

ANNUAL CORPORATE GOVERNANCE REPORT

LISTED COMPANIES

ISSUER IDENTIFICATION

FISCAL YEAR 2009

Tax Identification No. A-15.075.062

Company Name:

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

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

In this Annual Corporate Governance Report, the Board of Directors of INDUSTRIA DE DISEÑO TEXTIL, S.A. (INDITEX, S.A.), (hereinafter, "INDITEX" or "the Company") has included all the relevant information corresponding to fiscal year 2009, which commenced on 1 February 2009 and closed on 31 January 2010, 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 shareholders' 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 organisation 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 Organisation, 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 organisation and operation and the rules of conduct of its members.

A OWNERSHIP STRUCTURE

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

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

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

Yes

No

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

As Inditex's shares are represented by the book-entry method, and 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 2010, 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%
CAPITAL RESEARCH AND MANAGEMENT COMPANY (2)	0	30,970,261	4.969%

(*) 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%
(2) INSTITUCIONES DE INVERSIÓN COLECTIVA GESTIONADAS	30,970,261	4.969%

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

The company has not been given notice of any significant movements in the shareholding structure over the year, except for the notice regarding the reduction in the stake of Capital Research and Management Company, from its former percentage of 6.428%.

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

As at 31 January 2010, 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	0	369,600,063 ^(*)	59.294%
Pablo Isla Álvarez de Tejera	139,800	0	0.022%
Carlos Espinosa de los Monteros Bernardo de Quirós	40,000	0	0.006%
GARTLER, S.L.	311,727,598	0	50.010%
Irene Ruth Miller	30,239	0	0.005%
Francisco Luzón López	0	9,195 ⁽²⁾	0.01%
Juan Manuel Ugoiti López de Ocaña	27,739	0	0.004%
José Luis Vázquez Mariño	5,000	0	0%
Antonio	97,515	0	0.016%

Abril Abadín			
-----------------	--	--	--

(*) Through:

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.	9,195 ⁽²⁾	0.01%
Total:	369,609,258	59.295%

Total %of voting rights in the possession of the Board of Directors	59.349%
--	---------

Complete the following tables on the members of the Board of Directors who have rights over shares in the company

No member of the Board of Directors has any rights over shares in the company.

A.4. Indicate, where applicable, the family, business, contractual or company relationships existing between the holders of significant holdings, to the extent that they are known by the company, unless these be scarcely relevant or stem from the ordinary course of trade

The company has not been given notice of any family, business, contractual or 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. Indicate, where applicable, the business, contractual or company relationships existing between the holders of significant holdings and the company, unless these be scarcely relevant or stem from the ordinary course of trade

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. Indicate if any para-social agreements affecting the company pursuant to the provisions of art. 112 of the LMV (Stock Exchange

Act) have been reported to the company. If so, describe them briefly and list the shareholders bound by the agreement:

Yes

No

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

Yes

No

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

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

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

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

At year-end closing:

Number of direct shares	Number of indirect shares	total % on share capital
221,264	0	0.035%

List the significant variations, in accordance with the provisions of Royal Decree 1362/2007, occurred during the fiscal year:

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. Give details of the 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 14 July 2009 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 seven 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 5% 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: eighteen (18) months from the date of this resolution.

With regard to the provisions of the last paragraph 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 15 July 2008.

A.10. Indicate, where applicable, any 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.

State whether there are any legal restrictions on the exercise of voting rights:

Yes

No

State whether there are any by-law restrictions on the exercise of voting rights:

Yes

No

State whether there are any legal restrictions on the acquisition or transfer of interests in the share capital:

Yes

No

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 44 of the [Spanish] Corporation Act (hereinafter, "SCA"), which provides that any shareholder who is in arrears in the payment of capital calls may not exercise their right to vote.

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

Yes

No

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. List the 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. Complete the following table with the 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	15-07-2005	AGM
Pablo Isla Álvarez de Tejera		First Deputy Chairman	9-06-2005	15-07-2005	AGM
Carlos Espinosa de los Monteros Bernaldo de Quirós		Second Deputy Chairman	30-05-1997	14-07-2009	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
Juan Manuel Urgoiti López de Ocaña		Ordinary member	02-01-1993	15-07-2005	AGM
José Luis Vázquez Mariño		Ordinary member	30-03-2005	15-07-2005	AGM
Antonio Abril Abadín		Secretary	12-12-2002	15-07-2008	AGM

Total number of Directors	9
----------------------------------	---

Indicate the vacancies occurred on the Board of Directors during the period:

No vacancies have occurred on the Board of Directors during the fiscal year.

B.1.3. Complete the following tables about the 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 organisational 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)
Antonio Abril Abadín	Nomination and Remuneration Committee	General Counsel

⁽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	3
Total % of Board members	33.33%

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
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)
José Luis Vázquez Mariño	Nomination and Remuneration Committee	(2)

Total number of Independent Directors	4
Total % of Board members	44.44%

(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. (65)

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 Organisation of Motor-Vehicle Manufacturers. At the present time he chairs *Fraternidad-Muprespa* and sits on the board of *Acciona, S.A.*

Francisco Luzón López. (62)

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. (57)

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 sat on the Board of Directors of Oakley Inc., Benckiser N.V., and The Body Shop International Plc.

José Luis Vázquez Mariño (65)

He has been an independent Director since March 2005. A Commerce professor, he holds a B.Sc in Economic and Business Studies and is a certified public accountant. He has spent his professional career at Arthur Andersen where he was in charge of the Financial and Human Resources divisions worldwide and was made Area Managing Partner for Latin America. AT the present time, he is member of the Boards of Directors of *Banco Pastor, S.A.*, and *La Voz de Galicia, S.A.*

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	<u>1</u>
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. (70)

He has been an independent director since January 1993. He is a graduate in Law from the University of Madrid, beginning his career in the *Banco de Vizcaya* in 1962. After holding many executive positions, he was appointed General Manager in 1978, director in 1984 and CEO in 1986. In 1988, after its merger with the *Banco Bilbao* he was appointed CEO of the *Banco Bilbao Vizcaya*. He has been President of *Ahorrobank*, *Banco de Crédito Canario*, *Banco Occidental*, *Instituto de Biología y Sueroterapia* and *Laboratorios Delagrangé* and Board member of *Antibióticos, S.A.* At the present time he is the Chairman of 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.).

List the reasons why they can not 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 <i>Banco Gallego, S.A.</i> , wherein an executive director of the company has the status of non-executive proprietary director	Antonio Abril Abadín

Indicate the variations that, where appropriate, have occurred during the period in the category of each director No variations have occurred during the period in the category of each director

B.1.4. Describe, if applicable, the reasons why proprietary directors have been appointed at the behest of shareholders whose stake is less than 5% in the share capital

Name or company name of the shareholder	Reasons

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

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

Yes

No

Name or company name of the shareholder	Reasons

B.1.5 State whether any director has withdrawn from his/her position before the expiry of his/her term of office, whether the director has given reasons to the Board and by what means, and in the event that he/she gave reasons in writing to the full Board, describe at least the reasons given by the director:

Name or company name of the shareholder	Reasons

B.1.6. Indicate, in the event that there are any, the powers that have been delegated to the managing director(s):

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 they these may hold in compliance with the current Condominium Property Law and other applicable legislation.

12.- To attend on behalf of the Company all kinds of auctions and bidding called by Central Government, autonomous communities and provincial and municipal authorities and private or public persons and entities and, to this effect, submit tender conditions, declarations, plans and estimates, make bids and provide bonds; holding, in short and without any limitation whatsoever, such powers as may be required to obtain and accept, provisionally or definitively, with such qualifications as are deemed appropriate, the relevant award and to exercise the rights and perform the obligations arising 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 organise the prevention service, providing it with the material and human resources that are necessary for it to develop its activity; to contract and to sign arrangements with authorised entities for the provision or acting as external prevention services; to carry out, organise and arrange the carrying out of assessments of risks, medical check-ups and other health check measures and prevention systems; to contract the performance of external labour risk prevention audits and, in general, all those acts that are related to such risks. To proceed to insure common and occupational risks of the workers, signing agreements and association documents with of the Social Security Agencies and Mutual Insurance Companies for Work Accidents and Industrial Diseases of the Social Security, or entities that should replace them in such functions and tasks, reporting or putting an end to, at the appropriate time, those that may have been signed; to accept positions and participate in those governing boards and advisory boards of such entities collaborating in the management of Social Security.

16.- As regards procedural rules, to exercise all those actions that are available to the principal and to waive those brought. To appear before the ordinary and special Courts of Law and Tribunals of all levels and jurisdictions, in all manner of trials, as well as in any kind of voluntary jurisdiction cases, administrative and economic-administrative cases. Consequently, to enter into conciliation agreements, with or without composition settlements, to mediate in pre-court proceedings, to file relevant claims and to answer 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. Identify, where appropriate, the 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	
Mr 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	
	Antonio Abril Abadín	MASSIMO DUTTI, S.A.	Secretary non member
		BERSHKA ESPAÑA, S.A.	Secretary non member
		BERSHKA DISEÑO, S.L.	Secretary non member
BERSHKA LOGÍSTICA, S.A.		Secretary non member	
COMDITEL, S.A.		Secretary non member	
CHOOLET, S.A.		Secretary non member	
DENLLO, S.A.		Secretary non member	
CONFECCIONES FIOS, S.A.		Secretary non member	
GLENCARE, S.A.		Secretary non member	
CONFECCIONES GOA, S.A.		Secretary non member	
FASHION LOGISTICS FORWARDERS, S.A.		Secretary non member	
GOA-INVEST, S.A.		Secretary non member	
GRUPO MASSIMO DUTTI, S.A.		Secretary non member	
HAMPTON, S.A.		Secretary non member	
INDITEX, S.A.		Director	
INDITEX COGENERACIÓN, A.I.E.	Director		

INVERCARPRO, S.A.	Director
KIDDY'S CLASS ESPAÑA, S.A.	Secretary non member
LEFTIES ESPAÑA, S.A.	Secretary non member
LIPRASA CARTERA, S.L.	Secretary non member
MASSIMO DUTTI DISEÑO, S.L.	Secretary non member
MASSIMO DUTTI LOGÍSTICA, S.A.	Secretary non member
NIKOLE, S.A.	Secretary non member
OYSHO ESPAÑA, S.A.	Secretary non member
OYSHO DISEÑO, S.L.	Secretary nonmember
OYSHO LOGÍSTICA, S.A.	Secretary non member
PLATAFORMA EUROPA, S.A.	Secretary non member
PLATAFORMA LOGÍSTICA LEON, S.A.	Secretary non member
PLATAFORMA LOGÍSTICA MECO, S.A.	Secretary non member
PULL&BEAR ESPAÑA, S.A.	Secretary non member
PULL&BEAR DISEÑO, S.L.	Secretary non member
PULL&BEAR LOGÍSTICA, S.A.	Secretary non member
SAMLOR, S.A.	Secretary non member
SKHUABAN, S.A.	Secretary non member
STEAR, S.A.	Secretary non member
STRADIVARIUS ESPAÑA, S.A.	Secretary non member
STRADIVARIUS DISEÑO, S.L.	Secretary non member
STRADIVARIUS LOGÍSTICA, S.A.	Secretary non member
TEMPE, S.A.	Deputy Chairman Director
TEMPE DISEÑO, S.L.	Secretary non member
TEMPE LOGÍSTICA, S.A.	Secretary non

	member
TRISKO, S.A.	Secretary non member
UTERQÜE, S.A.	Secretary non member
UTERQÜE ESPAÑA, S.A.	Secretary non member
UTERQÜE DISEÑO, S.L.	Secretary non member
UTERQÜE LOGÍSTICA, S.A.	Secretary non member
ZARA, S.A.	Secretary non member
ZARA DISEÑO, S.L.	Secretary non member
ZARA ESPAÑA, S.A.	Secretary Director
ZARA LOGÍSTICA, S.A.	Secretary non member
ZINTURA, S.A.	Secretary non member
ZARA BELGIQUE, S.A.	Director
ZARA CANADA, S.A.	Director
ZARA CHILE, S.A.	Director
ZARA DANMARK, S.A.	Director
ZARA HELLAS, S.A.	Director
ZARA VASTGOED, B.V,	Director
ZARA HOLDING, B.V.	Supervisory Director
ZARA LUXEMBOURG, S.A.	Director
ZARA NORGE, AS	Director
ZARA SUISSE, SARL	Director
ZARA SVERIGE, AB	Director
G. ZARA URUGUAY	Director
ZARA VENEZUELA, S.A.	Director

B.1.8. List in detail, where appropriate, the directors of your 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, whose aforementioned membership has been communicated to the company

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.	2 nd Deputy Chairman of the Board of Directors
José Luis Vázquez Mariño	BANCO PASTOR, S.A.	Ordinary member of the Board of Directors

B.1.9. State and, if applicable, explain whether the company has established rules regarding the number of boards of which its directors may be members:

Yes

No

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. In connection with recommendation number 8 of the Unified Code, state the Company's general policies and strategies reserved for approval by the Board in plenary session

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

B.1.11. Complete the following tables with respect to the 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	1,904

Variable remuneration	1,594
Per diems	
Provisions set forth in the Articles of Association	
Options on shares and/or other financial instruments	
Others	1, 888
Total	5,386

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	25
Variable remuneration	
Per diems	
Provisions set forth in the Articles of Association	
Options on shares and/or other financial instruments	
Others	
Total	25

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	4,354	25
Non-executive Proprietary	90	
Non-executive Independent	774	
Other Non-executive	168	
Total	5,386	25

d) With respect to the income attributed to the controlling company

Total remuneration of directors (thousands of euros)	5,411
Total remuneration of the directors / income attributed to the controlling company (expressed in %)	0.41%

B.1.12. Identify the members of senior management who are not in turn executive directors and indicate the total remuneration accrued in their favour during the fiscal year

Name or company name	Position
Lorena Alba Castro	Logistics General Manager
Eva Cárdenas Botas	ZARA HOME Manager
Costas Antimissaris	UTERQÛE Director
Carlos Crespo González	Internal Audit Director
Javier Chércoles Blázquez	CSR 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
Ramón Reñón Túñez	Deputy Vice-President and C.E.O
Carmen Sevillano Chaves	OYSHO Manager
Jordi Triquell Valls	STRADIVARIUS Manager

Total remuneration senior management (thousands of euros)	10,923
--	--------

B.1.13. Identify additionally if there are any 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. Indicate if these contracts have to be reported to and/or approved by the governing bodies of the company or of its group:

Number of beneficiaries	9
-------------------------	---

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

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

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 new article 116bis of the Stock Exchange Act, introduced in Act 6/2007, of 12 April, the Board of Directors submitted to the upcoming Annual General Meeting of Shareholders held on 15 July 2009 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. Indicate the 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 quantities 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).

State whether the Board in plenary session has reserved the right to approve the following decisions:

	Yes	No
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	X	
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	X	

B.1.15. State whether the Board of Directors approves a detailed compensation policy and specify the matters covered thereby:

Yes

No

	Yes	No
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	X	
Variable compensation items	X	
Main characteristics of the social security systems, with an estimate of the amount thereof or equivalent annual cost.	X	
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	X	

B.1.16. State whether the Board submits a report on director compensation policy to the vote of the shareholders at a General Meeting of Shareholders for consultative purposes. If so, describe the 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. Describe the 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.

Yes No

Role of the Remuneration Committee
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.

	Yes	No
Has external advice been provided?		X
Name of external consultants		

B.1.17. Indicate, where appropriate, the 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

List, where appropriate, any relevant relationships, other than those covered in the foregoing paragraph, of the members of the Board of Directors that link them with the significant shareholders and/or in entities of the group:

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

Yes

No

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

The system for the selection, appointment and re-election of members of the Board of Directors 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 annually advise the Board on the evaluation of the performance of the chief executive of the Company.

B.1.20. Indicate the 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. Explain if the function of chief executive of the company is incumbent on the office of chairman of the board. Where appropriate, indicate the measures that have been adopted to limit the risks of the accumulation of power in a single person:

YES NO

Mr. 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.

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

YES NO

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

YES NO

Indicate how the resolutions are passed 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 permanently delegate 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 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. Explain if there are any specific requirements that are different from those relating to the directors, in order to be appointed chairman:

YES NO

B.1.24. Indicate if the chairman has a casting vote:

YES NO

The Chairman of the Board of Directors has a casting vote in the event of equality of votes between the directors attending the meeting. 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. Indicate if the articles of association or the board of directors' regulations establish any age limits for the directors:

YES NO

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. Indicate if the articles of association or the board's regulations establish a limited term of office for the independent directors:

YES NO

B.1.27. If the number of female directors is scant or nil, describe the reasons therefor as well as the measures taken to correct such situation.

Description of reasons and initiatives

In particular, state whether the Nomination and Remuneration Committee has established procedures 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

YES NO

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. Indicate if there are formal procedures for the granting of proxies in the board of directors. Where appropriate, list them briefly.

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

Number of Board meetings	6
Number of Board meetings without the presence of the Chairman	2

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

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

B.1.30. Indicate the number of meetings held by the Board of Directors during the fiscal year at which not all of its members have been in

attendance. Proxies granted without specific instructions must be counted as absences:

Number of non attendance of directors during the fiscal year	4
% of non attendance over the total votes during the fiscal year	7.4%

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

YES NO

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

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

B.1.32. Explain, where appropriate, the 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. Is the Secretary of the Board of Directors a Director?

YES NO

Mr. Antonio Abril Abadín, the General Counsel and Legal Advisor of the Board of Directors, sits on the Board and also on the Executive Committee thereof.

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

Pursuant to the provisions of 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.

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

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

YES NO

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

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.
- 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 2009.

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

Yes No

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

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)	312	396	708
Amount of work other than that of auditing / total amount charged by the auditing firm (in %)	46.64%	9.79%	15.02%

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

YES NO

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

	Company	Group
Number of consecutive years	8	8
No of years audited by the current audit firm / no. of years that the company has been audited (in %)	32%	40%

B.1.40. Indicate the 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. Likewise, indicate the offices and functions they perform in those companies:

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. Indicate and where appropriate give details if there is any procedure whereby the directors can get external advice:

YES NO

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

YES NO

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 organisation 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. State whether the Company has established any 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. If so, describe such rules:

YES NO

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. State whether any member of the Board of Directors has informed the Company that he has been prosecuted or that an order for the commencement of an oral trial has been issued against him/her for the commission of any of the crimes covered in Article 124 of the Spanish Corporation Act

YES NO

B.2 Committees of the Board of Directors

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

EXECUTIVE COMMITTEE

In accordance with the provisions of article 30 of the Articles of Association, 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 2010:

Name	Office
Amancio Ortega Gaona	Chairman
Pablo Isla Álvarez de Tejera	Deputy Chairman
Antonio Abril Abadín	Secretary
Carlos Espinosa de los Monteros Bernaldo de Quirós	Ordinary Member
Francisco Luzón López	Ordinary Member
Juan Manuel Urgoiti López de Ocaña	Ordinary Member
José Luis Vázquez Mariño	Ordinary Member

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 2010:

Name	Office
Irene Ruth Miller	Chairwoman
Carlos Espinosa de los Monteros y Bernaldo de Quirós	Ordinary Member
Francisco Luzón López	Ordinary Member
Juan Manuel Urgoiti López de Ocaña	Ordinary Member
José Luis Vázquez Mariño	Ordinary Member

Antonio Abril Abadín, Director 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 2010:

Name	Office
Carlos Espinosa de los Monteros Bernaldo de Quirós	Chairman
Francisco Luzón López	Ordinary Member
Irene Ruth Miller	Ordinary Member
Juan Manuel Urgoiti López de Ocaña	Ordinary Member
José Luis Vázquez Mariño	Ordinary Member

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

B.2.2 State whether the Audit and Control Committee has the following duties:

	Yes	No
Supervise the process of preparation and the integrity of the financial information relating to the Company and, if applicable, to the Group, monitoring compliance with legal requirements, the proper delimitation of the scope of consolidation, and the correct application of accounting principles.	X	
Periodically review the internal control and risk management systems, in order for the main risks to be properly identified, managed and made known.	X	
Ensure the independence and effectiveness of the internal audit function; make proposals regarding the selection, appointment, re-election and withdrawal of the head of the internal audit department; propose the budget for such area; receive periodic information regarding its activities; and verify that senior management takes into account the conclusions and recommendations contained in its reports	X	
Establish and supervise a mechanism whereby the employees may give notice, on a confidential basis and, if deemed appropriate, anonymously, of any potentially significant irregularities, especially of a financial and accounting nature, that they notice at the Company.	X	
Submit to the Board proposals for the selection, appointment, re-election and replacement of the external auditor, as well as the contractual terms under which it should be hired.	X	
Regularly receive from the external auditor information regarding the audit plan and the results of the implementation thereof, and verify that senior management takes its recommendations into account.	X	
Ensure the independence of the external auditor.	X	
In the case of groups of companies, favor the auditor of the Group as the auditor responsible for audit work at the companies that form part thereof.	X	

B.2.3. Give a brief description of the organisational and working rules, as well as the responsibilities, attributed to each of the committees of the board.

The Executive Committee

The regulation of the Executive Committee is found in the Board of Directors' Regulations, 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 five 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 five 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. Indicate, where appropriate, the 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 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.
- 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 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.
- g) To supervise the process of financial information and the internal control systems of the Company, and to check the suitability and integrity of the same.
- h) 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.
- i) To review the company’s annual accounts and the periodic financial information that the Board must provide to the markets and to their supervisory bodies, overseeing compliance with legal requirements and correct application of generally accepted accounting principles in the drawing up thereof.

- j) 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.
- k) To examine compliance with the Internal Regulations of Conduct, the Board of Directors' Regulations, the Code of Conduct and, in general, with the rules of governance of the company, and to make the necessary proposals for their improvement.
- l) 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.
- m) 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.
- n) To draw up and put forward to the Board of Directors an annual report on corporate governance for its approval.
- o) To draw up an annual report on the activities of the Audit and Control Committee.
- p) To supervise the functioning of the company's web page regarding the provision of information about corporate governance.
- q) 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 annually advise 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. Indicate, where appropriate, the existence of rules for the Board's committees, the place where they are available for consultation and any modifications introduced during the year. In turn, please indicate if an annual report has voluntarily been prepared on the activities of each committee.

The rules governing the Audit and Control Committee and the Nomination and Remuneration Committee are contained in the Board of Directors' Regulations, 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*.

Said Regulations have been amended, as resolved by the Board of Directors in a resolution passed in the meeting held on 11 December 2007, in order to include therein the recommendations of the Unified Code on Good Governance, as set forth in section B.1.18 hereof

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 2009; likewise, the Nomination and Remuneration Committee drew up an annual report on the activities it performed during fiscal year 2009.

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

YES NO

The Executive Committee is made up of 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 2009 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 FY2009 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. State whether 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:**

YES NO

- C.2. Give details of the 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 FY2009, 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	(13,452) ()
Contractual	Assets leases	147
Contractual	Rendering of services	8,056

- C.3. Give details of the 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.

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	735

Contractual	Rendering of services	986
-------------	-----------------------	-----

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. Give details of the 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	(276,319)

C.5. State whether the members of the Board of Directors have been subject to situations of conflicts of interest, according to the provisions of article 127 third part, of the SCA.

YES NO

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. Give details of the 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 business conducted for themselves or for somebody else, with the same, similar or complementary business range as the one that makes up the corporate purpose. Said information shall be included on the Annual Report, and
- 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. Is more than one company of the Group listed in Spain?

YES NO

D SYSTEMS FOR CONTROL OF RISKS

D.1. General description of the 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 Organisation.,
- 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.

Risks reviewed are classified and grouped in the following categories:

		Strategic	Operational
EXTERNAL	Business environment	x	
	Regulations		x
	Image and reputation	x	x
INTERNAL	Human resources	x	x
	Operations	x	x
	Financial		x
	Information for the decision making		x
	Technology and information systems	x	
	Governance and management	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. 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 (demographic changes, changes in the

consumption habit, lack of response regarding new business opportunities, etc.,)

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 and the multi-brand format of the Group 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 commercial, 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 and Labour 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 Organisation (ILO) Treaties and for the Human Rights covered in the major Treaties that govern this subject.

3. Image and 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 Program, 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 program 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 organisations 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 likelihood of inappropriate positioning, qualifications and flexibility of the human resources, of an inappropriate labour environment and of a potential dependence on key personnel. This section also includes the risks connected with the recruitment and turnover of the 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 program for its staff and has implemented specific systems:

- to combine quality in the performance of their duties by the employees and the satisfaction they may obtain at their workplace;
- to facilitate the exchange of jobs among those employees wishing to broaden their experience in the different areas of the Organisation

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.

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, r 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 assess the need and envisages, where appropriate, investing in new distribution centres or in the extension of the existing ones, so as to minimize the risk linked to the logistics planning and sizing. Additionally, investments are carried out towards the improvement and automation within the existing centres so as to increase their capacity and efficiency.

To minimize the risks attached to the quality of finished product, the Group resorts to different monitoring systems based upon defined standards (“Safe to Wear” and “Clear to Wear”) whose implementation is mandatory within the production line, for all finished products, footwear and accessories.

To reduce exposure to the risk arising out of an improper customer satisfaction and service, the Group applies standard store service procedures, training and monitoring programs for store managers and assistants, and communication channels available for customers in order to ensure the quality of the sale and post sale service.

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.

To 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. Indicate whether any of the various types of risks (operational, technological, financial, legal, reputational, tax-related, etc.,) affecting the Company and/or its Group materialized during the fiscal year.

YES NO

If so, indicate the circumstances giving rise to them and whether the established control systems have worked:

Risk that occurred during the fiscal year	Circumstances giving rise thereto	Performance of control systems

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 materialized in such a way as to have any significant impact on the Organization during last fiscal year.

D.3. Indicate whether there is any committee or other governing bodies responsible for establishing and supervising these mechanisms of control:

YES NO

If so, list their functions:

The main governing bodies responsible for controlling risks are the Board of Directors, the Audit and Control Committee and the Management 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. Identification and description of the processes of compliance with the various regulations that affect your company and/or its group.

Among the external risks that affect the Group, a specific category described as “Regulation” has been included, which has been described under section D.2 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 which regulates licences for store opening, business hours, sales periods and all that related to retail distribution, as well as those issues regarding the 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 salaries, 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 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 and Labour 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. Indicate and, if applicable, explain whether there are differences with the minimum requirements set out in the [Spanish] Corporation Act in connection with the quorum required to hold a valid General Meeting of Shareholders

YES NO

	Quorum % different from that established as a general rule in art. 102 of the SCA	Quorum % different from that established in art. 103 of the SCA for special cases covered therein
Quorum required on 1 st call	50% of the subscribed voting stock	
Quorum required on 2 nd 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, both in general (Art. 102) and for special cases (Art. 103), consists of the quorum necessary for the holding of the General Meeting at first call in accordance with Art. 102 of the SCA, 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 (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 102 of the SCA 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. Indicate and, if applicable, explain whether there are differences with the rules provided by the [Spanish] Corporation Act for the passing of corporate resolutions:

YES NO

There are no differences with the Spanish Corporation Act for the passing of corporate resolutions.

E.3. List the rights of the shareholders in relation to general meetings, that are different from those established in the SCA.

Within the rights for the shareholders recognised by article 48 of the SCA, 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 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 SCA.

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:

- 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. Indicate, where appropriate, the 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.

Article 10. 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 do 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 through 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. Indicate whether the chairman of the General Meeting of Shareholders is also the chairman of the Board of Directors. Give details, where appropriate, of which measures have been adopted to ensure the independence and good working of the general meeting:

YES NO

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. Indicate, where appropriate, the modifications introduced during the year in the regulations of the general meeting.

No amendment has been introduced throughout FY2009 into the General Meeting of Shareholders' Regulations.

E.7. Give the attendance figures for the general meetings held during the year to which this report refers:

Date General Meeting	Attendance data				Total
	% attendance in person	% attendance by proxy	% distance voting		
			Electronic vote	others	
14-07-2009	0.05%	83.12%	0 ⁽¹⁾		83.17%

⁽¹⁾ A total number of two shareholders cast remote vote by electronic means, and five did so by post mail.

E.8. Indicate briefly the 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 14 July 2009 and in accordance with the items on the agenda, passed the following resolutions, which are summarised below:

“First.- Study and approval, where appropriate, of the annual accounts (Balance Sheet, Profit and Loss Account, Shareholders' Equity Statement, Cash Flow Statement and Annual Report) and Management Report of Industria de Diseño Textil, S.A. (INDITEX, S.A.) for fiscal year 2008, ended 31st January 2009.

The Annual Accounts (Balance Sheet, Profit and Loss Account, Shareholders' Equity Statement, Cash Flow Statement and Annual Report) and the management report of Industria de Diseño Textil, S.A. (Inditex, S.A.) for fiscal 2008 (ended 31st January 2009), laid by the Board of Directors at its meeting held on 24 March 2009 and signed by all the directors were approved

This resolution was passed with the favourable vote of 99.78% of the voting quorum.

Second.- Study and approval, where appropriate, of the annual accounts (Balance Sheet, Profit and Loss Account, Shareholders' Equity Statement, Cash Flow Statement and Annual Report) and Management Report of the consolidated group (Inditex Group) for fiscal year 2008, ended 31st January 2009 and of the management of the company.

The Annual Accounts (Balance Sheet, Profit and Loss Account, Shareholders' Equity Statement, Cash Flow Statement and Annual Report) and the consolidated management report of the Inditex Group for fiscal 2008 (ended 31st January 2009), laid by the Board of Directors at its meeting held on 24 March 2009 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 fiscal year 2009 was approved

This resolution was passed with the favourable vote of 99.78% 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 2008 (ended 31st January 2009), in the amount of six hundred and eighty-three millions, three hundred and forty-four thousand euros, to be distributed as shown below, was approved:

THOUSANDS OF €

- To voluntary reserve.....	28,847
(minimum amount)	
- To dividends.....	654,497
(maximum amount to be distributed for a fixed gross dividend of 1.05 euros per share for the aggregate 623,330,400 ordinary shares into which the share capital is divided)	
- TOTAL.....	683,344

It was thus resolved to pay the shares with the right to dividends the gross amount of one euro and five cents (1.05 €) per share. Having the gross amount of fifty-five euro cents (0.55 €) been paid last 4 May 2009 as interim dividend, it is thus resolved to pay the shares with a right to dividends, a supplementary dividend in the gross amount of fifty euro cents (0.50 €) per share, remaining amount to add up to the total dividend.

This supplementary dividend shall be paid to shareholders as of 2nd November 2009, through those entities linked to the *Spanish Central Securities Depository, 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 favourable vote of 99.93% of the voting quorum.

---- Fourth.- Re-election of members of the Board of Directors

a) Re-election of Mr Carlos Espinosa de los Monteros Bernaldo de Quirós, in the capacity of independent external director

The re-election of Mr Carlos Espinosa de los Monteros Bernaldo de Quirós, 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 Francisco Luzón López, in the capacity of independent external director

The re-election of Mr Francisco Luzón López, 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 passed with the favourable vote of 88.40% and 88.43% of the voting quorum, respectively.

Fifth.- 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 (*Spanish C.I.F.*) ES B-78510153, registered with the Official Register of Auditors under number S0702, were appointed 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, 2009 and ending on January 31st, 2010.

This resolution was passed with the favourable vote of 96.68% of the voting quorum.

Sixth.- Authorization to the Board of Directors for the derivative acquisition of

own shares.

The Board of Directors was authorised, so that, in accordance with the provisions of article 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 article 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 General Meeting of Shareholders held on 15 July 2008”

This resolution was passed with the favourable vote of 91.17% of the voting quorum

Seventh.- Granting of powers for the implementation of resolutions.

It was resolved to delegate in 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, it was resolved 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 favourable vote of 99.93% of the voting quorum

The full text of these resolutions is made available to the public as of 15 July 2009 on the corporate website (www.inditex.com) and also on the web site of CNMV.

E.9. Indicate whether there are any by-law restrictions requiring a minimum number of shares to attend the General Meeting of Shareholders.

YES NO

E.10. Indicate and justify the 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. Indicate if the company is aware of the policy of the 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. Indicate the 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

Indicate the degree of conformance of the company to the recommendations of the Unified Code on Good Governance.

In the event of non-compliance with any of them, explain the recommendations, rules, practices or criteria applied by the company.

- 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 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;

3^d. 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 favorable 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 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 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 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 Complies in part 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 Explain

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

See section: B.1.3

Complies 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 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

- 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 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 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 is 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 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 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 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

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 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 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 Explain

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

Complies Complies in part Explain

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

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 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

- 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 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 fixed 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 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 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 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

- 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 10 June 2008), 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 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 all 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 favors 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, 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

If you consider that there are any other principles or relevant aspects as regards the corporate governance practices applied by your company that have not been covered in this Report, please mention them and explain their content below.

In this section, any other information, clarification or nuance may be included that is related to the previous sections of the report, to the extent that they are relevant and not reiterative.

In particular, indicate if the company is subject to different legislation than the Spanish legislation in corporate governance matters and, where appropriate, include the information that the company is obligated to provide which is different to that required in this report.

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.

All relevant information on corporate governance for fiscal 2008, which commenced on 1 February 2009 and closed on 31 January 2010, is included in this Report, excepting those other cases in which other dates of reference are specifically mentioned.

Binding definition of independent director:

Indicate whether any 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:

Yes

No

Name of the director	Type of relationship	Explanation

This annual corporate governance report was approved by the Board of Directors of the Company at its meeting of 16 March 2010.

Indicate whether any Directors voted against or abstained in connection with the approval of this Report.

Yes

No

