Intra-Group eliminations

All intra-Group receivables, payables and transactions, and any unrealized gains or losses arising from transactions with third parties, are eliminated in the consolidation process. In the case of jointly controlled entities, receivables, payables, income and expenses between Group companies, and any unrealized gains or losses arising from transactions with third parties, are eliminated in the consolidation process to the extent of the Group's interest in the entity.

v) Translation of annual accounts denominated in foreign currencies

The Group has applied the exemption relating to accumulated translation differences from IFRS 1 First-time Adoption of International Financial Reporting Standards and, therefore, any translation differences recognized in the consolidated annual accounts generated prior to 1 January 2004 are recorded under reserves. Since that date, the financial statements of entities with a functional currency other than the euro are translated as follows:

- Assets and liabilities are translated to euro at the exchange rates prevailing at the balance sheet date.
- Items that comprise the equity of these entities are translated to euros at historical exchange rates (or, for retained earnings, at the average exchange rates for the year in which they were generated).
- Income and expenses are translated into euros at the exchange rates prevailing on the date on which they were recognized, while average exchange rates are used in the cases in which the application of this simplifying criterion does not generate significant differences.

Differences arising from the application of these exchange rates are included in consolidated equity under "Translation differences".

However, exchange differences deriving from trade balances payable and receivable and financing operations between group companies, with foreseeable settlement, are recognized in the consolidated income statement for the year.

vi) Annual accounts in hyperinflationary countries

The annual accounts statements of foreign operations in countries considered to have hyperinflationary economies have been adjusted prior to translation to euros to account for the effect of changes in prices.

vii) Companies with a reporting date that differs from that of the Group

Companies with a reporting date which differs from that of the consolidated annual accounts were consolidated with the financial statements at their closing date (see Appendix I). Significant operations carried out between the reporting date of these subsidiaries and that of the consolidated annual accounts are subject to a temporary unification process.

viii) Changes in the consolidated Group

The following entities were incorporated or acquired by the Group and consolidated for the first time during the year:

Companies incorporated:

ITX Asia Pacific Enterprise Management, Co., Ltd	Zara Home Kazakhstan, LLP
FSF Soho, LLC	Oysho Kazakhstan, LLP
Pull & Bear Deutschland BV& CO	Zara Home Hong Kong Ltd
Zara Home Macao Ltd	Massimo Dutti BH, D.O.O
Uterque Macao Ltd	G. Zara Home Uruguay, S.A.
TMP Trading (Shanghai) Co. LTD	Oysho Hong Kong Ltd
Bershka Commercial (Shanghai) Co, Ltd	ITX Financien III, B.V.
Zara Home Sverige AB	ITX Albania SHPK
Pull & Bear Taiwan, B.V. Taiwan Branch	Bershka Taiwan, B.V. Taiwan Branch
Stradivarius Japan Corporation	Bershka USA INC

Companies acquired:

Zara Finland, OY
Retail Group Kazakhstan, LLP
Best Retail Kazakhstan, LLP
Pro Retail Kazakhstan, LLP
Master Retail Kazakhstan, LLP
Spanish Retail Kazakhstan, LLP

During the year Fashion C. Neuhauser Strabe 33, GmbH merged with Kommanditgesellschaft ZARA Deutschland B.V. & Co.

The inclusions in the consolidated Group referred to above did not have a material impact on the consolidated annual accounts for 2013.

32.2) Accounting policies

Certain standards, amendments and interpretations recently came into force for years beginning on or after 1 January 2013.

The Group applied IFRS 13 for the first time in 2013. This IFRS includes a new definition of fair value and now constitutes the only regulatory framework for the measurement of fair value and for the disclosures concerning fair value measurement. The Group analyzed the impact of the new standard on the measurement of its assets and liabilities and concluded that it will only give rise to changes in the methods used to measure derivative financial instruments. Under the new IFRS 13 definition of fair value, an entity's own credit risk must be taken into account in measuring the fair value of liabilities.

IFRS 13 was applied prospectively from 1 February 2013. The impact of first-time application was, at 1 February 2013, an increase in the value of liability derivative financial instruments, giving rise to an expense of euros 1,180 thousand, which was recognized in the consolidated statement of comprehensive income.

- Amendments to IAS 1, Presentation of Items of Other Comprehensive Income

These amendments only gave rise to a change in the presentation of these items in the statement of other comprehensive income, since items of OCI must now be grouped into items that will be reclassified (recycled) to profit or loss in subsequent periods and items that will not be reclassified subsequently.

Also, the other new standards, amendments or interpretations mandatorily applicable from 1 February 2013 (amendments to IAS 19, Employee Benefits, in relation to defined benefit plans, amendments to IAS 12 in relation to deferred taxes arising from investment property at fair value, amendments to IFRS 7 in relation to offsetting financial assets and financial liabilities and the amendments arising from the improvements to IFRSs) did not have a material effect on these consolidated annual accounts.

At the date of formal preparation of the consolidated annual accounts the following standards and interpretations with a potential impact on the Group had been issued by the IASB and adopted by the European Union for application in annual reporting periods beginning on or after 1 January 2014:

- IFRS 10, Consolidated Financial Statements
- IFRS 11, Joint Arrangements
- IFRS 12, Disclosure of Interests in Other Entities
- IAS 28, Investments in Associates and Joint Ventures

The directors assessed the potential effects of their application in the coming reporting period and do not expect their entry into force to have a material impact on these consolidated annual accounts.

Also, at the date of formal preparation of the consolidated annual accounts the following standards and interpretations with a potential impact on the Group had been issued by the IASB but had not become effective because they had not yet been adopted by the European Union:

- Amendments to IFRS 9, Financial Instruments: Classification and Measurement
- Amendments to IAS 36, Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to IAS 39, Novation of Derivatives and Continuation of Hedge Accounting
- IFRIC 21, Levies

The Company's directors consider that, taking into account the business activities carried on by the Group companies, the future application of the new legislation will not have a material effect on the consolidated annual accounts.

a) Foreign currency translation

Foreign currency transactions are translated to euros using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to euros at the exchange rates prevailing at that date. Exchange differences arising on translation are recognized in the income statement as financial results.

Cash flows from transactions in foreign currency are translated into euros in the consolidated cash flow statement at the exchange rates prevailing at the transaction date. The effect of fluctuations in exchange rates on cash and cash equivalents expressed in foreign currencies is presented separately in the consolidated cash flow statement under "Effect of exchange rate fluctuations on cash and cash equivalents".

b) Property, plant and equipment

Items of property, plant and equipment are stated at cost, including any additional costs incurred until the assets are ready for their intended use, less accumulated depreciation and any impairment losses or write-downs that have to be recognized.

Depreciation is taken on a straight-line basis over the estimated useful lives of the assets.

The estimated average useful lives are as follows:

Asset description	Useful life
Buildings	25 to 50 years
Fixtures, furniture and machinery (*)	7 - 13 years
Other property, plant and equipment	4 - 13 years

* In the case of assets located in leased premises, the depreciation rate is adapted to the estimated term of the lease if this shorter than the useful lives of the assets.

The Group reassesses property, plant and equipment residual values, useful lives and depreciation methods at each reporting date. Modifications to initially established criteria are recognized as changes in estimates.

After initial recognition of an asset, only costs that will generate future economic benefits that can be classified as probable and be reliably estimated are capitalized.

Periodic maintenance, upkeep and repair costs are expensed as they are incurred.

c) Rights over leased assets

These rights, known as leasehold assignment rights, access premiums or tenancy right waivers, relate to the amounts paid for lease rights over premises for access to commercial premises, in which the acquirer and the new lessee are subrogated to the rights and obligations of the transferor and former lessee under the previous lease.

Since these rights arose as a result of an acquisition for consideration, they were recognized as assets in the accompanying consolidated balance sheet.

These assets are recognized at cost of acquisition. After initial recognition, they are stated at cost less accumulated amortization and any impairment losses and are amortized over the term of the lease contract, except when, for legal reasons, the rights do not lose value, in which case they are determined to be intangible assets with indefinite useful lives and are therefore systematically tested for impairment.

In order to assess the possible existence of impairment of these assets, the Group uses the procedures described in Note 32.2. g.

d) Other intangible assets

- Intellectual property: intellectual property is charged for the amounts paid for the acquisition of title to or the right to use the related items, or for the expenses incurred in registration of the rights developed by the Group and is amortized on a straight-line basis over a maximum period of ten years.
- Computer software: software is stated at cost and is amortized on a straight-line basis over a five-year period.
- Industrial designs: these items are reflected at their cost of production, which includes the cost of samples, personnel costs and other directly or indirectly attributable costs, and are amortized on a straight-line basis over an estimated useful life of two years.

The Group reviews the intangible asset residual values, useful lives and amortization methods at the end of each reporting period. Modifications to initially established criteria are recognized, where applicable, as changes in estimates.

e) Financial investments

Marketable securities which represent less than 20% of the share capital of the related investee are stated at cost net of any impairment losses that have to be recognized.

f) Investment property

Investment property is made up of assets held to generate rental income of for capital appreciation or both, and is stated at cost of acquisition less accumulated depreciation and any impairment losses that have to be recognized. Depreciation is calculated on a straight-line basis over the useful lives of the corresponding assets.

Details of the market value of investment property are shown in note 14.

g) Impairment of non-current assets

The Group periodically assesses the possible existence of indications that its non-current assets (including goodwill and intangible assets with indefinite useful lives) might have become impaired in order to determine whether their recoverable amount is lower than their carrying amount (impairment loss). In the case of goodwill and intangible assets with indefinite useful lives the impairment tests are performed at least once a year, or more frequently if there are indications of impairment.

Impairment of non-current assets (property, plant and equipment and intangible assets) other than goodwill and intangible assets with an indefinite useful life

The Group has developed a general, systematic procedure for carrying out these impairment tests based on the monitoring of certain events or circumstances such as the performance of a store, operating decisions regarding the continuity of a particular location, or other circumstances which indicate that the value of an asset may not be recovered in full.

The recoverable amount of assets is the higher of fair value less costs to sell and value in use. Value in use is determined on the basis of the expected future cash flows for the period in which these assets are expected to generate revenue, forecast variations in the amount or distribution of the cash flows over time, the time value of money, the risk premium attached to the risk of uncertainty attached to the asset, and other factors which a market participant would consider in valuing the cash flows from the asset.

Recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. For assets that do not generate cash inflows individually, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

Based on the actual management of operations, the Group has defined each of the commercial premises in which it carries out its activities (stores) as basic cash-generating units, although these basic units can be aggregated to concept-country level, or even to all the companies located in the same country. Group assets which are not clearly assignable under this scheme (for example industrial or logistics assets) are treated separately within the context of this general policy according to their specific nature.

The Group uses the budgets and business plans, which generally cover a period of between three and five years, of the various cash-generating units to which the assets are assigned. The key assumptions on which the budgets and business plans are based are estimated sales growth in comparable stores and the evolution of the operating expenses and gross margin of each of the cash-generating units, based on experience and knowledge of the trends in each of the markets in which the Group operates.

The estimated cash flows are extrapolated to the period not covered by the business plan using a growth rate and expense structure that are similar to those of the last year of the business plan in the remaining term of the leases for the commercial premises.

The discount rate applied is usually a pre-tax measurement based on the risk-free rate for 10-year bonds issued by the governments in the relevant markets (or similar instruments, if no 10-year bonds have been issued), adjusted by a risk premium to reflect the increase in the risk of the investment per country and the systematic risk of the Group.

The average discount rate, resulting from those applied by the Group in the various markets, used for the purpose of calculating the present value of the estimated cash flows was 7.5% for 2013.

The results obtained from the 2013 impairment test performed on non-current assets (property, plant and equipment and intangible assets), are shown in the tables of changes reflected in notes 13 and 15 to the consolidated annual accounts relating to property, plant and equipment and rights on leased assets and other intangible assets.

Also, the Group performed sensitivity analyses on the result of the impairment test to test its sensitivity to the following assumptions:

- Increase of 100 basis points in the discount rate.
- 5% reduction in future cash flows.

These sensitivity analyses performed separately for each of the aforementioned assumptions disclosed the existence of additional de asset impairment amounting to euros 2,241 thousand and euros 2,130 thousand, respectively.

Impairment of goodwill

Goodwill acquired through a business combination is allocated to the group of basic cash-generating units corresponding to the company acquired, since this is the lowest level at which this goodwill is controlled for internal management purposes.

Each year, or more often if there are indications of impairment, an impairment test is performed, using the methodology described in the preceding point, unless, if the CGU in question is an acquired company, the cash flow analysis is performed considering a period of five years, after which perpetual income is projected using a perpetuity growth rate of 2% with respect to the growth of the preceding period. The review of the impairment for 2013 did not disclose the need to recognize any impairment loss on goodwill.

Also, the Group performed sensitivity analyses on the result of the impairment test to test its sensitivity to the following assumptions:

- Increase of 100 basis points in the discount rate.
- Use of a perpetuity growth rate of 0%.
- 5% reduction in future cash flows.

These sensitivity analyses performed separately for each of the aforementioned assumptions did not disclose the existence of any impairment in any case.

Impairment of intangible assets with an indefinite useful life

The intangible assets with an indefinite useful life are assigned to each of the commercial premises in which the Group carried on its business activities (stores).

These leasehold assignment rights are included in the calculation of the impairment of the non-current assets, as explained above.

Reversals of impairment losses

Reversals of impairment losses on non-current assets are recognized with a credit to "Amortization and depreciation" in the consolidated income statement, up to the limit of the carrying amount that the asset would have had, net of depreciation or amortization, had the impairment loss never been recognized, solely in cases in which, once the internal and external factors have been assessed, it can be concluded that the indications of impairment that led to the recognition of the impairment losses have ceased to exist or have been partially reduced.

The reversal of an impairment loss on a cash-generating unit is distributed among its assets, except for goodwill, which is distributed in accordance with its carrying amount and taking into account the limitation set out in the preceding paragraph.

An impairment loss recognized for goodwill must not be reversed in a subsequent period.

h) Accounts receivable

Trade receivables are initially recognized at fair value. After initial recognition, they are stated at amortized cost in accordance with the effective interest rate method, less any impairment losses recognized.

Impairment losses are recognized on trade receivables when there is objective evidence that the Group will not be able to collect the entire amount owed by the debtor in accordance with the terms of the debt. The amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the original interest rate. The amount of the impairment loss is recognized in the income statement.

i) Inventories

Inventories are measured at the lower of acquisition or production cost and net realizable value.

Cost comprises all the costs incurred in acquiring and transforming the inventories, as well as the design, storage, logistics and transport costs incurred in bringing the inventories to their present location and condition.

Transformation costs comprise the costs directly related to the units produced and a systematically calculated portion of indirect, variable and fixed costs incurred during the transformation process.

Cost is calculated on a FIFO basis and includes the cost of materials consumed, labor and manufacturing expenses.

The cost of inventories is adjusted through the caption "Cost of merchandise" in the consolidated income statement when cost exceeds net realizable value. Net realizable value is considered as the following:

- Raw materials and other supplies: replacement cost. However, materials are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
- Goods for resale: estimated selling price in the normal course of business.
- Work in progress: the estimated selling price for the corresponding finished products, less estimated costs of completion.

j) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits at financial institutions. They also include other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Investments which mature in less than three months from the acquisition date are also included.

In the statement of cash flows, bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents. Bank overdrafts are recognized in the consolidated balance sheet as financial liabilities from bank borrowings.

The Group classifies cash flows relating to interest and dividends paid and received as cash flows used in and obtained from investing and financing activities.

k) Current financial investments

Current financial investments include bank deposits and investments in investment funds that are not available at short term or that mature at between three and twelve months from acquisition.

The Group classifies cash flows relating to the amounts invested and received as cash flows from investing activities.

l) Employee benefits

Obligations acquired with Group personnel to be settled in the long term are estimated based on the dates on which they vest through the application, where appropriate, of actuarial assumptions. The Group has created a provision to cover the actuarial liability of the estimated portion vested at 31 January 2014.

Personnel expenses accrued during the year are determined based on the best estimate of how far the conditions of payment have been met and the period that has elapsed since the plan started.

Personnel expenses accrued by the beneficiaries of the plans referred to in note 27 to the consolidated annual accounts are recognized with a credit to liability accounts during the period in which the expenses accrue.

m) Provisions and contingent liabilities

Provisions are recognized in the balance sheet when:

- the Group has a present legal or constructive obligation as result of a past event;
- it is probable that an outflow of economic benefits will be required to settle the obligation; and
- the amount can be reliably estimated.

Provisions are based on the best information available at the date of preparation of the annual accounts and are revised at each balance sheet date.

If it is more likely than not that an outflow of resources will no longer be required to settle the obligation, the provision is reversed. The provision is reversed against the consolidated income statement item where the corresponding expense was recognized.

There are no risks that might give rise to significant future contingencies affecting the Group that have not already been taken into account in these consolidated annual accounts.

n) Financial liabilities

Financial liabilities, including trade and other payables, are initially recognized at fair value less any transaction costs that are directly attributable to the issue of the financial liability. After initial recognition, the Group's financial liabilities are measured at amortized cost using the effective interest method.

o) Derivatives and hedging operations

Financial instruments acquired by the Group to hedge forecast transactions in foreign currencies are initially recognized at fair value plus any transaction costs directly attributable to acquiring the instrument.

Foreign currency hedges relating to forecast transactions are treated as cash flow hedges, and therefore any gains or losses derived from measuring the instrument at fair value which correspond to the effective portion of the hedge are recognized in equity. The ineffective portion is taken to financial income or expenses, as appropriate.

Amounts recognized in equity are taken to income when the forecast transaction takes place with a charge or credit to the account in which it was recognized. Also, gains or losses recognized in equity are reclassified to finance income or expenses when the forecast transaction is not expected to occur. The fair value of the hedges is recognized, depending on whether it is positive or negative, under "Other financial assets" or "Other financial liabilities" in the accompanying consolidated balance sheet.

In order for financial instruments to qualify for hedge accounting, they are initially designated as such and the hedging relationship is documented. Also, the Group verifies initially and periodically over the life of the hedge, using "effectiveness tests" that the hedging relationship remains effective, i.e., that it is prospectively foreseeable that changes in the fair value or cash flows from the hedged item (attributable to the hedged risk) are offset almost completely by changes in the fair value or cash flows of the hedging instrument and that, retrospectively, the gain or loss on the hedge was within a range of 80-125% of the gain or loss on the hedged item. Also, the ineffective portion of the hedging instrument is recognized immediately in the consolidated income statement.

The fair value of the hedging instruments has been calculated using measurement techniques based on the spot exchange rate and interest rate curves (Levels 1 and 2), based on the fair value hierarchy shown below:

Level 1

Fair value is calculated on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Fair value is calculated on the basis of inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Unobservable inputs for the asset or liability.

The Group does not have any assets or liabilities assigned to this hierarchical level.

The measurement methodology, based on the aforementioned hierarchy, is as follows:

Level 1 instruments

The Group assigns certain fixed-income securities to this level and measures them at the prices in the active market in which they are traded.

Level 2 instruments

The Group assigns the assets and liabilities associated with its OTC derivative positions and measures them using observable market inputs.

Accordingly, the fair value of the hedging instruments arranged by the Group is calculated as follows:

Currency forwards

Fair value measurement:

Unit of account used for determining fair value

The Group determines that the appropriate unit of account, i.e., the level at which its assets or liabilities associated with its forward positions are valued for the purposes of their recognition and disclosure, is at aggregate level. This is permitted because the Group:

- Manages the group of financial assets and financial liabilities on the basis of its net exposure to a particular market risk (or risks) or credit risk in accordance with its documented risk management strategy.
- Provides information on that basis about the group of financial assets and financial liabilities to its key management personnel.
- Has master netting agreements with all its counterparties in the form of ISDA agreements the result of which is a net position with respect to the credit risk of the counterparties.
- The adjustment for credit risk is measured at counterparty level taking into account the netting agreements. The calculation of the contribution of each instrument under a given agreement is based on calculating the individual contributions of the expected exposures.

Methodology for determining fair value:

- The risk-free value is calculated by discounting the receipts and payments with the appropriate yield curve based on the currency involved. Amounts in foreign currency are translated to euros and it is calculated as the difference between the two amounts.
- The risk-adjusted value is calculated by obtaining the value of the Credit Value Adjustment (CVA), which represents the credit risk of the counterparty, and the Debit Value Adjustment (DVA), which represents the default risk. Both are a function of the severity of the expected loss in the event of default, of the probability of loss in the interval of time through maturity and of the risk-free value of the instrument.
- The value of the CVA is deducted from, and the value of the DVA is added to, the risk-free value of the derivative.

Cross-Currency Swap

Fair value measurement:

- The risk-free value is calculated. To measure the leg of the receipts in euros, the flows are discounted at the value date using the euro discount factor curve. To value the leg of the payments in US dollars, the flows are discounted at the value date using the US dollar discount factor curve obtained from the euro curve, from the market foreign exchange rates and from the spot exchange rate so that the measurement is consistent with market instruments. The spot rate at the value date is applied to the value obtained to thus obtain the equivalent euro value.
- The risk-adjusted value is calculated. The value of the CVA and DVA is obtained as indicated above.
- The value of the CVA is deducted from, and the value of the DVA is added to, the risk-free value of the derivative.

p) Revenue recognition

The sale of goods is recognized when the significant risks and rewards of ownership of the goods are transferred.

Sales to franchises are recognized when the aforementioned conditions are met and when revenue can be reliably determined and collection is considered probable.

The Group sells certain assets with the right for the buyers to return the goods. In these cases, the sale of the goods is recognized when the above conditions are met and it is possible to reliably estimate future returns based on experience and other relevant factors. Estimated returns are recognized against revenue and with a credit to the provision for sales returns. The estimated cost of returned goods is recognized as inventories, net of the effect of any reduction in value.

Rental income is recognized on a straight-line basis over the term of the lease.

Revenue from royalties is recognized using the accrual principle based on the substance of the contracts, providing collection is considered probable and the amount can be reliably estimated.

q) Leases

Lease contracts in which the significant risks and rewards inherent to ownership of the asset are substantially transferred to third parties are classified as finance leases, and are otherwise recorded as operating leases. All other leases are classified as operating leases.

Assets acquired through a finance lease are recognized as non-current assets at the lower of the present value of the future lease payment and the fair value of the leased asset, while the corresponding debt with the lessor is recognized as a liability. Lease payments are apportioned between the reduction of the outstanding liability and the finance charge, which is recorded as a financial expense during the year.

In the case of operating leases, non-contingent or fixed rent payments are charged to the income statement on a straight-line basis over the term of the lease. Contingent rent is recognized in the period in which payment is probable, as are variable rent increases linked to the consumer price index.

Incentives received from shopping center developers or owners of commercial premises (mainly contributions to construction work and grace periods) are recognized as non-current liabilities under "Other non-current liabilities – Lease incentives" and are booked as a reduction in rental expense under "Other operating expenses" on a straight-line basis over the term of the respective lease contracts.

r) Financial income and expenses

Finance income and expenses are recognized on an accrual basis using the effective interest method. Dividend income is recognized when the right to receive payment is established.

s) Income tax

The income tax expense for the year comprises current tax and deferred tax. Income tax comprises current and deferred tax and is recognized in the income statement and included in the determination of net profit or loss for the year, except to the extent that it relates to a transaction which has been recognized in equity in the same or previous years, in which case it is charged or credited to equity, or to a business combination.

Current tax is the tax expected to be paid or recovered in the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable or recoverable in respect of previous years.

Deferred tax is calculated using the balance sheet liability method, which provides for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax liabilities comprise income tax amounts payable in the future on account of taxable temporary differences while deferred tax assets are amounts recoverable due to the existence of deductible temporary differences, tax loss or tax credit carryforwards.

The Group recognizes deferred tax assets and liabilities derived from temporary differences, except those relating to the initial recognition of an asset or liability in a transaction which is not a business combination and which did not affect either accounting or taxable profit (losses), or in the case of deferred taxes, where temporary differences are related to the initial recognition of goodwill. Deferred tax assets and liabilities are also recognized for temporary differences relating to investments in subsidiaries, except when the Parent can control their reversal and the temporary differences will probably not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the years when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date and reflecting the tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of its assets or liabilities.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets, whether recognized or not, are reviewed at each balance sheet date.

The Group only offsets current tax assets and liabilities if it has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are recognized in the consolidated balance sheet under non-current assets or liabilities, irrespective of the expected date of realization or settlement.

t) Current and non-current assets and liabilities

The Group classifies assets and liabilities as current and non-current. Assets and liabilities are classified as current when they are expected to be realized or settled within twelve months of the balance sheet date, and are otherwise classified as non-current.

Assets and liabilities are not netted unless there are specific requirements to the contrary or a standard or interpretation so permits.

u) Treasury shares

Treasury shares acquired by the Group have been presented separately at cost as a reduction in equity in the consolidated balance sheet, and no gains or losses have been recorded as a result of transactions carried out with treasury shares.

Costs incurred in treasury share transactions are recorded as a reduction in equity, after consideration of any tax effect.

6.33. Environment

In view of the business activities carried on by the Group, it does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the consolidated annual accounts.

6.34. Events after the reporting period

At the date of preparation of these consolidated annual accounts no matters had been disclosed that might modify the consolidated annual accounts or give rise to disclosures additional to those already included in these consolidated annual accounts.

6.35. Explanation added for translation to English

These consolidated annual accounts are presented on the basis of the regulatory financial reporting framework applicable to the Group (see first page of the notes). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

Appendix I. Composition of the Inditex Group

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Chain	Line of business
Subsidiaries:						
Industria de Diseño Textil, S.A.	Parent	A Coruña - Spain	Full Consol.	31-jan	-	Parent
Comditel, S.A.	100,00%	Barcelona - Spain	Full Consol.	31-jan	Zara	Central buying entity
Zara Asia, Ltd.	100,00%	Hong Kong - China	Full Consol.	31-jan	Zara	Retail sales
Choolet, S.A.	100,00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile manufacturing
Confecciones Fíos, S.A.	100,00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile manufacturing
Confecciones Goa, S.A.	100,00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile manufacturing
Denllo, S.A.	100,00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile manufacturing
Hampton, S.A.	100,00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile manufacturing
Nikole, S.A.	100,00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Buyer
Samlor, S.A.	100,00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile manufacturing
Stear, S.A.	100,00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile manufacturing
Trisko, S.A.	100,00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile manufacturing
Zintura, S.A.	100,00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile manufacturing
Glencare, S.A.	100,00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile manufacturing
Indipunt, S.L.	51,00%	A Coruña - Spain	Full Consol.	31-jan	Multi-concept	Textile manufacturing
Indipunt Diseño, S.L.	51,00%	A Coruña - Spain	Full Consol.	31-jan	Multi-concept	Design
Zara España, S.A.	100,00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Retail sales
Zara Argentina, S.A.	100,00%	Buenos Aires - Argentina	Full Consol.	31-jan	Zara	Retail sales
Zara Belgique, S.A.	100,00%	Brussels - Belgium	Full Consol.	31-jan	Zara	Retail sales
Zara Chile, S.A.	100,00%	Santiago de Chile - Chile	Full Consol.	31-dec	Zara	Retail sales
Zara USA, Inc.	100,00%	New York - USA	Full Consol.	31-jan	Zara	Retail sales
Zara France, S.A.R.L.	100,00%	Paris - France	Full Consol.	31-jan	Zara	Retail sales
Zara UK, Ltd.	100,00%	London - UK	Full Consol.	31-jan	Zara	Retail sales
Zara Mexico, B.V.	100,00%	Amsterdam - Netherlands	Full Consol.	31-jan	Zara	Holding company
Zara Hellas, S.A.	100,00%	Athens - Greece	Full Consol.	31-jan	Zara	Retail sales
Zara México, S.A. de C.V.	95,00%	Mexico City - Mexico	Full Consol.	31-dec	Zara	Retail sales
Zara Portugal Confecçoes Lda.	100,00%	Lisbon - Portugal	Full Consol.	31-jan	Zara	Retail sales
G.Zara Uruguay, S.A.	100,00%	Montevideo -Uruguay	Full Consol.	31-jan	Zara	Retail sales
Zara Financiën B.V. Ireland	100,00%	Dublin - Ireland	Full Consol.	31-jan	Multi-concept	Financial services
Zara Brasil, Lda.	100,00%	Sao Paulo -Brazil	Full Consol.	31-dec	Zara	Retail sales
Zara Nederland, B.V.	100,00%	Amsterdam - Netherlands	Full Consol.	31-jan	Zara	Retail sales
Zara Österreich Clothing, GmbH	100,00%	Vienna - Austria	Full Consol.	31-jan	Zara	Retail sales
Zara Denmark A/S	100,00%	Copenhagen - Denmark	Full Consol.	31-jan	Zara	Retail sales
Zara Sverige, AB	100,00%	Stockholm - Sweden	Full Consol.	31-jan	Zara	Retail sales
Zara Norge, AS	100,00%	Oslo - Norway	Full Consol.	31-jan	Zara	Retail sales
Zara Canada, Inc.	100,00%	Montreal - Canada	Full Consol.	31-jan	Zara	Retail sales
Zara Suisse S.A.R.L.	100,00%	Fribourg - Switzerland	Full Consol.	31-jan	Zara	Retail sales
Zara Luxembourg, S.A.	100,00%	Luxembourg - Luxembourg	Full Consol.	31-jan	Zara	Retail sales
Za Giyim Ithalat Ihracat Ve Ticaret Ltd.	100,00%	Istanbul - Turkey	Full Consol.	31-jan	Zara	Retail sales
Zara Italia, S.R.L.	100,00%	Milan - Italy	Full Consol.	31-jan	Zara	Retail sales

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Chain	Line of business
Zara Japan Corp.	100,00%	Tokyo - Japan	Full Consol.	31-jan	Zara	Retail sales
Zara Ceská Republika, S.R.O.	100,00%	Prague - Czech Republic	Full Consol.	31-jan	Zara	Retail sales
Zara Puerto Rico, Inc.	100,00%	San Juan - Puerto Rico	Full Consol.	31-jan	Zara	Retail sales
Za Clothing Ireland, Ltd.	100,00%	Dublin - Ireland	Full Consol.	31-jan	Zara	Retail sales
Zara Magyarorszag, KFT.	100,00%	Budapest - Hungary	Full Consol.	31-jan	Zara	Retail sales
Zara Holding, B.V.	100,00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Holding company
Zara Monaco, SAM	100,00%	Monte Carlo - Monaco	Full Consol.	31-jan	Zara	Retail sales
Zara Commercial (Shanghai), Co Ltd.	100,00%	Shanghai- China	Full Consol.	31-dec	Zara	Retail sales
Zara Commercial (Beijing), Co Ltd.	100,00%	Beijing - China	Full Consol.	31-dec	Zara	Retail sales
Zara Macau, Ltd.	100,00%	Macao - China	Full Consol.	31-dec	Zara	Retail sales
Zara Polska, Sp. Zo.o.	100,00%	Warsaw - Poland	Full Consol.	31-jan	Zara	Retail sales
ZAO Zara CIS, Ltd.	100,00%	Moscow - Russia	Full Consol.	31-dec	Zara	Retail sales
Zara Deutschland, GmbH	100,00%	Hamburg - Germany	Full Consol.	31-jan	Zara	Holding company
Zara Bucuresti, Srl	100,00%	Bucharest - Romania	Full Consol.	31-dec	Zara	Retail sales
Zara Ukraine LLC	100,00%	Kiev - Ukraine	Full Consol.	31-dec	Zara	Retail sales
Zara Slovakia, S.R.O.	100,00%	Bratislava - Slovakia	Full Consol.	31-jan	Zara	Retail sales
Zara Taiwan, B.V. TW Branch	100,00%	Taipei - Taiwan	Full Consol.	31-jan	Zara	Retail sales
Zara Croatia, Ltd.	100,00%	Zagreb - Croatia	Full Consol.	31-jan	Zara	Retail sales
Zara Retail Korea, Ltd.	80,00%	Korea	Full Consol.	31-jan	Zara	Retail sales
Zara Bulgaria LTD	100,00%	Sofia - Bulgaria	Full Consol.	31-dec	Zara	Retail sales
Zara Immobiliare Italia SRL	100,00%	Milan - Italy	Full Consol.	31-jan	Zara	Real estate
Zara Diseño, S.L.	100,00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Design
Zara Management, B.V.	100,00%	Amsterdam - Netherlands	Full Consol.	31-jan	Zara	Holding company
Kommanditgesellschaft ZARA Deutschland B.V. & Co.	100,00%	Hamburg - Germany	Full Consol.	31-jan	Zara	Retail sales
ITX Fashion retail South Africa	90,00%	South Africa	Full Consol.	31-jan	Zara	Retail sales
Group Zara Australia Pty. Ltd.	80,00%	Sydney - Australia	Full Consol.	31-jan	Zara	Retail sales
ITX Financien, B.V.	100,00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Financial services
Zara Taiwan, B.V.	100,00%	Amsterdam - Netherlands	Full Consol.	31-jan	Zara	Holding company
Zara Vittorio 11 Italia S.R.L.	100,00%	Milan - Italy	Full Consol.	31-jan	Zara	Real estate
Zara BH, D.O.O.	100,00%	Sarajevo - Bosnia Herzegovina	Full Consol.	31-dec	Zara	Retail sales
Zara Serbia, D.O.O. Belgrade	100,00%	Belgrade - Serbia	Full Consol.	31-jan	Zara	Retail sales
Nikole Diseño, S.L.	100,00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Design
Inditex Montenegro, D.O.O. Podgorica	100,00%	Montenegro	Full Consol.	31-dec	Multi-concept	Retail sales
Inditex Vastgoed Korea, Ltd.	100,00%	Korea	Full Consol.	31-jan	Zara	Real estate
Inditex Trent Retail India Private LTD	51,00%	Mumbai - India	Full Consol.	31-mar	Zara	Retail sales
Kiddy´s Class España, S.A.	100,00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Retail sales
Fibracolor, S.A.	100,00%	Barcelona - Spain	Full Consol.	31-jan	Zara	Dormant
ITX Holding, S.A.	100,00%	Fribourg - Switzerland	Full Consol.	31-jan	Multi-concept	Holding company
Zara Finland, OY	100,00%	Helsinki - Finland	Full Consol.	31-jan	Zara	Retail sales
Retail Group Kazakhstan, LLP	100,00%	Almaty - Kazakhstan	Full Consol.	31-dec	Zara	Retail sales
ITX Financien III, B.V.	100,00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Financial services
ITX Albania SHPK	100,00%	Tirana - Albania	Full Consol.	31-dec	Multi-concept	Retail sales
Oysho España, S.A.	100,00%	Barcelona - Spain	Full Consol.	31-jan	Oysho	Retail sales
Oysho Venezuela, S.A.	100,00%	Caracas - Venezuela	Full Consol.	31-jan	Oysho	Retail sales
Oysho Portugal, Conf. Lda.	100,00%	Lisbon - Portugal	Full Consol.	31-jan	Oysho	Retail sales

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Chain	Line of business
Oysho Mexico, S.A. de C.V.	98,50%	Mexico City - Mexico	Full Consol.	31-dec	Oysho	Retail sales
Oysho Italia, S.R.L.	100,00%	Milan - Italy	Full Consol.	31-jan	Oysho	Retail sales
Oysho Hellas, S.A.	100,00%	Athens - Greece	Full Consol.	31-jan	Oysho	Retail sales
Oysho Giyim Ithalat Ihracat Ve Ticaret Ltd.	100,00%	Istanbul- Turkey	Full Consol.	31-jan	Oysho	Retail sales
Oysho Polska, Sp zo.o	100,00%	Warsaw - Poland	Full Consol.	31-jan	Oysho	Retail sales
Oysho CIS, Ltd.	100,00%	Moscow - Russia	Full Consol.	31-dec	Oysho	Retail sales
Oysho France, S.A.R.L.	100,00%	Paris - France	Full Consol.	31-jan	Oysho	Retail sales
Oysho MAGYARORSZAG, KFT	100,00%	Budapest - Hungary	Full Consol.	31-jan	Oysho	Retail sales
Oysho Ro, Srl	100,00%	Bucharest - Romania	Full Consol.	31-dec	Oysho	Retail sales
Oysho Ukraine, Llc	100,00%	Kiev - Ukraine	Full Consol.	31-dec	Oysho	Retail sales
Oysho Diseño, S.L.	100,00%	Barcelona - Spain	Full Consol.	31-jan	Oysho	Design
Oysho Bulgaria, LTD	100,00%	Sofia - Bulgaria	Full Consol.	31-dec	Oysho	Retail sales
Oysho Commercial & Trading (Shangai) Co., LTD.	100,00%	Shanghai - China	Full Consol.	31-dec	Oysho	Retail sales
Oysho Korea, LTD	100,00%	Korea	Full Consol.	31-jan	Oysho	Retail sales
Oysho Nederland, B.V.	100,00%	Amsterdam - Netherlands	Full Consol.	31-jan	Oysho	Retail sales
Oysho Croacia, LTD	100,00%	Zagreb - Croatia	Full Consol.	31-jan	Oysho	Retail sales
Oysho Serbia, D.O.O. Belgrade	100,00%	Belgrade - Serbia	Full Consol.	31-jan	Oysho	Retail sales
Oysho Macau, Ltd	100,00%	Macao - China	Full Consol.	31-dec	Oysho	Retail sales
Oysho Kazakhstan, LLP	100,00%	Almaty - Kazakhstan	Full Consol.	31-dec	Oysho	Retail sales
Oysho Hong Kong Ltd	100,00%	Hong Kong - China	Full Consol.	31-jan	Oysho	Retail sales
Grupo Massimo Dutti, S.A.	100,00%	Barcelona - Spain	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti Hellas, S.A.	100,00%	Athens - Greece	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti Giyim Ithalat Ih.Ve Tic. Ltd.	100,00%	Istanbul - Turkey	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti Venezuela, S.A.	100,00%	Caracas - Venezuela	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti France, S.A.R.L.	100,00%	Paris - France	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti UK, Ltd.	100,00%	London - UK	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti Suisse, S.A.R.L.	100,00%	Fribourg - Switzerland	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti Sverige, AB	100,00%	Stockholm - Sweden	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti Norge, AS.	100,00%	Oslo - Norway	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti Italia, S.R.L.	100,00%	Milan - Italy	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti Ireland., Ltd.	100,00%	Dublin - Ireland	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti USA, Ltd.	100,00%	New York - USA	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti Danmark A/S	100,00%	Copenhagen - Denmark	Full Consol.	31-jan	Massimo Dutti	Dormant
Massimo Dutti CIS, Ltd.	100,00%	Moscow - Russia	Full Consol.	31-dec	Massimo Dutti	Retail sales
Massimo Dutti Deutschland, GmbH	100,00%	Hamburg - Germany	Full Consol.	31-jan	Massimo Dutti	Holding company
Massimo Dutti Mexico, S.A. de C.V.	98,00%	Mexico City - Mexico	Full Consol.	31-dec	Massimo Dutti	Retail sales
BCN Diseños, S.A. de C.V.	98,00%	Mexico City - Mexico	Full Consol.	31-dec	Massimo Dutti	Retail sales
Liprasa Cartera, S.L.	98,00%	Madrid - Spain	Full Consol.	31-jan	Massimo Dutti	Holding company
Massimo Dutti, S.A.	100,00%	A Coruña - Spain	Full Consol.	31-jan	Massimo Dutti	Dormant
Massimo Dutti Hong Kong, Ltd.	100,00%	Hong Kong - China	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti Polska, Sp z.o.o.	100,00%	Warsaw - Poland	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti Ro, Srl	100,00%	Bucharest - Romania	Full Consol.	31-dec	Massimo Dutti	Retail sales
Massimo Dutti Macau Ltd.	100,00%	Macao - China	Full Consol.	31-dec	Massimo Dutti	Retail sales
Massimo Dutti Ukraine, Llc	100,00%	Kiev - Ukraine	Full Consol.	31-dec	Massimo Dutti	Retail sales
Massimo Dutti Ceská Republika, s.r.o	100,00%	Prague - Czech Republic	Full Consol.	31-jan	Massimo Dutti	Retail sales

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Chain	Line of business
Massimo Dutti Commercial Beijing Co, Ltd.	100,00%	Beijing - China	Full Consol.	31-dec	Massimo Dutti	Retail sales
Massimo Dutti Bulgaria, LTD	100,00%	Sofia - Bulgaria	Full Consol.	31-dec	Massimo Dutti	Retail sales
Massimo Dutti Croatia, LTD	100,00%	Zagreb - Croatia	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti Korea, LTD	100,00%	Korea	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti Diseño, S.L.	100,00%	Barcelona - Spain	Full Consol.	31-jan	Massimo Dutti	Design
Massimo Dutti Commercial Shangai CO, LTD	100,00%	Shanghai - China	Full Consol.	31-dec	Massimo Dutti	Retail sales
Massimo Dutti Österreich, GMBH	100,00%	Vienna - Austria	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti Nederland, B.V.	100,00%	Amsterdam - Netherlands	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti Canada, INC.	100,00%	Montreal - Canada	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti Taiwan, B.V. Taiwan Branch	100,00%	Taipei - Taiwan	Full Consol.	31-jan	Massimo Dutti	Retail sales
MD Benelux, N.V.	100,00%	Bruges - Belgium	Full Consol.	31-jan	Massimo Dutti	Retail sales
Italco Moda Italiana, LDA.	100,00%	Lisbon - Portugal	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti Portugal - Comercio e Industria Textil, S.A.	100,00%	Lisbon - Portugal	Full Consol.	31-jan	Massimo Dutti	Holding company
Massimo Dutti Japan, Co.	100,00%	Tokyo - Japan	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti Puerto Rico, INC	100,00%	San Juan - Puerto Rico	Full Consol.	31-jan	Massimo Dutti	Retail sales
KG Massimo Dutti Deutschland, B.V. & CO.	100,00%	Hamburg - Germany	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti Serbia, D.O.O. Belgrade	100,00%	Belgrade - Serbia	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti Magyarorxzág KFT	100,00%	Budapest - Hungary	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti Taiwan, B.V	100,00%	Amsterdam - Netherlands	Full Consol.	31-jan	Massimo Dutti	Holding company
Master Retail Kazakhstan, LLP	100,00%	Almaty - Kazakhstan	Full Consol.	31-dec	Massimo Dutti	Retail sales
Massimo Dutti BH, D.O.O	100,00%	Sarajevo - Bosnia Herzegovina	Full Consol.	31-dec	Massimo Dutti	Retail sales
ITX Merken, B.V.	100,00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Services
Pull & Bear España, S.A.	100,00%	A Coruña - Spain	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear Hellas, S.A.	100,00%	Athens - Greece	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear Portugal Conf. Lda.	100,00%	Lisbon - Portugal	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear Giyim Ith. Ihrac.Ve Tic. Ltd.	100,00%	Istanbul - Turkey	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear Mexico, S.A. de C.V.	98,50%	Mexico City - Mexico	Full Consol.	31-dec	Pull & Bear	Retail sales
Pull & Bear Belgique, S.A.	100,00%	Brussels - Belgium	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear France, S.A.R.L.	100,00%	Paris - France	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear Italia, S.R.L.	100,00%	Milan - Italy	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear Ceska Republika, S.R.O.	100,00%	Prague - Czech Republic	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear Ireland, Ltd.	100,00%	Dublin - Ireland	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear Magyarország Kft.	100,00%	Budapest - Hungary	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear Polska, Sp zo.o	100,00%	Warsaw - Poland	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear CIS, Ltd.	100,00%	Moscow - Russia	Full Consol.	31-dec	Pull & Bear	Retail sales
Pull & Bear Uk Limited	100,00%	London - UK	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear Ro, Srl	100,00%	Bucharest - Romania	Full Consol.	31-dec	Pull & Bear	Retail sales
Pull & Bear Ukraine, Llc	100,00%	Kiev - Ukraine	Full Consol.	31-dec	Pull & Bear	Retail sales
Pull & Bear Slovakia, S.R.O.	100,00%	Bratislava - Slovakia	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear Croatia, LTD	100,00%	Zagreb - Croatia	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear Commercial Beijing Co, Ltd.	100,00%	Beijing - China	Full Consol.	31-dec	Pull & Bear	Retail sales
Pull & Bear Bulgaria, LTD	100,00%	Sofia - Bulgaria	Full Consol.	31-dec	Pull & Bear	Retail sales
Pull & Bear Hong Kong LTD	100,00%	Hong Kong - China	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear Diseño, S.L.	100,00%	A Coruña - Spain	Full Consol.	31-jan	Pull & Bear	Design
Pull & Bear Macau, LTD	100,00%	Macao- China	Full Consol.	31-dec	Pull & Bear	Retail sales

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Chain	Line of business
Pull & Bear Nederland, B.V.	100,00%	Amsterdam - Netherlands	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear Österreich Clothing, Gmbh	100,00%	Vienna - Austria	Full Consol.	31-jan	Pull & Bear	Retail sales
Pul & Bear Taiwan, B.V. Taiwan Branch	100,00%	Taipei - Taiwan	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear Korea, LTD	100,00%	Korea	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear Serbia, D.O.O. Belgrade	100,00%	Belgrade - Serbia	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear BH, D.O.O.	100,00%	Sarajevo - Bosnia Herzegovina	Full Consol.	31-dec	Pull & Bear	Retail sales
Plataforma Cabanillas, S.A.	100,00%	A Coruña - Spain	Full Consol.	31-jan	Pull & Bear	Logistics
Pull & Bear Taiwan, B.V.	100,00%	Amsterdam - Netherlands	Full Consol.	31-jan	Pull & Bear	Holding company
P&B Gmbh	100,00%	Hamburg - Germany	Full Consol.	31-jan	Pull & Bear	Holding company
Pull & Bear Deutschland BV& CO	100,00%	Hamburg - Germany	Full Consol.	31-jan	Pull & Bear	Retail sales
Pro Retail Kazakhstan, LLP	100,00%	Almaty - Kazakhstan	Full Consol.	31-dec	Pull & Bear	Retail sales
Uterqüe, S.A.	100,00%	A Coruña - Spain	Full Consol.	31-jan	Uterqüe	Buyer
Uterqüe España, S.A.	100,00%	A Coruña - Spain	Full Consol.	31-jan	Uterqüe	Retail sales
Uterqüe Hellas	100,00%	Athens - Greece	Full Consol.	31-jan	Uterqüe	Retail sales
Gruputerqüe Portugal Conf. Lda	100,00%	Lisbon - Portugal	Full Consol.	31-jan	Uterqüe	Retail sales
Uterqüe Cis, LTD	100,00%	Moscow- Russia	Full Consol.	31-dec	Uterqüe	Retail sales
Uterqüe Giyim Limited	100,00%	Istanbul - Turkey	Full Consol.	31-jan	Uterqüe	Retail sales
Uterqüe México S.A. de C.V.	100,00%	Mexico City - Mexico	Full Consol.	31-dec	Uterqüe	Retail sales
Uterqüe Diseño, S.L.	100,00%	A Coruña - Spain	Full Consol.	31-jan	Uterqüe	Design
Uterqüe Italia, Srl.	100,00%	Milan - Italy	Full Consol.	31-jan	Uterqüe	Retail sales
Uterqüe Hong Kong, LTD	100,00%	Hong Kong - China	Full Consol.	31-jan	Uterqüe	Retail sales
Uterqüe Commercial & Trading (Shangai) Co., LTD.	100,00%	Shanghai - China	Full Consol.	31-dec	Uterqüe	Retail sales
UTC Benelux, N.V.	100,00%	Brussels - Belgium	Full Consol.	31-jan	Uterqüe	Retail sales
Uterque Macao Ltd	100,00%	Macao - China	Full Consol.	31-dec	Uterqüe	Retail sales
Bershka BSK España, S.A.	100,00%	Barcelona - Spain	Full Consol.	31-jan	Bershka	Retail sales
Bershka Portugal Conf. Soc. Unip. Lda.	100,00%	Lisbon - Portugal	Full Consol.	31-jan	Bershka	Retail sales
Bershka Hellas, S.A.	100,00%	Athens - Greece	Full Consol.	31-jan	Bershka	Retail sales
Bershka Mexico, S.A. de CV	97,00%	Mexico City - Mexico	Full Consol.	31-dec	Bershka	Retail sales
Bershka Giyim Ithalat Ihracat Ve Tic.Ltd.	100,00%	Istanbul - Turkey	Full Consol.	31-jan	Bershka	Retail sales
Bershka Belgique, S.A.	100,00%	Brussels - Belgium	Full Consol.	31-jan	Bershka	Retail sales
Bershka France, S.A.R.L.	100,00%	Paris - France	Full Consol.	31-jan	Bershka	Retail sales
Bershka Suisse, S.A.R.L.	100,00%	Fribourg - Switzerland	Full Consol.	31-jan	Bershka	Retail sales
Bershka Nederland, B.V.	100,00%	Amsterdam - Netherlands	Full Consol.	31-jan	Bershka	Retail sales
Bershka Italia, S.R.L.	100,00%	Milan - Italy	Full Consol.	31-jan	Bershka	Retail sales
Bershka U.K., Ltd.	100,00%	London - UK	Full Consol.	31-jan	Bershka	Retail sales
Bershka Ireland., Ltd.	100,00%	Dublin - Ireland	Full Consol.	31-jan	Bershka	Retail sales
Bershka Ceska Republica, S.R.O.	100,00%	Prague - Czech Republic	Full Consol.	31-jan	Bershka	Retail sales
Bershka Croatia, Ltd.	100,00%	Zagreb - Croatia	Full Consol.	31-jan	Bershka	Retail sales
Bershka Polska Sp Z O.O.	100,00%	Warsaw - Poland	Full Consol.	31-jan	Bershka	Retail sales
Bershka Slovakia, S.R.O.	100,00%	Bratislava - Slovakia	Full Consol.	31-jan	Bershka	Retail sales
Bershka Carpati, Srl	100,00%	Bucharest - Romania	Full Consol.	31-dec	Bershka	Retail sales
Bershka Ukraine, Llc	100,00%	Kiev - Ukraine	Full Consol.	31-dec	Bershka	Retail sales
Bershka Magyaroszag Kft.	100,00%	Budapest - Hungary	Full Consol.	31-jan	Bershka	Retail sales
Bershka Cis, Ltd	100,00%	Moscow - Russia	Full Consol.	31-dec	Bershka	Retail sales
Bershka Osterreich Clothing GmbH	100,00%	Vienna - Austria	Full Consol.	31-jan	Bershka	Retail sales

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Chain	Line of business
Bershka Hong Kong Limited	100,00%	Hong Kong - China	Full Consol.	31-jan	Bershka	Retail sales
Bershka Commercial Beijing Co, Ltd	100,00%	Beijing - China	Full Consol.	31-dec	Bershka	Retail sales
Bershka Bulgaria, LTD	100,00%	Sofia - Bulgaria	Full Consol.	31-dec	Bershka	Retail sales
Bershka Korea, LTD	100,00%	Korea	Full Consol.	31-jan	Bershka	Retail sales
Bershka Taiwan, B.V. Taiwan Branch	100,00%	Taipei - Taiwan	Full Consol.	31-jan	Bershka	Retail sales
Bershka Diseño, S.L.	100,00%	Barcelona - Spain	Full Consol.	31-jan	Bershka	Design
Bershka Macau, LTD	100,00%	Macao - China	Full Consol.	31-dec	Bershka	Retail sales
Bershka Japan, LTD	100,00%	Tokyo - Japan	Full Consol.	31-jan	Bershka	Retail sales
BSKE, GMBH	100,00%	Hamburg - Germany	Full Consol.	31-jan	Bershka	Holding company
Bershka BH, D.O.O.	100,00%	Sarajevo - Bosnia Herzegovina	Full Consol.	31-dec	Bershka	Retail sales
Bershka Deutschland B.V. & CO. KG	100,00%	Hamburg - Germany	Full Consol.	31-jan	Bershka	Retail sales
Bershka Serbia, D.O.O. Belgrade	100,00%	Belgrade - Serbia	Full Consol.	31-jan	Bershka	Retail sales
Bershka Taiwan, B.V.	100,00%	Amsterdam - Netherlands	Full Consol.	31-jan	Bershka	Holding company
Best Retail Kazakhstan, LLP	100,00%	Almaty - Kazakhstan	Full Consol.	31-dec	Bershka	Retail sales
Bershka Commercial (Shanghai) Co, Ltd	100,00%	Shanghai - China	Full Consol.	31-dec	Bershka	Retail sales
Bershka USA INC	100,00%	New York - USA	Full Consol.	31-jan	Bershka	Retail sales
Stradivarius España, S.A.	100,00%	Barcelona - Spain	Full Consol.	31-jan	Stradivarius	Retail sales
Stradivarius Hellas, S.A.	100,00%	Athens - Greece	Full Consol.	31-jan	Stradivarius	Retail sales
ITX RE	100,00%	Dublin - Ireland	Full Consol.	31-jan	Multi-concept	Insurance
Stradivarius Portugal, Conf. Unip. Lda.	100,00%	Lisbon - Portugal	Full Consol.	31-jan	Stradivarius	Retail sales
Stradivarius Giyim Ithalat Ih. Ve Tic. Ltd.	100,00%	Istanbul - Turkey	Full Consol.	31-jan	Stradivarius	Retail sales
Stradivarius Polska, Sp zo.o	100,00%	Warsaw - Poland	Full Consol.	31-jan	Stradivarius	Retail sales
Stradivarius Ireland Limited	100,00%	Dublin - Ireland	Full Consol.	31-jan	Stradivarius	Retail sales
Stradivarius Italia SRL	100,00%	Milan - Italy	Full Consol.	31-jan	Stradivarius	Retail sales
Stradivarius CIS, Ltd.	100,00%	Moscow - Russia	Full Consol.	31-dec	Stradivarius	Retail sales
Stradivarius France, S.A.R.L.	100,00%	Paris - France	Full Consol.	31-jan	Stradivarius	Retail sales
Stradivarius Magyaroszag Kft.	100,00%	Budapest - Hungary	Full Consol.	31-jan	Stradivarius	Retail sales
Stradivarius Croatia, LTD.	100,00%	Zagreb - Croatia	Full Consol.	31-jan	Stradivarius	Retail sales
Stradivarius Slovakia, S.R.O.	100,00%	Bratislava - Slovakia	Full Consol.	31-jan	Stradivarius	Retail sales
Stradivarius Ro, Srl	100,00%	Bucharest - Romania	Full Consol.	31-dec	Stradivarius	Retail sales
Stradivarius Ukraine, Llc	100,00%	Kiev - Ukraine	Full Consol.	31-dec	Stradivarius	Retail sales
Stradivarius Ceská Republika, s.r.o	100,00%	Prague - Czech Republic	Full Consol.	31-jan	Stradivarius	Retail sales
Stradivarius Commercial Shangai CO, LTD	100,00%	Shanghai - China	Full Consol.	31-dec	Stradivarius	Retail sales
Stradivarius Bulgaria, LTD	100,00%	Sofia - Bulgaria	Full Consol.	31-dec	Stradivarius	Retail sales
Stradivarius Diseño, S.L.	100,00%	Barcelona - Spain	Full Consol.	31-jan	Stradivarius	Design
Stradivarius Macau, LTD	100,00%	Macao - China	Full Consol.	31-dec	Stradivarius	Retail sales
Stradivarius Korea, LTD	100,00%	Korea	Full Consol.	31-jan	Stradivarius	Retail sales
Stradivarius Hong Kong, LTD	100,00%	Hong Kong - China	Full Consol.	31-jan	Stradivarius	Retail sales
Stradivarius México, S.A. de C.V.	100,00%	Mexico City - Mexico	Full Consol.	31-dec	Stradivarius	Retail sales
Stradivarius BH, D.O.O.	100,00%	Sarajevo - Bosnia Herzegovina	Full Consol.	31-dec	Stradivarius	Retail sales
Stradivarius Serbia, D.O.O. Belgrade	100,00%	Belgrade - Serbia	Full Consol.	31-jan	Stradivarius	Retail sales
Spanish Retail Kazakhstan, LLP	100,00%	Almaty - Kazakhstan	Full Consol.	31-dec	Stradivarius	Retail sales
Stradivarius Japan Corporation	100,00%	Tokyo - Japan	Full Consol.	31-jan	Stradivarius	Retail sales
ITX Trading, S.A.	100,00%	Fribourg - Switzerland	Full Consol.	31-jan	Multi-concept	Buyer
Zara Home España, S.A.	100,00%	A Coruña - Spain	Full Consol.	31-jan	Zara Home	Retail sales

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Chain	Line of business
Zara Home Portugal, Conf. Soc. Unip. Lda.	100,00%	Lisbon - Portugal	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home U.K., Ltd.	100,00%	London - UK	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Hellas, S.A.	100,00%	Athens - Greece	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Nederland, B.V.	100,00%	Amsterdam - Netherlands	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Mexico, S.A. de C.V.	98,50%	Mexico City - Mexico	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Italia, S.R.L.	100,00%	Milan - Italy	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Giyim Ithalat Ihracat Ve Ticaret Ltd.	100,00%	Istanbul - Turkey	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Francia, S.A.R.L.	100,00%	Paris - France	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Ro, Srl	100,00%	Bucharest - Romania	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home CIS, Ltd.	100,00%	Moscow - Russia	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Ukraine, Llc	100,00%	Kiev - Ukraine	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Polska, Sp zo.o	100,00%	Warsaw - Poland	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Diseño, S.L.	100,00%	A Coruña - Spain	Full Consol.	31-jan	Zara Home	Design
Zara Home Deutschland B.V. & Co. KG	100,00%	Hamburg - Germany	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Taiwan, B.V. TW Branch	100,00%	Taipei - Taiwan	Full Consol.	31-jan	Zara Home	Retail sales
ZHE, Gmbh	100,00%	Hamburg - Germany	Full Consol.	31-jan	Zara Home	Holding company
Zara Home Brasil Produtos para o Lar, Ltda.	100,00%	Sao Paulo -Brazil	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Croatia, LTD	100,00%	Zagreb - Croatia	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Belgique, S.A.	100,00%	Brussels - Belgium	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Commercial & Trading (Shangai) Co., LTD.	100,00%	Shanghai - China	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Japan Corp.	100,00%	Tokyo - Japan	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Canada, Inc	100,00%	Montreal - Canada	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Taiwan, B.V.	100,00%	Amsterdam - Netherlands	Full Consol.	31-jan	Zara Home	Holding company
Zara Home Macao Ltd	100,00%	Macao - China	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Sverige AB	100,00%	Stockholm - Sweden	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Kazakhstan, LLP	100,00%	Almaty - Kazakhstan	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Hong Kong Ltd	100,00%	Hong Kong - China	Full Consol.	31-jan	Zara Home	Retail sales
G. Zara Home Uruguay, S.A.	100,00%	Montevideo - Uruguay	Full Consol.	31-jan	Zara Home	Retail sales
Zara Logística, S.A.	100,00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Logistics
Plataforma Europa, S.A.	100,00%	Zaragoza - Spain	Full Consol.	31-jan	Zara	Logistics
Plataforma Logística León, S.A.	100,00%	León- Spain	Full Consol.	31-jan	Zara	Logistics
Plataforma Logística Meco, S.A.	100,00%	Madrid- Spain	Full Consol.	31-jan	Multi-concept	Logistics
Pull & Bear Logística, S.A.	100,00%	A Coruña - Spain	Full Consol.	31-jan	Pull & Bear	Logistics
Massimo Dutti Logística, S.A.	100,00%	Barcelona - Spain	Full Consol.	31-jan	Massimo Dutti	Logistics
Bershka Logística, S.A.	100,00%	Barcelona - Spain	Full Consol.	31-jan	Bershka	Logistics
Oysho Logística, S.A.	100,00%	Barcelona - Spain	Full Consol.	31-jan	Oysho	Logistics
Stradivarius Logística, S.A.	100,00%	Barcelona - Spain	Full Consol.	31-jan	Stradivarius	Logistics
Zara Home Logística, S.A.	100,00%	A Coruña - Spain	Full Consol.	31-jan	Zara Home	Logistics
Uterqüe Logística, S.A.	100,00%	A Coruña - Spain	Full Consol.	31-jan	Uterqüe	Logistics
Lefties Logística, S.A.	100,00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Logistics
Inditex Logística, S.A.	100,00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Logistics
Tordera Logística, S.L.	100,00%	A Coruña - Spain	Full Consol.	31-jan	Multi-concept	Logistics
Corporación de Servicios XX1, S.A. de C.V.	100,00%	Mexico City - Mexico	Full Consol.	31-dec	Multi-concept	Services
ITX Fashion Ltd	100,00%	Dublin - Ireland	Full Consol.	31-jan	Multi-concept	Retail sales
Goa-Invest, S.A.	100,00%	A Coruña - Spain	Full Consol.	31-jan	Multi-concept	Construction

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Chain	Line of business
Goa-Invest Deutschland GMBH	100,00%	Hamburg - Germany	Full Consol.	31-jan	Multi-concept	Construction
Zara Vastgoed, B.V.	100,00%	Amsterdam - Netherlands	Full Consol.	31-jan	Zara	Real estate
Vastgoed Asia, Ltd.	100,00%	Hong Kong - China	Full Consol.	31-jan	Zara	Real estate
SNC Zara France Immobiliere	100,00%	Paris - France	Full Consol.	31-dec	Zara	Real estate
SCI Vastgoed Ferreol P03302	100,00%	Paris - France	Full Consol.	31-dec	Zara	Real estate
SCI Vastgoed France P03301	100,00%	Paris - France	Full Consol.	31-dec	Zara	Real estate
SCI Vastgoed General Leclerc P03303	100,00%	Paris - France	Full Consol.	31-dec	Zara	Real estate
SCI Vastgoed Nancy P03304	100,00%	Paris - France	Full Consol.	31-dec	Zara	Real estate
Invercarpro, S.A.	100,00%	Madrid - Spain	Full Consol.	31-jan	Zara	Real estate
Robustae S.G.P.S. Unip. Lda.	100,00%	Lisbon - Portugal	Full Consol.	31-jan	Zara	Retail sales
Lefties España, S,A,	100,00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Real estate
Inditex Cogeneración, A.I.E.	100,00%	A Coruña - Spain	Full Consol.	31-jan	Multi-concept	Combined heat and power plant
Inditex, S.A.	100,00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Dormant
Zara Holding II, B.V	100,00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Holding company
Zara, S.A.	100,00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Dormant
Zara, S.A.	100,00%	Buenos Aires - Argentina	Full Consol.	31-jan	Zara	Dormant
Fashion Logistic Forwarders, S.A.	100,00%	A Coruña - Spain	Full Consol.	31-jan	Multi-concept	Logistics
ITX Asia Pacific Enterprise Management Co., Ltd	100,00%	Shanghai - China	Full Consol.	31-dec	Multi-concept	Central buying entity
FSF New York, LLC	100,00%	New York - USA	Full Consol.	31-jan	Zara	Real estate
FSF Soho, LLC	100,00%	New York - USA	Full Consol.	31-jan	Zara	Real estate
ITX USA, LLC	100,00%	New York - USA	Full Consol.	31-jan	Multi-concept	Retail sales
Fashion Retail España, S.A.	100,00%	A Coruña - Spain	Full Consol.	31-jan	Multi-concept	Retail sales
ITXR Macedonaia Dooel Skopje	100,00%	Skopje - Macedonia	Full Consol.	31-dec	Multi-concept	Retail sales
ITX E-commerce (Shanghai) Co. Ltd	100,00%	Shanghai - China	Full Consol.	31-dec	Multi-concept	Retail sales
ITX Financien II, B.V.	100,00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Financial services
ITX Canada, Inc.	100,00%	Montreal - Canada	Full Consol.	31-jan	Multi-concept	Retail sales

Jointly controlled entities

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Chain	Line of business
Tempe, S.A.	50,00%	Alicante - Spain	Prop. Consol	31-jan	Multi-concept	Sale of footwear
Tempe México, S.A. de C.V.	50,00%	Mexico City - Mexico	Prop. Consol	31-dec	Multi-concept	Sale of footwear
Tempe Logística, S.A.	50,00%	Alicante - Spain	Prop. Consol	31-jan	Multi-concept	Logistics
Tempe Brasil, Ltda.	50,00%	Sao Paulo - Brazil	Prop. Consol	31-dec	Multi-concept	Sale of footwear
Tempe Diseño, S.L.	50,00%	Alicante - Spain	Prop. Consol	31-jan	Multi-concept	Design
Tempe Trading	50,00%	Fribourg - Switzerland	Prop. Consol	30-oct	Multi-concept	Sale of footwear
Tempe Trading Asia Limited	50,00%	Hong Kong - China	Prop. Consol	31-jan	Multi-concept	Sale of footwear
TMP Trading (Shanghai) Co. LTD	50,00%	Shanghai - China	Prop. Consol	31-dec	Multi-concept	Sale of footwear

consolidated directors' report

Consolidated directors' report at 31 January for 2014

Amounts expressed in millions of euros

Situation of the entity

INDITEX is a global fashion group with a presence in five continents, 87 markets and both the Northern and Southern Hemispheres which engages mainly in the retail sale of fashion goods, principally clothing, footwear, accessories and textile products for the home. INDITEX carries out its activity through various commercial formats such as Zara, Pull & Bear, Massimo Dutti, Bershka, Stradivarius, Oysho, Zara Home and Uterqüe.

Each format's commercial activity is carried out through chains of stores managed directly by companies in which INDITEX holds all or the majority of the share capital, with the exception of certain countries where, for various reasons, the retail selling activity is performed through franchises.

The business model of INDITEX is a flexible, integrated and customer-orientated model with a clear multi-channel and multi-concept strategy.

The business model encompasses all the phases of the value chain: design, manufacturing and supply, distribution, logistics and retail sales. The offer of an attractive combination of fashion at very competitive prices, the constant renewal of designs and dispatches to stores between twice and six times a week place the customer at the center of the Group's strategy, and the remittance of information on a daily basis from the stores makes it possible to update collections on an ongoing basis.

The Group's logistics system facilitates constant deliveries from the distribution centers of the various commercial formats to stores throughout each season. This system essentially operates through centralized logistics centers for each concept in which inventory is stored and distributed to stores worldwide.

Organizational structure

The INDITEX Group's corporate governance is articulated through the following institutional and operational bodies and mechanisms:

- General Meeting
- Board of Directors
- Audit and Control Committee
- Nomination and Remuneration Committee
- Regulatory Compliance Committee and Department
- Ethics Committee

Business performance and results

Key financial and non-financial indicators

Inditex continues its global, multiconcept, multichannel growth.

In FY2013 INDITEX achieved strong like-for-like sales and space growth. INDITEX continued the global rollout of its online sales platform which now covers most of the Northern Hemisphere. Additionally, INDITEX strengthened its highly differentiated retail proposition through the optimization of its retail base.

Net sales for FY2013 reached euros 16,724 million, 5% higher than in FY2012 Net sales in local currencies rose 8%.

The Group's Like-for-like sales increased 3% in FY2013 (2% in the first half of the year and 3% in the second) on 6% in FY2012. The like-for-like calculation includes 74% of FY2013 store sales (i.e. sales in stores opened for the whole of fiscal years 2013 and 2012).

In FY2013 INDITEX retail space increased 9%. Total selling area at FYE reached 3,441,969 square metres:

Square metres	31 Jan 2014	31 Jan 2013	Chg % 13/12
Zara	2,150,517	2,009,717	7%
Pull & Bear	284,429	254,413	12%
Massimo Dutti	193,614	172,095	13%
Bershka	384,911	338,450	14%
Stradivarius	232,034	206,584	12%
Oysho	78,742	74,669	5%
Zara Home	107,263	93,166	15%
Uterqüe	10,459	12,354	-15%
Total	**3,441,969**	**3,161,448**	**9%**

Net store openings in FY2013 amounted to 331 reaching a total of 6,340 stores in 87 markets. In FY2013 INDITEX has opened stores in 61 markets.

INDITEX continued the optimization of its retail base. In FY2013 INDITEX opened larger new stores, enlarged 100 global flagships, introduced the new image in key stores around the world and absorbed small units into neighboring stores.

Information on quarterly openings and stores opened as at FYE by concept and by market:

Net openings by quarter:

Concept	1Q 2013	2Q 2013	3Q 2013	4Q 2013	Total 2013
Zara	12	7	38	19	76
Zara Kids	(3)	(5)	(2)	0	(10)
Pull & Bear	1	8	9	19	37
Massimo Dutti	0	4	15	16	35
Bershka	14	11	24	20	69
Stradivarius	14	22	26	16	78
Oysho	5	4	9	7	25
Zara Home	7	(1)	25	6	37
Uterqüe	(1)	(4)	1	(12)	(16)
Total	**49**	**46**	**145**	**91**	**331**

Total stores at the end of each quarter:

Concept	1Q 2013	2Q 2013	3Q 2013	4Q 2013
Zara	1,763	1,770	1,808	1,827
Zara Kids	171	166	164	164
Pull & Bear	817	825	834	853
Massimo Dutti	630	634	649	665
Bershka	899	910	934	954
Stradivarius	794	816	842	858
Oysho	529	533	542	549
Zara Home	364	363	388	394
Uterqüe	91	87	88	76
Total	**6,058**	**6,104**	**6,249**	**6,340**

Company-managed stores and franchised stores at FYE 2013

Concept	Co. Mag.	Franchised	Total
Zara	1,628	199	1,827
Zara Kids	164	0	164
Pull & Bear	729	124	853
Massimo Dutti	573	92	665
Bershka	818	136	954
Stradivarius	699	159	858
Oysho	486	63	549
Zara Home	351	43	394
Uterqüe	60	16	76
Total	**5,508**	**832**	**6,340**

Sales in company-managed and franchised stores:

Concept	Company Managed	Franchised
Zara	88%	12%
Pull & Bear	84%	16%
Massimo Dutti	82%	18%
Bershka	84%	16%
Stradivarius	80%	20%
Oysho	87%	13%
Zara Home	86%	14%
Uterqüe	83%	17%
Total	**86%**	**14%**

Net sales by concept are shown in the table below:

Concept	2013	2012	Chg % 13/12	2 yr CAGR
Zara	10,804	10,541	2%	10%
Pull&Bear	1,191	1,086	10%	12%
Massimo Dutti	1,293	1,134	14%	13%
Bershka	1,556	1,485	5%	9%
Stradivarius	1,006	961	5%	7%
Oysho	353	314	12%	6%
Zara Home	451	350	29%	19%
Uterqüe	71	74	-4%	2%
Total	**16,724**	**15,946**	**5%**	**10%**

The Group operates a global sales platform. **Store sales by geographical area** are shown in the table below:

Area	2013	2012
Europe exSpain	45.9%	45.4%
Asia&ROW	20.4%	19.7%
Spain	19.7%	20.7%
Americas	14.0%	14.2%
Total	**100.0%**	**100.0%**

Online sales were launched for Zara in Canada in March 2013 and Zara, Berhska, Massimo Dutti, Stradivarius and Oysho in the Russian Federation over the second half 2013.

Gross profit rose to euros 9,923 million, 4% higher than the previous year. The Gross margin has reached 59.3% of sales (59.8% in FY2012).

Operating expenses have been tightly managed over the year and have grown by 7%, mainly as a result of the growth in sales and the new retail space added. They include all the start-up costs for new space addition.

Million Euros	2013	2012
Personnel expenses	2,698	2,548
Rental expenses	1,656	1,530
Other operating expenses	1,644	1,527
Total	**5,998**	**5,605**

At FYE 2013 the number of employees was 128,313 (120,314 at FYE 2012).

FY2013 **EBITDA** came to euros 3,926 million versus euros 3,913 million a year earlier and **EBIT** to euros 3,071 million, versus euros 3,117 million a year earlier.

The breakdown of EBIT by concept is shown below:

EBIT by concept (Million Euros)					% sales	% total
Concept	2013	2012	Chg% 13/12	2 yr CAGR	2013	2013
Zara	2,089	2,233	-6%	10%	19.3%	68%
Pull&Bear	196	182	8%	18%	16.4%	6%
Massimo Dutti	247	197	25%	2%	19.1%	8%
Bershka	241	239	1%	23%	15.5%	8%
Stradivarius	212	208	2%	5%	21.1%	7%
Oysho	40	26	56%	5%	11.4%	1%
Zara Home	55	41	35%	19%	12.3%	2%
Uterqüe	-8	-9	-	2%	-	-
Total EBIT	**3,071**	**3,117**	**-1%**	**10%**	**18.4%**	**100%**

The following chart shows the breakdown of financial results.

Million Euros	2013	2012
Net financial income (losses)	11	13
Foreign exchange gains (losses)	(30)	1
Total	**(18)**	**14**

Net income came to euros 2,377 million, 1% higher than the previous year.

Return on equity, defined as net income on average shareholders' equity:

Million Euros	2013	2012
Net income	2,377	2,361
Shareholders equity - previous year	8,446	7,415
Shareholders equity - current year	9,246	8,446
Average equity	8,846	7,930
Return on Equity	**27%**	**30%**

Return on capital employed, defined as EBIT on average capital employed (shareholders' equity plus net financial debt):

	2013	2012
EBIT (Million Euros)	3,071	3,117
Average capital employed		
Average shareholders' equity	8,846	7,930
Average net financial debt (*)	0	0
Total average capital employed	**8,846**	**7,930**
Return on Capital employed	**35%**	**39%**

(*) Zero when net cash

Return on capital employed by concept:

Concept	2013	2012
Zara	31%	37%
Pull & Bear	50%	57%
Massimo Dutti	45%	42%
Bershka	46%	51%
Stradivarius	53%	57%
Oysho	34%	21%
Zara Home	36%	38%
Uterqüe	-	-
Total	**35%**	**39%**

To complement the financial statements included in the consolidated annual accounts of the INDITEX Group, attached hereto is Appendix I showing the income statement by quarter for 2013.

Appendices II and III show a list of stores by concept and market at 31 January 2014 and the information on the markets in which the various concepts make online sales.

Issues relating to the environment and employees

The business model of INDITEX is based on the premise that all its processes must be sustainable and responsible. In this regard, it is understood to be a shared responsibility in which all the professional teams making up the Group play a role and which is applied to the various categories: sustainable production chain, responsibility for products and customers and a commitment to people.

All suppliers and plants involved in the production process must be obliged on an explicit and binding basis to adhere to the social responsibility and environmental values that define the Group, through both its Corporate Social Responsibility and Environmental Departments and its sales and purchasing teams. INDITEX responds to this challenge through the creation and implementation of policies that are in tune with fundamental employment standards and environmental protection, the establishment of tools for direct cooperation with suppliers and multilateral dialogue with bodies and institutions working in these areas.

The measures that INDITEX has initiated in order to face up to the challenge posed by a sustainable production chain are as follows:

- Management and strengthening of the production chain
- Water Master Plan in the production chain
- Greater commitment to its suppliers
- Industrial framework agreement

INDITEX perceives its activity as an exercise in responsibility in all facets of its business model. In this regard, this process must be fully embraced by both the products sold by the Group and its stores, since the latter are its main channel of communication with the ultimate users of its products, its customers. The products must comply with Clear to Wear (health) and Safe to Wear (safety) standards, which set down the most stringent requirements in this connection in the world. In turn, the stores constitute a cornerstone of any sustainable development policy based on eco-efficiency.

Similarly, all INDITEX's logistics centers have an Environmental Management System certificate pursuant to the ISO 14001 standard.

INDITEX understands that its relationships with its employees and with the community in which it is integrated must be based on the principles set forth in its Code of Conduct and Responsible Practices. The policies on equal opportunities and the balance between family and working life and the integration projects constitute essential instruments for creating a work environment that encourages the personal and professional growth of the workforce.

People constitute a key driving force behind the push to consolidate INDITEX's growth. In a complex, demanding and competitive environment, and as part of a modern, different and changing industry, the workforce is one of the factors that sets the Group apart from its competitors.

The average headcount, by category, is as follows:

	Gender		
Category	**W**	**M**	**Total**
Manufacturing and Logistics	3,604	4,313	7,917
Central Services	5,769	3,464	9,233
Stores	90,173	20,990	111,163
Total	**99,546**	**28,767**	**128,313**

Liquidity and capital resources

INDITEX continued to show a strong financial position in FY2013.

Million euros	**31 january 2014**	**31 january 2013**
Cash & cash equivalents	3,847	3,843
Short term investments	213	261
Current financial debt	(3)	(2)
Non currente financial debt	(2)	(4)
Net financial cash (debt)	**4,055**	**4,097**

The operating working capital position remains negative, as a consequence of the business model.

Million euros	**31 january 2014**	**31 january 2013**
Inventories	1,677	1,581
Receivables	815	848
Payables	(3,421)	(3,409)
Operating working capital	**(929)**	**(980)**

Funds from operations reached euros 2,949 million in FY2013.

Ordinary capital expenditure for FY2013 amounted to euros 1,240 million driven by retail space growth in the year.

The Group's capital structure is characterized by the low debt/equity ratio as a result of the practically non-existent financing and the strength of its equity.

The Group's organic growth and its CAPEX needs have been financed substantially in full with the funds generated by the business, which has enabled the Group to maintain its solid cash position.

The Group has available credit lines that guarantee access to such additional funds as might be required.

Analysis of contractual obligations and off balance sheet transactions

There are no contractual obligations or off balance sheet transactions that might have a significant impact on the consolidated annual accounts.

Main risks and uncertainties

The Group is exposed to various risks inherent to its operations in the various markets in which it operates.

For the purposes, of the management of these risks, the Group classifies them in the following categories:

1. Business environment

Risks arising from external factors relating to the Group's business activities.

This category includes risks relating to difficulties in adapting to the environment or market in which the Group operates, as regards both the procurement processes and the product retaining and sale activities. These risks are inherent to the fashion retailing business and consist of the Group's potential inability to continue operating and react to changes in its target market or to adapt to new situations in the countries from which it obtains its supplies.

In this regard, demographic cha socio-economic changes in countries in which procurements or retail sales are made, the emergence of new means of communication and changes in consumer behavior or a downturn in demand in certain markets constitute, inter alia, factors that might have an adverse effect on the optimum achievement of the Group's business objectives.

2. Legislative and regulatory

These are the risks to which the Group is exposed as a result of the legislation in force in the countries in which it carries on its business activities.

To facilitate their management, the risks included in this category were classified, on the basis of their nature, as risks relating to tax. customs, labor law, commercial and consumption-related regulations and risks relating to other types of legislation.

3. Reputation

These are risks which have a direct influence on the perception of the Group held by its stakeholders (customers, employees, shareholders and suppliers) and society in general.

They arise from the possibility of the incorrect management of issues relating to social responsibility and sustainability, responsibility for product safety and the corporate image of the Group.

4. Human resources

The main risks relating to human resources are those arising from potential dependence on key employees and the difficulties involved in identifying and adequately managing talent in the event of the Organization's lack of ability to respond to new labor market expectations due to changes in the scale of values of new generations.

5. Operational

The principal operational risks to which the Group is exposed arise from the possible difficulties involved in recognizing and taking on board the constant changes in fashion trends, and in manufacturing, buying and selling new items that meet customer expectations.

The risk arising from the interruption of operations is associated with the possible occurrence of extraordinary events not within the Group's control (natural disasters, fires, transport or key supplier strikes, etc.), which could have a significant effect on the normal functioning of the Group's operations.

6. Financial

The normal functioning of the Group's operations exposes it to risks of a financial nature. This category includes foreign currency risk, counterparty credit risk, liquidity risk and interest rate risk. In addition, the increasingly international nature of the Group's businesses exposes it to country risk in its various different markets.

7. Information for decision-making

The risks in this category relate to the availability of adequate information at all levels: transactional and operating information, financial and accounting information, management information and budgeting and control information.

8. Technology and information systems

These include the risks associated with the technological infrastructure, the effective management of information, IT and robotic networks and communications. They also include those relating to the physical and logistic security of systems.

9. Corporate governance

This category includes the risk relating to the possibility of an inadequacy in the Group's management leading to the failure to comply with corporate governance and transparency rules.

Risk management at the Group is a process promoted by the board of directors and senior management and is the responsibility of all members of the Organization, the purpose of which is to provide reasonable assurance that the objectives established by the Group will be achieved, furnishing shareholders, other stakeholders and the market in general with sufficient guarantees to ensure that the value generated will be protected.

In this context, the Group's Risk Management Policy establishes the basic principles, key risk factors and the general action guidelines for managing and controlling the risks that affect the Group. This Policy is applicable to the entire Group and forms the basis for an Integral Risk Management System that is currently being implemented gradually, starting with at corporate level and with key areas of the business.

The Risk Management Policy is implemented and complemented by specific policies relating to certain units or areas of the Group. The polices developed and implemented by these areas for the management of the different types of risk include most notably:

- Investment Policy
- Payment Management Policy
- Foreign Currency Risk Management Policy
- Policy regarding Powers of Attorney
- Code of Conduct and of Responsible Practices
- Manufacturer and Supplier Code of Conduct
- Occupational Risk Prevention Policy
- Environmental Risk Management Policy
- IT Security Policy
- Product Health and Safety Policies (*Safe to Wear and Clear to Wear)*

For more details, see Section E-Risk control systems of the Annual Corporate Governance Report for 2013.

Significant events after the reporting period

No significant events have occurred since the reporting date.

Information on the outlook for the Group

Store sales in local currencies have increased by 12% from 1 February to 15 March 2014. The Spring/Summer season is influenced by the performance over the Easter period due to its significant sales volumes.

Capital Expenditure in FY2014 is expected to be approximately euros 1,350 million driven mainly by the addition of new retail space during the year.

FY2014 space growth and conversion rates are expected to be in line with long-term targets. In FY2014 INDITEX expects 450-500 gross openings and the selective absorption of 80-100 small units (mainly non-Zara concepts) into neighboring stores. Approximately 70% of the new contracts have been signed but in some cases openings may not take place in FY2014.

Online sales

Zara began online sales in Greece in March and will launch in Romania in April 2014. Additionally, Zara plans to launch online sales in South Korea and Mexico in Autumn/Winter 2014.

R&D+I activities

The INDITEX Group generally does not carry out research and development projects, which are defined as projects, other than those involving the design of garments, accessories or household products, in which amounts are invested over several years to develop assets on which a return is expected over multi-year periods.

Since its inception, the Company has been run with the help of the technology available in all areas of activity in order to improve manufacturing and distribution processes, and by developing in-house or third-party tools to facilitate the management of the business. Some examples of this are point-of-sale terminals, inventory management systems, distribution center delivery systems, systems for communications with stores and in-store garment labelling systems.

Acquisition and sale of treasury shares

The annual general shareholders' meeting held on 16 July 2013 approved a long-term share-based incentive plan (see note 27 to the consolidated annual accounts) and authorized the board of directors to derivatively acquire treasury shares to cater for that plan.

As a result, in FY2013 450,000 treasury shares were acquired with an average acquisition cost of euros 103.32 per share in order to cover the first tranche of the plan, which expires on 30 June 2016.

Other salient information

Stock market information

INDITEX's share price rose by 7.3% in 2013 to euros 110.70 per share on 31 January 2014, thereby consolidating the positive trend evidenced by the 54.7% increase in 2012. The average daily trading volume was approximately 1.8 million shares. The Dow Jones Stoxx 600 Retail and Ibex 35 indexes rose by 14.4% and 18.6%, respectively, in the same period.

INDITEX's market capitalization stood at euros 69,003 million at FYE 2013, up 653% on its capitalization when its shares were admitted to trading on 23 May 2001, as compared with a 3% rise in the Ibex 35 index in the same period.

Dividend policy

INDITEX's Board of Directors will propose at the annual general shareholders' meeting a dividend increase of 10%, composed of an ordinary dividend of euros 1.92 per share and a bonus dividend of euros 0.50 per share, equating to a total dividend of euros 2.42 per share. euros 1.21 will be payable on 2 May 2014 as an interim ordinary dividend and euros 1.21 would be payable on 3 November 2014 as the final ordinary and bonus dividend.

Dividends paid to shareholders in 2013 reached euros 1,378 million.

The dividend for FY2012 totaling euros 2.20 per share was paid in May and November 2013.

Other information

Related party transactions

Transactions with related parties are described in note 30 to the consolidated annual accounts. The Company did not carry out any transactions with related parties in 2013 that substantially affected its financial position or results.

Corporate Governance Report

The Corporate Governance Report is available at www.inditex.com and was published in the section on Relevant Event Communications of the CNMV (Spanish National Securities Market Commission) website on 19 March 2014.

Appendix I

Income statement: FY2013 quarterly results

	Q1	Q2	Q3	Q4
Net sales	3,593	4,062	4,270	4,800
Cost of sales	(1,453)	(1,716)	(1,614)	(2,018)
Gross profit	**2,140**	**2,346**	**2,656**	**2,781**
	59.6%	57.7%	62.2%	57.9%
Operating expenses	(1,389)	(1,472)	(1,504)	(1,634)
Other net operating income (losses)	(2)	1	(0)	2
Operating cash flow (EBITDA)	**749**	**875**	**1,152**	**1,150**
	20.9%	21.5%	27.0%	24.0%
Amortisation and depreciation	(190)	(216)	(222)	(227)
Operating income (EBIT)	**559**	**660**	**930**	**922**
	15.6%	16.2%	21.8%	19.2%
Financial results	12	(14)	(6)	(10)
Income before taxes	**571**	**646**	**924**	**913**
	15.9%	15.9%	21.6%	19.0%
Taxes	(131)	(133)	(200)	(207)
Net income	**444**	**512**	**723**	**706**
	12.2%	12.6%	16.9%	14.7%
Minorities	2	(0)	0	3
Net income attributable to the controlling company	**438**	**512**	**723**	**703**
	12.2%	12.6%	16.9%	14.7%

Appendix II

Stores by concept and market at 31 January 2014

Market	Zara	Zara Kids	Pull & Bear	Massimo Dutti	Bershka	Stradivarius	Oysho	Zara Home	Uterqüe	INDITEX
ALGERIA	1	0	0	0	0	0	0	0	0	1
ANDORRA	1	0	1	1	1	1	1	1	1	8
ARGENTINA	10	0	0	0	0	0	0	0	0	10
ARMENIA	1	0	1	1	1	1	1	0	0	6
AUSTRALIA	8	0	0	0	0	0	0	0	0	8
AUSTRIA	12	0	2	0	6	0	0	0	0	20
AZERBAIJAN	2	0	1	1	2	1	1	0	0	8
BAHREIN	2	0	2	2	1	1	1	1	0	10
BELGIUM	27	0	7	23	10	0	0	6	4	77
BOSNIA	1	0	1	0	1	1	0	0	0	4
BRAZIL	47	0	0	0	0	0	0	5	0	52
BULGARIA	7	0	5	4	6	5	5	0	0	32
CANADA	25	0	0	2	0	0	0	2	0	29
CHILE	8	0	0	0	0	0	0	0	0	8
CHINA	152	0	61	53	64	66	42	17	2	457
COLOMBIA	11	0	3	3	8	9	1	2	0	37
COSTA RICA	2	0	1	1	1	1	0	1	0	7
CROATIA	9	0	5	3	7	5	2	1	0	32
CYPRUS	6	0	6	4	7	7	4	4	2	40
CZECH REPUBLIC	7	0	4	1	4	2	0	0	0	18
DENMARK	2	0	0	0	0	0	0	0	0	2
DOMINICAN REPUBLIC	2	0	1	2	2	2	2	1	0	12
ECUADOR	2	0	1	1	2	1	1	0	0	8
EGYPT	4	0	5	4	5	4	3	3	0	28
EL SALVADOR	2	0	2	0	1	1	0	0	0	6
ESTONIA	2	0	1	0	1	1	0	0	0	5
FINLAND	4	0	0	0	0	0	0	0	0	4
FRANCE	125	1	25	23	41	21	12	19	0	267
GEORGIA	2	0	1	2	1	1	1	0	0	8
GERMANY	72	0	3	13	6	0	0	10	0	104
GREECE	41	6	23	12	28	16	18	8	0	152
GUATEMALA	2	0	2	1	2	2	2	1	0	12
HONDURAS	2	0	1	1	2	1	0	1	0	8
HUNGARY	8	0	7	1	9	7	1	0	0	33
ICELAND	2	0	0	0	0	0	0	0	0	2
INDIA	14	0	0	0	0	0	0	0	0	14
INDONESIA	13	0	9	4	5	10	0	1	0	42
IRELAND	9	0	5	2	6	2	0	0	0	24
ISRAEL	22	0	24	2	7	0	0	0	0	55
ITALY	91	8	39	9	49	49	45	26	0	316
JAPAN	90	0	0	0	14	0	0	2	0	106
JORDAN	2	0	2	2	1	4	1	1	1	14

Market	Zara	Zara Kids	Pull & Bear	Massimo Dutti	Bershka	Stradivarius	Oysho	Zara Home	Uterqüe	INDITEX
KAZAKHSTAN	3	0	2	2	2	2	1	1	0	13
KUWAIT	5	0	4	2	2	1	3	1	2	20
LATVIA	4	0	3	2	3	1	0	0	0	13
LEBANON	6	0	5	6	6	5	5	5	2	40
LITHUANIA	4	0	4	4	4	4	0	0	0	20
LUXEMBOURG	3	0	0	1	0	0	0	0	0	4
MACEDONIA	1	0	1	1	1	1	0	0	0	5
MALAYSIA	9	0	2	5	4	0	0	0	0	20
MALTA	1	0	3	1	2	2	1	1	0	11
MEXICO	59	0	45	33	54	13	39	19	10	272
MONACO	1	0	0	0	0	0	0	0	0	1
MONTENEGRO	1	0	1	0	1	1	1	0	0	5
MOROCCO	4	0	2	2	2	6	3	3	1	23
NETHERLANDS	25	0	5	4	13	0	0	3	0	50
NORWAY	3	0	0	1	0	0	0	0	0	4
OMAN	1	0	0	0	0	1	1	1	0	4
PANAMA	2	0	1	0	1	1	1	1	0	7
PERU	1	0	0	0	0	0	0	1	0	2
PHILIPPINES	6	0	0	3	2	3	0	0	0	14
POLAND	45	0	32	22	48	71	15	9	0	242
PORTUGAL	61	18	55	43	49	43	35	26	5	335
PUERTO RICO	2	0	0	1	0	0	0	0	0	3
QATAR	2	0	2	2	2	1	2	2	2	15
ROMANIA	21	0	19	9	19	19	7	4	0	98
RUSSIA	74	0	66	30	69	67	50	23	7	386
SAUDI ARABIA	27	0	12	12	27	37	19	4	2	140
SERBIA	4	0	2	2	2	2	2	0	0	14
SINGAPORE	8	0	4	4	4	3	0	0	0	23
SLOVAKIA	3	0	2	0	3	3	0	0	0	11
SLOVENIA	5	0	2	1	4	4	0	0	0	16
SOUTH AFRICA	4	0	0	0	0	0	0	0	0	4
SOUTH KOREA	40	0	5	5	5	4	0	0	0	59
SPAIN	323	131	262	232	256	294	185	143	32	1,858
SWEDEN	10	0	0	3	0	0	0	1	0	14
SWITZERLAND	14	0	0	6	2	0	0	0	0	22
TAIWAN	6	0	1	1	0	0	0	1	0	9
THAILAND	9	0	3	2	2	3	0	1	0	20
TUNISIA	2	0	0	0	2	0	0	0	0	4
TURKEY	34	0	26	18	28	26	21	14	0	167
UAE	10	0	8	10	8	7	8	6	3	60
UKRAINE	9	0	11	4	11	11	6	0	0	52
UNITED KINGDOM	66	0	7	11	5	0	0	10	0	99
UNITED STATES	45	0	0	2	0	0	0	0	0	47
URUGUAY	2	0	0	0	0	0	0	1	0	3
VENEZUELA	10	0	5	0	10	0	0	0	0	25
Total	**1,827**	**164**	**853**	**665**	**954**	**858**	**549**	**394**	**76**	**6,340**

Appendix III

Markets and concepts with online sales:

From 29 Oct 2007	Zara Home	Europe: Austria, Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, Monaco, Netherlands, Portugal, Spain, Sweden, UK, Switzerland, Norway, Finland, Poland
2 Sept 2010	Zara	Spain, Portugal, France, Gemany, Italy, UK
04 Nov 2010	Zara	Netherlands, Belgium, Luxembourg, Austria, Ireland
3 March 2011	Zara	Switzerland, Monaco, Sweden, Denmark, Norway
From 6 Sept 2011	Massimo Dutti, Bershka, Pull&Bear, Stradivarius, Oysho, Uterqüe	Europe
7 Sept 2011	Zara	United States
20 Oct 2011	Zara	Japan
7 March 2012	Zara	Poland
5 Sept 2012	Zara	China
Oct. 2012	Massimo Dutti, Zara Home	United States
6 March 2013	Zara	Canada
28 Aug 2013	Zara	Russian Federation
1 October 2013	Massimo Dutti, Bershka, Stradivarius, Oysho	Russian Federation
March/April 2014	Zara	Greece, Romania
Autumn/Winter 2014	Zara	South Korea, Mexico

Systems for control of risks

1. 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 ir 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.

2. 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:

<u>Board of Directors</u>

- 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.

<u>Audit and Control Committee</u>

- 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. .

<u>Financial Division (ERM Department)</u>

- 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

3. 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:

3.1. 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.

3.2. 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.

3.3. 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.

3.4. 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.

3.5. 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.

3.6. 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.

3.7. 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.

3.8. 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.

3.9. 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.

4. Company's 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).

5. 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.

6. Response and supervision plans for the main risks faced by the Company

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

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

6.1. 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.

6.2. 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.

6.3. 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.

6.4. 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 broad 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.

6.5. 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.

6.6. 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.

6.7. 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 next Section of this Annual 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.

6. 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.

6.9. 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.

Internal control and risks management systems

with Regard to Financial Reporting (SCIIF, spanish acronym)

Mechanisms comprising the internal control and risks management systems with regard to financial reporting (SCIIF) of the Company

1. Company's control environment

Give information describing the key features of at least:

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 SCIIF, 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 coves 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 SCIIF, requesting action plans to correct or reduce any weaknesses revealed and by following-up the implementation of the proposed recommendations.

1.2. Existence, especially in the process of drawing up the financial information, of the following elements:

• 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 DFG 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 L*ey 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.

2 Risks assessment in financial reporting

Information on at least:

2.1. 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 SCIIF) 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 mater 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.

3 Control activities

Information on the main features if at least the following exist:

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 authorizes 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.

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.

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.
- HHRR-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.

4. Information and Communication

Information on the main features if at least the following exist:

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.

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.

5. Supervision of the system's operation

Information on the main features of:

5.1. SCIIF supervision activities carried out by the audit committee and the existence of an internal audit function charged, inter alia, with supporting the audit committee in the monitoring of the internal system, including SCIIF. Likewise, the scope of SCIIF assessment carried out during the fiscal year, and the procedure by which the person in charge of performing the assessment communicates its results, existence of 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 SCIIF 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 SCIIF, 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.

5.2. 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, existence of 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.

6. 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 of the external auditor regarding the review of the information on SCIIF sento to the markets.

Deloitte.

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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

Audit and Control Committee

1. Preliminary

The Board of Directors of INDUSTRIA DE DISEÑO TEXTIL, S.A. (INDITEX, S.A.) (hereinafter, INDITEX) has been amending its rules on corporate governance in line with the most demanding trends on the subject and in accordance with the good governance codes and, where appropriate, the regulations approved on this matter. Among said adjustments and amendments are those affecting the Board of Directors' Regulations, out of which those aimed at enhancing the tasks of the Audit and Control Committee, either by extending its duties or by allocating new ones thereto, such as that of drawing up an annual activities report, shall be stressed.

This document, drawn up by the Audit and Control Committee of INDITEX, in the session held on 10 June 2014 is the annual activities report prepared in compliance with the provisions of section 14.2 (o) currently in force of the Board of Directors' Regulations of the Company, and it describes the activities carried out by the Audit and Control Committee from 1 February 2013 through 31 January 2014, fiscal 2013 year-end.

This report has been issued on an annual basis since fiscal year 2002.

2. The Audit and Control Committee: origin and evolution, regulation and composition

a. Origin and evolution

The Board of Directors of INDITEX held on 20 July 2000 approved the Board of Directors' Regulations, under the provisions of section 29.3 of the then prevailing Articles of Association in force, in order to adjust to the guidelines of the report drawn up by the Special Commission for the study of an Ethics Code for corporate governance (the "Olivencia Code").

Section 14 of said Regulations established the Audit and Control Committee (first known as Audit and Compliance Committee), with powers similar to those which were later acknowledged by law, since Act 24/1988 of 28 July, governing the Stock Exchange ("LMV"- Spanish acronym) incorporated them, as amended by Act 44/2002, of 22 November on the Reform of the Financial System (Financial Act).

Subsequently, in the meeting held on 20 March 2003, the Board of Directors resolved:

1) To propose to the General Meeting of Shareholders the amendment of the Articles of Association, through a new wording of section 30, in order to include the regulation of the Audit and Control Committee.

2) To approve the amendment to the Board of Directors' Regulations, in order to enhance the functions of the Audit and Control Committee, with the assumption of new tasks and the extension of those already existing.

Thus, the Additional Provision Number Eighteen, introduced on the Stock Exchange Act by the Financial Act, according to which those issuing companies whose shares were admitted to trading on secondary official securities markets should have an Audit Committee, was enforced, as were the latest trends concerning corporate governance issues of listed companies established by the Aldama Report, laying with the Articles of Association the task of fixing the number of members, the powers of the Committee and the rules governing its operation.

Subsequently, it was resolved by the Board of Directors in its meeting held on 10 June 2004, to approve a new Revised Text of the Board of Directors' Regulations, which would include the provisions of Act 26/2003 of 17 July, amending the Stock Exchange Act and then prevailing Revised Text of the Spanish Corporation Act in force, in order to foster transparency in listed companies ("the Transparency Act") and its bylaws. With this new amendment the Audit and Control Committee was enhanced with the inclusion of a new duty.

The Board of Directors held on 11 December 2007 approved a new Revised Text of the Board of Directors' Regulations, in order to adjust the contents thereof to the Recommendations of the Unified Good Governance Code. Further to this amendment, the duties of the Audit and Control Committee were extended as it assumes the Recommendations provided by said Unified Code on this issue.

b. Regulations

The amendment to the Board of Directors' Regulations, approved by the Board in the meeting held on 13 July 2010, aimed at adjusting such regulations to the Articles of Association and extending the maximum number of members of the Audit and Control Committee and the Nomination and Remuneration Committee.

Finally, the Board of Directors' Regulations were amended in the meeting held by the Board last 12 June 2012 for the purposes of encompassing, among others, Recommendations number 39 and 49 (formerly, Recommendations number 44 and 54) of the Unified Good

Governance Code of Listed Companies, and extending the remit of the Audit and Control Committee.

Section 31 of the Articles of Association currently in force, as amended further to a resolution passed by the Annual General Meeting of Shareholders held on 17 July 2012, provides as follows:

1. "An Audit and Control Committee shall be formed within the Board of Directors made up of a minimum of three and a maximum of seven non-executive directors appointed by the Board itself, a majority of whom must necessarily be independent directors, and out of whom at least one of them shall be appointed taking into account his/her knowledge and expertise in accounting or audit matters or in both

For such purposes, independent directors are understood as those professionals of repute not linked to the executive team or the significant shareholders and that meet the requirements that ensure their impartiality and objectivity of opinion.

2. The Chairman of the Audit and Control Committee, who needs to be an independent director, shall be elected for a maximum four-year term, upon expiry of which he shall be replaced. He may be re-elected after expiry of one year of the date of his removal.

3. Without prejudice to any other tasks that it might be assigned from time to time by the Board of Directors, the Audit and Control Committee shall perform the following duties:

(a) To report to the General Shareholders' Meeting on those questions put forward by shareholders regarding matters within the scope of its competence.

(b) To propose to the Board of Directors, in order to be submitted to the General Shareholders' Meeting, the appointment of the external auditors that must review the annual accounts.

(c) To liaise with the external auditors in order to receive information on those matters that could put at risk their independence, so that the Committee may review them, and on any other matter related to carrying out of the audit process, as well as on those other communications envisaged by audit legislation and auditing standards; namely, the Committee should receive from the auditors at all events and on a yearly basis, the written confirmation of their independence vis-à-vis the Company or vis-à-vis those entities directly or indirectly linked thereto, as well as the information on any additional services whatsoever other than those the subject matter of the audit agreement, rendered to the Company or to the entities linked thereto, by such auditors or entities linked to them, pursuant to the provisions of the prevailing regulations from time to time in force.

(d) To supervise the effectiveness of the internal control of the company, the internal audit, where appropriate, and the risks management.

(e) To supervise the process for preparing and disclosing regulated financial information and the effectiveness of the internal control systems of the Company (namely, the internal control system on financial reporting), checking their appropriateness and integrity and reviewing with the external auditors of the Company any significant internal control weakness revealed in the course of the audit.

(f) To issue on a yearly basis and prior to the issue of the audit report, a report expressing an opinion on the independence of the external auditors of the Company, such report to address at any rate, the rendering of any additional services whatsoever referred to under paragraph (c) above.

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

5. The management team or the personnel of the Company shall be obliged to attend the meetings of the Committee and to give their help and access to the information at their disposal when the Committee so requests. Likewise, the Committee may require the attendance at its meetings of the Auditors of the Accounts.

6. The Audit and Control Committee may develop and complete in its Regulations the aforementioned rules, in accordance with the provisions of the Articles of Association and with the Law".

Meanwhile, section 14 of the Board of Directors' Regulations reads as follows:

"1. The Audit and Control Committee shall be made up of a number of directors being no less than three and no greater than seven, most of whom shall be independent directors, out of whom at least one shall be appointed taking into account his or her knowledge and expertise in accounting or audit matters or both. The Chairman of the Committee, who shall necessarily be an independent director, shall be elected for a maximum four-year term, upon expiry of which he shall be replaced. He may be re-elected after expiry of one year of the date of his removal.

2. Without prejudice to other tasks it is assigned by the Board, the Audit and Control Committee shall have the following basic responsibilities, which are:

(a) To report to the General Shareholders' Meeting on those questions put forward by shareholders regarding matters within the scope of its competence.

(b) To propose to the Board of Directors, in order to be submitted to the General Shareholders' Meeting, the appointment of the auditors. Furthermore, to propose to the Board of Directors their contractual conditions, the scope of their professional mandate and, where appropriate, the rescission or non—renewal of their appointment.

(c) To liaise with the external auditors in order to receive information on those matters that could put at risk their independence, which shall be subject to review by the Committee, and on any other matter related to carrying out of the audit process, as well as on those other communications envisaged by audit legislation and auditing standards; specifically, to receive from the auditors every year written confirmation of their independence vis-à-vis the Company, as well as the information about any manner of additional services, other than those covered under the audit agreement, rendered by said auditors to the Company.

(d) To supervise the fulfilment of the auditing contract, endeavouring for the opinion about the annual accounts and the main contents of the auditor's report to be drawn up in a clear and precise manner and to evaluate the results of each audit process.

(e) To supervise the terms and the observance of the contracts entered into with the external auditors of the Company for the performance of assignments or tasks other than those included in the audit contract.

(f) To issue on a yearly basis and prior to the issue of the audit report, a report featuring an opinion on the independence of the external auditors of the Company, which shall address at all events the rendering of any manner of additional services other than those covered under the audit agreement referred to under paragraph (c) above.

(g) To supervise the Internal Audit Department of the Company and its Group, approving the budget of the Department, the Plan of Internal Audit and the Annual Activities Report, and supervising the material and human resources, whether internal or external, of the Internal Audit Department for the performance of their work. To report on the appointment of the Internal Audit Department Director prior to the corresponding report from the Nomination and Remuneration Committee.

(h) To supervise 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 that regarding the internal control on the financial information) and, 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.

(i) To periodically review the risk control and management policy and the management systems, which may contain, at least, 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.

(j) To review the Company´s annual accounts and the periodic financial information that the Board 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.

(k) 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.

(l) To examine compliance with the Internal Regulations of Conduct Regarding Transactions in Securities, with these Regulations, and in general, with the governance regulations of the Company and to make the necessary proposals for their improvement.

(m)To receive information and, where appropriate, to issue reports on the disciplinary measures intended to be imposed on the members of the senior management team of the Company.

(n) To report during the first three months of the year and whenever the Board of Directors so requests on compliance with the Code of Conduct and with any additional documents which make up the prevailing policy on internal regulations compliance, from time to time in force, and to make proposals to the Board of Directors for the taking of steps and adoption of policies aimed at improving compliance with such policy on regulatory compliance.

(o) To draw up and put forward to the Board of Directors an annual report on corporate governance for its approval.

(p) To draw up an annual report on the activities carried out by the Audit and Control Committee itself.

(q) To supervise the functioning of the Company´s web page regarding the provision of information on corporate governance as referred to under Section 40.

(r) To report to the Board of Directors about the creation or, as the case may be, acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a comparable nature.

(s) To receive from the head of tax issues of the Company, in order to relay it to the Board of Directors, prior to the statement of the annual accounts and the filing of the Corporate Tax return, information about tax criteria enforced by the Company during the fiscal year and the degree of compliance with the Code on Best Tax Practices.

(t) To report to the Board of Directors, based upon the information received from the head of tax issues of the Company, on tax policies enforced, and in respect of issues which shall be submitted to the Board of Directors for approval, on their tax consequences, where they are deemed to be a relevant factor.

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

4. The management team or the personnel of the Company shall be obliged to attend the meetings of the Committee and to give their help and access to the information at their disposal when the Committee so requests. Likewise, the Committee may require the attendance of its meetings by the Auditors of the Accounts.

5. For the best performance of its functions, the Audit and Control Committee may obtain the advice of external experts, to which purpose the provisions of Section 27 of these Regulations shall apply.

6. The Audit and Control Committee shall report to the Board on the business transacted and the resolutions passed, informing the first Board of Directors held in plenary session after its meetings, of its activity and of the work done. Furthermore, a copy of the minutes of the Committee meetings shall be put at the Board members' disposal."

c. Composition

The Executive Committee of INDITEX, S.A., in the meeting held on 27 October 2000, appointed the members of the Audit and Control Committee, resolving thus its initial composition.

Said initial composition was ahead of the provisions subsequently included in the Stock Exchange Act, regarding the requirements that the Committee be formed by a majority of non-executive directors, and that the Chairman be elected amongst said non-executive directors.

The amendment to section 14 of the Board of Directors' Regulations resolved by the Board in its meeting of 12 June 2012 seeks, among other goals, to maintain a consistency yardstick regarding the composition of the Audit and Control Committee, adapting its wording to the contents of Recommendations of the Unified Good Governance Code of Listed Companies. Such Recommendations had already been put in practice by the Company.

It was resolved by the Board of Directors of the company in the meeting held on 10 December 2013, after report of the Nomination and Remuneration Committee, to appoint Ms Irene Ruth Miller Chairwoman of the Audit and Control Committee, further to the resignation tendered by Mr Juan Manuel Urgoiti López de Ocaña to his office as thereof.

As at the year-end, the composition of the Audit and Control Committee of INDITEX was:

Chairwoman:	Ms. Irene Ruth Miller
Ordinary members:	Mr. Nils Smedegaard Andersen
	Mr. José Arnau Sierra
	Mr. Carlos Espinosa de los Monteros Bernaldo de Quirós
	Mr. Emilio Saracho Rodríguez de Torres
	Mr. Juan Manuel Urgoiti López de Ocaña
Secretary (non member):	Mr. Antonio Abril Abadín

A brief résume of non-executive independent directors sitting on the Audit and Control Committee is provided in section C.1.3 of the Annual Corporate Governance Report for fiscal year 2013, available at www.inditex.com.

All the above referred members of the Audit and Control Committee are non-executive independent directors, except for Mr Arnau Sierra who is a non-executive proprietary director.

3. Activities of the Audit and Control Committee: Sessions held, business transacted, reports and attendees

During fiscal year 2013, the Audit and Control Committee has met five times. Attendance of its members has reached 96.7%.

Throughout fiscal year 2013, the activities of the Audit and Control Committee are summarized as follows:

Date of meeting	Main business transacted	Reports and motions submitted to the Board of Directors	Inditex's attendees
11/03/2013	– Review of the financial statements of the company. Review of the annual financial report to be disclosed by the Board of Directors to the market and its supervisory boards. – Report on tax policies enforced in the course of the year (Code of Best Tax practices). – Meeting with the external auditors of the company. – Internal Audit: issues within its remit. – Annual Corporate Governance Report. – Report of the Committee of Ethics on the enforcement of the Corporate Compliance regulations of the Inditex Group and of the activities of the Committee. – Half-yearly report (August 2012 - January 2013) of the Code Compliance Supervisory Board (CCSB).	– Annual financial information (FY2012). – Annual Corporate Governance Report. – Report of the Committee of Ethics on the enforcement of the Corporate Compliance regulations of the Inditex Group and of the activities of the Committee. – Half-yearly report (August 2012 - January 2013) of the Code Compliance Supervisory Board (CCSB).	– Mr Pablo Isla Álvarez de Tejera, Chairman and Chief Executive Officer – Mr Ignacio Fernández Fernández, Chief Financial Officer – Mr Carlos Crespo González, Internal Audit Director – Mr Andrés Sánchez Iglesias, Tax Director – Mr Antonio Abril Abadín, General Counsel and Secretary of the Board – Mr Santiago Martínez-Lage Sobredo, Deputy-Secretary of the Board
10/06/2013	– Review of the periodic financial information that the Board of Directors must provide to the market and to the supervisory bodies. – Internal Audit: analytical review of 1Q2013 results. – Internal Audit: issues within its remit. – Risks Management: Risks Management Policy. – Preparation of the Triple Report on financial, social and environmental issues. – Review of the Balance Sheet of Industria de Diseño Textil, S.A. (Inditex, S.A.) for the purposes of the updating provided in Act 16/2012, of 27th December, effective as of 1st February 2013. – Annual Activities Report of the Audit and Control Committee (sec. 14.2.p) B.D.R.).	– 1Q2013 financial information. – New Internal Audit Charter. – Triple report: financial, social and environmental. – Risks Management Policy. – Balance Sheet of Industria de Diseño Textil, S.A. (Inditex, S.A.) for the purposes of the updating provided in Act 16/2012, of 27th December.	– Mr Pablo Isla Álvarez de Tejera, Chairman and Chief Executive Officer – Mr Ignacio Fernández Fernández, Chief Financial Officer – Mr Carlos Crespo González, Internal Audit Director – Mr Félix Poza Peña, Corporate Social Responsibility Director – Ms. Martina Fernández Porto, ERM Director – Mr Eliseo Oroza Rodríguez, Director of Administration
16/07/2013	– Accounting policies. – Industrial Property: issues within its remit. – Internal Audit: issues within its remit.	– Report on accounting policies. – Report on the status of Industrial and Intellectual Property in the major global markets. – Report on different issues within the ordinary remit of the internal audit Department.	– Mr Ignacio Fernández Fernández, Chief Financial Officer – Mr Javier Losada Montero, Planning and Control Director. – Ms. Belén Varela Nieto, Head of Consolidation. – Mr Antonio Abril Abadín, General Counsel and Secretary of the Board – Ms. Susana Fernández Martín, Director of the IP Department. – Ms Isabel Morugan Gómez, member of the IP Department. – Mr Carlos Crespo González, Internal Audit Director.
12/09/2013	– Review of the periodic financial information that the Board of Directors must provide to the market and its supervisory bodies. – Meeting with the external auditors. – Loss prevention and inventory policy. – -nternal Audit: issues within its remit. – Report of the Committee of Ethics on the enforcement of Corporate Compliance of the Inditex Group and on the activities of the Committee. – Half-yearly report (February - July 2013) of the Code Compliance Supervisory Board (CCSB).	– 1H2013 financial information – Report of the Committee of Ethics on the enforcement of Corporate Compliance of the Inditex Group and on the activities of the Committee. – Half-yearly report (February - July 2013) of the Code Compliance Supervisory Board (CCSB).	– Mr Pablo Isla Álvarez de Tejera, Chairman and Chief Executive Officer. – Mr Ignacio Fernández Fernández, Chief Financial Officer – Mr Carlos Crespo González, Internal Audit Director – Mr Antonio Trillo Prego, Product Diversion Control Director. – Mr Antonio Abril Abadín, General Counsel and Secretary of the Board.
09/12/2013	– Review of the periodic financial information that the Board of Directors must provide to the market and its supervisory. – Internal Audit: Analytical review 3Q2012 results. – External audit: 2013 audit Plan and meeting with external auditors. – Financial management: Foreign exchange risk. – IT Department: follow-up of projects and risks of the IT area. – Internal Audit: issues within its remit.	– 3Q2013 financial information	– Mr Pablo Isla Álvarez de Tejera, Chairman and Chief Executive Officer. – Mr Ignacio Fernández Fernández, Chief Financial Officer – Mr Carlos Crespo González, Internal Audit Director – Mr José Manuel Romay de la Colina, Financial Management Director – Ms María Paz Trillo, member of the Financial Management Department – Mr Fernando de Bunes Ibarra, member of the Financial Management Department – Mr Gabriel Moneo Marina, IT Director – Mr Julio Devesa Miramontes, member of the IT Department – Mr Julio Fernández-Argüelles Lobato, member of the IT Department

4. Main lines of action

As for the lines of action of the Audit and Control Committee during FY2013, they have revolved around the following aspects::

A. Periodic financial information, annual accounts and auditors' report

The Audit and Control Committee reviews the economical and financial information of INDITEX prior to the approval thereof by the Board of Directors.

To this end, prior to the drafting of the quarterly, half-yearly or annual financial statements, the Audit and Control Committee also meets with the Management of the Company to review the application of the accounting principles, the estimates made while preparing the financial statements, etc.,

Likewise, the Committee, fully comprised of non-executive directors, meets with the external auditors in order to review the annual accounts of the Company and certain periodic financial information, ensuring that the legal requirements are met and that the generally accepted accounting standards are correctly applied.

The Audit and Control Committee reviewed the results for the full fiscal year 2012 in the meeting held on 11 March 2013, and in the meetings held on 10 June, 12 September and 9 December 2013, the results for the first three quarters of fiscal year 2013 that the Board of Directors must provide quarterly to the market and to its supervisory bodies, in accordance with the format of the Public Periodic Information ("PPI"), and the pertaining Results Release and Press Release.

Likewise, the individual and consolidated Annual Accounts and Management Report and the Auditors' Report for FY2012 were reviewed, it being verified by the Committee that the latter was unqualified.

B. Efficiency and Independence of Auditors

The Audit and Control Committee reviewed the audit carried out during FY2012 in the session held on 11 March 2013, with the attendance of the external auditors, who had been previously called for such purposes.

The work done by the external auditors consisted of the audit of the consolidated financial statements of the Group as at 31 January 2013 and the audit of the individual financial statements of certain companies within the Group also as at 31 January 2013; likewise during FY2012 the auditors issued a limited review on the financial statements.

In addition, the major issues were also reviewed, pointing out different areas: international and domestic scope, accounting issues and other topics of less significance.

The report on the Independence of external auditors of the Company was approved by the Committee on 11 March 2013; such report also covered the rendering of additional services other than audit of financial statements.

C. Internal Audit

The Internal Audit Director and the external auditors attended the meetings of the Audit and Control Committee held throughout fiscal year 2013 and played an active part therein.

In such meetings, the Committee was duly informed about different issues of its remit. The Audit and Control Committee oversaw the activity of the Internal Audit Department, and approved its budget and activities report.

The Audit and Control Committee gave a favourable report to the new Internal Audit Charter to be subsequently submitted to the Board of Directors for approval.

D. External Auditors

Following best practices on corporate governance, the members of the Audit and Control Committee met on 11 March and 12 September 2013 with the external auditors in the absence of the management of the Company to transact different issues of its remit.

Additionally, external auditors attended the meeting held on 12 December 2013, upon special invitation of the Audit and Control Committee, to address in detail the audit plan for fiscal year 2013.

E. Risks

In the meeting held on 10 June 2013, the Audit and Control Committee gave a favourable report to the Risks Management Policy to be subsequently submitted to the Board of Directors for approval.

F. Annual Corporate Governance Report

The Audit and Control Committee held on 11 March 2013 gave a favourable report to the Annual Corporate Governance Report for FY2012, drawn up as regards its format, contents and structure, pursuant to the provisions of the then prevailing Circular 1/2004, of 17 March, as amended by Circular 4/2007 of 27 December of CNMV, and it was resolved by the Committee to submit it to the Board of Directors for approval and to disclose it through the means set forth in the prevailing regulations in force.

G. "Triple Report": financial, social and environmental

In the meeting held on 10 June 2013, the Committee gave a favourable report to the Sustainability Report also known as "Triple Report" for the year 2012, drawn up taking into account the guidelines, in the 2002 version, of the Sustainability Reporting Guidelines issued by the Global Reporting Initiative (GRI) and following the principles thereof.

The Sustainability Report provides full information about the activities of INDITEX and its corporate Group over the last years and especially in fiscal year 2012, regarding the three major dimensions or areas of the Group: financial, social and environmental.

H. Annual Report of the Audit and Control Committee

The Committee drew up its annual report showing the activities carried out by such body during fiscal year 2012. This report has been issued on an annual basis since fiscal year 2002.

I. Review of the reports of the Committee of Ethics

The Audit and Control Committee reviewed and approved the annual report of the Committee of Ethics for fiscal year 2012 in the meeting held on 11 March 2013, as well as the half-yearly report of the Committee of Ethics for the first half of fiscal year 2013, in the meeting held on 12 September 2013.

Such reports cover, among other things, the enforcement of the Code of Conduct and Responsible Practices and the Code for Manufacturers and Suppliers, with a breakdown of the reports received by the Committee of Ethics, the measures taken and the resolutions issued by said body; the outcome of the supervision of the Manual on Criminal Risks Prevention of the Inditex Group and the measures taken to implement Corporate Compliance, both at domestic and international level (disclosure and circulation of Corporate Compliance; proceedings regarding acceptance of the Code of Conduct and Responsible Practices and training in the area of Corporate Compliance).

J. Review of the reports of the Code Compliance Supervisory Board and Code Compliance Office

The Audit and Control Committee reviewed the quarterly reports issued by the Code Compliance Office regarding the incidences arisen in respect of compliance with the Internal Regulations of Conduct regarding Transactions in Securities (IRC) pursuant to the provisions of section 10.2.4 thereof, as well as the half-yearly reports issued by the Code Compliance Supervisory Board regarding measures taken to promote knowledge and ensure compliance with the provisions of the IRC, pursuant to the provisions of section 10.1.4 thereof.

5. Main relationships of the Audit and Control Committee

A. With the Annual General Meeting of Shareholders

The Chairman of the Audit and Control Committee is available to the shareholders at the Annual General Meeting in order to address those questions therein raised by the same with regard to matters within its remit, pursuant to the provisions of the Law, the Articles of Association and the Board of Directors' Regulations.

B. With the Board of Directors

At the beginning of each meeting of the Board of Directors, the Chairman of the Audit and Control Committee reports on the main business transacted in the last meeting held by said Committee.

C. With the Nomination and Remuneration Committee

Directors sitting on the Audit and Control Committee also sit on the Nomination and Remuneration Committee.

D. With the Chairman and Chief Executive Officer and the Senior Management

For the purposes of permitting the Audit and Control Committee to be directly apprised of the major business concerns, the Committee encourages the appearance in its sessions of the Chairman and Chief Executive Officer and of the senior managers and officers of the Company to explain their view on certain issues directly linked with the field of responsibility of the Committee and which are recurrent.

E. With the General Counsel's Office

The General Counsel and Secretary of the Board, in his capacity as Code Compliance Officer regularly informs the Audit and Control Committee on the degree of compliance with the Internal Regulations of Conduct regarding Transactions in Securities and in general, on the degree of enforcement of the rules of the company on corporate governance.

Additionally, the General Counsel and Secretary of the Board, in his capacity as Chairman of the Committee of Ethics regularly informs the Audit and Control Committee on the enforcement of the Code of Conduct and Responsible Practices and the Code of Conduct for Manufacturers and Suppliers; the outcome of the supervision of the Manual on Criminal Risks Prevention of the Inditex Group and the proceedings undertaken to implement Corporate Compliance.

F. With the Internal Audit Department

Internal Audit is a centralized function included in the current organizational structure by means of a direct link to the Board of Directors to which it is functionally subordinated through the Audit and Control Committee.

The Director of the Internal Audit Department is responsible for the Internal Audit function.

The Director of the Internal Audit Department regularly reports to the Audit and Control Committee, which is the main recipient of the results achieved by the Internal Audit function, about the assignments performed in the different areas of the auditing activity.

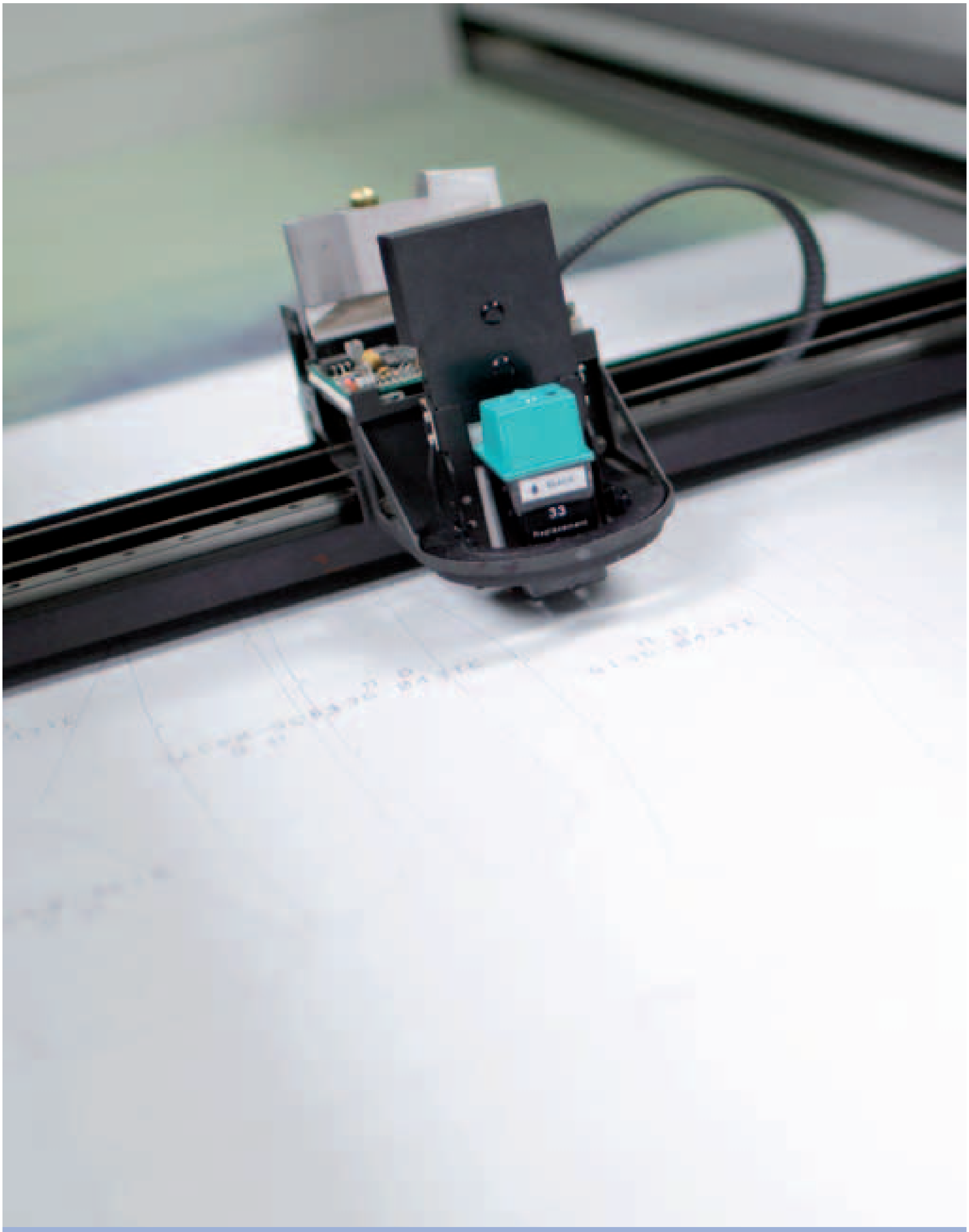
Meanwhile, the Audit and Control Committee supervises the Internal Audit Department, approving its budget, the Internal Audit Plan, the annual activities report and the resources of the Department to carry out its tasks as well as the contents of its proceedings.

G. With the external auditors

The relationship of the Board of Directors of the Company and the external auditors of the Group is channelled through the Audit and Control Committee.

External auditors attend the meetings of the Committee wherein the Periodic Financial Information which the Board of Directors needs to approve and disclose on a half-yearly basis is subject to review.

In addition, the Committee proposes to the Board of Directors the appointment of the external auditors, the terms for their engagement, the scope of their professional mandate and their revocation or non renewal; it liaises with them; it oversees the enforcement of the audit contract; it evaluates the results of each audit and supervises the terms and enforcement of those contracts entered into with the auditors for the performance of assignments other than those covered by the audit contract, pursuant to the provisions of section 14 of the Board of Directors' Regulations.



Nomination and Remuneration Committee

1. Preliminay

The Board of Directors of INDUSTRIA DE DISEÑO TEXTIL, S.A. (INDITEX, S.A.) (hereinafter, INDITEX) has been amending its rules on corporate governance in line with the most demanding trends on the subject and in accordance with the good governance codes and, where appropriate, the regulations approved on this matter. Among said adjustments and amendments are those affecting the Board of Directors' Regulations, out of which those aimed at enhancing the tasks of the Nomination and Remuneration Committee, either by extending its duties or by allocating new ones thereto, shall be stressed.

This document, drawn up by the Nomination and Remuneration Committee in the session held on 9 June 2014, is the annual activities report and it describes the activities carried out by the Nomination and Remuneration Committee from 1 February 2013 through 31 January 2014, fiscal 2013 year-end.

This report has been issued on an annual basis since fiscal year 2005.

2. The Nomination and Remuneration Committee: origin and evolution, regulations and composition

a. Origin and evolution

The Board of Directors of INDITEX held on 20 July 2000 approved the Board of Directors' Regulations, in order to adjust to the guidelines of the report drawn up by the Special Commission for the study of an Ethics Code for corporate governance (the "Olivencia Code").

Section 15 of said Regulations established the Nomination and Remuneration Committee, entrusting it with the relevant duties pursuant to the above mentioned Olivencia Code.

In the meeting held on 20 March 2003, it was resolved by the Board of Directors:

1) To propose to the General Meeting of Shareholders the amendment of the Articles of Association, through a new wording of article 32, in order to include the regulation of the Nomination and Remuneration Committee.

2) To approve the amendment of the Board of Directors´ Regulations, clarifying and harmonising some of the duties of the Committee.

Subsequently, it was resolved by the Board of Directors in its meeting held on 10 June 2004, to approve a new Revised Text of the Board of Directors' Regulations, whereby the duties of the Nomination and Remuneration Committee were enhanced, with the inclusion of the requirement for the Committee to give a report on the employment agreements of the personnel that include guarantee clauses or severance agreements, before they are subscribed.

Afterwards, the Board of Directors held on 11 December 2007 approved a new Revised Text of the Board of Directors Regulations in order to adjust the contents thereof to the Recommendations of the Unified Good Governance Code of Listed Companies. Further to this amendment, the duties of the Nomination and Remuneration Committee are enhanced as it assumes the Recommendations provided by the Unified Code on this issue.

b. Regulations

The amendment to the Board of Directors' Regulations, approved by the Board in the meeting held on 13 July 2010, aimed at adjusting such regulations to the Articles of Association and extending the maximum number of members of the Audit and Control Committee and the Nomination and Remuneration Committee.

Finally, the Board of Directors' Regulations were amended in the meeting held by the Board last 12 June 2012 for the purposes of encompassing, among others, recommendations number 39 and 49 (formerly, recommendations number 44 and 54) of the Unified Good Governance Code of Listed Companies, and extending the remit of the Nomination and Remuneration Committee.

Section 32 of the Articles of Association currently in force, as amended further to a resolution passed by the Annual General Meeting of Shareholders held on 17 July 2012, provides as follows:

A Nomination and Remuneration Committee shall be formed within the Board of Directors, made up of a minimum of three and a maximum of seven non-executive directors, a majority of whom shall be independent directors.

For such purposes, independent directors are understood as those that meet the requirements referred to under the second paragraph of section 31.1.

2. The Chairman of the Nomination and Remuneration Committee shall be appointed by the Board of Directors out of its independent members

3. Without prejudice to any other tasks that it might be assigned from time to time by the Board of Directors, the Nomination and Remuneration Committee shall have at least the following basic responsibilities:

(a) To report on the proposals to appoint directors prior to their appointment by the General Meeting of Shareholders or, where appropriate, by the Board of Directors through the co-option procedure;

(b) To report on the appointment of the internal offices (Chairman, Deputy Chairman(s), CEO, Secretary and Deputy Secretary) of the Board of Directors;

(c) To propose to the Board the members that must form part of each one of the Committees;

(d) To draw up and review the criteria that must be followed for the selection of the senior management of the Company and to report on the appointment or removal of the managers reporting directly to the Board of Directors, including the CEO;

(e) To report annually to the Board on the assessment of the performance of the senior management of the Company, especially of the CEO and his remuneration;

(f) To report on the systems and on the amount of the annual remuneration of directors and senior management and to prepare the information to be included in the annual public information regarding the remuneration of the directors.

4. The Nomination and Remuneration Committee shall meet, ordinarily, once a year, in order to prepare the information on the remunerations of the Directors, that the Board of Directors must approve and include in the public annual documents. Moreover, it shall meet each time that the Board or its Chairman requests the issuing of a report or the adoption of proposals within the scope of its competences and, in any case, whenever it is thought fit for the successful performance of its functions.

5. The request 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 made by the Chairman, Directors, senior management or the shareholders of the Company.

6. The Board of Directors may develop and complete the above-referred rules in its Regulations, pursuant to the provisions of the Articles of Association and of the Law."

Meanwhile, section 15 of the Board of Directors' Regulations, reads as follows:

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

2.- Without prejudice to other tasks that are assigned to it by the Board and to the remaining duties reserved to it by these Regulations, the Nomination and Remuneration Committee shall have the following basic responsibilities, which are:

(a) To draw up 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, in case of independent directors, to submit said proposals to the Board of Directors for approval, prior to the nomination by the General Meeting of Shareholders or, where appropriate, by the Board of Directors for the co-optation procedure.

(c) To advise on the nomination of the internal offices of (Chairman, Deputy Chairman, CEO, Secretary and Vice-Secretary) of the Board of Directors.

(d) To propose to the Board the members that must form part of each one of the Committees.

(e) To advise on the appointment and dismissal of senior managers as proposed by the chief executive to the Board of Directors.

(f) To annually advice the Board on the evaluation of the performance of the chief executive of the Company, and also of the Nomination and Remuneration Committee itself.

(g) To propose the remuneration policy for directors and senior managers to the Board, and to ensure compliance with the remuneration policy set forth by the Company.

(h) To report to the Board, before it holds its meeting, on those contracts of the personnel that include golden-parachute clauses, for those cases that imply dismissal or changes in control.

(i) To prepare and submit to the Board of Directors for approval the annual report on directors´ compensation.

(j) To advise in relation to the transactions that involve or may involve conflicts of interest, the transactions with related persons or those transactions that imply the use of corporate assets and, in general, about the matters included in Chapter IX of these Regulations.

(k) To draw up and keep up to date a contingency plan to fill in the vacancies of key positions within the Company and its Group.

(l) To ensure that when filling up any new vacancies and when appointing new Directors the recruitment process should conform to the prohibition of any manner of discrimination.

(m) To propose to the Board the individual remuneration of executive directors and the remaining terms and conditions of their employment agreements.

3.- 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 made.

4.- The Nomination and Remuneration Committee shall meet each time that the Board or its Chairman requests the issuing 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 to include in its annual public documentation.

5.- The Nomination and Remuneration Committee shall report to the Board on the business transacted and the resolutions passed, informing the first Board of Directors held in plenary session after its meetings, of its activity and of the work done. Furthermore, a copy of the minutes of the Committee meetings shall be put at the Board members' disposal."

c. Composition

The Executive Committee of INDITEX, S.A., in the meeting held on 27 October 2000, appointed the members of the Nomination and Remuneration Committee, resolving thus its initial composition.

The amendment to section 15 of the Board of Directors' Regulations resolved by the Board in its meeting of 12 June 2012 sought, among other goals, to maintain a consistency yardstick regarding the composition of the Nomination and Remuneration Committee, adapting its wording to the contents of Recommendation 49 (formerly Recommendation 54) of the Unified Good Governance Code of Listed Companies. Such Recommendation had already been put in practice by the Company.

As at 31 January 2014, the composition of the Nomination and Remuneration Committee of INDITEX was:

Chairman:	Mr. Carlos Espinosa de los Monteros Bernaldo de Quirós
Ordinary members:	Ms. Irene Ruth Miller
	Mr. Nils Smedegaard Andersen
	Mr. José Arnau Sierra
	Mr. Emilio Saracho Rodríguez de Torres
	Mr. Juan Manuel Urgoiti López de Ocaña
Secretary (non member):	Mr. Antonio Abril Abadín

A brief résume of non-executive independent directors sitting on the Nomination and Remuneration Committee is provided in section C.1.3 of the Annual Corporate Governance Report for fiscal year 2013 (available at www.inditex.com).

All members of the Nomination and Remuneration Committee are non-executive independent directors, except for Mr Arnau Sierra who is a non-executive proprietary director.

3. Activities of the Nomination and Remuneration Committee: Sessions held, business transacted, reports and attendees

During fiscal year 2013, the Nomination and Remuneration Committee has met four times. Attendance of its members has reached 100%.

The main activities of the Nomination and Remuneration Committee are summarized as follows:

Date of meeting	Main business transacted	Reports and motions submitted to the Board of Directors	Inditex's attendees
11/03/2013	– 2013-2016 Long Term Incentive Plan. – Report on employment terms and compensation of Senior Managers of the Inditex Group.	– Motion regarding the 2013-2016 Long Term Incentive Plan. – Report on employment terms and compensation of Senior Managers of the Inditex Group.	– Mr Pablo Isla Álvarez de Tejera, Chairman and CEO – Ms Begoña López-Cano Ibarreche, Human Resources Director – Mr Ignacio Fernández Fernández, CFO – Mr Antonio Abril Abadín, General Counsel and Secretary of the Board
10/06/2013	– Remuneration of the Chairman and Chief Executive Officer – Annual Report on the Remuneration of Directors. – Annual Activities Report of the Nomination and Remuneration Committee. – Transactions with related parties: lease agreement for business premises between Zara Home España, S.A. and Grilse, S.L.	– Motion regarding the remuneration of the Chairman and Chief Executive Officer. – Annual Report on the Remuneration of Directors. – Annual Activities Report of the Nomination and Remuneration Committee. – Report on one transaction with related parties.	
12/09/2013	– List of beneficiaries of the Long Term Performance Plan addressed to members of the management, including the Chairman and Chief Executive Officer and other key employees of the Inditex Group.	– List of beneficiaries of the Long Term Performance Plan addressed to members of the management, including the Chairman and Chief Executive Officer and other key employees of the Inditex Group.	– Mr Pablo Isla Álvarez de Tejera, Chairman and CEO – Ms Begoña López-Cano Ibarreche, Human Resources Director – Mr Ignacio Fernández Fernández, CFO
09/12/2013	– Assessment of the performance of the Board of Directors and of the Directors, the Supervision and Control Committees and the performance of duties by the Chief Executive Officer. – Report on the appointment of the Chairwoman of the Audit and Control Committee. – Report on the appointment of new members of the Social Board. – Report of the Human Resources department.	– Findings of the Assessment of the performance of the Board of Directors and of the Directors, the Supervision and Control Committees and the performance of duties by the Chief Executive Officer. – Report on the appointment of the Chairwoman of the Audit and Control Committee. – Reports on the appointment of members of the Social Board.	– Ms Begoña López-Cano Ibarreche, Human Resources Director – Ms Cristina Vega López, member of the Human Resources Department – Ms Rocio Casal Comendador, member of the Human Resources Department – Ms Eva Ferreiro Figueiras, member of the Human Resources Department

4. Main lines of action

As for the lines of action of the Nomination and Remuneration Committee during FY2013, they have revolved around the following aspects:

A. Remuneration policy and remunerations

A.1. Design and implementation of a Long Term Performance Plan

- For the purposes of designing the Long Term Performance Plan, the Nomination and Remuneration carried out on the advice of Towers Watson, a research on market practices in the area of long term incentive in the US and in Europe, and namely in Spain, with reference to benchmarking international companies in the retail sector. The Committee involved in the process the Financial Division and the Human Resources Department.
- On 11 March 2013, the Committee approved a motion for a Long Term Performance Plan, addressed to members of the management, including the Chairman and Chief Executive Officer, and other key employees of the Inditex Group. Such Plan consisted of a Long Term Performance Shares Plan and a Long Term Performance Cash Plan. The Committee also approved on such date the relevant regulations for both Plans and submitted them to the Board of Directors for approval. The Board of Directors approved the Long Term Performance Plan on 12 March 2013 and submitted it to the Annual General Meeting of Shareholders (AGM) for approval. Such Plan was approved by the AGM on 16 July 2013.
- Subsequently, in the meeting held on 12 September 2013. The Nomination and Remuneration Committee acknowledged the list of beneficiaries of the Long Term Performance Plan.

A.2. Terms of employment agreements and remuneration of senior management of the Inditex Group

On 11 March 2013, the Committee gave a favourable report to the severance and golden parachute clauses included in the employment agreements for 12 senior managers, including the Chairman and Chief Executive Officer.

A.3. Remuneration of the Chairman and Executive Director

- The Nomination and Remuneration Committee submitted to the Board of Directors a motion on the remuneration of the Chairman and Chief Executive Officer for the discharge of his senior management duties for fiscal year 2013. The Board of Directors approved such motion in the meeting held on 11 June 2013.
- Prior to submitting such motion to the Board, the Committee conducted on the advice of Towers Watson, a review of the remuneration policy in respect of the Chairman and Executive Director, through a comparative analysis, determining as Inditex's market benchmarks the following comparison groups:
  - - Dow Jones Retail Titans 30 Index.
  - Companies included in the list published by Barrons on the best CEOs worldwide for 2013.
  - FTSE Eurotop 100.
  - A sample of 20 companies selected pursuant to the following yardsticks:
    - The largest multinational companies in Spain.
    - Benchmarking companies in the retail sector in Europe and the United States.
    - Other companies whose businesses have a similar level of complexity and whose market capitalization and turnover is within a range of 0.5 to 2 times Inditex's parameters.
    - Such companies are: Unilever, SAP, LVMH, eBay, Santander, L'Oréal, CVS Caremark, Telefónica, Nike, Diageo, Starbucks, Reckitt Benckiser, Hermes, Gap, Coach, Macys, Ralph Lauren, The Limited, Bed Bath & Beyond and Mark & Spencer.

A.4. Drafting of the Annual Report on Remuneration of Directors for FY2012.

- Pursuant to the prevailing regulations then in force and to the Recommendations of the Unified Good Governance Code of Listed Companies, and on the advice of Towers Watson, the Committee approved on 10 June 2013 the Annual Report on the Remuneration of Directors for FY2012. Said report covered, inter alia, the remuneration of directors, in addition to the remaining relevant terms of the employment agreements executed with those who discharge senior management duties in their capacity as executive directors.

  Such report was submitted to the Board of Directors, who approved it on 11 June 2013. Subsequently, such report was put to the advisory say-on-pay vote of the Annual General Meeting of Shareholders last 16 July 2013, with a 98.53% of votes for.

The information regarding activities in the area of remuneration policy and remunerations is available on the Annual Report on the Remuneration of Directors.

B. Appointments

B.1. Chairwoman of the Audit and Control Committee

The Committee gave a favourable report in the meeting held on 9 December 2013 to the appointment of Ms Irene Ruth Miller as Chairwoman of the Audit and Control Committee, following the resignation tendered by the former Chairman, Mr Juan Manuel Urgoiti López de Ocaña.

B.2. Members of the Social Board

The Committee gave a favourable report in the meeting held on 9 December 2013 to the appointment of Ms Paula Farias Huanqui and Mr Francisco Javier Sardina López, as members of the Social Board of Inditex.

C. Transactions with related parties

Pursuant to the provisions of section 15.2 (j) of the Board of Directors' Regulations, the Committee gave a favourable report to a transaction with related parties, having examined it, mainly from the standpoint of market conditions and equal treatment for all shareholders.

D. Assessment

Pursuant to the provisions of article 32.3.e) of the Articles of Association and section 15.2.f) of the Board of Directors' Regulations and the Recommendations of the Unified Good Governance Code of Listed Companies, the Committee assessed in the meeting held on 9 December 2013 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, the individual performance of Independent Directors sitting on both Committees and of the Deputy Chairman was also assessed.

The result of such assessment was 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 the non-executive Independent Directors, the Deputy Chairman and the Chairman and Chief Executive Officer.

E. Report on its activities

The Committee issued its annual report showing the activities carried out by such body during fiscal year 2012 on 10 June 2013, which was published in the 2012 Annual Report. This report has been issued on an annual basis since fiscal year 2005.

5. Main relationships of the Nomination and Remuneration Committee

A. With the Board of Directors

At the beginning of each session of the Board of Directors, the Chairman of the Nomination and Remuneration Committee reports on the main business transacted in the last meeting of the Committee.

B. With the Audit and Control Committee

Directors sitting on the Nomination and Remuneration Committee also sit on the Audit and Control Committee.

C. With the Chairman and Chief Executive Officer and the Senior Management

For the purposes of permitting the Nomination and Remuneration Committee to be directly apprised of the major business concerns, the Committee encourages the appearance in its sessions of the Chairman and Chief Executive Officer and of the senior managers and officers of the Company to explain their view on certain issues directly linked with the field of responsibility of the Committee and which are recurrent.

D. With the Lead Independent Director

Mr Carlos Espinosa de los Monteros Bernaldo de Quirós is the Chairman of the Nomination and Remuneration Committee as well as Lead Independent Director.

E. With the Human Resources Department

In order to keep the Nomination and Remuneration Committee duly informed, the Human Resources Division regularly informs the Committee on the changes, if any, in the global remuneration systems, the market researches on the pay of Senior Management, the annual pay adjustments and the review of the adjustment guidelines for each country, a summary of the annual adjustments carried out and the global programs for the detection and development of potential in the matter of personnel, and succession plans.

F. With external advisors

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.

During fiscal year 2013, the Committee has relied on external advice to deal with the following issues:

- The remuneration policy in respect of the Chairman and Executive Director.
- The design of the Long Term Performance Plan.
- The drafting of the Annual Report on Remuneration of Directors for financial year 2012.

GRI indicators

Verification of the audit of Global Reporting Initiative Indicators

SGS

INDEPENDENT VERIFICATION REPORT

1. SCOPE

SGS ICS Ibérica, S.A. (hereinafter, SGS) has carried out, at the request of INDITEX, S. A. (hereinafter, INDITEX), the Independent Verification of the information relating to practices regarding Human, Social and Environmental Resources corresponding to the financial year ending on 31st January 2014 and contained in the Annual Report 2013 (hereinafter, the Report).

The scope of the Independent Verification includes the text and data contained in the Report. Information and/or data referred to and not entered in the Report is not included.

2. INDEPENDENCE

The information contained in the Report as well as its preparation is the exclusive responsibility of INDITEX.

SGS has not participated in or advised INDITEX in the preparation of the Report. It has limited itself to acting as an independent verifier, confirming for this purpose the suitability of the contents.

The content of the present Independent Verification Report and the opinions contained therein are the exclusive responsibility of SGS.

3. VERIFICATION

For the independent verification of the Report, the SGS methodology has been used, which consists of auditing procedures according to ISO 19011 and following the principles established in the Guide for the Preparation of Sustainability Reports (G4) of *Global Reporting Initiative (GRI)* (hereinafter, the Guide) and the principles set down in the standard AA1000 *Accountability Principles Standard 2008 of Accountability* (AA1000APS).

Our work of independent verification has consisted of the formulation of questions to certain Departments of INDITEX involved in the drawing up of the Report, as well as the application of certain analytical procedures and review tests by sampling described below:

- Meetings with the staff of different departments of the Inditex Group so as to discover the management principles, systems and approaches applied.
- Verification of the indicators included in the Report, their correspondence with those recommended by the Guide and the applicability thereof.
- Verification, by means of review tests on the basis of the selection of a sample, of the quantitative and qualitative information corresponding to the GRI indicators and their proper compilation from the data supplied by the sources of information from the Inditex Group. These tests have been carried out at the central headquarters of the Inditex Group in Spain.
- Review of the information relative to the management approaches applied.
- The verification of the quantitative and qualitative information corresponding to the "indicators" mentioned in the foregoing point, from INDITEX' own management systems.
- INDITEX Consolidated Annual Accounts, corresponding to the financial year ending on 31st January 2014 have been audited by Deloitte, S.L.

4. TEAM

The SGS team responsible for the Independent Verification was made up of:

- Ms. Carlota Abalo Sinde.
- Ms. Laura López Sanjurjo.

SGS ICS IBÉRICA, SA | Trespaderne 29 28042 Madrid t 34 91 3138115 f 34 91 3138102 www.sgs.es

INDEPENDENT VERIFICATION REPORT

5. AREAS OF IMPROVEMENT

We have additionally presented our recommendations relating to the areas of improvement to the Management of Inditex so as to consolidate the processes, programmes and systems linked with the management of the GRI Indicators. The most relevant recommendations refer to:

- Progress in the coverage of the GRI indicators information, focusing on Occupational Health and Safety area as most of the GRI indicators related to that area reflect mainly Inditex operations in Spain.
- Although it has to be highlighted a good progress in terms of systems, systematic for gathering GRI indictors on a yearly basis has be enforced.

6. STRONG POINTS

- Efforts made by all Inditex departments in order to align Annual Report to G4 requirements must be emphasized.
- The Human Resources and Occupational Health and Safety dimension has been improved and developed in relation with previous year as well as significant improvements have been carried out.
- CSR Department has done important changes during 2013, specially introducing new content in the Annual Report.

7. CONCLUSIONS

From the scope, the methodology, the analytical procedures and the tests by review through sampling carried out, we can conclude that:

- The Report has been prepared in accordance with the demands of the Guide.
- The conclusions which are derived from the tests carried out, with the scope described in sections 1 and 3 above, have not shown up any significant errors.
- The "Level of Application *GRI*" declared by INDITEX (In Accordance-Exhaustive) is appropriate.

8. RESPONSIBILITIES

- The Management of the Inditex Group has been responsible for drawing up the Report, as well as for the definition of the contents.
- The responsibility of the verification team was to issue an Independent Verification Report in accordance with the rules of independence required.
- The scope of the Independent Verification is substantially less than that of an Audit. Therefore, we do not give any audit opinion on the Report.

8th JUNE 2014

Carlota Abalo Sinde

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Global Reporting Initiative Indicators

This Annual Report has been defined and elaborated in accordance with the new G4 Guidelines from the Global Reporting Initiative (GRI), launched in May 2013, with an "exhaustive" implementation level. For the elaboration of this report, Inditex has used the G4 principles for defining report content:

- **Stakeholders participation:** Inditex identifies and keeps a constant dialogue with its stakeholders. By doing this, the Group is able to describe its further response to its stakeholders' expectations and interests.
- **Sustainability strategic context:** Inditex contributes, or pretends to do so in the future, to the improvement of the economic, environmental and social trends, advances and conditions, at a local, regional or global level, all of them interconnected.
- **Materiality:** Inditex covers those aspects and indicators which best reflect the organisation's most significant social, environmental and economic impacts, or those which could be substantially influential on its stakeholders' evaluations and decisions.
- **Exhaustiveness:** the scope of the indicators Inditex is using and the definition of the information's scope must be enough to reflect the social, economic and environmental significant impacts and to allow that stakeholders are able to evaluate the Group's performance during the fiscal year.

In accordance with the principles established in the G4 Guide, this report's content has been determined from a materiality analysis, aimed at identifying the economic, environmental and social impacts of Inditex's value chain and their influence in its stakeholders' decisions.

As a result of consulting its stakeholders, Inditex has identified 30 relevant issues which are the foundations of this Annual Report, as reflected in the G4 Guide indicators. In this way, Inditex responds to those issues that are of interest for the Group's different stakeholders.

In addition to the material main indicators, those indicators that are specific to the textile and footwear sector, which Inditex helped draft, have also been included and are identified as follows:

SPECIFIC INDICATOR FOR THE SECTOR

● Specific indicator for the sector

15 of the GRI indicators identified in the materiality analysis carried out by Inditex were analysed by KPMG auditors, pursuant to regulation ISAE 3000. These indicators can be found in the GRI index and are marked with this symbol: ☑

More information in Sustainable Model (pages 42-47)

Global Compact Principles

Inditex adheres to the U.N. Global Compact. In the GRI index of this Report, which also doubles as a Report on Progress, the different parts of the document related to each of the Global Compact principles are indicated.

Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2. Businesses should make sure that they are not complicit in human rights abuses.

Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4. Businesses should uphold the elimination of all forms of forced and compulsory labour.

Principle 5. Businesses should uphold the effective abolition of child labour.

Principle 6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Principle 7. Businesses should support a precautionary approach to environmental challenges.

Principle 8. Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9. Businesses should encourage the development and diffusion of environmentally friendly technologies.

Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery.

	Indicators	Page or direct reply	External Verification	Global Compact

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G4-1	Statement from the most senior decision-maker	10-11	✔	
G4-2	Description of key impacts, risks and opportunities, including an assessment of the performance of the supply chain	13 Environment 22 Evolution of main indicators 233 Risk control systems	✔	

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G4-3	Name of the organisation	13, 259	✔	
G4-4	Primary brands, products and services	24 Retail formats 27 Zara 27 Pull&Bear 29 Massimo Dutti 29 Bershka 31 Stradivarius 31 Oysho 33 Zara Home 33 Uterqüe	✔	
G4-5	Location of the organisation's headquarters	180	✔	
G4-6	Countries in which relevant activities are carried out	18-19 20-21 Online sales platforms 230-231	✔	
G4-7	Nature of ownership and legal form	118 Ownership Structure	✔	
G4-8	Markets served	18-19, 230-231	✔	
G4-9	Scale of the organization	22-23, 142	✔	
G4-10	Details of organisation's employees and external workers	90-91 Ongoing development of staff self-sufficiency Due to the company's activity, the number of contracts is not reported as it is not considered a relevant indicator; on the other hand, an exhaustive control of the suppliers working for the organisation is carried out. The breakdown of employees per type of contract and per shift is currently reported in Spain. At the end of this financial year these data were not available for the scope of this Report. The company is working on a system to integrate information in a consolidated database.This indicator is expect to be included by 2017.	✔ ☑	Principle 6
G4-11	Percentage of employees covered by collective bargaining agreements	70% of Inditex employees are covered by a collective agreement (there were no significant changes to this indicator on a country level from 2012).	✔	Principle 3
G4-12	Description of the supply chain	2, 36-37, 54, 141, 158	✔	
G4-13	Significant changes during the year	2, 54, 179, 223-224	✔	
G4-14	Precautionary principle	233 Risk control systems	✔	
G4-15	External principles or initiatives to which the organisation subscribes or endorses	6, 51-52, 64-65 69 Cooperation Programmes 71 Animal welfare 74, 80, 86	✔	
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G4-17	Entities included in the financial consolidation and included within the boundaries of this report	214 Composition of the Inditex Group	✔	
G4-18	Definition of the content and scope of the report and the application of GRI principles	7, 18-19 40 Company relations with stakeholders 42 Materiality Analysis 214 Composition of the Inditex Group, 281	✔	
G4-19	Material aspects identified	44	✔	

	Indicators	Page or direct reply	External Verification	Global Compact
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G4-21	Coverage outside the organisation	36 Value chain, 46-47	✓	
G4-22	Restatement of information provided in previous reports	There were no significant changes that led to a redrafting of the information. The details of any changes in information with a timescale or organizational scope different to that of previous years are described along with the data in question.	✓	
G4-23	Significant changes in the coverage or scope of the report	179, 221 Business performance and reuslts	✓	
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G4-24	Stakeholders related to the organisation	40-41	✓	
G4-25	Base for selection of stakeholders	43, 137 Inditex performs a detailed analysis of its stakeholders with the aim of identifying the impact of its activities on stakeholders and developing a strategy aimed at attaining sustainability in its processes.	✓	
G4-26	Approaches to engagement of the stakeholders, including the frequency of contacts by type and category of stakeholders	40-41, 43-44 136 Ethical Committee. 55 Pre-assesment 61 Training and awareness-raising of suppliers and manufacturers 97 Strengthening customer services 117 Transparency and information 169 Company relations with shareholders 247 Whistle Blowing Channel	✓	
G4-27	Key topics and concerns arising from the participation of stakeholders	44 Materiality matrix, 46-47	✓	
	REPORT PROFILE		✓	
G4-28	Reporting period	180 The Annual Report reflects the Inditex Group's economic, social and environmental performance in the year 2013, which extends from 1 February 2013 to 31 January 2014.	✓	
G4-29	Date of most recent previous report	June 2013	✓	
G4-30	Reporting cycle	180	✓	
G4-31	Contact point for questions regarding the report	294	✓	
G4-32	GRI index in relation to the chosen "in accordance" option	6, 279 Annual Report drafted in comprehensive accordance with G4 Guidelines	✓	
G4-33	External assurance of the report	7, 276, 280	✓	
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G4-34	Governance structure	117, 123 Composition of the Board of Directors 129 Board Committees	✓	
G4-35	Delegation of authority from the highest governance body to decision-makers and other employees	113 Sponsorship and patronage 129 Auditing and Control Committee 132 Senior Management 136 Committee of Ethics 137 Social Council 224 Issues relating to the environment an employees 246 Code of Conduct and Responsible Practices	✓	
G4-36	Executive-level positions or positions with responsibility for economic, social and environmental topics	132 Senior Management 263 Main relationships of the Auditing and Control Committee	✓	
G4-37	Processes for consultation between stakeholders and the Board of Directors	43, 137 Social Council	✓	
G4-38	Composition of highest governance body	123 Composition of the Board of Directors 124 Profile of board members 126 Gender diversity/participation of Board Members in the boards of directors of other listed companies 127 Selection, appointment, re-election and removal of board members 130 Board Committees	✓	

	Indicators	Page or direct reply	External Verification	Global Compact
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G4-40	Selection and appointment of the members of highest governance body	126 Gender diversity 127 Selection, appointment, re-election and removal of board members 130-131	✔	
G4-41	Procedures for avoiding conflict of interests in the highest governance body	133 Related operations and conflicts of interest	✔	
G4-42	Highest governance body and senior executives' role in the development, approval and updating of the organisation's vision, mission, values, strategies, policies and objectives	123, 235-236 Additional information available on the Inditex website: Our Principles: http://www.inditex.com/en/our_group/our_approach Sustainable management: http://www.inditex.com/en/sustainability/managing_sustainability	✔	
G4-43	Highest governance body's collective knowledge of economic, environmental and social topics	117, 126, 127 Selection, appointment, re-election and removal of board members 129 External advice	✔	
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G4-45	Procedures of the highest governance body for supervising the identification and management of the economic, environmental and social performance, and its role in applying the processes of due diligence in consultations with stakeholders	43 Materiality analysis 123, 226, 233-234	✔	
G4-46	Highest governance body's role in supervising the effectiveness of the management of risks and opportunities in economic, environmental and social topics	239 Response and supervision for the main risks faced by the company, 239	✔	
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G4-52	Procedure for determining the remuneration of the highest governance body and senior executives, indicating whether independent consultants are used	273 For more information please consult the Annual Report on Board Member Remuneration (sections A.2.1 and A.2.5.) available at www.inditex.com	✔	
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	Indicators	Page or direct reply	External Verification	Global Compact

Specific basic contents

management focuses

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	AUDITING PROCESS			
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AF3	Compliance auditing process.	55-56, 63 Sustainability of the supply chain Compliance Programme: http://www.inditex.com/en/sustainability/suppliers/compliance_programme	✔	
	DETECTION OF NON-COMPLIANCE			
	COMPLAINTS PROCEDURES			
AF4	Policy and procedures for receiving, investigating and responding to grievances and complaints.	135, 136 Code of Conduct and Responsible Practices and Ethical Committee. Code of Conduct and Responsible Practices: http://www.inditex.com/en/our_group/our_approach/code_conduct_responsible_practices	✔	
	CAPACITY BUILDING			
AF5	Strategy and scope of the efforts to strengthen the capacities of management, workers and other staff to improve social and environmental performance.	59-60, 63 Sustainability of the supply chain, 69, 77, 141 Inditex offers specific training courses on sustainability to its employees. Inditex's Environmental Strategy also involves suppliers, who must include the environmental aspect in their working processes.	✔	
	COMMERCIAL RELATIONS			
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	Environmental assessment of the suppliers	55, 76 Programme of audits and technical training in the supply chain	✔	
	Mechanism for environmental complaints	136-137	✔	
	COMPANY PERFORMANCE – LABOUR PRACTICES AND DECENT WORK			
	Employment	92-93	✔	
AF22	Policy and practices concerning the employment of temporary and part-time workers.	90-91, 92 Commitment	✔	
AF23	Policy regarding work at home.	92	✔	
AF24	Policy on the use and selection of work agencies, including adhesion to the relevant ILO Conventions.	Inditex carries out analysis and control of the level of compliance with its Sustainability Strategy achieved by suppliers of finished products subsequently distributed by the Group, performed by means of the Group's Code of Conduct for Manufacturers and Suppliers Compliance Programme.	✔	
	WAGES AND WORKING HOURS			
AF25	Policy and practices on deductions from wages not required by law.	Inditex does not adhere to any wage deduction policy or practice beyond those stipulated by law.	✔	
AF26	Policy on working hours, including the definition of overtime and actions for preventing excessive overtime or compulsory overtime.	92	✔	
	Relations between workers and management	92-93	✔	
	Occupational health and safety	93-94	✔	
	Training and education	90-91	✔	
	Diversity and equal opportunities	92, 95	✔	
AF27	Policy and actions to protect worker rights during pregnancy and maternity.	92	✔	
	Equal pay between men and women	92-93	✔	
	Assessment of supplier labour practices	52, 55	✔	
	Complaints mechanisms for labour practices	52, 136-137	✔	
	COMPANY PERFORMANCE - HUMAN RIGHTS			
	Investment	51-52, 53 Strategic plan for a stable and sustainable supply chain 2014-2018	✔	
	Non-discrimination	52, 63 Sustainability of the supply chain, 94-95	✔	
	Freedom of association and collective bargaining	52, 56 Social audits, 57-58, 59 Corrective action plans (CAP) 63 Sustainability of the supply chain	✔	
	Child labour	52, 63 Sustainability of the supply chain	✔	
	Forced labour	52, 57, 59-60, 63 Sustainability of the supply chain	✔	
	Assessment of suppliers with respect human rights	52, 55	✔	
	Complaint mechanisms for human rights matters	52, 136-137	✔	
	COMPANY PERFORMANCE - SOCIETY			
	Local communities	102 Improving community welfare, 104-105 106 Social welfare 108 Humanitarian action 110 Education 113 Sponsorship and patronage	✔	

	Indicators	Page or direct reply	External Verification	Global Compact
	Fight against corruption	The Inditex Code of Conduct and Responsible Practices and the Code of Conduct for Manufacturers and Suppliers deal with the prevention of all forms of corruption. These internal regulations are available on the website: http://www.inditex.com/en/our_group/our_approach/code_conduct_responsible_practices	✓	
	Public policy	52, 64-65	✓	
	Assessment of the social impact of suppliers	52, 55	✓	
	Complaint mechanisms in the area of social impact	52, 136-137	✓	

COMPANY PERFORMANCE - RESPONSIBILITY FOR PRODUCTS

	Customer health and safety	55-56, 66 Manufacturing of responsible products	✓	
	Product and service labelling	66 Manufacturing of responsible products, 75-76	✓	

Indicators

Economy

SUPPLY CHAIN

	CODE OF CONDUCT			
AF7	Number and location of workplaces covered by the code of conduct.	54 The Code of Conduct for Manufacturers and Suppliers is applicable to each and every one of Inditex's suppliers and manufacturers. More information about the identification of the supply can be found on the Inditex website:http://www.inditex.com/en/sustainability/suppliers/code_conduct	✓	☑
	AUDITING PROCESS			
AF8	Number of audits performed and percentage of workplaces audited.	55-56, 60, 153-154 The Group reports the number of suppliers as well as the number of audits performed during the year. In 2013, Inditex developed and reinforced its control instruments in order to guarantee supplier identification and monitoring activities at all stages of the supply process. To this end, in 2013 the Group consolidated an online system designed specifically to guarantee the control and traceability of its production.	✓	☑
	DETECTION OF NON-COMPLIANCE			
AF9	Incidents of non-compliance with legal requirements or collective bargaining agreements concerning wages.	58, 63 Sustainability of the supply chain, 154	✓	
AF10	Incidents of non-compliance with overtime standards.	58	✓	
AF11	Incidents of non-compliance with standards on pregnancy and maternity rights.	58	✓	
AF12	Incidents of non-compliance regarding the use of child labour.	58, 64-65	✓	
AF13	Incidents of non-compliance with gender discrimination standards.	58	✓	
AF14	Breaches of the code of conduct.	58	✓	☑
AF15	Analysis of the data derived from audits of code compliance.	57, 63 Sustainability of the supply chain	✓	
	CORRECTIVE ACTION PLANS			
AF16	Corrective practices applied to remedy incidents of non-compliance.	59	✓	☑
	COMMERCIAL RELATIONS			
AF17	Actions to identify and mitigate practices affecting code compliance.	56, 59-60, 61 Optimisation of the supply chain 63 Sustainability of the supply chain Inditex's CSR Department informs internal buyers of the results of Social Audits: this allows them to become more aware of their own purchasing practices and adapt these according to the results obtained during these checks.	✓	
	ECONOMIC PERFORMANCE			
G4- EC1	Direct economic value generated and distributed	102 Improving community welfare, 103-104 156 Distribution of investment in social programmes 2013, 158	✓	☑

	Indicators	Page or direct reply	External Verification	Global Compact
G4- EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	Inditex Sustainability Strategy: http://www.inditex.com/en/sustainability Despite the fact that its direct activity does not have a significant impact on climatic change, Inditex implements energy-efficient activities and measures to mitigate such a risk.	✓	Principle 7
G4- EC3	Coverage of the organisation's defined benefit plan obligations	93, 191, 199-200	✓	
G4- EC4	Financial assistance from government entities	193 Income taxes, 199-200 During this reporting period no significant government assistance was received in the form of subsidies, awards, holiday entitlements or export credit assistance.	✓	
	INDIRECT ECONOMIC IMPACTS			
G4- EC7	Development and impact of the investment in infrastructures and types of services	106 Social welfare 108 Humanitarian action 185 Tangible fixed assets 156 Distribution of investment in social programmes 2013, 158	✓	
G4- EC8	Significant indirect economic impacts and their scope	104, 106 Social welfare 108 Humanitarian action 110 Education 112 Environmental programmes 113 Sponsorship and patronage 152, 156 Distribution of investment in social programmes 2013, 158	✓	

Environment

	MATERIALS			
G4- EN1	Materials by weight or volume	80 Environmental and energy management in logistics centres and Environmental training in logistics centres 81 Eco-efficient stores 86 Use of more sustainable fibres 148 Waste generation and management Inditex distributes the finished fashion items (clothing, footwear, accessories) and home textiles it purchases from its suppliers. Nevertheless, Inditex works hard to promote the efficient use of materials in its supply chain via the use of more sustainable fibres, packaging and distribution of its products in line with its standard, Znormativa, and waste management by means of its Waste Reduction Plan.	✓	Principles 7 and 8
G4- EN2	Percentage of the materials used that are recycled materials	81, 87, 149	✓	Principle 8
AF20	List of preferential materials from the viewpoint of the environment used in apparel and footwear products	86 From an environmental point of view, the preferred material is organic cotton. In 2013, Inditex placed more than 3.5 million 100% certified ecological cotton garments on the market, and also started 5% and 50% ecological cotton programmes. Inditex also participates in initiatives that work actively to promote good management of natural resources, such as: Better Cotton Initiative and Textile Exchange.	✓	
	ENERGY			
G4- EN3	Internal energy consumption	141, 143 Energy consumption	✓ ☑	Principles 7 and 8
G4- EN4	External energy consumption	77 Bangladesh Water PaCT 146 Scope 3 emissions detail	✓	Principle 8
AF21	Amount of energy consumed and percentage of that energy from renewable sources	144	✓	
G4- EN5	Energy intensity	144-145	✓	Principle 8
G4- EN6	Reduction of energy consumption	77 Bangladesh Water PaCT 79-80, 142, 143 Energy consumption	✓	Principles 8 and 9
G4- EN7	Reductions in energy requirements of products and services	81 Eco-efficient stores and Eco-refurbishments 142, 143 Energy consumption	✓	Principles 8 and 9
	WATER			
G4- EN8	Total water intake by source	73-74, 75 Master Plan for Water Management in the Supply Chain, 151 http://www.inditex.com/en/sustainability/environment/water	✓	Principles 7 and 8
G4- EN9	Water sources that have been significantly affected by water intake	151 Water supplied to all the centres for use both in processes and for consumption comes from public, authorised supply networks with the result that Inditex has no impact on protected habitats.	✓	Principle 8
G4- EN10	Percentage and total volume of recycled and reused water	81	✓	Principle 8

	Indicators	Page or direct reply	External Verification	Global Compact
	BIODIVERSITY			
G4- EN11	Own, leased, managed and adjacent, contained installations or those located in protected and unprotected areas of great value for biodiversity	Not applicable.The lands owned by Inditex are not located adjacent to or within protected natural spaces or areas of high biodiversity, and therefore the Group does not generate significant impacts on biodiversity.	✓	Principle 8
G4- EN12	Description of the most significant impacts on the biodiversity of protected areas or unprotected areas of high biodioversity, derived from activities, products and services	75 Zero discharge 84 Protection of biodiversity 86 Use of more sustainable fibres Inditex distributes the finished fashion items (clothing, footwear, accessories) and home textiles it purchases from its suppliers, and therefore the Group is solely capable of generating indirect impacts on biodiversity. In this respect, Inditex has developed a Biodiversity Strategy which forms an integral part of the Group's Sustainability Strategy and contains different initiatives to protect and conserve the biodiversity potentially affected throughout the sector's value chain.	✓	Principle 8
G4- EN13	Habitats protected or restored	Not applicable. Inditex distributes the finished fashion items (clothing, footwear, accessories) and home textiles it purchases from its suppliers, and therefore there are no protected or restored habitats related to the company's activity.	✓	Principle 8
G4-EN14	Number of iucn red list species with habitats in areas affected by operations according to extinction risk	Not applicable. Inditex distributes the finished fashion items (clothing, footwear, accessories) and home textiles it purchases from its suppliers, and therefore there are no habitats that are affected by its operations.	✓	Principle 8
	EMISSIONS			
G4- EN15	Direct emissions of greenhouse effect gases (scope 1)	145-146	✓ ☑	Principles 7 and 8
G4- EN16	Indirect emissions of greenhouse effect gases when producing energy (scope 2)	145-146	✓ ☑	Principles 7 and 8
G4- EN17	Other indirect emissions of greenhouse effect gases (scope 3)	145-146	✓ ☑	Principles 7 and 8
G4- EN18	Intensity of emissions of greenhouse effect gases	146	✓	Principle 8
G4- EN19	Reduction of emissions of greenhouse effect gases	79-80, 146	✓	Principles 8 and 9
G4- EN20	Emissions of ozone-depleting substances	80 Environmental and energy management in logistics centres Plans have been set up to replace air conditioning equipment in the already existing stores with the more efficient class A systems to ensure there are no gasses that are destructive to the ozone layer.	✓	Principles 7 and 8
G4- EN21	Nox, sox and other significant atmospheric emissions	80 Carbon footprint of logistics operations, 147 SO_2, NO_x and CO emissions have been reported. The rest of the emissions envisaged in this indicator are not produced or are not produced in significant amounts, since Inditex's main activity is the distribution of fashion items. Any particle emissions resulting from transport are generated by the transport companies themselves and not by Inditex. Nevertheless, Inditex promotes a better management and control of these emissions by means of a tool which enables such emissions to be calculated according to GHG Protocol. The Group also drafts improvement plans to reduce emissions.	✓	Principles 7 and 8
	EFFLUENTS AND WASTE			
G4- EN22	Total water discharge according to quality and intended use in the case of footwear, total chromium discharge. In the case of apparel, discharge of antimony, arsenic, cadmium, chromium, cobalt, cyanide, lead, mercury, nickel and zinc.	72 Responsible use of water in the supply chain Zero discharge 75 Zero discharge, 151 http://www.wateractionplan.com/ (section "Technical training to achieve zero discharge/results")	✓	Principle 8
G4- EN23	Total weight of waste according to type and treatment method	148 Waste generation and management None of the waste generated is disposed of through deep-well injection or stored in-situ.	✓ ☑	Principle 8
G4- EN24	Total number and volume of significant spills	During the reporting period no significant accidental discharges were recorded.	✓	Principle 8
G4- EN25	Weight of waste transported, imported, exported of treated considered hazardous by virtue of annexes i, ii, iii and viii of the basel2 convention, and percentage of waste transported internationally	Inditex does not transport, import or export any of the hazardous waste products included in the Basel Convention in any of the countries where it performs its activities.	✓	Principle 8
G4- EN26	Identification, size, protection status and biodiversity value of water masses and related habitats significantly affected by discharges and run-off from the organisation	75 Zero discharge The water consumed by Inditex is discharged by means of sanitation networks, in all cases with the appropriate administrative authorization. In case of irregularities, Inditex analyses the causes and looks for pertinent solutions. Therefore, there are no water bodies or related habitats significantly affected by discharges or run-off generated by the organization. In relation to the Group's suppliers and due to the commitment undertaken in November 2012 towards "zero discharge" of hazardous chemicals in 2020, Inditex works with its suppliers within its Master Plan for Water Management in the Supply Chain. In 2013, water discharges from plants belonging to the Group's main suppliers were analysed with special attention to the 11 priority chemical groups. The results of these analyses are available for consultation at http://www.wateractionplan.com/ (section "Technical training to achieve zero discharge/results").	✓	Principle 8

	Indicators	Page or direct reply	External Verification	Global Compact
	PRODUCTS AND SERVICES			
G4- EN27	Mitigation of the environmental impact of products and services	To consult initiatives undertaken to mitigate impact on: 72 Responsible use of water in the supply chain 80 Environmental and energy management in logistics centres and Sustainable certification in logistics centres 81 Eco-efficient stores and Eco-refurbishments 84 Protection of biodiversity 86 Use of more sustainable fibres 87 Footwear ecolabel, Higg Index and Use and end of life of the product To consult the mitigation of the impact: 143 Energy consumption 145 Inditex Greenhouse Gas Emissions (GHG) 147 Other atmospheric emissions 148 Waste generation and management 151 Water consumption and use	✔	Principles 7, 8 and 9
G4- EN28	Percentage of products sold and packaging materials reclaimed at the end of their useful life, according to product category	80, 81 Eco-efficient stores Packaging materials on to the market are recovered at the end of its life cycle for recycling by authorized managers in those countries where there are Integrated Systems for Packaging Management.	✔	Principle 8
	COMPLIANCE WITH REGULATIONS			
G4- EN29	Monetary value of significant fines and number of non-monetary sanctions due to incidents of non-compliance with environmental legislation and regulations	Inditex recorded no significant fines or sanctions through the available channels in 2013.	✔	Principle 8
	ENVIRONMENTAL ASSESSMENT OF THE SUPPLIERS			
G4- EN32	Percentage of new suppliers examined according to environmental criteria	55, 76 Programme of audits and technical training in the supply chain 153-154	✔	Principle 8
G4-EN33	Real and potential significant negative environmental impacts in the supply chain and measures in this respect	75 Zero discharge 76 Programme of audits and technical training in the supply chain In 2013 analyses were performed of waste water discharges from 101 plants corresponding to the Group's main suppliers. Where priority chemical compounds were detected, a Corrective Action Plan was put in place with the cooperation of the plant involved. In 2013, corrective measures were taken in the case of 39 plants in China and Bangladesh.	✔	Principle 8
	MECHANISMS FOR ENVIRONMENTAL COMPLAINTS			
G4- EN34	Number of environmental complaints submitted, dealt with and resolved using formal complaint mechanisms	136- 137 All communications received by means of the website's customer services are passed on to the relevant department. Moreover, the Environmental Department receives any suggestions, queries or comments at the following address: medioambiente@inditex.com	✔	Principle 8

Company performance - working practices and decent work

	Indicators	Page or direct reply	External Verification	Global Compact
	EMPLOYMENT			
G4- LA1	Number and rate of employee hires and turnover, broken down according to age group, gender and region	89 New employee hires for 6.6% of the workforce. Data on the number of new employee hires, turnover and rates broken down according to age, gender and region was not available at the time of writing of this Report. The company is working on a system to integrate information in a consolidated database. This indicator is expected to be included by 2017.	✔	Principle 6
G4- LA2	Social benefits provided for full-time workers not offered to temporary or part-time workers, broken down according to significant locations of operations	92-93 The Group provides the same social benefits for temporary workers as to part- and full-time employees.	✔	
G4- LA3	Return to work and retention rates following parental leave, broken down according to gender	92 During 2013, in Spain some 1,973 women took maternity leave. A total of 99.8% of these women returned to work following that leave. In the case of men, a total of 99.2% (260 men) returned to work following paternity leave.	✔	Principle 6
	WORKER-MANAGEMENT RELATIONS			
G4- LA4	Minimum notice periods for operative changes and whether these are included in collective agreements	The collective agreements in force do not set out a minimum period for the formal notification of any organizational changes that take place within Inditex. However, when relevant events take place, prior notice is given in line with the provisions of the law in force (art. 41 of the Workers' Statute).	✔	Principle 3
AF29	Percentage of workplaces in which there are one or more independent unions	Some 37% of Inditex's work centres have workers' representatives (there have been no significant changes in this indicator on a national level in comparison with 2012).	✔	

	Indicators	Page or direct reply	External Verification		Global Compact
AF30	Percentage of workplaces in which, in the absence of a union, there are committees formed by workers and members of the management, according to country	The Group does not participate in representative bodies that do not involve the trade unions.	✓		
	HEALTH AND SAFETY AT WORK				
G4- LA5	Percentage of workers represented in formal joint management-worker health and safety committees, established to help to control and advise on occupational health and safety programmes	The existing committees represent all workers on the same level (management and employees) and all agreements are confirmed by management.	✓		
G4- LA6	Injury rates, occupational illnesses, days lost, absenteeism and number of work-related fatalities victims according to region and gender	93-94	✓		
G4- LA7	Workers whose profession is subject to a high incidence or risk of illness	93-94 In general, no workers were identified as being involved in activities with a high accident rate or high risk of specific diseases.	✓		
G4- LA8	Health and safety issues covered in formal agreements with the unions	All committees have reached agreements related to worker health and safety. During 2013, Inditex had reached agreements in force on an international and national scale with trade unions which covered aspects such as personal protective equipment, periodic inspections, training and education, complaints mechanisms, and so on.	✓		
AF31	Initiatives and programmes for responding to, reducing and preventing the appearance of muscular and skeletal disorders	93	✓		
	TRAINING AND EDUCATION				
G4- LA9	Average hours of skills training each year per employee, broken down according to gender and employee category	71, 91 The 2013 Report shows a positive evolution of the level of commitment to reporting on this indicator with the publication of information on training hours in the form of country-level statistics. Thus, this indicator is expected to be fully incorporated by 2017.	✓	☑	Principle 6
G4- LA10	Skills management programmes and lifelong learning to foster the employability of workers and help them to manage the end of their professional careers	The average age of Inditex employees is 32 years, meaning that the Group is not facing the need to develop programmes to assist employees at the end of their professional careers in the near future.	✓		
G4- LA11	Percentage of employees receiving regular performance and development reviews, broken down according to gender and professional category	90-91	✓		Principle 6
	DIVERSITY AND EQUAL OPPORTUNITIES				
G4- LA12	Composition of the organs in government and breakdown of payroll by professional category and sex, age, belonging to minorities and other diversity indicators	92 123 Composition of the Board of Directors 130 Board Committees Inditex reports data on members of its Board of Directors in the Corporate Governance Report submitted to the Spanish regulatory body, the CNMV. At the time of writing Inditex was working to generate this indicator. The company is working on a system to integrate information in a consolidated database. The breakdown of staff by age group is expected to be included by 2017.	✓	☑	Principle 6
AF32	Actions for dealing with discrimination for reasons of gender and to give opportunities to promoting female workers	92	✓		
	EQUAL PAY BETWEEN MEN AND WOMEN				
G4- LA13	Ratio of base salary of men to women, broken down according to professional category and significant locations of operation	Not available. At the time of writing Inditex was working to generate this indicator. The company is working on a system to integrate information in a consolidated database. This indicator is expected to be included by 2017.	✓		Principle 6
	ASSESSMENT OF SUPPLIER WORKING PRACTICES				
G4- LA14	Percentage of new suppliers examined according to criteria on labour practices	55	✓		
G4- LA15	Significant real and potential negative impacts in labour practices in the supply chain, and measures taken	54, 58, 59 Corrective action plans (CAP) 63 Sustainability of the supply chain, 153-154	✓		
	COMPLAINT MECHANISMS CONCERNING WORKING PRACTICES				
G4- LA16	Number of complaints related to working practices submitted, dealt with and resolved by formal complaint mechanisms	52, 136-137	✓		

	Indicators	Page or direct reply	External Verification	Global Compact

Company performance - human rights

INVESTMENT

G4- HR1	Number and percentage of significant investment contracts and agreements including clauses on human rights or that have undergone human rights screening	54, 58, 59 Corrective action plans (CAP), 141, 153-154	✔	Principle 2
G4- HR2	Hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including percentage of employees trained	63 In 2013 more than 3,000 hours of training were provided for factory workers on equality and pyscho-social issues. Both the Code of Conduct and Responsible Practices of the Inditex Group, applicable to 100% of Inditex's employees, and the Code of Conduct for Inditex Manufacturers and Suppliers are articulated based on Inditex's corporate culture, which affects all operations and suppliers of the Group, firmly founded on compliance with human rights.	✔	Principle 1

NON-DISCRIMINATION

G4- HR3	Number of discrimination incidents and corrective actions taken	58, 136-137 No incidents of discrimination were recorded among Inditex Group employees during 2013.	✔	Principle 6

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

G4- HR4	Identification of significant centres and suppliers in which freedom of association and the right to collective bargaining may be breached or at risk, and measures taken to defend these rights	52-53, 57, 63 Sustainability of the supply chain Inditex's Code of Conduct for Manufacturers and Suppliers Compliance Programme assesses the level of compliance with worker freedom of association, and is applicable to all of the Group's operators and suppliers. The table on page 58 shows percentage compliance in this area on the part of suppliers already subjected to audits that formed part of Inditex's supply chain in 2013.	✔	Principle 3

CHILD LABOUR

G4- HR5	Identification of centres and suppliers with a significant risk of incidents of child labour, and measures taken to contribute to abolishing child labour	53, 63 Sustainability of the supply chain The Inditex Code of Conduct for Manufacturers and Suppliers Compliance Programme assesses the level of compliance with fundamental labour standards, including the prohibition and elimination of child labour, applicable to all of the Group's operations and suppliers. The table on page 58 shows percentage compliance in this area on the part of suppliers already subjected to audits that formed part of Inditex's supply chain in 2013.	✔	Principle 5

FORCED LABOUR

G4- HR6	Centres and suppliers with a significant risk of incidents of forced labour, and measures taken to contribute to eliminating all forms of forced labour	53, 63 Sustainability of the supply chain The Inditex Code of Conduct for Manufacturers and Suppliers Compliance Programme assesses the level of compliance with fundamental labour standards, including the prohibition and elimination of forced labour, applicable to all of the Group's operations and suppliers. The table on page 58 shows percentage compliance in this area on the part of suppliers already subjected to audits that formed part of Inditex's supply chain in 2013.	✔	Principle 4

ASSESSMENT OF SUPPLIERS WITH RESPECT HUMAN RIGHTS

G4- HR10	Percentage of new suppliers examined according to human rights criteria	55, 153-154	✔ ☑	Principle 2
G4- HR11	Significant real and potential negative impacts in the area of human rights, in the supply chain, and measures taken	54, 58, 59 Corrective action plans (CAP) 63 Sustainability of the supply chain, 153-154	✔	Principle 2

COMPLAINTS MECHANISMS FOR HUMAN RIGHTS ISSUES

G4- HR12	Number of complaints related to human rights submitted, dealt with and resolved by formal complaint mechanisms	52, 136-137	✔	Principle 1

Society

LOCAL COMMUNITIES

G4- SO1	Percentage of centres with implemented development programmes, impact assessments and local community engagement	52, 55-56 63 Sustainability of the supply chain 74 Global Water Management Strategy 102 Improving community welfare, 104-105 106 Social welfare, 108 110 Education 137 Social Council Inditex's environmental policy: http://www.inditex.com/en/sustainability/environment Inditex's community development and participation programmes and environmental and social impact assessments are applicable to 100% of the Group's operations.	✔	Principle 1

	Indicators	Page or direct reply	External Verification	Global Compact
G4- SO2	Operations centres with significant potential or real negative effects on local communities	Does not apply. Inditex's activity does not generate important negative effects on local communities.	✔	Principle 1
AF33	Priorities of investment strategy in communities	103-104, 108, 110-111, 113	✔	
AF34	Amount of investment in worker communities, according to location	104, 106 Social welfare 108 Humanitarian action 110 Education 113 Sponsorship and patronage 156-157	✔	
	FIGHT AGAINST CORRUPTION			
G4- SO3	Percentage and number of centres analysed for risks related to corruption and significant risks detected	Code of Conduct and Responsible Practices includes the prevention of all forms of corruption. These standards are applicable to 100% of the Group's business units and are available on the Inditex website at: http://www.inditex.com/en/our_group/our_approach/code_conduct_responsible_practices	✔	Principle 10
G4- SO4	Policies and procedures of communication and training on the fight against corruption	Code of Conduct and Responsible Practices of the Inditex Group (applicable to 100% of the Group's employees) deals with the prevention of all forms of corruption and correct internal dissemination of the code among all employees. This document is available on Inditex's website at: http://www.inditex.com/en/our_group/our_approach/code_conduct_responsible_practices"	✔	Principle 10
G4- SO5	Confirmed cases of corruption and measures taken	In the period covered by this report, no incidents of corruption were recorded in the organization.	✔	Principle 10
	PUBLIC POLICY			
G4- SO6	Value of the political contributions according to country and recipient	The Code of Conduct and Responsible Practices expressly indicates that "Any relationship that the Inditex Group may have with any governments, authorities, institutions and political parties shall be based upon the principles of legality and neutrality. Contributions, whether in cash and/or in kind that might be made by the company, where applicable, to any political parties, institutions and public authorities, shall always be made in accordance with the current legislation in force and ensuring the transparency thereof; for such purposes, a previous report of the Legal Department evidencing that any such contributions are lawful, shall be required".	✔	Principle 10
	ASSESSMENT OF THE SOCIAL REPERCUSSION OF SUPPLIERS			
G4- SO9	Percentage of new suppliers examined according to social impact criteria	55, 153-154	✔	
G4- SO10	Significant and potential negative impacts for society in the supply chain, and measures taken	54, 58, 59 Corrective action plans (CAP) 63 Sustainability of the supply chain, 153-154	✔	
	COMPLAINTS MECHANISMS IN THE AREA OF SOCIAL IMPACT			
G4- SO11	Number of complaints related to social impacts submitted, dealt with and resolved by formal claim mechanisms	52, 136-137	✔	

Responsibility for products

	CUSTOMER HEALTH AND SAFETY			
G4- PR1	Percentage of significant product and service categories whose impact in the area of safety and health have been assessed in order to promote improvement	68 Picking Project and Ready to Manufacture Product health and safety standards are in general application and mandatory for the whole of the Group's production. The method employed by Inditex encompasses all phases of the product life cycle.	✔ ☑	
G4- PR2	Number of incidents of non-compliance with regulations or voluntary codes regarding the impact of products and services on health and safety during the life cycle, broken down according to the type of incident outcome	No significant incidents of non-compliance with standards related to the impact of products on customer health and safety were recorded in 2013.	✔	
	PRODUCT AND SERVICE LABELLING			
G4- PR3	Type of information required by organisation procedures related to information and the labelling of products and services, and percentage of significant product and service categories subject to said requirements	68 Programmes to implement and comply with Clear To Wear and Safe To Wear standards 75-76, 87 Product health and safety standards are in general application and mandatory for the whole of the Group's production (100%).	✔	
G4- PR4	Number of incidents of non-compliance with regulations and voluntary code regarding information and the labelling of products and services, broken down by outcome type	No significant incidents of non-compliance with standards related to product information or labelling or voluntary codes were recorded in 2013.	✔	
G4- PR5	Results of customer satisfaction surveys	97-98, 227	✔	

The **Annual Report 2013** provided information under the terms of the triple –economic, social and environmental-dimension.

The Annual Report 2013 is fully available on the corporate web site, **www.inditex.com**, where additional useful information may also be accessed.

The english translation of this report has been reviewed by the centre for Business and Public Sector Ethics of Cambridge (United Kingdom)

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