INDITEX

Annual report 2010

Inditex 2010 annual report

MILLIONS OF EUROS IN SALES

12,527

COUNTRIES WITH COMMERCIAL PRESENCE

77

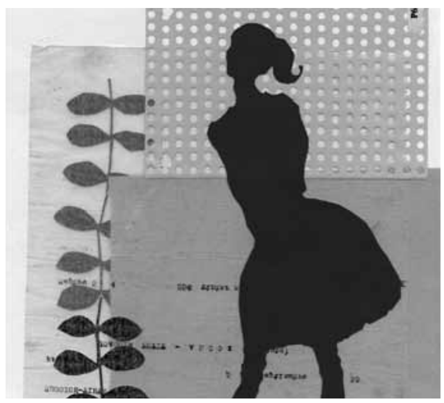
STORES

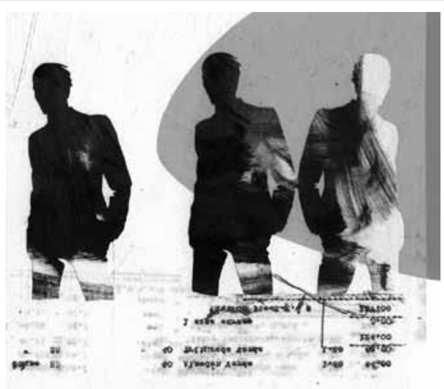
5,044

EMPLOYEES

100,138

Index





Letter from the Chairman

Dear Friends,

This Annual Report 2010 reaches you just a few weeks after we have completed ten years since Inditex was first quoted on the stock market. At that moment, with a project whose origins went back to almost four decades earlier, we were facing with confidence the test of putting our capacity for profitable growth in the long term to the scrutiny of investors. That confidence was based on the trust that arises from the shared effort in a project in which all those taking part believed and continue to believe with absolute sincerity. We had the certainty of a philosophy and a business culture capable of facing up to the challenges which were arising. Inditex was then an important fashion distribution group which operated internationally (its foreign turnover was already greater than the domestic turnover thanks to the commercial presence in over thirty countries) with five commercial formats which had achieved a total of a thousand stores.

Now, ten years later, our Group is a company with a global footprint, present in almost eighty countries and which has eight different chains. The demands which the economic environment has made of us have made clear the strength of this business model, its capacity to adapt in a flexible manner to the demands of the market, and the solidity of its expectations of profitable growth in the future.

In this regard, 2010 has been a significant year both from the point of view of the economic results and of commercial achievements. It is a year in which Inditex has achieved 100,000 employees and has continued to create stable employment, both in its stores and at its logistical centres and corporate headquarters. Our team is growing and is growing in its levels of demand, with such ambitious commitments as the sale of our products online or the boost to our strategy on the five continents, from Asia to America, in the European markets or in the southern hemisphere.

The economic results obtained in 2010 were without a doubt also satisfactory, with an increase in sales of 13%, and of 32% in terms of net profit. But perhaps the most outstanding item is the fact that the company continues to be fully focussed on improvement and widening its horizons, with over 750 million euros devoted to investment and the opening of 437 new stores.

I think therefore that our expectations have not been disappointed thanks, without any shadow of a doubt, to the work and the enthusiasm of the many teams working on this common task. In this way, the bases have been set down which will guarantee growth and profitability in the long term, provided always that we manage to maintain our levels of requirement of ourselves. The customer must continue to be our main centre of attention, both in the creation of our fashion collections and in the design of our shops, of our logistical system and of any other activity.

With this enthusiasm, we have continued to advance in the application of two of the main axes of our strategy, rooted in the sensitivity both of the organization and of the environment: the environment and social responsibility.

In the first of them, 2010 left us with an especially relevant example: the opening of the new store in Palazzo Bocconi, Rome, which, apart from being a real commercial emblem as it is store number 5,000 in the Group, it is the latest and most advanced example of the eco-efficient store project at Inditex. All the experience accumulated in the projects carried out over the last few years, both in individual stores which have obtained the highest levels of external certification and in the totality of the new openings and refurbishments, has been applied in the store. Palazzo Bocconi has thus become the best example of how to carry on commercial activity generating the minimum impact on the environment, and

serving also as a guideline with which to advance towards our objective that all of Inditex's commercial area should be eco-efficient by 2020.

In the sphere of social responsibility, two aspects stand out as the most significant. In the first place, the constant effort in the area of our own standards of certification, Clear to Wear and Safe to Wear, which are constantly renewed, incorporating more precise requirements and becoming more deeply involved with our suppliers. In the second place, the permanent demand for compliance of our Code of Conduct, with the result that 75% of suppliers have obtained the highest classifications in the ranking system. This ethical and environmental commitment must always go hand in hand with the company's desire for growth.

This growth has made it possible to open, during the 2010 financial year, a total of 437 new stores from all our chains in forty-five different countries, including three new markets. Likewise, as a consequence of the growth in sales, seventy-six million more units have been manufactured than in 2009, up to a total value of 840 million.

More than one third of the new stores are located in Asia, including the first four in India. China, Japan, Korea and India itself and other markets in this region will without a doubt continue to take a large part of the growth effort over the next few years given the good reception with which each one of our chains has been welcomed. Europe too has seen a large number of new openings in all the formats, both in the markets of Western Europe and in the East, where the expansion is also significant. In all of them, there continue to be great opportunities for the multi-format growth of Inditex.

To the opportunities for expansion existing in other areas of the world, Australia has been added in the first few months of 2011 and South Africa will do the same before the end of the year. Both markets are located in the southern hemisphere, thus increasing the area for which Inditex, due to seasonal differences, develops specific collections.

In 2010, we also began the online sale of Zara products in sixteen European countries, after Zara Home opened up this route in 2007. The presence in this new marketing channel, which we hope to continue to extend to all the countries in which we have physical stores, is oriented towards providing a new service to our customers, with special care to provide them with a purchasing experience that is as close as possible to the physical store. The complementarity between both is an essential factor, and we are sure that it generates significant synergies both for the customer and the Group. We hope to strengthen this commitment in 2011, starting up online stores for the rest of the formats.

I would like to bring this summary of the 2010 financial year to an end by referring to the decision that was made public on 10th January, when I announced my intention of proposing the appointment of Pablo Isla as the new Chairman of Inditex to the General Meeting of Shareholders. As I made clear in the letter sent to the Group employees around the world, I am convinced that their collective effort has made this company a solid organization made up of excellent professionals and with a promising future. This future will be marked by the result of combining the flow of accumulated experience with the youth of those who, day by day, join the Group, and these ingredients are going to make it possible for us to continue to move this great project forward with the confidence of the first day.

Amancio Ortega Gaona
Chairman

Inditex's business model

The Inditex Group was formally incorporated in 1985. But its origins as a fashion distribution group started ten years earlier when Zara opened its first store in A Coruña (Spain). Currently, it has eight retail formats that share the same vision of the fashion business, characterized by strong customer orientation. The group is involved in all the stages of the fashion process: from design, manufacturing and logistics, to sales in its own stores.

All of its operations are carried out from the perspective of ethics and responsibility. The Internal Code of Conduct and the Inditex Code of Conduct for external manufacturers and suppliers, as well as the product health and safety protocols (Clear to Wear and Safe to Wear) form a strategic axis of social management, while in the environmental area the activity of the group is governed by the Environmental Strategic Plan.

Inditex has been listed on the stock market since 2001 and is part of international indexes like Ibex 35, FTSE Eurotop 100 and Eurostoxx 600 and sustainability indexes such as FTSE4Good and Dow Jones Sustainability.

Inditex commercial concepts

ZARA

PULL&BEAR

Massimo Dutti

Bershka

Stradivarius

oysho

ZARA HOME

UTERQÜE

1. Customers

ENGINE FOR ALL GROUP ACTIVITY

It is the star of the Inditex business model. Company operations start with the demands of the customer being channelled by the store. This is the place where the design process begins. Customer desire for fashion is not just viewed from the perspective of fashion, but taken into overall account, considering everything that complements the buying experience. This includes the placement of the stores in the principle commercial areas of cities, their interior design, conceived to make meeting with fashion comfortable.

Inditex's total orientation to the customer is the origin of the development of the Group's eight commercial brands. Each one of them with a differentiated commercial offering specifically designed to satisfy each customer better.

2. Store

MEETING POINT OF THE CUSTOMER AND FASHION

The store is where Inditex's business model starts and ends, with the customer as its main asset. In its interior, customer desire for fashion meets the offering of each chain's design team. Store staff channel customer demands to the designer's table, starting a manufacturing process that, in as little time as possible, will be at the store in the form of a real fashion offering. In addition, the stores are the main drivers of the chain's image. These are the main characteristics:

- Privileged locations in main cities
- Meticulously planned show windows
- Uniquely conceived architecture inside and out
- Precise product coordination
- Excellent customer service

3. Design/ Production

MODEL FOR RAPID RESPONSE TO THE MARKET

An on-going and fluid relationship between store personnel, design teams, and manufacturing teams is essential for being able to react to changes in customer desires with new products in stores as quickly possible. The fact that an important part of the activity, including manufacturing in our own centres or by external suppliers, takes place in close proximity enables fast responses to the market.

All of the chains have their own design and commercial teams. Currently, Inditex has more than 1,000 professionals dedicated to product design and development.

On 31 January 2011, Inditex had a network of 1,337 active suppliers with whom it maintains stable relationships. Ethics and responsibility governed by the Inditex Code of Conduct for external manufacturers and suppliers must be accepted to maintain commercial relations with the Group.

4. Logistics

LESS THAN 48 HOURS FROM THE DISTRIBUTION CENTRE TO THE STORES

Inditex's distribution process is designed to ensure that the store offering is constantly refreshed. All products, regardless of their origin, are distributed to the stores from each chain's logistics centre. All stores in the world receive merchandise twice a week and each shipment includes new styles. This system enables a product to get from the distribution centres to the European stores in an average of 24 hours, 48 hours in America and Asia. Inditex's logistics centres are in Spain and located in Arteixo and Narón (A Coruña), Zaragoza, Meco (Madrid), Tordera, Palafolls and Sallent (Barcelona), Onzonilla (León) and Elche (Alicante). There are more than a million square metres of logistics installations.

5. Teams

MORE THAN 100,000 EMPLOYEES THINKING ABOUT THE CLIENT

Inditex is a multicultural, multiracial company made up of 100,138 people with 150 different nationalities. All of them, regardless of how close they are to the store, are governed by the customer's desire for fashion and the variables of corporate social responsibility. Their daily life is full of initiative, enthusiasm, and professionalism.

Continuous training plays a fundamental role, especially in the case of store personnel. In addition to having specific fundamentals of customer service, the training concentrates on specialized knowledge of fashion trends and the capacity to capture and formalize the information received from clients each day.

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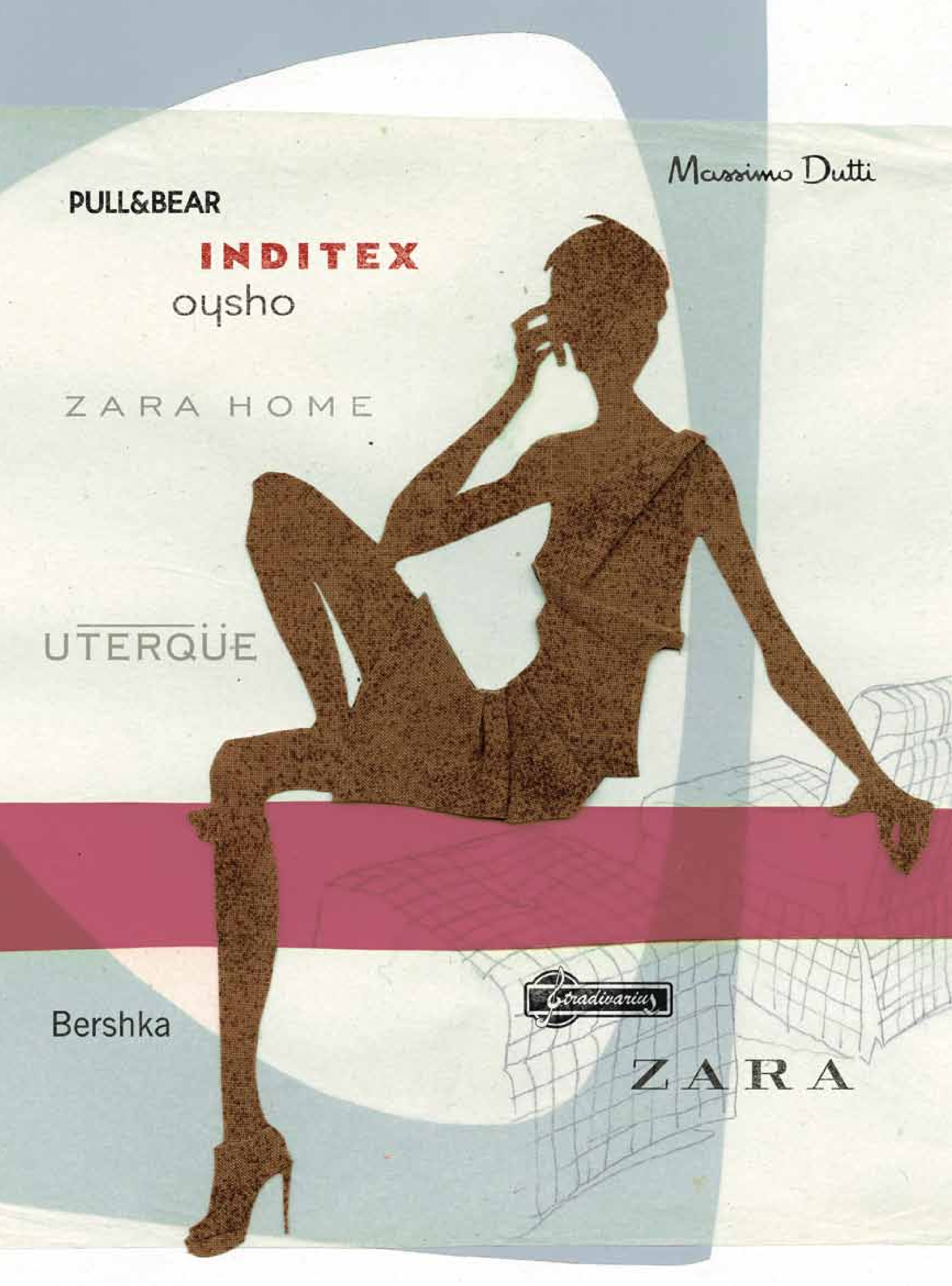

Massimo Dutti
PULL&BEAR
INDITEX
oysho
ZARA HOME
UTERQÜE
Bershka
Stradivarius
ZARA

A review of 2010

THE MAIN MAGNITUDES ENDORSE THE SOLID EVOLUTION OF THE GROUP

The results that Inditex achieved during the 2010 financial year show that the Group is continuing its strategy of multi-format global growth and, more importantly, this is a reflection of the strength of its business model.

Sales underwent significant growth during the financial year of 13%, to reach 12,527 million euros. Due to the strong growth in the turnover and the greater operating efficiency, the EBITDA rose by 25%, up to 2,966 million euros. With the continuing improvement in efficiency, the Group improved its profitability: the net profit grew by 32%, up to 1,732 million euros.

Bearing these facts and opportunities in mind, the capital has been used fundamentally for expansion, reinforcing the organic growth strategy of the Group. This growth has taken place by adding on new first-class commercial locations to the distribution network in markets with great potential. Among the most significant examples are, in the first place, the emblematic Zara store in Via del Corso, the commercial heart of the city of Rome, which stands out both for the unusual design of the building and the rehabilitation carried out by the architectural teams and the image of the establishment. Similarly outstanding are the Massimo Dutti stores in the Champs Élysées in Paris or Nanjing Road in Shanghai; Oysho and Stradivarius in the Rue de Rivoli in Paris; Stradivarius in Paseo de Gracia, Barcelona; Uterqüe in the Avenue Toison d'Or in Brussels; Bershka in Corso Vittorio Emanuele II, Milan, or the Zara Home store in Piazza San Babila in the same city. They are all examples proving the importance that the company gives to the strategic location of the stores. The Inditex teams continue to concentrate on locating the stores in the best areas of each city: if you look at the twenty most important shopping streets in the world in the view of real estate operators, Zara has a presence in all of them, and in several of them brands from the Group are also being introduced.

In this regard, it is necessary to emphasise the location that Zara has achieved at number 666 Fifth Avenue in New York, an establishment which will become one of the most emblematic Group stores in the world.

2010 was also a year of strong growth in terms of Inditex's commercial area. The Group opened 437 new stores and closed the financial year with 5,044 establishments belonging to its eight formats in seventy-seven countries. More than 239,000 m^2 of new area have been added, reaching a total on 31st January 2011 of more than 2,600,000 m^2. Zara, with over 120 new openings, continues to lead the growth and represents about two thirds of Inditex's sales. The rest of the chains have also significantly increased their commercial presence during the financial year, while at the same time deepening their global penetration with multiple entries in new markets. As proof of the capacity of our business model to take advantage of opportunities with a global approach, it is enough to mention that in the 2010 financial year alone, the Group opened stores in as many as forty-five different countries.

The accumulated experience favours this capacity to take advantage of opportunities in many different geographical areas and makes it possible to have a very significant international development for the newer formats from the start of their activity. In terms of expansion, Europe and Asia continue to be the priority areas in which the growth takes place. In the case of Europe, we continue to open stores both in Western

100,138
EMPLOYEES

During the financial year, 7,837 net jobs were created.

77
COUNTRIES WITH COMMERCIAL PRESENCE

In 2010, the first stores were opened in Bulgaria, India and Kazakhstan

997
MILLIONS OF EUROS IN DIVIDENDS

1.60 euros per share

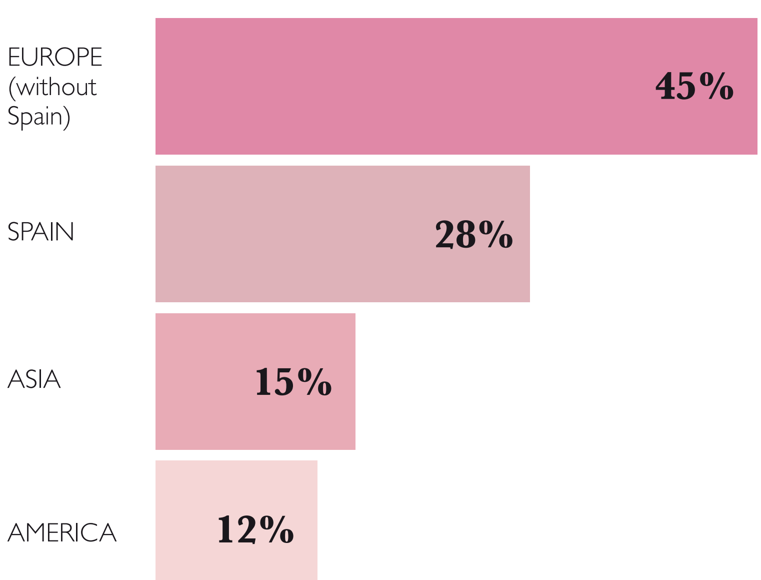
5,044
STORES

at the end of the financial year

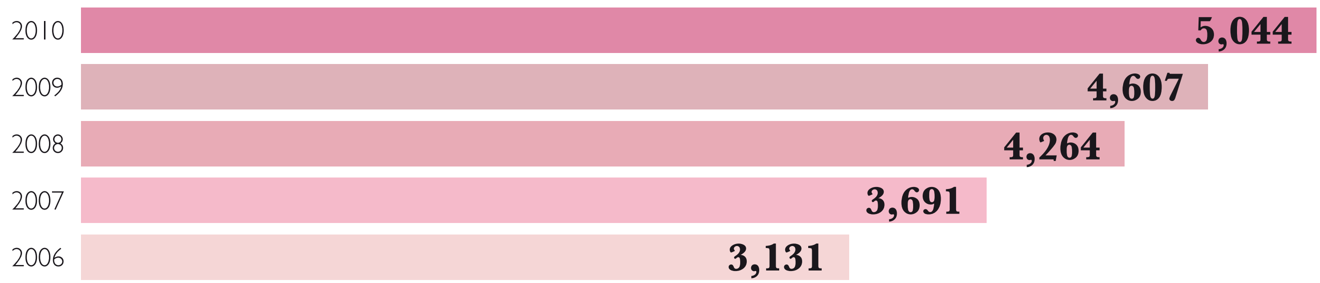
437
NET OPENINGS

of stores

Sales by geographical area



Evolution of the total number of stores



With the achievements of 2010, Inditex begins the 2011 financial year with a platform of sales that is unique, very diversified and capable of taking advantage of growth opportunities around the world

and in Eastern Europe, in different countries and belonging to all the chains. In the case of Asia, a total of 160 new stores were opened during 2010. Asia currently represents 15% of company sales. The opening of the first Zara stores in India during 2010, three in Delhi and one in Mumbai, is worthy of note. In 2011 the openings will continue both in these cities and in others, including Bangalore and Pune. Zara has enjoyed a warm welcome in the Indian market, which will become progressively more important to Inditex. Together with India, the growth that Inditex is experiencing in China is also worthy of specific mention. Seventy-five stores opened in China in 2010. In a single year, the Group has more than doubled its commercial presence. This is a market where we operate with Zara, Pull&Bear, Massimo Dutti, Bershka and Stradivarius and where, in 2011, all the chains will be present. China will continue to be a key market in the expansion of Inditex, both in 2011 and in future financial years. The Group already has a very extensive presence in the country as a whole. At the close of 2010, Inditex was present in thirty Chinese cities and in 2011 it will be in over forty.

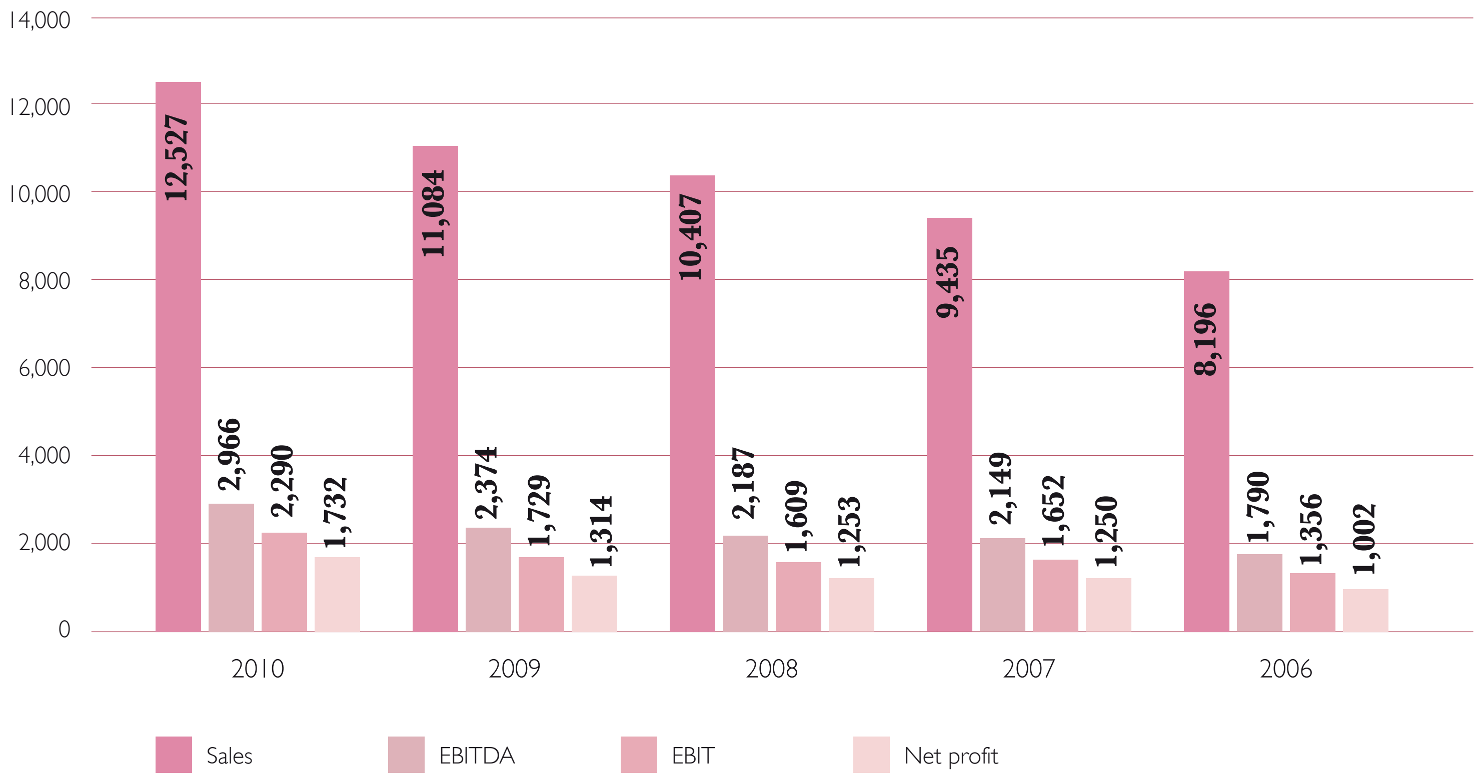
During the 2010 financial year, the Group generated a total of 7,837 new jobs net, achieving a total of 100,000 employees around the world at the close of the period. 81% of the employees are women, and we have professionals of 150 different nationalities as a logical result of the global nature of a company with operations in almost eighty countries. This diversity is a very enriching element

This growth has taken place by adding on new first-class commercial locations to the Group distribution network in markets with great potential

in the corporate culture of Inditex. Over 80% of the staff have an indefinite contract and the average age is twenty-six.

2010 was also the year of the launch of Zara sales over the internet, a very important strategic move. The response which is being obtained through this sales channel is excellent and in only a little more than six months, we have been able to offer the online purchasing service in sixteen European countries. The multi-channel presence in these countries makes Zara's position more robust in

Results
(MILLIONS OF EUROS)



all of them, improving services to customers and creating synergies between the physical and virtual stores. In this field, 2011 will bring two very important new events: the launch of Zara online in the United States and Japan - the two most important markets at the world level for e-commerce - and the beginning of electronic commerce in the other six chains - Zara Home has already been operating in this channel since 2007.

The results that Inditex achieved during the 2010 financial year show that the Group is continuing its strategy of multi-format global growth and, what is more important, this is a reflection of the strength of its business model

In 2011, the financial position of the Group made it possible to offer a very significant increase in remuneration to shareholders against the accounts for the 2010 financial year. The Inditex Board of Directors will propose to the General Meeting of Shareholders the payment of a dividend of 1.60 euros per share, 33% more than the previous year. Inditex maintains its attractive level of remuneration to the shareholder, while it favours the reinvestment in the business which ensures its capacity to continue growing in a profitable manner into the future, creating value for its shareholders and generating employment and wealth in its environment.

With the achievements of 2010, Inditex begins the 2011 financial year with a platform of sales that is unique, very diversified and capable of taking advantage of growth opportunities around the world. In the Annual Report next year, it will be noteworthy that Inditex has commercial operations on all five continents - in the first few months of 2011, Inditex opened up in Australia for the first time - and has a multi-channel presence in many markets.

In the 2010 financial year alone, Inditex opened stores in up to forty-five different countries

THE SHARE DURING THE 2010 FINANCIAL YEAR

Shares in Inditex saw a revaluation of 20.9% during the financial year 2010, closing at 55.19 euros per share at 31.01.11, compared to the 7.3% increase of the Dow Jones Stoxx 600 Retail, or the 1.3% decrease of the Spanish Ibex 35 reference index over the same period. The average negotiated volume of shares was approximately 2.4 million per day.

Inditex's market capitalisation stood at €34,402 million euros at year-end, 275% more than its initial market value on 23rd May 2001, as compared with the 14.66% rise of IBEX 35 during the same period.

In May and November 2010, the dividend for 2009 was paid out, totalling the sum of 1.20 euros per share.

EVOLUTION OF MAIN INDICATORS

	2010	2009	2008	2007	2006
Volume of business (in millions of euros)					
SALES	12,527	11,048	10,407	9,435	8,196
Results and cash flow (in millions of euros)					
OPERATING RESULT (EBITDA)	2,966	2,374	2,187	2,149	1,790
OPERATING INCOME (EBIT)	2,290	1,729	1,609	1,652	1,356
NET RESULT	1,741	1,322	1,262	1,258	1,010
NET INCOME ATTRIBUTABLE TO THE PARENT COMPANY	1,732	1,314	1,253	1,250	1,002
CASH FLOWS GENERATED	2,540	2,060	1,864	1,757	1,492
Financial structure (in millions of euros)					
NET ASSETS ATTRIBUTED TO THE PARENT COMPANY	6,386	5,329	4,722	4,193	3,448
NET FINANCIAL POSITION	3,427	2,380	1,219	1,052	714
Other relevant information					
NUMBER OF STORES	5,044	4,607	4,264	3,691	3,131
NET OPENINGS	437	343	573	560	439
NUMBER OF COUNTRIES WITH COMMERCIAL PRESENCE	77	74	73	68	64
NUMBER OF EMPLOYEES	100,138	92,301	89,112	79,517	69,240
Financial and management ratios					
NET FINANCIAL DEBT ON NET ATTRIBUTED ASSETS	-53%	-45%	-26%	-25%	-21%
ROE (NET ATTRIBUTABLE INCOME ON NET ATTRIBUTABLE ASSETS)	30%	26%	28%	33%	32%
ROCE (EBIT ON AVERAGE CAPITAL USED)	39%	34%	36%	43%	43%

Milestones for the year

FEBRUARY

05 Inditex enters Kazakhstan with the opening of Zara in Almaty, increasing to 75 the countries where the Group operates.

17 Inditex signs a collaborative agreement with Caritas and Entreculturas for a programme to assist in Haiti's reconstruction. The project is financed with two million euros provided by Inditex.

19 Uterqüe opens its first store in Russia. It is located in Moscow's Metropolis shopping centre. With this opening, Uterqüe, which opened its first stores in July of 2008, has 60 stores in 13 countries.

MARCH

10 Inditex and the University of Coruña (UDC) sign a collaborative agreement to develop activities targeting implementation of a University Social Responsibility model. Coordination will be the responsibility of the UDC Social Council.

16 Zara, Pull&Bear, Bershka and Stradivarius open their first stores in Bulgaria, in Sophia's Serdika Centre shopping centre. Massimo Dutti and Oysho also opened before year end. With these openings, Inditex increased its commercial presence to 76 countries.

25 Uterqüe opens an emblematic store in the heart of Istanbul: Tesvikiye in the Nisantasi neighbourhood. This is Uterqüe's second store in Turkey.

APRIL

05 Zara Home launches a new collection for new-borns. The New Baby Collection is made up of carefully chosen clothes, fabrics, accessories, and plush toys.

26 The FTSE Group keeps Inditex as a member of the FTSE4Good Index after its annual review. This is the responsible investment stock index that analyses companies based on their compliance with social responspility, economic, and environmental criteria.

MAY

22 Stradivarius opens its flagship store in France on the Rue de Rivoli in Paris' historical and commercial centre.

31 Inditex launches operations in India opening the first Zara store in the capital, Delhi. Two weeks later, Zara launches a new store in Mumbai and another in Delhi. With entry into India, Inditex now operates in 77 countries.

JUNE

03 Oysho opens store number 400 in Paris. The store, which is located on the Rue de Rivoli in the centre of the French capital, has the European environmental certification, BREEAM.

09 Pull&Bear opens its first Hong Kong store in the Times Square shopping centre located in the cutting edge Causeway Bay district.

JULY

13 The Shareholders' General Meeting approves the financial Statements for 2009 and issuance of 748 million euros in dividends, 14% more than the prior year.

15 Inditex opens its second "for&from" store in Galicia in the town of Allariz (Orense). This is a project to integrate handicapped people into the work force through collaboration with the Confederación Galega de Persoas con Discapacidade (COGAMI).

AUGUST

05 Bershka opens its largest store in Milan's Corso Vittorio Emanuele galleries. The 1,300 square metre store becomes one of the chain's flagships.

09 Inditex acquires 100% of the capital of all of its German companies with the purchase of the rest of Group Otto's shares in Zara Deutschland.

SEPTEMBER

01 Internet sales are launched in Spain, Germany, France, Italy, Portugal, and the United Kingdom. All products are available on a page accessible from computers and mobile devices at the same price as in the physical store.

09 Inditex chains participate in Vogue Fashion's Night Out in 10 European, American and Asian cities: New York, Tokyo, Seoul, Madrid, London, Berlin, Milan, Lisbon, Athens, and Istanbul.

19 Inditex confirms its presence on the Dow Jones Sustainability Index World for the ninth consecutive year, each year improving its qualification in all of the variables taken into account for inclusion on the index.

OCTOBER

13 The Inditex Spanish Chair is presented at the University of Dhaka (Bangladesh) with the Bengali Minister of Education, the Genera secretary of Inditex, and the vice chancellors of the Universities of Dhaka, A Coruña, and Santiago.

21 Tempe inaugurates Inditex's fifth "for&from" store, stores attended by physically and mentally handicapped people.

NOVEMBER

04 Zara launches its online store in Austria, Belgium, Holland, Ireland and Luxembourg These additions mean that the Zara online store is operative in eleven countries.

09 Pull&Bear opens its most emblematic store with regards to the effort made for eco-efficiency on the Gran Via in Madrid. The chain opted for LEED sustainable architecture certification which recognizes the environmental commitment when projecting points of sale.

DECEMBER

09 Zara presented its most advanced eco-efficient store when it opened the Palazzo Bocconi store in Rome. The building has more than 120 years of history and is located at Via del Corso, 189. In addition, It's Inditex store number 5,000.

13 Massimo Dutti opens its first stores in South Korea. This Inditex Group chain started its journey in the South Korean market with the opening of two stores situation in the areas of Garosu and Gangnam, two the leading commercial areas in the city Seoul.

JANUARY

10 The founder and Chairman of Inditex, Amancio Ortega, informs the Group's employees that he will propose Pablo Isla as Chairman of the Group during the next Shareholders' meeting to take place in July 2011.

14 Massimo Dutti increases its presence in China opening stores in cities like Guangzhou and Shenzhen.

Commercial concepts

Inditex's multi-format strategy received a significant boost in 2010. The group opened stores in 45 countries,. This vigorous international implementation of its eight retail formats has made Inditex a global company.

During 2010, the Inditex chains have taken qualitative steps important to the Group such as environmental management - opening eco-efficient stores and awareness exercises for employees; and internet expansion - via the corporate web page and social networks. The launch of the online Zara store is an excellent precedent for the rest of the chains which are planned to follow in its footsteps 2011. Fifteen million admirers that the eight chains have accumulated on social networks are awaiting this event with great expectation. This following confirms that Inditex is one of the most watched companies on the internet.

In 2010 Inditex added exceptional locations for all of the retail formats such as Zara in the Palazzo Brocconi in the centre of Rome; Massimo Dutti on the Champs Elysees and Oysho on Rue de Rivoli in Paris; A Stradivarius on the Paseo de Gracia in Barcelona, Pull&Bear on the Gran Via in Madrid; Uterqüe on the Avenue Toison d'Or in Brussels; and the Bershka and Zara Home flagships in the centre of Milan; as well as others.

ZARA PULL&BEAR Massimo Dutti Bershka

Stradivarius oysho ZARA HOME UTERQÜE

Sales contribution by format

	Sales by format (*)	No. of stores at 2010 year end	Net openings 2010	New markets 2010	Countries with presence
ZARA	8,088	1,723 (**)	131	3	77
PULL&BEAR	857	682	56	2	46
MASSIMO DUTTI	897	530	33	6	50
BERSHKA	1,247	720	69	6	50
STRADIVARIUS	780	593	78	6	43
OYSHO	304	432	40	2	25
ZARA HOME	294	284	23	2	27
UTERQÜE	59	80	23	5	16

(*) In millions of euro.
(**) Includes 205 Zara Kids stores.

ZARA

www.zara.com

LAUNCH DATE

1975

CONTRIBUTION TO TOTAL SALES

64.6%

NUMBER OF STORES AT YEAR END (INCLUDES 205 ZARA KIDS STORES)

1,723

NET STORE OPENINGS DURING THE YEAR

131

COUNTRIES

77

NEW COUNTRIES IN 2010

3

Main indicators 2010
(millions of euros)

NET SALES

8,088

EBIT

1,534

EBIT MARGIN

19%

For Zara 2010 meant the launch of its online store, a new environment united with the operations of the Inditex Group's most experienced chain in 77 countries. On September 2nd, Zara.com opened its doors simultaneously in six European markets (Germany, France, Spain, Italy, Portugal and the United Kingdom). Two months later it extended its offering to Austria, Belgium, Holland, Ireland and Luxemburg. The online store offers the same products at the same prices as the physical stores. In order that the buying experience be comfortable and pleasant for the customer, the same philosophy as used in the stores is also used online. The launch of the online store has been a passionate challenge for Zara, as well as for the multi-disciplined teams from the entire Group that worked on the project. The three years of experience with the Zara Home online store served as a starting point. The start-up of Zara's online sales involved professionals from design, human resources, logistics, IT, customer service, and more. They made sure that Zara.com started its journey with a satisfactory reception from the customers.

Another key moment for Zara was December 10th 2010 when it opened a store that is a global standard in terms of eco-efficiency. It is located in the Palazzo Bocconi, a building with more than 120 years of history in the the centre of Rome - Via del Corso, 189. This store is also Inditex store number 5,000 and the model for sustainable architecture for all new Inditex stores.

Zara also inaugurated the Group's first stores in India, Kasakhstan, and Bulgaria during the year.

PULL&BEAR

www.pullbear.com

LAUNCH DATE

1991

CONTRIBUTION TO TOTAL SALES

6.8%

NUMBER OF STORES AT YEAR END

682

NET STORE OPENINGS DURING THE YEAR

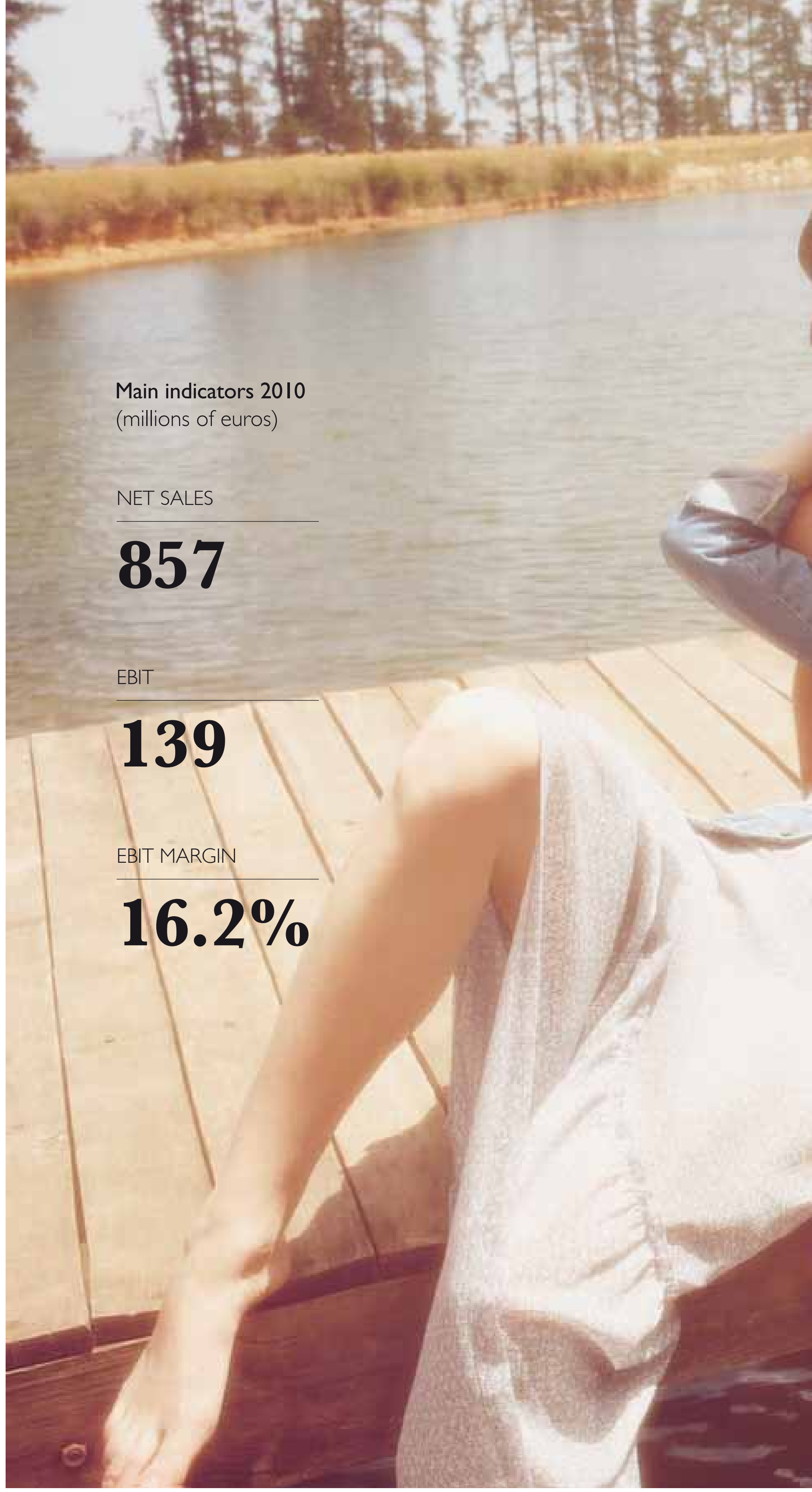
56

COUNTRIES

46

NEW COUNTRIES IN 2010

2



Main indicators 2010
(millions of euros)

NET SALES

857

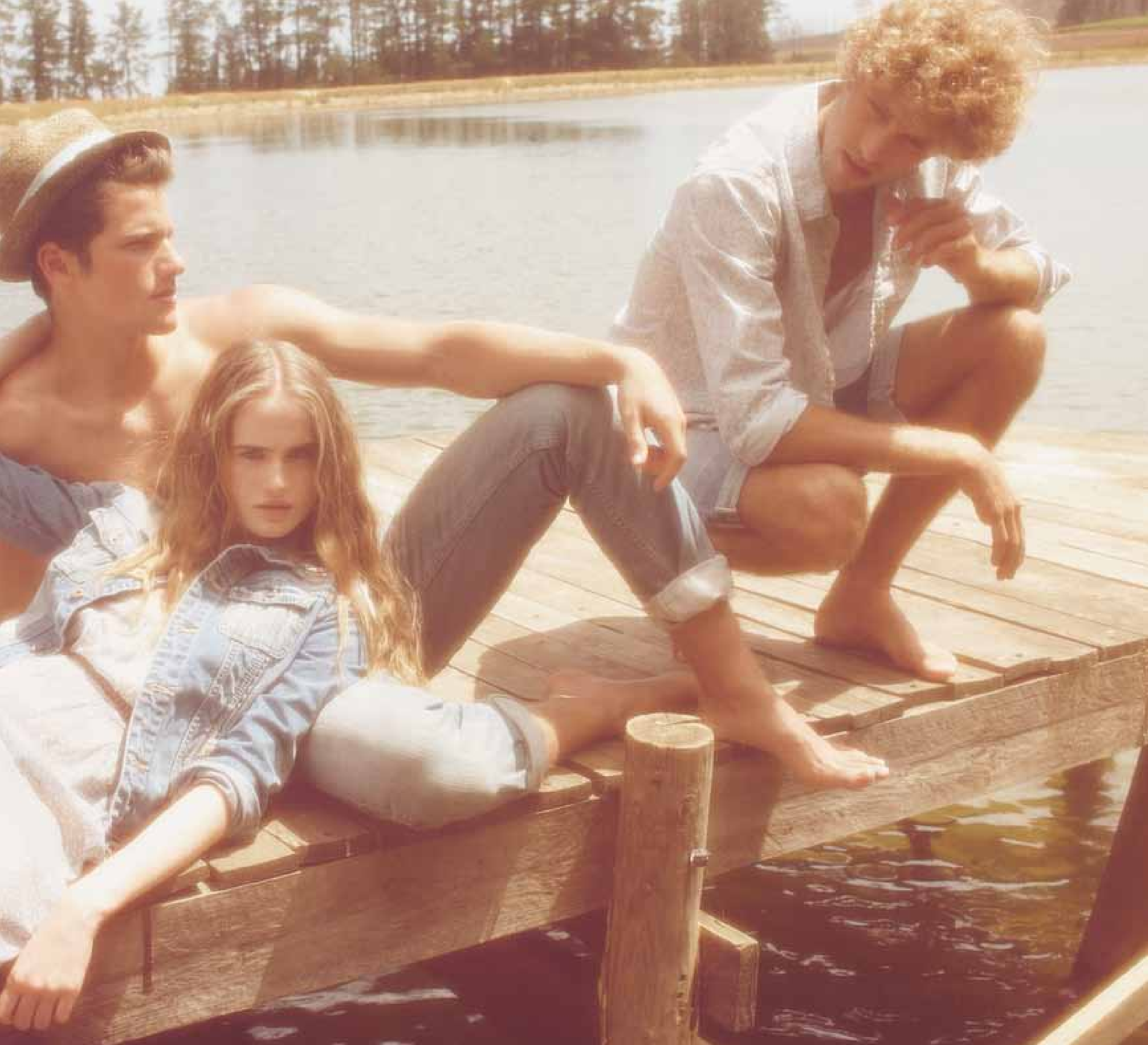
EBIT

139

EBIT MARGIN

16.2%

Pull&Bear, the Inditex Group's young, casual, carefree fashion chain, ended a year of robust international expansion opening stores in 21 countries. In this global race, its growth in markets like Russia and China, with ten and fifteen new stores respectively has been significant. Pull&Bear started commercial activities in the Asian country in 2009, and at year end 2010 had 19 stores. During 2010 the chain inaugurated stores in cities such as Shanghai, Hong Kong, Dalian, and Chengdu, among others. Those stores joined those already existing in Peking, Suzhou and Shenyang which opened last year.



Pull&Bear, like its young customers, is alert to what happens around it, prepared to capture or assimilate the latest music, technology, art, or any other social or artistic vanguard. This restless spirit keeps on constantly changing. In 2010, these changes clearly reflected in the corporate image. The Pull&Bear logo has become more compact, simple and elegant. It is more direct and functional. The chain decided to present its new image at the opening of an iconic store: the eco-efficient store on the Gran Via in Madrid, which opened its doors in October. This is an important store for Pull&Bear, both due to its exceptional location and the effort that was made in eco-efficiency. The chain opted for LEED sustainable architecture certification for this store, that recognizes the environmental commitment when projecting points of sale. The place becomes a stronghold of new Pull&Bear spaces where fashion isn't just clothing but also the audio-visual productions present in all new stores.

Massimo Dutti

www.massimodutti.com

ACQUISITION DATE

1991

CONTRIBUTION TO TOTAL SALES

7.2%

NUMBER OF STORES AT YEAR END

530

NET STORE OPENINGS DURING THE YEAR

33

COUNTRIES

50

NEW COUNTRIES IN 2010

6

Main indicators 2010
(millions of euros)

NET SALES

897

EBIT

172

EBIT MARGIN

19.2%

Massimo Dutti is 25 years old and celebrated its birthday as the fashion chain for urban, sophisticated, cosmopolitan style with luxurious openings in the most exclusive commercial areas of cities like Paris, Shanghai and Seoul. The chain which has its head office in Tordera (Barcelona), has had an elegant establishment on the Champs Elysees in Paris since last March.

During the year Massimo Dutti initiated operations in South Korea with the opening of two leading boutique style stores in Seoul. The chain has been moving in the boutique direction for its quarter

century of life. All of its new stores are designed to achieve a 20% savings in electricity consumption.

The warm contemporary atmosphere characteristic of Massimo Dutti plays an indisputable role in the iconic stores the chain opened during the year in the Kolonaki neighbourhood, the golden mile of Athens; the Avenue Louise in Brussels; or on Nanjing Avenue in Shanghai. Massimo Dutti emerged as a leading fashion brand in the main commercial areas in the world with these openings.

The chain celebrated its 25th anniversary remaining faithful to its principles of solidarity and respect for nature with the "Jute Dutti" project.The project supports economic reactivation of one the most underprivileged areas of the world, Bangladesh, through production of various articles made of jute, a natural fibre of which the Asian country is the world's principal provider.

Bershka

www.bershka.com

LAUNCH DATE

1998

CONTRIBUTION TO TOTAL SALES

10%

NUMBER OF STORES AT YEAR END

720

NET STORE OPENINGS DURING THE YEAR

69

COUNTRIES

50

NEW COUNTRIES IN 2010

6

Main indicators 2010
(millions of euros)

NET SALES

1,247

EBIT

197

EBIT MARGIN

15.8%

Since August 2010, Bershka customers, young people passionate about the latest in urban and cutting edge fashion, have an inescapable goal: Corso Vittorio Emanuele II, 22, Milan. Last August, the Inditex Group chain with head office in Tordera (Barcelona) inaugurated its largest store in the Milanese gallery. Bershka established the most representative image of its bursting spirit with materials like iron, steel and crystal and surprising details accentuated by special lighting in its new 1,300 square metre store on two floors. From outside, sober store windows capture the classic beauty of of the commercial galleries with elegance.

For Bershka, 2010 was an exercise in energetic expansion in strategic Inditex Group markets, like China. The chain opened fourteen locations in some of the market's most important cities like Shanghai, Guangdong, and Sichuan, among others. Bershka opened stores in 26 countries last year, six of which were new markets for the chain: Bulgaria, Israel, Thailand, Kazakhstan, and the Dominican Republic.

In harmony with its young public and as a response to their demands and musical interests, Bershka created a section dedicated exclusively to music on its web page. It is updated monthly with the most listened to songs in their stores, with video clips and direct links to Facebook in order to share the chain's best tunes. At year end, Bershka had more than a million fans on Facebook, one of the most active of the Inditex Group.

Stradivarius

www.e-stradivarius.com

ACQUISITION DATE

1999

CONTRIBUTION TO TOTAL SALES

6.2%

NUMBER OF STORES AT YEAR END

593

NET STORE OPENINGS DURING THE YEAR

78

COUNTRIES

43

NEW COUNTRIES IN 2010

6

Main indicators 2010
(millions of euros)

NET SALES

780

EBIT

176

EBIT MARGIN

22.5%

2010 was an important global growth year for Stradivarius. The rhythm of openings for the G-clef chain was fast. With a total of 78 net openings, it is the chain that opened the most stores, after Zara. The new Stradivarius stores are spread across America, Europe, and Asia, including entry to six new countries. The Asian continent was one of the priorities for the chain and it opened in countries such as Singapore, Thailand, and China. In China they opened 16 stores and plan to continue opening stores in the main cities, following the general lines of the Inditex Group's global expansion.

In Europe, Stradivarius also executed a significant expansion opening 24 markets. The chain's penetration into countries like Russia, where it opened 12 stores, and Poland with 11, is notable. In Europe as well, Stradivarius has placed its shiny sign at two flagship stores on two of the world's most important commercial arteries: Rue de Rivoli in Paris; and Paseo de Gracia in Barcelona. The chain has known how to conjure up the spirit of the surroundings on both of these streets with its new, fresh, and sophisticated brand image.

The updating of the image started last year, and reached the chain's web site in 2010 (www.e-stradivarius.com). The new site, inspired by the freshness and femininity of its commercial offerings, enables user interaction with fashion in sections like the virtual "fitting room" where garments and accessories from the catalogue can be combined to achieve the perfect look.

oysho

www.oysho.com

LAUNCH DATE

2001

CONTRIBUTION TO TOTAL SALES

2.4%

NUMBER OF STORES AT YEAR END

432

NET STORE OPENINGS DURING THE YEAR

40

COUNTRIES

25

NEW COUNTRIES IN 2010

2

Main indicators 2010
(millions of euros)

NET SALES

304

EBIT

45

EBIT MARGIN

14.9%

During 2010 Oysho implemented a new commercial concept and image that was started during 2009. The Inditex Group's lingerie chain turned the inside of its stores around and created very special atmospheres in them, atmospheres adjusted to the increased product range, with the introduction of its "Home wear" line: clothes for being at home or for informal use during the weekend. The new Oysho stores are predominately white combined with the natural wood tones of its fixtures. This makes for a cosy environment giving warmth to the fashion offering.

The 40 stores opened by the chain in 2010 now carry the new image and, among them, the new Oysho that was opened in May on the Rue de Rivoli in Paris stands out as a leader. This store, besides being store number 400 of the brand, is the first Oysho store conceived as 100% ecoefficent following the criteria established by Inditex's environmental policy In fact, Oysho Rivoli has BREEAM certification. It was obtained after passing one of the most efficient environmental evaluations of buildings.

Oysho opened stores in 14 countries in 2010. The expansion in Russia resulted in opening 14 stores in cities like Moscow, Saint Petersburg and Lipetsk, among others.

ZARA HOME

www.zarahome.com

LAUNCH DATE

2003

CONTRIBUTION TO TOTAL SALES

2.3%

NUMBER OF STORES AT YEAR END

284

NET STORE OPENINGS DURING THE YEAR

23

COUNTRIES

27

NEW COUNTRIES IN 2010

2

Main indicators 2010
(millions of euros)

NET SALES

294

EBIT

39

EBIT MARGIN

13.3%

Zara Home, the home fashion chain, started implementing its new store concept in 2010. This concept brings more natural aesthetics in both colours and materials. Untreated washed wood from controlled exploitation forests, white-washed walls, and white marble are some of the new elements of the interior decoration of the chain. The lighting is based on eco-efficient concepts and contributes to the creation of a serene atmosphere, specific to the chain. The best example of the renovated aesthetics of Zara home is the store that the chain opened last November in the centre of Milan, in Piazza San Babila. This new store is one of the most

important for the chain, because of its location in Milan, the nerve centre of decoration and interior design, its the face of the new image of the renovated brand.

Zara Home has also applied the new interior image to the other 22 openings done in 2010 in eight countries. Two of the countries, Croatia and Egypt, are new for the chain. Progress during the year has been very positive with 21% growth in sales and 60% growth of EBIT.

Zara Home has had online sales since 2007. It paid special attention this year to the offerings for the smallest of customers, with collections like New Baby for new-borns, and the special addition of garments and accessories made from Liberty cloth, the historic London firm known for its exclusive multicolour prints and the quality of its cloth.

UTERQÜE

www.uterque.com

LAUNCH DATE

2008

CONTRIBUTION TO TOTAL SALES

0.5%

NUMBER OF STORES AT YEAR END

80

NET STORE OPENINGS DURING THE YEAR

23

COUNTRIES

16

NEW COUNTRIES IN 2010

5

Main indicators 2010
(millions of euros)

NET SALES

59

EBIT

-12

The youngest chain in the Inditex group saw significant international expansions during 2010. It opened 80 stores in 16 countries, five of them new: Andorra, Egypt, Jordan, Russia and Turkey The opening in Russia was particularly significant for Inditex. It means that all of the Group's retail formats have a commercial presence in this market.

Taking advantage of its image as a sophisticated and elegant brand, Uterqüe concentrated its 2010 opening in exclusive areas with stores where both the offerings and the details are perfectly managed. Along these lines, some of its most important openings during the year were in the Nisantasi neighbourhood of Istanbul, and the exclusive store on Avenue Toison d'Or in Brussels.

During 2010, the chain which specializes in fashion accessories, increased its commercial offering with a small men's collection, Uterqüe for Men, that includes articles like shoes, socks, and other accessories, and that is available in some of the stores in the chain.

With regards to the internet, following in the steps of other Inditex chains like Zara or Zara home, Uterqüe has for some months had a content application for iPhone. The objective is to keep customers aware of new products at any time and in any place. This is an important step towards the launch of the online store in 2011.

International presence

New countries

ZARA	PULL&BEAR	Massimo Dutti	Bershka
Kazakhstan	Bulgaria	Malta	Andorra
Bulgaria	Kazakhstan	Bulgaria	Israel
India		Ukraine	Bulgaria
		Holland	Dominican Republic
		South Korea	Thailand
		Kazakhstan	Kazakhstan

Stradivarius	oysho	ZARA HOME	UTERQÜE
Bulgaria	Malta	Egypt	Russia
Egypt	Bulgaria	Croatia	Turkey
Singapore			Egypt
Dominican Republic			Jordan
Thailand			Andorra
Kazakhstan			

During 2010, worldwide growth of all Inditex's retail formats was reflected as much in the number of new stores as in its expansion to new markets. The group closed 2010 with 5,044 stores of its eight chains in 77 countries. During the year it opened the company's first stores in three new markets: India, Bulgaria and Kazakhstan. The retail network increased with the opening of 437 new stores. The Group's worldwide growth enabled it to increase its commercial presence in 45 countries throughout all the geographic areas where it operates. All formats see their growth in an international context, and as a consequence new chains have broken into 17 countries. Europe and Asia, the regions where Inditex is prioritizing its expansion, will see the most significant increases. As a consequence of the international expansion, sales contribution of the stores outside Spain is at 72% of the total. Europe (without Spain), is the region that contributes the most sales to the Group (45%) while Asia, which increased its contribution by three per cent during the year, now provides 15% of the total.

This worldwide growth is also reflected in the electronic commerce operations. Zara, the chain that started online sales in September 2010, has now extended the service to 16 European countries and foresees continuing the expansion to the markets in which they have a commercial presence.

Inditex's commercial presence by geographic area at year end 2010

	Stores	Countries
AMERICA	**395**	**16**
ASIA AND THE REST OF THE WORLD	**645**	**23**
EUROPE	**4,004**	**38**

EUROPE

4,004

STORES

On 31 January 2011

The store that Zara opened in December in the historic Via del Corso building in Rome, has become a model of eco-efficiency

The European markets are a priority for growth for all of the Inditex retail chains. The group has a significant presence in Europe, both the west and the east where the company sees many opportunities for profitable growth. The knowledge that the company accumulates regarding these markets favours penetration of the young chains, that open stores in markets in regions where they have no presence every year, favouring multiform at growth. In 2010 Inditex had 248 net openings in Europe, with very significant growth in markets like Russia (72 new stores), Bulgaria (22 openings in its first year), Poland (19), and Italy (17).

	Zara	Zara Kids	Pull&Bear	Massimo Dutti	Bershka	Stradivarius	Oysho	Zara Home	Uterqüe	**Total**
GERMANY	65			8						**73**
ANDORRA	1		1	1	1	1	1	1	1	**8**
AUSTRIA	12				3					**15**
BELGIUM	27		4	22	9			6	6	**74**
BULGARIA	4		4	3	4	4	3			**22**
CYPRUS	5		5	3	6	6	3	2	2	**32**
CROATIA	5		3	2	4	3		1		**18**
DENMARK	2									**2**
SLOVAKIA	2		1		1	2				**6**
SLOVENIA	5		2	1	4	4				**16**
SPAIN	333	161	288	245	263	278	186	131	40	**1,925**
ESTONIA	2		1		1	1				**5**
FINLAND	4									**4**
FRANCE	113	4	18	17	42	20	11	16		**241**
GREECE	46	6	22	13	26	16	18	9	4	**160**
THE NETHERLANDS	18			1	7			1		**27**
HUNGARY	6		4		5	4	1			**20**
IRELAND	9		5	1	5	2				**22**
ICELAND	2									**2**
ITALY	84	12	33	7	45	28	54	24		**287**
LATVIA	4		3		3	1				**11**
LITHUANIA	4		4		4	4				**16**
LUXEMBOURG	2			1						**3**
MALTA	1		4	1	2	2	1	1		**12**
MONACO	1									**1**
MONTENEGRO	1		1		1	1	1			**5**
NORWAY	3			2						**5**
POLAND	32		18	8	20	29	9	1		**117**
PORTUGAL	61	22	63	43	45	39	32	21	6	**332**
UK	64		4	11	4			7		**90**
CZECH REPUBLIC	6		4	1	4	1				**16**
ROMANIA	13		10	2	10	9	4	3		**51**
RUSSIA	47		34	13	35	35	29	10	4	**207**
SERBIA	4		2	2	2	2	2			**14**
SWEDEN	8			3						**11**
SWITZERLAND	10			5	1					**16**
TURKEY	27		16	12	17	16	14	10	2	**114**
UKRAINE	7		5	1	7	4				**24**
TOTAL EUROPE	**1,040**	**205**	**559**	**429**	**581**	**512**	**369**	**244**	**65**	**4,004**

ASIA AND THE REST OF THE WORLD

645

STORES

On 31 January 2011

	Zara	Pull&Bear	Massimo Dutti	Bershka	Stradivarius	Oysho	Zara Home	Uterqüe	**Total**
SAUDI ARABIA	23	9	11	21	26	13	4	2	**109**
BAHRAIN	2	2	2	1	1	1	1		**10**
CHINA	71	19	9	27	17				**143**
SOUTH KOREA	27		2						**29**
EGYPT	3	3	2	3	1		1	1	**14**
UAE	9	6	9	6	8	6	6	3	**53**
PHILIPPINES	6		2						**8**
INDIA	4								**4**
INDONESIA	10	3	3						**16**
ISRAEL	19	20	1	1					**41**
JAPAN	63								**63**
JORDAN	2	2	2	1	3	1	1	1	**13**
KAZAKHSTAN	2	1	1	2	1				**7**
KUWAIT	5	4	2	2	3	3	2	1	**22**
LEBANON	5	5	5	5	4	5	4	2	**35**
MALAYSIA	6	2	5						**13**
MOROCCO	4		1		4		2		**11**
OMAN	1				1	1	1		**4**
QATAR	2	2	2	2	1	2	2	1	**14**
SINGAPORE	7	3	4	2	2				**18**
SYRIA	1	1	2	2	1				**7**
THAILAND	5		2	1	1				**9**
TUNISIA	2								**2**
TOTAL	**279**	**82**	**67**	**76**	**74**	**32**	**24**	**11**	**645**

Growth in Asia is strategic for Inditex and constitutes, along with Europe, the company's priority for expansion. The Group increased its commercial network very significantly in 2010. It opened 160 new stores so that by 31 January 2011 there will be 645 stores in the region. Growth in China where the retail network doubled in just one year with 75 new store openings was responsible for a good part of the region's growth. There were also 13 openings in the Japanese market and 12 in South Korea, where Massimo Dutti opened it first two stores The opening of the first Zara stores in India was also important for the warm welcome and market potential.

Zara opened its first stores in India during 2010. They are located in Delhi and Mumbai and received an extraordinary response

	Zara	Pull&Bear	Massimo Dutti	Bershka	Stradivarius	Oysho	Zara Home	Uterqüe	**Total**
ARGENTINA	9								**9**
BRAZIL	30								**30**
CANADA	19								**19**
CHILE	7								**7**
COLOMBIA	9		3	5	5				**22**
COSTA RICA	2		1						**3**
UNITED STATES	49								**49**
EL SALVADOR	2	1		1					**4**
GUATEMALA	2	2	1	2	1				**8**
HONDURAS	2								**2**
MEXICO	50	35	29	43		31	16	4	**208**
PANAMA	2								**2**
PUERTO RICO	1								**1**
DOMINICAN REPUBLIC	2			1	1				**4**
URUGUAY	2								**2**
VENEZUELA	11	3		11					**25**
TOTAL	**199**	**41**	**34**	**63**	**7**	**31**	**16**	**4**	**395**

Inditex reached more than 200 stores in Mexico in 2010

In 2010 there were 29 openings on the American continents showing the company's ability to take advantage of opportunities in a global setting. Mexico, where Inditex has the most commercial presence in the region, has 15 new stores, surpassing 200 establishments. Four new stores were opened in both Brazil and Colombia.

AMERICA

395
STORES

On 31 January 2011

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P60

Customers, shareholders and society

Customers

The customer is the origin and driving force behind all Inditex activity. The customer is the leading figure in the Group's business model and for this reason is the one who opens the commitment block in the Inditex Annual Report.

The customer's demands are heard in the store and channelled to the designers' table and they return those wishes to the shop in the form of the latest trends in fashion twice a week. The wishes of the customers, however, are not only attended to from a fashion perspective but also in a global manner, considering all the aspects which make up the shopping experience, including the location of the stores, in the main commercial areas of the cities, and their interior design, conceived to make the meeting with fashion comfortable.

The total orientation of Inditex towards its customers is at the origin and in the development of the eight commercial brands of the Group, each one of which has a differentiated commercial offer which is specific so as to reach each one of the customers better.

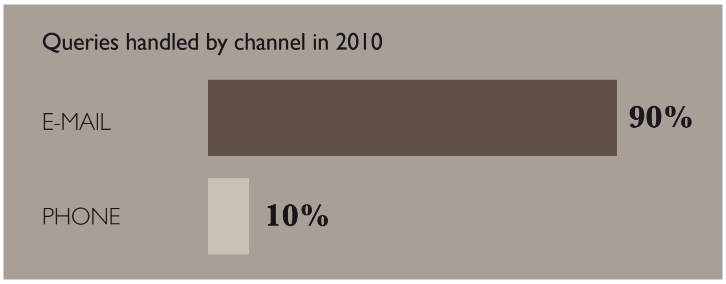
But the customer is not only the leading figure from the point of view of fashion, Inditex bears him or her in mind in all phases of its activity, including such key aspects of its business as the environment or corporate social responsibility (CSR). As will be seen in the next few chapters of CSR, Environmental dimension or Human Resources, the customer is one of Inditex's stakeholders, together with suppliers, employees and society in general. Inditex's commitment to its customers, from a point of view of CSR, is based on applying the Group's own standards of health and safety (Clear to Wear and Safe to Wear) to all the products that are marketed, in accordance with the most demanding regulations in the world. The product policy guarantees that all the articles that Inditex markets do not involve risks to the health and safety of the user. For this purpose, it promotes technological innovations that it shares with all its suppliers.

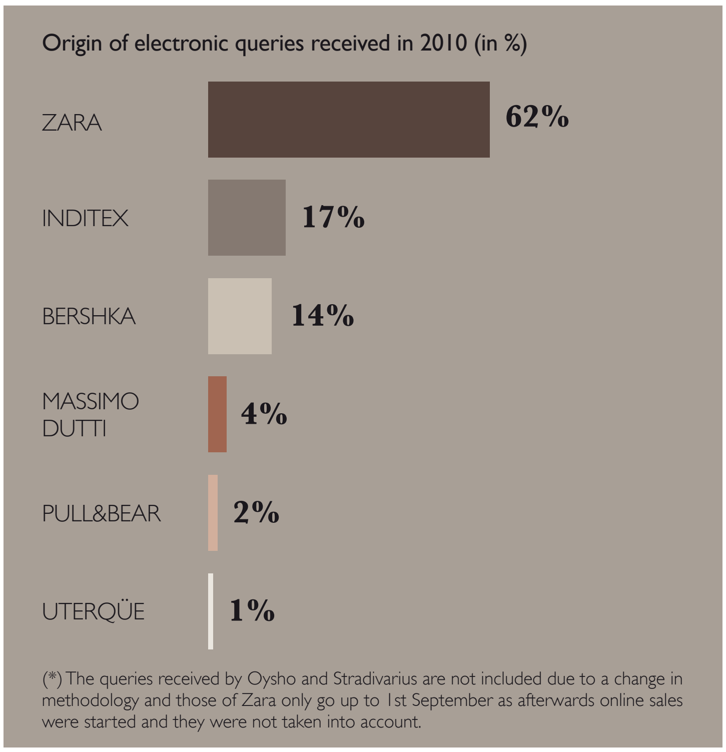
Attention to the customer is another of the areas to which Inditex pays most attention, mainly as the content of periodical training for the teams in the stores. Inditex sees customer service as the key enabling chains to attend to customer desires as swiftly as possible. More than 80% of the Inditex training budget targets store personnel and customer services and is one of the areas that is most emphasised on training days.

In addition, customers have other communication channels with the Group for resolving any questions regarding products or the organization that could not be dealt with in the store. Both the chains and the Group's headquarters have specialist professional teams who offer personalised service to all customers who require it, by phone, e-mail or post and in several languages so as to make the query easier.

During 2010, Zara's customer services have been reinforced with the launch of the chain's online store in such countries as Spain, Germany, France, Italy, Portugal, the United Kingdom, Austria, Belgium, Holland, Ireland and Luxembourg. The new online store has a team of over twenty people for attention by phone or e-mail in eleven languages in working hours (from 8:30 a.m. to 7:30 p.m., from Monday to Friday, and Saturdays, from 10:00 a.m. to 4:00 p.m.). What is more, all the Zara store teams and the regional management teams of stores or offices in the countries in which the online store is operative have received specific training in online customer services, as the customer who shops at Zara.com can pick up his or her order at any store in the chain in these countries.

In 2010, more than 117,421 queries were attended to by Inditex customer service channels, which were received via the chain's e-mail and from Inditex.com, or over the telephone.





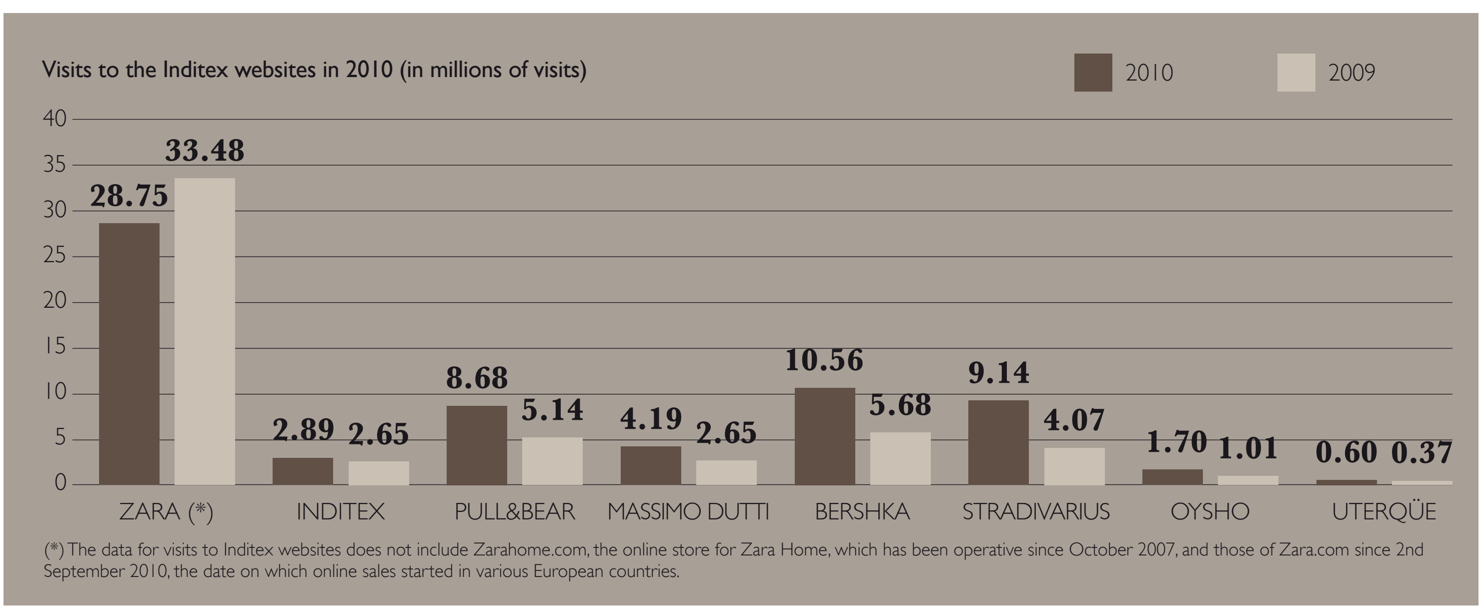
Offering fast effective customer service through store personnel and other enabled communication channels is one of the tenets of the Inditex Group and of all its chains. The limited number of complaints received each year by the chains indicates that the service is meeting needs, although it is always under review and evaluation. In 2010, the Spanish consumer authorities registered a total of 4,403 complaints against the Inditex chains from their customers. This represents one complaint per 52,782 garments sold, clearly demonstrating the high degree of satisfaction.

INTERNET

The Internet has become one of the best showcases the chains can use to demonstrate their fashion options and maintain a close and direct relationship with their customers.

All the chains have specialist Internet teams who are continually developing and implementing better tools so that the customer online service is as suitable and effective as possible. In this regard, the active presence of all the chains on social networks, in which all of them together have more than ten million followers, is outstanding.

In 2010, the Inditex web sites, including both chain sites and inditex.com, received 66 million visits.



AFFINITY CARD 2010

Affinity Card is the Inditex Group card, a payment method valid for its holders in any Group establishment: Zara, Massimo Dutti, Bershka, Pull&Bear, Stradivarius, Oysho, Zara Home and Uterqüe. Available in Spain for more than 15 years, the Affinity Card is also held by customers in Mexico and Greece where it was launched in 2007, in Portugal where it has been available since 2008 and Italy, where it was launched in 2010. Currently there are more than a million Affinity Card holders in these five countries. All of them have a card that offers financial advantages and methods of payment based on the holders' needs.

During 2010, Affinity Card carried out for the second consecutive year its Shop in the City campaign, by means of which the holder could enjoy an exclusive service of stylistic advice with a professional image advisor, going between the Group stores with a budget of one thousand euros for purchases with the Affinity Card in Inditex stores in Spain. The campaign had a high level of participation and recorded over 32,000 purchases.

The Affinity Card has a web site in each of the countries where it is used. In Spain, the affinitycard.es site had more than 270,000 visits in 2010.The website has become a communication tool as well as a tool customers can use to easily query extracts and transactions online. More than 190,000 people in Spain receive monthly information at their home regarding the latest news about Group fashion brands, and more than 110,000 card holders receive the Affinity newsletter every month which contains information about fashion trends and the latest Inditex chain products.

Inditex´s corporate governance

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.

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 becomes a strategic tool to increase the effectiveness of the company, to achieve competitive advantages, together with the social responsibility *strictu sensu*, and environmental sustainability.

In line with the foregoing, the Annual Corporate Governance Report (ACGR) approved by the Board of Directors of Inditex, in accordance with the statutory form, represents a document that 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 Inditex Group, as well as of the degree of compliance with the recommendations on good governance approved for such purposes.

REGULATIONS ON CORPORATE GOVERNANCE

The rules governing the corporate governance of Inditex are established in:

- The Articles of Association, whose latest wording was approved by the Annual General Meeting of Shareholders on 16 July 2004 and amended in part by subsequent resolutions of the AGM held on 18 July 2006 and 13 July 2010 respectively.

- The Regulations of the General Meeting of Shareholders, approved by this body on 18 July 2003 and amended in part by subsequent resolutions of the AGM held on 18 July 2006, 17 July 2007 and 13 July 2010 respectively.

- The Board of Directors´ Regulations, whose latest revised text was approved by said body on 11 December 2007

- The Internal Regulations of Conduct Regarding Transactions in Securities, whose latest revised text was approved by the Board of Directors during the meeting held on 13 June 2006.

- The Code of Conduct of the Inditex group, and the Code of Conduct for Manufacturers and External Workshops of Inditex, approved by the Board of Directors on 23 February 2001 and the latter reworded during the meeting held by the Board on 17 July 2007.

- The Internal Guidelines for Responsible Practices of the Inditex´s Group Personnel approved by the Board of Directors on 13 June 2006.

With this respect, during last year and in addition to other amendments introduced to encompass statutory reforms, paragraph 1 of sections 14 and 15 of the Board of Directors´ Regulations (and consistent sections of the Articles of Association) were amended, for the purposes of increasing the maximum number of members sitting on the Supervisory and Control Committees of the Board of Directors (Audit and Control Committee and Nomination and Remuneration Committee) from five to seven, to meet the needs of the Company and adjust to the number of members sitting on the Board of Directors, mostly made up of independent directors, further to the appointment by the Annual General Meeting of two new independent directors, the current number of independent directors being thus six.

BODIES AND MECHANISMS IN CHARGE OF CORPORATE GOVERNANCE

The following bodies and institutional and operational mechanisms are charged with Corporate Governance within Inditex:

1.- The General Meeting of Shareholders.- Inditex observes the "one share, one vote" rule; attendance to the AGM is not conditional upon holding a minimum number of shares, and the Articles of Association do not provide any control enhancing mechanism, so the degree of good governance thus achieved is optimum.

2.- The Board of Directors.- As the Board is made up of a proprietary-executive director, who is the Chairman of the Board and the founder of the company, an executive director, a proprietary director and six independent directors – to the extent that all of them are professionals of repute completely alien to the management team and shareholders – , he percentage of independent directors sitting on Inditex´s board is way higher than the share that would correspond to the Free Float of the company. During the 5 meetings held by such body in 2010, the Board acknowledged inter alia the business transacted by the Audit and Control Committee and the Nomination and Remuneration Committee; it reviewed and approved the results that the company is bound to submit regularly to the market and its supervisory bodies, approved the Annual Corporate Governance Report for FY 2009, the Triple Report and the report on the remunerations policy of the Board itself.

3.- The Audit and Control Committee.- Ahead of statutory provisions and recommendations, this Committee comprises six directors, all of them independent as stated above. During FY2010 the Committee met five times and, in addition to reviewing the results of the Company and the information to be provided to the market, it dealt with relevant corporate governance issues such as the supervision of the Internal Audit function of the Inditex Group, the identification and assessment of Group risks, and the review of the fourth annual report tabled by the Committee of Ethics.

4.- The Nomination and Remuneration Committee.- This body is made up of six independent directors and during FY2010 it held five meetings to review and issue reports, inter alia, on the appointment of officers, transactions with related parties and the human resources policy.

5.- The Code Compliance Supervisory Board and the Code Compliance Office.- Reporting directly to the Audit and Control Committee, the Code Compliance Supervisory Board, made up of the C.E.O, who chairs such Board, the General Counsel, who also serves as Code Compliance Officer, the Director of Stock Market, and the Head of Human Resources, is charged with promoting knowledge and ensuring compliance with the Internal Regulations of Conduct regarding transactions in securities of the Inditex Group. The Code Compliance Supervisory Board met four times during FY2010 to deal with certain transactions with Inditex´s securities.

6.- The Committee of Ethics.- During its fourth year of existence, this Committee, made up of the General Counsel and Code Compliance Officer, the Head of Human Resources and the Director of Corporate Social Responsibility has monitored the application of the Internal Guidelines for Responsible Practices of the Inditex Group personnel, an instrument aimed at ensuring the professional, ethical and responsible behaviour of its employees in the conduct of corporate business anywhere in the world.

TRANSPARENCY AND INFORMATION

Good Governance requires that stakeholders may have a 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 corporate transparency, in addition to including all relevant information and communications on its website, Inditex has kept the market regularly posted during fiscal year 2010 through the submission of the relevant "Results releases" (circulated to a large number of investors, analysts and media specialising in the stock markets), "Press releases" (sent to the media and PR agencies), as well as via webcast conference-calls and road-shows, conducted pursuant to the recommendations of the CNMV included in its letter dated 22 December 2005, *"Recommendations on information meetings with analysts, institutional investors and other stock market professionals"*, for the purposes of preventing a selective dissemination of relevant information and observing the principle of equal treatment to all investors.

Annual General Meeting held at the company's headquarters in July 2010.

Relationship with shareholders

THE 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 63,611 shareholders according to data from form X-25 that the company requested from Iberclear for the Ordinary General of Shareholders Meeting of 2009. Of these, 51,901 were individual shareholders and the remainder investment institutions. With the incorporation of significant holdings registered in the Spanish National Securities Market Commission, the approximate summary of the shareholder structure is as follows:

Shareholder body	Shares	%
INDIVIDUALS	22,632,416	3.63%
INSTITUTIONAL INVESTORS	231,097,921	37.08%
PARTLER 2006 SL	57,872,465	9.28%
GARTLER SL	311,727,598	50.01%
TOTAL	623,330,400	100.00%

Inditex has among its operating principles the fulfilment of a policy of transparency and maintenance of communication channels guaranteeing that all of its current and potential shareholders have clear, complete, homogeneous and simultaneous information, which is sufficient to value the management of the company 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 815 petitions from individual investors during 2010.

The Shareholders' Office takes on special relevance during the period for the calling and holding the General Shareholders Meeting that is traditionally held halfway through July in 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 process of the taking of decisions by the group's maximum governing body.

CORPORATE WEB PAGE

The corporate web page includes all the relevant information for shareholders and investors and is a vehicle of communication with shareholders, providing them with current information on all significant aspects of the Group.

Any user can gain access to the corporate web page to view, among other information, daily and historical share pricing, Inditex annual public reports since 1998, financial information registered in the Spanish National Securities Market Commission (CNMV) via Periodic Public Information and the financial calendar, among other things.

In 2010, the section on information for shareholders and investors on the corporate web page received 502,430 visits.

In addition to the corporate website, www.inditex.com, there are Group websites for each of the following store formats:

www.zara.com	www.pullandbear.com
www.massimodutti.com	www.bershka.com
www.stradivarius.com	www.oysho.com
www.zarahome.com	www.uterque.com

DEPARTMENT OF RELATIONS WITH INVESTORS AND ANALYSTS

- Some 55 financial and stock-market bodies publish analytical reports relating to Inditex shares.

- Some 11,700 institutional investors, holding 37.08% of corporate capital, play a key role in formation of the share price and its liquidity.

Relevant information on the performance of the business is communicated quarterly both to the CNMV and to all the shareholders and the financial community and the media, with special attention to those specialising in economic information. This relevant information includes the Balance Sheet, P&L Account and Management Report.

This same procedure is followed with information referring to relevant events that affect the performance of the business. This information is accessible immediately by means of the corporate web page and is distributed to a database of investors and analysts with more than 1.200 registrations.

Among institutional investors, Inditex complements this information with quarterly freely accessible multiconferences to explain the quarterly results and performance of the business.

It is important to mention the presentations of annual results to analysts and investors in London, New York and Madrid, with an audience of some 70 persons. The company also holds information meetings in the principal financial capitals and visits to corporate facilities.

ACTIVITIES WITH INSTITUTIONAL INVESTORS

A) ROADSHOWS

Inditex holds two annual roadshows in which it presents the results of the first semester (spring-summer season) and the whole year (after the autumn-winter season) visiting 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

Another forum of communication with investors is the sector conferences organised by financial institutions, participating in the main events that are held in Europe, with an average attendance of 50 leading institutional investors at each of them.

C) INDIVIDUAL MEETINGS

Apart from the programmed occasion, a large number of meetings were 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 and Asia to more than 250 institutional investors.

D) VISITS OF INVESTORS TO THE CORPORATE INSTALLATIONS

Equally numerous are visits of institutional investors to Inditex facilities to gain deeper knowledge of our organization, its business model and corporate strategy. Throughout 2010, meetings have been held with approximately 60 institutional investors from all over the world. 100 videoconferences and multiconferences have also been held.

Some mentions of Inditex in the international press

Open to society

Inditex makes a solid commitment to transparency and develops different initiatives to guarantee fluid access to its different groups of stakeholders to information on the performance of its activity.

The media, with their role as the company's primary intermediaries, are an important communicator of information regarding the Group corporate strategy. Their knowledge of macroeconomic scenarios, the sector and the company itself enable them to analyze Inditex's direction and performance with a critical spirit and to communicate this information to society.

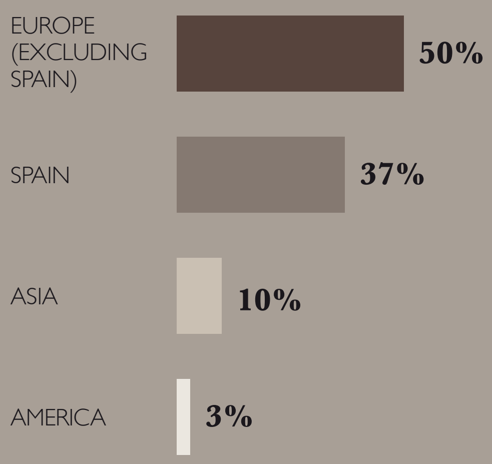
The General Directorate of Communication and Institutional Relations at Inditex is the channel the Group uses to give the media access to important information about the company. For this purpose, their members specialise in financial information, the textile sector and fashion communication, covering the main needs of the different media.

Apart from the central team which works at the Group headquarters in Arteixo (A Coruña, Spain) Inditex has incorporated over the last few years with professionals who are specialists in Communication and Public Relations in several of its offices around the world. The company already has local heads of communication at those branches where Inditex has a significant commercial presence and at others where the media sector is especially developed.

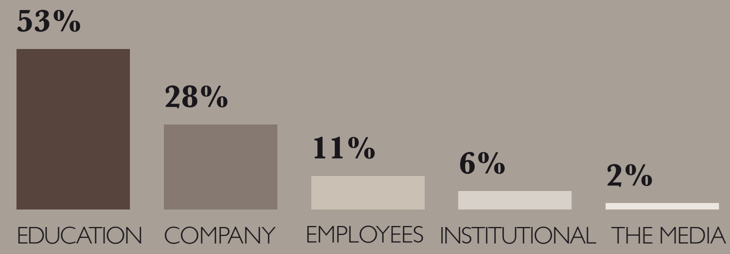
During 2010, Inditex made twenty-two press releases to the media in more than 70 countries, all of which were also available on the corporate website, www.inditex.com. These releases included details on corporate governance, results, expansion and the main actions in the social and environmental areas.

The media have a specific area for the press on the corporate web page. In addition to the above-mentioned communications, there are informative materials available such as the Annual Reports since they began to be published, corporate presentations, and stock market information as well as corporate governance. For the media specialising in fashion, the web page of each of the chains has a specific press area which attends to their needs.

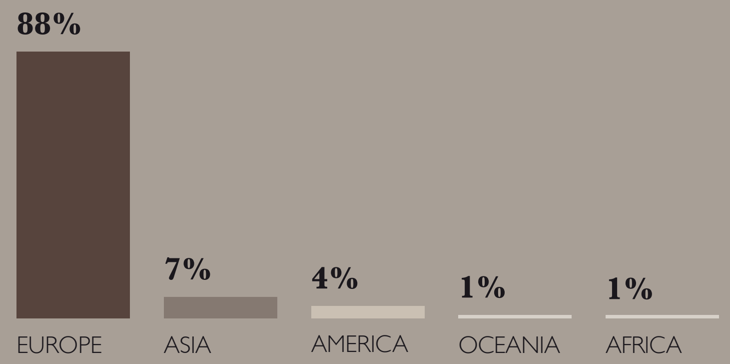
News about Inditex by geographical area (in %)
Total: 47.553



Visits to the installations by type



Origin of the visits by geographical area



During 2010, Inditex held press conferences with the media on such occasions as the annual presentation of results or the General Meeting of Shareholders, among others. At these meetings, Pablo Isla, Deputy Chairman and CEO of Inditex, kept close contact with the media in order to give these professionals periodic access to the highest executive level of the organization.

Inditex attempts to give a response to all the demands for information. During 2010, just by e-mail, more than 2,000 requests for information from the press, radio, television and internet have been addressed to. This very significant volume demonstrates the interest Inditex's activities generate at an international level.

Inditex periodically monitors the information published by the media in thirty-odd countries. Only in these markets, the Group has collected, during the 2010 financial year, a total of 47,553 pieces of information in which the company is mentioned, 35% more than in 2009. The European media published 87% of these pieces of information, as a consequence of the commercial presence of the Group in this geographical area. The rapid growth of the company in Asia is also reflected in the information published by the media in the region, which reached 10% of the total, compared with 8% the previous year.

Inditex has an open door policy at its central headquarters in Arteixo (A Coruña, Spain) which was expressed in the organization of three hundred visits to the facilities of the company during the 2010 financial year, 4% more than in 2009. Academic and educational institutions, businesses, company employees and the media are the main beneficiaries of these visits. The visits include a look at such areas as the departments of design, pattern design, pilot stores, shop window design, manufacturing and logistics which make it possible to acquire a profound understanding of the Inditex business model. During the 2010 financial year, a total of 4,444 persons visited the central facilities of the company.

Corporate Social Responsibility

AN EXERCISE IN SUSTAINABILITY

Creativity is the driving force of the Corporate Social Responsibility department of Inditex and all our steps are guided by innovation as a tool for change. Each year it is our intention to take a further step in strengthening our production chain, in dialogue with our main stakeholders, in the care for our products, of our customers and, in general, in the commitment that we have with the society in which we work.

Today, more than ever, Inditex's business structure is global. It is global due to the number of countries where it carries on its business in its stores; due to the more than 100,000 employees of the company and due to the suppliers and workers who make up the production chain.

This global nature is the basis for sustainablity which, necessarily, is a non-negotiable requirement of the business activity. The challenge of being more and more sustainable each day leads us to be creative, to innovate and, in this way, to change the relationship that the companies have with society.

These challenges have led us, in the year 2010, to strengthen the task successfully begun over ten years ago; that of accepting a commitment to the fulfilment of Human, Employment and Social Rights, linked to the firm desire to offer the best quality and service in the wide range of products that Inditex markets. With the release of this report, and as it has been doing regularly since its adherence in 2001, Inditex renews once again its commitment with the United Nations Global Compact and fully reports about its progress in the compliance with its ten principles.

The 2010 financial year was marked by the creation of close alliances which support the growth and strengthening of the model of Corporate Social Responsibility with manufacturers, employees, auditors, universities, trade unions, employers' associations, consumers, non-governmental organizations, supra-national organizations, governments and other parties involved which interact in the development of our business model. This year, we want to give them their own voice and we would like them to express their reflections and opinions themselves on the projects in which they have participated actively.

We thank all of them for the effort that they have made up to now. From here, we would like to encourage them to develop both the projects that are now ongoing and those which we are now beginning. They will without a doubt have our firm support and collaboration so that we can build a company and a world that are more sustainable.

The managers of the Inditex model of CSR

INTERNAL TEAM
39 PERSONS

EXTERNAL TEAM
1,089 PERSONS

MANAGER OF CSR

INDITEX COMPLIANCE
15 PERSONS

INDITEX HEALTH AND SAFETY
18 PERSONS

COMPLIANCE
244 PERSONS

EUROPEAN UNION ITS, PWC, Portuguese Catholic University (Porto, Portugal)	**Romania.** 2 persons **Bulgaria.** 1 person **Italy.** 2 persons **Portugal.** 9 persons
NON-EU EUROPE ITS, SGS	**Turkey.** 7 persons **The Ukraine.** 1 person
AMERICA ITS	**Mexico.** 9 persons **Argentina.** 4 persons **Brazil.** 6 persons
AFRICA ITS, SGS	**Egypt.** 5 persons **Morocco.** 6 persons
ASIA ITS, SGS, KPMG	**China.** 116 persons **India.** 32 persons **Bangladesh.** 18 persons **Pakistan.** 4 persons **Vietnam.** 8 persons **Thailand.** 1 person **Cambodia.** 3 persons **Malaysia.** 4 persons **Indonesia.** 5 persons **Taiwan.** 1 person

HEALTH AND SAFETY
128 PERSONS

EUROPEAN UNION Colormoda-Technical Advice, USC, SGS	**Spain.** 19 persons
NON-EU EUROPE Bureau Veritas, SGS	**Turkey.** 80 persons
AMERICA SGS	**United States.** 1 person
ASIA Bureau Veritas, SGS	**Bangladesh.** 5 persons **Vietnam.** 5 persons **China.** 13 persons **India.** 5 persons

INDITEX SOCIAL INVESTMENT
1 PERSON

EMERGENCIES
6 PERSONS

AMERICA
Entreculturas

Haiti. 6 persons

COMMUNITY DEVELOPMENT
669 PERSONS

EUROPEAN UNION
MSF, Entreculturas
Fe y Alegría, Cáritas

Spain. 8 persons

AMERICA
Entreculturas
Fe y Alegría, SJR

Perú. 65 persons
Chile. 19 persons
Argentina. 12 persons
Brazil. 52 persons
Venezuela. 41 persons
Mexico. 90 persons
Uruguay. 18 persons
Colombia. 43 persons
Ecuador. 6 persons
Panama. 4 persons

AFRICA
SJR, MSF

South Africa. 15 persons
Sudan. 48 persons
Central African Republic. 4 persons
Burundi. 12 persons
Morocco. 13 persons
Somalia. 102 persons

ASIA
MSF, Cáritas

Cambodia. 40 persons
India. 77 persons

INDITEX INTEGRATION
4 PERSONS

INTEGRATION
42 PERSONS

EUROPEAN UNION
COGAMI and El Molí d'en Puigvert

Spain. 42 persons

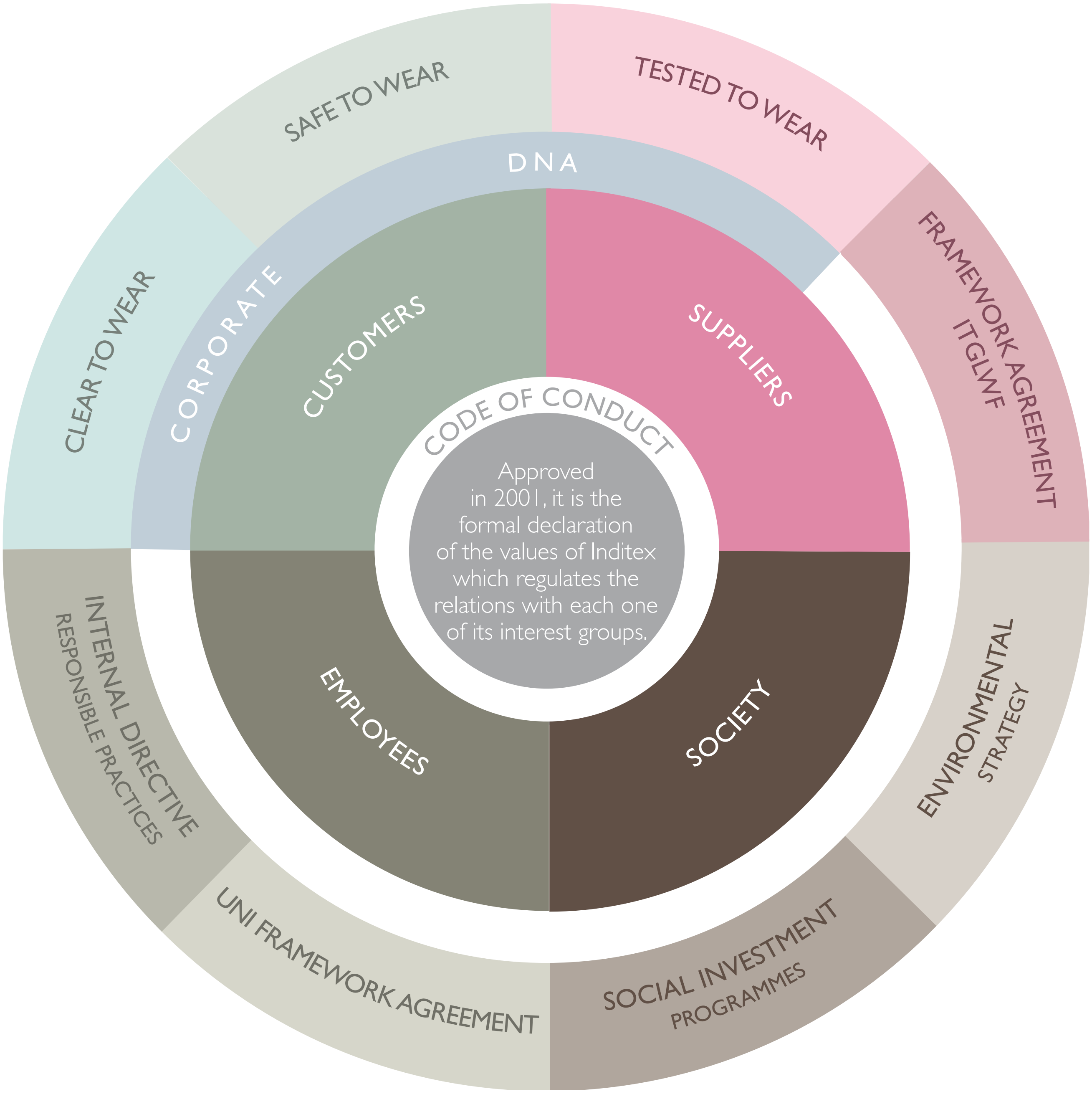
Inditex's sustainability strategy

Inditex has integrated the values of its Code of Conduct in its business model since its approval in 2001, with a strategy based on three key aspects:

- Transparency in its activities.
- Collaboration and confidence in the parties involved.
- Ongoing improvement in its processes.

The objective is to develop a change of paradigm in the productive areas of those less favoured companies in which Inditex carries out its activities of production, globally strengthening its relations with suppliers, employees, employers' and trade union organizations, international organizations, civil society and customers, among others.

INDITEX SUSTAINABILITY MODEL



Customers

Inditex's commitment to its customers is based on applying its own standards of health and safety(***Clear to Wear*** and ***Safe to Wear***) to all the products that are marketed. These standards, in accordance with the most demanding regulations at the world level, form, together with those of suppliers, the corporate DNA of Inditex.

Suppliers

The objective of Inditex is to strengthen the relationship in the long term with its suppliers thanks to the implantation of Compliance Programme of the Inditex Code of Conduct, *(Tested to Wear)* and to **the International Framework Agreement signed with the International Textile Garment and Leather Workers Federation (ITGLWF).**

The environmental strategy also involves suppliers, who must include this variable in their working processes.

Employees

The Group is attempting to reinforce the channels of communication between the employees and the sustainability policy through the **Internal Directive of Responsible Practices** and the **Framework Agreement** signed with UNI Global Union.

Society

The commitment of Inditex to society is reflected both in the integration of the environmental variable in all the business processes of the Group through the **Environmental Strategic Plan** 2011-2015, and in the development of **programmes of social investment** in which Inditex collaborates with local, national or international communities in those countries where it uses its business model.

Inditex's main landmarks and activities in the field of CSR in 2010	Quarter
Process of *data mining* in the Morocco cluster	I
Inclusion in *FTSE4Good* for the eighth consecutive year	I
Monitoring programmes for vulnerable groups in India, Somalia and Morocco.	I
Signature of the agreement between Inditex and the *National Institute of Fashion Technology* in India	I
Design and application of the arylamines implantation guide to give support to suppliers	I
Opening of the for&from*store* in Allariz (Orense, Spain)	II
Extension of the CSR team in the office in India	II
Inclusion on *the Dow Jones Sustainability World* Index for the ninth consecutive year	II
Application of the International Framework Agreement between ITGLWF and Inditex in a manufacturer in the Turkey cluster	II
Signature of the protocol of action in the International Framework Agreement between ITGLWF and Inditex	III
Opening of the for&from*store* in Alicante (Spain)	III
Extension of the CSR team in the office in Bangladesh	III
"Jute Dutti" project for the Massimo Dutti 25th Anniversary celebration	III
Signing of the collaboration agreement with the University of Dhaka (Bangladesh) for the creation of the "Pin Project"	IV
Obtaining the KC certification for the sale of children's textile products in South Korea	IV
Application of the International Framework Agreement between ITGLWF and Inditex in a manufacturer in Cambodia	IV
Signing of the collaboration agreement with the Catholic University of Portugal-Porto	IV

1.
CSR WITH SUPPLIERS

The Corporate Social Responsibility Department carries out all its programmes with the objective of introducing the sustainability variable in the Inditex production chain. Over the last ten years, the Group has learned that social audits are not a goal but rather they must be part of a wider process which supplies measurable changes in working conditions in the centres of employment of the suppliers.

With the objective of achieving a wide knowledge of the centres of employment and, at the same time, helping them to improve, Inditex has developed tools which make it possible to implant and supervise its sustainability strategy in the production chain. The following are the most significant:

Tested to Wear:
Methodology for the conduct of social audits

Clear to Wear:
Healthy product standard

Safe to Wear:
Product safety standard

The internal management of these tools is carried out through the so-called corporate DNA which, on the one hand, consolidates the information that is obtained from suppliers in the CSR department and, on the other, facilitates analysis of this information by the internal purchasing teams.

All Inditex suppliers and manufacturers must fulfil the requirements identified in the Code of Conduct.

In the 2010 financial year, the following activities carried out by the CSR Department stand out in the Inditex production chain:

- Signature of the protocol of action in the Framework Agreement with the ITGLWF.
- Signing of the collaboration agreement with the Catholic University of Portugal-Porto
- Identification of the value supply chain in the clusters.
- Strengthening of the plans of corrective action among the manufacturers.

CODE OF CONDUCT FOR INDITEX EXTERNAL MANUFACTURERS AND SUPPLIERS

The Inditex Code of Conduct for external manufacturers and suppliers approved by the Inditex Board of Directors in 2001 and subsequently rewritten in June 2007 is the basis on which the social audits are drawn up which are carried out at the workplaces of the Inditex suppliers.

This code has as its conceptual framework the principles of the Organisation for Economic Co-operation and Development, the Basic Code of the Ethical Trading Initiative, the principles of the Global Compact and, among others, the following agreements of the International Labour Organization (ILO): 1, 14, 26, 29, 79,87,98,100,105, 111, 131, 135, 138, 142, 155, 164 and 182.

www.inditex.com/es/responsabilidad_corporativa/social/codigo_conducta

FUNDAMENTAL EMPLOYMENT STANDARDS

They are rules which govern conditions of employment. Their fundamental purpose is to promote human and employment rights and in particular, the improvement of the working conditions.

The International Labour Organization (ILO) has identified a group of Fundamental Employment Standards which are the basis for regulating dealings with workers:

- Freedom of association
- The prohibition and suppression of all forms of forced labour.
- The minimum age for employment.
- Acceptable working conditions.
- The suppression of discrimination in employment on the basis of any difference.

For more detailed information: www.ilo.org

"With the help and support of the Inditex local CSR team we have achieved notable improvements in our compliance with the Inditex Code of Conduct for external manufacturers and suppliers. In the immediate future, our vision and our objective will consist of combining the compliance the policies of CSR with greater productivity as well as reinforcing the preparation of the workers through ongoing training".

ANIL PESHAWAR, manager of an Inditex supply company in India

"With the release of this report, and as it has been doing regularly since its adherence in 2001, Inditex renews once again its commitment with the United Nations Global Compact and fully reports about its progress in the compliance with its ten principles".

FÉLIX POZA, Inditex CSR director

THE PRODUCTION CHAIN OF INDITEX

Number of active manufacturers (*)

Region	Suppliers 31/1/2011	Suppliers 31/1/2010
AFRICA	118	94
AMERICA	63	51
ASIA	599	481
NON-EU EUROPE	99	99
EUROPEAN UNION	458	512
TOTAL	1,337	1,237

(*) Suppliers producing more than 20,000 units a year for Inditex.

Number of suppliers discarded (*)

Region	2010	2009
AFRICA	11	11
AMERICA	4	20
ASIA	72	57
NON-EU EUROPE	13	7
EUROPEAN UNION	27	50
TOTAL	127	145

(*) Suppliers discarded for breaches of the Inditex Code of Conduct or commercial reasons.

The Compliance Programme of the Inditex Code of Conduct

Compliance Programme of the Inditex Code of Conduct is a tool developed by the CSR Department at Inditex which supplies large amounts of information about the assessment of the suppliers of the Group based on the degree of compliance of the Code of Conduct and Fundamental Employment Standards, the identification of specific risk areas and the implantation of plans of corrective action. Thanks to this programme, the suppliers are concentrating their efforts on the promotion of continuous improvements rather than on the simple fact of passing the social audit.

The Compliance Programme of the Inditex Code of Conduct is made up of six phases:

PHASE I: AWARENESS

Inditex shares and works jointly with its suppliers on the implantation of the strategy of Corporate Social Responsibility. For this purpose, and as the first step in the process of implantation of it, there is the phase of awareness-raising among the suppliers. This can be understood as the joint, daily work with the manufacturers on the creation and start up of the CSR tools which we have available internally.

With the objective of facilitating the knowledge and the acceptance on the part of Inditex suppliers of the Group standards (Code of Conduct, *Clear to Wear* and *Safe to Wear)* in 2010, the CSR Department created the document called *Inditex Minimum Requirements,* which on the one hand collects the contents of the said materials and on the other, creates a unique manual for easy use.

The Inditex Systems Department developed a computer system during the 2010 financial year which makes it possible for Group suppliers to accept these minimum requirements electronically.

PHASE II: SELF-ASSESSMENT OF SUPPLIERS (PRE-ASSESSMENT)

The *Pre-Assessment* constitutes a key tool for self-diagnosis in the process of the assessment of a potential supplier. This assessment must be understood as a process of continuous adaptation, a true reflection of the activity of the company and subject to permanent updating. During 2010, the CSR team, together with the Inditex purchasing teams, set up a working group with the objective of adapting this process and assessment to the requirements necessary for a supplier to form part of the Inditex production chain. These requirements are the Inditex Code of Conduct for external manufacturers and suppliers, the Inditex product health and safety standards (CTW and STW) and the response demanded in units/time.

TESTED TO WEAR (TTW)

Inditex has used a methodology of social audits denominated *Tested to Wear* since 2007. TTW was designed and developed jointly by the Inditex CSR department with the collaboration of the ITGLWF, the University of Northumbria (United Kingdom), and the *Centre for Business and Public Sector Ethics* (Cambridge, United Kingdom). The regulatory framework of TTW is based on:

- The Inditex Code of Conduct for external manufacturers and suppliers.
- The Base Code of *the Ethical Trading Initiative*.
- The Principles of the Global Compact of the United Nations.
- The programme promoted by the International Labour Organization, the *Better Factories Programme*.
- The procedures of *Social Accountability International*.
- The Principles of the *Global Reporting Initiative*.

PHASE III: SOCIAL AUDIT

The social audit of manufacturers constitutes one of the pillars among the activities that are carried out in the Inditex CSR department. With over 240 persons devoted internally and externally to this process, this phase has as its general objective to strengthen the Inditex production chain through audits which attempt to get to know the degree of compliance external manufacturers and workshops with regard to social, employment and environmental aspects.

The *Tested to Wear* methodology is structured on the basis of the Inditex Code of Conduct for external manufacturers and suppliers and contains tests and procedures to follow so as to get to know the degree of compliance of Inditex suppliers on each one of the points making it up.

During the 2010 financial year, 1087 social audits and actions of monitoring were undertaken within the Compliance Programme of the Inditex Code of Conduct. As a novel element in this programme, the Portuguese Catholic University of Oporto (UCP) in Portugal, contributed to the preparation of 65 initial audits and 60 follow-ups. This collaboration is a response to the need on the part of Inditex that the process of verification should be open and shared with organizations of importance in civil society in which the Group carries on its operations.

CONDUCT OF AN AUDIT
Methodology Tested to Wear

INTERVIEWS

Meetings with the managers of the workshops, employees, trade union representatives and health and safety representatives.

DOCUMENTARY REVIEW

Systems of management, payrolls, hours worked, productions, documentation of workers and licences.

VISIT TO THE FACILITIES

Review of work spaces and communal areas.

THE ENVIRONMENT

Management of wastes, emissions and consumption of resources.

DRAWING UP OF A PLAN OF CORRECTIVE ACTION.

Breaches, plan of action and date of putting into effect.

COMMUNICATION OF RESULTS

To the internal purchasing teams and clusters.

Social audits carried out in 2010

Auditing firm and geographical area	SA 8000 Accreditation	Number of initial auditors	Number of monitoring audits	Total
INDITEX INTERNAL AUDITORS	**Yes**	**264**	**158**	**422**
BANGLADESH		71	7	78
SPAIN		6	26	32
INDIA		121	89	210
ITALY		4	-	4
MOROCCO		31	35	66
PAKISTAN		1	1	2
PORTUGAL		10	-	10
ROMANIA		4	-	4
TURKEY		16	-	16
INTERTEK GROUP	**Yes**	**321**	**74**	**395**
ALBANIA		3	-	3
ARGENTINA		8	-	8
BANGLADESH		23	5	28
BRAZIL		9	-	9
BULGARIA		4	1	5
CAMBODIA		3	-	3
CHINA		129	24	153
EGYPT		3	-	3
INDIA		72	14	86
INDONESIA		5	2	7
ITALY		8	-	8
MALAYSIA		2	-	2
MOROCCO		1	-	1
MEXICO		4	6	10
PAKISTAN		6	2	8
PORTUGAL		10	15	25
ROMANIA		15	4	19
TAIWAN		1	-	1
THAILAND		1	-	1
TURKEY		-	1	1
UKRAINE		1	-	1
URUGUAY		1	-	1
VIETNAM		12	-	12
PWC	**No**	**2**	**3**	**5**
PORTUGAL		2	3	5
UCP	**No**	**65**	**60**	**125**
PORTUGAL		65	60	125
SGS GROUP	**Yes**	**113**	**27**	**140**
CHINA		20	-	20
MOROCCO		22	13	35
TURKEY		71	14	85
TOTAL		**765**	**322**	**1,087**

PHASE IV: SUPPLIER RATING

As a result of carrying out a social audit, a classification for each supplier and manufacturer is gained according to its degree of compliance of each one of the sections of the Code of Conduct. In this way, it is possible to identify the following levels:

Basic compliance with the Code of Conduct

SUPPLIER A

SUPPLIER B

SUPPLIER C

SUPPLIER D

PR SUPPLIERS

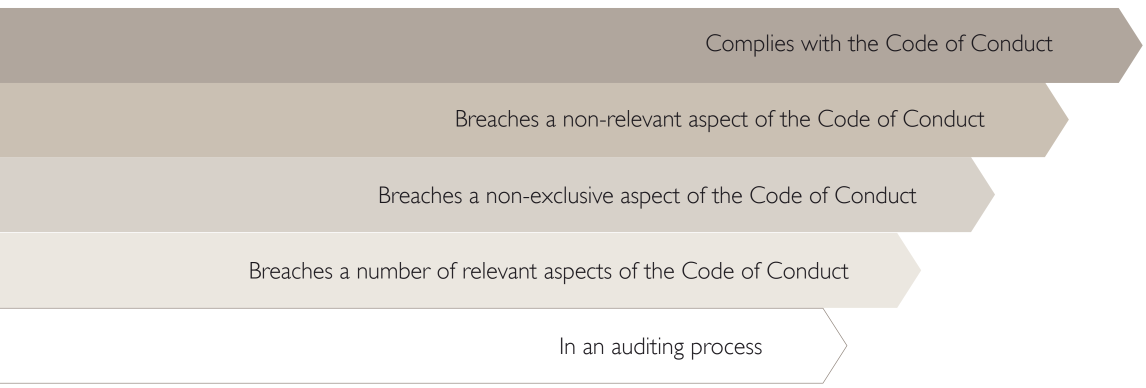
Suppliers rating by geographical area

	2010		2009	
	No. of suppliers	% production	No. of suppliers	% production
EUROPEAN UNION				
A	233	26.57%	302	20.47%
B	163	64.30%	152	75.65%
C	27	5.20%	22	1.84%
D	28	0.89%	32	1.17%
PR	7	3.03%	4	0.87%
TOTAL	**458**	**100%**	**512**	**100%**
AMERICA				
A	49	54.76%	33	61.80%
B	6	40.95%	7	22.44%
C	6	2.84%	5	2.07%
D	-	-	1	5.75%
PR	2	1.44%	5	7.94%
TOTAL	**63**	**100%**	**51**	**100%**
ASIA				
A	149	23.05%	139	24.99%
B	198	53.42%	177	52.69%
C	129	16.16%	88	11.44%
D	102	6.54%	72	10.13%
PR	21	0.83%	5	0.75%
TOTAL	**599**	**100%**	**481**	**100%**

	2010		2009	
	No. of suppliers	% production	No. of suppliers	% production
NON-EU EUROPE				
A	25	18.50%	22	21.43%
B	56	74.97%	52	50.83%
C	14	5.70%	15	20.72%
D	4	0.83%	8	6.75%
PR	-	-	2	0.27%
TOTAL	**99**	**100%**	**99**	**100%**
AFRICA				
A	75	56.57%	65	74.60%
B	24	23.81%	13	9.75%
C	3	0.63%	8	6.17%
D	12	5.24%	5	7.10%
PR	4	13.75%	3	2.39%
TOTAL	**118**	**100%**	**94**	**100%**

"In such a dynamic environment as the one that Inditex moves in, it is key to have constantly updated information which makes it possible in turn to carry out a monitoring of the evolution of the supply chain from the point of view of the Compliance with the Code of Conduct".

DAWN LIVIS, Intertek.

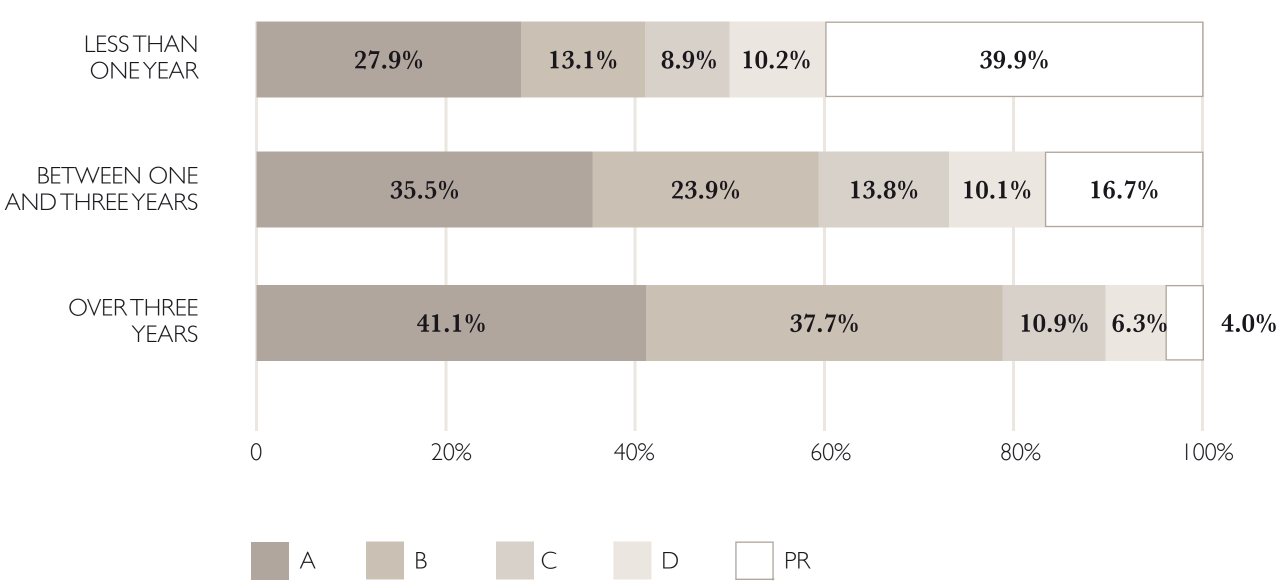


PHASE V: PLANS OF CORRECTIVE ACTION

The social auditors are an effective tool to determine the degree of compliance of the supplier with regard to the Code of Conduct and determining its points for improvement. These audits are undertaken with proposals for solutions to the possible breaches detected in this kind of process. Inditex supports the suppliers with corrective action plans in which the parties involved take part (supplier's management, local and international trade unions and Inditex CSR teams).

Nine out of ten suppliers which have formed part, for more than three years, of the Inditex production chain, obtain optimum or reasonable compliance with the Inditex Code of Conduct for external manufacturers and suppliers

Classification of the suppliers according to the years of commercial relations with Inditex



Some practical cases of implantation of corrective guidelines for breaches of the Code of Conduct in 2010

Item of the Code	Breaches detected	Corrective Action Plan	Stakeholders	Objectives for 2011	Clusters applicable
RESPECT FOR FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	Deficient implantation of the processes of collective bargaining. Main causes identified: - Lack of training for the employees in the matter of trade unionism. - Lack of awareness on the part of the management.	Implantation of effective systems of collective bargaining. Conduct of self-assessment questionnaires for the management in the matter of freedom of association.	Local CSR team Management of the manufacturers International Trade Unions Local Trade Unions Business associations ILO	- Ensuring the correct implementation of procedures of collective bargaining among the manufacturers. - Training of the management of the manufacturers and the workers in the matter of collective bargaining and respect for freedom of association.	Bangladesh Cambodia Portugal Turkey
SAFETY AND HYGIENE AT WORK	Lack of drinking water in certain factories. Main causes identified: - Lack of awareness among the management of the manufacturers. - Lack of maintenance in the installations. - Absence of suitable treatment processes.	Awareness about the importance of having a supply of drinking water in the facilities of the manufacturers. Installation of inverse osmosis plants or similar for the treatment of water in manufacturers' facilities. Conduct of tests of water purification (pH and hardness).	Local CSR team Management of the manufacturers Local chemical laboratories.	- Ensuring that all the workers of the direct or sub-contracted manufacturers have drinking water available for consumption.	India Bangladesh
PAYMENT OF SALARY	Payments below a decent salary. Main causes identified: - Ignorance of legal systems and mechanisms of reward. - Lack of control of salaries paid to workers hired through intermediaries. - Lack of systems of management of human resources to guarantee the correct accounting of salaries. - Lack of effective procedures of calculation of a decent salary. - Lack of awareness among the management of the manufacturers.	Awareness-raising among suppliers. Training sessions and seminars for suppliers. Formalisation of policies and procedures of payment of salaries among manufacturers.	Local CSR team Factory managements. Department of administration of manufacturers.	- Ensuring that all factories and sub-contractors comply with the Inditex Code of Conduct with regard to the payment of salaries. - Drawing up training plans for workers. - Preparing policies of salary transparency in factories.	India Morocco China
IMPLEMENTA-TION OF THE INDITEX CODE OF CONDUCT	Existence of sub-contracting not previously authorised by internal purchasing teams. Main causes identified: - Lack of proper management procedures. - Lack of proper supervision of compliance with the Code among sub-contractors.	Programmes of awareness among manufacturers in the matter of risk prevention, minimum salary, drinking water and child labour. Conduct of meetings, visits and exercises of data mining related with obtaining sub-contractors employed by suppliers. Formulation of a monitoring procedure for sub-contracted factories. Establishment of a calendar for monitoring visits.	Local CSR team Management of the manufacturers Independent third parties	- Getting to know the sub-contracting chain of the suppliers in a reliable way. - Ensuring the level of transparency of the suppliers regarding their sub-contracting chain. - Ensuring that suppliers pay attention to the compliance of the minimum conditions in sub-contracted factories.	India Bangladesh Portugal Turkey

PHASE VI. FOLLOW-UP AUDITS

The monitoring of the process of improvement of the rating of a manufacturer is a task fundamental to ensuring that the Inditex chain of production improves.

In this regard, the corrective action plans are designed according to the degree of compliance with the Code of Conduct on the part of the supplier during the carrying out of the initial audits. After the conduct of the social audits, the follow-up programmes are started up so as to verify whether, within the spaces of time agreed, the necessary action for correcting the breaches detected is carried out.

The monitoring programmes have as their culmination the follow-up audits which are carried out according to the classification obtained in the initial audit.

Period of time for the follow-up audits, according to the supplier rating

Supplier Rating	Period of time for the conduct of the audits
A	24 months
B	18 months
C	12 months
D	6 months

"Our company overcame a critical situation thanks to Inditex rules. For this reason, I feel proud to form part of this team. I sincerely thank you for your ongoing efforts and I encourage you to continue with your great work".

MESBAH UDDIN KHAN, manager of a Bengali factory

Social audits carried out in 2010

Region	Initial audits	Monitoring audits	Total
AFRICA	57	48	105
AMERICA	21	6	27
ASIA	467	144	611
NON-EU EUROPE	92	15	107
EUROPEAN UNION	128	109	237
TOTAL	**765**	**322**	**1,087**

Percentage of compliance with the Code of Conduct by suppliers which are part of Inditex's supply chain in 2010 based upon the parametres laid down by the Ethical Trading Initiative

	Africa	America	Asia	Non-EU Europe	European Union
RESPECT FOR FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	+90%	+90%	+90%	+90%	+90%
REGULAR WORK	+70%	+70%	+70%	+50%	+90%
PROHIBITION OF INVOLUNTARY LABOUR	+90%	+90%	+90%	+90%	+90%
PROHIBITION OF DISCRIMINATION	+90%	+90%	+90%	+90%	+90%
PROHIBITION OF ABUSE OR INHUMANE TREATMENT	+90%	+90%	+90%	+90%	+90%
PROHIBITION OF YOUTH WORK OR WORK BY MINORS	+90%	+90%	+90%	+90%	+90%
COMPLIANCE IN THE MATTER OF SALARY	+70%	+70%	+50%	+50%	+70%
HYGIENE AT WORK	+50%	-50%	-50%	+50%	+50%
WORKING HOURS	+70%	+70%	-50%	+50%	+90%
ENVIRONMENTAL COMMITMENT	+90%	+90%	+70%	+90%	+90%
IMPLEMENTATION OF THE CODE	+90%	+70%	+70%	+70%	+70%

+90% of compliance · +70% · +50% · -50%

Clusters of suppliers

Since 2006, Inditex has developed the management of its production chain starting from a structure based on clusters. These working groups are made up of suppliers, manufacturers, trade unions, business associations and international buyers. All of them are interrelated among themselves with the common objective of generating a sustainable productive environment in a strategic geographical area for the development of the Inditex business model.

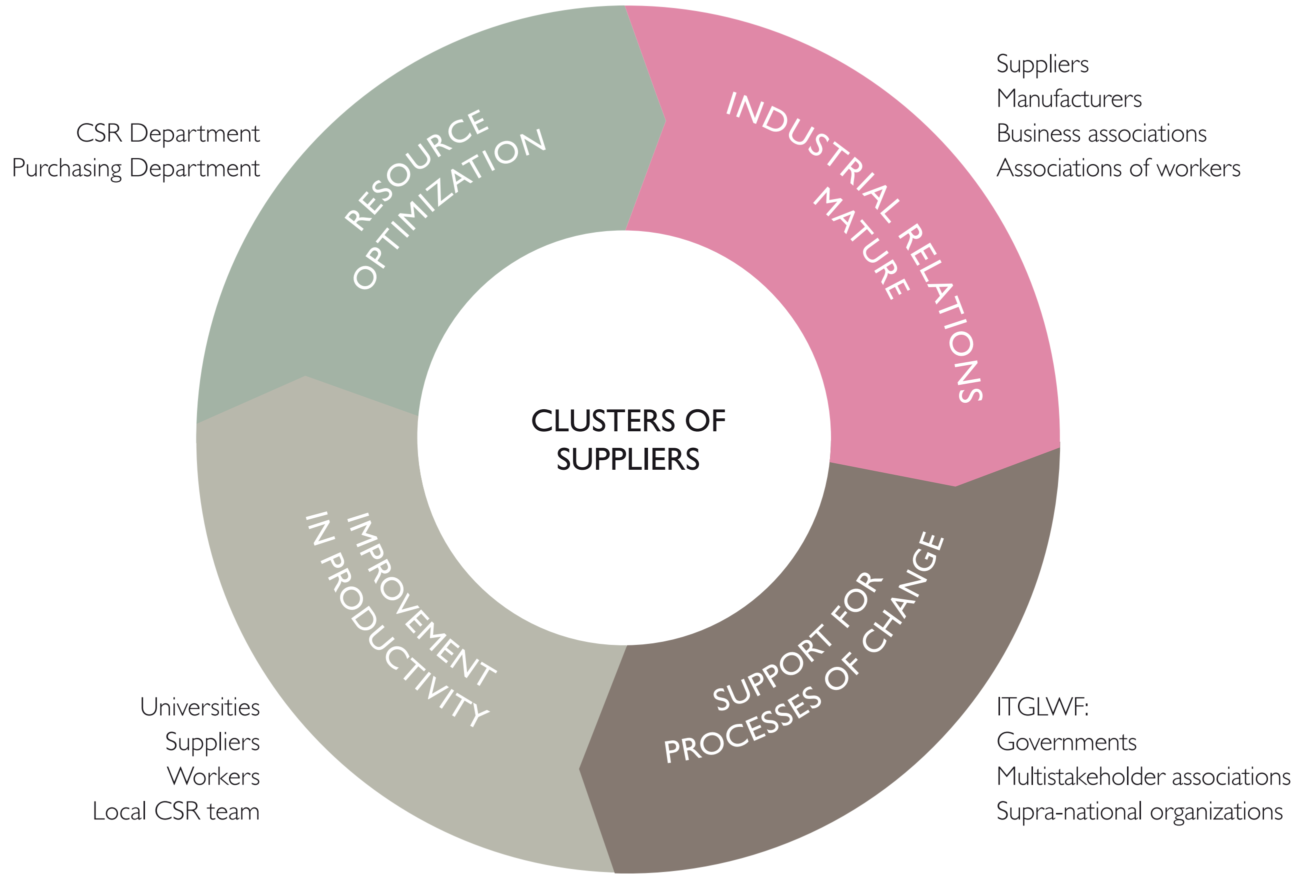
All the actors involved contribute their capacities and tools for the search for solutions in such strategic aspects as:

- The development and compliance of the Fundamental Employment Standards, whether national or international.
- The encouragement of mature industrial relations between the parties involved.
- The promotion of creative and innovative solutions for increasing productivity.

The fundamental objective is the sustainable growth of suppliers, achieving the expansion of their competitive potential within a framework based on compliance with Human and Employment Rights. Over the last few years, the weight of the clusters of suppliers has been increasing until it now represents over 80% of the total production of the Group. The proper administration of these organizations gives Inditex a profound knowledge of how its production chain is evolving.

Through these clusters, Inditex is opening up a framework of dialogue with all those agents involved in their activity, a scenario to encourage knowledge and experience in the production chain. The final objective is to give an incentive to the suppliers to offer a good product, at a proper price, at the right moment and produced in appropriate conditions of employment.

THE MEMBERS OF THE CLUSTERS



"Since the implantation of the local Inditex CSR team in India, significant progress has been observed in the level of compliance with the Code of Conduct in this country. The constant support of suppliers, together with the work of the internal purchasing and CSR teams, has enabled the conduct of actions in this regard.

In this way, the challenges in our cluster are constant, from the increase in the activities of CSR in the south of the country to the increase in the visibility of those workers who carry on their activities from their homes. In our performance, the contributions of the different interest groups will continue to have an incalculable value when guaranteeing that the initiatives of CSR are satisfactorily completed".

MAYANK KAUSHIK, Inditex RSC India

INTERNATIONAL LABOUR ORGANIZATION (ILO)

Founded in 1919, the International Labour Organization (ILO) is a specialised United Nations organization which is concerned with matters relating to employment and labour relations. It has a tripartite government, made up of the representatives of governments, trade unions and businesspeople. Currently it is made up of over 180 countries. In 1969, the ILO received the Nobel Peace Prize.

The ILO sanctions agreements which constitute international treaties which are obligatory for its members once they are ratified. Throughout its history, the ILO has promulgated 187 international agreements and 198 recommendations which may be consulted in the ILOLEX data base.

www.ilo.org

THE MAIN ACTIVITIES UNDERTAKEN IN THE CLUSTERS OF INDITEX SUPPLIERS DURING 2010

PORTUGAL

Suppliers	**124**
External manufacturers	**225**
Workers who make up the staff of the external manufacturers and manufacturers working for Inditex	**16,129**

- Training of social auditors in the *Tested to Wear* methodology.
- 87 initial audits.
- 78 monitoring audits.
- Signing of a collaboration agreement with the Portuguese Catholic University (Oporto) for the training of social auditors in Portugal.
- Project of implantation of social responsibility in textile and clothing companies in Portugal in collaboration with the University of Minho and the employers' organization of the textile sector, ANIVEC/APIV. The project includes the drawing up of management indicators to define the level of application of the CSR principles by a supplier.

TURKEY

Suppliers	**98**
External manufacturers	**235**
Workers who make up the staff of the external manufacturers and manufacturers working for Inditex	**49,955**

- Training of social auditors in the improvements made to the *Tested to Wear* methodology.
- 87 initial audits.
- 15 monitoring audits.
- Training for four suppliers and seventeen manufacturers on improvements in the facilities and checking of the sub-contracting processes among other points of the Code of Conduct.

INDIA

Suppliers	**133**
External manufacturers	**166**
Workers who make up the staff of the external manufacturers and manufacturers working for Inditex	**55,158**

- 193 initial audits.
- 103 monitoring audits.
- Training of the Inditex internal purchasing teams in India so as to involve suppliers in the monitoring programmes.
- Training for 76 suppliers on improvements in their facilities, the content of the Code of Conduct and checking of the sub-contracting processes.
- Participation in the working group *Brands Ethical Working Group* with other companies so as to avoid duplication of social audits in common suppliers and to favour collaboration in geographical areas where suppliers are shared.
- Signature of an agreement with the *National Institute of Fashion Technology* (NIFT) to incorporate new graduates in the CSR department for the development of specific programmes with manufacturers.

BANGLADESH

Suppliers	**60**
External manufacturers	**143**
Workers who make up the staff of the external manufacturers and manufacturers working for Inditex	**194,258**

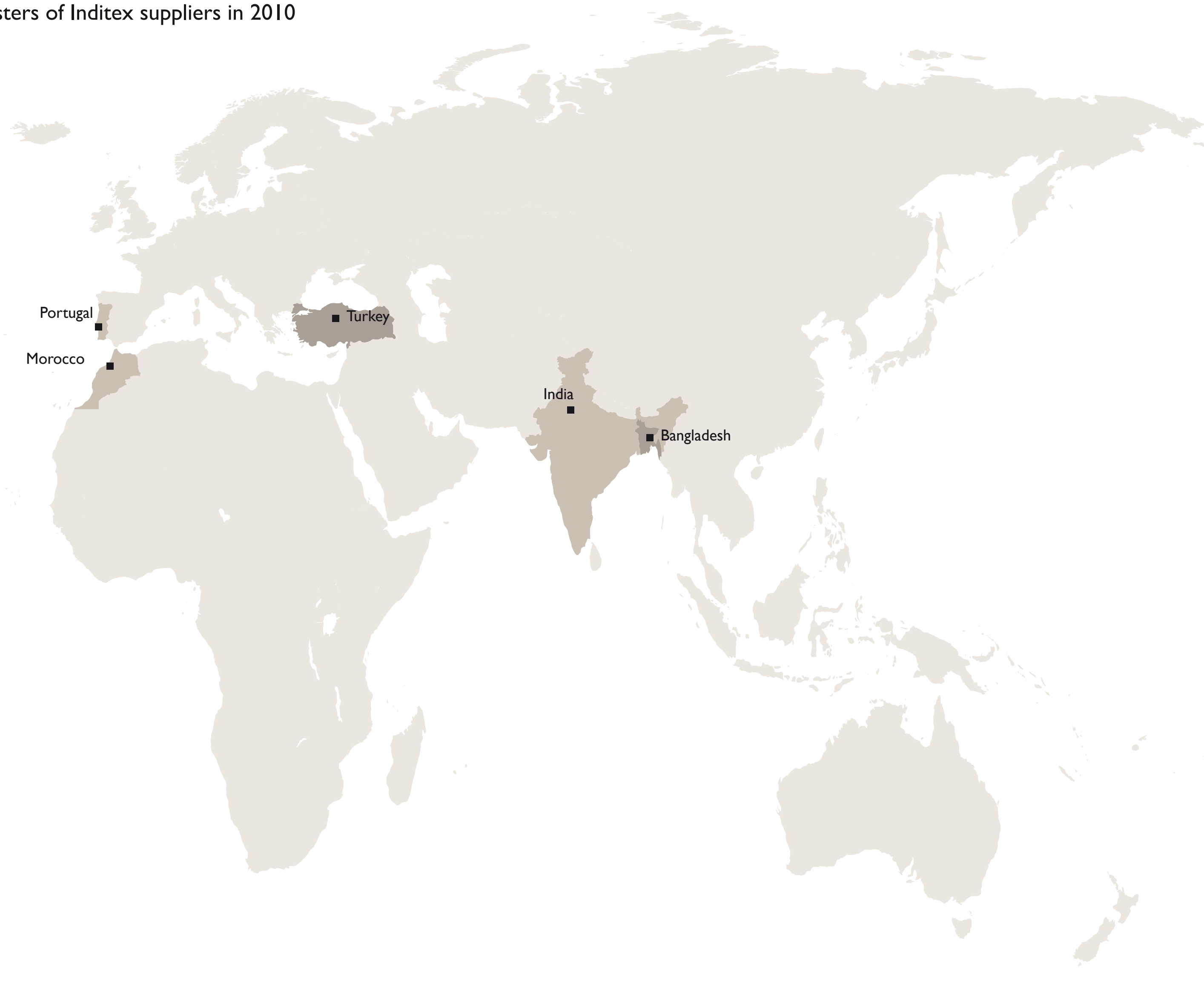
- 94 initial audits.
- 12 monitoring audits.
- Training of the Inditex internal purchasing teams in Bangladesh so as to involve their suppliers in the monitoring programmes.
- Training of the CSR team in Bangladesh on checking procedures and social audits with the *Tested To Wear* methodology.
- Sonargaon Project: A working plan to identify the totality of the value chain of the key suppliers in Bangladesh and to verify their degree of compliance with the Code of Conduct.
- Making of the payments corresponding to the year 2010 to the victims of Spectrum.
- SAQ *(Self Assessment Questionnaires)* Project: Programme developed jointly with the ITGLWF, BGMEA and the ILO to implant mature industrial relations among the workers and the management of the suppliers in Bangladesh.

MOROCCO

Suppliers	**103**
External manufacturers	**143**
Workers who make up the staff of the external manufacturers and manufacturers working for Inditex	**41,742**

- 53 initial audits.
- 48 monitoring audits.
- Preparation and execution of a working plan to identify the totality of the second production line of the suppliers in the north of Morocco and to verify their degree of compliance of the Code of Conduct.

Clusters of Inditex suppliers in 2010



2.
CSR WITH INSTITUTIONS

International Framework Agreement with the ITGLWF.

Long before the signature of the International Framework Agreement by ITGLWF and Inditex in 2007, the Group had already promoted, in close collaboration with the local union organizations, the development of the Human and Workplace Rights in different geographical scenarios where Inditex carried on its production activities. The signature of the International Framework Agreement showed that it was possible to overcome the old paradigms on which labour relations were based and confirmed that, only from the moment of joint action with the parties involved, it was possible to promote proper working conditions in the production chain. The Framework Agreement makes it possible to collaborate in such diverse spaces as:

- The resolution of employment conflicts in the manufacturers' workplaces.
- The creation of spaces of dialogue between workers and manufacturers for the promotion of mature industrial relations.
- Collaboration in platforms of international dialogue.
- The establishment of an International Professorship of Human and Employment Rights.

During the 2010 financial year, Inditex reinforced its relationships with the local trade union organizations, always aiming for the strengthening of the textile sector, profit for all the parties involved and sustainability in all the industrial processes.

On 27th October 2010, the Protocol of Action was signed in Brussels for the management of the Framework Agreement between ITGLWF and Inditex. At the signature, Patrick Itschert and Antonio Abril, from the ITGLWF and Inditex, respectively, were present. This protocol aims to be one more step in the efficient management of the activities to be carried out between the two parties as well as the specification of their responsibilities for proper operation. The agreement contemplates the designation of trade union experts from the ITGWLF in the geographical regions of Asia, Europe, Africa and America. They will be responsible for both the management of projects which are conducted over the next few years and for the mechanisms for taking a hand in those possible cases in which joint actions are required.

"From the beginning, we understood that if we wished to lead a real change for the workers we had to forge strong and innovative alliances with our principal interest groups. We have therefore been working jointly with the ITGLWF in a transparent manner to promote mature labour relations in the distribution chain".

PABLO ISLA, Vice-Chairman and Managing Director of Inditex

"2010 meant the consolidation of the Inditex International Framework Agreement with the ITGLWF, as has been made clear by the positive resolution of conflicts arising in the production chain and a new advance in its application through the protocol for its monitoring in the areas where the main suppliers are concentrated".

ISIDOR BOIX, ITGLWF

"Asking creative students to carry out fashion studies which bear in mind human rights and ethics in the distribution chain within a project of typical design challenges the limits of a fashion study plan".

PHILIP PLOWDEN, Dean of the University of Northumbria

In the 2010 financial year, joint actions have been undertaken at three manufacturers in the Inditex production chain for the protection of the free use of the principles of association and collective bargaining

	Cambodia		Turkey
	Factory 1	Factory 2	Factory 3
Date on which dispute started	25-09-2010	25-09-2010	25-6-2010
Date of joint intervention of ITGLWF/Inditex:	22-10-2010	22-10-2010	7-7-2010
Date on which dispute was settled	25-01-2011	25-01-2011	4-10-2010
GENERAL DETAILS			
Number of employees	6,790	2,541	515
Number of workers dismissed	19	26	133
PARTIES INVOLVED			
Management of the factory:	✓	✓	✓
Business Organization:	✓	✓	✓
Other international frameworks present at the negotiations	✓	✓	✓
Local organization of representatives of the workers	✓	✓	✓
ITGLWF:	✓	✓	✓
Other agents of the third sector	✓		
CONCLUSIONS REACHED			
Readmission of 100% of the dismissed workers	✓	✓	✓
Payment in full of workers' wages from the date of dismissal	✓	✓	✓
Start of a process of dialogue aimed at developing mature industrial relations between management and workers	✓	✓	✓
Adoption of written procedures about regulations, disciplinary processes and complaints in the workplace.	✓	✓	✓

The Inditex Ethical Fashion Chair - ITGLWF

The first joint initiative carried out by the ITGLWF and Inditex as part of the signature of the International Framework Agreement was the creation of the Professorship of Ethical Fashion at the University of Northumbria (Newcastle, United Kingdom) in 2008. The main objective of this chair is to raise awareness and promote Human and Employment Rights among fashion students, so that when they are designers and purchasers in the textile industry they have a proper knowledge of the activities related with the protection of the Employment Rights and all their implications in the industry. What is more, the Professorship of Ethical Fashion is also involved in:

- Promoting the practical improvements in the sector, inviting its different agents to take part (suppliers, brands, workers' representatives and academics).
- Working for the creation of university networks and professorships of CSR in the suppliers' clusters (India, Bangladesh, Spain and Portugal).
- Summoning experts for the improvement of the methodologies which are used for the implantation of the Codes of Conduct.
- Carrying out specific studies which promote a better knowledge of such aspects as migrant workers, eradication of child labour, improvements in productivity, etc.
- Carrying out projects and activities involving the university and the company: Project Jute Dutti.

During the 2010-2011 academic year, over 500 students have registered for the course.

"The Professorship devoted to the rights of workers in the world of fashion, which I am very proud to preside over, means for me an indication that Inditex, through its cooperation with a global trade union and a leading university, has understood that its expectations in the long term are closely linked with the wellbeing of society as a whole.

The existence of this Professorship at one of the main fashion schools in the world must be seen as a very daring strategy which will lead to being able to count on not only designers, buying teams and fashion communicators of great talent, but also graduates committed to changing the way in which the fashion business is run and governed".

DOUGLAS MILLER, Chair of Inditex Ethical Fashion at Northumbria University

Dialogue Platforms

Dialogue platforms are an efficient tool for collective action and for formulating policies that promote and protect Basic Human and Employment Rights. In the dialogue platforms, working groups are developed which are made up of the leading companies, business organizations, trade union organizations both at the local and the international level, as well as representatives of the third sector with the desire to pool their strategies in the matter of compliance with the Code of Conduct or the health and safety of the product. They are forums where work is done to incorporate sustainability in the strategic plans of companies, as well as for designing joint responses to common realities that the entire sector is facing.

Inditex is participating in the most important dialogue platforms in its sector. Thanks to the debate which is taking place in these platforms, the common activities between Inditex and its stakeholders have been reinforced in order to achieve a long-term relationship with them, based on mutual trust.

The following are some of the dialogue platforms in which Inditex has participated most actively in 2010:

ETHICAL TRADING INITIATIVE

The *Ethical Trading Initiative* (ETI) is one of the most innovative and active bodies in the framework of CSR. With its headquarters in London, it brings together a range of parties involved with the desire to be a catalyst of experience for the promotion of good practices in the implementation of the Codes of Conduct of its members.

ETI was set up in 1998 and its main added value is the desire to bring together the following at a single table:

- International brands
- Distributors
- Worker representative organizations
- Civil society represented by the NGOs, international experts in labour relations

ETI is an excellent space for dialogue where strategies and collaborations can be discussed by the members. Starting from the working groups which are held within it, solutions and practical tools are offered to the new challenges that globalisation and the production chains pose.

The eighty members of ETI (56 corporations, nine organizations of workers' representatives and fifteen NGOs for development) adopt the so-called Base Code as a reference in their individual codes of conduct.

Main working groups organized during 2010 in the framework of the ETI:

- Promotion and strengthening of decent work.
- Sustainable purchasing practices in the member companies.
- Rationalisation of home-produced work within the value chain in India.
- Promotion of policies related to the suppression of forced labour.
- Development of actions related to the responsible purchase of raw cotton.

SPANISH GROUP OF TEXTILE SAFETY STANDARDISATION

Inditex has contributed its experience in product safety, as well as material for the conduct of inter-laboratory tests, to the working group AEN/CTN 40/GT 8 "Safety of children's wear". This group was created with the objective of preparing a body of regulations to govern the physical parameters and dimension restrictions of children's garments, minimising in this way any kind of risk present in the final product.

AENOR, as the Spanish standardisation body, is a member of the European Standardisation Committee (CEN) whose aim is to harmonise regulations in all the member states of the European Union. The CEN has thus created the working group CEN/TC248/WG20 "Safety of Children´s Garments" with the aim of analysing the European directive 2001/95/EC which sets down the obligation that all products put on the market should be safe and should likewise provide information about how safety should be evaluated.

Inditex has played its part in this working group, contributing the experience gained over the last few years and generating a multidisciplinary dialogue with the aim of reaching a consensus on the future regulation of safety in children's garments.

BETTER WORK PROGRAMME OF THE ILO

The *Better Work* programme is one of the most ambitious projects carried out by the ILO since 2007, and Inditex has been taking part since the beginning together with other leading companies in the sector. The ILO developed this programme, in collaboration with the World Bank, with the objective of increasing competitiveness in developing countries through the promotion of Fundamental Employment Standards.

Currently, Cambodia, Vietnam, Jordan and Lesotho are the four countries which are actively developing the *Better Work* programme. Over the next few years, this programme will be extended to a wider group of countries which are now at the stage of being studied by the ILO. In order to achieve its objectives, the programme aims to reinforce alliances between multinational corporations so as to:

- Avoid overlapping of social audits thanks to the use of a common methodology guaranteed by the ILO.

- Training specialist consultants in the implementation of objective improvements in factories.

- Creating a tool where all multinational companies which are involved in the programme can consult the results of social audits.

- Organize meetings between the parties involved in order to get to know the best practices in the sector and to propose improvement in national legislation.

- Offer training to the manufacturers so they can increase their productivity.

- Train the representatives of the local workers about the rights and responsibilities involved in their jobs.

The *Better Work* programme has its origin in the *Better Factories* programme, which was created in Cambodia in 2007 as a space for collaboration between brands. *Better Factories* continues to be active and its main mission is to train workers in the factories on their rights and duties.

THE GLOBAL COMPACT OF THE UNITED NATIONS.

The Global Compact is an instrument of the United Nations (UN) announced at the Davos Forum in 1999 to promote social dialogue which enables the interests of companies to be reconciled with the values and demands of civil society, UN projects, trade unions and NGOs, on the basis of ten principles.

Since the moment that Inditex joined the Global Compact in 2001, it has continued to advance in the implantation of the ten principles, facilitating the tools necessary for the harmonious exercise of a wide concept of development based on the promotion and defence of the Human, Social and Labour Rights of our stakeholders. The fruit of this commitment is that in 2010 Inditex joined the *UN Global Compact Advisory Group on Supply Chain Sustainability,* which brings together companies from different sectors to pool the best practices in sustainable management of production chains, and also to facilitate the possibility of interacting and sharing experience.

AMERICAN APPAREL & FOOTWEAR ASSOCIATION

In 2010, Inditex was an active partner in the meetings of the *American Apparel & Footwear Association (*AAFA), an association with its headquarters in the United States which brings together the manufacturers of textile products and footwear with the aim of promoting and improving the productivity and competitiveness of its members as well as profitability in the international market.

Among its powers, the AAFA organizes working groups with the most significant companies in the textile sector to improve the regulation of chemical substances in the production chains, promoting uniformity of lists of restricted substances for different companies and brands.

Ethics committee

The Inditex Ethics Committee, set up in 2006, is the body responsible for ensuring the proper fulfilment of the Internal Directive of Responsible Practices of the Staff of Inditex and guaranteeing its fulfilment from the reception, handling and decision on the complaints of workers which might be derived from non-ethical acts. It is made up of the General Secretary and Secretary of the Board, Antonio Abril; the Corporate Social Responsibility Manager, Félix Poza; and the Human Resources Manager, Begoña López-Cano. Among its main tasks, the most important are:

- Receiving of questions and proposals related to the application of the Directive by any employee who is properly identified or, exceptionally, by means of an anonymous complaint made in good faith.

- Handling cases related to the application of the Directive and resolution of the said cases.

The Ethics Committee is attached to the Board of Directors, through the Audit and Control Committee, which annually writes a report about the correct application of the Directive as well as of the activities carried out. In the 2010 financial year, all six complaints presented by Inditex employees to the Ethics Committee were satisfactorily resolved.

Sustainability indexes

Inditex has remained on the sustainability indexes, *FTSE4Good* and *Dow Jones Sustainability Indexes* for the ninth and eighth consecutive year respectively.

FTSE4Good is a stock exchange sustainability index that includes the most committed multinational companies in the field of corporate responsibility. This index evaluates the social responsibility of its listed companies in accordance mainly with their activities related to sustainable development and respect for Human Rights. Twice yearly, the *FTSE4Good Policy Committee* reviews the behaviour of the companies that are members in the matter of sustainability, basing themselves on an exhaustive questionnaire worked out by the *Ethical Investment Research Service*, as well as on the data that the companies and other sources of information publish. Inditex has been a member of this index since 2002.

Dow Jones Sustainability Indexes are a family of stock exchange indexes in which the actions of the participating companies in the matter of sustainability, corporate responsibility and the ecological dimensions are reflected. As a prerequisite for entry, and for subsequent listing on the above-mentioned indexes, the participants must undergo a rigorous analysis and selection process led by an independent external agency. This analysis evaluates the quality of management at companies in areas related to corporate governance, risk management and branding, employment practices and environmental actions, among others. Inditex has been a member of these indexes since 2003.

Result obtained by Inditex in the most recent Dow Jones Sustainability Index evaluations

	2010		2009	
	Inditex score (%)	Average score (%)	Inditex score (%)	Average score (%)
TOTAL	**76**	**45**	**72**	**47**
DIMENSIONS STUDIED				
ECONOMIC	66	45	60	53
ENVIRONMENTAL	89	41	90	38
SOCIAL	78	47	74	45
SOCIAL DIMENSION				
CRITERIA				
EMPLOYMENT PRACTICES	74	61	77	56
DEVELOPMENT OF HUMAN CAPITAL	55	29	52	29
GAINING AND RETAINING TALENT	60	36	60	35
PHILANTHROPY	86	27	74	35
COMPANY REPORT	56	40	48	37
STANDARDS FOR SUPPLIERS	99	61	99	62
COMMITMENT WITH INTEREST GROUPS	100	55	87	50

The Inditex Social Council

The Social Council is the Inditex external advisory organ in the matter of Corporate Social Responsibility and Sustainability. It was set up in 2002 as an instrument to encourage, propose and arbitrate proposals from interest groups involved in its business. It is made up of persons and representatives of outside and independent institutions of prestige. Its main function is to formalise and institutionalise the continuous dialogue with those parties involved and interlocutors who are considered to be key in civil society, most especially in the geographical scenarios where Inditex develops its business model, whether through activities of manufacture, distribution or sale. The members of the Council have been characterised since its creation by a high degree of knowledge and involvement with the CSR strategy of Inditex and by total independence with regard to its business interests.

Inditex orients its corporate strategy towards full and sustainable approaches which reconcile its activity with formulas of dialogue in all spheres of its activity and with all the agents involved in it.

Inditex Social Council members

Alfred Vernis	ESADE BUSINESS SCHOOL
Ezequiel Reficco	UNIVERSITY OF THE ANDES
Víctor Viñuales	FUNDACIÓN ECOLOGÍA Y DESARROLLO
Adela Cortina	UNIVERSITY OF VALENCIA.
Cecilia Plañiol	EX-CHAIRWOMAN OF THE FUNDACIÓN ESPAÑOLA CONTRA EL CÁNCER

Inditex Social Council Duties

- To propose and encourage the development of policies of sustainability by the parties involved.
- To give advice on interpreting and applying the Code of Conduct and proposing new mechanisms of control which guarantee fulfilment in all the production chain.
- To have an effect on the strategies to be carried out by the CSR department in the fulfilment of Human and Employment Rights as well as the sustainability strategy of the Group.
- To facilitate dialogue and cooperation between civil society and Inditex.
- To promote methods of disseminating the Code of Conduct to each of the parties involved.

Meetings held in 2010

Date held	Venue	% of members present at the meeting
13- 12-2010	INDITEX HEADQUARTERS	60

3.
CSR WITH CUSTOMERS

Health and safety of the product

The Inditex product policy guarantees that all the articles that it markets do not **involve** risks to the health and safety of the user. For this purpose, it encourages technological innovations in this field which it shares with all the external manufacturers and suppliers which make up its production chain. These innovations have led to the creation and implantation of two internal standards that are obligatory for all suppliers in the field of customer health and safety.

Tested to Wear, Safe to Wear and *Clear to Wear* form part of the Inditex Corporate DNA, which means that all these actions of the company and of its involved parties are conducted with an ethical point of view and all the products marketed by the group are harmless and safe for the customer.

The development of tools which guarantee proper protection of health and safety of the garments occupies a significant place in the Inditex sustainability strategy. This strategy is based on integrating all the agents in the value chain who participate in production, including designers, internal purchasing teams, suppliers, manufacturers, supervising bodies and the CSR department. Inditex's motto is that a safe product begins with responsible design and ends with a correct marketing procedure.

The standards *Clear to Wear* and *Safe to Wear*, which were created in 2006 in collaboration with the University of Santiago de Compostela (Spain) are obligatory for all the Group suppliers and are in constant evolution and updating given that they are adapted to the most demanding legislation in matters of health and safety. In order to achieve this permanent updating, Inditex always looks for the formulation of initiatives of improvement in the processes, procedures and products, based on such tools as:

- The establishment of working groups in relevant aspects of *Clear to Wear* and *Safe to Wear.*
- The dialogue with the suppliers and manufacturers for a proper fulfilment of the limits set down in the standards as well as the replacement of those processes which are incompatible with them.

Since the implantation of the *Clear to Wear* and *Safe to Wear* standards in the year 2007, the CSR department has been gaining experience in the adaptation of regulations and procedures which guarantee the safety and health of the customer. As a result of this, in the 2010 financial year, the following advances took place:

- Over 70,000 chemical analyses.
- 116% increase in the number of external analytical supervisors.
- Extending to 100% of our manufacturers the implementation of analytical procedures and procedures to manage supervision of compliance with CPSIA (USA) and with the Self Regulatory Safety Confirmation Act and Safety Quality Mark Act (South Korea).
- Signing of the collaboration agreement with the University of Dhaka for the implementation of a framework of product health and safety *(Pin Standard Project)* for suppliers in Bangladesh.
- Design and implementation of a protocol of our own for supervision of accredited external laboratories.
- Implementation of protocols of safety and health protection of clients for shoes, accessories and garments made of organic cotton.
- Creation of tools for statistical analysis so as to optimise the implementation and fulfilment of our own standards and specific regulations.
- Design of procedures for chemical analysis and checks which are more rigorous, rapid and precise than those previously available.
- Design and application of the control guide of arylamines.

CLEAR TO WEAR: PRODUCT HEALTHY STANDARD

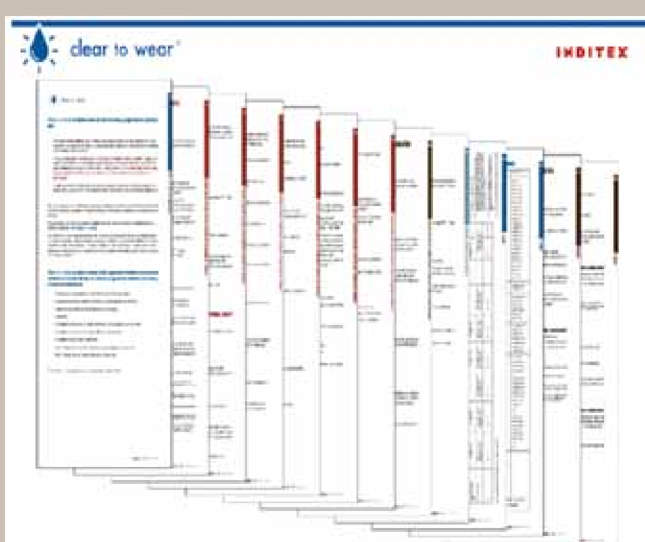
The Inditex product healthy standard is of general and obligatory application for all those products including clothing, footwear, accessories, complements and textiles. With this standard, Inditex seeks the elimination or regulation of the use of those substances of legally limited use which, if they are present in the product above certain levels, might be harmful to health.

Clear to Wear collects four kinds of provisions applicable to all the suppliers related with the regulation of:

- Substances of legally limited use: Formaldehyde, arylamines, phenols, cadmium, lead, mercury, chromium, chromium (VI), nickel, phthalates, fire resistant polybrominates, pesticides, chlorinated short-chain paraffins, perfluorooctane sulfonates (PFOS), dimethyl fumarate (DMF), organostannic compounds and dyes linked to allergic reactions.
- Substances not set out in any current legislation, but which might give rise to health problems: organochloride and isocyanate compounds.
- Legally limited parameters: pH, composition and solidities.
- Provisions of European regulations*, Registration, Evaluation, Authorization and Restriction of Chemicals (REACH).*

Reference manual Clear to Wear

With the objective of making the *Clear to Wear* standard as accessible as possible to suppliers, the implantation guides of CTW have been created which include the definitions of the chemical substances, their industrial applications and the negative repercussions of their use in the process of textile manufacture, the updated international regulations of the chemical substances and the best practices of the sector.



SAFE TO WEAR: PRODUCT SAFETY STANDARD

The Inditex product safety standard is of general and obligatory application for all products. Drawn up in accordance with the most restrictive and updated legislation, *Safe to Wear* is designed so as to prevent the articles marketed by Inditex from presenting problems for the physical safety of the customer. In *Safe to Wear* the elements of design and clothing manufacture related with the following are regulated and controlled:

- Laces and cords in clothing for those younger than fourteen years.
- Small pieces that can be separated and those which cannot be separated (dimensions and strength) in clothing for those younger than three years.
- Objects with pointed/sharp edges.
- Metallic contamination from the manufacturing process (broken needles, mainly).
- Inflammability of clothing.

Reference manual Safe to Wear

"Any standard of product health and safety must be in a continuous process of evolution and improvement in order to be useful and effective. Our collaboration with Inditex in this field requires us to do research and innovate in numerous fields so as to be able to supply valid solutions adapted to the business model of a company which is a world leader in its sector".

JAVIER SARDINA, University of Santiago de Compostela

Implementation protocols and compliance with specific regulations

The awareness of the aspects related to health and safety of consumer products has led several countries to adopt legislation in this matter. This is the case of the *Consumer Product Safety Improvement Act (CPSIA)* in the United States, or the *Self Regulatory Safety Confirmation Act & Safety Quality Mark Act (Korean Certification, KC Mark)* in South Korea, among others.

In order to carry out the proper fulfilment of the demands collected in these new laws and to help suppliers with the processes of compliance, Inditex has developed some implementation protocols.

IMPLEMENTATION PROTOCOL OF THE CPSIA

Consumer Product Safety Improvement Act (CPSIA) regulates the safety of the consumer products aimed at children under fourteen in the United States. It involves the conduct of tests, obtaining certificates of compliance and the establishment of more restrictive levels in the use of certain chemicals.

Following these regulations, the Inditex department of CSR has started up a programme of actions devoted to certifying that all the products that are distributed in the United States comply with the requirements demanded by *CPSIA*. Furthermore, a protocol of supervision and auditing of the specific procedures used by the external laboratories accredited by the *Consumer Product Safety Commision* of the United States to ensure compliance with the *CPSIA* has been developed.

IMPLEMENTATION PROTOCOL OF THE KC MARK.

During 2010, the Ministry for the Knowledge Economy of South Korea implanted a new obligatory emblem for certification of health and safety for all products distributed in this country, the *Self Regulatory Safety Confirmation Act & Safety Quality Mark Act (KC Mark)*. The aspects of safety and the levels of chemical substances fixed by this legislation were found to be already included in the *Clear to Wear* and *Safe to Wear* standards 2010.

With the desire to help suppliers to adapt to the requirements of the *KC Mark* certification, Inditex has developed and implanted the sampling procedures set down in the legislation for the articles which enter the Korean market. These sampling procedures have been carried out with the participation of technological collaborators, manufacturers and local external laboratories (University of Santiago de Compostela, Korea Apparel Testing & Research Institute and FITI Testing & Research Institute, respectively).

POLICY IN RELATION TO FUR PRODUCTS

Since 2002, Inditex has been applying measures which regulate the use of animal skins in the products that it markets, in accordance with the social demands for protection of the rights of animals, which include the prohibition of the use of *fur* in the products that it markets. These measures are developed by the internal purchasing teams in collaboration with NGOs devoted to the protection of animals and the environment.

This policy requires that fur in the products that Inditex sells must come from animals raised on farms for human food consumption and, under no circumstances, from animals killed exclusively to sell their fur.

PIN STANDARD PROJECT

The *Pin Standard Project* constitutes a project for the implantation of a framework of health and safety for the textile industry in Bangladesh and arose in 2010 after the signature of a collaboration agreement between Inditex, the Bengali textile employers' association, BGMEA, the University of Dhaka (Bangladesh) and the University of Santiago de Compostela (Spain). The objective of the agreement is to promote more sustainable and effective manufacturing practices among manufacturers and suppliers in Bangladesh. With this agreement, Inditex aims to promote the training of students in all aspects related with the implantation and supervision of its product health and safety standards.

IMPLEMENTATION INDICATORS

Programmes of external training for teams from the external laboratories accredited by Inditex

	2010	2009	2008	2007
NO. ATTENDING	64	14	6	-

Programmes of external training for Inditex suppliers

	2010	2009	2008	2007
NO. OF SUPPLIERS	117	250	128	190

Programmes of training for Inditex sales teams

	2010	2009	2008	2007
NO. ATTENDING	110	220	350	70

4.
CSR WITH SOCIETY

Inditex's desire to carry on its business activity in a socially responsible framework has been present in the Group from its origins. The formalisation of this commitment was consolidated in February 2001, the moment when the Board of Directors approved the Inditex internal Code of Conduct with the aim of guaranteeing the development of a strategy of CSR linked to the business model. As is set down in the Code of Conduct in the section on society, Inditex undertakes to collaborate with local, national and international communities in which its business is conducted.

For this purpose, Inditex is carrying on its strategy of social investment in collaboration with bodies from the third sector with which it is starting up initiatives through the following lines of action:

- Community Development Programmes
- Monitoring programmes
- Emergency programmes
- Network of universities
- for&from *programme*
- Sponsorship and patronage

In the 2010 financial year, the following activities of social investment were the most important:

- Beginning of programmes of community development in Mexico.
- Beginning of medical and humanitarian monitoring programmes in India.
- Emergency intervention in floods in Colombia.
- Promotion of higher education support programmes.
- Inauguration of two new for&from *spaces* in Allariz and Elche.
- Consolidation of the programmes of community development in Latin America and Asia.
- Consolidation of the monitoring programmes in Africa and Asia.
- Design and implementation of impact indicators for the optimisation of the management of investments in the community.

A programme of global social investment which directly benefits over 500,000 people

Geographical distribution of Inditex' social investment.

Community development programmes

The purpose of these programmes is to improve the standard of living of the people and their environment through training and the generation of opportunities. Under this modality, Inditex develops projects in the sphere of collaboration with not-for-profit organisations such as the Entreculturas Foundation and Cáritas and their partners in each country, which prioritise the following lines of cooperation with development:

- **Universalization of education**: Extension of the educational cover through the construction, refurbishment and equipping of educational spaces for disadvantaged populations.
- **Improvement in educational quality**: Access to decent, quality education for vulnerable groups through projects which permit the training of teachers and the adaptation of their training plans.
- **Training for work**: Equipment of educational centres which facilitate the development of technical abilities enabling the students to gain access to a decent job.
- **Social promotion**: Encouragement of social participation through support for association and projects of community cohesion.

During 2010, the projects corresponding to the 2007-2009 Programme were completed and the new programme for 2010-2012 in Latin America was initiated.

Main results achieved by country in the framework of the 2007-2009 Programme

ARGENTINA
Projects conducted with Entreculturas-Fe y Alegría

The programmes are centred on professional training for 920 students so they can obtain jobs, training for sixty students from disadvantaged backgrounds for reinsertion in the formal educational system and educational cycles on inclusion and emotion for 4,000 pupils.

BRAZIL
Entreculturas-Fe y Alegría

Construction and equipping of three educational centres which benefit 840 children and young people, offering them an education which guarantees them their inclusion in society and which permits them to increase the options of access to higher education.

CENTRAL AMERICA
Entreculturas-Fe y Alegría

Support for the personal and professional development of 820 teachers, with effects on the improvement of their quality of life and their educational work.

PERU
Entreculturas - Development Office and Procura

Improvement in the quality of life of 65,000 young people, through training in basic, technological and university education.

CHILE
Entreculturas - Fe y Alegría

Training of 2,000 pupils in technical and professional education for the improvement of their possibilities of inclusion in the labour market.

INTERNATIONAL FEDERATION OF FE Y ALEGRÍA PROJECT
Entreculturas 17 countries

Training for four hundred persons belonging to the Fe y Alegría teams on strategic planning and project management.

VENEZUELA
Entreculturas - Fe y Alegría

Access for over 3,000 young people to accredited technical education, who become involved in productive activities for the community.

VENEZUELA
Entreculturas - Fundación Centro Gumilla

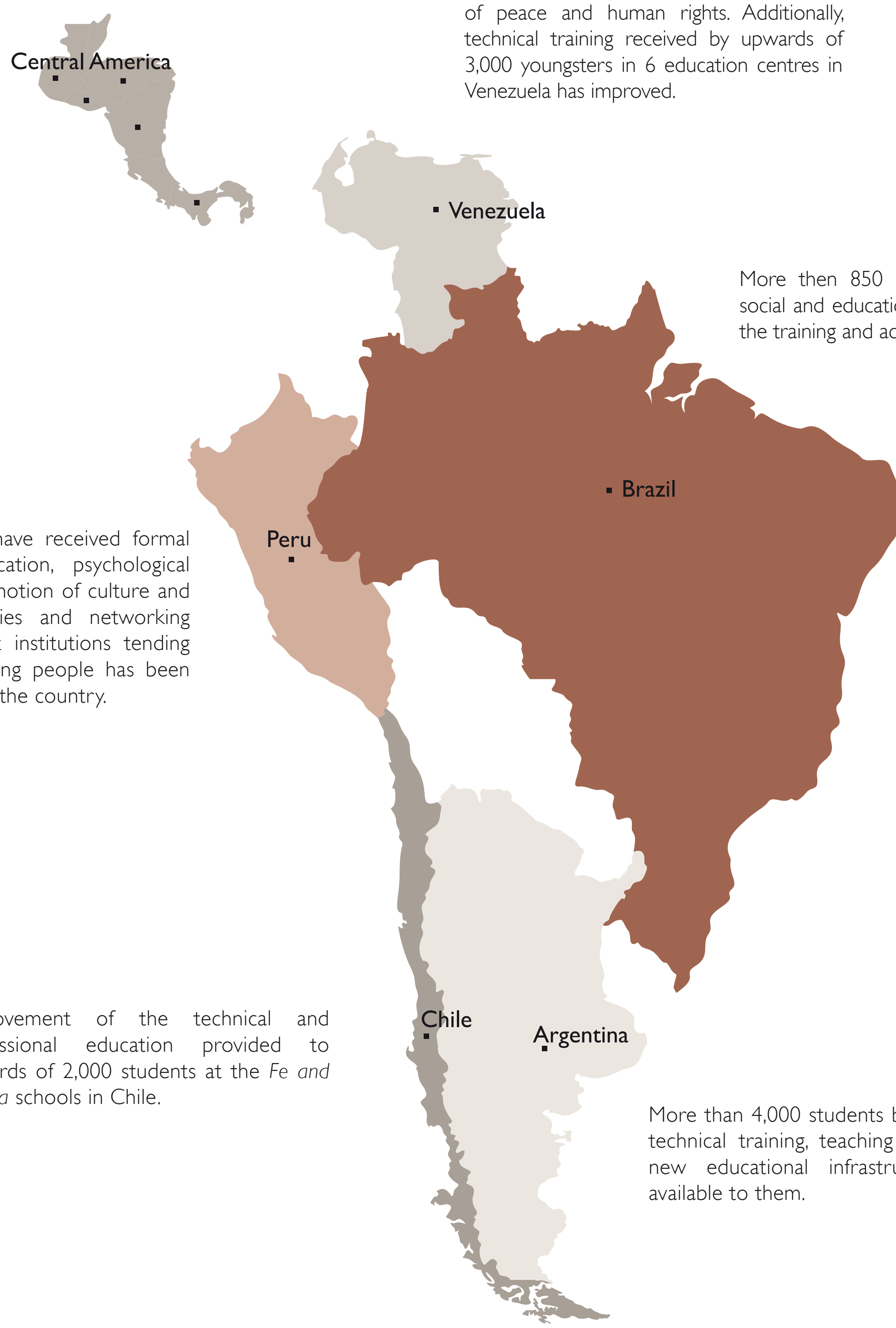
Development of a programme for improvement of associative capacities, optimisation of educational processes and encouragement of the participation of vulnerable groups.

During 2010, Inditex and Entreculturas jointly designed a new mechanism for monitoring and continuous reporting on the execution of projects. This tool is based on the selection of some key indicators starting with the definition of goals and the subsequent review of the degree of fulfilment of the planned objectives. A system with more than 20 key indicators was defined (number of training hours; individuals monitored and meetings organised, inter alia) to gather quarterly information and thus review the degree of progress per project, country and program.

Indicators of development in Latin America corresponding to results of the 2007-2009 programme carried out in 2010

800 teachers received training, medical care and access to credits to improve their quality of life.

Expectations were exceeded in respect of the educational work for the defence of peace and human rights. Additionally, technical training received by upwards of 3,000 youngsters in 6 education centres in Venezuela has improved.



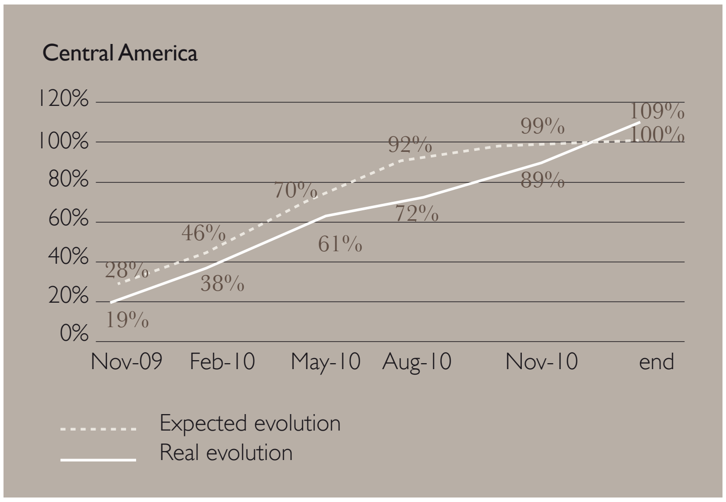
More then 850 children profit from the social and education centres built and from the training and activities offered therein.

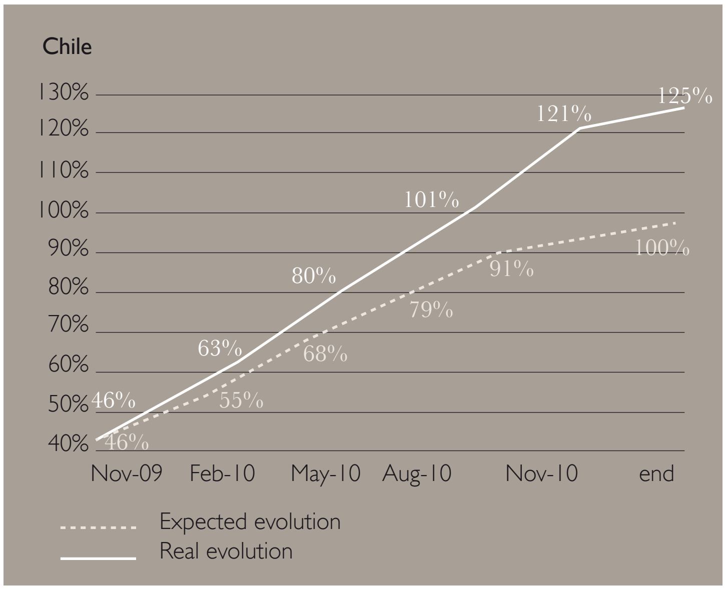
80,000 youngsters have received formal and technical education, psychological and social care, promotion of culture and sport-related activities and networking among the different institutions tending to children and young people has been fostered throughout the country.

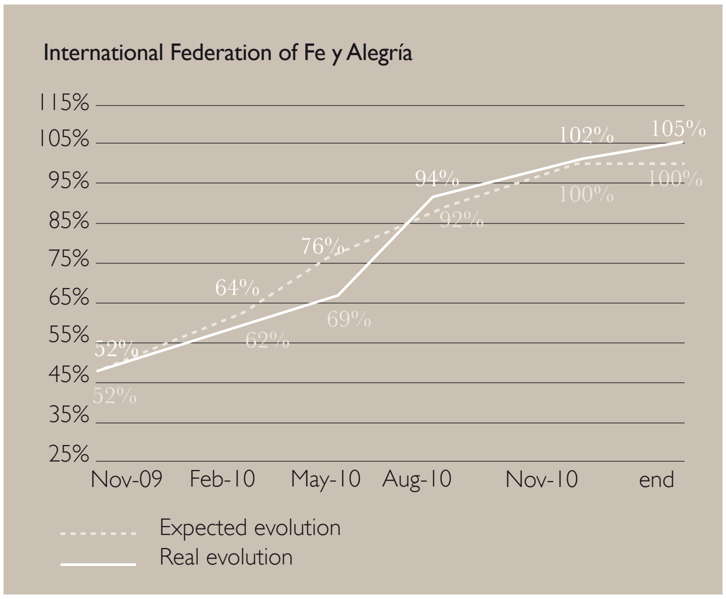
Improvement of the technical and professional education provided to upwards of 2,000 students at the *Fe and Alegría* schools in Chile.

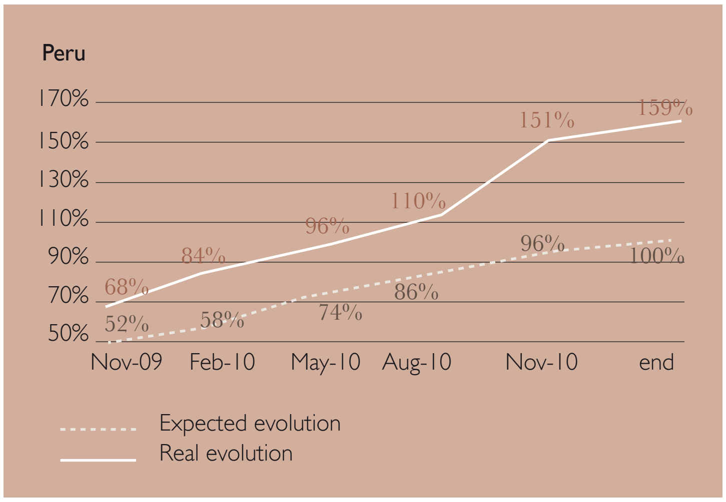
More than 4,000 students benefited from technical training, teaching support with new educational infrastructures made available to them.

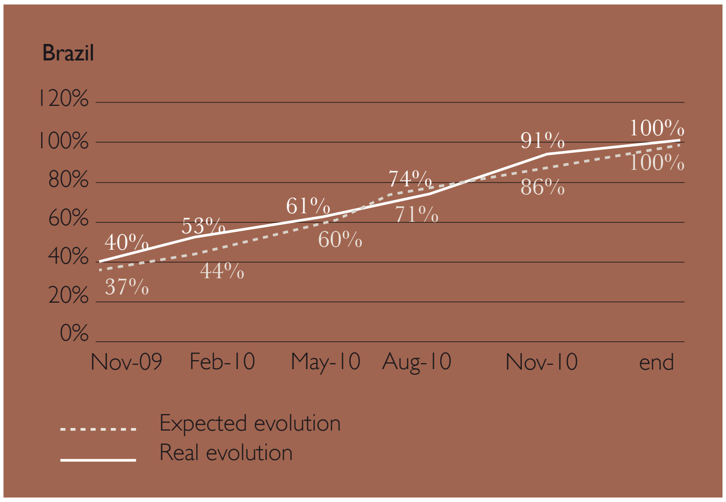
These graphs show, in relative values, and taking into account the weighting of each indicator, an evolution of projects by country.

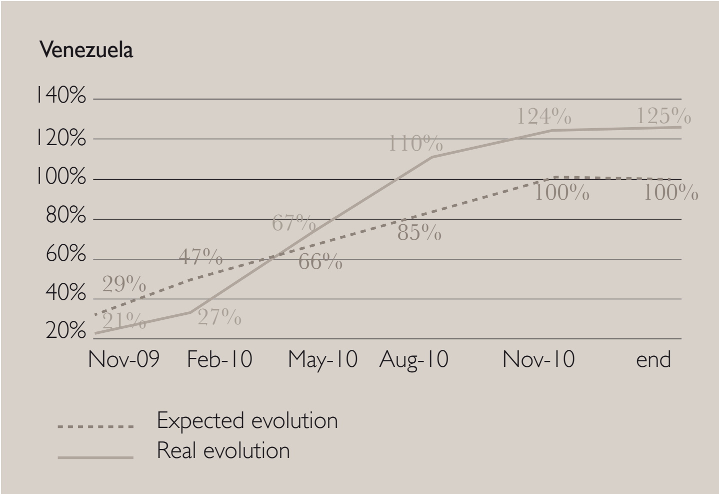


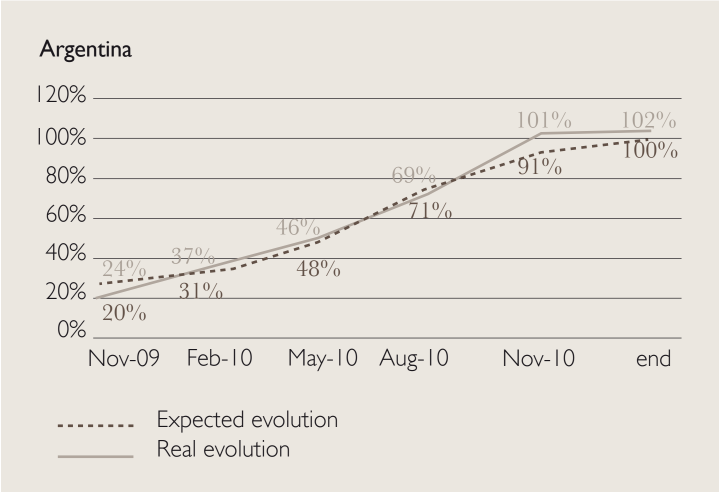












Main projects by geographical area of the 2010-2012 programme:

Argentina

Entreculturas - Fe y Alegría

Project: Integral training for the improvement of educational quality in eleven educational centres belonging to Fe y Alegría Argentina.
Duration: 36 months
Beneficiaries 2010: 1,947

Results expected:
- Equipping of two centres for vocational training and two centres for social development for 150 pupils.
- Improvement in the quality of the management of eight educational centres through the provision of administrative tools for their management teams.
- Participation of 40 pupils in activities of promotion of a range of school materials.

Brazil

Entreculturas - Fe y Alegría

Project 1: Improvement in the educational quality of the educational centrres of Fe y Alegría in Brazil.
Duration: 36 months
Beneficiaries 2010: 1,313

Results expected:
- Design and implantation of a specific training plan for educators and managers.

Project 2: Construction of a social network in support of Fe y Alegría Brazil for the defence of the rights of children and young people in Natal.
Duration: 36 months
Beneficiaries 2010: 250

Results expected:
- Building and equipping an educational centre with capacity for 600 persons.

Project 3: Promotion of educational, cultural, artistic and productive activities for 1,200 children and adults in Ilhéus.
Duration: 36 months
Beneficiaries 2010: 400

Results expected:
- Execution of 40% of the work of extension of a cultural centre to increase the teaching options for children and adults.
- Development of training and cultural workshops on citizenship, rights and gender for 85 beneficiaries.
- Activities for the generation of economic resources.

Chile

Entreculturas - Fe y Alegría

Project: Programme of educational quality and employability for 12,211 pupils in a situation of vulnerability.
Duration: 36 months

Results expected:
- Participation of 40% of the pupils in training activities.
- Evaluation of 90% of the pupils in technical training.

International Federation of Fe y Alegría

Entreculturas - Fe y Alegría

Project: Phase III of the programme of institutional management of the International Federation of Fe y Alegría
Duration: 36 months
Beneficiaries 2010: 116

Results expected:
- Training of 30% of the staff devoted to projects and administration for the computerised management of projects.
- Preparation of a computer application of financial management and administration.

Peru

Peru Development Office and Procura

Project 1: Improvement of the capacities and technical abilities of teachers oriented to the work of the pupils from 54 educational institutions belonging to Fe y Alegría.
Duration: 36 months
Beneficiaries 2010: 136

Results expected:
- Improvements in the capacities of 300 teachers in technical training.
- Execution of 40 productive projects with students from 54 educational institutions.
- Increase of 20% in the participation of the teaching staff in the local networks for the promotion of productive management.

Project 2: Promotion of local opportunities for children and young people at risk.
Duration: 36 months
Beneficiaries 2010: 4,000

Results expected:
- Incorporation of strategies in favour of minors at risk on the part of a local and national institution.
- Participation of 435 children and adolescents in networks for access to education, the development of their capacities and social abilities, as well as attention to their psychological, social and legal needs.
- Incorporation of management tools and monitoring for the improvement of impact.

Project 3: Improvement in the educational quality of the methods and learning techniques in the educational centres belonging to the OECD educational network.
Duration: 36 months
Beneficiaries 2010: 16,667

Results expected:
- Training of 440 teachers in methods of learning for the improvement in the academic performance of the students.
- Training of 18,000 parents in educational tasks for support to the training development of their children.
- Implementation of a technical and professional education for the development of specialisation in carpentry, computing and agriculture and fishing.

Project 4: Expansion and improvement of the quality of the educational, health and social organizational promotion services.
Duration: 36 months
Beneficiaries 2010: 11,395

Results expected:
- Reduction in the rate of abandonment of students to 14%.
- Implantation of two new technical specialisations at a centre of vocational education for the improvement of their possibilities of inclusion in the labour market.
- Access to quality medical attention for 884 patients.

Peru

Development Office and Procura

Project 5: Preparation of a consensual discourse on justice in Peruvian society.
Duration: 36 months
Beneficiaries 2010: 408

Results expected:
- Improvement in the information flow between centres, works and social programmes through the sending of news to the social centres.
- Participation of the work from the social sector in two spaces of reflection on social justice.

Project 6: Beginning and consolidation of a service of attention to migrants at the northern and southern frontiers of Peru.
Duration: 36 months
Beneficiaries 2010: 175

Results expected:
- Publication of eight reports on activities with migrants at two frontier areas.
- Preparation of a data base of migrants attended to so as to study the situation of human rights in this population at the northern and southern frontiers.
- Forming a team for monitoring migrants.
- Awareness in matters of migration through the publication of news sheets.

Uruguay

Entreculturas - Fe y Alegría

Project: Integral training for 2,000 children and their families in the departments of Montevideo and Canelones.
Duration: 36 months
Beneficiaries 2010: 725

Results expected:
- Preparation of eleven projects of improvement of educational centres for the optimisation of educational quality and the increase in years of attendance and results of the students.
- Participation of 290 children in six educational centres in such activities as: training of leaders, educational reinforcement, abilities for life, etc.
- Conduct of workshops of technical training and professional development for families.

Venezuela

Entreculturas - Fe y Alegría

Project 1: Education and systems of improvement in Fe y Alegría Venezuela.
Duration: 36 months
Beneficiaries 2010: 1,864

Results expected:
- Training of 5,593 teachers from 93 schools for the improvement of educational quality of the schools and the increase of opportunities for the most impoverished sectors.

Venezuela

Entrecultura-Fe y Alegría

Project 2: Pilot proposal for technical training of labour competence and implementation of strategies for the insertion into the workplace of young people from the states of Anzoátegui and Mérida.
Duration: 24 months
Beneficiaries 2010: 2.096

Results expected:
- Improving conditions of access to technical education for students.
- Preparation of an economic diagnosis of each educational centre and of the need for potential sources of employment.
- Training of sixty teachers in education for work and development of productive educational projects.
- Establishment of an office of labour counselling in support of students in technical training.

Project 3: Strengthening of the capacities for the promotion of local development and social co-existence.
Duration: 30 months
Beneficiaries 2010: 1,127

Results expected:
- Awareness-raising among leaders of community organizations.
- Holding of training seminars on good governance.
- Development of regional and national meetings of the social action network for the planning of activities.
- Conduct of a seminar for the design of the national campaign for the promotion of co-existence of the citizens and the disarmament of the civil population.

Mexico

Entreculturas - Centro Loyola

Project 1: Integral sustainable development in the northern area of Chiapas.
Duration: 30 months
Beneficiaries 2010: 111

Results expected:
- Creation of an alternative model of professionalisation.
- Professionalisation of 333 persons through an alternative, intercultural educational offer with a gender perspective.
- Strengthening of the community work of the pupils.

Project 2: Promotion of the community development of the native peoples.
Duration: 36 months
Beneficiaries 2010: 4,653

Results expected:
- Conduct of fourteen activities of community development for the improvement of quality of life.
- Training of 72 promoters of agro-ecology and natural resources techniques for the promotion of sustainable ways of life for impoverished communities.
- Participation of 1,305 persons from 78 communities in community actions and events.

Project 3: Defence of the human rights of migrants in Mexico.
Duration: 36 months
Beneficiaries 2010: 344

Results expected:
- Training of community agents in integral monitoring of the migrant population.
- Development of 40% of the manual of tools for the administration of migrant houses.

Mexico

Entreculturas - Centre of promotion and defence of human rights.

Project 4: Strengthening of the educational processes regarding Human Rights.
Duration: 24 months
Beneficiaries 2010: 1,168

Results expected:
- Design of an educational proposal for native communities.
- Development of six educational workshops for the training of 360 beneficiaries in fulfilment of Human Rights.
- Design of educational material.

Programmes of community development in Asia.

Cambodia

Cáritas

Project: Programmes of community development in Siem Reap, Preah Vihea and Kompong Thom.
Duration: 41 months
Beneficiaries 2010: 41,835

Results achieved:
- Holding of workshops on the role of associations and the strengthening of community networks.
- Conduct of literacy and technical training classes.
- Holding of workshops for teachers in non-formal education.
- Holding of workshops for farmers for improving productivity.
- Conduct of courses of awareness-raising and education for the development of Human Rights.
- Implantation of the system of groundwater resources.
- Training on business plans for the encouragement of entrepreneurship.
- Improvement of food safety by means of the start-up of alternative ways of life.
- Promotion of the institutional strengthening through training, introduction of new systems and management structures.

Monitoring programmes

Inditex carries out programmes of humanitarian aid linked to processes of rehabilitation in a wide sense. Along these lines, Inditex carries out programmes of medical-humanitarian action and educational monitoring programmes for groups in areas of conflict or those of great vulnerability, in collaboration with Medecins Sans Frontieres (MSF), the Jesuit Refugee Service and Cáritas Internacional.

PROGRAMMES OF MEDICAL AND HUMANITARIAN ACTION

The programmes of medical and humanitarian action are projects of which the purpose is to preserve lives and alleviate the suffering of populations in a precarious situation, as well as those who are victims of catastrophes and armed conflicts. Unlike other areas, humanitarian action does not aspire to transform a society but to permit the people to overcome critical situations.

The medical and humanitarian action programmes financed by Inditex cover humanitarian needs of vulnerable groups such as:

- Victims of armed conflicts: Populations whose integrity is directly threatened by violence or which have had to migrate as a consequence of violence.

- Victims of endemic and epidemic illnesses: Persons with a high mortality rate due to illnesses such as cholera, HIV/Aids, malaria, tubeculosis, leishmaniasis or malnutrition, among others.

- Victims of social violence and persons excluded from health care: persons affected by practices which put their lives in danger and are excluded from health services such as migrants in an irregular situation or ethnic minorities.

"... because there are too many places which are outside the focal points, because the forgotten conflicts are more numerous than those about which we generally have news, and because people should not be behind any other agenda of interest, that is why collaborations are so important such as the one that we have with Inditex, which with its trust helps us to guarantee our independence when responding to the needs of so many people who are having such a difficult time...".

PAULA FARIAS, Ex-Chairwoman of MSF Spain

INDIA PROGRAMME

The Programme which MSF carries out with the contribution of Inditex in India has as its objective the treatment of the illness known as kala azar (leishmaniasis). This is a tropical parasitical illness caused by a variety of *Leishmaniasis* which is transmitted by the bites of certain kinds of sand fly, with a mortality rate when left untreated of close to 100% of cases.

The treatment programme has been carried out in the district of Viashali, Bihar State, with 6,378 patients. The results achieved were as follows:

- Distribution of 6,378 treatments for patients with kala azar in five health centres offering primary attention (including transport of patients, hospital maintenance and the payment of the salaries of the local doctors).
- Maintenance of secondary attention at the hospital in Sadar for cases referred from other health centres.
- Monitoring of the mobile units within the district of Vaishali.
- Training of local medical staff for the correct application of the medication according to the established medical protocol.
- Increase in the capacity of operative research of the MSF teams by means of associations with relevant academic bodies.
- Reference of 156 patients to the Rajendra Memorial Research Institute hospital, with a recovery rate of 89%.
- Distribution of mosquito nets to prevent the illness.
- Establishment of the terms of reference of a collaboration agreement with the Government of India for the implementation of a national protocol for treatment of the illness by trained personnel, which is effective and free of charge.

SOMALIA PROGRAMME

The humanitarian aid project carried out by MSF and financed by Inditex in Somalia has as its objective to provide an answer to the medical needs of the displaced persons who are in this African country.

The programme has concentrated on offering health services for the inhabitants of the towns of Jowhar, Mahaday, Gololey and their surroundings. Mother-and-child health services have been created, including obstetric with the result that it has been possible to reduce the mortality rate among mothers to 2.07%. What is more, the death rate among children has been reduced to 1.67% due to the conduct of 27,083 pre-natal consultations and 1,740 births were attended.

77,760 consultations have been given to children under five and 25,801 consultations of children of over five and adults have also been carried out. What is more, a campaign of anti-tetanus vaccination has been carried out on 1,769 women of fertile age, vaccination for measles for children of less than one year of age and programmes of immunisation have been established for 46,186 children of over five years of age.

Furthermore, a campaign to prevent and reduce morbidity and mortality on account of severe malnutrition in children under five years of age will conver 179% of the patients at the out-patients therapeutic nutritional centre, 94% at the supplementary nutritional centre and 1,269 children have been accepted for the therapeutic out-patients programme.

Finally, 129 cases of tuberculosis have been diagnosed for which a treatment has been established which has led to the curing of 100% of the patients treated.

CAMBODIA PROGRAMME

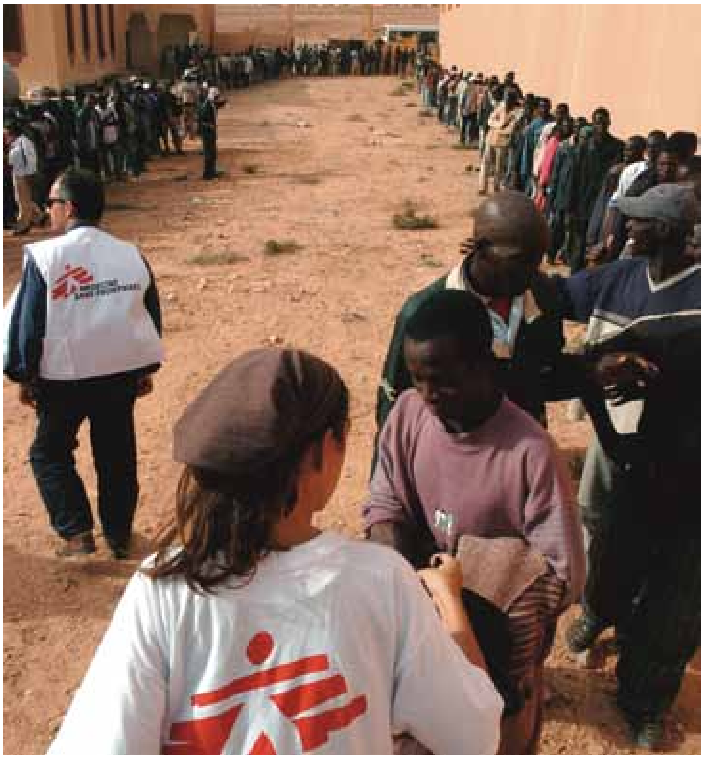
In Cambodia, Inditex has, with Cáritas, developed a programme of community health in Battambang and Siem Reap which has lasted for 41 months and has had 97,796 beneficiaries in 2010. With this project, it has been possible to strengthen the community health system through the training of the communities in basic health. The programme included actions such as:

- Immunisation campaigns for children of under one year of age and pregnant women.
- Vaccination campaigns, prevention of HIV/AIDS, tuberculosis and other contagious illnesses.
- Programmes of improvement of the health of mothers and children.
- Reduction of the incidence of contagious illnesses.
- Improved nutrition for children in ten schools in the area through the provision of daily breakfast.
- Improvement to integral health attention.

MOROCCO PROGRAMME

The project carried out by Inditex in collaboration with MSF in Morocco is aimed at contributing to improving the health of the sub-Saharan immigrants and participating in improving the healthiness of their living conditions in the rural region of Oujda. The activities carried out are as follows:

- Direct medical assistance: 2,568 external consultations in mobile clinics, with satisfactory resolution in 100% of cases referred to health centres and hospitals and the development of preventive and curative monitoring in the health centres of reference. With these measures, 66% of the women visited have had a prenatal check and 100% of the children that the teams have had access to have satisfactorily completed the integral vaccination programme.
- In matters of mental health, over fifty sessions have been undertaken with over 700 beneficiaries and prevention activities for psychological problems.
- With the aim of improving the living conditions of the sub-Saharan immigrants in the country, decent accommodation has been achieved for 60% of the immigrants, as well as distributing 2,262 blankets, 1,494 plastic tarpaulins, 2,668 hygiene kits, 671 cold kits and 218 overcoats, among other things.
- In this group, the interlocutors have been identified and the local communications media have been used to raise awareness among the Moroccan population and increase tolerance towards the immigrants.
- Activities have been organized to bring together the Moroccan population and the immigrants so as to improve cultural understanding.



EDUCATIONAL MONITORING PROGRAMMES FOR GROUPS IN CONFLICT

The educational monitoring programmes for groups in conflict have the aim of accompanying, serving and defending the rights of refugees and those who have been obliged to move. This mission comprises those individuals who have been separated from their homes as a result of conflicts, humanitarian disasters or violations of human rights. Inditex supports processes of recovery and rehabilitation of social and educational services through the conduct of income-generating activities, education for peace and food security.

"The lack of proper educational opportunities for the displaced children will adversely affect both the children of today and their countries in the future. If they are given educational opportunities, they will have the potential to remake their lives to help to rebuild their communities and thus strengthen and stabilise their countries for future generations".

PETER BALLEIS, international manager of the Jesuit Refugee Service

PROGRAMME OF THE JESUIT REFUGEE SERVICE FOR LATIN AMERICA AND THE CARIBBEAN (SJR LAC)

The Jesuit Refugee Service is an international organization which looks after displaced persons and refugees in over 50 countries, especially in those areas where there are armed conflicts and situations of natural catastrophes. In Latin America, it acts as the Jesuit Refugee Service for Latin America and the Caribbean (JRS LAC) and it works mainly with those displaced as a result of armed conflict. Inditex collaborates with SJR LAC for the displaced in Colombia, Venezuela, Ecuador and Panama, through different programmes which have 37,000 beneficiaries.

In Colombia, eight documents of context analysis have been drawn up and numerous campaigns for raising awareness about the problem of displaced persons due to the armed conflict have been carried out in educational institutions in the country, including training for 243 persons on rights, prevention and overcoming the conflict.

In countries receiving displaced Colombians such as Ecuador, Panama, Venezuela or the countries of Central America, programmes have also been put in place for the local integration of the refugees. Among these, the conduct of over 3,770 legal actions for the restitution of rights to education, the family and non-discrimination against the displaced population is most important, together with the grant of micro-credits for the integration of the displaced, attention to international protection for the respect of their rights and a range of awareness-raising actions, among other things.

PROGRAMME AFRICA

Education in situations of emergency, chronic crises and urgent reconstruction plays a key role for those persons whose access to educational systems has been destroyed by war or disasters since it protects their well being, promotes their opportunities of learning and boosts the general development of the population.

During 2010, Inditex and SJR have carried out the projects corresponding to the 2007-2009 programme and have begun the new 2010-2012 programme.

As regards the termination of the 2007-2009 programme executed in 2010, actions in Burundi, the Central African Republic, Sudan and Malawi stand out.

- **Burundi**: Food for 7,773 returning refugee families through the raising of goats, participation in initiatives of farming development and improvement of social cohesion of 35,777 persons in their host communities.
- **Central African Republic**: Construction and equipping of three schools with capacity for 900 children affected by the conflict and displacement.
- **Sudan**: Construction and rehabilitation of schools for 12,500 pupils, training of the teachers hired by the schools built and rehabilitated and raising of awareness about the peace agreement in the country.
- **Malawi**: Adaptation of a space for the training of 150 children; building of sixteen classrooms which will make it possible to guarantee primary and secondary education for 3,150 children; provision of psycho-social attention for 190 residents of camps and maternal health courses for 100 women.

Main projects by geographical area of the 2010-2012 programme

Burundi

SJR

Project: Social and economic reintegration of returing refugees in Muyinga province.
Duration: 36 months
Beneficiaries 2010: 50,759

Results expected:

- Distribution of livestock for 1,640 families.
- Improvement in productivity in raising goats.
- Farming development of twelve new hills.
- Training of 98 members of the management committee, 119 communal veterinary agents and 30 members of the team for agricultural and livestock techniques.

Central African Republic

SJR

Project: Improvement in the access of returning refugees to quality primary education with an integrated gender approach.
Duration: 36 months
Beneficiaries 2010: 6,614

Results expected:

- Building and equipping of nine classroom buildings for 5,340 primary school pupils.
- Acquisition and distribution of educational and sports materials for the schools in Haute Kotto.
- Training of sixty-eight communities in management and operation of the schools.
- Training of 68 educational centres on the rights of girls.

Sudan

SJR

Project: Improvement in access to an education of quality in Yei River and Kajo Keji.
Duration: 36 months
Beneficiaries 2010: 9,300

Results expected:

- Construction of a laboratory and a block of four classrooms in two schools in Kajo Keji.
- Provision of furniture, books and stationery for primary and secondary schools.
- Help with the registration and school fees for 700 students.
- Distribution of hygiene kits for 2,000 girls and adolescents at primary and secondary schools.
- Conduct of two workshops on reproductive health and HIV/AIDS for 650 students and teachers.
- Training for the promotion of peace and community participation for 320 persons.

South Africa

SJR

Project: Improvement in the capacities and the self-sufficiency of urban refugees and asylum seekers in the province of Gauteng.
Duration: 36 months
Beneficiaries 2010: 4,240

Results expected:

- Access to primary education through exemption from or reduction in the school fees for 1,000 refugee students.
- Improvement in access to basic health services for 875 refugees through specialist medical care, exemption from the payment of hospital fees and distribution of medicines.
- Support for 750 refugees and asylum seekers to achieve economic self-sufficiency through participation in programmes of sustainable work and training initiatives.

Emergency Programmes

Inditex actively participates in the design and implementation of emergency plans designed to alleviate the consequences of natural catastrophes which have occurred anywhere in the world. Its participation at scenes of human crisis is established through the following lines of action:

- **Emergency aid of an urgent nature:** It consists of the provision of essential goods and services for immediate survival and attention regarding primary needs such as food, water, a place to live and health assistance, mainly.

- **Humanitarian aid linked to processes of rehabilitation in a wide sense:** It is rooted in the back-up for actions for the recuperation of the ways of life and rehabilitation of basic social services linked to development.

The development of the strategy of intervention, starting from collaboration with social institutions on the spot, involves the carrying out of the following activities:

- Determination of the needs in the short and long term of the affected population.
- Formulation of the basic lines of intervention:
- Identification and evaluation of the potential counterparts which act on the spot.
- Planning of the resources and activities necessary for the effective and efficient execution of the lines of intervention identified.
- Design of objectively identifiable impact indicators.
- Definition of the schedule for execution of the activities in the short and long term.
- Monitoring and evaluation of the project from the set of indicators defined.

On the basis of this methodology of action, during 2010, Inditex has started up emergency projects in Haiti and Colombia with the aim of mitigating the consequences caused by the earthquake and the floods in these countries, respectively.

HAITI EARTHQUAKE

On 12th January 2010, an earthquake with a magnitude of 7 on the Richter scale hit the island of Haiti at a distance of fifteen kilometres from the capital, Puerto Príncipe. The official estimates months after the catastrophe identified 230,000 dead, over 300,000 injured and 3,700,000 persons affected.

As a support measure, Inditex signed a collaboration agreement with the organizations, Fundación Entreculturas and Cáritas Española, with which the work on its project of help in the emergency and for the reconstruction of Haiti was begun, funded with the contribution by Inditex of two million euros. The project concentrates on giving support to the most vulnerable groups in the short and long term and has been carried out in the geographical areas of the north and east of the country.

Inditex applied a specific methodology in the planning of the intervention in the catastrophe caused by the Haiti earthquake. This methodology, designed for the planning of strategies of intervention or humanitarian aid in certain humanitarian crises, has made it possible to identify the priorities in the case of intervention deriving from the consequences caused by the earthquake. The application of this tool has made it possible to carry out an exercise of planning to build, in collaboration with the Entreculturas Foundation and Cáritas Española, a suitable model of intervention for the needs on the spot.

During the first few months after the earthquake, Inditex, together with the Fundación Entreculturas, distributed urgently needed food and hygiene materials for 52,000 affected persons. The project also includes a programme to equip four schools in the boroughs of Gressier, Petit Goâve and Carrefour. What is more, the educational and technical-educational cover for employment has been extended with the construction of ten classrooms in the Bedoux and Carice educational centre, and the adaptation and equipping of ten technical training workshops, which will benefit 4,000 persons.

FLOODS IN COLOMBIA

During 2010, the intense rainfall which began in March in Colombia caused floods which led the Government of Colombia to declare the affected area a disaster situation. The official estimates identified 161 dead, over 250,000 flooded places of residence and over 1,250,000 persons affected.

Days after the catastrophe, Inditex contributed 100,000 dollars to activate an emergency plan with the Red Cross with which humanitarian aid work was begun. The project was carried out to contribute to the improvement in the living conditions and the prospects for development of the families that were victims in the borough of San Benito Abad, in the department of Sucre. The project was based on the construction of health units, the improvements to roofs and walls of the homes, the strengthening of the electrical system and the distribution of tools among the families.

Network of universities

One of the most pre-eminent agents in so-called civil society is, without a doubt, the university. The investment in education is inexorably united with sustainability. Inditex makes a commitment to education as a pillar in its strategy of Corporate Social Responsibility and for this purpose it collaborates with universities all over the world in different educational programmes.

"The cooperation between the Catholic University of Portugal-Porto and Inditex makes learning in a real environment possible for our students. Inditex shows our students policies of Corporate Social Responsibility and enables them to experience both the practical application of their Code of Conduct, and the knowledge of the reality of their collaborating companies. All of this, together with the opportunity to discover oneself professionally and to experience the responsibility of work".

SOFÍA SALGADO, Catholic University of Portugal-Porto

Inditex agreements with universities

Universities	Scope of application	Programme
UNIVERSITY OF DHAKA (BANGLADESH)	Social investment	Inditex professorship of Spanish language and culture
	Strengthening of the production chain	Programme of grants in the local office of the Inditex Corporate Social Responsibility department in Bangladesh
	Health and safety of the product	Transfer of product health and safety standards to BGMEA (textile empoyers' organization in Bangladesh)
NATIONAL INSTITUTE OF FASHION TECHNOLOGY (INDIA)	Strengthening of the production chain	Programme for implantation of the Code of Conduct in India
PORTUGUESE CATHOLIC UNIVERSITY IN OPORTO (PORTUGAL)	Strengthening of the production chain	Programme of collaboration for training pupils in the matter of Corporate Social Responsibility
UNIVERSITY OF NORTHUMBRIA (UNITED KINGDOM)	Strengthening of the production chain	Professorship of Ethical Fashion at the School of Design at Northumbria University
CENTRE FOR BUSINESS AND PUBLIC SECTOR ETHICS (CAMBRIDGE, UNITED KINGDOM)	General	Revision of the annual report in matters of Corporate Social Responsibility
UNIVERSITY OF A CORUÑA (SPAIN)	Social investment	Implantation of a model of University Social Responsibility at the University of A Coruña
		Professorship of Family Business
UNIVERSITY OF A CORUÑA (SPAIN)	Social investment	Management of the Family Business
		Creation of a specific model of risk control for family businesses
UNIVERSITY OF SANTIAGO DE COMPOSTELA (SPAIN)	Social investment and health and safety of the product	Development of mathematical models for the identification of nodes of confidence
		Professorship of Family Business
		Development of statistical procedures for the application of the Clear to Wear standard
		Scientific and technical consultancy for the application of the protocols of the *Clear to Wear* and *Safe to Wear* standards
NATIONAL DISTANCE LEARNING UNIVERSITY (SPAIN)	Social investment	Social Responsibility Commission of the National Distance Learning University

The for&from programme

For&from is an Inditex programme for the integration in the workplace of persons with a disability which was created in 2002. Through collaboration with the Fundació El Molí d'en Puigvert in Barcelona and the Confederación Galega de Minusválidos (Cogami), Inditex opened three stores (two of Massimo Dutti and one Bershka) managed by persons with physical or mental handicaps located in Palafolls (Barcelona) and in Allariz (Ourense).

In 2010, Tempe, the company which designs, manufactures and distributes the shoes and accessories for the eight commercial formats of Inditex, joined the project with the inauguration of two more *for&from* stores, one in Allariz (Ourense) and the other in Elx (Alicante).

The benefit from these stores is double: on the one hand, they achieve the integration in employment of disabled persons or with problems of integration and, on the other, they provide financial resources for the non profit organizations.

The new *for&from* stores from 2010

FOR&FROM TEMPE ALLARIZ (OURENSE) - 2010

Tempe opened a store in Allariz in 2010 with the support of Cogami. This store is inaugurating a new route to integration of groups at risk of exclusion, as it has persons with some kind of mental disability among its employees. Likewise, and following the line begun with the Massimo Dutti *for&from* store in Allariz, it has significant architectural and furniture adaptations so that it is completely accessible for those persons with some kind of disability.

Indicators	2010
NET AMOUNT OF THE TURNOVER (IN EUROS)	63,848(*)
AREA OF THE STORE (IN M^2)	65
TURNOVER PER SQUARE METRE (IN EUROS)	982
AVERAGE NUMBER OF WORKERS	5

(*) Turnover since the opening in July up to the end of the 2010 financial year

FOR&FROM TEMPE ELX (ALICANTE) - 2010

In October 2010, Tempe opened another store with the *for&from* format in Elx (Alicante). In this case it was the Alicante Association for the Mentally Disabled (APSA) which became a partner in the project together with Tempe and Inditex.

The *for&from* concept is alive and each day adapts to new realities. Different accessibility and eco-efficiency measures were implemented in this store to make available to the customers a space for the dissemination and promotion of social issues and supportive activities within the point of sale.

Indicators	2010
NET AMOUNT OF THE TURNOVER (IN EUROS)	152,517 (*)
AREA OF THE STORE (IN M^2)	367
TURNOVER PER SQUARE METRE (IN EUROS)	416
AVERAGE NUMBER OF WORKERS	8

(*) Turnover since it opened in October 2010 until the end of the 2010 financial year.

The first *for&from* establishments at Palafolls and Allariz:

FOR&FROM MASSIMO DUTTI PALAFOLLS (BARCELONA) - 2002

This is the first store in the *for&from* project. It was opened in collaboration with the El Molí d'en Puigvert Foundation which has the aim of creating quality of life for persons with mental health conditions by means of training and subsequent hiring.

Indicators	2010	2009	2008
NET AMOUNT OF THE TURNOVER (IN EUROS)	827,750	784,492	728,104
AREA OF THE STORE (IN M²)	140	140	140
TURNOVER PER SQUARE METRE (IN EUROS)	5,913	5,603	5,200
AVERAGE NUMBER OF WORKERS	9	9	8

FOR&FROM MASSIMO DUTTI ALLARIZ (OURENSE) - 2007

The second *for&from* store was opened in Allariz in 2007 with the Massimo Dutti format in collaboration with the Confederación Galega de Minusválidos (Cogami). This establishment was set up as an example of maximum adaptation in its design and architecture to persons with disabilities thanks to the collaboration of the Fundacion Once and of Cogami.

Indicators	2010	2009	2008
NET AMOUNT OF THE TURNOVER (IN EUROS)	819,693	859,178	757,008
AREA OF THE STORE (IN M²)	120	120	120
TURNOVER PER SQUARE METRE (IN EUROS)	6,831	7,160	6,308
AVERAGE NUMBER OF WORKERS	8	5	6

FOR&FROM BERSHKA PALAFOLLS (BARCELONA) - 2008

In 2008, Inditex and the Fundació El Molí d´en Puigvert extended their collaboration project with the opening of a new establishment, in this case in the Bershka format, in the town of Palafolls (Barcelona).

There are seven people with severe mental disturbances working in this shop, which was designed taking into account the Massimo Dutti store in Allariz as a basis.

Indicators	2010	2009	2008
NET AMOUNT OF THE TURNOVER (IN EUROS)	288,828	275,247	125,327
AREA OF THE STORE (IN M²)	80	80	80
TURNOVER PER SQUARE METRE (IN EUROS)	3,610	3,440	1,566[1]
AVERAGE NUMBER OF WORKERS	7	7	3

Sponsorship and patronage

Inditex's actions of sponsorship and patronage complete the social investment of the Group. It is the finishing touch to the commitment of the company with society. If the actions of social investment described up to now are limited to a number of vulnerable communities and groups, Inditex's sponsorship and patronage concentrates on supporting institutions of a number of kinds and diverse geographical scope which are solidly linked with society and with experience in their working environment. This involves a wide range of areas such as health, culture, sport, training, social aid and business promotion.

The internal organ of Inditex which makes itself responsible for evaluating the projects in which to collaborate is the Sponsorship and Patronage Commission. This commission is made up of the Secretary General and Secretary of the Board, Antonio Abril; the General Manager of Communication and Institutional Relations, Jesús Echevarría; and the Manager of Corporate Social Responsibility, Félix Poza. This commission studies each of the projects without taking restrictions in the scope of action or the specific geographical environment into account, always with the objective of reaching groups with specific needs.

In many cases, the collaboration is extended in time, thus constituting a stable relationship between Inditex and institutions of social prestige as is the case of the Fundación Pro-CNIC or a range of amateur sports associations in Galicia, among other things. In other cases, the collaboration is limited to specific amounts that an institution needs at a certain moment of its history and it finds in Inditex a key support, as occurred in 2010 with the Plan Xacobeo in Galicia or the Real Academia de la Lengua and the publication of the manual of the *New grammar of the Spanish language*.

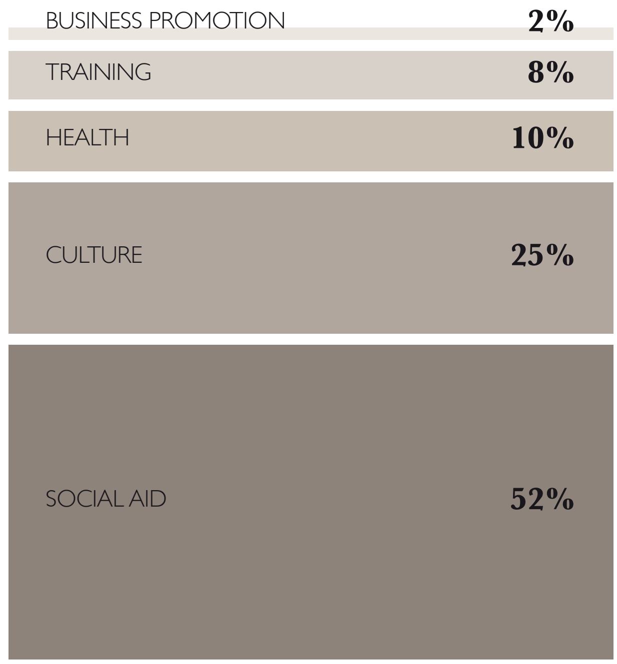
During 2010, Inditex collaborated actively with over 50 recognised national and international institutions to which it devoted a total of 4.9 million euros, 77% more than in the previous financial year. This significant increase is due, among other things, to the fact that in this financial year for the first time the donations and social and humanitarian actions which have been carried out by each one of the subsidiaries of Inditex around the world have been entered into the accounts.

Investment in programmes of sponsorship and patronage by area of intervention

	2010	2009
HEALTH	478,938	156,796
CULTURE	1,215,145	1,794,254
SPORT	160,197	158,197
TRAINING	380,282	259,242
SOCIAL ASSISTANCE	2,569,112	304,362
BUSINESS PROMOTION	105,991	101,841
TOTAL	4,909,665	2,774,693

Investment by area of intervention, in percentage terms

TOTAL 2010: 4.9 MILLION EUROS



NEW GRAMMAR OF THE SPANISH LANGUAGE

As a sponsor of the Real Academia Española, Inditex has collaborated in the publishing of the *New grammar of the Spanish language*, the fruit of the joint work of the Spanish Royal Academy and the Association of Academies of the Spanish Language. This joint action by the academies means the creation of a consensus which sets the common rule for all speakers of Spanish, harmonising the unity of the language with the fruitful diversity that there is in Spanish-speaking countries, where Inditex has a noteworthy presence.

CULTURE AND SPORT

Inditex collaborates with a number of institutions of different cultural disciplines apart from the Spanish Royal Academy. Among them, particularly important is the support for such institutions as the Carolina Foundation, which promotes cultural relationships and cooperation in educational and scientific matters between Spain and the countries of the Latin American Community of Nations.

In the setting of Galicia, Inditex gives long-term support to such bodies as the Galician Symphony Orchestra or the Association of Friends of the Opera in Coruña. In the field of sports, Inditex's collaborations concentrate on amateur sport to encourage activity among the youngest.

HEALTH

Inditex has been a member of the Board of Trustees of the Fundación Centro Nacional de Investigaciones Cardiovasculares (Fundación Pro-CNIC) since the creation of the foundation in December 2005 to fight against cardio-vascular illnesses.

The CNIC is an institution of national competence attached to the Instituto de Salud Carlos III, which was created in 1999 and whose mission is to be an international point of reference in research into cardiovascular diseases, the primary cause of death in Spain with over 120,000 deaths annually.

SOCIAL ASSISTANCE

In the field of social aid, Inditex completes the programmes of community development and social investment managed by the CSR department with projects and collaborations with regional institutions which complete the collaborations of the Group. Furthermore, it includes all the donations and social actions which have been carried out in the countries in which the Group has its activity. Of particular importance are the monetary donations or those in kind to local or national charities, associations against cancer or other illnesses, and collaborations to alleviate the effects of natural disasters such as the floods in Poland, in which the employees in that country did their utmost.

XACOBEO 2010

One of the most significant actions for Inditex during 2010 was the collaboration with the cultural activities which took place in connection with the Xacobeo Holy Year 2010 along the Santiago Pilgrimage route. For Inditex, this collaboration has a special significance due to the fact that the company is rooted in Galicia, the region which saw the beginnings of the Group and where its headquarters are located.

Throughout the financial year, Inditex collaborated in different cultural events which arose at different points along the Way of St. James and took active part in the construction of a new hostel for pilgrims on the Fisterra-Muxía path. The hostel, with 26 places and operative since 2010, is located in O Conco-Dumbría (A Coruña).

Juan Rodríguez©Arquivo Xacobeo

SOCIAL INVESTMENT CONSOLIDATED BY YEAR AND PROJECT (FIGURES IN EUROS)

Project Type	Collaborating organization		2010	2009
COMMUNITY DEVELOPMENT	FUNDACIÓN ENTRECULTURAS:	Argentina	208,334	162,634
		Brazil	216,667	157,865
		Peru	316,668	788,090
		Venezuela	227,063	262,665
		Chile	100,000	29,197
		Guatemala	-	24,742
		Honduras	-	24,749
		Haiti	-	17,684
		Nicaragua	-	24,749
		Panama	-	24,749
		El Salvador	-	24,749
		Latin American regional project	164,603	158,157
		Uruguay	50,000	-
		Mexico	267,179	-
		Other costs that can be imputed to the projects	178,830	-
	CÁRITAS INTERNACIONAL	Cambodia	-	270,416
		Mali	-	297,000
		Burkina Faso	-	188,696
	CAROLINA FOUNDATION		137,592	137,592
	TOTAL COMMUNITY DEVELOPMENT		**1,866,936**	**2,593,734**
MONITORING PROGRAMMES	JRS INTERNACIONAL	Sudan	348,750	403,340
		Burundi	323,958	483,587
		Malawi	-	354,370
		Central African Republic	329,083	260,703
		South Africa	310,042	-
		Other costs that can be imputed to the projects	162,500	-
		Colombia, Ecuador, Panama, Venezuela	333,333	333,334
	JRS LAC	Greece	-	400,000
	MSF	India	500,000	
		Morocco	300,000	300,000
		Somalia	700,000	300,000
	TOTAL MONITORING PROGRAMMES		**3,307,666**	**2,835,334**
NETWORK OF UNIVERSITIES	**TOTAL NETWORK OF UNIVERSITIES**		**1,209,762**	**-**
SPONSORSHIP AND PATRONAGE	CULTURE		1,215,145	1.794,254
	SPORT		160,197	158,197
	TRAINING		380,282	259,242
	BUSINESS PROMOTION		105,991	101,841
	HEALTH		478,938	156,796
	SOCIAL ASSISTANCE		2,569,112	304,362
	TOTAL SPONSORSHIP		**4,909,665**	**2,774,693**
	TOTAL (*)		**11,294,029**	**8,203,761**
EMERGENCIES	COLOMBIA EARTHQUAKE		74,178	
	THE EARTHQUAKE IN SUMATRA (INDONESIA)		-	200,000
	HAITI EARTHQUAKE		-	2,000,000
	TOTAL EMERGENCIES (**)		**74,178**	**2,200,000**
	TOTAL		**11,368,207**	**10,403,761**

(*) This sum corresponds to the social investment of a recurrent nature, excluding that devoted to emergency programmes, in such a manner that the comparison between financial years is homogeneous.
(**) Given the non-recurrent nature of the social investment linked to emergencies, its comparative evolution is offered independently.

COMPANY CASH FLOW

(MILLIONS OF EUROS)	2010 Financial Year	2009 Financial Year
NET CASH RECEIVED FOR SALE OF PRODUCTS AND SERVICES	12,527	11,084
FLOW RECEIVED FROM FINANCIAL INVESTMENTS	21	8
CASH RECEIVED FOR SALES OF ASSETS	0	10
TOTAL VALUE-ADDED FLOW	**12,548**	**11,101**
DISTRIBUTION OF VALUE-ADDED FLOW		
EMPLOYEE WAGES	2,009	1,792
TAX PAYMENTS	508	391
FINANCIAL DEBT RETURN	67	197
DIVIDENDS PAID OUT TO SHAREHOLDERS	751	662
CORPORATE SOCIAL INVESTMENT	11	10
CASH WITHHELD FOR FUTURE GROWTH	984	953
EXTERNAL PAYMENTS MADE OUTSIDE THE GROUP FOR PURCHASING GOODS, RAW MATERIALS AND SERVICES	7,463	6,587
PAYMENTS MADE FOR INVESTMENTS IN NEW PRODUCTIVE ASSETS	754	510
TOTAL DISTRIBUTION OF VALUE-ADDED FLOW	**12,548**	**11,101**

Objectives achieved in 2010

	Portugal		China	
Chain of production.	Planned	Achieved	Planned	Achieved
Conduct of social audits	55	87	140	149
Conduct of monitoring audits	20	78	35	24
Strengthening of the local CSR teams				
Creation of the local CSR teams			✓	x
Conduct of the *Data Mining* project in the second and consecutive lines of the production chain				
Rationalisation of the production chain	✓	✓	✓	✓
Reduction of the number of external manufacturers and suppliers D	✓	✓	✓	x
Application of the Framework Agreement between ITGLWF and Inditex for the solution of labour conflicts	✓	✓	✓	N/A
Implementation of the *Pre-Assessment* programme	✓	N/A	✓	N/A
Product health - *Clear to Wear* (CTW)				
Extension of the training and awareness-raising programmes of suppliers relative to CTW	✓	✓	✓	✓
Commitment of compliance with CTW obtained from the suppliers, through the declaration of agreement	✓	✓	✓	✓
Participating actively in forums of debate and committees related with the development of policies of product health	✓	✓	✓	x
Implementation of the *Inditex CTW Reasonable & Responsible Testing Programme* in the chain of production	✓	✓	✓	✓
Creation of a laboratory of internal analysis				
Conduct of technical audits on dry cleaners, printers and laundries	✓	x	✓	x
Design and implementation of corrective action plans	✓	✓	✓	✓
Conduct of monitoring audits on dry cleaners, printers and laundries	✓	x	✓	x
Product safety - *Safe to Wear* (STW)				
Extension of the training and awareness-raising programmes of suppliers relative to STW	✓	x	✓	✓
Commitment of compliance with STW obtained from the suppliers, through the declaration of agreement	✓	✓	✓	✓
Participating actively in forums of debate and committees related with the development of policies of product safety	✓	✓	✓	x
Implementation of the *Inditex STW Reasonable y Responsible Testing Programme*	✓	✓	✓	✓
Conduct of technical audits on clothing suppliers	✓	✓	✓	✓
Design and implementation of corrective action plans	✓	x	✓	x
Conduct of monitoring audits	✓	x	✓	✓
Product health and safety - Consumer Product Safety Improvement Act (CPSIA)				
Implementation of the *Inditex CPSIA Reasonable and Responsible Testing Programme*	✓	✓	✓	✓
pH - *Guideline & Implementation Toolkit*				
Extension of the training and awareness-raising programmes of suppliers relative to CTW	✓	x	✓	✓
Commitment of compliance with CTW obtained from the suppliers, through the declaration of agreement	✓	✓	✓	✓
Technical audits in verification of actions proposed in dry cleaners, printers and laundries	✓	x	✓	x
Design and implementation of corrective action plans	✓	✓	✓	✓
Conduct of monitoring audits on dry cleaners, printers and laundries	✓	x	✓	x
Arylamines - Guideline & Implementation Toolkit				
Extension of the training and awareness-raising programmes of suppliers relative to CTW	✓	x	✓	✓
Commitment of compliance with CTW obtained from the suppliers, through the declaration of agreement	✓	✓	✓	✓
Technical audits in verification of actions proposed in dry cleaners, printers and laundries	✓	x	✓	x
Design and implementation of corrective action plans	✓	✓	✓	✓
Conduct of monitoring audits on dry cleaners, printers and laundries	✓	x	✓	x
Dialogue Platforms				
Active participation in the following dialogue platforms:				
Ethical Trading Initiative				
MFA Forum				
ASEPAM *(Global Compact)*				
Better Work				
Better Factories				
Ethical Fashion Chair at the University of Northumbria				
Rates of Sustainability				
Inclusion on *Dow Jones Sustainability*				
Inclusion on *FTSE4 Good*				
Programmes of creation of social capital				
Strengthening of the trade union fabric in the factories of Inditex suppliers				
Programmes of social investment				
Inauguration of new *for&from* stores				
Increase in the range of the programmes of community development to key countries in terms of the chain of production				
Optimization of the system of indicators for monitoring the programmes of community development				
Emergency Programme in Haiti.				

	Morocco		Turkey		Cambodia/Vietnam		Bangladesh		India		Spain		Rest	
	Planned	Achieved	Planned	Achieved	Planned	Achieved	Planned	Achieved	Planned	Achieved	Planned	Achieved	Planned	Achieved
	25	54	70	87	25	15	35	94	50	193	10	6	70	80
	20	48	30	15	10	0	15	12	20	103	10	26	25	16
	✓	x					✓	✓	✓	✓	✓	✓		
			✓	x										
	✓	✓	✓	✓			✓	✓						
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	✓	x	✓	✓	✓	x	✓	✓	✓	x	✓	✓	✓	✓
	✓	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A	✓	N/A
	✓	N/A	✓	N/A	✓	N/A	✓	N/A	✓	N/A	✓	N/A	✓	N/A
	✓	x	✓	✓	✓	x	✓	x	✓	✓	✓	✓	✓	N/A
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	✓	N/A	✓	x	✓	N/A	✓	N/A	✓	x	✓	✓	✓	✓
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
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	✓	N/A	✓	x	✓	N/A	✓	N/A	✓	x	✓	✓	✓	✓
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	✓	✓	✓	✓	✓	x	✓	✓	✓	x	✓	✓	✓	✓
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✓ Objective totally achieved x Objective not totally achieved N/A Not applicable

Objectives expected for 2011

	Portugal	China
Chain of production	**Planned**	**Planned**
Conduct of social audits	60	150
Conduct of monitoring audits	50	55
Strengthening of the local CSR teams		
Creation of the local CSR offices and teams		✓
Continuation of the working plan to identify the totality of the value chain of the suppliers		
Rationalisation of the production chain	✓	✓
Application of the framework agreement between Inditex and ITGLWF	✓	✓
Rationalisation and improvement of the *Pre-Assessment* programme jointly with the internal purchasing teams	✓	✓
Carrying out training courses for the local internal purchasing teams		✓
Development of the agreements signed with universities	✓	
Holding of training courses for manufacturers and suppliers	✓	✓
Product health - *Clear to Wear* (CTW)		
Extension of the training and awareness-raising programmes of suppliers relative to CTW		
Introduction of a person responsible for product health and safety in the chains		
Participating actively in forums of debate and committees related with the development of policies of product health	✓	✓
Implementation of the *Inditex CTW Reasonable & Responsible Testing Programme* to the chain of production		
Creation of a laboratory of internal analysis		
Conduct of technical audits on dry cleaners, printers and laundries	✓	✓
Design and implementation of corrective action plans		
Conduct of monitoring audits on dry cleaners, printers and laundries	✓	✓
Product safety - *Safe to Wear* (STW)		
Extension of the training and awareness-raising programmes of suppliers relative to STW	✓	✓
Introduction of a person responsible for product health and safety in the chains		
Commitment of compliance with STW obtained from the suppliers, through the declaration of agreement		
Participating actively in forums of debate and committees related with the development of policies of product safety	✓	✓
Conduct of technical audits on clothing suppliers	✓	✓
Design and implementation of corrective action plans	✓	✓
Conduct of monitoring audits	✓	✓
Product health and safety - *Consumer Product Safety Improvement Act* (CPSIA)		
Implementation of the *Inditex CPSIA Reasonable and Responsible Testing Programme*		
pH - *Guideline & Implementation Toolkit*		
Extension of the training and awareness-raising programmes of suppliers relative to CTW		
Introduction of a person responsible for Product Health and Safety in the chains		
Commitment of compliance with CTW obtained from the suppliers, through the declaration of agreement		
Technical audits in verification of actions proposed in dry cleaners, printers and laundries	✓	✓
Conduct of monitoring audits on dry cleaners, printers and laundries	✓	✓
Arylamines - Guideline & Implementation Toolkit		
Extension of the training and awareness-raising programmes of suppliers relative to CTW		
Introduction of a person responsible for product health and safety in the chains		
Commitment of compliance with CTW obtained from the suppliers, through the declaration of agreement		
Technical audits in verification of actions proposed in dry cleaners, printers and laundries	✓	✓
Design and implementation of corrective action plans	✓	✓
Conduct of monitoring audits on dry cleaners, printers and laundries	✓	✓
Dialogue Platforms		
Active participation in the following dialogue platforms:		
Ethical Trading Initiative		
ASEPAM *(Global Compact)*		
Better Work		
Better Factories		
Ethical Fashion Chair at the University of Northumbria		
AAFA		
AENOR		
Rates of Sustainability		
Inclusion on *Dow Jones Sustainability*		
Inclusion on *FTSE4 Good*		
Programmes of social investment		
Increase in the range of the programmes of community development to key countries in terms of the chain of production		
Definition of a policy of uniform action for the activities of social action carried out in the Group.		
Development of a standardised system of indicators of impact for the projects of social investment		
Development of social activities for the Group employees		
Conduct of awareness-raising activities for the Group employees		
Implantation of the final phase of the Haiti emergency plan		

Morocco	Turkey	Cambodia/Vietnam	Bangladesh	India	Spain	Rest	Global
Planned	Planned	Planned	Planned	Planned	Planned	Planned	
30	70	15	45	75	10	70	
25	25	10	15	50	15	20	
✓			✓	✓	✓		
	✓						
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Human resources

Thanks to its people Inditex is one of the leading fashion distributors in the world. They are the principle reason that the customers of the Group's eight chains find new fashions every week in its more than 5,000 stores around the world. Regardless of their proximity to the actual store, all Inditex employees share the same preoccupations about offering the customer the very best service. Their day-to-day life is full of initiative, enthusiasm and optimism. All of their activities are governed by the customers' desire for fashion and the variables of Corporate Social Responsability.

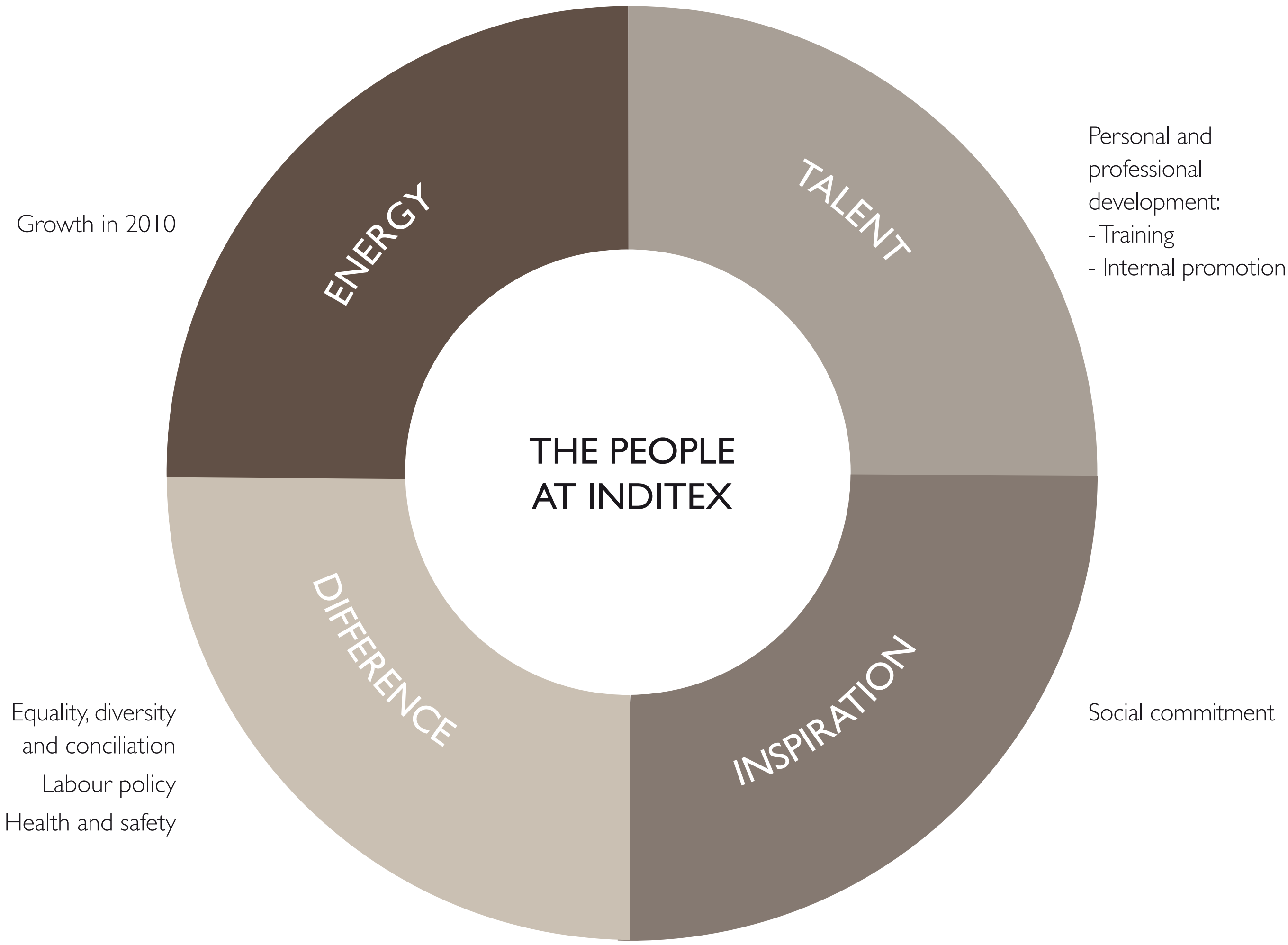
Inditex has eight ways of understanding fashion and one way is working with people. In the area of human resources, 2010 was a special year as the group exceeded 100,000 employees with a clear commitment to stable employment as well as retention of talent, Specifically, 100,138 people make Inditex fashion possible every day in 77 countries, from the designers table, to sales, to window designs, logistics, systems and corporate areas, and finally to the stores. They like freedom and common sense; they like to try things, they're not afraid to make a mistake in order to try to improve.

As pointed out in the chapter on Corporate Social Responsibility, the employees together with our suppliers, customers and society, in general are Inditex stakeholders. Their daily activity is framed by the Group Internal Code of Conduct and the Responsible Practices Internal Directive of the company.

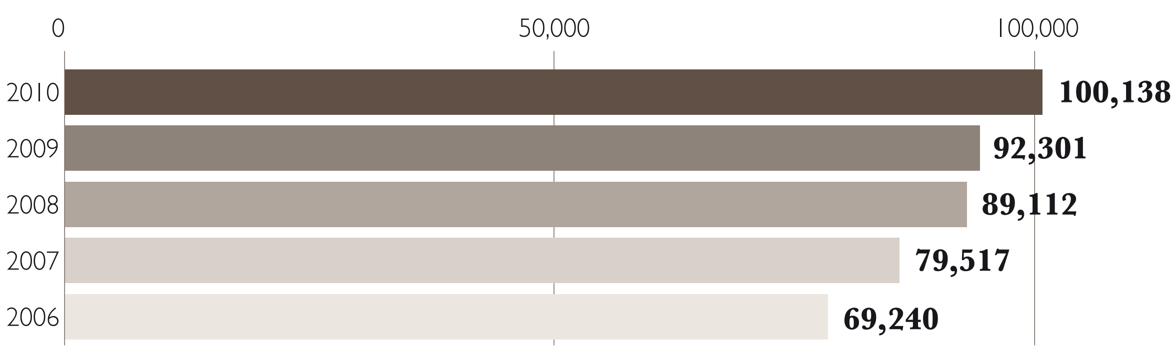
Eight ways of understanding fashion

A STYLE OF WORKING WITH PEOPLE

Inditex generated 7,837 net jobs in 2010 and the company had 100,138 employees at year end. These professionals share **POSITIVE ENERGY** and optimism for moving ahead, **TALENT**, **INSPIRATION** and they like **DIFFERENCE**: multiculturalism is a key element in a company where 150 nationalities are represented,



Growth in the total number of employees of the Inditex Group

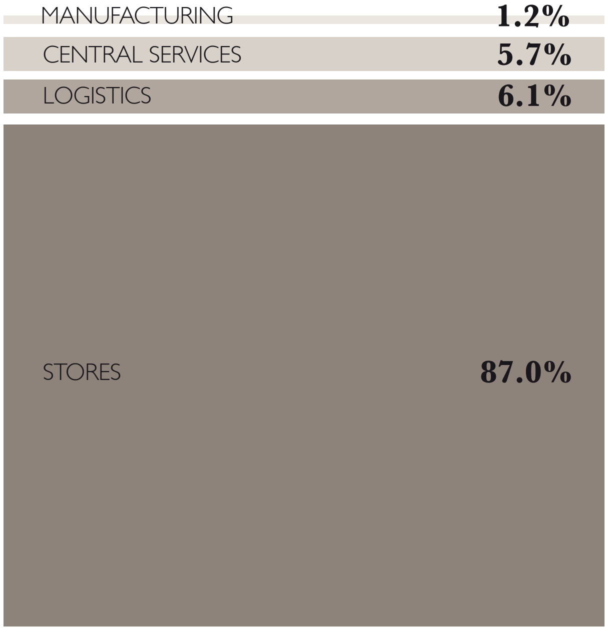


Energy

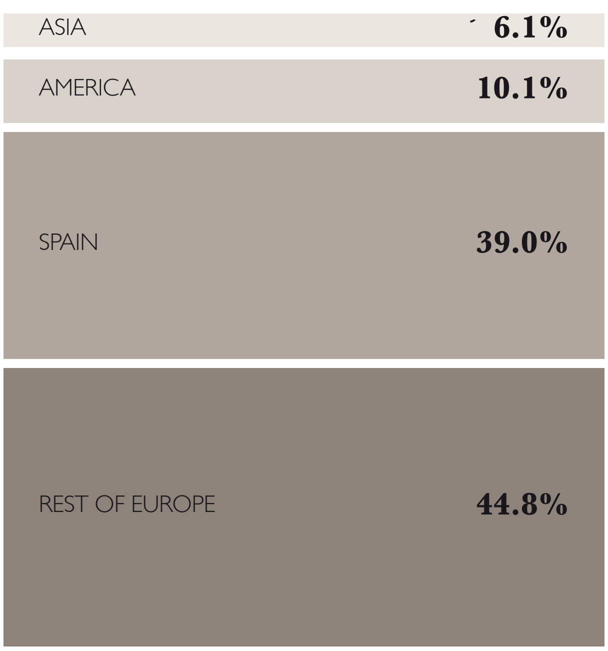
Positive energy, optimism, and a commitment to progress

Stores are Inditex's primary activity centre, and as such the main employment engine of the company. They represent 87% of all employees. 83.8% of the staff is in Europe, the Group's main market, including Spain where the head offices of all the chains and the logistics centres are located.

Employees by activity



Distribution of employees by geographical areas



Distribution of employees by country of the Inditex Group

EUROPE	
GERMANY	3,235
AUSTRIA	745
BELGIUM	1,264
BULGARIA	328
CROATIA	434
DENMARK	78
SLOVAKIA	110
SPAIN	39,009
FRANCE	5,804
GREECE	3,189
THE NETHERLANDS	947
HUNGARY	422
IRELAND	671
ITALY	5,222
LUXEMBOURG	84
MONACO	32
NORWAY	145
POLAND	2,493
PORTUGAL	5,375
UK	3,925
CZECH REPUBLIC	339
ROMANIA	1,067
RUSSIA	5,096
SWEDEN	412
SWITZERLAND	517
TURKEY	2,294
UKRAINE	640
TOTAL	**83,877**
AMERICA	
ARGENTINA	665
BRAZIL	1,795
CANADA	782
CHILE	657
USA	2,246
MEXICO	3,784
URUGUAY	180
TOTAL	**10,109**
ASIA	
BANGLADESH	18
CHINA	3,370
SOUTH KOREA	611
INDIA	240
JAPAN	1,913
TOTAL	**6,152**
TOTAL	**100,138**

Talent

A clear commitment to retaining people with potential

PROFESSIONAL AND PERSONAL DEVELOPMENT

A high number of Inditex's current managers began their careers in the company as store employees or in entry or technical positions within the organization. Inditex believes in the talent of its people and in their ability to grow both personally and professionally within the company. The company is aware that personal growth leaves a positive mark on its own development. Training and internal promotion of its people are key to Inditex's activity. Its business model requires continuous innovation and team work.

The internal training plans are diverse in nature and adapted to the needs of the staff depending on their activity:

- Orientation training for new employees: These à la carte training plans, based on the job to be performed, have one common denominator - a period of in-store training, regardless of the new employee's planned position.
- Management and administration of teams
- Languages
- Information systems
- New technologies
- Individual training plans
- Store management systems
- Training in products, raw materials, and presentation of collections.

IN STORE

Taking into account that 87% of the Inditex staff work in stores, more than 80% of the Group's training investment targets store staff. It has the largest teams and those which are in direct contact with customers. The most frequent training activity for these groups is the orientation of new employees joining the Group. Their training continues via the Store Management terminal (TGT) and includes courses on preventing occupational hazards among others. Store training plans have an extremely practical focus on subjects such as customer service, product, and recent trends.

In order to have standard quality training of store personnel, each chain has specific instruction materials with guidelines, advice, and periodic evaluations in addition to other content that helps both trainers and apprentices. Among these materials, the chains' store organization manuals are particularly important and are constantly updated. The manuals include detailed information on all aspects of the in-store work, such as human resources, activity at the till, the environment, or detailed information on the chain and the Group. All the store managers have the manuals available for use by the employees in any concrete situation. In the case of Zara, in 2010 there was special emphasis placed on new procedures required in the stores as a result of introduction of online sales via Zara.com in some European countries.

IN THE CLASSROOM

Classroom training is another of the training blocks designed by the Group in order improve the professional abilities of employees. Continuing with the trend of prior years, more than a million hours of classroom training were carried out in 2010. The materials taught on each course varied according to the nature of the activity of each professional and the specific vocabulary required.

Apart from specific training according to the professional activity performed by each employee, Inditex offers general courses in corporate social responsibility, the environment and occupational hazard prevention policies either on-line or through personally-attended courses.

LOGISTICS, DESIGN, COMMERCIAL AND CORPORATE AREAS

In addition to general training courses, Inditex has personalised training programmes for both new employees and those that need updated training at specific times due to job requirements. These programmes, designed jointly by the Human Resources department and the direct superior of the new employee, include a period of in-store training, the core of Inditex's activity and the leading figure in its business culture and model.

CANTERA PROJECT

In 2010 Inditex launched a talent recruitment programme targeting young people in collaboration with fourteen European universities. The Cantera project is directed at recent graduates interested in commercial and design areas. It consists of a specialized four to six month training plan in the company. During this period, the young graduates spend time in each of the areas related to design and commercial activities, always guided by an internal tutor. After this training period, they may begin a a professional career in the Group. This year 30 recent graduates participated in the Cantera project.

INTERNAL PROMOTION

From its beginnings, the Group has encouraged the creation of suitable working environments so that employees can develop their professional abilities and grow within the company. Indeed, the vast majority of store managers began as store assistants in Inditex. This is an example of the Group's team management which is used to evaluate the performance of each responsibility for each position, as well as the appropriate attitudes for getting the best results. In 2010 more than 90% of the staff received a performance evaluation.

As an example of this policy, during 2010, 543 sales staff were promoted to different positions of responsibility within the stores or to positions of responsibility within the Zara Spain or Inditex structure. In general about 10% of the Inditex staff, primarily from stores, are promoted from within each year.

Each business unit at Inditex sets down its own lines of activity in terms of staff motivation and on the basis of the characteristics of their activity or geographical location, with the result that it is very normal to find policies and projects whose sphere of action is local and is conducted wholly by the teams of that business unit. If the result of that policy is satisfactory, it is transferred to the company in general. In practice, these lines of action constitute a true value within the Group, which grants great autonomy and freedom of action to its different teams.

Talent management is a strategic value at all Inditex corporate levels, from the store to corporate positions

SHOP ONLINE

www.zara.com

A CHALLENGE MET WITH ENERGY, TALENT, AND INSPIRATION

One of Inditex's greatest challenges for 2010 from the sales, logistics and human resources perspective was the launch of Zara's online store. The Chain's webpage opened its doors in six countries: Spain, Germany, France, Italy, Portugal, and the United Kingdom on September 2nd. Two months later they were joined by Austria, Belgium, Holland, Ireland and Luxembourg.

This launch began its gestation a year prior and was always led and managed by Zara people with a real desire to introduce the chain's fashion to cyberspace. 41% of the new team created for Zara.com came from internal promotions. From the very start of the online project, the chain bet on young profiles with potential.

The creation of this project meant training in new disciplines for company employees and the incorporation of new people into the the Group. Zara.com had more than three hundred people (graphic designers, retouchers, sales people, models, stylists, IT people, customer service and logistics people, among others) and the unconditional and permanent support of all Zara teams, especially the stores team. They have had specific training regarding the new channel in order to give better customer service at the point of sale.

The online store team work elbow to elbow with the Zara design and sales teams, as well as with the chain coordination and show window teams. This is essential given that it has become one of the prime fashion show windows. The Zara.com monthly lookbooks for women, men, young people and children are followed by millions of chain followers in social networks and the users of its web page. The Zara online store has been a reality in eleven countries and 14 languages since September 2nd 2010, and it keeps growing…

The Zara.com team is made up of more than ***300*** *people with different profiles and* ***41%*** *of them came to the online project through internal promotion.*

Difference

Multiculturalism is part of Inditex

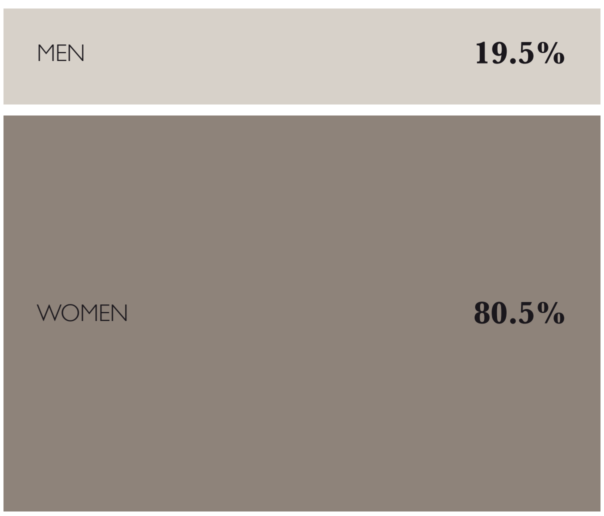
EQUALITY, DIVERSITY, AND CONCILIATION

Multiculturalism is an essential part of Inditex's nature The 100,138 Group employees represent more than 150 nationalities and 40 languages. At Inditex, men and women compete equally for opportunities in the recruitment processes, and apply for internal promotion based on the same criteria for assessment, development, talent and dedication to their work.

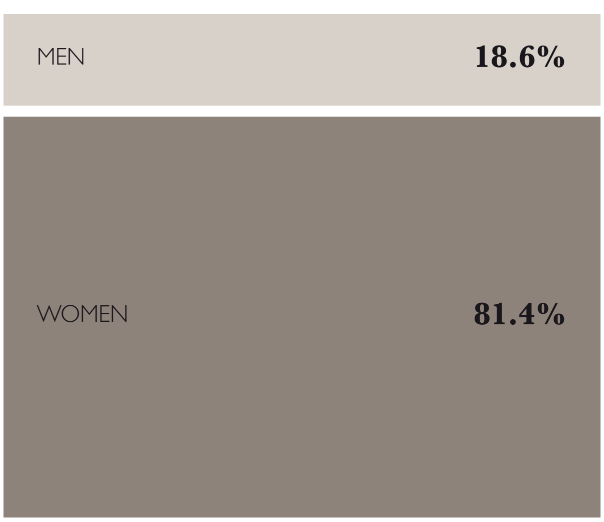
The staff is made up of 80.5% women and 19.5% men.

Employees by gender

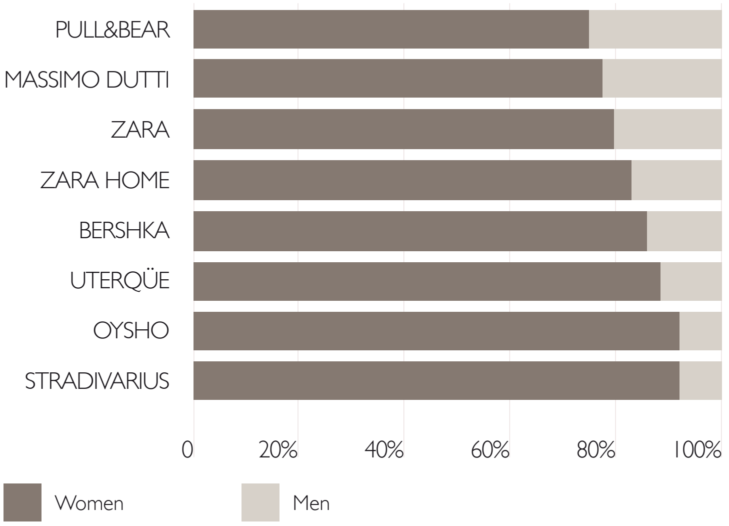
In 2010



In 2009



Employees by gender in each commercial format (%) in 2010



Inditex has an explicit commitment to equality and non-discrimination. The commitment to both vertical and horizontal equality was endorsed in 2006 with the ratification of the Equal project, Active Diversity, co-financed by the European Commission and with its social responsibility activities managed by the Spanish Coordinator from the Women's European Lobby and the Carolina Foundation which promote the implementation of measures for reducing inequalities between men and women in businesses.

Finally, the approval of a performance protocol against possible gender discrimination and sexual harassment by the Group's management should be emphasised. Using this protocol any employee may begin an internal investigation procedure with the aim of establishing the facts and deal with any possible responsibilities.

Inditex made a significant effort to incorporate equality programmes in the Group companies during 2010. The programmes include measures favouring a balance between work and family life, such as facilities for reincorporation of women after pregnancy leave and corresponding measures for paternity, ways to adjust work days to school calendars, social assistance and others. Follow-up of the equality programmes was created by a commission that analyses their application and their results.

Different equality plans were supported in the Zaragoza logistics Centre, Meco (Madrid), and Leon, and in the Massimo Dutti, Berska, and Zara chains during 2010. Below is a list of the measures in some of the different implemented plans:

- Pregnancy and nursing protocol agreed with social representatives and adapted to work positions.
- Pregnant employees who work on their feet are given the possibility to be paid for eight hours while working six effective hours each day.

- Nursing halls for extending the breast-feeding period for working mothers
- Parking places near the entrance for workers during their pregnancy.
- Possibility of interrupting or postponing the year's vacation period in order to take advantage of it during maternity leave.
- Possibility of preference for getting special shifts that balance work and the care of a child under 8 years old.
- Possibility of accumulating reduced shifts during school vacations.
- Possibility of adding the lactation period to maternity leave.
- In the case of extended leave for child care, the majority of distribution centres also extend reservation of the work position for up to the two or three years of the extended leave.
- Co-responsibility in measures regarding paternity:
    - · Possibility of adding paternity leave to the days of leave for birth of the child and to the vacation for the year.
    - · Improvement of lactation leave for men requesting it.
- Sensitization activities in the Zaragoza and Arteixo logistics centres.

Inditex is always working to emphasise a balance between work and family life; the protection of pregnant and nursing women, the prevention of occupational hazards during pregnancy, compatibility of part-time work and caring for younger children and older dependent people or extended periods of leave for the same reasons.

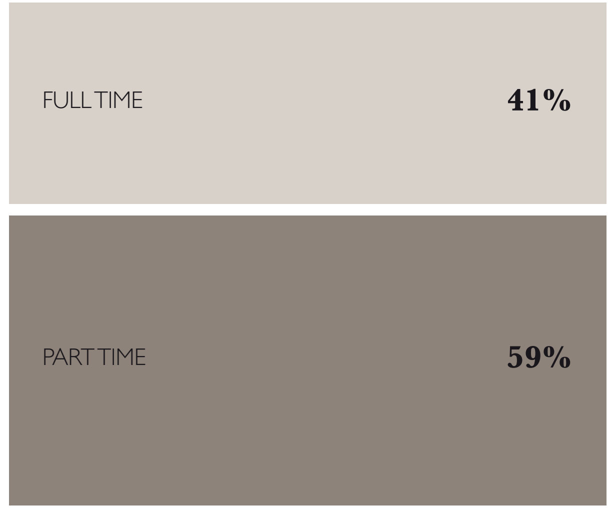
In fact, in 2009 the Group took a qualitative step in this area by signing a Global Agreement with the UNI Global Union, formally committing its collaboration for guaranteeing workers' rights and sustainable growth of the company. This agreement assures essential workers' rights and labour regulations are protected through social dialogue with the managers of Inditex in each of the countries where the Group operates. The agreement supports the fundamental workers' rights laid out in the International Labour Organization Conventions. This agreement is a key tool for the company in its employee relations, as noted in the CSR chapter (page 58).

LABOUR POLICY

One of the main characteristics of the Inditex business model is flexibility, which is reflected in the human resources policy. The company offers a range of positions with different working hours so as to facilitate, to the extent possible, stable work shifts.

Employees by type of shift

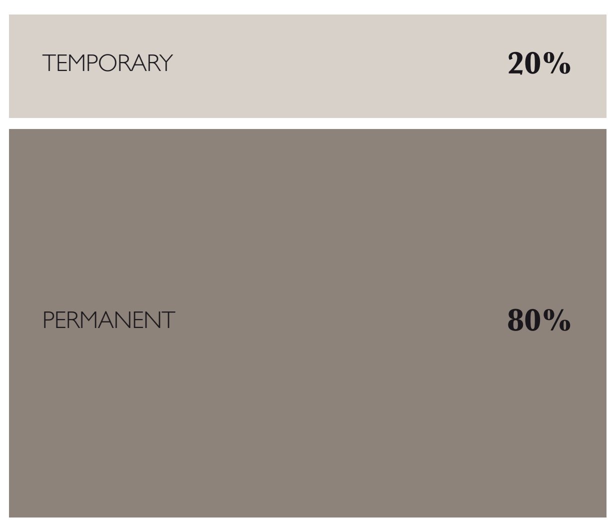
In 2010



In 2009

Inditex supports creation of steady jobs. In 2010, permanent contracts represented 80%, versus 79% in 2009.

Staff structure by type of contract in 2010



COMPENSATION POLICY

All the areas of Group activity, independently of their direct or indirect relationship with the store, target responding to customer demands. This means that, apart from the variable part of the salary associated with sales for store employees, those who work in logistics and production also have elements of pay linked with productivity and a large number of jobs in the corporate structure also have a variable component to their salary. Employees of Group service centres have part of their variable with common quantifiable objectives, and another part of the variable at the discretion of those responsible for area objectives and specific projects.

Personnel expenses (in thousands of euros)	2010	2009	Var. %
FIXED AND VARIABLE SALARIES	1,651,462	1,461,952	13%
SOCIAL SECURITY CONTRIBUTIONS BY INDITEX	357,697	329,680	8,5%
TOTAL PERSONNEL EXPENSES	2,009,429	1,791,632	12%

In 2009, Inditex launched various initiatives for flexible compensation plans or service offers with advantageous conditions for their employees. In 2010 it paid off with an average savings of more than 230 euros per employee. This year Inditex worked to increase flexible compensation plan services with products that will be offered in 2011.

In 2010 the Inditex Board of Directors approved the launch of a long term incentive plan targeting the management team and other key Inditex and group company employees. Each beneficiary would have the right, upon complying with the conditions of said plan, to receive up to a maximum incentive that would be assigned. The plan started on February 1, 2010 and it will terminate on January 31, 2013.

SOCIAL DIALOGUE

Respect for the freedom of labour unions and dialogue are key aspects of Inditex social policy. During 2010, there were collective agreements signed for the Pull&Bear and Zara (ACoruña) and Meco (Madrid) logistics centres, as well as for several of the Group's dressmaking factories in Arteixo, Ferrol, and Narón.

At year end, Inditex was negotiation agreements for the Zara Home and Leon logistics centres.

HEALTH AND SAFETY

These are the highlights of the activities carried out at Inditex during 2010 in area of Occupational Risk Prevention:

1. STUDIES AND EVALUATIONS OF HEALTH AND SAFETY

- Evaluations in logistics centres, Tempe (Alicante); Bershka, Massimo Duttie and Oysho offices in Tordera (Barcelona); and Stradivarius in Sallent (Barcelona).
- Ergonomic evaluation at Zara Logistics and in Zara stores in Spain; ergonomic evaluations based on the UNE-EN 1005-5 (OCRA) Method in factories. A new warehouse automation project using ergonomic standards was worked on Tempe with support of the Kaicen Institute. There were also load handling studies carried out in the Group factories.
- Psychosocial evaluations in the Zara Home and Pull&Bear logistics centres as well as in various Zara, Pull&Bear, Uterqüe, Zara Home and Stradivarius stores.
- Study of environmental conditions at different logistics platforms.

2.- NEW TOOLS

- System for information, identification, and immediate communication for labour accidents, sick leave and return to work in all Group stores.
- Automated registry of people trained regarding labour risks for sales people, managers, and cashiers.
- Implementation of training certification systems for labour risk prevention in real time in the stores.
- Integration of requests for medical check-ups and labour risk training in offices through the corporate intranet.
- Immediate communication system for labour risk checks in the stores.
- Online requests for medical check-ups.
- Creation and implementation of a unique page for labour risk prevention in the TGT (Store computer terminals).

3.- TRAINING ACTIVITIES

- In factories: School for backs, psychosocial risks, and work stress for prevention delegates, office risks for administrative personnel and a course for equipment maintenance personnel.
- At logistics platforms: Specific courses for labour risks, Zara first assistance incident investigation, equipment maintenance training, unloading procedures and orientation courses for new employees.
- In stores: Prevention week in Spain at Zara, Pull&Bear, Zara Home and Uterqüe; courses on the subject of prevention for managers at Zara, Bershka, Massimo Dutti, Oysho, Zara Home and Pull&Bear.
- Courses on relaxation for office personnel at Massimo Duttie, as well as training for the show window team.

4.- EMERGENCY AND EVALUATION

Creation of 114 store emergency plans in stores from all the chains, evacuation drills, and training of teams at different warehouses and centres, as well as update of the emergency plan for all Group factories.

5. INTERNATIONAL AREA

In 2010 a labour risk prevention training module was implemented online in countries such as the United Kingdom, China, and South Korea. In addition, systems for automatic communication of labour accidents was developed in the united Kingdom and new experts were incorporated in affiliates such as Portugal, Austria, and Belgium.

6. OTHERS

Implementation of OHSAS 17001 in the Zaragoza logistics centre:
One of the most important activities regarding labour risk prevention in 2010, was the implementation of an Internal Occupational Health and Safety Management System (SIGSST), under the OHSAS 18:001:2007 voluntary standard based on on continuous improvement. The purpose is to improve work conditions and achieve better prevention integration in all areas of the company.

Required external audit:
These audits indicate a good level of prevention integration in the company's organization structure, the involvmentment of management, the Human Resources department, managers and supervisors, area experts, and store managers and directors. In addition, the audit shows effective implementation of mechanisms for coordination and development of IT tools in order to facilitate prevention management in stores and factories as well as smooth communication between workers and delegates.

Inspiration

To grow, to innovate, to change

SOCIAL COMMITMENT

Inditex employees form part of Group's Corporate Social Responsibility policy. In addition to its day to day, CSR is present in its environmental commitment (reflected in the chapter called the Environmental Dimension, page 124) as well in the Group's social and investment commitment.

All of the activities that Inditex launches with its teams in the area of Human Resources are topped-off by corporate alignment with society. In addition to the Corporate Social Responsibility activities carried out by the Group, the people that comprise Inditex show constant dedication by proposing and participating in many voluntary social activities.

In prior years, Inditex launched other labour integration projects that continue having success year after year. This is the case with *Projet Jeunes*, a Zara France solidarity program in collaboration with the *Force Ouvrière* labour union, and with the objective of giving young people from underprivileged neighbourhoods in the Paris metropolitan area the opportunity to work.

On the other hand, Tempe, the Inditex footwear and accessories centre located in Elche (Alicante) has been carrying out corporate volunteer activities for several years. And different Inditex work centres (central offices, chain offices and logistics centres) have developed social initiatives.

THE SALTA PROJECT

During 2010, after several experiences with work re-insertion programs, Inditex launched Salta. Salta is program for women at risk of social exclusion. It is operated together with Surt, a women's association for labour re-insertion in the Raval neighbourhood in Barcelona.

Through this program, Inditex and Surt train women as commercial textile sales people, the purpose being to facilitate later incorporation into the labour market. The Salta program starts with a month of general sales skills training and three weeks of training on specific store functions in Inditex stores (product, customer service, coordination...). After this theoretical training, participants have two weeks of practice in Inditex stores after which many end up as Group employees or prepared to start a new professional career as a textile industry employee. After the first program, 18 of the women trained (60% of the participants) were contracted at Inditex stores.

Environmental dimension

SUSTAINABILITY AND FULLY INTEGRATED BUSINESS

Two thousand and ten saw the successful conclusion to the Strategic Environmental Plan 2007-2010 (PEMA). Its main objective was to integrate the sustainability variable into the management of all Group activities. The speed of Inditex's expansion has not been an obstacle to ensuring that sustainability criteria are taken into consideration in decision making at all levels and in all departments of the Group, as well at our business partners and within the supply chain.

Establishing the new eco-efficient store model for all new Group store openings is perhaps the most outstanding result of PEMA due to its visibility and its impact. The application of environmental efficiency management criteria in the maintenance and remodelling of existing stores has also been an outstanding success. Nevertheless, those haven't been the only activities. The Group has made significant progress in other areas such as logistics and product.

The integration of sustainability and business lets Inditex launch sustainable stores all over the world, stores guaranteed by recognized external accreditation such as LEED certification. This US rating system is an international standard for architectural sustainability. Teamwork among departments such as architecture, building, and other Group professionals, together with external experts has become a fundamental concept.

In the case of logistics, Inditex made a qualitative leap and placed itself at the vanguard of the sector. It developed a tool enabling identification and management of green house gas emissions through the scope concept (scope 1,2, and 3), established by the GHG Protocol following the most demanding international recommendations. At the same time, optimizing deliveries, routes, and the vehicles used has resulted in substantial reduction of CO_2 per delivered garment.

The most complex work environment at Inditex is product. It distributes 815 million garments and more than 20,000 new models every year. The basis for progress in this area includes the design teams and the supply chain. The Group's product life cycle analysis done in prior years makes available a tool for calculating each production's ecological and carbon footprint, facilitating minimization of environmental impact. In addition to the product, an effort has been made to guarantee that all the paper and carton used in bags and labels come from forests managed for sustainability and certified internationally by the FSC (Forest Stewardship Council) or the PEFC (Programme for the Endorsement of Forest Certification).

As a consequence of all these measures, Inditex has improved its overall efficiency and reduced its impact, including reduction of greenhouse gas emission, by 42% as compared with 2005.

All of these activities have required significant human, technological and economic effort. They have also enabled construction of a business model that combines efficiency, sustainability and customer service.

Inditex Environmental Policy

SUSTAINABLE GROWTH AS A STRATEGIC VALUE

Each Inditex business area believes that its activities should include a set of sustainable development criteria, which guarantee the proper management of resources and environmental protection, as well as meeting society's needs.

The pillar that supports Inditex's Environmental Management Model and which is the source for strategic direction, is the Environmental Policy of the Group, which includes the following commitments:

1. Inditex is committed to taking the environmental factor into account, particularly the consequences of climate change, when planning and executing Group activities, as well as those of its business partners. It promotes environmental awareness among its personnel, suppliers and society in general.
2. Inditex is committed to complying with environmental regulations that apply to its activities, as well as any other obligations laid down. It will endeavour to prevent pollution and reduce the environmental impact of its activities to the minimum.
3. Inditex is making an effort to improve continually its Environmental Management System, increasing its efficiency with regards to the consumption of resources.
4. Inditex is committed to protecting the environment. It develops continuous improvement activities for reducing direct and indirect greenhouse gas emissions, for reducing resource consumption, and for minimizing the use of components harmful to the surroundings.
5. Inditex guarantees that it will communicate this policy to all of its employees and society, establishing a smooth communication policy with the authorities, local communities, and interested parties.

These principles apply to all of Inditex's companies and work centres. They are established within the framework of the Environmental Management System in accordance with the ISO 14001 standard at the head office, logistics centre and factory in Arteixo (A Coruña); at the factories in Narón and Ferrol, (A Coruña); at the head offices and the Tempe logistics centre in Elche (Alicante); and at the Zara, Zara Home and Uterqüe chains in Arteixo (A Coruña); Pull&Bear in Narón; Massimo Dutti and Oysho in Tordera (Barcelona); and Bershka in Tordera and Palafolls (Barcelona); Stradivarius in Sallent (Barcelona); and in the logistics centres in Zaragoza, Leon and Meco (Madrid).

Climate change strategy

Climate change and its implications have particular significance in Inditex's overall sustainability strategy. The main international and European documents on the subject have been taken into account. The implication of climate change on our business model has been analysed, identifying the risks as well as the associated opportunities throughout the value chain.

To deal solidly with these questions, a global system of CO_2 indices for Inditex activities has been built. It enables evaluation of its part in the problem of greenhouse gasses (GHGs). It also avoids using air conditioners that have gasses that damage the ozone layer.

Inditex's strategy in the face of climate change is designed to achieve a 20% global reduction of GHG emissions by 2020. It has defined four complementary lines of work to achieve this:

1. Measurement of the ecological and carbon footprint of our activities: At the close of 2010, Inditex controlled and reported its emissions following the GHG Protocol international method.
2. Emission reduction activities: Emission reduction is found in all lines of work presented on the following pages of this chapter within the framework of the 2011-2015 strategy (the efficiency of new and existing stores, the development of eco-products).
3. Emission compensation activities: They are included in the Terra Project explained on the following pages.
4. Sensitization and training: An area essential for reaching the objectives that have been set.

Environmental Strategy Plan: PEMA 2007-2010

Sustainability and environmental management are strategic variables for Inditex. It enabled establishing the pillars on which the Group environmental strategy has been built since 1995.

- Certification of the Environmental Management System in accordance with ISO 14001 in 25 Inditex installations: Group head office, chain head offices, logistics centres, and in-house factories.
- Energy efficiency plans for all factories and logistics centres.
- Incorporation of renewable and cogenerated energies (850 kWh of wind power, 1,500 m^2 of solar thermic ad three cogeneration plants.
- Environmental training for 100% of factory and logistics centre personnel.

Learning and the results achieved over a period of several years were the basis for the Environmental Strategy Plan 2007-2010 (PEMA) presented to shareholders in July of 2007. It included environmental improvement throughout the entire company productive cycle (headquarters, product, stores, logistics, and society in general).

The execution and application of all of the projects included this plan made it possible for the sustainability variable to be included in planning and decision making in all departments at Inditex.

PEMA 2007-2010 was completed at the close of 2010 achieving results superior to those initially forecast:

OBJECTIVES	ACHIEVEMENTS
To reach 50% renewable energies in corporate and production centres.	In 2010, 51.75% of the energy in these centres was provided by renewable sources and cogeneration.
Reduce transport CO_2 emissions by 20% by the end of 2010	Objective met: Emissions went from 100 gCO_2/garment to 78.01 gCO_2/garment
Reduce electricity consumption in all new stores by 20% before 2010	Objective met: Consumption went from 1,483 wh/garment to 860 wh/garment in 2010 a reduction of 42%.

70% of the staff completed the planned training between 2005 and 2010

PEMA 2007-2010 (AN ENVIRONMENTAL PROJECT FOR EACH BUSINESS AREA)

CENTRAL HEAD-QUARTERS, HEAD-QUARTERS OF THE CHAINS, FACTORIES AND LOGISTICAL CENTRES	PRODUCT	TRANSPORT AND LOGISTICS	STORES	SOCIETY
IEMA: Energy integration using environmental criteria	Ecological footprint: Footwear and textile life cycle	Inditex Pro Kyoto: Sustainable mobility	3S: Sustainable store	Terra: Compensating for Emissions

PEMA 2007-2010 projects

1. IEMA

The purpose of IEMA (Environmental and Energy Integration) is to apply eco-innovation to energy consumption management. It involves the integration of efficient energy consumption variables, renewable energy sources, atmospheric emissions and climate change within a single management model that will allow for control and coordinated decision making for all of them.

During the first three years of applying PEMA, renewable energy installation projects were carried out at the Meco, Zaragoza, and Leon centres. In addition, expansion of the logistics centres was done using energy innovation criteria for items like insulation, illumination, and energy efficiency.

In 2010 new cogeneration plants were installed for producing our own electricity and heat, as were new renewable energy plants.

CO_2 emissions have been minimized by substituting diesel boilers with natural gas boilers. Controls for reducing energy consumption have been integrated.

2. ECOLOGICAL FOOTPRINT

This project analyses and defines the main variables that influence the environment in the manufacture of the garments and footwear, and presents the design of a simplified analysis tool enabling consistent evaluation of production with sustainability criteria. This analysis will include criteria about the efficiency of the consumption of production resources, use of harmful substances and optimisation of production processes.

This project concludes the first phase of studies of Inditex products life cycles. It enabled us to perfect our own tool aiding in calculation of Ecological and Carbon Footprints of Group productions, and to facilitate the decision making of designers in order to reduce environmental impact.

3. TERRA PROJECT

This is a global transverse action which makes it possible to make progress on the closing of the energy cycle, through planting trees which act as a CO_2 sink and compensate for the Group emissions.

The main lines of action of the Terra project are:

- **Creation of the necessary forest** to absorb the emissions which result from the consumption of electrical energy and fossil fuels.

- **Promotion of activities to protect** the natural environment, habitats and ecosystems.

Inditex maintains an agreement with the Galicia Regional Government for doing projects to create forest areas with high genetic levels. During 2010 the agreement with Consellería do Medio Rural was extended to continue the research for continuous improvement of the genetic quality of the main Galician forest species, which the Group has been working on since 2007. In the last four years Inditex has planted more than 17,000 trees, generating high genetic value forest areas on more than 40 hectares of Galician woodland. It has also produced and introduced high genetic value tree species, especially leafy deciduous trees, increasing the existing bio-diversity.

Likewise, the significant commitment of Stradivarius and Pull&Bear is shown by their elimination of catalogues in printed form and them only publishing on their webpages. By visiting the digital catalogue on the web pages, Stradivarius and Pull&Bear users prevent 400 gr of CO_2 emissions. In the case of Pull&Bear, the project was completed with a reforestation project in the Sierra Gorda Biosphere Reserve (Mexico) where 16,500 trees were planted.

Earth hour - WWF

For several years, Inditex has taken part in turning out the lights during "Earth Hour", an environmental sensitization initiative organized by the WWF with a symbolic stop of electricity consumption during a predetermined hour. It is intended to make the world aware of the need to respect the environment and reduce CO_2 emissions associated with energy consumption. More than 3,000 cities in 84 countries participate in this initiative every year. Inditex turns out the show window lights in a good number of its stores located on the main shopping streets of the world.

4. INDITEX PRO KYOTO

Inditex ProKyoto puts into practice the commitment to sustainability, climate change and the other commitments deriving from the Kyoto Protocol regarding transport and logistics. The ultimate goal of the project is reduction of the CO_2 emissions associated with transport and logistics using the following methods:

- **A 20% reduction in greenhouse gas (GHG) emissions** associated with logistics and distribution by 2020.
- **Sensitization** of all company personnel.
- **Promotion of sustainable mobility** among employees, customers, and logistics.

Actions carried out in 2007-2010:

TRANSPORTATION AUDITS FOR ROUTE OPTIMIZATION

In order to optimize product delivery both product packaging and transportation method were evaluated.

EVALUATION OF CARRIERS

A self-evaluation survey regarding the environment was defined to be answered by carriers. It enables comparison of the degree of compliance and environmental impact of their operations. It also helps them plan and put into effect an environmental improvement programme. During 2010 the main carriers, both domestic and international, were evaluated. Those main carriers provide 60% of the Group logistics operations.

REDUCTION OF CO_2 EMISSIONS IN LOGISTICS

In order to reduce CO_2 emissions, we transformed the fleet of Zara trucks to Euro 5 (the most demanding European standard with regard to motor vehicle emissions and their specific parts).

Zara Logistics initiated a pilot project jointly with Gas Natural, Transportes Breogan and HAM in order try out a new truck tractor unit powered by natural gas. The test is on a real distribution route. The project will evaluate liquefied natural gas (LNG) for long distance application based on dual-fuel engine technology. The best locations for LNG service stations necessary for implementing this technology will be defined as a complementary part of these tests. In addition, evaluation of vehicles fuelled by compressed natural gas (CNG) for last mile distribution or to carry out internal movement of trailers in the cargo terminals is being done.

EFFICIENT DRIVING TRAINING FOR PROFESSIONAL DRIVERS

Efficient driving courses were given to the main carriers. There were theory and practical classes and fuel savings are estimated between 7% and 10%.

USE OF ELECTRIC VEHICLES

Electric vehicles have been introduced in the logistic centres for maintenance personnel. This prevents CO_2 emissions and improves air quality.

INTEGRATED SUSTAINABLE MOBILITY MANUAL

This initiative targets Group employees and includes proposals and solutions to make their daily commute between home and work easy and eco-friendly.

5. SUSTAINABLE STORE

The Group's Environment and Architecture teams, with the support of experts and technologists from three Spanish universities in A Coruña, Santiago de Compostela and Vigo, have defined the model of best practice in the environmental sphere which enables Inditex, and its suppliers, to establish a framework aimed at achieving sustainability in our stores. The 3S Project aims to guarantee the reduction of consumption and emissions of CO_2 associated with stores and to work on the building of stores with sustainability parameters. Initiatives like development of the eco-efficient store and sensitization and training of store personnel regarding environmental issues are emphasised.

Development of the eco-efficient store has been PEMA's most significant project. Not just because the store is a key to the Inditex business model and where the most energy is consumed, but also because it involves the customers and their participation in the company commitment to the environment.

Next, some of the measures introduced during the execution of PEMA 2007-2010 are described.

FIXTURES WITH FOREST CERTIFICATION

All wood used in store fixtures has PEFC and/or FSC forest certification. This certification is also extended to all of our paper bags and product labels.

For better control of store fixtures, a chain of custody system for fixture and carpentry suppliers was designed and implemented. It guarantees that the end product was created with wood certified as coming from sustainable forests.

PACKAGING FOR TRANSPORT

Boxes used to transport goods are re-used between six and eight times for distributing product to stores. This is applied to all distribution processes between Group logistics centres and those stores which are distributed to by road, optimizing their use. In 2010 six million cardboard boxes made of 60% recyclable material were used.

Any kind of bags and packaging finance the Green Dot system in those countries where said legislation applies, and as such guarantee that an Integrated Management System (SIG) targeting selective collection and recovery of packaging waste for later treatment, recycling and valuations is financed.

PLASTIC AND PAPER BAGS

All paper bags given to customers have FSC *(Forest Stewardship Council)* or PEFC *(Programme for the Endorsement of Forest Certification)* certification. This guarantees that the paper the bags were made with comes from responsibly managed sustainable forests. Plastic bags are manufactured with d2w. This ingredient facilitates faster biodegradation and as such recycling. In 2010, 200 million FSC certified paper bags were given to customers with their purchases.

All Inditex stores have biodegradable plastic bags and forestry certified paper bags, same as the wooden fixtures

REDUCING THE USE OF PLASTIC

Test for reduction of plastic substances, going from 300 microns to 200 microns of weight for use in manufacturing and 25 microns a 15 microns in product delivery.

COMPACTING WASTE

Plastics, paper and cardboard comprise the waste that takes the most space and weighs the least. In order to optimize its storage and to send the waste to an authorized administrator, compactors have been installed enabling reduction of the volume of plastic by 95% and of paper by 90%. The waste is compacted into bales of 60 to 150 kilos improving storage, management, and transport.

To improve recycling, waste is not mixed in the compactors. The bales are made up of just one product. Also, different types of plastic (polypropylene, and polyethylene) are separated if they have different methods of treatment and recycling . Each bale is sent to the plant that recycles its type of product.

Compacting the waste results in the following advantages:

- < Less storage space
- > Easier to handle
- < Reduction in the vehicles required for transport
- < Waste collection done less frequently
- + Waste transport optimization
- + Optimization of the separation of waste for recycling

The eco-efficient store

The great milestone of the PEMA Sustainable Store project is the creation of the first eco-efficient stores. The two precursor stores opened in 2008 in A Coruña (Spain) and Athens (Greece). Both pilot stores had sustainable elements in materials, installations, and control and process systems. Specifically the store in Athens, located in the Korai neighbourhood in an historic building, is the leading eco-efficient store in the Group. The special work done in installations and processes at this store has achieved a 30% energy savings as compared to the average annual consumption of a conventional store, and a 150 ton reduction of annual CO_2 emissions into the environment. In addition, this store is one of the most interesting restoration projects carried out by the Zara Architecture and Building department. It followed the wake stir the chain caused with the restoration of the old San Antonio El Real convent (Salamanca).

This experience was the foundation for the new Portal de l'Àngel store in Barcelona, opened in 2009. This was the first eco-efficient store to achieve the Gold level of LEED environmental certification. LEED is a US certification for sustainable architecture and among the most demanding in the market. Following this project, there have been several new requests for sustainable construction certification from other stores. The eco-efficient store model has been improved and incorporates new environmental criteria and technical requirements.

Learning from the accumulated experience involved in conceiving of and building these eco-efficient stores, Inditex designed and developed its own specific Eco-efficient Store Manual. It establishes the general criteria and basic characteristics that all professionals involved in design, development, maintenance and management of stores must apply. This includes people both internal as well as external to the Group

Application of the new store model reduces environmental impact of all sustainability variables by reducing energy consumption 30%.

The Zara store on Korai street in Athens, opened in 2008, is the Group's leading example of eco-efficiency

2009

ZARA-ZARA HOME, PORTAL DE L'ÀNGEL, 11-13, BARCELONA (SPAIN)

Eco-efficient store with LEED environmental certification. Gold category.

The result is a store that uses 30% less energy, saves 50% on water consumption, and prevents the emission of more than 150 tons of CO_2 annually. This means Gold category LEED certification.

MASSIMO DUTTI, DIAGONAL, 484, BARCELONA (SPAIN)

The first Energy Rating A awarded in Spain to a commercial establishment.

The store is at the maximum level in terms of building energy efficiency.
The improvements seen in the lighting, air-conditioning and ventilation systems enabled a reduction in energy consumption of more than 30%

The sustainable store model or eco-store was implemented in 100% of the new store openings in 2010, just as was planned. This model is in on-going development. New characteristics and technical requirements are incorporated so as to continue improving the model's energy efficiency and reduce environmental impact both during construction and day-to-day operations of the store.

The plan specifies that the management of each country assumes the responsibility for supervising eco-efficient store implementation. To do this, in 2010 the Environmental department developed a training plan for technicians and managers for the countries where Inditex operates. Its purpose is to provide them with in-depth knowledge of the eco-store model, and that they apply it to new buildings, remodels, and especially to the maintenance of operating stores. Training courses on the operation of the eco-store model as well as for environmental sensitization of store managers of all chains have been given in countries like Portugal, France, Italy, Poland and Germany.

Applying the eco-efficient store model to all new store openings results in reducing energy consumption by 30%

All lighting in existing stores has been renovated. High efficiency lights were incorporated and a centralized management system that automatically switches both lighting and air-conditioning on and off was installed. In addition, energy class A air conditioners replaced the old equipment and speed control has been incorporated in the escalators.

2010

OYSHO, RUE RIVOLI, 74, PARIS (FRANCE)

Candidate for BREEAM certification.

The first Inditex store to opt for BREEAM certification, the English seal for sustainable building.

PULL&BEAR, GRAN VÍA, 31, MADRID (SPAIN)

Candidate for Gold LEED certification.

The store aspires to LEED Gold certification, following the path opened in 2009 by Zara and Zara Home in Portal de l'Àngel.
It achieved a 30% reduction in energy consumption, 50% in water consumption, and eliminated the emission of more than 150 tons CO_2 per year.

2010

ZARA, VIA DEL CORSO, 189, ROME, ITALY

Store number 5,000 and Inditex's model for eco-efficiency

Inditex store number 5,000 is a Zara that was opened in December 2010 in the Palazzo Bocconi. The 120 year old building is one of the most emblematic in the centre of Rome. It is the current standard for eco-efficiency for all new Group stores.

The store is located at Via del Corso, 189 and brings together all of Inditex's environmental experience. It incorporates new measures that make it the Group's best example of environmental soundness. Everything done (regarding materials, installations, control systems and processes) has been done with the idea of achieving the LEED Platinum rating, the highest LEED certification rating granted. LEED is a US certification for sustainable architecture.

The application of the standards adopted in this store involved a bold approach to the processes of design, construction, management, maintenance and refurbishment of stores with the aim of making them reference standards in terms of energy efficiency, respect for the environment, reduction of environmental impact and minimisation of waste. In addition, it incorporates a new energy efficiency control system that enables management of all energy consumption of the store, including turning on and off lights and air-conditioning, from the Inditex central office in Arteixo (Spain).

The sustainability and energy efficiency measures established in this store are structured around the requirements of each categories of the LEED certification system and contemplate actions regarding materials, installations and control systems and processes that will be gradually implemented in all Group stores. The final result is a store which consumes 30% less energy as compared to the annual average consumption of a conventional store, saves 70% of water consumption, and prevents the emission of over 200 tons of CO_2 per year.

Final results of all of the eco-efficient measures taken for the store:

A 30% annual energy savings as compared to a conventional store

A 70% savings in water consumption

200 tons less of CO_2 l emitted per year

Some of the store's eco-efficient processes and installations

The measures adopted significantly affect aspects of the project, starting with the actual design, then execution, fixtures, lighting systems, heating and cooling, maintenance and more. The following are some of the the most significant measures:

- Automatic monitoring of environmental quality inside the store so as to guarantee comfort.
- Detection of the presence of people in order to turn off and on lights in the areas of less traffic.
- Air curtain systems in the access doors that have sensors to measure outside temperature and prevent sudden variations in the inside temperature, and which reduce cooling and heating requirements.
- Lighting system that reduces lighting power by 50% outside of commercial hours, reducing light contamination in cities.
- LED lights that have an expected life far superior to conventional lights.
- Grey water recovery system that reduces water consumption.
- Design conceived in order to take maximum advantage of natural light.
- All recyclable waste from construction (more than 75%) was delivered to authorized waste managers.

A building with more than 120 years of history

The history of the building goes back to the second half of the 19th century. In 1885 the Bocconi brothers announced a contest between architects for a significant building project in one of the most central areas of the capital.The winner was the architect Giulio de Angelis with a project pioneering the use of steel structures in construction. Its exterior reflects a historic language, between neoclassic and renaissance. Four identical facades, each of them with three large arches for the lower floors and smaller grouped arches for the upper floors hide the internal organization of the building which is structured in four levels of decreasing height.

Conscious of its singularity, Inditex involved Italian architect Duccio Grassi in the project. The intense renovation of the building was based on exhaustive historical documentation and incorporated specific elements that combine historical tradition with modern architecture.

The new environmental strategic plan: Sustainable Inditex 2011-2015

THE CHALLENGE OF EXTENDING SUSTAINABILITY TO THE VALUE CHAIN

After execution of the 2007-2010 Plan, last July the vice-chairman of Inditex, Pablo Isla, presented the Group's new 5-year environmental plan to the shareholders. 'Sustainable Inditex 2011-2015'. The new plan proposes to extend, consolidate, and increase the requirements of PEMA 2007-2010.

1. In new stores

OBJECTIVE: Build sustainable environmentally-friendly stores. Incorporate the most innovative technology for managing and saving energy and reducing CO_2 emissions.

LINES OF WORK

- Incorporation of sustainable store criteria in all new openings and remodels.
- Achieving LEED accreditation in some leading newly-built or significantly remodelled stores.
- Implementation of a centralized Environmental Management and Control System for all new openings, enabling continuous improvement of environmental parameters.
- Awareness of technology so as to identify new eco-materials that could be viable for constructing stores.

2. In already existing stores

OBJECTIVE: Redesign existing stores improving their technologies and optimizing environmental management with the objective of reducing CO_2 emissions by 30%.

LINES OF WORK

In order to guarantee remodelling of all stores opened before 2005 the following measures will be applied:

- Renovation of lighting incorporating high efficiency lights.
- Installation of a centralized management system.
- Replace air conditioning equipment with more efficient class A systems. This assures that there are no gasses harmful to the ozone layer.
- Incorporate speed control on the escalators.

3. In logistics

OBJECTIVE: Optimize routes, incorporate efficient vehicles with the latest technology.

LINES OF WORK

- Sustainable route optimization (consolidation, low impact transport, driver training…).
- Make environmental audits of routes.
- Environmental evaluation of carriers.
- Installation of electrical charge networks for logistics centre vehicles.
- Development and implementation of software to evaluate route CO_2 emission and measurement in accordance with the GHG Protocol
- Evaluation of new technologies for sustainable mobility (natural gas, hybrid vehicles).
- Reuse packaging, reduce its consumption, and improve its waste management.

The strategy for 2011-2015, in addition to the PEMA 2007-2010 activities, enable Inditex to achieve targets for reducing CO_2 emission by 10% for 2015 and by 20% for 2020, using 2005 as a basis.

To do this, the plan will affect the value chain, reducing the overall ecological footprint of the Group by means of six main activities:

4. With employees

OBJECTIVE: Carry out employee training and sensitization regarding overall environmental issues and the specific implications in their work centre so they can improve their personal and professional lives.

LINES OF WORK

- Creation of sensitization content and environmental information for the corporate magazine (100,000 copies in 12 languages).
- Environmental training for store personnel, included in daily store training.
- Production of environmental sensitization videos and material.
- Online training for personnel in corporate offices.
- Train HR instructors on environmental subjects for the logistics centres.
- Publication of the *Eco-technical report*: e-bulletin with information about new technologies and environmental experiences.

5. In product

OBJECTIVE: Promote evaluating ecological alternatives in developing new products and auxiliary materials

LINES OF WORK

- Develop tools for evaluating the environmental impact and CO_2 of advanced products in the measurement of carbon footprints.
- Development of textile products and eco-materials.

6. In nature and the surroundings

OBJECTIVE: Conserve nature with a dual objective:

- Encourage sustainable management of biodiversity, promoting knowledge, respect, improvement, and conservation of eco-systems.
- Collaborate in compensating for CO_2 emissions caused by the Inditex Group's activities.

LINES OF WORK

- Support the Galician Government Environmental Research and Information Centre of Lourizán's seed bank and forest eco-systems improvement.
- Support global environmental sensitization initiatives.
- Support sustainable natural resource management projects:
    - Programme for creating marine reserves for sustainable fishing
    - Develop strategies for sustainable water usage

The indicator system

The indicator system that Inditex presents in this section each year reflects the Group's environmental impact with respect to energy consumption and CO_2 emissions. These indicators are related to the number of garments sold. They become relative indicators that express the efficiency of all areas of the company (manufacturing, main office, chain main offices, logistic centres and stores).

These relative indicators show that greenhouse gasses have been significantly reduced and in turn reflect the success seen from integrating innovative environmental management into all phases of the business.

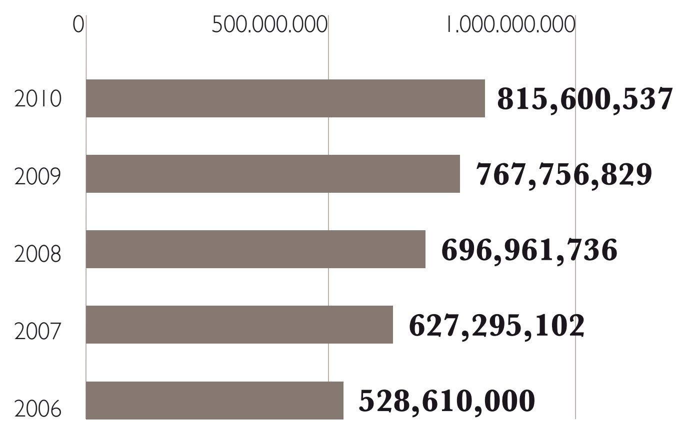
The IPCC 2006 *Guidelines for National Greenhouse Gas Inventories* provided the specification used for calculating CO_2 emissions. The calculation factors provided by the GHG protocol are used for the different types of energy:

- Natural Gas: 0.20213103 Kg CO_2eq/kWh
- Propane: 3,005 Kg CO_2eq/kWh
- Diesel: 2,686 Kg CO_2eq/kWh
- Grid electricity: 0.394298 Kg CO_2eq/kWh

The values used in the ratios are the following:

- Ratio = (absolute value of the year/number of garments put on the market during the year) x 1000.
- All indicators reflect data from 1 January through 31 December 2010

Number of garments released to the market

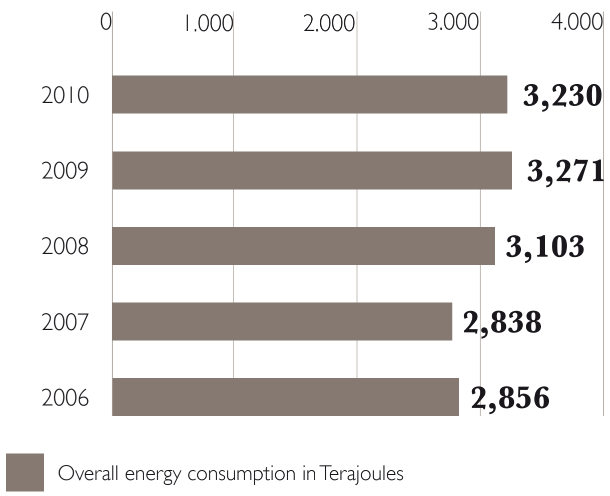


Noise studies did not detect any significant contribution to noise pollution from any of our activities.

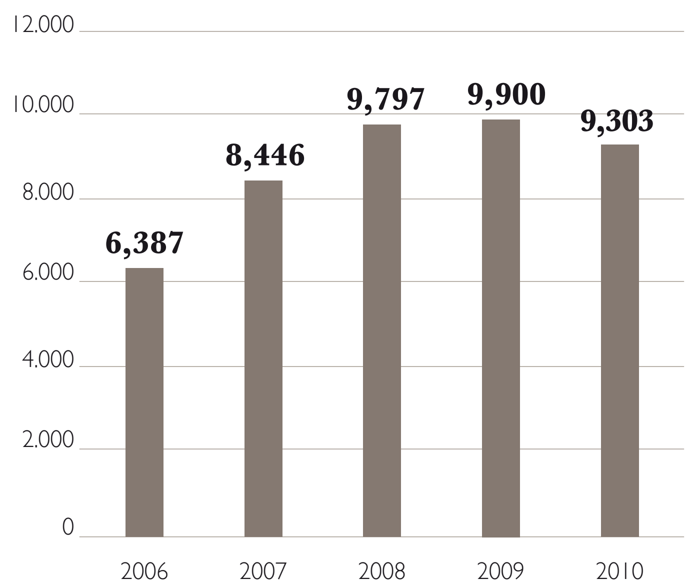
ENERGY CONSUMPTION

Overall energy consumption, expressed in Terajoules (TJ), comes from the use of fuel (such as natural gas, propane, and diesel) and electricity from the grid in all factories, the central office, chain head offices, logistic centres, and Group stores. As logistics are carried out by an external operator and considered *scope3*, the diesel used there is not included in this consumption (page 141).

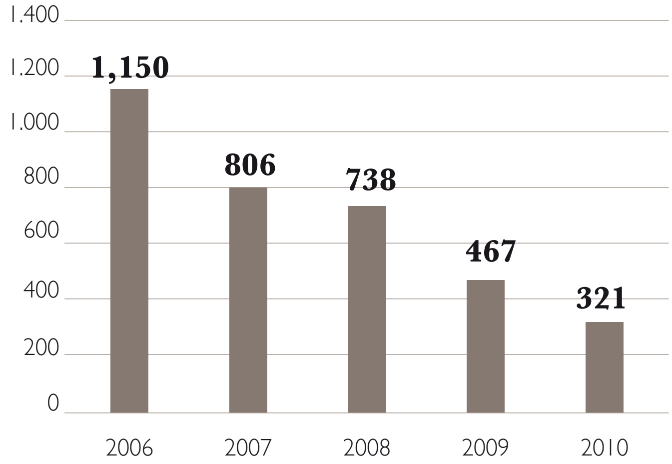
Overall energy consumption



Overall consumption of natural gas (Tep)1



Overall consumption of diesel (Tep)1



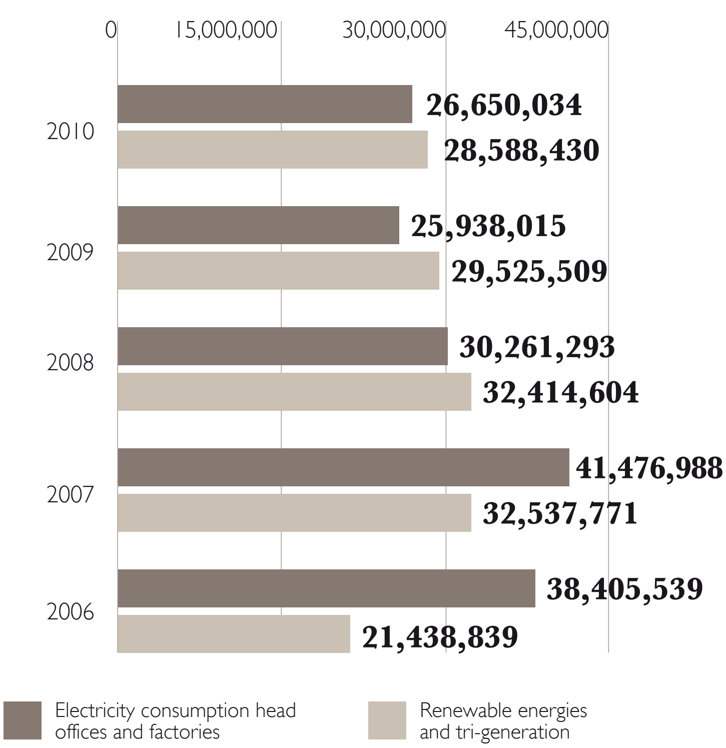
(1) Tep: Ton of oil equivalent = 41,868 GJ
10^3 m^3 of natural gas = 0.9315 tep
1ton of diesel = 1,035 tep

Propane consumption is too small to be represented in a graphic (7 tep).

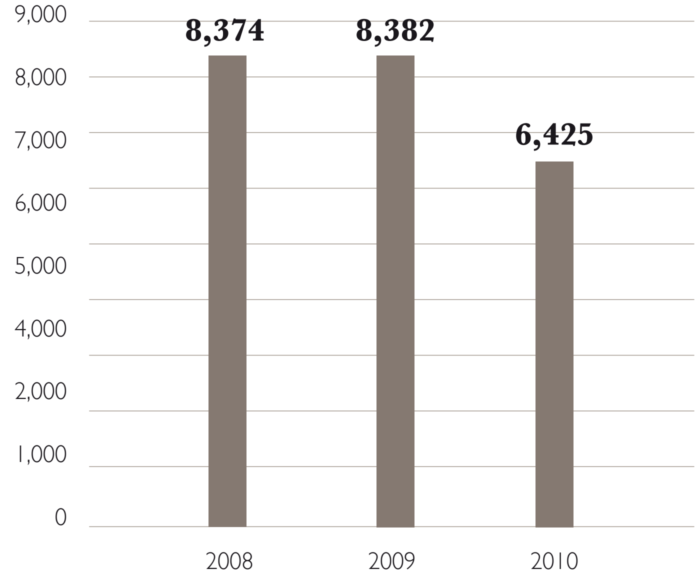
IN MAIN OFFICES AND FACTORIES

Implementation of the energy management certification system in accordance with UNE EN16001 corroborated the management of all Group energy sources. The energy consumption scheme permits the combination of different energy sources including renewable energies. Tri-generation plants consisting of heating and process boilers, solar panels, and wind generators now provide more than 50% of the energy consumed at the central office and factories.

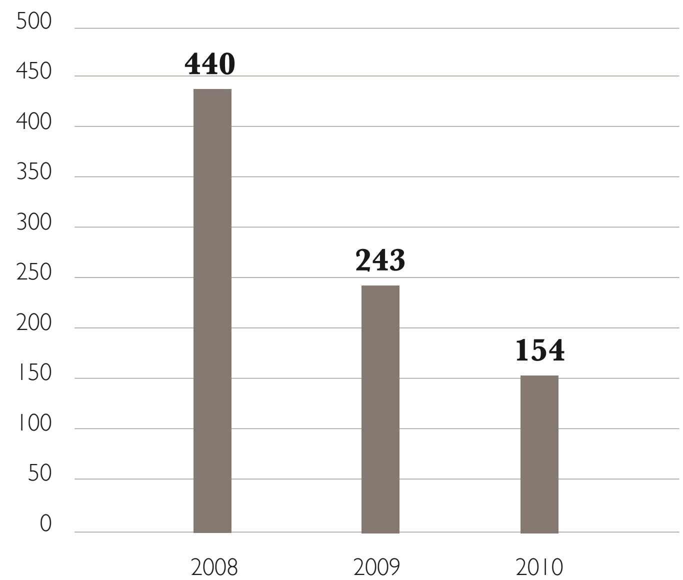
kWh consumed in main offices and factories



Consumption of natural gas (Tep)1



Consumption of diesel (Tep)1

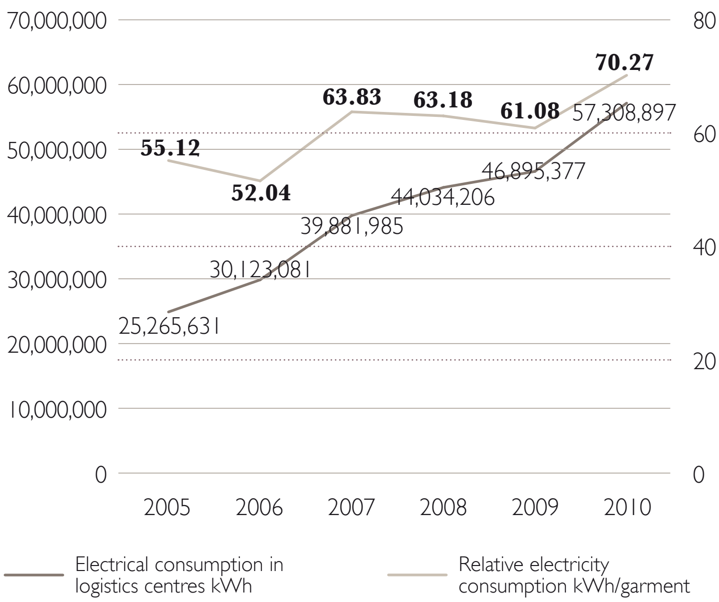


(1) Only three years of history is provided because in prior years the data was grouped and unavailable broken down by these activities.

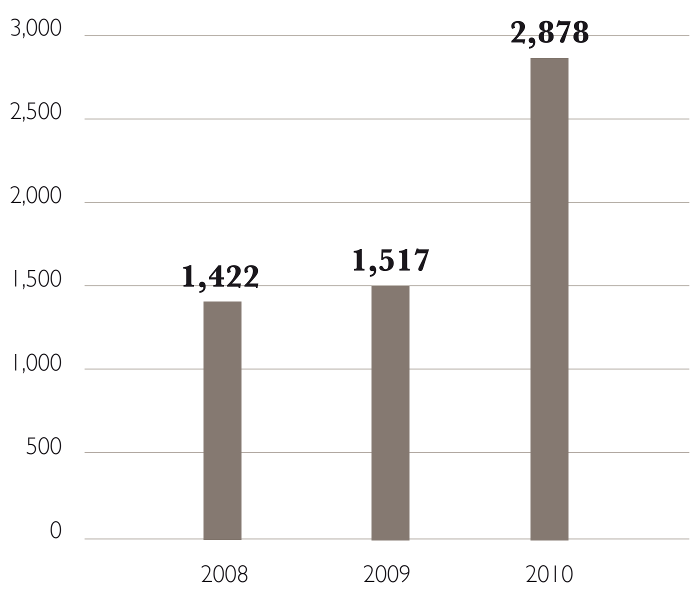
LOGISTICS AND TRANSPORT CENTRES

All the garments manufactured by Inditex are distributed from the logistics centres in Spain. By 2020, Inditex intends to reduce electricity consumption per garment by 20% in these centres, based on consumption in 2005 and using the indicator "consumed watts per garment released to the market" (w/garment) as a gauge.

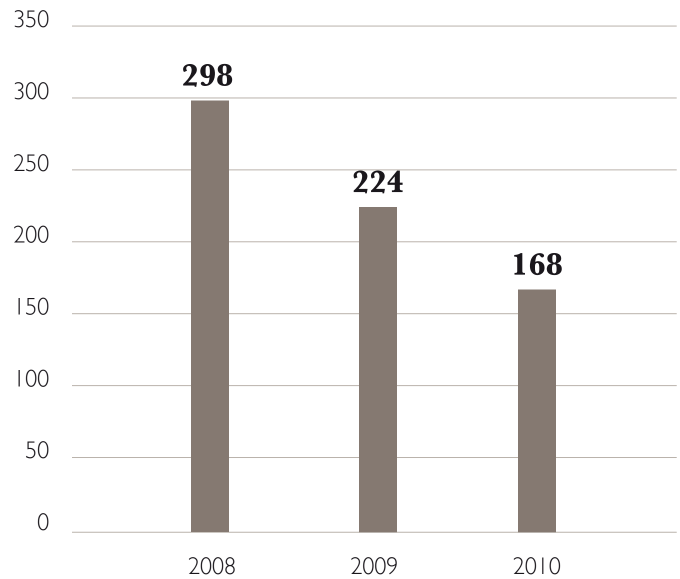
Electrical consumption in logistics centres



Consumption of natural gas (Tep)1



Consumption of diesel (Tep)1



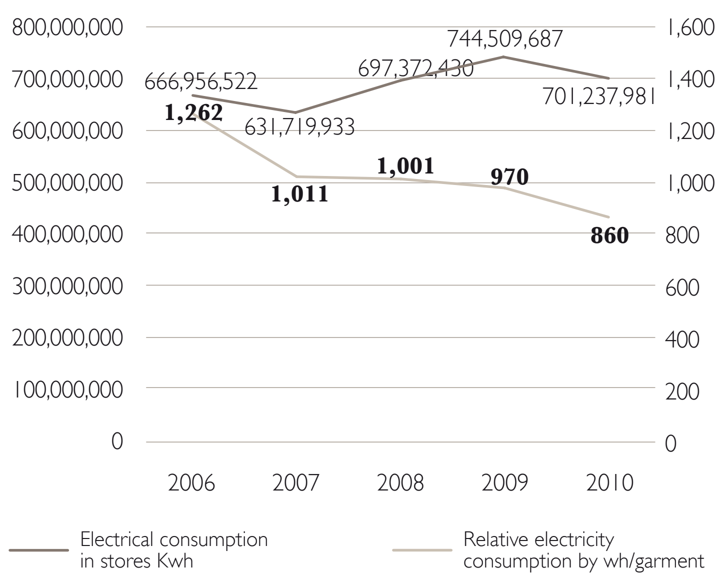
(1) Only three years of history is provided because in prior years the data was grouped and unavailable broken down by these activities.

STORES

Electricity consumption at stores is without a doubt important, meaning that a great effort has been made to continue improving the eco-efficient store model. The objective is to achieve a reduction in electricity consumption per garment of 20% before 2020. Nevertheless, it is worth mentioning that the efficiency measures applied since 2005 have made it possible to contain consumption and reduce relative consumption measured in watts per garment.

Details of power consumption at stores have been gathered through a sampling of utilities bills from a number of representative stores, extrapolating them to the total number.

Consumption of electricity in stores



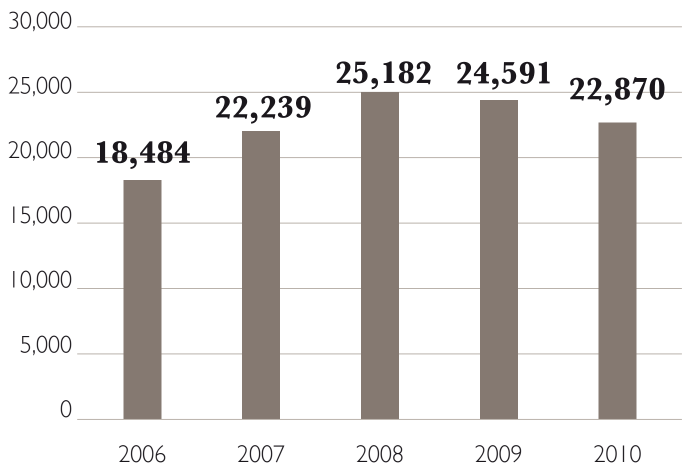
INDITEX GREENHOUSE GAS EMISSIONS (GHG)

Inditex Group Greenhouse Gas Emissions (GHG) are reported based on the following scopes in accordance with the GHG Protocol international specifications:

- **Scope 1:** Direct emissions. These are GHG emissions associated with sources under the Inditex Group's control. They include:
    - emissions from combustion in boilers, machinery, and vehicles
    - emissions pertaining to processes
    - emissions escaping from equipment or installations

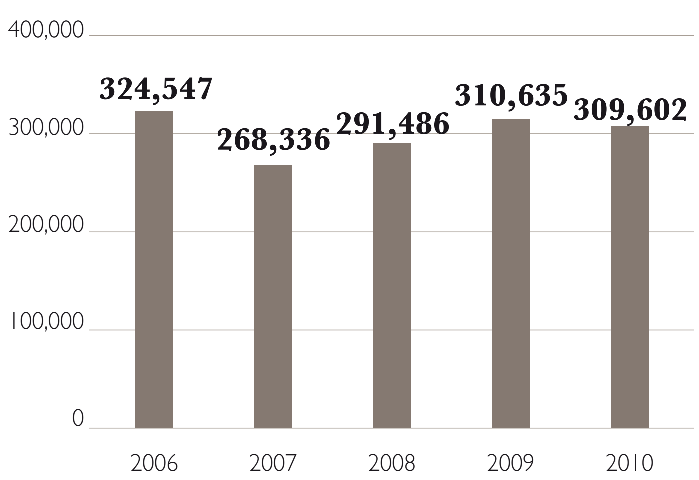
In order to achieve scope 1, emissions from the head office, chain offices, all Group factories, and logistics centres were accounted for.

GHG emissions-Scope1 (T CO_2 eq.)



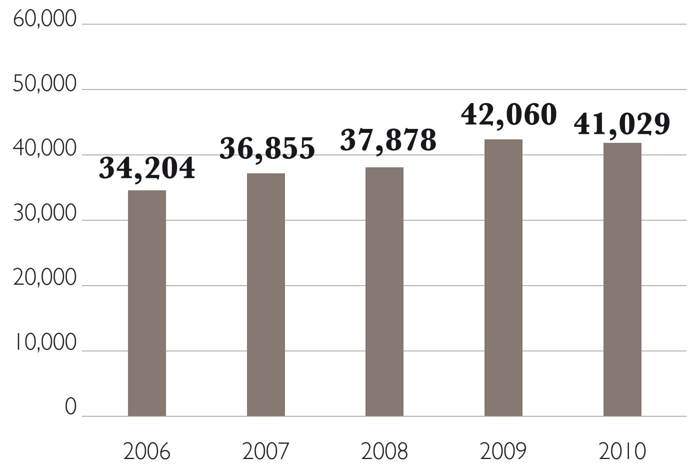
- **Scope 2:** Indirect emissions. Emissions associated with the generation of electricity or thermal energy the Inditex Group buys. For this calculation, GHG emissions produced in the head office, chain offices, factories, logistics centres, and all stores were accounted for.

GHG emissions-Scope2 (T CO_2 eq.)



- **Scope 3:** Indirect emissions associated with the goods and services production chain. Only emissions incurred by our suppliers in the carriage of garments to the store have been considered.

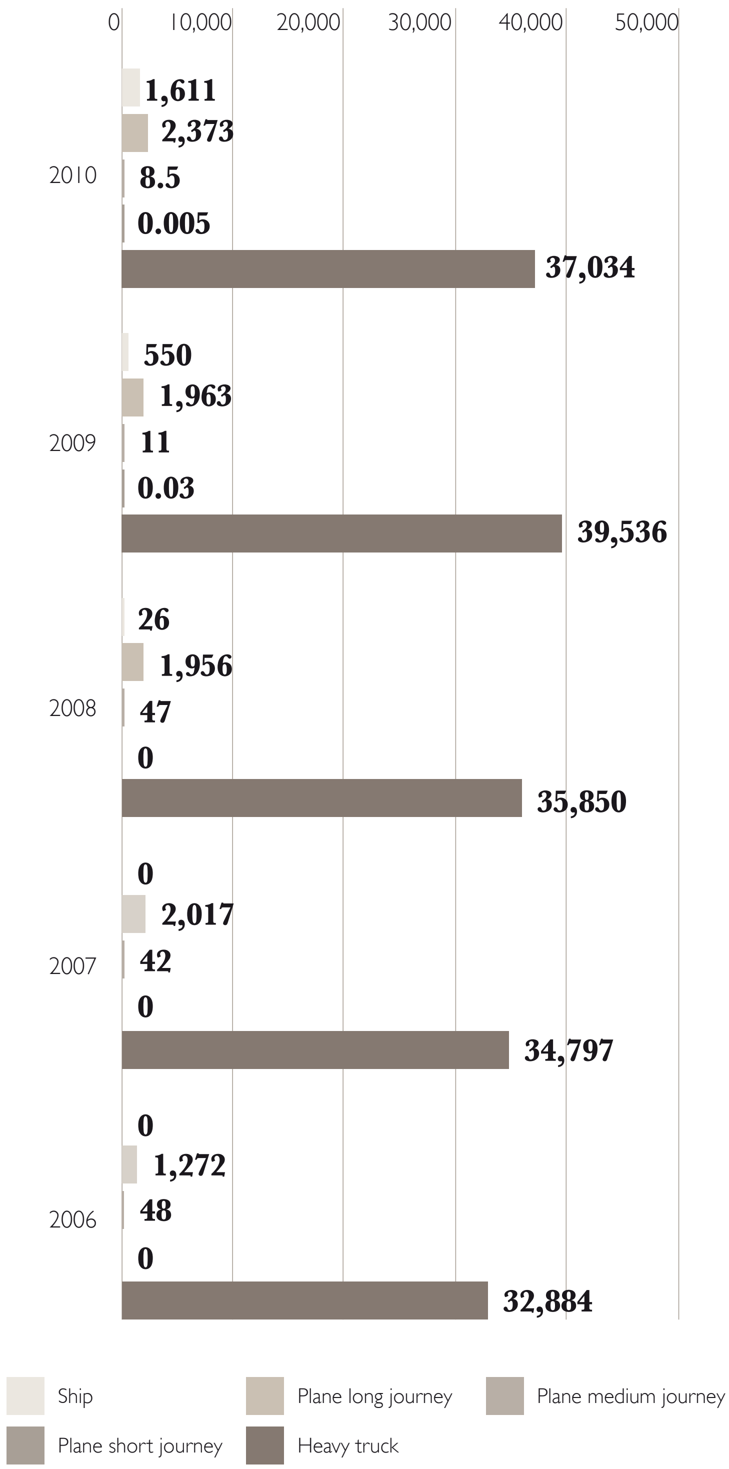
GHG emissions-Scope3 (T CO_2 eq.)



A breakdown of GHG emissions for each type of transportation used (land, air, sea) is presented below. Emissions from product transport (scope 3) are calculated based on the weight of the product shipped and the number of kilometres for each method of shipment. The following emission coefficients, as proposed by GHG Protocol, are used:

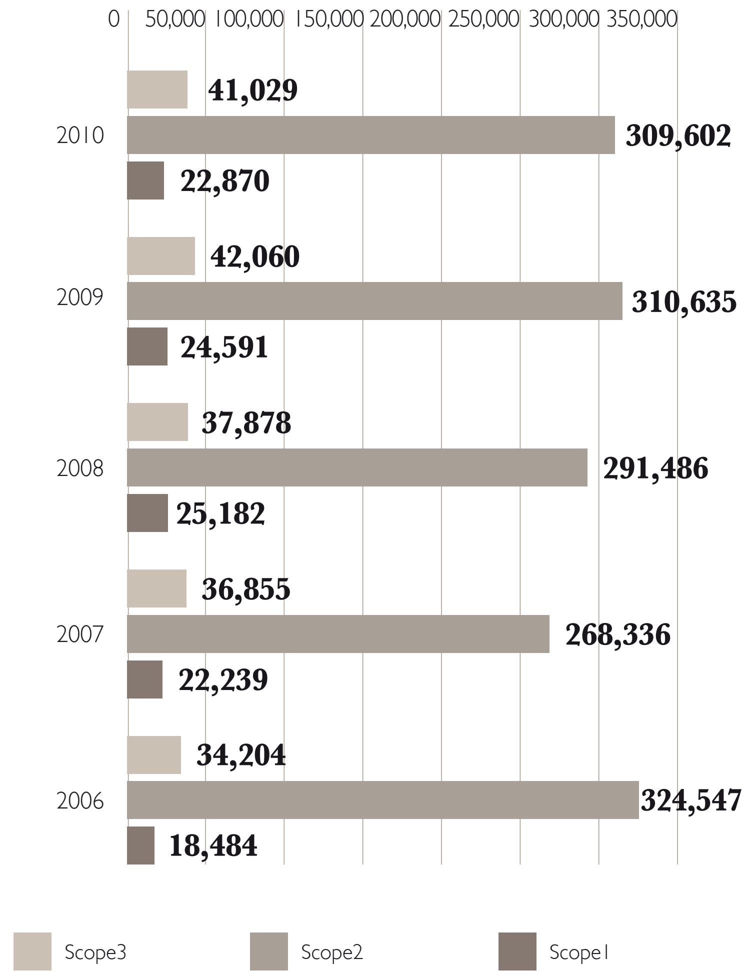
- Kg of CO_2/km truck=0.87
- Kg of CO_2/km plane on short flight (<450 km) = 1.58
- -Kg of CO_2/km plane on medium-length flight (between 450 and 1500 km) = 0.8
- Kg of CO_2/km plane on long flight (<450 km) = 0.57
- Kg de CO_2/km ship=0.035

Emissions CO_2(Tm) equivalent from transport



The evolution of the Inditex Group's total GHG emissions are presented next:

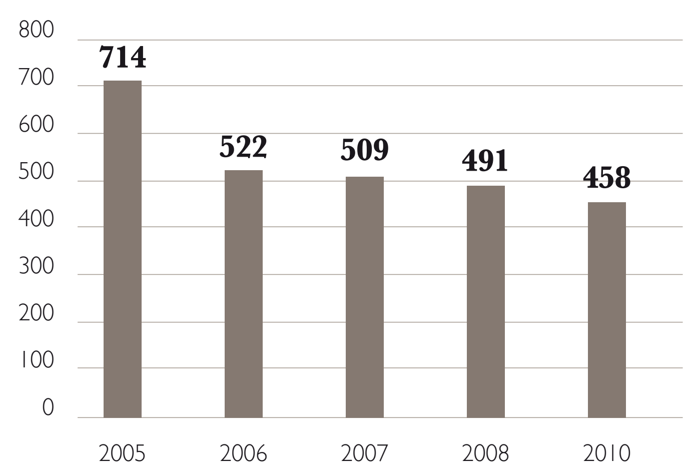
Total GHG emissions (T CO_2 eq.)



GHG emission totals for 2010: 373,501 T CO_2 eq.

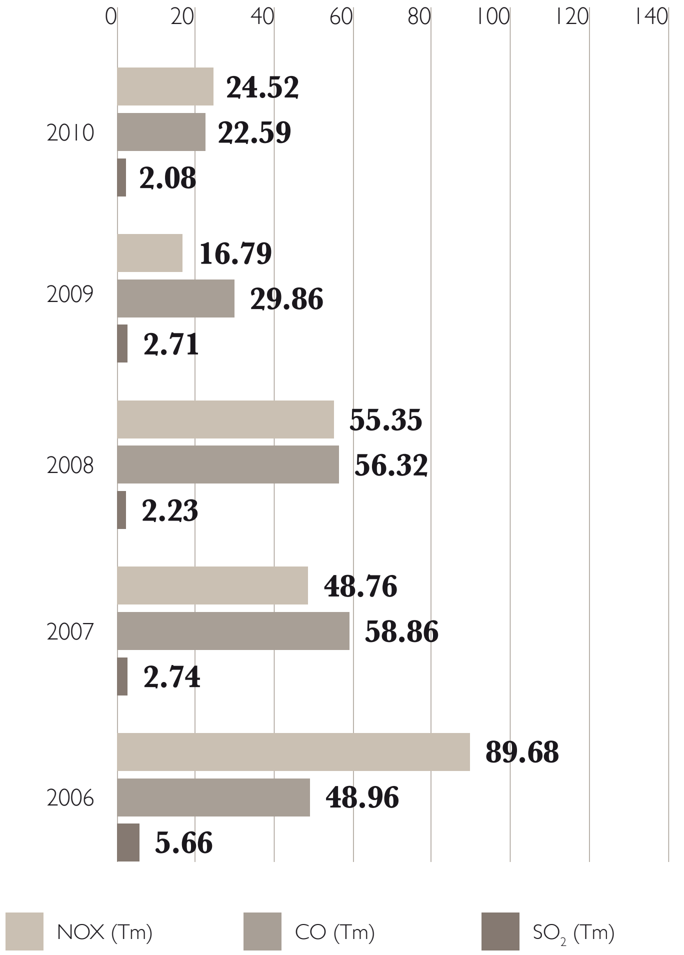
Finally, we include data regarding GHG emissions produced per garment put to sale.

Emissions of CO_2 per garment put to sale.

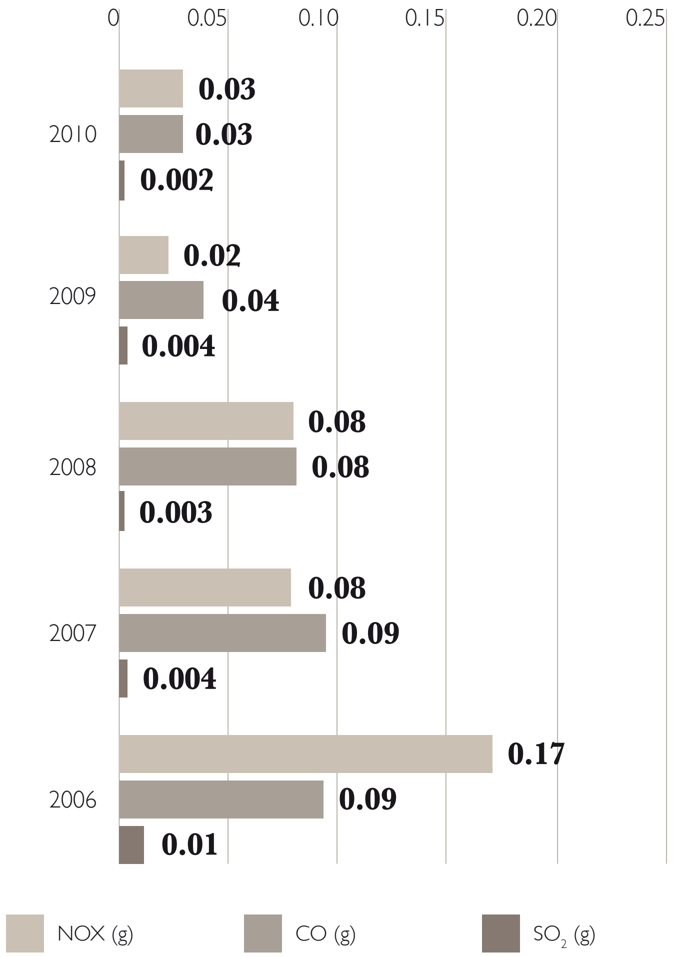


OTHER ATMOSPHERIC EMISSIONS

Annual evolution of atmospheric emissions in manufacturing and logistics centres



Atmospheric emissions ratio gr/garment



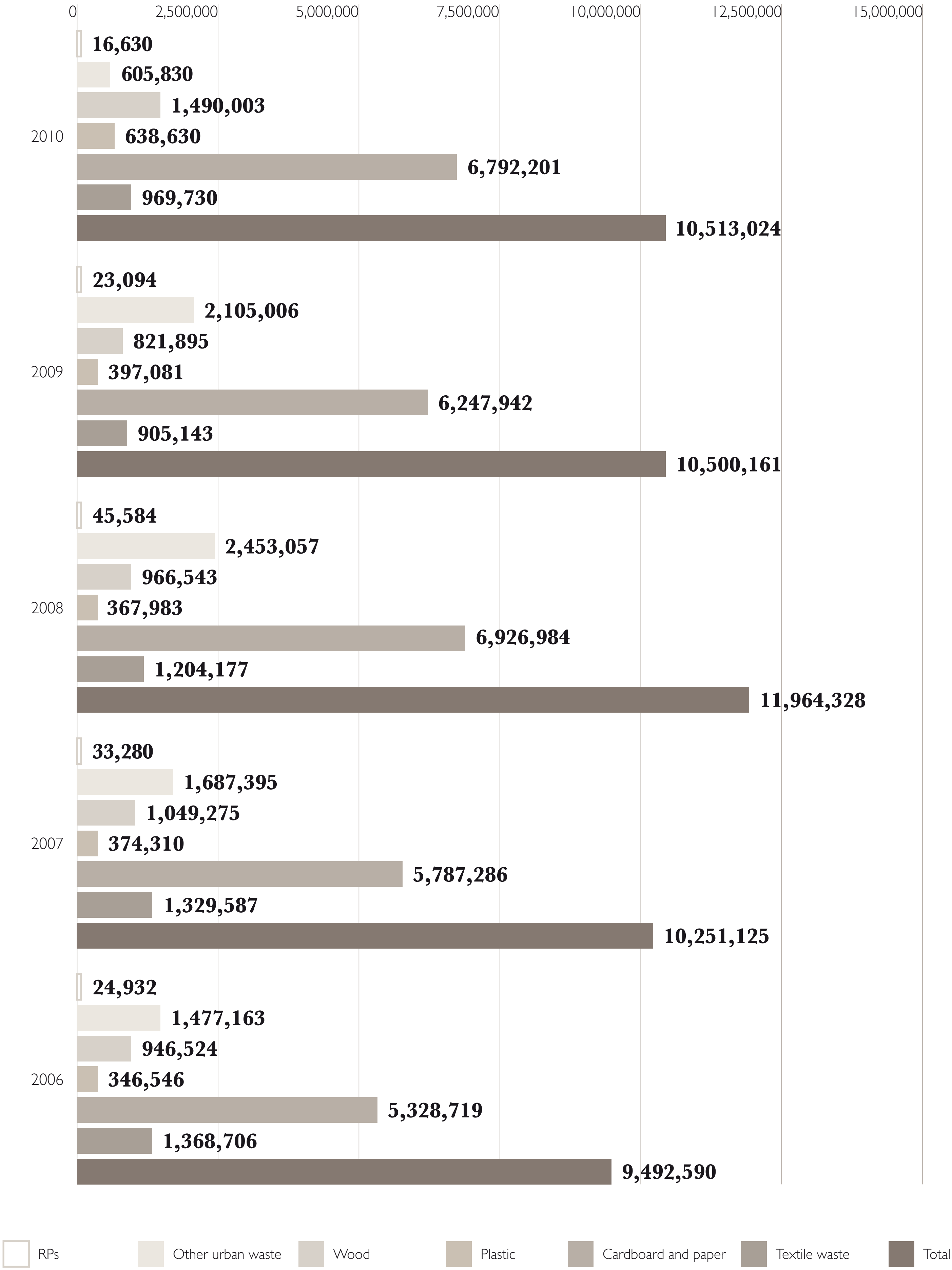
This includes the central headquarters, all Inditex factories, the head offices of chains, and logistics centres. All emission sources undergo strict and frequent controls by an authorised inspection company, each in accordance with the parameters established by legislation in force.

GENERATION AND WASTE MANAGEMENT

Even though the number of garments manufactured increased, the amount of urban waste as compared to the previous year was reduced. This was thanks to the waste minimization plan and the effort of all employees.

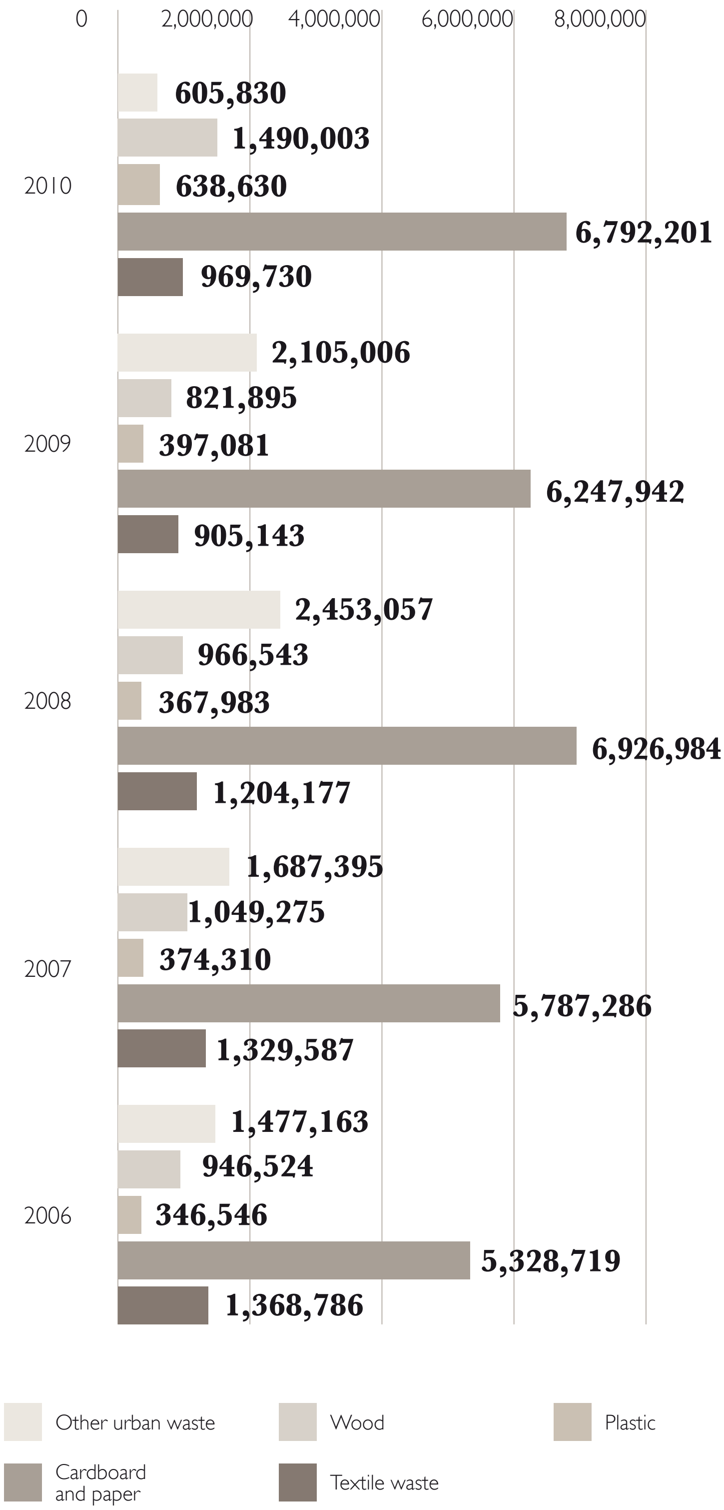
Comparison of garments put on the market with the total of industrial waste generated

Evolution of industrial waste generation (kg)

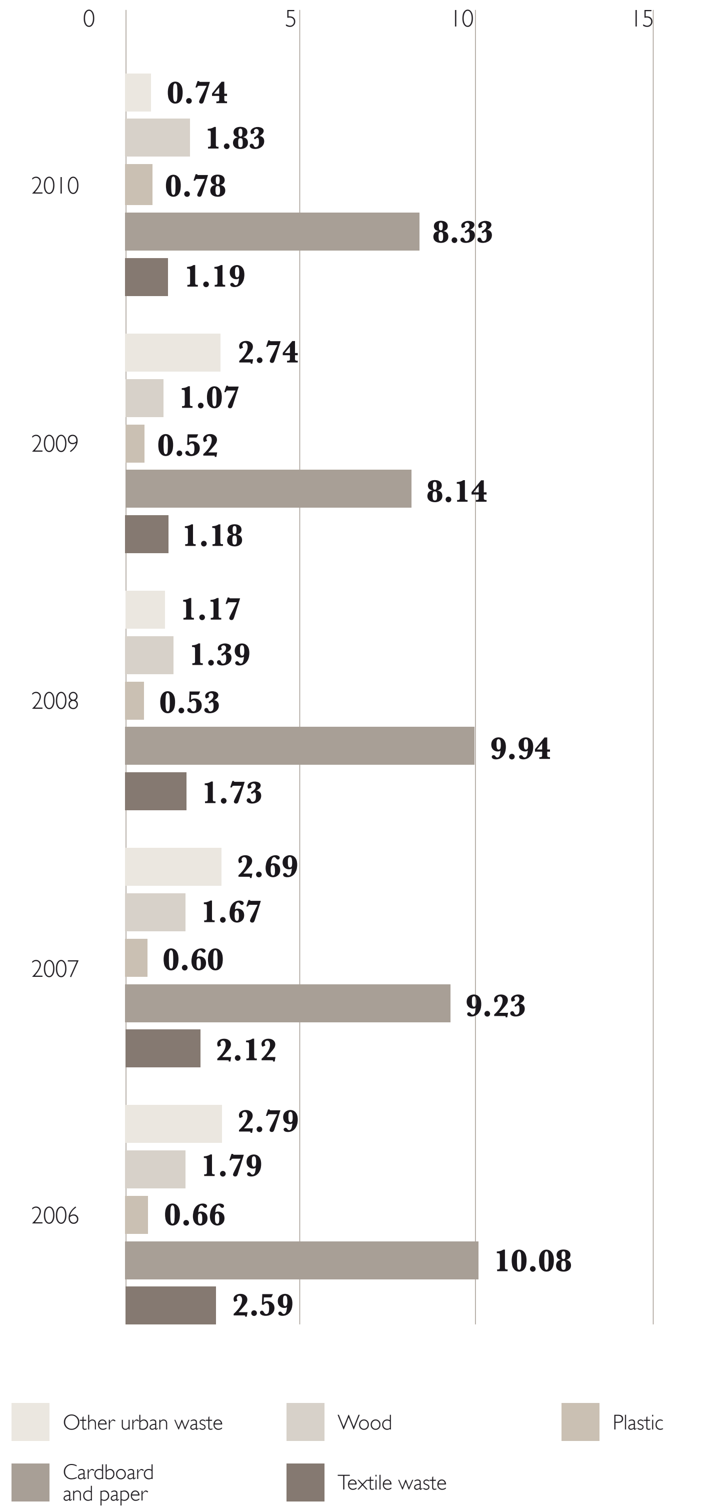


ANNUAL GENERATION OF URBAN OR SIMILAR WASTE (KG)

Absolute data



Relative data according to the no. of manufactured garments (grams)



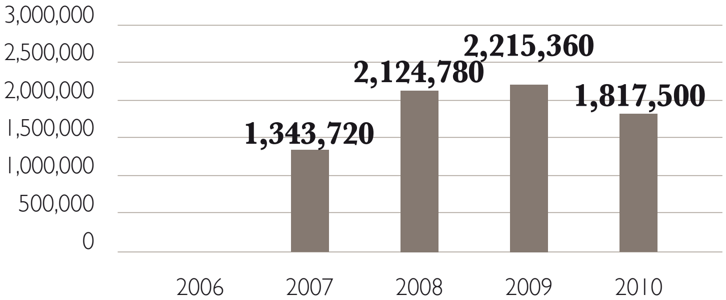
The waste is classified in accordance with the European Waste Catalogue (EWC) and its transposition into national and regional legislation.

RECYCLING OF ALARMS

The idea is to recycle single use alarms from the clothes sold in stores and to make them into clips for supporting cardboard appliques placed in the interior of boots so they stay firm and keep their form, or for appliques to keep a pair of boots together. After different studies and tests, the pilot programme is in process and has transformed more than 1.5 tons of recycled alarms into clips. This demonstrates that this type of recycling is not only feasible but also profitable. The clip resulting from the recycle process is cheaper than a new one even though its works just as well. In addition it contributes to cutting atmospheric emissions.

The number of kilograms of alarms recycled is provided separately so as not to hide the real level of compliance with our urban waste reduction plan.

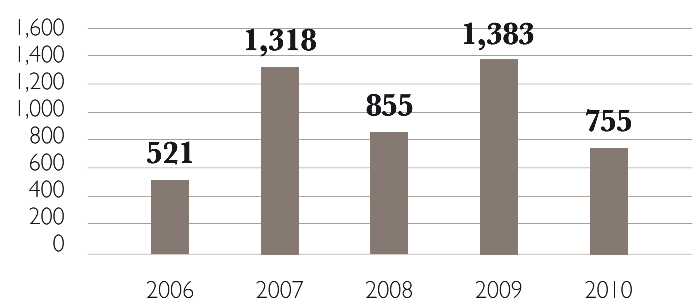
Alarms (Kg)



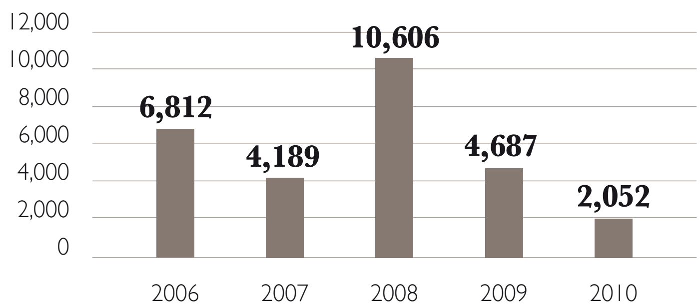
(*) There is no alarm recycling data available before 2007.

ANNUAL GENERATION OF DANGEROUS WASTE

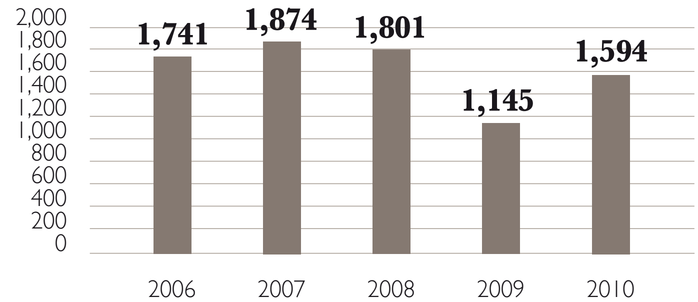
Batteries (Kg)



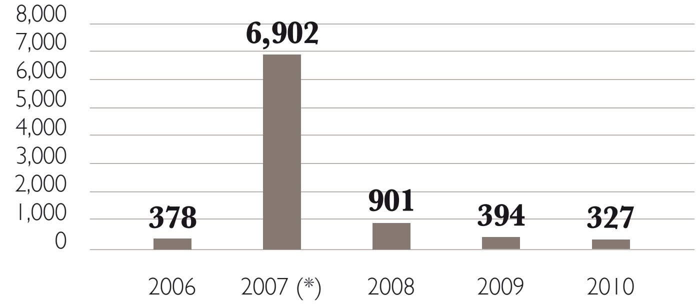
Office waste (Kg)



Fluorescents (Kg)

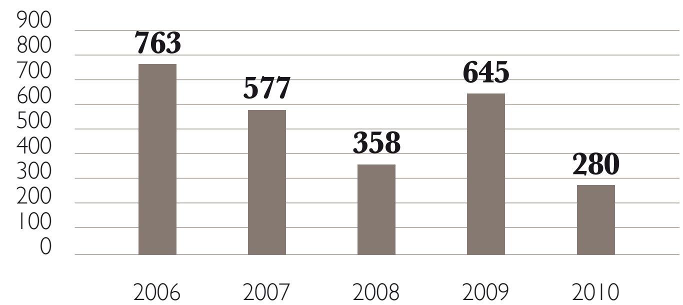


Oil filters (Kg)

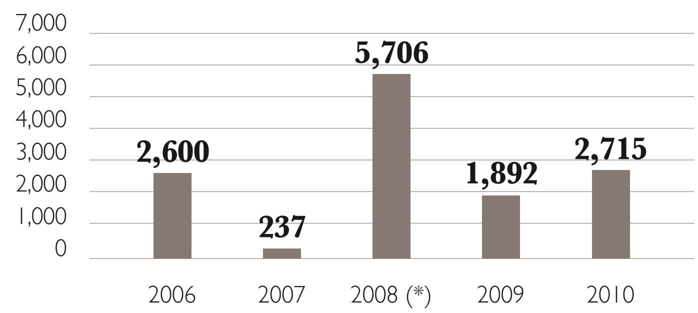


(*) A full review of emergency groups took place.

Contaminating metallic packaging (Kg)

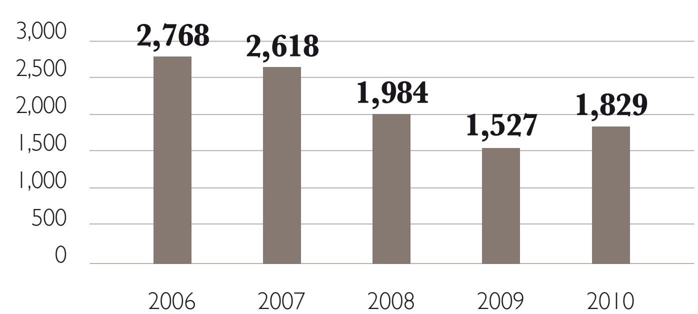


Used mineral oil (Kg)

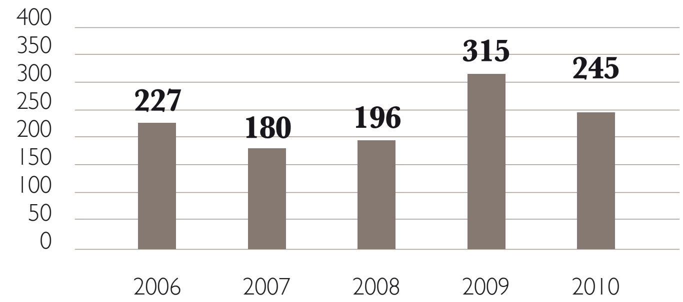


(*) A full review of oil in emergency groups took place.

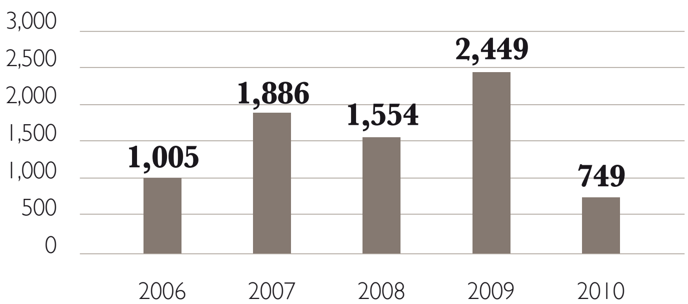
Contaminated absorbents (kg)



Paint (Kg)



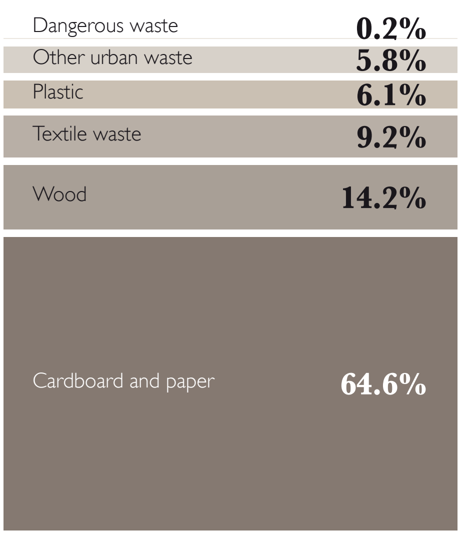
Contaminated plastic packaging (Kg)



WASTE ALLOCATION ACCORDING TO ITS TYPE AND TREATMENT

As the last step of the Waste Minimization Plan, all waste generated by Inditex is collected and managed by a legally authorized entity that will send the waste for recycling (in the case of alarms or paper), for composting or processing (wood, plastics) or it will be taken care of in an environmentally friendly way.

Proportion of generated waste



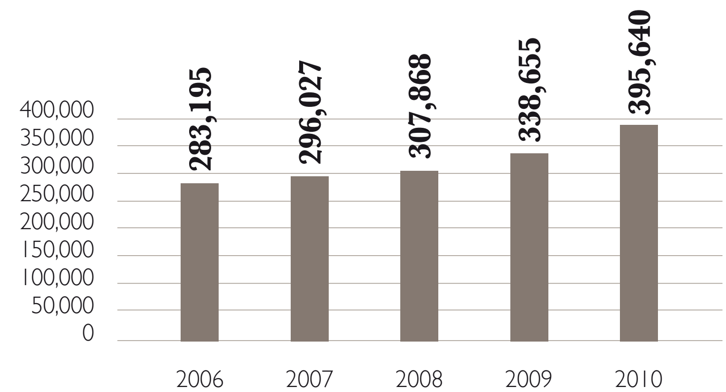
With respect to the recovery of products released on the market, it is not viable to evaluate the volume generated nor its management on a worldwide level, given that there is no collection system or specific management for textile materials.

The packaging materials released onto the market (cardboard and plastic bags, labels, protective elements) associated with the products marketed by Inditex, are appropriately managed by authorised agents. Inditex adheres to the available Integrated Management Systems for Packaging and Wrapping in every country it operates in. The commitment to these systems means that each Inditex chain pays a not-for-profit management agency whatever it costs to collect and manage the waste generated by the stores. This management agency is established with the recognition of the authorities of each country (in Spain, Ecoembes) to ensure that the waste generated by the stores is suitably collected, managed and recycled.

CONSUMPTION AND USE OF WATER

In the case of factories and logistics centres, the water consumption data is taken from direct consumption measurements and from supplier invoices (public supply networks). In the case of stores, the data is obtained by sampling utility bills for a group of stores and extrapolating them to the total stores.

Consumption of water (m^3)



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

Most water consumed in the commercial network is for domestic use - mainly cleaning and basic consumption. For this reason it is impossible to recycle it. In the area of industrial activities, water is mainly needed for generating steam and for industrial refrigeration in a closed cycle, where recirculation systems are used.

Waste water from all of our sites is dumped into sewage systems, with the relevant administrative authorisation in all cases. This assumes that analysis is done periodically to guarantee compliance with current law. The amount of wastewater is estimated to be the same as water consumed. There are no productive processes that consume water and the cooling systems are on a closed cycle. In order to use water better, the Indipunt (Narón) factory installations are implementing a waste water purifier that can purify 90% of water used.

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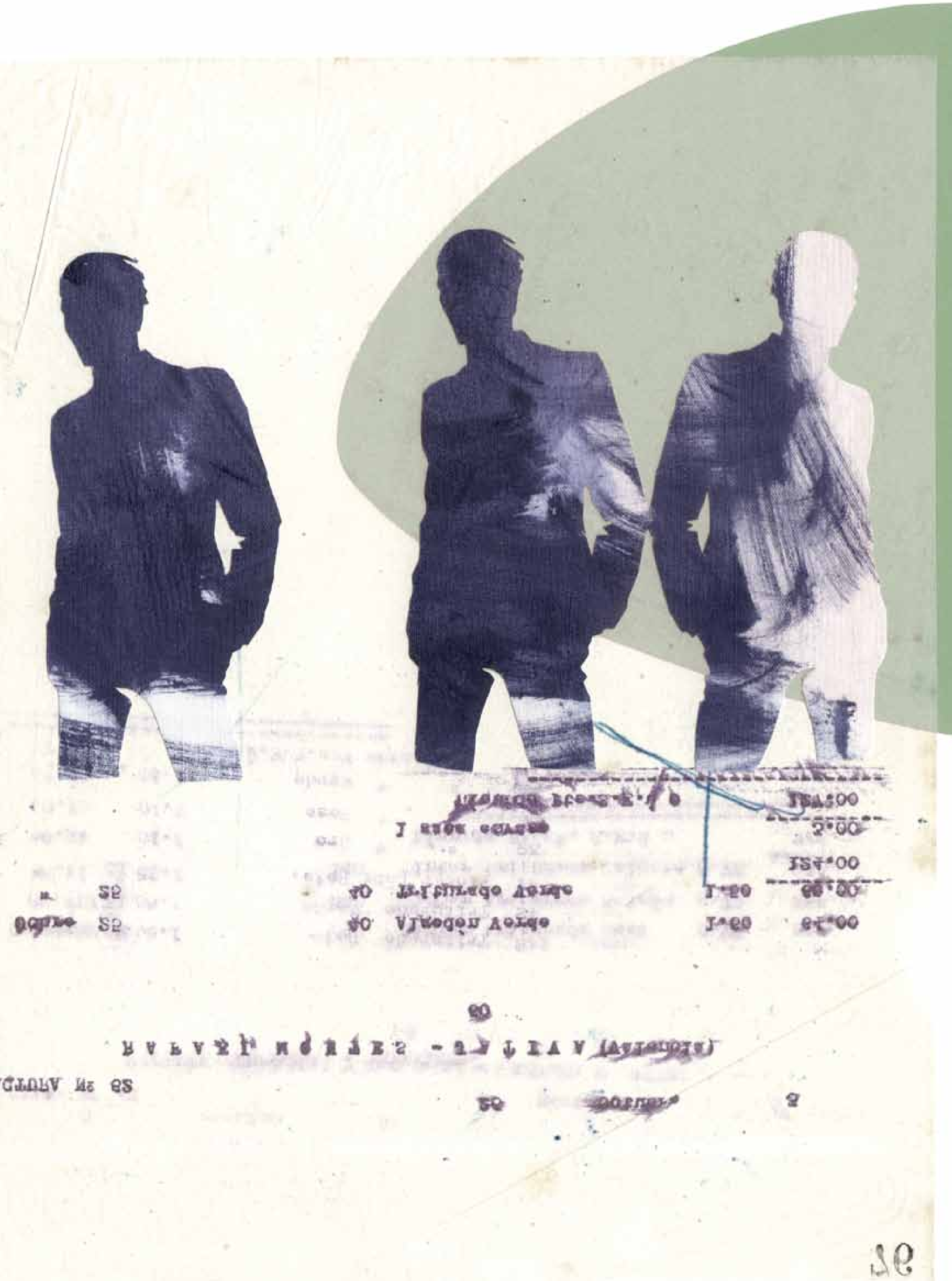

Economic and financial report

INDITEX CONSOLIDATED ANNUAL ACCOUNTS 31 JANUARY 2011

KPMG Auditores S.L.
Fama, 1
15001 A Coruña

Auditors' Report on the Consolidated Annual Accounts

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

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

We have audited the consolidated annual accounts of Industria de Diseño Textil, S.A. (the "Company") and subsidiaries ("the Group"), which comprise the consolidated balance sheet at 31 January 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and the notes thereto. As specified on the first page of the accompanying consolidated annual accounts, the Company's directors are responsible for the preparation of the consolidated annual accounts in accordance with International Financial Reporting Standards as adopted by the European Union and other provisions of the financial information reporting framework applicable to the Group. Our responsibility is to express an opinion on the consolidated annual accounts taken as a whole, based on our audit, which was conducted in accordance with prevailing legislation regulating the audit of accounts in Spain, which requires examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated annual accounts and evaluating whether their overall presentation, the accounting principles and criteria used and the accounting estimates made comply with the applicable legislation governing financial information.

In our opinion, the accompanying consolidated annual accounts for the year ended 31 January 2011 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 2011 and the consolidated results of their operations and consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and other provisions of the applicable financial information reporting framework.

The accompanying consolidated directors' report for the year ended 31 January 2011 contains such explanations as the Directors of Industria de Diseño Textil, S.A. consider relevant to the situation of the Group, the evolution of its business and other matters, and is not an integral part of the consolidated annual accounts. We have verified that the accounting information contained therein is consistent with that disclosed in the consolidated annual accounts for the year ended 31 January 2011. Our work as auditors is limited to the verification of the consolidated directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of Industria de Diseño Textil, S.A. and subsidiaries.

KPMG Auditores, S.L.

(*Signed on the original in Spanish*)

Enrique Asla García

24 March 2011

1. CONSOLIDATED INCOME STATEMENT

INDUSTRIA DE DISEÑO TEXTIL. S.A. AND SUBSIDIARY COMPANIES

(in thousands of euros)	(notes)	2010	2009
NET SALES	(2)	12,526,595	11,083,514
COST OF MERCHANDISE	(3)	(5,104,573)	(4,755,505)
GROSS MARGIN		**7,422,022**	**6,328,009**
		59.3%	57.1%
OPERATING EXPENSES	(4)	(4,452,211)	(3,952,702)
OTHER EXPENSES AND INCOME. NET	(5)	(3,604)	(1,118)
OPERATING PROFIT (EBITDA)		**2,966,207**	**2,374,189**
AMORTIZATION AND DEPRECIATION	(11.12.13)	(675,738)	(645,801)
OPERATING PROFIT (EBIT)		**2,290,469**	**1,728,388**
FINANCIAL RESULTS	(6)	31,116	3,782
INCOME BEFORE TAXES		**2,321,585**	**1,732,170**
INCOME TAX	(22)	(580,305)	(410,033)
NET INCOME		**1,741,280**	**1,322,137**
NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTEREST		9,451	7,783
NET INCOME ATTRIBUTABLE TO THE PARENT		**1,731,829**	**1,314,354**
EARNINGS PER SHARE. EURO CENTS	(7)	**277.9**	**211.4**

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

INDUSTRIA DE DISEÑO TEXTIL, S.A. AND SUBSIDIARY COMPANIES

(in thousands of euros)	2010	2009
NET INCOME	**1,741,280**	**1,322,137**
OTHER COMPREHENSIVE INCOME		
TRANSLATION DIFFERENCES RELATED TO FOREIGN OPERATIONS	61,282	34,995
CASH FLOW HEDGES	(40,864)	(65,424)
OTHER INCOME AND EXPENSES RECOGNIZED DIRECTLY IN EQUITY	38,860	(32,293)
TAX EFFECT	12,259	19,627
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,812,817**	**1,279,042**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO		
EQUITY HOLDERS OF THE PARENT	1,804,748	1,270,556
NON-CONTROLLING INTERESTS	8,069	8,486
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,812,817**	**1,279,042**

3. CONSOLIDATED BALANCE SHEET

INDUSTRIA DE DISEÑO TEXTIL, S.A. AND SUBSIDIARY COMPANIES

(in thousands of euros)	(notes)	31-01-11	31-01-10
ASSETS			
CURRENT ASSETS		**5,202,512**	**3,943,795**
CASH AND CASH EQUIVALENTS	(18)	3,433,452	2,420,110
TRADE AND OTHER RECEIVABLES	(9)	481,844	421,781
INVENTORIES	(10)	1,214,623	992,570
INCOME TAX RECEIVABLE	(22)	16,958	15,663
OTHER CURRENT ASSETS		55,635	93,671
NON-CURRENT ASSETS		**4,623,568**	**4,391,642**
PROPERTY, PLANT AND EQUIPMENT	(11)	3,397,083	3,293,535
INVESTMENT PROPERTY	(12)	17,354	13,273
RIGHTS OVER LEASED ASSETS	(13)	526,306	514,159
OTHER INTANGIBLE ASSETS	(13)	29,444	19,118
GOODWILL	(14)	131,685	131,685
FINANCIAL INVESTMENTS	(15)	8,921	15,392
DEFERRED TAX ASSETS	(22)	299,350	234,203
OTHER	(16)	213,425	170,277
TOTAL ASSETS		**9,826,079**	**8,335,437**
LIABILITIES			
CURRENT LIABILITIES		**2,674,907**	**2,304,960**
TRADE AND OTHER PAYABLES	(17)	2,458,857	2,103,029
FINANCIAL DEBT	(18)	2,682	35,058
INCOME TAX PAYABLE	(22)	213,368	166,873
NON-CURRENT LIABILITIES		**728,005**	**659,931**
FINANCIAL DEBT	(18)	4,172	4,996
DEFERRED TAX LIABILITIES	(22)	172,648	172,892
PROVISIONS	(19)	156,610	127,054
OTHER NON-CURRENT LIABILITIES	(20)	394,575	354,989
EQUITY		**6,423,167**	**5,370,546**
NET EQUITY ATTRIBUTABLE TO THE PARENT		6,386,183	5,329,166
NET EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTEREST		36,984	41,380
TOTAL EQUITY AND LIABILITIES		**9,826,079**	**8,335,437**

4. CONSOLIDATED STATEMENT OF CASH FLOWS

INDUSTRIA DE DISEÑO TEXTIL, S.A. AND SUBSIDIARY COMPANIES

(in thousands of euros)	2010	2009
INCOME BEFORE TAXES AND NON-CONTROLLING INTEREST	**2,321,585**	**1,732,170**
ADJUSTMENTS TO INCOME		
AMORTIZATION AND DEPRECIATION	636,281	624,711
FOREIGN EXCHANGE TRANSLATION DIFFERENCES	(29,681)	30,665
PROVISIONS FOR IMPAIRMENT	61,175	53,087
OTHER	58,601	10,074
INCOME TAX	**(508,000)**	**(391,059)**
FUNDS FROM OPERATIONS	**2,539,962**	**2,059,648**
VARIATION IN ASSETS AND LIABILITIES		
INVENTORIES	(227,080)	48,466
RECEIVABLES AND OTHER CURRENT ASSETS	(119,680)	162,750
CURRENT PAYABLES	363,011	49,983
CHANGES IN WORKING CAPITAL	**16,251**	**261,199**
CASH FLOWS FROM OPERATING ACTIVITIES	**2,556,213**	**2,320,847**
INVESTMENTS IN INTANGIBLE ASSETS	(74,190)	(26,898)
INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT	(616,551)	(460,995)
ACQUISITION OF OTHER FINANCIAL INVESTMENTS	(25,845)	378
INVESTMENTS IN OTHER ASSETS	(37,294)	(12,590)
FIXED ASSET SALES AND RETIREMENTS	-	(9,645)
CASH FLOWS FROM INVESTING ACTIVITIES	**(753,879)**	**(509,750)**
DECREASE IN REPAYMENT OF NON-CURRENT FINANCIAL DEBT	(824)	(3,520)
DECREASE IN DRAWDOWNS ON NON-CURRENT NON-FINANCIAL DEBT	(33,455)	10,519
DECREASE IN REPAYMENT OF CURRENT FINANCIAL DEBT	(32,459)	(203,777)
DIVIDENDS	(751,357)	(662,090)
OTHER FINANCING ACTIVITIES	(667)	316
CASH FLOWS USED IN FINANCING ACTIVITIES	**(818,761)**	**(858,552)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	983,573	952,545
EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH AND CASH EQUIVALENTS	29,769	1,274
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,420,110	1,466,291
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**3,433,452**	**2,420,110**

5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

INDUSTRIA DE DISEÑO TEXTIL, S.A. AND SUBSIDIARY COMPANIES

Consolidated statement of changes in equity

(in thousands of euros)	Capital	Share premium	Retained earnings	Other reserves	Treasury shares	Translation differences	Cash flows	Subtotal	Non-controlling interest	Total equity
BALANCE AT 1 FEBRUARY 2009	**93,500**	**20,379**	**4,668,075**	**54,489**	**(617)**	**(169,491)**	**55,379**	**4,721,714**	**26,886**	**4,748,600**
PROFIT FOR THE YEAR	-	-	1,314,354	-	-	-	-	1,314,354	7,783	1,322,137
TRANSFERS	-	-	(6,241)	-	-	(2,598)	-	(8,839)	8,838	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR	-	-	(32,996)	-	-	34,995	(45,797)	(43,798)	703	(43,095)
TRANSLATION DIFFERENCES RELATED TO FOREIGN OPERATIONS	-	-	-	-	-	34,995	-	34,995	-	34,995
CASH FLOW HEDGES	-	-	-	-	-	-	(45,797)	(45,797)	-	(45,797)
OTHER INCOME AND EXPENSES RECOGNIZED DIRECTLY IN EQUITY	-	-	(32,996)	-	-	-	-	(32,996)	703	(32,293)
OPERATIONS WITH EQUITY HOLDERS OR OWNERS	-	-	(654,265)	-	-	-	-	(654,265)	(2,830)	(657,095)
SHARE-BASED PAYMENTS	-	-	-	-	-	-	-	-	4,995	4,995
DIVIDENDS	-	-	(654,265)	-	-	-	-	(654,265)	(7,825)	(662,090)
BALANCE AT 31 JANUARY 2010	**93,500**	**20,379**	**5,288,927**	**54,489**	**(617)**	**(137,094)**	**9,582**	**5,329,166**	**41,380**	**5,370,546**
BALANCE AT 1 FEBRUARY 2010	**93,500**	**20,379**	**5,288,927**	**54,489**	**(617)**	**(137,094)**	**9,582**	**5,329,166**	**41,380**	**5,370,546**
PROFIT FOR THE YEAR	-	-	1,731,829	-	-	-	-	1,731,829	9,451	1,741,280
TRANSFERS	-	-	(7,944)	-	-	7,944	-	-	(8,839)	(8,839)
OTHER COMPREHENSIVE INCOME FOR THE YEAR	-	-	40,242	-	-	61,282	(28,605)	72,919	(1,382)	71,537
TRANSLATION DIFFERENCES RELATED TO FOREIGN OPERATIONS	-	-	-	-	-	61,282	-	61,282	-	61,282
CASH FLOW HEDGES	-	-		-	-	-	(28,605)	(28,605)	-	(28,605)
OTHER INCOME AND EXPENSES RECOGNIZED DIRECTLY IN EQUITY	-	-	40,242	-	-	-	-	40,242	(1,382)	38,860
OPERATIONS WITH EQUITY HOLDERS OR OWNERS	-	-	(747,731)	-	-	-	-	(747,731)	(3,626)	(751,357)
SHARE-BASED PAYMENTS									-	-
DIVIDENDS	-	-	(747,731)	-	-	-	-	(747,731)	(3,626)	(751,357)
BALANCE AT 31 JANUARY 2011	**93,500**	**20,379**	**6,305,323**	**54,489**	**(617)**	**(67,868)**	**(19,023)**	**6,386,183**	**36,984**	**6,423,167**

6. NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS OF THE INDITEX GROUP AS AT 31 JANUARY 2011

The consolidated annual accounts of the Inditex Group for the year ended 31 January 2011 have been prepared by the Board of Directors of the Company and will be submitted for approval at the corresponding annual general shareholders' meeting. The directors consider that the consolidated annual accounts will be approved without changes. These annual accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) and their interpretations (IFRIC) adopted by the European Union (EU-IFRS) 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 2010 will hereinafter be referred to as "2009", the period ended 31 January 2011 as "2010", and so on.

Unless otherwise stated, the amounts shown in the consolidated annual accounts are expressed in thousands of euros. The euro is the Company's functional and presentation currency.

The individual annual accounts of the parent company (Inditex) for 2010 have been prepared by the Board of Directors in a separate document.

The consolidated annual accounts for 2010 are expected to be approved by the shareholders at their annual general meeting without changes. The consolidated annual accounts for 2009 were approved by the shareholders at their annual general meeting held on 13 July 2010.

These consolidated annual accounts present fairly the consolidated equity, financial position and changes in equity of the Inditex Group as at 31 January 2011, as well as the results of its operations and cash flows for the year then ended.

The consolidated annual accounts for 2010 have been prepared on the basis of the accounting records of Inditex and the remaining group companies.

These consolidated annual accounts have been prepared on a historical cost basis, except for derivative financial instruments, which are stated at fair value.

The preparation of consolidated annual accounts requires Inditex Group management to make judgments and estimates that affect the amounts recognized in the consolidated annual accounts. Estimates are constantly revised and based on historical experience, the determination of discount rates, forecast trends in expected events and future cash flows.

These estimates essentially refer to determining the useful lives of property, plant and equipment, measuring the impairment of assets in stores (notes 11 and 13), measuring goodwill impairment (note 14), determining the recoverability of tax loss carryforwards of group subsidiaries located abroad (note 22) and calculating provisions related to the outcome of litigation proceedings and other potential liabilities for the Group (note 19).

Although these estimates have been made on the basis of the best information available on the matters analyzed at the time of preparing these consolidated annual accounts, it is possible that events may take place in the future which could make it necessary to amend, increase or decrease these estimates in future accounting periods, which would be carried out prospectively, recognizing the effects of the change in estimation in the corresponding future consolidated annual accounts.

The basis of consolidation and accounting principles applied are explained in note 31.

6.1 ACTIVITY AND DESCRIPTION OF THE GROUP

Industria de Diseño Textil, S.A. (hereinafter Inditex), which has its registered offices at Avenida de la Diputación s/n Edificio Inditex, Arteixo (A Coruña, Spain), is the parent of a group of companies, the principal activity of which consists of the retailing 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 domiciled in Spain, 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 different stages of design, manufacture and distribution. 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 centres of the various commercial concepts to stores throughout each season. This system essentially operates through centralized logistics centres for each concept in which inventory is stored and distributed to stores worldwide.

At 31 January 2011 the different Group formats have stores in 77 countries, as follows:

Number of stores	Company managed	Franchises	Total
SPAIN	1,888	37	1,925
REST OF EUROPE	1,882	204	2,086
AMERICA	325	70	395
REST OF THE WORLD	239	399	638
TOTAL	**4,334**	**710**	**5,044**

At 31 January 2010, the geographical distribution of stores was as follows:

Number of stores	Company managed	Franchises	Total
SPAIN	1,865	35	1,900
REST OF EUROPE	1,680	176	1,856
AMERICA	303	63	366
REST OF THE WORLD	135	350	485
TOTAL	**3,983**	**624**	**4,607**

The majority of Company stores are held under operating leases. Information on the main terms of lease contracts is provided in note 23.

6.2 SALES

Revenue in the consolidated income statement includes 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 2010 and 2009 are as follows:

	2010	2009
NET SALES IN COMPANY-MANAGED STORES	11,465,693	10,170,220
NET SALES TO FRANCHISES	915,284	827,087
OTHER SALES AND SERVICES RENDERED	145,618	86,207
TOTAL	**12,526,595**	**11,083,514**

6.3 COST OF MERCHANDISE

Details for 2010 and 2009 are as follows:

	2010	2009
RAW MATERIALS AND CONSUMABLES	5,326,626	4,693,235
CHANGE IN INVENTORIES	(222,053)	62,270
TOTAL	**5,104,573**	**4,755,505**

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

6.4 OPERATING EXPENSES

Details of operating expenses are as follows:

	2010	2009
PERSONNEL EXPENSES	2,009,429	1,791,632
OPERATING LEASES (NOTE 23)	1,272,076	1,134,032
OTHER OPERATING EXPENSES	1,170,706	1,027,038
TOTAL	**4,452,211**	**3,952,702**

At 31 January 2011 the Group had a total of 100,138 employees, of which 79,079 were female and 21,059 male (92,301 employees at 31 January 2010, of which 74,275 were female and 18,026 male). Note 26 (employee benefits) provides additional information on personnel expenses.

Lease expenses mainly relate to the rental, through operating leases, of the Group's commercial premises. Note 23 provides more detailed information on the main terms of these leases, together with the related minimum future payment commitments.

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

6.5 OTHER NET OPERATING INCOME/(LOSSES)

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.

6.6 FINANCIAL RESULTS

Details of "Financial results" in the consolidated income statements for 2010 and 2009 are as follows:

	2010	2009
INTEREST INCOME	21,026	8,368
FOREIGN EXCHANGE GAINS	21,909	37,172
DIVIDENDS	231	311
TOTAL REVENUES	**43,166**	**45,851**
INTEREST EXPENSE	(3,561)	(9,428)
FOREIGN EXCHANGE LOSSES	(8,489)	(32,641)
TOTAL EXPENSES	**(12,050)**	**(42,069)**
TOTAL	**31,116**	**3,782**

Financial income and expenses mainly comprise interest accrued on the Group's financial assets and liabilities during the year (see note 18). Net foreign exchange differences are principally due to fluctuations in the currencies with which the Group operates (see note 25) 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.

6.7 EARNINGS PER SHARE

Basic earnings per share were calculated by dividing net profit for the year attributable to the parent company 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 21), which totaled 623,109,136 in 2010 and 2009.

Diluted earnings per share are 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. No transactions in the accompanying consolidated annual accounts have a potential dilution effect on earnings per share.

6.8 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. Moreover 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.

Details of Inditex Group segment reporting are as follows:

FY 2010	ZARA	Bershka	Other	Total
SALES TO THIRD PARTIES	8,088,349	1,246,602	3,191,644	12,526,595
SEGMENT RESULT	1,534,088	197,221	559,160	2,290,469
AMORTIZATION AND DEPRECIATION	435,435	61,802	178,500	675,737
SEGMENT TOTAL ASSETS	6,392,750	894,282	2,539,047	9,826,079
ROCE	34%	52%	58%	39%
NUMBER OF STORES	**1,723**	**720**	**2,601**	**5,044**

FY 2009	ZARA	Bershka	Other	Total
SALES TO THIRD PARTIES	7,076,740	1,177,268	2,829,506	11,083,514
SEGMENT RESULT	1,105,324	196,184	426,881	1,728,388
AMORTIZATION AND DEPRECIATION	444,038	54,583	147,180	645,801
SEGMENT TOTAL ASSETS	5,168,666	822,784	2,343,987	8,335,437
ROCE	29%	59%	46%	34%
NUMBER OF STORES	**1,608**	**651**	**2,348**	**4,607**

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 youngest consumers and its mission is to offer the latest fashions at affordable prices.

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.

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).

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	2010	2009
SPAIN	3,685,320	3,708,967
OTHER	8,841,275	7,374,547
REST OF EUROPE	5,907,091	5,221,491
AMERICA	1,440,959	1,096,709
ASIA AND REST OF THE WORLD	1,493,225	1,056,347
TOTAL	**12,526,595**	**11,083,514**

Non-current assets	31/01/11	31/01/10
SPAIN	1,891,981	1,933,037
OTHER	2,432,237	2,224,402
REST OF EUROPE	1,831,082	1,783,597
AMERICA	250,304	210,412
ASIA AND REST OF THE WORLD	350,851	230,393
TOTAL	**4,324,218**	**4,157,439**

6.9 TRADE AND OTHER RECEIVABLES

Details at 31 January 2011 and 2010 are as follows:

	31/01/11	31/01/10
TRADE RECEIVABLES	89,884	112,795
SALES TO FRANCHISES	112,218	115,371
PUBLIC ENTITIES	232,070	157,627
OTHER CURRENT RECEIVABLES	47,672	35,988
TOTAL	**481,844**	**421,781**

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 franchises are made under agreed collection terms, which are partially secured as described in note 25.

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 centres developers (see note 23) and outstanding balances on sundry operations.

6.10 INVENTORIES

Details at 31 January 2011 and 2010 are as follows:

	31/01/11	31/01/10
RAW MATERIALS AND CONSUMABLES	42,677	29,015
GOODS IN PROCESS	25,768	20,603
FINISHED GOODS FOR SALES	1,146,178	942,952
TOTAL	**1,214,623**	**992,570**

The Group contracts insurance policies to cover the potential risk of damage to its inventory.

6.11 PROPERTY, PLANT AND EQUIPMENT

Details of property, plant and equipment in the consolidated balance sheet and movement are as follows:

	Land and buildings	Leasehold improvements, machinery and furniture	Other plant and equipment	Work in progress	Total
COST					
BALANCE AT 01/02/2009	886,298	4,398,709	202,999	261,316	5,749,322
ACQUISITIONS	55,218	369,257	35,833	56,454	516,762
DISPOSALS	(5,757)	(127,229)	(44,901)	(18,333)	(196,220)
TRANSFERS	48,042	90,050	29,789	(177,773)	(9,892)
FOREIGN EXCHANGE TRANSLATION DIFFERENCES	(2,480)	16,666	1,593	689	16,468
BALANCE AT 31/01/2010	**981,321**	**4,747,453**	**225,313**	**122,353**	**6,076,440**
BALANCE AT 01/02/2010	981,321	4,747,453	225,313	122,353	6,076,440
ACQUISITIONS	152,024	481,529	37,055	45,738	716,345
DISPOSALS	(1,930)	(122,644)	(4,675)	(2,975)	(132,224)
TRANSFERS	5,752	27,036	2,155	(39,031)	(4,088)
FOREIGN EXCHANGE TRANSLATION DIFFERENCES	653	60,631	2,120	664	64,068
BALANCE AT 31/01/2011	**1,137,819**	**5,194,006**	**261,968**	**126,749**	**6,720,542**
DEPRECIATION AND AMORTIZATION					
BALANCE AT 01/02/2009	188,856	1,975,642	113,492	-	2,277,990
DEPRECIATION CHARGE FOR THE YEAR	62,479	447,792	36,788	-	547,059
DISPOSALS	(2,816)	(81,999)	(21,183)	-	(105,998)
TRANSFERS	(320)	640	(34)	-	286
FOREIGN EXCHANGE TRANSLATION DIFFERENCES	851	7,916	819	-	9,586
BALANCE AT 31/01/2010	**249,050**	**2,349,991**	**129,882**	**-**	**2,728,923**
BALANCE AT 01/02/2010	249,050	2,349,991	129,882	-	2,728,923
DEPRECIATION CHARGE FOR THE YEAR	74,257	453,299	43,635	-	571,191
DISPOSALS	(661)	(84,761)	(4,254)	-	(89,676)
TRANSFERS	2,032	109	(1)	-	2,140
FOREIGN EXCHANGE TRANSLATION DIFFERENCES	2,616	26,504	1,218	-	30,338
BALANCE AT 31/01/2011	**327,294**	**2,745,142**	**170,480**	**-**	**3,242,916**
IMPAIRMENT LOSSES (NOTE 31.2-G)					
BALANCE AT 01/02/2009	-	29,011	-	-	29,011
DEPRECIATION CHARGE FOR THE YEAR	-	33,906	-	-	33,906
APPLICATIONS	-	(8,935)	-	-	(8,935)
DISPOSALS	-		-	-	-
FOREIGN EXCHANGE TRANSLATION DIFFERENCES	-		-	-	-
BALANCE AT 31/01/2010	**-**	**53,982**	**-**	**-**	**53,982**
BALANCE AT 01/02/2010	-	53,982	-	-	53,982
DEPRECIATION CHARGE FOR THE YEAR	-	46,215	-	-	46,215
APPLICATIONS	-	(11,851)	-	-	(11,851)
DISPOSALS	-	(7,625)	-	-	(7,625)
TRANSFERS	-	(178)	-	-	(178)
BALANCE AT 31/01/2011	**-**	**80,543**	**-**	**-**	**80,543**
NET CARRYING VALUE					
BALANCE AT 31/01/2010	**732,271**	**2,343,480**	**95,431**	**122,353**	**3,293,535**
BALANCE AT 31/01/2011	**810,526**	**2,368,320**	**91,488**	**126,749**	**3,397,083**

"Other plant and equipment" include, inter alia, information technology equipment and motor vehicles.

The impairment charge for the year corresponds to valuation adjustments relating to plant and equipment in stores, the amount of which is determined on the basis of the budget for 2011 and estimated growth in sales and expenses for the following two years in the business plan. The estimated cash flows for the period not covered by this plan are extrapolated taking into account forecast growth for comparable stores over the rest of the lease term.

Disposals mainly comprise assets related to the commercial premises at which the Group carries out its activity.

Fully depreciated items of property, plant and equipment include certain items, mainly machinery, installations and furniture, whose gross cost value amounted to euros 997,532 thousand and euros 682,434 thousand at 31 January 2011 and 2010, respectively.

The Group contracts insurance policies to cover the potential risk of damage to its property, plant and equipment.

Through its corporate risk management policy, the Group identifies, assesses and controls damage and responsibility-related risks to which its subsidiaries are exposed. It does this by compiling and measuring the main risks of damage, loss of profits and responsibilities 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 exposure risks to be quantified, measured and insured.

The Group contracts insurance policies through corporate insurance programmes to protect its assets from risk and establishes limits, risk retention and conditions according to the nature thereof and the financial relevance of the subsidiary. This structure mainly comprises worldwide insurance programmes through which the main risks insured by the Group are organized.

6.12 INVESTMENT PROPERTY

Investment property mainly relates to premises and other properties leased to third parties. Movement in this caption during 2010 and 2009 is as follows:

Cost	31/01/11	31/01/10
OPENING BALANCE	25,678	19,678
ACQUISITIONS	1,230	6,000
DISPOSALS	(1,983)	-
CLOSING BALANCE	**24,925**	**25,678**
Amortization and depreciation		
OPENING BALANCE	12,405	11,223
ACQUISITIONS	1,989	1,182
DISPOSALS	(1,770)	-
TRANSFERS	(5,053)	
CLOSING BALANCE	**7,571**	**12,405**
NET CARRYING VALUE	**17,354**	**13,273**

The total market value of investment property at 31 January 2011 is approximately euros 25,000 thousand.

During 2010, euros 1,768 thousand (euros 2,700 thousand in 2009) of rental income on these properties has been included under "Net sales – Other sales and services rendered" (see note 2) in the consolidated income statement.

6.13 RIGHTS OVER LEASED PREMISES AND OTHER INTANGIBLE ASSETS

"Rights over leased premises" include amounts paid in respect of lease transfer rights, access premiums or tenancy right waivers and indemnities in order to lease commercial premises.

"Other intangible assets" include amounts paid for the registration and use of group brand names and the external cost of software applications. Details of other intangible assets and movement during 2010 and 2009 are as follows:

	Rights over leased assets	Patents and similar intangibles	Software	Other intangible assets	Total
COST					
BALANCE AT 01/02/2009	802,960	24,899	14,768	3,142	845,769
ACQUISITIONS	26,686	1,532	1,665	1,801	31,684
DISPOSALS	(13,684)	-	(55)	(1,879)	(15,618)
TRANSFERS	6,622	-	1,825	793	9,240
FOREIGN EXCHANGE TRANSLATION DIFFERENCES	2,003	-	(56)	-	1,947
BALANCE AT 31/01/2010	**824,587**	**26,431**	**18,147**	**3,857**	**873,022**
BALANCE AT 01/02/2010	824,587	26,431	18,147	3,857	873,022
ACQUISITIONS	65,790	2,043	13,250	-	81,083
DISPOSALS	(16,893)	-	(44)	-	(16,937)
TRANSFERS	107	-	2,017	(1,730)	394
FOREIGN EXCHANGE TRANSLATION DIFFERENCES	6,705	-	203	-	6,908
BALANCE AT 31/01/2011	**880,296**	**28,474**	**33,573**	**2,127**	**944,470**
AMORTIZATION					
BALANCE AT 01/02/2009	271,057	15,532	7,792	3,010	297,391
AMORTIZATION CHARGE FOR THE YEAR	44,754	1,698	2,445	120	49,017
DISPOSALS	(7,481)		(29)	(1,878)	(9,388)
TRANSFERS	-		624	(3)	621
FOREIGN EXCHANGE TRANSLATION DIFFERENCES	1,423		6	-	1,429
BALANCE AT 31/01/2010	**309,753**	**17,230**	**10,838**	**1,249**	**339,070**
BALANCE AT 01/02/2010	309,753	17,230	10,838	1,249	339,070
AMORTIZATION CHARGE FOR THE YEAR	46,488	1,552	3,561	95	51,696
DISPOSALS	(10,349)	-	(28)	-	(10,377)
TRANSFERS	(279)	-	(19)	17	(281)
FOREIGN EXCHANGE TRANSLATION DIFFERENCES	4,058	-	235	-	4,293
BALANCE AT 31/01/2011	**349,671**	**18,782**	**14,587**	**1,361**	**384,401**
IMPAIRMENT LOSSES (NOTE 31.2-G)					
BALANCE AT 01/02/2009	434	-	-	-	434
IMPAIRMENT CHARGE FOR THE YEAR	540	-	-	-	540
APPLICATIONS	(61)	-	-	-	(61)
DISPOSALS	(434)	-	-	-	(434)
TRANSFERS	196	-	-	-	196
BALANCE AT 31/01/2010	675	-	-	-	675
BALANCE AT 01/02/2010	675	-	-	-	675
IMPAIRMENT CHARGE FOR THE YEAR	3,816	-	-	-	3,816
APPLICATIONS	(114)	-	-	-	(114)
DISPOSALS	(236)	-	-	-	(236)
TRANSFERS	178	-	-	-	178
BALANCE AT 31/01/2011	**4,319**	**-**	**-**	**-**	**4,319**
NET CARRYING VALUE					
BALANCE AT 31/01/2010	**514,159**	**9,201**	**7,309**	**2,608**	**533,277**
BALANCE AT 31/01/2011	**526,306**	**9,692**	**18,986**	**766**	**555,750**

The Group has capitalized euros 6,070 thousand during the year corresponding to software development activities that comply with IAS 38.

6.14 GOODWILL

Details of this consolidated balance sheet item and movement in during 2010 and 2009 are as follows:

	2010	2009
OPENING BALANCE	131,685	131,685
ACQUISITIONS	-	-
CLOSING BALANCE	**131,685**	**131,685**

Subsidiary	2010	2009
STRADIVARIUS ESPAÑA, S.A.	53,253	53,253
BCN DISEÑOS, S.A. DE C.V.	15,523	15,523
ZARA POLSKA, S.P. ZO.O.	35,940	35,940
ZAO ZARA CIS	19,822	19,822
PULL&BEAR CIS	428	428
STRADIVARIUS CIS	6,719	6,719
CLOSING BALANCE	**131,685**	**131,685**

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-IFRS.

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 6,719 thousand, respectively.

Goodwill arising from the acquisition or cancellation of franchise contracts is equivalent to the value of intangible assets that did not comply with the requirements established in IFRS 3 for separate recognition. These requirements were essentially with regard to the assets' capacity to generate future cash flow.

The recoverability of goodwill is adequately guaranteed through the profitability of the acquired companies, whose future cash flows justify their net value at year end (note 31.2-g). This recoverable value is calculated based on the 2011 budget and the business plan for the following years, which is prepared taking into account expected performance for comparable stores and the expansion plan associated with the units under analysis.

6.15 FINANCIAL INVESTMENTS

Details and movement in 2010 and 2009 are as follows:

	Investment securities	Investments in EIGs	Loans and other credit facilities	Total
BALANCE AT 01/02/2009	8,681	-	5,735	14,416
DISPOSALS	-	-	(4,236)	(4,236)
OTHER	-	5,212	-	5,212
BALANCE AT 31/01/2010	**8,681**	**5,212**	**1,499**	**15,392**
BALANCE AT 01/02/2010	8,681	5,212	1,499	15,392
ACQUISITIONS	84	-	24	108
DISPOSALS	(3,086)	(3,191)	(302)	(6,579)
BALANCE AT 31/01/2011	**5,679**	**2,021**	**1,221**	**8,921**

Non-current investment securities mainly correspond to a stake in Banco Gallego.

The investment in Economic Interest Groupings (EIGs) comprises Inditex's shareholding in ten economic interest groupings (fourteen at 31 January 2010), 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 fiscal incentives established in prevailing Spanish legislation (see note 22), the effect of which is shown under "Income tax" in the consolidated income statement.

6.16 OTHER NON-CURRENT ASSETS

Details and movement during 2010 and 2009 are as follows:

	Guarantees	Other	Total
BALANCE AT 01/02/2009	145,808	18,876	164,684
ACQUISITIONS	22,881	2,813	25,694
DISPOSALS	(18,510)	(191)	(18,701)
PROFIT/(LOSS) FOR THE YEAR	-	(2,879)	(2,879)
TRANSFERS	5,133	560	5,693
FOREIGN EXCHANGE TRANSLATION DIFFERENCES	(4,271)	62	(4,209)
BALANCE AT 31/01/2010	**151,041**	**19,241**	**170,282**
BALANCE AT 01/02/2010	151,041	19,241	170,282
ACQUISITIONS	39,975	3,497	43,473
DISPOSALS	(6,468)	(77)	(6,546)
PROFIT/(LOSS) FOR THE YEAR	-	(3,341)	(3,341)
TRANSFERS	278	114	393
FOREIGN EXCHANGE TRANSLATION DIFFERENCES	8,370	795	9,165
BALANCE AT 31/01/2011	**193,196**	**20,229**	**213,425**

Guarantees mainly correspond to amounts deposited with proprietors of leased commercial premises to ensure compliance with the conditions stipulated in lease contracts (see note 23).

6.17 TRADE AND OTHER PAYABLES

Details in 2010 and 2009 are as follows:

	31/01/11	31/01/10
TRADE PAYABLES	1,925,945	1,557,752
PERSONNEL	145,572	133,923
PUBLIC ENTITIES	289,337	302,842
OTHER CURRENT PAYABLES	98,003	108,512
TOTAL	**2,458,857**	**2,103,029**

At 31 January 2011 the Group has euros 5,285 thousand payable to suppliers for which the maximum legal payment period has elapsed. This period is stipulated in the measures to combat bad debts contained in Law 15/2010 of 5 July 2010, amending Law 3/2004 of 29 December 2004.

6.18 NET FINANCIAL POSITION

Details of "Cash and cash equivalents" in the consolidated balance sheets are as follows:

	31/01/11	31/01/10
CASH IN HAND AND AT BANKS	1,121,721	669,511
SHORT-TERM DEPOSITS	848,878	542,601
FIXED-INCOME SECURITIES	1,462,853	1,207,998
TOTAL CASH AND CASH EQUIVALENTS	**3,433,452**	**2,420,110**

Cash in hand and at banks includes cash on hand and demand deposits in financial institutions. 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 convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Details of group loans and borrowings and payables for lease financing are as follows:

31/01/2011	Current	Non-current	Total
LOANS	266	3,288	3,554
CREDIT FACILITIES	25	0	25
FINANCE LEASES	2,391	884	3,275
	2,682	**4,172**	**6,854**

31/01/2010	Current	Non-current	Total
LOANS	428	2,746	3,174
CREDIT FACILITIES	31,633	99	31,732
FINANCE LEASES	2,997	2,151	5,148
	35,058	**4,996**	**40,054**

At 31 January 2011 the Group has a limit of euros 2,600,357 thousand on its credit facilities (euros 2,264,963 thousand at 31 January 2010).

Interest on 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 company (parent or subsidiary) contracting the debt.

Financial debt is stated in the following currencies:

	31/01/2011	31/01/2010
EURO	5,788	10,143
US DOLLAR	-	1,903
OTHER EUROPEAN CURRENCIES	397	387
OTHER AMERICAN CURRENCIES	-	27,621
OTHER CURRENCIES	669	-
	6,854	**40,054**

The maturity of group loans and borrowings at 31 January 2011 and 2010 is as follows:

	31/01/2011	31/01/2010
LESS THAN ONE YEAR	2,682	35,058
BETWEEN ONE AND FIVE YEARS	4,172	4,996
MORE THAN FIVE YEARS	-	-
	6,854	**40,054**

6.19 PROVISIONS

Details and movement during 2010 is as follows:

	Pensions and similar obligations with personnel	Liabilities	Total
BALANCE AT 01/02/2010	7,787	119,267	127,054
PROVISIONS RECORDED DURING THE YEAR	25,591	21,327	46,918
DISPOSALS	-	(17,369)	(17,369)
FOREIGN EXCHANGE TRANSLATION DIFFERENCES	(248)	255	7
BALANCE AT 31/01/2011	**33,130**	**123,480**	**156,610**

Provision for pensions and other 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 accrued portion of these commitments at 31 January 2011.

Provision for liabilities

The Group is exposed to certain legal contingencies because of its international presence. 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 are no litigation proceedings whose final outcome could significantly affect the Company's equity situation.

The directors of Inditex consider that the provisions recorded in the consolidated balance sheet adequately cover risks deriving from litigation proceedings, arbitration hearings and other contingencies, and do not expect any additional liabilities to arise therefrom. Given the nature of the risks, it is not possible to estimate when any eventual liabilities may have to be settled.

6.20 OTHER NON-CURRENT LIABILITIES

Details and movement during 2010 and 2009 are as follows:

	Options with partners	Lease incentives	Other	Total
BALANCE AT 01/02/2009	35,530	247,655	25,105	308,290
ACQUISITIONS	-	60,826	14,558	75,384
CHANGES THROUGH PROFIT OR LOSS	1,488	(20,874)	-	(19,386)
DISPOSALS	-	(706)	(3,957)	(4,663)
OTHER	963	(4,226)	-	(3,263)
FOREIGN EXCHANGE TRANSLATION DIFFERENCES	-	(1,373)	-	(1,373)
BALANCE AT 31/01/2010	**37,981**	**281,302**	**35,706**	**354,989**
BALANCE AT 01/02/2010	37,981	281,302	35,706	354,989
ACQUISITIONS	8,839	44,788	8,829	62,456
CHANGES THROUGH PROFIT OR LOSS	5,537	(324)	-	5,213
DISPOSALS	(35,972)	(996)	(20,423)	(57,391)
TRANSFERS	(2,133)	30,458	-	28,325
FOREIGN EXCHANGE TRANSLATION DIFFERENCES	(1,416)	2,399	-	983
BALANCE AT 31/01/2011	**12,836**	**357,627**	**24,112**	**394,575**

At 31 January 2010 the Group had a call option on 22% of the share capital of Zara Deutschland, GmbH, owned by Otto GmbH and Co. KG. The strike price was based on the contributions made by Otto GmbH and Co. KG to the equity of the subsidiary and on the number of Zara stores opened in Germany after 1 February 2006.

On 6 August 2010 the Group exercised this call option and assumed ownership of 100% of the share capital of Zara Deutschland GMBH.

At 31 January 2011 and 2010 the Group has a call option on 20% of the share capital of Zara Retail Korea, Ltd. This shareholding belongs to Lotte Shopping Co., Ltd, which in turn has a put option to sell its entire shareholding to Industria de Diseño Textil, S.A.

Additions to options with shareholders are due to the liability generated by recognition of the option on Zara Retail Korea.

Additions through profit and loss have been recognized under "Other net operating income/(losses)" (euros 3,604 thousand in 2010 and euros 153 thousand in 2009) (see note 5) and "Financial results" (euros 1,933 thousand in 2010 and euros 1,335 thousand in 2009) (see note 6) of the consolidated income statement.

6.21 CAPITAL AND RESERVES

Share capital

At 31 January 2011 and 2010, parent company share capital amounted to euros 93,499,560 and is represented by 623,330,400 registered shares of euros 0.15 par value each, subscribed and fully paid. All shares belong to a single class and series, have the same voting and profit-sharing rights and are represented by book entries.

The parent company's share premium at 31 January 2011 and 2010 amounted to euros 20,379 thousand, while retained earnings totaled euros 2,177,547 thousand and euros 1,901,521 thousand, respectively. The parent company'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 2011 and 2010, the parent company has appropriated to this reserve the minimum amount required by law.

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 2011 the members of the board of directors controlled, directly or indirectly, approximately 59.33% of parent company share capital, compared to 59.349% as at 31 January 2010 (see note 29). At 31 January 2011, Gartler, S.L. held 50.010% of the shares of INDITEX (50.010% at 31 January 2010).

Dividends

Dividends distributed by the parent company during 2010 and 2009 amounted to euros 747,731 thousand and euros 654,497 thousand, respectively. These amounts correspond to earnings of 1.20 cents per share in 2010 (1.05 cents in 2009).

The distribution of profit proposed by the Board of Directors is shown in note 28.

Treasury shares

Treasury shares held by the Inditex Group comprise the following:

- 41,000 treasury shares at 31 January 2011 (41,000 as at 31 January 2010) with an average acquisition cost of euros 2.18 per share.

- 180,264 shares with an acquisition cost of euros 2.93 per share (180,264 at 31 January 2010).

6.22 INCOME TAXES

With the exception of Industria de Diseño textil, S.A., Indipunt, S.L. and Tempe, S.A, companies whose information is incorporated into 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 Inditex, 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 LOGÍSTICA, S.A.	PLATAFORMA EUROPA, S.A.
BERSHKA BSK ESPAÑA, S.A.	PLATAFORMA LOGÍSTICA LEÓN, S.A.
BERSHKA DISEÑO, S.L.	PLATAFORMA LOGÍSTICA MECO, S.A.
CHOOLET, S.A.	PULL & BEAR DISEÑO, S.L.
COMDITEL, S.A.	PULL & BEAR ESPAÑA, S.A.
CONFECCIONES FÍOS, S.A.	PULL & BEAR LOGÍSTICA, S.A.
CONFECCIONES GOA, S.A.	SAMLOR, S.A.
DENLLO, S.A.	STEAR, S.A.
FASHION LOGISTICS FORWARDERS, S.A.	STRADIVARIUS DISEÑO, S.L.
GLENCARE, S.A.	STRADIVARIUS ESPAÑA, S.A.
GOA-INVEST, S.A.	STRADIVARIUS LOGÍSTICA, S.A.
GRUPO MASSIMO DUTTI, S.A.	TRISKO, S.A.
HAMPTON, S.A.	UTERQÜE DISEÑO, S.L.
INDITEX LOGÍSTICA, S.A.	UTERQÜE ESPAÑA, S.A.
INDITEX, S.A.	UTERQÜE LOGÍSTICA, S.A.
KIDDY´S CLASS ESPAÑA, S.A.	UTERQÜE, S.A.
LEFTIES ESPAÑA, S.A.	ZARA DISEÑO, S.L.
LEFTIES LOGÍSTICA, S.A.	ZARA ESPAÑA, S.A.
MASSIMO DUTTI DISEÑO, S.L.	ZARA HOME DISEÑO, S.L.
MASSIMO DUTTI LOGÍSTICA, S.A.	ZARA HOME ESPAÑA, S.A.
MASSIMO DUTTI, S.A.	ZARA HOME LOGÍSTICA, S.A.
NIKOLE, S.A.	ZARA LOGÍSTICA, S.A.
OYSHO DISEÑO, S.L.	ZARA, S.A.
OYSHO ESPAÑA, S.A.	ZINTURA, S.A.
OYSHO LOGÍSTICA, S.A.	

The company Indipunt, S.L., is the parent of another group of companies formed by the subsidiaries Jema Creaciones Infantiles, S.A. and Indipunt Diseño, S.L.

Tempe, S.A. is also 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 2010 income tax provision, net of withholdings and payments on account made during the period. "Trade and other payables" include the liability deriving from the remaining applicable taxes.

"Income tax receivable" in the consolidated balance sheet essentially corresponds to amounts recoverable from the taxation authorities. "Trade and other receivables" mainly include the difference between VAT recoverable and VAT receivable.

Industria de Diseño Textil S. A. holds a 49% stake in five economic interest groupings (EIGs), 46% in one EIG, 50% in two EIGs and 49.5% in two EIGs. These groupings lease assets as their activity and requested from the tax authorities, and were granted, tax incentives provided for in income tax legislation (see note 15).

The aforementioned operations have given rise to positive and negative adjustments to taxable income mentioned above, which have been treated as permanent differences. A euros 9,421 thousand tax credit for investments (euros 9,174 thousand in 2009) has also been applied for these operations. In 2010 the cost of the investment has been adjusted by euros 10,068 thousand (euros 21,160 thousand in 2009) and a deferred tax liability reduced by euros 2,598 thousand. The effects of these adjustments are recognized in the income tax expense account, representing, in total, a reduction in the expense of euros 7,469 thousand (euros 7,554 thousand in 2009).

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:

	2010	2009
CURRENT TAXES	588,338	474,702
DEFERRED TAXES	(8,033)	(64,669)

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 statement for 2010 and 2009 is as follows:

	2010	2009
CONSOLIDATED ACCOUNTING INCOME BEFORE TAXES	2,321,585	1,732,170
INCOME TAX EXPENSE AT TAX RATE PREVAILING IN THE COUNTRY OF THE PARENT COMPANY	696,476	519,651
NET PERMANENT DIFFERENCES:		
INDIVIDUAL COMPANIES	(3,374)	(1,403)
CONSOLIDATION ADJUSTMENTS	26,760	3,863
EFFECT OF TAX RATES IN FOREIGN JURISDICTIONS	(170,640)	(95,230)
CAPITALIZATION OF PRIOR YEARS' LOSSES AND CREDITS	(966)	2,743
ADJUSTMENT TO PRIOR YEARS' TAXES	(5,032)	(329)
OTHER ADJUSTMENTS	52,567	46,192
ADJUSTMENTS TO DEFERRED TAX ASSETS AND LIABILITIES	-	-
USE OF PRIOR UNRECOGNIZED TAX LOSSES		(4,694)
TAX CREDITS AND DEDUCTIONS	(15,486)	(60,760)
INCOME TAX EXPENSE	**580,305**	**410,033**

Positive permanent differences mainly correspond to non-deductible expenses, the allocation of taxable income to EIGs and the portion attributable to taxable income related to a contribution of rights to use certain assets to a subsidiary and the exemption of income from permanent establishments abroad.

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 2011 reflects 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:	2010	2009
PROVISIONS	52,723	34,744
AMORTIZATION	36,442	19,895
LEASE INCENTIVES	15,276	5,613
SUBSIDIARY VALUATION ADJUSTMENTS	12,706	2,738
TAX LOSSES	48,481	42,958
INTRAGROUP TRANSACTIONS	71,888	74,522
OTHER	61,834	53,733
TOTAL	**299,350**	**234,203**

Deferred tax liabilities:	2010	2009
LEASING OPERATIONS	2,305	2,878
INTRAGROUP TRANSACTIONS	31,220	20,310
AMORTIZATION	42,995	33,776
SUBSIDIARY VALUATION ADJUSTMENTS	61,169	66,247
REINVESTMENT OF PROFITS	4,127	4,072
OTHER	30,832	45,609
TOTAL	**172,648**	**172,892**

Movement in deferred tax assets and liabilities in 2010 and 2009 is as follows:

	Deferred tax assets	Deferred tax liabilities
BALANCE AT 01/02/2010	234,203	172,892
CHARGE/CREDIT TO INCOME STATEMENT	(37,750)	11,109
CHARGE/CREDIT TO RESERVES	(27,397)	(11,353)
BALANCE AT 31/01/2011	**299,350**	**172,648**

These balances have been determined based on tax rates which, according to enacted fiscal 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.

Certain companies forming part of the consolidated group have reserves which could be taxable if distributed. The accompanying consolidated financial statements include the tax effect of those cases in which a firm decision has been taken to distribute reserves.

As permitted by the prevailing tax legislation in each country, group companies have applied tax credits amounting to euros 15,486 thousand (euros 60,760 thousand at 31 January 2010).These credits and deductions mainly relate to investments and, to a lesser extent, to other credits.

At 31 January 2011, the Group has tax losses of euros 158,206 thousand (euros 185,124 thousand at 31 January 2010) which may be offset against future profits, the majority of which may be utilized indefinitely. Deferred tax assets in respect of tax losses are only recognized when there is evidence that future taxable profits will be available against which the asset can be utilized.

Tax inspections were initiated on the tax group during the year, which to date have focused on the parent company Industria de Diseño Textil, S.A. Certain foreign subsidiaries are also being inspected, including companies in the United Kingdom, Japan and United States.

The Group does not expect that significant additional liabilities 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.

Years open to inspection by the tax authorities for all main applicable taxes vary depending on the tax legislation in each country. The directors do not expect that any significant additional liabilities affecting group equity or results would arise in the event of inspection.

6.23 OPERATING LEASES

Most of the commercial premises from which the Group carries out its retail distribution activities are leased from third parties. These rental contracts are classified as operating leases since, irrespective of the lease term and the amounts paid or due to the owners of the leased premises, there is no transfer of risks and rewards inherent to ownership.

Due to the presence of the Group in 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 lease 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 31.2-p). Free rental periods are also frequently established in order to avoid having to pay rent when premises are being refurbished and prepared for opening.

Rental contracts also sometimes require lessees to pay certain amounts to the lessor, which, from an economic perspective, could be considered advance rental payments, or to the previous tenants so that they waive certain rights or transfer them to the Group (transfer rights or different types of indemnities). These amounts are recognized as non-current assets (see note 13) and are generally amortized over the term of the lease contract.

On certain occasions, shopping centre 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 20) 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 mean 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 providing sufficient advance notice (e.g. three months) is given. In other cases, however, the Group is obliged to comply with the full term of the contract, or at least a significant part thereof. Some contracts combine these undertakings with termination 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:

	2010	2009
MINIMUM RENTS	1,143,503	1,015,429
CONTINGENT RENTS	128,573	118,603
	1,272,076	**1,134,032**
SUB-LEASING INCOME	4,292	7,489

Future minimum payments under non-cancelable operating leases are as follows:

Lease payments 2010		
Less than one year	One to five years	Over five years
813,592	**1,222,219**	**661,797**

Lease payments 2009		
Less than one year	One to five years	Over five years
758,563	**1,396,799**	**893,854**

6.24 FINANCE LEASES

The Group has contracted finance leases mainly for commercial premises and logistics centres. The corresponding leased assets are recorded under property, plant and equipment in the consolidated balance sheet (see note 11), while the related debt is recognized as a financial liability (see note 18). The carrying amount of items acquired under lease financing and the future amounts payable until the leases expire are as follows:

	31/01/2011	31/01/2010
COST OF THE ASSET	37,273	39,602
ACCUMULATED DEPRECIATION	(12,242)	(11,921)
	25,031	**27,681**

Minimum payments	31/01/2011	31/01/2010
LESS THAN ONE YEAR	2,391	2,997
ONE TO FIVE YEARS	884	2,151
OVER FIVE YEARS	-	-
	3,275	**5,148**

6.25 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial risk management policies

The Group's activities are exposed to certain types of financial risk: market risk (including currency risk), credit risk, liquidity risk and interest rate risk on 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.

Currency risk

The Group operates in an international environment and, accordingly, is exposed to currency risk, particularly relating to the US Dollar and, to a lesser extent, the Mexican Peso, the Russian Ruble, Chinese Renminbi, Japanese Yen and the UK Pound Sterling. Currency risk arises on future commercial transactions, assets and liabilities recorded in foreign currencies, and net investments in foreign businesses.

In order to control the currency risk on future commercial transactions and assets and liabilities recorded in currencies other than the Company's functional currency, group companies use forward exchange contracts. The Group manages each currency's net position through external forward foreign currency contracts or other financial instruments.

The Group has various investments in foreign businesses, the net assets of which are exposed to currency risk which is managed in line with group management policies.

During 2010, 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 73,639 thousand higher (euros 59,994 thousand in 2009), primarily because of the translation of subsidiaries' financial statements expressed in currencies other than the euro, and the impact on the portion of merchandise purchases in US Dollars not covered by exchange rate hedges.

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 also limits its exposure to credit risk by investing solely in products that have high liquidity and credit ratings.

Provision is made for the impairment of 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. This provision is calculated as the difference between the carrying amount and the present value of future estimated cash flows discounted at the effective interest rate and is recognized in the income statement. Net charges to the provision during the year as a result of value adjustments to the balances recorded under this caption amounted to euros 5,043 thousand (euros 14,634 thousand in 2009) and correspond to doubtful trade receivables.

At 31 January 2011 and 2010 no significant outstanding balances exist. Furthermore, based on available historical data, the Group does not consider it necessary to make value adjustments to receivables which are not past due. The fair value of 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 18).

Details of financial liabilities are disclosed in note 18, 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 indexed to a variable 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 at fair value through profit or loss or interest-rate financial derivatives. 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 interested parties, and maintain an optimal 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 have been made during the year.

Neither the Company nor 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 currency risk policies, group management contracts derivatives, mainly forward contracts, to hedge cash flow fluctuations related with exchange rates.

Certain group subsidiaries are granted internal financing denominated in currencies other than the euro. In accordance with prevailing currency risk policies, derivatives are contracted, mainly forward contracts, to hedge cash flow fluctuations related with exchange rates.

Moreover, and as described in note 31.2.n), the Group applies hedge accounting to mitigate the volatility effect that contracting hedge instruments prior to recording the associated transactions would have on the consolidated income statement.

At 31 January 2011 the Group held derivatives, mainly forward purchases, in US Dollars for a par value of US Dollars 1,582,170 thousand (US Dollars 1,402,055 thousand at 31 January 2010), as well as sales of 1,855,765 thousand Mexican Pesos (2,113,310 thousand at 31 January 2010).

The fair value of forward currency contracts has been calculated using measurement techniques based on the cash exchange rate and interest rate curves (level 2).

Approximately 60% of 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.

Financial instruments: further 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:

	2010	2009
CASH AND CASH EQUIVALENTS	3,433,452	2,420,110
TRADE RECEIVABLES	89,884	112,795
SALES TO FRANCHISES	112,218	115,371
OTHER CURRENT RECEIVABLES	47,672	35,988
GUARANTEES	193,196	151,041
TOTAL	3,876,422	2,835,305

The financial liabilities of the Group mainly comprise debts and payables on commercial transactions, salaries payable and loans and borrowings.

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 2010, no significant financial asset impairment has been recognized.

6.26 EMPLOYEE BENEFITS

Defined benefit or contribution plan obligations

In general, the Group has no defined benefit or contribution plan obligations with its employees. However, in line with prevailing labour legislation or customary practice in certain countries, the Group assumes certain commitments 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 profits. The 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 incentive plan

Inditex's board of directors authorized a long-term incentive plan for members of the management team and other key 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 starts on 1 February 2010 and ends on 31 January 2013. Incentives are divided into an initial payment for the period ending 31 January 2012 and a final payment for the period ending 31 January 2013.

For entitlement to the initial and final payments, employees are required to fulfill the specific conditions of the plan and to remain in the employment of Inditex or any other Inditex Group company from 1 February 2010 until the end of the two periods stated. Exceptions are made where contracts are terminated early (e.g. death, retirement, permanent disability or unfair dismissal), in which cases any designated incentives to which the employees are entitled will be paid pro rata based on the period they remained in employment after the plan started compared to the full period of the plan or, in the case of initial payments, the duration of this first period.

The liability for long-term incentives is recognized under "Provisions" in the consolidated balance sheet and "operating expenses" in the consolidated income statement. The impact of these obligations on the consolidated income statement and the consolidated balance sheet is not significant.

6.27 INTEREST 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 and Inditex Asia, 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 this joint venture that have been consolidated are as follows:

	2010	2009
NON-CURRENT ASSETS	61,866	32,251
CURRENT ASSETS	165,087	142,558
NON-CURRENT LIABILITIES	(5,436)	(3,947)
CURRENT LIABILITIES	(99,068)	(67,652)
NET ASSETS	**122,450**	**103,210**
REVENUES (*)	**424,725**	**321,955**
EXPENSES	**(299,635)**	**(233,229)**

(*) Revenue from third parties other than the Group: euros 56,643 thousand and euros 45,636 thousand in 2010 and 2009, respectively.

6.28 PROPOSED DISTRIBUTION OF PARENT COMPANY PROFIT

The directors will propose that euros 997,329 thousand of 2010 net profit of the parent company, which is the maximum amount distributable, be distributed as an ordinary dividend of euros 1.40 and an extraordinary gross dividend of euros 0.20 per share on the total of 623,330,400 ordinary shares, and that euros 27,147 thousand be taken to voluntary reserves.

6. 29 REMUNERATION OF THE BOARD OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES

Remuneration of the Board of Directors

Remuneration received by the Board of Directors and senior management during 2010 is shown in the section on transactions with related parties.

As in 2009, the Group has no commitments in respect of pension plans or life insurance schemes.

Other information concerning the board of directors

According to the public registers of the Spanish Stock Exchange Commission (CNMV), at 31 January 2011 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. AMANCIO ORTEGA GAONA	-	369,600,063	59.294%
MR. PABLO ISLA ÁLVAREZ DE TEJERA	139,800	-	0.022%
MR. CARLOS ESPINOSA DE LOS MONTEROS BERNALDO DE QUIRÓS	40,000	-	0.006%
GARTLER, S.L.	311,727,598	-	50.010%
MR. FRANCISCO LUZÓN LÓPEZ	-	8,195	0.001%
MS. IRENE R. MILLER	13,240	-	0.002%
MR. EMILIO SARACHO RODRÍGUEZ DE TORRES	-	-	-
MR. JUAN MANUEL URGOITI LÓPEZ DE OCAÑA	27,739	-	0.004%
MR. NILS SMEDEGAARD ANDERSEN	3,000	-	0%
TOTAL			**59.33%**

[1] Through Gartler. S.L. and Partler 2006. S.L.

[2] Through Cañabara Inversiones, S.I.C.A.V., S.A.

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 hold investments or management positions.

Board member	Company name	Post
MR. NILS SMEDEGAARD ANDERSEN	DANSK SUPERMARKED	CHAIRMAN
MR. NILS SMEDEGAARD ANDERSEN	A.P. MOLLER-MAERSK A/S	GROUP CEO

TRANSACTIONS WITH RELATED PARTIES

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 key management.

Inditex Group companies

Operations between Inditex and its subsidiaries form part of regular activities and have been fully eliminated in the consolidation process and are therefore not shown in this note.

Details of operations between Inditex and its joint ventures which have not been completely eliminated in the consolidation process as they are proportionately consolidated are as follows.

Company	Thousands of euros	
	2010	2009
JOINT VENTURES	(314,838)	(265,138)

Details of operations with significant shareholders, the members of the board of directors and management are as follows:

Significant shareholders

According to the information in the public registers of the Spanish Stock Exchange Commission, Gartler, S.L. holds 50.010% of Industria de Diseño Textil, S.A. and is, therefore, the controlling shareholder of the Inditex Group. During 2010 and 2009, operations carried out by the Inditex Group with the controlling shareholder, or with related persons or companies, are as follows:

2010

Nature of relationship	Type of operation	Amount (thousands €)
CONTRACTUAL	ASSET LEASING	(15,260)
CONTRACTUAL	ASSET LEASING	153
CONTRACTUAL	WORKS	19,451

2009

Nature of relationship	Type of operation	Amount (thousands €)
CONTRACTUAL	ASSET LEASING	(13,452)
CONTRACTUAL	ASSET LEASING	147
CONTRACTUAL	WORKS	8,056

Several group companies have leased commercial premises belonging to companies related to the controlling shareholder. The majority of these lease contracts were signed prior to 1994 and expire between 2014 and 2016.

Based on the information in the table, the Group has earned income totaling euros 19,751 thousand from transactions with individuals and companies related to the controlling shareholder. These transactions, which mainly comprise works carried out by the Group's building contractor Goa-Invest, S.A., were carried out on an arm's length basis.

Members of the Board of Directors and management

Total remuneration and compensation received by Inditex Board members and management during 2010 are as follows:

	DIRECTORS	MANAGEMENT
REMUNERATION	5,426	12,660
COMPENSATION	-	1,572

Total remuneration and compensation received by Inditex Board members and management during 2009 were as follows:

	DIRECTORS	MANAGEMENT
REMUNERATION	5,411	10,923
COMPENSATION	-	735

In 2010 Inditex also approved a long-term incentive plan (hereinafter, "the Plan") for members of the management team and other key personnel from the Inditex Group, the terms of which are described in note 26. For the disclosure of related party transactions, the following are estimates of the incentives accrued in 2010 by directors and management and which would be paid if the Plan conditions are met:

	DIRECTORS	MANAGEMENT
ACCRUED INCENTIVE	2,259	3,841

6.30 EXTERNAL AUDITORS

Details of fees and expenses accrued by KPMG International (main auditor) and associated firms in relation to services rendered to consolidated companies are as follows:

2010	KPMG Auditores	KPMG Europe, LLP	KPMG International	Total
AUDIT SERVICES	1,565	497	2,368	4,430
OTHER ASSURANCE SERVICES	35	32	179	246
TAX ADVISORY SERVICES	154	134	241	529
OTHER SERVICES	-	52	154	206
TOTAL	**1,754**	**715**	**2,942**	**5,411**

2009	KPMG España	KPMG International	Total
AUDIT SERVICES	1,522	2,483	4,005
OTHER ASSURANCE SERVICES	29	171	200
TAX ADVISORY SERVICES	21	135	156
OTHER SERVICES	18	335	352
TOTAL	**1,589**	**3,124**	**4,713**

The figures in the above tables include the total fees for services rendered in 2010 and 2009, irrespective of the date of invoice.

In addition to the audit of the Inditex Group annual accounts, audit services rendered by KPMG also include certain audit work related with the external audit.

Non-audit services, mainly relating to corporate social responsibility, include inspection of suppliers' workshops and factories and other services rendered to certain foreign group subsidiaries

According to information received from the auditors, fees received from the Inditex Group by KPMG International or associated firms do not exceed 0.034% of total revenue.

6.31 SELECTED ACCOUNTING POLICIES

6.31.1) BASIS OF CONSOLIDATION

i) Subsidiaries

Subsidiaries are those entities controlled by the parent company. Control exists when the parent company 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 intragroup operations. The results of subsidiaries acquired during the year are included in the consolidated annual accounts from the date that control commences.

Net identifiable assets acquired, liabilities and contingent liabilities assumed as part of a business combination are stated at fair value at the date of acquisition, providing this has taken place after 1 January 2004, the date of transition to EU-IFRS.

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 equity transactions with shareholders.

Acquisitions of entities prior to this date were recognized in accordance with applicable accounting principles in Spain once all necessary corrections and adjustments at the transition date were taken into account. In accordance with EU-IFRS, goodwill is not amortized but systematically tested for impairment.

Non-controlling interests in the consolidated statement of changes in equity are presented separately from the consolidated equity attributable to parent company shareholders. These are investments held in group companies prior to the transition to EU-IFRS and therefore the value of the equity interests is equivalent to the share in the carrying amount of the assets and liabilities of the investees.

Any loss attributable to non-controlling interests exceeding their interest is assumed by the Group when preparing its annual accounts. From 1 January 2010, profit and loss and all comprehensive income are recognized in the equity attributable to parent company shareholders and non-controlling interests in proportion to their investments, even if this results in a balance receivable from non-controlling interests. Agreements between the Group and non-controlling interests are recognized as separate transactions.

Non-controlling interests in the equity and results of subsidiaries are presented under "Equity attributable to non-controlling interests" and "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.

iii) Harmonization of criteria

Each of the entities included in the consolidated group prepares its annual accounts and other accounting records in accordance with 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 principles.

iv) Intragroup eliminations

Intragroup balances 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, balances, revenues and expenses between intragroup 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. Unrealized gains or losses arising from transactions with associates are eliminated from the consolidated annual accounts to the extent of the Group's interest in the entity.

v) Translation of foreign currency operations

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 foreign exchange rates prevailing at the balance sheet date.

- Items that comprise the equity of these entities are translated to euro at historical exchange rates (or, for accumulated results, at the average exchange rate for the year in which they were generated).

- Revenues and expenses are translated to euro at the average exchange rate for the year.

Differences arising from the application of these exchange rates are included in consolidated equity under "Translation differences".

Foreign exchange differences of consolidated companies deriving from monetary operations with other consolidated entities which, in substance, form part of the net investment made by the Group in foreign entities, and whose collection or payment is not foreseeable or is not likely to occur, are classified as consolidated equity until disinvestment in the subsidiary takes place, at which time the differences are recognized as income or expense for the year.

Exchange differences deriving from trade balances payable and receivable and financing operations between group companies, with foreseeable settlement, are recognized in the income statement for the year.

vi) Financial statements in hyperinflationary countries

The financial statements of foreign operations in countries considered to have hyperinflationary economies have been adjusted prior to translation to euro to account for the effect of changes in prices.

vii) Entities with a closing date different to that of the Group

Entities with a closing date different to that of the consolidated accounts have been consolidated with the financial statements at their closing date (31 December 2010; see Appendix I). Significant operations carried out between the closing date of these subsidiaries and that of the consolidated accounts are harmonized accordingly.

viii) Changes to the consolidated group

The following entities were incorporated and consolidated for the first time during the year:

INDIPUNT DISEÑO, S.L.	BERSHKA JAPAN, LTD
ZARA IMMOBILIARE ITALIA SRL	STRADIVARIUS MACAU, LTD
KOMMANDITGESELLSCHAFT ZARA DEUTSCHLAND B.V. & CO.	STRADIVARIUS KOREA, LTD
ITX FASHION RETAIL SOUTH AFRICA	STRADIVARIUS HONG KONG, LTD
MASSIMO DUTTI COMMERCIAL SHANGAI CO, LTD	ZARA HOME DEUTSCHLAND B.V. & CO. KG
MASSIMO DUTTI ÖSTERREICH, GMBH	ZHE, GMBH
PULL & BEAR MACAU, LTD	ZARA HOME BRASIL PRODUTOS PARA O LAR, LTDA.
PULL & BEAR NEDERLAND, B.V.	INDITEX LOGÍSTICA, S.A.
UTERQÜE ITALIA, SRL.	ITX HOLDING, S.A.
UTERQÜE HONG KONG, LTD	OYSHO BULGARIA, LTD
BERSHKA MACAU, LTD	ZARA HOME CROATIA, LTD

The companies called Fruminga, B.V. and Holding, B.V. at 31 January 2010 have changed their names to Zara Management B.V. and Massimo Dutti Nederland B.V., respectively.

The incorporations to the consolidated group referred to above have not had a material impact on the consolidated annual accounts for 2010.

6.31.2 ACCOUNTING PRINCIPLES

New standards and interpretations have been published at the date of preparing the annual accounts which will be effective in the coming years and which have not been early adopted by the Group. Taking into account the activity carried out by the companies that form part of the Group, the directors of the Company do not consider that the application of these standards will have a significant effect on the Group's financial statements.

a) Foreign currency transactions

Foreign currency transactions are translated to euro using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to euro at the foreign exchange rate prevailing at that date. Foreign exchange differences arising on translation are recognized in the income statement as financial results.

Cash flows from transactions in foreign currency are translated into euro in the consolidated cash flow statement at the exchange rate prevailing at the transaction date. The effect of variations 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 asset enters into operation, less accumulated depreciation and any impairment losses or depreciation.

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets.

The estimated useful lives are as follows:

Asset description	Useful life
BUILDINGS	25 to 50 years
LEASEHOLD IMPROVEMENTS, MACHINERY AND FURNITURE	7 - 13 years
OTHER PROPERTY, PLANT AND EQUIPMENT	4 - 13 years

The Group reassesses residual values, useful lives and depreciation methods at the end of each financial year. Modifications to initially established criteria are recognized as changes in estimates.

After initial recognition of an asset, only costs that generate future economic benefits and which can be classified as probable and be reliably estimated are capitalized.

Repair and maintenance costs are expensed as they are incurred.

c) Rights over leased property

Rights over leased assets mainly comprise the cost of lease transfer rights, access premiums or tenancy right waivers paid to the former tenants of commercial premises.

Rights over leased 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.

d) Other intangible assets

- Patents and similar rights are stated at cost of acquisition or usufruct, or at the cost of registering the items developed by the Group, and are amortized on a straight-line basis over a maximum period of ten years.

- Software is stated at cost and amortized on a straight-line basis over a five-year period.

The Group reviews the residual value, useful lives and means of amortization of intangible assets at the end of each accounting period. Modifications to initially established criteria are recognized, where applicable, as changes in estimates.

e) Financial investments

Financial investments which represent less than 20% of share capital are stated at fair value.

f) Investment property

Investment properties are assets held to generate rental income, capital appreciation or both, and are stated at cost of acquisition less accumulated depreciation and any impairment losses or depreciation. Depreciation is calculated on a straight-line basis over the useful lives of the corresponding assets.

Details of the market value of investment properties are shown in note 12.

g) Impairment

The Group systematically tests for impairment of consolidated assets which are not considered financial assets, inventories and deferred tax assets in order to determine whether the carrying amount exceeds the recoverable value (impairment). In order to do this, 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 the business, 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 goodwill or intangible assets with indefinite useful lives is estimated at the closing date, and thereafter at least once per year.

Calculation of recoverable amount

The recoverable amount of assets is the higher of fair value less selling costs and value in use. Value in use takes into account expected future cash flows deriving from the use of the asset, forecast variations in the amount or distribution of the cash flows, 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 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 logistical assets) are treated separately within the context of this general policy according to their specific nature.

Reversals of impairment

Impairment losses in respect of goodwill are not reversed in subsequent years. For assets other than goodwill, impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that an asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

The reversal of an impairment loss in 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 previous paragraph.

Impairment losses are debited to amortization and depreciation in the consolidated income statement. Reversals of impairment losses on assets other than goodwill are credited to this account once internal or external sources of information have been analyzed and it can be concluded that the impairment indicators which determined the recognition of value adjustments no longer exist or have been partially mitigated.

h) Trade and other receivables

Trade receivables are recognized at fair value. After initial recognition, they are stated at amortized cost in accordance with the effective interest rate method, less any provision for impairment

Provision is made for impairment of 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. This provision is calculated as the difference between the carrying amount and the present value of future estimated cash flows discounted at the original interest rate and is recognized in the income statement.

i) Inventories

Inventories are measured at the lower of cost and net realizable value.

Cost comprises all costs of acquisition, transformation and other 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, labour and manufacturing expenses.

The cost of inventories is adjusted 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;

- 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 in 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 investing and financing activities, respectively.

k) Employee benefits

Commitments acquired with group personnel to be settled in the long term are estimated based on their accrual through the application, where appropriate, of actuarial assumptions. The Group has created a provision to cover the actuarial liability of the estimated portion accrued at 31 January 2011.

Personnel expenses accrued during the year are 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 plan referred to in note 26 to the consolidated annual accounts are recognized with a credit to liability accounts during the period in which incentives are accrued.

l) Provisions

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 no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed against the consolidated income statement caption where the corresponding expense was recorded.

m) 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.

n) Derivatives and hedging operations

Financial instruments acquired to hedge forecast transactions in foreign currencies are initially recognized at fair value plus any transaction costs directly attributable to acquiring the instrument.

Foreign exchange rate 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 income and expenses recognized in equity. The ineffective portion is taken to financial income or expense as appropriate.

Amounts recognized in equity are taken to income when the transaction takes place with a debit or credit to the account in which it was recognized. Profits or losses recognized in equity are also reclassified to finance income or expenses when the foreseen transaction is not expected to proceed.

o) 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.

p) 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.

Assets acquired through a finance lease are recognized as non-current assets at the lower of the present value of the future lease minimum 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 centre developers or owners of commercial premises are recognized as non-current liabilities and booked as a reduction in rental expense under "Other operating expenses" on a straight-line basis over the term of the respective lease contracts.

q) Financial income and expenses

Financial 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.

r) Income taxes

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 the same or different years, in which case it is recognized in equity, or to a business combination.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is calculated using the balance sheet 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 carryforwards or deductions pending application.

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 company 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 to 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 on the consolidated balance sheet under non-current assets or liabilities, irrespective of the expected date of realization or settlement.

s) 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.

t) 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.

6.32 ENVIRONMENT

Costs incurred in environmental activities are recognized under other operating expenses in the year in which they are incurred.

6.33 SUBSEQUENT EVENTS

On 3 March 2011 the Inditex Group acquired premises on Fifth Avenue in New York for a world flagship Zara store. The investment was US Dollars 324 million.

On 7 February 2011 the Inditex Group reached an agreement with the Delta Sport, D.O.O. group in Belgrade for acquisition of the shares of the companies holding the franchises for Zara, Bershka, Stradivarius, Pull&Bear, Massimo Dutti and Oysho in Serbia and Montenegro. The sale is expected to be completed by 30 April 2011, provided that the terms of the sale and purchase agreement, subject to certain conditions, are met.

APPENDIX I. STRUCTURE OF THE INDITEX GROUP

Company	Effective % ownership	Location	Consolidation Method	Year End	Concept	Activity
Subsidiaries						
Industria de Diseño Textil, S.A.	Parent Company	La Coruña - Spain	Full Consol.	31/01/11	-	Parent Company
Comditel, S.A.	100%	Barcelona - Spain	Full Consol.	31/01/11	Zara	Centralized textile purchasing
Zara Asia, Ltd.	100%	Hong Kong - China	Full Consol.	31/01/11	Zara	Centralized textile purchasing
Choolet, S.A.	100%	La Coruña - Spain	Full Consol.	31/01/11	Zara	Textile manufacturing
Confecciones Fíos, S.A.	100%	La Coruña - Spain	Full Consol.	31/01/11	Zara	Textile manufacturing
Confecciones Goa, S.A.	100%	La Coruña - Spain	Full Consol.	31/01/11	Zara	Textile manufacturing
Denllo, S.A.	100%	La Coruña - Spain	Full Consol.	31/01/11	Zara	Textile manufacturing
Hampton, S.A.	100%	La Coruña - Spain	Full Consol.	31/01/11	Zara	Textile manufacturing
Jema Creaciones Infantiles, S.L.	51%	La Coruña - Spain	Full Consol.	31/01/11	Zara	Textile manufacturing
Nikole, S.A.	100%	La Coruña - Spain	Full Consol.	31/01/11	Zara	Centralized textile purchasing
Samlor, S.A.	100%	La Coruña - Spain	Full Consol.	31/01/11	Zara	Textile manufacturing
Stear, S.A.	100%	La Coruña - Spain	Full Consol.	31/01/11	Zara	Textile manufacturing
Trisko, S.A.	100%	La Coruña - Spain	Full Consol.	31/01/11	Zara	Textile manufacturing
Zintura, S.A.	100%	La Coruña - Spain	Full Consol.	31/01/11	Zara	Textile manufacturing
Glencare, S.A.	100%	La Coruña - Spain	Full Consol.	31/01/11	Zara	Textile manufacturing
Indipunt, S.L.	51%	La Coruña - Spain	Full Consol.	31/01/11	Zara	Textile manufacturing
Indipunt Diseño, S.L.	51%	La Coruña - Spain	Full Consol.	31/01/11	Zara	Design
Zara España, S.A.	100%	La Coruña - Spain	Full Consol.	31/01/11	Zara	Retail
Zara Argentina, S.A.	100%	Buenos Aires - Argentina	Full Consol.	31/01/11	Zara	Retail
Zara Belgique, S.A.	100%	Brussels - Belgium	Full Consol.	31/01/11	Zara	Retail
Zara Chile, S.A.	100%	Santiago de Chile - Chile	Full Consol.	31/12/10	Zara	Retail
Zara USA, Inc.	100%	New York - USA	Full Consol.	31/01/11	Zara	Retail
Zara France, S.A.R.L.	100%	Paris - France	Full Consol.	31/01/11	Zara	Retail
Zara UK, Ltd.	100%	London - United Kingdom	Full Consol.	31/01/11	Zara	Retail
Zara Hellas, S.A.	100%	Athens - Greece	Full Consol.	31/01/11	Zara	Retail
Zara México, S.A. de C.V.	95%	Mexico DF - Mexico	Full Consol.	31/12/10	Zara	Retail
Zara Portugal Confecçoes Lda.	100%	Lisbon - Portugal	Full Consol.	31/01/11	Zara	Retail
G.Zara Uruguay, S.A.	100%	Montevideo -Uruguay	Full Consol.	31/01/11	Zara	Retail
Zara Brasil, Lda.	100%	Sao Paulo -Brazil	Full Consol.	31/12/10	Zara	Retail
Zara Nederland, B.V.	100%	Amsterdam - Netherlands	Full Consol.	31/01/11	Zara	Retail
Zara Österreich Clothing, GmbH	100%	Vienna - Austria	Full Consol.	31/01/11	Zara	Retail
Zara Denmark A/S	100%	Copenhagen - Denmark	Full Consol.	31/01/11	Zara	Retail
Zara Sverige, AB	100%	Stockholm - Sweden	Full Consol.	31/01/11	Zara	Retail
Zara Norge, AS	100%	Oslo - Norway	Full Consol.	31/01/11	Zara	Retail
Zara Canada, Inc.	100%	Montreal - Canada	Full Consol.	31/01/11	Zara	Retail
Zara Suisse S.A.R.L.	100%	Freiburg - Switzerland	Full Consol.	31/01/11	Zara	Retail
Zara Luxembourg, S.A.	100%	Luxemburgo - Luxemburgo	Full Consol.	31/01/11	Zara	Retail
Za Giyim Ithalat Ihracat Ve Ticaret Ltd.	100%	Istanbul - Turkey	Full Consol.	31/01/11	Zara	Retail
Zara Italia, S.R.L.	100%	Milan - Italy	Full Consol.	31/01/11	Zara	Retail

Company	Effective % ownership	Location	Consolidation Method	Year End	Concept	Activity
Zara Japan Corp.	100%	Tokyo - Japón	Full Consol.	31/01/11	Zara	Retail
Zara Ceská Republika, S.R.O.	100%	Prague - Czech Republic	Full Consol.	31/01/11	Zara	Retail
Zara Puerto Rico, Inc.	100%	San Juan - Puerto Rico	Full Consol.	31/01/11	Zara	Retail
Za Clothing Ireland, Ltd.	100%	Dublin - Ireland	Full Consol.	31/01/11	Zara	Retail
Zara Magyarorszag, KFT.	100%	Budapest - Hungary	Full Consol.	31/01/11	Zara	Retail
Zara Monaco, SAM	100%	Montecarlo-Monaco	Full Consol.	31/01/11	Zara	Retail
Zara Commercial (Shanghai), Co Ltd.	100%	Shanghai- China	Full Consol.	31/12/10	Zara	Retail
Zara Commercial (Beijing), Co Ltd.	100%	Beijing- China	Full Consol.	31/12/10	Zara	Retail
Zara Macau, Ltd.	100%	Macao- China	Full Consol.	31/12/10	Zara	Retail
Zara Polska, Sp. Zo.o.	100%	Warsaw - Poland	Full Consol.	31/01/11	Zara	Retail
ZAO Zara CIS, Ltd.	100%	Moscow - Russia	Full Consol.	31/12/10	Zara	Retail
Zara Deutschland, GmbH	100%	Hamburg - Germany	Full Consol.	31/01/11	Zara	Holding company
Zara Bucuresti, Srl	100%	Bucarest-Romania	Full Consol.	31/12/10	Zara	Retail
Zara Ukraine LLC	100%	Kiev-Ukraine	Full Consol.	31/12/10	Zara	Retail
Zara Slovakia, S.R.O.	100%	Bratislava-Slovaquia	Full Consol.	31/01/11	Zara	Retail
Zara Croatia, Ltd.	100%	Zagreb-Croatia	Full Consol.	31/01/11	Zara	Retail
Zara Retail Korea, Ltd.	80%	Korea	Full Consol.	31/01/11	Zara	Retail
Zara Bulgaria LTD	100%	Sofia-Bulgaria	Full Consol.	31/12/10	Zara	Retail
Zara Immobiliare Italia SRL	100%	Milan - Italy	Full Consol.	31/12/10	Zara	Real estate
Zara Diseño, S.L.	100%	La Coruña - Spain	Full Consol.	31/01/11	Zara	Design
Zara Management, B.V.	100%	Amsterdam - Netherlands	Full Consol.	31/01/11	Zara	Holding company
Kommanditgesellschaft ZARA Deutschland B.V. & Co.	100%	Hamburg - Germany	Full Consol.	31/01/11	Zara	Retail
ITX Fashion retail South Africa	100%	South Africa	Full Consol.	31/01/11	Zara	Retail
Group Zara Australia Pty. Ltd.	80%	Sydney - Australia	Full Consol.	31/01/11	Zara	Retail
Inditex Vastgoed Korea, Ltd.	100%	Korea	Full Consol.	31/01/11	Zara	Retail
Inditex Trent Retail India Private LTD	51%	Mumbai-India	Full Consol.	31/01/11	Zara	Retail
Kiddy´s Class España, S.A.	100%	La Coruña - Spain	Full Consol.	31/01/11	Zara	Retail
Kiddy´s Class Portugal Conf. Lda.	100%	Lisbon - Portugal	Full Consol.	31/01/11	Zara	Retail
Fibracolor, S.A.	100%	Barcelona - Spain	Full Consol.	31/01/11	Zara	Dormant
Oysho España, S.A.	100%	Barcelona - Spain	Full Consol.	31/01/11	Oysho	Retail
Oysho Venezuela, S.A.	100%	Caracas - Venezuela	Full Consol.	31/01/11	Oysho	Retail
Oysho Portugal, Conf. Lda.	100%	Lisbon - Portugal	Full Consol.	31/01/11	Oysho	Retail
Oysho Mexico, S.A. de C.V.	98.5%	Mexico DF - Mexico	Full Consol.	31/12/10	Oysho	Retail
Oysho Italia, S.R.L.	100%	Milan - Italy	Full Consol.	31/01/11	Oysho	Retail
Oysho Hellas, S.A.	100%	Athens - Greece	Full Consol.	31/01/11	Oysho	Retail
Oysho Giyim Ithalat Ihracat Ve Ticaret Ltd.	100%	Istanbul - Turkey	Full Consol.	31/01/11	Oysho	Retail
Oysho Polska, Sp zo.o	100%	Warsaw - Poland	Full Consol.	31/01/11	Oysho	Retail
Oysho CIS, Ltd.	100%	Moscow - Russia	Full Consol.	31/12/10	Oysho	Retail
Oysho France, S.A.R.L.	100%	Paris - France	Full Consol.	31/01/11	Oysho	Retail
Oysho MAGYARORSZAG, KFT	100%	Budapest - Hungary	Full Consol.	31/01/11	Oysho	Retail
Oysho Ro, Srl	100%	Bucarest-Romania	Full Consol.	31/12/10	Oysho	Retail
Oysho Ukraine, Llc	100%	Kiev-Ukraine	Full Consol.	31/12/10	Oysho	Retail
Oysho Deutschland, GmbH	100%	Hamburg - Germany	Full Consol.	31/01/11	Oysho	Retail
Oysho Diseño, S.L.	100%	Barcelona - Spain	Full Consol.	31/01/11	Oysho	Design
Oysho Bulgaria, LTD	100%	Sofia-Bulgaria	Full Consol.	31/12/10	Oysho	Retail
Grupo Massimo Dutti, S.A.	100%	Barcelona - Spain	Full Consol.	31/01/11	Massimo Dutti	Retail
Massimo Dutti Hellas, S.A.	100%	Athens - Greece	Full Consol.	31/01/11	Massimo Dutti	Retail

Company	Effective % ownership	Location	Consolidation Method	Year End	Concept	Activity
Massimo Dutti Giyim Ithalat Ih.Ve Tic. Ltd.	100%	Istanbul - Turkey	Full Consol.	31/01/11	Massimo Dutti	Retail
Massimo Dutti Venezuela, S.A.	100%	Caracas - Venezuela	Full Consol.	31/01/11	Massimo Dutti	Retail
Massimo Dutti France, S.A.R.L.	100%	Paris - France	Full Consol.	31/01/11	Massimo Dutti	Retail
Massimo Dutti UK, Ltd.	100%	London - United Kingdom	Full Consol.	31/01/11	Massimo Dutti	Retail
Massimo Dutti Suisse, S.A.R.L.	100%	Freiburg - Switzerland	Full Consol.	31/01/11	Massimo Dutti	Retail
Massimo Dutti Sverige, AB	100%	Stockholm - Sweden	Full Consol.	31/01/11	Massimo Dutti	Retail
Massimo Dutti Norge, AS.	100%	Oslo - Norway	Full Consol.	31/01/11	Massimo Dutti	Retail
Massimo Dutti Italia, S.R.L.	100%	Milan - Italy	Full Consol.	31/01/11	Massimo Dutti	Retail
Massimo Dutti Ireland., Ltd.	100%	Dublin - Ireland	Full Consol.	31/01/11	Massimo Dutti	Retail
Massimo Dutti USA, Ltd.	100%	New York - USA	Full Consol.	31/01/11	Massimo Dutti	Retail
Massimo Dutti Danmark A/S	100%	Copenhagen - Denmark	Full Consol.	31/01/11	Massimo Dutti	Retail
Massimo Dutti CIS, Ltd.	100%	Moscow - Russia	Full Consol.	31/12/10	Massimo Dutti	Retail
Massimo Dutti Deutschland, GmbH	100%	Hamburg - Germany	Full Consol.	31/01/11	Massimo Dutti	Retail
Massimo Dutti Mexico, S.A. de C.V.	98%	Mexico DF - Mexico	Full Consol.	31/12/10	Massimo Dutti	Retail
BCN Diseños, S.A. de C.V.	98%	Mexico DF - Mexico	Full Consol.	31/12/10	Massimo Dutti	Retail
Zara Home Belgique, S.A.	100%	Brussels - Belgium	Full Consol.	31/01/11	Massimo Dutti	Retail
Massimo Dutti, S.A.	100%	La Coruña - Spain	Full Consol.	31/01/11	Massimo Dutti	Dormant
Massimo Dutti Hong Kong, Ltd.	100%	Hong Kong - China	Full Consol.	31/01/11	Massimo Dutti	Retail
Massimo Dutti Polska, Sp z.o.o.	100%	Warsaw - Poland	Full Consol.	31/01/11	Massimo Dutti	Retail
Massimo Dutti Ro, Srl	100%	Bucarest-Romania	Full Consol.	31/12/10	Massimo Dutti	Retail
Massimo Dutti Macau Ltd.	100%	Macao- China	Full Consol.	31/12/10	Massimo Dutti	Retail
Massimo Dutti Ukraine, Llc	100%	Kiev-Ukraine	Full Consol.	31/12/10	Massimo Dutti	Retail
Massimo Dutti Ceská Republika, s.r.o	100%	Prague - Czech Republic	Full Consol.	31/01/11	Massimo Dutti	Retail
Massimo Dutti Commercial Beijing Co, Ltd.	100%	Beijing- China	Full Consol.	31/12/10	Massimo Dutti	Retail
Massimo Dutti Bulgaria, LTD	100%	Sofia-Bulgaria	Full Consol.	31/12/10	Massimo Dutti	Retail
Massimo Dutti Croatia, LTD	100%	Zagreb-Croatia	Full Consol.	31/01/11	Massimo Dutti	Retail
Massimo Dutti Korea, LTD	100%	Korea	Full Consol.	31/01/11	Massimo Dutti	Retail
Massimo Dutti Diseño, S.L.	100%	Barcelona - Spain	Full Consol.	31/01/11	Massimo Dutti	Design
Massimo Dutti Commercial Shangai CO, LTD	100%	Shanghai- China	Full Consol.	31/12/10	Massimo Dutti	Retail
Massimo Dutti Österreich, GMBH	100%	Vienna - Austria	Full Consol.	31/01/11	Massimo Dutti	Retail
Massimo Dutti Nederland, B.V.	100%	Amsterdam - Netherlands	Full Consol.	31/01/11	Massimo Dutti	Retail
Pull & Bear España, S.A.	100%	La Coruña - Spain	Full Consol.	31/01/11	Pull & Bear	Retail
Pull & Bear Hellas, S.A.	100%	Athens - Greece	Full Consol.	31/01/11	Pull & Bear	Retail
Pull & Bear Portugal Conf. Lda.	100%	Lisbon - Portugal	Full Consol.	31/01/11	Pull & Bear	Retail
Pull & Bear Giyim Ith. Ihrac.Ve Tic. Ltd.	100%	Istanbul - Turkey	Full Consol.	31/01/11	Pull & Bear	Retail
Pull & Bear Mexico, S.A. de C.V.	98.5%	Mexico DF - Mexico	Full Consol.	31/12/10	Pull & Bear	Retail
Pull & Bear Belgique, S.A.	100%	Brussels - Belgium	Full Consol.	31/01/11	Pull & Bear	Retail
Pull & Bear France, S.A.R.L.	100%	Paris - France	Full Consol.	31/01/11	Pull & Bear	Retail
Pull & Bear Italia, S.R.L.	100%	Milan - Italy	Full Consol.	31/01/11	Pull & Bear	Retail
Pull & Bear Ceska Republika, S.R.O.	100%	Prague - Czech Republic	Full Consol.	31/01/11	Pull & Bear	Retail
Pull & Bear Ireland, Ltd.	100%	Dublin - Ireland	Full Consol.	31/01/11	Pull & Bear	Retail
Pull & Bear Magyarország Kft.	100%	Budapest - Hungary	Full Consol.	31/01/11	Pull & Bear	Retail
Pull & Bear Polska, Sp zo.o	100%	Warsaw - Poland	Full Consol.	31/01/11	Pull & Bear	Retail
Pull & Bear CIS, Ltd.	100%	Moscow - Russia	Full Consol.	31/12/10	Pull & Bear	Retail
Pull & Bear Uk Limited	100%	London - United Kingdom	Full Consol.	31/01/11	Pull & Bear	Retail
Pull & Bear Ro, Srl	100%	Bucarest-Romania	Full Consol.	31/12/10	Pull & Bear	Retail
Pull & Bear Ukraine, Llc	100%	Kiev-Ukraine	Full Consol.	31/12/10	Pull & Bear	Retail

Company	Effective % ownership	Location	Consolidation Method	Year End	Concept	Activity
Pull & Bear Slovakia, S.R.O.	100%	Bratislava-Slovakia	Full Consol.	31/01/11	Pull & Bear	Retail
Pull & Bear Croatia, LTD	100%	Zagreb-Croatia	Full Consol.	31/01/11	Pull & Bear	Retail
Pull & Bear Commercial Beijing Co, Ltd.	100%	Beijing- China	Full Consol.	31/12/10	Pull & Bear	Retail
Pull & Bear Bulgaria, LTD	100%	Sofia-Bulgaria	Full Consol.	31/12/10	Pull & Bear	Retail
Pull & Bear Hong Kong LTD	100%	Hong Kong - China	Full Consol.	31/12/10	Pull & Bear	Retail
Pull & Bear Diseño, S.L.	100%	La Coruña - Spain	Full Consol.	31/01/11	Pull & Bear	Design
Pull & Bear Macau, LTD	100%	Macao- China	Full Consol.	31/12/10	Pull & Bear	Retail
Pull & Bear Nederland, B.V.	100%	Amsterdam - Netherlands	Full Consol.	31/01/11	Pull & Bear	Retail
Pull & Bear Österreich Clothing, Gmbh	100%	Vienna - Austria	Full Consol.	31/01/11	Pull & Bear	Retail
Uterqüe, S.A.	100%	La Coruña - Spain	Full Consol.	31/01/11	Uterqüe	Centralized purchasing
Uterqüe España, S.A.	100%	La Coruña - Spain	Full Consol.	31/01/11	Uterqüe	Retail
Uterqüe Hellas	100%	Athens - Greece	Full Consol.	31/01/11	Uterqüe	Retail
Gruputerqüe Portugal Conf. Lda	100%	Lisbon - Portugal	Full Consol.	31/01/11	Uterqüe	Retail
Uterqüe Cis, LTD	100%	Moscow - Russia	Full Consol.	31/12/10	Uterqüe	Retail
Uterqüe Giyim Limited	100%	Istanbul - Turkey	Full Consol.	31/01/11	Uterqüe	Retail
Uterqüe México S.A. de C.V.	100%	Mexico DF - Mexico	Full Consol.	31/12/10	Uterqüe	Retail
Uterqüe Diseño, S.L.	100%	La Coruña - Spain	Full Consol.	31/01/11	Uterqüe	Design
Uterqüe Italia, Srl.	100%	Milan - Italy	Full Consol.	31/01/11	Uterqüe	Retail
Uterqüe Hong Kong, LTD	100%	Hong Kong - China	Full Consol.	31/01/11	Uterqüe	Retail
Bershka BSK España, S.A.	100%	Barcelona - Spain	Full Consol.	31/01/11	Bershka	Retail
Bershka Portugal Conf. Soc. Unip. Lda.	100%	Lisbon - Portugal	Full Consol.	31/01/11	Bershka	Retail
Bershka Hellas, S.A.	100%	Athens - Greece	Full Consol.	31/01/11	Bershka	Retail
Bershka Mexico, S.A. de CV	97%	Mexico DF - Mexico	Full Consol.	31/12/10	Bershka	Retail
Bershka Giyim Ithalat Ihracat Ve Tic.Ltd.	100%	Istanbul - Turkey	Full Consol.	31/01/11	Bershka	Retail
Bershka Belgique, S.A.	100%	Brussels - Belgium	Full Consol.	31/01/11	Bershka	Retail
Bershka France, S.A.R.L.	100%	Paris - France	Full Consol.	31/01/11	Bershka	Retail
Bershka Suisse, S.A.R.L.	100%	Freiburg - Switzerland	Full Consol.	31/01/11	Bershka	Retail
Bershka Nederland, B.V.	100%	Amsterdam - Netherlands	Full Consol.	31/01/11	Bershka	Retail
Bershka Italia, S.R.L.	100%	Milan - Italy	Full Consol.	31/01/11	Bershka	Retail
Bershka U.K., Ltd.	100%	London - United Kingdom	Full Consol.	31/01/11	Bershka	Retail
Bershka Ireland., Ltd.	100%	Dublin - Ireland	Full Consol.	31/01/11	Bershka	Retail
Bershka Ceska Republica, S.R.O.	100%	Prague - Czech Republic	Full Consol.	31/01/11	Bershka	Retail
Bershka Croatia, Ltd.	100%	Zagreb-Croatia	Full Consol.	31/01/11	Bershka	Retail
Bershka Polska Sp Z O.O.	100%	Warsaw - Poland	Full Consol.	31/01/11	Bershka	Retail
Bershka Slovakia, S.R.O.	100%	Bratislava-Slovakia	Full Consol.	31/01/11	Bershka	Retail
Bershka Carpati, Srl	100%	Bucarest-Romania	Full Consol.	31/12/10	Bershka	Retail
Bershka Ukraine, Llc	100%	Kiev-Ukraine	Full Consol.	31/12/10	Bershka	Retail
Bershka Magyaroszag Kft.	100%	Budapest - Hungary	Full Consol.	31/01/11	Bershka	Retail
Bershka Cis, Ltd	100%	Moscow - Russia	Full Consol.	31/12/10	Bershka	Retail
Bershka Osterreich Clothing GmbH	100%	Vienna - Austria	Full Consol.	31/01/11	Bershka	Retail
Bershka Hong Kong Limited	100%	Hong Kong - China	Full Consol.	31/01/11	Bershka	Retail
Bershka Commercial Beijing Co, Ltd	100%	Beijing- China	Full Consol.	31/12/10	Bershka	Retail
Bershka Bulgaria, LTD	100%	Sofia-Bulgaria	Full Consol.	31/12/10	Bershka	Retail
Bershka Korea, LTD	100%	Korea	Full Consol.	31/01/11	Bershka	Retail
Bershka Diseño, S.L.	100%	Barcelona - Spain	Full Consol.	31/01/11	Bershka	Design
Bershka Macau, LTD	100%	Macao- China	Full Consol.	31/12/10	Bershka	Retail
Bershka Japan, LTD	100%	Tokyo - Japón	Full Consol.	31/01/11	Bershka	Retail

Company	Effective % ownership	Location	Consolidation Method	Year End	Concept	Activity
Stradivarius España, S.A.	100%	Barcelona - Spain	Full Consol.	31/01/11	Stradivarius	Retail
Stradivarius Hellas, S.A.	100%	Athens - Greece	Full Consol.	31/01/11	Stradivarius	Retail
Stradivarius Portugal, Conf. Unip. Lda.	100%	Lisbon - Portugal	Full Consol.	31/01/11	Stradivarius	Retail
Stradivarius Giyim Ithalat Ih. Ve Tic. Ltd.	100%	Istanbul - Turkey	Full Consol.	31/01/11	Stradivarius	Retail
Stradivarius Polska, Sp zo.o	100%	Warsaw - Poland	Full Consol.	31/01/11	Stradivarius	Retail
Stradivarius Ireland Limited	100%	Dublin - Ireland	Full Consol.	31/01/11	Stradivarius	Retail
Stradivarius Italia SRL	100%	Milan - Italy	Full Consol.	31/01/11	Stradivarius	Retail
Stradivarius CIS, Ltd.	100%	Moscow - Russia	Full Consol.	31/12/10	Stradivarius	Retail
Stradivarius France, S.A.R.L.	100%	Paris - France	Full Consol.	31/01/11	Stradivarius	Retail
Stradivarius Magyaroszag Kft.	100%	Budapest - Hungary	Full Consol.	31/01/11	Stradivarius	Retail
Stradivarius Croatia, LTD.	100%	Zagreb-Croatia	Full Consol.	31/01/11	Stradivarius	Retail
Stradivarius Slovakia, S.R.O.	100%	Bratislava-Slovakia	Full Consol.	31/01/11	Stradivarius	Retail
Stradivarius Ro, Srl	100%	Bucarest-Romania	Full Consol.	31/12/10	Stradivarius	Retail
Stradivarius Ukraine, Llc	100%	Kiev-Ukraine	Full Consol.	31/12/10	Stradivarius	Retail
Stradivarius Ceská Republika, s.r.o	100%	Prague - Czech Republic	Full Consol.	31/01/11	Stradivarius	Retail
Stradivarius Commercial Shangai CO, LTD	100%	Shanghai- China	Full Consol.	31/12/10	Stradivarius	Retail
Stradivarius Bulgaria, LTD	100%	Sofia-Bulgaria	Full Consol.	31/12/10	Stradivarius	Retail
Stradivarius Diseño, S.L.	100%	Barcelona - Spain	Full Consol.	31/01/11	Stradivarius	Design
Stradivarius Macau, LTD	100%	Macao- China	Full Consol.	31/12/10	Stradivarius	Retail
Stradivarius Korea, LTD	100%	Korea	Full Consol.	31/01/11	Stradivarius	Retail
Stradivarius Hong Kong, LTD	100%	Hong Kong - China	Full Consol.	31/12/10	Stradivarius	Retail
Zara Home España, S.A.	100%	La Coruña - Spain	Full Consol.	31/01/11	Zara Home	Retail
Zara Home Portugal, Conf. Soc. Unip. Lda.	100%	Lisbon - Portugal	Full Consol.	31/01/11	Zara Home	Retail
Zara Home U.K., Ltd.	100%	London - United Kingdom	Full Consol.	31/01/11	Zara Home	Retail
Zara Home Hellas, S.A.	100%	Athens - Greece	Full Consol.	31/01/11	Zara Home	Retail
Zara Home Nederland, B.V.	100%	Amsterdam - Netherlands	Full Consol.	31/01/11	Zara Home	Retail
Zara Home Mexico, S.A. de C.V.	98.5%	Mexico DF - Mexico	Full Consol.	31/12/10	Zara Home	Retail
Zara Home Italia, S.R.L.	100%	Milan - Italy	Full Consol.	31/01/11	Zara Home	Retail
Zara Home Giyim Ithalat Ihracat Ve Ticaret Ltd.	100%	Istanbul - Turkey	Full Consol.	31/01/11	Zara Home	Retail
Zara Home Francia, S.A.R.L.	100%	Paris - France	Full Consol.	31/01/11	Zara Home	Retail
Zara Home Ro, Srl	100%	Bucarest-Romania	Full Consol.	31/12/10	Zara Home	Retail
Zara Home CIS, Ltd.	100%	Moscow - Russia	Full Consol.	31/12/10	Zara Home	Retail
Zara Home Ukraine, Llc	100%	Kiev-Ukraine	Full Consol.	31/12/10	Zara Home	Retail
Zara Home Polska, Sp zo.o	100%	Warsaw - Poland	Full Consol.	31/01/11	Zara Home	Retail
Zara Home Diseño, S.L.	100%	La Coruña - Spain	Full Consol.	31/01/11	Zara Home	Design
Zara Home Deutschland B.V. & Co. KG	100%	Hamburg - Germany	Full Consol.	31/01/11	Zara Home	Retail
ZHE, Gmbh	100%	Hamburg - Germany	Full Consol.	31/01/11	Zara Home	Holding company
Zara Home Brasil Produtos para o Lar, Ltda.	100%	Sao Paulo -Brazil	Full Consol.	31/12/10	Zara Home	Retail
Zara Home Croatia, LTD	100%	Zagreb-Croatia	Full Consol.	31/01/11	Zara Home	Retail
Zara Logística, S.A.	100%	La Coruña - Spain	Full Consol.	31/01/11	Zara	Logistics
Plataforma Europa, S.A.	100%	Zaragoza - Spain	Full Consol.	31/01/11	Zara	Logistics
Plataforma Logística León, S.A.	100%	León- Spain	Full Consol.	31/01/11	Zara	Logistics
Plataforma Logística Meco, S.A.	100%	Madrid- Spain	Full Consol.	31/01/11	Zara	Logistics
Pull & Bear Logística, S.A.	100%	La Coruña - Spain	Full Consol.	31/01/11	Pull & Bear	Logistics
Massimo Dutti Logística, S.A.	100%	Barcelona - Spain	Full Consol.	31/01/11	Massimo Dutti	Logistics
Bershka Logística, S.A.	100%	Barcelona - Spain	Full Consol.	31/01/11	Bershka	Logistics
Oysho Logística, S.A.	100%	Barcelona - Spain	Full Consol.	31/01/11	Oysho	Logistics

Company	Effective % ownership	Location	Consolidation Method	Year End	Concept	Activity
Stradivarius Logística, S.A.	100%	Barcelona - Spain	Full Consol.	31/01/11	Stradivarius	Logistics
Zara Home Logística, S.A.	100%	León- Spain	Full Consol.	31/01/11	Zara Home	Logistics
Uterqüe Logística, S.A.	100%	La Coruña - Spain	Full Consol.	31/01/11	Uterqüe	Logistics
Lefties Logística, S.A.	100%	La Coruña - Spain	Full Consol.	31/01/11	Zara	Logistics
Inditex Logística, S.A.	100%	La Coruña - Spain	Full Consol.	31/01/11	Zara	Logistics
Corporación de Servicios XX1, S.A. de C.V.	100%	Mexico DF - Mexico	Full Consol.	31/12/10	Zara	Services
Zara Financiën B.V. Ireland	100%	Dublin - Ireland	Full Consol.	31/01/11	Zara	Finance
Zara Mexico, B.V.	100%	Breda - Netherlands	Full Consol.	31/01/11	Zara	Finance
Zara Holding, B.V.	100%	Breda - Netherlands	Full Consol.	31/01/11	Zara	Holding company
ITX Financien, B.V.	100%	Breda - Netherlands	Full Consol.	31/01/11	Zara	Holding company
ITX Holding, S.A.	100%	Freiburg - Switzerland	Full Consol.	31/01/11	Zara	Holding company
Liprasa Cartera, S.L.	98%	Madrid - Spain	Full Consol.	31/01/11	Massimo Dutti	Holding company
ITX Merken, B.V.	100%	Breda - Netherlands	Full Consol.	31/01/11	Zara	Trademarks
ITX RE	100%	Ireland	Full Consol.	31/01/11	Zara	Insurance
ITX Trading, S.A.	100%	Freiburg - Switzerland	Full Consol.	31/01/11	Zara	Centralized purchasing
ITX E-commerce	100%	Ireland	Full Consol.	31/01/11	Zara	E-commerce
Goa-Invest, S.A.	100%	La Coruña - Spain	Full Consol.	31/01/11	Zara	Construction and real estate
Zara Vastgoed, B.V.	100%	Breda - Netherlands	Full Consol.	31/01/11	Zara	Real Estate
Vastgoed Asia, Ltd.	100%	Hong Kong - China	Full Consol.	31/01/11	Zara	Real Estate
SNC Zara France Immobiliere	100%	Paris - France	Full Consol.	31/12/10	Zara	Real Estate
SCI Vastgoed Ferreol P03302	100%	Paris - France	Full Consol.	31/12/10	Zara	Real Estate
SCI Vastgoed France P03301	100%	Paris - France	Full Consol.	31/12/10	Zara	Real Estate
SCI Vastgoed General Leclerc P03303	100%	Paris - France	Full Consol.	31/12/10	Zara	Real Estate
SCI Vastgoed Nancy P03304	100%	Paris - France	Full Consol.	31/12/10	Zara	Real Estate
Invercarpro, S.A.	100%	Madrid - Spain	Full Consol.	31/01/11	Zara	Real Estate
Robustae S.G.P.S. Unip. Lda.	100%	Lisbon - Portugal	Full Consol.	31/01/11	Zara	Retail
Lefties España, S,A,	100%	La Coruña - Spain	Full Consol.	31/01/11	Zara	Centralized purchasing
Inditex Cogeneración, A.I.E.	100%	La Coruña - Spain	Full Consol.	31/01/11	Zara	Co-generation plant
Inditex, S.A.	100%	La Coruña - Spain	Full Consol.	31/01/11	Zara	Dormant
Zara Holding II, B.V	100%	Breda - Netherlands	Full Consol.	31/01/11	Zara	Holding company
Zara, S.A.	100%	La Coruña - Spain	Full Consol.	31/01/11	Zara	Dormant
Zara, S.A.	100%	Buenos Aires - Argentina	Full Consol.	31/01/11	Zara	Dormant
Fashion Logistic Forwarders, S.A.	100%	La Coruña - Spain	Full Consol.	31/01/11	Zara	Logistics
Multigroup companies						
Tempe, S.A.	50%	Alicante - Spain	Proportional Cons.	31/01/11	Zara	Sale of footwear
Tempe México, S.A. de C.V.	50%	Mexico DF - Mexico	Proportional Cons.	31/12/10	Zara	Sale of footwear
Tempe Logística, S.A.	50%	Alicante - Spain	Proportional Cons.	31/01/11	Zara	Logistics
Tempe Brasil, Ltda.	50%	Sao Paulo -Brazil	Proportional Cons.	31/12/10	Zara	Sale of footwear
Tempe Diseño, S.L.	50%	Alicante - Spain	Proportional Cons.	31/01/11	Zara	Design
Tempe Trading	50%	Freiburg - Switzerland	Proportional Cons.	31/01/11	Zara	Centralized purchasing
Inditex Asia, Ltd.	50%	Hong Kong - China	Proportional Cons.	31/01/11	Zara	Centralized textile purchasing

Consolidated management report

31 JANUARY 2011


ALLE CITTÀ D'ITALIA
ZARA

1. PERFORMANCE IN FY2010

Figures expressed in millions of Euros

Net sales reached €12,527 million in FY2010, with sales growth of 13% (10% in local currencies).

In FY2010 INDITEX **retail space** increased 10%. Total selling area at FYE reached 2,587,648 square meters:

	31 Jan 2011	31 Jan 2010	Chg % 10/09
ZARA	1,687,949	1,541,291	10%
PULL & BEAR	196,320	175,574	12%
MASSIMO DUTTI	143,023	138,001	4%
BERSHKA	262,009	232,319	13%
STRADIVARIUS	154,253	133,062	16%
OYSHO	60,474	54,930	10%
ZARA HOME	72,748	65,761	11%
UTERQÜE	10,871	7,770	40%
TOTAL	**2,587,648**	**2,348,709**	**10%**

Net store openings in FY2010 the year amounted to 437 reaching a total of 5,044 stores in 77 countries. In FY2010 INDITEX has opened stores in 45 countries:

	Net openings	Total stores	
CONCEPT	FY2010	31 JANUARY 2011	31 JANUARY 2010
ZARA	123	1,518	1,395
ZARA KIDS	(8)	205	213
PULL & BEAR	56	682	626
MASSIMO DUTTI	33	530	497
BERSHKA	69	720	651
STRADIVARIUS	78	593	515
OYSHO	40	432	392
ZARA HOME	23	284	261
UTERQÜE	23	80	57
TOTAL	**437**	**5,044**	**4,607**

A list of quarterly openings and stores opened as at FYE by concept and by country is included in Annexes IV and V.

Like-for-like sales increased 3% in FY2010 (5% in 1H and 2% in 2H). The like-for-like calculation includes 81% of FY2010 store sales (i.e. sales in stores opened for the whole of fiscal years 2010 and 2009).

Net sales by concept in FY2010 and FY2009 are shown in the table below:

CONCEPT	FY2010	FY2009	% Chg. 10/09
ZARA	8,088	7,077	14%
PULL & BEAR	857	771	11%
MASSIMO DUTTI	897	790	14%
BERSHKA	1,247	1,177	6%
STRADIVARIUS	780	702	11%
OYSHO	304	280	9%
ZARA HOME	294	243	21%
UTERQÜE	59	44	36%
TOTAL SALES	**12,527**	**11,084**	**13%**

The ongoing expansion of the Group has led to a widely diversified sales platform. All the concepts have increased their sales demonstrating their global scalability.

REGION	FY2010	FY2009
EUROPE EX-SPAIN	45%	46%
SPAIN	28%	32%
ASIA	15%	12%
AMERICAS	12%	10%
TOTAL	100%	100%

Gross profit rose to €7,422 million, 17% higher than the previous year. The Gross margin has reached 59.3% of sales (57.1% in FY2009).

Operating expenses have been tightly managed over the year and have grown by 12.6%, mainly as a result of the new retail space added and include all the start-up costs for new openings and €12 million for the launch of Zara e-commerce.

IN MILLIONS OF EUROS	FY2010	FY2009	Chg% 10/09
PERSONNEL EXPENSES	2,009	1,792	12%
RENTAL EXPENSES	1,272	1,134	12%
OTHER OPERATING EXPENSES	1,171	1,027	14%
TOTAL	**4,452**	**3,953**	**13%**

At FYE 2010 the number of employees was 100,138 (92,301 at FYE2009).

FY2010 **EBITDA** came to €2,966 million, 25% higher than the previous year, and EBIT to €2,290 million, 33% higher.

The breakdown of EBIT by concept is shown below:

	EBIT BY CONCEPT (IN MILLIONS OF EUROS)			% sales	% total
CONCEPT	FY2010	FY2009	CHG % 10/09	FY2010	FY2010
ZARA	1,534	1,104	39%	19,0%	67,0%
PULL & BEAR	139	101	37%	16,2%	6,1%
MASSIMO DUTTI	172	117	47%	19,2%	7,5%
BERSHKA	197	196	1%	15,8%	8,6%
STRADIVARIUS	176	149	18%	22,5%	7,7%
OYSHO	45	38	19%	14,9%	2,0%
ZARA HOME	39	25	60%	13,3%	1,7%
UTERQÜE*	-12	-2	-	--	--
TOTAL EBIT	**2,290**	**1,728**	**33%**	**18,3%**	**100%**

* includes € 12 million for accelerated depreciation of assets

The following chart shows the breakdown of Financial results.

IN MILLIONS OF EUROS	FY2010	FY2009
NET FINANCE INCOME (LOSSES)	18	8
FOREIGN EXCHANGE GAINS (LOSSES)	13	(5)
TOTAL	**31**	**4**

Net income came to €1,732 million, 32% higher than the previous year.

INDITEX's Board of Directors will propose to the General Shareholders Meeting a dividend increase of 33%, composed of an ordinary dividend of €1.40 per share and a bonus dividend of €0.20 per share, equating to a total dividend of €1.60 per share. €0.80 will be payable on 2 May 2011 as interim ordinary dividend and €0.80 would be payable on 2 November 2011 as final ordinary and bonus dividend.

INDITEX continued to show a strong financial condition over Fiscal 2010:

	31 January 2011	31 January 2010
CASH & CASH EQUIVALENTS	3,433	2,420
CURRENT FINANCIAL DEBT	(3)	(35)
NON CURRENT FINANCIAL DEBT	(4)	(5)
NET FINANCIAL CASH (DEBT)	**3,427**	**2,380**

The **operating working capital** position remains negative, a consequence of the business model:

	31 January 2011	31 January 2010
INVENTORIES	1,215	993
RECEIVABLES	482	422
PAYABLES	(2,672)	(2,270)
OPERATING WORKING CAPITAL	**(976)**	**(856)**

Funds from operations reached €2,540 million in FY2010, 23% higher than the previous year.

Capital Expenditure for the FY2010 amounted to €754 million driven by 437 store openings in the year.

Dividends paid to shareholders reached €751 million.

2. START OF FY2011

Store sales in local currencies have increased by 10% from 1 February to 14 March 2011. The Spring-Summer season is influenced by the performance over the Easter period due to its significant sales volumes.

Expected Capital Expenditure in FY2011 is approximately €800 million as a result of the store opening plan for the year. Additionally, we have incurred an extraordinary, one-off investment of €230 million for the acquisition of unique retail premises at 666 Fifth Avenue, New York, for a global flagship for Zara.

Inditex expects to open between 460 – 500 net stores in FY2011. Approximately 70% of the new contracts have been signed but in some cases openings may not take place in FY2011.

Concept	Range	
ZARA	125	130
PULL & BEAR	45	50
MASSIMO DUTTI	40	45
BERSHKA	70	75
STRADIVARIUS	80	85
OYSHO	40	45
ZARA HOME	35	40
UTERQÜE	25	30
TOTAL	**460**	**500**

Inditex plans to open in Australia in April and will launch South Africa in Autumn-Winter 2011, demonstrating its global reach.

On the second of September 2010 Zara launched e-commerce and is now operating in 16 European markets. Zara plans to begin e-commerce sales in the United States and Japan in Autumn-Winter 2011.

Additionally, all Inditex concepts plan to be present in e-commerce in 2011 with the launch of Massimo Dutti, Bershka, Pull & Bear, Stradivarius, Oysho and Uterque e-commerce operations in selected European markets over the second half of 2011.

3. TABLES AND APPENDICES TO FOLLOW

CONSOLIDATED FINANCIAL STATEMENTS

FY2010 income statement

IN MILLIONS OF EUROS	FY2010	FY2009
NET SALES	12,527	11,084
COST OF SALES	(5,105)	(4,756)
GROSS PROFIT	**7,422**	**6,328**
GROSS MARGIN	59.3%	57.1%
OPERATING EXPENSES	(4,452)	(3,953)
OTHER NET OPERATING INCOME (LOSSES)	(4)	(1)
OPERATING CASH FLOW (EBITDA)	**2,966**	**2,374**
EBITDA MARGIN	23.7%	21.4%
AMORTISATION AND DEPRECIATION	(676)	(646)
OPERATING INCOME (EBIT)	**2,290**	**1,728**
EBIT MARGIN	18.3%	15.6%
FINANCIAL RESULTS	31	4
INCOME BEFORE TAXES	**2,322**	**1,732**
EBT MARGIN	18.5%	15.6%
TAXES	(580)	(410)
NET INCOME	**1,741**	**1,322**
	13.9%	11.9%
NON-CONTROLLING INTERESTS	9	8
NET INCOME ATTRIBUTABLE TO THE CONTROLLING COMPANY	**1,732**	**1,314**
NET INCOME MARGIN	13.8%	11.9%
EARNINGS PER SHARE, CENTS OF EURO (*)	**278**	**211**

(*) SHARES FOR EPS CALCULATION 623.1 MILLION FOR 2010 AND 2009

Consolidated Balance Sheet as 31 January 2011

IN MILLIONS OF EUROS	31 January 2011	31 January 2010
ASSETS		
CURRENT ASSETS	**5,203**	**3,944**
CASH & CASH EQUIVALENTS	3,433	2,420
RECEIVABLES	482	422
INVENTORIES	1,215	993
OTHER	73	109
NON CURRENT ASSETS	**4,624**	**4,392**
PROPERTY, PLANT AND EQUIPMENT	3,414	3,307
INTANGIBLE ASSETS	687	665
FINANCIAL INVESTMENTS	9	15
OTHER	513	404
TOTAL ASSETS	**9,826**	**8,335**
TOTAL EQUITY & LIABILITIES		
CURRENT LIABILITIES	**2,675**	**2,305**
PAYABLES	2,672	2,270
FINANCIAL DEBT	3	35
NON CURRENT LIABILITIES	**728**	**660**
FINANCIAL DEBT	4	5
DEFERRED TAXES	173	173
OTHER	551	482
EQUITY	**6,423**	**5,371**
EQUITY ATTRIBUTABLE TO THE GROUP	6,386	5,329
NON-CONTROLLING INTERESTS	37	41
TOTAL EQUITY & LIABILITIES	**9,826**	**8,335**

FY2010 Consolidated Statement of Cash Flows

IN MILLIONS OF EUROS	FY2010	FY2009
INCOME BEFORE TAXES	**2,322**	**1,732**
ADJUSTMENTS TO INCOME-		
DEPRECIATION AND AMORTIZATION	636	625
FOREIGN EXCHANGE IMPACT	(30)	31
OTHER	120	63
CORPORATE INCOME TAX	**(508)**	**(391)**
FUNDS FROM OPERATIONS	**2,540**	**2,060**
CHANGES IN ASSETS AND LIABILITIES		
INCREASE IN INVENTORIES	(227)	48
INCREASE IN ACCOUNTS RECEIVABLE	(120)	163
DECREASE IN CURRENT LIABILITIES	363	50
CHANGES IN WORKING CAPITAL	**16**	**261**
CASH FROM OPERATIONS	**2,556**	**2,321**
INVESTMENTS IN INTANGIBLE ASSETS	(74)	(27)
INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT	(617)	(461)
ADDITION TO OTHER LONG-TERM FINANCIAL INVESTMENTS	(26)	-
OTHER ASSETS INVESTMENTS	(37)	(13)
OTHER INVESTING ACTIVITIES	-	(10)
CAPITAL EXPENDITURE	**(754)**	**(510)**
NET DECREASE IN LONG-TERM FINANCIAL DEBT	(1)	(4)
NET DECREASE IN OTHER LONG-TERM DEBT	(33)	11
NET INCREASE IN CURRENT DEBT	(32)	(204)
DIVIDENDS	(751)	(662)
OTHER FINANCING ACTIVITIES	(1)	-
CASH USED IN FINANCING ACTIVITIES	**(819)**	**(859)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	984	953
FOREIGN EXCHANGE IMPACT ON CASH & CASH EQUIVALENTS	30	1
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	2,420	1,466
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**3,433**	**2,420**

ANNEX I

Income statement: FY2010 quarterly results

	Q1	Q2	Q3	Q4
NET SALES	2,665	2,860	3,340	3,661
COST OF SALES	(1,068)	(1,178)	(1,312)	(1,546)
GROSS PROFIT	**1,598**	**1,682**	**2,028**	**2,115**
	59.9%	58.8%	60.7%	57.8%
OPERATING EXPENSES	(1,037)	(1,084)	(1,123)	(1,209)
OTHER NET OPERATING INCOME (LOSSES)	(0)	(2)	(0)	(1)
OPERATING CASH FLOW (EBITDA)	**560**	**596**	**904**	**905**
	21.0%	20.9%	27.1%	24.7%
AMORTISATION AND DEPRECIATION	(156)	(171)	(169)	(180)
OPERATING INCOME (EBIT)	**405**	**425**	**735**	**725**
	15.2%	14.9%	22.0%	19.8%
FINANCIAL RESULTS	(5)	15	0	21
INCOME BEFORE TAXES	**400**	**441**	**735**	**746**
TAXES	(98)	(112)	(181)	(189)
NET INCOME	**302**	**328**	**554**	**557**
NON-CONTROLLING INTERESTS	2	0	4	4
NET INCOME ATTRIBUTABLE TO THE CONTROLLING COMPANY	**301**	**328**	**551**	**553**
	11.3%	11.5%	16.5%	15.1%

ANNEX II

Return on Equity, defined as net income on average Shareholder's equity:

ROE	FY 2010	FY 2009
NET INCOME	1,732	1,314
EQUITY - PREVIOUS YEAR	5,329	4,722
EQUITY - CURRENT YEAR	6,386	5,329
AVERAGE EQUITY	5,858	5,025
RETURN ON EQUITY	**30%**	**26%**

Return on Capital Employed, defined as EBIT on average capital employed (Shareholder's equity plus net financial debt):

ROCE	FY 2010	FY 2009
EBIT	2,290	1,729
AVERAGE CAPITAL EMPLOYED		
AVERAGE EQUITY	5,858	5,025
AVERAGE NET FINANCIAL DEBT (*)	-	-
TOTAL AVERAGE CAPITAL EMPLOYED	**5,858**	**5,025**
RETURN ON CAPITAL EMPLOYED	**39%**	**34%**

(*) ZERO WHEN THERE IS NET CASH

Return on Capital Employed by concept:

Concept	FY 2010	FY 2009
ZARA	34%	29%
PULL & BEAR	54%	41%
MASSIMO DUTTI	89%	56%
BERSHKA	52%	59%
STRADIVARIUS	74%	73%
OYSHO	35%	27%
ZARA HOME	37%	24%
UTERQÜE	-	-
TOTAL	39%	34%

ANNEX III

Company-managed stores and franchised stores at FYE:

Concept	Company managed	Franchised	Total
ZARA	1,544	179	**1,723**
ZARA KIDS	205	0	**205**
PULL & BEAR	590	92	**682**
MASSIMO DUTTI	390	140	**530**
BERSHKA	626	94	**720**
STRADIVARIUS	476	117	**593**
OYSHO	392	40	**432**
ZARA HOME	256	28	**284**
UTERQÜE	60	20	**80**
TOTAL	**4,334**	**710**	**5,044**

Sales in company-managed and franchised stores:

Concept	Company Managed	Franchised
ZARA	87%	13%
PULL & BEAR	87%	13%
MASSIMO DUTTI	72%	28%
BERSHKA	88%	12%
STRADIVARIUS	84%	16%
OYSHO	90%	10%
ZARA HOME	89%	11%
UTERQÜE	84%	16%
TOTAL	**86%**	**14%**

ANNEX IV

Summary of net openings by quarter:

Concept	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Total 2010
ZARA	27	22	39	35	**123**
ZARA KIDS	(4)	(2)	(2)	0	**(8)**
PULL & BEAR	14	9	14	19	**56**
MASSIMO DUTTI	10	5	7	11	**33**
BERSHKA	14	10	23	22	**69**
STRADIVARIUS	18	19	21	20	**78**
OYSHO	10	4	16	10	**40**
ZARA HOME	2	4	5	12	**23**
UTERQÜE	7	4	4	8	**23**
TOTAL	**98**	**75**	**127**	**137**	**437**

Total stores by quarter:

Concept	Q1 2010	Q2 2010	Q3 2010	Q4 2010
ZARA	1,631	1,651	1,688	1,723
ZARA KIDS	209	207	205	205
PULL & BEAR	640	649	663	682
MASSIMO DUTTI	507	512	519	530
BERSHKA	665	675	698	720
STRADIVARIUS	533	552	573	593
OYSHO	402	406	422	432
ZARA HOME	263	267	272	284
UTERQÜE	64	68	72	80
TOTAL	**4,705**	**4,780**	**4,907**	**5,044**

ANNEX V

Stores by concept and country as at 31 January 2011

	Zara	Zara Kids	Pull & Bear	Massimo Dutti	Bershka	Stradivarius	Oysho	Zara Home	Uterqüe	INDITEX
ANDORRA	1		1	1	1	1	1	1	1	8
ARGENTINA	9									9
AUSTRIA	12				3					15
BAHRAIN	2		2	2	1	1	1	1		10
BELGIUM	27		4	22	9			6	6	74
BRAZIL	30									30
BULGARIA	4		4	3	4	4	3			22
CANADA	19									19
CHILE	7									7
CHINA	61		16	5	22	15				119
COLOMBIA	9			3	5	5				22
COSTA RICA	2			1						3
CROATIA	5		3	2	4	3		1		18
CYPRUS	5		5	3	6	6	3	2	2	32
CZECH REPUBLIC	6		4	1	4	1				16
DENMARK	2									2
DOMINICAN REPUBLIC	2				1	1				4
EGYPT	3		3	2	3	1		1	1	14
EL SALVADOR	2		1		1					4
ESTONIA	2		1		1	1				5
FINLAND	4									4
FRANCE	113	4	18	17	42	20	11	16		241
GERMANY	59	6		8						73
GREECE	52		22	13	26	16	18	9	4	160
GUATEMALA	2		2	1	2	1				8
HONDURAS	2									2
HONG KONG	9		2	3	4	1				19
HUNGARY	6		4		5	4	1			20
INDIA	4									4
INDONESIA	10		3	3						16
ICELAND	2									2
IRELAND	9		5	1	5	2				22
ISRAEL	19		20	1	1					41
ITALY	84	12	33	7	45	28	54	24		287
JAPAN	63									63
JORDAN	2		2	2	1	3	1	1	1	13
KAZAKHSTAN	2		1	1	2	1				7
KUWAIT	5		4	2	2	3	3	2	1	22
LATVIA	4		3		3	1				11
LEBANON	5		5	5	5	4	5	4	2	35

	Zara	Zara Kids	Pull & Bear	Massimo Dutti	Bershka	Stradivarius	Oysho	Zara Home	Uterqüe	INDITEX
LITHUANIA	4		4		4	4				16
LUXEMBOURG	2			1						3
MACAO	1		1	1	1	1				5
MALAYSIA	6		2	5						13
MALTA	1		4	1	2	2	1	1		12
MEXICO	50		35	29	43		31	16	4	208
MONACO	1									1
MONTENEGRO	1		1		1	1	1			5
MOROCCO	4			1		4		2		11
NORWAY	3			2						5
OMAN	1					1	1	1		4
PANAMA	2									2
PHILIPPINES	6			2						8
POLAND	32		18	8	20	29	9	1		117
PORTUGAL	61	22	63	43	45	39	32	21	6	332
PUERTO RICO	1									1
QATAR	2		2	2	2	1	2	2	1	14
ROMANIA	13		10	2	10	9	4	3		51
RUSSIA	47		34	13	35	35	29	10	4	207
SAUDI ARABIA	23		9	11	21	26	13	4	2	109
SERBIA	4		2	2	2	2	2			14
SINGAPORE	7		3	4	2	2				18
SLOVAKIA	2		1		1	2				6
SLOVENIA	5		2	1	4	4				16
SOUTH KOREA	27			2						29
SPAIN	333	161	288	245	263	278	186	131	40	1,925
SWEDEN	8			3						11
SWITZERLAND	10			5	1					16
SYRIA	1		1	2	2	1				7
THAILAND	5			2	1	1				9
THE NETHERLANDS	18			1	7			1		27
TUNISIA	2									2
TURKEY	27		16	12	17	16	14	10	2	114
UAE	9		6	9	6	8	6	6	3	53
UKRAINE	7		5	1	7	4				24
UNITED KINGDOM	64		4	11	4			7		90
UNITED STATES	49									49
URUGUAY	2									2
VENEZUELA	11		3		11					25
TOTAL	**1,518**	**205**	**682**	**530**	**720**	**593**	**432**	**284**	**80**	**5,044**

OTHER INFORMATION

RELATED PARTY TRANSACTIONS

Related party transactions are described in note 29 to the consolidated financial statements. No related party transactions occurred during the year that might substantially have affected the financial position or results of the Company during the year.

RISKS AND UNCERTAINTIES

Risks and uncertainties faced by the Group are described in note 25 to the consolidated financial statements. There are no significant risks or uncertainties at FYE2010.

RESEARCH AND DEVELOPMENT EXPENDITURE

The Inditex Group has not performed or outsourced to third parties any research and development (R&D) projects, these being defined as projects to which amounts are allocated over several years to develop products that are expected to generate profits over a number of years.

Nonetheless, since its incorporation, management of the Company has used available technology in all areas of business to improve manufacturing and distribution and to develop instruments that facilitate business management using its own resources or with the support of third parties. Examples of this technology include point-of-sale terminals, inventory management and administration systems, delivery systems in the distribution centres, in-store communication systems, and in-store clothing and footwear labelling systems.

TREASURY SHARES

Inditex holds 221,264 treasury shares of fifteen euro cents' par value each. Group companies do not hold any shares in the parent company. Note 21 to the consolidated financial statements contains additional information on these shares.

SUBSEQUENT EVENTS

Note 33 to the consolidated financial statements provides information on subsequent events.

RISK MANAGEMENT

Note 25 to the consolidated financial statements provides information on financial risk management policies.

Annual corporate governance report

31 JANUARY 2011

In this Annual Corporate Governance Report, the Board of Directors of Industria de Diseño Textil, S.A. (Inditex, S.A.), (hereinafter, "Inditex" or "the Company) has included all the relevant information corresponding to fiscal year 2010, which commenced on 1 February 2010 and closed on 31 January 2011, excepting those cases in which other dates of reference are specifically mentioned. In Spain, Act 26/2003 of 17 July (hereinafter, the "Transparency Act"), which amended the *[Spanish]* Stock Exchange Act and the Revised Text of the *[Spanish]* Corporation Act with the purpose of reinforcing the transparency of listed companies, developed the series of reflections on the principles and practices that should govern the corporate governance of listed companies that were contained in the Report by the Olivencia Commission and, subsequently, in the Report of the Special Commission for the Promotion of Transparency and Security in Financial Markets and Listed Companies (hereinafter, the "Aldama Report"), giving regulatory support to the conclusions and recommendations contained therein as regards the promotion of transparency. Finally, on 22 May 2006, the Board of the *Comisión Nacional del Mercado de Valores* (Spanish Stock Exchange Commission, hereinafter the "*CNMV*"), resolved to approve as a single document addressing the recommendations on corporate governance, the Unified Code of Good Corporate Governance prepared by the Special Work Group set up further to a resolution of the Spanish Government with the goal of assisting the *CNMV* with the harmonisation and update of the recommendations included in the Olivencia and Aldama Reports.

The contents and structure of this Report adjust to the model laid down by Circular 4/2007 dated 27 December of the *CNMV*, whereby the model of the annual Corporate Governance Report of listed companies is amended, in order to adjust its contents to the recommendations of the Unified Good Governance Code.

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

The rules governing the corporate governance of Inditex are established in its Articles of Association, Board of Directors' Regulations and Regulations of the General Meeting of Shareholders, in its Internal Regulations of Conduct Regarding Transactions in Securities, the Code of Conduct of the Inditex Group, the Internal Guidelines for Responsible Practices of the Inditex´s Group Personnel and the Regulations of the Social Advisory Board, as it is explained in more detail below:

ARTICLES OF ASSOCIATION

These were approved by the General Meeting of Shareholders in July 2000. The General Meeting held in April 2001 introduced an amendment consisting of a reduction in the number of shares required to attend the General Meeting, while the one held in July 2003 resolved new amendments, mostly due to the new duties of transparency, information and protection of the shareholder, which were introduced by Law 44/2002, of 22 November, on Measures for the Reform of the Financial System (hereinafter, the "Financial Law") and by the recommendations and conclusions regarding corporate governance, and specifically those included in the Aldama Report. Finally, the AGM held on 16 July 2004 adopted several amendments regarding the full adaptation to the Transparency Law and the inclusion of recommendations on corporate governance, thoroughly reviewed throughout the Annual Corporate Governance Report for fiscal year 2004, underscoring the following ones: (i) the requirement to hold at least 50 shares in the Company to be eligible to attend Annual General Meetings was

suppressed; (ii) the possibility for shareholders to grant proxy and to issue votes by mail or electronic means was included in the regulations of the company; (iii) some rules were laid down for those cases where a shareholder's proxy is in conflict of interest; (iv) the composition of the Audit and Control Committee was reformed, to be comprised of independent directors exclusively; (v) a new article regarding the Nomination and Remuneration Committee, that must also be entirely comprised of independent directors, was introduced and (vi) a new article on the web page of the Company was introduced.

BOARD OF DIRECTORS' REGULATIONS

These were approved by the Board of Directors in July 2000. Their purpose is to determine the principles of operation of the Board, the basic rules for its organization and operation and the rules governing the conduct of its members and they include, among other matters, rules relating to the appointment and removal of directors, their rights and duties and the relations of the Board with the shareholders, with the markets and with the external auditors, all this with the aim of achieving the highest possible degree of efficiency. The Board of Directors' Regulations were already subject to a major reform, as resolved by the administration body on 20 March 2003, in order to adapt them to the new obligations introduced by the Financial Law, and to the recommendations contained in the Aldama Report. Said reform, however, and for time reasons, did not take into account all the mandates of the Transparency Law, which was published after same resolution. For such reason, a new amendment to the internal rules on governance of the Board of Directors was approved by the meeting it held on 10 June 2004, on the one hand fully including the provisions of the Transparency Law and the implementing regulations thereof, and on the other undertaking other reforms, which were not mandatory but which aimed at reviewing and updating the contents of the Board of Directors´ Regulations in light of the most recent trends on the issue of good corporate governance, harmonising the terminology used and correcting some minor errors discovered in the wording thereof. Finally, the Board of Directors resolved, in the meeting held on 11 December 2007, to amend these Regulations in order to adjust them to the new recommendations of the Unified Good Governance Code.

REGULATIONS OF THE GENERAL MEETING OF SHAREHOLDERS

This text was approved at the General Meeting held on 18 July 2003. Its aim is to govern the operation of the General Meeting as to calling of meetings, preparation, information, attendance, development and exercise of voting rights, and to inform the shareholders of their rights and duties relating to this. It was approved by the Annual General Meeting of Shareholders held on 16 July 2004 to amend the Regulations of the General Meeting of Shareholders to fully include thereon the provisions of the Transparency Law and the implementing regulations thereof, updating at the same time the contents of the Regulations in light of the most recent trends on the issue of good corporate governance. Finally in order to adjust its contents to the new recommendations on these issues laid down in the Unified Good Governance Code, these Regulations were amended as a result of a resolution passed by the AGM in the meeting held on 17 July 2007.

INTERNAL REGULATIONS OF CONDUCT REGARDING TRANSACTIONS IN SECURITIES (HEREINAFTER, THE "INTERNAL REGULATIONS OF CONDUCT")

Approved by the Board of Directors in July 2000, this document contains the rules governing the confidentiality of relevant information, transactions involving securities of Inditex and its group of companies by the persons included in its scope, its treasury stock policy and communication of relevant facts. In its meetings on 20 March and 11 December 2003, the Board of Directors approved revised texts of the Internal Regulations of Conduct, in order to adapt them firstly to the new obligations introduced by the Financial Law, and secondly to the recommendations contained in the Aldama Report, redefining several concepts and strengthening control over those transactions that could be carried out at some point in the future by Affected Persons with securities of the Company, amongst other modifications. Finally, said revised text was amended further to a resolution of the Board of Directors dated 13 June 2006 for the purposes of adapting the contents thereof to the provisions of *Real Decreto (Royal Decree)* 1333/2005, of 11 November, implementing the Stock Exchange Act in the matter of market abuse.

CODE OF CONDUCT OF THE INDITEX GROUP

Approved by the Board of Directors in February 2001, this Code is defined as an ethical commitment that includes key principles and standards for the appropriate development of the relations between Inditex and its principal stakeholders: shareholders, employees, partners, suppliers, customers and Society. It includes an Internal Code of Conduct and a Code of Conduct for External Manufacturers and Workshops to guarantee the suitable introduction and management of the principles contained in the Human Rights Declarations and the Conventions of the United Nations and those of the International Labour Organization, principally.

INTERNAL GUIDELINES FOR RESPONSIBLE PRACTICES OF THE INDITEX GROUP´S PERSONNEL

Which were approved further to a resolution passed by the Board of Directors held on 13 June 2006 for the purposes of encouraging the ethical behaviour of its employees and helping prevent any manner of corruption. The Guidelines provide a mechanism which enables the employees of the group to report, confidentially, of any potentially relevant irregularity which, in their opinion would mean a breach of the Guidelines.

The full text of all the aforementioned documents is available on the corporate web site (www.inditex.com).

REGULATIONS OF THE SOCIAL ADVISORY BOARD

The Social Advisory Board is the advisory body of Inditex with regard to Corporate Social Responsibility. In December 2002, the Board of Directors authorised its creation and approved its Regulations, which determine the principles of action, the basic rules governing its organization and operation and the rules of conduct of its members.

A. OWNERSHIP STRUCTURE

A.1. SHARE CAPITAL OF THE COMPANY

Date of last amendment	Share capital (€)	Number of shares	Number of voting rights
20-07-2000: RESOLUTION PASSED BY GENERAL MEETING OF SHAREHOLDERS	93,499,560	623,330,400	623,330,400

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

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

A.2. DIRECT AND INDIRECT HOLDERS OF SIGNIFICANT HOLDINGS IN THE COMPANY AT THE DATE OF THE FISCAL YEAR END, EXCLUDING THE DIRECTORS

As Inditex's shares are represented by the book-entry method, and therefore there is no shareholder register kept by the company itself, it is not possible to know accurately the ownership structure of the company.

In any case, according to the information provided by CNMV in its web site and by the shareholder *Rosp Corunna Participaciones Empresariales*, S.L. to Inditex, the owners of significant holdings in the company as at 31 January 2011, excluding the directors, were those shown below:

Name or company name of the shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% Total of share capital
PARTLER 2006, S.L.	57,872,465		9.284%
ROSALÍA MERA GOYENECHEA (1)	0	36,550,000	5.864%

(*) through:

Name or company name of the direct owner of the shareholding	Number of direct voting rights	% on total voting rights
(1) ROSP CORUNNA PARTICIPACIONES EMPRESARIALES, S.L.	36,550,000	5.864%

The Company has not been given notice of any significant movements in the shareholding structure over the year, except for the reduction in the stake of Capital Research to less than 3%, which entails that it loses its quality as significant shareholder for these purposes

A.3. MEMBERS OF THE BOARD OF DIRECTORS OF THE COMPANY, WHO HAVE VOTING RIGHTS ATTACHED TO SHARES IN THE COMPANY

As at 31 January 2011, the members of the Board of Directors who had a stake in the share capital of the Company were as follows:

Name or company name of the director	Number of direct voting rights	Number of indirect voting rights (*)	% on the total vote rights
AMANCIO ORTEGA GAONA	-	369,600,063(*)	59.294%
PABLO ISLA ÁLVAREZ DE TEJERA	139,800	-	0.022%
CARLOS ESPINOSA DE LOS MONTEROS BERNARDO DE QUIRÓS	40,000	-	0.006%
GARTLER, S.L.	311,727,598	-	50.010%
IRENE RUTH MILLER	13,240	-	0.002%
FRANCISCO LUZÓN LÓPEZ	-	8,195(2)	0.01%
JUAN MANUEL URGOITI LÓPEZ DE OCAÑA	27,739	-	0.004%
NILS SMEDEGAARD ANDERSEN	3,000	-	0%
EMILIO SARACHO RODRÍGUEZ DE TORRES	-	-	0%

(*) Through:

TOTAL % OF VOTING RIGHTS IN THE POSSESSION OF THE BOARD OF DIRECTORS	59.33%

Name or company name of the direct holder of the stake	Number of direct voting rights	% on the total voting rights
GARTLER, S.L.	311.727.598 (1)	50.010%
PARTLER 2006, S.L.	57,872,465 (1)	9.284%
CAÑABARA INVERSIONES, S.I.C.A.V., S.A.	8,195 (2)	0.01%
TOTAL:	**369,608,258**	**59.293%**

No member of the Board of Directors has any rights over shares in the Company.

A.4. FAMILY, BUSINESS, CONTRACTUAL OR COMPANY RELATIONSHIPS EXISTING BETWEEN THE HOLDERS OF SIGNIFICANT HOLDINGS

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

A.5. BUSINESS, CONTRACTUAL OR COMPANY RELATIONSHIPS EXISTING BETWEEN THE HOLDERS OF SIGNIFICANT HOLDINGS AND THE COMPANY

There have been no relations of a business, contractual or company nature between the holders of significant holdings and the Company that are of a relevant nature or that do not stem from the ordinary course of trade, subject to the information provided under section C regarding related-party transactions, for transparency purposes.

A.6. PARA-SOCIAL AGREEMENTS AFFECTING THE COMPANY PURSUANT TO THE PROVISIONS OF ART. 112 OF THE LMV (STOCK EXCHANGE ACT) REPORTED TO THE COMPANY. SHAREHOLDERS BOUND BY THE AGREEMENT. EXISTENCE OF CONCERTED ACTIONS AMONG SHAREHOLDERS. MODIFICATION OR BREAKING OF THOSE PACTS OR AGREEMENTS OR CONCERTED ACTIONS HAS OCCURRED

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

A.7. LEGAL OR NATURAL PERSON WHO EXERTS CONTROL OR COULD EXERT CONTROL OVER THE COMPANY IN ACCORDANCE WITH ARTICLE 4 OF THE SPANISH STOCK EXCHANGE ACT.

Name or company name
AMANCIO ORTEGA GAONA

Remarks
THROUGH GARTLER, S.L., AND PARTLER 2006, S.L., HE HOLDS 59.294% IN THE SHARE CAPITAL.

A.8. TREASURY STOCK OF THE COMPANY

At year-end closing:

Number of direct shares	Number of indirect shares	total % on share capital
221,264	0	0.035%

During the fiscal year there have not been any significant variations in accordance with the provisions of Royal Decree 1362/2007 in the treasury stock of the Company.

A.9. CONDITIONS AND TERM OF THE CURRENT MANDATE GIVEN BY THE GENERAL MEETING TO THE BOARD OF DIRECTORS TO CARRY OUT ACQUISITIONS OR TRANSFERS OF THE COMPANY'S OWN SHARES

At the date of the issue of this report, the authorisation granted by the General Meeting of Shareholders of the Company at its meeting held on 13 July 2010 remains in force, by virtue of which the Board of Directors was authorised to acquire the company's own shares. Below is a literal transcription of the resolution passed by the aforementioned General Meeting on item nine of the Agenda:

Authorize the Board of Directors, so that, in accordance with the provisions of Article 75 and following Articles of the Spanish Corporation Law, it can proceed to the derivative acquisition of its own shares either directly or through any affiliated companies in which the Company is the controlling company, respecting the legal limits and requirements and the following conditions:

a) Methods of acquisition: the acquisition shall be done via share-dealing, exchange or dation in payment.

b) Maximum number of shares to acquire: shares with a nominal value that, added to those already directly or indirectly possessed by the Company, does not exceed 10% of the share capital.

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

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

With regard to the provisions of the first condition of section 1 of Article 75 of the Spanish Corporation Law, it is herein indicated that the shares that are acquired by virtue of this authorization may be allocated by the Company, amongst other ends, to their delivery to the employees or directors of the Company whether directly or as a consequence of the exercise of the option rights by those holding them, by virtue of the personnel compensation plans of the Company or of its Group approved by the General Meeting of Shareholders.

This authorization annuls the authorization approved by the General Meeting of Shareholders held on 14 July 2009.

A.10. LEGAL OR BY-LAW RESTRICTIONS ON THE EXERCISE OF VOTING RIGHTS, AS WELL AS ANY LEGAL RESTRICTIONS ON THE ACQUISITION OR TRANSFER OF INTERESTS IN THE SHARE CAPITAL

All the shares of the Company have the same voting and financial rights 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 contained in Article 83 of the [Spanish] Act on Capital Companies (former Article 44 of the [Spanish] Corporation Act), which provides that any shareholder who is in arrears in the payment of capital calls may not exercise their right to vote.

A.11. ANNUAL GENERAL MEETING OF SHAREHOLDERS AGREEMENT FOR THE ADOPTION OF ANTI-TAKEOVER MEASURES IN THE EVENT OF A PUBLIC TENDER OFFER PURSUANT TO THE PROVISIONS OF ACT 6/2007

There has been no Annual General Meeting of Shareholders agreement for the adoption of anti-takeover measures in the event of a public tender offer pursuant to the provisions of Act 6/2007.

B. ADMINISTRATIVE STRUCTURE OF THE COMPANY

B.1. 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 Company, as it is entrusted with the direction, administration, management and representation of the Company, delegating in general the management of the day-to-day business of Inditex to the executive bodies and to the management team and concentrating its efforts on the general supervisory function, which includes directing the policy of Inditex, monitoring the management activity, assessing the management by the senior management, taking the most relevant decisions for the Company and acting as a link with the shareholders.

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

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

B.1.1. MAXIMUM AND MINIMUM NUMBER OF DIRECTORS PROVIDED IN THE ARTICLES OF ASSOCIATION

MAXIMUM NUMBER OF DIRECTORS	12
MINIMUM NUMBER OF DIRECTORS	5

B.1.2. MEMBERS OF THE BOARD

Name or company name of the director	Representative	Office on the Board	Date of first appointment	Date of latest appointment	Election procedure
AMANCIO ORTEGA GAONA		CHAIRMAN	12-06-1985	13-07-2010	AGM
PABLO ISLA ÁLVAREZ DE TEJERA		FIRST DEPUTY CHAIRMAN	9-06-2005	13-07-2010	AGM
CARLOS ESPINOSA DE LOS MONTEROS BERNALDO DE QUIRÓS		SECOND DEPUTY CHAIRMAN	30-05-1997	14-07-2009	AGM
NILS SMEDEGAARD ANDERSEN		ORDINARY MEMBER	13-07-2010	13-07-2010	AGM
GARTLER, S.L.	FLORA PÉREZ MARCOTE	ORDINARY MEMBER	12-12-2006	17-7-2007	AGM
FRANCISCO LUZÓN LÓPEZ		ORDINARY MEMBER	28-02-1997	14-07-2009	AGM
IRENE RUTH MILLER		ORDINARY MEMBER	20-04-2001	18-07-2006	AGM
EMILIO SARACHO RODRÍGUEZ DE TORRES		ORDINARY MEMBER	13-07-2010	13-07-2010	AGM
JUAN MANUEL URGOITI LÓPEZ DE OCAÑA		ORDINARY MEMBER	02-01-1993	13-07-2010	AGM

TOTAL NUMBER OF DIRECTORS	9

During the year in course, in accordance with the relevant fact submitted to the CNMV on 9 June 2010, the Board of Directors of Inditex acknowledged on 8 June 2010, the resignation tendered by Mr Antonio Abril Abadín as Board member, and consequently as member of its Executive Committee, who will however continue discharging his duties as General Counsel and Secretary of the Board, in line with the best international recommendations on Good Corporate Governance .

B.1.3. MEMBERS OF THE BOARD AND THEIR DIFFERENT CATEGORIES

Executive directors

Name or company name of the board member	Committee which proposed that member's appointment	Position in the organizational chart of the company
AMANCIO ORTEGA GAONA	NOMINATION AND REMUNERATION COMMITTEE [(1)]	CHAIRMAN
PABLO ISLA ÁLVAREZ DE TEJERA	NOMINATION AND REMUNERATION COMMITTEE	FIRST DEPUTY CHAIRMAN AND CHIEF EXECUTIVE OFFICER (CEO)

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

TOTAL NUMBER OF EXECUTIVE DIRECTORS	2
TOTAL % OF BOARD MEMBERS	22.22%

Non-executive proprietary directors

Name or company name of board member	Committee which proposed that member's appointment	Name or company name of the significant shareholder being represented or who has proposed the appointment
GARTLER, S.L.	NOMINATION AND REMUNERATION COMMITTEE	AMANCIO ORTEGA GAONA

TOTAL NUMBER OF PROPRIETARY DIRECTORS	1
TOTAL % OF BOARD MEMBERS	11.11%

Non-executive independent directors

Name or company name of the board member	Committee which proposed that member's appointment	Profile
NILS SMEDEGAARD ANDERSEN	NOMINATION AND REMUNERATION COMMITTEE	(2)
CARLOS ESPINOSA DE LOS MONTEROS BERNALDO DE QUIRÓS	NOMINATION AND REMUNERATION COMMITTEE	(2)
FRANCISCO LUZÓN LÓPEZ	NOMINATION AND REMUNERATION COMMITTEE	(2)
IRENE RUTH MILLER	NOMINATION AND REMUNERATION COMMITTEE	(2)
EMILIO SARACHO RODRÍGUEZ DE TORRES	NOMINATION AND REMUNERATION COMMITTEE	(2)

TOTAL NUMBER OF INDEPENDENT DIRECTORS	5
TOTAL % OF BOARD MEMBERS	55.55%

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

Carlos Espinosa de los Monteros Bernaldo de Quirós. (66)

Has been an independent director since May 1997. A graduate in Law and Business Studies from ICADE, he is a Commercial Expert and State Economist and holds an MBA from Northwestern University. 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 Organization of Motor-Vehicle Manufacturers. At the present time he chairs *Fraternidad-Muprespa* and sits on the board of *Acciona, S.A*.

Francisco Luzón López. (63)

He has been an independent director since February 1997. He is a graduate in Business Studies and Economics from the University of Bilbao. He has collaborated as a lecturer at the University of *Deusto* (Bilbao). He joined the *Banco de Vizcaya* in 1972, gaining wide experience in that Group in different Units and functions, becoming General Manager and Board member in 1986. In 1988 and after its merger with the *Banco de Bilbao,* he went on to become a member of the Board of Directors of the *Banco Bilbao Vizcaya*. At the end of the same year, he was appointed President of the *Banco Exterior de España*, office which he held from 1988 to 1996. In 1991 he was the driving force behind the creation of the new *Grupo Bancario Argentaria* of which he was the founder and was Chairman until

1996. After that year, he joined the *Banco Santander* as Director-General Manager, Deputy to the Chairman and in charge of Strategy, Communication and Institutional Relations. At the present time, he is Executive Deputy Chairman of *Banco de Santander* for Latin America and World Deputy Chairman of Universia and Deputy Chairman of the National Library of Spain.

Irene R. Miller. (58)

She has been an independent member of the Board since April 2001. She is a science graduate of the University of Toronto with a Bachelor in 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 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 present time, she is the CEO of Akim, Inc., an American investment and consulting firm, which she first joined in 1997. She is also a member of the Boards of Directors of Coach Inc., (where she is *lead director*), Barnes & Noble, Inc. and Toronto Dominion Bank Financial Group. Previously, she served on the Board of Directors of Oakley Inc., Benckiser N.V., and The Body Shop International Plc.

Nils S. Andersen. (52)

He was appointed Board member by the AGM held on 13 July 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 he in 1999 returned to Carlsberg 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 he in 2007 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"

Emilio Saracho Rodríguez de Torres. (55)

He was appointed Board member by the AGM held on 13 July 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 currently 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.

Other non-executive directors

Name or company name of the board member	Committee which proposed that member's appointment
JUAN MANUEL URGOITI LÓPEZ DE OCAÑA (1)	NOMINATION AND REMUNERATION COMMITTEE

TOTAL NUMBER OF OTHER NON-EXECUTIVE DIRECTORS	1
TOTAL % OF BOARD MEMBERS	11,11%

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

Juan Manuel Urgoiti López de Ocaña. (71)

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 the *Banco Gallego* and Deputy Chairman of *Acciona*, S.A.He is President of the *Fundación Gaiás-Cidade da Cultura* and of private foundation *Fundación José Antonio de Castro,* and is a member of other foundations and institutions. He holds the *Gran Cruz de Mérito Civil* and has been awarded the honour of Commander of the Order of the British Empire (C.B.E.).

Reasons why they cannot be considered proprietary or independent, as well as their ties, whether with the Company or its management or with its shareholders

Name or company name of the board member	Reasons	Company, officer or shareholder with whom the director has ties
JUAN MANUEL URGOITI LÓPEZ DE OCAÑA	BEING EXECUTIVE DIRECTOR OF *BANCO GALLEGO*, S.A., WHEREIN A SENIOR MANAGER OF THE COMPANY HAS THE STATUS OF NON-EXECUTIVE PROPRIETARY DIRECTOR	ANTONIO ABRIL ABADÍN

No variations have occurred during the period in the category of each director

B.1.4. REASONS WHY PROPRIETARY DIRECTORS HAVE BEEN APPOINTED AT THE BEHEST OF SHAREHOLDERS WHOSE STAKE IS LESS THAN 5% IN THE SHARE CAPITAL

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

There have been no formal petitions for presence on the Board received from shareholders whose stake is equal to or greater than that of others at whose proposal proprietary directors have been appointed

B.1.5 WITHDRAWN FROM HIS/HER POSITION BEFORE THE EXPIRY OF HIS/HER TERM OF OFFICE

Name or company name of the shareholder	Reasons
ANTONIO ABRIL ABADÍN	RESIGNATION

As stated in section B.1.2 above, the Board of Directors of Inditex, acknowledged on 8th June 2010 the resignation tendered by Mr Antonio Abril Abadín, prior to the expiry of his tenure, as member of the Board of Directors. Mr Abril Abadín gave notice of such resignation in a letter dated 7th June 2010, addressed to the Chairman of the Board who circulated it among the rest of Board members during the above referred meeting held on 8th June. In accordance with the notice submitted to the CNMV, the purpose of such resignation was to adjust to the best international recommendations on Good Corporate Governance, by reducing the number of executive directors; Mr Abril will however continue discharging duties as General Counsel and Secretary of the Board without serving thereon. .

B.1.6. POWERS DELEGATED TO THE MANAGING DIRECTOR

The Chairman of the Board of Directors and the Executive Committee, Amancio Ortega Gaona, and the First Deputy Chairman and CEO, Pablo Isla Álvarez de Tejera, have been delegated each and every one of the powers contained in the list included further below, and these must be exercised in the following manner and conditions: all of them individually, without distinction, with the exception of those that: a) involve the disposal of funds of above a certain amount, in which case it shall be necessary that the aforementioned two members of the Executive Committee act jointly or that either of them should act jointly with another person who in virtue of any legal title is also empowered with the power in question; or/and b) involve the alienation or encumbrance of real property of the Company, for which a prior resolution of the Executive Committee or, where appropriate, the Board of Directors, shall be required.

The requirement of joint action provided in the preceding paragraph shall not apply when it involves transactions, actions or contracts that, regardless of the amount involved, are carried out or awarded between companies belonging to the Inditex group of companies, understanding as such those companies, whether Spanish or foreign, in which Inditex, S.A., whether directly or indirectly through other investee companies, is the holder of at least 50% of its share capital, in which case either of the two members of the Committee in whom powers have been vested may act severally on their own, in the name and on behalf of the Company, independently of the amount involved in the matter in question

List of powers:

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

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

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

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

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

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

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

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

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

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

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

12.- To attend on behalf of the Company all kinds of auctions and bidding called by Central Government, autonomous communities and provincial and municipal authorities and private or public persons and entities and, to this effect, submit tender conditions, declarations, plans and estimates, make bids and provide bonds; holding, in short and without any limitation whatsoever, such powers as may be required to obtain and accept, provisionally or definitively, with such qualifications as are deemed appropriate, the relevant award and to exercise the rights and perform the obligations arising therefrom.

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

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

15.- To represent the Company before all manner of authorities and administrative bodies, whatever these may be, that have authority in respect of Health and Safety at Work and Labour Risks, bringing proceedings and filing claims and, in general, carrying out all those actions that may be desirable for the principal company in those cases in which it, directly or indirectly, may have an interest. To carry out all that may be necessary to promote and maintain the safety of the workers in the workplaces, complying with the legislation on the prevention of Labour Risks and other complementary regulatory schemes; to plan and executive the policy for the prevention of risks; to act in the name of the Company before the workers and their representative bodies and participating bodies as regards prevention; to draw up and introduce an occupational hazard plan; to organize the prevention service, providing it with the material and human resources that are necessary for it to develop its activity; to contract and to sign arrangements with authorised entities for the provision or acting as external prevention services; to carry out, organize and arrange the carrying out of assessments of risks, medical check-ups and other health check measures and prevention systems; to contract the performance of external labour risk prevention audits and, in general, all those acts that are related to such risks. To proceed to insure common and occupational risks of the workers, signing agreements and association documents with the Social Security Agencies and Mutual Insurance Companies for Work Accidents and Industrial Deseases of the Social Security, or entities that should replace them in such functions and tasks, reporting or putting an end to, at the appropriate time, those that may have been signed; to accept positions and participate in those governing boards and advisory boards of such entities collaborating in the management of Social Security.

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

17.- To compromise and refer to arbitrators all matters in respect of which they are empowered, either in any of the types of arbitration proceedings with the scope and under the requirements provided for in Spanish legislation on arbitration, or those types of arbitration proceedings characteristic of international commercial arbitration.

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

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

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

B.1.7. MEMBERS OF THE BOARD WHO HOLD THE POSITION OF DIRECTOR OR SENIOR MANAGER IN OTHER COMPANIES THAT ARE PART OF THE GROUP OF THE LISTED COMPANY

Name or company name of the director	Company name of the entity of the group	Office
PABLO ISLA ÁLVAREZ DE TEJERA	BERSHKA ESPAÑA, S.A.	DIRECTOR
	GRUPO MASSIMO DUTTI, S.A.	DIRECTOR
	OYSHO ESPAÑA, S.A.	DIRECTOR
	PULL & BEAR ESPAÑA, S.A.	DIRECTOR
	STRADIVARIUS ESPAÑA, S.A.	DIRECTOR
	TEMPE, S.A.	DEPUTY CHAIRMAN
	UTERQÜE ESPAÑA, S.A.	DIRECTOR
	ZARA ESPAÑA, S.A.	DIRECTOR
	ZARA HOME ESPAÑA, S.A.	DIRECTOR
	ZARA MÉXICO, S.A. DE C.V.	DIRECTOR

B.1.8. DIRECTORS OF THE COMPANY THAT ARE MEMBERS OF THE BOARDS OF DIRECTORS OF OTHER COMPANIES THAT ARE LISTED ON OFFICIAL STOCK MARKETS IN SPAIN THAT ARE NOT PART OF THE GROUP

Name or company name of director	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
FRANCISCO LUZÓN LÓPEZ	BANCO SANTANDER, S.A.	DIRECTOR- GENERAL MANAGER
JUAN MANUEL URGOITI LÓPEZ DE OCAÑA	ACCIONA, S.A.	2ND DEPUTY CHAIRMAN OF THE BOARD OF DIRECTORS

B.1.9. RULES ESTABLISHED REGARDING THE NUMBER OF BOARDS OF WHICH ITS DIRECTORS MAY BE MEMBERS

Pursuant to the provisions of Article 12.2 of the Board of Directors´ Regulations, the Board may not propose or appoint any persons to fill up a vacancy on the Board who already perform the duties of Directors at the same time, in more than four listed companies other than the Company.

B.1.10. COMPANY'S GENERAL POLICIES AND STRATEGIES RESERVED FOR APPROVAL BY THE BOARD IN PLENARY SESSION

- The investment and financial policy
- The definition of the structure of the group of companies
- The corporate governance policy
- The corporate social responsibility policy
- The strategic or business Plan, as well as management targets and annual budgets
- The policy regarding compensation and evaluation of performance of senior management
- The risk management and control policy as well as the periodic monitoring of the internal information and control systems
- The dividends policy as well as the treasury stock policy and especially, the limits thereto

B.1.11. TOTAL REMUNERATION OF THE DIRECTORS THAT HAS ACCRUED DURING THE YEAR

a) In the Company that is the subject of this report

Item - remuneration	Amounts in thousands of euros
FIXED REMUNERATION	1,923
VARIABLE REMUNERATION	1,615
PER DIEMS	
PROVISIONS SET FORTH IN THE ARTICLES OF ASSOCIATION	
OPTIONS ON SHARES AND/OR OTHER FINANCIAL INSTRUMENTS	
OTHERS	1, 888
TOTAL	5,426

Other Benefits	Amounts in thousands of euros
ADVANCES	
LOANS GRANTED	
PENSION FUNDS AND PLANS: CONTRIBUTIONS	
PENSION FUNDS AND PLANS: OBLIGATIONS CONTRACTED	
LIFE INSURANCE PREMIUMS	
GUARANTEES CONTRACTED BY THE COMPANY IN FAVOUR OF THE DIRECTORS	

b) From the Company's directors belonging to other boards of directors and/or the senior management of companies of the Group

Item - remuneration	Amounts in thousands of euros
FIXED REMUNERATION	
VARIABLE REMUNERATION	
PER DIEMS	
PROVISIONS SET FORTH IN THE ARTICLES OF ASSOCIATION	
OPTIONS ON SHARES AND/OR OTHER FINANCIAL INSTRUMENTS	
OTHERS	
TOTAL	

Other Benefits	Amounts in thousands of euros
ADVANCES	
LOANS GRANTED	
PENSION FUNDS AND PLANS: CONTRIBUTIONS	
PENSION FUNDS AND PLANS: OBLIGATIONS CONTRACTED	
LIFE INSURANCE PREMIUMS	
GUARANTEES CONTRACTED BY THE COMPANY IN FAVOUR OF THE DIRECTORS	

c) Total remuneration by category of director

Category of director	By company	By group
EXECUTIVE	4,394	
NON-EXECUTIVE PROPRIETARY	90	
NON-EXECUTIVE INDEPENDENT	774	
OTHER NON-EXECUTIVE	168	
TOTAL	**5,426**	

d) With respect to the income attributed to the controlling Company

TOTAL REMUNERATION OF DIRECTORS (THOUSANDS OF EUROS)	5,426
TOTAL REMUNERATION OF THE DIRECTORS / INCOME ATTRIBUTED TO THE CONTROLLING COMPANY (EXPRESSED IN %)	0.41%

B.1.12. MEMBERS OF SENIOR MANAGEMENT WHO ARE NOT IN TURN EXECUTIVE DIRECTORS AND THE TOTAL REMUNERATION ACCRUED IN THEIR FAVOUR DURING THE FISCAL YEAR

Name or company name	Position
ANTONIO ABRIL ABADÍN	GENERAL COUNSEL AND SECRETARY OF THE BOARD
LORENA ALBA CASTRO	LOGISTICS GENERAL MANAGER
COSTAS ANTIMISSARIS	UTERQÜE MANAGER
EVA CÁRDENAS BOTAS	ZARA HOME MANAGER
CARLOS CRESPO GONZÁLEZ	INTERNAL AUDIT DIRECTOR
JOSÉ PABLO DEL BADO RIVAS	PULL & BEAR MANAGER
JESÚS ECHEVARRÍA HERNÁNDEZ	COMMUNICATION AND INSTITUTIONAL RELATIONS GENERAL MANAGER
IGNACIO FERNÁNDEZ FERNÁNDEZ	CHIEF FINANCIAL OFFICER
BEGOÑA LÓPEZ-CANO IBARRECHE	HR GENERAL MANAGER
ABEL LÓPEZ CERNADA	IMPORT, EXPORT AND TRANSPORT DIRECTOR
MARCOS LÓPEZ GARCÍA	STOCK MARKET DIRECTOR
JUAN JOSÉ LÓPEZ ROMERO	PURCHASING AND CONTRACTING DIRECTOR
CARLOS MATO LÓPEZ	ZARA MANAGER
GABRIEL MONEO MARINA	IT GENERAL MANAGER
JAVIER MONTEOLIVA DÍAZ	LEGAL DEPARTMENT DIRECTOR
JORGE PÉREZ MARCOTE	MASSIMO DUTTI MANAGER
ÓSCAR PÉREZ MARCOTE	BERSHKA MANAGER
FÉLIX POZA PEÑA	CSR DIRECTOR
RAMÓN REÑÓN TÚÑEZ	DEPUTY VICE-PRESIDENT AND CEO
CARMEN SEVILLANO CHAVES	OYSHO MANAGER
JORDI TRIQUELL VALLS	STRADIVARIUS MANAGER

TOTAL REMUNERATION SENIOR MANAGEMENT (THOUSANDS OF EUROS)	12,660

B.1.13. INDEMNITY OR GOLDEN PARACHUTE CLAUSES, FOR CASES OF DISMISSAL OR CHANGES IN CONTROL, IN FAVOUR OF THE MEMBERS OF THE SENIOR MANAGEMENT, INCLUDING THE EXECUTIVE DIRECTORS OF THE COMPANY OR OF ITS GROUP. CONTRACTS REPORTED TO AND/OR APPROVED BY THE GOVERNING BODIES OF THE COMPANY OR OF ITS GROUP

NUMBER OF BENEFICIARIES	8

Article 15.2.(f) of the Revised Text of the Board of Directors' Regulations, in its wording approved by that body in its meeting held on 10 June 2004, included among the basic responsibilities of the Nomination and Remuneration Committee that of reporting to the Board, before the holding of its meeting, on staff contracts containing guarantee or protective clauses for cases of dismissal or changes in control.

With this respect, it was resolved by the Board of Directors in the meeting held on 9 June 2005, after favourable report of the Nomination and Remuneration Committee, to acknowledge and give its consent to the employment agreements containing guarantee or severance agreements entered into with Senior Managers, executive directors inclusive.

Pursuant to the provisions of the Article 116bis of the Stock Exchange Act then in force, introduced in Act 6/2007, of 12 April, the Board of Directors submitted to the upcoming Annual General Meeting of Shareholders held on 13 July 2010 a report to explain the matters covered in said article, among which are the agreements reached between the Company and its management officials (or employees) whereby a compensation is granted in case of resignation or wrongful dismissal or where the employment agreement terminates on account of a public tender offer. The AGM is thus informed about any agreements including indemnity or golden parachute provisions. Additionally, this report is included in the relevant fact reporting the Agenda of the Annual General Meeting of the Shareholders.

B.1.14. PROCESS USED TO ESTABLISH THE REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE CLAUSES IN THE ARTICLES OF ASSOCIATION RELATING THERETO

The General Meeting of Shareholders is the body responsible for approving the system and the amount of the remuneration of the directors.

Article 33 of the Articles of Association currently in force provides the following:

1.-The remuneration of the directors shall consist of a fixed annual remuneration for each director the amount of which shall be decided by the General Meeting of Shareholders for each fiscal year or be valid for those fiscal years that the Meeting establishes. In the same manner, the General Meeting of Shareholders may assign per diems for attendance of the meetings of the Board of Directors or of its Delegate or Consultative Committees and set the amount thereof.

2.-Additionally, systems of remuneration may be established that are referenced to the market value of the shares or which entail the giving of shares or option rights over shares, destined for the directors. The application of said systems of remuneration must be agreed by the General Meeting of Shareholders, which shall determine the value of the shares that it takes as a reference, the number of shares to be given, the exercise price of the option rights, the period of duration of this remuneration system and the other conditions that it considers appropriate.

Likewise, and after having met the requirements laid down by the Law, similar remuneration systems may be established for the personnel, whether management personnel or not, of the Company and of the companies in its group.

3.-The remuneration foreseen in this article shall be compatible with and independent of the salaries, remunerations, indemnifications, pensions or compensations of any kind, generally or extraordinarily established for those members of the Board of Directors who perform executive duties, whatever their relationship with the Company, whether a labour (common or special senior management relationship), mercantile or service relationship, relationships that shall be compatible with the status of member of the Board of Directors.

4.-The Company may take out public liability insurance for its Directors.

For their part, the Board of Directors' Regulations establish in Article 28:

1. *The director shall be entitled to receive the remuneration fixed by the General Meeting of Shareholders in accordance with the provisions of the Articles of Association and of these Regulations in accordance with the indications of the Nomination and Remuneration Committee.*

2. *The Board shall endeavour for the remuneration of the director to be moderated according to market demands. Likewise, the Board shall ensure that the remuneration of the non-executive directors is such that it offers incentives to dedication by the directors, while not creating an obstacle as regards their independence.*

3. *A report on the remuneration policy shall be approved every year by the Board, on the proposal of the Nomination and Remuneration Committee, and it shall cover at least the issues of fixed and variable remuneration, as well as the remaining relevant terms of the employment agreements of those who discharge senior management duties as executive directors The report shall focus on the remuneration policy approved by the Board for the year in course, and, where appropriate, on the one expected for years to come, especially pointing out the most significant changes of said policy as regards the one for the previous year.*

4.-The report referred in item 3 above will be published on the corporate web page and shall be made available to all shareholders upon holding the Annual General Meeting, but any issue which might entail the disclosure of sensitive business information shall be eliminated thereof.

The General Meeting held on 15 July 2008 resolved to amend in part the remuneration of the directors set by the AGM held on 18 July 2006, with indefinite validity until a later General Meeting should resolve otherwise, and effective as of 1 February 2008. Below is a detail of the remuneration of the directors of Inditex, the amounts stated in the sections (b) to (e) below being totally independent and fully compatible between each other:

(a) The Chairman of the Board of Directors shall receive a fixed annual amount of six hundred thousand euros (€600,000), being this the only remuneration that he will receive from the Company for all concepts;

(b) Each director shall receive a fixed annual amount of ninety thousand euros (€90,000) for the tenure of their office;

(c) The First and Second Deputy Chairmen of the Board of Directors shall also receive an additional fixed annual amount of forty thousand euros (€40,000);

(d) The Chairmen of the Audit and Control Committee and of the Nomination and Remuneration Committee shall also receive an additional fixed amount of forty thousand euros (€40,000); and

(e) The directors who for their part sit on the Audit and Control Committee or / and on the Nomination and Remuneration Committee (including the Chairmen of both Committees) shall also receive an additional fixed amount of thirty thousand euros (€ 30,000). Directors who for their part sit on the Executive Committee shall receive an additional fixed amount of eighteen thousand euros (€18,000).

The Board in plenary session has reserved the right to approve the following decisions

- At the proposal of the chief executive of the Company, the appointment and if applicable, the dismissal of senior managers, as well as their compensation clauses

- The remuneration of directors and, in case of officials, their additional remuneration on account of their executive duties and other terms which must be observed under their employment agreements

B.1.15. APPROVAL BY THE BOARD OF DIRECTORS A DETAILED COMPENSATION POLICY AND SPECIFY THE MATTERS COVERED THEREBY

- Amount of fixed components, with a breakdown, if applicable, of fees payable for attendance at meetings of the Board and its Committees and estimated annual fixed compensation arising therefrom

- Variable compensation items

- Main characteristics of the social security systems, with an estimate of the amount thereof or equivalent annual cost.

- Terms and conditions that must be included in the agreements with executive directors performing senior management duties, which will include : i) Term; ii) deadlines for notice, and iii) any other provisions regarding employment premiums, as well as indemnity or golden parachute provisions in case of early termination of the employment agreement between the Company and the executive director

B.1.16. SUBMISSION OF A REPORT ON DIRECTOR COMPENSATION POLICY TO THE VOTE OF THE SHAREHOLDERS AT A GENERAL MEETING OF SHAREHOLDERS FOR CONSULTATIVE PURPOSES. RELEVANT PORTIONS OF THE REPORT REGARDING THE COMPENSATION POLICY APPROVED BY THE BOARD FOR THE FOLLOWING YEARS AND THE MOST SIGNIFICANT CHANGES EXPERIENCED BY SUCH POLICIES VIS-À-VIS THE POLICY APPLIED DURING THE FISCAL YEAR, AND PROVIDE AN OUTLINE OF THE MANNER IN WHICH THE COMPENSATION POLICY WAS APPLIED DURING THE FISCAL YEAR. ROLE OF THE NOMINATION AND REMUNERATION COMMITTEE AND, IF EXTERNAL ADVICE HAS BEEN PROVIDED, STATE THE NAME OF THE EXTERNAL ADVISORS THAT HAVE GIVEN SUCH

Pursuant to the provisions of Article 28 of the Board of Directors´ Regulations, the Nomination and Remuneration Committee prepares and submits to the Board of a report on the remuneration of directors. Said report, which covers the issues of both fixed and variable remuneration, as well as the remaining relevant terms of the employment agreements of those who discharge senior management duties as executive directors, is not subject to the consultative vote of the General Meeting of Shareholders but it is published on the corporate web site and is made available to all shareholders with the notice of the Annual General Meeting, thus ensuring transparency and full disclosure thereof.

B.1.17. IDENTITY OF THE MEMBERS OF THE BOARD WHO ARE, IN TURN, MEMBERS OF THE BOARD OF DIRECTORS OR SENIOR MANAGERS OF COMPANIES THAT POSSESS SIGNIFICANT STAKES IN THE LISTED COMPANY AND/OR ENTITIES OF THE GROUP

Name or company name of the director	Company name of the significant shareholder	Office
AMANCIO ORTEGA GAONA	GARTLER, S.L.	CHAIRMAN OF THE BOARD
AMANCIO ORTEGA GAONA	PARTLER 2006, S.L.	CHAIRMAN OF THE BOARD

There are no relevant relationships, other than those covered in the previous paragraph, of the members of the Board of Directors that link them to the significant shareholders and/or in entities of the group.

B.1.18. REGULATIONS OF THE BOARD OF DIRECTORS THAT HAVE BEEN AMENDED DURING THE FISCAL YEAR

In the course of the year, it was resolved by the Board of Directors, in the meeting held on 13th July, to amend in part the Board of Directors´ Regulation on two grounds.

On the one hand, the proposed amendment of paragraph 1 of sections 14 and 15 of the Board of Directors´ Regulations aims at adjusting their wording to the relevant amendment of sections 31 and 32 of the Articles of Association, approved by the Annual General Meeting of Shareholders held on this day, in order to increase the maximum number of members of the Supervision and Control Committees of the Board of Directors (Audit and Control Committee and Nomination and Remuneration Committee) to meet the needs of the Company and to match the composition of the Board of Directors, mainly made up of independent directors, pursuant to the appointment by the AGM itself of two new independent directors.

On the other, the proposed amendment of paragraph 2 of section 14 of the Board of Directors´ Regulations aims at adjusting its wording to the newly amended additional provision number eighteen of the Stock Exchange Act, headed *"Audit Committee"* introduced by "*Act 12/2010 of 30 June, whereby Act 19/1988 of 12 July on Audits; Act 24/1988 of 28 July, on the Securities Market is amended, as well as the revised text of the Spanish Corporation Act approved by Real Decreto Legislativo 1564/1989, of 22 December, in order to adjust them to the regulations of the European Union"*, which came into force last 2nd July, on the following day of its publication in the BOE (Official Gazette of Spain)

Said Act amends, i*nter alia,* paragraphs 2 and 4 of the above referred 18th Additional Provision, regarding the composition and duties of the Audit Committee, respectively, it being mandatory, in light of the current wording of the Board of Directors´ Regulations, to amend their wording to include, specifically, the following issues: i) the obligation for the Audit Committee to issue on a yearly basis, a report on the independence of external auditors, and the subsequent obligation for these latter to confirm to the Audit Committee, every year in writing, their independence vis-à-vis the Company, reporting in particular about any assignment other than those covered under the audit agreement; and, ii) stating the scope and wording of the duties regarding the supervision of the financial information procedure and of internal control systems.

B.1.19. PROCEDURES FOR THE APPOINTMENT, RE-ELECTION, ASSESSMENT AND REMOVAL OF DIRECTORS. AUTHORISED BODIES, PROCEDURES TO FOLLOW AND CRITERIA TO BE USED IN EACH OF THE PROCEDURES

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

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

The directors may be re-elected indefinitely, for periods of equal or less duration, by the General Meeting, which may likewise agree the removal of any of these at any time.

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

The proposals for the nomination of directors that the Board of Directors submits to be considered by the General Meeting, and the nomination decisions that said body adopts in virtue of those powers to co-opt that are legally attributed 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

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

The Board of Directors and the Nomination and Remuneration Committee, within the scope of their competences, shall endeavour for the choice of candidates to fall on persons of well-known ability, competence and experience, and must maximize their rigour in relation to those persons called to cover the positions of independent directors.

The Board of Directors may not propose or appoint to fill an independent director's position any persons who hold the office of director simultaneously in more than four listed companies other than the Company. In case the vacancy which needs to be filled in is that of an independent director, the Board may not propose or appoint any persons who do not satisfy the criteria of independence established in section 1(c) of Article 7 of the Board of Directors' Regulations.

The proposals for re-election of directors that the Board of Directors decides to submit to the 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 of the Nomination and Remuneration Committee.

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

a) To prepare and check the criteria that must be followed for the composition of the Board of Directors in addition to selecting the candidates;

b) To advise on the proposals for nominations of directors, and regarding independent directors, to make such proposals so that they are approved by the Board of Directors prior to their nomination by the General Meeting of Shareholders or, where appropriate, by the Board of Directors by the co-optation procedure;

c) To advise on the nomination of the internal offices of (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, the management or the shareholders of the Company.

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

As regards the assessment and removal of directors, the Nomination and Remuneration Committee is expressly entrusted with the following functions:

a) To advise on the proposal, where appropriate, of the early dismissal of an independent director

b) To advise annually the Board on the evaluation of the performance of the chief executive of the Company.

B.1.20. CASES UNDER WHICH THE RESIGNATION OF DIRECTORS IS MANDATORY

The Board of Directors' Regulations, in Article 24, establishes a provision with respect to the obligation of the directors to resign in cases that could negatively affect the working of the Board or the credit and reputation of Inditex.

The directors must place their office at the disposal of the Board of Directors and, if this latter should consider it advisable, tender their resignation in the following cases:

a) When they reach a certain age, under the terms detailed in section B.1.20.

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

c) When they are involved in any of the cases of incompatibility or prohibition foreseen in the Law, the Articles of Association or in the Board of Directors' Regulations. In particular, the independent directors shall place their office at the disposal of the Board of Directors and shall tender, when appropriate, their resignation in the event that they fall under any of the cases of incompatibility or prohibitions provided by Article 7.1. (c) of those Regulations or in the event that they suddenly come to hold the post 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.

Likewise, 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.

B.1.21. FUNCTION OF CHIEF EXECUTIVE OF THE COMPANY. MEASURES ADOPTED TO LIMIT THE RISKS OF THE ACCUMULATION OF POWER IN A SINGLE PERSON

Mr. Amancio Ortega Gaona is the founder, majority shareholder and Chairman of the Board of Directors of Inditex and therefore, he is a proprietary executive director of the Company.

Mr. Pablo Isla Álvarez de Tejera has been a member of the Board of Directors, since 9 June 2005 and First Deputy Chairman of the Board since 26 September 2005.

The measures to limit the risks of the accumulation of power in a single person are found not only in the designation of a Deputy Chairman of the Board and CEO and in the delegation of powers to this person, but also through the granting of wide powers to the executive directors, which are complementary to the powers delegated to the Chairman and CEO.

Likewise, since 26 September 2006, independent director Mr Carlos Espinosa de los Monteros Bernaldo de Quirós holds the office of Second Deputy Chairman of the Board of Directors.

Rules established whereby one of the independent directors is authorized to request that a meeting of the Board be called or that other items be included on the agenda, to coordinate and hear the concerns of external directors and to direct the evaluation by the Board of Directors

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

B.1.22 REQUIREMENT OF ENHANCED MAJORITIES, OTHER THAN THE LEGAL MAJORITIES, REQUIRED FOR ANY TYPE OF DECISION. RESOLUTIONS ON THE BOARD OF DIRECTORS, INDICATING AT LEAST THE MINIMUM QUORUM OF ATTENDANCE AND THE TYPE OF MAJORITIES REQUIRED TO PASS THE RESOLUTIONS

Article 28 of the Articles of Association of the company provides:

1.- The Board shall meet whenever required by the interests of the Company. Meetings shall be convened by the Chairman or acting

Chairman, on his own initiative or at the request of at least one-third of its members.

2.- Board meetings shall be validly held when attended either in person or by proxy by half plus one of the members in office.

Without prejudice to the foregoing, the Board shall be understood to be validly constituted without the need for notice if all its members are present in person or by proxy and they unanimously agree to the holding of a meeting.

The Board may also pass resolutions in writing without needing to hold a meeting, in accordance with the provisions of the Spanish Corporation Law. Likewise, the meetings of the Board shall be held via telephone multiconference, videoconference or via any other similar system that allows one or several directors to attend the meeting through such system. To this end, the notice of the meeting of the Board of Directors shall state the location where the meeting is physically to be held, to which the Secretary of the Board must go. It shall also state that it is possible to attend said meeting via telephone conference call, videoconference or via an equivalent system, and it must indicate and have available the appropriate technical devices required for this purpose, in order to permit direct and simultaneous communication among the members attending the meeting. The Secretary of the Board of Directors shall include in the minutes of the meetings of the Board of Directors held by such means, in addition to the directors physically attending or, where appropriate, represented by another director, those directors attending the meeting via telephone multiconference system, videoconference or via a similar system.

3.- Any director can appoint in writing another director as proxy, each meeting requiring a special proxy, notifying the Chairman of the same in writing.

4.- For resolutions to be passed, an absolute majority of votes in favour by the directors attending the meeting shall be required. In the case of an equality of votes, the Chairman shall have a casting vote. The foregoing is understood without prejudice to the provisions of Article 30.2 of these Articles of Association.

5.- The Board's debates and resolutions shall be entered in a Minutes Book, each one of which shall be signed by the Chairman and the Secretary or by those who acted for them at the meeting to which the minutes refer. Copies and certificates of the Minutes shall be authorized and issued by the Secretary of the Board with the approval of the Chairman or by those who substituted them.

6.- The Board shall have to decide which of its members shall make effective its own resolutions as well as those the General Meeting of Shareholders, when the latter has not expressed who shall execute them. Failing such a decision by the Board, the making effective of resolutions shall be the duty of the Chairman, or the acting Chairman at that time, according to the certification of the Secretary of the Board.

7.- The Secretary and, where appropriate, the Deputy Secretary, even when they are not directors, shall be empowered to convert the Company's resolutions into public documents.

The reference in Article 28.4 of the Articles of Association to Article 30.2 constitutes the only case, in addition to that provided in Article 3.4 of the Board of Directors' Regulations, of enhanced majority for the passing of resolutions by the Board of Directors.

The aforementioned Article 30.2 of the Articles of Association provides that it shall be necessary that two-thirds of the members of the Board vote in favour in order to delegate permanently any power of the Board of Directors to the Executive Committee or to the CEO, if such post has been appointed, and for the appointment of the directors who have to fill such positions. However, this enhanced majority is required pursuant to the provisions of Article 249.3 of the Act on Capital Companies (former Article 141.2 of the Spanish Corporation Act), and therefore it does not constitute a higher quorum than the one statutorily required

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

For its part, Article 17 of the Board of Directors' Regulations provides:

1. The Board of Directors shall ordinarily meet on a three-monthly basis and, at the initiative of the Chairman, whenever the same should consider it appropriate for the good working of the Company. The Board of Directors must also meet when a meeting is requested by at least one-third of its members, in which case it shall be called by the Chairman to meet within the fifteen days following the request.

2. Notice of ordinary meetings shall be carried out by letter, fax, telegram or electronic mail, and shall be authorized by the signature of the Chairman or that of the Secretary or the Deputy Secretary by order of the Chairman. The notice shall be issued at least three days in advance.

The notice of the meeting shall always include the agenda of the meeting and shall be accompanied by the duly summarised and prepared relevant information.

3. The Chairman of the Board of Directors may call extraordinary meetings of the Board when in his opinion the circumstances so justify it, without the period of advance notice and the other requirements indicated in the previous section applying in such cases. Furthermore, the Board shall be considered validly constituted without the need for notice if, all its members being present or represented, these unanimously agree to the meeting taking place.

4. The Board may equally pass resolutions in writing without the need for a meeting, in accordance with the provisions of the Spanish Corporation Law. Furthermore, the Board may hold a meeting via videoconference or conference call, in order that one or more directors *may attend the meeting through the aforementioned system. For this purpose, the notice for the meeting of the Board shall state not only where the meeting is physically to be held, where the Secretary of the Board must go to, but also the possibility that the meeting may be attended via conference call, videoconference or equivalent system, and it must indicate and have available the appropriate technical devices required for this purpose, which in any case must permit direct and simultaneous communication among the members attending the meeting. The Secretary of the Board shall record in the minutes of the meetings held by these means not only the members of the Board physically present or, where appropriate, represented by another director, but also the members attending the meeting via multiconference call, videoconference or similar system.*

5. The Board shall draw up an annual calendar of its ordinary meetings.

B.1.23. SPECIFIC REQUIREMENTS, DIFFERENT FROM THOSE RELATING TO THE DIRECTORS, IN ORDER TO BE APPOINTED CHAIRMAN

There are no specific requirements, different from those relating to the directors, in order to be appointed Chairman.

B.1.24. CASTING VOTE OF THE CHAIRMAN

The Chairman of the Board of Directors has a casting vote in the event of equality of votes between the directors attending the meeting. This is understood without prejudice to the provisions of Article 30.2 of the Articles of Association and of Article 3.4 of the Board of Directors´ Regulations, referred to in section B.1.22 above.

B.1.25. AGE LIMITS FOR THE DIRECTORS

Article 24.2 of the Board of Directors' Regulations states that the directors must place their office at the disposal of the Board of Directors and, if this should deem it appropriate, tender the relevant resignation:

a) When they reach the age of 68. However, the directors who hold the office of Chief Executive Officer or Managing Director shall place their office at the disposal of the Board of Directors upon reaching the age of 65, being able to continue as ordinary members of the Board of Directors until the aforementioned age of 68. As an exception, the foregoing rules shall not apply in the case of the founding Chairman of the Company, Amancio Ortega Gaona.

B.1.26. LIMITED TERM OF OFFICE FOR THE INDEPENDENT DIRECTORS

Neither the Articles of Association nor the Board of Director's Regulations establish a limited term of office for the independent directors.

B.1.27. PROCEDURES ESTABLISHED BY THE NOMINATION AND REMUNERATION COMMITTEE WHICH ENSURE THAT RECRUITMENT PROCESSES ARE FREE FROM ANY IMPLIED BIAS HINDERING THE SELECTION OF FEMALE DIRECTORS AND WHICH ALLOW FOR THE FREE SEARCH FOR WOMEN

Pursuant to the provisions of Article 15.2 (k) of the Board of Directors´ Regulations, the Committee shall ensure when filling up any new vacancies and when appointing new Directors that the recruitment process does conform to the prohibition of any manner of discrimination.

B.1.28. FORMAL PROCEDURES FOR THE GRANTING OF PROXIES IN THE BOARD OF DIRECTORS

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

In line with this provision, Article 19.1 of the Board of Directors' Regulations states that the Board meeting will be validly held when it is attended by at least half plus one of its members (or the whole number of directors immediately above half, should the Board be comprised of an odd number), whether in person or by proxy, stating further that the directors shall do their best to attend the Board meetings and, when they cannot do so in person, they shall 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.

B.1.29. NUMBER OF MEETINGS THAT THE BOARD OF DIRECTORS HAS HELD DURING THE FISCAL YEAR AND TIMES THAT THE BOARD HAS MET WITHOUT ITS CHAIRMAN BEING PRESENT

NUMBER OF BOARD MEETINGS	5
NUMBER OF BOARD MEETINGS WITHOUT THE PRESENCE OF THE CHAIRMAN	1

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

NUMBER OF MEETINGS OF THE EXECUTIVE COMMITTEE	0
NUMBER OF MEETINGS OF THE AUDIT COMMITTEE	5
NUMBER OF MEETINGS OF THE NOMINATION AND REMUNERATION COMMITTEE	5

B.1.30. NUMBER OF MEETINGS HELD BY THE BOARD OF DIRECTORS DURING THE FISCAL YEAR AT WHICH NOT ALL OF ITS MEMBERS HAVE BEEN IN ATTENDANCE

NUMBER OF NON ATTENDANCE OF DIRECTORS DURING THE FISCAL YEAR	3
% OF NON ATTENDACE OVER THE TOTAL VOTES DURING THE FISCAL YEAR	6.6%

B.1.31. PREVIOUS CERTIFICATION OF INDIVIDUAL AND CONSOLIDATED ANNUAL ACCOUNTS PRESENTED FOR APPROVAL TO THE BOARD. PEOPLE WHO HAVE CERTIFIED THE INDIVIDUAL AND CONSOLIDATED ANNUAL ACCOUNTS OF THE COMPANY, FOR THEIR PREPARATION BY THE BOARD

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

B.1.32. MECHANISMS ESTABLISHED BY THE BOARD OF DIRECTORS TO PREVENT THE INDIVIDUAL AND CONSOLIDATED ACCOUNTS BEING PRESENTED TO THE GENERAL MEETING WITH QUALIFICATIONS IN THE AUDITORS' REPORT

The Audit and Control Committee, made up entirely of independent, non-executive directors, has meetings, without the presence of the management of the Company, 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 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 so that the audit reports are issued without qualifications.

Furthermore, previously to the drafting of the annual or quarterly accounting 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, estimations made in the preparations of the financial statements, etc., matters which are subject to discussion with the external auditors.

In this respect, Article 43.4 of the Board of Directors' Regulations provides that:

The Board of Directors shall endeavour to definitively prepare the accounts in such a manner that they do not give rise to qualifications on the part of the auditor. Nonetheless, when the Board considers that it must maintain its opinion, it shall publicly explain the content and scope of the discrepancy.

B.1.33. THE SECRETARY OF THE BOARD OF DIRECTORS

Mr Antonio Abril Abadín, the General Counsel and Legal Advisor of the Board of Directors, does not sit on the Board.

B.1.34. PROCEDURES FOR APPOINTMENT AND REMOVAL OF THE SECRETARY OF THE BOARD

Pursuant to the provisions of Article 10 of the Board of Directors´ Regulations, the appointment and removal of the Secretary of the Board shall be approved by the Board in plenary session, prior report of the Nomination and Remuneration Committee; the Secretary needs not be a director.

- The Nomination and Remuneration Committee reports on the appointment.

- The Nomination and Remuneration Committee reports on the dismissal.

- The Board in plenary session approves the nomination.

- The Board in plenary session approves the dismissal.

The secretary of the Board is responsible for specially ensuring compliance with good governance recommendations.

B.1.35. MECHANISMS ESTABLISHED BY THE COMPANY TO PRESERVE THE INDEPENDENCE OF THE AUDITOR, THE FINANCIAL ANALYSTS, INVESTMENT BANKS AND CREDIT RATING AGENCIES

Article 43 of the Board of Directors' Regulations, under the heading "Relations with the auditors" states in paragraphs 1, 2 and 3 as follows:

1. The relations of the Board with the external auditors of the Company shall be channelled through the Audit and Control Committee.

2. The Audit and Control Committee shall abstain from proposing to the Board of Directors, and the latter shall abstain from putting forward to the General Meeting of Shareholders, the appointment as auditor of the Company of any auditing firm which would be incompatible in accordance with auditing legislation as well as those audit firms where the fees that the Company expects to pay them for all services in all areas are greater than five percent of the audit firm's total revenues during the last fiscal year.

3. The Board of Directors shall publicly disclose the whole of the fees that have been paid by the Company to the audit firm for services other than auditing.

The mechanisms established to preserve the independence of the external auditor are the following:

- It is incumbent on the Audit and Control Committee, made up exclusively of independent directors, to propose to the Board of Directors, in order to be studied by the General Meeting of Shareholders, the appointment of the auditors. Furthermore, to propose to the Board of Directors the terms of their contracts, the scope of their professional mandate and, where appropriate, the rescission or non—renewal of their appointment;

- Among the functions of the aforementioned Committee is also that of liaising with the 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.

- In accordance with the amendment to the Board of Directors´ Regulations dated 13th July 2010, referred to under section B.1.19 above, 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, and addressing in all events the rendering by the external auditor of any manner of additional services other than those covered in the audit agreement..

- Likewise, the Audit and Control Committee monitors the conditions 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 by the audit contract.

- The external auditors consult periodically with said Committee, as is explained in point B.1.32 above without the management of the Company being present, in order to review the annual accounts of the Company that the Board of Directors must provide to the markets and its supervisory boards.

- The Company reports in its consolidated annual report on those fees paid to its external auditors for each item that is 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, 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 2010.

B.1.36. CHANGE OF EXTERNAL AUDITOR OF THE COMPANY DURING THE FISCAL YEAR

No changes have occurred regarding the external auditor of the Company during the fiscal year.

B.1.37. WORKS CARRIED OUT BY THE COMPANY AND/OR ITS GROUP OTHER THAN THAT OF AUDITING AND, IN SUCH CASE, DECLARE THE AMOUNT OF THE FEES RECEIVED FOR SAID WORK AND THE PERCENTAGE THAT IT REPRESENTS OF THE FEES CHARGED TO THE COMPANY AND/OR ITS GROUP

The auditing firm does carry out other work for the Company and its group other than that of auditing.

	Company	Group	Total
AMOUNT OF OTHER WORK APART FROM THAT OF AUDITING (THOUSANDS OF EUROS)	281	700	981
AMOUNT OF WORK OTHER THAN THAT OF AUDITING / TOTAL AMOUNT CHARGED BY THE AUDITING FIRM (IN %)	43.5%	17.2%	20.8%

B.1.38 OBSERVATIONS OR QUALIFICATIONS ON THE AUDIT REPORT ON THE ANNUAL ACCOUNTS FOR THE PRIOR FISCAL YEAR. REASONS GIVEN BY THE CHAIRMAN OF THE AUDIT AND CONTROL COMMITTEE TO EXPLAIN THE CONTENT AND SCOPE OF SUCH OBSERVATIONS OR QUALIFICATIONS

No observations or qualifications were included into the audit report on the Annual Accounts for the prior fiscal year.

B.1.39. NUMBER OF YEARS THAT THE CURRENT AUDIT FIRM HAS BEEN AUDITING THE ANNUAL ACCOUNTS OF THE COMPANY. PERCENTAGE THAT REPRESENTS THE NUMBER OF YEARS AUDITED BY THE CURRENT AUDIT FIRM OVER THE NUMBER OF YEARS IN WHICH THE ANNUAL ACCOUNTS HAVE BEEN AUDITED

	Company	Group
NUMBER OF CONSECUTIVE YEARS	9	9

	Company	Group
No. OF YEARS AUDITED BY THE CURRENT AUDIT FIRM / NO. OF YEARS THAT THE COMPANY HAS BEEN AUDITED (IN %)	35%	43%

B.1.40. STAKES HELD BY MEMBERS OF THE BOARD OF DIRECTORS OF THE COMPANY IN THE CAPITAL OF ENTITIES THAT HAVE THE SAME OR A SIMILAR OR COMPLEMENTARY TYPE OF ACTIVITY AS THAT WHICH MAKES UP THE CORPORATE OBJECT, BOTH OF THE COMPANY AND OF ITS GROUP, AND THAT HAVE BEEN COMMUNICATED TO THE COMPANY

All the members of the Board of Directors have reported to the Company that they neither hold stakes in the capital of companies that have the same, similar or complementary type of activity as that making up the corporate object of the Company and its group nor do they hold offices or perform any functions in said entities.

B.1.41. PROCEDURE WHEREBY THE DIRECTORS CAN GET EXTERNAL ADVICE

The possibility that the directors can request external advice is expressly covered in the Board of Directors' Regulations, which in Article 27 provides the following:

> *1. In order to be aided in the performance of their duties, the non-executive directors may request that legal, accounting, financial or other experts be engaged at the Company's expense.*
>
> *The commissioned task must of necessity deal with particular problems of a certain importance and complexity which may arise in the performance of the office.*

2. The decision to engage external experts must be notified to the Company Chairman and can be open to veto by the Board of Directors if it proves that:

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

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

c) the technical assistance obtained may be adequately dispensed by in-house experts and technicians,

d) the confidentiality of the information to be provided to the expert may be jeopardised.

B.1.42. PROCEDURE TO ENABLE THE DIRECTORS TO HAVE THE NECESSARY INFORMATION TO PREPARE THE MEETINGS OF THE ADMINISTRATIVE BODIES IN A TIMELY MANNER

Article 17.2 of the Board of Directors' Regulations, classified in Chapter V ("Running of the Board"), after establishing that the notice for the ordinary meetings of said body shall be given at least three days in advance of the meeting, states that the notice shall always include the agenda of the meeting and shall be accompanied by the duly summarised and prepared relevant information.

This is complemented:

- On the one hand, by Article 26 of the aforementioned Regulations, which recognises the widest powers for the director to obtain information on any aspect of the Company (and its subsidiary companies), to examine its books, registers, documents and other records of the Company's operations and to inspect all its facilities, likewise establishing 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 the director by providing him with the information directly, offering appropriate interlocutors at the appropriate level in the organization or establishing such measures so as to enable them to conduct the desired examinations and inspections in situ.

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

B.1.43. RULES REQUIRING DIRECTORS TO INFORM THE COMPANY —AND, IF APPLICABLE, RESIGN FROM THEIR POSITION— IN CASES IN WHICH THE CREDIT AND REPUTATION OF THE COMPANY MAY BE DAMAGED

Pursuant to the provisions of Article 24.4 of the Board of Directors´ regulations, Directors shall inform the Board and, if appropriate, place their office at the disposal of the Board and formalize the relevant resignation, if said body deems it convenient, when circumstances that may harm the name and reputation of the Company concur in them or, in any other way, jeopardize the Company's interests, as well as when the reasons for their appointment disappear.

B.1.44. MEMBER OF THE BOARD OF DIRECTORS WHO HAS INFORMED THE COMPANY THAT HE HAS BEEN PROSECUTED OR THAT AN ORDER FOR THE COMMENCEMENT OF AN ORAL TRIAL HAS BEEN ISSUED AGAINST HIM/HER FOR THE COMMISSION OF ANY OF THE CRIMES COVERED IN ARTICLE 124 OF THE SPANISH CORPORATION ACT

No one of the member of the Board of Directors has informed the Company that he/she has been prosecuted or that an order for the commencement of an oral trial has been issued against him/her for the commission of any of the crimes covered in Article 124 of the Spanish Corporation Act.

B.2 COMMITTEES OF THE BOARD OF DIRECTORS

B.2.1. ALL THE COMMITTEES OF THE BOARD OF DIRECTORS AND THEIR MEMBERS

Executive Committee

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

Composition of the Executive Committee as at 31 January 2011:

Name	Office
AMANCIO ORTEGA GAONA	CHAIRMAN
PABLO ISLA ÁLVAREZ DE TEJERA	DEPUTY CHAIRMAN
NILS SMEDEGAARD ANDERSEN	ORDINARY MEMBER
CARLOS ESPINOSA DE LOS MONTEROS BERNALDO DE QUIRÓS	ORDINARY MEMBER
FRANCISCO LUZÓN LÓPEZ	ORDINARY MEMBER
EMILIO SARACHO RODRÍGUEZ DE TORRES	ORDINARY MEMBER
JUAN MANUEL URGOITI LÓPEZ DE OCAÑA	ORDINARY MEMBER

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

Audit Committee

The Board of Directors' meeting on 20 March 2003 resolved to modify the name of the Audit and Compliance Committee in order to adapt it to the new nomenclature given by the Financial Law, going on to be called "The Audit and Control Committee".

In accordance with the provisions of Articles 31 of the Articles of Association and 14 of the Board of Directors´ Regulations, the Audit and Control Committee is comprised of independent directors exclusively.

Composition of the Audit and Control Committee as at 31 January 2011:

Name	Office
IRENE RUTH MILLER	CHAIRWOMAN
NILS SMEDEGAARD ANDERSEN	ORDINARY MEMBER
CARLOS ESPINOSA DE LOS MONTEROS Y BERNALDO DE QUIRÓS	ORDINARY MEMBER
FRANCISCO LUZÓN LÓPEZ	ORDINARY MEMBER
EMILIO SARACHO RODRÍGUEZ DE TORRES	ORDINARY MEMBER
JUAN MANUEL URGOITI LÓPEZ DE OCAÑA	ORDINARY MEMBER

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

Nomination and Remuneration Committee

In accordance with the provisions of Articles 32 of the Articles of Association and 15 of the Board of Directors´ Regulations, the Nomination and Remuneration Committee is comprised of independent directors exclusively.

Composition of the Nomination and Remuneration Committee as at 31 January 2011:

Name	Office
CARLOS ESPINOSA DE LOS MONTEROS BERNALDO DE QUIRÓS	CHAIRMAN
NILS SMEDEGAARD ANDERSEN	ORDINARY MEMBER
FRANCISCO LUZÓN LÓPEZ	ORDINARY MEMBER
IRENE RUTH MILLER	ORDINARY MEMBER
EMILIO SARACHO RODRÍGUEZ DE TORRES	ORDINARY MEMBER
JUAN MANUEL URGOITI LÓPEZ DE OCAÑA	ORDINARY MEMBER

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

B.2.2 DUTIES OF THE AUDIT AND CONTROL COMMITTEE

- Supervise the process of preparation and the integrity of the financial information relating to the Company and, if applicable, to the Group, monitoring compliance with legal requirements, the proper delimitation of the scope of consolidation, and the correct application of accounting principles.

- Periodically review the internal control and risk management systems, in order for the main risks to be properly identified, managed and made known.

- Ensure the independence and effectiveness of the internal audit function; make proposals regarding the selection, appointment, re-election and withdrawal of the head of the Internal Audit Department; propose the budget for such area; receive periodic information regarding its activities; and verify that senior management takes into account the conclusions and recommendations contained in its reports.

- Establish and supervise a mechanism whereby the employees may give notice, on a confidential basis and, if deemed appropriate, anonymously, of any potentially significant irregularities, especially of a financial and accounting nature, that they notice at the Company.

- Submit to the Board proposals for the selection, appointment, re-election and replacement of the external auditor, as well as the contractual terms under which it should be hired.

- Regularly receive from the external auditor information regarding the audit plan and the results of the implementation thereof, and verify that senior management takes its recommendations into account.

- Ensure the independence of the external auditor.

- In the case of groups of companies, favour the auditor of the Group as the auditor responsible for audit work at the companies that form part thereof.

B.2.3. ORGANISATIONAL AND WORKING RULES, AS WELL AS THE RESPONSIBILITIES, ATTRIBUTED TO EACH OF THE COMMITTEES OF THE BOARD

The Executive Committee

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

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

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

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

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

Audit and Control Committee

The Audit and Control Committee shall be made up of a minimum of three and a maximum of seven directors appointed by the Board itself, who must all be independent directors. For this purpose, those professionals of repute who are linked to the management team or to the significant shareholders and who meet the requirements to ensure their impartiality and objectivity of judgment shall be deemed to be independent

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

The Committee shall meet in ordinary meeting on a quarterly basis in order to revise 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 issuing of a report or the adoption of proposals and, in any case, whenever appropriate for the successful performance of its functions.

The members of the management team or of the personnel of the Company and its group shall be obliged to attend the meetings of the Committee and to provide help and access to the information at their disposal when the Committee so requests. Equally, the Committee may require the attendance at its meetings of the auditors of the accounts.

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

Nomination and Remuneration Committee

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

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

The Nomination and Remuneration Committee shall meet each time that it is called to meet by its Chairman, who must do so each time the Board or its Chairman requests the 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 include in its annual public documentation.

B.2.4. ADVISORY AND CONSULTATIVE POWERS OF EACH ONE OF THE COMMITTEES AND (WHERE APPROPRIATE) THE POWERS DELEGATED TO THEM

The Executive Committee

The Executive Committee, created from within the Board of Directors of the Company, holds in delegation all the powers of the Board, apart from those that by law or by the Articles of Association cannot be delegated, and those others that are necessary for the responsible exercise of the general supervisory function that is incumbent on the Board.

The Executive Committee reports to the Board on the matters discussed and the decisions taken in its meetings, in such manner that the Board has complete knowledge of the decisions of the Executive Committee.

Audit and Control Committee

The Audit and Control Committee is a consultative committee, with informational, advisory and proposal powers in the matters determined by the Board itself.

Without prejudice to other tasks that the Board assigns to it, the Audit and Control Committee will have the following basic responsibilities, which are:

a) To report to the General Meeting of Shareholders 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 Meeting of Shareholders, the appointment of the auditors of the accounts. 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

l) To examine compliance with the Internal Regulations of Conduct Regarding Transactions in Securities, with these Regulations, with the Code of Conduct and, in general, with the rules of governance 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 to make proposals to the Board of Directors for the taking of steps and adoption of policies aimed at improving compliance with the Code

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 Article 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

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is a consultative committee, with informational, advisory and proposal powers in the matters determined by the Board itself.

Without prejudice to other tasks that are assigned to it by the Board, the Committee shall have the following basic responsibilities:

a) To prepare and review the criteria that must be followed for the composition of the Board of Directors, and to select the candidates;

b) To advise on proposed nominations, and where appropriate, on the re-election 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 internal positions (Chairman, Deputy Chairman or Chairmen, CEO, Secretary and Deputy Secretary) of the Board of Directors;

d) To propose to the Board the members that should form part of each 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 advice annually 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 severance agreements, for those cases that imply dismissal or changes in control

i) To advise on transactions that imply or may imply conflicts of interest, transactions with related parties or those transactions that imply the use of corporate assets and, in general, to report on the matters included in Chapter IX of the Board of Directors' Regulations.

j) To draw up and keep up-to-date a contingency plan to cover those vacancies in key positions within the Company or its group.

k) 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. ´

l) To propose to the Board the individual remuneration of executive directors and the remaining terms and conditions of their employment agreements.

B.2.5. EXISTENCE OF RULES FOR THE BOARD'S COMMITTEES, THE PLACE WHERE THEY ARE AVAILABLE FOR CONSULTATION AND ANY MODIFICATIONS INTRODUCED DURING THE YEAR. VOLUNTARY PREPARATION ON THE ACTIVITIES OF EACH COMMITTEE

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

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

The above referred Regulations were amended further to a resolution of the Board passed on 13th July 2010, in order to adjust its wording to the relevant amendment of sections 31 and 32 of the Articles of Association, approved by the Annual General Meeting of Shareholders held on that date, in order to increase the maximum number of members of the Supervision and Control Committees of the Board of Directors, and to adjust its wording to the newly amended additional provision number eighteen of the Stock Exchange Act,, in respect of duties within the remit of the Audit and Control Committee, as addressed in detail under section B.1.18 above.

In compliance with the provisions of Art. 14.2.(n) of the Board of Directors' Regulations, the Audit and Control Committee prepared a report on the activities it carried out during fiscal year 2010; likewise, the Nomination and Remuneration Committee drew up an annual report on the activities it performed during fiscal year 2010.

B.2.6. COMPOSITION OF THE EXECUTIVE COMMITTEE AS REGARDS THE CATEGORY OF ITS MEMBERS

The Executive Committee is made up of three executive directors and four non-executive directors, three of them independent. Its composition is slightly different from the structure of the Board of Directors, having the Company deemed it expedient that all executive directors sit on the Executive Committee, whereas out of the remaining directors, two of them, one domanial (Gartler, S.L.) and one independent, are not members of the Executive Committee.

C. RELATED-PARTY TRANSACTIONS

No relevant transactions from a quantitative or qualitative perspective, which have entailed a transfer of resources or obligations in fiscal year 2010 have taken place between Inditex and the related parties thereto.

However, for transparency purposes, and in accordance with the information broken down in other documents (Annual Report and Consolidated Annual Report, and half-yearly financial Report), below is a list of the transactions with related parties during FY2010 pursuant to the definitions, criteria and groupings provided in Order EHA/3050/2004, of 15 September, to which refer the Instructions to complete this Annual Report included in Annex I of the Circular 1/2004, of 1 April, in the wording provided by Circular 4/2007, of 27 December, of CNMV, whereby the form of the annual Corporate Governance Report of listed companies is amended.

C.1. RELEVANT TRANSACTIONS CARRIED OUT BY THE COMPANY WITH DIRECTORS, SIGNIFICANT SHAREHOLDERS OR SHAREHOLDERS REPRESENTED ON THE BOARD, OR WITH PERSONS RELATED THERETO

The Board in plenary session has reserved for itself the power to approve, after a favourable report of the Audit and Control Committee or any other committee entrusted with such duty, transactions carried out by the Company with directors, with significant shareholders or shareholders represented on the Board, or with persons related thereto.

C.2. RELEVANT TRANSACTIONS CARRIED OUT WHICH ENTAIL A TRANSFER OF RESOURCES OR OBLIGATIONS BETWEEN THE COMPANY, OR ENTITIES OF ITS GROUP, AND THE SIGNIFICANT SHAREHOLDERS OF THE COMPANY

During FY2010, the Inditex Group has carried out with the majority shareholder Gartler, S.L, or with the individuals and companies related thereto, the following transactions:

Nature of transaction	Type of transaction	Amount (thousands €)
CONTRACTUAL	ASSETS LEASES	(15,260)
CONTRACTUAL	ASSETS LEASES	153
CONTRACTUAL	RENDERING OF SERVICES	19,451

C.3. RELEVANT TRANSACTIONS CARRIED OUT WHICH ENTAIL A TRANSFER OF RESOURCES OR OBLIGATIONS BETWEEN THE COMPANY OR ENTITIES OF ITS GROUP, AND THE DIRECTORS OR OFFICERS OF THE COMPANY

With regard to remunerations received by directors and officers of the Company, reference is made to the provisions of sections B.1.11 and B.1. 12, respectively.

Likewise, during FY2010 Inditex approved a Deferred Incentive Payment Plan (hereinafter, "the Plan") addressed to members of the Management team and other key employees of the Inditex Group, a description of which is provided in the Annual report. For the purposes of transactions with related parties, an estimate of the amount accrued during the fiscal year, in respect of the incentive assigned to directors and officials which would be paid provided that, however the requirements covered in the Plan are met, is broken down below:

	Directors	Officials
ASSIGNED INCENTIVE (in € thousands)	2,259	3,841

In addition to the above referred remunerations, below is a breakdown of the transactions carried out by and between the Company (or entities of its group) and the directors or officers of the Company, all of which have been conducted in ordinary market conditions and within the ordinary course of business of the company

Nature of the transaction	Type of transaction	Amount (thousands €)
CONTRACTUAL	COMPENSATION	1,572

No other relevant transaction has taken place between the Company or any company belonging to its corporate Group and the directors or officers of the Company.

C.4. RELEVANT TRANSACTIONS CARRIED OUT WITH OTHER COMPANIES BELONGING TO THE SAME GROUP, PROVIDED THAT THESE ARE NOT ELIMINATED IN THE PROCESS OF PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS AND DO NOT FORM PART OF THE ORDINARY BUSINESS OF THE COMPANY AS REGARDS ITS OBJECT AND CONDITIONS

A breakdown of the amount of the transactions carried out between Inditex and other group companies which, although being part of the ordinary business of the Company as regards its object and conditions, have not been fully eliminated in the consolidation process, being consolidated under the equity method, is shown below:

Entity	Brief description of the transaction	Amount (€ thousands)
JOINT VENTURES	PURCHASE OF GOODS	314,838

C.5. SITUATIONS OF CONFLICTS OF INTEREST THAT THE MEMBERS OF THE BOARD OF DIRECTORS HAVE BEEN SUBJECT TO, ACCORDING TO THE PROVISIONS OF ARTICLE 127 THIRD PART, OF THE SCA

The Company has no evidence that any of its directors is in a situation of conflict of interests, whether directly or indirectly, with the interests of the Company.

C.6. MECHANISMS ESTABLISHED TO DETECT, DETERMINE AND RESOLVE POSSIBLE CONFLICTS OF INTEREST BETWEEN THE COMPANY AND/OR ITS GROUP AND ITS DIRECTORS, MANAGERS OR SIGNIFICANT SHAREHOLDERS

The Board of Directors' Regulations state in Article 32 ("Conflicts of Interest"):

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

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

a) The spouse of the director or any other person with similar relation of affectivity.

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

c) The spouse (or any other person with similar relation of affectivity) of the ascendants, descendants and siblings of the director

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

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

a) Those partners who are included with regard to the Director legal entity, in any the situations provided in Article 4 of the 24/1988 Act, of 28 July, governing the Stock Exchange.

b) Those companies that are part of the same corporate group, as defined in Article 4 of the 24/1988 Act, of 28 July, governing the Stock Exchange, and their partners.

c) The representative, who is a natural person, the administrators de iure or de facto, the liquidators and the attorneys-in fact of the director, who is a legal entity.

d) Those persons who are understood, with regard to the director who is a legal entity, as being related persons in accordance with the above-referred provisions regarding directors who are natural persons.

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

a) Information: directors must inform the Board of Directors, through the Chairman or the Secretary thereof, of any situation of conflict in which they are.

b) Abstention: directors must abstain from attending and taking part in the discussions and voting of those matters regarding which they are in conflict of interest. With regard to proprietary directors, they shall abstain from taking part in the voting of those matters that might entail a conflict of interest between those shareholders that had proposed their appointment and the Company

c) Transparency: in the Corporate Governance Report, the Company must inform of any situation of conflict of interest in which a director is, that the Company is aware of by virtue of the information of same by the affected person, or by any other means.

In addition, the Board's Regulations regulate the following situations which can give rise to conflicts of interest:

- The rendering of professional services in competing companies (Article 31).
- The use of corporate assets (Article 33).
- The use of non-public company information for private ends (Article 34).
- The taking advantage of business opportunities of the company (Article 35).

Furthermore, Article 37 of the Board of Directors' Regulations, under the heading "Duties of information of the director", provides that the director must inform the Company:

a) of the shares in the same of which he is the direct or indirect holder, as well as of those other shares which are in the possession, directly or indirectly, of his closest relatives, all of which in accordance with the provisions of the Internal Regulations of Conduct Regarding Transactions in Securities;

b) of any stake they might hold in the capital of any companies with the same, similar or complementary business range as the one that makes up the corporate purpose, and of the offices and posts they hold in same. They shall also inform of those businesses conducted for themselves or for somebody else, with the same, similar or complementary business range as the one that makes up the corporate purpose. Said information shall be included on the Annual Report, and

c) of all the positions they hold and of the activities that they carry out in other companies or entities, and, in general, about any fact or situation that could be relevant for their acting as a director of the Company.

As it is expressly provided under Article 1 of the Board of Directors´ Regulations, 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 articles shall apply to them: Article 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, as regards significant shareholders, Article 38 of the above referred Regulations provides as follows, under the heading "Transactions with directors and significant shareholders":

1. The Board of Directors reserves the right to have knowledge of any transaction between the Company and a director or a significant shareholder.

2. In no event will it approve such a transaction if previously a report has not been issued by the Nomination and Remuneration Committee evaluating the transaction from the standpoint of market conditions. In the event of transactions with significant shareholders, the Committee shall examine it also from the standpoint of an equal treatment for all shareholders.

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

4. The Company shall inform of the transactions conducted with directors, significant shareholders and Related Persons in the half-yearly public periodic information and in the annual Corporate Governance Report, within the scope of the Law. Likewise, the Company shall include on the notes to the annual accounts information on the transactions carried out by the Company or any companies within the Inditex Group with directors and with those acting on their behalf, whenever they are alien to the ordinary course of trade of the Company or are not carried out in normal market conditions.

In addition, the Internal Regulations of Conduct, in Article 5 and after stating in the first paragraph that the general principles that must govern the actions of the persons subjected to conflicts of interest are those of independence, abstention and confidentiality lay down the following:

5.2. Declaration of conflict

The Affected Persons shall undertake in writing to act independently in their activities and to make known to the CCO (Code Compliance Office) using the standard model that is established for this purpose, those conflicts of interest to which they are subject due to their activities outside the Inditex group, their family relationships, their personal property, or for any other cause with:

a) Suppliers, external workshops not being part of the Company and significant contractors for goods or services, or their Directors and general proxies.

b) Agents and franchisees of the Inditex group, or their Directors and general proxies.

c) People who are engaged in similar or analogous activities to those of the Inditex group and that compete with the Inditex group in the same markets.

d) External advisors and suppliers of professional services to the Inditex group.

Among the powers granted to the Nomination and Remuneration Committee is that of reporting on the transactions that involve or could involve conflicts of interest, transactions with related parties or that involve the use of company assets and, in general, on the matters contemplated in Chapter IX of the Board of Directors' Regulations (in which all the foregoing articles of the Board of Directors´ Regulations are included). In view of that report, it is incumbent on the Board of Directors to approve, where appropriate, the transaction.

C.7. COMPANIES OF THE GROUP LISTED IN SPAIN

Only one company of the Group is listed in Spain.

D. SYSTEMS FOR CONTROL OF RISKS

D.1. RISK POLICY OF THE COMPANY AND/OR OF ITS GROUP, DETAILING AND ASSESSING THE RISKS COVERED BY THE SYSTEM, TOGETHER WITH THE JUSTIFICATION FOR THE ADJUSTING OF THOSE SYSTEMS TO FIT THE PROFILE OF EACH TYPE OF RISK

Risks management in the Inditex Group is based upon the following principles:

- this tool is the responsibility of the Board of Directors and the Senior Management, which aims at providing a reasonable safety in the achievement of the targets established by the Group.
- it is the responsibility of each and every member of the Organization.
- It represents an integrated system which directs the control activities towards preventing the relevant risks, providing an appropriate level of guarantees to shareholders, other stakeholders and the market in general.

In this context, the risks management in the Group starts with the identification and assessment of those factors that may affect negatively the fulfilment of the business objectives, and involves adopting certain answer to face up to these factors and implementation of the necessary control measures so that this answer be effective.

The identification and assessment translates into a risks map including the main risks, both strategic and operational, grouped in different categories, together with an assessment thereof in accordance with their potential impact, the likeliness of their occurring and the level of preparation of the Group to face up to them. The risk map is subject to review regularly in order to keep it updated by including the amendments regarding the evolution of the Group. The different corporate areas and business lines take part in the identification of the main risks included in the map, as well as in the evaluation thereof.

The process of risks management is subject to the review of the Board of Directors, through the Audit and Control Committee. Additionally, these risks are considered upon preparing the Business Plan, etc., as part of the ERM system of the Group.

Risks reviewed are classified and grouped in the following categories:

		Strategic	Operational
EXTERNAL	BUSINESS ENVIRONMENT	X	
	REGULATIONS		X
	REPUTATION	X	X
INTERNAL	HUMAN RESOURCES	X	X
	OPERATIONS	X	X
	FINANCIAL		X
	INFORMATION FOR THE DECISION MAKING		X
	TECHNOLOGY AND INFORMATION SYSTEMS	X	X
	CORPORATE GOVERNANCE	X	

1. BUSINESS ENVIRONMENT

These are risks stemming from external factors, connected with the activity of the Group.

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 fall in certain markets are, *inter alia*, factors which may have an impact on the effective achievement of the business goals of the Group.

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

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

2. REGULATIONS

Those are risks regarding the enforcement of the various laws and regulations to which the Group is exposed in the different countries where it is present

In order to provide a better management of the risks included in this category, they have been classified in accordance with their nature, in: risks regarding the trade and consumption, Industrial and intellectual property, tax, custom, labour regulations and others.

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 work in coordination with the various people responsible of each country or geographic zone and with the legal external advisors in same. In Section D.4 hereunder, the legislation that usually affects the Group in those countries where it operates, is identified.

Additionally, the Corporate Social Responsibility Department regularly carries out social audits 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 respect for both the labour requirements covered by the International Labour Organization (ILO) Treaties and for the Human Rights covered in the major Treaties that govern this subject.

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 aspects 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.

The Group has developed a Social Audit Programme, based on the external and independent verification of the degree of implantation and compliance with the Code of Conduct for External Workshops and Manufacturers in order to minimize the potential risks of harming the image due to improper behaviours by third parties. Said programme specifies the review procedures which secure the gathering of information and evidences on the minimum working conditions that all external manufacturers and workshops must comply with.

In such sizable and visible organizations as those of the Group, some conflicts could arise out of an inappropriate relationship with third parties alien to the operative 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, 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 the 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 operative 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.

4. HUMAN RESOURCES

The main risks in the human resources area are those arising out of the difficulty in properly identifying and managing talent, which could lead to an inappropriate positioning, qualifications and flexibility of the human resources, an inappropriate labour environment, high turnover or a potential dependence on key personnel.

To minimize said risk, the Human Resources Department carries out continuous recruitment and hiring processes of new personnel. It has also developed a regular training programme 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

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 Social and Environmental Performance 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.

In this respect, the Inditex Group has implemented the Equal Opportunities Plan, with measures that seek to meet different goals, such as, i*nter 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.

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 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.

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 affect significantly the normal operative.

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 11 logistics centres spread throughout the territory of Spain. The use of such logistics centres is optimized on account of the size of each format: thus, Zara currently has four main centres, which favours the implementation of contingency plans in case of any potential accidents or stoppage of the 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 assesses 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 programmes 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. In this respect, Marketing and Internet Departments of the two formats which currently offer online sale have prioritized the design of their websites, taking into account such premises, while, at the same time, making a large team of professionals available to support the queries, concerns or requests of the customers regarding their online purchase experience. The Group reduces the risk linked to the real estate management, regarding the search and selection of business premises, through the monitoring of local markets where it operates and through the evaluation and supervision of new openings by the Expansion Committee. .

6. FINANCIAL

The activities of the Group are subject to various financial risks. Included in this category are risks regarding the improper management of exchange rates, cash management and sundry, such as credit or interest rates risks.

The Group operates globally and as a result of using currencies other than the euro in its business transactions, in recognized assets and liabilities and net investment in ventures outside the European Monetary Union, the Group faces an exchange rate risk which must be covered in a sufficient and systematic manner by seeking to minimize the economic losses and the volatility of financial statements.

To achieve this, the Group companies are governed by the corporate Exchange Rate Risk Management Policy.

The Group manages each currency's net position by using external forward foreign currency contracts or other financial instruments which minimize the exposure of the Group to such risk. Thus, the purchase of goods and stock takes place in part through orders placed to foreign suppliers in US dollars. Pursuant to the current Exchange Rate Risk Management Policy, in force, the Group deals in derivatives, mainly in forward contracts, to cover the variations of the cash flow linked to the exchange rate. The Group has various investments in foreign businesses, the net assets of which are exposed to exchange rate risk.

The foreign exchange risk over the net assets of transactions abroad is managed pursuant to the guidelines and policies set out by the Management of the Group.

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. Likewise, the Group also limits its exposure to credit risk by investing solely in products that have high liquidity and credit ratings.

Where there is objective evidence that the Group shall not be able to collect any and all sums owed by debtors within the original terms of the debt, a provision is made for impairment of trade receivables. The amount of the provision charge is recognized on the Profit and Loss account.

The Group is not exposed to significant liquidity and interest rate risk, as it maintains sufficient cash and cash equivalents to meet the outflows of normal operations. On the other hand, the cash created is subject to the counterparty risk which is managed pursuant to the corporate Investment Policy which seeks to ensure the safety and integrity of the capital invested, optimising the profitability and ensuring the required cash to face up to the operative business needs.

In case of specific needs for funding, whether in euros or in other currencies, the Group may resort to loan agreements, or any other financial instrument.

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 indexed to a variable interest rate. The Group does not have any financial assets or liabilities at fair value through profit or loss or interest-rate financial derivatives. Nor are there any interest rate derivatives. Consequently, any changes in interest rates at year end will not significantly affect consolidated profits.

Although in relative terms none of those risks are critical for the Organisation, all of them are systematically managed by the Financial Department.

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 Financial Administration Department, which report to the Financial Division, are directly responsible for producing and supervising the quality of such information. Moreover, in order to reduce exposure to this kind of risks, the Group regularly reviews the management information disclosed to the relevant officials and invests in IT, follow-up and budgeting systems, among others.

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

8. TECHNOLOGY AND 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.

To reduce exposure to this type of risks, the Systems Department permanently monitors the streamlining and coherence of the systems, directed at 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.

Moreover, there are contingency systems in the event of computer stoppage, with double equipment and data storage in a different location to the main Centre, which would reduce the consequences of a breakdown or stoppage.

9. GOVERNANCE AND MANAGEMENT

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.

At the present time, transparency and good governance obligations for listed companies are duly governed by the recommendations of several institutions and by a specific legal framework (Financial Act, Transparency Act, Order ECO/3722/2003 and Circular 1/2004 of CNMV.) Lack of information or wrong information on sensitive issues, such as transactions with related parties or the remuneration of officials would harm the good image or the reputation of the Group, being therefore those issues subject to the control of the Audit and Control Committee and of the Nomination and Remuneration Committee, exclusively comprised of independent directors.

There are also Internal Regulations of Conduct regarding Transactions in Securities and a body designated as the Code Compliance Supervisory Board which, according to Article 10.2.2 of said Regulations, is charged with observing and enforcing the rules of conduct of the Securities Markets and the rules of the IRC itself (Internal Regulations of Conduct), its procedures and further additional regulations, whether present or future.

D.2. MATERIALIZATION DURING THE FISCAL YEAR OF THE VARIOUS TYPES OF RISKS AFFECTING THE COMPANY AND/OR ITS GROUP.

The risks described in section D.1 above are inherent in the business model and the activity of the Group; therefore they are always present somehow, throughout each financial year. However, none of them has had any significant impact on the Organization during last fiscal year, as control systems anticipated to meet such risks have been duly operative.

D.3. COMMITTEE OR OTHER GOVERNING BODIES RESPONSIBLE FOR ESTABLISHING AND SUPERVISING THE MECHANISMS OF CONTROL. FUNCTIONS

The main governing bodies responsible for controlling risks are the Board of Directors, the Audit and Control Committee and the Steering Committee.

1.- The Board of Directors

The Board of Directors is responsible for identifying the main risks of 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 Independent Directors of the Group, to supervise the process of the financial information and of the internal control systems of the Group, to check the appropriate type and integrity of said systems, to supervise the duties of the Internal Audit Department of the Company and its Group, approving the budget of the Department and the internal audit plan and supervising the material and human resources thereof, whether internal or external.

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.

3.- The Steering Committee

The Steering Committee is charged with the coordination of the business and corporate areas, and takes active part in identifying, assessing, defining and implementing hedging policies, establishing specific measures to help mitigate the impact of risks in the achievement of the goals of the Group.

D.4. PROCESSES OF COMPLIANCE WITH THE VARIOUS REGULATIONS THAT AFFECT THE COMPANY

Among the external risks that affect the Group, a specific category described as "Regulation" has been included, which has been described under section D.1 above. Within this category, it has been thought fit to classify the risks in four groups, depending on the kind of regulation to which they refer and on the potential impact they have on the Group. This classification shall be used to detail the legislation that affects the Group in its operative.

- Consumer and trade legislation: linked with commercial law, and regulations which govern those commercial issues which apply to retail: (business hours, end of season sales, etc.,) and any other regulations regarding consumers and users. Included in this group are such issues as: licence for store opening, business hours; end of season sales period and advertisement terms related thereto; conditions that must be met by the products being sold in stores, especially in relation to the labels and packaging, and generally, all aspects that affect retail sales.

- Tax legislation, relating to the taxes that are charged on the group´s activities and profits.

- Customs legislation, referring to cross-borders movements of merchandise.

• Labour legislation, which regulates the relations with its workers as regards wages, working hours, labour calendar, health and safety, etc.,

• Other legislations, including common legislations for any listed company and specific legislation relating to the activity performed by the Group:

- Accounting legislation, relating to the accounting principles and standards.
- Securities market legislation, which affects all listed companies.
- Intellectual and industrial property legislation, relating to rights over designs and trade marks.
- General civil and mercantile legislation, relating to company law and civil and commercial contracts.
- Competition law, which specifically affects the relations with other competitors in the market.
- Real Estate legislation which fundamentally affects urban regulations, commercial properties and namely, the leases of business premises where the stores of the Group are located.
- Legislation governing the personal data protection, regarding the custody of personal information that is confidential.
- Environmental legislation, regarding the proper treatment of waste, spillage, etc.,

In order to reduce exposure to the risk of non-compliance with the different legislations to which the group is subject, the corporate Legal, Tax, Industrial Property, Labour and Internal Audit Departments carry out the task of coordination with the various members of management of each geographical area and external legal advisors of each country.

E. GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders duly convened and constituted 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 those absent or dissenting shareholders, without prejudice to any remedies they may have at law.

In accordance with the provisions of the Regulations of the General Meeting of Shareholders, this body is empowered to pass all manner of resolutions regarding the Company, and the following powers, in particular, are reserved for it:

a) To decide on the individual annual accounts of the Company and, if appropriate, on the consolidated accounts of the Company and its group, as well as on the distribution of the profit.

b) To appoint and dismiss the directors, as well as to confirm or revoke those provisional appointments of directors executed by the Board, and to review the Company's management.

c) To appoint and dismiss the auditors of the accounts.

d) To adopt resolutions on the issuance of bonds, the increase or reduction of capital, the reorganization, merger, split-off or dissolution of the Company, the global assignment of assets and liabilities 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, proceed to the issuance of bonds and other fixed yield securities.

f) To approve the adoption of remuneration systems consisting of the granting of either shares or rights over shares, as well as of any other remuneration system linked to the value of the shares, regardless of who is the beneficiary of such remuneration systems.

g) To approve the Regulations of the General Meeting of Shareholders and their subsequent amendments.

h) To decide on the matters submitted to it by the Board of Directors.

i) To empower the Board of Directors with the powers it deems suitable for unexpected situations.

j) To approve the transactions entailing an effective amendment of the corporate objects and those whose effect is equivalent to that of the liquidation of the Company.

The Board of Directors shall convene the Ordinary 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, to approve, where appropriate, the accounts of the previous year and to 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 which represent at least five percent of the share capital so request, expressing in the request the matters to be discussed. In this latter case, the General Meeting of Shareholders must be convened to meet within the thirty days following the date in which the Board of Directors was required by means of a notary to convene the Meeting. The agenda of the meeting will necessarily include the matters that were the subject of the request.

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

Both the Ordinary and the Extraordinary General Meetings must be convened by the Board of Directors through notice published in the Official Gazette of the Mercantile Registry and in one of the newspapers with the highest circulation in the province where the Company has its registered office, and at least one month in advance of the day appointed for the meeting or the greatest period that is required by law, where appropriate, due to the resolutions submitted for deliberation. The notice must state 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 in any event the business day that immediately follows, the notice of the meeting shall be sent by the Company to the *CNMV*, and to the Governing Organisations of the Securities Markets where the company's shares are listed for its insertion in the relevant Listing Bulletins. The text of the notice shall also be accessible through the company's web page.

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

E.1. QUORUM REQUIRED FOR THE HOLDING OF THE GENERAL MEETING OF SHAREHOLDERS ESTABLISHED IN THE ARTICLES OF ASSOCIATION. DIFFERENCES WITH THE MINIMUM REQUIREMENTS FORESEEN IN THE SPANISH CORPORATION ACT (SCA)

	Quorum % different from that established as a general rule in Art. 102 of the SCA	Quorum % different from that established in Art. 103 of the SCA for special cases covered therein
QUORUM REQUIRED ON 1ST CALL	50% OF THE SUBSCRIBED VOTING STOCK	
QUORUM REQUIRED ON 2ND CALL		

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

Therefore, the only difference between said rules and the provisions of the SCA (currently, Act on Capital Companies), both in general and for special cases, consists of the quorum necessary for the holding of the General Meeting at first call in accordance with Art. 102 of the SCA (current Article 193 of the Act on Capital Companies, with the same wording), that the Articles of Association and the Regulations of the General Meeting of the Company have made equal to the quorum for valid meetings on first call in accordance with Article 103 of the SCA (current Article 194 of the Act on Capital Companies, with the same wording)(shareholders who are present or represented by proxy represent at least fifty percent of the subscribed share capital with the right to vote). This enhanced quorum may not be deemed to be a restriction on the control by the Company, since it is only applicable to first calls

This is expressly permitted by Article 193 of the Act on Capital Companies itself, where, after laying down that the General Meeting of Shareholders shall be validly held on first call when the shareholders present or represented by proxy possess, at least, twenty-five per cent of the subscribed voting share capital, it goes on to provide that the Articles of Association can establish a higher quorum.

E.2. DIFFERENCES WITH THE SPANISH CORPORATION ACT FOR THE PASSING OF CORPORATE RESOLUTIONS

There are no differences with the Spanish Corporation Act for the passing of corporate resolutions.

E.3. RIGHTS OF THE SHAREHOLDERS IN RELATION TO GENERAL MEETINGS DIFFERENT FROM THOSE ESTABLISHED IN THE SCA

Within the rights for the shareholders recognised by Article 48 of the SCA (current Article 93 of the Act on Capital Companies, with the same wording), the following can be listed in relation to the General Meetings: the right to attend and to vote in the general meetings and to challenge the resolutions of the Company, and the right of information.

These rights are developed in Article 179 and subsequent articles and in Part XIV ("Listed Corporations") of the Act on Capital Companies, former Articles 104 ("Right to attend the meeting"), 105 ("Limitations on the right to attend and vote"), 106 ("Proxies"), 108 ("Representation by a relative"), 112 ("Right to information") and 115 and following (relating to the challenging of resolutions) of the Spanish Corporations Act.

The rights of the shareholders of Inditex in relation to the general meetings are scrupulously respected by the Company, in the terms established in the legislation in force, in the Articles of Association and the Regulations of the General Meeting of Shareholders.

Right to information of the shareholders

The Investor Relations Department and the Shareholders' Office at Inditex are at the disposal of the shareholders to provide all the information on the General Meeting that they may need. Prior to the General Meeting, those shareholders who so request are sent a copy of the annual report and the relevant documentation relating to the items on the agenda.

Moreover, the Company deals, as far as is possible, with the requests for information that are made by the shareholders in relation to the items on the agenda of the General Meeting, both before the General Meeting and during the meeting itself through the question and answer session, which all shareholders attending the meeting can participate in if they wish and whose participation is always answered.

Section E.4 hereof deals with the regulation of the right of information of shareholders covered by the Regulations of the General Meeting. With regard to the information made available to shareholders from notice of the Meeting, these two issues below are established in addition to the provisions of the SCA (at present, the Act on Capital Companies, with the same wording):

a) The full text of all the proposed resolutions that the Board of Directors submits to the AGM for debate and approval regarding the various items of the agenda; and

b) The following information regarding directors whose ratification or appointment is proposed: a) professional profile and biography; ii) other Boards of Directors where they sit, whether in listed companies or otherwise (except for Boards of property holding companies of the director in question or of his/her next of kin); iii) the category to which they belong, and in case of proprietary directors, stating the shareholders they represent or with whom they have links; iv) date of their first appointment and, as the case may be, of any further appointments to sit on the Board of Directors, and v) the shares in the Company and stock options they hold.

Attendance of General Meetings. Right to Vote

The right to attend is dealt with in section E.9.

Each share entitles its holder to one vote.

Proxies at the General Meeting

Section E.10 deals with the issue of proxies at the General Meeting.

E.4. MEASURES TAKEN TO PROMOTE THE PARTICIPATION OF THE SHAREHOLDERS IN THE GENERAL MEETINGS

In addition to the publication of the notices provided by Law and in the Articles of Association and of the making available to the shareholders in the registered office of the Company, free of charge, of the information and the documentation related to the agenda of the meeting, the Company publishes the notice of the General Meetings through the corporate web page, including all the relevant documentation to facilitate the attendance and the participation of the shareholders, including the agenda, the directors' reports and the remaining documentation in relation to the General Meeting that is required by Law.

Furthermore, the Regulations of the General Meeting of Shareholders, establishes new instruments directed at favouring the participation of the shareholders, in particular, through developing their rights of information, attendance and proxy.

In this respect, Articles 9 and 10 of the Regulations of the General Meeting establish the following:

Article 9. Information available as from the notice of the Meeting

As from the publication of the notice of the meeting, the Company shall make the following information available to the shareholders:

(a) The documents (such as, among others, the annual accounts, proposals for the distribution of the profit, management reports, auditing reports, directors' reports, proposals for resolutions, literal text of amendments to the Articles of Association, auditors and/or independent experts' reports, merger or split-off plans) which by law must compulsorily be provided in relation to the various items included on the agenda.

(b) The full text of the proposed resolutions that the Board of Directors submits to the deliberation and approval of the General Meeting in relation to the different items on the agenda, and all the information regarding directors whose ratification or appointment is proposed pursuant to the provisions of the Board of Directors´ Regulations. As an exception, the Board of Directors may omit the publication of those proposals not required by the Law or the Articles of Association to be put at the shareholders' disposal as from the date of the calling of the General Meeting, whenever there are justified reasons that make previous publication not advisable.

(c) Practical data related to the General Meeting and the way in which the shareholders exercise their voting rights, such as, amongst others:

i. The communication channels existing between the Company and the shareholders, and namely those explanations necessary for shareholders to exercise their right to information, stating the postal addresses and e-mail addresses where they can address their queries.

ii. The ways and procedures to grant proxy for the General Meeting.

iii. The ways and procedures to cast votes through remote communication systems, including where appropriate, the forms to justify the attendance and the exercise of the vote through remote means in the General Meeting.

iv. Information on the location of the place where the Meeting is to be held and the way to access same.

v. Information, where appropriate, on the systems or procedures that may facilitate the monitoring of the Meeting, such as simultaneous translation devices, videoconferences , information available in foreign languages, etc.

(d) Any other information deemed appropriate to facilitate the attendance and participation of the shareholders at the General Meeting.

The shareholders shall be able to get, freely and immediately, the documents and data referred to in the previous paragraphs at the registered office, as well as to request the free delivery or dispatch of such documents and data, in accordance with the provisions of the Law. Furthermore, such documents and data shall be incorporated into the company's web page.

Article10. Right to information prior to the holding of the General Meeting

From the very day the notice of the General Meeting is published, and until the seventh day, included, prior to the day set for the Meeting, every shareholder may request in writing to the Board of Directors the information or clarification they may deem necessary or ask the questions they might think fit, regarding the items on the agenda. Moreover, in the same term and manner, shareholders may request information or clarifications or ask questions in writing concerning the information accessible to the public that the Company had already furnished to the CNMV since the last General Meeting was held. Likewise, shareholders may gather any other information they may need regarding the General

Meeting through the Company´s web page or through the Individual Shareholders´ Department telephone number to be established for that purpose, which shall be appropriately disseminated.

The Board of Directors must provide the required information except (i) where the Chairman considers that the publicity of the information requested may be detrimental to the Company´s best interests, (nevertheless, this exemption may not be claimed where the request is supported by shareholders representing at least twenty five (25) per cent of the corporate capital; (ii) where the information or clarification requested does not refer to the items on the agenda or to information accessible to the public that the Company has furnished to the CNMV since the last General Meeting was held; (iii) where the information or clarification requested is not considered reasonably necessary in order to reach an opinion over those matters raised to the Meeting or, if by any means, it is considered abusive; or (iv) where legal provisions or regulations so provide.

The shareholders' requests for information shall be answered by the Board of Directors itself., by any member thereof, by the Secretary, even if he is not a member of the Board, or by any other person expressly empowered by the Board for this purpose.

Under the terms provided in Law the requests for information must be answered in writing and prior to the General Meeting, unless the characteristics of the required information make it unsuitable. Those requests for information that due to the proximity to the date of the Meeting, cannot be answered prior to said Meeting or those that are submitted during the same shall be answered during the General Meeting, in accordance with the criteria stated in these Regulations or, where appropriate, in the shortest period of time as of the date on which the Meeting was held and always, within the maximum term provided by the Law for this purpose.

Those answers given to significant questions and put at shareholders' disposal prior to the date on which the meeting is set to be held, shall be at the disposal of the shareholders attending the meeting at the beginning of the same, and shall also be disseminated though the Company's web page.

The right to information is supplemented by those of attendance and proxy, which are dealt with in sections E.9 and E.10 below.

E.5. CHAIRMANSHIP OF THE GENERAL MEETING OF SHAREHOLDERS MEASURES ADOPTED TO ENSURE THE INDEPENDENCE AND GOOD WORKING OF THE GENERAL MEETING

Article 16 of the Regulations of the General Meeting of Shareholders, transforming into rules Article 22 of the Company's Articles of Association, provides that the General Meeting shall be chaired by the Chairman of the Board of Directors or, failing the Chairman, by the Deputy Chairman who replaces him in accordance with the Articles of Association, and failing the Chairman and Deputy Chairman, by the shareholder appointed by the General Meeting itself.

Once the board of the General Meeting has prepared the list of the attendees, expressing the nature or proxy of each one and the number of own shares or shares of the proxy-grantors attending the meeting, the Chairman shall declare the Meeting to be validly held; shall submit for its deliberation the business that has to be discussed according to the agenda or the previous agreement of the Universal Meetings; shall direct and order the debates signalling the turns for speaking and granting the floor to those shareholders who have made a written request to speak and then to those who have made a spoken request to speak, and may establish turns for speakers in favour and against the motion and may limit the number of those who may speak in favour or against or the time allowed for each speaker; shall declare the business to have been discussed sufficiently and shall order that the voting thereon proceed, proclaiming the result of the voting after such vote. All of these aspects, as well as others regarding the good working of the General Meeting, are developed in detail in the Regulations of the General Meeting of shareholders.

Lastly, and as a guarantee of the independence and good working of the General Meeting, mention must be made, on one hand, that the preparation of the list of those attending and the calculation of the quorum for the valid holding of the Meeting is entrusted to a company of repute in its sector of activity and which acts according to qualified professional practices; and, on the other hand, that the Board of Directors, in compliance with the provisions of Article 7.2 of the Regulations of the General Meeting of Shareholders, requires the presence of a Notary to take the minutes of the Meeting.

E.6. MODIFICATIONS INTRODUCED DURING THE YEAR IN THE REGULATIONS OF THE GENERAL MEETING

In the course of FY2010, the AGM held on 13th July resolved the partial amendment of section 15 of the General Meeting of Shareholders' Regulations headed "The General Meeting", in order to adjust its wording to the amendment of correlate section 21 of the Articles of Association, resolved by the AGM on that same date, on account of the amendment of section 103 of the Spanish Corporation Act (through Act on Structural Amendments of Private Companies) (at present, replaced with Article 194 of the Act on Capital Companies, with the same wording) regarding quorums and enhanced majorities for the passing by the AGM of certain resolutions.

In this respect, the above referred Act on Structural Amendments of Private Companies adds three new cases where an enhanced quorum is required to hold validly the AGM: i) the exclusion or restriction of the pre-emptive right regarding new shares, ; ii) the global allotment of assets and liabilities of the Company (this assumption being already considered in current section 15 of the General Meeting of Shareholders' Regulations); and the transfer abroad of the registered office of the Company.

E.7. ATTENDANCE FIGURES FOR THE GENERAL MEETINGS HELD DURING THE YEAR TO WHICH THIS REPORT REFERS

Attendance data	
Date General Meeting	13-07-2010
% ATTENDANCE IN PERSON	0.05%
% ATTENDANCE BY PROXY	82.51%
% DISTANCE VOTING	0 (1)
ELECTRONIC VOTE	(1)
OTHERS	(1)
TOTAL	82.56%

(1) A total number of two shareholders cast remote vote by electronic means, and eighteen did so by post mail.

E.8. RESOLUTIONS PASSED IN THE GENERAL MEETINGS HELD IN THE YEAR TO WHICH THIS REPORT REFERS AND THE PERCENTAGE OF VOTES WITH WHICH EACH RESOLUTION WAS PASSED

The General Meeting of Shareholders of Inditex, in its meeting held on 13 July 2010 and in accordance with the items on the agenda, passed the following resolutions, which are summarised below:

"First.- Review and approval, where appropriate, of the financial statements (Balance Sheet, Profit and Loss Account, Shareholders´ Equity Statement, Cash Flow Statement and Annual Report) and Management Report of Industria de Diseño Textil, S.A. (Inditex, S.A.) for fiscal year 2009, ended 31st January 2010

The Financial Statements (Balance Sheet, Profit and Loss Account, Shareholders´ Equity Statement, Cash Flow Statement and Annual Report) and Management Report of Industria de Diseño Textil, S.A. (Inditex, S.A.) for fiscal year 2009, (ended 31st January 2009), laid by the Board of Directors at its meeting held on 16th March 2010 and signed by all the directors were approved.

This resolution was passed with the vote for of 99.96% of the voting quorum

Second.- Review and approval, where appropriate, of the financial statements (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 2009, ended 31st January 2010, and of the management of the Company.

The Financial Statements (Balance Sheet, Profit and Loss Account, Statement of Comprehensive Income, Shareholders´ Equity Statement, Cash Flow Statement and Annual Report) and the consolidated management report of the Inditex Group for fiscal 2009 (ended 31st January 2010), laid by the Board of Directors at its meeting held on 16th March 2010 and signed by all the directors were approved. .

The Management of the Board of Directors of Industria de Diseño Textil, S.A. (Inditex, S.A.) for FY2009 was approved.

This resolution was passed with the vote for of 99.83% of the voting quorum.

Third.- Distribution of the income or loss of the fiscal year and distribution of dividends.

The proposed distribution of the income of fiscal 2009 (ended 31st January 2010), in accordance with the Balance Sheet previously approved, in the amount of six hundred eighty three million three hundred forty four thousand euros, to be distributed as shown below was:

	€ THOUSANDS
TO VOLUNTARY RESERVE (MINIMUM AMOUNT)	125,051
TO DIVIDENDS (MAXIMUM AMOUNT TO BE DISTRIBUTED FOR A FIXED GROSS DIVIDEND OF 1.20 EUROS PER SHARE, CORRESPONDING TO AN ORDINARY DIVIDEND OF 1.10 EUROS PER SHARE AND AN EXTRAORDINARY DIVIDEND OF 0.10 EUROS PER SHARE, FOR THE AGGREGATE 623,330,400 ORDINARY SHARES INTO WHICH THE SHARE CAPITAL IS DIVIDED)	747,996
TOTAL	873,047

It is thus resolved to pay the shares with the right to dividends the gross amount of one euro and twenty cents (€1.20) per share. Having the gross amount of sixty euro cents (€0.60) been paid last 3 May 2010 as interim dividend, it is thus resolved to pay the shares with a right to dividends, a supplementary dividend (ordinary and extraordinary) in the gross amount of sixty euro cents (€0.60) per share, remaining amount to add up to the total dividend.

This supplementary dividend shall be paid to shareholders as of 2nd November 2010, through those entities linked to the *Spanish Central Securities Depositary, in charge of the Register of Securities, and the Clearing and Settlement of all trades* (Iberclear) where they have their shares deposited.

This resolution was passed with the vote for of 99.99% of the voting quorum.

Fourth.- Re-election of members of the Board of Directors:

a) Re-election of Mr Amancio Ortega Gaona, in the capacity of proprietary executive director.

The re-election of Mr Amancio Ortega Gaona, whose particulars are already recorded with the Companies Register, as member of the Board of Directors for the five-year term provided in the Articles of Association, as from the date of this Annual General Meeting was approved..

b) Re-election of Mr Pablo Isla Álvarez de Tejera, in the capacity of executive director.

The re-election of Mr Pablo Álvarez de Tejera, whose particulars are already recorded with the Companies Register, as member of the Board of Directors for the five-year term provided in the Articles of Association, as from the date of this Annual General Meeting was approved..

c) Re-election of Mr Juan Manuel Urgoiti López de Ocaña, in the capacity of independent external director.

The re-election of Mr Juan Manuel Urgoiti López de Ocaña, whose particulars are already recorded with the Companies Register, as member of the Board of Directors for the five-year term provided in the Articles of Association, as from the date of this Annual General Meeting was approved. .

These resolutions were approved with the vote for of 91.96%, 98.67% and 89.92% of the voting quorum, respectively.

Fifth.- Appointment of directors.

a) Appointment of Mr Nils Smedegaard Andersen, in the capacity of independent external director.

The appointment of Mr Nils Smedegaard Andersen as member of the Board of Directors for the five-year term provided in the Articles of Association, as from the date of this Annual General Meeting was approved.

b) Appointment of Mr Emilio Saracho Rodríguez de Torres, in the capacity of independent external director.

The appointment of Mr Emilio Saracho Rodríguez de Torres as member of the Board of Directors for the five-year term provided in the Articles of Association, as from the date of this Annual General Meeting was approved.

These resolutions were approved with the vote for of 99.69% and 99.68% of the voting quorum, respectively.

Sixth.- Proposed amendment of the Articles of Association: section 12 (Pre-emptive subscription rights), 21 (Quorum), 31 (Audit and Control Committee) and 32 (Nomination and Remuneration Committee).

It was resolved to amend the sections and paragraphs thereof, set out below, regarding sections 12, 21, 31 and 32 of the Articles of Association, regarding the pre-emptive subscription right, the quorum of the Annual general Meeting of Shareholders, the Audit and Control Committee and the Nomination and Remuneration Committee, respectively, which shall hereinafter read as follows, without changing the remaining paragraphs of the affected sections, which shall remain in force:

a) Section 12.- Pre-emptive subscription right

1.- In the event of a share capital increase through the issue of new shares, whether ordinary, preference, redeemable or non-voting shares, with a charge to cash contributions, the former shareholders – with the exception of the holders of non-voting shares – may exercise in the manner legally provided the right to subscribe a number of shares being proportional to the nominal value of the shares that they hold.

2.- The General Meeting or, where appropriate, the Board of Directors that agrees the increase may resolve the suppression in whole or in part of this pre-emptive right, in the cases and under the terms provided by the Law.

Namely, it could be understood that there are enough reasons of corporate interest to justify the suppression of the pre-emptive right, where it is necessary to facilitate (i) the placement of the new shares in foreign markets; (ii) the raising of resources by using placement techniques grounded on the demand research suitable to maximize the issue price of the shares; (iii) the inclusion of an industrial or technological partner, and; (iv) in general, the performance of such transactions as may be in the interest of the Company.

b) Section 21.- Quorum

1.- The General Meeting shall be validly constituted on first call where shareholders who are present or represented by proxy represent at least fifty (50) percent of the subscribed share capital with the right to vote. At second call, generally, the General Meeting shall be validly held regardless of the capital attending same. However, if the Meeting is called to decide on an increase or a reduction in the share capital, the issue of debentures, the exclusion or restriction of the pre-emptive right, the transformation of the Company, the merger for the creation of a new company or via the taking-over of the Company by another entity, its spin-off in whole or in part, the global assignment of assets and liabilities, the transfer of the registered address abroad, the substitution of the company purpose as well as any other modification whatsoever of the Articles of Association, shall require, at second call, the attendance of twenty-five (25) percent of the subscribed share capital with the right to vote

c) Section 31.- Audit Committee

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 directors appointed by the Board itself, who must necessarily be independent directors.

To this end, 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.

d) Section 32.- Nomination and Remuneration Committee

1.- 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 directors appointed by the Board itself, who must necessarily be independent directors.

To this end, independent directors are understood as those that meet the requirements referred to under the second paragraph of Section 31.1

With regard to the above referred amendments of the Articles of Association and in compliance with the provisions of section 144.1.a) of the Revised Text of the Spanish Corporations Act, it was unanimously resolved by the Board of Directors, in the meeting held on 8 June 2010, to approve the report attached to the Minutes of this Annual General Meeting of Shareholders as Schedule I.

This resolution was passed with the vote for of 96.33% of the voting quorum.

Seventh.- Proposed amendment of the General Meeting of Shareholders´ Regulations: section 15 (The General Meeting)

It was resolved to amend section 15 of the General Meeting of Shareholders´ Regulations regarding the holding of the Annual General Meeting of Shareholders, which shall hereinafter read as follows:

Section 15.- The General Meeting

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

This resolution was passed with the vote for of 99.97% of the voting quorum.

Eighth.- Re-election of Auditors.

The current Auditors of the Company, KPMG Auditores, S.L., with registered address in Madrid, at 95, Paseo de la Castellana, and holder of the Spanish Tax Identification Number (C.I.F) ES B-78510153, registered with the Official Register of Auditors under number S0702, as Auditors of the Company to review the annual accounts and the management reports of the Company and the consolidated ones of the Inditex Group, for the term commencing on February 1st, 2010 and ending on January 31st, 2011 were reappointed..

This resolution was passed with the vote for of 99.89% of the voting quorum.

Ninth.- Authorization to the Board of Directors for the derivative acquisition of own shares.

The Board of Directors was authorized so that in accordance with the provisions of section 75 et seq. of the [Spanish] Corporation Act, it may proceed to the derivative acquisition of its own shares, either directly or through any subsidiaries in which the Company is the controlling company, observing the legal limits and requirements and under the following conditions:

a) Methods of acquisition: the acquisition shall be done through purchase and sale, exchange or dation in payment.

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

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

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

For the purposes of the provisions of the last paragraph of section 75.1 of the [Spanish] Corporation Act, it is hereby stated that the shares acquired hereunder may be allocated by the Company, *inter alia*, to be handed out to the employees or managers of the Company either directly or as a result of the exercise of any option rights they might hold under the remuneration plans for the staff of the Company or its Group approved by the Annual General Meeting of Shareholders.

This authorization supersedes and cancels the authorization approved by the Annual General Meeting of Shareholders held on 14 July 2009.

This resolution was passed with the vote for of 98.98% of the voting quorum.

Tenth.- Granting of powers for the implementation of resolutions.

It was resolved to delegate to the Board of Directors, expressly empowering it to be substituted by the Executive Committee or by any of its members, as well as to any other person expressly authorised for these purposes by the Board, of the necessary powers as wide as required in law for the correction, development and implementation, at the time that it considers most appropriate, of each of the resolutions passed in this Annual General Meeting.

In particular, to empower the Chairman of the Board of Directors, Mr Amancio Ortega Gaona, the First Deputy Chairman and C.E.O., Mr Pablo Isla Álvarez de Tejera and the Secretary of the Board, Mr Antonio Abril Abadín so that, any of them, jointly and severally, without distinction, and as widely as is necessary in Law, may carry out whatever actions are appropriate to implement the resolutions passed in this General Meeting in order to record them in the Companies Register and in any other Registries, including, in particular, and amongst other powers, that of appearing before a Notary Public to execute the public deeds and notary's certificates that are necessary or expedient for such purpose, correct, rectify, ratify, construe or supplement the agreements and execute any other public or private document that is necessary or appropriate so that the resolutions passed are implemented and fully registered, without the need for a new resolution of the Annual General Meeting, and to proceed to the mandatory filing of the individual and consolidated annual accounts with the Companies Register.

This resolution was passed with the vote for of 99.89% of the voting quorum.

The full text of these resolutions is made available to the public as of 14 July 2010 on the corporate website (www.inditex.com) and also on the web site of *CNMV*.

E.9. BY-LAW RESTRICTIONS REQUIRING A MINIMUM NUMBER OF SHARES TO ATTEND THE GENERAL MEETING OF SHAREHOLDERS

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

E.10. POLICIES FOLLOWED BY THE COMPANY IN RELATION TO PROXIES IN THE GENERAL MEETING OF SHAREHOLDERS

Article 12 of the Regulations of the General Meeting of Shareholders, developing the provisions of Article 20 of the Articles of Association, lays down:

1. Any shareholder who has the right to attend may be represented by a proxy in the General Meeting, even if the proxy is not a shareholder. Each Meeting shall require such proxy to be conferred in writing and for each proxy to be specifically granted for each particular meeting. Said requirement shall not apply when the proxy is the spouse, ancestor or descendant of the represented person, nor when the proxy holds a general power of attorney conferred by public document with powers to administer all the estate that the represented person has on national territory. Shareholders may not be represented in a General Meeting by more than one proxy.

2. Proxies may be granted by postal or electronic mail, and in this case, the provisions of Article 23 of the Corporate by-laws regarding the casting of votes in such manners, shall apply, provided that it is not incompatible with the nature of proxy.

3. Proxies shall be included in the list of members in attendance, stating in case they are granted in a public document, the date of execution, the authorizing Notary, and the number of the record. Notwithstanding the above, the person acting as Chairman of the General Meeting in accordance with the provisions of Article 22 of the Articles of Association, may ask the proxy to provide the documentation that proves the nature of its representation. The Company shall keep a record of those documents containing the conferred representations proxies granted.

4. Proxies can always be revoked. The attendance of the proxy-giver at the Meeting, either in person, or having effected the vote by remote communication systems, shall have the effect of a revocation, regardless of the date on which the proxy was granted.

5. Unless the proxy-giver so indicates, should the proxy be in a conflict of interests, it shall be assumed that the proxy-giver has appointed as proxies as well, jointly and in succession, the Chairman of the General Meeting, and if this should also be in conflict of interest, the Secretary of the General Meeting, and if this should also be in conflict of interest, the Capital Markets Director of the Company.

6. If no instructions regarding the vote on proposals of the agenda were given, it shall be understood that the proxy shall vote in favour of said proposals submitted by the management body. If no instructions regarding the vote on proposals not included on the agenda were given, it shall be understood that the proxy shall vote against said proposals.

7. Where the document containing the proxy or delegation is submitted to the Company without expressly stating the name of the proxy, it shall be assumed that the proxy-giver has appointed as proxies as *well, jointly and in succession, the Chairman of the General Meeting, and if this should also be in conflict of interest, the Secretary of the General Meeting, and if this should also be in conflict of interest, the Capital Markets Director of the Company.*

E.11. INSTITUTIONAL INVESTORS AS TO PARTICIPATION OR LACK OF PARTICIPATION IN THE COMPANY'S DECISIONS

The share capital of Inditex is represented by the book-entry system and there is no shareholders' register. The Company is not expressly aware nor has it received any notice regarding the policy of the institutional shareholders with respect to participation in Company decision-making.

E.12. ADDRESS AND MEANS OF ACCESS TO THE CORPORATE GOVERNANCE CONTENT ON YOUR WEB SITE

The address of the corporate website of Inditex is www.inditex.com.

During fiscal 2004, a new revision of the Inditex web page was carried out, adapting its content and the time period of the communication of information to the requirements of Spanish Ministerial Order ECO/3722/2003, of 26 December, and, above all, to the requirements established in Circular 1/2004, of the CNMV.

The way to access the corporate governance contents is the following: once you are on the corporate web page, there is a menu with several areas, among them the one called "Information for Shareholders and Investors". If you click on that heading, or place the cursor thereon, the sections headed "Investor Relations", "CNMV filings", "Corporate Governance" and "Contact for Investors" will appear. It is also possible to download from this page many different documents of interest to shareholders and investors.

Within these last two sections of the web page, it is possible to have access to the following information and documentation:

- Rules and regulations: Articles of Association, the Regulations of the General Meeting of Shareholders and the Board of Directors' Regulations and the Internal Regulations of Conduct Regarding Transactions in Securities.

- Shareholding structure: share capital, number of shares, significant holdings, information on treasury stock, etc.

- The General Meeting of Shareholders: notices of meeting, agendas of meetings, proposed resolutions, reports from the members of the Board, full texts of the documents put forward to the General Meeting for their approval or that are submitted thereto for its information, presentations given, quorums, resolutions passed, votes cast and which way they were cast.

- Board of Directors: composition of the Board, of the Executive Committee, of the Audit and Control Committee and the Nomination and Remuneration Committee, with details of the different categories of directors and the positions they hold in each of the committees or bodies; shares held in the Company by the Board of Directors and remuneration policy.

- Relevant facts and other communications

- Other relevant information: daily and historic price of the share, investor diary, dividends, financial information, Annual Report for the last few years; financial information (annual and quarterly results, presentations and webcasts), press releases, public periodic information, para-social agreements, transactions with related parties, Annual Corporate Governance Reports and communication channels with the Company.

Furthermore, and in accordance with the provisions in Circular 1/2004 of the *CNMV*, certain corporate governance documents are directly accessible from the site map on the web site.

Finally, it must be pointed out that the information included on the web page, apart from certain documents, is given in two languages: Spanish and English.

F. DEGREE TO WHICH THE GOOD GOVERNANCE RECOMMENDATIONS HAVE BEEN FOLLOWED

Degree of conformance of the Company to the recommendations of the Unified Code on Good Governance

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

See sections: A.9, B.1.22, B.1.23, E.1 and E.2.

COMPLIES ☒ EXPLAIN ☐

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

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

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

See sections: C.4 and C.7

COMPLIES ☐ COMPLIES IN PART ☐ EXPLAIN ☐ NOT APPLICABLE ☒

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

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

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

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

COMPLIES ☒ COMPLIES IN PART ☐ EXPLAIN ☐

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

Therefore, such transactions which basically encompass the case referred to under letter a) of this Recommendation should be subject to the prior approval of the Annual General Meeting of Shareholders, pursuant to the provisions of the above referred Act 3/2009 of 3 April.

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

COMPLIES ☒ EXPLAIN ☐

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

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

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

See section: E.8

COMPLIES ☒ COMPLIES IN PART ☐ EXPLAIN ☐

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

See section: E.4

COMPLIES ☒ EXPLAIN ☐

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

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

COMPLIES [X] COMPLIES IN PART [ ] EXPLAIN [ ]

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

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

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

ii) The investment and financing policy;

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

iv) The corporate governance policy;

v) The corporate social responsibility policy;

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

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

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

See sections: B.1.10, B.1.13, B.1.14 and D.3

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.

See section: B.1.14.

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.

See section: B.1.14.

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

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

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

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

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

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

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

3d. The amount thereof is not higher than 1% of the annual revenues of the company

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

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

See Sections C.1 and C.6

COMPLIES [X] COMPLIES IN PART [ ] EXPLAIN [ ]

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

See section: B.1.1

COMPLIES [X] EXPLAIN [ ]

10. External, proprietary and independent directors, are a vast majority on the Board and the number of executive directors is the

minimum necessary number, bearing in mind the complexity of the corporate group and the percentage interest held by the executive directors in the company's share capital.

See sections: A.2, A.3, B.1.3 and B.1.14.

COMPLIES [X] COMPLIES IN PART [ ] EXPLAIN [ ]

11. If there is an external director who cannot be deemed either proprietary or independent, the company explains such circumstance and the links such director maintains with the company or its managers or with its shareholders

See section B.1.3

COMPLIES [X] EXPLAIN [ ] NOT APPLICABLE [ ]

12. Among external directors, the relation between the number of proprietary directors and independent directors reflects the proportion existing between the share capital of the company represented by proprietary directors and the rest of its capital.

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

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

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

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

COMPLIES [X] EXPLAIN [ ]

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

See section: B.1.3

COMPLIES [X] EXPLAIN [ ]

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

See sections: B.1.3 and B.1.14.

COMPLIES [X] COMPLIES IN PART [ ] EXPLAIN [ ]

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

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

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

See sections: B.1.2, B.1.27 and B.2.3

COMPLIES [ ] COMPLIES IN PART [ ] EXPLAIN [ ] NOT APPLICABLE [X]

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

See section: B.1.42

COMPLIES [X] COMPLIES IN PART [ ] EXPLAIN [ ]

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

See section: B.1. 21

COMPLIES [ ] COMPLIES IN PART [X] EXPLAIN [ ] NOT APPLICABLE [ ]

Further to the amendment to the regulations approved during the session of the Board held on 11 December 2007, Article 18 of the Board of Directors´ Regulations includes word for word, the provisions of this Recommendation, being thus the independent director and Second Deputy Chairman, Mr Carlos Espinosa de los Monteros Bernaldo de Quirós, entitled to request, being this request mandatory for the Chairman, the calling of a Board meeting, and the inclusion of new items on the agenda, as well as to coordinate and echo the concerns of the external directors.

However, the power to lead the Board´s evaluation of the Chairman has not been included since, as it its explained under Recommendation

22 below, the Board has not deemed it necessary to assess the performance by the Chairman of the Board of his/her duties.

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

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

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

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

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

See section: B.1.34

COMPLIES [X] COMPLIES IN PART [ ] EXPLAIN [ ]

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

See section: B.1.29

COMPLIES [X] COMPLIES IN PART [ ] EXPLAIN [ ]

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

See sections: B.1.28 and B.1.30

COMPLIES [X] COMPLIES IN PART [ ] EXPLAIN [ ]

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

COMPLIES [ ] COMPLIES IN PART [ ] EXPLAIN [ ] NOT APPLICABLE [X]

22. The Board in plenary session evaluates the following on a yearly basis:

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

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

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

See section: B.1.19

COMPLIES [ ] COMPLIES IN PART [X] EXPLAIN [ ]

This Recommendation has been fully included in the Board of Directors´ Regulations, except for the assessment of the performance by the Chairman of said body of his duties (although the performance of the duties by the chief executive of the Company is actually subject to assessment)

The Board of Directors has not deemed it necessary to carry out an assessment periodically and in an ongoing manner of the performance by the Chairman and Founder of the Company of his duties, it being more appropriate to focus on the assessment of the performance by the Chief Executive Officer and First Deputy Chairman of his executive duties.

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

See section: B.1.42

COMPLIES [X] EXPLAIN [ ]

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

See section: B.1.41

COMPLIES [X] EXPLAIN [ ]

25. Companies organize induction programmes for new Directors to rapidly and adequately acquaint them with the company and its corporate governance rules. Directors are also offered refresher training programmes when circumstances so advise.

COMPLIES [X] COMPLIES IN PART [ ] EXPLAIN [ ]

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

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

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

See sections: B.1.8, B.1.9 and B.1.17

COMPLIES ☒ COMPLIES IN PART ☐ EXPLAIN ☐

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

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

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

See section: B.1.2

COMPLIES ☒ COMPLIES IN PART ☐ EXPLAIN ☐

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

a) Professional and biographical profile;

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

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

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

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

COMPLIES ☒ COMPLIES IN PART ☐ EXPLAIN ☐

29. Independent directors do not hold office as such for a straight period of more than 12 years.

See section: B.1.2

COMPLIES ☐ EXPLAIN ☒

Having reviewed the personal and professional circumstances of the two independent directors concerned by the above referred time limit, the Board of Directors considered that the higher experience and knowledge of the Company acquired by such two independent directors has contributed largely to their better discharge of their duties, without their indepedence being questionned for the mere lapse of time in their tenure.

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

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

COMPLIES ☒ COMPLIES IN PART ☐ EXPLAIN ☐

31. The Board of Directors does not propose the removal of any independent director prior to the expiration of the term, set in the Articles of Association, for which he/she was appointed, except where good cause is found by the Board upon a prior report of the Nomination and Remuneration Committee. In particular, good cause shall be deemed to exist whenever the director has failed to perform the duties inherent in his /her position or comes under any of the circumstances described in section III.5 (Definitions) of this Code.

The removal of independent directors may also be proposed as a result of Tender Offers, mergers or other similar corporate transactions that entail a change in the share capital structure of the company, when such changes in the structure of the Board follow from the proportionality standard mentioned in Recommendation 12.

See sections: B.1.2, B.1.5 and B.1.26

COMPLIES ☐ EXPLAIN ☒

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

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

If a director is indicted or tried for any of the crimes described in Section 124 of the Spanish Corporation Act, the Board examines the matter as soon as practicable and, in view of the particular circumstances thereof, decides whether or not it is appropriate for the director to continue to hold office. And the Board provides a substantiated account thereof in the Annual Corporate Governance Report.

See sections: B.1.43 and B.1.44

COMPLIES [X] COMPLIES IN PART [ ] EXPLAIN [ ]

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

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

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

COMPLIES [ ] COMPLIES IN PART [ ] EXPLAIN [ ] NOT APPLICABLE [X]

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

See section: B.1.5

COMPLIES [X] COMPLIES IN PART [ ] EXPLAIN [ ] NOT APPLICABLE [ ]

35. The compensation policy approved by the Board specifies at least the following points:

a) The amount of the fixed components, with a breakdown showing the fees, if any, for attending the meetings of the Board and its Committees and an estimate of the fixed annual compensation they give rise to;

b) The items of the variable remuneration, including, in particular:

i) The categories of directors to which they apply, as well as an explanation of the relative weight of variable to fixed compensation items.

ii) Performance evaluation criteria used to calculate entitlement to compensation in shares, share options or any other variable component;

iii) Main parameters and grounds for any system of annual bonuses or other non-cash benefits; and

iv) An estimate of the absolute amount of variable compensation arising from the proposed compensation plan, as a function of the degree of compliance with benchmark assumptions or targets.

c) The main characteristics of pension systems (for example, supplementary pensions, life insurance and similar systems), with an estimate of the amount thereof or the equivalent annual cost.

d) Terms and conditions that must be included in the contracts of executive directors performing senior management duties, which will include:

i) Term;

ii) Notice periods; and

iii) Any other provisions relating to hiring bonuses, as well as indemnity or golden parachute provisions in the event of early or other termination of the contractual relationship between the company and the executive director.

See section: B.1.15

COMPLIES [X] COMPLIES IN PART [ ] EXPLAIN [ ]

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

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

See sections: A.3, B.1.3

COMPLIES [X] EXPLAIN [ ]

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

COMPLIES [X] EXPLAIN [ ]

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

COMPLIES [ ] EXPLAIN [ ] NOT APPLICABLE [X]

39. In the case of variable compensation, compensation policies include technical safeguards to ensure that such compensation reflects the professional performance of the beneficiaries thereof and not simply the general performance of the markets or of the

industry in which the company does business or circumstances of this kind.

COMPLIES ☒ EXPLAIN ☐ NOT APPLICABLE ☐

40. The Board submits a report on director compensation policy to the vote of the shareholders at a General Shareholders' Meeting, as a separate item on the agenda and for advisory purposes. This report is made available to the shareholders separately or in any other manner that the company deems appropriate.

Such report shall focus especially on the compensation policy the Board has approved for the current year, as well as on the policy, if any, established for future years. It will address all the points referred to in Recommendation 35, except those potentially entailing the disclosure of commercially sensitive information. It will emphasize the most significant changes in such policies with respect to the policy applied during the fiscal year prior to that to which the General Shareholders' Meeting refers. It shall also include an outline of the manner in which the compensation policy was applied in such prior fiscal year.

See section: B.1.16

COMPLIES ☐ COMPLIES IN PART ☒ EXPLAIN ☐

Pursuant to the provisions of Article 28 of the Board of Directors´ Regulations, this body must approve (as it has been done in the session held on 8 June 2010), upon proposal of the Nomination and Remuneration Committee, a report on the remuneration of directors with the scope covered by this Recommendation.

This report is published on the website of the Company and is made available to all shareholders together with the notice of the Annual General Meeting of Shareholders; the Company considers this transparency to be sufficient and, therefore, the consultative vote regarding said report needs not be introduced.

With this respect, it must be borne in mind that the General Meeting of Shareholders is charged with approving the remuneration system for directors and the amount thereof; therefore, it is not deemed necessary to submit a resolution whose contents have been previously approved by said body to a subsequent consultative vote of the General Meeting of Shareholders. As it has been explained in section B.1.14 hereof, wherein the system to determine remuneration of directors is described, the Company expressly avoids the use of a generic and undetermined system to fix the remuneration of the Board of Directors consisting of a reference to the Board having a share in the profits of the Company. Conversely, it is provided in Article 33.1 of the Articles of Association that *"the remuneration of the Directors shall consist of a fixed annual remuneration for each director, the amount of which shall be decided by the General Meeting of Shareholders for each fiscal year or be valid for those fiscal years that the Meeting establishes";* in accordance with such provision, it was resolved by the Annual General Meeting held on 15 July 2006 – as amended by the AGM held on 18 July 2008 - to fix, for an indefinite term, the remuneration of the directors of the Company on account of the performance of their duties as board members, as it is explained below under item 41.

41. The Annual Report list the individual compensation of directors during the fiscal year, including:

a) A breakdown of the compensation of each director, to include where appropriate:

i) Attendance per diem or other fixed compensation received as a director;

ii) The additional compensation received as chairman or member of a Board committee;

iii) Any compensation received under profit-sharing or bonus schemes, and the reason for the accrual thereof;

iv) Contributions on the director's behalf to defined-contribution pension plans; or any increase in the director's vested rights, in the case of contributions to defined-benefit plans;

v) Any severance package agreed or paid;

vi) Any compensation received as a director of other companies in the group;

vii) Compensation for the performance of senior management duties by executive directors;

viii) Any item of compensation other than those listed above, of whatever nature and provenance within the group, especially when it is deemed to be a related-party transaction or when the omission thereof detracts from a true and fair view of the total compensation receive

b) A breakdown of any delivery to directors of shares, share options or any other instrument indexed to the price of the shares, specifying:

i) Number of shares or options awarded during the year, and the terms and conditions for the exercise thereof;

ii) Number of options exercised during the year, specifying the number of shares involved and the exercise price;

iii) Number of options outstanding at the end of the year, specifying their price, date and other requirements for exercise;

iv) Any change during the year in the terms for the exercise of previously-awarded options.

c) Information on the relationship, in such past fiscal year, between the compensation received by executive directors and the profits or other measures of performance of the company.

COMPLIES ☐ COMPLIES IN PART ☒ EXPLAIN ☐

Pursuant to the explanations included under item 40 above, it was resolved by the Annual General Meeting of Shareholders held by the Company on 15 July 2008, the contents of which are transcribed under section B.1.14 hereof (as well as on the website in the section "Information for Shareholders and Investors"), to approve the current remuneration of the directors on account of the exercise of their collegiate duties of supervision and control, i.e., their duties as directors.

Additionally, section B.1.11.a) hereof covers the aggregate remuneration of directors on account of different criteria (remuneration item, on account of their sitting on other boards and/or their being senior managers of the Group companies and of their belonging to a category of director).

Pursuant to the foregoing, the following information may be gathered: a) the individual remuneration of each and every Board member in their capacity as directors, including the aggregate remuneration of the Chairman of the Board, Mr Amancio Ortega Gaona; and, b) the aggregate remuneration of the other two executive directors on account of the exercise of their senior management duties. The foregoing information is deemed to be complete and thorough.

42. Where there is an Executive Committee (hereinafter, the "Executive Committee"), the breakdown of its members by director category is similar to that of the Board, and its secretary is the Secretary of the Board.

See sections: B.2.1 and B.2.6

COMPLIES ☐ COMPLIES IN PART ☒ EXPLAIN ☐ NOT APPLICABLE ☐

Pursuant to the breakdown of members of the Executive Committee provided in section B.2.1 hereunder, the structure by categories of Board members who sit on the Executive Committee is slightly different from the current structure of directors of the Board by categories, since the Company has deemed it fit that those two executive directors should sit on the Executive Committee, whereas the remaining two directors –one proprietary (Gartler, S.L.) and one independent – are not part of the Executive Committee.

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

COMPLIES ☐ EXPLAIN ☐ NOT APPLICABLE ☒

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

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

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

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

c) the Chairmen of the Committee are independent directors.

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

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

See Sections: B.2.1 and B.2.3

COMPLIES ☒ COMPLIES IN PART ☐ EXPLAIN ☐

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

COMPLIES ☒ EXPLAIN ☐

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

COMPLIES ☒ EXPLAIN ☐

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

COMPLIES ☒ EXPLAIN ☐

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

COMPLIES ☒ COMPLIES IN PART ☐ EXPLAIN ☐

49. Risk control and management policy specifies at least:

a) The different types of risk (operational, technological, financial, legal, reputational, etc.) the company is exposed to, including contingent liabilities and other off-balance sheet risks among financial or economic risks.

b) The determination of the risk level the company sees as acceptable;

c) Measures in place designed to mitigate the impact of the risks identified, should they materialize;

d) The internal reporting and control systems to be used to monitor and manage the above risks, including contingent liabilities and off-balance sheet risks.

See section: D

COMPLIES ☒ COMPLIES IN PART ☐ EXPLAIN ☐

50. It is incumbent on the Audit and Control Committee:

1st With respect to the internal control and reporting systems:

a) To monitor the preparation and the integrity of the financial information relating to the company and, if appropriate, to the group, checking compliance with legal requirements, the appropriate demarcation of the scope of consolidation, and the correct application of accounting standards.

b) To periodically review internal control and risk management systems so main risks are properly identified, managed and disclosed.

c) To ensure the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of the internal audit service; propose the department's budget; receive regular reports on its activities; and verify that senior management takes into account the findings and recommendations of its reports.

d) To establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate, anonymously, potentially significant irregularities within the company that they detect, in particular financial or accounting irregularities.

2nd With respect to the external auditor:

a) To make recommendations to the Board for the selection, appointment, reappointment and replacement of the external auditor, and the terms of its engagement.

b) To receive regular information from the external auditor on the audit plan and the results of the implementation thereof, and check that senior management takes its recommendations into account.

c) To monitor the independence of the external auditor, to which end:

i) The Company reports a change of auditor to the CNMV as a relevant fact, accompanied by a statement of any disagreements with the outgoing auditor and the reasons for the same.

ii) The Committee ensures that the Company and the auditor adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, all other regulations established to safeguard the independence of the auditors;

iii) In the event of resignation of the external auditor, the Committee investigates the circumstances that may have given rise thereto.

d) In the case of groups, the Committee favours the auditor of the group assuming responsibility for the audits of the companies that form part thereof.

See sections: B.1.35, B.2.2, B.2.3 and D.3

COMPLIES ☒ EXPLAIN ☐

51. The Audit and Control Committee may cause any company employee or manager to appear before it, and even order their appearance without the presence of any other manager.

COMPLIES ☒ EXPLAIN ☐

52. The Audit and Control Committee reports to the Board, prior to the adoption thereby of the corresponding decisions, on the following matters specified in Recommendation 8:

a) The financial information that the company must periodically make public due to its status as a listed company. The Committee should ensure that interim financial statements are prepared under the same accounting standards as the annual financial statements and, to this end, consider whether a limited review by the external auditor is appropriate.

b) The creation or acquisition of interests in special-purpose entities or entities registered in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

c) Related-party transactions, unless such prior reporting duty has been assigned to another supervision and control committee.

See sections: B.2.2, and B.2.3

COMPLIES ☒ COMPLIES IN PART ☐ EXPLAIN ☐

53. The Board of Directors endeavours to present the annual accounts to the shareholders at the General Shareholders' Meeting without reservations or qualifications in the auditor's report and, in the exceptional instances where they do exist, both the Chairman of the Audit and Control Committee and the auditors give a clear account to the shareholders of the content and scope of such reservations or qualifications.

See section: B.1.38

COMPLIES ☒ COMPLIES IN PART ☐ EXPLAIN ☐

54. The majority of the members of the Nomination Committee –or of the Nomination and Remuneration Committee, if one and the same– are independent directors.

See section: B.2.1

COMPLIES ☒ COMPLIES IN PART ☐ EXPLAIN ☐

55. The Nomination and Remuneration Committee has the following duties, in addition to those stated in the earlier Recommendations:

a) To assess the qualifications, background knowledge and duties and qualifications required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.

b) To examine or organize, in the manner it deems appropriate, the succession of the Chairman and the chief executive and, if appropriate, make proposals to the Board for such succession to take place in an orderly and well-planned manner.

c) To report on senior manager appointments and removals that the chief executive proposes to the Board.

d) To report to the Board on the gender diversity issues discussed in Recommendation 14 of this Code.

See section: B.2.3

COMPLIES ☒ COMPLIES IN PART ☐ EXPLAIN ☐ NOT APPLICABLE ☐

56. The Nomination and Remuneration Committee consults with the company's Chairman and chief executive, especially on matters relating to executive directors.

And that any board member may request that the Nomination and Remuneration Committee consider possible candidates to fill vacancies for the position of director, if it finds them suitably qualified.

COMPLIES ☒ COMPLIES IN PART ☐ EXPLAIN ☐ NOT APPLICABLE ☐

57. The Nomination and Remuneration Committee is responsible for the following duties, in addition to those set forth in the earlier recommendations:

a) To propose to the Board of Directors:

i) The compensation policy for directors and senior managers;

ii) The individual compensation of executive directors and other terms of their contracts.

iii) The basic terms and conditions of the contracts with senior managers.

b) To ensure compliance with the compensation policy set by the company.

See sections: B.1.14, B.2.3

COMPLIES ☒ COMPLIES IN PART ☐ EXPLAIN ☐ NOT APPLICABLE ☐

58. The Nomination and Remuneration Committee consults with the Chairman and chief executive of the company, especially on matters relating to executive directors and senior managers.

COMPLIES ☒ EXPLAIN ☐ NOT APPLICABLE ☐

G. OTHER INFORMATION OF INTEREST

All the principles or relevant aspects relating to corporate governance practices applied by Inditex have been covered in this Report.

The Company is not subject to any legislation other than the Spanish legislation in corporate governance matters.

Likewise, notice is hereby given that pursuant to the provisions of the Code of Best Tax Practices, the Company has adhered to such Code during FY 2010, further to a resolution passed by the Board of Directors during the meeting held on 21st September 2010. During FY2011 such Code will be fully implemented and followed up..

On the other hand, pursuant to the new section 61bis of the Stock Exchange Act, introduced by Act 2/2011 of 4th March on Sustainable Economy, which came into force last 6th March 2011, the following information is provided about the new issues to be added to the minimum contents of the Annual Corporate Governance Report and which has not been yet included into the model of Annual Report approved by CNMV:

A) IN THE SECTION REGARDING THE PROPERTY STRUCTURE OF THE COMPANY

Inditex´s share capital amounts to EUR 93,499,560, and is divided into 623,330,400 shares, for a par value of fifteen cents (€0.15) each, all of them of the same class and series, fully subscribed and paid up; there are no securities which are not traded in a non EU-regulated securities market.

Shares confer on their legal holders the status of shareholders and assign to them the rights covered in the Act on Capital Companies and other applicable laws and regulations. Each share confers the right to one vote and attendance to the AGM is not conditional upon holding a minimum number of shares.

The procedure to amend Inditex´s by-laws adjusts to the provisions of Article 285 and subsequent articles of the Act on Capital Companies, according to which, and among other requirements, it is incumbent on the General Meeting of Shareholders to pass the resolution on such amendment, with the special quorums provided in section 194 of such Act; the quorum to amend the corporate by-laws has not been enhanced in the Articles of Association of the Company.

B) IN THE SECTION REGARDING THE ADMINISTRATION STRUCTURE OF THE COMPANY

The Board of Directors is the governing body of the Company charged with managing and representing it with full authority, subject to the competences which fall with the General Meeting of Shareholders either by statute or as provided in the Articles of Association of the Company.

Certain authorities are delegated to the two Executive Directors of the Company, that is the Chairman of the Board (Mr Ortega Gaona) and the First Deputy Chairman and C.E.O. (Mr Isla Álvarez de Tejera) within the statutory limits and in the terms and conditions detailed under section B.1.6 above.

With regard to the possibility of issuing or buying back shares, as of the date of this Report, the authorisation granted by the Annual General Meeting of Inditex held last 13th July 2010 remains in effect, as the AGM resolved to authorize the Board of Directors for the derivative acquisition of own shares either directly or through any subsidiaries in which the Company is the controlling company, within the limits provided in the prevailing laws and regulations in force.

Inditex has not entered into any significant agreements which come into force, are amended or terminate in case of a change in control of the Company further tender offer.

Except as stated below for two executive directors and seven senior officers, no severance clause in case of expiry of the labour relationship is included in the employment agreements entered into with Inditex staff; therefore, employees of the Company shall be entitled to the relevant applicable compensation in accordance with Spanish labour regulations.

Regarding certain officials, it was resolved by the Board of Directors in the meeting held on 9th June 2005, after favourable report of the Nomination and Remuneration Committee, to acknowledge and give its approval to eight (8) agreements that envisage a golden parachute clause, which at present are in force as regards certain officials, including an executive director (the First Deputy Chairman and C.E.O.)

It is provided in such agreements that, where the employment relationship shall expire, *inter alia,* on account of wrongful dismissal or resignation on certain grounds (among which is a change in control of the Company, provided that however a significant renewal of the governing bodies of the Company or a change in the nature and approach of its main business would occur simultaneously) the official shall be entitled to a compensation equal to the amount of the aggregate remuneration of two years, based upon the pay of the last year of work.

All relevant information on corporate governance for fiscal 2010, which commenced on 1 February 2010 and closed on 31 January

2011, is included in this Report, excepting those other cases in which other dates of reference are specifically mentioned.

Mandatory definition of independent director

None of the independent directors has or has had any relationship with the Company, its significant shareholders or its managers which, had it been sufficiently significant or important, would have resulted in the director not qualifying for consideration as independent pursuant to the definition set forth in sub-section 5 of the Unified Good Governance Code.

This annual Corporate Governance Report was approved by the Board of Directors of the Company at its meeting of 22 March 2011.

None of the directors has voted against or abstained in connection with the approval of this Report.

Activities Report Audit and Control Committee

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. Amongst 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 13 June 2011 is the eighth annual activities report prepared in compliance with the provisions of Article 14.2 (o) currently in force of the Board of Directors´ Regulations of the Company.

THE AUDIT AND CONTROL COMMITTEE OF INDITEX: ORIGIN AND EVOLUTION, REGULATIONS AND COMPOSITION

ORIGIN AND EVOLUTION

The Board of Directors of Inditex, in the meeting held on 20 July 2000, approved the Board of Directors´ Regulations, under the provisions of Article 29.3 of the Articles of Association and 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").

Article 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) incorporated them, as amended by the Financial Act in November 2002.

Subsequently, in its meeting of 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 Article 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 introduced on the Stock Exchange Law 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 the Revised Text of the Spanish Corporation Act 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.

Finally, the Board of Directors in its meeting 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 Code on Good Governance. 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.

REGULATIONS

Article 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 14th July 2010 in order to increase the number of Committee members, from five to seven, in connection with the appointment of two new independent directors, provides as follows:

Article 31.- Audit and Control Committee.

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 directors who must necessarily be independent directors.

To this end, 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 shall be elected for a maximum period of four years, upon expiry of which he shall be replaced. However, a year after the date of expiry, he may be re-elected.

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 supervise the internal audit services.

(d) To know the financial information process and the internal control systems of the Company

(e) To liaise with the external auditors in order to receive information on those matters that could put at risk their independence 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.

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, Article 14 of the Board of Directors´ Regulations was amended further to a resolution of the Board of Directors passed during the meeting held on 13 July 2010 , in order to adjust its wording to the recent reform of Additional Provision number eighteen of the Securities Market Act, under the heading *"Audit Committee"* resulting from *Act 12/2010 of 30 June, whereby Act 19/1988 of 12 July on Auditing; Act 24/1988 of 28 July on the Securities Market and the revised text of the Spanish Corporation Act approved by Real Decreto Legislativo 1564/1989 of 22 December, are amended, so that they conform with EU regulations*, and to fix in seven the maximum number of Committee members.

The above referred amendment of Additional Provision number eighteen entailed the addition, mainly, of the following issues: i) the obligation for the Audit Committee to issue on a yearly basis a report on the independence of external auditors, and the respective obligation for these latter to confirm to the Committee, also on a yearly basis and in writing their independence vis-à-vis the Company, namely reporting on the assignments other than those covered by the audit contract; and, ii) specifying the scope and wording of the mandate regarding supervision of the financial reporting process and of the internal control systems.

Further to the above referred amendment, Article 14 of the Board of Directors´ regulations currently in force sets forth as follows:

Article 14. The Audit and Control Committee

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 who shall necessarily be independent directors, and at least one of them shall be appointed on account of his/her kn%wledge and expertise on accounting and audit matters or on both of them. The Chairman of the Committee shall be elected for a maximum period of four years. He may be re-elected a year after expiry of said maximum period.

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'a'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, 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, with the Code of Conduct and, in general, with the rules of governance 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 to make proposals to the Board of Directors for the taking of steps and adoption of policies aimed at improving compliance with the Code.

(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 Article 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.

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 Article 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.

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.

However, the amendments to the Board of Directors´ Regulations that the Board resolved in its meeting of 20 March 2003 were beyond both the provisions of the recommendations of the Aldama Report, then applicable and of the current Unified Code – which recommends that the Committee should be comprised of non executive directors exclusively, and that the Chairman thereof should be an independent director–, since the requirement that all members of the Audit and Control Committee should be independent directors was made an internal regulation. This resolution entailed a necessary change in the composition of the Committee.

To meet this requirement, the only executive director of the Audit and Control Committee tendered his resignation as a member thereof, and another independent director was appointed as member of this Committee, after report of the Nomination and Remuneration Committee.

On 9 June 2005, it was resolved by the Board of Directors of the Company, after report of the Nomination and Remuneration Committee, to extend the number of members of the Audit and Control Committee to five, and Mr José Luis Vázquez Mariño was elected as new member of the Audit and Control Committee.

Likewise, the maximum four-year term provided in Additional Provision Number Eighteen of the Stock Exchange Act having expired, and pursuant to the provisions of clauses 31 and 14 of the Articles of Association and of the Board of Directors´ Regulations, respectively, it was resolved by the Audit and Control Committee during the meeting held on 9 December 2008, to appoint Ms Irene R. Miller as new Chairwoman of said body, replacing Mr Francisco Luzón López, the former Chairman thereof.

Finally, considering the foregoing, the Board of Directors of the Company resolved during its meeting held on 13 July 2010, after report from the Nomination and Remuneration Committee, to increase the number of members of the Audit and Control Committee, from five to seven, appointing independent directors, Mr Emilio Saracho Rodríguez de Torres and Mr Nils Smedegaard Andersen to serve on the Audit and Control Committee.

As a result of said amendments, the current composition of the Audit and Control Committee of Inditex is shown below:

CHAIRWOMAN	Ms. Irene Ruth Miller
ORDINARY MEMBERS	Mr. Carlos Espinosa de los Monteros y Bernaldo de Quirós
	Mr Niels Smedegaard Andersen
	Mr. Francisco Luzón López
	Mr. Juan Manuel Urgoiti López de Ocaña
	Mr.Emilio Saracho Rodríguez de Torres
SECRETARY (NON MEMBER)	Mr. Antonio Abril Abadín

A brief résumé of each member of the Audit and Control Committee is provided in section B.1.3 of the Annual Corporate Governance Report, which is part of this Annual Report 2010.

At present and pursuant to the provisions of Article 15.1 of the Board of Directors´ Regulations, all members of the Audit and Control Committee are independent directors.

ACTIVITIES OF THE AUDIT AND CONTROL COMMITTEE

SESSIONS HELD AND BUSINESS TRANSACTED

The sessions held by the Audit and Control Committee throughout FY2010 and the main business transacted are shown below:

Date of session	Agenda
03/16/2010	-Review of the Annual Accounts of the Company for FY2009. -Review of the periodic financial information that the Board of Directors must provide to the markets and to the supervisory bodies. -Meeting with the external auditors - Financial and Fiscal Area: Tax structure of the corporate group. -Internal Audit Assignments. - Annual Corporate Governance Report -Half-yearly report (August 2009-January 2010) of the Code Compliance Supervisory Board (CCSB).
06/07/2010	- Review of the periodic financial information that the Board of Directors must provide to the markets and to the supervisory bodies. - Internal Audit Assignments - "Triple Report": on financial, social and environmental issues - Annual activities report of the Audit and Control Committee - Proposed re-election of the auditors
07/13/2010	- 2010 External Audit Plan (KPMG) - Report in support of the amendment to the Board of Directors´ Regulations (sec. 3.2 R.C.A.).
09/20/2010	- Review of the periodic financial information that the Board of Directors must provide to the markets and to the supervisory bodies - Meeting with the external auditors. - Internal Audit: Issues of its remit. - Financial Department. Issues of its remit - Adherence, where appropriate, to the Code of Good Tax Practices - Half-yearly report (February-July 2010) of the Code Compliance Supervisory Board (CCSB)
12/13/2010	- Review of the periodic financial information that the Board of Directors must provide to the markets and to the supervisory bodies - Financial Division: Issues of its remit - General Counsel´s Office: review on Intellectual Property litigation - IT Department: issues of its remit - Internal Audit: Issues of its remit - Annual Report of the Ethics Committee regarding the enforcement of the Internal Guidelines for the Responsible Practices of the Inditex Group´s Personnel

LINES OF ACTION

As for the lines of action of the Audit and Control Committee during FY2010, they have revolved around the following aspects:

PERIODIC FINANCIAL INFORMATION, ANNUAL ACCOUNTS AND AUDITORS´ REPORT

The Audit and Control Committee reviews the economical and financial information of the Company 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, estimations considered while preparing the financial statements, etc.

Likewise, the Committee, fully comprised of non executive independent 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 accounting standards generally accepted are correctly applied.

In its meetings held on 16 March, 7 June, 20 September and 13 December, the Audit and Control Committee proceeded to review thoroughly the results for FY2009 and for the first three quarters of FY2010, 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 Annual Accounts, the individual and consolidated Management Report and the Auditors´ Report for FY2009 were reviewed, it being verified by the Committee that the latter was unqualified.

EFFICIENCY AND INDEPENDENCE OF THE AUDITORS

With the attendance of the session held on 16 March 2010 by the Auditors of the Group, who had been previously called to this end, the Audit and Control Committee reviewed the audit carried out during FY2009.

The assignment conducted by the auditors consisted of the audit of the consolidated financial statements of the Group as at 31 January 2010 and the audit of the individual financial statements of certain companies within the Group also as at 31 January 2010; likewise during FY2010 the auditors issued a limited review on the financial statements

In addition, the major issues subject to a special analysis were also reviewed, pointing out different areas: international, national, accounting issues and other topics of less significance.

INTERNAL AUDIT

Both the Director and other members of the Internal Audit Department, the Chief Executive Officer and the external auditors attended the meetings of the Audit and Control Committee held throughout 2010 and took the floor, since the internal audit was one of the key lines of action of the Committee during this fiscal year.

In the various meetings it held, the Committee went through several areas of its remit, such as the supervision of the Internal Audit Department and the approval of its budget, and the activities report of said Department.

ANNUAL CORPORATE GOVERNANCE REPORT

The Audit and Control Committee in its session of 16 March 2010 gave a favourable report to the Annual Corporate Governance Report for FY2009, drawn up as regards its format, contents and structure, pursuant to the provisions of the Circular 1/2004, of 17 March, and it was resolved by the Committee to submit it to the Board of Directors for approval and to recommend the dissemination thereof through those means set forth in the prevailing legislation and regulations in force.

"TRIPLE REPORT": FINANCIAL, SOCIAL AND ENVIRONMENTAL

In the meeting held on 7 June 2010, the Committee gave a favourable report to the Sustainability Report also known as "Triple Report" for the year 2009, 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. This is the seventh time this Triple Report has been published.

The Sustainability Report provides full information about the activities of Inditex, S.A. and its corporate Group over the last years and especially in fiscal 2010, regarding the three major dimensions or areas of the Group: financial, social and environmental.

ANNUAL REPORT OF THE AUDIT AND CONTROL COMMITTEE

The Committee drew up its sixth Activities Report showing the activities carried out by this body during FY2009.

OTHER LINES OF ACTION

Review of the quarterly reports drawn up by the Code Compliance Office on the incidences occurred with regard to the compliance with the Internal Regulations of Conduct Regarding Transactions in Securities (IRC), pursuant to the provisions of Article 10.2.4 thereof.

- Review of the half-yearly reports drawn up by the Audit and Control Committee on the measures taken to promote the knowledge and guarantee the enforcement of the provisions of the IRC, in accordance with the provisions of Article 10.1.4 thereof.
- Review of the fourth annual report of the Committee of Ethics about the implementation of the Internal Guidelines for the Responsible Practices of the Inditex´s Group personnel.

MAIN RELATIONSHIPS OF THE AUDIT AND CONTROL COMMITTEE

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.

With the Board of Directors

At the beginning of each session of the Board of Directors, the Chairman of the Audit and Control Committee reports on the main business transacted in the last meeting of the Committee.

With the Chief Executive Officer and the Senior Management

The Committee encourages the appearance in its sessions of the CEO and of the senior managers and officials of the Company to explain their view on certain issues directly linked with the field of responsibility of the Committee and which are recurrent.

To stress the independence of the Audit and Control Committee with regard to the management of the Company and of the Group, all members of the Committee are independent directors.

With the General Counsel´ s Office

The General Counsel and Secretary of the Board, in his capacity as Code Compliance Officer also, periodically 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.

With the Internal Audit Department

The 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 Committee, which is the main recipient of the results achieved by the Internal Audit function, about the assignments performed in the various fields of the auditing activity.

On the other hand, 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 acts.

With 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 hiring, the scope of their professional mandate and their revocation or non renewal; it liases with them; it supervises 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 Article 14 of the Board of Directors´ Regulations.

Activities Report Nomination and Remuneration Committee

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. Amongst 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 13 June 2011, is the sixth annual activities report prepared by said body.

THE NOMINATION AND REMUNERATION COMMITTEE OF INDITEX: ORIGIN AND EVOLUTION, REGULATIONS AND COMPOSITION

ORIGIN AND EVOLUTION

The Board of Directors of Inditex, in the meeting held on 20 July 2000, approved the Board of Directors´ Regulations, under the provisions of Article 29.3 of the Articles of Association and 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").

Article 15 of said Regulations established the Nomination and Remuneration Committee, entrusting it with the relevant duties pursuant to the above mentioned Olivencia Code.

Subsequently, in its meeting of 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 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 once again enhanced, with the inclusion of a new task, regarding the need 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.

Finally, the Board of Directors in its meeting 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 Code. 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.

REGULATIONS

Article 32 of the Articles of Association currently in force, as amended further to a resolution of the Annual General Meeting of Shareholders of 14th July 2010, in order to increase the number of Committee members, from five to seven, in connection with the appointment of two new independent directors provides as follows:

Article 32.- Nomination and Remuneration Committee

1.- A Nomination and Remuneration Committee shall be formed within the Board of Directors, made up of a minimum number of three directors and a maximum of seven who must necessarily be independent directors.

To this end, independent directors are understood as those that meet the requirements referred to under the second paragraph of Article 31.1.

2.- The Chairman of the Nomination and Remuneration Committee shall be appointed by the Board of Directors from among its 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.

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, Article 15 of the Board of Directors´ Regulations, as amended further to a resolution of the Board passed during the meeting held on 13th July 2010 to increase the number of Committee members from five to seven, connection with the appointment of two new independent directors, sets forth as follows:

Article 15. The Nomination and Remuneration Committee.

1.- The Nomination and Remuneration Committee shall be made up of a number of directors being no less than three nor greater than seven, and shall be made up necessarily of independent directors. Its Chairman shall be chosen among its 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 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.

(j) 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.

(k) 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.

(l) 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 by the Chairman, the members of the Board, management or the shareholders of the Company.*

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.

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 amendments to the Board of Directors´ Regulations that the Board resolved in its meeting of 20 March 2003 were beyond both the provisions of the recommendations of the Aldama Report, then applicable and of the current Unified Code – which recommends that the Committee should be comprised of non executive directors exclusively and that the Chairman thereof should be an independent director–, since the requirement that all members of the Nomination and Remuneration Committee should be independent directors was made an internal regulation. This resolution entailed the necessary modification to the composition of the Committee. To meet this requirement, the only executive director of the Nomination and Remuneration Committee tendered his resignation as a member thereof, and another independent director was appointed as member of this Committee, prior report of the Nomination and Remuneration Committee.

Finally, considering the foregoing, the Board of Directors of the Company resolved during its meeting held on 13 July 2010, after report from the Nomination and Remuneration Committee, to increase the number of members of the Nomination and Remuneration Committee, from five to seven, appointing independent directors, Mr Emilio Saracho Rodríguez de Torres and Mr Nils Smedegaard Andersen to serve on the Nomination and Remuneration Committee.

The current composition of the Nomination and Remuneration Committee of Inditex is shown below:

CHAIRMAN	Mr Carlos Espinosa de los Monteros Bernaldo de Quirós
ORDINARY MEMBERS	Ms Irene Ruth Miller
	Mr Nils Smedegaard Andersen
	Mr Francisco Luzón López
	Mr Emilio Saracho Rodríguez de Torres
	Mr Juan Manuel Urgoiti López de Ocaña
SECRETARY (NON MEMBER)	Mr Antonio Abril Abadín

A brief résumé of each member of the Nomination and Remuneration Committee is provided in section B.1.3 of the Annual Corporate Governance Report, which is part of this Annual Report 2010.

At present and pursuant to the provisions of Article 14.1 of the Board of Directors´ Regulations, all members of the Nomination and Remuneration Committee are independent directors.

ACTIVITIES OF THE NOMINATION AND REMUNERATION COMMITTEE

SESSIONS HELD AND BUSINESS TRANSACTED

The sessions held by the Nomination and Remuneration Committee throughout FY2010 and the main business transacted are shown below:

Date of session	Agenda
03/15/2010	- Long Term Incentive Plan
06/07/2010	- Report on the re-election of directors. - Report on the remuneration policy of the Board of Directors. - Annual Activities Report of the Nomination and Remuneration Committee
09/20/2010	- Appointment within Lefties format - Transactions with related parties
11/2/2010	- Appointment of a new Corporate Social Responsibility Director
12/14/2010	- Assessment of the performance of the Board of Directors, the Supervision and Control Committees and the performance of duties by the Chief Executive Officer - Report of the Human Resources Department

LINES OF ACTION

As for the lines of action of the Nomination and Remuneration Committee during FY 2010, they have revolved around the following aspects:

APPOINTMENTS WITHIN THE COMPANY

During the meetings held by the Committee on 20 September and 2 November, it acknowledged the appointments made within two corporate areas of Inditex.

RE-ELECTION OF DIRECTORS

In compliance with the provisions of the Board of Directors´ Regulations, the Committee proposed and issued the relevant reports, on the re-election of directors and on the appointment of internal offices within the Board of Directors.

With this respect, the Committee, in the meeting held on 7th June 20010, with the abstention of the interested parties, proposed the submission by the Board of Directors to the Annual General Meeting of Shareholders, of the relevant proposal on the re-election of Messrs. Ortega Gaona, Isla Álvarez de Tejera and Urgoiti López de Ocaña, as members of the Board, and, where appropriate, their subsequent appointment by the Board as members of the Executive Committee.

ASSESSMENT OF THE GOVERNING BODIES

Pursuant to the Recommendations of the Unified Code on Good Governance, and to the provisions of the Board of Directors´ Regulations, the Committee reviewed in its meeting held on 14th December 2010, the assessment of the performance of the Board of Directors, of the Supervision and Control Committees, and of the first executive, in accordance with the assessment methodology previously approved.

REMUNERATION POLICY

Likewise, pursuant to the Recommendations of the Unified Code on Good Governance and to the internal regulations of the Company, the Committee proposed to the Board of Directors, in the meeting held on 7th June 2010, the report on the remuneration policy of Board members for FY2009, addressing *inter alia*, the fixed and the variable remuneration of directors and any other relevant terms of the employment agreements of those who discharge senior management duties as executive directors.

MAIN RELATIONSHIPS OF THE NOMINATION AND REMUNERATION COMMITTEE

With the Board of Directors

At the beginning of each session of the Board of Directors, the Chairman of the Nomination and Remuneration Committee informs of the main business transacted in the last meeting of the Committee.

With the Chief Executive Officer and the Senior Management

The Committee encourages the appearance in its sessions of the First Deputy Chairman and Chief Executive Officer and of the senior managers and officials of the Company to explain their view on certain issues directly linked with the field of responsibility of the Committee and which are recurrent.

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 programmes for the detection and development of potential in the matter of personnel, and succession plans.

Verification of the audit of Global Reporting Initiative Indicators

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 2011 and contained in the Annual Report 2010 (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 (G3) 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.
- Review of the minutes of the Social Council of INDITEX, corresponding to the financial year ending on 31st January 2011.
- Review of the information relative to the management approaches applied.
- 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.
- Verification of the indicators included in the Report, their correspondence with those recommended by the Guide and the applicability thereof.
- The verification of the quantitative and qualitative information corresponding to the "indicators" mentioned in the foregoing point, from INDITEX' own management systems.
- The comparison of the data and the conclusions that are listed in the Economic Dimension of the Report are in accordance with those others revealed in the INDITEX Consolidated Annual Accounts, corresponding to the financial year ending on 31st January 2011, which were audited by KPMG Auditores, 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:

- ✓ Continuing to advance in the cover of the information from the GRI indicators, on the perimeter of consolidation of the company and the area of Human Resources, as GRI indicators are mostly reflected for the INDITEX head office, which is located in Spain.
- ✓ Reinforcing the system for compiling the GRI indicators annually.

6. STRONG POINTS

- The environmental aspect is much improved and developed with regard to the previous financial year and has advanced notably.
- A significant effort has been made in the CSR department.

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 discovered any significant errors.
- The "Level of Application *GRI*" declared by INDITEX (A+) 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.

6th JUNE 2011

Carlota Abalo Sinde

SGS ICS IBÉRICA, SA | Trespaderne 29 28042 Madrid t 34 91 3138115 f 34 91 3138102 www.sgs.es

Global Reporting Initiative Indicators

Transparency being the pillar of its relationship with the society, Inditex has followed since the publication of its first Sustainability Report back in 2002 the G3 guidelines of Global Reporting Initiative. In addition to the main indicators of the G3 guidelines, specific indicators for the textile and footwear sector have been added, in whose drafting Inditex has taken part, and they are identified as follows:

Specific indicator for the sector

■ Specific comment of the indicator for the sector

In order to define the most relevant contents of this Sustainability Report, Inditex has carried out an internal deliberation process based upon the results achieved through the direct dialogue with its stakeholders; the participation in venues within the industry; the identification of sustainability challenges within he sector, etc., Therefore, the preparation process of this report renders it easier to meet the principles set by GRI to define the contents thereof.

GRI further requires that the reporting organisation would apply the following principles regarding quality of information:

- Balance
  This report addresses both positive and negative issues regarding the performance of the organization, which allows a reasonable assessment by its stakeholders of the general performance of the company
- Comparability:
  Information disclosed in the report has been consolidated and reported in a consistent and comparable manner. Stakeholders are thus offered the chance to review the evolution of the performance of the organisation and compare it with the previous reports or with other companies within the sector. The report also records any significant change in the scope or calculation methodology used.
- Accuracy
  Inditex considers that the information provided shows the level of detail required to meet the expectations of its stakeholders.
- Timeliness:
  The report is disclosed every year together with the publication of the legal documentation of the Group
- Clarity:
  The Group works continuously with the goal of disclosing the information with clarity and meeting the expectations of its stakeholders, by avoiding the use of too technical terminology, by providing explanations where it is deemed more appropriate, and by contextualising the information provided.
- Reliability:
  The 2010 Annual Report has been verified by SGS, according to ISO 19011.

Likewise, a range of 7 relevant indicators have been reviewed by KPMG pursuant to ISAE 3000 Standard. These indicators have been picked out based upon a risks review procedure, which has enabled to identify the most relevant issues for the stakeholders, also considering the information available on the Report.

THE GLOBAL COMPACT'S PRINCIPLES

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.

CORE INDICATOR ADDITIONAL INDICATOR

GRI G3 INDICATORS		PAGE NUMBER OR ANSWER PROVIDED	GLOBAL COMPACT'S PRINCIPLES

PROFILE

1. STRATEGY AND ANALYSIS

1.1	Statement from the most senior decision-maker about the relevance of sustainability to the organisation and its strategy.	6 Letter from the Chairman	
1.2	Description of key impacts, risks, and opportunities. Apparel and Footwear Sector Specific Commentary: Where applicable, this should include an assessment of supply chain performance.	12,14,16-17, 236 Risks control systems	

2. ORGANISATIONAL PROFILE

2.1	Name of the organisation.	8-9 , 159-160	
2.2	Primary brands, products, and/or services.	20 Commercial formats 23 Zara 24 Pull&Bear 26 Massimo Dutti 28 Bershka 30 Stradivarius 33 Oysho 34 Zara Home 36 Uterqüe	
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	186	
2.4	Location of organisation's headquarters.	159-160	
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	38 International presence 40 Europe 42 Asia and rest of the world 44 America 203-204	
2.6	Nature of ownership and legal form.	209 Ownership structure	
2.7	Markets served.	38-39, 203-204	
2.8	Scale of the reporting organisation.	17, 138	
2.9	Significant changes during the reporting period regarding size, structure.	17, 158 192 Comments to FY2010	
2.10	Awards received in the reporting period.	18-19	

3. REPORT PARAMETERS

REPORT PROFILE

3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	159	
3.2	Date of most recent previous report (if any).	2009	
3.3	Reporting cycle (annual, biennial, etc.).	159	
3.4	Contact point for questions regarding the report or its contents.	290	

CORE INDICATOR ADDITIONAL INDICATOR

	GRI G3 INDICATORS	PAGE NUMBER OR ANSWER PROVIDED	GLOBAL COMPACT'S PRINCIPLES
	REPORT SCOPE AND BOUNDARY		
3.5	Process for defining report content.	274	
3.6	Boundary of the report.	38 International presence 40 Europe 42 Asia and rest of the world 44 America 159, 201-203	
3.7	State any specific limitations on the scope or boundary of the report.	With the yardsticks referred to under item 3.6, Inditex considers that the financial, environmental and social performance of the Group is reasonably and accurately shown in the Annual Report. With regard to any information with a provisional or organisational scope other than the one mentioned, qualifications to the scope are described next to the detail in question.	
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	159, 179-180 184 Composition of the Inditex Group	
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	128, 138, 141 180 Accounting principles	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	No significant changes have occurred that have led to a redrafting of the information.	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	158, 192-194	
	GRI CONTENT INDEX		
3.12	Table identifying the location of the Standard Disclosures in the report.	GRI index	
	ASSURANCE		
3.13	Policy and current practice with regard to seeking external assurance for the report.	153, 272	

4. GOVERNANCE, COMMITMENTS AND ENGAGEMENT

	GOVERNANCE		
4.1	Governance structure of the organisation.	210-211, 227-228 The names of the members of the senior management of the Group are provided in the Annual Corporate Governance Report, which allows to know their gender. No information about minority groups or other indicators of diversity is available, as this is deemed to be confidential information.	
4.2	Executive capacity of the chair person of the maximum governing body.	210-211	
4.3	Number of members of the highest governance body that are independent and/or non-executive members.	211	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	52, 54, 81 Information regarding the questions raised through these channels is kept safe and confidential by Inditex.	

CORE INDICATOR ADDITIONAL INDICATOR

	GRI G3 INDICATORS	PAGE NUMBER OR ANSWER PROVIDED	GLOBAL COMPACT'S PRINCIPLES
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organisation's performance.	218-219	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	231-233, 235	
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics.	220-221	
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	6 Letter from the Chairman 8 Inditex´s business model 62 Inditex´s sustainability strategy 126 Inditex´s Environmental Policy 208 Ethical Code of Conduct of the Inditex Group Values, policies, standards and codes of Inditex are an integral part of daily management within the Group.	
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance.	52, 53, 62-63	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	220-221	
	COMMITMENTS TO EXTERNAL INITIATIVES		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	236 Risks control systems	
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	66 TTW Regulatory Framework 76 ITGLWF International Framework Agreement 78 Ethical Trading Initiative and AENOR 79 Better Work ILO, Global Compact and AAFA 84 CPSIA, KC Mark 85 Pin Standard Project 124 Introduction Environmental Dimension 126 Strategy vis-à-vis climate change 128 Terra Project 129 Inditex Pro Kyoto 130-131 Sustainable Store	
4.13	Memberships of associations (such as industry associations) and/or national/international advocacy organisation.	66 TTW Regulatory Framework 76 ITGLWF International Framework Agreement 78 Ethical Trading Initiative and AENOR 79 Better Work ILO, Global Compact and AAFA 84 CPSIA, KC Mark 85 Pin Standard Project 110 Consolidated social investment per year and per project 124 Introduction Environmental Dimension 128 Terra Project 129 Inditex Pro Kyoto 130-131 Sustainable Store	
	STAKEHOLDER ENGAGEMENT		
4.14	List of stakeholder groups engaged by the organisation.	62-63	
4.15	Basis for identification and selection of stakeholders with whom to engage.	62-63 Inditex reviews in detail its stakeholders in order to identify the impact of its activities on them, and to set in train a strategy addressed to achieve sustainability in its processes	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	54-55 Relationship with shareholders 62-63 Inditex´s sustainability stragy 72 Suppliers clusters The group has an ongoing dialogue with its stakeholders which is taken into account to draft its Annual Report	

CORE INDICATOR **ADDITIONAL INDICATOR**

	GRI G3 INDICATORS	PAGE NUMBER OR ANSWER PROVIDED	GLOBAL COMPACT'S PRINCIPLES
4.17	Key topics and concerns that have been raised through stakeholder engagement.	48,50 Queries and claims 53 Transparency and information 72 Suppliers´ clusters 76 ITGLWF International Framework Agreement 78 Ethical Trading Initiative and AENOR 79 Better Work ILO, Global Compact and AAFA 80 The Committee of Ethics 116 Career and personal development 120 Equal treatment, diversity and reconciliation 122 Health and Safety	

MANAGEMENT APPROACHES

CADENA DE SUMINISTRO

	CODE OF CONDUCT		
AF1	Code of conduct content and coverage.	65 Scheme regarding Compliance with the Code of Conduct 70,76	
	AUDIT PROCESS		
AF2	Parties and personnel engaged in code of conduct compliance function.	66	
AF3	Compliance audit process.	63-64, 66, 82-83 Internal Methodology for the Review of Manufacturers and External Suppliers 71 Follow-up Programs 74,79 Brands Ethical Working Group and ILO´s Better Work	
	GRIEVANCE PROCEDURES	64, 68-69, 70	
AF4	Policy and procedures for receiving, investigating, and responding to grievances and complaints.	80 The Committee of Ethics The Code of Conduct for External Manufacturers and Suppliers addresses the rights of all workers within the Supply Chain. It is available on the website: www.inditex.es/es/responsabilidad_corporativa/social/codigo_conducta#q3	
	CAPACITY		
AF5	Strategy and scope of efforts to strengthen capacity of management, workers and other staff to improve in social and environmental performance.	69, 72, 126 Inditex´s environmental strategy also affects suppliers who are required to include the environmental variable into their work processes	
	BUSINESS INTEGRATION		
AF6	Policies for supplier selection, management, and termination.	65 Scheme regarding Compliance with the Code of Conduct The Code of Conduct for External Manufacturers and Suppliers addresses the requirements that suppliers shall meet to become part of Inditex´s supply. It is available on the website: www.inditex.es/es/responsabilidad_corporativa/social/codigo_conducta#q3	

ECONOMIC

	ECONOMIC PERFORMANCE	48 Customers 120 Balancing Work and family life 168 Provisions 172 Taxes and tax inducement 175 Employees benefits 176 Directors´remuneration	

CORE INDICATOR ADDITIONAL INDICATOR

	GRI G3 INDICATORS	PAGE NUMBER OR ANSWER PROVIDED	GLOBAL COMPACT'S PRINCIPLES
	MARKET PRESENCE	38 International presencel 40 Europe 42 Asia and rest of the world 44 America 64 CSR with suppliers 66 Suppliers´ self-assessment 72 Suppliers´clusters	
	INDIRECT ECONOMIC IMPACT	72 Suppliers´ clusters 87 Community Development programs 95 Assistance programs 99 Emergency Programs	
	ENVIRONMENTAL		
	MATERIALS	128, 130-131, 136-137	
AF18	Programmes to replace organic-based adhesives and primers with water-based adhesives and primers.	83	
AF19	Practices to source safer alternative substances to those on the restricted substances list, including description of associated management systems.	83	
	ENERGY	127 PEMA 2007-2010 goals and achievements 128 IEMA, ecological footprint 129 Inditex pro-Kyoto 130 Sustainable Store 136 PEMA 2011-2015 guidelines	
	WATER	128, 132-133, 134, 137	
	BIODIVERSITY	137 Biodiversity indicators are not shown in the Annual Report as a result of the relevance review within Inditex´s activity and the countries (and/or environments) wherein in develops its business model	
	EMISSIONS, EFFLUENTS, AND WASTE	126 Strategy vis-à-vis climate change 127 PEMA 2007-2010 goals and achievements 128 Terra Project 129 Inditex pro-Kyoto 130 Sustainable Store 136 PEMA 2011-2015 guidelines 148 Wastewater spill	
	PRODUCTS AND SERVICES	128, 137	
	COMPLIANCE	126	
	TRANSPORT	129, 130-131, 136	
	OVERALL	126, 127, 136-137	
	SOCIAL- LABOR PRACTICES AND DECENT WORK		
	EMPLOYMENT	117, 121, 123	
AF22	Policy and practices regarding the use of employees with non-permanent and non-fulltime status.	120-121	
AF23	Policy regarding the use of home working.	N/A Inditex reviews and monitors compliance with its Sustainable Strategy by suppliers of finished goods, through its Scheme regarding compliance with the Code of Conduct for External Manufacturers and Suppliers (it does not apply indicators regarding manufacturing activity)	
AF24	Policy on the use and selection of labour brokers, including adherence to relevant ILO Conventions.	N/A	

CORE INDICATOR ADDITIONAL INDICATOR

	GRI G3 INDICATORS	PAGE NUMBER OR ANSWER PROVIDED	GLOBAL COMPACT'S PRINCIPLES
	WAGES AND HOURS		
AF25	Policy and practices on wage deductions that are not mandated by law.	N/A Inditex does not proceed to any wages deduction policies or practices other than the statutory ones.	
AF26	Policy on working hours, including definition of overtime, and actions to prevent excessive and forced overtime.	120-121	
	LABOR/MANAGEMENT RELATIONS	112, 121, 122	
	OCCUPATIONAL HEALTH AND SAFETY	122-123	
	TRAINING AND EDUCATION	116, 122	
	DIVERSITY AND EQUAL OPPORTUNITY	120-121	
AF27	Policy and actions to protect the pregnancy and maternity rights of women workers.	120-121	
	EQUAL REMUNERATION	121-122 Most part of the staff is made up of women, and remuneration policies apply equally to all employees, without any gender differences	
	SOCIAL - HUMAN RIGHTS		
	INVESTMENT AND PROCUREMENT PRACTICES	65 Scheme regarding Compliance with the Code of Conduct for External Manufacturers and Workshops	
	NON-DISCRIMINATION	65 Essential labour standardss 102 Program "for&from" for the labour intergration of physically or mentally disabled people	
	FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	65 Essential Labour Standars 70 Corrective action plans regarding freedom of association and collective bargaining 76 Relationship with local and international trade union organizations	
	ABOLITION OF CHILD LABOR	65 Essential Labour Standards	
	PREVENTION OF FORCED AND COMPULSORY LABOR	65 Essential Labour Standards 78 Ethical Trading Initiative	
	COMPLAINTS AND GRIEVANCE PRACTICES	80 The Committee of Ethics The Code of Conduct for External Manufacturers and Suppliers addresses the rights of all workers within the Supply Chain. It is available on the website: www.inditex.es/es/responsabilidad_corporativa/social/codigo_conducta#q3	
	SECURITY PRACTICES	Security tasks within facilities, offices and stores are outsourced to external companies in every country where the Group operates. Inditex ensures that all staff members, both internal and external proceed in accordance with the provisions of the Internal Conduct of Conduct available on the website a www.inditex.es/es/responsabilidad_corporativa/social/codigo_conducta#q3	
	INDIGENOUS RIGHTS	N/A Inditex´s business does not give rise to any significant impact on native communities.	
	EVALUATION	63-64, 66, 82-83 Internal Review Methodology for External Manufacturers and Suppliers- Tested to Wear 71 Follow-up programs	
	SOCIAL - SOCIETY		
	COMMUNITY	62-63,86 Social investment programs 86 Commitment under the Code of Conduct to collaborate with local communities 87 Community development programs 95 Assistance programs 99 Emergency programs 101 Network of universities	

CORE INDICATOR **ADDITIONAL INDICATOR**

GRI G3 INDICATORS	PAGE NUMBER OR ANSWER PROVIDED	GLOBAL COMPACT'S PRINCIPLES
CORRUPTION	The Internal Code of Conduct, the Code of Conduct for External Manufacturers and Suppliers and the Internal Guidelines for the Responsible Practices of the Inditex Group Personnel address the prevention of any manner of fraud. These regulations are available on the website: www.inditex.es/es/responsabilidad_corporativa/social/codigo_conducta#q3	
PUBLIC POLICY	76 ITGLWF International Framework Agreement 79 Better Work OIT, Global Compact 78 Spanish group for the security textile normalisation	
ANTI-COMPETITIVE BEHAVIOR	No material No monopolistic practices or any practices contrary to the free market principle are envisaged within the sector to which Inditex belongs	
COMPLIANCE	"Included in the Internal Guidelines for the Responsible Practices of the Inditex Group Personnel is a specific section on regulatory compliance, which addresses the appropriate managemetn of any fine or penalty which might be received. This internal regulation is available on the website: www.inditex.es/es/responsabilidad_corporativa/social/codigo_conducta#q3"	
SOCIAL - PRODUCT RESPONSIBILITY		
CUSTOMER HEALTH AND SAFETY	63-64, 66, 82-83 Own health and safety of the product standards, Clear to Wear and Safe to Wear 65 Inditex Mínimum Requirements 78 Spanish group for the security textile normalisation 84 Protocol for the implementation of CPSIA and KC Mark	
PRODUCT AND SERVICE LABELING	78 Spanish group for the security textile normalisation	
MARKETING COMMUNICATIONS	48 Information regarding communication with customers may be found in the foreword to the chapter on Customers, shareholders and the society	
CUSTOMER PRIVACY	Inditex applies the prevailing laws and regulations on customer privacy.	
COMPLIANCE	66 Self-assessment of suppliers to meet the health and safety of the product requirements 84 Protocols for the implementation of and compliance with specific regulations	

PERFORMANCE INDICATORS

FINANCIAL PERFORMANCE INDICATORS

SUPPLY CHAIN

	CODE OF CONDUCT	
AF7	Number and location of workplaces covered by code of conduct.	64 The Code of Conduct for External Manufacturers and Suppliers shall be enforced by 100% of suppliers and external workshops
	AUDIT PROCESS	
AF8	Number of audits conducted and percentage of workplaces audited.	67 The Group is fully aware of the number of primary line suppliers and manufacturers, as well as of the number of audits conducted during the fiscal year. Likewise, in the framework of clustes programs, datamining procedures are carried out to learn about the secondary and further production lines.
	NON-COMPLIANCE FINDINGS	
AF9	Incidents of non-compliance with legal requirements or collective bargaining agreements on wages.	70, 71

CORE INDICATOR ADDITIONAL INDICATOR

	GRI G3 INDICATORS	PAGE NUMBER OR ANSWER PROVIDED	GLOBAL COMPACT'S PRINCIPLES
AF10	Incidents of non-compliance with overtime standards.	71	
AF11	Incidents of non-compliance with standards on pregnancy and maternity rights.	71	
AF12	Incidents of the use of child labour.	71	
AF13	Incidents of noncompliance with standards on gender discrimination.	71	
AF14	Incidents of non-compliance with code of conduct.	71	
AF15	Analysis of data from code compliance audits.	69, 70	
	REMEDIATION		
AF16	Remediation practices to address non-compliance findings.	70	
	BUSINESS INTEGRATION		
AF17	Actions to identify and mitigate business practices that affect code compliance.	64 CSR with suppliers One of the goals of Corporate DNA is the disclosure of the results of Social Audts to internal buyers, which allow them to raise awareness regarding their own procurement practices and to adjust them in accordance with the results gathered from such verifications.	
	ECONOMIC PERFORMANCE		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	106, 107	
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	126, 129 Although its direct business does not entail a significant incidence on the issue of climate change, Inditex has implemented energy efficiency measures to reduce risks which have not been expressly quantified	7
EC3	Coverage of the organisation's defined benefit plan obligations.	120, 168, 175-176	
EC4	Significant financial assistance received from government.	172, 176 During the reporting period no significant funds have been received from governments in terms of subsidies, awards, rights of vacation, or credits in support of export	
	MARKET PRESENCE		
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	64 CSR with suppliers 66 Self-assessment of suppliers 72 Supplilers´clusters External manufacturers and workshops which manufacture goods retailed by Inditex are all over the world. The rest of suppliers of goods and services, linked to the operation of stores, usually are local suppliers in such countries where stores are present. Information of expenses on account of local suppliers broken down per country is kept confidential and safe by Inditex and thus it is not reported herein.	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	Inditex does not rely on an express policy fostering local recruitment of staff members or senior managers, despite which a large percentage of its staff works in their province of origin.	6

CORE INDICATOR ADDITIONAL INDICATOR

	GRI G3 INDICATORS	PAGE NUMBER OR ANSWER PROVIDED	GLOBAL COMPACT'S PRINCIPLES
	INDIRECT ECONOMIC IMPACTS		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	87 Community development programs 90 Community development projects 95 Assistance programs 99 Emergency programs 100 Haiti earthquake 162 Tangible fixed assets	
	ENVIRONMENTAL PERFORMANCE INDICATORS		
	MATERIALS		
EN1	Materials used by weight or volume.	N/A Inditex is engaged in the distribution of fashion items (apparel, footwear, accessories and textiles) that it purchases as finshed products from its suppliers	8
EN2	Percentage of materials used that are recycled input materials.	130, 147	8 and 9
AF20	List of environmentally preferable materials used in apparel and footwear products.	N/A Inditex is engaged in the distribution of fashion items (apparel, footwear, accessories and textiles) that it purchases as finshed products from its suppliers .	
	ENERGY		
EN3	Direct energy consumption by primary energy source.	138-139 The company does not resort to renewable primary energy sources (biofuel, ethanol, hydrogen).	8
EN4	Indirect energy consumption by primary source.	139-140	8
AF21	Amount of energy consumed and percentage of the energy that is from renewable sources.	139	
EN5	Energy saved due to conservation and efficiency improvements.	140	8 and 9
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	127 PEMA 2007-2010 goals and achievements 128 Ecological footprint 130-131 Sustainable store 136 PEMA 2011-2015 guidelines: for new stores; for existing stores 140 Reduction in power consumption per garment on account of efficiency measures implemented	8 and 9
	WATER		
EN8	Total water withdrawal by source.	148 Water consumption within the company originates exclusively in public and authorised supply networks	8
	BIODIVERSITY		
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	N/A Land owned by Inditex does not abut or is within the limits of any nature reserve or any space with high biodiversity, thus no significant impacts on biodiversity ensue.	8
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	N/A Land owned by Inditex does not abut or is within the limits of any nature reserve or any space with high biodiversity, thus no significant impacts on biodiversity ensue.	8

CORE INDICATOR ADDITIONAL INDICATOR

	GRI G3 INDICATORS	PAGE NUMBER OR ANSWER PROVIDED	GLOBAL COMPACT'S PRINCIPLES
	EMISSIONS, EFFLUENTS AND WASTE		
EN16	Total direct and indirect greenhouse gas emissions by weight.	141, 142-143	8
EN17	Other relevant indirect greenhouse gas emissions by weight.	143	8
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	126 Strategy vis-à-vis climate change 127 PEMA 2007-2010 goals and achievements 129 Inditex Pro Kyoto 130-131 Sustainable store 136 PEMA 2011-2015 guidelines: for new stores; for existing stores 142 CO_2 emissions in logistics and transport and CO_2 emissions in stores per garment	7, 8 and 9
EN19	Emissions of ozone-depleting substances by weight.	136	
EN20	NO, SO, and other significant air emissions by type and weight.	143 Emissions of SO_2 and NOx are reported; the remaining emissions covered by this indicator do not take place, as Inditex main object is the retail sale of fashion items. Emissions of particles stemming from carrriage are generated by hauliers and not by Inditex.	8
EN21	Apparel and Footwear Sector Specific Commentary.	148	8
EN22	Total water discharge by quality and destination.	145 Industrial waste generation 146 Annual urban or assimilated waste generation 147 Annual hazardous waste generation 148 Waste use according to type and treatment	8
EN23	Total number and volume of significant spills.	During the reporting period no significant accidental spill has been reported.	8
	PRODUCTS AND SERVICES		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	To learn of the iniatives to reduce the impact regarding: - Use of materials; please refer to the Materials section - Use of water; please refer to the Water section - Emissions, spills and waste; please refer to Emissions, spills and waste section - Impact of products and use of recycled materials; please refer to the "Products and services" section of the environmental management approach To learn of the initiativees to reduce the impact regarding: 138 Noises 141 CO_2 emissions 143 Atmospheric emissions 144 Waste generation 148 Water consumption 148 Spills	7, 8 and 9
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	148 Packages used in the market are recycled at the end of their useful life by authorised providers in such countries where Integrated Sytems to Manage Containers exist. Inditex does not rely on a specific sytem to collect and manage textile materials.	8 and 9
	COMPLIANCE		
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Inditex has not reported any fine or penalty for breach of any environmental regulations.	8

CORE INDICATOR **ADDITIONAL INDICATOR**

	GRI G3 INDICATORS	PAGE NUMBER OR ANSWER PROVIDED	GLOBAL COMPACT'S PRINCIPLES
	TRANSPORT		
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.	126, 129, 136 140 Energy consumption 141 Greenhouse Gases emissions The main impact of carriage of goods for the company is the energy consumption and the emissions stemming thereof. The impact of carriage of employees is not deemed material regarding the impact stemming from the carriage of goods, as 87% of the employees work at the stores of the different commercial formats and do not have to move to work.	8
	OVERALL		
EN30	Total environmental protection expenditures and investments by type.	133	7, 8 and 9
	LABOR PRACTICES & DECENT WORK PERFORMANCE INDICATORS		
	EMPLOYMENT		
LA1	Total workforce by employment type, employment contract, and region.	114, 115, 121 Considering the company´s objects, the number of contracts is not reported as it is not deemed to be a relevant indicator; conversely, suppliers working for the organisation are subject to a thorough monitoring.	
LA2	Total number and rate of employee turnover by age group, gender, and region.	114 Rate of new employees is 8.49% Number of new employees, employees who left the company and rates broken down per age, gender and region is not available as the closing date of this report. The reporting of this indictor is slated for 2012.	6
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	120-121 The Group assigns the same employees benefits to temporary workers, part-time workers and full-time workers	
	LABOUR/MANAGEMENT RELATIONS		
LA4	Percentage of employees covered by collective bargaining agreements.	71% of Inditex´s employees are subject to a collective bargaining agreement (100% in Spain and 55% in the rest of countries). As at the closing date of this report, Inditex is working to prepare the information system regarding this indicator. The report of this indicator is slated for 2012	1 and 3
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	Collective bargaining agreements in force fail to provide a minimum deadline to officially disclose organisational changes within Inditex. However, where any relevant fact occurs, it is duly reported within the required notice period provided in the laws in force (sect.41 of the Workers Charter (Estatuto de los trabajadores))	3
AF29	Percentage of workplaces where there is one or more independent trade union(s).	In 39% of the work centres of the Group, workers are represented (64% in Spain and 24% in other countries). As at the closing date of this report, Inditex is working to prepare the information system regarding this indicator. The report of this indicator is slated for 2012	
AF30	Percentage of workplaces where, in the absence of a trade union, there are worker-management committees, broken down by country.	N/A The Group is not involved in any representation bodies in which trade unions are not present	
	OCCUPATIONAL HEALTH AND SAFETY		
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region. Apparel and Footwear Sector Specific Commentary: Include: health issues associated with reduced lung function due to dust in "Occupational disease rate". Include: risk assessments and preventative measures for accidents and injuries.	As at the closing date of this report, Inditex is working to prepare the information system regarding this indicator. The report of this indicator is slated for 2012	1

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	GRI G3 INDICATORS	PAGE NUMBER OR ANSWER PROVIDED	GLOBAL COMPACT'S PRINCIPLES
AF31	Initiatives and programmes to respond to reduce, and prevent the occurrence of musculoskeletal disorders.	122-123	
LA8	Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases.	122-123 As a general rule, no employees are identified as being involved in any business with a high incidence or risk of specific illness.	1
	TRAINING AND EDUCATION		
LA10	Average hours of training per year per employee by employee category.	Not available As at the closing date of this report, Inditex is working to prepare the information system regarding this indicator. The report of this indicator is slated for 2012.	
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings. LA12 Percentage of employees receiving regular performance and career development reviews.	Inditex group employees are young; thus the Group does not have to address in the near future the implementation of support programs for employees at the end of their career.	
LA12	Percentage of employees receiving regular performance and career development reviews	117	
	DIVERSITY AND EQUAL OPPORTUNITY		
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	120, 176 Inditex provides details of the members of the Board of Directors in the Annual Corporate Governance Report filed with CNMV. Information about age groups of governance members of the Group is kept confidential and safe by Inditex and thus, it is not hereunder reported . With regard to the break-down of staff of the goup per age, as at the closing date of this report, Inditex is working to prepare this indicator. The report of this indicator is slated for 2012.	1 and 6
LA14	Ratio of basic salary of men to women by employee category.	Not available As at the closing date of this report, Inditex is working to prepare this indicator. The report of this indicator is slated for 2012.	1 and 6
AF32	Actions to address gender discrimination and to provide opportunities for the advancement of women workers.	120-121	
	HUMANS RIGHTS PERFORMANCE INDICATORS		
	INVESTMENT AND PROCUREMENT PRACTICES		
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	All investments of the Group are carried out in accordance with the Internal Code of Conduct. Meanwhile, purchases from suppliers are governed by the Code of Conduct for External Manufacturers and Workshops, which standards are based upon observance of essential Humand and Labour rights. Both codes are available on the website: www.inditex.es/es/responsabilidad_corporativa/social/codigo_conducta#q3	1, 2, 3, 4, 5 and 6
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	64 Rejected suppliers 66 Self-assessment by supplilers 67 Social audits carried out in 2010 68 Rating of suppliers per geographical area 70 Corrective actions 71 Percentage of compliance with the Code of Conduct Phase II of the scheme for compliance with the Code of Conduct for External Manufacturers and Workshops provides that all suppliers are required to proceed to a self-assessment regarding compliance with human rights as a prerequisite to work with the Group.	1, 2, 3, 4, 5 and 6
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Not available Inditex is working in internal information systems of the Group in order to report such indicator in 2012	1, 2, 3, 4, 5 and 6

CORE INDICATOR ADDITIONAL INDICATOR

	GRI G3 INDICATORS	PAGE NUMBER OR ANSWER PROVIDED	GLOBAL COMPACT'S PRINCIPLES
	NON-DISCRIMINATION		
HR4	Total number of incidents of discrimination and actions taken.	80 The Committee of Ethics ensures the appropriate compliance with the Internal Guidelines for Responsible Practices of the Inditex Group personnel and it receives, processes and manages claims from employees which might give rise to unethical deeds. Compliance status of prohibition of discrimination within the supply chain already audited is shown on p.71. Inditex reports the percentage of non compliance with the Code of Conduct as key compliance indicator. The aggregate figure is deemed to be non material.	1, 2 and 6
	FREDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	64 Code of Conduct for External Manufacturers and Workshops 65 Scheme for compliance with the Code of Conduct 72 Suppliers´ clusters 76 Framework Agreement with ITGLWF The Scheme regarding Compliance with the Code of Conduct for External Manufacturers and Wokshops addresses compliance with the freedom of association of workers, and it shall be enforced by all the Group suppliers and it applies to all transactionsres. he chart on p.71 shows the percentage of compliance by audited suppliers which are part of Inditex´s supply chain in 2010.	1, 2 and 3
	CHILD LABOUR		
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contrib-ute to the elimination of child labour.	64 Code of Conduct for External Manufacturers and Workshops 65 Scheme regading compliance with the Code of Conduct 72 Suppliers´clusters 73 Turkey 77 Inditex´s Ethical Fashion Chair The Scheme for compliance with the Code of Conduct for External Workshops and Manufacturers shall be enforced by all the Group suppliers and it affects all the transactions of the Group. It addesses compliance with the Essential Labour Standards among which the prohibition of child labour is to be found. The chart on p.71 shows the percentage of compliance by audited suppliers which are part of Inditex´s supply chain in 2010.	1, 2 and 5
	FORCED AND COMPULSORY LABOUR		
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.	64 Code of Conduct for External Manufacturers and Workshops 65 Scheme for compliance with the Code of Conduct 66 Self-assessment by suppliers, social audits and Tested to Wear 72 Suppliers´clusters The Scheme regarding compliance with the Code of Conduct addresses compliance with the Essential Labour Standards, among which the prohibition and elimination of any manner of forced labour is to be found, and it applies to all transactions and must be enforced by all suppliers of the Group. The chart on p.16 shows the percentage of compliance by audited suppliers which are part of Inditex´s supply chain in 2010.	1, 2 and 4
	SOCIAL PERFORMANCE INDICATORS		
	COMMUNITY		
SO1	Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	63 Key tools of Inditex´s business and its relationship with its customers, suppliers, employees and the society 81 Inditex´s Social Board 86 CSR with the society 87 Community Development Programs 126 Environmental Policy 136-137 2011-2015 Environmental Strategic Plan Community development and participation programs as well as the assessment of environmental and social impacts apply to 100% of the Group transactions.	

CORE INDICATOR ADDITIONAL INDICATOR

	GRI G3 INDICATORS	PAGE NUMBER OR ANSWER PROVIDED	GLOBAL COMPACT'S PRINCIPLES
AF33	Priorities in community investment strategy.	63, 86 87 Community development programs	
AF34	Amount of investment in worker communities broken down by location.	87 Results by country 88 Indicators of development in Latin America 94 Community development programmes in Latin America 95 Monitoring Programmes 99 Emergency Programmes 101 Network of universities 102 Program *for&from of labour integration for phisically and mentally disabled people*	
	CORRUPTION		
SO2	Percentage and total number of business units analyzed for risks related to corruption.	The Internal Code of Conduct and the Internal Guidelines for the Responsible Practices of Inditex Group´s Personnel address prevention of any manner of fraud. These standards shall be enforced by 100% of the business units and are available on the website: www.inditex.es/es/responsabilidad_corporativa/social/codigo_conducta#q3	10
SO3	Percentage of employees trained on anti-corruption policies and procedures of the organisation.	The Internal Code of Conduct and the Internal Guidelines for the Responsible Practices of Inditex Group´s Personnel (which apply to all the employees) cover prevention of corruption in all ifs froms, and the appropriate internal circulation of both standards among the employees. Both set of rules are available on the website: www.inditex.es/es/responsabilidad_corporativa/social/codigo_conducta#q3	10
SO4	Actions taken in response to incidents of corruption.	No corruption incidences have occurred in the organisation during the reporting period of this report	10
	PUBLIC POLICY		
SO5	Public policy positions and participation in public policy development and lobbying.	76, 79, 78 No significant differences between Inditex´s stance and policies set are revealed	1, 2, 3, 4, 5, 6, 7, 8, 9 and 10
	COMPLIANCE		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Not available Inditex works with internal information systems of the Group so that an aggregate detail of the indicator may be achieved in 2013.	
	PRODUCT RESPONSIBILITY PERFORMANCE INDICATORS		
	CUSTOMER HEALTH AND SAFETY		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	82 Health and safety of the product standards 84 Protocols for the CPSIA and KC Mark implementation Health and safety of the product standards apply to and are mandatory for the whole production. Methodology used by Iinditex covers all phases of the life cycle of the product.	1
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	No	1
	PRODUCT AND SERVICE LABELLING		
PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.	78 Ethical Trading initiative 82 Health and safety of the product standards 84 Protocols for CPSIA and KC Mark implementation Health and safety of the product standards apply and are mandatory for the whole production (100%). No specific collection and management system for the disposal of textile material is available.	8

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	GRI G3 INDICATORS	PAGE NUMBER OR ANSWER PROVIDED	GLOBAL COMPACT'S PRINCIPLES
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	Inditex is not aware of any incidences arising out of non compliance with the regulations on information and labels of the goods, or voluntary codes in FY2010.	8
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	48, 50	
	MARKETING COMMUNICATIONS		
PR6	Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	108-109 The risk that apparel may be subject to public debate or that it may be forbidden in certain markets is not covered in the report as it is deemed immaterial.	
	COMPLIANCE		
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Inditex is not aware of any fines arising out of non compliance with the regulations on the rendering and use of goods and services in FY2010.	

CORE INDICATOR ADDITIONAL INDICATOR

The **Annual Report 2010** provided information under the terms of the triple –economic, social and environmental- dimension.

The Annual Report 2010 is fully available on the corporate web site, 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).

SHAREHOLDERS OFFICE

accionistas@inditex.com
Tel.: +34 901 330 212
Fax: +34 981 185 365

Investors Relations Department
r.inversores@inditex.com
Tel.: +34 981 185 364
Fax: +34 981 185 365

Communication and Institutional Relations Corporate Division
comunicacion@inditex.com
Tel.: +34 981 185 400
Fax: +34 981 185 544
Inditex S.A.
Edificio Inditex
Avda. de la Diputación, s/n
15452 Arteixo, A Coruña, Spain
+34 981 185 400
www.inditex.com

Legal Deposit: C 2416-2008

Editor:
Communication and Institutional Relations Corporate Division
Inditex S.A.
Avda. de la Diputación, s/n
15142 Arteixo
A Coruña, Spain

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