annual report INDITEX

INDITEX

ZARA

Pull and Bear

Massimo Dutti

Bershka

Stradivarius

oysho

ZARA HOME

UTERQÜE

4,264
stores

10,407
millions of euros in sales

73
countries with sales presence

89,112
employees

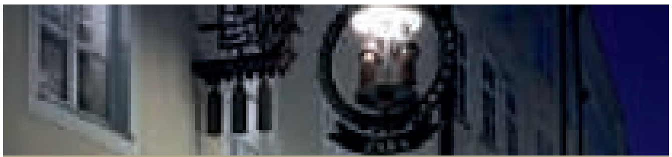
annual report 2008

INDITEX

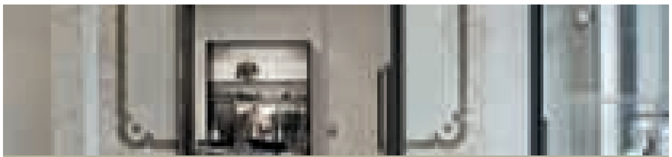
annual report 2008

1

INDITEX Performance



INDITEX Commitment 2



LEGAL Documentation 3

Global Reporting Initiative Indicators

With transparency as the fundamental principle in its relationship with society, Inditex has followed the Global Reporting Initiative indicators since it published its first Sustainability Report in 2002. Using this guide, Inditex attempts to provide detailed, organised access to the information on its activity to all its stakeholders.

In the 2008 Annual Report, Inditex has taken a further step in its efforts to openly show all aspects of its business model and its activity, including a pilot test with specific indicators for the clothing and footwear industry. As well as the general indicators, the Global Reporting Initiative has developed additional comments for specific industries, such as automobile, finance or electricity, with the aim of providing more in-depth information on the specific factors of the business. With the aim of developing specific indicators for the textile and footwear industry, in 2005 GRI created a working party with different representatives in the field, such as companies, social organisations, unions and investors, in which Inditex has taken part. This joint work has led to a draft list of indicators for the clothing and footwear industry. Although still in the analysis phase, Inditex has included these specific indicators in its 2008 Annual Report.

The Inditex 2008 Annual Report follows the GRI indicators in terms of content organisation and quality.

GLOBAL REPORTING INITIATIVE INDICATORS

Within the general indicators, specific indicators for the textile and footwear sector have been included, identified in the following way:

Specific indicator for the sector

Specific indicator comment for the sector

1. Strategy and Analysis

14-15 **1.1** Statement from the most senior decision-maker about the relevance of sustainability to the organisation and its strategy.

328-334 **1.2** Description of key impacts, risks, and opportunities.

Apparel and Footwear Sector Specific Commentary: Where applicable, this should include an assessment of supply chain performance.

2. Organisational Profile

23, 228 **2.1** Name of the organisation.

36-53 **2.2** Primary brands, products, and/or services.

268-289 **2.3** Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.

228 **2.4** Location of organisation's headquarters.

54-63, 280-281 **2.5** Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.

294-297 **2.6** Nature of ownership and legal form.

54-63, 280-281 **2.7** Markets served.

30-33, 224-227 **2.8** Scale of the reporting organisation.

30-33, 268-289 **2.9** Significant changes during the reporting period regarding size, structure.

18-19, 34-35 **2.10** Awards received in the reporting period.

3. Report Parameters

REPORT PROFILE

228 **3.1** Reporting period (e.g., fiscal/calendar year) for information provided.

228 **3.2** Date of most recent previous report (if any).

228 **3.3** Reporting cycle (annual, biennial, etc.)

378 **3.4** Contact point for questions regarding the report or its contents

REPORT SOCPE AND BOUNDARY

4-5 **3.5** Process for defining report content.

228-229 **3.6** Boundary of the report.

228-229 **3.7** State any specific limitations on the scope or boundary of the report.

260-265 **3.8** Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.

252-259 **3.9** Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.

N/A **3.10** Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).

249-259 **3.11** Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.

GRI CONTENT INDEX

6-13 **3.12** Table identifying the location of the Standard Disclosures in the report.

ASSURANCE

222-250 **3.13** Policy and current practice with regard to seeking external assurance for the report.

4. Governance, commitments, and engagement

GOVERNANCE

298-323 **4.1** Governance structure of the organisation.

312-313 **4.2** Executive capacity of the chair person of the maximum governing body.

298-300 **4.3** Number of members of the highest governance body that are independent and/ or non-executive members.

208-211, 337-339 **4.4** Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.

307-310 **4.5** Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organisation's performance.

325-327 **4.6** Processes in place for the highest governance body to ensure conflicts of interest are avoided.

CORE INDICATOR **INDICATOR ADDITIONAL**

CORE INDICATOR **INDICATOR ADDITIONAL**

ECONOMIC PERFORMANCE

158-159, 224 **EC1** Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.

328-332 **EC2** Financial implications and other risks and opportunities for the organisation's activities due to climate change.

239-240, 247-248 **EC3** Coverage of the organisation's defined benefit plan obligations.

N/A **EC4** Significant financial assistance received from government.

MARKET PRESENCE

N/A **EC5** Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.

95-101 **EC6** Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.

307-308 **EC7** Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.

INDIRECT ECONOMIC IMPACTS

234 **EC8** Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.

159 **EC9** Understanding and describing significant indirect economic impacts, including the extent of impacts.

ENVIRONMENTAL PERFORMANCE INDICATORS

Apparel and Footwear Sector-Specific Disclosure on Management Approach

MATERIALS

104-105, 193 **AF18** Programmes to replace organic-based adhesives and primers with water-based adhesives and primers.

104-107 **AF19** Practices to source safer alternative substances to those on the restricted substances list, including description of associated management systems.

MATERIALS

180-181 **EN1** Materials used by weight or volume.

180-181 **AF20** List of environmentally preferable materials used in apparel and footwear products.

180-181 **EN2** Percentage of materials used that are recycled input materials.

ENERGY

198-207 **EN3** Direct energy consumption by primary energy source.

198-207 **EN4** Indirect energy consumption by primary source.

178-179, 182-183, 186-207 **AF21** Amount of energy consumed and percentage of the energy that is from renewable sources.

178-179, 182-183, 186-207 **EN5** Energy saved due to conservation and efficiency improvements.

178-179, 182-183, 186-207 **EN6** Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.

178-179, 182-183, 186-207 **EN7** Initiatives to reduce indirect energy consumption and reductions achieved.

WATER

206-207 **EN8** Total water withdrawal by source.

206-207 **EN9** Water sources significantly affected by withdrawal of water.

206-207 **EN10** Percentage and total volume of water recycled and reused.

BIODIVERSITY

174 **EN11** Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.

174 **EN12** Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.

184-185 **EN13** Habitats protected or restored.

175-187 **EN14** Strategies, current actions, and future plans for managing impacts on biodiversity.

174 **EN15** Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.

EMISSIONS, EFFLUENTS AND WASTE

201-202 **EN16** Total direct and indirect greenhouse gas emissions by weight.

201-202 **EN17** Other relevant indirect greenhouse gas emissions by weight.

175-187 **EN18** Initiatives to reduce greenhouse gas emissions and reductions achieved.

201-202 **EN19** Emissions of ozone-depleting substances by weight.

200 **EN20** NO, SO, and other significant air emissions by type and weight.

CORE INDICATOR   INDICATOR ADDITIONAL

206-207 **EN21** Total water discharge by quality and destination.

Apparel and Footwear Sector Specific Commentary:
For Footwear: Report on total chromium discharges.
For Apparel: Report on the discharge of antimony, arsenic, cadmium, chromium, cobalt, copper, cyanide, lead, mercury, nickel, and zinc.

203-207 **EN22** Total weight of waste by type and disposal method.

Apparel and Footwear Sector Specific Commentary: Report on pumice, stones and sand.

N/A **EN23** Total number and volume of significant spills.

N/A **EN24** Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.

N/A **EN25** Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff.

PRODUCTS AND SERVICES

180-181, 192-193 **EN26** Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.

Apparel and Footwear Sector Specific Commentary: Report also on the use of recycled materials and the recyclability of products and packaging.

198-207 **EN27** Percentage of products sold and their packaging materials that are reclaimed by category.

COMPLIANCE

N/A **EN28** Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.

TRANSPORT

182-183, 198-207 **EN29** Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.

OVERALL

259 **EN30** Total environmental protection expenditures and investments by type.

SOCIAL PERFORMANCE INDICATORS

Apparel and Footwear Sector-Specific Disclosure on Management Approach

EMPLOYMENT

168 **AF22** Policy and practices regarding the use of employees with non-permanent and non-fulltime status.

N/A **AF23** Policy regarding the use of home working.

N/A **AF24** Policy on the use and selection of labour brokers, including adherence to relevant ILO Conventions.

WAGES AND HOURS

168 **AF25** Policy and practices on wage deductions that are not mandated by law.

168 **AF26** Policy on working hours, including definition of overtime, and actions to prevent excessive and forced overtime.

DIVERSITY AND EQUAL OPPORTUNITY

167 **AF27** Policy and actions to protect the pregnancy and maternity rights of women workers.

EMPLOYMENT

161-162, 168 **LA1** Total workforce by employment type, employment contract, and region.

161-162, 164, 167 **LA2** Total number and rate of employee turnover by age group, gender, and region.

247-248 **LA3** Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.

29, 162 **AF28** Percentage of foreign migrant workers as a portion of total workforce, broken down by region.

LABOUR/MANAGEMENT RELATIONS

N/A **LA4** Percentage of employees covered by collective bargaining agreements.

N/A **LA5** Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.

N/A **AF29** Percentage of workplaces where there is one or more independent trade union(s).

N/A **AF30** Percentage of workplaces where, in the absence of a trade union, there are worker-management committees, broken down by country.

OCCUPATIONAL HEALTH AND SAFETY

169 **LA6** Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programmes.

169 **LA7** Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.

Apparel and Footwear Sector Specific Commentary:
Include: health issues associated with reduced lung function due to dust in "Occupational disease rate".
Include: risk assessments and preventative measures for accidents and injuries.

169 **AF31** Initiatives and programmes to respond to reduce, and prevent the occurrence of musculoskeletal disorders.

169 **LA8** Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases.

169 **LA9** Health and safety topics covered in formal agreements with trade unions.

TRAINING AND EDUCATION

163-165 **LA10** Average hours of training per year per employee by employee category.

163-165 **LA11** Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.

165-166 **LA12** Percentage of employees receiving regular performance and career development reviews.

DIVERSITY AND EQUAL OPPORTUNITY

167, 298-300 **LA13** Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.

167 **LA14** Ratio of basic salary of men to women by employee category.

167 **AF32** Actions to address gender discrimination and to provide opportunities for the advancement of women workers.

HUMAN RIGHTS PERFORMANCE INDICATORS

INVESTMENT AND PROCUREMENT PRACTICES

158 **HR1** Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.

80-101 **HR2** Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.

163 **HR3** Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.

NON-DISCRIMINATION

167 **HR4** Total number of incidents of discrimination and actions taken.

FRREDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

88-93 **HR5** Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.

CHILD LABOUR

80-87 **HR6** Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.

FORCED AND COMPULSORY LABOUR

80-87 **HR7** Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.

SECURITY PRACTICES

N/A **HR8** Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.

INDIGENOUS RIGHTS

N/A **HR9** Total number of incidents of violations involving rights of indigenous people and actions taken.

INDICATORS ON THE PERFORMANCE OF SOCIETY

COMMUNITY

114-151 **SO1** Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.

114-151, 158 **AF33** Priorities in community investment strategy.

158 **AF34** Amount of investment in worker communities broken down by location.

CORRUPTION

291-293 **SO2** Percentage and total number of business units analyzed for risks related to corruption. SO3 Percentage of employees trained in organisation's anti-corruption policies and procedures.

291-293 **SO3** Percentage of employees trained on anti-corruption policies and procedures of the organisation.

291-293 **SO4** Actions taken in response to incidents of corruption.

PUBLIC POLICY

88-93, 172 **SO5** Public policy positions and participation in public policy development and lobbying.

Apparel and Footwear Sector Specific Commentary: Report public policy position on the inclusion of labour and environmental protections in trade agreements and the degree to which lobbying positions integrate considerations about the potential effects on workers, communities, and organisations in the supply chain.

N/A **SO6** Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.

ANTI-COMPETITIVE BEHAVIOUR

N/A **SO7** Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.

COMPLIANCE

N/A **SO8** Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.

PRODUCT RESPONSIBILITY PERFORMANCE INDICATORS

CUSTOMER HEALTH AND SAFETY

102-107 **PR1** Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.

N/A **PR2** Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.

PRODUCT AND SERVICE LABELING

102-107 **PR3** Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.

N/A **PR4** Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.

67-69 **PR5** Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.

MARKETING COMMUNICATIONS

156-158 **PR6** Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.

N/A **PR7** Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.

CUSTOMER PRIVACY

N/A **PR8** Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.

COMPLIANCE

N/A **PR9** Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.

CORE INDICATOR INDICATOR ADDITIONAL

Letter from the Chairman

Dear friends,

I have now been addressing you from this forum for ten years and I believe that during that time I have always made clear to you both my passion for this sector of fashion and my confidence in the specific model in which Inditex is participating, reacting instantly to what the customer is looking for. But there is no better time than this year, which has been so demanding, as you well know, on all economic fronts, to insist on the power of this system of work which has made it possible to achieve satisfactory results in the course of the last year.

Inditex has managed to respond with the combination of a business model which gives it great competitive power and with the fundamental support of teams of staff who are dedicated to the search for efficiency at all levels, to the general state of the economy in all its markets and to the well-known evolution amongst consumers. It is this human factor –the motivation of almost 90,000 individuals working towards a single objective– that has allowed Inditex to continue to make a commitment to growth, obtaining outstanding returns from all our investments.

The Annual Report of this year reflects the importance of this human factor, of each and every one of the persons who make up this Company. For this reason, the portraits of a large number of them appear symbolically at the foot of these pages, with the intention of implying that all the figures, facts, events and initiatives carried out by the Group in the year are based on them, often in multicultural and transnational teams, without whom none of these achievements would be possible.

From the purely economic point of view, sales have increased in all geographical areas in which the Group is operating and in all commercial concepts, which is a very positive piece of news. All the lines in the profit and loss statement have grown. A final profit of 1,253 million euros has been achieved and dividends of 662 million euros has been distributed.

I have to insist that we should look for the keys to this highly commendable performance in the main features of our model: always putting the customer at the centre when taking decisions and focussing our effort on agility, the capacity to react and constant innovation.

Our medium and long term strategy has not only not been modified but indeed the fundamental lines set down over the last few years have become even more evident in the course of 2008: we have reinforced the presence of all our concepts on the main European markets, with special attention to those in which we can see the greatest potential for the future, and we have redoubled our commitment to expansion in Asia.

Another of the fundamental characteristics of the Group, the development of a multi-concepts strategy had in 2008 a new landmark with the launch of Uterqüe in the month of July. The response of customers was even greater than we had expected, confirming the clear commitment made by the Company to offer quality from all points of view: design, quality, customer service... The new concepts also began to take their first international steps last year and are currently present in six markets.

In 2008, we also finished an important phase in one of our most important projects in the environmental sector: this is the start up of the Eco-efficient Store project, of which the first pilot store was put into effect in a

magnificent historical building in Korai, Athens (Greece). The advances and technical solutions put forward by the Environment, Architecture and Building teams in coordination with university experts in the subject are going to be extended to all our network of stores over the next years. This building in Korai, in which we have carried out a significant intervention to restore and recover a protected space about which we give full information in these pages, is also of extraordinary architectural value.

The transcendence of this landmark in our environmental policy is very great if we bear in mind that our entire commercial area is greater than two million square metres. We are speaking of key elements such as reducing very significantly energy consumption in the stores or guaranteeing both the ecological origin and the recyclability of all the materials used. And not only via the incorporation of more advanced technological solutions but also – and perhaps this is more important –by modifying procedures and, in the final analysis, attitudes. An intense task of raising awareness that we want to bring also to our customers, who in turn have been asking us for a greater commitment in this field.

Commitment is also a key factor if we refer to another of the great lines of action that our activity has been centred on over the last few years. We are talking of the acceptance of our responsibility for the impact of our activity on the social environment. In the pages that follow: we have reflected in a detailed manner the advances in the system of audit and control of our supply chain as well as the efforts to integrate in this task all those actors that are concerned: public administrators, business and trade union organisations, social groups, etc. We sincerely believe that the advances in the improvement of the conditions in which work is done in the textile sector around the world will be the more solid, the greater the level of involvement of all these interested parties.

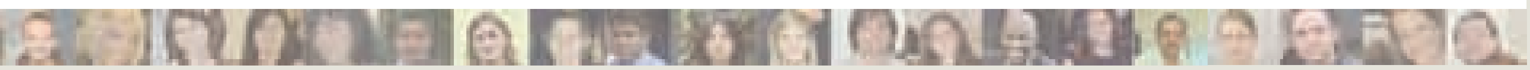
In this regard, we advanced during 2008 in the practical application of the global agreement with the International Textile, Garment and Leather Workers Federation, with which we are carrying out a large number of medium-to-long-term projects in Latin America, Turkey or south-east Asia, such as concrete interventions in places in which a breach of our Code of Conduct is detected.

Looking to the future, we are going to continue to deal with our business challenges, our strategic and social commitments, from the positions that have always characterised the performance of this company: the deep involvement of our teams in the project thanks to an intense and shared corporate culture; the constant effort to innovate; the search for efficiency in all facets of our activity; and the certainty of sharing values that bind our company with the society in which we live.

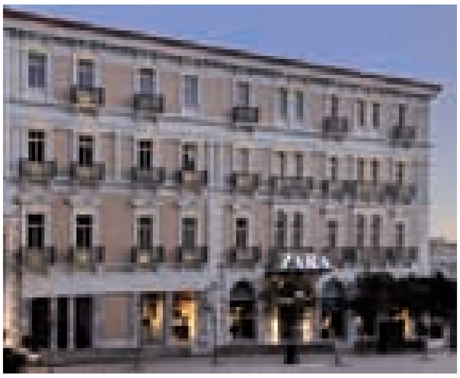
Thank you all.

Amancio Ortega Gaona
Chairman

__Inditex__´ s global workforce amounts to __89,112 employees__ of __140 nationalities__. In the company´ s stores, offices and factories, upwards of __40 languages__ are spoken, and a large range of __cultures, races and creeds__ can be found. The average age of the employees within the Group is over 26 years old. Staff members enjoy significant career opportunities and international exposure on account of __internal promotion__. In these pages, a small part of those teams and individuals, who are at the __basis of the expansion__ and future of Inditex, is shown.



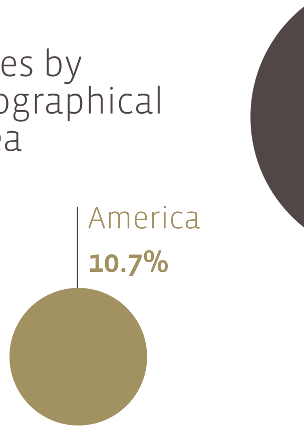
Relevant data 2008



Zara Korai, eco-efficient store

A landmark in the integration of environmental commitments and the business development needs. It integrates ecological materials, criteria of sustainable construction and energy efficiency solutions. Energy consumption has been reduced by 30% compared to a conventional store.

Sales by geographical area



Growth of 25%

in dividend paid per share

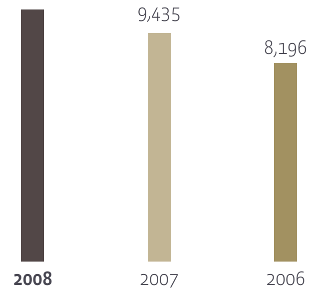
Growth of 14%

in commercial space

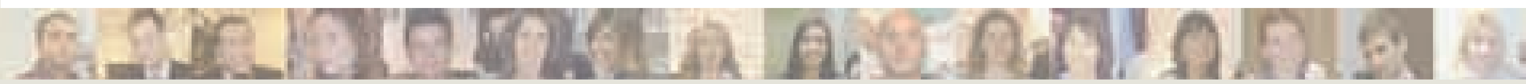
Inditex, together with the International Textile, Garment and Leather Workers Federation (ITGLWF), has created the Inditex/ITGLWF Professorship in Ethical Fashion at the University of Northumbria (Newcastle-England).

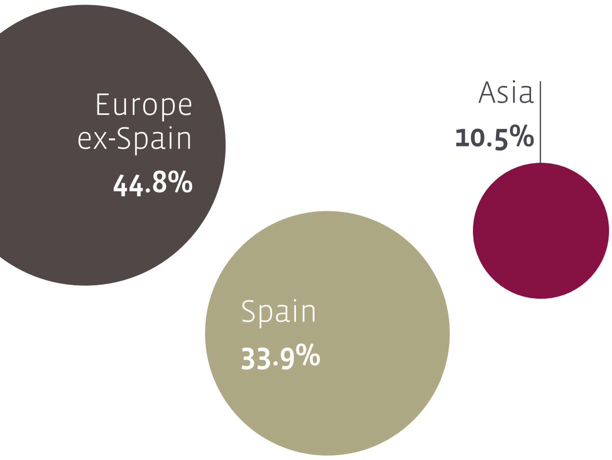
10,407 total sales

in millions of euros



*Inditex is included again in **the international sustainability indexes** such as the FTSE4Good, the Dow Jones Sustainability and the FTSE4Good Ibex.*





According to the Merco 2008 (Corporate Reputation Business Monitor), Inditex is the company with the best reputation in Spain. The Group chairman, Amancio Ortega, was chosen as the most respected director for the sixth year running.

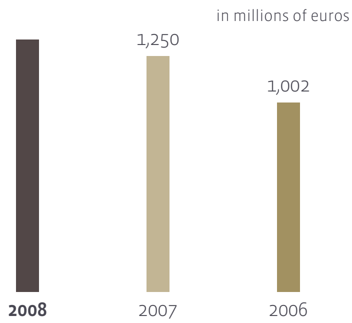
4,264
stores

In 2008, Inditex opened 573 establishments in all its commercial formats.

UTERQÜE

The latest Inditex commercial concept, specialising in fashion complements and accessories. In 2008 it opened its first stores in Spain, Portugal and Greece.

1,253 net profit

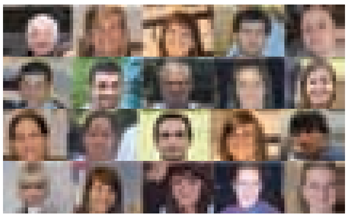


Commercial presence in

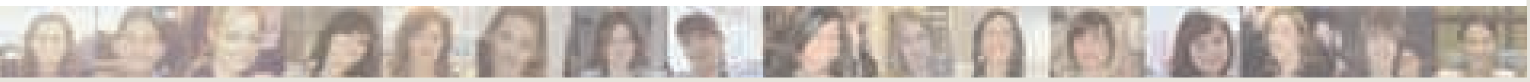
73
countries

In 2008, Inditex started commercial activity in five new countries: Ukraine, South Korea, Montenegro, Honduras and Egypt.

89,112
employees



During the tax year, 9,595 people joined the group, making this international growth possible.



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INDITEX Performance

Inditex

Inditex is one of the largest fashion distribution groups in the world. The most characteristic elements of its management model are the customer orientation of all activity of the Group's professionals and the vertical integration of all the fashion business phases, from design, manufacture and logistics to sales in its own stores.

Inditex's commercial activity is through eight sales formats:

ZARA

Pull and Bear

Massimo Dutti

Bershka

Stradivarius

oysho

ZARA HOME

UTERQÜE

All the formats share Inditex's innovative nature, flexibility and way of understanding fashion: creativity, quality design and rapid response to market demand. The Group's business structure is complemented by over 100 companies involved in textile manufacturing, logistics and other distribution-related activities.

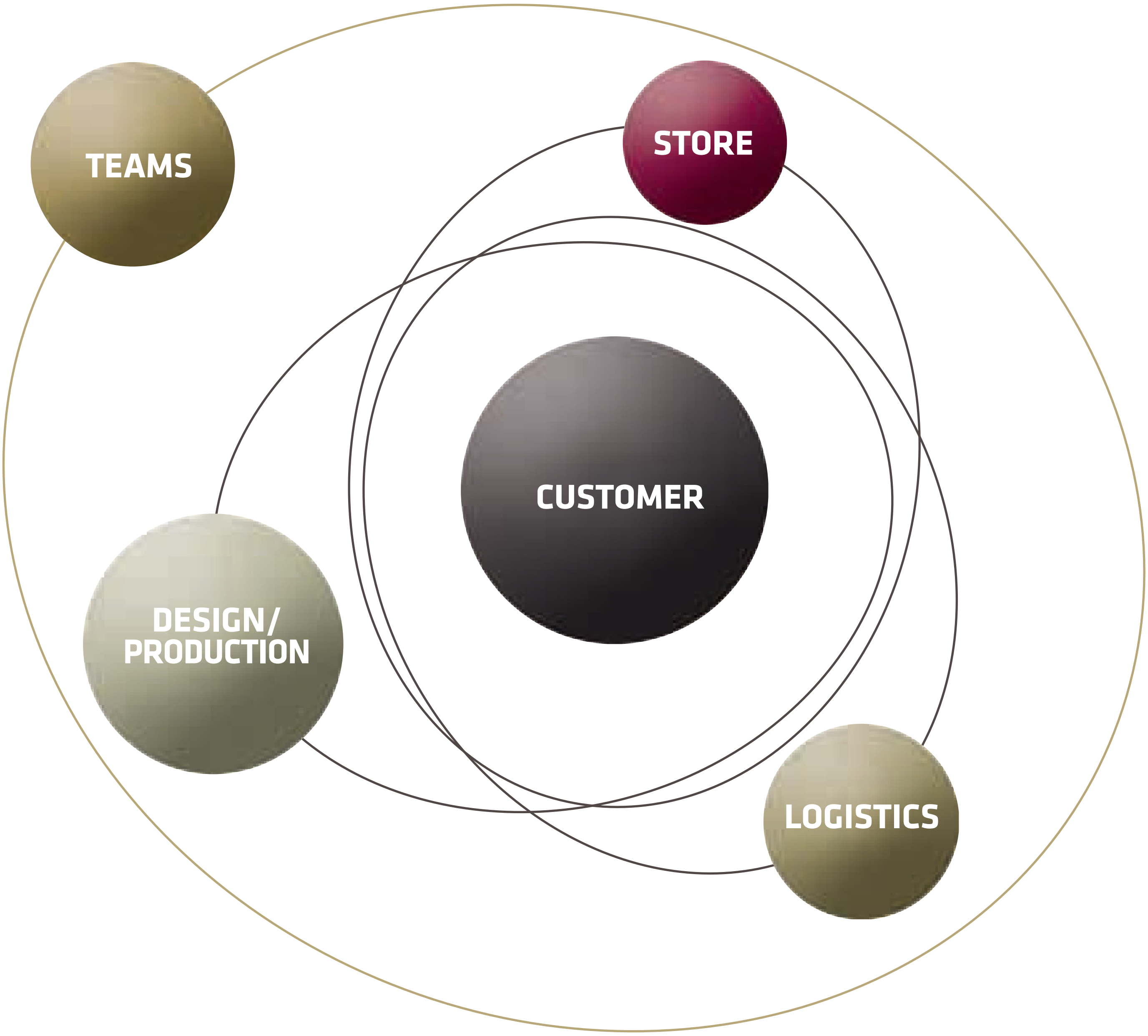
On 31st January 2009, Inditex was present in 73 countries with 4,264 stores and employed 89,122 professionals of over 140 nationalities, 80.4% of them women. In 2008, Group sales were 10,407 million euros, 10% more than the previous year. Net profit was 1,253 million euros.

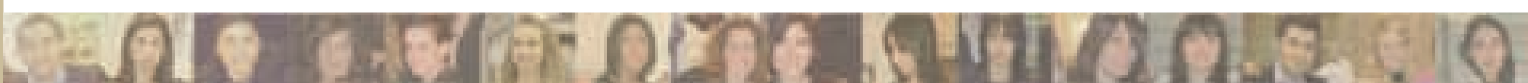
Inditex has been quoted on the stock exchange since 2001 and is included in the international sustainability indexes, such as the *FTSE4Good*, the *Dow Jones Sustainability* and the *FTSE4Good Ibex*.

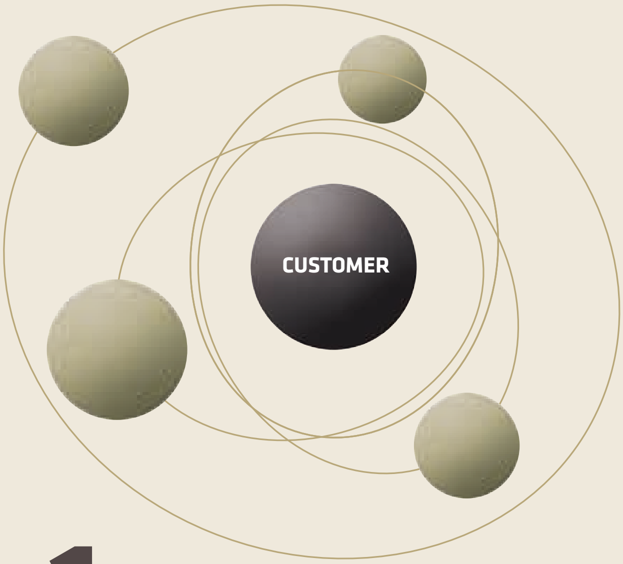
Inditex considers social and environmental variables as the strategic axis of its management. All its operations are developed under a prism of ethics and responsibility. In the social context, its operations are built around the Internal Code of Conduct and the Inditex Code of Conduct for External Manufacturers and Suppliers; in the environmental context they are based on the Strategic Environmental Plan.

Pattern-making teams of each commercial concept work together with the Design and Commercial departments to create the models which would reach the stores in a fortnight. Paquita (centre) heads the team of pattern-makers at Zara, and has been working for the company for upwards of thirty years. Her hands have created more than 300,000 patterns of the format.

The five keys to the Inditex business model

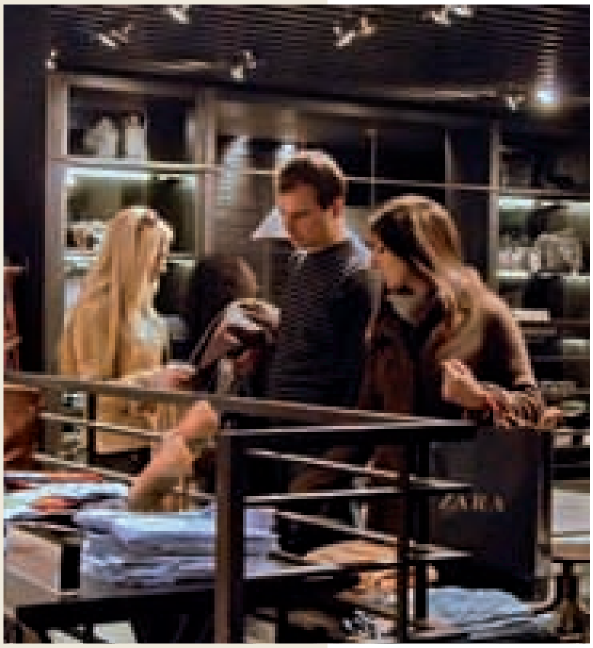






1 Customer

Main driving force behind all Inditex activity



Their decisions lead to and complete the production process

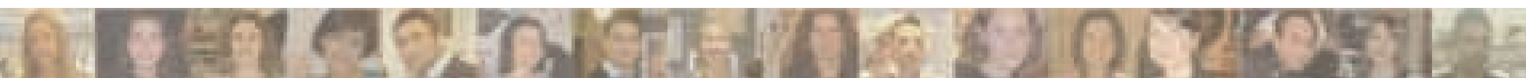
The customer plays an active role in the Inditex business model. Indeed, Inditex's production activity begins once customers' demand reactions have been analysed. Unlike the traditional fashion company business model, which starts at the designer's drawing table, Inditex's activity starts in the customer's mind and continues in the store, where their fashion demands are gathered and the process begins.

So that customers' expectations arrive in the store as quickly as possible, Inditex has a flexible, dynamic and innovative organisation which can take on new trends and tastes in fashion in record time and at heady speeds.

This link with the customer is not only considered from the fashion perspective It also covers the location and design of the stores, sited in the main shopping areas of cities and conceived to guarantee a pleasant shopping experience. Furthermore, Inditex's customer orientation is reflected in the prism of ethics and responsibility, both socially and environmentally, under which all the Group's activities are conducted.

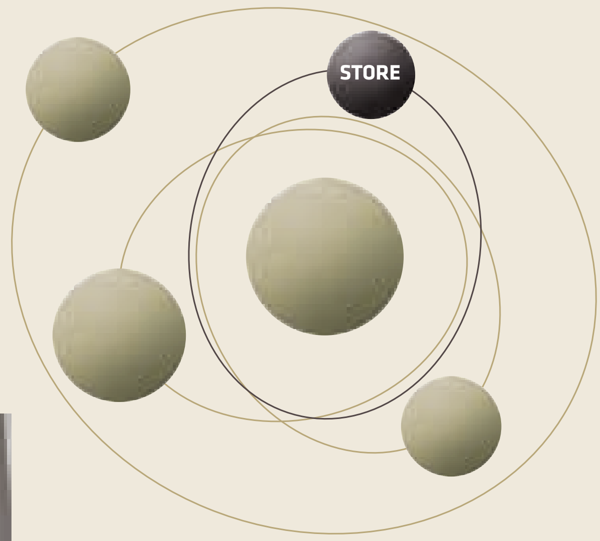
In order to get as close as possible to the customers' demands, Inditex has eight commercial brands with different fashion offers. Zara, Pull and Bear, Massimo Dutti, Bershka, Stradivarius, Oysho, Zara Home and Uterqüe share the same basic Group business model, but operate with full autonomy in terms of sales management, enabling Inditex to multiply its channels and thus meet its customers' expectations.

The customer plays the lead role in the store, design, production, logistics and all of Inditex's teams of professionals.



2 Store

The key element in the business model: it is the meeting point between the customer and the chains' fashion offer.

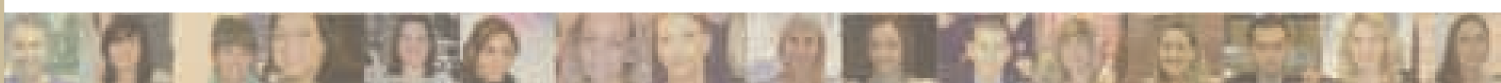


4,264 stores
73 countries

The store concentrates the essence of Inditex's activity. Its role in the business model is essential because it is both the meeting point between the customer and fashion and because it acts as a source of inspiration for the chains' design and sales teams. The information collected by the store teams regarding customer demands starts the Inditex production process, which in the shortest possible time returns its latest fashion proposals to the store. All the Inditex stores receive new products twice a week.

As well as a meeting point for trends and for gathering information, the store is the best platform for the Group's image. The store encapsulates the style of each Inditex chain through elements such as:

- **Top locations** in the most important shopping areas of the world's largest cities. In many cases, historic buildings in emblematic areas or spaces with a singular architectural appearance are chosen.
- **Meticulously designed shop windows** that bring the latest trends to life. These are the stores' calling cards, the customers' first visual contact with the chains proposals.
- **Maximum attention to the interior and exterior architectural design** of the store. The chains' architectural teams work individually on each store project to highlight the space and obtain maximum functionality for the customers' comfort.
- **Appropriate coordination of garments**. The layout of the fashion proposals in the store is designed to facilitate the meeting between the customer and fashion proposals.
- **Excellent customer care.** The shopping experience is complemented with the store employees' constant availability. With specific training in customer care, the store employees encourage freedom and comfort, while being accessible at all times and only intervening when asked to by the customer.



3 Design/production

Inspiration comes from the street, music, art... but above all, the store

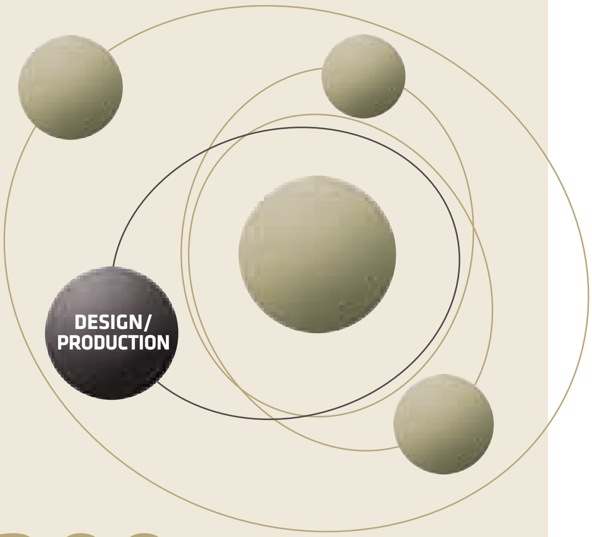
The **proximity of production** facilitates an immediate reaction to new trends

All the chains have their own design and sales teams that conceive the collections in their entirety. Their work is not affected by seasons, but is continuous and starts with information processed at the stores on customers' desires and impressions. Through the managers and their regional management teams, the creative teams and the sales staff are nourished by customer demands and work together to turn these desires into forms, designs, fabrics and compliments.

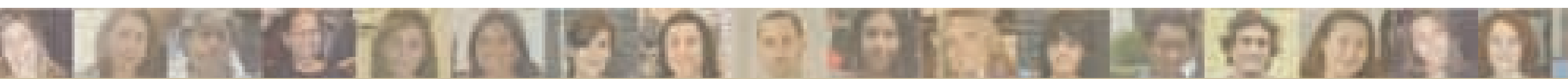
The speed of the process continues into the production phase, thanks to the fact that a large part of production is carried out in factories belonging to the Group and at centres close to the corporate headquarters of each of the chains. Inditex prioritises time over productions costs, thereby reducing the risk involved when manufacturing takes place far from the decision-making centres.

On 31st January 2009, Inditex had a network of 1,189 suppliers worldwide, with whom it maintains stable relations, under the prism of ethics and responsibility, governed by the External Manufacturers and Workshops Code of Conduct, which must be accepted to maintain commercial relations with the Group.

1,186
suppliers

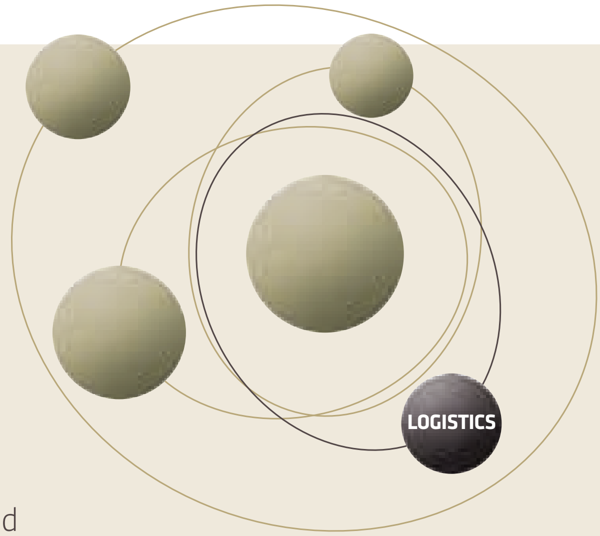


300
designers



697 million

garments distributed



5,000 employees

at logistic centres

4 Logistics

Highly frequent and constant distribution permitting the offer to be constantly renewed.

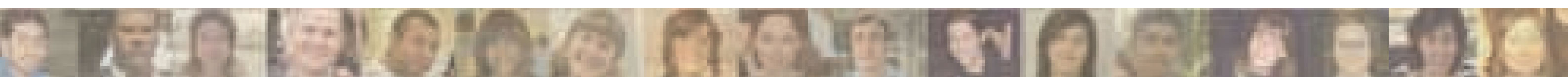
The distribution process is designed with maximum flexibility and customer orientation which governs all the Group's actions. The Inditex logistics system is designed so that the time between receiving the order in the distribution centre until delivery in the store is on average 24 hours for European stores and a maximum of 48 hours for America or Asia.

All Inditex products that are sold, regardless of origin, are distributed to stores from logistics centres for each of the Group's chains at a constant and frequent rate. All the stores worldwide receive goods twice a week and each shipment contains new products.

All Inditex logistics centres are in Spain and are located in Arteixo (A Coruña), Narón (A Coruña), Zaragoza, Meco (Madrid), León, Tordera (Barcelona), Elche (Alicante) and Sallent de Llobregat (Barcelona).

The current logistics organisation is designed to absorb growth for the next years.

More than **a million square metres** of space in logistics facilities



5 Teams

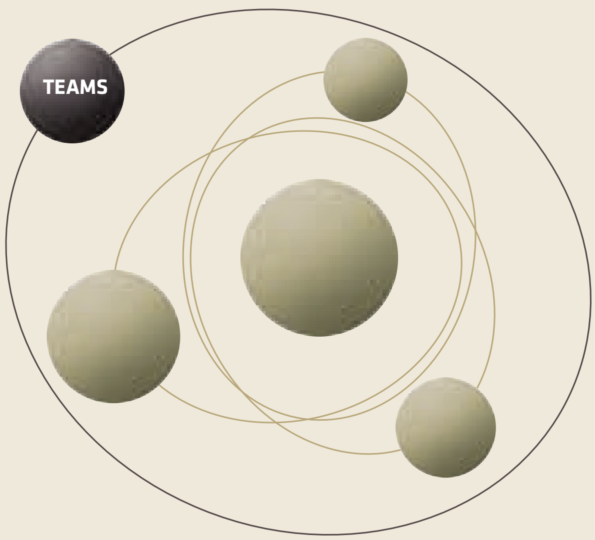
Teams with vast sales knowledge geared to towards the customer

If the customer is the driving force behind Inditex's activity, the 89,112 professionals in the Group are the means by which our mission to meet customer demands is fulfilled. All employees, regardless of their proximity to the point of sale, share the same customer orientation, from those involved directly in the production process, such as designers, sales or logistics teams, to the professionals in corporate areas such as Human Resources, Systems or Finance, among others.

The customer is a constant, in all activities. They are the element that makes all the Inditex teams constantly aware of possible improvements in their activity. This general practice makes Inditex a company that innovates continuously. Constant cross-company dialogue between the teams is the key to fostering innovation.

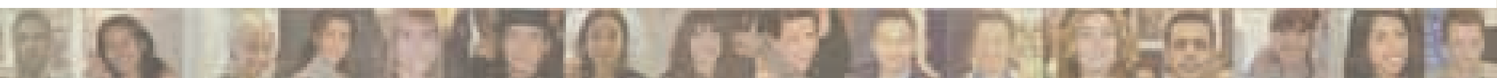
The customer orientation of all the Inditex teams goes beyond just fashion. As well as their efforts to make the stores a pleasant environment in which the customer feels comfortable, for Inditex professionals the variables of corporate, social and environmental responsibility are always present in their day-to-day work.

Inditex has professionals of 140 nationalities. Conscious that its activity takes place in a worldwide geographical environment and with implications in different economic, social and environmental areas, they work to reconcile economic growth, respect for communities in which they do business and protection of the environment. Hence, both the environmental and social variables are key to the global Inditex strategy.



89,112
employees

140
nationalities



Summary of 2008 financial year

The results of the 2008 financial year reflect a year of strong expansion and satisfactory growth in sales in a marked environment of economic downturn in a number of countries. In this context, the Inditex Group obtained sales of 10,407 million euros, 10% more than the previous year and 12% at constant exchange rates and perimeter. The Group sales were positive in all geographical areas. Net profit was 1,253 million euros compared to 1,250 million euros in 2007. Also, like-for-like sales stayed the same over 2008, demonstrating the strength of the Group's business model. The gross margin reached 5,914 million euros, 11% more than in 2007. The gross margin on sales was around 56.8%, compared to 56.7% the previous year. Inditex maintained a solid financial position and increased its net cash position at year end.

2008 Highlights

***Sales increased** in all geographical areas in which the Group's sales formats operate*

*Sales behaved satisfactorily, with **12% growth** at constant exchange rate*

*Inditex maintained **a solid financial position** and increased its net cash position at the end of the year*

*2008 was a year of **strong expansion:** sales surface increased by 14%*

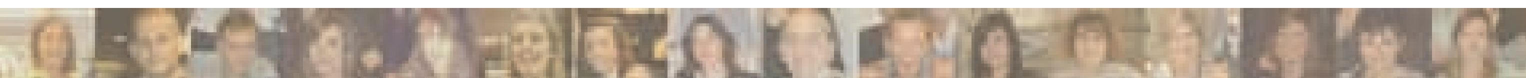
Main indicators

Results (in millions of euros)	2008	2007	2006	2005	2004	TACC 08/04
Sales	10,407	9,435	8,196	6,741	5,569	17%
EBITDA	2,187	2,149	1,790	1,459	1,227	16%
EBIT	1,609	1,652	1,356	1,094	922	15%
Net profit	1,253	1,250	1,002	803	639	18%

Balance (in millions of euros)	2008	2007	2006	2005	2004	TACC 08/04
Net assets	4,749	4,217	3,471	2,921	2,393	19%
Net financial position	1,219	1,052	714	703	489	26%

Stores	2008	2007	2006	2005	2004
Number of stores at year-end	4,264	3,691	3,131	2,692	2,244
Net openings	573	560	439	448	322
Increase in the sales surface	14%	16%	16%	22%	19%
Number of countries with commercial presence	73	68	64	62	56

Other relevant information:	2008	2007	2006	2005	2004
Contribution of international sales	66%	63%	60%	57%	55%
Like-for-like sales	0%	5%	5.5%	5%	9%
ROE	28%	33%	32%	30%	29%
ROCE	36%	43%	43%	41%	42%
Employees	89,112	79,517	69,240	58,190	47,046



The Group made investments of 937 million euros, maintaining the same levels as the previous year. This investment was mainly directed at opening new stores and refurbishing existing stores. The Group's international expansion strategy increased the weight of sales in international stores to 66% of the total, from 63% the previous year. The geographical area that provides the highest Group sales is Europe (not including Spain) providing 45% of total store sales. Asia also increased its contribution to Group to 10%, thanks to the successful expansion and favourable reception in the area.

As a result of the expansion, all chains increased their proportion of sales in international markets. In the case of Zara, the chain with the largest presence outside the domestic market, sales in international stores reached 75% of the total.

The sales surface by date of opening increased 15% in 2008. Total sales surface was around 2,180,889 m2. Of this, 85% of the new sales surface was opened outside Spain. Inditex opened a net total of 573 stores throughout 2008, reaching a total of 4,264 stores in 73 countries, five of them in new markets (Ukraine, South Korea, Montenegro, Honduras and Egypt). Among the new points of sale are the first 31 Uterqüe stores in Spain, Portugal and Greece, the new Group chain specialising in fashion accessories and complements, whose launch exceeded previous expectations.

Inditex continues to generate employment. At year end, the Group had 89,112 employees, compared to 79,517 at year end 2007.

2009 Financial Year

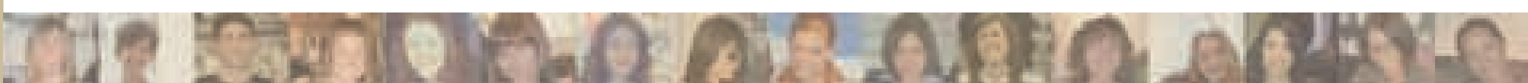
In 2009, Inditex will continue the profitable expansion of its business as a strategic priority. Inditex will grasp the opportunities in the current environment and strengthen its focus on efficient use of capital. As part of this strategy, supported by the flexibility and adaptability of its business model, Inditex expects to add 230,000 m2 of sales surface, 95% in international markets.

2009 highlights

*The **profitable expansion** of the business in the long term is a strategic priority*

*Inditex **will grasp the opportunities** that arise on the economic scene*

*The company will be strongly positioned to **improve the efficiency of its investment***



Stock market performance

The financial environment and resulting reduction in world economic growth forecasts conditioned the stock market performance in 2008, as shown in the accumulated falls in the main international stock market indexes.

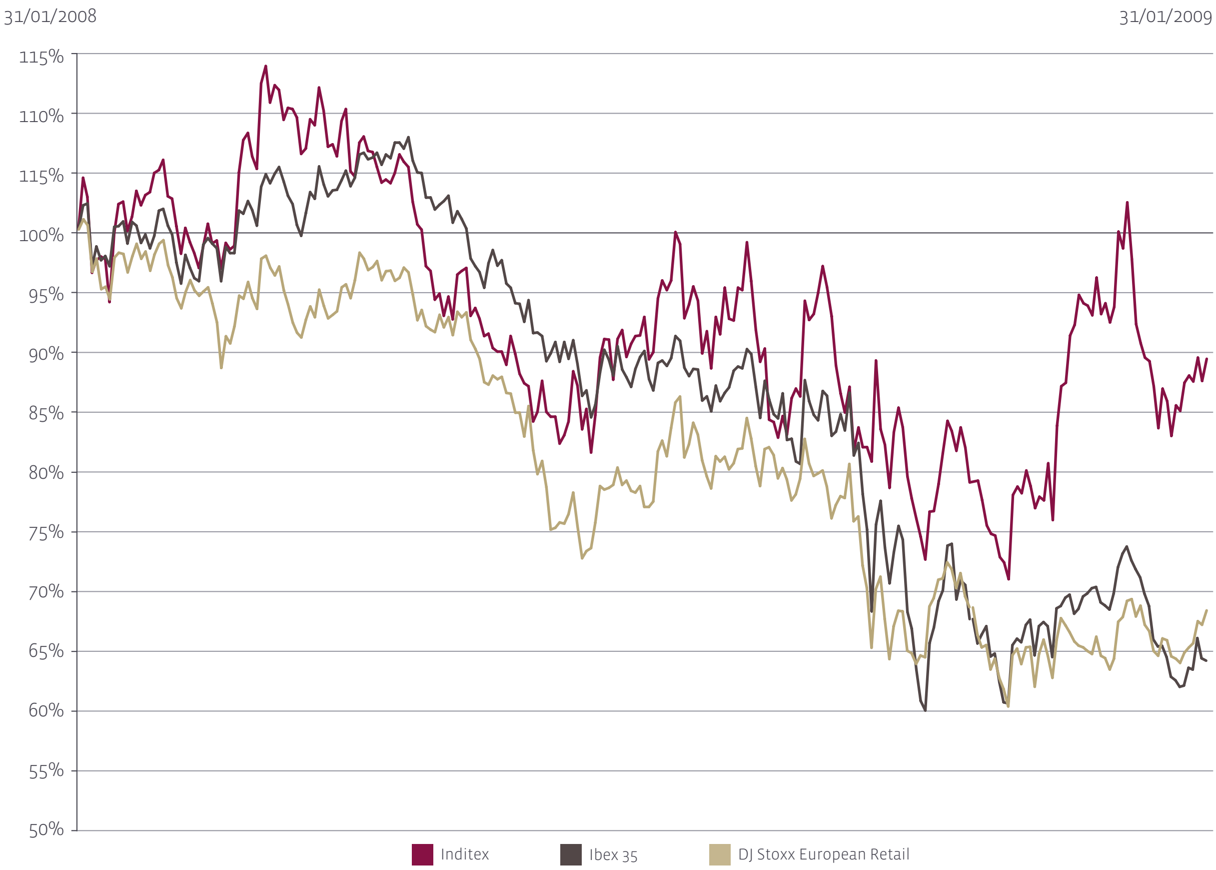
The stock prices in the consumer sector experienced a similar trend, leaving sector indexes at year end 30% lower than their initial values.

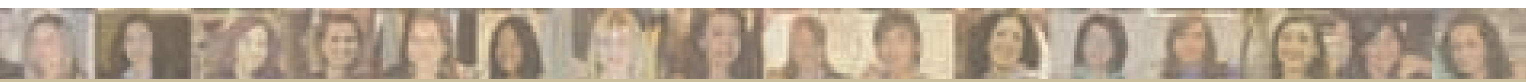
In this context, the performance of the Inditex price was more favourable than the overall values in the consumer sector and the market in general, as the yearly fall in price was only 11%, compared to the 32% drop in the Dow Jones Stoxx 600 Retail Index or the 36% fall in the Spanish Ibex 35 reference index over the same period. The Inditex price closed at 29.9 euros per share on 31st January 2009. The average value negotiated exceeded 2.9 million euros shares a day.

The stock exchange capitalisation of Inditex stood at 18,625 million euros at year-end, 103% above the price when it was first listed on 23rd May 2001, against a drop in the Ibex 35 over the same period of 12%.

In August 2008 dividend paid out for the 2007 financial year was 1.05 euros per share, 25% more than the previous year.

Inditex stock market performance 2008





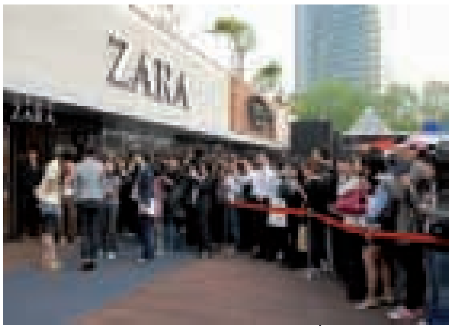
Milestones for the year

February

29 Pull and Bear opened in Indonesia with one store in the capital, Jakarta, coinciding with the opening of Massimo Dutti in Hong Kong. Inditex continued its expansion in Asia-Pacific region, one of the areas in the world where it has the highest rate of growth.

March

12 Inditex and Médecins Sans Frontières signed an agreement to develop a humanitarian project. The first joint initiative consists of financing an MSF Spain healthcare project in Somalia, for which Inditex has agreed to invest 1.5 million euros.



14 Inditex headed the Merco 2008 (Corporate Reputation Business Monitor) ranking, being the company with the best reputation in Spain. The Group president, Amancio Ortega, was once again chosen as the most respected director, for the sixth year running.

April

18 Inditex boosted its multiformat rate of growth in Eastern European countries and Russia, with new Massimo Dutti, Zara Home and Zara stores in Poland, Romania and Russia.

29 Zara opened its first stores in Korea. With these inaugurations in Seoul, Inditex has increased its commercial presence to 69 countries.

May

8 Inditex increased its commercial presence to 70 countries after entering the Ukraine with a Zara store in Khreshatik Street, one of the most exclusive areas of the capital, Kiev.

30 Pull and Bear opened its first store in the United Kingdom in Liverpool. During 2008, the chain also opened a store in London.

June

9 Inditex delivered help to the victims of the earthquake in the province of Szechwan (China) to the value of 2,236,000 dollars.

30 Elche town council approved the sale of a plot of land which will enable expansion of the facilities of Tempe, the company that designs, manufactures and distributes footwear to all the Inditex chains.

July

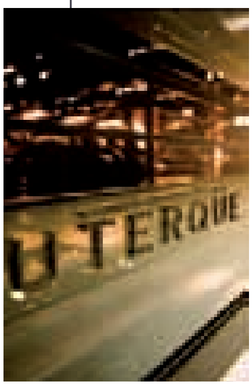
15 The Inditex General Shareholders Meeting approved the annual accounts and distribution of a dividend of 652 million euros, 1.05 euros per share, 25% more than 2006.

16 Uterqüe, the new Inditex Group chain, specialising in fashion accessories and compliments, started its commercial activity by simultaneously opening its first stores in A Coruña, Madrid and Barcelona.

August

13 Inditex is one of the founding Spanish companies of Energylab, a project that brings together the administration, the Galician universities and the main companies. This is the first technological energy efficiency and sustainability centre.

28 Stradivarius and Bershka opened up their first shops in Colombia. For Stradivarius, this means moving into the American market.



September

2 A Bershka store became involved in the social integration project *for&from* in Palafolls (Barcelona) in collaboration with the Fundació el Molí d'en Puigvert. The staff includes people with severe learning difficulties.

10 Pull and Bear launched its environmental project *Pull and Bear Forest*, which includes ending the publication of its catalogue on paper and supporting reforestation of the Sierra Gorda Biosphere Reserve, in Mexico. The chain plans to plant more than 16,000 trees.

19 The Zara brand reached the 62nd place in the "Best Global Brands" ranking which is produced yearly by the consultants Interbrand. The brand, valued at 5,955 million euros, rose two places over the previous year.

21 Inditex opened its store number 4,000. This is a Zara establishment in Tokyo (Japan), in the Ginza district, one of the most important shopping areas in the world. This inauguration coincides with the 10th anniversary of Zara in Japan.

22 For the seventh consecutive year, the annual "Dow Jones Sustainability World Indexes" maintained Inditex in one of the most prestigious stock market indexes, which evaluates companies mainly on their commitment to sustainability.

28 Zara opened its sixth store in Manhattan, on 5th Avenue and 42nd Street. The chain, which has two other stores in 5th Avenue, now has more than 40 establishments in the US.

December

1 Zara opened its first store in Honduras, in the capital, Tegucigalpa, increasing the international presence of the group to 72 countries.

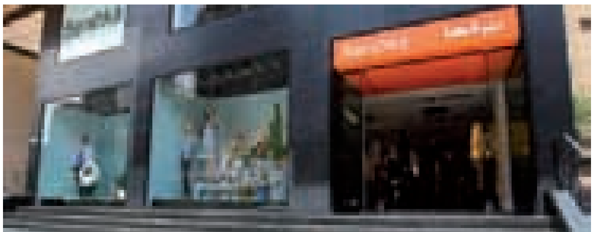
2 Their Royal Highness the Prince and Princess of Asturias visited the Inditex installations in Arteixo (A Coruña), with Amancio Ortega, chairman of Inditex, and Pablo Isla, first deputy-chairman and managing director of the Group, as their guides.

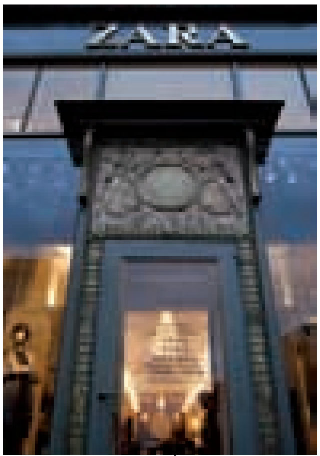
January

13 Inditex reached the 65th place in the world ranking of the 100 best distribution companies, drawn up annually by the Deloitte's consultancy. Inditex climbed nine places in the list compared to the previous year.

18 According to the Business Social Responsibility Observatory produced by UGT, of the companies quoted on the Ibex 35 Index, Inditex is the one with the best practices regarding corporate social responsibility.

26 Inditex and the Tata Group signed an agreement to open Zara stores in India from 2010 through a joint venture company.





24 In Russia, Zara received the award for the "Best Fashion Product" from the Russian association of retail companies (Akort) and the B2B Conference Group, in collaboration with the World Retail Congress.

October

1 Inditex opened its first stores in Montenegro. With simultaneous inaugurations of Zara, Bershka, Oysho, Pull and Bear and Stradivarius in the capital Podgorica, Inditex has commercial presence in 71 countries.

November

12 Uterqüe opened its first store in Greece, in Metaxa Street, one of the main shopping centres in Athens.

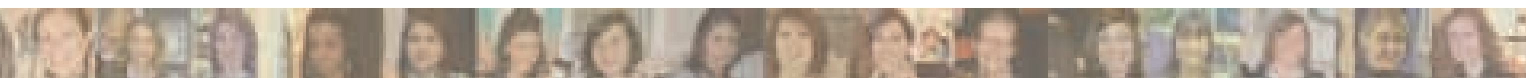
15 Zara and Zara Home opened one of their most emblematic stores in Russia in the heart of Saint Petersburg. The establishment occupies one of the most striking buildings in Nevski Avenue, known as Mertens House, which dates from 1740.

17 Zara opened an eco-efficient store in Athens (Greece).

20 Inditex opened its first stores in Egypt. Pull and Bear and Bershka are the first of the Group's chains to open in Cairo, thereby increasing Inditex's commercial presence to 73 countries.

26 Zara was chosen as the "Best Fashion Store in Norway" by readers of Costume magazine, one of the most influential fashion publications in the country.

29 A study produced by PricewaterhoursCoopers (PwC) and Sustainable Asset Management (SAM) includes Inditex among the leading companies worldwide in terms of sustainability. Also, for the third year running, Inditex is listed in the Global 100 ranking of the most sustainable companies in the world, a list drawn up each year by the Canadian magazine Corporate Knights.



Commercial formats

Inditex has eight commercial formats, since it launched Uterqüe in July 2008, its new chain specialising in fashion complements and accessories.

With a contribution of 65.6% to total sales, Zara is the Group's main commercial format. The other chains have increased their contribution to sales in the 2008 accounting year to 34.4% from 33.6% the previous year.

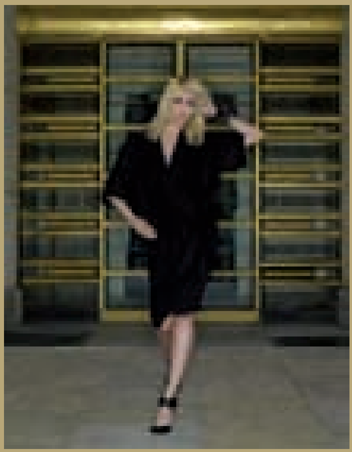
During 2008, all the commercial formats and all geographical areas in which the Group operates showed positive growth

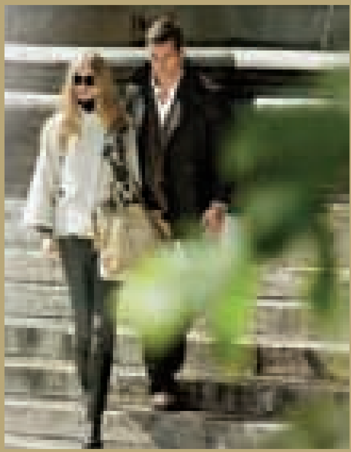
International expansion of all the Group's formats, with a net total of 573 new stores, means that its sales surface has increased by 14%, reaching 2.18 million m2.

	Sales by format (*)	Contribution by format	Number of stores at end of 2008	Net openings 2008	New markets 2008	Countries in which it operates
Zara	6,824	65.6%	1,520(**)	159	4	72
Pull and Bear	720	6.9%	583	64	4	39
Massimo Dutti	722	6.9%	470	44	6	38
Bershka	1,026	9.9%	591	81	5	40
Stradivarius	633	6.1%	456	75	7	31
Oysho	242	2.3%	374	84	1	23
Zara Home	222	2.1%	239	35	4	24
Uterqüe	17	0.2%	31	31	3	3

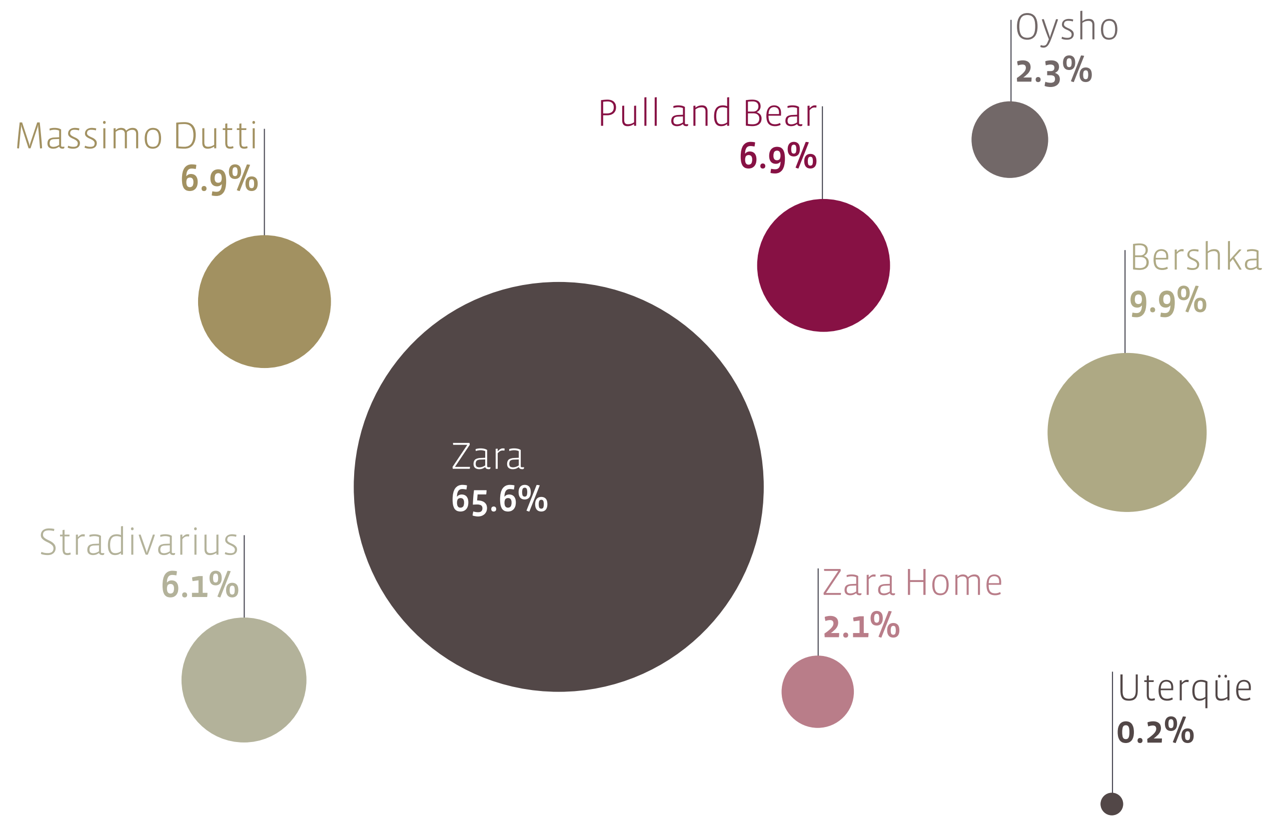
(*) In millions of euros
(**) At year end, the number of Zara stores included 228 Zara Kids stores

ZARA
Pull and Bear
Massimo Dutti
Bershka

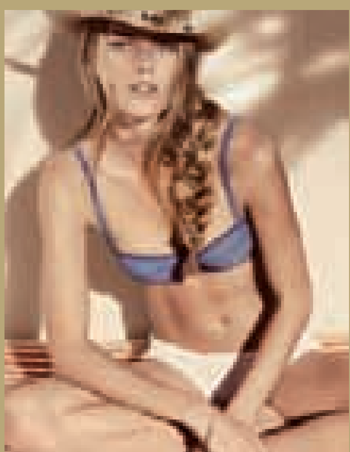
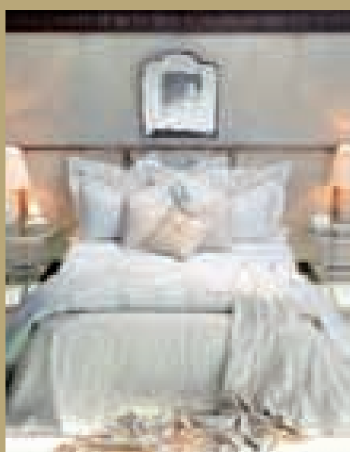





Sales contribution by format

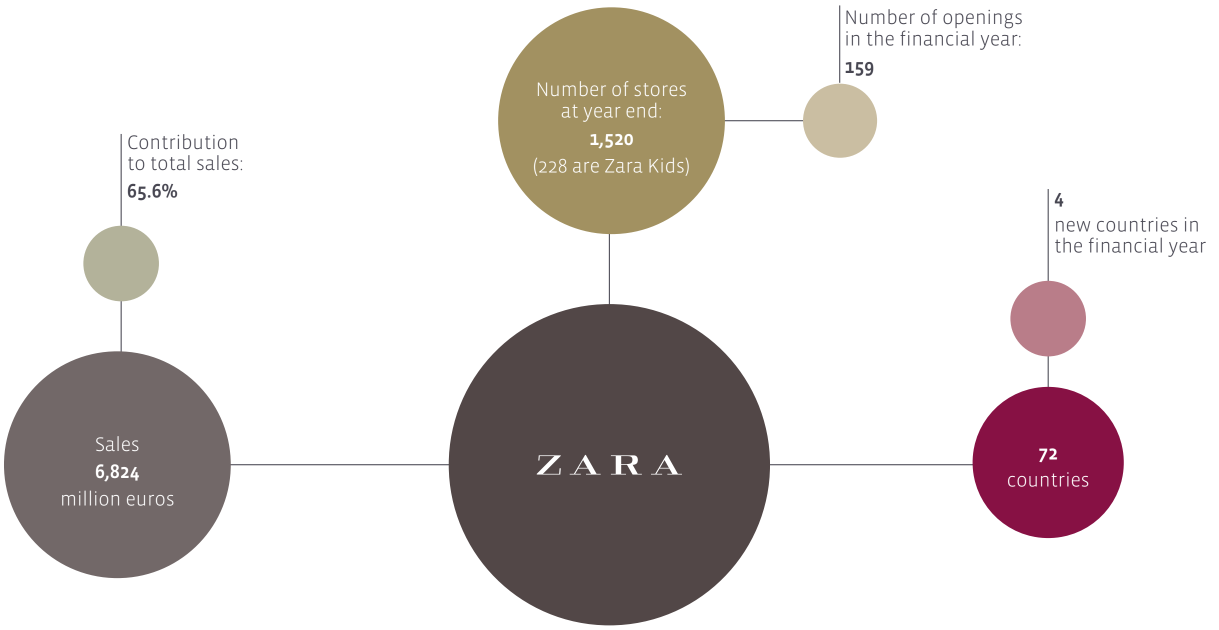


Stradivarius oysho ZARA HOME UTERQÜE



ZARA
www.zara.com



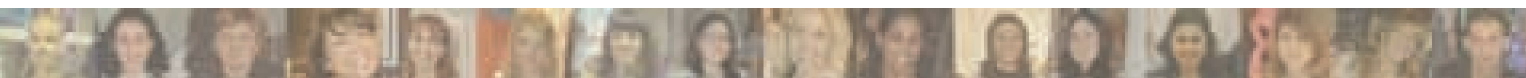
The Group's leading chain, the pioneer of the Inditex business model with headquarters in Arteixo (A Coruña), was founded in 1975 and since then has strived to interpret and adapt to its customers' demands.

Its development in conjunction with fashion trends is also shown in the style of its stores, designed to convey freedom and quiet comfort to the customer. As part of this constant search for the most innovating trends in fashion, in 2008 Zara opened its new website (www.zara.com), with a restyled look, providing for its users' fashion information needs, while also including additional elements such as music and movement. One of the most characteristic elements of the brand's new website is its versatility in presenting the chain's latest proposals, taking Zara's constantly changing fashion offers to the Internet.

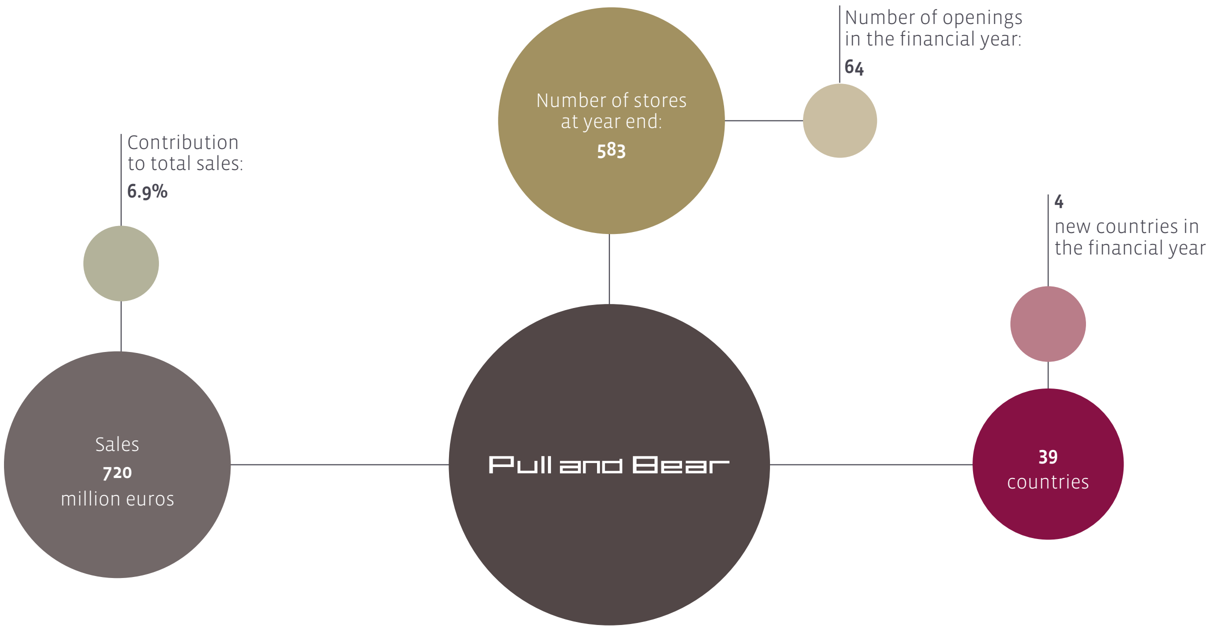
The environmental variable had a constant and noticeable presence in Zara throughout the year. The chain developed its organic cotton fashion collection, which it started marketing in 2006, by extending the range of products. Given its reception among customers, since 2008 the offer of organic cotton products has been extended to jeans, various lines of men's T-shirts, babies' and children's clothes and accessories, available in all its stores. However, Zara's main environmental landmark in 2008 was undoubtedly the opening of an eco-efficient store, in Korai Street in Athens (Greece). This establishment, conceived and developed by Inditex's internal teams in collaboration with various Spanish universities, aims to reduce the average energy consumption of a Zara store by 30% and is already a reference point for the chain's upcoming inaugurations. (More information on pages 188-197).

Since 2008, Zara has been present in four new countries: Montenegro, Ukraine, Honduras and South Korea, maintaining its policy of opening emblematic stores, such as the Zara Korai store which, as well as its eco-efficient characteristics, is notable for its location in a historic building in the centre of Athens, after the chain's architects' studio carried out important conservation and restoration work.

Another emblematic inauguration during the year took place in Saint Petersburg (Russia), in Mertens House, one of the most striking buildings in the Nevsky Avenue shopping street. Also of note are the new shops in Fifth Avenue, New York (United States); M Plaza in Myungdong, in Seoul (South Korea) and Group Inditex's 4000th store in the heart of the Ginza district in Tokyo (Japan).




ROOT BEER
Pull and Bear
www.pullbear.com



Since it was founded in 1991, the spirit of youth has been the main inspiration behind Pull and Bear. Its music, its way of thinking, way of looking at the world and dressing are all present in the atmosphere of this chain's stores.

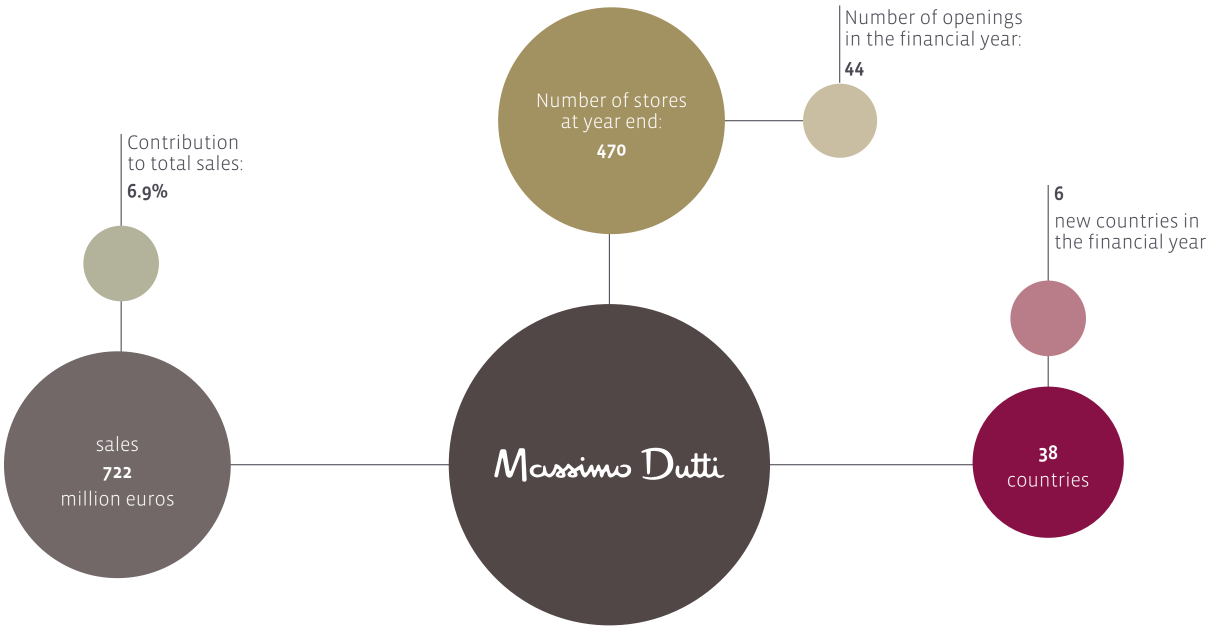
The casual, easy-going personality of Pull and Bear extended to four new countries in 2008: United Kingdom, Montenegro, Egypt and Indonesia. With its entry into the Indonesian market, the chain has extended its presence in the Asia-Pacific region, where it opened its first stores in 2006.

In the British market, Pull and Bear's opened its first store in Liverpool, a city with a strikingly youthful personality. Pull and Bear's restless spirit also arrived in other cosmopolitan centres that breathe the spirit of youth, such as Via Torino in Milan or Vörösmarty square in Budapest, in a modern building in the centre of the Hungarian capital.

Pull and Bear's connection with youth, as well as being reflected in the style of its collections and the atmosphere of its stores, is also present in the chain's commitment to the environment. In 2008, Pull and Bear began a double environmental project. The chain has stopped publishing its catalogues on paper, with the aim of preventing the felling of trees. This initiative is complemented by a charity project in Querétaro (Mexico), in which Pull and Bear is collaborating in the reforestation of the Sierra Gorda Biosphere Reserve, simultaneously fighting climate change and poverty among local communities. Through this initiative, Pull and Bear aims to compensate for the carbon footprint of its catalogues and also to contribute in the planting of 16,000 more trees in the Reserve, to the benefit of the environment. It has also created an interactive micro-site on its website where users can learn about environmentally friendly attitudes through games and advice.

Pull and Bear, with headquarters in Narón (A Coruña) closed the 2008 financial year with 583 stores in 39 countries.


Massimo Dutti
www.massimodutti.com



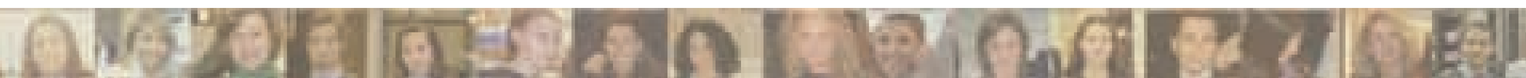
Massimo Dutti has been part of the Inditex Group since 1991. Its universal design connects with independent urban men and women whose lifestyle portrays an impeccable image.

During 2008 the chain extended its range of complements and accessories to help customers find the small details that mark the difference in style and add the finishing touch to the desired look. The Massimo Dutti touch can be seen in its high quality products such as handbags, belts, necklaces or handkerchiefs, in both the sophisticated and more casual lines. Highlights in this product extension are the chain's new line of eye and sunglasses, *The Eyewear Collection*, with more models for men and women, and the launch of a new women's perfume, *En Esencia*, which, since the last financial year, has been on sale in the chain's stores and leading perfume stores.

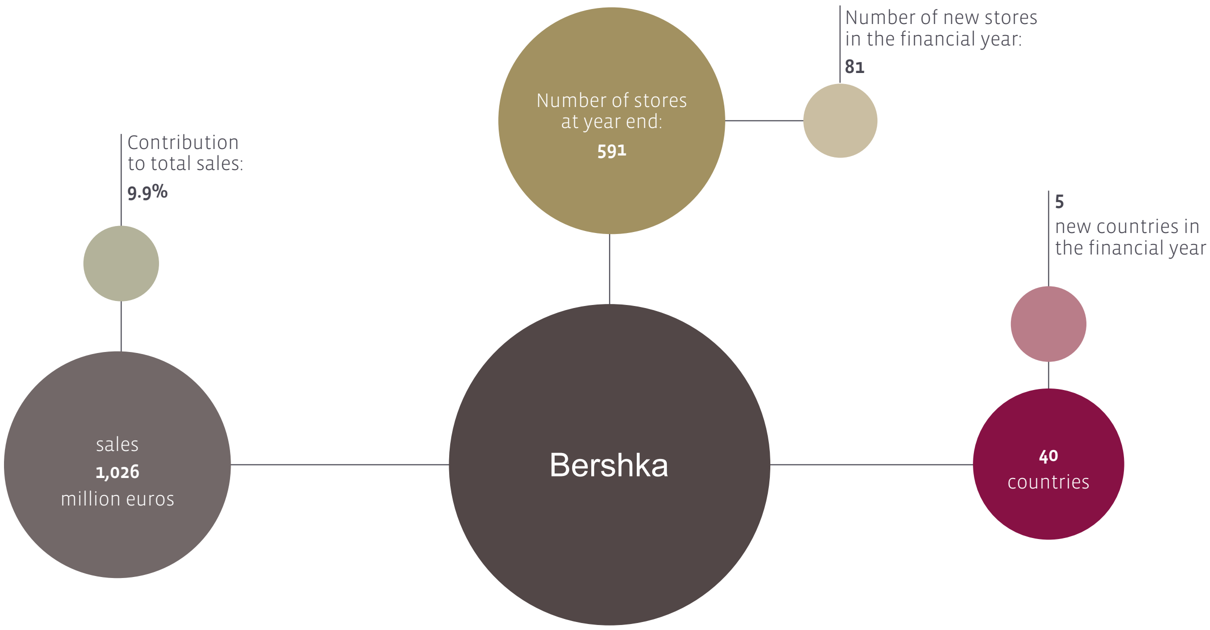
The chain, with headquarters in Tordera (Barcelona) has added its *Boys& Girls* collection, the new Massimo Dutti children's line, in Paris. Since the last financial year, the chain's store in Place de la Madelaine has had a specific section for its children's fashion proposals.

Massimo Dutti has continued its international growth, by opening stores in the most prestigious shopping areas around the world. During the year, the chain entered six new countries: Poland, Romania, Czech Republic, Slovenia, Guatemala and Israel. It also continued its expansion in the Asian Pacific region, opening its second store in Hong Kong, in Harbour City, one of the city's main shopping areas. With this establishment, Massimo Dutti now has three stores in China, where it opened its first store in 2007 in Macao.

At year end, Massimo Dutti was present in 38 countries with 470 establishments.




Bershka
www.bershka.com



In 2008 Bershka celebrated its 10th anniversary. Since it was founded, the chain with headquarters in Tordera (Barcelona), has targeted its offer to younger customers. A visit to its stores is a sociocultural immersion in youth culture.

Over these 10 years, Bershka has become the undisputed meeting point for the latest trends in fashion, music and style for youths in 40 countries. In 2008, Bershka added five new markets to its international network: Austria, Montenegro, Colombia, Bahrain and Egypt, showing that the interest among young people for cutting-edge trends crosses frontiers and geographical differences. Bershka is global, as is fashion and youth.

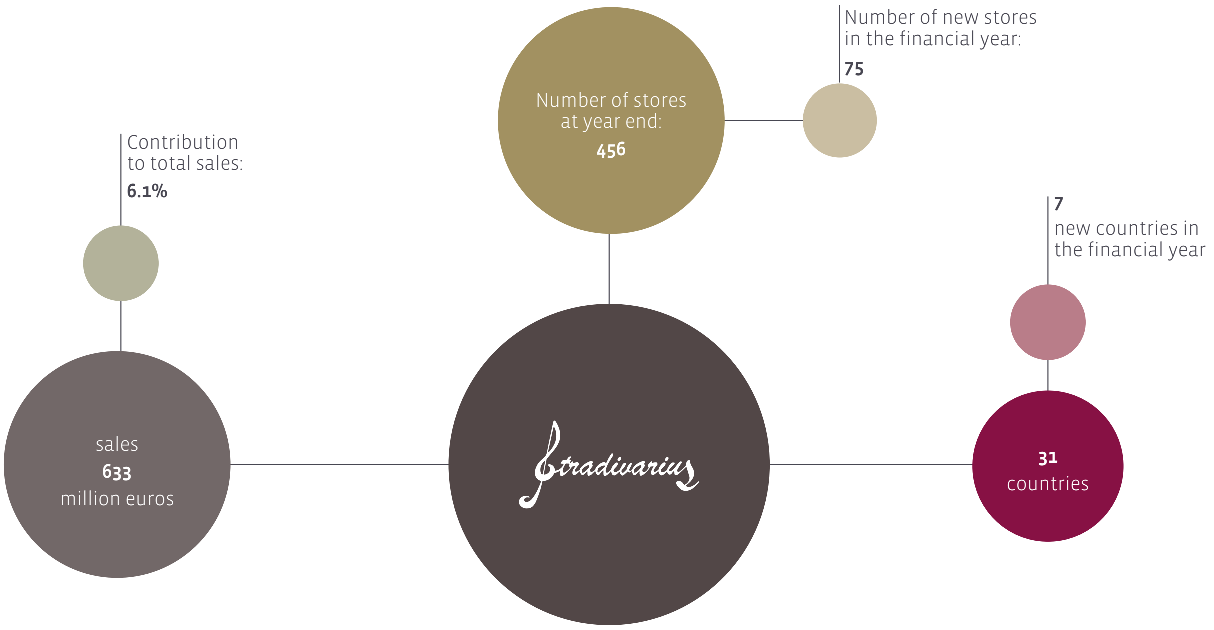
In 2008, Bershka set a landmark in social responsibility in its history. In September, the chain opened its first store in the for&from project in Palafolls (Barcelona, Spain), whose staff includes people with severe learning difficulties. Bershka is following in the footsteps of Massimo Dutti, which already has a similar store in Palafolls and another in Allariz (Ourense, Spain), the latter employing people with some form of physical disability.

In this initiative, promoted by Inditex's Department of Corporate Social Responsibility, Bershka is working with the Fundació El Molí d'en Puigvert, which specialises in developing social and work rehabilitation programmes for people with learning difficulties in the Maresme area of Catalonia. The Bershka for&from store sells cut-price products from previous seasons and uses a number of technical solutions to improve accessibility for physically disabled people.

Among the most emblematic stores Bershka opened during the year is the one in Cairo (Egypt), which opened along with a Pull and Bear, marking the entry of the Inditex Group in the Egyptian market. The Bershka store is in Mohandessen, one of the city's most exclusive areas. Another one of the chain's notable stores in 2008 was opened in Istanbul, in a historic building in Istiklal Avenue, one of the most cosmopolitan thoroughfares in this Turkish city.

At year end, Bershka was present in 40 countries with 591 establishments.


Stradivarius
www.e-stradivarius.com



Stradivarius offers young feminine fashion. The chain, which has been part of the Inditex Group since 1999, gives its customers its particular dynamic and original conception of the latest trends in fashion, fabrics and complements.

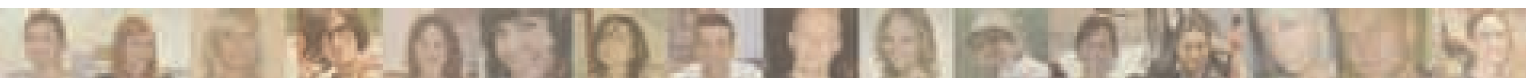
The informal yet sophisticated style of Stradivarius' clothing is reflected in the design of its stores, characterised by an elegant Baroque atmosphere. During 2008, the chain transferred the environment of the Stradivarius stores to its headquarters in Sallent de Llobregat (Barcelona). The chain's offices have adopted Stradivarius' cutting-edge style, thereby unifying the image of the "brand in the treble clef".

Another of the spaces that has also been integrated into the chain's global image is the website: www.e-stradivarius.com. The chain's new Internet website brings together the essence of Stradivarius through an attractive, feminine and highly dynamic design. The brand image is present throughout the website and, especially, in its newest sections, such as the virtual *Fitting Room*, which helps with choosing the most attractive fashion proposals, or pages with the chain's new products.

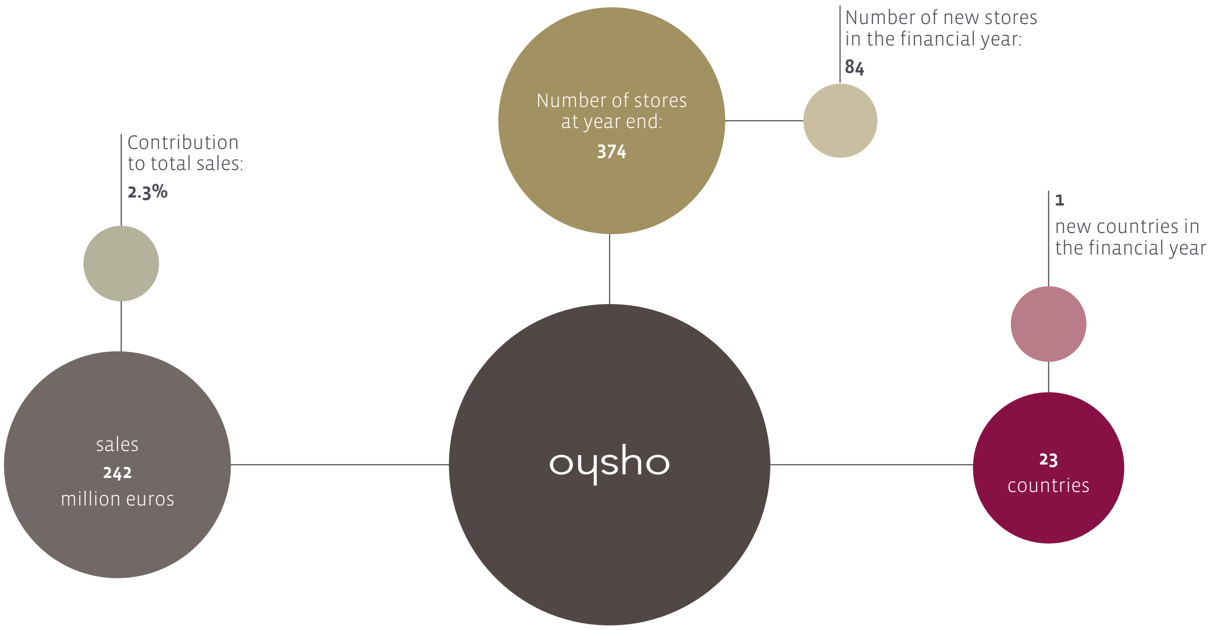
With regard to international expansion, Stradivarius was the Inditex Group chain that entered the most new markets, seven in total: Lithuania, Czech Republic, Malta, Montenegro, Bahrain, Colombia and Guatemala. With its entry into Colombia last August, with a store in Bogota, Stradivarius started its expansion into the American market, where by year end it had three stores in Colombia and one in Guatemala.

The chain continued its international expansion by opening at sites in tune with the urban, independent taste of its customers. Highlights of this financial year were the new stores in Vörösmarty Square in Budapest, one of the main centres for the young people of the Hungarian capital, and the similar Kleber Square in Strasbourg (France). Also significant is the recent opening of the chain in Colón Street in Valencia.

At year end, Stradivarius was present in 31 countries with 456 stores.




oysho
www.oysho.com



Oysho was founded in 2001 with the aim of bringing the revolutionary Zara concept in outerwear to the world of feminine lingerie. Since then, the store, with headquarters in Tordera (Barcelona) has become a leader in intimate feminine fashion.

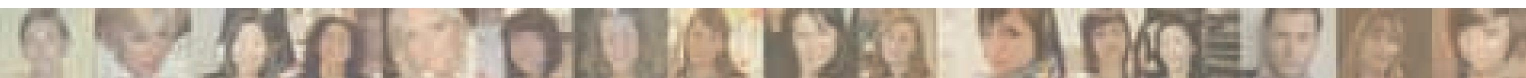
Its proposals connect with the creative and spontaneous personality of its customers, who are looking to show their style in all aspects of their wardrobe. Since 2008, the Oysho style has also had its own special environment on the Internet. The chain has overhauled the image of its website (www.oysho.com) making it the ideal site to discover the spirits of its collections. It also includes general information on latest fashion trends and other information of interest to Oysho's customers on the environment, art and music.

During the financial year, the chain, with headquarters in Tordera (Barcelona) continued its international expansion by opening stores in 15 markets. Among them was Montenegro, where it opened its first store in Podgorica, together with other chains such as Zara, Bershka, Pull and Bear and Stradivarius, marking the entry of Inditex into this Balkan country.

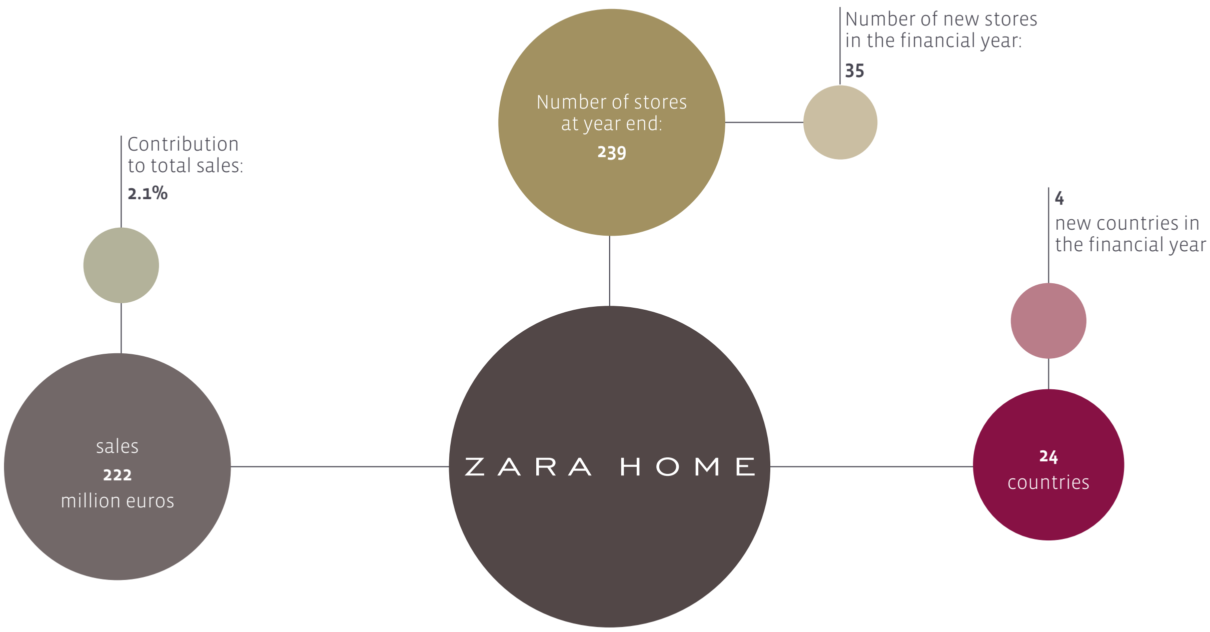
The strong expansion of Oysho in France, Italy and Russia during the 2008 financial year consolidated the chain in the European market. After its entry in the French market in 2007, Oysho invested in its growth in this country opening stores in cities such as Strasbourg, Toulouse and Rouen. In Paris, the chain opened establishments in some of the city's most important shopping streets, such as Rue du Temple and Rue de Rennes.

In Italy, as well as opening stores in cities such as Trieste, Livorno and Syracuse, Oysho opened an emblematic store in Galleria Vittorio Emmanuelle, the prestigious shopping centre in Milan, home to some of the most select stores in the city. The three-storey establishment presents an innovative style in both the chain's furniture and its conception of space, and is the reference in terms of image for future inaugurations.

At year end, Oysho was present in 23 countries with 374 stores.




ZARA HOME
www.zarahome.com



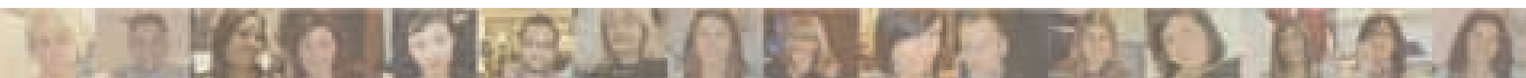
Fashion for the home is offered by the Inditex Group through the Zara Home proposals. The chain, founded in 2003, has a wide offer of textiles, such as bed, table and bathroom linen, complemented by products such as tableware, cutlery, glassware and decorative items.

During 2008, Zara Home celebrated the first anniversary of its store on the Internet, in operation since October 2007 in 14 countries (Germany, Belgium Denmark, Spain, France, Greece, The Netherlands, Ireland, Italy, Luxembourg, Monaco, Portugal, United Kingdom and Sweden) and in six languages (German, Spanish, French, English, Italian and Portuguese). Since 2008, the on-line store has also been available in Austria. During the financial year, the chain extended its on-line service with new sections and more detailed information on its products. At year end, Zara Home online had received more than 30,00 visits a day and had over 90,000 subscribers to its newsletters.

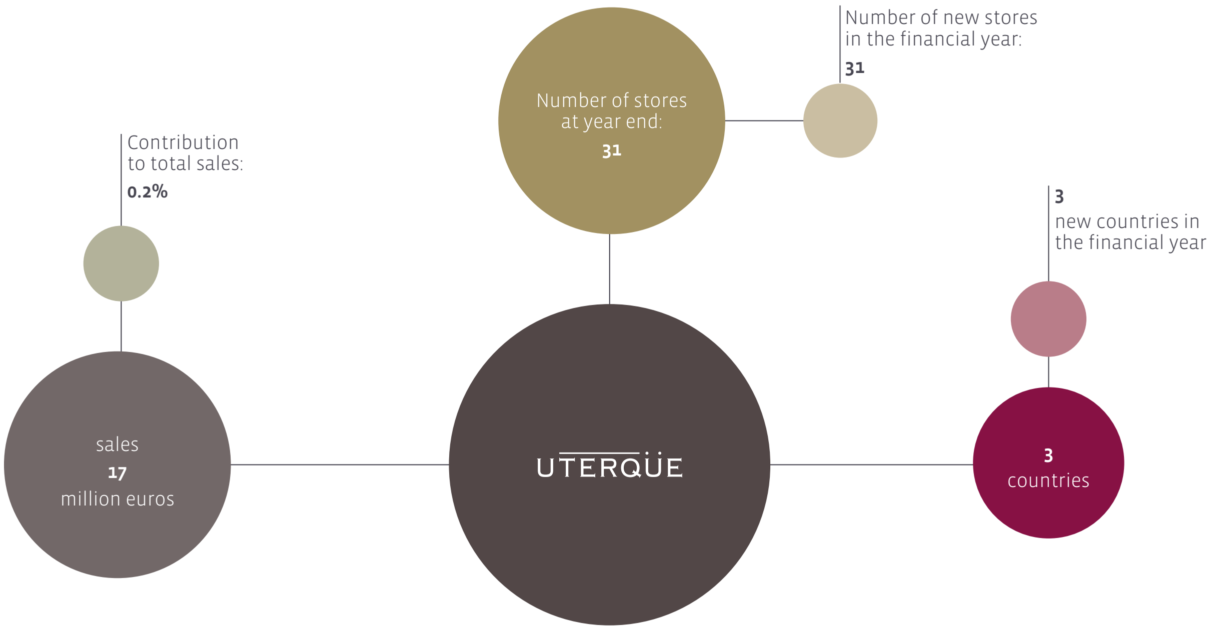
With respect to its international expansion, in 2008 the chain started business in four new countries: Romania, Malta, Bahrain and Morocco, adding to its existing presence in 24 markets. Two of the most notable inaugurations made by the chain over the year were in Saint Petersburg (Russia) and Turin (Italy). In the Russian city, the new Zara Home store is on the fourth floor of the Zara store in Mertens House, a Neoclassical building in Nevsky Avenue. Mertens House, built in 1740, has become one of Inditex's most emblematic sites, in which the Group's architectural teams undertook an ambitious project to rehabilitate and adapt the space to the chain's needs, respecting and emphasising its unique architectural features.

In Italy, coinciding with selection of Turin as the World Design Capital for 2008, an event that brought together renowned professionals from the worlds of architecture and decoration, Zara Home inaugurated its first establishment in the Piedmontese city. The store is in Via Roma, one of the main shopping streets, where the Zara and Massimo Dutti stores are also located. Together with France, Italy was the country in which Zara opened the most stores during the year.

The chain closed the financial year with 239 stores in 24 countries.




UTERQÜE
www.uterque.com



Since 17th July 2008, Inditex has had another chain. Uterqüe, specialising in fashion complements and accessories, is the Group's latest commercial concept, opening the doors of its first stores simultaneously in A Coruña, Barcelona and Madrid, receiving a warm reception in the three Spanish cities. The new chain shares with the rest of the Inditex brands its commitment to constant renewal of its fashions in all its establishments, a permanent interest in the latest trends and the idea of its stores as spaces where customers can move with maximum freedom.

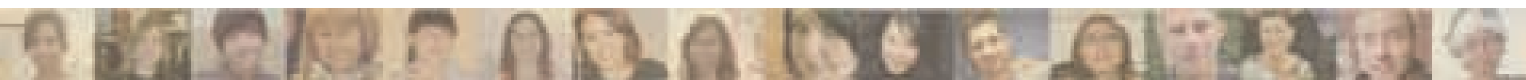
The main features of its personality are the sophistication of its fashion accessories and their quality. Its offer includes handbags, footwear and leather goods, jewellery and a careful selection of textile and leather garments. All its articles are designed by its own specialist team, who work in the chain's central offices in Arteixo, A Coruña.

Uterqüe is a Latin word, a construction meaning "both" or "one and the other". This concept combines fashion and accessories. Uterqüe is a meeting point and place of dialogue between accessories and fashion; its stores are designed so that this dialogue is established in a warm, stylish atmosphere. Uterqüe's image is reminiscent of an English library, with large wooden desks and desk lamps which create intimate and enveloping lighting, placing the spotlight on the product.

The environmental variable is present both in the conception of the stores and in the product. Recyclable materials are used and the installations are designed to obtain responsible energy use.

With the same international outlook characteristic of all the Inditex chains, after opening stores in various Spanish cities, Uterqüe started its expansion outside the domestic market by entering Portugal and Greece.

At year end, the chain was present in three countries with 31 stores.



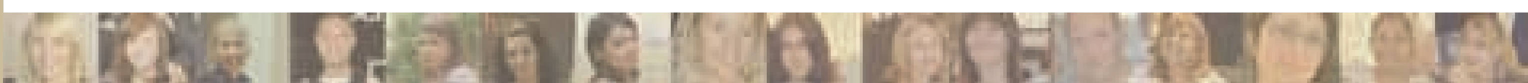
International presence

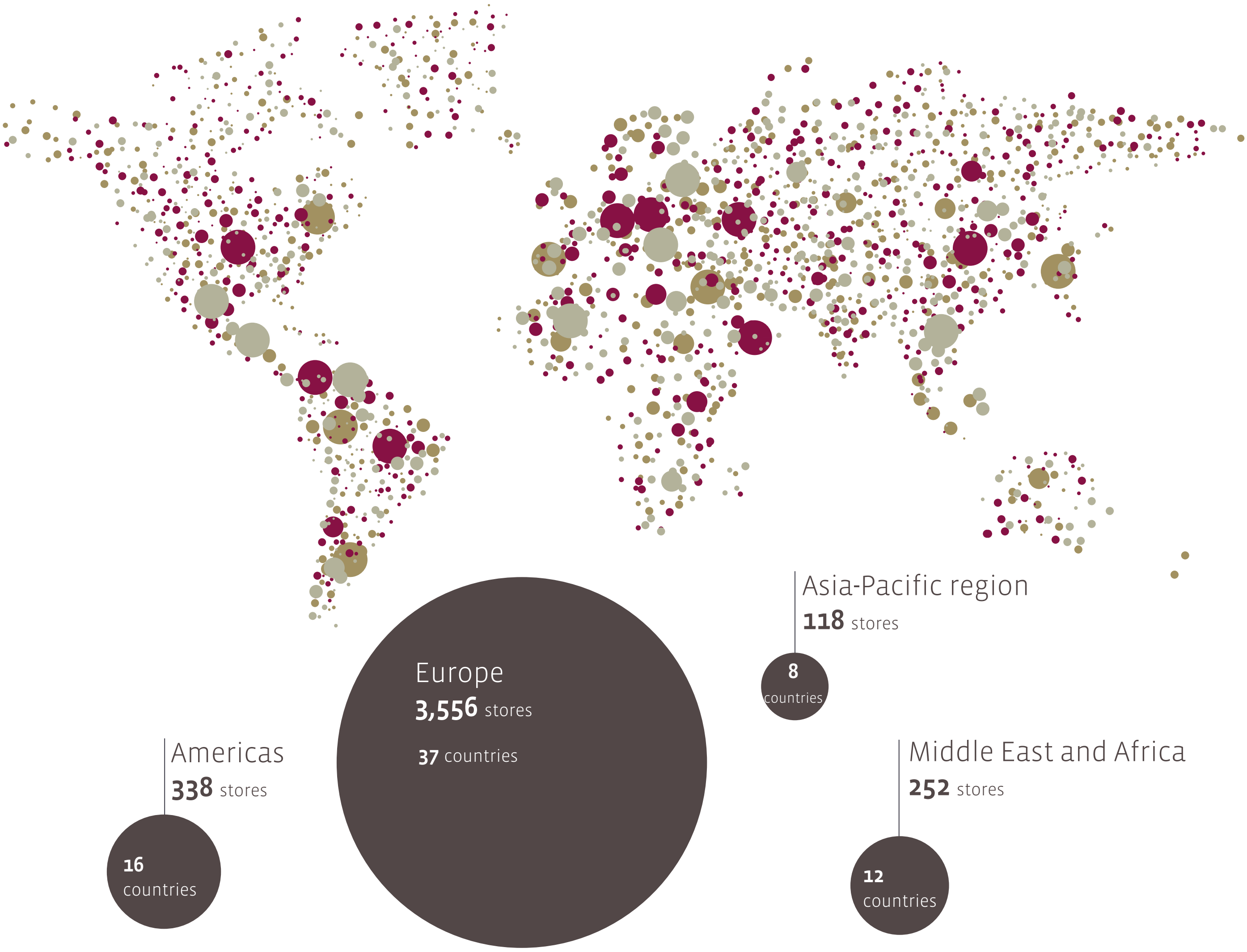
Inditex started its expansion outside Spain in 1988, when the company had just 70 stores in the country. Its desire for growth in international markets has been a feature of the Group since then, and 2008 is a good example of this. From 1st February 2008 to 31st January 2009, Inditex added 573 stores to its sales network, reaching a total of 4,264 stores in 73 countries at year end. Ukraine, Montenegro, Honduras, Egypt and South Korea joined the countries in which Inditex has a commercial presence in 2008. As a result of this investment in international growth, the percentage contribution to Group sales from stores outside Spain rose to 66%, from 63% the previous year. In the case of Zara, the chain with the largest presence outside the domestic market, sales in international stores reached 75% of the total.

Together with its entry into five new markets, also of note is the Company's capacity to diversify its growth, having increased its commercial presence in 49 countries during 2008. This internationalisation was across the board in all formats, including Uterqüe, the youngest Inditex format, which in its first months of business started its internationalisation by opening stores in Portugal and Greece.

Countries in which the chains started commercial activity during 2008

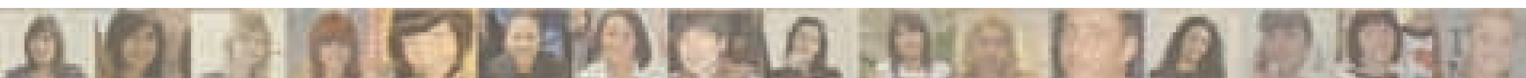
Montenegro Ukraine Honduras South Korea	United Kingdom Montenegro Egypt Indonesia	Poland Romania Czech Republic Slovenia Guatemala Israel	Austria Montenegro Colombia Bahrain Egypt
ZARA	Pull and Bear	Massimo Dutti	Bershka





Inditex's commercial presence at year end 2008

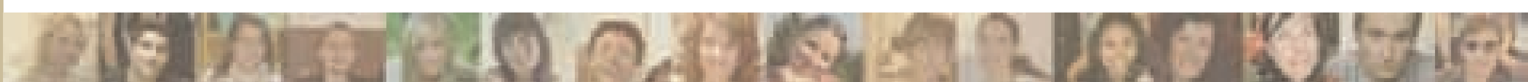
Stradivarius	oysho	ZARA HOME	UTERQÜE
Montenegro Lithuania Czech Republic Malta Colombia Guatemala Bahrain	Montenegro	Romania Malta Bahrain Morocco	Spain Portugal Greece



Europe

3,556
stores
2008 financial year

Zara and Zara Home opened stores in the historic building in Nevsky Avenue, ***Saint Petersburg***



Number of stores at the end of 2008

	Zara	Pull and Bear	Massimo Dutti	Bershka	Stradivarius	Oysho	Zara Home	Uterqüe	Total
Germany	65		6						**71**
Andorra	1	1	1		1	1	1		**6**
Austria	11			1					**12**
Belgium	25	2	20	7			5		**59**
Cyprus	4	4	2	5	5	1	2		**23**
Croatia	2			1					**3**
Denmark	3								**3**
Slovakia	2	1		1	1				**5**
Slovenia	4	2	1	2	3				**12**
Spain	514	287	250	262	265	176	115	27	**1,896**
Estonia	2			1					**3**
Finland	4								**4**
France	115	14	17	41	17	10	17		**231**
Greece	50	18	11	23	6	13	7	2	**130**
The Netherlands	15			6			1		**22**
Hungary	5	3		4	3	1			**16**
Ireland	9	5	1	5	2				**22**
Iceland	2								**2**
Italy	87	34	8	36	23	54	22		**264**
Latvia	3	2		2					**7**
Lithuania	4	3		5	4				**16**
Luxembourg	2		1						**3**
Malta	1	5		1	1		1		**9**
Monaco	1								**1**
Montenegro	1	1		1	1	1			**5**
Norway	4		2						**6**
Poland	20	11	1	13	11	8			**64**
Portugal	79	59	40	42	35	30	18	2	**305**
United Kingdom	63	3	10	5			7		**88**
Czech Republic	6	3	1	4	1				**15**
Romania	5	5	1	4	4	4	1		**24**
Russia	30	18	6	16	15	11	2		**98**
Serbia	3	1	1	1	1	1			**8**
Sweden	10		3						**13**
Switzerland	10		5	1					**16**
Turkey	25	13	10	13	13	11	8		**93**
Ukraine	1								**1**
TOTAL	**1,188***	**495**	**398**	**503**	**412**	**322**	**207**	**31**	**3,556**

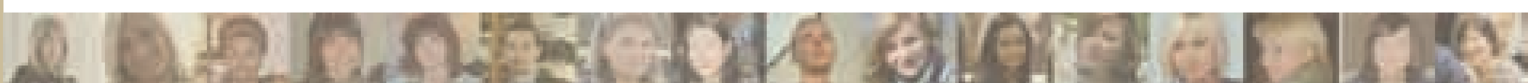
* At year end, the number of Zara stores included 228 Zara Kids stores

Inditex has a significant commercial presence in the European markets, which the Group considers its domestic market and the natural area of growth for all formats. Over recent years, growth has been especially significant in Russia and the Eastern European markets.

In the Russian market Inditex opened 48 new stores in 2008, making a total of 98 establishments by 31st January 2009. France, with 47 new establishments and Italy, with 46, were the other markets where Inditex expansion was particularly significant.

Asia-Pacific region

The Asia-Pacific region is a strategically important area of growth for Inditex. During 2008, the Company opened 35 new establishments, including its first five stores in Korea. This market, together with China and Japan, are the priorities for growth in the zone. The Group has opened 11 establishments in Japan from 1st February 2008 and 13 in China. In these markets the year ended with 40 and 27 stores, respectively. Pull and Bear, the third store after Zara and Massimo Dutti to start business in the Asia-Pacific region, opened its first two stores in Indonesia in 2008.

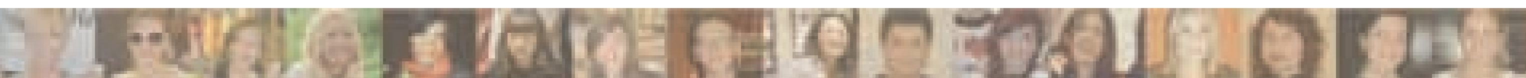


118
stores
2008 financial year

In 2008, Zara opened its second store in the exclusive shopping district of Ginza, in Tokyo, with which Inditex reached a total of ***4,000 stores worldwide***

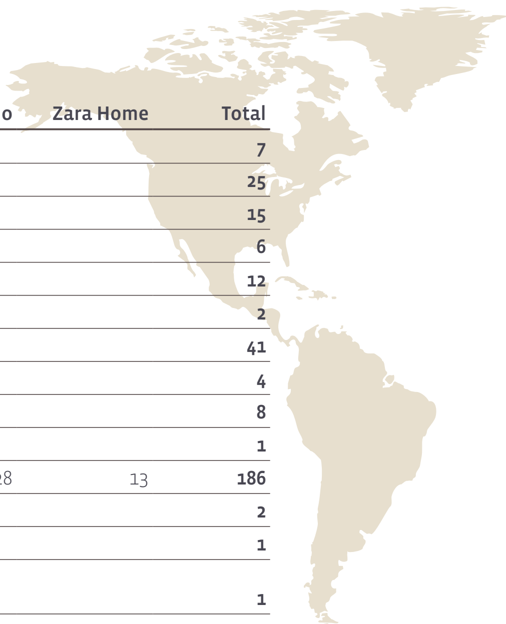
Number of stores at the end of 2008

Country	Zara	Pull and Bear	Massimo Dutti	Total
China	23		4	27
South Korea	5			5
Philippines	6			6
Indonesia	8	2	3	13
Japan	40			40
Malaysia	5	2	4	11
Singapore	5	2	3	10
Thailand	4		2	6
TOTAL	**96**	**6**	**16**	**118**



Americas

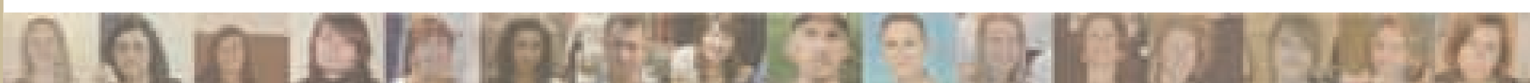
During 2008, Stradivarius started business in the Americas, opening three stores in Colombia and Guatemala. In the former, Bershka also opened its first two stores during the year, and in the case of Guatemala, Massimo Dutti joined the other Inditex chains in the country. Zara, with its first store in Tegucigalpa, added Honduras to the American markets in which the Group operates. Among the most relevant inaugurations were 12 new Zara stores in the United States, where, at year end, it had 41 establishments.



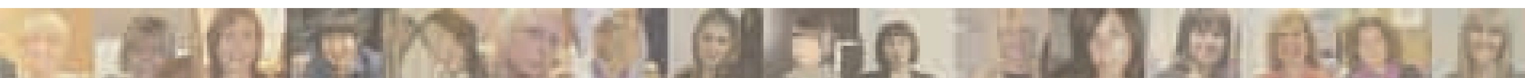
Number of stores at the end of 2008

	Zara	Pull and Bear	Massimo Dutti	Bershka	Stradivarius	Oysho	Zara Home	Total
Argentina	7							**7**
Brazil	25							**25**
Canada	15							**15**
Chile	6							**6**
Colombia	7			2	3			**12**
Costa Rica	2							**2**
United States	41							**41**
El Salvador	2	1		1				**4**
Guatemala	2	2	1	2	1			**8**
Honduras	1							**1**
Mexico	48	30	26	41		28	13	**186**
Panama	2							**2**
Puerto Rico	1							**1**
Dominican Republic	1							**1**
Uruguay	2							**2**
Venezuela	11	3		11				**25**
TOTAL	**173**	**36**	**27**	**57**	**4**	**28**	**13**	**338**

The ***third Zara store on New York's Fifth Avenue****, the chain's largest in this city, is one of the most notable inaugurations*




ZARA
ZARA
500
338
stores
2008 financial year



Middle East and Africa

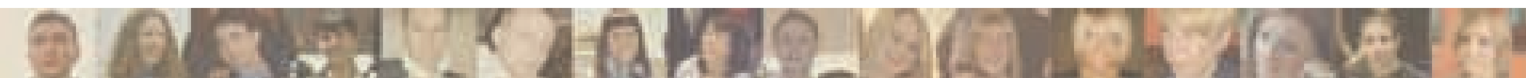
Number of stores at the end of 2008

	Zara	Pull and Bear	Massimo Dutti	Bershka	Stradivarius	Oysho	Zara Home	Total
Saudi Arabia	22	8	10	19	21	9	3	**92**
Bahrain	2	2	2	1	1	2	1	**11**
The United Arab Emirates	5	5	6	4	6	4	6	**36**
Egypt		1		1				**2**
Israel	17	19	1					**37**
Jordan	2	2	2	1	2	1	1	**11**
Kuwait	5	4	2	2	3	3	2	**21**
Lebanon	2	3	3	2	2	3	2	**17**
Morocco	4		1		3		1	**9**
Oman	1				1	1	1	**4**
Qatar	2	2	2	1	1	1	2	**11**
Tunisia	1							**1**
TOTAL	**63**	**46**	**29**	**31**	**40**	**24**	**19**	**252**

252
stores
2008 financial year

*The **first Inditex stores in Egypt** are in Mohandessin, one of the most relevant shopping areas in Cairo*

In 2008, Egypt joined the markets in which Inditex operates, after the opening of Bershka and Pull and Bear stores. The multiformat growth which the Company has undertaken in the region intensified with the arrival of Bershka, Stradivarius and Zara Home in Bahrain, Massimo Dutti in Israel and Zara Home in Morocco. The most significant growth was in Saudi Arabia, where Inditex opened 23 new stores in 2008.



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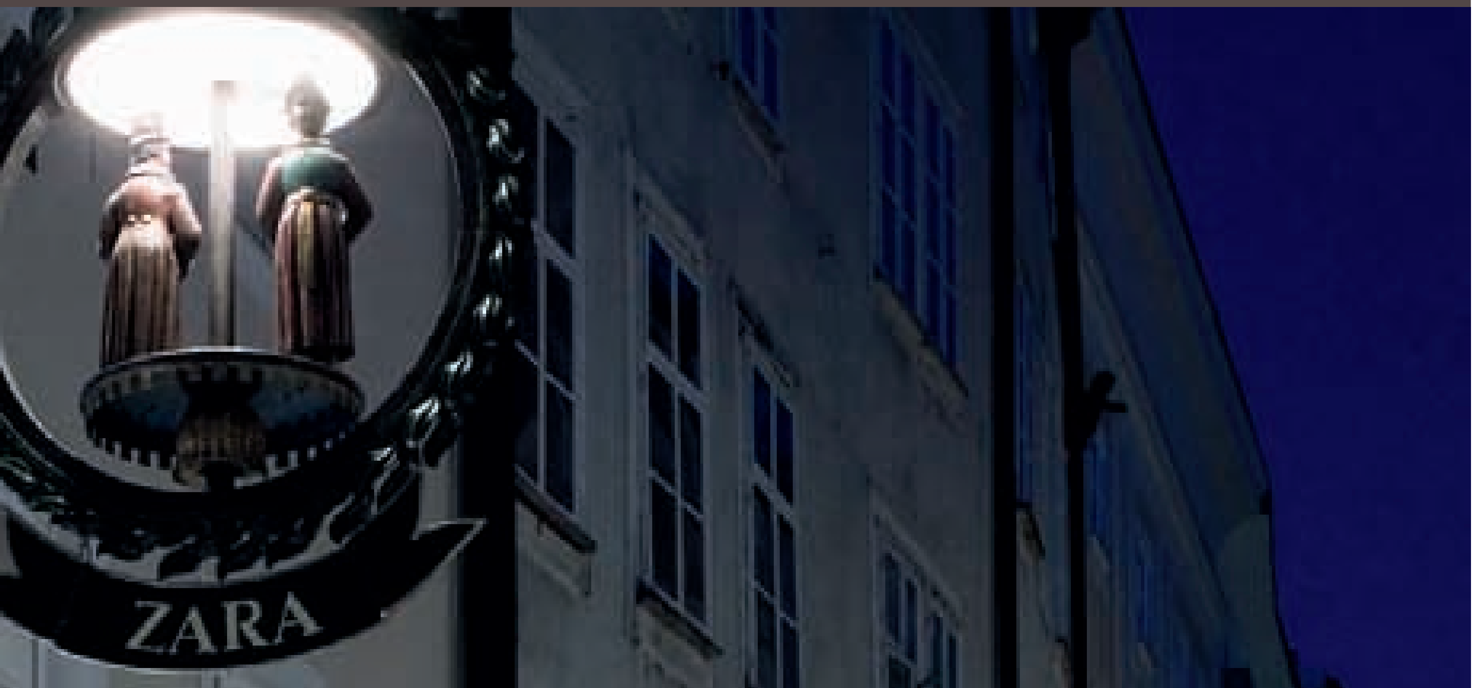


INDITEX Commitment

Customers

The customer is the reference point for the whole Inditex business model, the key element that starts up all the Group's activities and is the epicentre of its operational phases: store, design and production and logistics.

Customers' tastes and demands are not only taken into consideration when deciding on the models to be added to the commercial offer. Permanent dialogue between store employees and customers is, on numerous occasions, the seed that leads to social or environmental projects: for instance, through which Inditex improves the shopping experience in its stores and adapts simultaneously to the lifestyle and concerns of society. In this sense, the eco-efficient Zara store is the fruit of listening to our customers' demands for commitment to the environment. During 2008, this permanent awareness of social trends was also reflected in the efforts the chains like Zara and Oysho have made in their offer of organic cotton garments. In the case of Zara, the collection of garments has been extended to T-shirts, jeans, accessories and clothes for children and babies.

Customer care

One of the significant aspects in the day-to-day work of store employees is customer care. Ensuring customers enjoy their encounter with fashion in a free, comfortable environment is one of the missions of all Inditex chains. To this end, all professionals who work in the Group's stores receive regular training on attending to customers' requests pleasantly and efficiently, at the moment they require it.

To improve and expedite customer care, Inditex works to provide stores with the most appropriate technological resources. In this regard, during 2008, the Group made progress on implementation in stores of the Store Management Terminal (SMT), equipped with a computer programme that facilitates access by store personnel to information on product, warehouse and communication with the management of each chain, thereby improving the service. At year-end, almost all the Group's stores had SMTs.

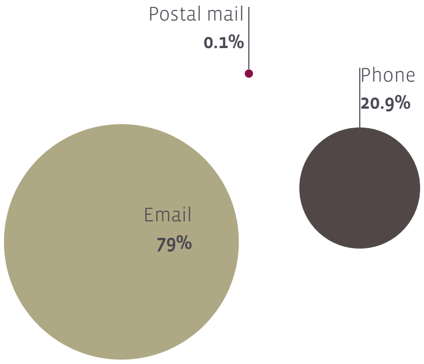
The customer care provided by store employees in the establishments is complemented by other communication channels provided to those customers who want more information on any subject related to the product, store or Inditex in general. Both the chains and the Group's headquarters have specialised professional teams who offer personalised care to all customers who require it, by phone, email or post. During the 2008 financial year, Inditex attended around 60,000 queries,

In order for our stores to be the key meeting point between fashion and customers, stores teams hold meetings almost every day to share the views gathered from the customers; in such meetings, they go in depth into the keys to achieve maximum quality final service. Emese, store manager of Bershka´s store at Westfield shopping centre in London (in the foreground, back to camera), gathers the information provided by her team which will subsequently be circulated to the design teams.

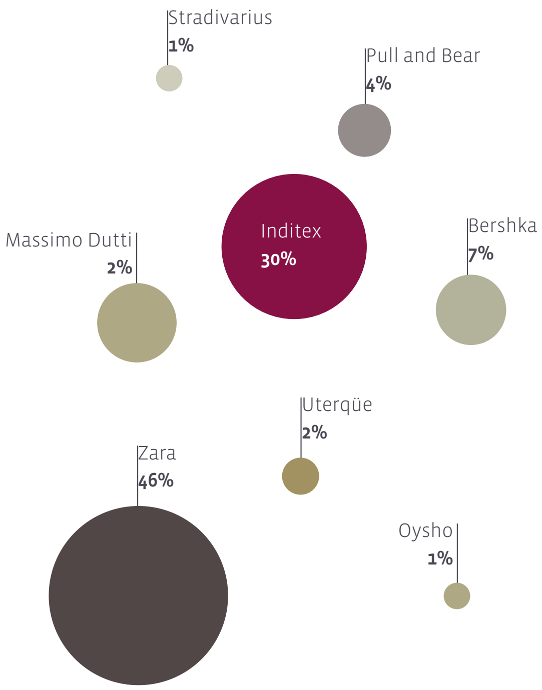
79% of them by email, and sent to some of the chains or the corporate website www.inditex.com.

A further 20% of queries were received by phone, while a residual amount were by post (0.1%). Most questions concerned specific products or various aspects of the Group commercial activity.

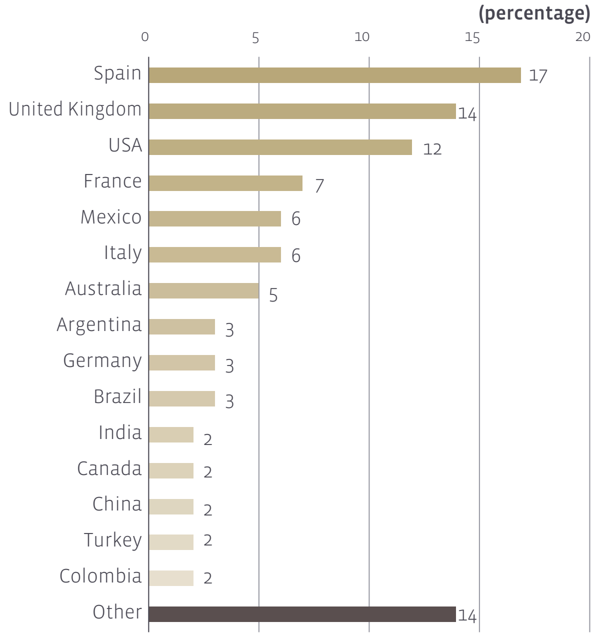
Queries received in 2008 by channel



Electronic queries received in 2008, by chain



Origin of electronic queries received in 2008

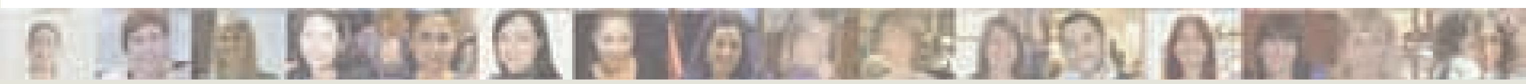


The rapid and efficient management of the customer care service both in the stores and through the communication channels established by the chains and the Group is validated by, among other data, the low number of complaints received by the chain. In 2008, the Spanish consumer authorities registered a total of 3,677 complaints to the Inditex chains from their customers. This represents one complaint per 65,000 garments sold, clearly demonstrating the high degree of customer satisfaction.

Internet

If the shop windows are Inditex's calling card in the main shopping areas of large cities, each chain's website is its shop window on the Internet. Aware of the importance of this channel, during 2008, the chains strengthened their online presence with dynamic tools to assist browsing their sites, designs that reflect the brand image and contents that match the tastes and desires of their customers.

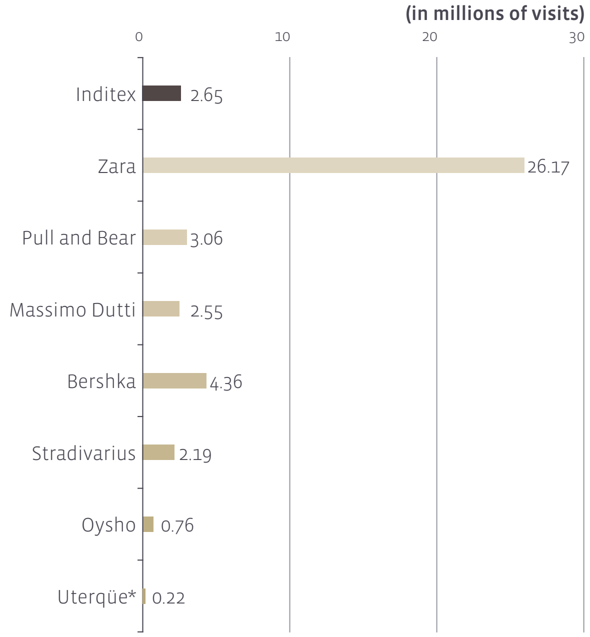
This is the case, for example, of Zara, Stradivarius and Oysho, which have completely overhauled the design



and content of their websites, conceiving their online presence as a key meeting point with their customers. All the chains have specialist Internet teams who are continually developing and implementing better tools so that the customer service over the Internet is as suitable and effective as possible. This attention is shown in the amount of visits the Inditex websites received each year. During 2008, all the Inditex Group websites received a total of 42 million visits, representing an increase of 30% over the previous year. Zara, due to its international presence, is the most visited chain, making up 62% of the total.

These figures do not include visits to zarahome.com, the Zara Home online store, in operation since October 2007 and which in 2008 extended its online service with new sections and provided more detailed information on all the products on sale. At year end, Zara Home online had received more than 30,000 visits a day and had over 90,000 subscribers to its newsletters.

Visits to Inditex website in 2008



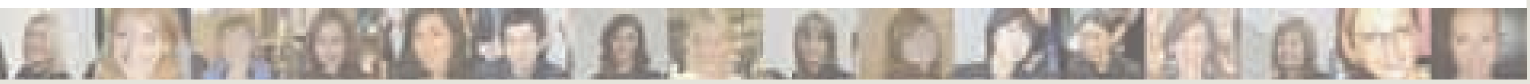
(*) The data for Uterqüe correspond to the period 17/07/08 - 31/01/2009, from the start of the chain's commercial activity to year end.

Affinity Card

All Inditex chains have a loyalty card for their customers which offers important financial benefits to users. Affinity Card is available in Spain, Mexico and Greece, some of the markets with the biggest Inditex presence.

At year end 2008, Affinity Card had 983,802 card holders in these three countries, of which 90% were Spanish, the market in which the card has been available the longest. Since the end of the year, the Affinity Card has also been available in Portugal.

During the financial year, the Inditex loyalty card website (www.affinitycard.es) received over 200,000 visits.



Corporate Social Responsibility

The Inditex CSR model: an exercise in shared learning

The corporate structure of Inditex is "biodiversity": It can be adapted to meet the design and fashion needs of our customers, interacting and intermeshing with the political, economic and social fabric of the places where the company operates, seeking out solutions to complex problems through multilateral approaches, in which working together, dialogue and transparent negotiation between all interested parties are the cornerstone. It is, ultimately, an exercise in shared learning.

Conscious of the fact that it forms part of a diverse ecosystem, Inditex strives to conduct its activity in constant dialogue and interaction with all parties who are, directly or indirectly, influenced by its activities: mainly employees, trade union representatives, factory managers, representatives of business associations, universities and social agents.

The exhibition on Inditex's activities in the area of Corporate Social Responsibility benefited from the advice given by F. Javier Sardina, Professor of Organic Chemistry at the University of Santiago de Compostela (USC); Rafael Cela, Professor of Analytical Chemistry at USC; Neil Kearney, Secretary-General of the International Textile Garment and Leather Workers´ Federation (ITGLWF); Douglas Miller, Director of the Ethical Fashion Chair at the University of Northumbria; Rafael Carrascosa, Head of Strategic Cooperation for Médicos Sin Fronteras España (the Spanish branch of Médecins Sans Frontières); Ramón Almansa, Project Manager at Fundación Entreculturas Fe y Alegría (an intercultural faith-based foundation); José Luis Pérez, Director of Cáritas Spain; and Joaquím González, Secretary-General of FITEQA-CCOO.

Inditex´s CSR Department carries out is activity in Europe, Asia, America and Africa always hand in hand with both the involved parties and with experts in each of the fields. In 2008 the CSR team, both internal and external, comprised 796 people. In the field of health and safety of the product, one of the institutions with which the CSR team works closely is the University of Santiago de Compostela. Héctor, member of Inditex´s CSR Department (standing centre) takes part in one of the tests that Inditex carries out with the Organic Chemistry teams of the aforesaid University.

The type of CSR model used by Inditex

1 Workshop A. Complies with the *Tested to Wear* standard.

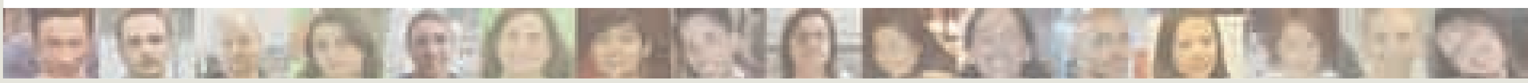
2 Workshop B. In breach of the *Tested to Wear* standard.

3 Workshop C. In breach of a non-exclusionary aspect of the *Tested to Wear* standard.

4 Workshop D. In breach of various relevant aspects of the *Tested to Wear* standard.

5 Platforms for dialogue designed to promote and guarantee Fundamental Human and Employment Rights in the chains of production of corporations with worldwide distribution.

6 Clusters: Working groups made up of manufacturers, trade unions, local business organisations and Inditex, aimed at collective action and the development of public policy that fosters and guarantees Fundamental Human and Employment Rights in the factories of its suppliers.



GLOBAL INTERVENTION MODEL

THE INTERNAL CODE OF CONDUCT AT INDITEX

7 *EUROPE*

	European Union	Non-EU Europe
Stores:	**3,322**	**234**
Units manufactured (*):	326 million	81 million
Employees:	71,000	7,000

8 *AMERICA*

Stores: **338**
Units manufactured (*): Over 13 million units
Employees: Over 8,000

9 *ASIA*

Stores: **358**
Units manufactured (*): Over 255 million units
Employees: Over 2,500

10 *AFRICA*

Stores: **12**
Units manufactured (*): Over 35 million units

(*) The units manufactured during 2008 include units to be marketed during 2009.

COMMUNITY DEVELOPMENT PROGRAMMES

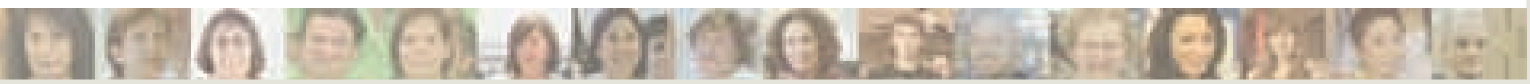
Beneficiaries: 262,965
Corporate investment: 2,623,000 euros
Social investment: 2,626,000 euros (including 391,000 euros paid for projects still pending in El Salvador and Peru).

EMERGENCY PROGRAMMES

Beneficiaries: 8,759
Corporate investment: 2,236,000 euros

PROGRAMMES AIMED AT HELPING REFUGEES

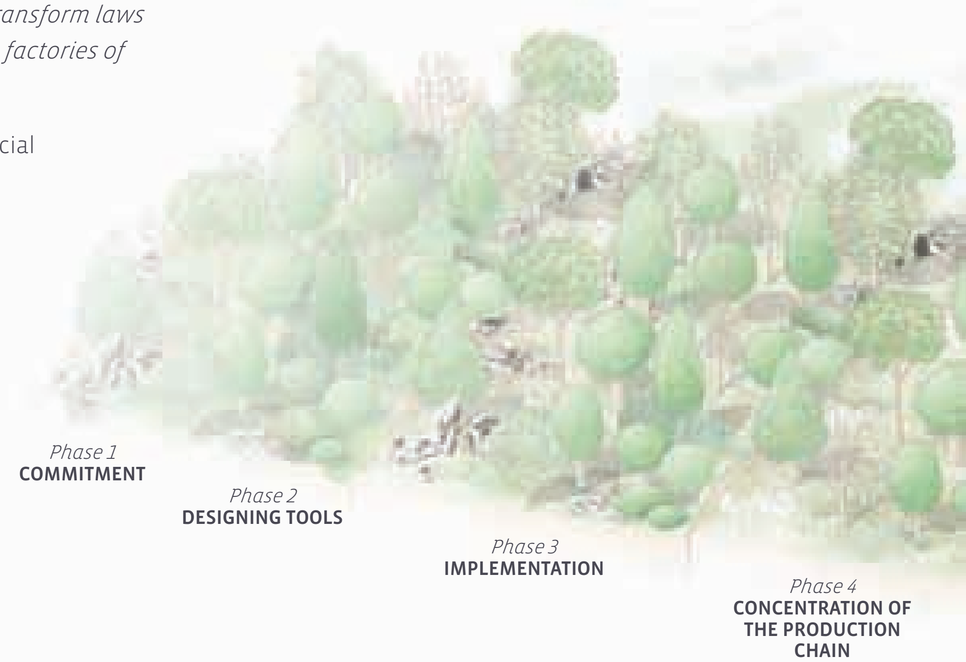
Beneficiaries: 122,919
Corporate investment: 1,000,000 euros



Lessons learned

"After seven years of shared learning, if there is one thing we have discovered, it is that, only by working together towards developing common formulas for dialogue, that are respectful of diversity, will we be invited to participate in processes that transform laws into internal and external realities in the factories of our suppliers".

Javier Chércoles, Director of Corporate Social Responsibility at Inditex.



Phase 1
COMMITMENT 2001-2002

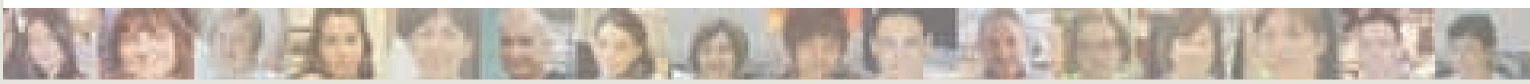
Compliance activities	Other related activities
Approval of the Internal Code of Conduct. Approval of the CSR Strategy by the Board of Directors of Inditex. Approval of the Code of Conduct for External Manufacturers and Workshops, by the Board of Directors of Inditex. Establishment of the CSR Department.	Internal and external publication of the Code of Conduct for External Manufacturers and Workshops.

Phase 2
DESIGNING TOOLS. 2002-2003

Compliance activities	Other related activities
Designing tools for the execution of social audits. Pilot scheme for social audits in Galicia (Spain)	Joining Global Compact (first company in Spain to do so) Inclusion on the FTSE4Good Sustainability Index. First Report on Sustainability in accordance with GRI. First international framework agreement with Fundación Entreculturas Fe y Alegría, for the management of Community Development Programmes.

Phase 3
IMPLEMENTATION. 2003-2004

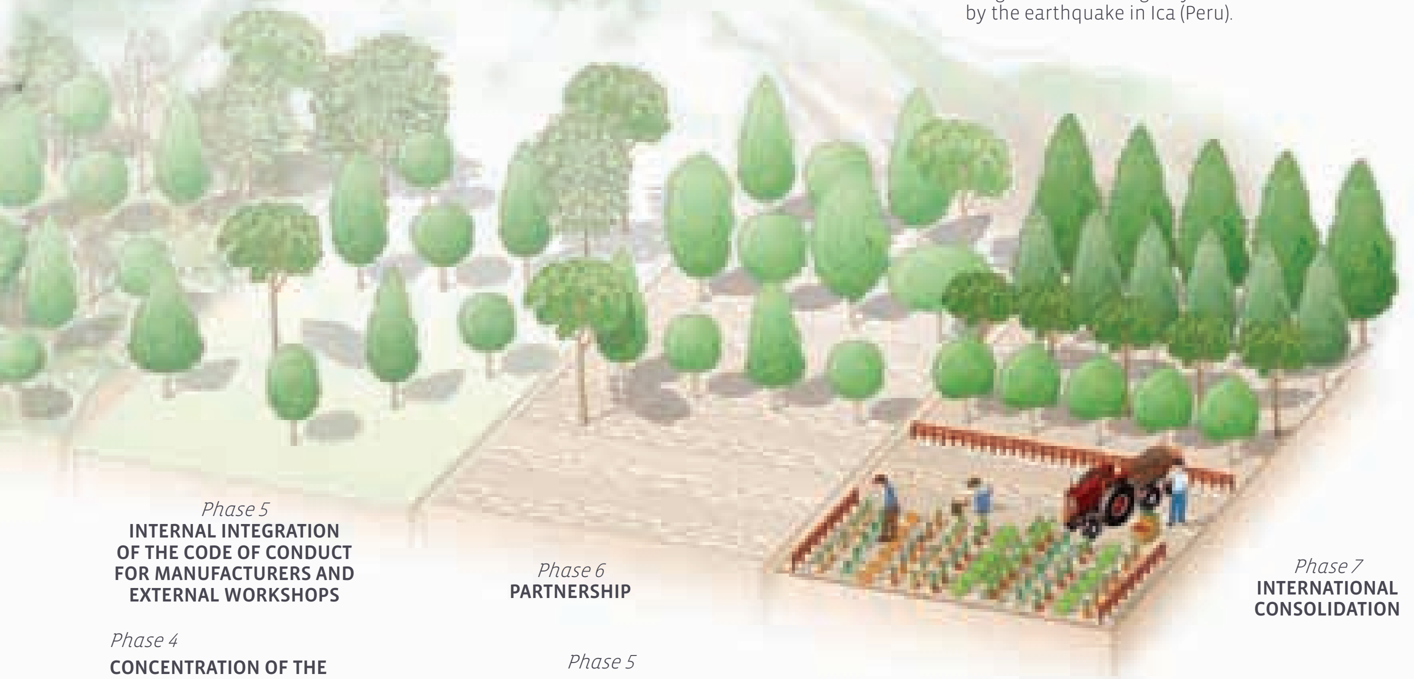
Compliance activities	Other related activities
First international pilot scheme of social audits. Establishment of standards for the social auditing process. Selection of SA 8000 accredited social auditors.	Presiding over Global Compact in Spain. Members of the Board of BCSI. Inclusion on the FTSE4Good index for the second time. Inclusion for the first time on the Dow Jones Sustainability Indexes. Second Sustainability Report (GRI) Emergency Programme to deal with the effects of the sinking of the oil tanker Prestige in the waters off Galicia (Spain)



Phase 7

INTERNATIONAL CONSOLIDATION 2007-2008

Compliance activities	Other related activities
Opening CSR offices in Cambodia, Bangladesh and India.	Inclusion on the FTSE4Good index for the sixth time.
Developing compliance standards in Morocco and Portugal, (*Fibre Citoyenne* and *Portugal Standard*), in conjunction with the ITGLWF, the University of Northumbria and AMITH.	Inclusion on the Dow Jones Sustainability Indexes for the fifth time.
Development of protocols for the eradication of child labour, in conjunction with the ITGLWF and Northumbria University (UK).	MFA Forum (Bangladesh, Lesotho and Morocco)
Establishment of multilateral framework agreements between suppliers, local trade unions, the ITGLWF and Inditex, to solve conflicts and, ultimately, to develop mature industrial relations, by fostering and respecting two key principles: freedom of association and collective bargaining.	Re-election of the Director of the CSR Department as a member of the board of the Ethical Training Initiative (ETI)
	Sixth Sustainability Report (GRI)
	Creation of the Chair in CSR at the University of Northumbria, in conjunction with the ITGLWF.
	First framework international agreementwith the Spanish branch of Médecins Sans Frontières, for the management of programmes in refugee camps.
	Programme of emergency in the area affected by the earthquake in Ica (Peru).



Phase 4

CONCENTRATION OF THE PRODUCTION CHAIN. 2004-2005

Compliance activities	Other related activities
First standards/ integration programme for suppliers in Spain, in accordance with the Code of Conduct for External Manufacturers and Workshops.	Inclusion on the FTSE4Good index for the third time.
Adaptation of the Code of Conduct for Manufacturers and External Workshops to the ETI Base Code.	Inclusion on the Dow Jones Sustainability Indexes for the second time.
	Member of the Board of the MFA Forum (Bangladesh).
	Signing up to the Ethical Trading Initiative (ETI)
	Third Sustainability Report (GRI)
	Spectrum Project.
	Creation of the Chair in CSR at the University of A Coruña (Spain)

Phase 5

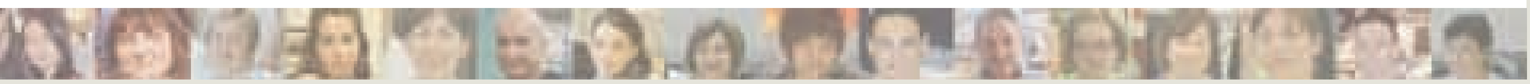
INTERNAL INTEGRATION OF THE CODE OF CONDUCT FOR MANUFACTURERS AND EXTERNAL WORKSHOPS 2005-2006

Compliance activities	Other related activities
Creation of the ADN Project, for the integration of compliance programmes amongst procurement teams	Inclusion on the FTSE4Good index for the fourth time.
	Inclusion on the Dow Jones Sustainability Indexes for the third time.
	Member of the Board of the MFA Forum (Bangladesh and Lesotho).
	Election of the Director of the CSR Department as a member of the board of the Ethical Training Initiative.
	Fourth Sustainability Report (GRI)

Phase 6

PARTNERSHIP. 2006-2007

Compliance activities	Other related activities
Signature of the framework agreement with the ITGLWF.	Inclusion on the FTSE4Good index for the fifth time.
New methodology to be used when conducting social audits – *Tested to Wear* - developed in conjunction with the ITGLWF and the University of Northumbria.	Inclusion on the Dow Jones Sustainability Indexes for the fourth time.
Participation in the Better Factories Project in Cambodia.	Member of the Board of the MFA Forum (Bangladesh, Lesotho and Morocco).
	Fifth Sustainability Report (GRI)
	First international framework agreement with Cáritas, for the management of Community Development Programmes.



Managers of the Inditex CSR Model

6 INDITEX

176 Compliance

EU 17 *(Intertek and Iloper)*

Bulgaria	1
Spain	1
Italy	2
Portugal	11
Romania	2

ASIA 115 *(Intertek and SGS)*

Bangladesh	9
Cambodia	3
China	56
The Philippines	4
India	19
Indonesia	10
Pakistan	4
Sri Lanka	4
Taiwán	2
Thailand	2
Vietnam	2

NON-EU EUROPE 14 *(Intertek and SGS)*

Serbia	1
Turkey	13

AMERICA 13 *(Intertek)*

Argentina	1
Brazil	7
Mexico	2
Paraguay	2
Peru	1

AFRICA 17 *(Intertek, SGS and TNG)*

Egypt	2
Madagascar	1
Morocco	9
Tunisia	5

4 INDITEX

61 Health and Safety

EU 22 *(University of Santiago and SGS)*

Spain	20
Portugal	2

ASIA 24 *(SGS and Bureau Veritas)*

Bangladesh	5
China	11
India	3
Vietnam	5

NON-EU EUROPE 15 *(SGS and Bureau Veritas)*

Turkey	15

1 INDITEX

269 Community development

EU 5 *(Entreculturas)*

Spain	5

ASIA 56 *(Cáritas)*

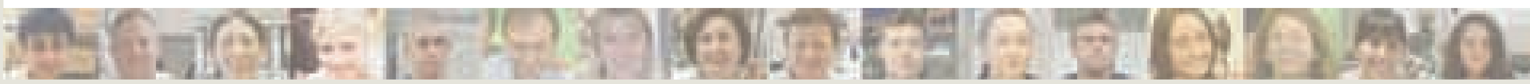
Cambodia	56

AMERICA 182 *(Cáritas, Entreculturas, Centro Gumilla and Peru Development Office)*

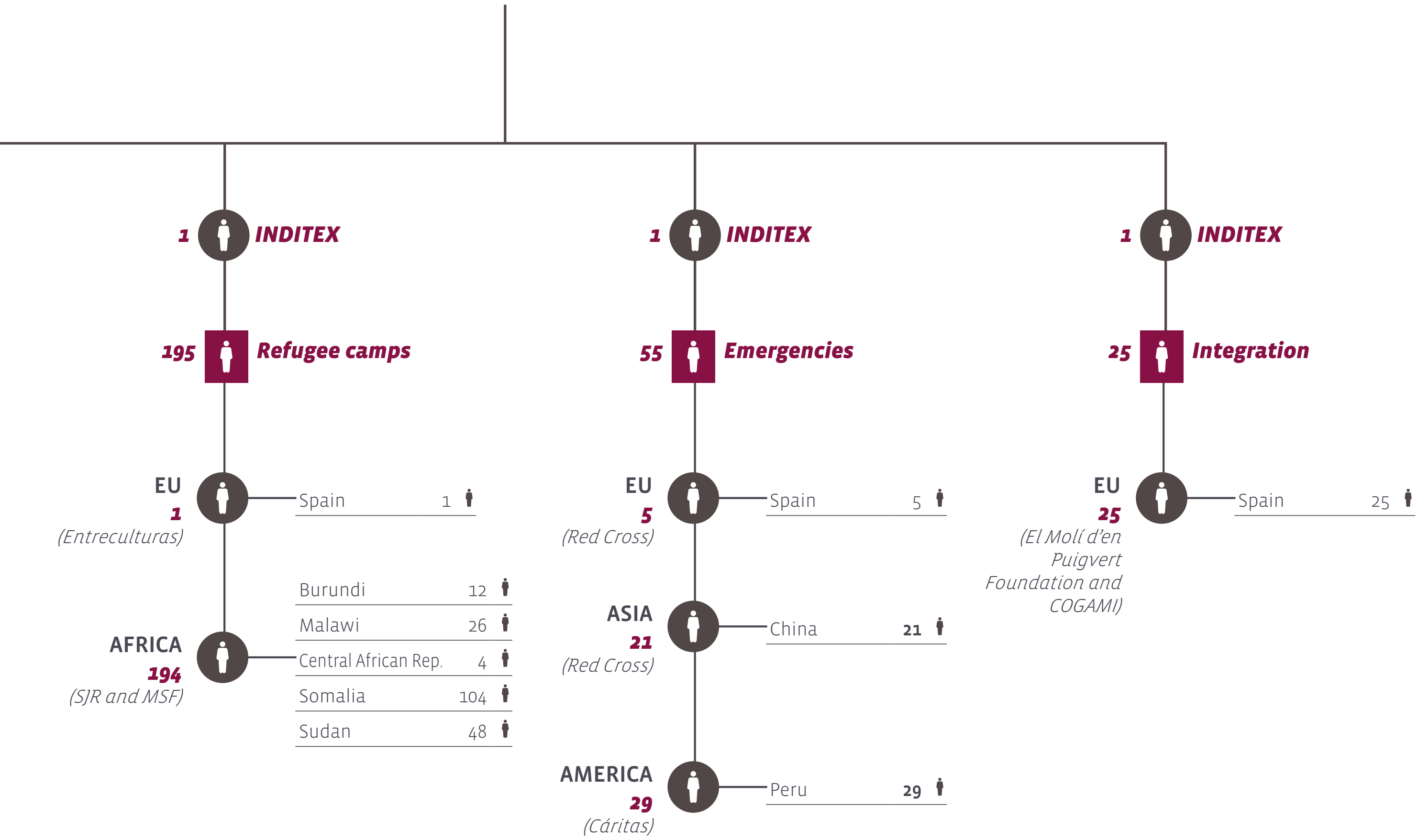
Argentina	12
Brazil	22
Chile	19
El Salvador	5
Guatemala	1
Haiti	3
Honduras	3
Nicaragua	4
Panama	3
Peru	73
Dominican Rep.	17
Venezuela	20

AFRICA 26 *(Cáritas)*

Burkina Faso	15
Mali	11



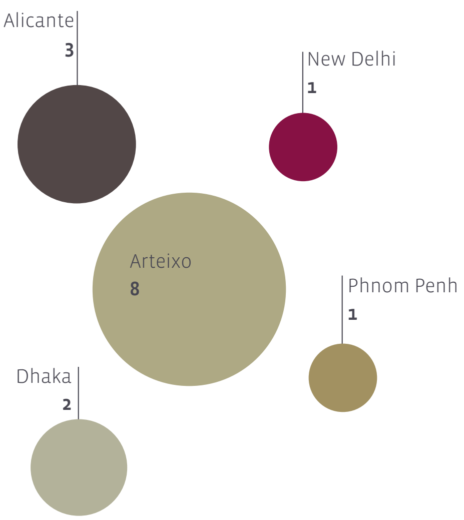
CSR Directorate



Consolidating the CSR team

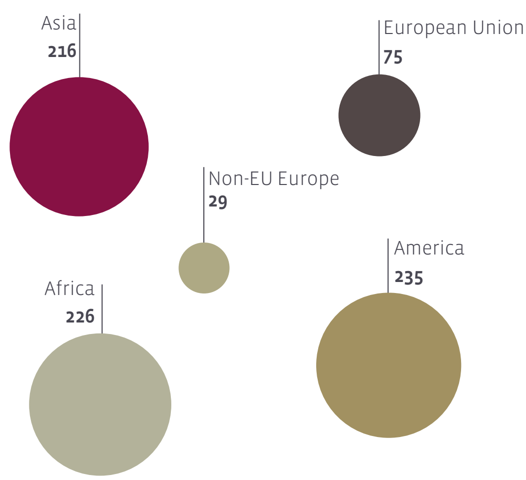
Internal team

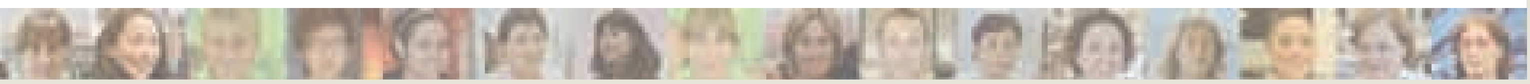
Total: 15



External team

Total: 781





Human development, Millennium Development Goals and the Inditex CSR Model

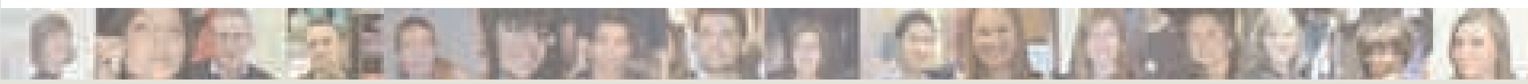
From the perspective of human development and the Millennium Development Goals set by the UN, developing global intervention strategies to guarantee and protect human rights requires the participation of various different actors, the coordination of their interests, the development of skills and a common and interconnected approach to problem solving, through the design of a new paradigm in which the principal protagonists are a socially responsible private sector and a well-organised civil society.

This new paradigm involves, firstly, and through a focus on networks and multiple sectors, designing new forms of shared learning aimed at solving complex problems, allowing its beneficiaries to choose a lifestyle that offers them dignity, and, secondly, extending this process to partners of different types, origins and realities: from the academic world (Universities of Santiago de Compostela and Northumbria),to the community (Programme of Basic Education for the Workforce, Lima); to the trade union representatives of a textile factory (C.CAWDU, Cambodia), the International Textile, Garment and Leather Workers' Federation (ITGLWF, Brussels), and, from the Bengali Association of Textile Entrepreneurs (BGMEA, Dhaka), to international platforms for dialogue (Ethical Trading Initiative and MultiFiber Arrangement Forums).

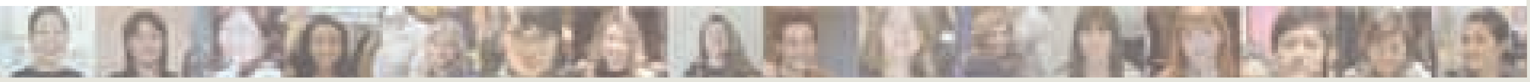
This is, ultimately, an exercise in shared learning, aimed at solving complex problems which, although originating in specific situations, can only be solved through alliances and joint action involving everyone. "Everyone" includes not only managers involved in resolving conflict, but also the beneficiaries of such resolutions (employees and the communities in which they live), and it is vital that everyone involved learns how to share the results of these processes.

This entails an exercise in shared learning that has allowed inclusive solutions to be found to global problems - the peaceful resolution of disputes in textile factories (Peru, Bangladesh and Cambodia), designing Community Development Programmes in the communities in which the employees of certain textile suppliers live (Peru, Morocco, Cambodia and Bangladesh), and the Emergency Programmes (the sinking of the oil tanker Prestige in the waters off Galicia - Spain, the tsunami in Sri Lanka and the earthquakes in Ica - Peru and Szechuan - China), through an exercise that is participatory and transparent, not only to give legitimacy to the collective action of all parties involved, but also to ensure that the solutions reached are efficient and viable.

To this end, at Inditex we believe that in the future it will not be possible to isolate problems or to find individual solutions. On the contrary, we must acknowledge, right from the start, the existence of a complex web of interactions and the multidimensional nature of the actors involved and their problems, and of the range of possible solutions. The process is also dependant on an organised civil society and a private sector that seeks to promote respect for human rights through participation in an ongoing exercise in shared learning which, in 2008, was strengthened by the intervention of certain interest groups within the Group, as described below:



Employee from a textile factory in Lesotho. (2008)



Suppliers

I. LEARNING ABOUT RESPECT

"The solution to it is based on the five rights: the right price, right product, at the right time, in the right place and made in the right social conditions. Understanding this, means ensuring that we are globally competitive".

Neil Kearney. Secretary-General of the ITGLWF.

Number of suppliers active in each region 31/1/2009 and evolution of the last two fiscal years(*).

Region	Suppliers 31/1/2007	Suppliers not used in 2008	New suppliers in 2008	Suppliers ruled out in 2008	Final suppliers as at 31/1/09
European Union	650	274	206	66	516
Asia	493	234	225	67	417
Non-EU Europe	120	47	34	16	91
America	44	23	47	7	61
Africa	117	38	41	19	101
Total	**1,424**	**616**	**553**	**175**	**1,186**

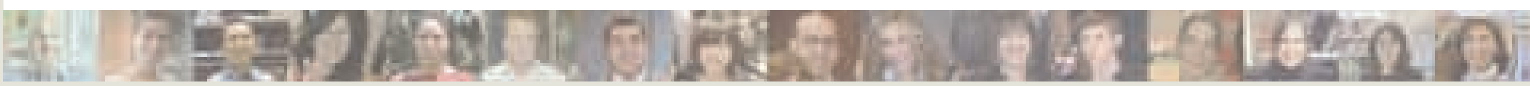
(*) Suppliers producing more than 20,000 units/year.

I.1. Programmes of compliance and monitoring

In the last seven years, Inditex has carried out more than 3,300 social audits, 900 follow-up audits in over 50 countries, has developed awareness campaigns on matters relating to the fostering and protection of human and employment rights, working in conjunction with business associations such as AMITH (Morocco), GMAC (Cambodia), BGMEA (Bangladesh) and ANIVEC/APIV (Portugal). It has also designed and implemented corrective action plans in all of the areas involved. Through this ample experience, we have learnt that the Compliance Programmes must not be limited to occasional action that offers little chance of bringing about a transformation.

In other words, when situations are detected that impede the exercising of the principles of freedom of association and collective bargaining in the factories that supply Inditex, amongst other things, Monitoring Programmes need to be implemented, so as to ensure that all of the parties involved are free to develop mature industrial relations. These Monitoring Programmes, overseen by managers, employees and their trade union representatives, and managed by mixed teams that include representatives from local trade union organisations (under the supervision of the ITGLWF), external consultants with proven experience, and the managers of the commercial and CSR teams at Inditex, have a specific goal: to reinforce the capacity to prevent and manage any conflicts that might develop in the factories.

In light of all of the above, through the experience gleaned in recent years, and with a view to focusing Inditex's CSR strategy on the development of mature industrial relations and the establishment of mechanisms that



guarantee that the strategy is managed correctly, it is vital that every effort be made to consolidate the teams comprising the various human resources departments and the trade union structures within the factories of our suppliers, training them and giving them the skills that will allow them to meet this challenge.

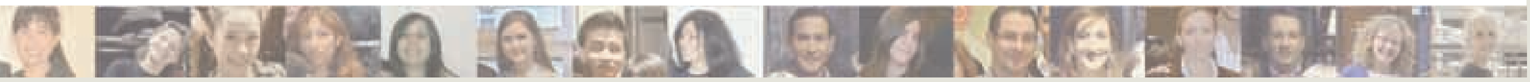
I.2. Management

I.2.1. The Compliance Programme

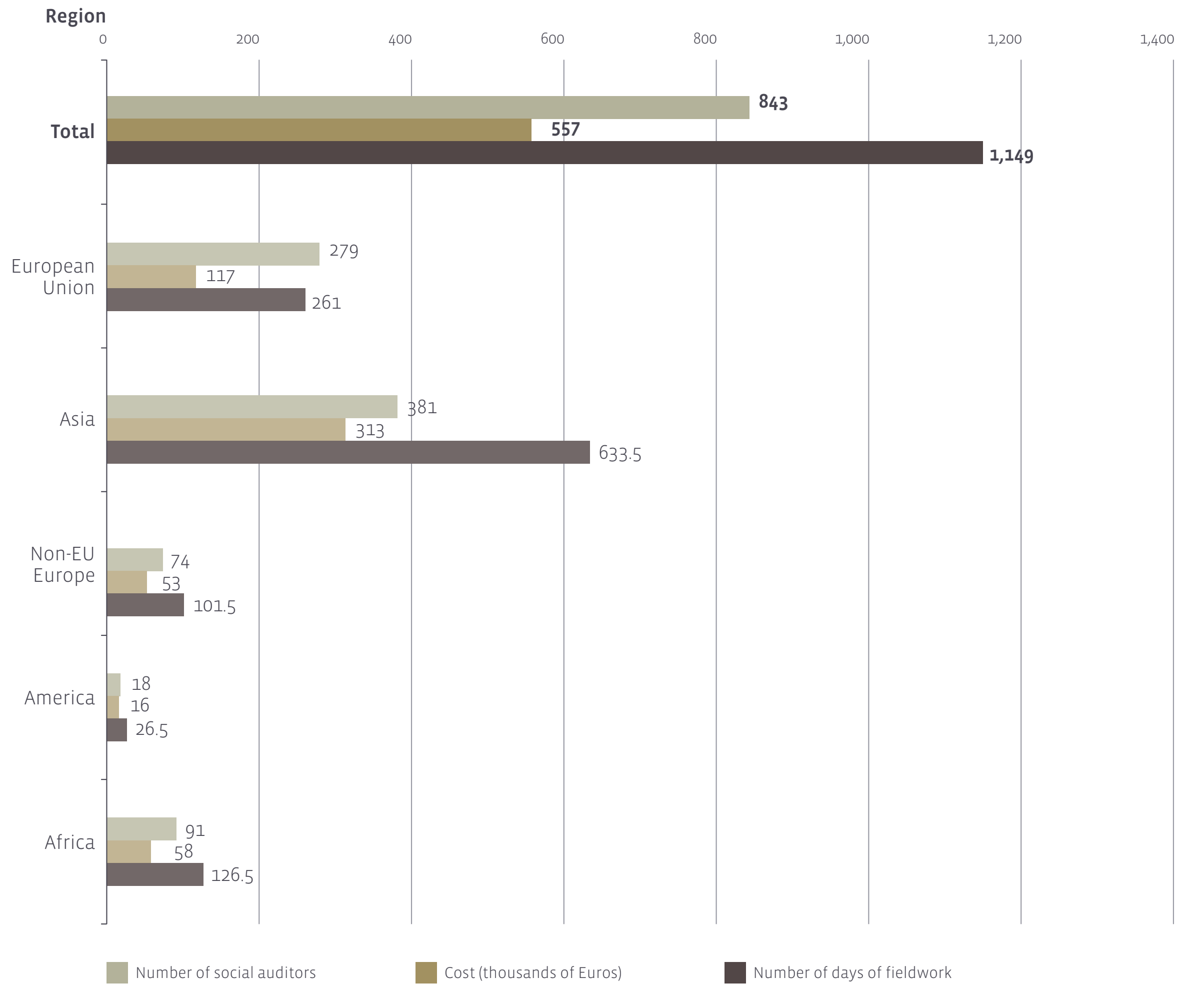
Tested to Wear, the methodology to be used in social audits, to monitor the process of implementing the Code of Conduct for External Manufacturers and Workshops in the factories of Inditex's suppliers, was designed by the CSR team at Inditex, in conjunction with the ITGLWF, the University of Northumbria and the Centre for Business and Public Sector Ethics. Its regulatory framework is provided by the Inditex Code of Conduct for External Manufacturers and Workshops, approved in 2001 and subsequently amended following the adoption of the ETI Base Code, by the best international practice for the implementation and management of codes of conduct in global production chains (Social Accountability International), by the experience gained from the Better Factories Cambodia programme, the principles of the Global Reporting Initiative (GRI) and, finally, by the experience of the CSR team at Inditex.

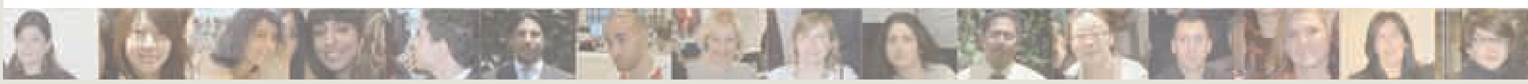
Social audits carried out in 2008

Auditing firm	Geographical area	Country	Number of social audits	Follow-up audits	Total	Number of days of fieldwork	Number of auditors on each team
Intertek Group. Plc.	European Union	Bulgaria	7		7	11	1
Iloper Auditores, S.L.	European Union	Spain	12	47	59	35.5	1
Internal CSR team	European Union	Spain	1	4	5	5	5
Intertek Group. Plc.	European Union	Italy	6		6	6	2
Iloper Auditores, S.L.	European Union	Portugal	13		13	6.5	1
Internal CSR team	European Union	Portugal	34		34	34	2
Intertek Group. Plc.	European Union	Portugal	27	2	29	29	1
PricewaterhouseCoopers	European Union	Portugal	77	35	112	112	9
Intertek Group. Plc.	European Union	Romania	12	2	14	22	2
Intertek Group. Plc.	Asia	Bangladesh	33	3	36	74	9
Intertek Group. Plc.	Asia	Cambodia	3		3	8	3
Intertek Group. Plc.	Asia	China	205	31	236	366	56
Intertek Group. Plc.	Asia	Philippines	2		2	4.5	4
Internal CSR team	Asia	India	1		1	0	1
Intertek Group. Plc.	Asia	India	39	7	46	65.5	17
Intertek Group. Plc.	Asia	Indonesia	14	1	15	36.5	10
Intertek Group. Plc.	Asia	Pakistan	8		8	15	4
Intertek Group. Plc.	Asia	Sri Lanka	3		3	7.5	4
Intertek Group. Plc.	Asia	Taiwan	1	1	2	2	2
Intertek Group. Plc.	Asia	Thailand	3		3	4	2
Intertek Group. Plc.	Asia	Vietnam	23	3	26	50.5	2
Intertek Group. Plc.	Non-EU Europe	Serbia	1		1	1	1
Intertek Group. Plc.	Non-EU Europe	Turkey	52	6	58	82.5	11
SGS Group	Non-EU Europe	Turkey	14	1	15	18	2
Intertek Group. Plc.	America	Argentina	1		1	1	1
Intertek Group. Plc.	America	Brazil	12		12	19.5	7



Auditing firm	Geographical area	Country	Number of social audits	Follow-up audits	Total	Number of days of fieldwork	Number of auditors on each team
Intertek Group. Plc.	America	Mexico	2		2	2.5	2
Intertek Group. Plc.	America	Paraguay	2		2	2	2
Intertek Group. Plc.	America	Peru	1		1	1.5	1
Intertek Group. Plc.	Africa	Egypt	10		10	24.5	2
Intertek Group. Plc.	Africa	Madagascar	1		1	2.5	1
Intertek Group. Plc.	Africa	Morocco	4	4	8	10.5	3
SGS Group	Africa	Morocco	18	27	45	55.5	2
TNG, Soluciones de Negocios, S.L.	Africa	Morocco		12	12	12	4
Intertek Group. Plc.	Africa	Tunisia	13	2	15	21.5	5
TOTAL			**655**	**188**	**843**	**1,149**	**182**





I.2.2. Phases of the Compliance Programme

It's important to dig deep, get to the root causes of problems and find out what are the underlying causes of non-compliance. Without doing so, we are unlikely to find lasting solutions that really benefit workers. Ethical Trading managers may have to assess thousands of suppliers scattered across the globe and are unlikely to have direct relationships with the vast majority of them. It's important to develop a credible method for assessing risk".

Dan Rees. Secretary-General of the Ethical Trading Initiative

PHASE I. Raising awareness

Training potential suppliers of Inditex on all aspects relating to the implementation of the Code of Conduct for External Manufacturers and Workshops in their factories.

PHASE II. Training for accredited social auditors

Training social auditors on the new Code of Conduct for External Manufacturers and Workshops and on the methodology for the execution of social audits (*Tested to Wear*), as well as the management of the corrective action plans and the software used for planning, documenting and providing support for the auditing process.

PHASE III. Automatic diagnostics tool

The pre-assessment tool is a management tool designed to help commercial teams at Inditex to select potential suppliers, through specific indicators that have been specially designed to comply with the requirements of the Code of Conduct for Manufacturers and External Warehouses, the product health and safety standards in force at Inditex (*Clear to Wear* and *Safe to Wear*) and the required response in terms of units/time.

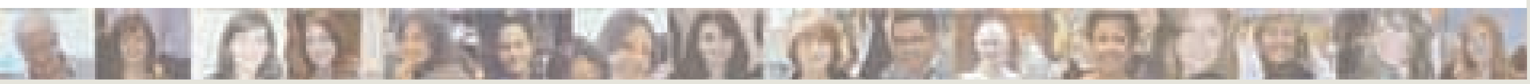
During 2008, the automatic diagnostics tool was used as a pilot scheme in the process of selecting 43 suppliers. In 2009, its implementation in all supply chains will begin.

PHASE IV. Social audits

Social audits are processes that measure the level of compliance with the Code of Conduct for External Manufacturers and Workshops in the factories of Inditex's suppliers, and they are conducted in accordance with the *Tested to Wear* standard, by external consultants, most of whom are SA-8000 accredited.

Phase IV. Social audits carried out in 2008

	European Union	Asia	Non-EU Europe	America	Africa	TOTAL
Number of suppliers audited during the 2008/2009 financial year (Phase IV)	189	335	67	18	46	**655**

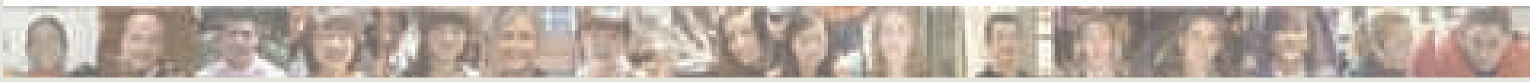


PHASE V. Result of audits

V.1. Assessment of the level of compliance with each of the sections of the Code of Conduct for External Manufacturers and Workshops per supplier/region, as established in the reporting methodology of the ETI.

Following the implementation in 2007 of *Tested to Wear* as the methodology for the execution of social audits, and in accordance with the requirements set forth by the ETI, four levels were designed, with which to measure the degree of compliance with the Code of Conduct. The results have allowed us to measure the degree of compliance with each of the sections in the Code, and to coordinate the design and subsequent execution of corrective action plans, whilst also allowing us to verify that any breaches detected in the corresponding follow-up audits are rectified.

Factory in Cambodia (2008).



V.2. Value added of the compliance programme per supplier/region.

The compliance programme, developed by the CSR team at Inditex, in conjunction with the ITGLWF and the University of Northumbria, assigns a rating to suppliers, based on the degree of compliance described in point V.1.

Rating of suppliers in Inditex's supply chain, per geographical area

Rating	European Union		Asia		Non-EU Europe		America		Africa	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
A	369	449	108	135	40	60	49	35	70	39
B	95	52	116	73	34	17	8	3	11	4
C	9	14	100	88	10	6	4	0	11	21
D	43	16	93	91	7	10	0	1	9	22
PR (*)	-	24	-	9	0	4	-	1	-	3
TOTAL	**516**	**555**	**417**	**396**	**91**	**97**	**61**	**40**	**101**	**89**

(*) Pending rating

PHASE VI. Rationalisation of the production chain

Rationalising the production chain of Inditex entails the following:

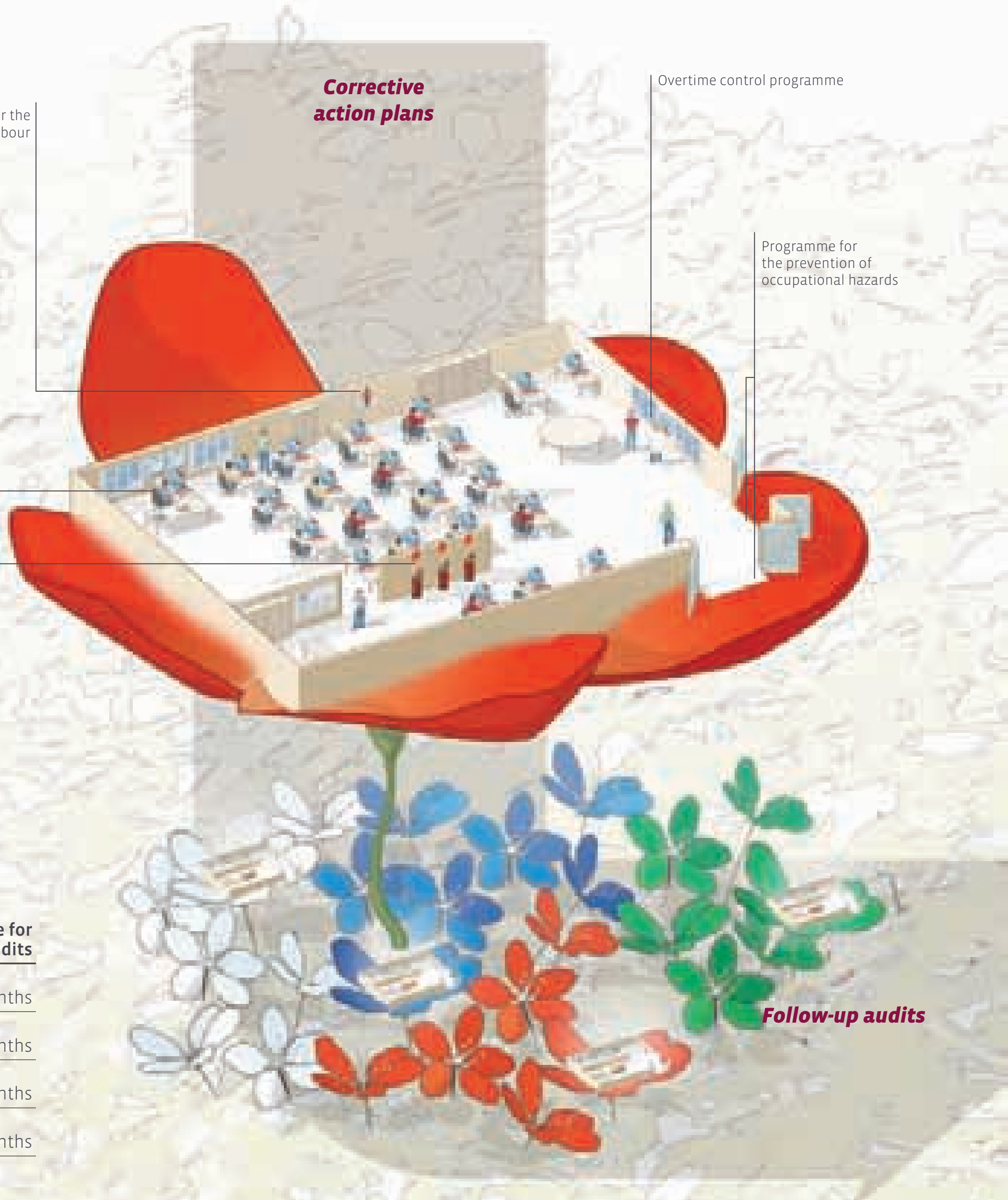
1. A stronger commitment to continuity of work with key and recurrent suppliers.

2. Greater enforcement of compliance with the Code of Conduct for External Manufacturers and Workshops amongst new suppliers.

3. A greater increase in productivity on the part of the supplier.

Process of rationalising Inditex's production chain

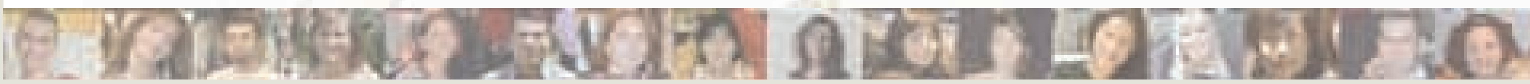
	European Union	Asia	Non-EU Europe	America	Africa	TOTAL
% Suppliers signed up during the 2008 financial year	**11%**	**14%**	**15%**	**10%**	**16%**	**13%**
Number of suppliers abandoned for breaches and/or for commercial reasons during 2008	66	67	16	7	19	175



Supplier Rating	Deadline for follow-up audits
A	24 months
B	18 months
C	12 months
D	6 months

Follow-up audits completed

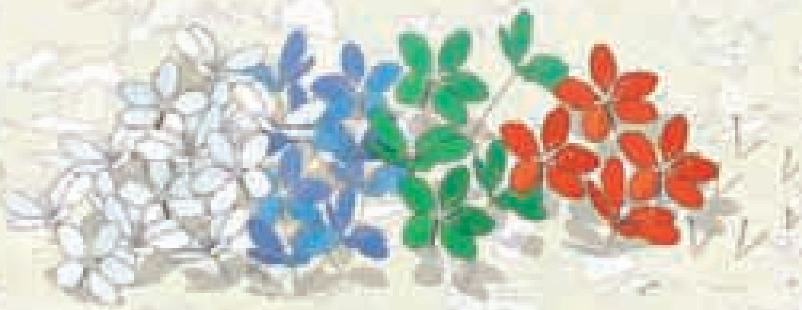
Region	Total number	
	2008	2007
European Union	88	61
Asia	46	105
Non-EU Europe	7	0
America	0	0
Africa	45	225
Total	**186**	**391**



PHASE VII. Plans of corrective action

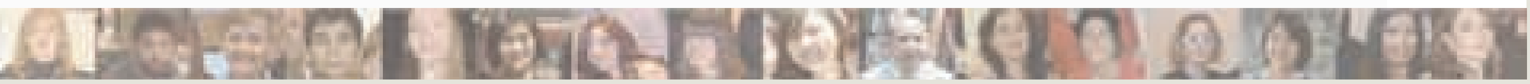
Following the completion of an audit and the subsequent approval by the manager of the factory of the conclusions reached therein, both teams - social auditors and the management - should reach a consensus on the following:

- The scope and nature of action designed to correct any breaches detected.
- The timeframe for rectification.
- Also, following any rectification required, a date for a second follow-up audit, to verify that the issue has been rectified.



Results of follow-up audits

Region	No. of suppliers showing improvement	No. of suppliers showing no improvement
European Union	57	31
Asia	22	24
Non-EU Europe	3	4
America	0	0
Africa	33	12
Total	**115**	**71**



II. LEARNING TO LIVE TOGETHER

II.1. Participating in the establishment of mature industrial relations between all interested parties: manufacturers, employees and local trade union representatives

"Factory managers and owners have to understand that no business will be done without proper social dialogue. Good industrial relations need to be established if they want to keep their customers. Conflict resolution at factory level goes much further than the reinstatement of workers, since we know that such agreements may not last unless proper social dialogue is established within companies, and unless there is a real a commitment to establishing constructive and stable relations".

Raja GopalHead of the ITGLWF in Asia

The importance of the framework international agreement between the ITGLWF and Inditex lies in the role that the ITGLWF and its confederated trade union organisations have been playing, since its signature in November 2007, in developing mature industrial relations between all of the parties involved, and, ultimately, in the development process in countries in which Inditex is currently operating. The framework international agreement has become a key element in the strategy for the implementation of the Code of Conduct for External Manufacturers, and, as such, it has also become a vital instrument of development, through actively creating awareness amongst managers and employees at suppliers' factories, on all matters relating to Fundamental Human and Employment Rights, promoting and guaranteeing gender equality, improving the living conditions of employees and strengthening the role of trade unions in factories, as a means of ensuring democratic consolidation and the peaceful resolution of conflicts. To this end, the ITGLWF, its confederate organisations and Inditex are developing interventions along the following lines:

- Consolidating democratic internal structures within organisations for workers, especially in less developed countries.

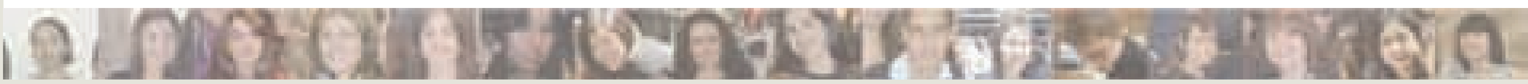
- Improving the capacity of workers' representatives to make proposals to the management of factories and to local government institutions within the country.

- Running training workshops on areas related to the principal Conventions of the International Labour Organisation and the United Nations, for workers' representatives.

- Implementing procedures to prevent and manage conflict within factories, such as possible complaints or disciplinary proceedings.

- Implementing protocols for the eradication of child labour and respect for the rights of immigrant workers, in conjunction with the University of Northumbria.

Ultimately, trade union organisations in less developed countries, in spite of their apparent weakness, continue to play the role of key players in the management, prevention and resolution of conflict within the factories of Inditex's suppliers, and, as it stands, there is no other institution that could replace them.



Areas in which Inditex works in conjunction with the ITGLWF

1 ITGLWF Latin America (Caracas, Venezuela):

- Overseeing compliance in Latin America with the commitments assumed by Inditex, through the signing of the framework agreement.

Working areas:

- Coordinating the Latin American network of confederated trade unions, with a view to fostering the principles of free association and collective bargaining and ensuring that they are observed.
- Participating in programmes for the prevention, resolution and subsequent management of conflict within the factories of Inditex's suppliers.

2 Directorate of the CSR Department (Arteixo, Spain):

- Executing the commitments assumed by Inditex, through the signing of the framework agreement.

Working areas:

- Ensuring that the ITGLWF is informed immediately of serious breaches (*) of the Code of Conduct for External Manufacturers and Workshops, and reaching a consensus on the timeframe for the corresponding Corrective Action Plans.
- Participating in programmes for the prevention, resolution and subsequent management of conflict within the factories of Inditex's suppliers.

3 Portugal and 4 Turkey

Working areas:

- Programme for the eradication of child labour.
- Programme to ensure the freedom to exercise the principles of freedom of association and collective bargaining.

5 University of Northumbria (Newcastle, United Kingdom):

Incubator for innovation in society and in the workplace.

Working areas:

- Designing the *Tested to Wear* initiative.
- Designing the *Fibre Citoyenne* initiative.
- Designing the *Standard Portugal* initiative.
- Protocol against child labour.
- Immigration protocol.
- Report on the conclusions reached with regard to the Spectrum catastrophe.

6 ITGLWF HQ (Brussels, Belgium):

Overseeing global compliance with the commitments assumed by Inditex, through the signing of the framework agreement.

Working areas:

- Coordinating the global network of confederated trade unions, with a view to fostering the principles of free association and collective bargaining and ensuring that they are observed.
- Participating in programmes for the prevention, resolution and subsequent management of conflict within the factories of Inditex's suppliers.

7 Cambodia

Working areas:

- Programme to ensure the freedom to exercise the principles of freedom of association and collective bargaining.
- Programme for the prevention and management of conflict.

8 India

Working areas:

- Minimum Wage Programme.
- Programme for the eradication of child labour.
- Domestic work programme.
- Programme to ensure the freedom to exercise the principles of freedom of association and collective bargaining.

9 Bangladesh

Working areas:

- Minimum Wage Programme.
- Programme to ensure the freedom to exercise the principles of freedom of association and collective bargaining.
- Programme for the prevention and management of conflict.

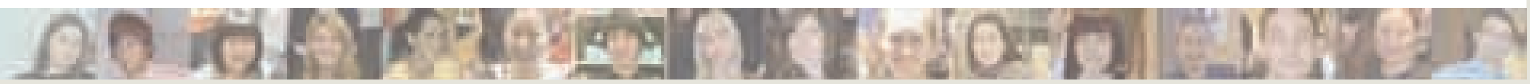
10 ITGLWF ASIA (Kuala Lumpur, Malaysia):

- Overseeing compliance in Asia with the commitments assumed by Inditex, through the signing of the framework agreement.

Working areas:

- Coordinating the Asian network of confederated trade unions, with a view to fostering the principles of free association and collective bargaining and ensuring that they are observed.
- Participating in programmes for the prevention and resolution of conflict within the factories of Inditex's suppliers.
- Programme for the establishment of mature industrial relations between all interested parties (Cambodia).

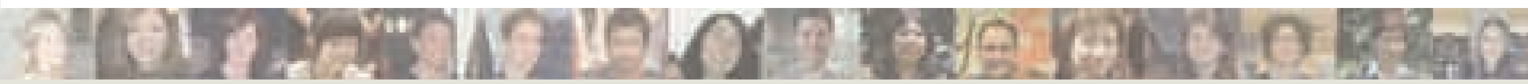
(*) Undocumented workers, migrant workers and prohibiting the exercising of the principles of freedom of association and collective bargaining.



II.2. Executing the framework international agreement between Inditex and ITGLWF

The following table shows the results obtained from the joint management by the ITGLWF and Inditex of the process of solving industrial disputes in three factories.

	Cambodia		Peru
	Factory I	**Factory II**	**Factory III**
GENERAL DETAILS			
No. of employees:	7,000	10,000	5,000
Number of trade union representatives dismissed:	100	3	93
Date on which dispute started:	Nov-06	Jan-08	Mar-07
Date of joint intervention by ITGLWF and Inditex:	Feb-07	Feb-08	Jun-07
Date on which dispute settled:	Feb-08	Nov-08	Mar-08
PARTIES INVOLVED			
Management of the factory:	✓	✓	✓
Business Organisation:	GMAC	GMAC	-
Representatives of the Trade Unions:	C.CAWDU	C.CAWDU	SITTONSA / FITEQA-CC.OO.
ITGLWF:	Brussels/ Malaysia	Brussels/ Malaysia	Brussels/ Malaysia
Better Factories Programme:	✓	✓	✓
ILO:	✓	✓	✓
Better Factories Programme:	✓	✓	-
Other social actors:	-	-	IPEDEHP
CONCLUSIONS			
Readmission of 100% of the dismissed workers:	✓	✓	✓
Payment in full of workers' wages from the date of dismissal:	✓	✓	✓
Start of a process of dialogue aimed at developing mature industrial relations between the parties involved:	✓	✓	✓
Commitment to ensuring that no form of discrimination is exercised against trade union representatives following their readmission to the factory:	✓	✓	✓
Programmes aimed at strengthening trade union activity:	✓	✓	✓
Training programmes for trade union leaders, on the prevention and management of conflict:	✓	✓	✓
Training programmes for managers, on Fundamental Human and Employment Rights:	✓	✓	✓
Training programmes for middle management, on Fundamental Human and Employment Rights:	✓	✓	✓
Training programmes for the Human Resources Department, on the prevention and management of conflict:	✓	✓	✓



1 COMPANY COMMITTEE

TRAINING PROGRAMME AIMED AT STRENGTHENING TRADE UNION ACTIVITY (1):

- Institutional reinforcement of local trade union structures.
- Training in local and international employment law (ILO and UN Conventions).
- The implications of exercising the principles of freedom of association and collective bargaining in a factory: Rights and obligations.
- The requirements of the Code of Conduct for External Manufacturers and Workshops and its implications for trade union representatives of employees in the factories of its suppliers.

TRAINING PROGRAMME FOR THE TRADE UNION LEADERS, ON THE PREVENTION AND MANAGEMENT OF CONFLICT (1):

- The development and implementation of communication channels, both formal and informal, through the development of mature industrial relations within the factory.
- Training, implementation and management relating to disciplinary proceedings.

2 MANAGEMENT

TRAINING PROGRAMME FROM MANAGERS ON FUNDAMENTAL HUMAN AND EMPLOYMENT RIGHTS (2):

- The requirements of the Code of Conduct for External Manufacturers and Workshops and its implications for the process of managing the factory.
- Training for managers in local and international employment law (ILO and UN Conventions).
- The management of disciplinary proceedings, aimed at the development of mature industrial relations.

3 MIDDLE MANAGEMENT

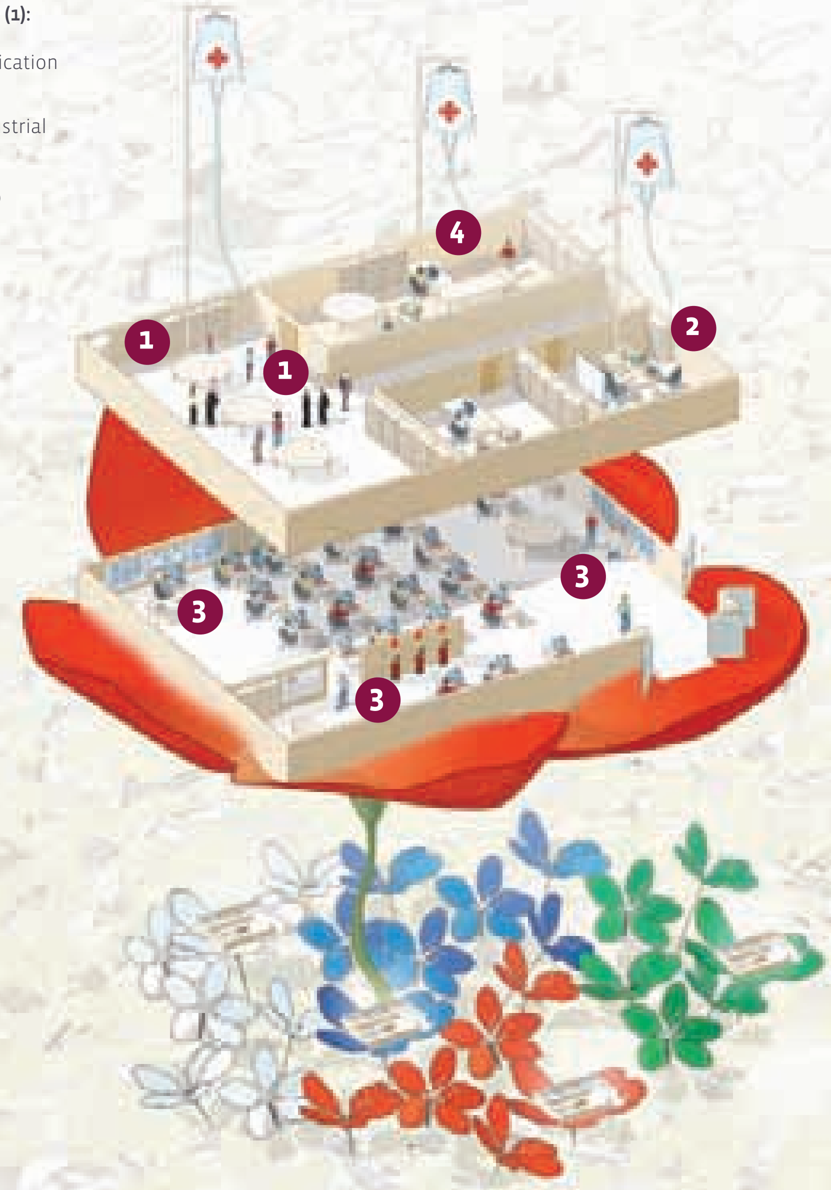
TRAINING PROGRAMME FROM MIDDLE MANAGEMENT ON FUNDAMENTAL HUMAN AND EMPLOYMENT RIGHTS (2):

- The development of communication channels, both formal and informal, between workers, trade union representatives and middle management, aimed at developing mature industrial relations on the production lines at the factory.
- The requirements of the Code of Conduct for External Manufacturers and Workshops and its implications for the production lines at the factory.
- Training in local and international employment law (ILO and UN Conventions).

4 HUMAN RESOURCES DEPARTMENT

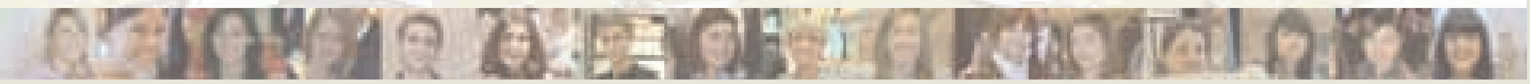
TRAINING PROGRAMME FOR THE HUMAN RESOURCES DEPARTMENT, ON THE PREVENTION AND MANAGEMENT OF CONFLICT (2):

- The development of communication channels, both formal and informal, through the development of mature industrial relations, from a Human Resources perspective.
- Management of disciplinary proceedings.



(1) Developed and run solely by the ITGLWF, its confederate organisations and accredited external consultants.

(2) Developed and run solely by the ITGLWF, the CSR team and its accredited external consultants.



II.3. Other instruments developed with a view to implementing the framework international agreement between Inditex and ITGLWF

I. Creation of the Chair in Ethical Fashion at the University of Northumbria (Newcastle, United Kingdom).

The Chair in Ethical Fashion at the University of Northumbria constitutes the first joint initiative by the ITGLWF and Inditex, towards the development of platforms for dialogue and reflection aimed at students of design and fashion.

GENERAL OBJECTIVE

- Creating awareness and providing training for students on aspects relating to the promotion and protection of Fundamental Human and Employment Rights.

SPECIFIC OBJECTIVES

- **Training curricula** of a regulated nature, aimed at teaching students about aspects relating to the principal ILO and UN Conventions and the implementation and execution of social audits, and subsequent management of corrective action plans in textile production lines in complex social and employment scenarios.

- **Networking**: Creating a global network for universities (Spain, Bangladesh, India, Cambodia and Peru), draws the development of an exchange of good practice and case studies relating to conflict management in textile factories, as well as corrective action plans and clusters of suppliers, for the implementation of product health and safety standards.

- **Research:**

  - Methodologies for the implementation of codes of conduct, such as *Tested to Wear, Fibre Citoyenne or Portugal Standard.*

  - Special projects, such as the Spectrum Project, and, through this, summing up the experiences shared between the ITGLWF, workers' representatives and civil society in Bangladesh and Inditex's local and international CSR teams, involved in managing the humanitarian crisis that followed the collapse of the Spectrum Sweaters factory in Savar (Bangladesh) in 2005, and the design and subsequent execution of the *Voluntary Relief Scheme*.

  - Intervention protocols such as the *Child Labour Project*, designed to manage situations in which, through the execution of a social order, the presence of child workers in factories is detected.

  - *Migrant Workers Project*, designed to manage situations in which, through the execution of the social audit, it is detected that there are immigrant workers in a given factory, whose Fundamental Human and Employment Rights are not being protected.

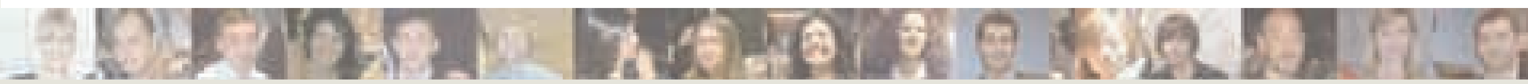
II. Fibre Citoyenne

This is an initiative developed by the Moroccan Organisation of Textile Entrepreneurs (AMITH), in conjunction with the ITGLWF, the University of Northumbria and Inditex, to foster respect for Fundamental Human and Employment Rights in textile factories in Morocco, as means of ensuring a competitive advantage for the industry in that country. The initiative enjoys the support of the Ministries of Employment and Industry in Morocco, and the backing of the ILO, through the Better Work programme.

OBJECTIVES

- To invite Inditex's suppliers to participate in this initiative.

- To provide support for working groups currently working under the auspices of the *Fibre Citoyenne national committee*.



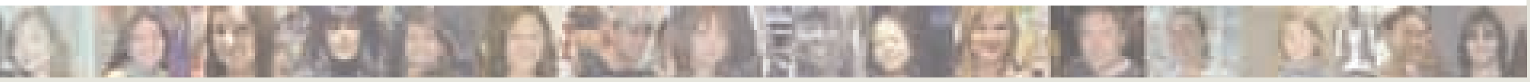
III. Portugal Standard

This is a joint working initiative, currently in the development phase, involving the Organisation of Portuguese Textile Entrepreneurs - ANIVEC/APIV, the trade union organisation FESETE, the ITGLWF, the University of Northumbria and Inditex, aimed at fostering respect for Fundamental Human and Employment Rights in textile factories in Portugal, as means of ensuring a competitive advantage for the industry in that country. The initiative also enjoys the support of the Ministries of Employment and Industry, and the backing of the ILO.

OBJECTIVES

- Creating value added in the textile business in Portugal, by ensuring that respect for Fundamental Human and Employment Rights is fostered within factories.

- Inviting Inditex's suppliers to participate in this initiative, aimed at developing standards for rights.



III. LEARNING TO INCLUDE

"Applying Codes of Conduct is of course, very important, but not enough. Real Social Responsibility requires much more. Requires partnership and clustering approach: the global industry needs to wake up to the real world, recognise what is and what is not attainable and concentrate on building its competitivity not on concessions but on improved productivity, quality, delivery and social reputation – the four pillars for success in today's global market".

Douglas MillerChair of Ethical Fashion at Northumbria University

III.1 Local dialogue platforms

Dialogue platforms are an efficient tool for collective action and for formulating public policies that promote and protect Basic Human and Labour Rights. Formed by representatives from the private sector, civil society, ITGLWF and its federated organisations, they develop a shared voice between members and make it possible to:

- Make governments aware so that they encourage and protect Basic Human and Labour Rights:

    1. *Living Wage/Minimum Wage Project*, launched by ETI (Bangladesh).

    2. *Child Labour Project*, launched by ETI (Uzbekistan).

    3. *Fibre Citoyenne*, launched by AMITH, ITGLWF, the Moroccan Ministry of Employment and Inditex.

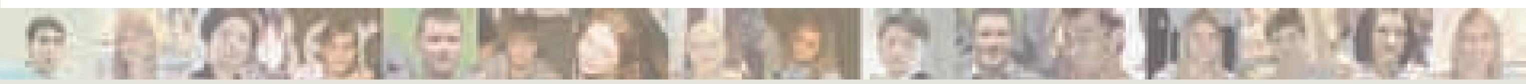
- Participate in advisory committees at *MFA Forums* in Bangladesh, Morocco and Lesotho to boost the institutional powers of social, trade union and business partners in the field.

- Foster cooperation and dialogue to implement codes of conduct, in a coordinated manner, based on the members' best practices and experiences: ETI *Best Practices* Programme.

- Avoid steps backward in legislation that restrict and/or limit the enforcement of rights protected under the main ILO and UN Conventions.

- Encourage responsible awareness for Inditex purchasing teams.

- Launch efficient, legitimate and open dialogue with every party involved.



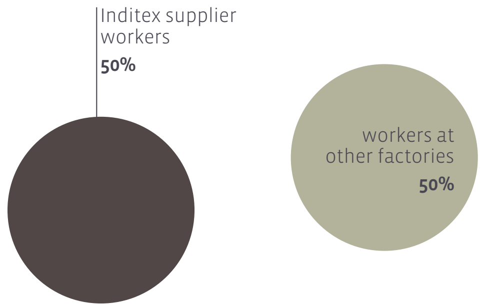
III.2. Inditex clusters

Morocco
Tangiers

Number of suppliers in the country:	101
Number of workers in the textile sector in the Tangiers region	60,000(*)
Approximate number of workers who form the Inditex production chain in the Tangiers region:	30,000
Percentage of factory workers who produce for Inditex in the Tangiers region:	50%
Work groups formed:	3

(*) Source: Association Marocaine des Industries du Textile et de l'Habillement (AMITH)

Percentage of workers in the textile sector in the Tangiers region at factories that produce for Inditex



Morocco cluster activities (Tangiers and Casablanca)

COMPLIANCE ACTIVITIES

- Scope: 30 suppliers.

- Set up a Compliance Programme with consensus from factory managers and AMITH.

- Limit the local supplier subcontracting process(**).

- Correct and agree on periods and Corrective Action Plans for serious breaches of the External Manufacturer and Factory Code of Conduct at Moroccan factories.

- Set up permanent, constructive social dialogue with AMITH and local trade union representatives to develop mature industrial relations.

PRODUCTION CHAIN STANDARDISATION ACTIVITIES

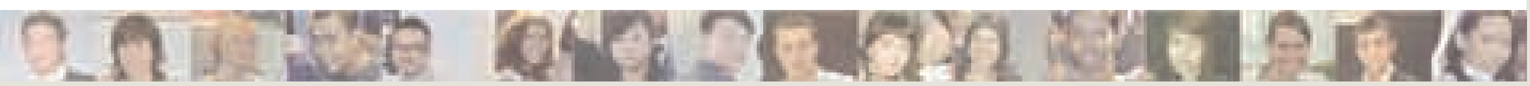
- Foster the *Fibre Citoyenne* Basic Human and Labour Rights standardisation programme at Inditex supplier factories in Morocco.

- Promote the *Fibre Citoyenne* standard as a competitive edge for the Moroccan textile sector.

- Conduct 22 social audits.

- Launch 43 Corrective Action Plans, with consensus from all of the parties involved.

(**) External manufacturers and suppliers cannot subcontract production without written authorisation from Inditex.
External manufacturers and suppliers who subcontract Inditex production will be responsible for complying with this External Manufacturers and Factories Code of Conduct on behalf of the subcontracted companies.
External manufacturers, suppliers and their subcontractors will apply the External Manufacturers and Factories Code of Conduct principles to workers who work from home and who are part of the production chain, and will make these workers' work centres and conditions transparent.

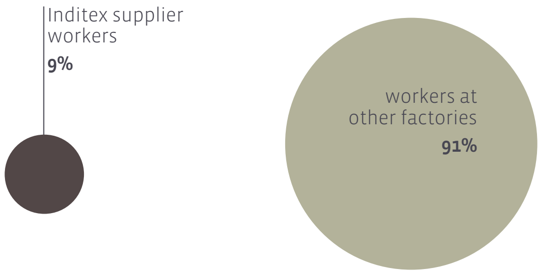


Turkey
Istanbul

Number of suppliers in the country:	107
Number of workers in the textile sector in the Istanbul region:	589,657 (*)
Approximate number of workers who form the Inditex production chain in the Istanbul region:	53,000
Percentage of factory workers who produce for Inditex in the Istanbul region:	9%
Work groups formed:	2

(*) Source: Turkish Republic Ministry of Labour and Social Security.

Percentage of workers in the textile sector in the Istanbul region at factories that produce for Inditex



Turkey cluster activities (Istanbul)

COMPLIANCE ACTIVITIES

- Scope: 27 suppliers.

- Define the scope and objectives of the compliance programme with consensus from the Inditex sales and CSR teams, suppliers and external consultant teams (SGS and Intertek).

- Identify, in qualitative and quantitative terms, the level of compliance with the External Manufacturers and Factories Code of Conduct in the Inditex production chain.

PRODUCT HEALTH AND SAFETY ACTIVITIES

- Approve the first Inditex external laboratory (SGS Istanbul) as a pilot laboratory.

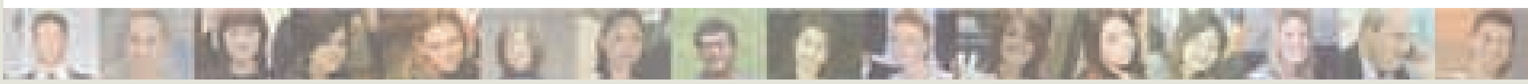
- Train laboratory technicians in CTW and STW technical management.

PRODUCTION CHAIN STANDARDISATION ACTIVITIES

- Adapt the TTW methodology to Turkey.

- Conduct 66 social audits.

- Launch seven Corrective Action Plans, with consensus from all of the parties involved.



Bangladesh
Dhaka

Number of suppliers in the country:	56
Number of workers in the textile sector in the Dhaka region:	1,750,000 (*)
Approximate number of workers who form the Inditex production chain in the Dhaka region:	212,000
Percentage of factory workers who produce for Inditex in the Dhaka region:	12%
Work groups formed:	4

(*) Source: Own sources (local CSR team in Bangladesh)

Percentage of workers in the textile sector in the Dhaka region at factories that produce for Inditex

Bangladesh cluster activities (Dhaka)

COMPLIANCE ACTIVITIES

- Scope: 34 suppliers.

- Set up a Compliance Programme with consensus from the Inditex sales and CSR team, suppliers and external consultant teams (SGS and Intertek).

- Identify and audit every factory that is part of the second Inditex production chain line in the Dhaka region.

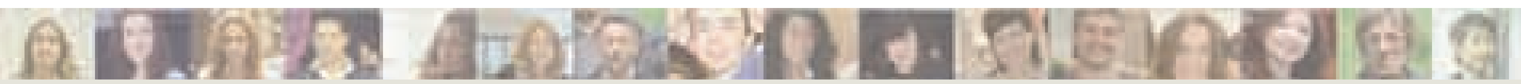
- Identify the main risk areas relating to Basic Human and Labour Rights at supplier factories.

PRODUCTION CHAIN STANDARDISATION ACTIVITIES

- Conduct 33 social audits.

- Launch 20 Corrective Action Plans, with consensus from all of the parties involved.

- Actively cooperate with business associations (BGMEA and BKMA) and trade union associations (NGWF and BCN) in the country.

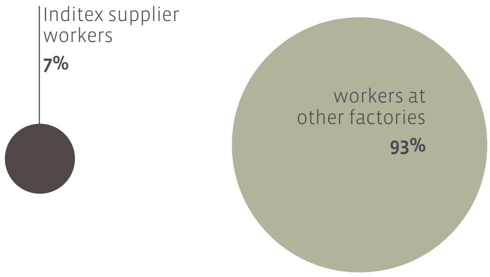


India
Delhi

Number of suppliers in the country:	90
Number of workers in the textile sector in the Delhi region:	300,000 (*)
Approximate number of workers who form the Inditex production chain in the Delhi region:	22,000
Percentage of factory workers who produce for Inditex in the Delhi region:	7%
Work groups formed:	3

(*) Source: Apparel Exports Promotion Council New Delhi (AEPC)

Percentage of workers in the textile sector in the Delhi region at factories that produce for Inditex



India cluster activities (Delhi)

COMPLIANCE ACTIVITIES

- Scope: 79 suppliers.

- Set up a Compliance Programme with consensus from the Inditex sales and CSR team, suppliers and external consultant teams (SGS and Intertek).

- Identify and then audit every factory that is part of the second Inditex production chain line in the Delhi region (KPMG, SGS and Intertek)..

- Start a pilot telework programme, in accordance with the method that ETI has proposed in the Delhi area.

- Identify the main risk areas that define the social labour reality at Inditex supplier factories in the Delhi region, in the field of Basic Human and Labour Rights.

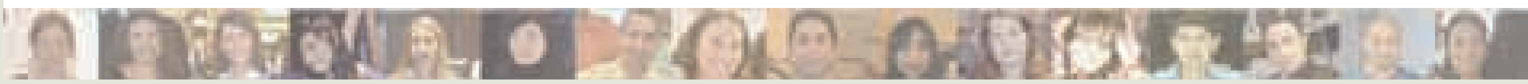
- Launch a pilot programme to eradicate child labour in conjunction with ITGLWF and Northumbria University.

PRODUCTION CHAIN STANDARDISATION ACTIVITIES

- Conduct 39 social audits.

- Launch 13 Corrective Action Plans, with consensus from all of the parties involved.

- In conjunction with ITGLWF, oversee the child labour eradication programme at eight factories in the Delhi region.

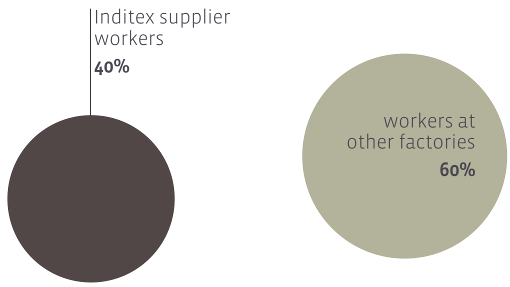


Portugal
Guimarães / Porto

Number of suppliers in the country:	212
Number of workers in the textile sector in the Guimarães/Porto region:	77,300 (*)
Approximate number of workers who form the Inditex production chain in the Guimarães region:	31,000
Percentage of factory workers who produce for Inditex in the Guimarães/Porto region:	40%
Work groups formed:	3

(*) Source: Associação Nacional das Indústrias de Vestuário e Confecção (ANIVEC)

Percentage of workers in the textile sector in the Guimarães/Porto region at factories that produce for Inditex



Portugal cluster activities (Guimarães/Porto)

COMPLIANCE ACTIVITIES

- Scope: 38 suppliers.

- Define the scope and objectives of the compliance programme with consensus from the Inditex sales and CSR teams, suppliers and external consultant teams (PwC, Iloper, S.L. and Intertek).

- Identify, in qualitative and quantitative terms, the level of compliance with the External Manufacturers and Factories Code of Conduct in the Inditex production chain.

PRODUCT HEALTH AND SAFETY ACTIVITIES

- Launch training courses for Portuguese suppliers on CTW and STW.

- Fill in more than 1,900 technical product specification sheets to check proper compliance with CTW for certain models chosen at random.

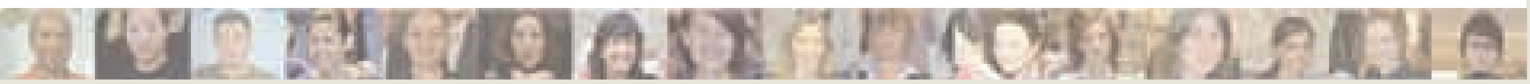
- Undertake more than 210 Corrective Action Plans to correct the flaws detected above.

PRODUCTION CHAIN STANDARDISATION ACTIVITIES

- Design the *Portugal Standard*, in conjunction with trade unions (FESETE), Regional Portuguese Government (CCDRN) and business organisations (ANIVEC and APIV).

- Conduct more than 150 social audits.

- Launch more than 30 Corrective Action Plans, with consensus from all of the parties involved.



Spain
Galicia

Number of suppliers in the country:	277
Number of workers in the textile sector in the Galicia region (**):	13,983 (*)
Approximate number of workers who form the Inditex production chain in the Galicia region:	3,200
Percentage of factory workers who produce for Inditex in the Galicia region:	23%
Work groups formed:	6

(*) Source: Confederación de Industrias Textiles de Galicia (COINTEGA).
(**) Without counting Inditex employees

Percentage of workers in the textile sector in the Galicia region at factories that produce for Inditex

Spain cluster activities (Galicia)

COMPLIANCE ACTIVITIES

- Scope: 27 suppliers.

- Identify supplier subcontracting processes inside Spain and abroad.

- Conduct necessary tracking audits, in accordance with TTW methods.

PRODUCT HEALTH AND SAFETY ACTIVITIES

- Implement training courses for suppliers on *Clear To Wear* and *Safe To Wear*.

- Fill in more than 3,600 technical product specification sheets to check proper compliance with *Clear To Wear* for certain models chosen at random.

- Undertake more than 250 Corrective Action Plans to correct the flaws detected above.

PRODUCTION CHAIN STANDARDISATION ACTIVITIES

- Conduct more than 13 social audits.

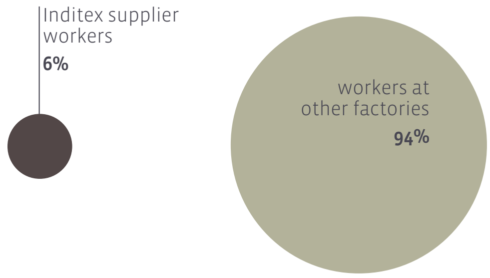
- Launch more than 51 Corrective Action Plans, with consensus from all of the parties involved.

Camboya
Phnom Penh

Number of suppliers in the country:	14
Number of workers in the textile sector in the Phonm Penh region:	250,000 (*)
Approximate number of workers who form the Inditex production chain in the Phonm Penh region:	14,000
Percentage of factory workers who produce for Inditex in the Phonm Penh region:	6%
Work groups formed:	6

(*) Source: Own sources (Camboya CSR team).

Percentage of workers in the textile sector in the Phonm Penh region at factories that produce for Inditex



Camboya cluster activities (Phnom Penh)

COMPLIANCE ACTIVITIES

- Scope: seven suppliers.

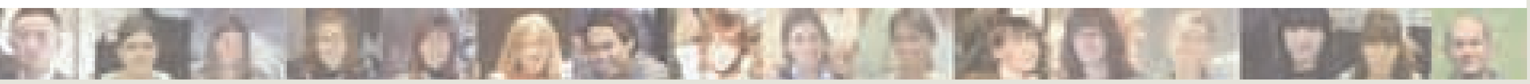
- Boost trade unions for four of the main Inditex suppliers.

PRODUCTION CHAIN STANDARDISATION ACTIVITIES

- Actively participate in the ILO *Better Factories programme*.

- Implement disciplinary procedures for every Inditex supplier in the Phnom Penh region to develop mature industrial relations as a source of competitive advantages for this country's textile sector.

- Conduct four social audits.



Customers

IV. LEARNING TO SHARE

"Checking the product health and safety standards that Inditex has implemented (Clear to Wear and Safe to Wear) should become key tools to boost its business model and, consequently, become a source of competitive advantages".

Rafael CelaProfessor of Analytical Chemistry at Santiago de Compostela University

IV.1 Developing an inclusive business model

We are developing an inclusive business model relating to health and safety for the products that Inditex sells, which includes:

- Sharing the experience that Inditex has built up over the last three years regarding the development and implementation of its Clear to Wear and Safe to Wear standards in the main Inditex clusters in Spain, Portugal, Morocco, Turkey and Bangladesh.

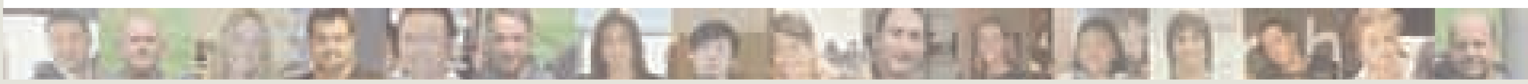
- Funding research programmes with institutes and universities to develop protocols for the application of complex local and international legal regulations -REACH- and other international legislation, such as the *Consumer Product Safety Improvement Act*.

- Designing manufacturing procedures that respect the aforementioned regulations and are effective and efficient: Protocol for the gradual substitution of PVC in Spain and Portugal, for more than 100 suppliers.

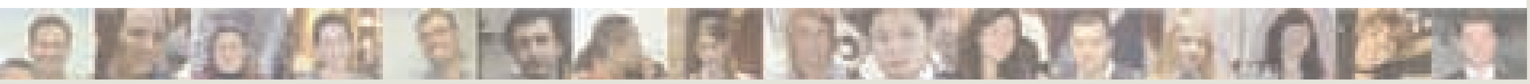
- Solving major breaches detected, following the launch of the *Clear to Wear* and *Safe to Wear* protocols, based on alternatives shared and developed by approved external laboratories (SGS Delhi, Istanbul and Hong Kong), universities (Santiago de Compostela University, Spain) and Inditex product health and safety teams in Spain, Portugal, Turkey, India, Bangladesh, Vietnam and China.

- Actively participating in awareness campaigns to contribute to a cleaner, more environmentally-friendly and responsible world: 'Toxic-free fashion' awareness campaigns.

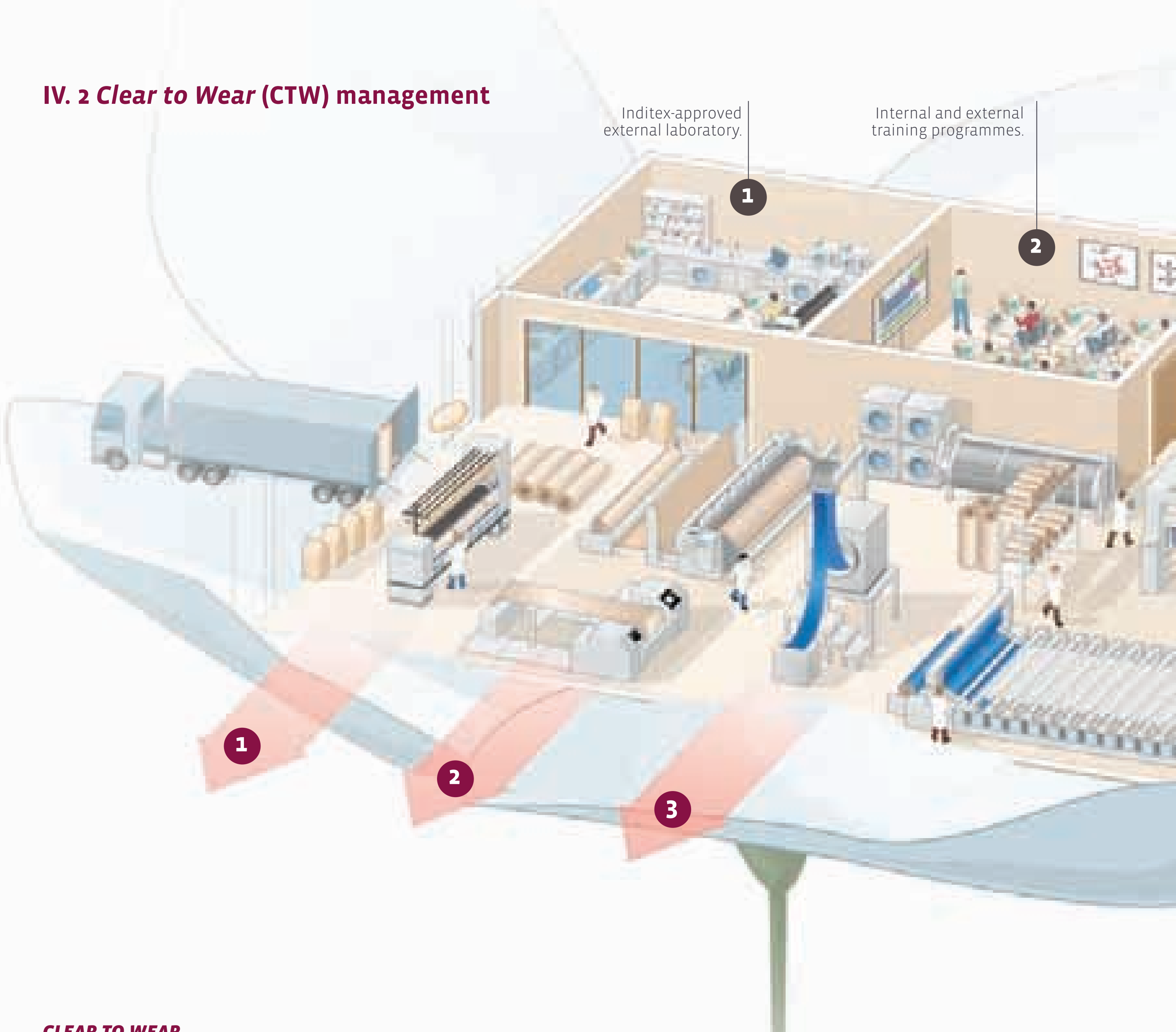
- Actively taking part on the main international committees and expert panels in areas related to child safety: AEN/CTN 40/GT8 Group -Seguridad de la ropa infantil- for Spain and CEN/TC 248/WG 20 - *The Safety of Children´s Clothing* – for Europe.



Inditex´s CSR and Organic Chemistry teams of the University of Santiago de Compostela.

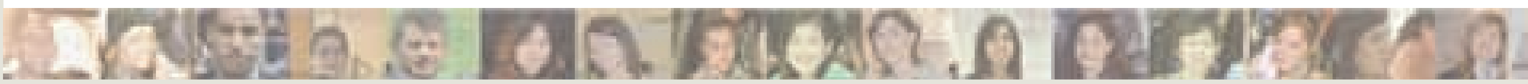


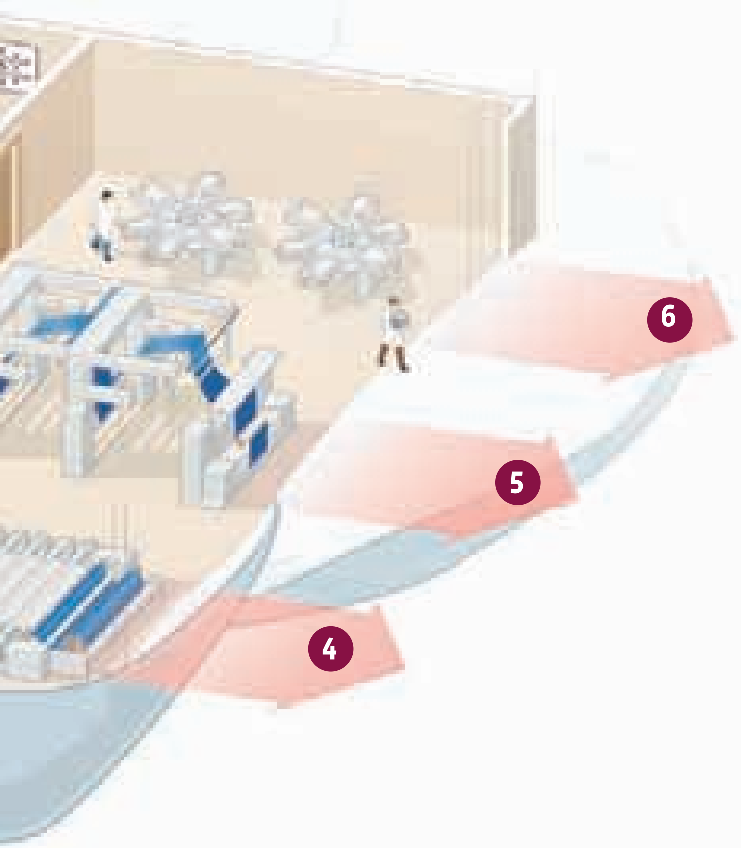
IV. 2 *Clear to Wear* (CTW) management



CLEAR TO WEAR

Clear To Wear is a product health standard that the Inditex CSR Department has launched, in conjunction with Santiago de Compostela University (Spain), for general application and binding on every aspect of the product manufactured, footwear, accessories and/or textiles supplied to Inditex. It has been developed in accordance with the most stringent product health legislation. Apart from matters relating to composition and pH, it regulates substances that have limited legal uses such as formaldehyde, arylamines, phenols (PCP and TeCP), cadmium, lead, chromium (VI), nickel, phthalates and flammable materials, and it limits the use of parameters not covered in legislation in force such as organochlorides and artificial colours linked to allergic reactions.





Main intervention areas:

1. **SPINNING PROCESS:**

   Formaldehyde + Phenols

2. **WEAVING PROCESS:**

   Formaldehyde + Phenols

3. **DYEING PROCESS:**

   Formaldehyde + Arylamines + Allergenic Dyes + Organochlorine Compounds + pH

4. **CONTINUOUS PRINTING PROCESS:**

   Formaldehyde + Phtalates+ Lead + Cadmium + Allergenic Dyes + Organochlorine Compounds + Arylamines + pH.

5. **FINISHING PROCESS:**

   Formaldehyde + Phtalate + Arylamines + Lead + Cadmium + pH + Fireproof + Biocides

6. **SCREEN PRINTING PROCESS:**

   Formaldehyde + Phtalates + Arylamines + Lead + Cadmium + Allergenic Dyes + Organochlorine Compounds + pH.

Scope:

The CTW standard is applied to:

- Dry cleaners.
- Dress printers.
- Finishing facilities.
- Laundries.
- Tanneries.
- Accessory and textile suppliers.
- Anyone who manufactures, markets or distributes products to any Inditex format.

Countries:

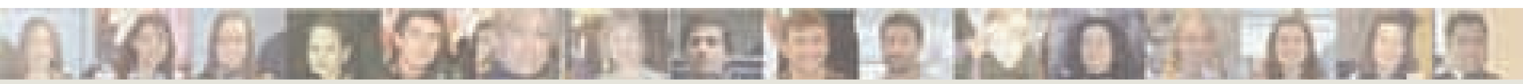
Spain, Portugal, China, Bangladesh, India and Vietnam, mainly.

Methodology:

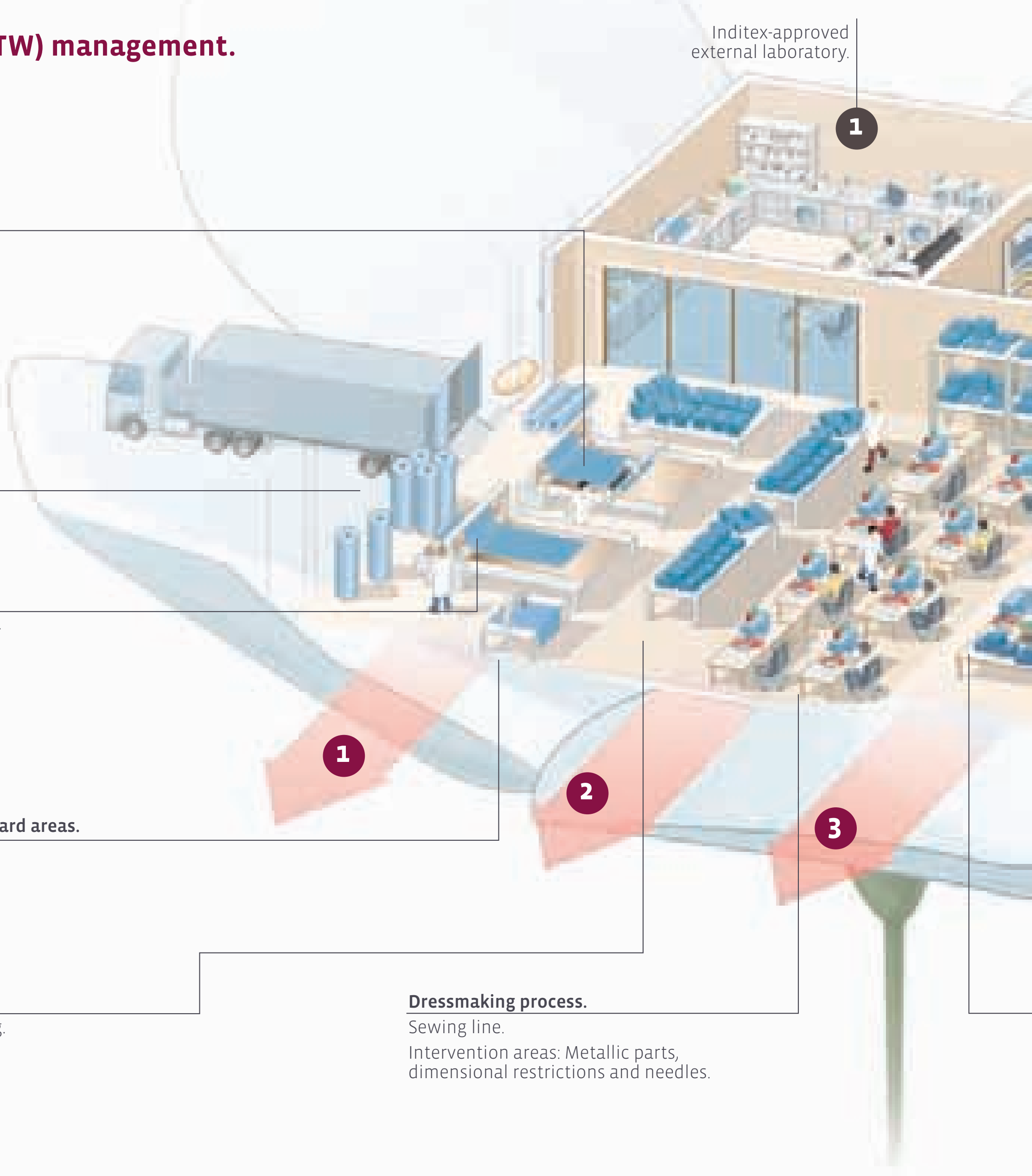
The CTW implantation strategy is based on developing learning methods for proper implementation, focussed on association and dialogue between Inditex and its suppliers, control of the parameters included under the above-mentioned standard by approved external laboratories, and conducting certain random tests to check proper implementation.

Approved external laboratories:

External and accredited by NABL, ISO / IEC 17025, UKAS and ISO 9001:2000: SGS (Global).

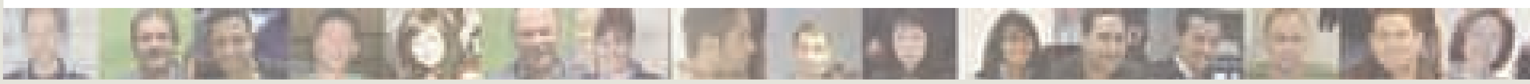


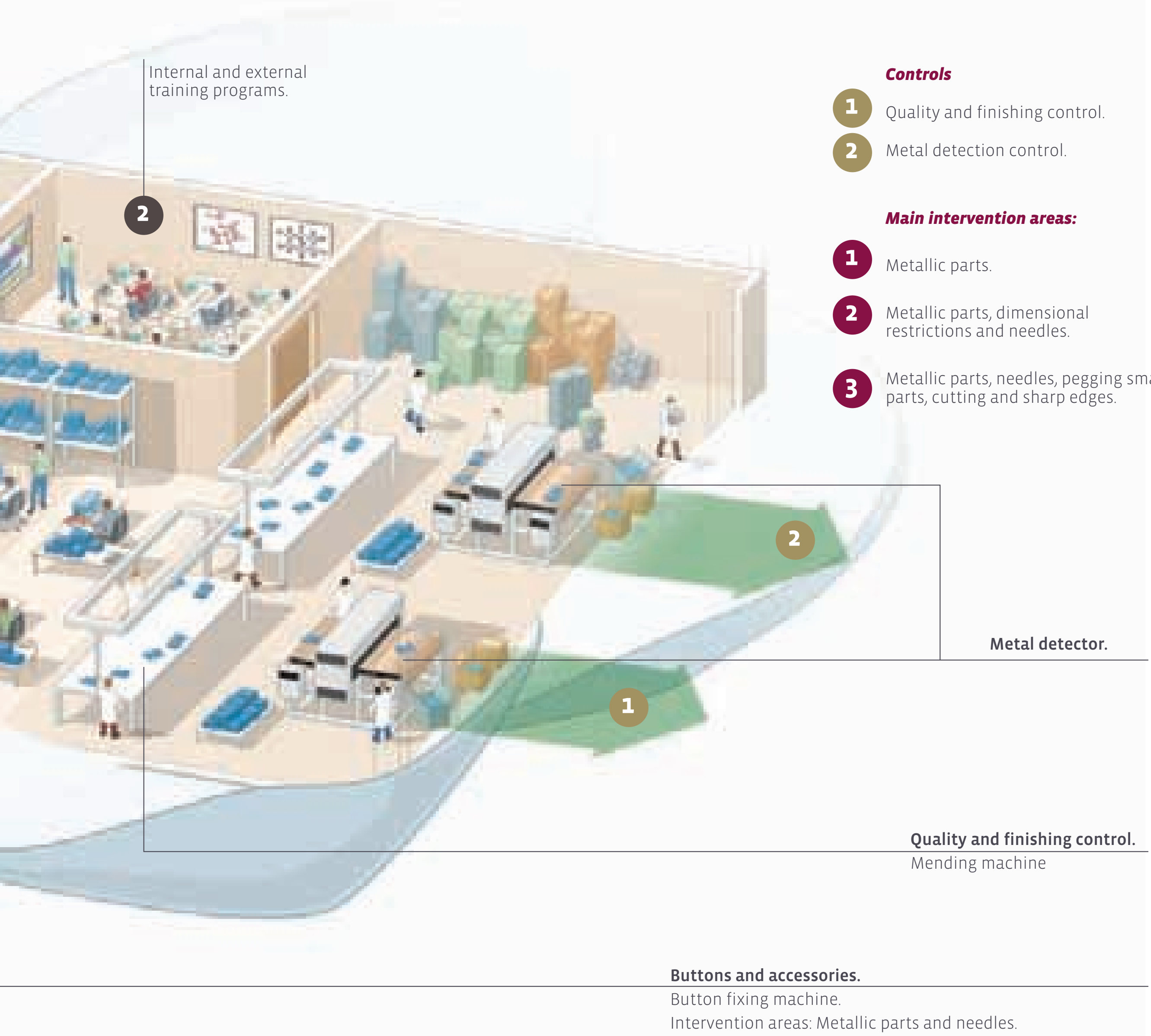
IV.3 *Safe to Wear* (STW) management.



SAFE TO WEAR

Safe To Wear is a product health standard that the Inditex CSR Department has launched, in conjunction with SGS Española de Control S.A., for general application and binding on every aspect of the product manufactured, footwear and accessories. STW has been developed in accordance with the most stringent product safety legislation. Apart from matters relating to control of metal contamination (mainly broken needles), STW limits the inclusion of laces and cords in clothes targeted at children under 14 years old, the size and pulling and twisting forces of small parts of clothes targeted at children under 3 years old, and the presence of cutting or sharp objects in them. It also limits the flammability of clothing for children under 14 years old.





Scope:

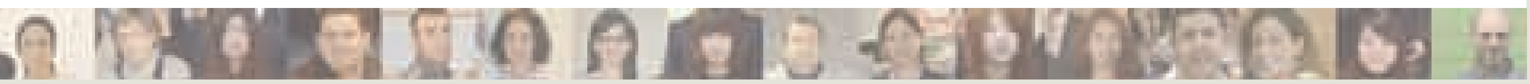
External manufacturers and factories that produce items for children under three years old.

Countries:

Brazil, Mexico, Spain, Portugal, Morocco, China, India, Bangladesh, Taiwan and Vietnam, mainly.

Approved external laboratories:

External and approved by NABL, ISO / IEC 17025, UKAS and ISO 9001:2000:SGS (Global).



Institutions

V. LEARNING TO ENGAGE IN DIALOGUE

"As global competition increases, brands and buyers need to find ways to keep and develop their markets. They have to adopt a holistic strategy improving working conditions and compliance with labour standards, increasing productivity and dialogue".

Juan Somavia. ILO General Secretary

V. 1 International dialogue platforms

Ethical Trading Initiative (www.ethicaltrade.org)

Ethical Trading Initiative (ETI) (United Kingdom, 1998) is a think tank targeted at innovating in every area related to the awareness, promotion and protection of Basic Human and Labour Rights in production and/or distribution chains for its more than 70 members who belong to the following sectors:

- 57 corporations that undertake any activity in the United Kingdom (The Gap Inc., Marks & Spencer, Tesco and Inditex, among others);

- 3 international trade union organisations (ITGLWF and TUC, among others).

- 15 tertiary sector representatives (Oxfam GB and Women Workers Worldwide, among others).

GENERAL OBJECTIVE:

- Develop intervention methods with consensus from members to promote and protect Basic Human and Labour Rights.

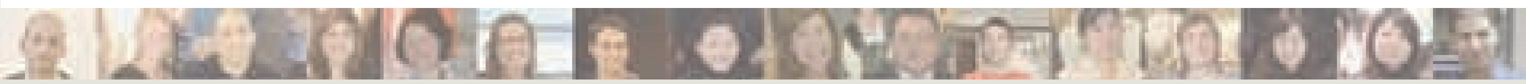
SPECIFIC OBJECTIVES:

- Internal training activities to standardise social audit processes through the *International Cooperation in Code Implementation programme*.

- Internal awareness activities by fostering activities related to ethical and responsible purchasing in production chains for its members based on practical cases.

- Transformation activities through the *Living Wages* in Bangladesh pilot programme at more than 25 textile factories and the implementation of the Base Code for homeworkers in Northern India, through the ETI Homeworker Guidelines programme: *Recommendation for Working with Homeworkers*.

- Support programme through the campaign launched in February 2008 to eradicate child labour in cotton picking activities in Uzbekistan: *Uzbekistan Cotton: What are Retailers' Responsibilities?*.



Multifiber Arrangement Forum (www.mfa-forum.net)

Multifiber Arrangement Forum (MFA) (United Kingdom, 2004) is an organisation formed by more than eighty members:

- International textile distribution corporations (H&M, The Gap, Inc. and Inditex, among others);
- International and local trade union organisations (ITGLWF, BIGUF and ADFM, among others);
- Business organisations (BGMEA, Bangladesh) and AMITH (Morocco), among others;
- International and local civil society representatives (OXFAM, United Kingdom) and INCIDIN (Bangladesh, among others);
- Governments (Ministries of Employment in Bangladesh and Morocco, among others);
- Multilateral organisations (International Labour Organisation and World Bank, among others).

It is designed as a tool to manage alternatives that offset negative consequences due to the end of the textile quota system that was in force until 2004 (initially in Bangladesh and Lesotho).

GENERAL OBJECTIVE:

- Promote protection of Basic Human and Labour Rights as a source of competitive advantages for the textile sector.

SPECIFIC OBJECTIVES:

- Make multinationals in the textile sector aware of every aspect related to promoting and protecting Basic Human and Labour Rights at their suppliers' textile factories.
- Design methods to increase productivity in the textile sector in countries more sensitive to the end of the quota system (Bangladesh, Lesotho and Morocco, among others).
- Find solutions with consensus from every agent involved through developing broad social dialogue. At the moment there are five *MFA Forum* initiatives: Bangladesh, Lesotho, Morocco, Romania and Costa Rica.

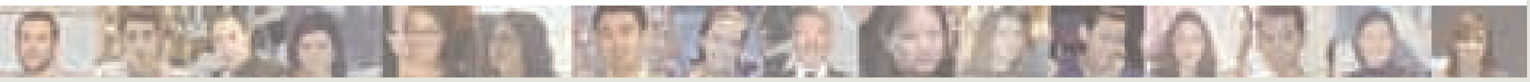
Inditex, through its CSR Department, is a key partner on the *MFA Forums* in Bangladesh and Morocco.

Contribution from the Bangladesh *MFA Forum*:

- Foster Basic Human and Labour Rights training projects for Bengali workers in the textile sector.
- Boost trade union leader creation processes with the ultimate aim of developing mature industrial relations between all of the parties involved in the textile industry in this country.
- Support Bengali business organisations (bGMEA and bKMEA) to promote the aforementioned initiatives.

Contribution from the Moroccan *MFA Forum*:

- Boost the *Better Work* programme implementation process in the Moroccan textile industry, which the ILO previously started in Cambodia.
- Expand the process of standardising the -*Fibre Citoyenne*- Basic Human and Labour Rights promotion and protection standard developed by AMITH in conjunction with ITGLWF, Northumbria University and Inditex.
- Foster broad, four-way social dialogue -trade unions, AMITH and Ministers of Commerce and Employment- as the basis to implement these initiatives.



Better Work (www.betterwork.org)

Better Work (Switzerland, 2006) is a Basic Human and Labour Rights promotion and protection programme sponsored by the International Labour Organisation (ILO) and financed by the International Finance Corporation (IFC) to improve social-labour conditions for workers in the textile sector. It includes more than 50 members:

- Textile corporations (Adidas, H&M and Inditex, among others);
- International and local trade union organisations (ITGLWF and C.CAWDU, among others);
- Local business organisations such as GMAC.

So far, similar *Better Work* initiatives have been promoted in three countries: Cambodia, Vietnam and Jordan. In 2009, it is expected to be applied to Morocco and Lesotho.

GENERAL OBJECTIVE:

- Coordinate labour standard implementation processes for textile suppliers in less-developed countries.

SPECIFIC OBJECTIVE:

- Set up a common knowledge sharing space for the different parties involved to develop mature industrial relations.

V.2 Inditex Social Council

The Inditex Social Council was set up as an instrument to encourage, propose and arbitrate proposals from interest groups involved in its business. The Council ensures that the Inditex External Manufacturers and Factories Code of Conduct is enforced, to guarantee that the interests of vulnerable groups are not only protected, but that they become part of the agenda for the Inditex Board of Directors' and every employee in the company.

The Inditex Social Council members must be independent and transmit the interests and aspirations of civil society, helping Inditex to launch an open business model, with values and committed to its environment.

Council Members:

Cecilia Planyol- Fundación Española de Lucha contra el Cáncer

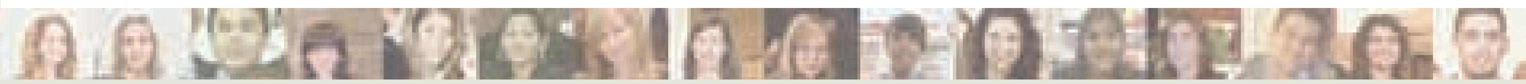
Ezequiel Reficco- Los Andes University

Víctor Viñuales- Fundación Ecología y Desarrollo

Adela Cortina- Valencia University

Alfred Vernis- ESADE

The following is a list of the Social Council meetings held in 2008 and the respective participation percentages:



Date held	Venue	Member attendance (in % of attendance)
25-5-2008	Headquarters of the Fundación Entreculturas Fe y Alegría, (Madrid)	60%
4-9-2008	Headquarters of the Fundación Ecología y Desarrollo (Zaragoza)	60%
9-12-2008	Inditex Headquarters (Arteixo)	40%

Inditex Social Council Duties:

a) Give advice on promoting, implementing and developing the Inditex Corporate Social Responsibility Model.

b) Give advice on interpreting and applying the Internal Code of Conduct and proposing measures and control systems that encourage, oversee and, where applicable, guarantee fulfilment thereof.

c) Provide information about the Corporate Social Responsibility Department's plans of action.

d) Announce awareness and/or development programmes launched in the Inditex production and selling chains, and any other investment made in the field of Corporate Social Responsibility.

e) Encourage partnerships, dialogue and communications between local and international society and Inditex, wherever its business model is implemented.

f) Promote methods of disseminating the Internal Code of Conduct to each of the interest groups.

g) Propose any ideas or recommendations to the Board of Directors, after hearing the Audit and Control Committee, that it deems suitable in order to fulfil the Inditex Corporate Social Responsibility programme at the highest level.

V.3 Other initiatives related to implementation of the Internal Code of Conduct

Ethics Committee

The Ethics Committee is in charge of overseeing proper compliance with the Internal Directive on Responsible Staff Practices at Inditex. It is formed by: General Board Secretary, Antonio Abril; Human Resources Manager, Begoña López-Cano; and Corporate Social Responsibility Manager, Javier Chércoles.

The Ethics Committee confidentially solves matters that any Inditex employee has reported that is related to actions that, due to their nature, could breach the Internal Code of Conduct. The Committee's other duties include:

- Raising internal and external awareness about the implications of the Internal Directive on Responsible Staff Practices at Inditex and, at the same time, its enforceability.

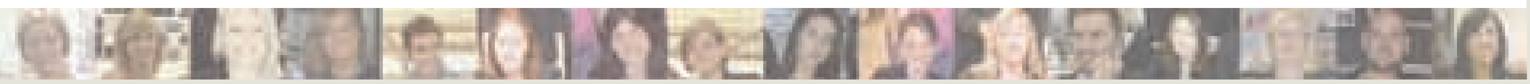
- Interpreting and solving any questions that arise for proper implementation thereof.

In 2008, all of the incidents that Inditex employees reported to the Ethics Committee were suitably resolved.

Fur policy

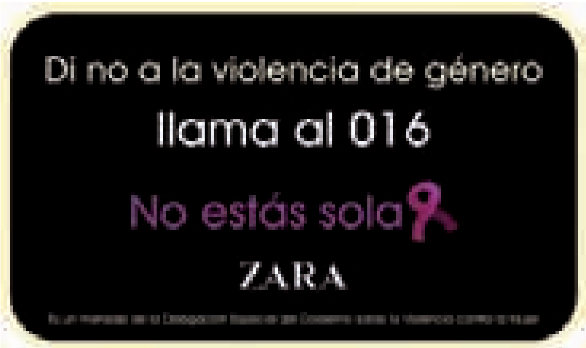
In 2002, in response to animal right protection demands, Inditex passed its fur policy, which lays down a ban on the use of fur in products that Inditex sells.

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



Gender-based violence awareness campaign

After the framework agreement to prevent gender-based violence was signed with the Special Government Delegation to Combat Violence against Women, Inditex undertook to regularly launch awareness campaigns on a national scale. In 2008, Inditex launched a campaign at more than 1,900 points of sale in Spain, targeted at awareness, prevention and fight against gender-based violence.



Breast cancer campaign

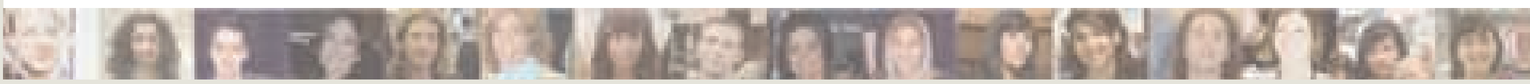
Stradivarius undertook a breast cancer campaign, with cooperation from Spanish actress Elsa Pataky. Stradivarius sold a calendar at its stores in Spain, Greece, France, Hungary, Ireland, Italy, Portugal, Romania, Russia, Slovakia, Czech Republic, Columbia and Chile. The earnings from this activity went to the Asociación Española de Lucha Contra el Cáncer.

FTSE4Good

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

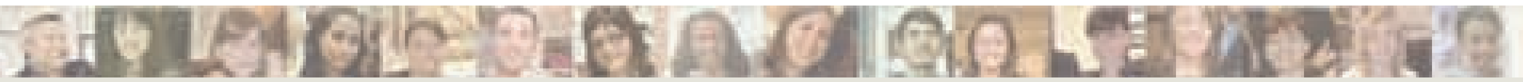
Dow Jones Sustainability Indexes

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



Result obtained in the most recent Dow Jones Sustainability Indexes evaluation

	2008		2007	
	Inditex score (%)	**Average score (%)**	**Inditex score (%)**	**Average score (%)**
Total	**67**	**46**	**61**	**41**
Dimensions studied				
Economic	54	54	51	48
Environmental	77	35	69	29
Social	74	46	66	40
Social dimension				
Criteria				
Employment practices	82	58	78	58
Development of human capital	46	23	35	17
Gaining and retaining talent	58	38	55	34
Philanthropy	74	36	63	25
Corporate Report	48	36	50	30
Standards for suppliers	92	60	89	54
Commitment with interest groups	95	55	77	49



Society

VI. LEARNING TO PARTICIPATE

VI.1. Helping build a participative, co-responsible and committed civil society

"The districts were never recognised as part of the city; they were areas which did not appear either on maps or on the property register".

José Virtuoso. Director of the Gumilla Foundation

At Inditex we believe that development must start by building an equal, participative, co-responsible and committed civil society - both inside and outside factories. We believe that development involves strengthening the human capital of the communities targeted by our social investment programmes.

Because of this, this year we have again taken part, together with our counterparts in the field (the Entreculturas Fe y Alegría Foundation and Cáritas Española) in supporting a committed population beyond borders and religions, ethnic groups, class and gender, and which, beyond the mere exercise of its political rights, is involved in every aspect of everyday life.

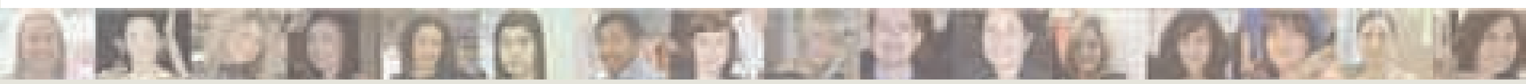
In relation to this, we have based the Community Development Programmes on the three pillars - human rights, citizenship and education - which have characterised Inditex's Corporate Social Responsibility strategy, resulting in three main lines of action:

- Projects for the defence of human rights and the promotion of citizenship.

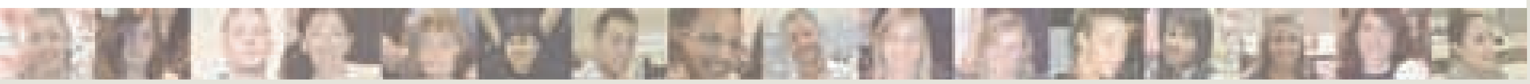
- Citizen education programmes aimed at social development and the development of production. Their aim is to teach citizens to analyse and take action in their own communities in accordance with their leadership capabilities.

- Educational programmes aimed at creating new opportunities.

All these initiatives are an example of Inditex's commitment to a competent and heterogeneous society always willing to uphold the principles of equality, justice and solidarity.

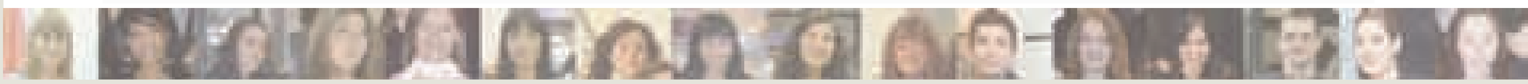


Migrant Workers Programme.

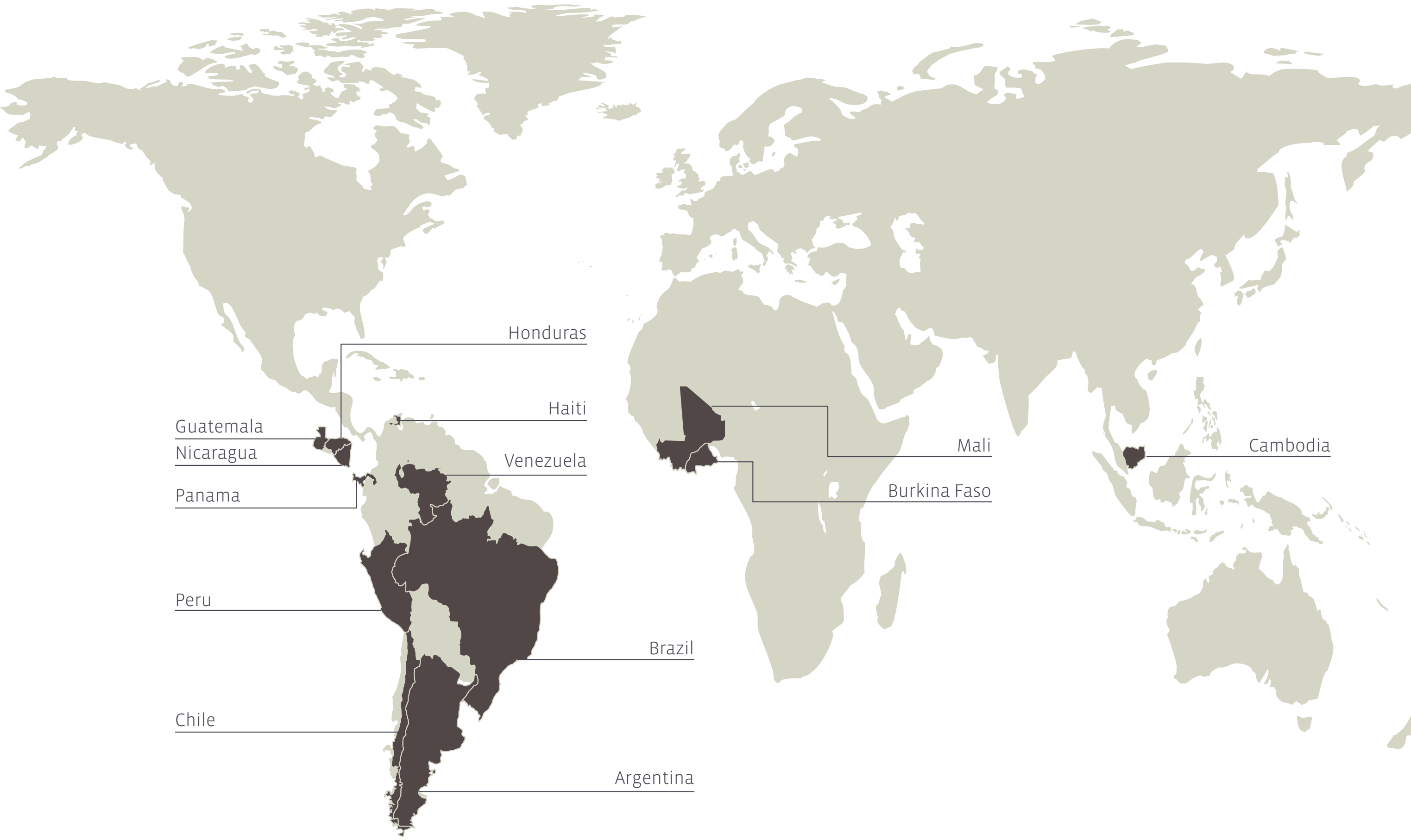


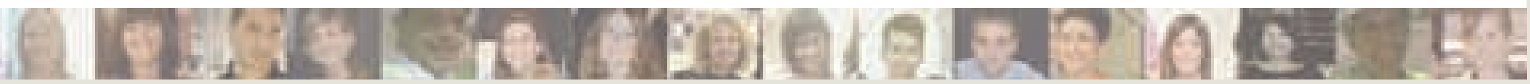
VI.2. The Development of Inclusive Processes in the Community

The school community's involvement must not be limited to the classroom. School enables parents, through the Development Agencies, to convey to local authorities the need to increase the coverage of education. It involves them in the management of educational institutions. It provides links to other local community organisations to generate proposals with a greater impact and denounce practices which cause exclusion. This is a social transformation which can be carried out from schools. This is the main aim of our Development Community Programmes, which are carried out in three continents - America, Africa and Asia - promoting the training of social leaders, both children and parents, so that they may all become multipliers of knowledge and transfer the skills learnt to their communities.



VI.3. Community Development Programmes





Regional
Fe y Alegría International Federation for Latin America

PROJECT:
Institutional strengthening and executive training programme; project management process improvement programme; and strategic planning programme for the Fe y Alegría network in Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Panama, Paraguay, Peru, the Dominican Republic and Venezuela.
DURATION: 30 months.
GOALS:
- To train the management staff of 16 Fe y Alegría network branches.
- To train the Fe y Alegría network staff in project management and planning.

ACTIVITIES:
- Drawing up and approving the Strategic Planning Methodology for the Fe y Alegría network's 16 branches.
- Developing and implementing software to manage the network's 16 branches.
- Holding an international workshop with project managers from 16 network branches.
- Project management manual.
- Three social management modules for managers.

BENEFICIARIES: 416
INVESTMENT: 195,372 euros
RESULTS ACHIEVED:
- Drawing up of the strategic planning methodology.
- Creation and implementation of project management software in five Fe y Alegría network branches (Argentina, Chile, Colombia, Dominican Republic and Venezuela).
- Holding, in the Dominican Republic, of a three-day international workshop for 28 project managers from the 16 Fe y Alegría network branches.
- Drawing up of the management manual for the project.
- Carrying out of three social management modules.

OBSERVATIONS:
30% of the three-year programme's goals achieved.

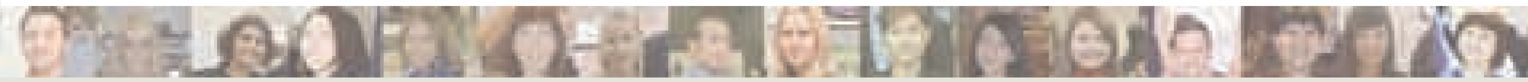
Brazil
Fe y Alegría

PROJECT:
- Creation of the Fe y Alegría-Grajaú People's Cultural Centre (São Paulo)
DURATION: 30 months.
GOALS:
- To build a cultural centre for the people.
- To train young people to be cultural agents in the community.

ACTIVITIES:
- Acquiring a plot of land and building a cultural centre for the people.
- Providing a training module, a local council and culture workshops.

BENEFICIARIES: 420
INVESTMENT: 54,032 euros
RESULTS ACHIEVED:
- Acquisition of a 2,000 sq m plot of land, refurbishment of a building and furnishing of the people's cultural centre for over 400 children and young people.
- Provision of an 18-hour technical training module for 74 young cultural agents in the community.

OBSERVATIONS:
20% of the three-year programme's goals achieved.



Amazonia Photograph: Entreculturas Fe y Alegría Foundation (2008)

Brazil
Fe y Alegría

PROJECT:
- Creation of the Santa Catarina educational and cultural centre

DURATION: 30 months.

GOALS:
- To build an educational and cultural centre.
- To analyse the population's educational needs.
- To provide multidisciplinary education for children, young people, families and communities.

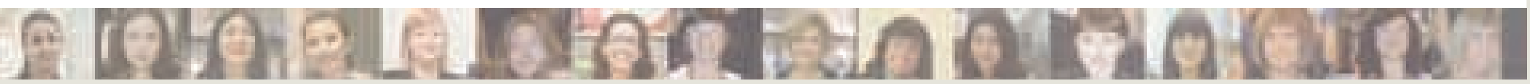
ACTIVITIES:
- Designing an educational and cultural centre.
- Carrying out a diagnosis within the social and educational programme of the children and teenagers in the Villa Nueva, Pachecos and Naranjos communities.
- Carrying out a diagnosis of the families benefiting from the social and family support and guidance programme in communities close to the centre.
- Providing a training module and a culture workshop.

BENEFICIARIES: 241

INVESTMENT: 60,672 euros

RESULTS ACHIEVED:
- Design of an educational and cultural centre.
- Diagnosis within the social and educational programme of the children and teenagers in the Villa Nueva, Pachecos and Laranjos (122,471 inhabitants) communities.
- Diagnosis of the families benefiting from the social and family support and guidance programme in communities close to the centre (three districts).
- Provision of training for 19 children and young people three days a week.
- Provision of an 18-hour technical training module for 74 young cultural agents in the community.

CONCLUSIONS:
20% of the three-year programme's goals achieved.



Brazil
Fe y Alegría

PROJECT:
Creation of the Manaos alternative school
DURATION:
30 months.
GOALS:

- To build an alternative school to reinforce formal schooling.
- To train young people from deprived areas of Manaos through education outside the formal system.

ACTIVITIES:

- Training a team of teachers and education experts in the alternative school to look after the needs of 60 young people.
- Training 60 young people from the deprived areas of Manaos.
- Acquiring secondary education support materials for 240 teenagers.

BENEFICIARIES: 240
INVESTMENT: 52,898 euros
RESULTS ACHIEVED:

- Four teachers, an education expert, an administrative assistant and a coordinator hired to look after the needs of 60 young people.
- Refurbishing and provision of equipment (desks, blackboards, books and computers, among others) for the alternative school.
- Attending to the needs of 60 young people from the deprived areas of Manaos.
- Design and weekly monitoring of the education project.
- Signature of agreements for the transfer of a venue (seven classrooms, kitchen and secretary's office), joint finance and maintenance of the alternative school.

OBSERVATIONS:

- 20% of the three-year programme's goals achieved.

Argentina
Fe y Alegría

PROJECT:
Comprehensive education and social promotion of vulnerable groups in the provinces of Corrientes, Chaco, Salta, Jujuy and Buenos Aires.
DURATION: 30 months.
GOALS:

- To provide the students at the Fe y Alegría network centres with training for work.
- To get children back into the school system.

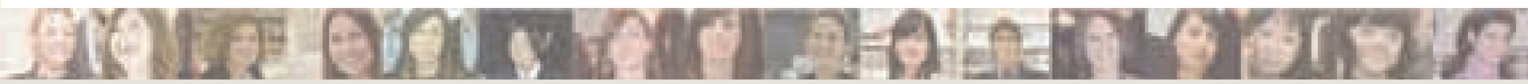
ACTIVITIES:

- Creating learning materials on education for emotional life and inclusion in education and life project.
- Training teachers in relation to technical education.
- Building infrastructures in five employment education centres and equipping them.
- Equipping five open classrooms to get students with special needs back into education.
- Dictation of classes and workshops for special needs students in open classrooms.

BENEFICIARIES: 4,660
INVESTMENT: 168,291 euros
RESULTS ACHIEVED:

- Preparation and printing of educational materials on social inclusion and work education.
- Creation of infrastructures in two work education centres: Taco Pozo (provision of farming equipment and tools) and San Ignacio (building of a wall and infrastructure for the hall).
- Carrying out of the preliminary work for the development of infrastructures in three work education centres: Ongay, Monterrico and San Miguel.
- Construction of an open classroom in Buenos Aires.
- Refurbishment of an open classroom and toilet facilities in Embarcación.
- Refurbishment activities in the Alberdi open classroom.
- Acquisition of learning materials for the Ongay open classroom.

OBSERVATIONS:
20% of the three-year programme's goals achieved.



Guatemala
Fe y Alegría

PROJECT:
Central American programme for the improvement of the quality of education and teachers' living conditions.
DURATION: 30 months.
GOALS:

- To support the training of Fe y Alegría network teachers.
- To provide healthcare for Fe y Alegría network teachers.

BENEFICIARIES: 402
INVESTMENT: 19,572 euros
OBSERVATIONS: This project is pending execution.

Honduras
Fe y Alegría

PROJECT:
Central American programme for the improvement of the quality of education and teachers' living conditions.
DURATION: 30 months.
GOALS:
- To put in place degrees and certificates for the Fe y Alegría network teachers.
- To provide the directors of the Fe y Alegría network centres with training in pre-school centre management.

ACTIVITIES:
- Contracting someone qualified in educational psychology and someone qualified in project management.
- Providing 25 female teachers with training on the creation of micro-businesses.

BENEFICIARIES: 72
INVESTMENT: 18.567 euros
RESULTS ACHIEVED:
- Training of 25 female teachers.

CONCLUSIONS:
20% of the three-year programme's goals achieved.

Haiti
Fe y Alegría

PROJECT:
Central American programme for the improvement of the quality of education and teachers' living conditions.
DURATION: 30 months.
GOALS:

- To train the Fe y Alegría network teachers.
- To acquire teaching resources and apply them in the Fe y Alegría network.

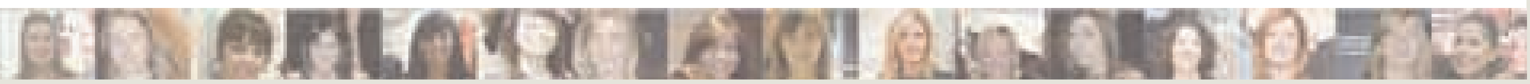
ACTIVITIES:

- Holding three training workshops for 26 teachers.
- Acquiring and distributing learning materials.

BENEFICIARIES: 34
INVESTMENT: 16,835 euros
RESULTS ACHIEVED:

- Holding of two nine-day training workshops for 28 teachers from Balan, Ouanaminthe and the North West.
- Carrying out of projects with learning materials for pre-school and primary school pupils.

CONCLUSIONS:
20% of the three-year programme's goals achieved.



Nicaragua
Fe y Alegría

PROJECT:
Central American programme for the improvement of the quality of education and teachers' living conditions.
DURATION:
30 months.
GOALS:
- To give scholarships to teachers.
- To increase access to loans for Fe y Alegría network staff.
- To increase access to healthcare for Fe y Alegría network staff.

ACTIVITIES:
- Forming a selection committee for teachers' scholarships.
- Forming a teachers' credit committee.
- Drawing up a tailored healthcare proposal for teachers.

BENEFICIARIES: 466
INVESTMENT: 19,073 euros
RESULTS ACHIEVED:
- Creation of a scholarship selection committee comprised of six people.
- Creation of a credit committee comprised of six people.
- Grant of 20% of the scholarships available to Fe y Alegría network teachers.
- Provision of healthcare for 70 Fe y Alegría network teachers.

OBSERVATIONS:
15% of the three-year programme's goals achieved.

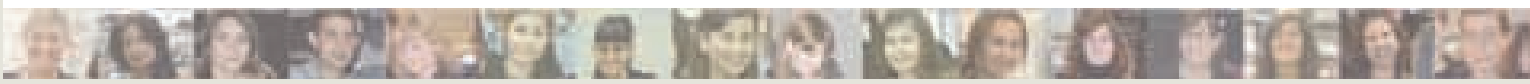
Panama
Fe y Alegría

PROJECT:
Central American programme for the improvement of the quality of education and teachers' living conditions.
DURATION: 30 months.
GOALS:
- To train teachers.
- To improve teachers' financial situation.

ACTIVITIES:
- Developing an educational psychology diploma course for Fe y Alegría network teachers.
- Contracting a loan and savings fund coordinator.
- Initial capitalisation of the loan and savings funds.
- Starting to carry out the loan and savings programme.

BENEFICIARIES: 35
INVESTMENT: 19,073 euros
RESULTS ACHIEVED:
- Start of the educational psychology diploma programme for eight teachers and learning and education skills for two head teachers.
- Drawing up of the loan and savings fund coordinator profile and establishing the loan and savings fund management board.
- Creation of awareness of the loan and savings fund among its beneficiaries.

OBSERVATIONS:
15% of the three-year programme's goals achieved.



Chile
Fe y Alegría

PROJECT:
Strengthening of the Fe y Alegría Chile technical vocational education programmes.
DURATION: 30 months.
GOALS:
- To adapt CVs to local requirements.
- To provide Fe y Alegría network teachers and young people with training for work.
- To establish partnerships with companies to increase the number of internships and jobs for students.

ACTIVITIES:
- Producing technical training materials.
- Producing technical training materials.
- Academic assessment of students in years 7 and 8 and 1 and 2 of secondary education (1,100 students).
- Holding three training days per year (300 students).
- Improving the systems for following up 560 students who have completed their studies.
- Signing agreements with institutions for training in technical vocational education.

BENEFICIARIES: 2,000
INVESTMENT: 60,080 euros
RESULTS ACHIEVED:
- Training of the technical teams at each educational centre: 30 participants in four courses (96 hours).
- Academic assessment of students in years 7 and 8 and 1 and 2 of secondary education (1,100 students).
- Holding of three training days (300 students).
- Design of systems for following up 560 students who have completed their studies.
- Signature of 30 agreements with technical vocational education institutions and businesses and grant of ten scholarships for students.

OBSERVATIONS:
25% of the three-year programme's goals achieved.

Peru. Photograph: Entreculturas Fe y Alegría Foundation (2008)

Peru
Network for the Provision of Services for Children and Young People

PROJECT:
Services for children and young people
DURATION: 30 months.
GOALS:
- To educate children, teenagers and young people.

ACTIVITIES:
- Strengthening the net, which works with 2,120 people, teenagers and young people, on skills to exercise their rights: health, education and development of skills, participation and civic behaviour, justice and work.
- Starting to assess the network's capabilities and impact both locally and regionally.

BENEFICIARIES: 2,147
INVESTMENT: 114,676 euros
RESULTS ACHIEVED:
Health:
- Eight psychological care services.
- 18 workshops.
- Nutritional support.
- Two student inoculation campaigns.
- "Clean School, Clean City" campaign.

Support with education and helping people back into education.
- Executing four school support programmes.
- Creating a training centre outside the normal school system.
- Academic certification and re-insertion into the public system.
- Executing a 'useful holiday' programme.
- Carrying out two learning skills development programmes (28 children, teenagers and young people).
- 396 visits to relatives.

Sport activities:
- Creating a sport school and two 'sporting holiday' programmes.
- Holding a sports championship and a marathon.
- Holding drama, singing, dancing, pottery and craftwork workshops.

Participation and citizenship:
- Carrying out two events with shared budgets, agreed with the local authorities (14 children, teenagers and young people).
- Holding weekly meetings to reinforce seven organisations in three towns.
- Holding four workshops in three towns.
- Taking part in three events in the community.

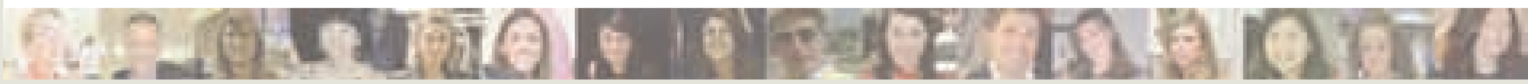
Legal assistance and representation:
- Legal assistance for 516 parents and children, teenagers and young people.
- Holding two conferences with youth associations.
- Holding a national conference for young workers.

Human Rights:
- Providing identity documents.
- Putting in place a community service programme directed by ten teenagers.
- Holding nine workshops on rights.
- Holding a training day.
- Developing a website, a radio advertisement in Quechua, a publication on gangs and a blog.

Work training:
- Building six work activities centres.
- Holding a business management workshop.
- Support for going on to higher education.

Strengthening of the social network:
- Training 16 people.
- Holding two workshops.
- Holding a social network meeting.

OBSERVATIONS
30% of the three-year programme's goals achieved.



Peru
Antonio Ruiz de Montoya University

PROJECT:
Higher education support for young people of modest means in Lima.
DURATION: 24 months.
GOALS:
To grant scholarships for higher education.
ACTIVITIES:
Monitoring and coordinating the scholarship programme for fifteen Antonio Ruiz de Montoya University students.

BENEFICIARIES: 15
INVESTMENT: 31,938 euros
RESULTS ACHIEVED:
Scholarships for 15 students.
OBSERVATIONS:
50% of the three-year programme's goals achieved.

Peru
SLOGAN

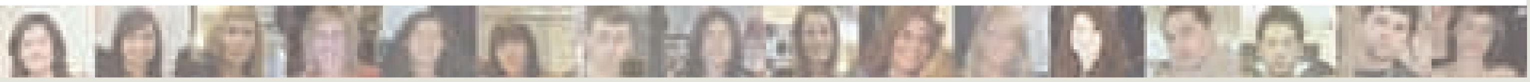
PROJECT:
- Technical assistance and business incubator.

DURATION: 30 months.
GOALS:
- To execute the technical assistance and business incubator programme (Propyme).
- To develop the distance business training programme.
- To develop the centre for entrepreneurs.

ACTIVITIES:
- Putting in place an improvement plan tailored to each industry.
- Holding industrial improvement seminars.
- Developing the project website.
- Holding business talks, chats and forums.
- Taking part in trade fairs and events.
- Business training.
- Training teachers and students on the virtual training platform.
- Systematising the education programme.
- Design of training programmes by the centres themselves.

BENEFICIARIES: 2,270
INVESTMENT: 50,257 euros
RESULTS ACHIEVED:
- Implementation of a technical assistance programme for business people (five months of tutoring five hours a week).
- Development of the improvement plan tailored to each industry, based on advising on the development of action plans for each area: administrative (97% implementation), operations (84%) and commercial (92%).
- Holding of seminars on increasing productivity.
- Coordination of business people's participation in an entrepreneurial fair (thirteen exhibitors).
- Business training (60 entrepreneurs trained, 24 business plans presented, 20 business plans approved and thirteen business plans gaining access to seed capital).
- Collection of information on seventeen institutions which have carried out entrepreneurial experiences.
- Design of a pilot educational proposal at one centre (96 hours of training).

OBSERVATIONS:
25% of the three-year programme's goals achieved.



Perú
Social sector coordination

PROJECT:
- Strengthening of educational initiatives in the social sector

DURATION: 30 months.

GOALS:
To strengthen spaces for coordination, drawing up proposals and initiatives in the social sector.

ACTIVITIES:
Carrying out a process involving analysing and formulating 19 social projects.

BENEFICIARIES: 1,090

INVESTMENT: 27,117 euros

RESULTS ACHIEVED:
- Production of a guide on "Tradition and Current Reality in Popular Education".
- Diagnosis of migrations.
- Two meetings (160 attendees).
- Provision of training to eight people.

OBSERVATIONS:
40% of the three-year programme's goals achieved.

Perú
Vicariato de Jaén

PROJECT:
Training in tutoring, assessment and methodologies for increasing the development of capabilities and values in the ODEC education network.

DURATION: 30 months.

GOALS:
- To train teachers in aspects relating to tutoring, new methodologies and assessment of education.
- To carry out tests to assess students' capabilities.
- To develop production capabilities.

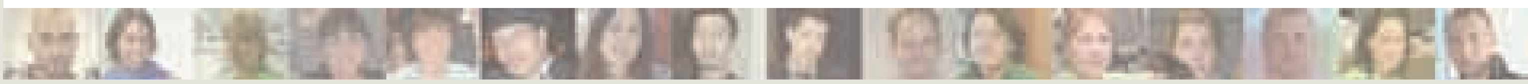
ACTIVITIES:
- Executing a teaching programme for 480 teachers.
- Developing a capability development and leadership plan.
- Assessing students' capabilities through three tests.
- Putting in place an entrepreneurship programme in the Vicariato de Jaén rural education network.

BENEFICIARIES: 18,000

INVESTMENT: 19,344 euros

RESULTS ACHIEVED:
- Holding of eight courses for teachers (500 attendees), 90 events (355 attendees) and a fair (65 attendees).
- Holding of workshops for the institutionalisation of the education network (24 events with 5,424 students and 1,595 parents).
- Training of head teachers through a course (24 attendees) and five events (102 attendees).
- Provision of training to the boards of parent associations through two courses (75 attendees).
- Leadership training for students through two courses (120 attendees).
- Holding of three tests (10,308 participants).
- Training on production projects (140 participants).
- Publication of ongoing teaching materials in two magazines (2,000 copies), two training guides (850 units) and others (481 copies).

OBSERVATIONS:
35% of the three-year programme's goals achieved.



Peru
Fe y Alegría

PROJECT:
Alternative rural education proposal.

DURATION: 30 months.

GOALS:

- To carry out training activities.
- To improve infrastructures.

ACTIVITIES:

- Training teachers, head teachers and parents.
- Installation of nine workshops on education for work and provision of school packs and furniture in two centres.
- Improving infrastructures (transport, the ceiling of a school, refurbishing six classrooms and building sanitary facilities) in the four Fe y Alegría rural networks' centres (93 centres, 378 teachers and 8,976 students).

BENEFICIARIES: 8,976
INVESTMENT: 140,812 euros
RESULTS ACHIEVED:

- Training of 350 teachers.
- Holding of two parent training days (1,200 attendees).
- Donation of school packs (4,000 students).
- Provision of school furniture.
- Refurbishment of two schools.
- Construction of a sanitary facility.

OBSERVATIONS:
20% of the three-year programme's goals achieved.

Venezuela
Fe y Alegría

PROJECT:
Proposal for the technical training and integration into the community of young people in rural and suburban areas.
DURATION: 30 months.
GOALS:

- To apply technical education programmes in six centres.
- To introduce production projects linked to the community.

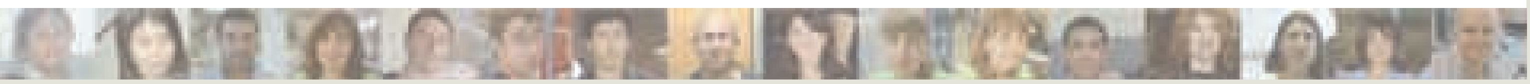
ACTIVITIES:

- Establishing a work team for work training.
- Providing work training.
- Designing the teacher training plan.
- Following up former students.
- Equipping three social technology classrooms.
- Developing productive education projects.

BENEFICIARIES: 3,385
INVESTMENT: 120,973 euros
RESULTS ACHIEVED:

- Creation of work teams for the technical schools.
- Holding of a three-day training workshop for teachers.
- Carrying out a proposal with student profiles for the Fe y Alegría network schools.

CONCLUSIONS:
10% of the three-year programme's goals achieved.



Venezuela
Centro Gumilla Foundation

PROJECT:
Training for democracy and citizen involvement in educational centres, local government and social organisations
DURATION:
30 months.
GOALS:
To provide training and advice in relation to community management skills, good governance, leadership and citizen participation.
ACTIVITIES:
- Building the operating structure to coordinate the training process.
- Providing training and producing training materials on management skills, good governance, leadership and citizen participation.

BENEFICIARIES: 1,375
INVESTMENT: 229,466 euros
RESULTS ACHIEVED:
- Production of training materials.
- Identification of 20 participating schools.
- Holding of the scheduled training workshops.
- Teacher training.

OBSERVATIONS:
25% of the three-year programme's goals achieved.

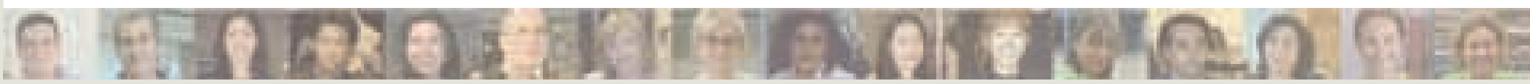
Venezuela
Centro Gumilla Foundation

PROJECT:
National public incidence for community and citizen participation
DURATION: 30 months.
GOALS:
- To formulate the local social fabric.
- To hold reflection days.

ACTIVITIES:
- Identifying organisations and building networks to formulate the local social network.
- Holding permanent liaison and follow-up meetings.
- Promoting and implementing the Gumilla Portal.
- Organising regional and national reflection days.
- Designing and promoting the communication and IT training proposal.
- Holding seminars on increasing productivity.

BENEFICIARIES: 550
INVESTMENT: 89,237 euros
RESULTS ACHIEVED:
- Active participation by the 15 social organisations identified and contacted in the creation of the network.
- Holding of two meetings.

OBSERVATIONS:
25% of the three-year programme's goals achieved.



Cambodia
Cáritas

PROJECT:
Health programme in Battambang and Siem Reap.
DURATION: 36 months.
GOALS:

- To hold workshops on health education for teachers.
- Inoculations, prevention of AIDS, tuberculosis and other infectious diseases, and malaria prevention programmes.
- To provide training on using and obtaining drinking water.
- To improve children's nutrition by providing breakfast on a daily basis.

ACTIVITIES:

- Improving the community's health conditions through existing community development associations.
- Inoculating children of under one year of age and pregnant women.
- Preventing and reducing malnutrition among pregnant and breastfeeding women and children of under five years of age, and carrying out nutrition programmes for schoolchildren.
- Provision of training on basic community health, tuberculosis and AIDS.

BENEFICIARIES: 88,285
INVESTMENT: 68,894 euros
RESULTS ACHIEVED:
Battambang

- 51 health education workshops.

Siem Reap

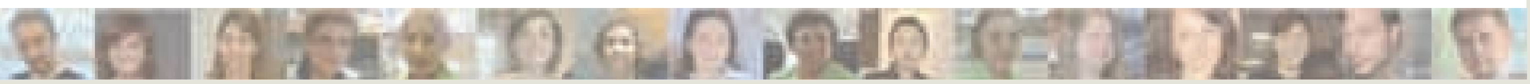
- Nine health education workshops.
- Inoculation campaigns and campaigns for the prevention of AIDS, tuberculosis and other infectious diseases, inoculation of 665 children of under one year of age in 38 villages, and tetanus vaccines for 421 pregnant women.
- Raising of awareness on the prevention of disease.
- Raising of awareness on basic health and pre- and post-natal nutrition for mothers and pregnant women.
- Donation of dental health materials to students.
- Education on basic health, personal hygiene, dental health and treatment and prevention of dengue and other chronic diseases for children in nine schools.
- Three water pumps repaired and six water filters supplied to three schools.
- Malaria prevention campaign.
- Dengue prevention campaign involving training 80 voluntary workers who distributed 125 large units of larvicide, 4,831 small units of larvicide and 489 water pumps in 33 villages.
- Holding of Tuberculosis Day to raise awareness on the prevention and treatment of this disease.
- Two AIDS prevention campaigns.
- Training on using and obtaining drinking water in 38 communities.
- Distribution of 168 water filters in seven villages.
- Construction of five wells in three villages.
- Improved nutrition in ten schools in the area through the provision of daily breakfast.

OBSERVATIONS:
Battambang

Significant shortages in the number and training of personnel have been observed, as well as difficulties travelling between villages and a low level of education among the beneficiaries. 19% of the amount budgeted for has been used.

Siem Reap

- Inoculation of 75% of the population in the area.
- 40% decrease in malnutrition levels among mothers and children of under two years of age.
- 18% decrease in the number of cases of severe malnutrition.
- Improved state of health for 70% of the beneficiary schools' pupils.
- 63% increase in consultations at health centres.
- 2.3% reduction in new AIDS cases.



Cambodia
Cáritas

PROJECT:
- Community development programme in Siem Reap, Preah Vihear and Kompong Thom.

DURATION: 36 months.

GOALS:
- To hold workshops on the associations' roles.
- To hold literacy workshops.
- To hold workshops for teachers in non-formal education.
- To hold production improvement workshops for farmers.
- To hold fundamental human rights courses.

ACTIVITIES:
- Creating a coordination network for the prevention and mitigation of natural disasters.
- Promoting beneficiaries' social participation by creating community social organisation structures.
- Reducing adult illiteracy.
- Increasing food safety.
- Institutional strengthening of Cáritas Cambodia.

BENEFICIARIES: 18,161

INVESTMENT: 168,785 euros

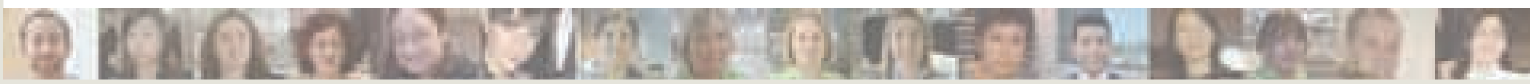
RESULTS ACHIEVED:

Siem Reap
- Holding of three-day disaster prevention workshops (35 beneficiaries).
- Creation of two community development associations in two villages in the area (99 beneficiaries).
- Holding of a community development training session for members of the associations (40 beneficiaries).
- Holding of three production improvement workshops for farmers from five villages (90 beneficiaries).

Kompong Thom
- Holding of a natural disaster prevention awareness campaign (189 beneficiaries).
- Training on the structure of the community disaster management committee.
- Creation of nineteen community development associations in five villages.
- Holding of twelve training meetings for members of community development associations to share information on the reality of the communities and find joint solutions to their problems (189 beneficiaries).
- Holding of a three-day workshop on non-formal education for teachers (5 beneficiaries).
- Carrying out of 96 production improvement workshops (1,413 beneficiaries).
- Acquisition and distribution of seeds (368 beneficiaries).
- Provision of animals for rearing and subsequent consumption (100 beneficiaries).
- Construction of two rice warehouses in two villages.
- Construction of 25 wells (93 beneficiaries).
- Creation of sewer systems in three villages.

Battambang
- Holding of a training workshop on farming production techniques, imparted by six beneficiaries of the Siem Reap programme.

Preah Vihear
- Holding of a five-day workshop on basic infrastructures, imparted by beneficiaries of the Siem Reap programme.
- Holding of a three-day educational session on liquid detergent (77 beneficiaries).
- Holding of adult literacy courses in 14 villages (290 beneficiaries).
- Holding of twenty production improvement workshops for farmers from five villages (844 beneficiaries).



- Acquisition and distribution of seeds for crops (306 beneficiaries).
- Construction of 50 nurseries for sowing fruit trees (50 beneficiaries).
- Creation of savings groups with participation from families (565 beneficiaries).
- Construction of two rice warehouses (124 beneficiaries).
- Creation and initial capitalisation of a trade cooperative.

Globally

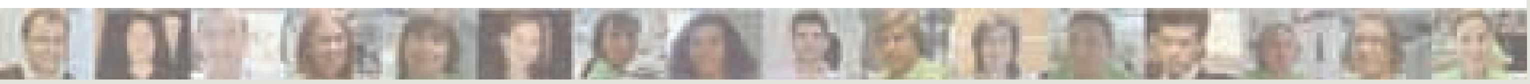
- Holding of four training sessions on the tasks, activities and responsibilities of the members of the associations (147 beneficiaries).
- Holding of four training sessions on the concept of development and social analysis in the area (214 beneficiaries).
- Holding of four training sessions on planning and mobilisation of resources, monitoring and assessment for members of the associations (178 beneficiaries).
- Holding of sessions on environment and ecology (129 beneficiaries).
- Holding of four training sessions on social analysis and activities for members of the associations (147 beneficiaries).
- Carrying out of two workshops on gender-based violence, human rights, human trafficking and property rights (52 beneficiaries).
- Holding of an educational session on malaria, and distribution of 170 mosquito nets (141 beneficiaries).
- Holding of nineteen educational sessions on the association committees' roles and responsibilities (109 beneficiaries).
- Carrying out of nineteen educational sessions on planning, implementation, monitoring and assessment (74 beneficiaries).
- Holding of nineteen educational sessions on the drawing up of reports and minutes (108 beneficiaries).
- Holding of nineteen educational sessions on accounting (108 beneficiaries).
- Holding of nineteen sessions on tasks, leadership and networking (87 beneficiaries).
- Carrying out of nineteen educational sessions on credit legislation and policy (164 beneficiaries) and educational sessions on the generation of resources and creation of small companies (262 beneficiaries).
- Holding of an annual conference for Cáritas Cambodia personnel.

OBSERVATIONS:

This project has made it possible to train the members of the community development associations in management and leadership and improve agricultural production capacities. Finance to carry out micro-projects has been granted. Nutrition has improved as a result of private vegetable gardens and an increase in the number of annual harvests. Access to drinking water has improved.

The floods occurring in the rainy season caused delays in projects in Preah Vihear, Kompong Thom and Siem Reap. The significant shortages in infrastructure made access to villages difficult.

The extent of the projects carried out as percentages of the amounts budgeted for was: 45% in the case of Siem Reap, 73% for Preah Vihear and 80% for Kompong Thom.



Mali
Cáritas

PROJECT:
Improvement of food safety in the San and Kati regions.
DURATION: 6 months.
GOALS:
- To acquire farming equipment.
- To dig up and refurbish wells.
- To acquire wheat mills.
- To build a micro-reservoir to retain water for farming.

ACTIVITIES:
- Acquiring 120 donkeys, 120 ploughs, 120 carts and 120 seed drills.
- Refurbishing 100 wells and digging two wells.
- Buying and installing 18 wheat mills for nine villages.
- Building a micro-reservoir.

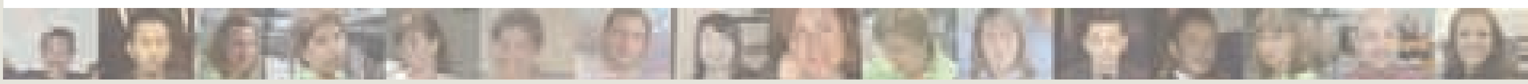
BENEFICIARIES: 2,000
INVESTMENT: 196,000 euros
RESULTS ACHIEVED:
- Acquisition of 120 donkeys, 120 ploughs, 120 carts and 120 seed drills.
- Refurbishment of 143 wells and digging of two new wells.
- Purchase and installation of 18 wheat mills for nine villages.
- Construction of a micro-reservoir.

OBSERVATIONS:
100% of goals achieved.

Mali
Cáritas

PROJECT:
Improvement of nutritional levels as a result of water shortages in the San and Kati regions
DURATION: 6 months.
GOALS:
To acquire food.
ACTIVITIES:
Acquiring a sufficient number of tonnes of food to distribute to over 16,000 beneficiaries.

BENEFICIARIES: 15,885
INVESTMENT: 101,000 euros
RESULTS ACHIEVED:
Acquisition of food (15,885 beneficiaries; 8.36 kg / person).
OBSERVATIONS:
99% of the goal achieved. This project has made it possible to distribute additional food to the most vulnerable groups (pregnant women, old people, people without means, disabled people and prisoners) between July and September, the most critical period of the production season.



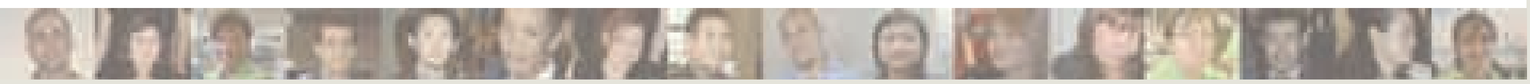
Burkina Faso
Cáritas

PROJECT:
Nutritional improvements in the dioceses of Koupéla, Koudougou and Diébougou.
DURATION: 24 months.
GOALS:
- To acquire farming equipment.
- To fence in 16 vegetable gardens.
- To dig the wells required for the vegetable gardens.
- To dig up pits for compost heaps.
- To distribute 50% of fertilizers and seeds.

ACTIVITIES:
- Digging 84 wells.
- Drilling three wells.
- Construction of 100 pits for compost heaps.
- Distributing nine solar dryers.
- Building a central warehouse in Ouagadougou.
- Building three warehouses in Diébougou, Wan and Koupela.
- Buying wire fences, farming equipment, seeds, pesticides, fertilizers, nursery plants and cement.
- Carrying out training courses for 16 groups of farmers.
- Acquiring two wheat mills.

BENEFICIARIES: 91,840
INVESTMENT: 188,696 euros
RESULTS ACHIEVED:
- Digging of 64 wells.
- Drilling of three wells.
- Construction of 75 pits.
- Distribution of nine solar dryers.
- Construction of a central warehouse in Ouagadougou.
- Allocation of farming equipment.
- Construction of wire fences around the vegetable gardens.
- Provision of fertilizers and seeds.
- Provision of wheat mills.
- Holding of training courses.

OBSERVATIONS:
74% of goals achieved.



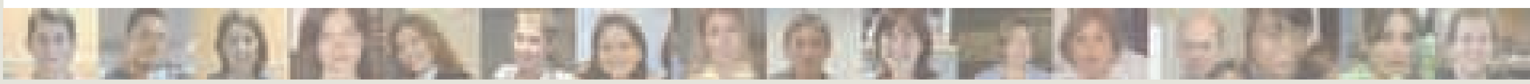
VII. LEARNING TO BE THERE

"Achieving lasting peace requires the involvement and willingness of all society. This is why it is so important to educate people so that they learn to resolve conflicts peacefully, as without peace it is impossible to achieve development."

Tony Calleja

Director of the Jesuit Refugee Service in Grandes Lagos.

Refugee Camp in Grandes Lagos. (2008)



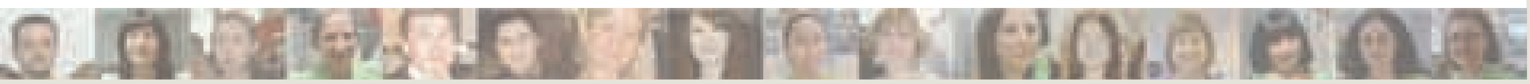
VII.1. Medical and Humanitarian Solidarity Schemes

“Our obligation is to attend to the humanitarian needs of the victims of crises wherever they need it most, keenly seeking the appropriateness and impact of the activities which best serve people, helping to save lives and ease the suffering of those who are trapped in conflict”:

Aitor Zabalgogeazkoa

General Manager for Médecins Sans Frontières Spain

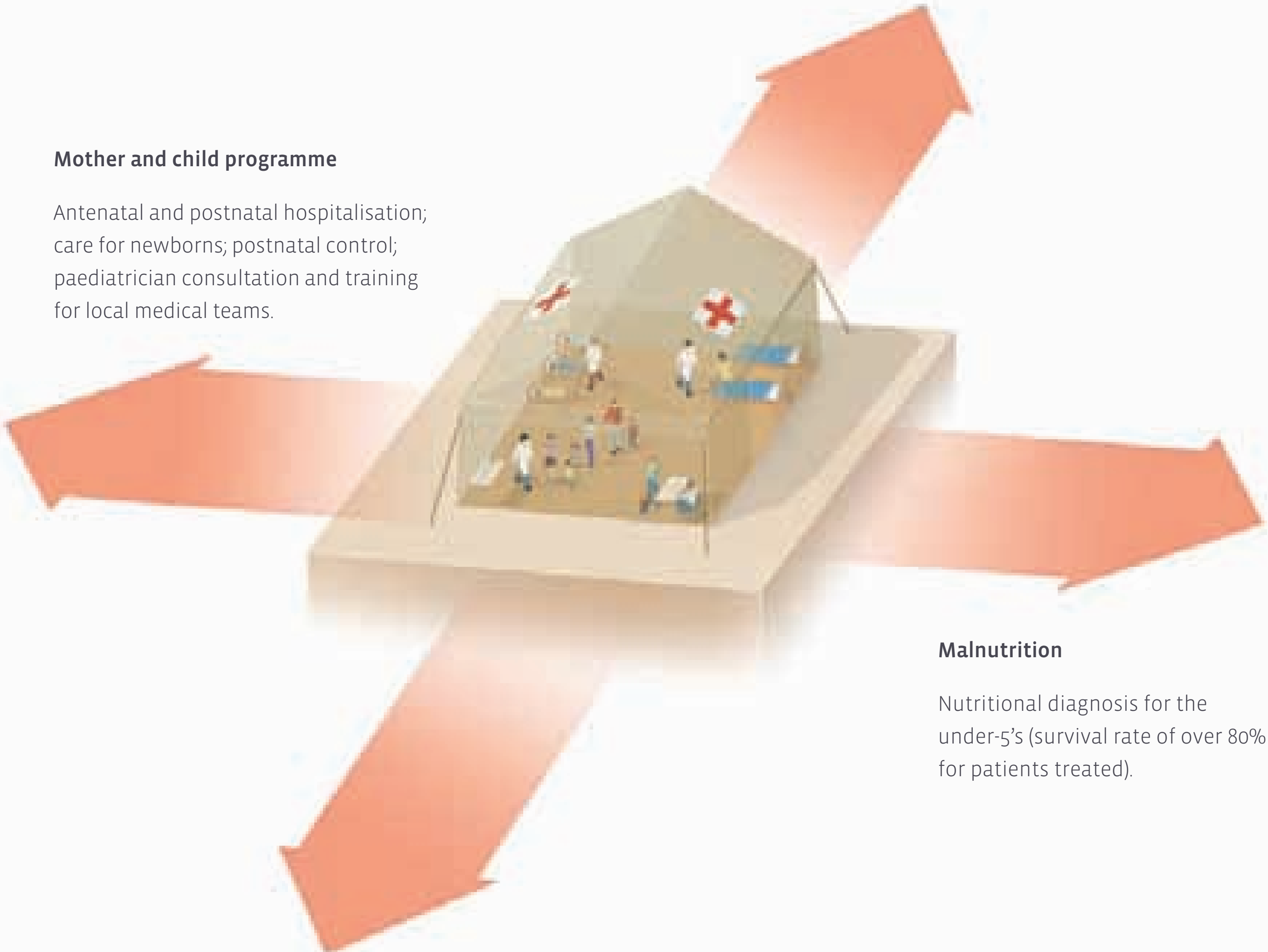
Medical and humanitarian aid means a commitment to populations affected by crises which endanger their survival, be it individials or whole communities. Médecins Sans Frontières (MSF) focuses all its efforts on easing the negative consequences which threaten the survival and/or integrity of the affected people. In the short term, a lack of safety characterises life both for the victims themselves and the humanitarian aid teams who are with them. The immediate consequences of this are isolation, malnutrition and precarious living conditions.



VII.1.1. Medical and Humanitarian Aid Scheme Management

Vaccination Campaign

Vaccinations for remote rural populations; training and awareness schemes and cold chain management.



Mother and child programme

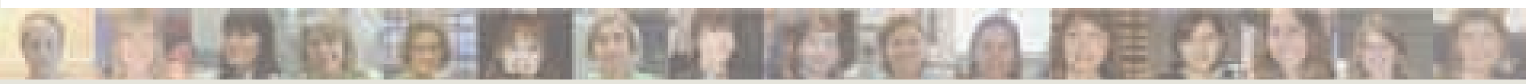
Antenatal and postnatal hospitalisation; care for newborns; postnatal control; paediatrician consultation and training for local medical teams.

Malnutrition

Nutritional diagnosis for the under-5's (survival rate of over 80% for patients treated).

Primary Healthcare

Outpatient clinics for adults.



Jowhar Community (Somalia). (2008)

Somalia
Médecins Sans Frontières

PROJECT I:
Basic quality care services for the population treated at outpatient surgeries in Jowhar and Mahaday.
DURATION: Twelve months.
OBJECTIVES:

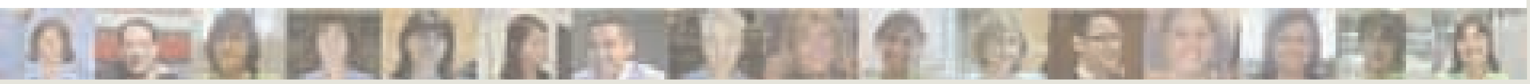
- Diagnosis and treatment for over 80% of adult patients.
- Diagnosis and treatment for over 80% of children.
- Compliance with standard waste management procedure at all MSF clinics.
- Vaccination for all MSF staff against Hepatitis B.
- Treatment of 100% of work-related accidents as per protocol.
- Supply of post-exposure prophylaxis to MSF clinics.

ACTIVITIES:

- Surgeries for adults.
- Paediatric surgeries.
- Waste management.
- Reinforcement of global precautions in healthcare structures.

RESULTS OBTAINED:
119,823 medical consultations (89,782 adults and 30,041 children).
BENEFICIARIES: 64,245
OBSERVATIONS:
A high level of objectives met in spite of circumstantial difficulties. In order to achieve this the support of the MSF Nairobi team was indispensible. The medical consultations were primarily for respiratory infections, diarrhoea, skin conditions, sexually transmitted diseases and urine infections, malaria and intestinal parasites.

INVESTMENT:
1,500,000 euros (the investment took place in 2007 for financing the five MSF projects developed in Somalia in 2008).



Somalia
Médecins Sans Frontières

PROJECT II:
Quality mother and child health services for the Jowhar and Mahaday populations.

DURATION: Twelve months.

OBJECTIVES:

- Assistence for over 50% of births and a reduction in the neonatal mortality rate to below 5%; reduction in the number of caesarean sections to below 15% of the total number of births.
- Reduction of the number of surgical procedures carried out to below 5%.
- Reduction in the mortality of pregnant women prior to birth to below 3%.
- Reduction of the mortality rate of mothers within 72 hours of giving birth to below 2%.
- Running of training workshops for healthcare, logistics and administrative staff.
- Meeting of minimum MSF standards for water supply and sewage.

ACTIVITIES:

- Assistence for natural and surgical childbirths.
- Ante-natal and post-natal hospitalisation.
- Training for healthcare, logistics and administrative staff.
- Improvement of water supply and sewage system.

RESULTS OBTAINED:

- Assistance at 80% of births in Jowhar.
- Assistance of 1,520 births at the MSF maternity department.
- Reduction in the neonatal mortality rate to below 2.6%.
- Reduction in maternal mortality rate to 0.45%.
- Water supply to two refugee camps in Jowhar.

BENEFICIARIES: 1,520

OBSERVATIONS:
MSF has registered the extremely high rate of genital mutilation seen in maternity patients (99% of total).
Over the course of the project there was a reduction in training activities for local staff due to the worsening of the conflict and the forced evacuation of the country in March 2008 of all MSF international staff.

Somalia
Médecins Sans Frontières

PROJECT III:
Quality healthcare services for women of child-bearing age in Jowhar and Mahaday.

DURATION: Twelve months.

OBJECTIVES:

- Completion of at least four antenatal checkups for 70% of women.
- Completion of postnatal checkups for over 85% of women.

ACTIVITIES:

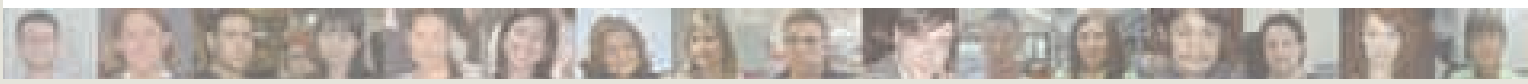
- Antenatal and postnatal checkups.
- Postnatal checkups.
- Analysis and implementation of a pilot family planning project.

RESULTS OBTAINED:

- 22,543 antenatal and 2,813 postnatal checkups were carried out, 34% and 76% of the target figures respectively.

BENEFICIARIES: 14,776

OBSERVATIONS:
There has been a constant increase in the number of women attending antenatal and postnatal consultations at the MSF facilities. 85% of the women treated by the maternity department received malaria prophylaxis treatment. The drop in the number of postnatal checkups during the last quarter of the year was due to the lack of safety in the area and the consequent difficulties in transporting patients and mobile MSF teams.



Somalia
Médecins Sans Frontières

PROJECT IV:
Vaccination campaign for chidren under five years of age and women of childbearing age.
DURATION: Twelve months.
OBJECTIVES:
- Vaccination of all patients treated at MSF clinics.
- Vaccination of 80% of the population in rural areas not treated at out-patient clinics.
- Prevention of breaks in the cold chain for vaccines.
- Ongoing training of local healthcare staff for administering vaccines and compliance with common standard for the handling of disposable sharps.

ACTIVITIES:
- Regular programmed vaccination.
- Maintaining cold chain for vaccines.
- Training of local healthcare staff and correct waste management.

RESULTS OBTAINED:
- Vaccination of 2,806 children under five years of age.
- Vaccination of 7,530 pregnant women.

BENEFICIARIES: 10,336
OBSERVATIONS:
There was an increase in the coverage of vaccinated children. There is a need for reviewing census data, and the implementation strategy for the scheme.

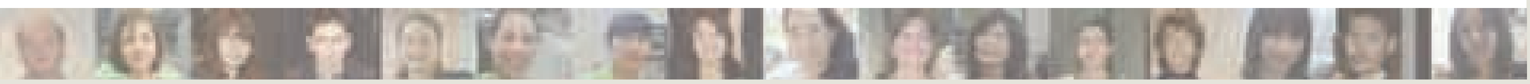
Somalia
Médecins Sans Frontières

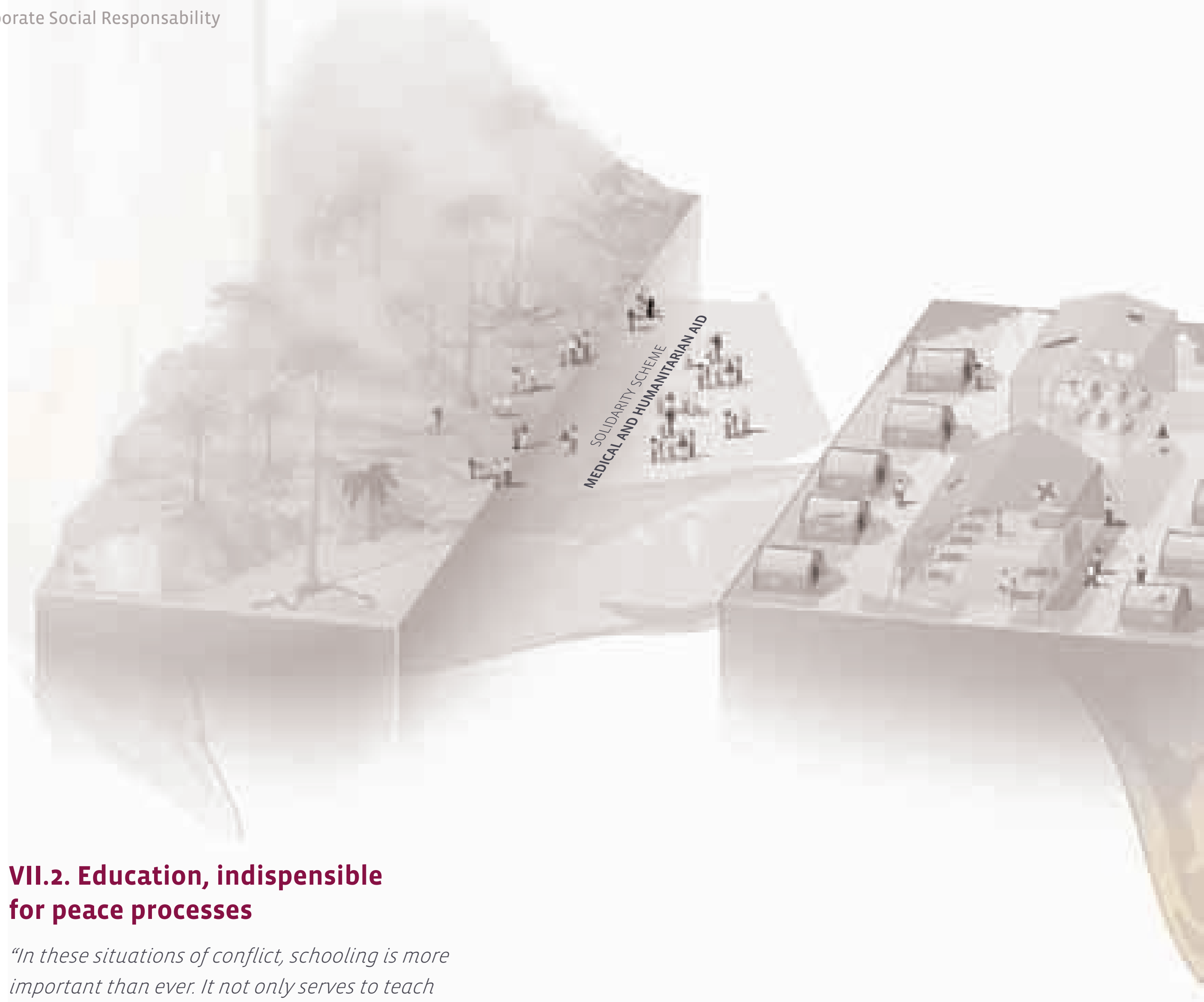
PROJECT V:
Prevention and reduction of mortality due to acute severe malnutrition in children under 5 years of age.
DURATION: Twelve months.
OBJECTIVES:
- Evaluation of the state of health of children under 5 attending MSF clinics.
- Diagnosis and treatment of all cases of moderate and acute severe malnutrition.
- Curing of 80% of children treated through clinic nutritional activities and regular supplementary nutritional activities.
- Reduction in abandonment of treatment within the child population covered by the nutrition scheme to under 10%.
- Reduction in the number of deaths to below 5%.
- Training of nutrition centre staff.

ACTIVITIES:
- Completion of regular nutrition examinations and referral to MSF clinics for cases of severe malnutrition with medical complications.
- Regular development of therapeutic nutritional activities, both at clinics and supplementary.

RESULTS OBTAINED:
- Moderate therapeutic nutritional treatment of 1,303 children.
- Severe therapeutic nutritional treatment of 2,070 children.
- At Nutritional Therapy Centres: 82% of patients cured; 3.2% of patients died; 11% abandoned treatment and 2.8% were not cured.
- Supplementary nutrition schemes: 92% of patients cured; 1% of patients died; 7% abandoned treatment and 1% were not cured.

BENEFICIARIES: 3,373
OBSERVATIONS:
The shortage of food has led to an increase in the total number of patients. The MSF schemes have needed to be extended as a result of the nutrition crisis, including day centre therapy treatment for children and a stabilisation centre for children with medical complications.





VII.2. Education, indispensible for peace processes

"In these situations of conflict, schooling is more important than ever. It not only serves to teach reading and writing, peer group activities and social integration; it is the place where the wounds of war can be healed. It is at school where some dignity and hope is planted".

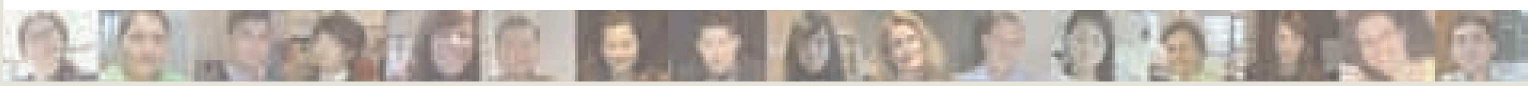
Juanjo Aguado

Jesuit Refugee Service

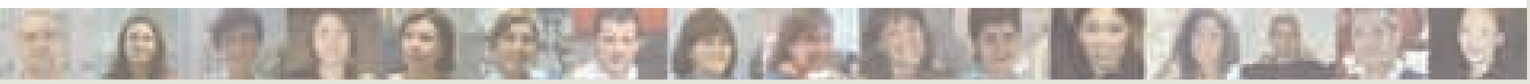
Educating and working in peace processes are complementary activities. In addition to sharing knowledge, education means developing new activities which allows conflict to be prevented and managed. Achieving reconciliation means working towards rebuilding a severely damaged educational system lacking in infrastructure, teachers and material.

Taking part in achieving peace concience in society after situations of conflict means supporting eductional teams where the teachers are able to bring back to schools an atmosphere of motivated learning which invites pupils to attend regularly and adapt their pedagogical skills to the new circumstances arising after the conflict.

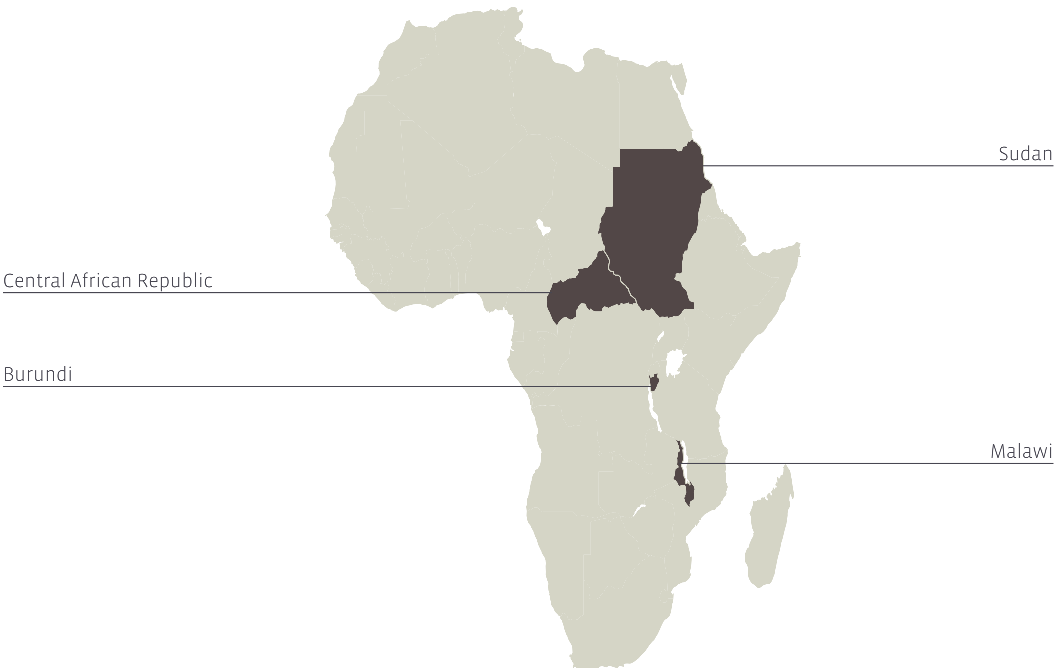
In order to face this challenge Inditex supports two tools: promoting training workshops for educational teams which allow them to exchange their experiences of work and to develop an education which can promote groups working together for peace as a means of problem solving and community dialogue.

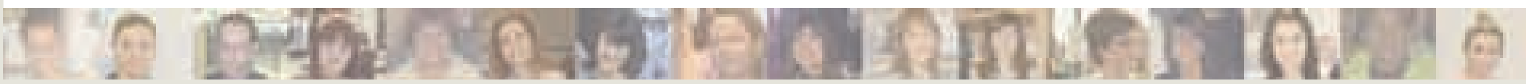



SOLIDARITY SCHEME
"PEACE PROCESS"



School in a Refugee Camp in Grandes Lagos.





Burundi
Jesuit Refugee Service (Great Lakes Region)

PROJECT:
Social and economic reinsertion of returning refugees in the Muyinga province.

DURATION:
24 months.

OBJECTIVES:

- Capacitation of the local community for farming and agriculture.
- Promoting food safety.
- Creation of local associations for promoting social cohesion and development.

ACTIVITIES:

- Providing ongoing farming and agricultural training for 1,500 people.
- Acquisition of herds of goats, fodder and medicines for 750 families.
- Creation of five management committees.
- Promotion of the involvement of women, guaranteeing their active participation.

BENEFICIARIES: 1.500

INVESTMENT: 367,000 euros

OBSERVATIONS:
In 2008, 30% of the objectives for the bi-annual programme has been met.

Malawi
Jesuit Refugee Service (Souther Africa Region)

PROJECT:
Quality formal education for refugees at the Dzaleka camp and urban refugees in Lilongwe.

DURATION:
24 months.

OBJECTIVES:

- Rehabilitation and construction of infrastructures.
- Providing vocational training.
- Developing psycho-social support activities.

ACTIVITIES:

- Training for teachers in teaching techniques, first aid, education for peace, English and psycho-social wellbeing.
- Refurbishment of two schools.
- Construction and fitting out of two schools.
- Construction of a meeting room for urban refugee activities.

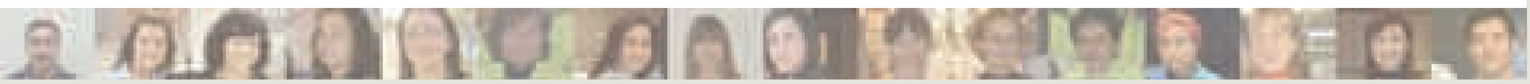
RESULTS OBTAINED:

- Rehabilitation of two infant schools in refugee camps with 150 children, and four teachers.
- Improvement in conditions of the infant school in a refugee camp for 1414 pupils and 44 staff.
- Construction of a secondary school for 150 students and 7 teachers.
- Vocational training for 900 youths.
- Developing psycho-social support activities for refugees.

INVESTMENT: 242,000 euros

BENEFICIARIES: 2.614

OBSERVATIONS:
In 2008, 45% of the objectives for the bi-annual programme has been met.



Central African Republic
Jesuit Refugee Service (Western Africa Region)

PROJECT:
Construction and rehabilitation of primary schools for internal displaced people and other young people affected by the war in the prefectures of Haute-Kotto and Ouham.

DURATION: 24 months.

OBJECTIVES:

- Construction of three primary schools.
- Rehabilitation of one primary school.
- Equipping of four schools with teaching material.
- Support for the implementation of JRS (Jesuit Refugee Service) in the country.

ACTIVITIES:

- First phase of construction work for three primary schools.
- Rehabilitation of one primary school.
- Construction of latrines in four schools.
- Opening of project office in Bangui, Markounda y Ouadda.

INVESTMENT: 242,000 euros.

RESULTS OBTAINED:

- Start of construction work on three primary schools and rehabilitation of ceilings and floors in a school for 646 pupils.
- Contracting of a company for construction of latrines in four primary schools.
- Support for the installation of JRS in the Central African Republic with the opening of an office in Bangui.

OBSERVATIONS:
In 2008, 23% of the objectives for the bi-annual programme has been met.

Sudan
Jesuit Refugee Service (Eastern Africa Region)

PROJECT:
Support for quality education in southern Sudan, Central States and Eastern Equatoria.

DURATION:
24 months.

OBJECTIVES:

- Reinforcement of education for primary and secondary school children.
- Teacher training.
- Improvement of academic performance.
- Establishment of peace agreements and solving of conflicts.

ACTIVITIES:

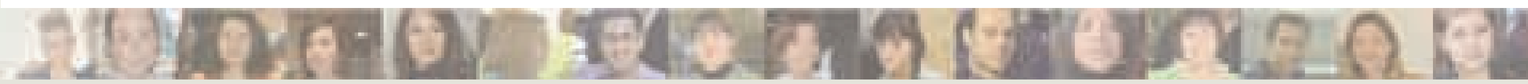
- Construction and rehabilitation of seven primary schools for 2000 pupils and thirteen secondary schools for 3421 students.
- Reinforcement of healthcare services in six schools for 2367 pupils.
- Training for 673 teachers.
- Training in conflict prevention for 1980 people.
- Guidance of communities in collective work.

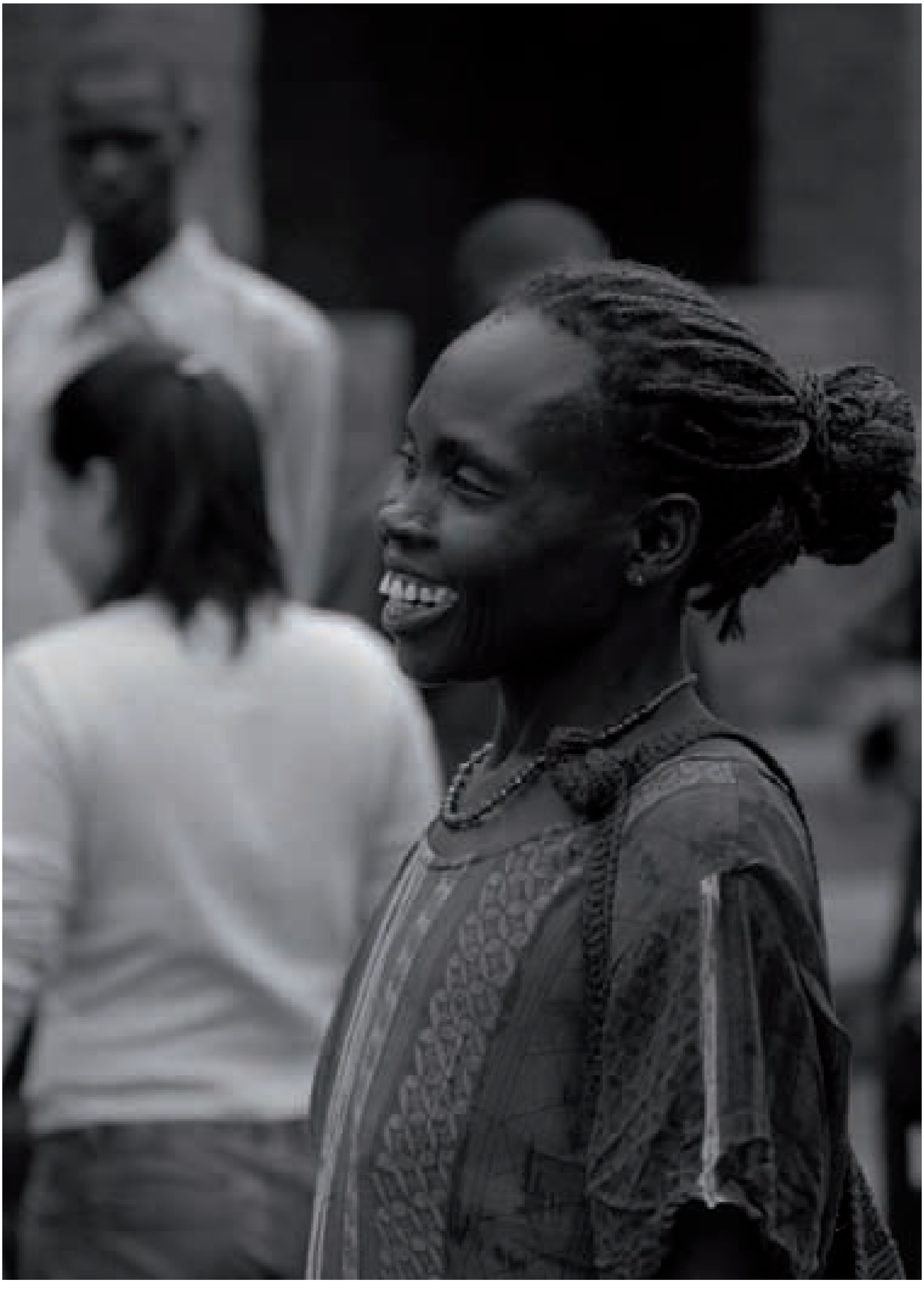
INVESTMENT: 278,000 euros..

RESULTS OBTAINED:

- Construction and rehabilitation of seven primary schools for 2,337 pupils and thirteen secondary schools for 2,456 students.
- Reinforcement of healthcare services in six schools for 732 pupils.
- Training for 472 teachers.
- Training in conflict prevention for 1130 pupils in one year.
- Guidance of communities in collective work.

OBSERVATIONS:
Achievement of 55% of objectives for the bi-annual programme.





Social and economic reinsertion project for returning refugees in the Muyinga province. (2008)

VIII. LEARNING TO SUPPORT

VIII.1. Emergency Schemes

In the face of an emergency Inditex puts all its effort into the recovery phase, strengthening the organisation and capacity of local communities with a view to reducing the vulnerability of the affected people.

The strategy defining the action taken by Inditex through its Emergency Schemes is characterised by:

- Active participation in the face of humanitarian crises which affect the communities where Inditex does business, directly or indirectly.

- Coordination of aid through Inditex's traditional counterparts with experience in the field.

- Accompaniment from the beginning for local counterparts present at the time of the humanitarian crisis and continuation at their side during the subsequent recovery.

VII. 2. The earthquake in Ica (Peru)

PROJECT:

- On 15 August 2007, an earthquake measuring 7.9 on the Richter scale devastated this territory in Peru. Its epicentre was located at the sea, some 60 kilometres west of the city of Pisco. In the provinces of Pisco, Ica, Chincha and Cañete, 76,000 homes were destroyed. According to official figures, 595 people died, 1,800 were wounded and there were thousands of victims.
- Supporting the rebuilding process in the areas of El Carmen, Grocio Prado and Pueblo Nuevo.

PARTNERS: Fe y Alegría Perú, Cáritas Española and Procura Jesuita de Perú.

DURATION: 1 year.

OBJECTIVES:

- Distributing basic essentials to the most vulnerable groups.
- Rebuilding homes and education centres.
- Providing psychological support to the victims
- Improving productive activities.

ACTIVITIES:

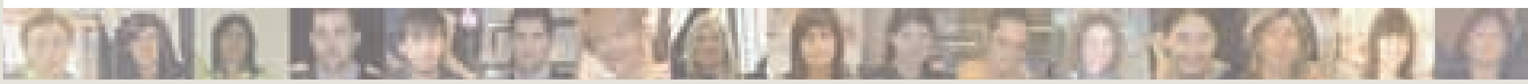
- Distribution of upwards of 190 tonnes of basic essentials.
- Creation of 62 meal centres and managing through them upwards of 12,400 daily helpings.
- Building a school for some 1,200 students.
- Building 180 seismic-resistant homes.
- Building 75 shelters to accommodate 447 people.
- Training some 12,903 families in matters connected to the building of anti-seismic homes
- Fostering the communal network, through the Setting up of the Inter-institutional Network for Rebuilding and Development and the Committee for Rebuilding and Development.
- Training 24 promoters of mental health.
- Creation of 15 self-help groups.
- Training 170 youngsters to manage local business projects.
- Financing and providing technical assistance to some 127 youngsters for resourceful projects.

INVESTMENT: 737,634 euros.

BENEFICIARIES: 113,935

OBSERVATIONS:

The Project in support of the rebuilding process in the areas of El Carmen, Grocio Prado and Pueblo Nuevo, designed to alleviate the effects of the earthquake in Ica, was set in train in 2007. The aggregate investment of the programme amounted to 1,037,634 euros, out of which 300,000 euros were paid in 2007.



VIII.3. The earthquake in Sichuan (China)

PROJECT:

Humanitarian aid for the population affected by the earthquake in Sichuan. Deployment of an emergency response unit (water and drainage).

PARTNERS: Red Cross (Chinese, Spanish and International Sections).

DURATION: Three monhts.

OBJECTIVES:

Supply of drinking water and basic environmental drainage for 15,000 disaster victims.

Distribution of basic products for the child population, valued at over 1,500,000 euros.

ACTIVITIES:

- Deployment of an emergency response unit for water and drainage.
- Selection and transfer of a specialised emergency unit from the Spanish Red Cross.
- DIstribution of humanitarian aid material for the child population.

RESULTS OBTAINED:

Access to drinking water for 8,759 victims, at over 20 distribution points (5.3 litres/person per day).

- Distribution of clothing, toys and goods for the child population valued at 1,892,000 euros (*).

INVESTMENT: 2,236,000 euros

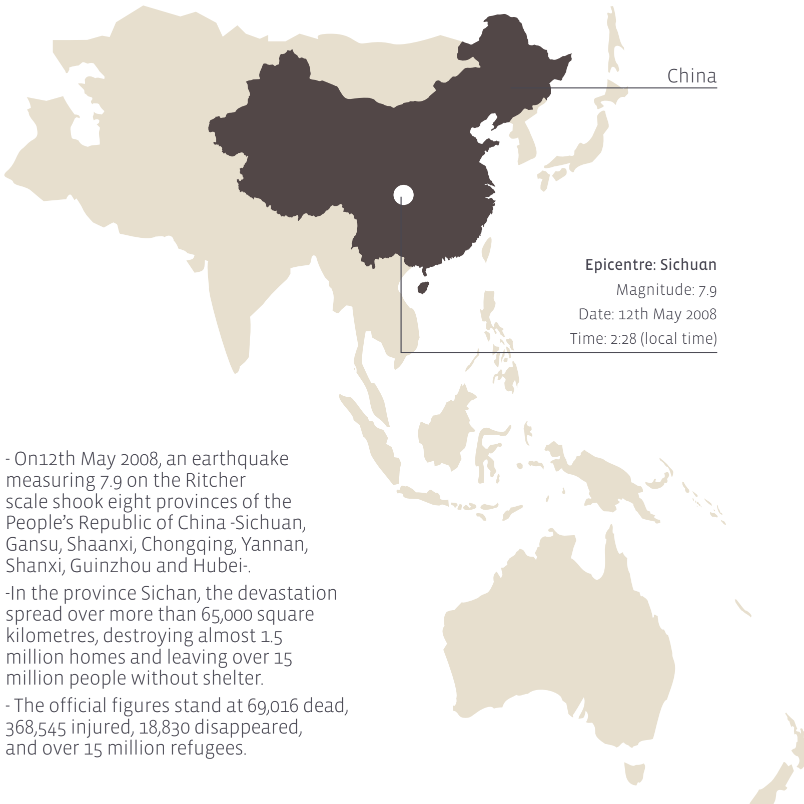
BENEFICIARIES: 8,759 (not including recipients of humanitarian aid material).

OBSERVATIONS:

The total number of beneficiaries of the drinking water supply project has reached 60%, due to the authority restrictions regarding accessibility and geographical location of the emergency response unit.

(*) Value calculated based on the cost price of the items donated.

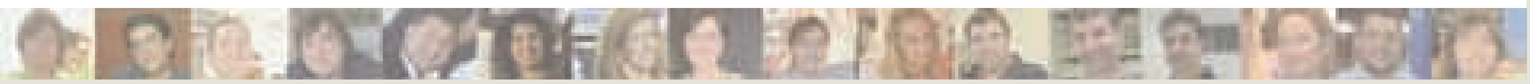
Sichuan after the earthquake. (2008)



- On12th May 2008, an earthquake measuring 7.9 on the Ritcher scale shook eight provinces of the People's Republic of China -Sichuan, Gansu, Shaanxi, Chongqing, Yannan, Shanxi, Guinzhou and Hubei-.

-In the province Sichan, the devastation spread over more than 65,000 square kilometres, destroying almost 1.5 million homes and leaving over 15 million people without shelter.

- The official figures stand at 69,016 dead, 368,545 injured, 18,830 disappeared, and over 15 million refugees.



IX. LEARNING TO INTEGRATE

Massimo Dutti For&from Store in Allariz. (2008)

IX.1. Living in equality

After the inauguration of the first Massimo Dutti For&From store in Palafolls (Spain) in 2002, Inditex has continued to support employment integration of vulnerable collectives with the opening of two new stores under this project: Bershka in Palafolls and Massimo Dutti in Allariz (Spain). For&from is a project characterised by:

- The search for a local counterpart - a solvent not-for-profit organisation -with a reputation and proven skill for the management of a store of this type. So far Inditex has worked on this project with the organisations Fundació El Molí d'en Puigvert and the Galician Disabled Persons Confederation.

- The establishment of a franchise agreement between the local counterpart and Inditex.

- Financing by Inditex for setting up the establishment.

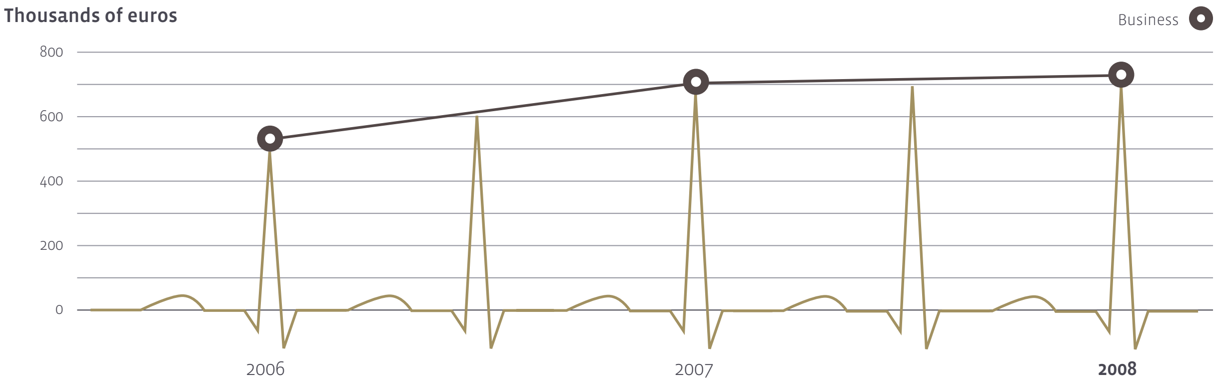

Massimo Dutti
Palafolls
Bershka
Palafolls
Massimo Dutti
Allariz

IX.2. Management of equality schemes for vulnerable collectives

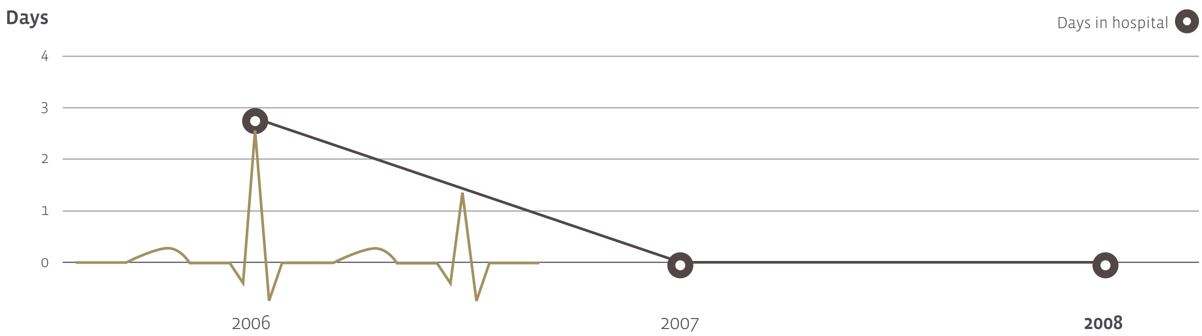
Massimo Dutti For&from Palafolls (Barcelona)

First store under the *for&from* Project. Since its inauguration in 2002 the project has been managed by the Comunitat Terapéutica del Maresme. Its priority objectives include making it possible to integrate people with severe mental disorders into society and factilitate their insertion into employment. The team consists of eleven people.

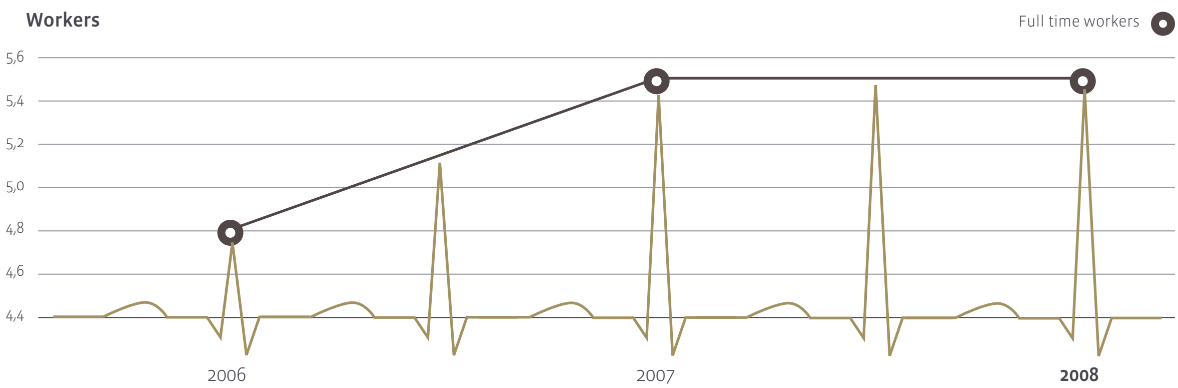
Evolution of turnover



Days in hospital per SMD patient



Evolution of the number of full time workers with SMD



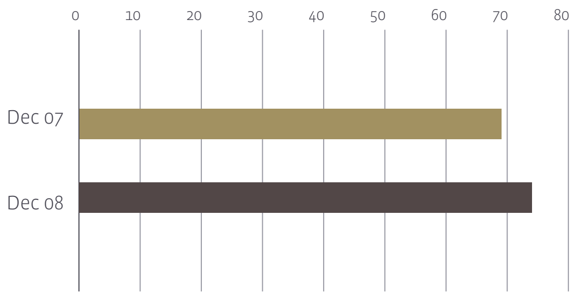
Massimo Dutti For&from Palafolls (Ourense)

This is the second For&from store. The store was conceived as an innovative combination of accessible architectural spaces and furnishings adapted to people with reduced mobility. Since its inauguration in 2007 it has been managed by the Galician Disabled Persons' Conferderation (COGAMI). Its priority objective is to permit full integration into employment for people with a degree of disability of 30% or more. The team consists of six people.

The project also includes a library on the top floor of the building, run by COGAMI, open to the public free of charge, with a dual purpose: to facilitate free access to library resources of a social nature; and to develop awareness campaigns for customers visiting the store as well as other interested groups, such as students at nearby educational centres.

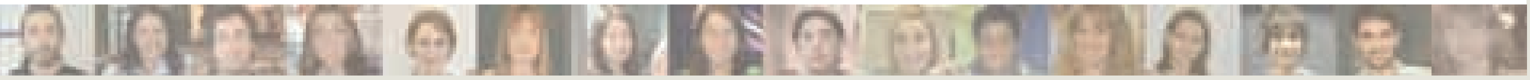
Partner	Title of Awareness Campaign
Médecins Sans Frontières (MSF)	Photography Exhibition: “Forgotten Crises: Ignored Lives”
Proyecto Hombre	Internal Organisation Activities
Cáritas Española	Organisation activities
Fundación Entreculturas Fe y Alegría	Exhibition “Lives hanging on a string”

Evolution of sales (thousands of euros)



Bershka For&from Palafolls (Barcelona)

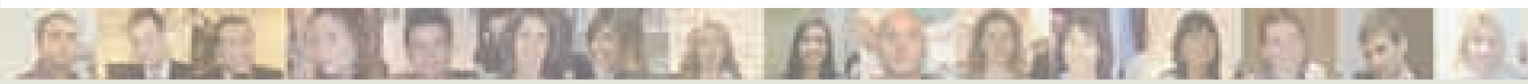
The third store under the *for&from* Project. The store has been designed to incorporate the past experience at the Massimo Dutti *for&from* store en Allariz, including mobility and accesibility solutions. It has been managed by the Comunitat Terapéutica del Maresmesince its inauguration in August 2008. Its priority objectives include the full integration of people with SMD into society, and to facilitate their insertion into employment. The team consists of eight people. It is worth noting that there have been no acute and/or sub-acute admissions to hospital among patients since joining the project.



X. OBJECTIVES

X.1. Objectives achieved (2008)

	Portugal		China		Morocco	
Chain of production	**Foreseen**	**Carried out**	**Foreseen**	**Carried out**	**Foreseen**	**Carried out**
Social audits in accordance with *Tested to Wear*	31	151	180	205	42	22
Monitoring audits		37	70	31	27	43
RSC local team					✓	○
Fibre Citoyenne Programme					22	45
Inventory and social audit of the workshops which make up the sub-chain of production	✓	●	✓	○	✓	●
Management of the activities of the cluster by local and international RSC teams	✓	●			✓	●
Management and implantation of the international framework agreement		●			✓	●
Health of the Product - *Clear to Wear* (CTW)						
Extend the training and awareness-raising programmes of suppliers relating to CTW	40	64			50	0
Working groups to correct the legal loopholes relating to use of chemicals	40	64			50	0
Training courses in the clusters to communicate and raise awareness about the use of green chemicals	40	64			50	0
Working groups to identify alternatives for replacement of PVC in positional patterns	40	64				
Obtain a commitment to fulfil CTW from suppliers, through the declaration of agreement.	✓	●	✓	●	✓	●
Courses to fill out the specifications of products	40	64	50		50	0
Take part in debating forums related to the development of policies of product health.						
Safety of the product - *Safe to Wear* (STW)						
Awareness-raising and training programmes for suppliers related to the STW standard	5	0	50	0	25	0
Obtain the commitment to fulfil STW from suppliers through the declaration of agreement	✓	●	✓	●	✓	●
Carry out audits to verify the correct implantation of the STW standard	4	0	30	0	15	0
Participate in debating forums related to the development of policies of product safety						
Dialogue platforms						
Working groups of:						
- Ethical Trading Initiative			✓	●	✓	●
- MFA Forum (Bangladesh)						
- MFA Forum (Morocco)					✓	●
- MFA Forum (Lesotho)						
- ASEPAM (Global Compact)						
- *Better Factories Programme*						
Programmes for creation of social capital						
Strengthening of the trade union fabric of the Inditex suppliers' factories						
Programmes of community development						
for&from						
Spectrum Programme						
Educational projects						



✓ Foreseen ● Fulfilled O Not fulfilled

Turkey		Cambodia/Vietnam		Bangladesh		India		Spain		Remainder of the chain of production		% fulfilment
Foreseen	Carried out	Foreseen	Carried out	Foreseen	Carried out	Foreseen	Carried out	Previsto	Carried out	Previsto	Carried out	
37	66	15	26	15	33	20	40	7	13	73	99	160
21	7	5	3	29	3	10	7	2	51	49	6	72
		✓	●	✓	●	✓	●					75
												200
✓	●	✓	●	✓	●	✓	●	✓	●	✓	O	75
	●	✓	●	✓	●	✓	●	✓				85
		✓	●	✓	●							125
30	0	10	0	20	0	30	0	50	83			64
30	0	10	0	20	0	30	0	50	83			64
				20	0			50	83			92
		10	0					50	83			147
✓	●	✓	●	✓	●	✓	●	✓	●			100
20	0							50	83			70
								✓	●			100
20	0	10	0	15	0	5	0	40	0			0
✓	●	✓	●	✓	●	✓	●	✓	●	✓	●	100
10	0	5	0	7	0	4	0	20	0	5	0	0
								✓	●			100
						✓	●					100
				✓	●							100
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										✓	O	0
								✓	●			100
		✓	●									100
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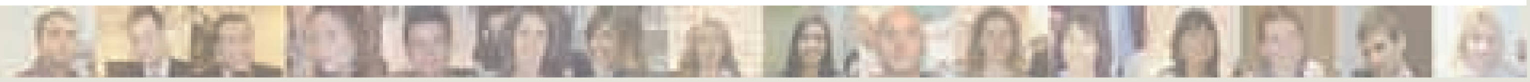
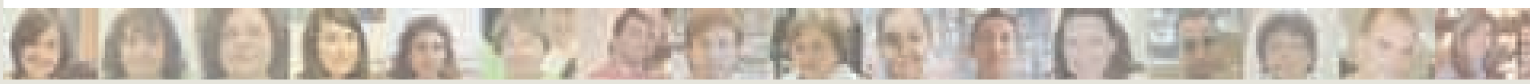
								✓	●			100
				✓	●							100
		✓	●							✓	●	100



X.2. Objectives planned (2009)

	Portugal	China	Morocco
Chain of production	**Foreseen**	**Foreseen**	**Foreseen**
Social audits in accordance with *Tested to Wear*	37	170	25
Monitoring audits	28	71	18
Strengthen local RSC teams in the Clusters			
Extension of the *Fibre Citoyenne* Programme to the suppliers working for Inditex			25
Portugal Standard Pilot Programme to the suppliers working for Inditex			✓
Rationalise the chain of production	✓	✓	✓
Implement the pilot programme of working at home in the clusters			✓
Direct management of the fulfilment department in the cluster	✓	✓	✓
Implement the Pre-Assessment Programme generally	✓	✓	✓
Manage the proper implantation of the international framework agreement			
Health of the Product - *Clear to Wear* (CTW)			
Extend the training and awareness-raising programmes for suppliers relating to CTW	80		30
Working groups to correct the loopholes relating to use of chemicals	80		30
Training courses in the clusters to communicate and raise awareness about the use of green chemicals	80		30
Working groups to identify alternatives for replacing PVC in positional patterns	80		30
Obtain the commitment to CTW from suppliers, through the declaration of agreement.(*)	✓	✓	✓
Courses to fill in the specifications of products	80		30
Participate actively in forums of debate related to the development of policies of product health	✓	✓	✓
Safety of the product - *Safe to Wear* (STW)			
Obtain the commitment to fulfil STW from suppliers, through the declaration of agreement	✓	✓	✓
Participate actively in forums of debate related the development of policies of safety of the product	✓	✓	✓
Participation in platforms of dialogue			
Participate on the council of the *Ethical Trading Initiative*			
Working groups of:			
- *Ethical Trading Initiative*			
- MFA Forum (Bangladesh)			
- MFA Forum (Morocco)			✓
- MFA Forum (Lesotho)			
- ASEPAM (Global Compact)			
- Better Work Morocco			✓
- *Better Factories Programme* en Camboya			
- Portugal *Standard*	✓		
Chair of Ethical Fashion of the University of Northumbria			
Programmes for creation of social capital			
Strengthening of the trade union fabric of Inditex suppliers' factories			
Programmes of Community Development			
New *for&from* initiatives			
Extension of the Emergency Programmes in refugee camps			
Design and implementation of the methodology to plan programmes of social investment in refugee camps			
Completion of Spectrum Programme			



✓ Foreseen

Turkey	Cambodia/ Vietnam	Bangladesh	India	Spain	Venezuela, Colombia, Ecuador and Panamá	Remainder of the chain of production
Foreseen	Foreseen	Foreseen	Foreseen	Foreseen	Foreseen	Foreseen
60	25	20	28	10		75
30	11	14	24	7		47
		✓	✓			
✓	✓	✓	✓	✓		✓
✓		✓	✓			
✓	✓	✓	✓			
✓	✓	✓	✓	✓		✓
✓			✓			
30		30	30	80		
30		30	30	80		
30		30	30	80		
30		30	30	80		
✓	✓	✓	✓	✓		✓
30		30	30	80		
✓	✓	✓	✓	✓		✓
✓	✓	✓	✓	✓		✓
✓	✓	✓	✓	✓		✓
						✓
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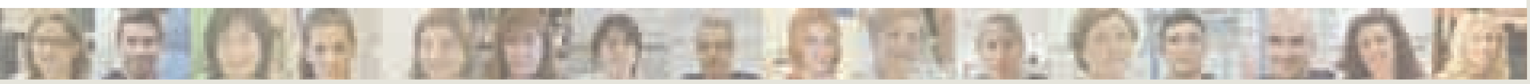


SPONSORSHIP AND PATRONAGE

Apart from the actions and the projects that Inditex is carrying out together with its suppliers, international sectorial organisations or different communities, its commitment to society is completed with a range of programes of sponsorship and patronage in which it is collaborating in support of institutions of a number of kinds and geographical ambit which have a solid link with society and experience in the conduct of their activities.

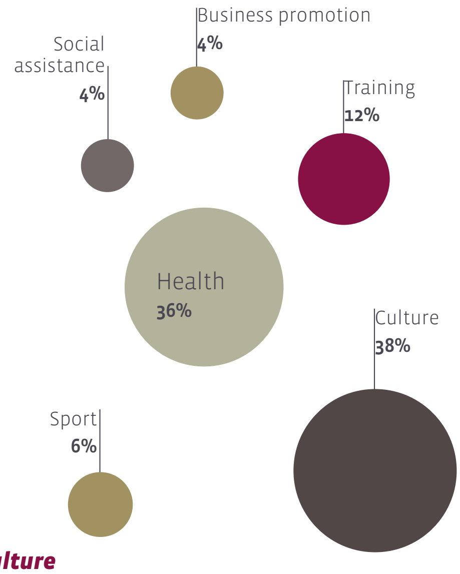
Through collaboration with these institutions, Inditex is trying to take an active part of initiatives designed to promote social benefits in such areas as health, culture, sport, training, social help and business promotion. The Sponsorship and Patronage Commission is the internal organisation in Inditex which makes itself responsible for valuing the social projects. This commission is made up of the Secretary General and Secretary of the Board, the Director General of Communication and Institutional Relations and the Director of Corporate Social Responsibility.

In 2008, Inditex devoted 2.07 million euros to programmes of sponsorship and patronage, 10% more than in the previous year. Culture and health were the main areas of activity, with 74% of the investment.

Investment in programmes of sponsorship and patronage by area of intervention

	2008	2007
HEALTH	733,474	965,783
CULTURE	778,870	524,031
SPORT	134,397	121,767
TRAINING	248,108	96,447
SOCIAL ASSISTANCE	93,010	97,510
BUSINESS PROMOTION	89,515	87,841
TOTAL	**2,077,374**	**1,893,379.50**

Investment in programmes of sponsorship and patronage by area of intervention (total: 2.07 million euros)

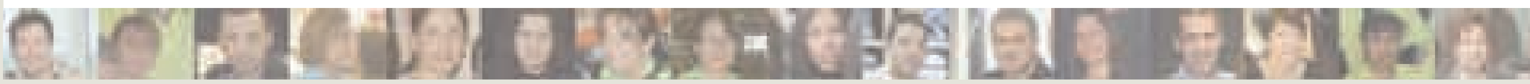


Culture

Inditex has stable collaborations with a range of associations and foundations which promote both care for the artistic heritage and the dissemination of cultural goods, especially in the Galician sphere with the support for organisations such as the Galician Symphony Orchestra and the Association of Friends of the Opera of Corunna, among others.

During 2008, Inditex reinforced its investment in the cultural area withits active participation in the holding of events to commemorate the 800th Anniversary of A Coruña. The commemoration was held with a range of events throughout the year.

In the sphere of culture, and more specifically in the setting of cooperation for development, one of the most relevant initiatives for Inditex over the last few years has been its support for the Carolina Foundation. This institution promotes cultural relations and cooperation in the matter of education and science between Spain and the countries of the Ibero-American Community of Nations, as well as with other countries with special historical, cultural or geographical links.



Health

Inditex's main contribution in the sphere of health is to the National Centre for Cardiovascular Research Foundation (Foundation Pro-CNIC), of which it has been a member since its creation in December 2005, together with another fourteen private Spanish businesses, thus getting involved in the fight against cardiovascular disease.

The CNIC is an institution with national powers which is attached to the Carlos III Health Institute, whose mission is to be an international point of reference in research into cardiovascular diseases. CNIC's research is structured in six areas: Atherothrombosis and cardiovascular imaging; biology of cardiology development; vascular biology and information, regenerative cardiology; cardiovascular epidemiology and population genetics; and transnational cardiovascular research into new technologies and therapies.

In November 2008, the cardiologist, Valentín Fuster, scientific president of the CNIC, visited the facilities of Inditex in Arteixo (A Coruña), where he gave a talk to the employees of the group on healthy habits to avoid cardiovascular diseases.

Sport

Inditex has a stable commitment to children's sport in Galicia through its backing for young sporting groups in different disciplines such as basketball, handball, football and hockey.

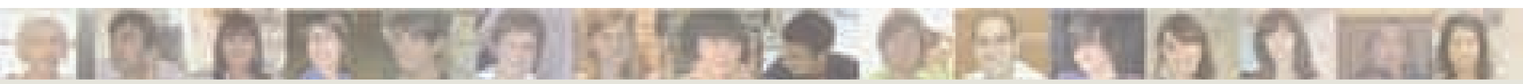
Social assistance

The collaboration of Inditex in the area of social assistance is channeled through organisations of an international and national scope, with great experience in their surroundings, such as the Red Cross or Fundación Alternativas. The Group also carries out specific actions with disadvantaged groups. In 2008, Inditex made a donation of clothing to the Estremera Prison (Madrid) for the prisoners' Christmas presents.

Training and business promotion

Inditex is participating in numerous educational programmes which serve as a link between university and the business world, with the aim of bringing these two areas together, which are those which might give a boost to the development of the business fabric.

In this regard, during 2008, Inditex has taken part in a relevant initiative in Galicia. The Group, together with other companies and associations from the sectors of energy, road transport, building, fishing, textiles, wood, food and other Galician industries, has taken part in the creation of the Technology Centre for Efficiency and Energy Sustainability. This centre, which is linked to the University of Vigo and part owned by the Regional Ministry of Innovation and Industry, was created in 2008 with the aim of promoting technologies, processes and products which make it possible to improve efficiency and energy sustainability in industry, building, domestic equipment and transport.

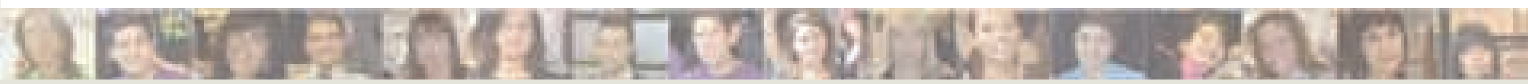


Consolidated social investment per year and project

Type of project			2008	2007	2006	2005	2004
(Data in euros)							
Community development	Entreculturas Foundation						
		Argentina	168,291	181,000	159,286	85,788	144,437
		Brazil	167,602	175,000	227,831	227,044	147,008
		Peru	756,786	712,000	627,181	587,121	502,585
		Venezuela	439,676	396,000	437,822	394,663	376,927
		Chile	60,080	41,000	5,306	-	-
		Guatemala	19,572	-	-	-	-
		Honduras	18,567	-	-	-	-
		Haiti	16,835	-	-	-	-
		Nicaragua	19,073	-	-	-	-
		Panama	19,073	-	-	-	-
		Salvador	19,073	-	-	-	-
		Latin American Regional Project	195,372	-	-	-	-
		Total	**1,900,000**	1,505,000	1,457,426	1,294,616	1,170,957
	Cáritas Internacional						
		Cambodia	237,679	78,473	-	-	-
		Mali	297,000				
		Burkina Fasso	188,696				
		Total	**723,375**				
	Fundación Carolina		137,592	131,040	124,800	180,030	180,212
	Others			-	150,000	278,345	841,142
	Total community development		**2,760,967**	**1,714,513**	**1,732,226**	**1,752,991**	**2,192,311**
Programmes in refugee camps	JRS Internacional						
		Democ. Rep. of the Congo	-	116,000	-	-	-
		Sudan	278,000	14,000	-	-	-
		Uganda	-	112,000	-	-	-
		Burundi	367,000	-	-	-	-
		Malawi	242,000	-	-	-	-
		Central African Rep.	113,000	-	-	-	-
		Total	**1,000,000**	242,000	-	-	-
	MSF						
		Somalia	-	1,500,000			
	Total programmes in refugee camps		**1,000,000**	**1,742,000**	**-**	**-**	**-**
Patronage and Sponsorship	Culture		778,870	524,031	589,824	410,249	726,796
	Sport		134,397	121,767	143,669		
	Training		248,108	96,447	152,202	167,864	75,000
	Business Promotion		89,515	87,841	84,238	153,855	8,000
	Health		733,474	965,783	700,000	873,004	-
	Social assistance		93,010	97,510	119,110	116,310	0
	Total sponsorship		**2,077,374**	**1,893,380**	**1,789,043**	**1,721,282**	**809,796**
	Total (*)		**5,838,341**	**5,349,893**	**3,521,269**	**3,474,273**	**3,002,107**
Emergencies	Ica (Peru) Earthquake		737,634	300,000	-	-	-
	Red Cross	Singra	-	-	1,000,000	1,000,000	600,000
	Cáritas	Tsunami	-	-	-	1,000,000	1,000,000
	Spectrum (Bangladesh)		77,000	-	94,908	72,542	-
	Sichuan (China) Earthquake		2,236,000	-	-	-	-
	Total emergencies (**)		**3,050,634**	**300,000**	**1,094,908**	**2.072.542**	**1,600,000**

(*) This quantity corresponds to the social investment of a recurrent nature, excluding that devoted to emergency programmes, in such a manner that the comparison between financial years is homogeneous.

(**) Given the non-recurrent nature of the social investment linked with emergencies, its comparative evolution is offered independently.

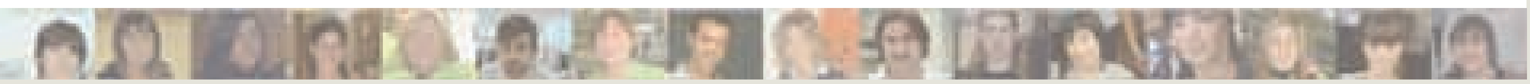


Company Cash Flow

Bearing in mind the targets of the cash flows generated during the financial year, we have established the company's comparative cash flow over the last two years.

Company Cash Flow

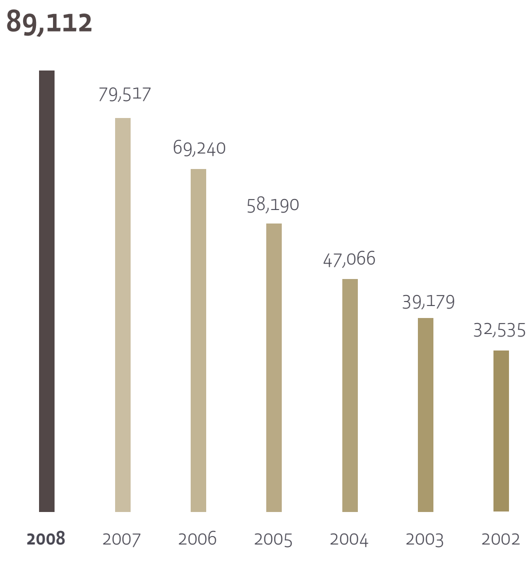
(millions of Euros)	2008 Financial Year	2007 Financial Year
Net cash received for sale of products and services	10,407	9,435
Flow received from investments made	17	15
Cash received for sales of assets	1	40
Total value-added flow	**10,425**	**9,490**
Distribution of value-added flow		
Employee wages	1,703	1,473
Tax payments	360	355
Debt return	155	-214
Dividends paid out to shareholders	662	522
Corporate social investment	9	6
Cash withheld for future growth	20	568
External payments made outside the group for purchasing goods, raw materials and services	6,579	5,839
Payments made for investments in new productive assets	937	941
Distribution of value-added flow	**10,425**	**9,490**



Human Resources

During the 2008 financial year Inditex has continued to generate employment. On 31st January 2009, the Group had a staff of 89,112 employees, which means the creation of 9,595 new jobs in the year.

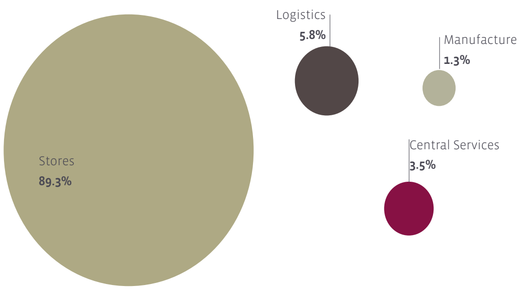
Evolution of the total number of employees



During 2008, 573 establishments were opened around the world, including five new markets (Ukraine, South Korea, Montenegro, Honduras and Egypt) and a new commercial format, Uterqüe, was created which represents a great challenge in the selection, training and internal promotion of employees to occupy new management responsibilities.

The stores continue to be the main motor of employment in the company, representing 89% of the total number of employees in the Group.

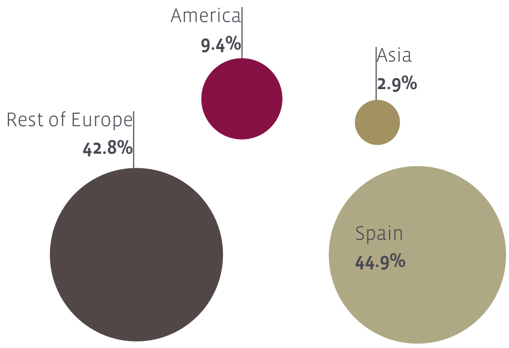
Employees by activity



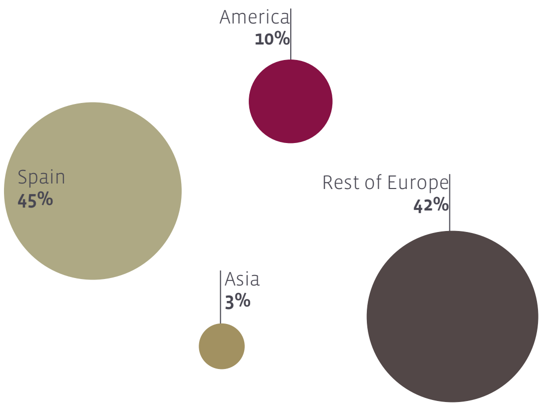
Inditex´ s training plans focus on store staff mainly. In addition to the general overview of the company and the specific training about customers service that all stores employees receive, specific positions such as store manager or cashier require custom-made training. In the picture, Inés (third from the left) teaches would-be cashiers at Zara´ s headquarters, courses about software, legal processes, administration and organization. Every year, some 12,000 hours are spent teaching cashiers.

By geographical areas, the tendency towards the internationalisation of the Group continues. Its presence outside Spain involves over 55% of the total number of employees. The distribution of the staff, with 87% in Europe, is a result of the commercial implantation of the Group, which concentrates over 83% of its stores in the European market.

Distribution of employees by geographical areas in 2008



Distribution of employees by geographical areas in 2007



Distribution of employees by country

Europe	2008
Austria	572
Belgium	1,038
Croatia	169
Czech Republic	382
Denmark	122
Europe	2008
France	5,107
Germany	2,684
Greece	2,829
Holland	692

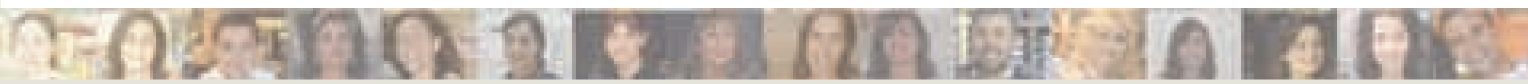
Europe	2008
Austria	572
Hungary	369
Ireland	707
Italy	4,856
Luxembourg	68
Monaco	29
Norway	169
Poland	1,56
Portugal	5,041
Romania	628
Russia	4,465
Slovakia	114
Spain	39,993
Sweden	464
Switzerland	495
Turkey	1,829
UK	3,693
Ukraine	98
Total	**78,173**

America	2008
Argentina	459
Brazil	1,328
Canada	755
Chile	479
Mexico	3,322
Puerto Rico	86
Uruguay	182
USA	1,744
Total	**8,355**

Asia-Pacific	2008
China	1,008
Japan	1,364
South Korea	212
Total	**2,584**

Increase of employees by geographical areas

	2008	2007	% Increase
Europe	78,173	69,466	12.5
America	8,355	8,022	4.2
Asia-Pacific	2,584	2,033	27.1



TRAINING

Inditex's particular business model, designed to give form to customers' wishes and based on constant innovation and teamwork, means that the Group considers training and internal promotion of its professionals as key elements of its activity.

Throughout the 2008 financial year, Inditex has started up different initiatives in accordance with the Group's personnel management policy, which promotes:

- Internal promotion
- Training and development
- Evaluation of performance
- Constant adaptation to the business

In 2008, Inditex invested 44 million euros in training plans for its employees, 10% more than in the previous financial year. Over 80% of this investment is devoted to in-store training, where such training actions as entry plans, ongoing training through the Store Management Terminal (TGT) and courses for prevention of Workplace Risk, stand out. Furthermore, Inditex devoted 9 million euros to classroom training plans, mainly in languages and computing. In total, about a million hours were devoted to classroom training, with the objective of improving the professional abilities of our students.

The internal training plans are adapted to the needs of the Group professionals according to their activity and are of a diverse nature:

- Entry training for new employees
- Management and administration of teams
- Languages
- Information systems
- New technologies
- Individual training plans
- Store management systems (TGT, tills, PDA)
- Training in products, raw materials and presentation of collections.

In the linguistic sphere, Spanish and English are the languages which were the priorities. The materials taught on each course varied according to the nature of the activity of each professional and the specific vocabulary required.

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

In the 2008 financial year, it is relevant to point out the creation of a new chain of accessories of the Inditex Group, Uterqüe, which has involved a significant investment in training for all the staff, which is almost entirely made up of employees of other chains in the Group.

Store

In the Inditex training plans, most of the effort is expended on the store with an eminently practical approach. With the objective of laying down a pattern for, and guaranteeing the quality and homogeneity of, training in the job instructional materials have been developed with guides, advice, periodic evaluations, among other contents, which help both the trainers and the learners. Among these materials, the organisation manuals of the stores of the chain, which are constantly updated, are particularly important. The manuals include detailed information on any aspect of the in-store work, such as human resources, activity at the till, the environment, or detailed information on the chain and the Group. All the store managers have the manuals available for use by the employees in any concrete situation.

Apart from the permanent updating of the organisation manuals of the store, the generalised implantation of the TGT and the reception training plans for new employees in all chains during 2008, Inditex has started up specific initiatives such as the customer services plan or the international training plans.

1. Customer service plan

Among the materials available in-store to the managers and the remainder of the staff in order to facilitate their work, during 2008, a specific guidebook for attention to the customer, drawn up by the customer services team of Inditex based on the suggestions, questions and comments from the stores, has been included. This document, which is available from the end of the financial year in the Zara stores through TGT, makes it possible for store employees to clear up any questions from customers on such matters as products, commercial policies or any incident that may have arisen. The objective is that the store employees should be trained to give the best possible attention to the customer at the point of sale. In 2009, the rest of the chains are adapting their customer services manual, taking into account the unique characteristics of their customer services policy, and this will be available in their stores before the close of the financial year.

Apart from Inditex' general actions, the commercial formats of the Group also carry out concrete actions to encourage the maximum quality of attention to customers in their stores. This is the case, for example, of Zara with the "Customer Services Day". During that day and with the support of the area commercial teams, work has been done on improving customer services, reinforcing messages, correcting areas and motivating teams with the aim of improving the final service.

2.- International training plans

During 2008, training plans have been started up for the international Group stores based on the experience of the plans carried out in Spain in previous years and on the satisfactory results from the initial selection and training centres in Madrid and Barcelona, opened up the previous year with the aim of imparting basic knowledge of Inditex and the in-store activity to new Group employees.

These programmes include training plans both for new employees of the shops and for new managers. In both cases, the educational programmes include a manual of responsibilities and the permanent tutorship of a veteran store professional. For new employees in the stores, store employees have been designated and trained to act as tutors of the new employee in his first steps in the Group.

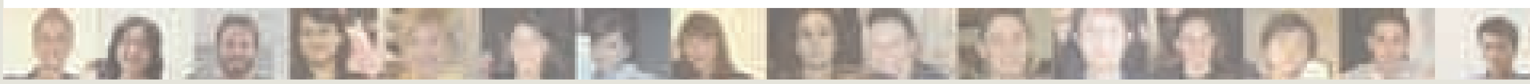
The manager is one of the professionals with most responsibility at Inditex due to his key role of being in contact with the client and his demands. This is the reason for which Inditex is making a commitment to employing people with the greatest possible level of training about the business and Inditex. For this purpose, during 2008, Inditex has selected 500 veteran managers of its European stores and has given them specific courses so that they can act as trainers of future store managers.

Thanks to the implantation of these two training plans (new employees and new managers), Inditex has detected a descent in rotation and an increase in the rate of learning of store tasks. As general indicators for the purposes of management it is worth pointing out the following:

- Reduction in the rate of absenteeism in stores by 4.4% in Spain.
- Reduction in temporary employment by 3.6%
- Reduction in the rate of rotation by 34.5% in Spain.

Logistics

All of Inditex's logistical areas have since 2007 had an internal magazine, *Login*, with specific information on the working environment. This project, which was drawn up jointly by the Group Communications Department and the Human Resources Department of Logistics, with the participation of all the departments which make up Inditex logistics, was consolidated during 2008. In this financial year, four issues have been published ensuring that the 5,000 employees of the logistical section of Inditex are informed about the projects, objectives and challenges of the Group in its sphere.



Design, commercial and corporate areas

In the corporate areas, apart from the general training courses, Inditex develops personalised training plans for the professionals who join the company. These programmes, designed jointly by the Human Resources Department and the direct superior of the new employee, include a period of in-store training, the nucleus of Inditex's activity and the leading figure in its business culture and model.

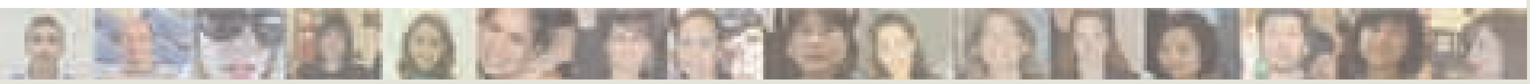
TEAM MANAGEMENT AND INTERNAL PROMOTION

For a company such as Inditex, with over 4,000 shops and 89,000 employees, the management of talent is a strategic value at all corporate levels. From its beginnings, the Group has encouraged the creation of suitable working environments so that employees can develop their professional abilities and grow within the company. Indeed, the vast majority of store managers began as store assistants in Inditex.

The management of in-store teams has received a qualitative boost during 2008 with the implantation in stores of the modules of management of Human Resources in the TGT, the computer terminal which acts as a channel of communication between the shops and the corporate sectors. These modules offer the heads of the stores the most suitable tools for the daily management of the shop, including the organisation of the staff, their performance and their training needs. Currently, TGT is operative in over 80% of Inditex stores.

On the other hand, in 2008 the process of evaluation of the performance of the different profiles of shop was formalised, aligning it with the Group culture. That involves evaluating the level of performance of each one of the responsibilities of the position as well as the proper attitudes for obtaining the best results. As a consequence, during the financial year, 1,391 assistants were promoted to different positions of responsibility within the stores. On the other hand, 37 store professionals took on responsibilities within the structure of Zara Spain, while another 38 persons, also from stores, took on positions of responsibility in the headquarters of other chains or in the central services of Inditex.

The opening of a new chain always involves a reconsideration of all the policies of the company, mixing the experience acquired by the Group in the course of its existence with the continuous adaptation to the setting and the customer. In 2008, the opening of Uterqüe was an important challenge regarding the management of staff, in which Inditex used its policy of internal promotion. The totality of the positions of responsibility of the stores of the new chain have been occupied by company professionals from other chains in the Group or from other areas such as logistics.



UTERQÜE

Inditex fashion complements and accessories chain opened its doors simultaneously in A Coruña, Barcelona and Madrid. At the end of the year, Uterqüe had 31 shops in Spain, Portugal and Greece. In this launch, Inditex followed its usual policy of internal promotion and training. All the positions of responsibility in the chain, both in the shops and in logistics or in the central offices were covered by Group professionals.

The personality of Uterqüe, marked by a quality offer and exquisite attention to the customer, make the selection of staff and their training very demanding. All new employees of the chain have received intensive and specific training on their new responsibilities and the characteristics of the Uterqüe style and its products. Furthermore, the staff of each one of the new stores that the chain has opened have received an opening course with specific contents such as customer services and characteristics of the collection.

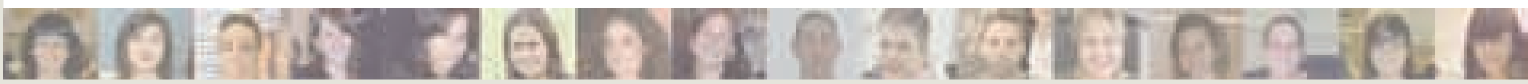
In total, for the launch of Uterqüe over 6,800 hours of training have been given for the staff of the new chain.

Motivation

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

During 2008, for example, Tempe, Inditex's footwear design and distribution company, started up the following projects within the area of Management of Persons:

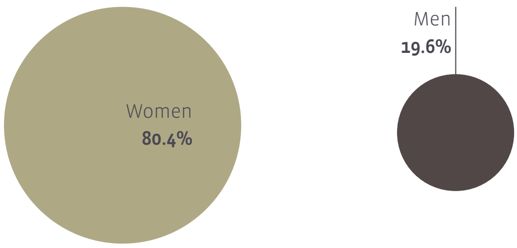
- Valores Tempe
- Plan for professional development: System of Tempe powers
- Training at the Zara point of sale
- Promo Project (professional career 3 years)
- 360º Evaluation of intermediate management
- Evaluation of the performance of the logistics operatives
- Application of the evaluation of performance in Tempe
- "Express School" of design
- "D-Day" (detection of talent)
- 90 integration programmes
- Development of the programme of succession (Management +Managers + Lines)



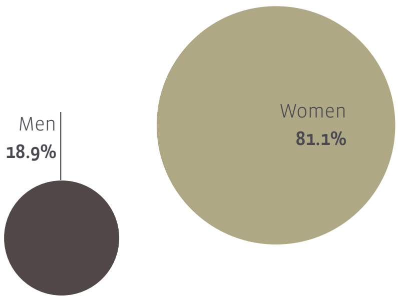
EQUALITY, DIVERSITY AND RECONCILIATION

The Inditex Group staff is made up of 80.4% women and 19.6% men. At Inditex, men and women compete equally for opportunities in the recruitment processes, and apply for internal promotion based on the same criteria of assessment, development, talent and dedication to their work.

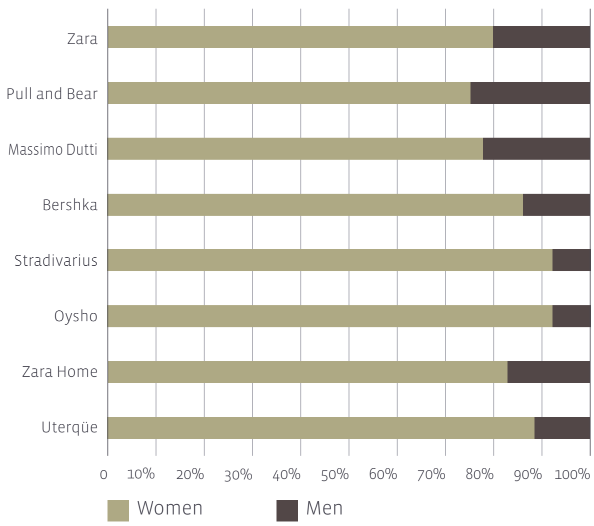
Employees by gender in 2008



Employees by gender in 2007



Employees by sex in each commercial format (%)



In 2006, Inditex endorsed its commitment to equality both vertically and horizontally with the ratification of a project, *Equal Active Diversity*, co-financed by the European Commission and directed in its social responsibility actions by the Spanish Coordinator of the Women's European Lobby and Carolina Foundation which aims to promote the implantation of measures in companies that endeavour to reduce inequalities between men and women. In the framework of this project, a situational analysis was carried out, which concluded that Inditex has an unequivocal commitment to equality and non-discrimination.

The commitment was completed with the approval by the Group management of a performance protocol against possible gender discrimination and sexual harassment in which if any employee were to complain, an internal investigation would be started with the aim of establishing the facts and possibly dealing with those responsible.

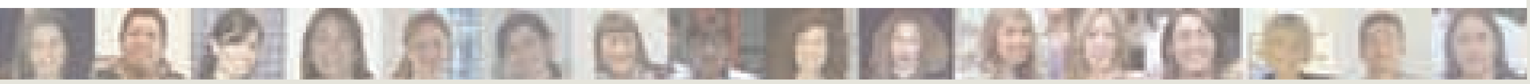
The presence of women at management level corresponds exactly to the percentage of women in the work force (80%), which constitutes a very postive figure in terms of vertical diversity. In fact, the case of Inditex was highlighted last June in one of the lectures at the annual conference of the *International Association For Feminist Economics* (IAFFE) which was held at Simmons College in Boston (United States).

During the 2008 financial year, Inditex took another step in this field with the signing of two equality plans for the logistical centre in Zaragoza and the factories of Arteixo and Narón (A Coruña).

The objectives of the equaility plans of the Group are:

- To promote the principle of effective equality between men and women, guaranteeing in the manufacturing companies the same opportunities of access to employment and professional development in all ambits.

- To continue to achieve a balanced representation of women in positions of responsibility.



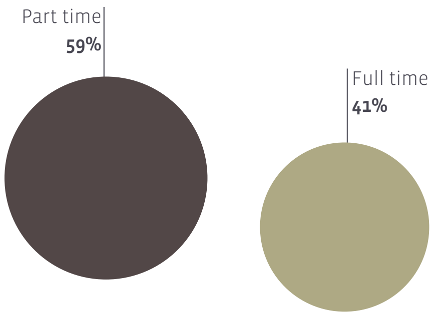
• To prevent discrimination by reason of sex and sexual harassment at work by means of the effective application of the protocols.

• To establish and spread the social and family reconciliation measures in such a manner that professional development is made compatible with attention to family responsibilities, especially regarding young people and dependent older people.

LABOUR POLICY

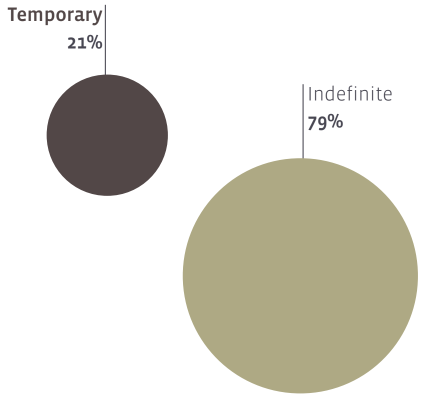
One of the main characteristics of the Inditex business model is flexibility, which is reflected in the human resource policy. The company offers a range of positions with different working hours so as to facilitate, to the extent that this is possible, stable work shifts. In 2008, the evolution by type of working day in the Group showed an increase in hiring part-time, going from 53% in 2007 to 59% in the last financial year, which makes clear that more and more employees are using this formula to make their work compatible with family or studies.

Employees per type of working day in 2008



On the other hand, Inditex is making a commitment to the creation of stable employment. In 2008, indefinite contracts represented 79% of the total. Temporary contracts, which amount to 21%, are only used under extraordinary circumstances.

Staff structure per type of contract in 2008



In 2008, there has been greater emphasis on aspects of the reconciliation of work and family life such as the protection of pregnant and nursing women, the prevention of accidents at work during pregnancy, compatibility of part-time work and caring for younger children and older dependent people or extended periods of leave for the same reasons.

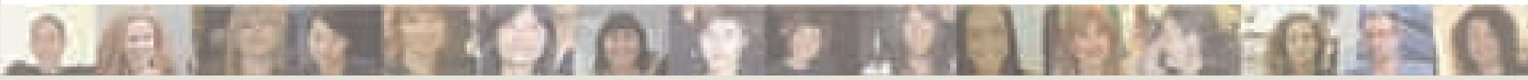
Policy of payment

All the areas of Group activity, independently of their direct or indirect relationship with the store, are aimed at giving a response to the demands of the customers. This means that, apart from the variable part of the salary associated with sales for store employees, those who work in logistics and production also have elements of pay linked with productivity and a large number of jobs in the subsidiaries and chains also have a variable percentage to their salary.

Within the variable pay policy of the employees of the central services, new criteria have been set for fixing objectives. All positions will have:

- Part of the variable with common quantitative objectives.
- Part of the variable at the choice of the persons responsible among sector objectives and concrete projects.

In this way, a further step is taken in the alignment of variable pay with the objectives that are common to the whole Group.



Staffing costs (in thousands of euros)	2008	2007	Var. 07/08
Fixed and variable salaries	1,389,177	1,193,677	16.3%
Social security contributions by Inditex	314,010	279,223	12.4%
Total staffing costs	**1,703,187**	**1,472,900**	**15.6%**

Occupational risk prevention

During 2008, different actions have been started up in the matter of prevention of workplace risks. The following are the most significant:

- Drawing up of emergency plans and simulations of evacuation from the warehouses, headquarters and stores for 7,600 workers.

- Extension of the organisational structure with the integration of the different teams of human resources of each one of the chains as collaborators in certain tasks in the matter of risk prevention.

- New system of management of prevention online through forms implanted in the Store Management Terminal (TGT), such as the investigation of accidents or the notification of sick leave, with the result that it is intended to improve both the management and control of absenteeism. A total of 5,258 store workers received training in 2008 through TGT on workplace risks.

- Creation of internal auditing procedures in all the logistical platforms, with the aim of getting to know their levels of adaptation to the basic regulations of prevention.

- Creation of the "Prevention Week" in Uterqüe for 321 employees.

- Training in factories for 669 workers.

- Start up of the project "Physical exercise in the company" at the logistical platform in Zaragoza (Spain), in collaboration with the University of Zaragoza, with the aim of evaluating the advantages involved in carrying out physical exercise.

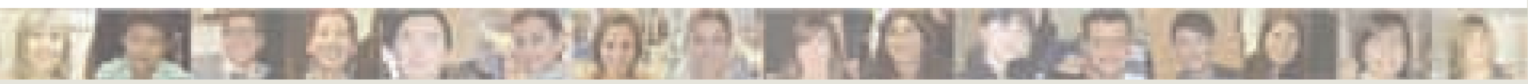
- Conduct of ergonomic studies on the logistical platforms and at the headquarters of Bershka and Massimo Dutti in Tordera (Barcelona), with the aim of improving the working conditions, in collaboration with educational institutions. The study carried out by the Biomechanical Institute in Valencia stands out, which had the aim of introducing preventive improvements from the phase of the project of different logistical positions.

During 2008, the work of Inditex in the sphere of prevention of workplace risks has been publicly recognised. To be specific, the General Directorate of Labour Relations of the Galician Regional Government gave Inditex the Premio Prever '07 in the category of Companies and Institutions by virtue of its work in favour of informing about and implanting the prevention of workplace risks in the social and employment fabric of Spain.

Furthermore, the Zara shop in the Gran Casa Shopping Centre in Zaragoza was awarded the First Premio Personae, awarded by the Sonae Sierra company, which recognises the establishment that has best adopted the criteria set in the Personae programme, of introduction of best practices in safety and workplace health.

Social dialogue

Social dialogue and respect for the freedom of labour unions have a preferential position in the Group's social policy. During the 2008 financial year, the fruit of the consensus achieved between the Group management and the social representation of the logistical centres, company agreements were signed in Spain in the logistical centres of Massimo Dutti and Bershka, in Tordera (Barcelona), Zara Home, in Meco (Madrid), and at the logistical platform in Zaragoza.



Environmental dimension

ADVANCES 2008

2008 was for Inditex an exercise in advancing in the commitment of the Group to respect and protection of the environment, an exercise marked by the start up of a number of initiatives which consolidate the environmental policy as a decisive element within the Inditex business model. These initiatives are giving shape to the Strategic Environmental Plan 2007-2010 (PEMA 2007-2010), which the Group presented to the shareholders in July 2007 and which articulates the environmental strategy of Inditex.

As a world fashion distribution company, with a network of over 4,000 stores, making the prototype of the eco-efficient store a reality is the main environmental milestone for Inditex in 2008. Zara opened an eco-efficient store in Athens last December in an emblematic building in the Greek capital. This store brings together all the initiatives started up until now by the Group in this field, as well as a set of new solutions which will be implanted progressively in its stores. Over the next few pages, the characteristics of the eco-efficient store are listed.

Zara Korai, Inditex eco-efficient store

Zara Korai is a milestone in the integration of the environmental commitments and the needs of development of the business, of which the Inditex professionals feel especially proud not only as a consequence of the results achieved but also for the important teamwork carried out. The opening of the eco-efficient store in Athens has required the work of nearly sixty professionals from all departments of Zara (design, architecture, international, purchasing, human resources, communication and environment) and a dozen suppliers and technologists.

It has been possible to include in this shop ecological materials, sustainable building criteria and energy efficient solutions, while attending to the image and needs of the stores, thus achieving a reduction estimated at 30% in the energy consumption compared with a conventional store. With Zara Korai operational, the model of eco-efficient store is consolidated and it will be extended and applied to new openings and to the rest of the chains over coming years.

Together with the social variable, environment is one of the fundamental pillars of Inditex´s business model. At present, all the initiatives of the Group focused on trying to reduce the environmental impact of its activity are articulated in the Strategic Environmental Plan 2007-2010. Stores play a major role within this Plan, as they are the main business scenario. José, Hilario, José Manuel and Antonio (from left to right) are members of the Architecture, ACM and Environment Departments at Inditex, and they work together to make the stores eco-efficient spaces. The elements which will subsequently arrive at all the stores are first tested at Zara´s pilot store at the headquarters in Arteixo.

All the chains in the Group have developed different initiatives during 2008 which make it possible to advance in the integration of sustainability into the business model of the Group, the reduction of global emissions of CO_2 and bringing our commitments to consumers. Examples of this are the product lines in organic cotton, plastic bags and paper with a guarantee of sustainable production (with FSC or PEFC certification) or participative projects that are open to all members of society such as the Pull and Bear Forest for the reafforestation of the Biosphere Reserve of Sierra Gorda (Mexico). On the web site of each chain it is possible to see the different initiatives in an updated manner.

Joining initiatives European: ERRT and REAP

The presence of Inditex in 73 countries and the involvement in its activity processes in numerous fields of an economic, social and environmental nature confer on Inditex the dimension of a global company. This fact means that Inditex is not only working so that its activity is developed with the least possible environmental impact but that it is an active party on platforms of international dialogue created to support and give a boost to initiatives which help to improve the development of the whole value and consumption chain of the fashion and consumption sector from the manufacturer to the final consumer.

As a reflection of the philosophy of Inditex to reconcile economic growth with respect for the different social environments and the protection of the environment, in 2008, the Group was one of the promoters of the *European Retail Round Table* (ERRT) and a close collaborator of the European Commission in energy efficiency and renewable energy. Through this initiative, Inditex has placed its experience and knowledge at the disposal of the European companies in the sector of consumption, accepting the global commitments and making them part of PEMA.

The **ERRT Declaration on Energy** of 10th March 2008 (www.errt.org) includes the commitment made by Inditex and another 13 European companies to work in energy efficiency with the aim of tackling the problem of climate change. The commitments are as follows:

- To reduce the consumption of energy per square metre of the commercial premises by a minimum of 20% for the year 2020 in comparison with the levels of the base year.

- To work to achieve the objective of using 20% renewable sources of energy in the year 2020, set by the European Commission.

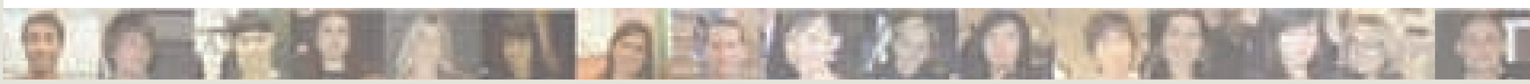
- To identify and share examples of best practices in the launch of solutions of energy efficiency in the chains. This should constitute an example to be followed by other distributors, suppliers and companies, generating greater reductions in the use of energy.

- Raising awareness among consumers. A good contribution which can be made by distribution companies and politicians is to encourage greater energy efficiency at home.

- To investigate other ways to supply information on energy efficiency on products marketed, and to urge manufactures to do the same.

- To share with other companies any knowledge on the most effective ways to inform consumers about efficiency and energy saving.

During 2008, Inditex also joined the **Retailers' Enviromental Action Programme** (REAP), a joint programme of the EuroCommerce European Association and of ERRT, of which the objective is to facilitate the dialogue between the European Commission and other interest groups, such as producers, one of whom is Inditex, so as to achieve a consumption sector that is more environmentally competitive. For this purpose, a *Retail Forum* will be created together with a Matrix of Points of Environmental Action (MAP, *Matrix of Environmental Action Points*). The commitments requested by the REAP advance along the lines that Inditex has been working on over the last few years, such as the reduction in the ecological footprint of the products and the promotion of more sustainable products.



Prospects 2009

Inditex is entering 2009 with great solidity in all the programmes linked with the PEMA and with the aim of achieving the partial objectives set. In the concrete case of the development strategy of the eco-efficient store, this will be adapted to the logical international evolution of opening of shops.

INDITEX ENVIRONMENTAL POLICY

Commitments

The pillar of our environmental management system, which is the source for our strategic lines, is the Environmental Policy of the Group, which includes the following commitments:

1. Inditex undertakes to consider the environment factor when planning and developing its activities and those of its business partners, encouraging the environmental awareness of its staff, sub-contractors and society in general.

2. Inditex undertakes to fulfil the environmental regulations that apply to its activities, as well as any other obligations laid down. It will endeavour to prevent pollution and reduce the environmental impact of its activities to the minimum.

3. Inditex is making an effort towards continuously improving our Environmental Management System, thereby increasing its efficiency and ensuring a more efficient consumption of resources.

4. Inditex undertakes to inform all of our employees and society about this policy, establishing a fluid communications policy with the authorities, local communities and interested agents.

These principles apply to all of Inditex's companies and work centres, being established under an Environmental Management System in accordance with the ISO 14001 standard at the head office, logistics centre and factory in Arteixo (A Coruña); at the factories in Narón and Ferrol, (A Coruña); and the Zara, Zara Home and Uterqüe chains in Arteixo (A Coruña); Pull and Bear in Narón; Massimo Dutti, Bershka and Oysho in Tordera (Barcelona); and Stradivarius in Sallent de Llobregat (Barcelona); and in the logistical centres in Zaragoza, Leon and Meco (Madrid).

International growth of the Environmental Management System

The Environmental Management System was the instigator and driving force of initiatives that the Group has been incorporating in the last few years to their production processes. Currently, the challenge of the Environmental Management System is to grow at the rate of the chains, which generates obligations and needs of environmental management.

The system is structured with great flexibility to adapt the global criteria to the local needs of each store and chain. The main tasks carried out by the Environmental Management System are the following:

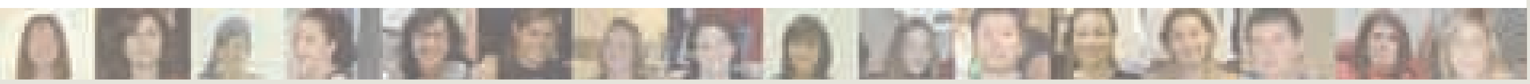
- Continuous evaluation of the fulfilment of the legal regulations at the international level.

- Maintenance and exploitation of the System of Environmental Indicators at Inditex (SIMISoft), for the online management of environmental indicators and drawing up of reports and papers.

- Conduct every six months of a systematic combination of internal and external independent audits of 100% of the industrial centres and headquarters of chains. In the shops in Spain, an environmental criteria evaluation process is carried out with a random sampling process, which is progressively being extended to other countries.

- Control and monitoring of the Waste Minimization Plan, the Packaging Reduction Plan and the Programme for Control and Prevention of emissions and dumping, carrying out periodic analyses.

- Evaluation and monitoring of the environmental commitments of suppliers.



- Environmental training and awareness-raising for new staff, repeated every two years for all the staff. It is given in three formats: attended courses, via intranet and via the internal magazine.

- External environmental communication with participation in a range of forums and conferences.

Likewise, the system periodically evaluates the potential impact on biodiversity and the natural environment. At the close of 2008, Inditex can guarantee that its activities and installations do not impact on biodiversity, either in protected or restored habitats. Nor do they have any effect on lands surrounding natural protected areas or on protected species included on the red list of the International Union for the Conservation of Nature and Natural Resources.

The great novelty of the 2008 financial year is the evolution among the stores, which has made it possible to go from processes of evaluation and control to the creation of the eco-efficient store.

This significant qualitative leap not only makes it possible to build and operate more sustainable stores but it also facilitates control of environmental and energy management of the store, obtaining data of higher quality for the System of Indicators, which makes it easier to work on actions of improvement. In turn, this extension of the Environmental Management System into stores transfers the commitment of Inditex to sustainable development to employees and customers in a clearer and more powerful way.

The international ISO 14001 Standard of environmental management systems obliges all those installations which wish to get through the process of certification to fulfil the legislation and a series of additional obligations which, in the case of Inditex, are included in the following aspects:

- Inditex has accepted a number of commitments to the protection of the environment and sustainable development which constitute its environmental policy, which it applies and develops at all its installations and with all its employees and suppliers.

- Inditex has defined heads for all the processes and obligations related to waste management, emissions to the atmosphere and dumping of waste water, which guarantee proper control and management.

- Inditex has hired waste management companies authorised by the public administration, whose priority it is to recycle the waste that they take away from installations.

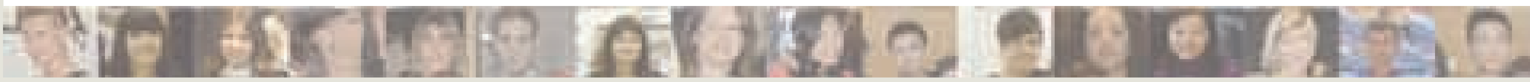
- Inditex has monitoring procedures to minimise the consumption of unrenewable and renewable raw materials associated with its activity (energy, water, fuel, plastic, paper...).

- Inditex gives training and raises awareness among all its employees and new staff on the matters mentioned above.

- Annually, Inditex sets itself objectives of improvement which are evaluated in their fulfilment every six months.

- Inditex carries out periodic inspections on all these matters and every six months an independent consultancy team evaluates fulfilment. Once a year, those audits are carried out by an independent certification body with international accreditation.

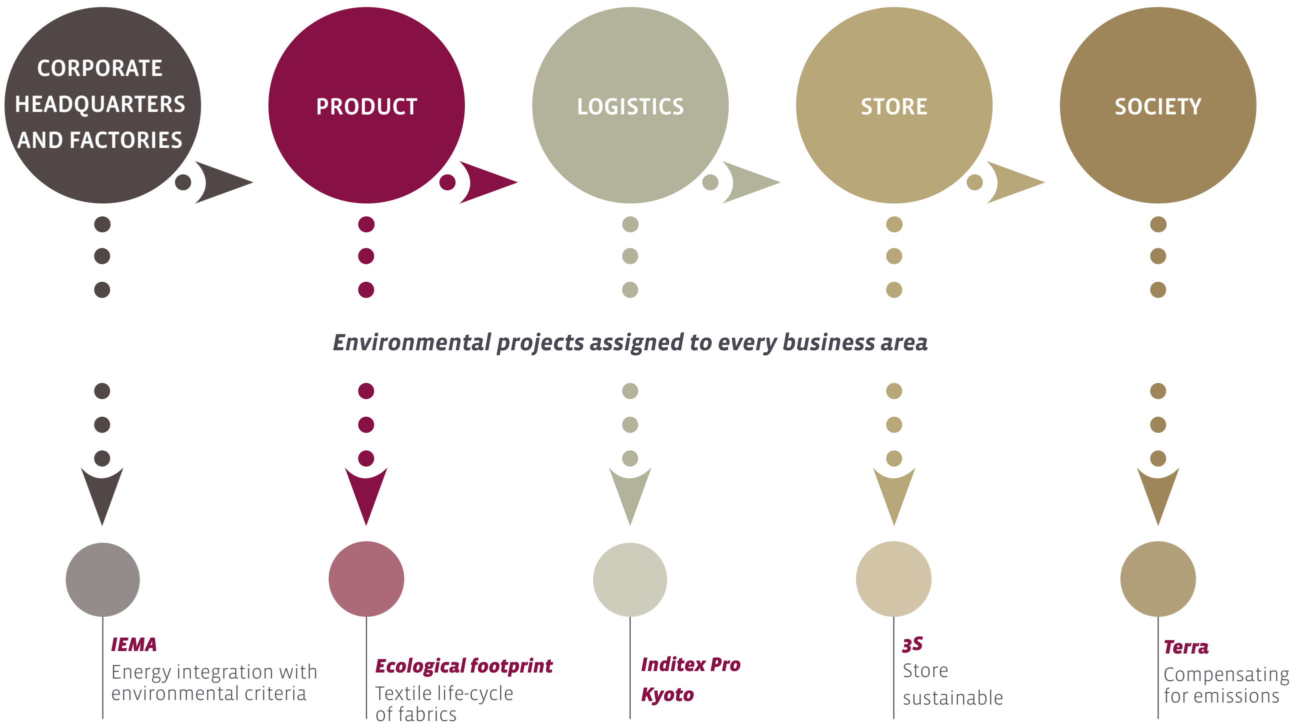
The Environmental Management System is therefore a powerful management tool which is being incorporated at new workplaces and with new staff, thereby guaranteeing the monitoring and reduction of impact and ongoing environmental improvement.

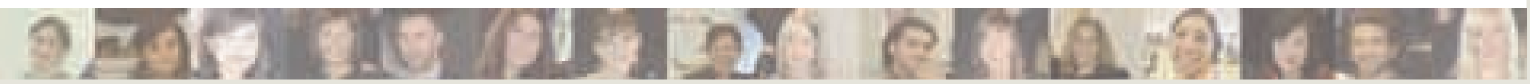


PEMA 2007-2010: ENERGY ECO-EFFICIENCY AND ENVIRONMENTAL COMMITMENT

During 2008 Inditex, through all its working teams and in all areas of activity managed to advance in the programmes which make up the PEMA. Within the evolution of all of them, the great advance of the PEMA in 2008 was to make the eco-efficient store a reality. However, this was not the only one. The development of projects of the PEMA enjoys the joint work of the best teams, involving people with experience and motivation from all areas of the Group: design, logistics, architecture, building, production, purchasing, finance, human resources. communications and maintenance. Furthermore, the company has had the full collaboration of qualified suppliers and universities.

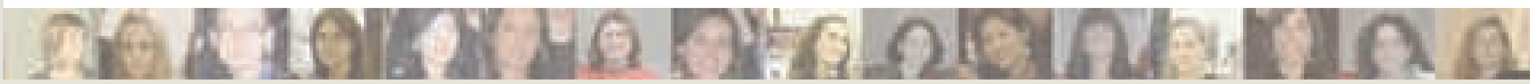
INDITEX PRODUCTIVE CYCLE AREAS



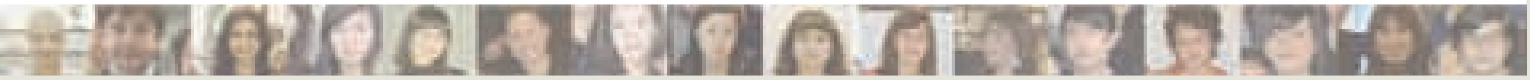


PEMA 2007-2010

Project	*Impact Area*	*Description*
1. IEMA Energy integration with environmental criteria	**Central Headquarters, headquarters of the chains, factories and logistical centres**	Integration of the variables of efficient energy consumption, sources of renewable energies and atmospheric emissions in one single management model.
2. Ecological footprint Textile life-cycle of fabrics	**Product**	Analysis of the variables that affect the environment in the manufacturing of clothes in order to design a production evaluation tool with sustainable criteria.
3. Inditex Pro Kyoto	**Transport and logistics**	Control and reduce the indirect emissions of greenhouse gases (GEI) generated by logistical activity. Develop compensation mechanisms for the emissions of greenhouse gases.
4. Terra Compensating for Emissions	**Society**	Planting of the necessary expanse of forest to completely compensate for the CO_2 emissions from Inditex central services in Arteixo (A Coruña).
5. 3S Sustainable store	**Stores**	Integration of energy sustainability and efficiency criteria to all the Group's stores.



Actions 2008:	*Objectives 2009*
- Application of criteria of energy innovation in the execution and extension of the installations of the logistical platforms in Palafolls (Barcelona), Zaragoza and Meco (Madrid), which makes possible an estimated reduction in energy consumption of 15%. - Training of the heads of the processes in the control of consumption and costs, with the objective that they should become involved in reducing emissions and energy efficiency. - Imparting courses to raise awareness among the staff in the efficient use of electrical energy.	- 2009 will be a year of improvements in the management efficiency with the objective of achieving a 3% reduction in global energy consumption at headquarters and logistical centres.
- Imparting courses to raise awareness among the staff in the efficient use of electrical energy.	- Termination of the project, making available to footwear designers a tool to incorporate ecological criteria in the design.
- Agreements with transport companies which provide services to Inditex. - Environmental audits of logistics. Pull and Bear pilot scheme. - Re-use me Programme. - Zara Euro5 Truck Fleet. - Training of professional personnel in efficient driving practices. Efficient driving manual. - Conduct of the project of R+D+i of ECO Trucks. - Efficient systems in the maintenance vehicle fleet. - Information on sustainable mobility for employees. - Information to customers on sustainable travel to stores.	-Termination of the projects throughout 2009.
- Signing of an agreement with the Galicia Regional Government for the conduct of projects of creation of forest areas of a high genetic level. - Initiative *The Pull and Bear Forest* by Pull and Bear to make its message of commitment to the environment known to all its customers: 1. - Cessation of the edition of the catalogue on paper. 2. - Reafforestation of an area of the Sierra Gorda (Mexico) Biosphere Reserve.	- Continuation of the collaboration agreement between the Galician Government and Inditex for the creation of new nurseries of suitable forest seeds in Carboeiro and O Seixo in A Coruña (Spain). - Commitment of Inditex to the 2009 edition of "The hour of the planet", an initiative promoted by the WWF with the aim of raising awareness in society about the importance of the fight to prevent climate change. - Collaboration of Oysho with the WWF in an awareness raising campaign for the protection of the sea.
- Opening of the first eco-efficient store in Athens (Greece). - Reduction in the number of illumination hours for shop window displays. - Reduction of temperature variation in the stores. - Exclusive use of biodegradable plastic bags with d2w additives, which make it possible to reduce the time for the bag to degrade. - Exclusive use of paper bags with the PEFC or FSC certificate which accredits that the raw material comes from sustainable forest operations. -Training in the rational use of water by the store personnel.	- Progressive implantation of the model of eco-efficient store as the process of expansion advances in stores belonging to the Zara chain, adapting it to the characteristics of the premises. Furthermore, extension of the model of the Zara eco-efficient store to the other chains. - Reduction of 1% in the emissions of greenhouse gases associated with stores. - Development of new product lines of organic cotton according to the fashion trends detected by the designers.



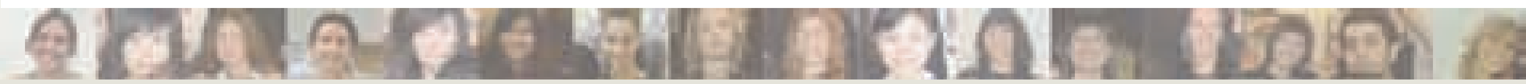
1. IEMA Project

Energy integration with environmental criteria

This project is aimed at the practical application of eco-innovation to the management of energy consumption. The purpose of this project involves the integration of the efficient energy consumption variables, renewable energy sources, atmospheric emissions and climate change within a single management model that will allow the control and coordinated implementation of decision making processes.

Strategic objectives

- Optimization and minimisation of the energy consumption in a global manner and especially reducing the consumption of fossil fuels (diesel).
- Minimising the direct and indirect emissions of greenhouse gases generated by the activity of the company.
- Develop compensation mechanisms for the emissions of greenhouse gases.



Actions 2008

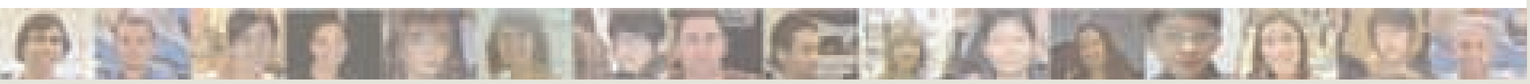
• Application of criteria of energy innovation in the execution of the installations of the logistical centre in Palafolls (Barcelona), the extension of the logistical centre in Zaragoza and the extension of the logistical centre in Meco (Madrid), in such matters as insulation, lighting and efficient use of energy, which makes possible an estimated reduction in energy consumption of 15%.

• Training of the heads of the processes in the control of consumption and costs, with the objective that they should become involved in reducing emissions and energy efficiency.

• Courses to raise awareness among the Company's staff in the efficient use of electrical energy

Objectives 2009

• 2009 will be a year of improvements in the management efficiency with the objective of achieving a 3% reduction in global energy consumption at headquarters and logistical centres.

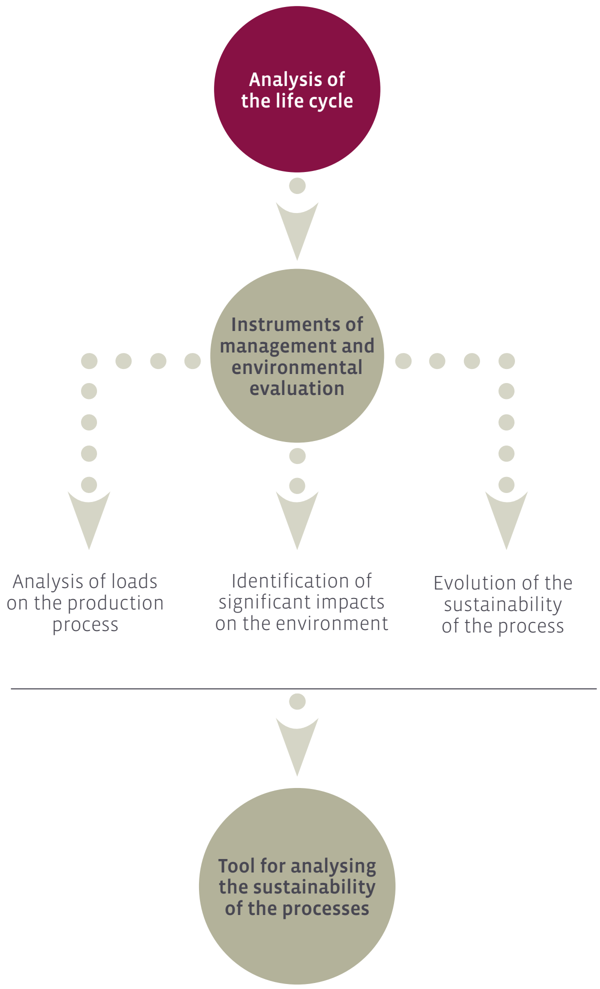


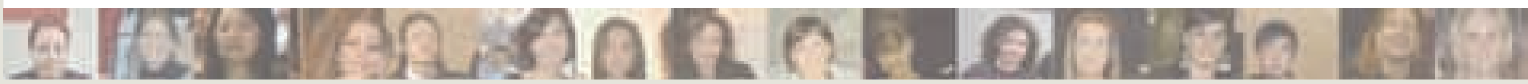
2. Ecological footprint

Analysis of the life cycle of textiles and footwear

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

The project will be completed with the development of a software programme that allows the application of a simplified Life Cycle Analysis methodology to production.



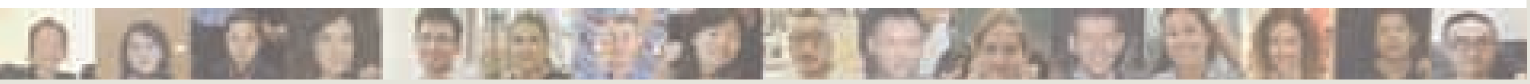


Actions 2008

Beginning of the project at Tempe, a company in the Inditex Group specialising in design, production and distribution of footwear for the different chains. The definition of the life-cycle of footwear has been developed and the materials used in the production have been studied and analysed, evaluating their possible environmental risk. From the study, a range of product alternatives has arisen which minimizes the environmental impact and reduces the consumption of raw materials.

Objectives 2009

In 2009 the project will be completed, making available to designers a tool which will permit them to incorporate ecological criteria in the design, and it may even be possible to develop a line of ecological footwear.



3. Project Inditex Pro Kyoto

Inditex ProKyoto puts into practice the commitment of Inditex to sustainability, climate change and the commitments deriving from the Kyoto Protocol in the sphere of transport and logistics. Given the relevance of logistical operations in the Inditex business model, the Inditex Pro Kyoto project sets out :

- **To reduce the emissions of greenhouse gases associated with logistics and distribution by 20% by 2020, with an objective of a 1% annual reduction up to 2012 and a 2% reduction from 2013 until 2020.**
- **To raise awareness among the staff of the company and encouragement of practices of sustainable mobility.**
- **Encouragement of sustainable mobility among customers.**

Actions 2008

Despite the fact that none of the Inditex Group companies has a transport fleet of its own, commitments have been agreed with the transport companies which provide services to the company. The commitments are included in the programmes of action of the project:

Environmental audits of logistics.

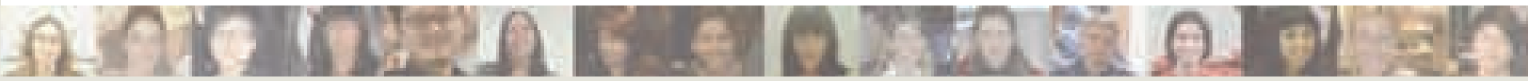
The objective is to analyse integrally and globally the flows of supply and distribution of logistics, with the aim of achieving maximum use of resources which will make it possible to reduce emissions of CO_2 generated by transport.

The pilot project initiated at Pull and Bear is taking into account factors such as the distance between centres, types of packaging, loading and unloading timetables, types of vehicle, levels of emission of CO_2, etc..., with the aim of redefining the logistics, thereby reducing the emissions of CO_2.

Re-use me Programme.

The objective is to reduce the amount of packaging by adapting the lorries to the needs of the Group, giving priority to the re-use of cardboard boxes, reducing the consumption of plastic and recycling 100% of the cardboard, plastic and wood remaining.

In 2008, the use of boxes was reduced by 2%, which involved a reduction in the weight transported and the emissions of CO_2 associated.



Zara Euro5 Truck Fleet.

The objective is to renew all the vehicles in the fleet which provide services to Zara with the aim that in 2010 they should fulfil the Euro 5 regulation (the most demanding European regulation in the matter of emissions from motor vehicles and of their specific spare parts).

During 2008, an advance was made in the renewal of the fleet which provides services to Zara, which amounted to a total of 69 Euro5 trucks, which represents 47% of the fleet.

Training of professional personnel in sustainable driving practices. Efficient driving manual.

The objective is the training of drivers of the truck fleet, in such a manner that the employees have the necessary preparation to obtain maximum use from their vehicles. In 2008, an efficent driving manual was created, which includes all the techniques of sustainable driving, which makes savings possible, both in fuel consumption and in other elements of the vehicle, such as wheels, brakes, the lifetime of the motor, among others, as well as practices to carry out a proper maintenance of the fleet guaranteeing the security of the vehicles, their availability and the minimum emissions of CO_2.

Conduct of the project of R+D+i of ECO Trucks.

The objective is to evaluate different alternatives to participate in R+D+i projects for more eco-efficient trucks, looking for technologies which make it possible to reduce emissions of CO_2. Inditex contributes its experience and logistical needs to the project as well as participating in the pilot test.

Efficient systems in the fleet of maintenance vehicles

The objective is to substitute all the petrol-driven maintenance vehicles with more efficient electrical vehicles with zero emissions of CO_2, which has involved changing 17 vehicles and a reduction of 0.08Kg of CO_2 per kilometre covered, since the large dimensions of the logistical centres and factories and the need for an urgent response to production contingencies, obliges us to have our own maintenance teams with a high movement capacity.

Information on sustainable mobility for employees.

The objective is to make available to employees information on sustainable mobility with proposals and solutions to make the journeys from their homes to their place of work in a simple and ecological manner. The plan contemplates, among other things, the use of public transport, car sharing or the use of a bicycle.

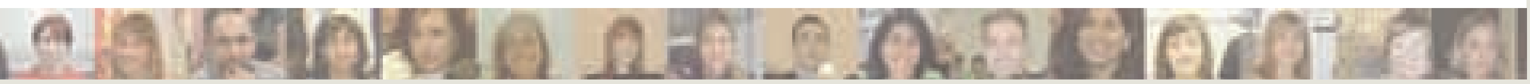
Apart from the reduction of CO_2, it is planned to obtain other advantages for the company, employees and society in general such as the saving on journeys and reduction in the number of vehicles on the roads.

Information to customers on sustainable travel to stores

The objective is to make information available to customers on sustainable transport, presenting comfortable and ecological options for transport to the stores.

Objectives 2009

Termination of the projects.



4. Project Terra

Compensation of emissions and protection of the natural environment

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

The main lines of action of the Terra project are:

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

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

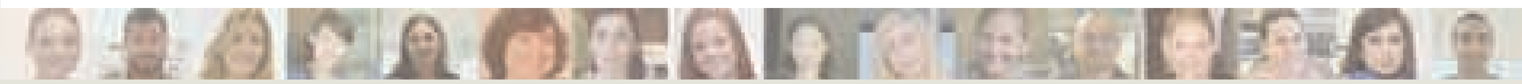
Acciones 2008

An agreement with the Galicia Regional Government for the conduct of projects of creation of forest areas of a high genetic level. The purpose of these projects is:

- The production and introduction of plants of high genetic value of tree species, especially leafy deciduous trees so as to create forests which guarantee the production of quality seeds.

- The increase in biological diversity and in carbon fixing, going deeper into the fight against climate change in the Galician woodlands.

- The start up of a line of social action which makes clear to the owners and inhabitants of rural villages the importance of managing and conserving the forests that the countryside in Galicia has.



The Pull and Bear Forest is the project started up by Pull and Bear to make its message of commitment to the environment known to all its customers. The starting point for the project was to raise awareness among young people on the problem of global warming by giving an example with the result that the chain has stopped printing its catalogue on paper in order to publish it exclusively on its web site (www.pullandbear.com), with the aim of avoiding cutting down trees to make paper. On the other hand, Pull and Bear is collaborating in the reafforestation of the Sierra Gorda Biosphere Reserve, in Mexico, which makes it possible to simultaneously combat climate change and the poverty of local communities. With this initiative, Pull and Bear is attempting to compensate for the "ecological footprint" of its catalogues and, additionally, to contribute to planting approximately 13,000 more trees in the reserve, for the sake of the environment.

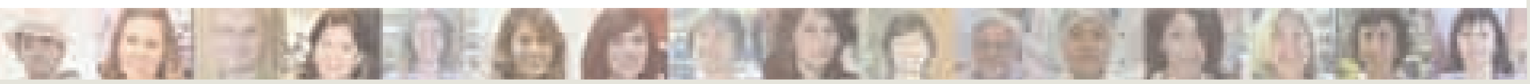
With the visit to the digital catalogue on the web site, the user of Pull and Bear avoids the emission of 400gr CO_2, while at the same time the chain has compensated for all its emissions of CO_2 corresponding to the catalogues of the last six seasons. Currently, Pull and Bear has already compensated for 8,300 t CO_2.

Objectives 2009

Continuation of the collaboration agreement between the Galician Government and Inditex for the creation of new nurseries of suitable forest seeds in Carboeiro and O Seixo in A Coruña with the species *Pinus radiata, Populus tremula, Pinus nigra corsicana and Castanea sativa*.

Commitment to the 2009 edition of "The hour of the planet", an initiative promoted by the WWF with the aim of raising awareness in society about the importance of the fight to prevent climate change, for this purpose actions aimed at raising awareness among the staff will be carried out.

Oysho will carry out, in collaboration with the WWF, an awareness-raising campaign on the situation of the seas, with the aim of sensitizing consumers and governments on the need to protect marine resources.



5. 3S

Sustainable store

It is not only important that the store is a key element in the Inditex business model but also that it involves the customer by including their participation in the company's commitment to the environment.

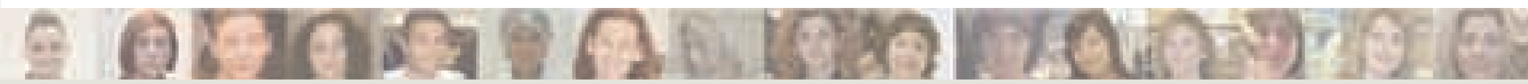
The 3S Project aims to guarantee the reduction in consumption and emissions of CO_2 associated with stores and to work on the construction of stores with parameters of sustainability. Its strategic objectives are:

- To extend the environmental variable to INDITEX's entire business model.
- Optimize environmental management costs in the stores.
- To create awareness and involve store personnel in INDITEX's environmental management model.
- To involve the chain of suppliers in environmental commitments of the Group.
- Guarantee obtaining the indicators and reliable data for the Sustainability Control Panel.
- To reduce the emissions of greenhouse gases associated with stores by 20% by 2020, with an objective of a 1% annual reduction up to 2012 and a 2% reduction from 2013 until 2020.

Actions 2008

The project has started from an analysis of the criteria of design and management in stores, applying approaches of sustainability and eco-efficiency. During 2008, the following milestones were reached, which will be extended to other countries during 2009-2010:

- Opening of an eco-efficient Zara store in Athens (Greece).
- Reduction in the number of illumination hours for shop window displays.
- Adjustment of the temperature inside the stores so that the contrast with the exterior is not excessive. This measure, furthermore, involves a reduction in the consumption of energy in air conditioning and heating.



• Exclusive use of biodegradable plastic bags with d2w additives, which make it possible to reduce the time for the bag to degrade and be converted into water, carbon dioxide and biomass.

• Exclusive use of paper bags with the PEFC or FSC certificate which accredits that the raw material comes from sustainable forest operations.

• Training of store staff to raise awareness about energy saving.

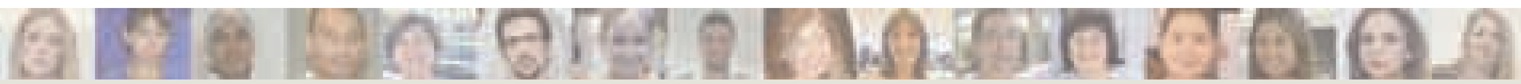
Objectives 2009

• Progressive implantation of the model of eco-efficient store as the process of expansion advances in stores belonging to the Zara chain, adapting it to the characteristics of the premises.

• Reduction of 1% in the emissions of greenhouse gases associated with stores.

• Extension of the model of the Zara eco-efficient store to the other chains

• Development of new lines of products made of organic cotton according to the fashion trends detected by the designers.



ZARA KORAI: THE ECO-EFFICIENT STORE

The Eco-Efficient Store project is one of the lines of action of Inditex that is of the greatest quantitative and qualitative relevance, given the weight that commercial activity has in the Group with over two million square metres of commercial area open to the public around the world.

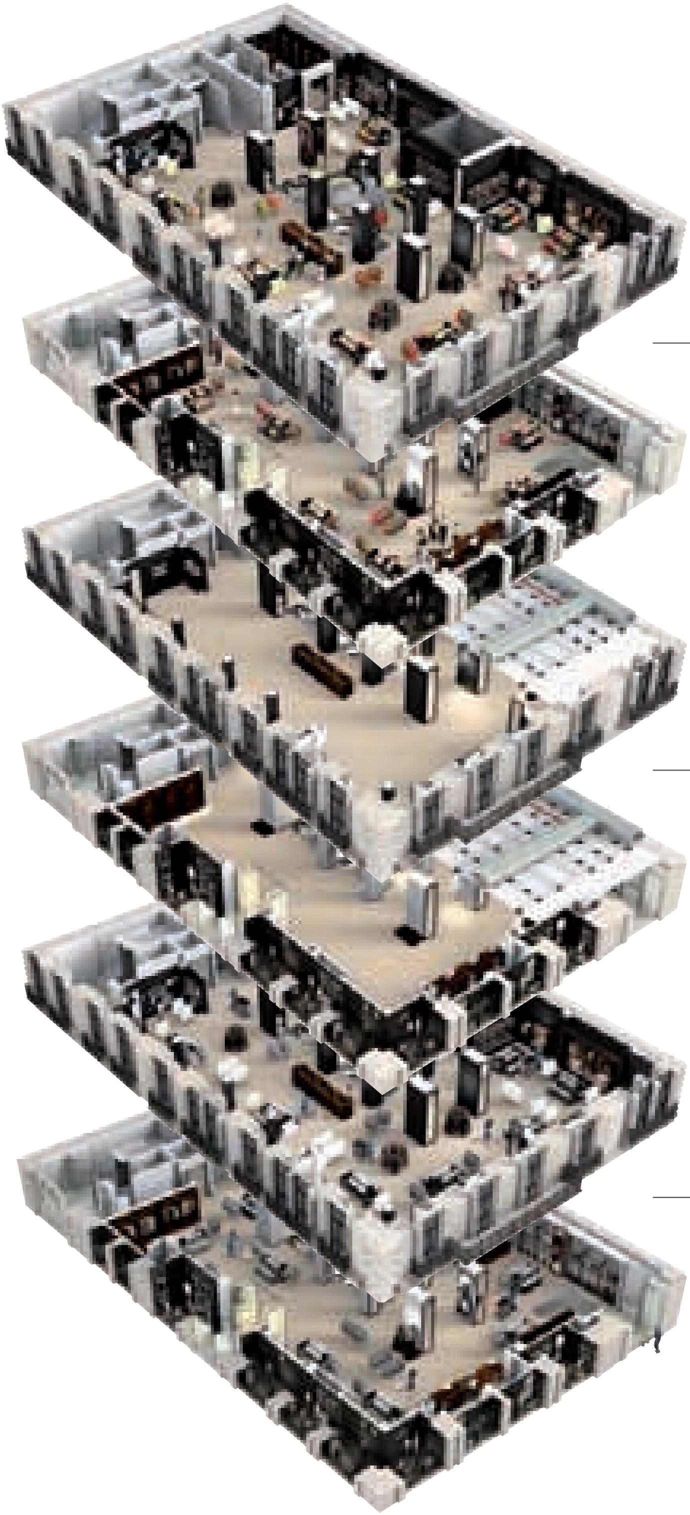
The project has become reality in the new Zara store in Korai, Athens (Greece), an establishment which brings together all the initiatives started up to the present in this field as well as a set of new solutions which will be implanted progressively in its stores.

The application of the standards adopted in the Korai store involves a rethinking of the processes of design, construction, management, maintenance and refurbishment of stores with the aim of making them establishments of reference in terms of energy efficiency, respect for the environment, reduction of environmental impact and minimisation of waste. The Group's Environment and Architecture teams, with the support of experts and technologists from three Spanish universities in A Coruña, Santiago de Compostela and Vigo have defined this model of best practice in the environmental sphere which will enable Inditex, and its suppliers, to establish a framework aimed at achieving sustainability in our stores.

Projects such as this constitute a unique occasion to bring together the development of a new concept of the eco-efficient store and the recovery of an emblematic building such as the one Zara will occupy in Korai, which will make it possible for Inditex to collaborate in the creation of spaces of greater quality, recovering a building of great artistic value.

The ***eco-efficient measures*** *implanted in Zara Korai* ***make it possible to reduce energy consumption by 30%*** *with regard to the annual average consumption of the store and avoid the emission of over 150 tonnes of CO_2 per year*

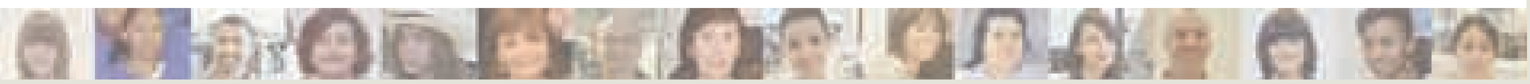
SUSTAINABILITY AND ENERGY EFFICIENCY IN:



1.- MATERIALS

2.- INSTALLATIONS

3.- SYSTEMS OF CONTROL AND PROCESSES



ZARA KORAI: A model of sustainability in a privileged architectural space

The store is located at number 2 on the Korai pedestrian street, on the corner with Stadiou street, a nerve centre in the life of Athens.

OVER ONE CENTURY OF HISTORY

The early 19th Century:	The late 19th Century:	1966	1984
Initially the building was the private residence of the Athenian philanthropist, Ioannis Hatzikiriakou.	The Hatzikiriakou residence was transformed into the Athens Grand Hotel coinciding with the Olympic Games of 1896, the first of the modern era.	In 1966, the hotel closed and the building was divided for different uses as offices, shops, banks and restaurants.	Since 1984, it has been one of the buildings in Athens protected by the Ministry of Public Works with the result that the restoration work that Zara carried out was supervised and coordinated from the start by the Greek ministries of Public Works and Culture.

Specifications

Number of floors	6 (4 and two warehouses)
Area	645 m^2
Sales area	2,400 m^2
Beginning of the project	March 2004
End of the Project	November 2008
Executed by	Department of Architecture and Building of Zara.

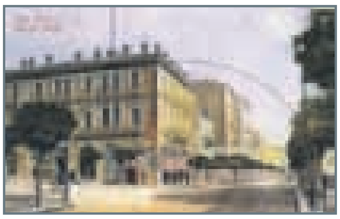
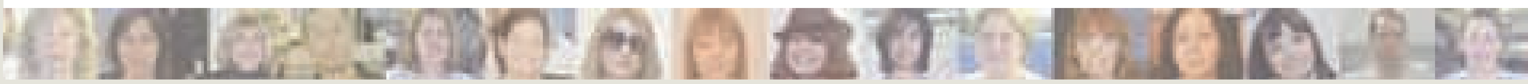


Illustration of the building at the end of the 19th Century.



The building in neo-classical style in which Zara is located in the centre of Athens dates from the early 19th Century.

Archaeological finding

The refurbishment project for Zara Korai was supervised from the beginning by the Greek Archaeological Commission. During the initial excavation work, three gravestones came to light from an old Roman cemetery located at a depth of two metres. After the proper restoration work and the cleaning of the discovery, the archaeological remains have been located in the same place where they were found and can be seen from the entrance doorway on Stadiou Street.

Restoration project

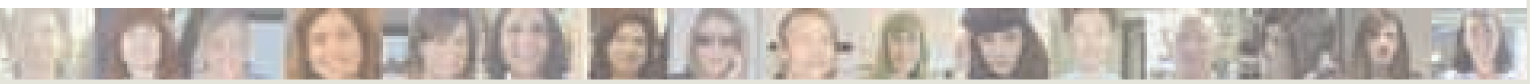
The restoration work on the two facades has been centred on cleaning and reconstruction of the mouldings, coffered ceilings and forgings which make up the balconies and doors in neo-classical style of this building.

Main access

In the late 19th Century, for its transformation into one of the most important hotels in the city, the building had further storeys added on and the main access was transferred from Stadiou Street to Korai, where it is now.

Facades

In order to preserve these facades, the building has been built with a metallic structure of internal beams which bear the weight of the building, which is totally independent of the external walls.



1.- MATERIALS
Environmentally friendly

BAGS

Paper bags

They have the FSC (Forest Stewardship Council) or PEFC (Programme for the Endorsement of Forest Certification) certification, which guarantees that the paper from which the bag is made comes from forests exploited in a sustainable and responsible manner.

Degradable plastic bags

They are manufactured with "d2w", an additive that accelerates the total decomposition of the plastic in a natural way over an average period of one to two years as opposed to more than 400 for conventional plastic.

Lamps

Among the lamps that fulfil the proper parameters for the illumination of the store, those with the greatest energy efficiency (those with the largest number of lumens per watt) have been selected. Furthermore, the lamps with the longest average life have been chosen and the use of incandescent lamps has been avoided because 90% of the energy consumed is lost as heat.

Surface coverings for internal and external walls

The paints and varnishes used are environmentally friendly.

Lifts

The installation of electrical lifts is favoured over hydraulic lifts due to the fact that the consumption of the former is much lower than lifts that work with oil.

Stone and paving

A large percentage of the materials used can be recycled and do not contain toxic or contaminating substances which can be liberated during the useful lifetime or as a waste product.

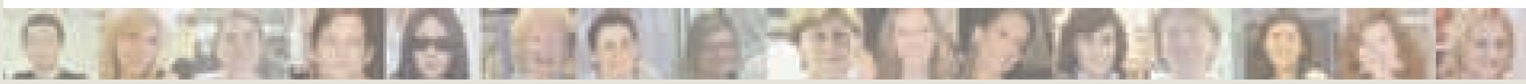
Escalators

They have a "repose mode": They only start working when the system detects the presence of a user.

Surface coverings for furniture

The paints, lacquers and varnishes used are environmentally friendly.

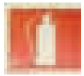
FSC



Posters and photographs

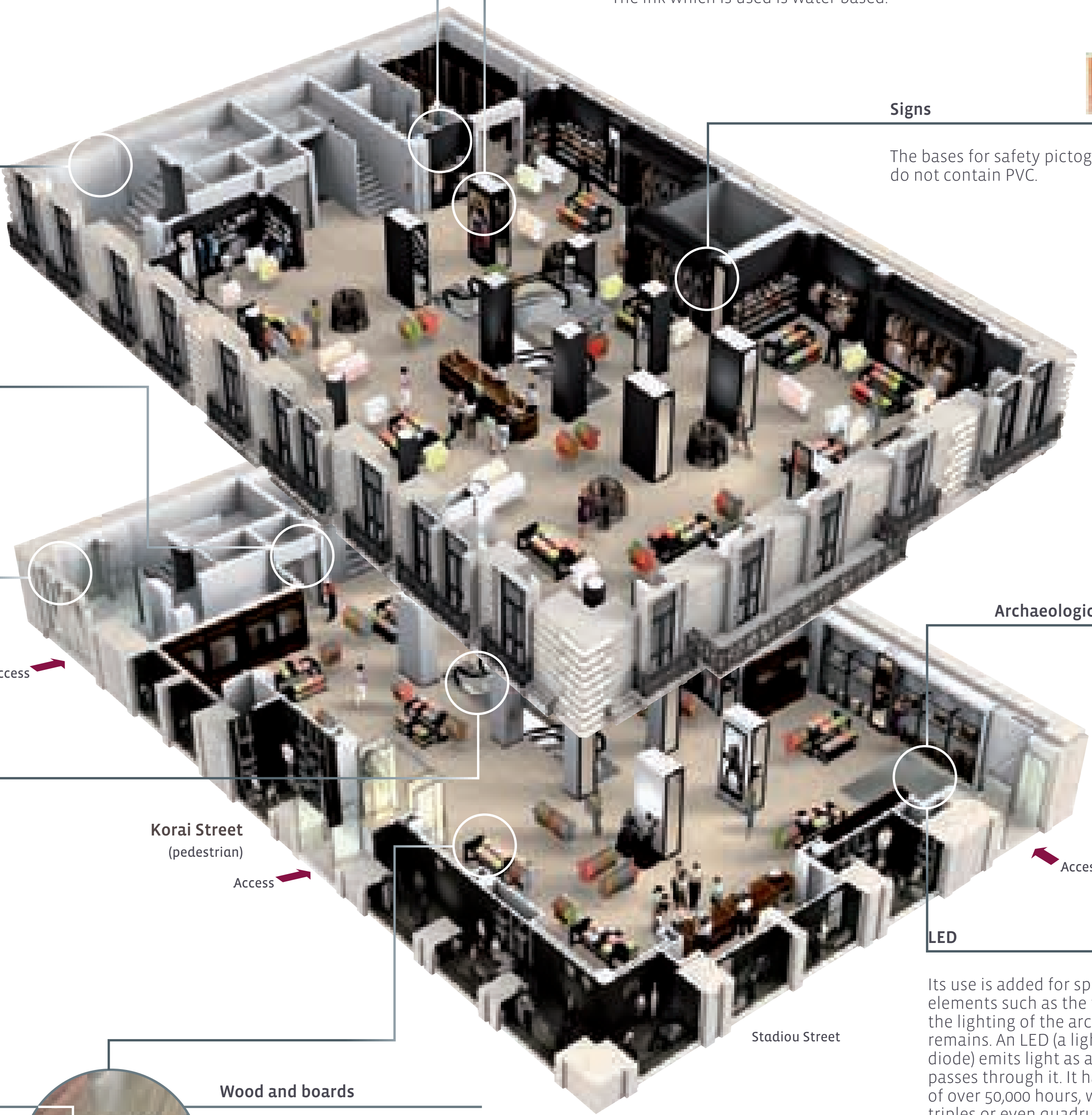
The photos have been produced in a new material: repositionable adhesive tape. This adhesive material has a polyester fabric, covered with a coating for printing with *dye-pigment*. The base of the fabric is basically TP but the hind part has a semi-removable adhesive of 50 microns and *coating*, which makes it possible to apply and remove easily from any kind of clean and smooth surface.

The ink which is used is water based.



Signs

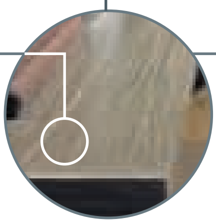
The bases for safety pictograms do not contain PVC.



Archaeological ruins

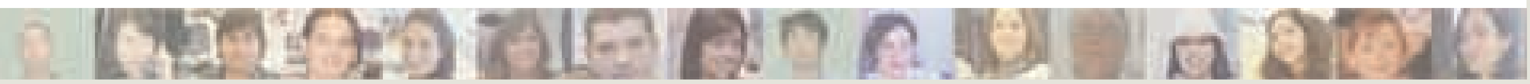
LED

Its use is added for specific elements such as the façade or the lighting of the archaeological remains. An LED (a light emitting diode) emits light as a current passes through it. It has a lifetime of over 50,000 hours, which triples or even quadruples the lifetime of a discharge lamp. It also does not emit ultraviolet radiation or contain mercury.



Wood and boards

All the wood used has the FSC (*Forest Stewardship Council*) or PEFC (*Programme for the Endorsement of Forest Certification*) stamp. Both certificates guarantee that the wood comes from woodlands that are exploited in a sustainable and responsible manner.



2.- INSTALLATIONS
The design of the electrical installation must fulfil some rules which will allow more eco-efficient use.

LIGHTING. Reduction of consumption

Lighting represents the largest energy consumption in the stores, reaching percentages of between 35% and 50% of the total. The lighting system is designed according to the needs of each section of the shop:

- Store: Movement detectors with reduction of the intensity of the lighting.

- In less-used areas (bathrooms, lockers...) movement detectors have been installed for turning the illumination on and off and fluorescent lighting with variable electronic ballasts.

- The external lighting of the shop is activated with photo-electric cells which detect external luminosity.

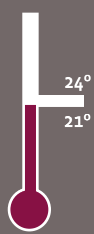
Control and regulation

According to the demand at each moment

An efficient system of control and regulation of the installation has been implanted which makes it possible to control the mode of operation as a function of the demand at each moment.

Thermostats

The thermostats are adjusted to a comfortable temperature inside the premises: the ideal temperature for Zara Korai is between 21 degrees in winter and 24 degrees in summer. The system allows a selection margin of ±2ºC. Each further degree that is demanded from the installation increases the energy consumption by 6-8% with the result that a proper regulation of the temperature set means a significant energy saving.



Thermostat with the winter temperature

Air-conditioning installations

The insulation of the perimeter of the premises is fundamental when obtaining good energy performance from the building, with the result that it is important to start with a design which includes the insulation of the walls, the windows, the floor and the roof, in such a manner that the losses are minimized through the walls of the premises.

The windows which overlook the outside of the building have been installed with double glazing with an air chamber.

The use of solar protection is a good system to reduce the solar gain in the summer. In the case of Zara Korai, external solar protection has not been installed as this is a protected façade.

Plumbing

The mixer taps installed permit a maximum flow of 6 litres/minute, which makes possible a reduction of 50% of water used in comparison with dual-control taps.

Variable Refrigeration Volume (VRV)

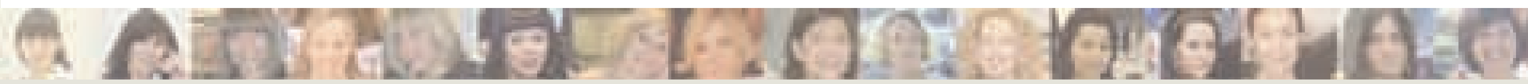
This is a reversible system which supplies heat or cold with a performance that is much greater than that of a fuel boiler. The use of the most efficient technology on the market is guaranteed.

Increases in insulation

In order to acheive greater thermal insulation, a double wall has been built with an air chamber in the interior of the shop.

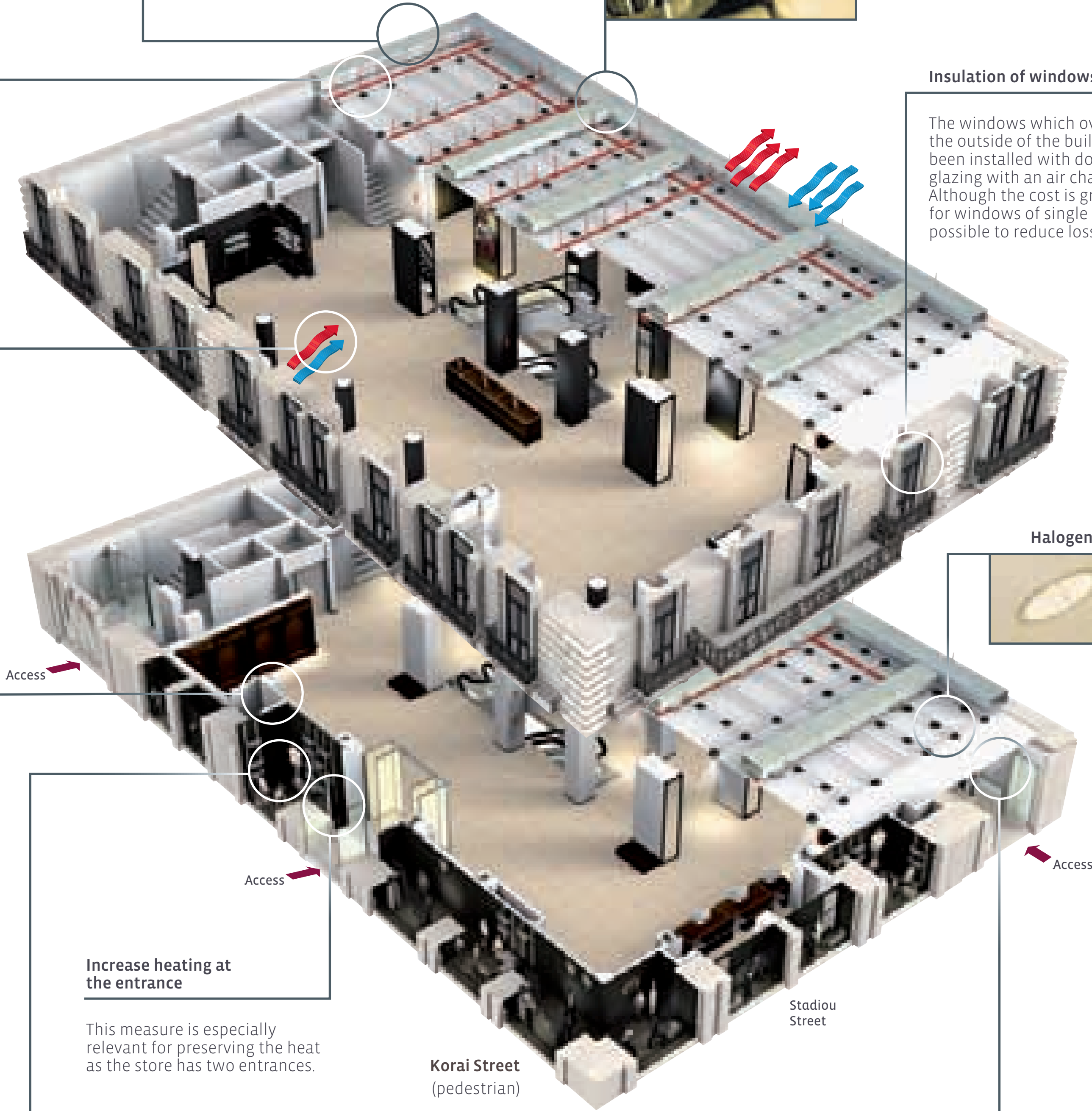
Lighting regulators in the shop-windows

The shop-window lighting is controlled by a light sensor which increases or decreases the light intensity of the shop window according to the external light.



Heat reclaimers from ventilation air

In the reclaimer, there is an exchange of heat between the air extracted from the building and the external air which is introduced as fresh air. This makes it possible to reduce the consumption of heating in winter and air conditioning in summer.



Insulation of windows

The windows which overlook the outside of the building have been installed with double glazing with an air chamber. Although the cost is greater than for windows of single glass, it is possible to reduce losses by half.

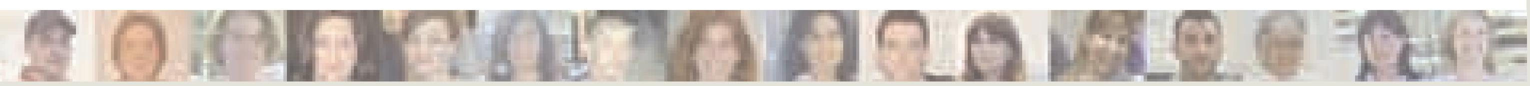
Halogen lamps

Increase heating at the entrance

This measure is especially relevant for preserving the heat as the store has two entrances.

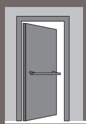
Air curtains

Installed on the entrance doors to the store, these heat curtains make possible an energy saving of up to 15% annually. They have an automatic system which is regulated according to the external temperature.



3.- SYSTEMS OF CONTROL AND PROCESSES

A proper organisation of tasks in the shop from an energy point of view is one of the aspects that has been studied at Korai.



Organisation by level of access:

- Level 1: Access for cleaning staff
- Level 2: Access for staff responsible for the store
- Level 3: Access of staff for emptying and closing cash desks:

Organisation by timetable

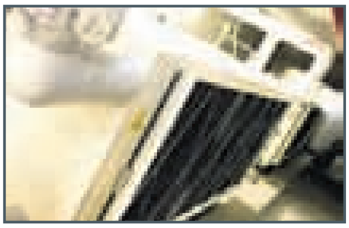
- Timetable 1: Main light
- Timetable 2: Air conditioning
- Timetable 3: Shop window lights

Timetable 1 – Main light timetable

A period of time is determined which begins five minutes before the time of opening to the public and ends between 15 and 30 minutes after the conclusion of the opening hours.

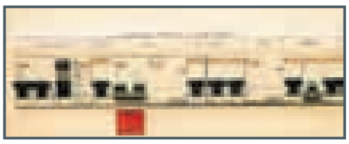
Timetable 2 – Air conditioning timetable

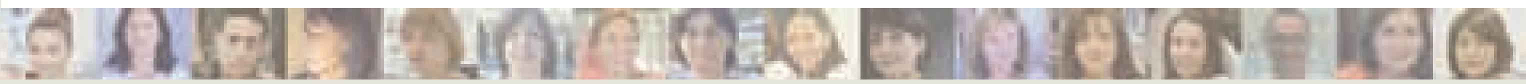
This time window acts to limit the functioning of the air conditioning to a period beginning five minutes before the time of opening to the public and ending 15 minutes after the conclusion of the opening hours.



Timetable 3 – Shop-window light timetable

It limits the lighting of the shop-window within variable parameters which are dependent on the location of the store and the climatic and light circumstances of the area.



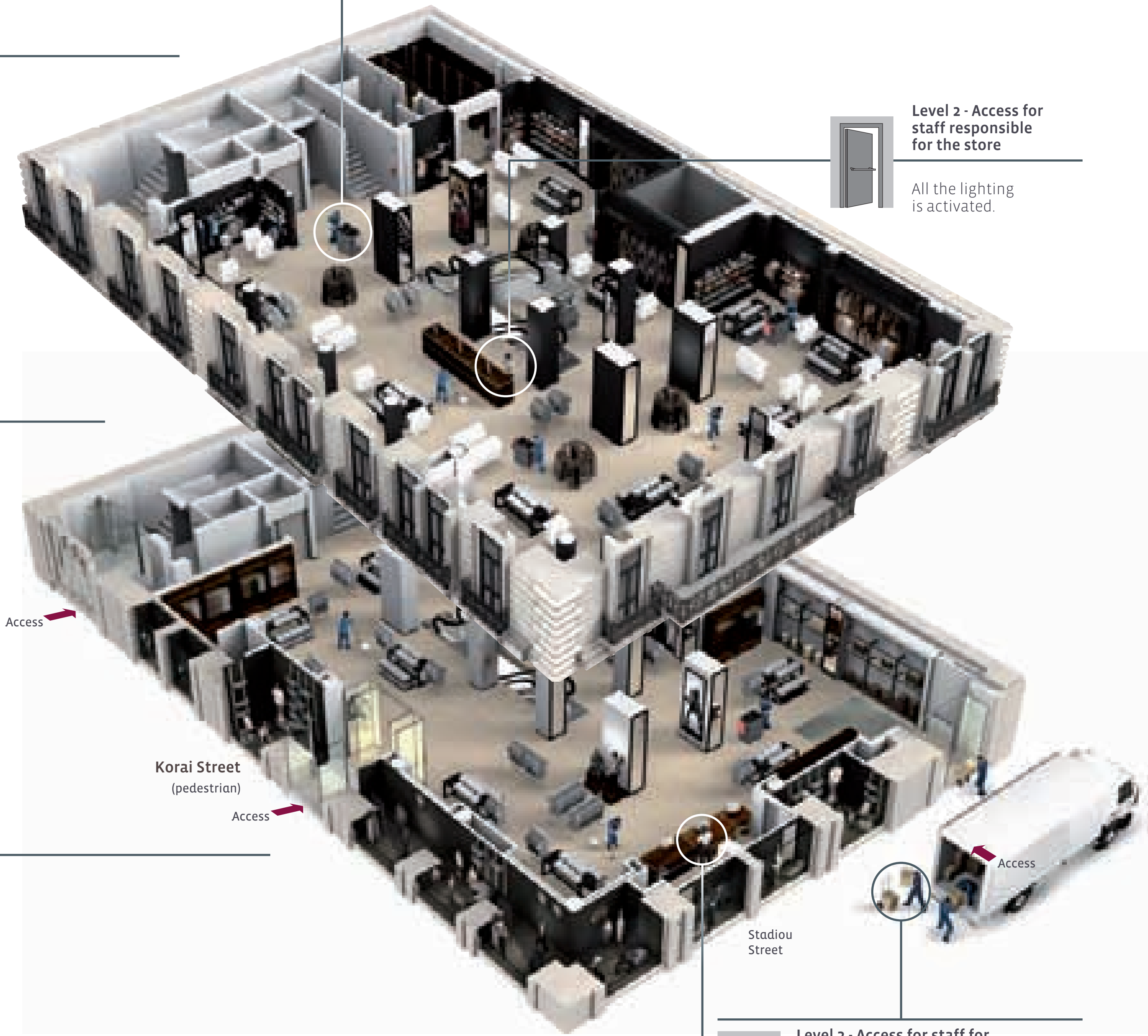


Level 1 - Access for cleaning staff

It starts from the moment at which the persons entering identify themselves in front of the command console with an access code with the permission established for the purpose. This causes the security system to disconnect, permitting access and it activates the S mode of operation for cleaning (33% of ceiling lighting).

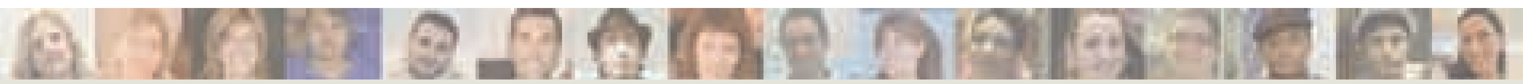
Level 2 - Access for staff responsible for the store

All the lighting is activated.



Level 3 - Access for staff for unloading and closing cash desks:

This circuit activates exclusively the lights necessary in the area of the cash desks and in the loading and unloading area for lorries for the conduct of these particular tasks.



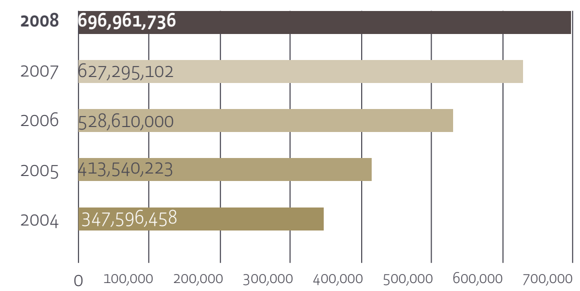
THE INDICATOR SYSTEM

The structure and the criteria of presentation of data and indicators (*) are maintained with regard to previous financial years, given the clarity that they supply to evaluate the implications of the business with sustainable development. The indicator of the number of garments put on the market continues to be used since it best represents the operation and activity in all facets of Inditex: design, production, logistics and marketing.

As a new feature in the presentation this year, the results have been broken down into three great blocks (design and manufacture, logistics and transport, and stores), which correspond to the three great stages of the activity of the company and which might help to better understand the results of the commitments to sustainability of Inditex.

These relative indicators serve to appreciate how the efforts to improve the environmental efficiency of the processes have improved, as with a larger number of garments on the market, not only does the generation of wastes and emissions not increase but in some cases it is even reduced.

Number of garments released on the market.



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

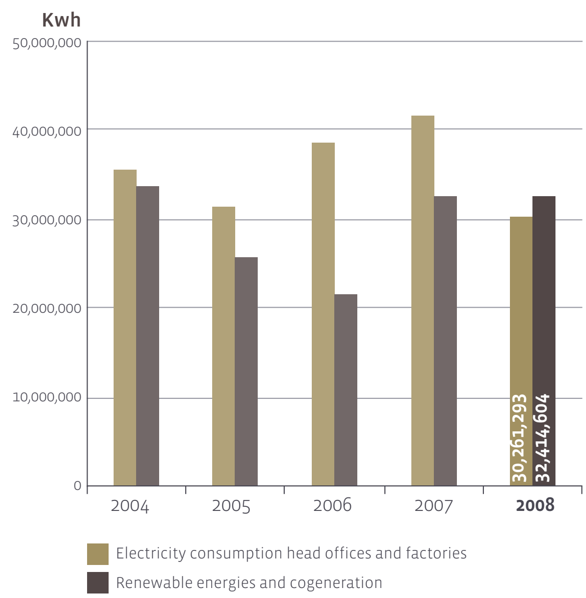
(*) All the indicators include data up to December 2008.

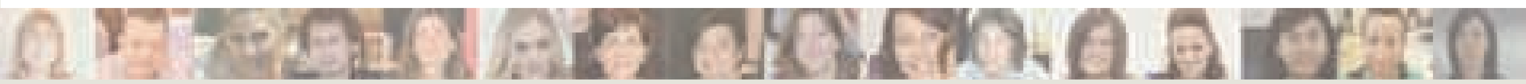
Energy consumption

At headquarters of chains and factories

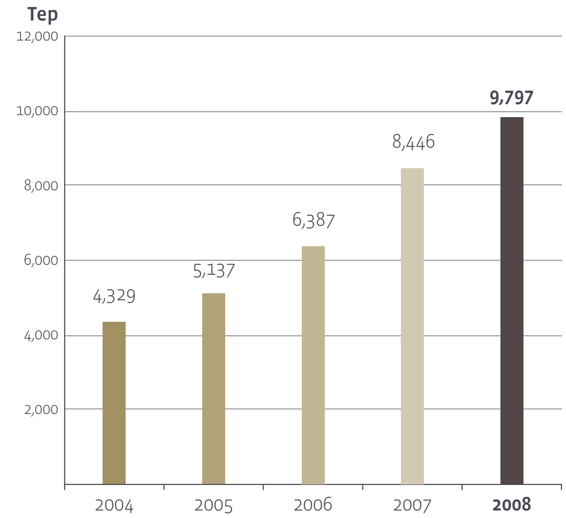
The system of energy supply at these installations has an important contribution from sources belonging to the Group (cogeneration plants and boilers for heating and process), on which there is an exhaustive control of emissions and a minimization and energy efficiency plan, in which substitution by sources of renewable energy and by natural gas is very important, which makes it possible to considerably reduce our emission levels.

The diagram of energy consumption from these activities makes it possible to combine all sources of energy with a global vision of efficiency and use of renewable energies. On the basis of this diagram of operation, Inditex had set itself a commitment that 50% of the energy consumed by the production processes should come from cleaner and more efficient energy sources such as cogeneration or renewables before 2012. This objective has already been achieved as can be observed in the following graph which compares the total consumption with the contributions of efficient energy sources.

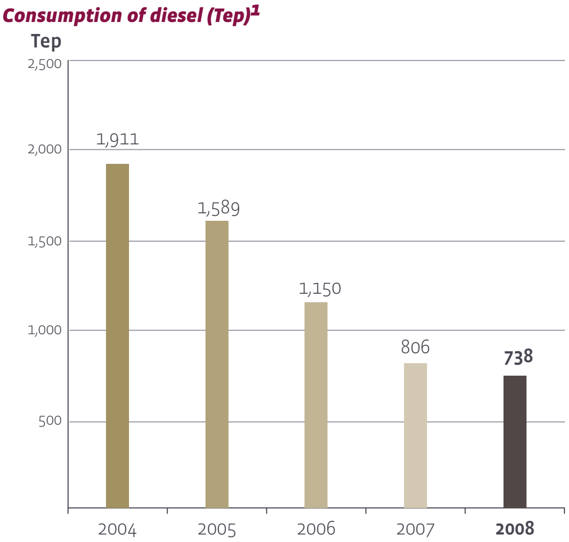




Consumption of natural gas (Tep)[1]



Consumption of diesel (Tep)[1]



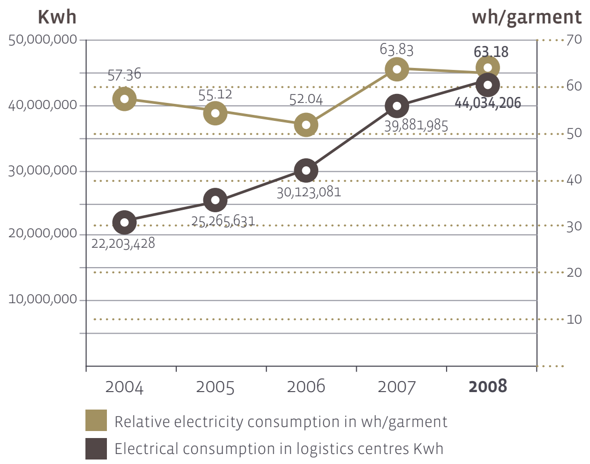
(1) Ton of oil equivalent = 41,868 GJ

10^3 m^3 of natural gas = 0.9315 tep

1 ton of diesel = 1,035 tep

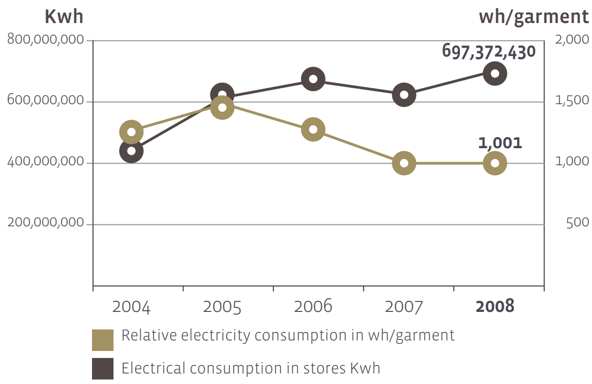
Logistics and transport

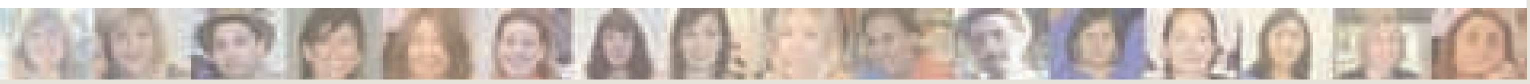
All the garments manufactured by Inditex are distributed from the logistical centres in Spain. Inditex intends to reduce electricity consumption per garment by 20% in these centres, based on consumption in 2004 and using the consumed watts per mobilised garment (w/garment) as a gauge.



Stores

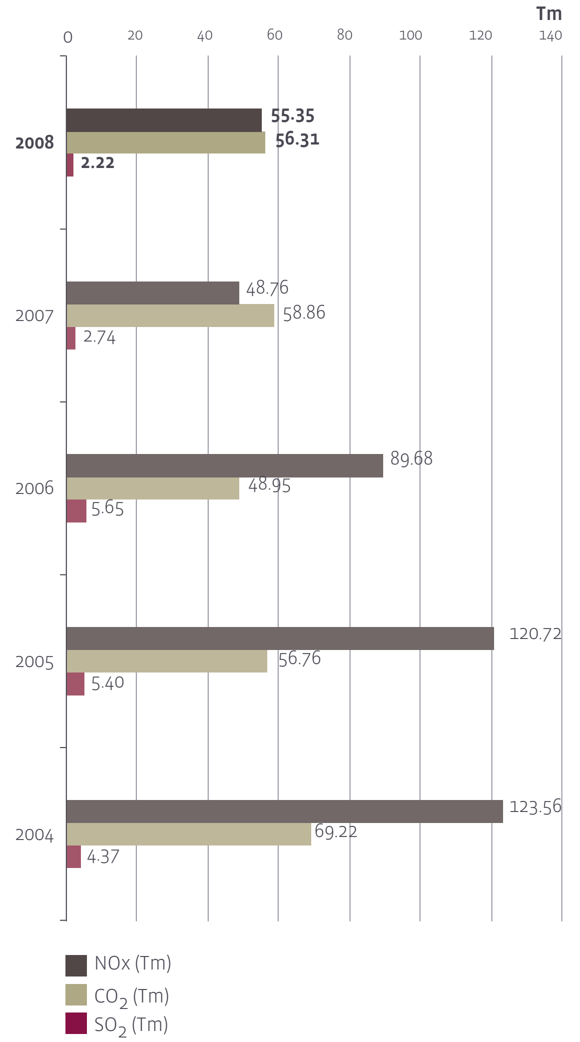
In Inditex stores, the electricity consumption is important with the result that a great effort has been made to start up the eco-efficient store with the aim of achieving a reduction in electricity consumption per garment of 20% before 2020. Nevertheless, it is worth mentioning that the efficiency measures applied since 2005 have made it possible to contain consumption and reduce relative consumption measured in watts per garment.



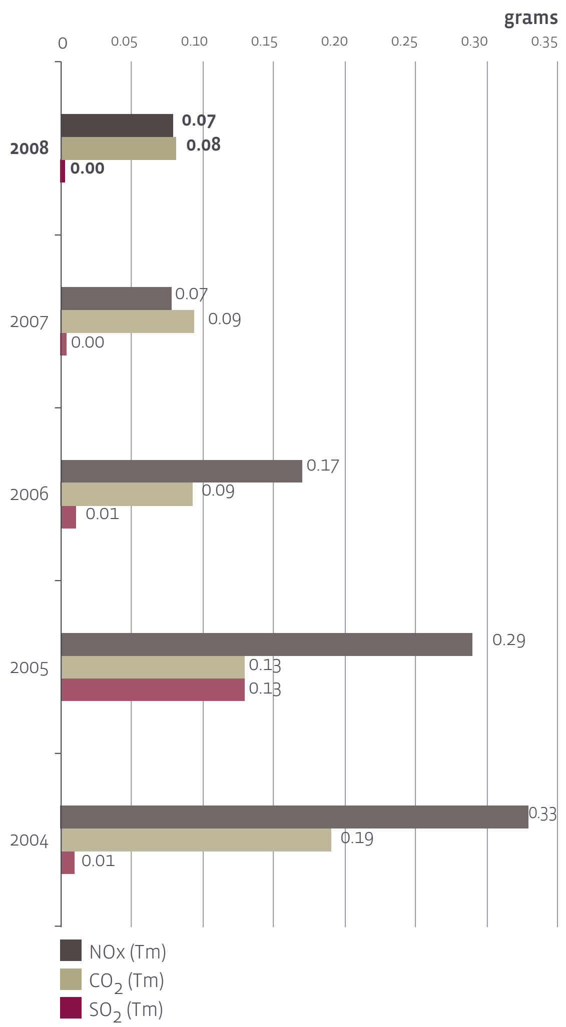


The reduction of CO_2 and other atmospheric emissions.

Annual evolution of atmospheric emissions in manufacturing and logistics centres



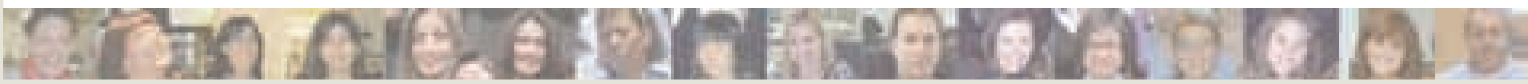
Ratio gr/garment



Number of garments released on the market.

2002	236,201,643
2003	278,976,771
2004	347,596,458
2005	413,540,223
2006	528,610,000
2007	627,295,102
2008	**696,961,736**

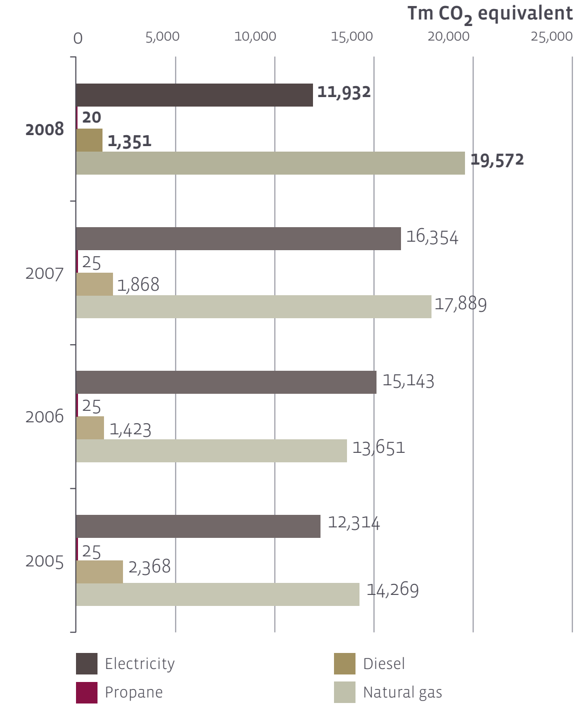
This includes the central headquarters, all Inditex factories, the headoffices and the logistics centres belonging to all the chains. All emission sources undergo strict and frequent controls by an authorised inspection company, each in accordance with the parameters established by legislation in force.



Emissions of greenhouse gases

At headquarters of chains and factories

Emissions of CO_2 (Tm) equivalent per type of energy at head offices of chains and factories



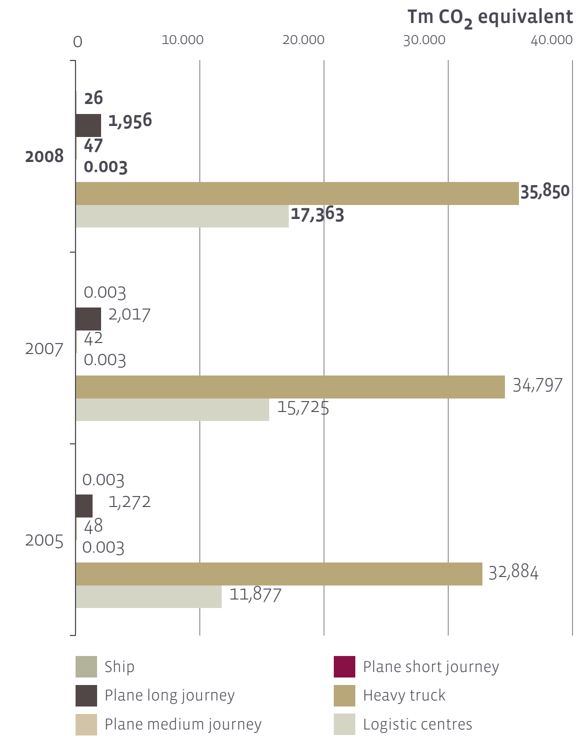
In logistics and transport

Inditex's activity generates a significant number of emissions caused by transport. The fleet of trucks which operates for the Group belongs to external companies, with which environmental agreements are signed, such as those mentioned in the Inditex Pro Kyoto project.

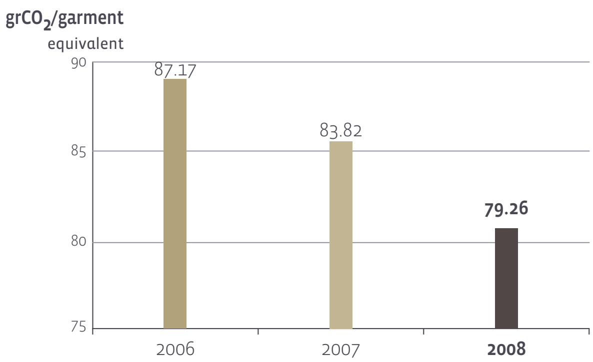
The calculation of CO_2 emissions is carried out according to the number of kilometres covered by each means of transport (land, air or sea). For the calculation of the emissions rate of CO_2 per kilometre according to the type of vehicle, the GHG protocol is taken as a reference www.ghgprotocol.org :

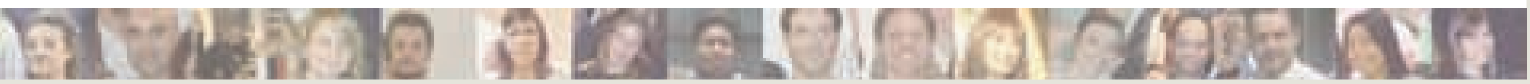
- Kg of CO_2/ km truck = 0.9226
- Kg of CO_2/ km plane on short flight (<450 km) = 1.58
- Kg of CO_2/ km plane on medium-length flight (between 450 and 1500 km) = 0.8
- Kg of CO_2/ km plane on long flight (>1500 km) = 0.57
- Kg of CO_2/ km ship = 0.035

Emissions of CO_2 (Tm) equivalent from transport and electrical consumption at logistical centres.

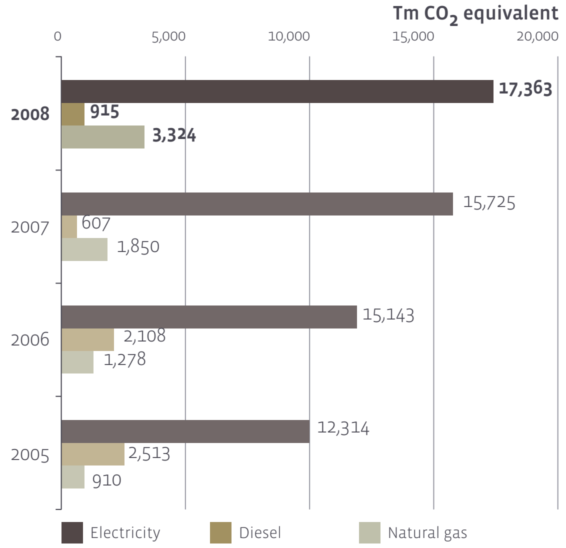


Emissions of CO_2 (Tm) equivalent from transport and electrical consumption at logistical centres per garment





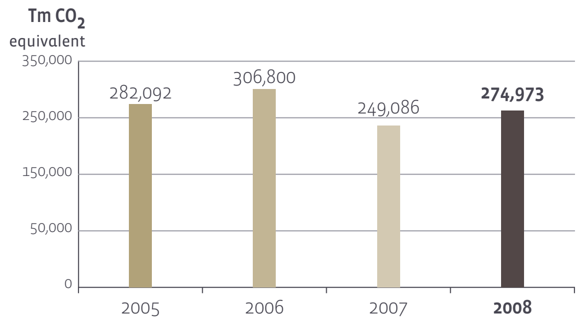
Emissions of CO_2 (in tonnes) in logistical centres according to the type of energy consumption



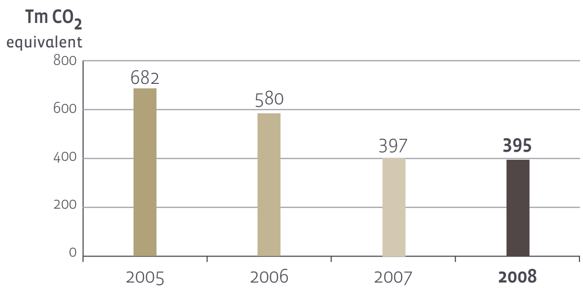
In stores

In stores, the emissions of CO_2 are generated indirectly by the electrical energy consumed.

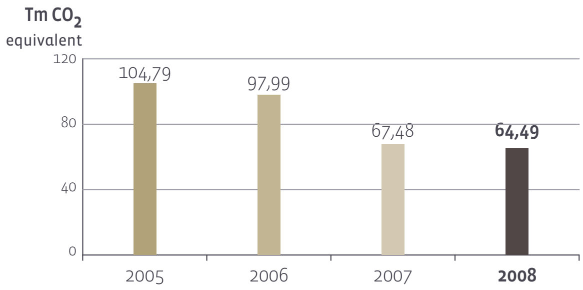
Emissions of CO_2 equivalent in stores.



Emissions of CO_2 due to electrical consumption in stores per garment.



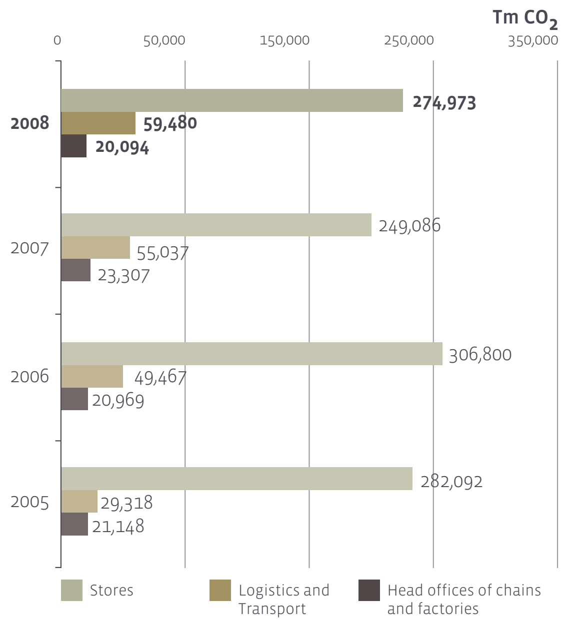
Emissions of CO_2 due to electrical consumption per equivalent store.



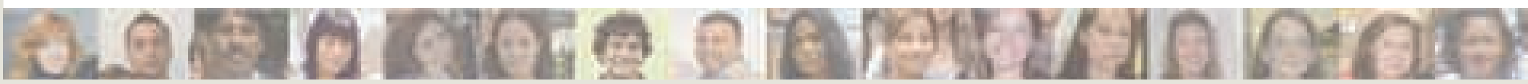
CO_2 emissions

Emissions CO_2 equivalent

The calculations of global emissions of CO_2 are presented this year differently from previous years as the emissions are grouped according to activity. Thus, this year, emissions are grouped for design and manufacture (in previous years emissions were also grouped due to the logistical centre), for logistics and transport (in previous years only transport was grouped) and stores.



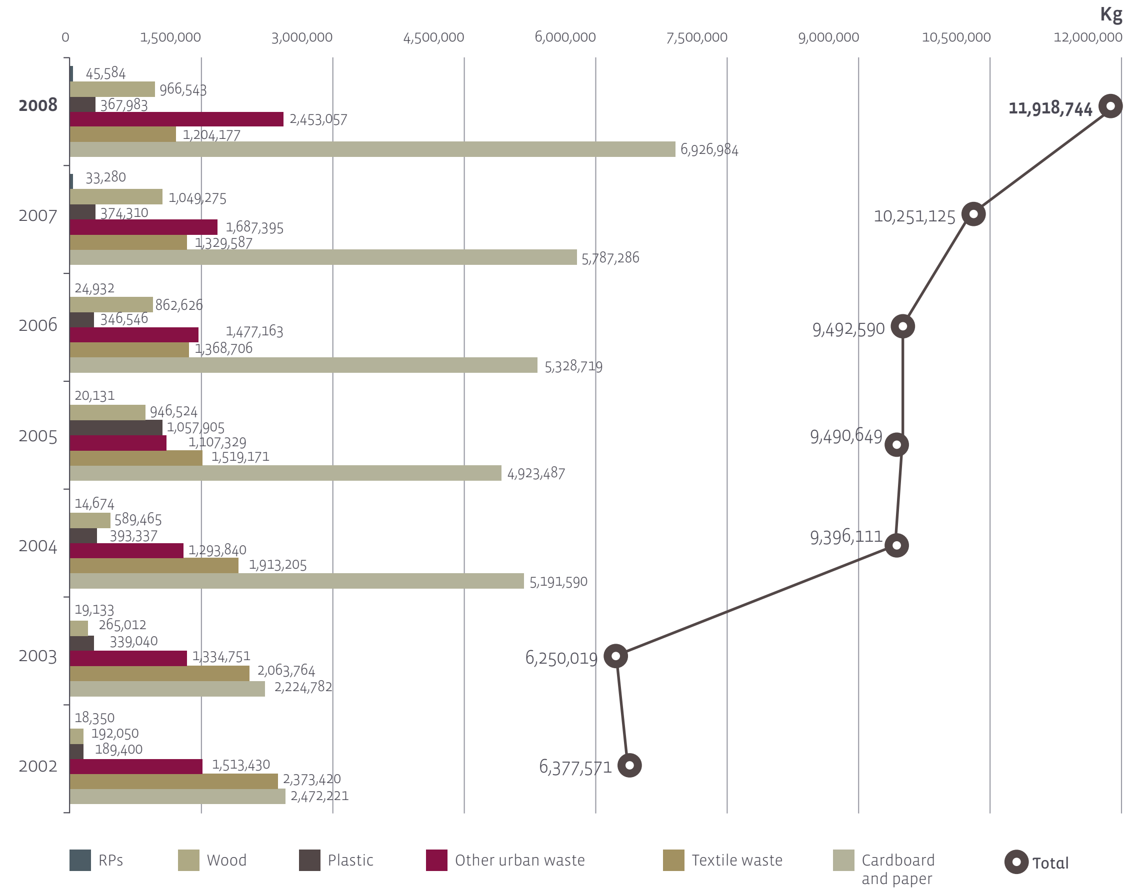
Item	Tm CO_2
*Design and Manufacture:	20,094
*Logistics and transport:	59,480
*Stores:	274,973
TOTAL	**354,547**



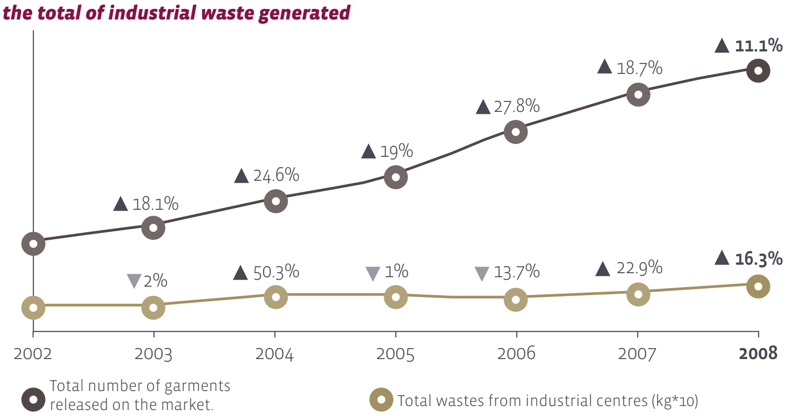
Generation and waste management

The management of wastes and the Waste Minimization Plan which has been running since 2003 are a part of the success deriving from good practices and the commitment of all the staff.

Evolution of industrial waste generation (kg)



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



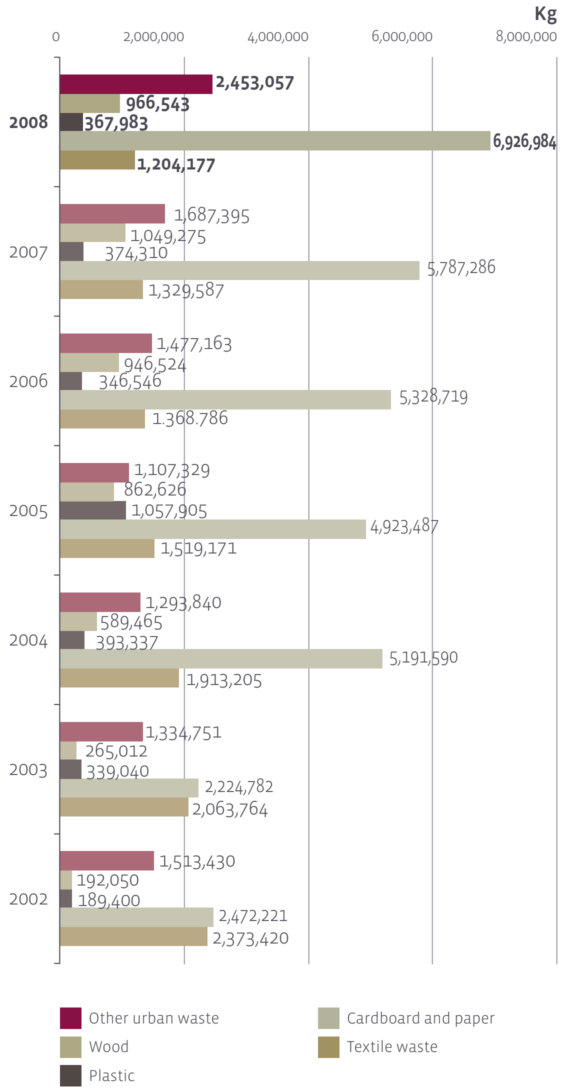
Increase in the number of items put on the market (2002-2008): **195.07%**

Increase of industrial waste generated (2002-2008): **86.88 %**

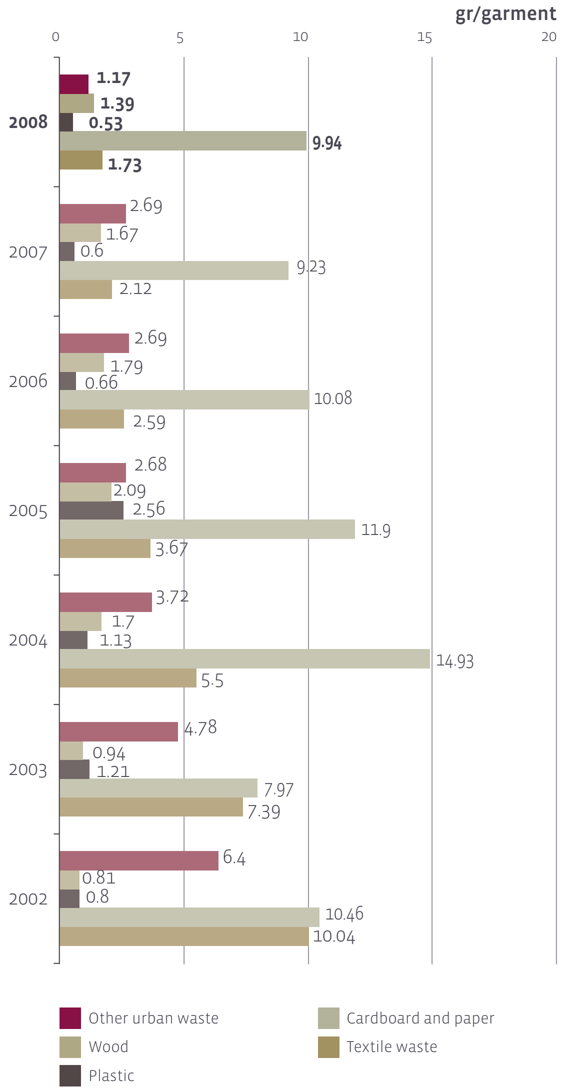
Annual generation of urban or similar waste

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

Absolute data

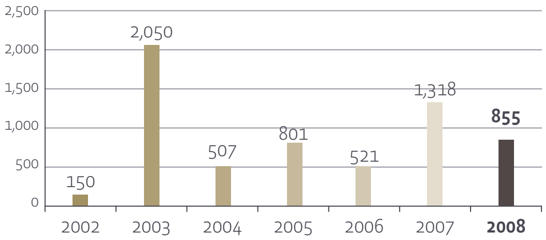


Relative data according to the no. of manufactured garments (grams)

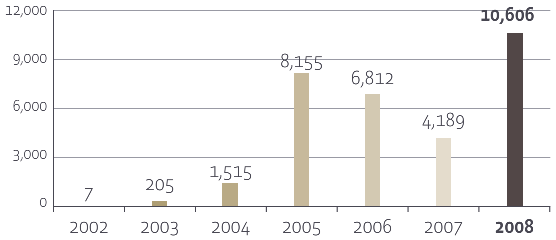


Annual generation of dangerous waste

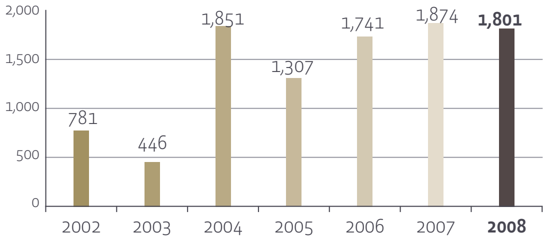
Batteries(Kg)



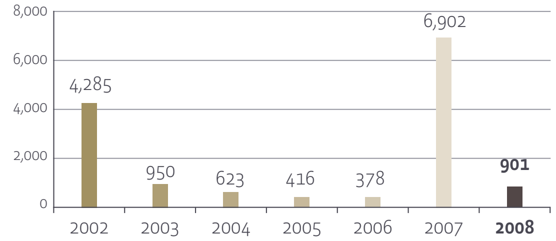
Office computer waste (Kg)



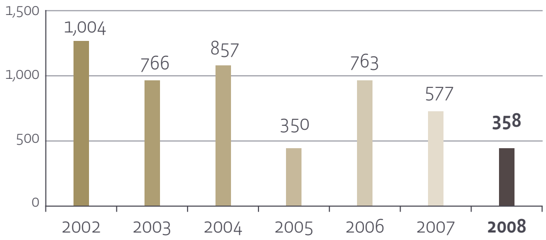
Fluorescents (Kg)



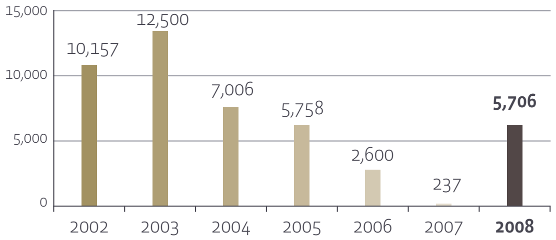
Oil filters (Kg)



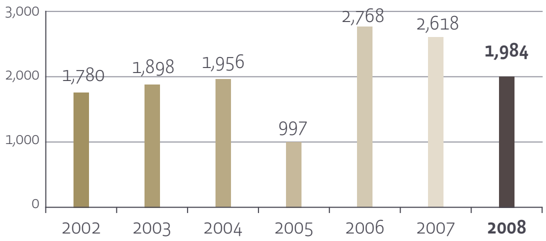
Contaminating metallic packaging (Kg)



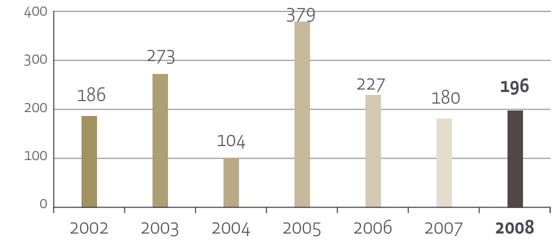
Used mineral oil (Kg)



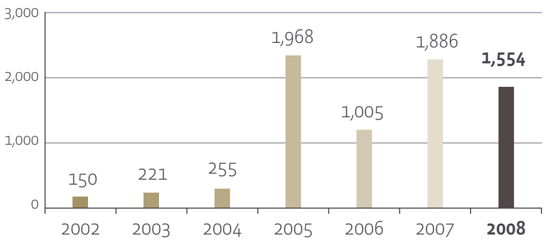
Contaminated absorbents (kg)

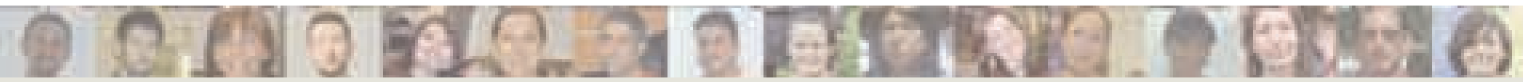


Paint (Kg)



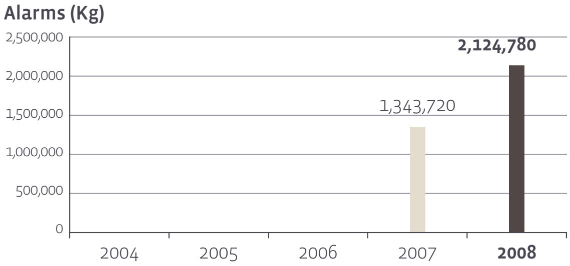
Contaminating plastic packaging (Kg)





Recycling of Alarms

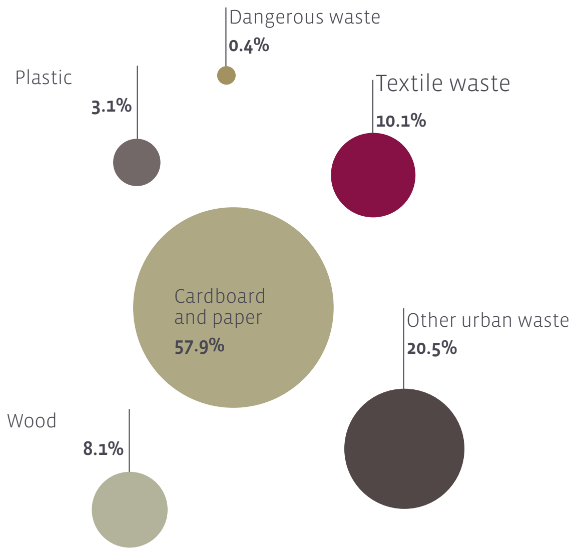
The recycling of alarms has taken place since 2007, and the number of kilos of recycled alarms is not included in the general graph of urban and industrial wastes so as not to change the trend of the graph.



Waste allocation according to its type and treatment

The final step in the Waste Minization Plan is recycling. All waste is sent, according to its nature, to recycling plants, composting , treatment or an authorised management agency.

Proportion of generated waste



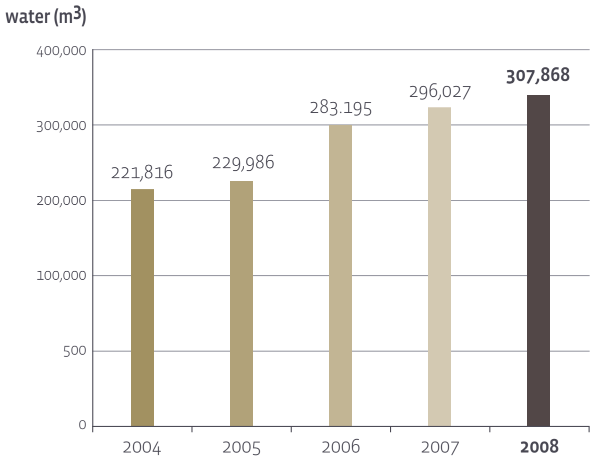
With respect to the recuperation of products released on the market, it is not possible to evaluate the volume generated and its management on a worldwide level, given that there is no collection system or specific management for textile materials.

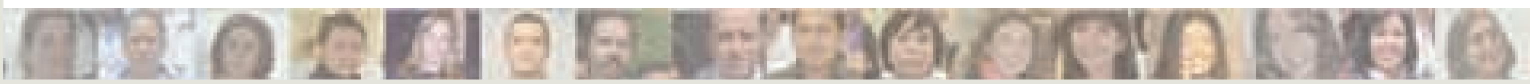
The packaging materials released on to the market (cardboard and plastic bags, labels, protective elements) associated with the products marketed by Inditex, are completely managed by authorised managers. Inditex adheres to the available Integrated Management Systems for Packaging and Wrapping in every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

Consumption and use of water

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

Water consumption





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

Most of the water consumption is in the commercial network, in domestic use - mainly, cleaning and consumption. For this reason it is impossible to recycle it. In the area of industrial activities, water is mainly needed for generating steam and for industrial refrigeration in a closed cycle, where recirculatory systems are used. Dumping is not significant enough to include in recycling processes.

Waste water from all of our sites is dumped into sewage systems, with the relevant administrative authorisation in all cases. Frequent analyses are conducted to guarantee fulfilment of legislation in force, not requiring specific treatment processes in any case due to the low level of pollution.


Junta General Accionistas
INDITEX
2008
ZARA HOME

Corporate Governance and shareholders

THE CORPORATE GOVERNANCE OF INDITEX

Introduction

There is a tendency to define Corporate Governance as the way in which companies are organised, managed and controlled. In this context, good corporate governance refers to the administrators and managers responsible for governance acting diligently, ethically and transparently in performing their functions.

Article 5.4. of the Regulations of the Board of Directors of Inditex says that *The Board of Directors will perform its functions in accordance with the corporate interest, defined as the long-term viability and maximisation of the value of the company in the common interest of all shareholders, which should not impede other legitimate public or private interests being taken into consideration as they affect the performance of company activity and especially those that affect other stakeholders in the company: employees, customers, suppliers and society in general. The Board will determine and review the company's business and financial strategies in the light of this principle, attempting to establish a reasonable balance between the chosen proposals and the risks taken.* The maximisation of Company value may therefore only be understood as the continuous creation of value for every stakeholder: employees, shareholders, customers, business partners, suppliers and society in general, i.e. a model of a socially responsible company involved in a continuous two-way dialogue that benefits every related agent.

There thus appears a concept of good corporate governance as a necessary instrument to meet the objective of long-term, net total wealth creation, which has to be expressed through management acting ethically and transparently, while being subject to internal and external checks and controls.

Such good corporate governance is an element of corporate social responsibility, understood in its widest sense, and thus becomes a strategic instrument for company efficiency to achieve competitive advantages in conjunction with social action and social responsibility in the strictest sense and with environmental sustainability.

The Board of Directors of Inditex is comprised of one proprietary-executive director, two executive directors, one proprietary director and five independent directors; throughout FY2008, the Board held six meetings. In the picture, Mr Pablo Isla, First Deputy Chairman and CEO of Inditex, addresses the shareholders together with the members of the Board of Directors during the Annual General Meeting held at the company´s headquarters in July 2008.

Thus, the Annual Corporate Governance Report approved by the Inditex Board of Directors, in accordance with the legally established model, is designed as a document that provides complete and reasoned information on the company's governing structure and practices, so that the market and interest groups can form a faithful image and complete, well-founded judgement on the corporate government of the Inditex Group and on the degree to which the recommendations of good governance approved to this effect have been observed.

Regulations of Corporate Governance

These consist of:

- **Articles of Incorporation,** approved in their latest version by the General Shareholders' Meeting of 16th July 2004 and partially modified by agreement of the General Meeting of the 18th July 2006.

- **Regulations of the General Meeting of Shareholders**, approved by this body at its meeting on 18th July 2003 and partially modified through various agreements of the General Meetings of 18th July 2006 and 17th July 2007.

- **Regulations of the Board of Directors**, of which the latest revised text was approved by the Board on 11th December 2007.

- **Internal Regulations for Conduct for Inditex and the company group in relation to the stock markets**, of which the latest revised text was approved by the Board of Directors on 13th June 2006.

- **Internal Code of Conduct and Code of Conduct for Inditex External Manufacturers and Workshops,** approved by the Board of Directors on 23rd February 2001, the latter being rewritten at the meeting of the 17th July 2007.

- **Internal Directive on Responsible Staff Practices for the Inditex Group**, approved by the Board of Directors on 13th June 2006.

During the last financial year, 2008, the fundamental landmark in the matter of corporate governance was the practical application of the reforms carried out during the 2007 financial year in the above-mentioned regulations for adaptation to the Unified Code of Good Governance, as well as the explanation of the degree of monitoring of the recommendations contained in the above Code via the corresponding section of the IACG 2007.

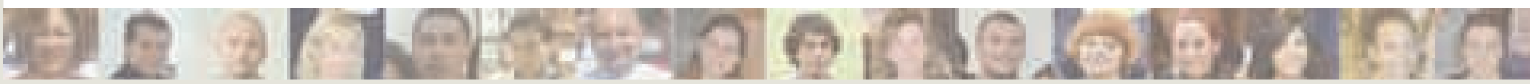
Indeed, the above-mentioned IAGC, approved by the Board of Directors in its session of 10th June 2008, was the first in which the Unified Code of Good Governance was taken as a reference for the purposes of explaining whether the recommendations set down on corporate governance are followed or not, with Inditex having achieved a degree of fulfilment which is practically total of the recommendations of the above-mentioned Code.

Bodies and mechanisms of Corporate Governance

Inditex Corporate Governance is expressed through the following institutional and operational bodies and mechanisms:

1.- **The General Meeting of Shareholders.**- Inditex puts into effect the principle of "one share, one vote". Attendance at General Meetings is not conditional on the possession of a minimum number of shares and there are no blocking provisions with the result that the degree of good governance obtained is optimum.

2.- **The Board of Directors.**- As it consists of an Executive Director Representing Controlling Shareholders, who is its Chairman and the founder of the company, two executive directors, a director representing controlling shareholders and five independent directors, to the extent that they are all people of professional prestige and completely separate from the executive team and main shareholders, a majority percentage of independent directors is obtained that is much higher than would correspond proportionally to the company's floating capital. During the six meetings held over the year, the Board of Directors, among other things, accepted the matters dealt with by the Audit and Control Committee and the Appointments and Remuneration Commission, analysed and approved the results that the company is regularly required to provide to the



market and its supervisory bodies, approved the Annual Corporate Governance Report for the year 2007 and the Triple Report as well as the Report on the policy of remuneration of the Board of Directors itself.

3.- **The Audit and Control Committee.**- Beyond legal requirements and the recommendations, this Committee consists of five directors, all independent in the abovementioned way. During 2008, it met on five occasions and, as well as examining the results of the company and the information supplied to the market, it considered such relevant issues for good governance as the protection and supervision of the function of the Inditex Group Internal Audit, the identification and evaluation of threats to the group and the analysis of the second annual report presented by the Ethics Committee.

4.- **Appointments and Remuneration Commission.**- This also consists of five independent directors and during the tax year it held four meetings where it analysed and reported on, among other matters, the appointment of managers, transactions with related parties and the human resources policy.

5.- **The Committee and Management of Regulatory Compliance.**- Reporting directly to the Audit and Control Committee, the Regulations Compliance Committee, consisting of the Company's CEO, who is its Chairman, the General Secretary, who is also the Regulation Compliance Manager, the Capital Market Manager and the Human Resources Manager, has the general function of promoting knowledge and ensuring compliance with the Internal Conduct Regulations for Inditex and its Group of Companies in matters relating to the Stock Market. During the year, it met on eight occasions in relation to specific operations with Inditex shares.

6.- **The Ethics Committee.**- During its second year, this Committee, made up of the General Secretary and the Regulations Compliance Manager, the Human Resources Manager and the Corporate Social Responsibility Manager, supervised the application of the Inditex Staff Responsible Practices Directive, an instrument designed to ensure the professional, ethical and responsible behaviour of its employees in carrying out Company activities in any part of the world.

Transparency and Information

Good governance requires stakeholders to have regular, prompt access to relevant, sufficient and reliable information, both in relation to the rules and practice of governance and to the results achieved.

To do this, and in order to provide to maximum corporate transparency, the Company, as well as including all relevant information and communications on its corporate website, kept the market informed as necessary throughout 2008 by sending out relevant market releases (an extensive distribution list with market investors, analysts and sources of market information), press releases (to media outlets and agencies) and through webcast conference calls and road-shows in the main European and American financial marketplaces, which were held following the recommendations of the National Stock Market Commission contained in its letter dated 22 December 2005: Recommendations on information meetings with analysts, institutional investors and other stock-market professionals", for the purposes of avoiding the selective diffusion of relevant information and of fulfilling the principle of equality of treatment of investors.

SHAREHOLDERS

The Shareholder body

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

Inditex had 68,901 shareholders in July 2008 according to data from the X-25 form which the Company asked Iberclear for so as to hold the Ordinary General Meeting of Shareholders for the 2008 financial year. Of these, 60,725 were individual shareholders and the rest investment institutions. With the incorporation of significant holdings registered in the Spanish National Securities Market Commission, the approximate summary of the shareholder structure is the following:

Shareholder body	Shares	%
Individuals	24,259,017	3.89%
Institutional investors	229,471,320	36.81%
Partler, S.L.	57,872,465	9.28%
Gartler, S.L.	311,727,598	50.01%
Total	**623,330,400**	**100.0%**

Inditex has among its principles of action the fulfilment of a policy of transparency and maintenance of communicative routes which guarantee that all of its current and potential shareholders have clear, complete, homogeneous and simultaneous information, which is sufficient to value the management of the Company and its economic and financial results. The Regulations of the Board set down, in Article 41, a series of measures which regulate the relations with the shareholders.

Shareholders' Office

Any individual shareholder can visit the Shareholders' Office to request detailed information on the performance of the business and future strategy. Through this channel individual shareholders can formulate any request for information that they deem relevant on the performance of Inditex. The Shareholders' Office dealt with more than 1000 petitions from individual investors during 2008.

The Shareholders' Office takes on special relevance during the period for the call and holding of the General Meeting of Shareholders that is traditionally held halfway through July in Inditex's corporate headquarters in Arteixo (A Coruña). The sending of information and documentation is carried out specifically to provide shareholders with appropriate knowledge on the call and content of the General Meeting as well as to facilitate their participation in the process of taking of decisions by the Group's maximum governing body .

Corporate web page

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

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

In 2008, the section on information for shareholders and investors on the corporate web page received 571,951 visits.

Department of Relations with Investors and Analysts

- Some 50 financial and stock-market bodies publish analytical reports relating to the Inditex share. Inditex is the third Spanish company according to the number of covers.

- More than 8,100 institutional investors, who hold 36.81% of corporate capital, and the individual shareholders play a key role in formation of the share price and its liquidity.

Relevant information on the performance of the business is communicated quarterly both to the CNMV and to all the shareholders and the financial community and the media, with special attention to those specialising in economic information. This relevant information includes the balance sheet, P&L account and management report.

This same procedure is followed with information referring to relevant events that affect the performance of the business. This information is accessible immediately by means of the corporate web page and is distributed to a database of investors and analysts with more than 1100 registrations.

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

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

Activities with institutional investors

a) Roadshows

Inditex holds two annual roadshows in which it presents the results of the first semester (spring-summer season) and the whole year (after the autumn-winter season) visiting the world's principal financial capitals. Over two and a half weeks, the principal investors have access - mainly by means of individual meetings - to the strategic viewpoint of the management team. During these visits direct contact is established with more than 200 investors.

b) Sectorial conferences

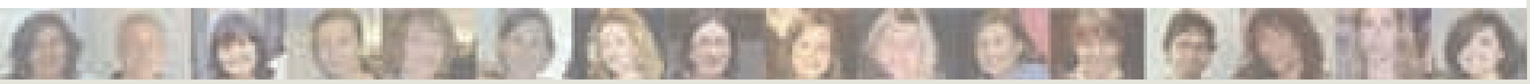
Another forum of communication with investors are the sectorial conferences organised by financial institutions, participating in the main events that are held in Europe, with an average attendance of 50 leading institutional investors at each of them.

c) Individual meetings

Apart from the programmed occasion, a large number of meetings were held with investors during the year. In the case of specific requests, visits to investors from a certain country or geographical area are also organised. In the past year presentations have been made in the principal financial capitals of Europe and Asia in front of more than 100 institutional investors.

d) Visits of investors to the corporate installations

Equally numerous are visits of institutional investors to Inditex facilities to gain deeper knowledge of our organisation, its business model and corporate strategy. Throughout 2008, meetings have been held with approximately 70 institutional investors from all over the world. 90 videoconferences and multiconferences have also been held.



Society

The relations of Inditex with its surroundings are completed with permanent accessibility on the part of the Company with the aim of attending to all groups of stakeholders on any corporate matter. This transparency is the method which marks the relationships with customers, suppliers, employees, shareholders, the media and society in general.

The Media

The media are the main intermediaries in the permanent dialogue that Inditex maintains with society. Inditex's General Directorate of Communications and Institutional Relations is the route through which the Group supplies the media with the information on its business activity in any part of the world. For this purpose, it has a human team with a presence in over ten countries which maintains fluid and continuous contact with journalists from over 73 countries. Through this international team, during 2008, Inditex has distributed over 30 communications on its business, all of which are permanently available at www.inditex.com. Over the last few years, the corporate web page of the Group has become one of the main sources of information on the Company, where apart from communications on the business, other information is also available on Inditex such as annual reports, corporate presentations or specific information on RSC or the environment, among others.

On the other hand, during the financial year, Inditex held a number of meetings with the press from all over the world for annual events such as the presentation of annual results or the General Meeting of Shareholders. In 2008, there were also specific events which served as a frame for the meeting with the press such as the launch of the chain of fashion complements and accessories, Uterqüe, which brought together a large number of media in A Coruña, Madrid and Barcelona, or the entry into new markets such as Korea, with the presence of the Korean press on opening day at the first Zara store in Seoul.

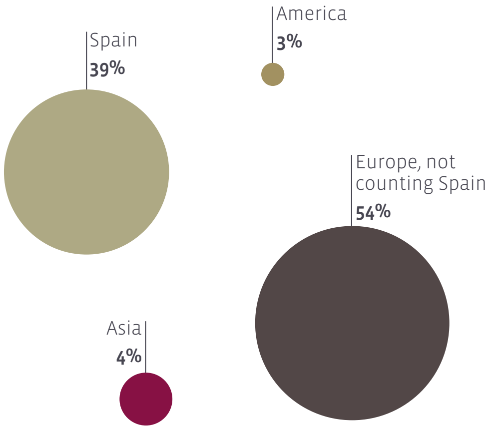
During 2008, Inditex saw more than 6,000 requests for information from media from all over the world. The business model, the different commercial formats and international expansion were the most asked-about subjects, followed by financial and corporate information as well as social responsibility among others.

In total, Inditex chalked up 32,977 appearances in the media during the year (prensa, radio and television) from the 27 countries that the Group monitored in 2008. 93% of these appearances were in the European press (43% in Spain), a region in which Inditex has 80% of its

Practically every labour day in the year a visit is paid to Inditex´s headquarters in Arteixo (A Coruña- Spain) from groups of students, employees or members of any other institutions worldwide showing their interest for the Group´s business model. Through a visit guided by María (back to the camera) or any other member of the Customer Service team, a close look is given to the various key stages of Inditex´s activity such as design, manufacture or pilot stores. In the picture, a group of visitors at the logistics centre.

shops. Nevertheless, the increase in interest in Inditex from the press in the Asia-Pacific region and America is significant.

Appearances of Inditex in means of communication, by regions

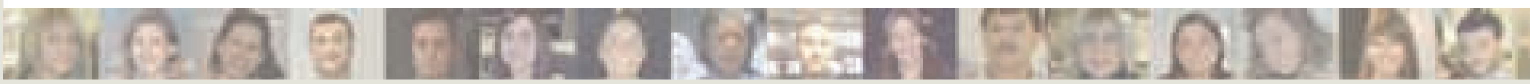


Institutional visits

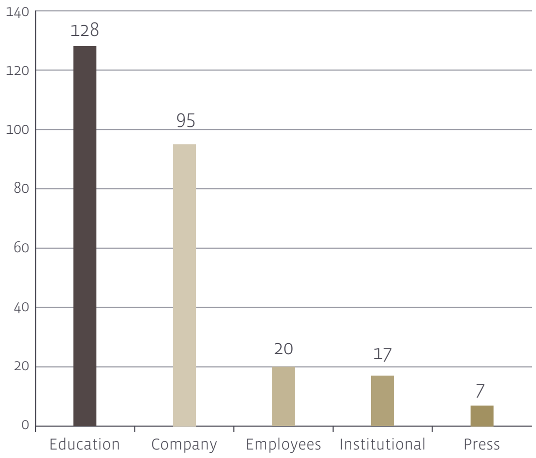
Transparency as a basic principle of the relations of Inditex with society in general, apart from being present in the most common stages such as stores, the corporate web pages or the relations with the communications media, it has a very special part to play for the Group at the heart of its business model. The transparency of Inditex is present at its central headquarters with its permanent policy of open doors for organisations from different spheres such as education, business, institutions or among employees who can get to know in depth the activity of the Group through guided visits to take a look at all the processes, from design, commercial, sponsorship, manufacture, logistics even including the pilot stores.

During 2008, 3,577 persons visited the installations of Inditex, which amounts to a daily average of 17 visits.

Some appearances of Inditex in the international press

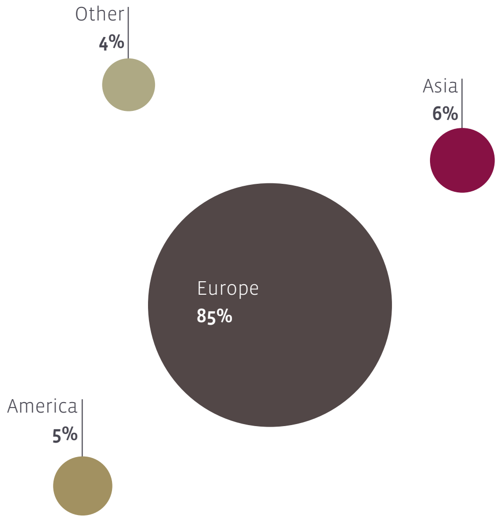


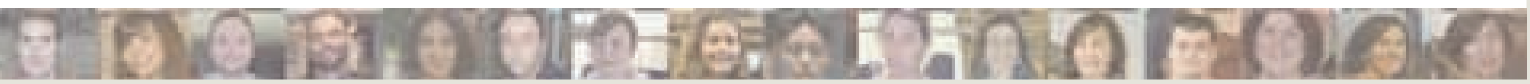
Visits to the installations by type



Total: 267

Origin of the visits





3

LEGAL documentation

Economic and financial report

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

Auditors' report on the consolidated annual accounts

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

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

We have audited the consolidated annual accounts of Industria de Diseño Textil, S.A. (the Parent Company) and subsidiaries (the Group), which comprise the consolidated balance sheet at 31 January 2009, the consolidated income statement, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended and the notes thereto, the preparation of which is the responsibility of the Parent Company's board of directors. Our responsibility is to express an opinion on the consolidated annual accounts taken as a whole, based on our examination which was conducted in accordance with generally accepted auditing standards in Spain, which require examining, on a test basis, evidence supporting the amounts in the consolidated annual accounts and assessing the appropriateness of their presentation, of the accounting principles applied and of the estimates employed.

In accordance with prevailing Spanish legislation, the consolidated balance sheet at 31 January 2009, the consolidated income statement, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended and the notes thereto include comparative figures for the year ended 31 January 2008. We express our opinion solely on the consolidated annual accounts for the year ended 31 January 2009. On 2 April 2008 we issued our unqualified audit report on the consolidated annual accounts for the year ended 31 January 2008.

In our opinion, these consolidated annual accounts for the year ended 31 January 2009 present fairly, in all material respects, the consolidated equity and consolidated financial position of Industria de Diseño Textil, S.A. and subsidiaries and the consolidated results of its operations and the changes in consolidated equity and consolidated cash flows for the year then ended, and contain sufficient information necessary for their adequate interpretation and understanding, in accordance with EU-IFRS which have been applied on a basis consistent with that used in the preparation of the figures and information for the preceding year.

The accompanying consolidated directors' report for the year ended 31 January 2009 contains such explanations as the directors of the Company consider relevant to the situation of the Group, the evolution of its business and other matters, but is not an integral part of the consolidated annual accounts. We have verified that the accounting information contained therein is consistent with that disclosed in the consolidated annual accounts for the year ended 31 January 2009. Our work as auditors is limited to the verification of the consolidated directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of Industria de Diseño Textil, S.A. and subsidiaries.

KPMG AUDITORES, S.L.

Enrique Asla García

Partner

26 March 2009

INDITEX GROUP CONSOLIDATED ANNUAL ACCOUNTS 31 JANUARY 2009

1. CONSOLIDATED INCOME STATEMENT

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

(in thousands of euros)	(notes)	2008	2007
Net sales	(2)	10,406,960	9,434,670
Cost of merchandise	(3)	(4,492,720)	(4,085,959)
GROSS PROFIT		**5,914,240**	**5,348,711**
		56,8%	56,7%
Operating expenses	(4)	(3,707,887)	(3,226,369)
Other operating expenses and income	(5)	(19,497)	26,501
OPERATING PROFIT (EBITDA)		**2,186,856**	**2,148,843**
Amortization and depreciation	(11,12,13)	(578,320)	(496,663)
OPERATING PROFIT (EBIT)		**1,608,536**	**1,652,180**
Financial results	(6)	(21,599)	964
Equity accounting losses	(16)	-	(7,508)
INCOME BEFORE TAXES		**1,586,937**	**1,645,636**
Income tax	(23)	(325,322)	(387,872)
NET INCOME		**1,261,615**	**1,257,764**
NET INCOME ATTRIBUTABLE TO MINORITY INTEREST		8,164	7,495
NET INCOME ATTRIBUTABLE TO THE PARENT		**1,253,451**	**1,250,269**
BASIC EARNINGS PER SHARE, euro cents	(7)	**202**	**201**

2. CONSOLIDATED BALANCE SHEET

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

(in thousands of euros)	(notes)	31-01-09	31-01-08
ASSETS			
Current assets		**3,264,041**	**2,981,595**
Cash and cash equivalents	(19)	1,466,291	1,465,835
Trade and other receivables	(9)	585,311	463,716
Inventories	(10)	1,054,840	1,007,213
Income tax receivable	(23)	15,342	1,719
Other current assets		142,257	43,112
Non-current assets		**4,512,605**	**4,124,007**
Property, plant and equipment	(11)	3,442,321	3,182,112
Investment property	(12)	8,455	9,475
Rights over leased assets	(13)	531,468	504,604
Other intangible assets	(13)	16,476	13,344
Goodwill	(14)	131,685	125,583
Financial investments	(15)	14,416	36,174
Deferred tax assets	(23)	203,100	133,020
Other	(17)	164,684	119,695
TOTAL ASSETS		**7,776,646**	**7,105,602**

LIABILITIES			
Current liabilities		**2,390,848**	**2,458,067**
Trade and other payables	(18)	2,073,141	1,975,251
Financial debt	(19)	234,037	371,276
Income tax payable	(23)	83,670	111,540
Non-current liabilities		**637,198**	**430,484**
Financial debt	(19)	13,241	42,358
Deferred tax liabilities	(23)	213,847	110,957
Provisions	(20)	101,820	47,681
Other non-current liabilities	(21)	308,290	229,488
Equity		**4,748,600**	**4,217,051**
Net equity attributable to the parent		4,721,714	4,193,129
Net equity attributable to minority interest		26,886	23,922
TOTAL EQUITY AND LIABILITIES		**7,776,646**	**7,105,602**

3. CONSOLIDATED STATEMENT OF CASH FLOWS

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

(in thousands of euros)	2008	2007
Income before taxes and minority interest	**1,586,937**	**1,645,636**
Adjustments to income		
Amortization and depreciation	578,320	496,663
Income tax	(325,322)	(387,872)
Deferred tax assets and liabilities	35,253	(38,465)
Foreign exchange translation differences	(11,097)	1,837
Other	(14,022)	39,338
Cash flows generated	**1,850,069**	**1,757,137**
Variation in assets and liabilities		
Inventories	(60,736)	(197,485)
Receivables and other current assets	(157,425)	(87,608)
Current payables	143,268	345,408
Variation in operating financing requirements	**(74,894)**	**60,315**
Cash flows from operating activities	**1,775,176**	**1,817,452**
Acquisition of intangible assets	(78,068)	(87,967)
Acquisition of property, plant and equipment	(851,973)	(850,109)
Acquisition of entities	(6,102)	(7,147)
Acquisition of other investments	21,758	(10,307)
Acquisition of other assets	(23,643)	(26,572)
Proceeds from sales of assets and collections of other non-current assets	679	9,536
Disposals of entities	-	30,712
Cash flows from investing activities	**(937,349)**	**(941,854)**
Variation in non-current financial debt	(28,644)	(16,513)
Variation in non-current non-financial debt	11,366	15,763
Variation in current financial debt	(137,385)	214,514
Dividends	(661,566)	(521,591)
Other financing activities	(1,997)	518
Cash flows used in financing activities	**(818,228)**	**(307,308)**
Net increase in cash and cash equivalents	19,599	568,290
Effect of exchange rate fluctuations on cash and cash equivalents	(19,142)	(8,603)
Cash and cash equivalents at opening date	1,465,835	906,148
Cash and cash equivalents at closing date	**1,466,291**	**1,465,835**

4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

(in thousands of euros)	Capital	Share premium	Retained earnings	Translation differences	Treasury shares	Other reserves	Equity attributable to the parent	Minority interest	Equity
Balance at 01/02/2007	93,500	20,379	3,322,635	(35,656)	(6,970)	54,489	**3,448,377**	22,227	**3,470,604**
Transfers	-	-	35,347	(35,347)	-	-	**-**	-	**-**
Other	-	-	40,401	-	43	-	**40,444**	(3,268)	**37,176**
Effect of movement in foreign exchange	-	-	-	(24,366)	-	-	**(24,366)**	-	**(24,366)**
Net income recognized directly in equity	**-**	**-**	**75,748**	**(59,713)**	**43**	**-**	**16,078**	**(3,268)**	**12,810**
Profit for the year	-	-	1,250,269	-	-	-	**1,250,269**	7,495	**1,257,764**
Total net income recognized directly in equity	**-**	**-**	**1,326,017**	**(59,713)**	**43**	**-**	**1,266,347**	**4,227**	**1,270,574**
Dividends	-	-	(521,591)	-			**(521,591)**	(2,532)	**(524,123)**
Balance at 31/01/2008	**93,500**	**20,379**	**4,127,061**	**(95,369)**	**(6,927)**	**54,489**	**4,193,133**	**23,922**	**4,217,055**
Balance at 01/02/2008	93,500	20,379	4,127,061	(95,369)	(6,927)	54,489	**4,193,133**	23,922	**4,217,055**
Transfers	-	-	(17,900)	17,900	-	-	**-**	-	**-**
Other	-	-	17,580	-	-	-	**17,580**	(372)	**17,208**
Effect of movement in foreign exchange	-	-	-	(92,022)	-	-	**(92,022)**	-	**(92,022)**
Net income recognized directly in equity	**-**	**-**	**(320)**	**(74,122)**	**-**	**-**	**(74,442)**	**(372)**	**(74,814)**
Profit for the year	-	-	1,253,451	-	-	-	**1,253,451**	8,164	**1,261,615**
Total net income recognized directly in equity	**-**	**-**	**1,253,131**	**(74,122)**	**-**	**-**	**1,179,009**	**7,792**	**1,186,801**
Share-based payments	-	-	-	-	6,310	-	**6,310**	-	**6,310**
Dividends	-	-	(656,738)	-	-	-	**(656,738)**	(4,828)	**(661,566)**
Balance at 31/01/2009	**93,500**	**20,379**	**4,723,454**	**(169,491)**	**(617)**	**54,489**	**4,721,714**	**26,886**	**4,748,600**

5. NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS OF THE INDITEX GROUP AS AT 31 JANUARY 2009

The consolidated annual accounts of the Inditex Group for the year ended 31 January 2009 have been prepared by the Board of Directors of the Company and will be submitted for approval at the corresponding annual general shareholders' meeting. The directors consider that the consolidated annual accounts will be approved without changes. These annual accounts have been prepared in accordance with International Financial Reporting Standards adopted by the European Union (hereinafter EU-IFRS), in compliance with Regulation (EC) No. 1606/2002 of the European Parliament.

Inditex's financial year and that of most of its subsidiaries starts on 1 February of each year and ends on 31 January of the following year. The twelve-month period ended 31 January 2008 will hereinafter be referred to as the 2007 period or year, the period ended 31 January 2009 as 2008, and so on.

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

The individual annual accounts of the parent Company (Inditex) for 2008 have been prepared by the Board of Directors in a separate document.

It is estimated that the consolidated annual accounts for 2008 will be approved by the shareholders at their ordinary annual general meeting without significant changes. The consolidated annual accounts for 2007 were approved by the shareholders at their ordinary general meeting held on 15 July 2008.

These consolidated annual accounts present fairly the consolidated shareholders' equity, financial position and changes in equity of the Inditex Group as at 31 January 2009, as well as the results of its operations and cash flows for the year then ended.

The consolidated annual accounts for 2008 have been prepared on the basis of the accounting records of Inditex and the remaining group companies

These consolidated annual accounts have been prepared on a historical cost basis, except for derivative financial instruments, which were not accounted for using hedge accounting and are stated at fair value.

The basis of consolidation and accounting principles applied are explained in note 32.

5.1 Activity and description of the Group

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

Each concept's commercial activity is carried out through chains of stores managed directly by companies in which Inditex holds all or the majority of the share capital, with the exception of certain countries where, for various reasons, the retail selling activity is performed through franchises.

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

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

At 31 January 2009 the different group formats have stores in 73 countries, as follows:

Number of stores

	Company-managed	Franchises	Total
Spain	1,862	34	**1,896**
Rest of Europe	1,504	156	**1,660**
America	283	55	**338**
Rest of the World	72	298	**370**
Total	**3,721**	**543**	**4,264**

At 31 January 2008, the geographical distribution of stores was as follows:

Number of stores:

	Company-managed	Franchises	Total
Spain	1,715	32	**1,747**
Rest of Europe	1,221	141	**1,362**
America	257	37	**294**
Rest of the World	43	245	**288**
Total	**3,236**	**455**	**3,691**

The majority of own stores are held under operating leases. Information on the main characteristics of lease contracts is provided in note 24.

5.2 Net sales

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

Details of this caption for 2008 and 2007 are as follows:

	2008	2007
Net sales in company-managed stores	9,546,573	8,666,110
Net sales to franchises	760,649	667,947
Other sales and services rendered	99,738	100,613
Total	**10,406,960**	**9,434,670**

5.3 Cost of merchandise

Details of this caption for 2008 and 2007 are as follows:

	2008	2007
Raw materials and consumables	4,540,347	4,269,269
Change in inventories	(47,627)	(183,310)
Total	**4,492,720**	**4,085,959**

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

5.4 Operating expenses

Details of operating expenses are as follows:

	2008	2007
Personnel expenses	1,703,188	1,472,900
Operating leases (note 24)	1,028,377	855,378
Other operating expenses	976,322	898,091
Total	**3,707,887**	**3,226,369**

At 31 January 2009 the Group had a total of 89,112 employees (79,517 at 31 January 2008). Note 27 (employee benefits) provides additional information on personnel expenses.

Lease expenses mainly relate to the rental, through operating leases, of the commercial premises from which the Group carries out its activity. Note 24 provides more detailed information on the main characteristics of these leases, together with the related minimum future payment commitments.

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

5.5 Other net operating income/expenses

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

This caption mainly includes variations in the debt related to reciprocal sales and purchase options between the Group and shareholders with a partial stake in certain subsidiaries, as these options are considered a deferred acquisition of the shares which constitute the underlying asset (see notes 21 and 32). These variations are mainly due to the relationship between the price of the options and the number of stores operated, shareholders' equity and the results of these subsidiary companies. This caption also includes donations made during the year, gains on disposal of investments and expenses relating to the launching of new commercial formats.

Below are details of the main put-call options over these investments:

a) Subsidiary companies domiciled in Germany

At 31 January 2009 and 2008 the Group has a call option on 22% of the share capital of Zara Deutschland, GmbH. This shareholding belongs to Otto GmbH and Co. KG, which in turn has a put option to sell the entire shareholding to Industria de Diseño Textil, S.A.

These options may be exercised by the holders at any time. However, the exercised call option effectiveness is delayed to certain dates determined in the related agreement, which vary depending on the exact date on which the option is exercised. These options have no premium or compensation of any kind attached and the strike price will depend mainly on the contributions made by Otto GmbH and Co. KG to the shareholders' equity of the subsidiary and on the number of ZARA stores opened in Germany after 1 February 2006.

b) Subsidiary companies domiciled in Mexico

The Group has call options on 5% of the share capital of Zara México, S.A. de C.V., 3% of the share capital of Bershka México, S.A. de C.V., and 1.5% each of Oysho México, S.A. de C.V. and Pull & Bear México, S.A. de C.V., which are held by the minority shareholder. The exercise period of these options extends over the term of the agreements between the parties. The options have no premium attached and the strike price will depend on the shareholders' equity of the subsidiaries.

5.6 Financial results

Details of "Net financing revenue/costs" in the consolidated income statements for 2008 and 2007 are as follows:

	2008	2007
Interest income	26,067	20,603
Foreign exchange gains	20,075	15,280
Dividends	177	144
Total income	**46,319**	**36,026**
Interest expense	(9,372)	(4,659)
Foreign exchange losses	(58,546)	(28,836)
Changes in fair value of financial instruments	-	(1,568)
Total expenses	**(67,918)**	**(35,063)**
Total	**(21,599)**	**964**

Financial income and expenses mainly comprise interest accrued on the Group's financial assets and liabilities during the year (see note 19). Net foreign exchange translation differences are principally due to fluctuations in the currencies with which the Group operates (see note 26) between the time when income, expenses, acquisitions or disposals of assets are recognized and when the corresponding assets or liabilities are realized or settled under applicable accounting principles.

Details of financial income and expenses recognized in equity during the period are as follows:

	2008	2007
Changes in fair value derived from hedging	60,363	(5,827)
Foreign exchange translation differences	(38,213)	(6,516)
Total	**22,150**	**(12,343)**

5.7 Earnings per share

Basic earnings per share were calculated based on the net profit for the year divided by the weighted average number of ordinary shares in circulation during the year, excluding the average number of treasury shares held by the Group (see note 22), which in 2008 and 2007 totaled 621,711,085 and 620,942,175, respectively.

Diluted earnings per share are calculated based on profit attributable to shareholders of the Company and a weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares. The share-based payment plan referred to in note 27 has not had a significant impact on the calculation of diluted earnings per share.

5.8 Segment reporting

Business segments

The principal activity of the Inditex Group comprises the retail distribution of clothing, footwear, accessories and household textile products through various commercial format stores aimed at different targeted sectors of the public. These commercial formats are managed independently in such a way that each constitutes a business segment which is subject to risks and rewards different to those experienced by the rest of the Group, although each carries out its activity in the same sector.

The Group has modified its main segment groupings with respect to 2007 as the different group chains other than Zara and Bershka did not meet the minimum quantitative requirements set out in International Accounting Standard 14 Segment Reporting. The "Zara" and "Bershka" formats are therefore described as the principal business segments, and the remaining segments described in the annual accounts for the year ended 31 January 2008, which grouped the operations carried out by the "Pull & Bear", "Massimo Dutti", "Stradivarius", "Oysho" and "Zara Home" formats, are included as non-assigned information. In line with the grouping criteria applied by the Group in preparing its consolidated annual accounts for the 2007 close, operations relating to the Kiddy's Class format have been grouped with those of the Zara segment. The new group format "Uterqüe" is also included as non-assigned information.

As a result of the changes in the groupings relating to segment information, the Company has re-expressed the data corresponding to the comparative period.

Geographical segments

All Inditex Group commercial formats operate in different markets with varying economic, commercial and legal environments, and are therefore subject to different risks and rewards. The four geographical segments of the Group's activities – Spain, Rest of Europe, Asia and the Rest of the World, and America – are determined based on the similarity of commercial, economic and political conditions and the proximity of operations. In the presentation of information by geographical segment, ordinary income is based on the geographical location of customers and segment assets are based on the geographical location of assets.

Primary and secondary segments

The origin and predominant nature of the risks and rewards of the Inditex Group's business units are attributable to business segments, as these risks and rewards are mainly influenced by the fact that each cash-generating unit belongs to a particular commercial format and geographical location. The internal organisation of the Inditex Group, the decision-making process and the system for communicating information to the Board of Directors and group management are organised primarily by commercial format, followed by geographical areas.

Details of the Inditex Group by segments are as follows:

Primary segments

FY2008

	ZARA	Bershka	Not assigned	Eliminations on consolidation	Total
Total revenue	7,520,933	1,036,790	2,597,690	-	**11,155,413**
Inter-segment revenue	696,503	11,265	40,684	(748,452)	
Revenue from third parties	6,824,430	1,025,524	2,557,006	-	**10,406,960**
Segment result	1,074,885	154,537	398,611	-	**1,628,033**
Segment assets	3,886,227	727,706	1,913,943	-	**6,527,876**
Segment liabilities	2,090,124	162,224	437,016	-	**2,689,364**
Segment investments	605,503	89,794	308,452	-	**1,003,749**
Amortization and depreciation	412,291	46,168	119,861	-	**578,320**
Expenses without cash outflow	38,613	1,105	1,881	-	**41,599**
ROCE	32%	56%	44%	-	**36%**
Number of stores	**1,520**	**591**	**2,153**	**-**	**4,264**

FY2007

	ZARA	Bershka	Not assigned	Eliminations on consolidation	Total
Total revenue	6,661,184	925,637	2,246,632	-	**9,833,453**
Inter-segment revenue	397,134	427	1,222	(398,782)	**0**
Revenue from third parties	6,264,050	925,211	2,245,409	-	**9,434,670**
Segment result	1,091,350	153,814	380,515	-	**1,625,679**
Segment assets	3,668,278	641,814	1,701,807	-	**6,011,899**
Segment liabilities	1,766,793	161,060	427,282	-	**2,355,135**
Segment investments	641,602	74,026	302,767	-	**1,018,395**
Amortization and depreciation	338,879	45,862	111,922	-	**496,663**
Expenses without cash outflow	45,607	1,023	3,712	-	**50,342**
ROCE	41%	59%	47%	-	**43%**
Number of stores	**1,361**	**510**	**1,820**	**-**	**3,691**

The segment result refers to the operating result (EBIT) of the segment, increased or decreased, where appropriate, by the "Other net operating income/expenses" caption. In accordance with IAS 14, and with a view to maintaining the coherence between the figures in the balance sheet and income statement, segment assets and liabilities indicated in the table above exclusively refer to those used in or derived directly from activity, and do not include assets or liabilities relating to income tax, accounts receivable or payable, loans, investments or any other item that generates financial results, as these are not included in the segment result. Income, expenses, assets and liabilities which are considered corporate in nature or as belonging to the group of segments as a whole have been assigned to each segment in accordance with criteria considered reasonable by group management.

Return on Capital Employed (ROCE) is defined as the ratio between the segment's result for the year (EBIT) and the total net average assets of the segment, which include those derived from activity as well as financial and tax-related assets.

Secondary segments

Sales to third parties

	2008	2007
Spain	3,730,299	3,746,817
Rest of Europe	4,809,263	4,093,086
America	1,038,065	974,089
Asia and rest of the world	829,333	620,678
Total	**10,406,960**	**9,434,670**

Net assets

	31/01/09	31/01/08
Spain	1,909,512	1,980,293
Rest of Europe	3,917,175	3,487,227
America	449,325	411,362
Asia and rest of the world	251,864	133,017
Total	**6,527,876**	**6,011,899**

Investment

	2008	2007
Spain	404,707	433,770
Rest of Europe	468,803	477,636
America	49,407	80,024
Asia and rest of the world	80,832	26,965
Total	**1,003,749**	**1,018,395**

5.9 Trade and other receivables

Details of this caption at 31 January 2009 and 2008 are as follows:

	31/01/09	31/01/08
Trade receivables	120,923	88,502
Sales to franchises	133,053	112,094
Public entities	249,471	188,554
Other current receivables	81,864	74,566
Total	**585,311**	**463,716**

Trade receivables mainly correspond to debit/credit card payments pending collection.

Part of the Group’s activity is carried out through franchised stores (see note 1). Sales to franchises are made under agreed collection terms and generate the receivables shown in the table above, which are secured as described in note 26.

Balances receivable from public entities comprise VAT and other taxes and duties incurred by group companies in the countries in which they operate.

Other current receivables include items such as rental incentives due from shopping centre developers (see note 24) and outstanding balances on sundry operations.

5.10 Inventories

Details at 31 January 2009 and 2008 are as follows:

	31/01/09	31/01/08
Raw materials and consumables	45,598	46,395
Work in progress	17,693	23,826
Finished goods for sale	991,549	936,992
Total	**1,054,840**	**1,007,213**

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

5.11 Property, plant and equipment

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

	Land and buildings	Leasehold improvements, machinery and furniture	Other property, plant and equipment	Advances and work in progress	Totals
Cost					
Balance at 01/02/2007	643,456	3,333,197	139,927	197,951	4,314,531
Acquisitions	138,156	605,524	34,251	122,484	900,415
Disposals	(16,741)	(94,034)	(3,811)	(14,477)	(129,063)
Transfers	78,594	(4,889)	4,034	(80,947)	(3,208)
Effect of movement in foreign exchange	(1,348)	(26,963)	(618)	(587)	(29,516)
Balance at 31/01/2008	**842,117**	**3,812,835**	**173,783**	**224,424**	**5,053,159**
Balance at 01/02/2008	842,117	3,812,835	173,783	224,424	5,053,159
Acquisitions	44,759	606,782	40,594	183,685	875,820
Disposals	(4,454)	(69,375)	(3,859)	(9,936)	(87,624)
Transfers	3,305	115,269	(1,121)	(137,427)	(19,974)
Effect of movement in foreign exchange	571	(66,802)	(6,398)	570	(72,059)
Balance at 31/01/2009	**886,298**	**4,398,709**	**202,999**	**261,316**	**5,749,322**
Depreciation					
Balance at 01/02/2007	135,763	1,292,319	72,134	-	1,500,217
Depreciation charge for the year	21,014	412,062	20,911	-	453,988
Acquisition of subsidiaries	(3,551)	(89,342)	(1,711)	-	(94,604)
Disposals	(3,644)	(3,841)	366	-	(7,119)
Effect of movement in foreign exchange	(55)	(2,308)	95	-	(2,268)
Balance at 31/01/08	**149,527**	**1,608,890**	**91,795**	**-**	**1,850,212**
Balance at 01/02/2008	149,527	1,608,890	91,795	-	1,850,212
Depreciation charge for the year	46,469	407,503	30,049	-	484,021
Disposals	(3,194)	(39,094)	(1,216)	-	(43,504)
Transfers	104	(730)	(24)	-	(650)
Effect of movement in foreign exchange	(4,050)	(927)	(7,112)	-	(12,089)
Balance at 31/01/2009	**188,856**	**1,975,642**	**113,492**	**-**	**2,277,990**
Impairment losses (note 32.2-g)					
Balance at 01/02/2007	-	25,499	-	-	25,499
Impairment charge	-	4,861	-	-	4,861
Applications	-	(3,113)	-	-	(3,113)
Disposals	-	(6,024)	-	-	(6,024)
Effect of movement in foreign exchange	-	(388)	-	-	(388)
Balance at 31/01/09	**-**	**20,835**	**-**	**-**	**20,835**
Balance at 01/02/2008	-	20,835	-	-	20,835
Impairment charge	-	22,794	-	-	22,794
Disponsals	-	(13,841)	-	-	(13,841)
Effect of movement in foreign exchange	-	(777)	-	-	(777)
Balance at 31/01/09	**-**	**29,011**	**-**	**-**	**29,011**
Net carrying amount					
Balance at 31/01/2008	692,590	2,183,110	81,988	224,424	3,182,112
Balance at 31/01/2009	**697,442**	**2,394,056**	**89,507**	**261,316**	**3,442,321**

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

The impairment charge for the year corresponds to valuation adjustments relating to property, plant and equipment in stores, the amount of which is determined on the basis of the budget for 2009 and estimated growth in sales and expenses for the following two years in the business plan. The estimated cash flows for the period not covered by this plan are extrapolated taking into account forecast growth for comparable stores over the residual lease term.

Fully depreciated items of property, plant and equipment include certain items, mainly machinery, installations and furniture, whose gross cost value amounted to euros 481,622 thousand and euros 330,713 thousand at 31 January 2009 and 2008, respectively.

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

Through its corporate management risk policy, the Group identifies, assesses and controls damage and responsibility-related risks to which its subsidiaries are exposed. It does this by compiling and measuring the main risks of damage, loss of profits and responsibilities affecting the Group and implements prevention and protection policies aimed at reducing the frequency and intensity of these risks.

Likewise, standard measurement criteria are established at corporate level which enable the different exposure risks to be quantified and measured.

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

5.12 Investment property

Investment property mainly relates to premises and other properties leased to third parties. Movement in this caption during 2008 and 2007 is as follows:

Cost	**31/01/09**	**31/01/08**
Opening balance	19,678	19,644
Acquisitions	-	34
Closing balance	**19,678**	**19,678**
Amortization and depreciation		
Opening balance	10,203	7,827
Acquisitions	1,020	2,376
Closing balance	**11,223**	**10,203**
Net carrying amount	**8,455**	**9,475**

The total market value of investment property at 31 January 2009 is approximately euros 20,000 thousand.

During 2008, euros 2,738 thousand (euros 1,678 thousand in 2007) of rental income on these properties has been included under Net sales – Other sales and services rendered (see note 2) in the consolidated income statement.

5.13 Rights over leased premises and other intangible assets

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

"Other intangible assets" include amounts paid for the registration and use of group brand names and the external cost of software applications. Details of and movement in other intangible assets during 2008 and 2007 are as follows

Other intangible assets

	Rights over leased property	Industrial property	Software	Advances and other intangible assets	Total
Cost					
Balance at 01/02/2007	656,915	19,760	7,904	8,280	692,859
Acquisitions	94,291	3,510	1,964	1,269	101,034
Disposals	(8,964)	(222)	-	-	(9,186)
Transfers	5,476	-	-	(5,476)	-
Effect of movement in foreign exchange	(5,681)	-	(238)	(249)	(6,168)
Balance at 31/01/2008	**742,037**	**23,048**	**9,630**	**3,824**	**778,539**
Balance at 01/02/2008	742,037	23,048	9,630	3,824	778,539
Acquisitions	86,544	1,851	5,925	83	94,403
Disposals	(16,553)	-	(489)	(816)	(17,858)
Transfers	19	-	106	51	176
Effect of movement in foreign exchange	(9,088)	-	(404)	-	(9,492)
Balance at 31/01/2009	**802,959**	**24,899**	**14,768**	**3,142**	**845,768**
Amortization					
Balance at 01/02/2007	202,349	12,614	5,235	2,875	223,073
Amortization for the year	35,398	1,396	848	69	37,711
Disposals	(2,432)	(22)	-	-	(2,454)
Transfers	840	-	-	-	840
Effect of movement in foreign exchange	851	-	145	(2)	994
Balance at 31/01/2008	**237,006**	**13,988**	**6,228**	**2,942**	**260,164**
Balance at 01/02/2008	237,006	13,988	6,228	2,942	260,164
Amortization for the year	42,627	1,543	1,803	68	46,041
Disposals	(6,272)	-	(173)	-	(6,445)
Effect of movement in foreign exchange	(2,304)	-	(66)	-	(2,370)
Balance at 31/01/2009	**271,057**	**15,531**	**7,792**	**3,010**	**297,390**
Impairment losses (note 32.2-g)					
Balance at 01/02/2007	370	-	-	-	370
Impairment charge	57	-	-	-	57
Balance at 31/01/2008	**427**	**-**	**-**	**-**	**427**
Balance at 01/02/2008	427	-	-	-	427
Impairment charge	7				7
Balance at 31/01/2009	**434**	**-**	**-**	**-**	**434**
Net carrying amount					
Balance at 31/01/2008	504,604	9,060	3,402	882	517,948
Balance at 31/01/2009	**531,468**	**9,368**	**6,976**	**132**	**547,944**

5.14 Goodwill

Details of and movement in goodwill during 2008 and 2007 are as follows:

	2008	2007
Opening balance	125,583	98,992
Acquisitions	6,102	39,002
Disposals	-	(13,000)
Other	-	589
Closing balance	**131,685**	**125,583**

Subsidiary	2008	2007
Stradivarius España, S.A.	53,253	53,253
BCN Diseños, S.A. de C.V.	15,523	15,523
Zara Polska, S.p. Zo.o.	35,940	29,838
Zao Zara CIS	19,822	19,822
Pull & Bear CIS	428	428
Stradivarius CIS	6,719	6,719
Closing balance	**131,685**	**125,583**

Goodwill corresponding to Stradivarius España, S.A. was generated upon acquisition of this company in 1998 and is stated at its net carrying amount at 1 February 2004, the date of transition to EU-IFRS.

The goodwill corresponding to BCN Diseños, S.A. de C.V. was generated upon acquisition of the holder of the franchise rights to the Massimo Dutti format in Mexico in 2004.

In 2005 Inditex acquired a 51% share in the Polish company previously known as Young Fashion Sp. Z.o.o. (currently Zara Polska, S.p. Z.o.o.), which until then held the franchise rights to Zara in that country, and reserved the right to acquire an additional 29% as of 1 February 2008. The voting rights for 80% of the share capital had already been acquired by Inditex, and were paid for in August 2005, although legal ownership of the aforementioned 29% of shares remained with the partner until Inditex exercised the acquisition right.

Inditex granted the seller a put option on the remaining 20% of share capital, exercisable as of June 2008 at a price that depended on results for the year prior to that in which the option was to be exercised. On 22 January 2009 Inditex acquired this 20% from Zara Polska S.p. Z.o.o. At 31 January 2009 a current liability has been recorded with a balancing entry under “Goodwill” in order to recognize this liability.

In 2006 Inditex acquired 100% of the share capital of the Russian company previously known as Zao Stockmann-Kranoselskaya (currently Zao Zara CIS), which until then held the franchise rights to Zara in that country.

In 2007 Inditex rescinded the franchise contracts of the companies which held the franchise rights to the Pull & Bear and Stradivarius formats in Russia, thus generating goodwill of euros 428 thousand and 6,719 thousand, respectively. As indicated in note 16, Fibracolor was fully consolidated in 2007.

Inditex took control of Fibracolor, S.A. in 2007 as a result of the commitments acquired between shareholders in prior years. The amount of net assets was recorded in the income statement as the requirements to recognize goodwill were not met, which was not significant for the Group.

Goodwill arising from the acquisition or cancellation of franchise contracts is equivalent to the value of intangible assets that do not comply with the requirements established in IFRS 3 for separate recognition. Certain franchise agreements entered into by the Group include call options which, if exercised, would allow the Group to acquire all of the shares of franchised entities or, alternatively, the rights to the leases for the premises in which the franchised stores operate and the assets associated with these stores. These options may be exercised after a certain period of time has elapsed since the signing of the franchise agreement.

The recoverability of goodwill is sufficiently guaranteed through the profitability of the acquired companies, whose cash flows sufficiently justify their net value at year end (note 32.2-g).

5.15 Financial investments

Details of and movement in financial investments during 2008 and 2007 are as follows:

	Investment securities	Investments in EIGs	Bank deposits	Loans and other credit facilities	Total
Balance at 01/02/2007	5,491	10,643	13,783	3,458	33,375
Acquisitions	-	24,464	-	13,136	37,600
Disposals	-	(20,476)	-	-	(20,476)
Transfer to current assets	-	-	(13,783)	-	(13,783)
Other	-	-	-	(542)	(542)
Balance at 31/01/2008	**5,491**	**14,631**	**-**	**16,052**	**36,174**
Balance at 01/02/2008	5,491	14,631	-	16,052	36,174
Acquisitions	95	-	-	-	95
Disposals	-	(14,631)	-	(10,317)	(24,948)
Other	3,095	-	-	-	3,095
Balance at 31/01/2009	**8,681**	**-**	**-**	**5,735**	**14,416**

Non-current investment securities mainly correspond to a stake in Banco Gallego.

The investment in Economic Interest Groupings (EIGs) comprises Inditex's shareholding in fourteen economic interest groupings, the activity of which is the leasing of assets managed by a separate, non-group entity which retains most of the profits and is exposed to the risks associated with this activity. These groupings have applied the fiscal incentives established in prevailing Spanish legislation (see note 23), the effect of which is shown under "Income tax" in the consolidated income statement.

5.16 Investments in associates

In 2007 the investment in Fibracolor, S.A. was treated as a subsidiary, as Inditex is understood to exercise control over this company. The impact on the Group's net assets, liabilities and results was not significant.

5.17 Other non-current assets

Details of and movement in this caption of the consolidated balance sheet during 2008 and 2007 are as follows:

	Guarantees	Other	Total
Balance at 01/02/2007	81,177	16,906	98,083
Acquisitions	23,713	5,886	29,599
Disposals	(1,586)	(1,880)	(3,466)
Transfers	-	300	300
Effect of movements in foreign exchange	(795)	(4,026)	(4,821)
Balance at 31/01/2008	**102,509**	**17,186**	**119,695**
Balance at 01/02/2008	102,509	17,186	119,695
Acquisitions	35,033	6,968	42,001
Disposals	(4,995)	(5,440)	(10,435)
Transfers	(5)	(94)	(94)
Effect of movements in foreign exchange	13,266	251	13,517
Balance at 31/01/2009	**145,808**	**18,871**	**164,684**

Guarantees mainly correspond to amounts extended to proprietors of leased commercial premises to ensure compliance with the conditions stipulated in lease contracts (see note 24).

5.18 Trade and other payables

Details of this caption of the 2008 and 2007 consolidated balance sheets are as follows:

	31/01/09	31/01/08
Trade payables	1,540,765	1,455,784
Personnel	116,953	122,151
Public entities	305,554	296,179
Other current payables	109,869	101,137
Total	**2,073,141**	**1,975,251**

5.19 Net financial position

Details of "Cash and cash equivalents" in the consolidated balance sheets are as follows:

	31/01/09	31/01/08
Cash in hand and at banks	741,568	538,660
Short-term deposits	89,748	134,393
Fixed income securities	634,975	792,782
Total cash and cash equivalents	**1,466,291**	**1,465,835**

Details of group debt with financial entities are as follows:

31/01/2009

	Current	Non-current	Total
Loans	10,356	6,247	16,603
Credit facilities	220,458	-	220,458
Finance leases	3,213	6,994	10,207
Other financial debt	10	-	10
	234,037	**13,241**	**247,278**

31/01/2008

	Current	Non-current	Total
Loans	31,775	33,663	65,439
Credit facilities	333,494	-	333,494
Finance leases	6,006	8,695	14,701
	371,276	**42,358**	**413,634**

At 31 January 2009 the Group has a draw-down limit of euros 1,156,483 thousand on its credit facilities (euros 824,982 thousand at 31 January 2008).

Interest on financial debt is negotiated by the Group on the respective financial markets and usually consists of a monetary market index plus a spread in line with the solvency of the company (parent or subsidiary) contracting the debt.

Financial debt is stated in the following currencies:

	31/01/2009	31/01/2008
Euro	185,086	290,913
US Dollar	8,636	10,102
Other European currencies	7,142	49,600
Other American currencies	45,402	44,942
Other currencies	1,012	18,076
	247,278	**413,634**

The maturity of group debt with financial entities at 31 January 2009 and 2008 is as follows:

	31/01/2009	31/01/2008
Less than one year	234,037	371,276
Between one and five years	13,241	42,358
More than five years	-	-
	247,278	**413,634**

5.20 Provisions

Details of and movement in this caption of the consolidated balance sheet during 2008 is as follows:

	Pensions and similar obligations with personnel	Liabilities	Total
Balance at 01/02/2008	4,897	42,784	47,681
Provisions made during the year	1,906	55,074	56,980
Provisions used during the year	(281)	(2,089)	(2,370)
"Effect of movement in foreign exchange"	(462)	(9)	(471)
Balance at 31/01/2009	**6,060**	**95,760**	**101,820**

Provision for pensions and similar obligations with personnel

In accordance with acquired commitments, some group companies are obliged to meet certain obligations with personnel. The Group has a provision to cover the actuarial liability corresponding to the estimated accrued portion of these commitments at 31 January 2009.

Provision for liabilities

Given the Group's international presence, it has certain legal, customs, tax and other contingencies. The amounts shown here correspond to current obligations from legal claims or constructive obligations deriving from past actions which include a probable outflow of resources that has been reliably estimated. At the date of preparation of these consolidated accounts, there are no litigation proceedings whose final outcome could significantly affect the Company's equity situation.

The directors of Inditex consider that the provisions recorded in the consolidated balance sheet adequately cover risks deriving from litigation proceedings, arbitration hearings and other contingencies, and do not expect any additional liabilities to arise therefrom. Given the nature of the risks, it is not possible to estimate when any eventual liabilities may have to be settled.

5.21 Other non-current liabilities

Details of and movement in this caption of the consolidated balance sheet during 2008 and 2007 are as follows:

	Options with partners	Lease incentives	Other	Total
Balance at 01/02/2007	30,263	150,597	9,210	190,070
Acquisitions	4,043	49,119	1,145	54,307
Changes through profit or loss	-	(12,734)	-	(12,734)
Disposals	-	(781)	-	(781)
Transfer to short-term	-	-	-	-
Effect of movements in foreign exchange	(726)	(648)	-	(1,374)
Balance at 31/01/2008	**33,580**	**185,553**	**10,355**	**229,488**
Balance at 01/02/2008	33,580	185,553	10,355	229,488
Acquisitions	1,950	86,700	14,750	103,400
Changes through profit or loss	-	(15,384)	-	(15,384)
Disposals	-	(1,990)	-	(1,990)
Transfer to short-term	-	-	-	-
Effect of movements in foreign exchange	-	(7,224)	-	(7,224)
Balance at 31/01/2009	**35,530**	**247,655**	**25,105**	**308,290**

Additions through profit and loss have been recognized under "Other net operating income/expenses" and "Operating expenses" (euros 600 thousand in 2008 and euros 2,475 thousand in 2007) (see note 5) and "Financial results" (euros 1,350 thousand in 2008 and euros 1,568 thousand in 2007) (see note 6) of the consolidated income statement.

5.22 Capital and reserves

Share capital

At 31 January 2009 and 2008, parent company share capital amounted to euros 93,499,560 and is represented by 623,330,400 registered shares of euros 0.15 par value each, subscribed and fully paid. All shares belong to a single class and series, have the same voting and profit-sharing rights and are represented by book entries.

Inditex shares are listed on the four Spanish stock exchanges. As shares are represented by book entries and the Company therefore does not maintain a record of shareholders, it is not possible to accurately know the share structure of the Company. According to public information registered with the Spanish Stock Exchange Commission, at 31 January 2009 the members of the Board of Directors controlled, directly or indirectly, approximately 59.348% of parent company share capital, compared to 59.329% as at 31 January 2008 (see note 30).

Treasury shares

Treasury shares held by the Inditex Group comprise the following:

- 41,000 treasury shares at 31 January 2009 (41,000 as at 31 January 2008) with an average acquisition cost of euros 2.18 per share.

- 180,264 shares with an acquisition cost of euros 2.93 per share (2,333,809 at 31 January 2008), corresponding to the following operation:

At the meetings held on 20 July 2000, 19 January 2001 and 20 April 2001 the shareholders of Inditex agreed to launch a share option plan which awarded Board of Directors and management of Inditex and its group of subsidiaries option rights over a maximum of 3,018,400 ordinary Inditex shares of euros 0.15 par value each.

In order to hedge the share option plan, Banco Bilbao Vizcaya Argentaria, S.A. subscribed to 3,018,400 shares of a capital increase carried out in January 2001 and signed a call option agreement in favour of Inditex whereby the latter could acquire the shares for sale to beneficiaries in the event they exercised their option rights. This financial entity also subscribed a swap contract with Inditex in order to set the return on the investment in the Company's shares and regulate the associated cash flows. Upon expiration of this plan, 2,348,383 residual shares remained, which Inditex acquired in 2007 and recorded as treasury shares. As described in note 27, the shareholders at an annual general meeting agreed to incorporate these remaining shares into a new share-based remuneration plan, which matured in 2008.

5.23 Income tax

With the exception of Inditex, S.A. and Indipunt, S.L., companies whose information is incorporated into these consolidated annual accounts file individual tax returns.

Inditex, S.A. is the parent of a group of companies that files consolidated tax returns in Spain. The consolidated tax group is composed of Inditex, S.A., the parent, and Spanish subsidiaries which comply with prevailing tax legislation for filing consolidated tax returns. The subsidiaries that comprise this tax group are the following::

Tax Group

Bershka Logística, S.A.	Plataforma Europa, S.A.
Bershka BSK España, S.A.	Plataforma Logística León, S.A.
Choolet, S.A.	Plataforma Logística Meco, S.A.
Comditel, S.A.	Pull & Bear España, S.A.
Confecciones Fíos, S.A.	Pull & Bear Logística, S.A.
Confecciones Goa, S.A.	Samlor, S.A.
Denllo, S.A.	Skhuaban, S.A.
Fashion Logistics Forwarders, S.A.	Stear, S.A.
Glencare, S.A.	Stradivarius España, S.A.
Goa-Invest, S.A.	Stradivarius Logística, S.A.
Grupo Massimo Dutti, S.A.	Trisko, S.A.
Hampton, S.A.	Uterqüe España, S.A.
Inditex, S.A.	Uterqüe Logística, S.A.
Kiddy's Class España, S.A.	Uterqüe, S.A.
Lefties España, S.A.	Zara España, S.A.
Massimo Dutti Logística, S.A.	Zara Home España, S.A.
Massimo Dutti, S.A.	Zara Home Logística, S.A.
Nikole, S.A.	Zara Logística, S.A.
Oysho España, S.A.	Zara, S.A.
Oysho Logística, S.A.	Zintura, S.A.

Indipunt, S.L. is the parent company of a separate tax group whose sole subsidiary is Jema Creaciones Infantiles, S.A.

"Income tax payable" in the consolidated balance sheet corresponds to the 2008 income tax provision, net of withholdings and payments on account made during the period. "Trade and other payables" include the liability deriving from the remaining applicable taxes.

"Income tax receivable" in the consolidated balance sheet mainly relates to withholdings on account of income tax. "Trade and other receivables" mainly include the difference between VAT recoverable and VAT receivable.

Inditex, S.A. holds a 49% stake in nine economic interest groupings (EIGs), 50% in two EIGs, 49.50% in two EIGs and 46% in one EIG, the principal activity of which is the leasing of assets. These groupings requested from the tax authorities, and were granted, tax incentives provided for in income tax legislation (see note 15).

The aforementioned operations have given rise to positive and negative adjustments to taxable income, which have been treated as permanent differences. In relation to the aforementioned first nine entities, positive taxable income of euros 42,033 thousand has been integrated, and negative taxable income of euros 80,537 thousand for the remaining five. Furthermore, for these operations the Group has applied a credit for investments of euros 11,349 thousand, a valuation allowance for the corresponding investments of euros 21,851 thousand, and a reduction in deferred tax liabilities of euros 6,083 thousand. The effects of these adjustments have been recognized in the income tax expense account, representing, in total, a reduction in the expense of euros 7,132 thousand.

The 2008 income tax calculation is based on profit reported for accounting purposes, obtained in conformity with EU-IFRS, which may differ from the profit for fiscal purposes. The income tax expense includes both current and deferred income tax as follows:

	2008	2007
Current taxes	211,010	407,519
Deferred taxes	114,312	(19,647)

A reconciliation of the income tax expense under the prevailing Spanish general income tax rate to "Profit before tax" and the expense recorded in the consolidated income statement for 2008 and 2007 is as follows:

	2008	2007
Consolidated accounting income	1,586,937	1,645,636
Income tax expense at tax rate prevailing in the country of the parent company	476,081	534,832
Net permanent differences:		
Individual companies	(156,190)	(75,775)
Consolidation adjustments	(24,602)	17,704

	2008	2007
Effect of tax rates in foreign jurisdictions	26,141	(4,982)
Offset of tax loss carryforwards	-	(4,922)
Capitalization of prior years' losses and credits	(8,145)	-
Adjustment to prior years' taxes	(4,075)	(3,131)
Income tax recognized directly in reserves	36,294	-
Other adjustments	42,488	(10,181)
Adjustments to deferred tax assets and liabilities	3,246	-
Tax credits and deductions	(65,916)	(65,673)
Income tax expense	**325,322**	**387,872**

Positive permanent differences mainly correspond to non-deductible expenses, charges to non-deductible provisions, adjustments to taxable income due to the transition to the new General Chart of Accounts approved by Royal Decree 1514 of 16 November 2007, in relation to the treatment of valuation adjustments of investments in entities that affect Spanish companies, and the portion of the contribution of rights to use certain assets to a subsidiary attributable to taxable income.

Negative permanent differences mainly correspond to tax loss carryforwards generated by economic interest groupings, the tax deductibility of personnel expenses settled in the current year through equity instruments, and adjustments to taxable income due to the transition to the new General Chart of Accounts in relation to the valuation of investments in entities.

The difference between the tax burden for 2008 and 2007 and the amounts payable for these periods, recognized in the “deferred tax assets” and “deferred tax liabilities” captions of the consolidated balance sheets as at 31 January 2008 and 2009, relates to temporary differences generated by variations between the carrying amount of assets or liabilities and the value that constitutes the tax base thereof.

Details of “deferred tax assets” and “deferred tax liabilities” in the accompanying balance sheet are as follows:

Deferred tax liabilities:	2008	2007
Lease operations	2,868	3,924
Intragroup operations	28,032	50,577
Amortization	23,234	13,910
Subsidiary valuation adjustments	93,054	-
Reinvestment of profits	4,188	4,304
Other	62,471	38,242
Total	**213,847**	**110,957**

Deferred tax assets:	2008	2007
Provisions	56,379	17,881
Amortization	18,917	1,505
Tax losses	36,773	24,895
Intragroup transactions	51,744	50,864
Lease incentives	7,740	-
Other	31,547	37,875
Total	**203,100**	**133,020**

Movement in deferred tax assets and liabilities in 2008 and 2007 is as follows:

	Deferred tax liabilities	Deferred tax assets
Balance at 01/02/2008	110,957	133,020
Charge to income statement	93,090	41,278
Charge to reserves	9,800	28,802
Balance at 31/01/2009	**213,847**	**203,100**

These balances have been determined based on tax rates which, according to enacted fiscal legislation, will be in force during the years in which the balances are expected to reverse and which, in certain cases, differ from the tax rates prevailing in the current year.

The difference between balances calculated at the prevailing and new tax rates has impacted the accrued income tax expense.

As permitted by the prevailing tax legislation in each country, group companies have applied tax credits amounting to euros 65,916 thousand (euros 65,673 thousand at 31 January 2008). These credits and deductions mainly relate to investments and, to a lesser extent, to credits.

At 31 January 2009, the Group has tax losses of euros 207,830 thousand (euros 138,053 thousand at 31 January 2008) which may be offset against future profits, the majority of which may be utilized indefinitely. Deferred tax assets in respect of tax losses are only recognized when there is evidence that future taxable profits will be available against which the asset can be utilized. At 31 January 2009 the credit for losses to be offset that appears under assets in the balance sheet amounts to euros 35,620 thousand. The Company has also recognized a tax credit for deductions of euros 1,153 thousand.

Tax inspections were initiated on the tax group during the year, which to date have focused on the parent company Industria de Dise_o Textil, S.A. Certain foreign subsidiaries are also being inspected in Italy, Portugal and France.

The Company does not expect that significant additional liabilities will arise as a result of these inspections or those that could be carried out in the future in relation to periods that have not yet expired.

Years open to inspection by the tax authorities for all main applicable taxes vary depending on the tax legislation in each country. The directors do not expect that any significant additional liabilities affecting group equity or results would arise in the event of inspection.

5.24 Operating leases

Most of the commercial premises from which the Group carries out its retail distribution activities are leased from third parties. These rental contracts are classified as operating leases since, irrespective of the lease term and the amounts paid or due to the owners of the leased premises, there is no transfer of risks and rewards inherent to ownership.

Due to the presence of the Group in different countries, the variety of legislation governing lease contracts, the diverse nature and economic status of the owners and other factors, there is a broad range of clauses regulating lease contracts.

In many cases the lease contracts simply establish a fixed rental payment, normally monthly, adjusted for inflation based on a price index. In other cases the amounts payable to the lessor are a percentage of the sales obtained by the Group in the leased premises. These variable lease payments or contingent rent may have minimum guaranteed amounts or certain rules of calculation attached. In some countries lease contracts are periodically indexed to market rates, which on occasion entails an increase in rent, but rent is not reduced when market rates fall. Occasionally, staggered rental payments are agreed, which means cash outflows can be reduced during the initial years of the use of commercial premises, although the expense is recognized on a straight-line basis (see note 32.2-p). Free rental periods are also frequently established in order to avoid having to pay rent when premises are being refurbished and prepared for opening.

Rental contracts also sometimes require lessees to pay certain amounts to the lessor, which, from an economic perspective, could be considered advance rental payments, or to the previous tenants so that they waive certain rights or transfer them to the Group (transfer rights or different types of indemnities). These amounts are recognized as non-current assets (see note 13) and are generally amortized over the term of the lease contract.

On certain occasions, shopping centre developers or the proprietors of leased premises make contributions towards the establishment of the Group's business in their premises. These contributions are treated as lease incentives (see note 21) and are taken to income over the lease term.

A wide variety of situations also apply to the duration of lease contracts, which generally have an initial term of between 15 and 25 years. However, legislation in certain countries or the situations in which lease contracts are typically used means the duration of contacts is sometimes shorter. In some countries, legislation or the lease contracts themselves protect the right of the lessee to terminate the contract providing sufficient advance notice (e.g. three months) is given. In other cases, however, the Group is obliged to comply with the full term of the contract, or at least a significant part thereof. Some contracts combine these undertakings with termination clauses that may only be exercised at certain times over the term of the contract (e.g. every five years or at the end of the tenth year).

Details of operating lease expenses are as follows:

	2008	2007
Minimum installments	894,435	701,410
Contingent installments	133,942	153,968
	1,028,377	**855,378**
Sub-leasing collections	7,693	2,046

Future minimum payments under non-cancelable operating leases are as follows:

2008

Less than 1 year	Between 1 and 5 years	More than 5 years
596,673	1,030,610	624,982

2007

More than 5 years	Between 1 and 5 years	More than 5 years
533,457	1,099,425	799,299

5.25 Finance leases

The Group has contracted finance leases mainly for commercial premises and logistics centres. The corresponding leased assets are recorded under tangible assets in the consolidated balance sheet (see note 11), while the related debt is recognized as a financial liability (see note 19). The net carrying amount of items acquired under lease financing and the future amounts payable until the leases expire are as follows:

	31/01/2009	31/01/2008
Cost of the asset	40,353	54,386
Accumulated depreciation	(11,314)	(12,310)
	29,039	**42,076**

Minimum payments

	31/01/2009	31/01/2008
Less than one year	3,213	6,006
Between one and five years	6,994	8,695
More than five years	-	-
	10,207	**14,701**

5.26 Risk management and financial instruments

Financial risk management policies

The Group's activities are exposed to certain types of financial risk: market risk (including exchange rate risk), credit risk, liquidity risk and interest rate risk on cash flows. The Group's risk management policy centers on the uncertainty of financial markets and attempts to minimize the potential adverse effects on the Group's profitability through the use of certain financial instruments as described below.

This note provides information on the Group's exposure to each of the aforementioned risks, the Group's objectives, policies and processes for managing risk, the methods used to measure these risks and any changes from the previous year.

Exchange rate risk

The Group operates in an international environment and, accordingly, is exposed to exchange rate risk, particularly relating to the US Dollar and, to a lesser extent, the Mexican Peso, the Japanese Yen and the Pound Sterling. Exchange rate risk arises on future commercial transactions, assets and liabilities recorded in foreign currencies, and net investments in foreign businesses.

In order to control the exchange rate risk on future commercial transactions and assets and liabilities recorded in currencies other than the Company's functional currency, group companies use forward exchange contracts. The Group manages each currency's net position through external forward foreign currency contracts or other financial instruments.

The Group has various investments in foreign businesses, the net assets of which are exposed to exchange rate risk which is managed in line with group management policies.

During 2008, had the value of the euro increased by 10% compared to the US Dollar and, as a result, compared to the rest of the foreign currencies linked to the US Dollar, all other things being equal, consolidated profit after income tax would have been approximately euros 49,451 thousand higher (euros 48,524 thousand in 2007), primarily because of the conversion of subsidiaries' financial statements expressed in currencies other than the euro, and the impact on the portion of merchandise purchases in US Dollars not covered by exchange-rate hedges.

Credit risk

The Group is not exposed to significant concentrations of credit risk, as policies are in place to cover sales to franchises and retail sales comprise the vast majority of revenue. Collections are primarily made in cash or through credit card payments.

The Group also limits its exposure to credit risk by investing solely in products that have high liquidity and credit ratings.

Provision is made for the impairment of trade receivables when objective evidence exists that the Group will be unable to recover all the outstanding amounts in accordance with the original contractual conditions of the receivables. The provision amounts to the difference between the asset's carrying amount and the present value of estimated cash flows, discounted at the effective interest rate, and is recognized in the income statement. Charges to the provision during the year as a result of value adjustments to the balances recorded under this caption have not been significant.

At 31 January 2009 and 2008 no significant outstanding balances exist. Furthermore, based on available historical data, the Group does not consider it necessary to make value adjustments to receivables which are not past due. The fair value of receivables is equal to their carrying amount.

The Group's policy is to only extend financial guarantees to subsidiaries.

Liquidity risk

The Group is not exposed to significant liquidity risk, as it maintains sufficient cash and cash equivalents to meet the outflows of normal operations. In the event the Group requires financing, either in euros or in other currencies, it reverts to loans, credit facilities or other types of financial instruments (see note 19).

Details of financial liabilities are disclosed in note 19, along with their expected maturities. The fair value of these financial liabilities does not differ substantially from their carrying amount.

Interest rate risk

Interest rate fluctuations affect the fair value of assets and liabilities which accrue a fixed rate of interest, as well as future cash flows from assets and liabilities indexed to a variable interest rate. Group exposure to this risk is not significant for the reasons mentioned above.

The Group does not have any financial assets or liabilities at fair value through profit or loss or interest-rate financial derivatives. Consequently, any changes in interest rates at year end will not significantly affect consolidated profits.

Capital management

The Group’s capital management objectives are to safeguard the Group’s ability to continue operating as a going concern so that it can continue to generate returns for shareholders, benefit other interested parties, and maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments thereto in response to changes in economic conditions. No significant changes to capital management have been made during the year.

Neither the Company nor Inditex group subsidiaries are subject to strict capital management criteria.

Financial instruments

Merchandise and goods for resale are partly acquired from foreign suppliers in US Dollars. In accordance with prevailing exchange rate risk policies, group management contracts derivatives, mainly forward contracts, to hedge cash flow fluctuations related with exchange rates.

Moreover, and as described in note 32.2.n), the Group applies hedge accounting to mitigate the volatile effect that contracting hedge instruments prior to recording the associated transactions would have on the consolidated income statement.

Consequently, the fair value of hedging derivatives has been recognized in equity during the year. A total of euros 10,330 thousand (euros 1,626 thousand in 2007) was reclassified to the income statement, the hedged portion of which was recognized under cost of sales and the speculative portion under net financing revenue/(costs). The ineffective portion of hedging derivatives has not been significant and has also been taken to net financing revenue/(costs).

At 31 January 2009 the Group held derivatives, mainly forward purchases, in US Dollars for a par value of US Dollars 894,173 thousand (US Dollars 529,950 thousand at 31 January 2008), as well as sales of 387,379 thousand Mexican Pesos (845,000 thousand at 31 January 2008) and 847,134 thousand Russian Roubles.

The fair value of forward exchange-rate contracts has been calculated based on market value, where available, and has otherwise been estimated by discounting the difference between the amount contracted and the value of the contract at year end at a risk-free rate, taking into account its residual maturity.

Approximately 60% of cash flows associated with hedges in US Dollars are expected to be generated during the seven months subsequent to year end, while the remaining 40% is expected to be generated within six months to a year. It is also likely that the impact on consolidated profit and loss will arise during these periods.

Details of the various financial asset and liability categories are disclosed in notes 15 and 19. No amount has been recognized for the impairment of financial assets during 2008.

5.27 Employee benefits

Defined benefit or contribution plan obligations

In general, the Group has no defined benefit or contribution plan obligations with its employees. However, in line with prevailing labour legislation or customary practice in certain countries, the Group assumes certain commitments related to the payment of specific amounts for accidents, illness, retirement, etc., to which employees sometimes contribute. The associated risk is partially or fully externalized through insurance policies. Furthermore, in some countries employees receive a share of profits. The liabilities associated with these items are recognized under "Trade and other receivables" and "Other non-current liabilities" in the consolidated balance sheet. The impact of these obligations on the consolidated income statement and the consolidated balance sheet is not significant.

Share-based payments

At their respective meetings held on 18 July 2006, the directors and shareholders of Inditex agreed to a share-based payment plan (hereinafter the Plan) whereby certain group employees would receive free on 1 October 2008 ordinary Inditex shares of euros 0.15 par value each belonging to the same class and series as the remaining shares of the Company.

Through this Plan, beneficiaries were assigned an initial number of “units” (not shares) in order to determine the number of shares they would receive, which is based on the number of units that can be converted into shares in line with the conditions attached. These units were not transferable to third parties, inter vivos or causa mortis, who would only be entitled to compensation in the event of early settlement deriving from the death of a beneficiary.

The Plan was aimed at members of the management team, including two executive Board members and seven general managers, and other key employees of the Inditex Group.

The Plan was limited to a maximum of 2,348,383 shares, equivalent to 0.37% of share capital, which is the surplus amount of a previous share option plan. These shares were issued through a capital increase subscribed by a financial entity in order for the Company to fulfill its commitments with the beneficiaries of the plan. The Company acquired these shares by exercising its call option with the financial entity.

The Plan came into effect on 18 July 2006, the date on which the shareholders approved the Plan, and vested on 1 October 2008, when the beneficiaries' right to receive the shares materialized, without prejudice to any early settlement.

One of the conditions for receiving shares was that the beneficiary had to be employed by Inditex or any Inditex Group company on the Plan's vesting date, 1 October 2008, except in the case of early settlement (e.g. death, retirement, unfair dismissal or maternity leave), in which case the number of convertible units would be calculated in proportion to the time elapsed since the grant date (18 July 2006) and the Plan's vesting date (1 October 2008).

The final number of shares to be received upon vesting of the Plan depended on the share's revaluation in accordance with the conditions established by the Board of Directors: beneficiaries would be entitled to receive 100% of the shares corresponding to the units initially assigned when the average quotation price during 2006 and 2007 exceeded the weighted average quotation price during the last quarter of 2005 by a certain percentage established by the Board of Directors, based on the different forecast revaluation scenarios.

Fair value at the Plan concession date was estimated at euros 48,046 thousand using commonly accepted valuation techniques, taking into account assumptions corresponding to the value of the share at the grant date, the average quotation, interest rates, the dividend payable or "dividend yield" and volatility. Personnel expenses recorded in the consolidated income statement for the year amount to euros 17,799 thousand (euros 22,139 thousand in 2007), with a balancing entry in equity. This Plan vested on 1 October and 2,153,545 shares were distributed to beneficiaries.

5.28 Interest in joint ventures

Inditex has a 50% stake in the group formed by the parent Tempe, S.A. and its subsidiaries Tempe México, S.A. de C.V., Tempe Brasil, S.A. and Tempe Logística, S.A. The principal activity of these companies is the design, supply and distribution of footwear to Inditex Group companies, their main customer. The assets, liabilities, income and expenses of this joint venture that have been consolidated are as follows:

	2008	2007
Non-current assets	26,619	24,238
Current assets	121,854	80,231
Non-current liabilities	(2,852)	(832)
Current liabilities	(71,295)	(50,839)
Net assets	**74,326**	**52,798**
Revenues (*)	280,255	253,123
Expenses	(214,990)	(215,930)

(*) Revenue from third parties other than the Group: euros 40,494 thousand and euros 31,988 thousand in 2008 and 2007, respectively.

5.29 Proposed distribution of parent company profit

The directors will propose that the 2008 net profit of the parent company, which amounts to euros 683,344 thousand, be distributed as follows: a maximum of euros 654,497 thousand as dividends (euros 1.05 per share) and euros 28,847 thousand to voluntary reserves.

5.30 Remuneration of the board of directors and transactions with related parties

Remuneration of the board of directors

Remuneration received by the Board of Directors and senior management during 2008 is shown in the section on transactions with related parties.

As in 2007, the Group has no commitments in respect of pension plans or life insurance schemes.

Other information concerning the Board of Directors

According to the public registers of the Spanish Stock Exchange Commission (CNMV), at 31 January 2009 the members of the Board of Directors held the following direct and indirect investments in the share capital of Inditex:

Name or company name of director	Number of direct shares	Number of indirect shares	Percentage of capital
Mr. Amancio Ortega Gaona	-	369,600,063 [1]	59.294%
Mr. Pablo Isla Álvarez de Tejera	139,800	-	0.022%
Mr. Carlos Espinosa de los Monteros Bernaldo de Quirós	40,000	-	0.006%
GARTLER, S.L.	311,727,598	-	50.010%
Mr. Francisco Luzón López	-	-	0%
Ms. Irene R. Miller	30,239	-	0.005%
Mr. Juan Manuel Urgoiti López de Ocaña	27,739	-	0.004%
Mr. José Luis Vázquez Mariño	5,000	-	0.000%
Mr. Antonio Abril Abadín	97,515	-	0.016%
Total			**59.348%**

[1] Through Gartler, S.L. and Partler 2006, S.L.

Transactions with related parties

Related parties are subsidiaries, joint ventures and associates, details of which are shown in Appendix I to the consolidated annual accounts, as well as significant or controlling shareholders, members of the Board of Directors of Inditex and key management.

Inditex Group companies

Operations between Inditex and its subsidiaries form part of regular activities and have been fully eliminated in the consolidation process and are therefore not shown in this note.

Details of operations between Inditex and its joint ventures which have not been completely eliminated in the consolidation process as they are proportionately consolidated are as follows.

Company	Thousands of euros	
	2008	2007
Joint ventures	**(239,761)**	**(221,135)**

Details of operations with significant shareholders, the members of the Board of Directors and management are as follows:

Significant shareholders

According to the information in the public registers of the Spanish Stock Exchange Commission, Gartler, S.L. holds 50.010% of Industria de Diseño Textil, S.A. and is, therefore, the controlling shareholder of the Inditex Group. During 2008 and 2007, operations carried out by the Inditex Group with the controlling shareholder, or with related persons or companies, are as follows:

2008

Nature of relationship	Type of operation	Amount (thousands €)
Contractual	Asset leasing	(10,271)
Contractual	Asset leasing	157

2007

Nature of relationship	Type of operation	Amount (thousands €)
Contractual	Asset leasing	(6,104)
Contractual	Asset leasing	279
Contractual	Works	4,544

Several group companies have leased commercial premises belonging to companies related to the controlling shareholder. The majority of these lease contracts were signed prior to 1994 and mature between 2014 and 2016.

Members of the Board of Directors and management

Total remunerations and indemnities received by Inditex board members and management during 2008 are as follows.

	Board members	Directors
Remunerations	5,164	10,817
Indemnities	-	2,933

Total remunerations and indemnities received by Inditex Board members and management during 2007 were as follows:

	Board members	Directors
Remunerations	4,518	10,179
Indemnities	-	560

In 2006 Inditex approved a share-based payment plan aimed at the management team, including two executive Board members, and other key employees of the Inditex Group, the characteristics of which are described in note 27. This Plan vested on 1 October 2008 and the Company duly informed the Spanish National Securities Market Commission (CNMV) by means of a communication with acknowledgement of receipt on 7 October 2008.

As regards transactions with related parties, details of the number of shares received by Board members and directors upon vesting of the Plan are as follows:

	No. of shares received	% of capital
Board members	121,500	0.019
Directors	455,748	0.073

Appendix II shows the information required by Article 127 ter of the Spanish Companies Act, introduced by Law 26 of 17 July 2003, which modified Securities Market Law 24 of 28 July 1988, and the revised text of the Spanish Companies Act, enacted to enhance the transparency of listed entities.

5.31 External auditors

Details of fees and expenses accrued by KPMG Auditores, S.L. (main auditor) and associated firms in relation to services rendered to consolidated companies are as follows:

	2008	2007
Audit services	3,940	3,433
Other services	313	360
Total	**4,253**	**3,793**

In addition to the audit of the Inditex Group annual accounts, audit services rendered by KPMG Auditores, S.L. also include certain audit work related with the external audit.

Non-audit services, mainly relating to corporate social responsibility, include inspection of suppliers' workshops and factories and other services rendered to certain foreign group subsidiaries.

According to information received from the auditors, fees received from the Inditex Group by KPMG International or associated firms do not exceed 0.0224% of total revenue.

5.32 Selected accounting policies

5.32.1 Basis of consolidation

a) Subsidiaries

Subsidiaries are those entities controlled by the parent company. Control exists when the parent company has the power, directly or indirectly, to govern financial and operating policies. Subsidiaries are consolidated by aggregating the total amount of assets, liabilities, income, expenses and cash flows, after carrying out the adjustments and eliminations relating to intragroup operations. The results of subsidiaries acquired during the year are included in the consolidated annual accounts from the date that control commences.

Net identifiable assets acquired, liabilities and contingent liabilities assumed as part of a business combination are stated at fair value at the date of acquisition, providing this has taken place after 1 January 2004, the date of transition to EU-IFRS. Any excess over the fair value of identifiable assets acquired, liabilities and contingent liabilities assumed at that date is recognized as goodwill, and otherwise is recorded as income for the year. Acquisitions of entities prior to this date were recognized in accordance with generally accepted accounting principles in Spain once all necessary corrections and adjustments at the transition date were taken into account. In accordance with EU-IFRS, goodwill is not amortized but is systematically tested for impairment. Minority interest shown in the consolidated statement of changes in equity corresponds to investments held in group companies prior to the date of transition to EU-IFRS. Consequently, these investments are measured at an amount equivalent to the percentage of the net carrying amount of the assets and liabilities of the companies of which they are shareholders.

Any loss attributable to minority interest exceeding their interest is assumed by the Group when preparing its annual accounts. Minority interest in the equity and results of subsidiaries is presented under "Net equity attributable to minority interest" and "Profit attributable to minority interest", respectively. Details of subsidiaries, joint ventures and associates are provided in Appendix I.

b) Joint ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement. The consolidated annual accounts include, in each individual caption of the balance sheet and income statement, the Group's proportionate share in these entities' assets, liabilities, revenue, expenses and cash flows from the date that joint control commences until the date that joint control ceases.

c) Associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. The consolidated annual accounts include the Group's share of the total recognized gains, losses, assets and liabilities of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal obligations or made payments on behalf of an associate.

d) Harmonization of criteria

Each of the entities included in the consolidated group prepares its annual accounts and other accounting records in accordance with accounting policies and legislation applicable in the country of origin. When these accounting criteria and policies are different to those adopted by Inditex in the preparation of its consolidated annual accounts, they have been adjusted in order to present the consolidated annual accounts using homogeneous accounting principles.

e) Intragroup eliminations

Intragroup balances and transactions, and any unrealized gains or losses arising from transactions with third parties, are eliminated in the consolidation process. In the case of jointly controlled entities, balances, revenues and expenses between intragroup companies, and any unrealized gains or losses arising from transactions with third parties, are eliminated in the consolidation process to the extent of the Group's interest in the entity. Unrealized gains or losses arising from transactions with associates are eliminated from the consolidated annual accounts to the extent of the Group's interest in the entity.

f) Translation of foreign currency operations

The Group has applied the exemption relating to accumulated translation differences from IFRS 1 First-time Adoption of International Financial Reporting Standards and, therefore, any translation differences recognized in the consolidated annual accounts generated prior to 1 January 2004 are recorded under reserves. Since that date, the financial statements of entities with a functional currency other than the euro are translated as follows:

- Assets and liabilities are translated to euro at foreign exchange rates prevailing at the balance sheet date.

- Items that comprise the net equity of these entities are translated to euro at historical exchange rates (or, for accumulated results, at the average exchange rate for the year in which they were generated).

- Revenues and expenses are translated to euro at the average exchange rate for the year.

Differences arising from the application of these exchange rates are included in consolidated equity under "Translation differences".

Foreign exchange differences of consolidated companies deriving from monetary operations with other consolidated entities which, in substance, form part of the net investment made by the Group in foreign entities, and whose collection or payment is not foreseeable or is not likely to occur, are classified as consolidated equity until disinvestment in the subsidiary takes place, at which time the differences are recognized as income or expense for the year.

Exchange differences deriving from trade balances payable and receivable and financing operations between group companies, with foreseeable settlement, are recognized in the income statement for the year.

g) Financial statements in hyperinflationary countries

The financial statements of foreign operations in countries considered to have hyperinflationary economies have been adjusted prior to translation to euro to account for the effect of changes in prices.

h) Entities with a closing date different to that of the Group

Entities with a closing date different to that of the consolidated accounts have been consolidated with the financial statements at their closing date (31 December 2008; see Appendix I). Significant operations carried out between the closing date of these subsidiaries and that of the consolidated accounts are harmonized accordingly.

i) Changes to the consolidated group

The following entities were incorporated and consolidated for the first time during the year:

Fashion Logistic Forwarders, S.A.	Uterqüe Hellas
Bershka Osterreich Clothing GmbH	Massimo Dutti Commercial Beijing Co., Ltd.
Massimo Dutti Ceská Republika, s.r.o	Bershka Commercial Beijing Co., Ltd
Stradivarius Ceská Republika, s.r.o	Pull & Bear Commercial Beijing Co., Ltd.
Zara Home Ceská Republika, s.r.o	Bershka Hong Kong Limited
Zara Home Polska, Sp zo.o	

The company named Often Portugal Conf. Lda. at 31 January 2008 changed its name during the year to Gruputerqüe Conf. Lda. The companies Skhuaban Hellas, S.A., Skhuaban France, S.A.R.L. and Skhuaban Italia, S.R.L. have been merged by absorption by Zara Hellas, S.A., Zara France, S.A.R.L. and Zara Italia, S.R.L., respectively.

The incorporations to the consolidated group referred to above have not had a material impact on the consolidated annual accounts for 2008.

5.32.2 Accounting principles

The International Accounting Standards Board (IASB) has published the following standards which are pending adoption by the European Union and will become effective for accounting periods ended on or after the dates indicated for each case:

- IFRIC 11: IFRS 2: Group and Treasury Share Transactions (applicable for annual periods beginning on or after 1 March 2007);

- Reclassification of financial assets: Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures (applicable as of 1 July 2008);

- IFRIC Interpretation 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (applicable for annual periods beginning on or after 1 January 2008).

At the date of preparing these consolidated annual accounts the following have been adopted by the European Union and will therefore be applicable to the consolidated annual accounts for 2009 and thereafter (depending on the date of becoming applicable):

- IFRIC Interpretation 13 Customer Loyalty Programmes (for annual periods beginning on or after 1 July 2008);

- IFRS 8 Operating Segments (annual periods beginning on or after 1 January 2009). The effects of this standard will mainly relate to disclosures of financial information by segments;

- Revision of IAS 1 Presentation of Financial Statements (revised 2007) (annual periods beginning on or after 1 January 2009);

- Amendment to IFRS 2 Share-based Payment: Vesting Conditions and Cancellations (applicable as of 1 January 2009);

- Amendment to IAS 23 Borrowing Costs (revised 2007) (annual periods beginning on or after 1 January 2009);

- Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (applicable as of 1 January 2009). This will have no impact on the Group's annual accounts as it does not carry out transactions of this type;

- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (applicable for annual periods beginning on or after 1 July 2009).

Furthermore, the following have been issued but not yet adopted:

- IFRS 1 revised with improved structure in 2008 (applicable for first financial statements for annual periods beginning on or after 1 January 2009). No effect on the Group's annual accounts;

- Amendment to IFRS 3 Business Combinations (revised 2008) and amendments to IAS 27 Consolidated and Separate Financial Statements, IAS 31 Interests in Joint Ventures, and IAS 21 Effects of Changes in Foreign Exchange Rates. Effective prospectively for business combinations in which the acquisition date is in or after the first annual period beginning as of 1 July 2009;

- Amendment to IAS 39 Financial Instruments: Recognition and Measurement. This amendment relates to items that can be classified as hedged and should be applied retroactively to annual periods beginning on or after 1 July 2009;

- IFRIC Interpretation 12 Service Concession Arrangements (annual periods beginning on or after 1 January 2008);

- IFRIC Interpretation 15 Agreements for the Construction of Real Estate. This interpretation should be applied retroactively to annual periods beginning on or after 1 January 2009;

- IFRIC Interpretation 16 Hedges of a Net Investment in a Foreign Operation. This interpretation is effective for annual periods beginning on or after 1 October 2008;

- IFRIC Interpretation 17 Distributions of Non-cash Assets to Owners (applicable for annual periods beginning on or after 1 July 2009);

- IFRIC Interpretation 18 Transfers of Assets from Customers (applicable for transactions made on or after 1 July 2009).

There is also a standard that incorporates different improvements to IFRSs, and thus amends different standards, which is effective for annual periods beginning on or after 1 July 2009. Taking into account that in general the improvements refer to clarifications of specific parts of the different standards, the Group does not consider that any of these will have a significant effect on its annual accounts.

Taking into account the activity carried out by the companies that form part of the Group, the directors of the Company do not consider that the application of the standards referred to in this note will have a significant effect on the Group's financial statements. The Group has not implemented early application of the aforementioned standards and interpretations.

The preparation of the consolidated annual accounts requires Inditex Group management to make judgements and estimates that affect the application of policies and reported amounts of certain assets, liabilities, income and expenses. The estimates are reviewed on an ongoing basis and are based on historical experience and various other factors, including expectations of future events that are believed to be reasonable under the circumstances. These estimates mainly refer to the valuation of assets to determine the existence of impairment losses, the useful lives of property, plant and equipment and intangible assets, as well as the likelihood of occurrence of undetermined or contingent liabilities.

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

a) Foreign currency transactions

Foreign currency transactions are translated to euro using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to euro at the foreign exchange rate prevailing at that date. Foreign exchange differences arising on translation are recognized in the income statement as financial results.

Differences arising from the application of these exchange rates are included in consolidated equity under "Translation differences".

Cash flows from transactions in foreign currency are translated into euro in the consolidated cash flow statement at the exchange rate prevailing at the transaction date. The effect of variations in exchange rates on cash and cash equivalents expressed in foreign currencies is presented separately in the consolidated cash flow statement under "Effect of exchange rate fluctuations on cash and cash equivalents".

b) Tangible assets

Items of property, plant and equipment are stated at cost, including any additional costs incurred until the asset enters into operation, less accumulated depreciation and any impairment losses or depreciation.

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets.

The estimated useful lives are as follows:

Description	Useful lives
Buildings	25 to 50
Leasehold improvements, machinery and furniture	7 to 13
Other property, plant and equipment	4 to 13

The Group reassesses residual values, useful lives and depreciation methods at the end of each financial year. Modifications to initially established criteria are recognized as changes in estimates.

After initial recognition of an asset, only costs that generate future economic benefits and which can be classified as probable and be reliably estimated are capitalized.

Repair and maintenance costs are expensed as they are incurred.

c) Rights over leased premises

Rights over leased assets include the cost of transfer rights, access premiums or tenancy right waivers paid to the proprietors and former tenants of commercial premises.

Rights over leased assets are recognized at cost of acquisition. After initial recognition, they are stated at cost less accumulated amortization and any impairment losses and are amortized over the term of the lease contract, except when, for legal reasons, the rights do not lose value, in which case they are determined to be intangible assets with indefinite useful lives and are therefore systematically tested for impairment.

d) Other intangible assets

- Industrial property is stated at cost of acquisition or usufruct, or at the cost of registering the items developed by the Group, and is amortized on a straight-line basis over a maximum period of ten years.

- Software is stated at cost and amortized on a straight-line basis over a five-year period.

The Group reviews the residual value, useful lives and means of amortization of intangible assets at the end of each accounting period. Modifications to initially established criteria are recognized, where applicable, as changes in estimates.

e) Financial investments

Financial investments which represent less than 20% of share capital are stated at fair value.

f) Investment property

Investment properties are assets held to generate rental income, capital appreciation or both, and are stated at cost of acquisition less accumulated depreciation and any impairment losses or depreciation. Depreciation is calculated on a straight-line basis over the useful lives of the corresponding assets.

Details of the market value of investment properties are shown in note 12.

g) Impairment

The Group systematically tests for impairment of consolidated assets which are not considered biological assets, financial assets, inventories, deferred tax assets and non-current assets classified as held for sale, in order to determine whether the carrying amount exceeds the recoverable value (impairment). In order to do this, the Group has developed a general, systematic procedure for carrying out these impairment tests based on the monitoring of certain events or circumstances such as the performance of the business, operating decisions regarding the continuity of a particular location, or other circumstances which indicate that the value of an asset may not be recovered in full.

The recoverable amount of goodwill or assets with indefinite useful lives is estimated at the closing date, and thereafter at least once per year.

Calculation of recoverable amount

The recoverable amount of assets is the higher of fair value less selling costs and value in use. Value in use takes into account expected future cash flows deriving from the use of the asset, forecast variations in the amount or distribution of the cash flows, the time value of money, the risks specific to the asset and other current market assessments.

The recoverable amount is calculated for individual assets unless they do not generate largely independent cash flows, in which case the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

Based on actual management of operations, the Group has defined each of the commercial premises in which it carries out its activities (stores) as basic cash-generating units, although these basic units can be aggregated to chain-country level, or even to all the companies located in the same country. Group assets which are not clearly assignable under this scheme (for example industrial or logistical assets) are treated separately within the context of this general policy according to their specific nature.

Impairment losses recognized for cash-generating units are initially allocated to reduce goodwill attributed to the CGU and then to the other assets of the CGU pro rata on the basis of the carrying amount of each of the assets.

Reversals of impairment

Impairment losses in respect of goodwill are not reversed in subsequent years. For assets other than goodwill, impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that an asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

The reversal of an impairment loss in a cash-generating unit is distributed among its assets, except for goodwill, which is distributed in accordance with its carrying amount and taking into account the limitation set out in the previous paragraph.

Impairment losses are debited to amortization and depreciation in the consolidated income statement. Reversals of impairment losses on assets other than goodwill are credited to this account once internal or external sources of information have been analyzed and it can be concluded that the impairment indicators which determined the recognition of value adjustments no longer exist or have been partially mitigated.

h) Receivables

Trade and other receivables are recognized at fair value. After initial recognition, they are stated at amortized cost in accordance with the effective interest rate method, less any provision for impairment.

Provision is made for impairment of trade receivables when there is objective evidence that the Group will not be able to collect the entire amount owed by the debtor in accordance with the terms of the debt. This provision is calculated as the difference between the carrying amount and the present value of future estimated cash flows discounted at the effective interest rate and is recognized in the income statement.

i) Inventories

Inventories are measured at the lower of cost and net realizable value.

Cost comprises all costs of acquisition, transformation and other costs incurred in bringing the inventories to their present location and condition.

Transformation costs comprise the costs directly related to the units produced and a systematically calculated portion of indirect, variable and fixed costs incurred during the transformation process.

Cost is calculated on a FIFO basis and includes the cost of materials consumed, labour and manufacturing expenses.

The cost of inventories is adjusted when cost exceeds net realizable value. Net realizable value is considered as the following:

- Raw materials and other supplies: replacement cost. However, materials are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost;

- Goods for resale: estimated selling price, less selling costs;

- Work in progress: the estimated selling price for the corresponding finished products, less estimated costs of completion and selling costs.

j) Cash and cash equivalents

Cash and cash equivalents include cash in hand, call deposits with banks and other short-term highly-liquid investments, providing they are easily convertible into cash, which are exposed to insignificant risk of changes in value. Investments which mature in less than three months from the acquisition date are also included.

Bank overdrafts on demand which form part of the Group's cash management are included in the statement of cash flows as a component of cash and cash equivalents and are recognized as financial liabilities in the consolidated balance sheet.

The Group recognizes cash flows relating to interest and dividends paid and received as financing activities.

k) Employee benefits

Commitments acquired with group personnel to be settled in the long term are estimated based on their accrual through the application, where appropriate, of actuarial assumptions. The Group has created a provision to cover the actuarial liability of the estimated portion accrued at 31 January 2009.

Equity instruments granted to group employees are measured at the grant date. Personnel expenses accrued during the year are determined on the basis of the fair value of equity instruments at the grant date, the period over which services will be rendered and the number of instruments estimated to be definitively consolidated at the end of the period.

Transactions relating to share-based payments entered into prior to 7 November 2002 were recognized using accounting principles prevailing in Spain at the date of transition to EU-IFRS.

Personnel expenses accrued by the beneficiaries of the plan referred to in note 27 to the consolidated annual accounts are recognized with a credit to equity accounts during the period in which services are rendered.

l) Provisions

Provisions are recognized in the balance sheet when:

- the Group has a present legal or constructive obligation as result of a past event;
- it is probable that an outflow of economic benefits will be required to settle the obligation; and
- the amount can be reliably estimated.

Provisions are based on the best information available at the date of preparation of the annual accounts and are revised at each balance sheet date.

If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed against the consolidated income statement caption where the corresponding expense was recorded.

m) Financial liabilities

Financial liabilities, including trade and other payables, are initially recognized at fair value less any transaction costs directly attributable to issuance of the liabilities, and are subsequently carried at amortized cost using the effective interest method.

n) Derivatives and hedging operations

Financial instruments acquired to hedge transactions in foreign currencies are initially recognized at fair value plus any transaction costs directly attributable to acquiring the instrument

Foreign exchange rate hedges relating to firm purchase commitments are treated as cash flow hedges and are recognized in the consolidated statement of recognized income and expense, net of gains or losses derived from measuring the instrument at fair value which correspond to the effective portion of the hedge. The ineffective portion is taken to financial income or expense as appropriate.

Amounts recognized in equity are taken to income when the transaction takes place with a debit or credit to the account in which it was recognized. Losses recognized in equity which are not expected to be recovered in the future are reclassified to financial income or expense.

o) Revenue recognition

The sale of goods is recognized when the significant risks and rewards of ownership of the goods are transferred.

Sales to franchises are recognized when the aforementioned conditions are met and when revenue can be reliably determined and collection is considered probable.

Rental income is recognized on a straight-line basis over the term of the lease.

Revenue from royalties is recognized using the accrual principle based on the substance of the contracts, providing collection is considered probable and the amount can be reliably estimated.

p) Leases

Lease contracts in which the significant risks and rewards inherent to ownership of the asset are substantially transferred to third parties are classified as finance leases, and are otherwise recorded as operating leases.

Assets acquired through a finance lease are recognized as non-current assets at the lower of the present value of the future lease minimum payment and the fair value of the leased asset, while the corresponding debt with the lessor is recognized as a liability. Lease payments are apportioned between the reduction of the outstanding liability and the finance charge, which is recorded as a financial expense during the year.

In the case of operating leases, non-contingent or fixed rent payments are charged to the income statement on a straight-line basis over the term of the lease. Contingent rent is recognized in the period in which payment is probable, as are variable rent increases linked to the consumer price index.

Incentives received from shopping centre developers or owners of commercial premises are recognized as non-current liabilities and booked as a reduction in rental expense under “Other operating expenses” on a straight-line basis over the term of the respective lease contracts.

q) Financial income and expenses

Financial income and expenses are recognized on an accrual basis using the effective interest method. Dividend income is recognized when the right to receive payment is established.

r) Income tax

Income tax comprises current and deferred tax and is recognized in the income statement and included in the determination of net profit or loss for the year, except to the extent that it relates to a transaction which has been recognized in the same or different years, in which case it is recognized in equity, or to a business combination.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is calculated using the balance sheet method, which provides for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax liabilities comprise income tax amounts payable in the future on account of taxable temporary differences while deferred tax assets are amounts recoverable due to the existence of deductible temporary differences, tax loss carryforwards or deductions pending application.

The Group recognizes deferred tax assets and liabilities derived from timing differences, except those relating to the initial recognition of goodwill and to the initial recognition of assets or liabilities of a transaction which is not a business combination and which did not affect either accounting or taxable profit (losses). Deferred tax assets and liabilities are also recognized for timing differences relating to investments in subsidiaries, except when the parent company can control their reversal and the timing differences will probably not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the years when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date and reflecting the tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of its assets or liabilities.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets, whether recognized or not, are reviewed at each balance sheet date.

The Group only offsets current tax assets and liabilities if it has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are recognized on the consolidated balance sheet under non-current assets or liabilities, irrespective of the date of realization or settlement.

s) Current and non-current assets and liabilities

The Group classifies assets and liabilities as current and non-current. Assets and liabilities are classified as current when they are expected to be realized or settled within twelve months of the balance sheet date, and are otherwise classified as non-current.

Assets and liabilities are not netted unless there are specific requirements to the contrary or a standard or interpretation so permits.

t) Treasury shares

Treasury shares acquired by the Group have been presented separately at cost as a reduction in equity in the consolidated balance sheet, and no gains or losses have been recorded as a result of transactions carried out with treasury shares.

Costs incurred in treasury share transactions are recorded as a reduction in equity, after consideration of any tax effect.

5.33 Environment

Costs incurred in environmental activities are recognized under other operating expenses in the year in which they are incurred.

APPENDIX I - STRUCTURE OF THE INDITEX GROUP

Company	Effective % ownership	Location	Consolidation method	Year end	Concept	Activity
Subsidiaries:						
Industria de Diseño Textil, S.A.	Parent Company	La Coruña - Spain	Full Cons.	31/1/09	-	Parent Company
Comditel, S.A.	100.00%	Barcelona - Spain	Full Cons.	31/1/09	Zara	Centralized textile purchasing
Inditex Asia, Ltd.	100.00%	Hong Kong - China	Full Cons.	31/1/09	Zara	Centralized textile purchasing
Zara Asia, Ltd.	100.00%	Hong Kong - China	Full Cons.	31/1/09	Zara	Centralized textile purchasing
Choolet, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/1/09	Zara	Textile manufacturing
Confecciones Fíos, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/1/09	Zara	Textile manufacturing
Confecciones Goa, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/1/09	Zara	Textile manufacturing
Denllo, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/1/09	Zara	Textile manufacturing
Hampton, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/1/09	Zara	Textile manufacturing
Jema Creaciones Infantiles, S.L.	51.00%	La Coruña - Spain	Full Cons.	31/1/09	Zara	Textile manufacturing
Nikole, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/1/09	Zara	Textile manufacturing
Samlor, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/1/09	Zara	Textile manufacturing
Stear, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/1/09	Zara	Textile manufacturing
Trisko, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/1/09	Zara	Textile manufacturing
Zintura, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/1/09	Zara	Textile manufacturing
Glencare, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/1/09	Zara	Textile manufacturing
Indipunt, S.L.	51.00%	La Coruña - Spain	Full Cons.	31/1/09	Zara	Textile manufacturing
UAB Rofestas	100.00%	Vilnius - Lithuania	Full Cons.	31/1/09	Zara	Textile manufacturing
Zara España, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/1/09	Zara	Retailing
Zara Argentina, S.A.	100.00%	Buenos Aires - Argentina	Full Cons.	31/1/09	Zara	Retailing
Zara Belgique, S.A.	100.00%	Brussels - Belgium	Full Cons.	31/1/09	Zara	Retailing
Zara Chile, S.A.	100.00%	Santiago - Chile	Full Cons.	31/1/09	Zara	Retailing
Zara USA, Inc.	100.00%	New York - USA	Full Cons.	31/1/09	Zara	Retailing
Zara France, S.A.R.L.	100.00%	Paris - France	Full Cons.	31/1/09	Zara	Retailing
Zara UK, Ltd.	100.00%	London - UK	Full Cons.	31/1/09	Zara	Retailing
Zara Hellas, S.A.	100.00%	Athens - Greece	Full Cons.	31/1/09	Zara	Retailing
Zara México, S.A. de C.V.	95.00%	Mexico DF - Mexico	Full Cons.	31/1/09	Zara	Retailing
Zara Portugal Confecçoes Lda.	100.00%	Lisbon - Portugal	Full Cons.	31/1/09	Zara	Retailing
G.Zara Uruguay, S.A.	100.00%	Montevideo - Uruguay	Full Cons.	31/1/09	Zara	Retailing
Zara Brasil, Lda.	100.00%	Sao Paulo - Brazil	Full Cons.	31/1/09	Zara	Retailing
Zara Nederland, B.V.	100.00%	Amsterdam - Netherlands	Full Cons.	31/1/09	Zara	Retailing
Zara Österreich Clothing, GmbH	100.00%	Vienna - Austria	Full Cons.	31/1/09	Zara	Retailing
Zara Denmark A/S	100.00%	Copenhagen - Denmark	Full Cons.	31/1/09	Zara	Retailing
Zara Sverige, AB	100.00%	Stockholm - Sweden	Full Cons.	31/1/09	Zara	Retailing
Zara Norge, AS	100.00%	Oslo - Norway	Full Cons.	31/1/09	Zara	Retailing
Zara Canada, Inc.	100.00%	Montreal - Canada	Full Cons.	31/1/09	Zara	Retailing
Zara Suisse S.A.R.L.	100.00%	Friburg - Switzerland	Full Cons.	31/1/09	Zara	Retailing
Zara Luxembourg, S.A.	100.00%	Luxembourg - Luxembourg	Full Cons.	31/1/09	Zara	Retailing
Za Giyim Ithalat Ihracat Ve Ticaret Ltd.	100.00%	Istanbul - Turkey	Full Cons.	31/1/09	Zara	Retailing
Zara Italia, S.R.L.	100.00%	Milan - Italy	Full Cons.	31/1/09	Zara	Retailing

Company	Effective % ownership	Location	Consolidation method	Year end	Concept	Activity
Zara Japan Corp.	100.00%	Tokyo - Japan	Full Cons.	31/1/09	Zara	Retailing
Zara Ceská Republika, S.R.O.	100.00%	Prague - Czech Rep.	Full Cons.	31/1/09	Zara	Retailing
Zara Puerto Rico, Inc.	100.00%	San Juan - Puerto Rico	Full Cons.	31/1/09	Zara	Retailing
Za Clothing Ireland, Ltd.	100.00%	Dublin - Ireland	Full Cons.	31/1/09	Zara	Retailing
Zara Magyarorszag, KFT.	100.00%	Budapest - Hungary	Full Cons.	31/1/09	Zara	Retailing
Zara Monaco, SAM	100.00%	Montecarlo - Monaco	Full Cons.	31/1/09	Zara	Retailing
Zara Commercial (Shanghai), Co Ltd.	100.00%	Shanghai - China	Full Cons.	31/1/09	Zara	Retailing
Zara Commercial (Beijing), Co Ltd.	100.00%	Beijing - China	Full Cons.	31/1/09	Zara	Retailing
Zara Macau, Ltd.	100.00%	Macao - China	Full Cons.	31/1/09	Zara	Retailing
Zara Polska, Sp. Zo.o.	100.00%	Warsaw - Poland	Full Cons.	31/1/09	Zara	Retailing
ZAO Zara CIS, Ltd.	100.00%	Moscow - Russia	Full Cons.	31/1/09	Zara	Retailing
Zara Deutschland, GmbH	78.00%	Hamburg - Germany	Full Cons.	31/1/09	Zara	Retailing
Zara Bucuresti, Srl	100.00%	Bucharest - Romania	Full Cons.	31/1/09	Zara	Retailing
Zara Ukraine LLC	100.00%	Kiev - Ukraine	Full Cons.	31/1/09	Zara	Retailing
Zara Slovakia, S.R.O.	100.00%	Bratislava - Slovakia	Full Cons.	31/1/09	Zara	Retailing
Zara Croatia, Ltd.	100.00%	Zagreb - Croatia	Full Cons.	31/1/09	Zara	Retailing
Zara Retail Korea, Ltd.	100.00%	Korea	Full Cons.	31/1/09	Zara	Retailing
Inditex Vastgoed Korea, Ltd.	100.00%	Korea	Full Cons.	31/1/09	Zara	Retailing
Kiddy´s Class España, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/1/09	Zara	Retailing
Kiddy´s Class Portugal Conf. Lda.	100.00%	Lisbon - Portugal	Full Cons.	31/1/09	Zara	Retailing
Skhuaban, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/1/09	Zara	Retailing
Fibracolor Decoración, S.A.	100.00%	Barcelona - Spain	Full Cons.	31/1/09	Zara	Decoration
Fibracolor, S.A.	100.00%	Barcelona - Spain	Full Cons.	31/1/09	Zara	Textile purchasing and treatment
Oysho España, S.A.	100.00%	Barcelona - Spain	Full Cons.	31/1/09	Oysho	Retailing
Oysho Venezuela, S.A.	100.00%	Caracas - Venezuela	Full Cons.	31/1/09	Oysho	Retailing
Oysho Portugal, Conf. Lda.	100.00%	Lisbon - Portugal	Full Cons.	31/1/09	Oysho	Retailing
Oysho Mexico, S.A. de C.V.	98.50%	Mexico DF - Mexico	Full Cons.	31/1/09	Oysho	Retailing
Oysho Italia, S.R.L.	100.00%	Milan - Italy	Full Cons.	31/1/09	Oysho	Retailing
Oysho Hellas, S.A.	100.00%	Athens - Greece	Full Cons.	31/1/09	Oysho	Retailing
Oysho Österreich, GmbH	100.00%	Vienna - Austria	Full Cons.	31/1/09	Oysho	Retailing
Oysho Giyim Ithalat Ihracat Ve Ticaret Ltd.	100.00%	Istanbul - Turkey	Full Cons.	31/1/09	Oysho	Retailing
Oysho Polska, Sp zo.o	100.00%	Warsaw - Poland	Full Cons.	31/1/09	Oysho	Retailing
Oysho CIS, Ltd.	100.00%	Moscow - Russia	Full Cons.	31/1/09	Oysho	Retailing
Oysho France, S.A.R.L.	100.00%	Paris - France	Full Cons.	31/1/09	Oysho	Retailing
Oysho MAGYARORSZAG, KFT	100.00%	Budapest - Hungary	Full Cons.	31/1/09	Oysho	Retailing
Oysho Ro, Srl	100.00%	Bucharest - Romania	Full Cons.	31/1/09	Oysho	Retailing
Oysho Ukraine, Llc	100.00%	Kiev - Ukraine	Full Cons.	31/1/09	Oysho	Retailing
Oysho Deutschland, GmbH	100.00%	Hamburg - Germany	Full Cons.	31/1/09	Oysho	Retailing
Grupo Massimo Dutti, S.A.	100.00%	Barcelona - Spain	Full Cons.	31/1/09	Massimo Dutti	Retailing
Massimo Dutti Hellas, S.A.	100.00%	Athens - Greece	Full Cons.	31/1/09	Massimo Dutti	Retailing

Company	Effective % ownership	Location	Consolidation method	Year end	Concept	Activity
Massimo Dutti Giyim Ithalat Ih.Ve Tic. Ltd.	100.00%	Istanbul - Turkey	Full Cons.	31/1/09	Massimo Dutti	Retailing
Massimo Dutti Venezuela, S.A.	100.00%	Caracas - Venezuela	Full Cons.	31/1/09	Massimo Dutti	Retailing
Massimo Dutti France, S.A.R.L.	100.00%	Paris - France	Full Cons.	31/1/09	Massimo Dutti	Retailing
Massimo Dutti UK, Ltd.	100.00%	London - UK	Full Cons.	31/1/09	Massimo Dutti	Retailing
Massimo Dutti Suisse, S.A.R.L.	100.00%	Friburg - Switzerland	Full Cons.	31/1/09	Massimo Dutti	Retailing
Massimo Dutti Sverige, AB	100.00%	Stockholm - Sweden	Full Cons.	31/1/09	Massimo Dutti	Retailing
Massimo Dutti Norge, AS.	100.00%	Oslo - Norway	Full Cons.	31/1/09	Massimo Dutti	Retailing
Massimo Dutti Italia, S.R.L.	100.00%	Milan - Italy	Full Cons.	31/1/09	Massimo Dutti	Retailing
Massimo Dutti Ireland., Ltd.	100.00%	Dublin - Ireland	Full Cons.	31/1/09	Massimo Dutti	Retailing
Massimo Dutti USA, Ltd.	100.00%	New York - USA	Full Cons.	31/1/09	Massimo Dutti	Retailing
Massimo Dutti Danmark A/S	100.00%	Copenhagen - Denmark	Full Cons.	31/1/09	Massimo Dutti	Retailing
Massimo Dutti CIS, Ltd.	100.00%	Moscow - Russia	Full Cons.	31/1/09	Massimo Dutti	Retailing
Massimo Dutti Deutschland, GmbH	100.00%	Hamburg - Germany	Full Cons.	31/1/09	Massimo Dutti	Retailing
Massimo Dutti Mexico, S.A. de C.V.	98.00%	Mexico DF - Mexico	Full Cons.	31/1/09	Massimo Dutti	Retailing
BCN Diseños, S.A. de C.V.	98.00%	Mexico DF - Mexico	Full Cons.	31/1/09	Massimo Dutti	Retailing
Zara Home Belgique, S.A.	100.00%	Brussels - Belgium	Full Cons.	31/1/09	Massimo Dutti	Retailing
Massimo Dutti, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/1/09	Massimo Dutti	Dormant
Massimo Dutti Hong Kong, Ltd.	100.00%	Hong Kong - China	Full Cons.	31/1/09	Massimo Dutti	Retailing
Massimo Dutti Polska, Sp z.o.o.	100.00%	Warsaw - Poland	Full Cons.	31/1/09	Massimo Dutti	Retailing
Massimo Dutti Ro, Srl	100.00%	Bucharest - Romania	Full Cons.	31/1/09	Massimo Dutti	Retailing
Massimo Dutti Macau Ltd.	100.00%	Macao - China	Full Cons.	31/1/09	Massimo Dutti	Retailing
Massimo Dutti Ukraine, Llc	100.00%	Kiev - Ukraine	Full Cons.	31/1/09	Massimo Dutti	Retailing
Massimo Dutti Ceská Republika, s.r.o	100.00%	Prague - Czech Rep.	Full Cons.	31/1/09	Massimo Dutti	Retailing
Massimo Dutti Commercial Beijing Co, Ltd.	100.00%	Beijing - China	Full Cons.	31/1/09	Massimo Dutti	Retailing
Pull & Bear España, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/1/09	Pull & Bear	Retailing
Pull & Bear Hellas, S.A.	100.00%	Athens - Greece	Full Cons.	31/1/09	Pull & Bear	Retailing
Pull & Bear Portugal Conf. Lda.	100.00%	Lisbon - Portugal	Full Cons.	31/1/09	Pull & Bear	Retailing
Pull & Bear Giyim Ith. Ihrac.Ve Tic. Ltd.	100.00%	Istanbul - Turkey	Full Cons.	31/1/09	Pull & Bear	Retailing
Pull & Bear Mexico, S.A. de C.V.	98.50%	Mexico DF - Mexico	Full Cons.	31/1/09	Pull & Bear	Retailing
Pull & Bear Belgique, S.A.	100.00%	Brussels - Belgium	Full Cons.	31/1/09	Pull & Bear	Retailing
Pull & Bear France, S.A.R.L.	100.00%	Paris - France	Full Cons.	31/1/09	Pull & Bear	Retailing
Pull & Bear Italia, S.R.L.	100.00%	Milan - Italy	Full Cons.	31/1/09	Pull & Bear	Retailing
Pull&Bear Ceska Republika, S.R.O.	100.00%	Prague - Czech Rep.	Full Cons.	31/1/09	Pull & Bear	Retailing
Pull&Bear Ireland, Ltd.	100.00%	Dublin - Ireland	Full Cons.	31/1/09	Pull & Bear	Retailing
Pull & Bear Magyarország Kft.	100.00%	Budapest - Hungary	Full Cons.	31/1/09	Pull & Bear	Retailing
Pull & Bear Polska, Sp zo.o	100.00%	Warsaw - Poland	Full Cons.	31/1/09	Pull & Bear	Retailing
Pull & Bear CIS, Ltd.	100.00%	Moscow - Russia	Full Cons.	31/1/09	Pull & Bear	Retailing
Pull & Bear Uk Limited	100.00%	London - UK	Full Cons.	31/1/09	Pull & Bear	Retailing
Pull & Bear Ro, Srl	100.00%	Bucharest - Romania	Full Cons.	31/1/09	Pull & Bear	Retailing

Company	Effective % ownership	Location	Consolidation method	Year end	Concept	Activity
Pull and Bear Ukraine, Llc	100.00%	Kiev - Ukraine	Full Cons.	31/1/09	Pull & Bear	Retailing
Pull & Bear Slovakia, S.R.O.	100.00%	Bratislava - Slovakia	Full Cons.	31/1/09	Pull & Bear	Retailing
Pull & Bear Croatia, LTD	100.00%	Zagreb - Croatia	Full Cons.	31/1/09	Pull & Bear	Retailing
Pull & Bear Commercial Beijing Co, Ltd.	100.00%	Beijing - China	Full Cons.	31/1/09	Pull & Bear	Retailing
Uterqüe, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/1/09	Uterqüe	Centralized purchasing
Uterqüe España, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/1/09	Uterqüe	Retailing
Uterqüe Hellas	100.00%	Athens - Greece	Full Cons.	31/1/09	Uterqüe	Retailing
Gruputerqüe Portugal Conf. Lda	100.00%	Lisbon - Portugal	Full Cons.	31/1/09	Uterqüe	Retailing
Bershka BSK España, S.A.	100.00%	Barcelona - Spain	Full Cons.	31/1/09	Bershka	Retailing
Bershka Portugal Conf. Soc. Unip. Lda.	100.00%	Lisbon - Portugal	Full Cons.	31/1/09	Bershka	Retailing
Bershka Hellas, S.A.	100.00%	Athens - Greece	Full Cons.	31/1/09	Bershka	Retailing
Bershka Mexico, S.A. de CV	97.00%	Mexico DF - Mexico	Full Cons.	31/1/09	Bershka	Retailing
Bershka Giyim Ithalat Ihracat Ve Tic.Ltd.	100.00%	Istanbul - Turkey	Full Cons.	31/1/09	Bershka	Retailing
Bershka Belgique, S.A.	100.00%	Brussels - Belgium	Full Cons.	31/1/09	Bershka	Retailing
Bershka France, S.A.R.L.	100.00%	Paris - France	Full Cons.	31/1/09	Bershka	Retailing
Bershka Suisse, S.A.R.L.	100.00%	Friburg - Switzerland	Full Cons.	31/1/09	Bershka	Retailing
Bershka Nederland, B.V.	100.00%	Amsterdam - Netherlands	Full Cons.	31/1/09	Bershka	Retailing
Bershka Italia, S.R.L.	100.00%	Milan - Italy	Full Cons.	31/1/09	Bershka	Retailing
Bershka U.K., Ltd.	100.00%	London - UK	Full Cons.	31/1/09	Bershka	Retailing
Bershka Ireland., Ltd.	100.00%	Dublin - Ireland	Full Cons.	31/1/09	Bershka	Retailing
Bershka Ceska Republica, S.R.O.	100.00%	Prague - Czech Rep.	Full Cons.	31/1/09	Bershka	Retailing
Bershka Croatia, Ltd.	100.00%	Zagreb - Croatia	Full Cons.	31/1/09	Bershka	Retailing
Bershka Polska Sp Z O.O.	100.00%	Warsaw - Poland	Full Cons.	31/1/09	Bershka	Retailing
Bershka Slovakia, S.R.O.	100.00%	Bratislava - Slovakia	Full Cons.	31/1/09	Bershka	Retailing
Bershka Carpati, Srl	100.00%	Bucharest - Romania	Full Cons.	31/1/09	Bershka	Retailing
Bershka Ukraine, Llc	100.00%	Kiev - Ukraine	Full Cons.	31/1/09	Bershka	Retailing
Bershka Magyaroszag Kft.	100.00%	Budapest - Hungary	Full Cons.	31/1/09	Bershka	Retailing
Bershka Cis, Ltd	100.00%	Moscow - Russia	Full Cons.	31/1/09	Bershka	Retailing
Bershka Osterreich Clothing GmbH	100.00%	Vienna - Austria	Full Cons.	31/1/09	Bershka	Retailing
Bershka Hong Kong Limited	100.00%	Hong Kong - China	Full Cons.	31/1/09	Bershka	Retailing
Bershka Commercial Beijing Co, Ltd	100.00%	Beijing - China	Full Cons.	31/1/09	Bershka	Retailing
Stradivarius España, S.A.	100.00%	Barcelona - Spain	Full Cons.	31/1/09	Stradivarius	Retailing
Stradivarius Hellas, S.A.	100.00%	Athens - Greece	Full Cons.	31/1/09	Stradivarius	Retailing
Stradivarius Portugal, Conf. Unip. Lda.	100.00%	Lisbon - Portugal	Full Cons.	31/1/09	Stradivarius	Retailing
Stradivarius Giyim Ithalat Ih. Ve Tic. Ltd.	100.00%	Istanbul - Turkey	Full Cons.	31/1/09	Stradivarius	Retailing
Stradivarius Polska, Sp zo.o	100.00%	Warsaw - Poland	Full Cons.	31/1/09	Stradivarius	Retailing
Stradivarius Ireland Limited	100.00%	Dublin - Ireland	Full Cons.	31/1/09	Stradivarius	Retailing
Stradivarius Italia SRL	100.00%	Milan - Italy	Full Cons.	31/1/09	Stradivarius	Retailing
Stradivarius CIS, Ltd.	100.00%	Moscow - Russia	Full Cons.	31/1/09	Stradivarius	Retailing
Stradivarius France, S.A.R.L.	100.00%	Paris - France	Full Cons.	31/1/09	Stradivarius	Retailing
Stradivarius Magyaroszag Kft.	100.00%	Budapest - Hungary	Full Cons.	31/1/09	Stradivarius	Retailing
Stradivarius Croatia, LTD.	100.00%	Zagreb - Croatia	Full Cons.	31/1/09	Stradivarius	Retailing

Company	Effective % ownership	Location	Consolidation method	Year end	Concept	Activity
Stradivarius Slovakia, S.R.O.	100.00%	Bratislava - Slovakia	Full Cons.	31/1/09	Stradivarius	Retailing
Stradivarius Ro, Srl	100.00%	Bucharest - Romania	Full Cons.	31/1/09	Stradivarius	Retailing
Stradivarius Ukraine, Llc	100.00%	Kiev - Ukraine	Full Cons.	31/1/09	Stradivarius	Retailing
Stradivarius Ceská Republika, s.r.o	100.00%	Prague - Czech Rep.	Full Cons.	31/1/09	Stradivarius	Retailing
Zara Home España, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/1/09	Zara Home	Retailing
Zara Home Portugal, Conf. Soc. Unip. Lda.	100.00%	Lisbon - Portugal	Full Cons.	31/1/09	Zara Home	Retailing
Zara Home U.K., Ltd.	100.00%	London - UK	Full Cons.	31/1/09	Zara Home	Retailing
Zara Home Hellas, S.A.	100.00%	Athens - Greece	Full Cons.	31/1/09	Zara Home	Retailing
Zara Home Nederland, B.V.	100.00%	Amsterdam - Netherlands	Full Cons.	31/1/09	Zara Home	Retailing
Zara Home Mexico, S.A. de C.V.	98.50%	Mexico DF - Mexico	Full Cons.	31/1/09	Zara Home	Retailing
Zara Home Italia, S.R.L.	100.00%	Milan - Italy	Full Cons.	31/1/09	Zara Home	Retailing
Zara Home Giyim Ithalat Ihracat Ve Ticaret Ltd.	100.00%	Istanbul - Turkey	Full Cons.	31/1/09	Zara Home	Retailing
Zara Home Francia, S.A.R.L.	100.00%	Paris - France	Full Cons.	31/1/09	Zara Home	Retailing
Zara Home Ro, Srl	100.00%	Bucharest - Romania	Full Cons.	31/1/09	Zara Home	Retailing
Zara Home CIS, Ltd.	100.00%	Moscow - Russia	Full Cons.	31/1/09	Zara Home	Retailing
Zara Home Ukraine, Llc	100.00%	Kiev - Ukraine	Full Cons.	31/1/09	Zara Home	Retailing
Zara Home Ceská Republika, s.r.o	100.00%	Prague - Czech Rep.	Full Cons.	31/1/09	Zara Home	Retailing
Zara Home Polska, Sp zo.o	100.00%	Warsaw - Poland	Full Cons.	31/1/09	Zara Home	Retailing
Zara Logística, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/1/09	Zara	Logistics
Plataforma Europa, S.A.	100.00%	Zaragoza - Spain	Full Cons.	31/1/09	Zara	Logistics
Plataforma Logística León, S.A.	100.00%	León - Spain	Full Cons.	31/1/09	Zara	Logistics
Plataforma Logística Meco, S.A.	100.00%	Madrid - Spain	Full Cons.	31/1/09	Zara	Logistics
Pull & Bear Logística, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/1/09	Pull & Bear	Logistics
Massimo Dutti Logística, S.A.	100.00%	Barcelona - Spain	Full Cons.	31/1/09	Massimo Dutti	Logistics
Bershka Logística, S.A.	100.00%	Barcelona - Spain	Full Cons.	31/1/09	Bershka	Logistics
Oysho Logística, S.A.	100.00%	Barcelona - Spain	Full Cons.	31/1/09	Oysho	Logistics
Stradivarius Logística, S.A.	100.00%	Barcelona - Spain	Full Cons.	31/1/09	Stradivarius	Logistics
Zara Home Logística, S.A.	100.00%	León - Spain	Full Cons.	31/1/09	Zara Home	Logistics
Uterqüe Logística, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/1/09	Uterqüe	Logistics
Corporación de Servicios XX1, S.A. de C.V.	100.00%	Mexico DF - Mexico	Full Cons.	31/1/09	Zara	Services
Zara Financiën B.V.	100.00%	Breda - Netherlands	Full Cons.	31/1/09	Zara	Finance
Zara Mexico, B.V.	100.00%	Breda - Netherlands	Full Cons.	31/1/09	Zara	Finance
Zara Holding, B.V.	100.00%	Breda - Netherlands	Full Cons.	31/1/09	Zara	Holding company
Zalapa, B.V.	100.00%	Breda - Netherlands	Full Cons.	31/1/09	Zara	Holding company
Massimo Dutti Holding, B.V.	100.00%	Breda - Netherlands	Full Cons.	31/1/09	Massimo Dutti	Holding company
Liprasa Cartera, S.L.	98.00%	Madrid - Spain	Full Cons.	31/1/09	Massimo Dutti	Holding company
ITX Merken, B.V.	100.00%	Breda - Netherlands	Full Cons.	31/1/09	Zara	Trademarks
ITX RE	100.00%	Ireland	Full Cons.	31/1/09	Zara	Insurance
ITX Trading, S.A.	100.00%	Friburg - Switzerland	Full Cons.	31/1/09	Zara	Centralized purchasing
ITX E-commerce	100.00%	Ireland	Full Cons.	31/1/09	Zara	E-Commerce
Goa-Invest, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/1/09	Zara	Construction and real estate
Zara Vastgoed, B.V.	100.00%	Breda - Netherlands	Full Cons.	31/1/09	Zara	Real estate
Vastgoed Asia, Ltd.	100.00%	Hong Kong - China	Full Cons.	31/1/09	Zara	Real estate

Company	Effective % ownership	Location	Consolidation method	Year end	Concept	Activity
SNC Zara France Immobiliere	100.00%	Paris - France	Full Cons.	31/1/09	Zara	Real estate
SCI Vastgoed Ferreol P03302	100.00%	Paris - France	Full Cons.	31/1/09	Zara	Real estate
SCI Vastgoed France P03301	100.00%	Paris - France	Full Cons.	31/1/09	Zara	Real estate
SCI Vastgoed General Leclerc P03303	100.00%	Paris - France	Full Cons.	31/1/09	Zara	Real estate
SCI Vastgoed Nancy P03304	100.00%	Paris - France	Full Cons.	31/1/09	Zara	Real estate
Invercarpro, S.A.	100.00%	Madrid - Spain	Full Cons.	31/1/09	Zara	Real estate
Robustae S.G.P.S. Unip. Lda.	100.00%	Lisbon - Portugal	Full Cons.	31/1/09	Zara	Real estate
Lefties España, S,A,	100.00%	La Coruña - Spain	Full Cons.	31/1/09	Zara	Real estate
Inditex Cogeneración, A.I.E.	100.00%	La Coruña - Spain	Full Cons.	31/1/09	Zara	Cogeneration plant
Inditex, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/1/09	Zara	Dormant as at 31/01/09
Zara Italia, B.V.	100.00%	Breda - Netherlands	Full Cons.	31/1/09	Zara	Dormant as at 31/01/09
Fruminga, B.V.	100.00%	Breda - Netherlands	Full Cons.	31/1/09	Zara	Dormant as at 31/01/09
Zara, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/1/09	Zara	Dormant as at 31/01/09
Zara, S.A.	100.00%	Buenos Aires - Argentina	Full Cons.	31/1/09	Zara	Dormant as at 31/01/09
Fashion Logistic Forwarders, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/1/09	Zara	Logistics
Multigroup companies:						
Tempe, S.A.	50.00%	Alicante - Spain	Prop. Cons.	31/1/09	Zara	Commercialization of footwear
Tempe México, S.A. de C.V.	50.00%	Mexico DF - Mexico	Prop. Cons.	31/12/08	Zara	Commercialization of footwear
Tempe Logística, S.A.	50.00%	Alicante - Spain	Prop. Cons.	31/1/09	Zara	Logistics
Tempe Brasil, Ltda.	50.00%	Sao Paulo - Brazil	Prop. Cons.	31/12/08	Zara	Commercialization of footwear
Group Zara Australia Pty. Ltd.	50.00%	Sydney - Australia	Prop. Cons.	31/1/09	Zara	Dormant as at 31/01/09
Associated companies:						
Naviera Elealva, A.I.E.	49.00%	Las Palmas - Spain	Equity Acc.	31/12/08		Asset leasing
Naviera Celeste, A.I.E.	49.00%	Las Palmas - Spain	Equity Acc.	31/12/08		Asset leasing
Naviera del Miño, A.I.E.	49.00%	Las Palmas - Spain	Equity Acc.	31/12/08		Asset leasing
Naviera del Sil, A.I.E.	49.00%	Las Palmas - Spain	Equity Acc.	31/12/08		Asset leasing
Naviera Venus, A.I.E	49.00%	Las Palmas - Spain	Equity Acc.	31/12/08		Asset leasing
Naviera Berlín , A.I.E.	49.00%	Las Palmas - Spain	Equity Acc.	31/12/08		Asset leasing
Naviera Covadonga , A.I.E.	49.00%	Las Palmas - Spain	Equity Acc.	31/12/08		Asset leasing
Naviera Gran Sol , A.I.E.	49.00%	Las Palmas - Spain	Equity Acc.	31/12/08		Asset leasing
Naviera Guadiana , A.I.E.	49.00%	Las Palmas - Spain	Equity Acc.	31/12/08		Asset leasing
Naviera Manchuria , A.I.E.	46.00%	Las Palmas - Spain	Equity Acc.	31/12/08		Asset leasing
Naviera Llera , A.I.E.	50.00%	Las Palmas - Spain	Equity Acc.	31/12/08		Asset leasing
Nebulosa de Omega, A.I.E.	50.00%	Las Palmas - Spain	Equity Acc.	31/12/08		Asset leasing
Naviera Cabo Vilaboa C-1658, A.I.E.	49.50%	Las Palmas - Spain	Equity Acc.	31/12/08		Asset leasing
Naviera Cabo Domaio C-1659, A.I.E.	49.50%	Las Palmas - Spain	Equity Acc.	31/12/08		Asset leasing

APPENDIX II - ARTICLE 127 TER OF THE SPANISH COMPANIES ACT

As required by Article 127 ter of the Spanish Companies Act, introduced by Law 26 of 17 July 2003, which modified Securities Market Law 24 of 28 July 1988, and the Revised Text of the Spanish Companies Act, with a view to enhancing the transparency of listed entities a list of companies with a statutory activity which is identical, similar or complementary to that of Inditex and in which members of its board of directors hold investments or management positions is as follows:

Board member	Company tax number	Company name	% ownership	Post
Mr. Pablo Isla Álvarez de Tejera	A78276854	Bershka España, S.A.	0%	Board member
Mr. Pablo Isla Álvarez de Tejera	A78115201	Grupo Massimo Dutti, S.A.	0%	Board member
Mr. Pablo Isla Álvarez de Tejera	A15026347	Oysho España, S.A.	0%	Board member
Mr. Pablo Isla Álvarez de Tejera	A15108673	Pull&Bear España, S.A.	0%	Board member
Mr. Pablo Isla Álvarez de Tejera	A70126164	Uterqüe España, S.A.	0%	Board member
Mr. Pablo Isla Álvarez de Tejera	A60348240	Stradivarius España, S.A.	0%	Board member
Mr. Pablo Isla Álvarez de Tejera	A15234065	Tempe, S.A.	0%	Vice-chairman of the board
Mr. Pablo Isla Álvarez de Tejera	A15022510	Zara España, S.A.	0%	Board member
Mr. Pablo Isla Álvarez de Tejera	A70086350	Massimo Dutti, S.A.	0%	Board member
Mr. Pablo Isla Álvarez de Tejera	ZME920824KM3	Zara México, S.A. de C.V.	0%	Board member
Mr. Antonio Abril Abadín	A78276854	Bershka BSK España, S.A.	0%	Secretary, non-board member
Mr. Antonio Abril Abadín	A78111671	Bershka Logística, S.A.	0%	Secretary, non-board member
Mr. Antonio Abril Abadín	A15114424	Comditel, S.A.	0%	Secretary, non-board member
Mr. Antonio Abril Abadín	A15052160	Choolet, S.A.	0%	Secretary, non-board member
Mr. Antonio Abril Abadín	A15311368	Denllo, S.A.	0%	Secretary, non-board member
Mr. Antonio Abril Abadín	A15037393	Confecciones Fíos, S.A.	0%	Secretary, non-board member
Mr. Antonio Abril Abadín	A15018476	Confecciones Goa, S.A.	0%	Secretary, non-board member
Mr. Antonio Abril Abadín	A70191887	Fashion Logistics Forwarders, S.A.	0%	Secretary, non-board member
Mr. Antonio Abril Abadín	A15643620	Glencare, S.A.	0%	Secretary, non-board member
Mr. Antonio Abril Abadín	A15121031	Goa Invest, S.A.	0%	Secretary, non-board member
Mr. Antonio Abril Abadín	A78115201	Grupo Massimo Dutti, S.A.	0%	Secretary, non-board member
Mr. Antonio Abril Abadín	A15155625	Hampton, S.A.	0%	Secretary, non-board member
Mr. Antonio Abril Abadín	A28601094	Inditex, S.A.	0%	Secretary, non-board member
Mr. Antonio Abril Abadín	A15388366	Kiddys Class España, S.A.	0%	Secretary, non-board member
Mr. Antonio Abril Abadín	A15334725	Lefties España, S.A.	0%	Secretary, non-board member
Mr. Antonio Abril Abadín	B83077594	Liprasa Cartera, S.A.	0%	Secretary, non-board member
Mr. Antonio Abril Abadín	A70086350	Massimo Dutti, S.A.	0%	Secretary, non-board member

Mr. Antonio Abril Abadín	A15569890	Massimo Dutti Logística, S.A.	0%	Secretary, non-board member
Mr. Antonio Abril Abadín	A15049299	Nikole, S.A.	0%	Secretary, non-board member
Mr. Antonio Abril Abadín	A15026347	Oysho España, S.A.	0%	Secretary, non-board member
Mr. Antonio Abril Abadín	A15327612	Oysho Logística, S.A.	0%	Secretary, non-board member
Mr. Antonio Abril Abadín	A15497225	Plataforma Europa, S.A.	0%	Secretary, non-board member
Mr. Antonio Abril Abadín	A70020714	Plataforma Logística de León, S.A.	0%	Secretary, non-board member
Mr. Antonio Abril Abadín	A15355290	Plataforma Logística Meco, S.A.	0%	Secretary, non-board member
Mr. Antonio Abril Abadín	A15108673	Pull&Bear España, S.A.	0%	Secretary, board member
Mr. Antonio Abril Abadín	A15458128	Pull&Bear Logística, S.A.	0%	Secretary, non-board member
Mr. Antonio Abril Abadín	A15022585	Samlor, S.A.	0%	Secretary, non-board member
Mr. Antonio Abril Abadín	A08478448	Skhuaban, S.A.	0%	Secretary, non-board member
Mr. Antonio Abril Abadín	A15568165	Stear, S.A.	0%	Secretary, non-board member
Mr. Antonio Abril Abadín	A60348240	Stradivarius España, S.A.	0%	Secretary, non-board member
Mr. Antonio Abril Abadín	A15137318	Stradivarius Logística, S.A.	0%	Secretary, non-board member
Mr. Antonio Abril Abadín	A15234065	Tempe, S.A.	0%	Vice-chairman of the board
Mr. Antonio Abril Abadín	A15058324	Trisko, S.A.	0%	Secretary, non-board member
Mr. Antonio Abril Abadín	A15346166	Uterqüe, S.A.	0%	Secretary, non-board member
Mr. Antonio Abril Abadín	A70126164	Uterqüe España, S.A.	0%	Secretary, non-board member
Mr. Antonio Abril Abadín	A70126149	Uterqüe Logística, S.A.	0%	Secretary, non-board member
Mr. Antonio Abril Abadín	A08447427	Zara, S.A.	0%	Secretary, non-board member
Mr. Antonio Abril Abadín	A15022510	Zara España, S.A.	0%	Secretary, board member
Mr. Antonio Abril Abadín	A15710965	Zara Logística, S.A.	0%	Secretary, non-board member
Mr. Antonio Abril Abadín	A15121049	Zintura, S.A.	0%	Secretary, non-board member
Mr. Antonio Abril Abadín	450661802	Zara Belgique, S.A.	0%	Board member
Mr. Antonio Abril Abadín	895218121	Zara Canada, S.A.	0%	Board member
Mr. Antonio Abril Abadín	-	Zara Chile, S.A.	0%	Board member
Mr. Antonio Abril Abadín	24209717	Zara Danmark, S.A.	0%	Board member
Mr. Antonio Abril Abadín	94352564	Zara Hellas, S.A.	0%	Board member
Mr. Antonio Abril Abadín	LU16962782	Zara Luxemburgo, S.A.	0%	Board member
Mr. Antonio Abril Abadín	803910010B01	Zara Vastgoed, B.V.	0%	Board member
Mr. Antonio Abril Abadín	8753489B01	Zara Holding, B.V.	0%	Supervisory Director
Mr. Antonio Abril Abadín	-	Zara Norge, S.A..	0%	Board member
Mr. Antonio Abril Abadín	556569857701	Zara Sverige, Ab	0%	Board member
Mr. Antonio Abril Abadín	548644	Zara Suisse, S.A.R.L.	0%	Board member
Mr. Antonio Abril Abadín	213950900014	G. Zara Uruguay, S.A.	0%	Board member

Furthermore, and in accordance with the above-mentioned law, there is no record of the members of the Board of Directors having carried out or performed any activities in 2008 in companies with a statutory activity which is identical, similar or complementary to that of Inditex.

CONSOLIDATED MANAGEMENT REPORT 31 JANUARY 2009

1. SUMMARY OF FY 2008

Results for FY 2008 reflect a year of strong expansion and satisfactory growth in sales in an environment marked by economic downturn in many countries.

Sales amounted to Euros 10,407 million, which represents growth of 12% at constant exchange rates and perimeter.

The **selling area** increased by 15% in 2008 with respect to the prior year. The total selling area at FYE was 2,180,889 square meters, as follows:

(Total selling area)	31 Jan 2009	31 Jan 2008	Chg % 08/07
Zara	1,447,313	1,290,035	12%
Pull and Bear	158,927	133,752	19%
Massimo Dutti	130,618	121,176	8%
Bershka	211,436	180,852	17%
Stradivarius	116,835	98,351	19%
Oysho	51,925	39,717	31%
Zara Home	59,655	50,611	18%
Uterqüe	4,180	-	-
Total	**2,180,889**	**1,914,493**	**14%**

At year end INDITEX had 4,264 stores in 73 countries:

Net openings

Concept	FY2008	FY2007
Zara*	159	186
Pull and Bear	64	52
Massimo Dutti	44	27
Bershka	81	77
Stradivarius	75	77
Oysho	84	89
Zara Home	35	52
Uterqüe	31	-
Total	**573**	**560**

(*) The number of Zara stores at year end includes 228 Zara Kids stores

Total stores

Concept	31 Jan 2009	31 Jan 2008
Zara*	1,520	1,361
Pull and Bear	583	519
Massimo Dutti	470	426
Bershka	591	510
Stradivarius	456	381
Oysho	374	290
Zara Home	239	204
Uterqüe	31	-
Total	**4,264**	**3,691**

(*) The number of Zara stores at year end includes 228 Zara Kids stores

Annexes IV and V include information on quarterly openings and the location of stores by country and concept at year end.

Like-for-like sales for the Group remained stable over 2008 (1% in the first half of the year and -0.7% in the second half), thus reflecting the resistance of the business model. The like-for-like calculation (sales in stores opened for the whole of fiscal years 2008 and 2007) includes 74% of FY2008 store sales.

A breakdown of **sales by concept** is as follows:

Concept	FY2008	FY2007	Chg % 08/07	In local currencies and constant perimeter
Zara	6,824	6,264	9%	11%
Non-Zara	3,583	3,171	13%	14%
Pull and Bear	720	614	17%	20%
Massimo Dutti	722	696	4%	4%
Bershka	1,026	925	11%	12%
Stradivarius	633	521	22%	22%
Oysho	242	213	14%	14%
Zara Home	222	201	10%	12%
Uterqüe	17	-	-	n.a.
Total sales	**10,407**	**9,435**	**10%**	**12%**

Group sales have shown positive growth in all geographical areas in 2008. The Group's international expansion strategy has enabled it to attain a highly diversified sales platform, with sales in international stores accounting for 66% of the total. The most significant geographical area is Europe excluding Spain, which accounts for 55% of total store sales. Asia has also increased its contribution to group sales as a result of successful expansion and favorable introduction into the market.

	2008	2007
Europe ex-Spain	44.8%	42.4%
Spain	33.9%	37.5%
Asia	10.5%	9.4%
America	10.7%	10.8%
Total	**100.0%**	**100.0%**

All concepts have increased their proportion of sales in international markets:

Concept	2008	2007
Zara	75%	72%
Non-Zara	49%	44%
Pull and Bear	50%	45%
Massimo Dutti	53%	51%
Bershka	55%	50%
Stradivarius	33%	25%
Oysho	48%	40%
Zara Home	54%	45%
Uterqüe	10%	-
Total	**66%**	**63%**

Gross margin rose to Euros 5,914 million, 11% higher than the prior year, which takes it to 56.8% of sales (56.7% en 2007).

Operating expenses have been kept under strict control throughout the year, closing out at an increase of 15% mainly as a result of the new selling area opened in 2008.

Million euros	2008	2007	Chg %
Personnel expenses	1.703	1.473	16%
Rental expenses	1.028	855	20%
Other operating expenses	976	898	9%
Total operating expenses	**3.708**	**3.226**	**15%**

At year end the Group's workforce totaled 89,112 employees (79,517 at the close of FY2007).

The amount of committed minimum payments and receipts for operating leases and non-cancelable subleases amounts to Euros 2,252 million at year end.

Other operating income (expenses) for 2008 includes the expenses incurred in launching the new group concept Uterqüe. This is in comparison to income recorded in 2007 deriving from the franchising of the Group's operations in Venezuela. **EBITDA** for 2008 stood at Euros 2,187 million and **EBIT** at Euros 1,609 million. Excluding non-recurring items, EBITDA amounts to Euros 2,206 million and EBIT is Euros 1,628 million.

A breakdown of EBIT by concept, excluding non-recurring items, is as follows:

EBIT by concept

	EBIT by concept (Million €)			% EBIT on sales		EBIT by concept on total (%)	
Concept	**FY2008**	**FY2007**	**% Chng. 08/07**	**FY2008**	**FY2007**	**FY2008**	**FY2007**
Zara	1,067	1,091	(2%)	15.6%	17.4%	65.6%	67.1%
Non-Zara	561	534	5%	15.7%	16.9%	34.4%	32.9%
Pull & Bear	119	99	20%	16.6%	16.2%	7.3%	6.1%
Massimo Dutti	108	106	2%	14.9%	15.2%	6.6%	6.5%
Bershka	155	154	-	15.1%	16.6%	9.5%	9.5%
Stradivarius	144	119	21%	22.7%	22.9%	8.8%	7.3%
Oysho	21	40	(46%)	8.9%	18.8%	1.3%	2.5%
Zara Home	14	16	(13%)	6.3%	7.9%	0.9%	1.0%
Uterqüe	-	-	-	-	-	-	-
Total EBIT	**1,628**	**1,626**	**-**	**15.6%**	**17.2%**	**100%**	**100%**

Net financing revenue includes the non-monetary expense relating to exchange differences arising from the conversion of receivables and payables at exchange rates prevailing at the closing date:

Million euros	**2008**	**2007**
Net financial income (losses)	17	15
Foreign exchange gains (losses)	(38)	(14)
Total	**(22)**	**1**

Net profit amounted to Euros 1,253 million. Excluding the impact of non-recurring items, net profit rose by 3%.

The Board of Directors of Inditex will propose to the shareholders at their annual general meeting the payment of a **total dividend** of Euros 1.05 per share, equivalent to Euros 654 million based on the current number of shares with a right to receive dividends. Of this, Euros 0.55 per share will be payable on 4 May 2009 in the form of an interim dividend and Euros 0.50 per share on 2 November 2009 as a complementary dividend.

INDITEX has maintained its solid financial position and increased its net cash position at year end:

	31 Jan 2009	**31 Jan 2008**
Cash & cash equivalents	1,466	1,466
Current financial debt	(234)	(371)
Non current financial debt	(13)	(42)
Net financial cash (DEBT)	**1,219**	**1,052**

Working capital remains negative as a result of the business model:

	31 Jan 2009	**31 Jan 2008**
Inventories	1,055	1,007
Receivables	585	464
Payables	(2,157)	(2,087)
Operating working capita	**(517)**	**(616)**

Funds generated from operations amounted to Euros 1,850 million in 2008, which is 5% up on the prior year.

Capital expenditure in 2008 totaled Euros 937 million, which is in line with the prior year.

A total of Euros 662 million was transferred to shareholders in the form of dividends in 2008, an increase of 27% with respect to 2007.

2. START OF 2009

In 2009, predictably another year marked by the global macroeconomic situation, INDITEX hopes to continue to show better performance than the rest of the sector, keeping the profitable expansion of the business as its main priority. INDITEX will make the most of current market opportunities and will reinforce its focus on the efficient use of capital.

INDITEX hopes to add another 230,000 square meters to its selling area in 2009, of which approximately 95% will be in international markets.

Expected capital expenditure for 2009 is Euros 600 million, mainly as a result of greater efficiency in new store openings and the refurbishment of existing stores.

INDITEX will continue to flexibly manage its operating expenses with a view to saving Euros 75 million in 2009.

The focus will be on maximizing free cash flows in 2009, while maintaining a profitable international expansion process and the commitment to shareholder remuneration.

Expected store openings in 2009 are more focused on the second half of the year (25%/75%) compared to 2008 (43%/57%). Approximately 70% of these openings are secured by contract, although in some cases it is not possible to guarantee that openings will take place in 2009:

Concept	Range	% International
Zara	125 - 135	98%
Pull and Bear	45 - 55	95%
Massimo Dutti	30 - 40	98%
Bershka	55 - 65	90%
Stradivarius	65 - 75	80%
Oysho	20 - 30	70%
Zara Home	15 - 25	75%
Uterqüe	15 - 25	50%
Total net openings	**370 - 450**	

Store sales at constant exchange rates and adjusted for the calendar effect have increased by 9% in February. The Spring-Summer campaign will be influenced by performance over the Easter period due to the important level of sales at this time of the year.

CONSOLIDATED FINANCIAL STATEMENTS

3.1 FY2007 profit & loss statement

Million euros	FY 2008	FY 2007
Net sales	10,407	9,435
Cost of sales	(4,493)	(4,086)
Gross profit	**5,914**	**5,349**
Gross margin	56.8%	56.7%
Operating expenses	(3,708)	(3,226)
Other net operating income (losses)	(19)	27
Operating cash flow (EBITDA)	**2,187**	**2,149**
EBITDA margin	21.0%	22.8%
Amortization and depreciation	(578)	(497)
Operating income (EBIT)	**1,609**	**1,652**
EBIT margin	15.5%	17.5%
Financial results	(22)	1
Results from companies consolidated by equity method	-	(8)
Income before taxes	**1,587**	**1,646**
EBT margin	15.2%	17.4%
Taxes	(325)	(388)
Net income	**1,262**	**1,258**
	12.1%	13.3%
Minorities	8	7
Net income attributable to the controlling company	**1,253**	**1,250**
Net income margin	12.0%	13.3%
Earnings per share, cents of euro (*)	**202**	**201**

(*) Shares for EPS calculation 621.7 and 620.9 million for 2008 and 2007.

3.2 Consolidated Balance Sheet as of 31 January 2009

Million euros	31 January 2009	31 January 2008
ASSETS		
CURRENT ASSETS	**3,264**	**2,982**
Cash & cash equivalents	1,466	1,466
Receivables	585	464
Inventories	1,055	1,007
Other	158	45
NON CURRENT ASSETS	**4,513**	**4,124**
Tangible assets	3,451	3,192
Intangible assets	680	644
Financial investments	14	36
Other	368	253
TOTAL ASSETS	**7,777**	**7,106**
LIABILITIES		
CURRENT LIABILITIES	**2,391**	**2,458**
Payables	2,157	2,087
Financial debt	234	371
NON CURRENT LIABILITIES	**637**	**430**
Financial debt	13	42
Deferred taxes	214	111
Other	410	277
SHAREHOLDERS' EQUITY	**4,749**	**4,217**
Equity attributable to the Group	4,722	4,193
Minority interests	27	24
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	**7,777**	**7,106**

3.3 Consolidated Statement of Cash Flows

Millions of euros	FY 2008	FY 2007
Income before taxes	**1,587**	**1,646**
Adjustments to income		
Depreciation and amortization	578	497
Corporate income tax	(325)	(388)
Deferred and prepaid tax	35	(33)
Foreign exchange impact	(11)	2
Other	(14)	34
Funds from operations	**1,850**	**1,757**
Changes in assets and liabilities		
Increase in inventories	(61)	(197)
Increase in accounts receivable	(157)	(83)
Decrease in current liabilities	143	341
Changes in working capital	**(75)**	**60**
Cash from operations	**1,775**	**1,817**
Intangible assets investments	(78)	(88)
Tangible assets investments	(852)	(850)
Acquisitions of businesses	(6)	(7)
Addition to other long-term financial investments	22	(10)
Other assets investments	(24)	(27)
Fixed assets sales and retirements	1	10
Sale of long-term financial investments	-	31
Capital expenditure	**(937)**	**(942)**
Net decrease in long-term financial debt	(29)	(17)
Net decrease in other long-term debt	11	16
Net increase in current debt	(137)	215
Dividends	(662)	(522)
Other financing activities	(2)	1
Cash used in financing activities	**(818)**	**(307)**
Net increase in cash and cash equivalents	20	568
Foreign exchange impact on cash & cash equivalents	(19)	(9)
Cash and cash equivalents at beginning of the year	1,466	906
Cash and cash equivalents at end of the year	**1,466**	**1,466**

ANNEX I

Income statement quarterly results

	FY 2008			
	Q1	Q2	Q3	Q4
Net sales	2,218	2,343	2,792	3,054
Cost of sales	(936)	(1,051)	(1,131)	(1,375)
Gross profit	**1,282**	**1,292**	**1,661**	**1,680**
	57.8%	55.1%	59.5%	55.0%
Operating expenses	(858)	(894)	(929)	(1,028)
Other net operating income (losses)	-	-	(9)	(10)
Operating cash fl ow (EBITDA)	**424**	**398**	**723**	**642**
	19.1%	17.0%	25.9%	21.0%
Amortization and depreciation	(130)	(145)	(139)	(165)
Operating income (EBIT)	**294**	**253**	**585**	**477**
	13.2%	10.8%	20.9%	15.6%
Financial results	(1)	(6)	(9)	(6)
Income before taxes	**293**	**247**	**576**	**471**
Taxes	(74)	(55)	(135)	(61)
Net income	**218**	**192**	**441**	**410**
Minorities	-	5	4	-
Net income attributable to the controlling company	**219**	**188**	**437**	**410**
	9.9%	8.0%	15.7%	13.4%

ANNEX II

Return on Equity (ROE), defined as attributable profit over average equity for the year:

Description	2008
Net income	1,253
Shareholders equity - previous year	4,193
Shareholders equity - current year	4,722
Average equity	4,457
RETURN ON EQUITY	**28%**

Return on Capital Employed (ROCE), defined as EBIT over average capital employed during the year (shareholders' equity plus net financial debt):

Description	2008
EBIT	1,609
Average capital employed	
Average shareholders' equity	4,457
Average net financial debt (*)	0
Total average capital employed	**4,457**
RETURN ON CAPITAL EMPLOYED	**36%**

(*) Zero when net cash

ROCE by concept:

Concept	2008
Zara	32%
Non Zara	47%
Pull and Bear	51%
Massimo Dutti	47%
Bershka	56%
Stradivarius	75%
Oysho	16%
Zara Home	13%
Uterqüe	-
Total	**36%**

ANNEX III

Company-managed stores and franchises at FYE2008:

Concept	Co. Mag.	Franchises	Total
Zara	1,372	148	**1,520**
Pull and Bear	506	77	**583**
Massimo Dutti	357	113	**470**
Bershka	525	66	**591**
Stradivarius	368	88	**456**
Oysho	346	28	**374**
Zara Home	216	23	**239**
Uterqüe	31	-	**31**
Total	**3,721**	**543**	**4,264**

Sales in company-managed and franchised stores:

	2008		2007	
Concept	Company Managed	Franchised	Company Managed	Franchised
Zara	88%	12%	88%	12%
Non-Zara	85%	15%	85%	15%
Pull and Bear	88%	12%	88%	12%
Massimo Dutti	72%	28%	72%	28%
Bershka	89%	11%	90%	10%
Stradivarius	84%	16%	84%	16%
Oysho	92%	8%	94%	6%
Zara Home	89%	11%	92%	8%
Uterqüe	100%	-	n.a.	n.a.
Total	**87%**	**13 %**	**87%**	**13%**

ANNEX IV

Net openings by quarter:

Concept	Q1	Q2	Q3	Q4	Total 2008
Zara	51	21	60	27	**159**
Pull and Bear	16	16	14	18	**64**
Massimo Dutti	11	7	15	11	**44**
Bershka	17	20	23	21	**81**
Stradivarius	13	14	33	15	**75**
Oysho	26	15	28	15	**84**
Zara Home	11	5	16	3	**35**
Uterqüe	-	6	18	7	**31**
Total net openings	**145**	**104**	**207**	**117**	**573**

Number of stores at each quarterly close:

Concept	1Q 2008	2Q 2008	3Q 2008	Total 2008
Zara	1,412	1,433	1,493	**1,520**
Pull and Bear	535	551	565	**583**
Massimo Dutti	437	444	459	**470**
Bershka	527	547	570	**591**
Stradivarius	394	408	441	**456**
Oysho	316	331	359	**374**
Zara Home	215	220	236	**239**
Uterqüe	-	6	24	**31**
Total stores	**3,836**	**3,940**	**4,147**	**4,264**

ANNEX V

Stores by concept and country as at 31 January 2009:

	Zara	Zara Kids	Pull and Bear	Massimo Dutti	Bershka	Stradivarius	Oysho	Zara Home	Uterqüe	INDITEX
ANDORRA	1	-	1	1	-	1	1	1	-	6
ARGENTINA	7	-	-	-	-	-	-	-	-	7
AUSTRIA	11	-	-	-	1	-	-	-	-	12
BAHREIN	2	-	2	2	1	1	2	1	-	11
BELGIUM	25	-	2	20	7	-	-	5	-	59
BRAZIL	25	-	-	-	-	-	-	-	-	25
CANADA	15	-	-	-	-	-	-	-	-	15
CHILE	6	-	-	-	-	-	-	-	-	6
CHINA	23	-	-	4	-	-	-	-	-	27
COLOMBIA	7	-	-	-	2	3	-	-	-	12
COSTA RICA	2	-	-	-	-	-	-	-	-	2
CROATIA	2	-	-	-	1	-	-	-	-	3
CYPRUS	4	-	4	2	5	5	1	2	-	23
CZECH REPUBLIC	6	-	3	1	4	1	-	-	-	15
DENMARK	3	-	-	-	-	-	-	-	-	3
DOMINICAN REPUBLIC	1	-	-	-	-	-	-	-	-	1
EGYPT	-	-	1	-	1	-	-	-	-	2
EL SALVADOR	2	-	1	-	1	-	-	-	-	4
ESTONIA	2	-	-	-	1	-	-	-	-	3
FINLAND	4	-	-	-	-	-	-	-	-	4
FRANCE	113	2	14	17	41	17	10	17	-	231
GERMANY	65	-	-	6	-	-	-	-	-	71
GREECE	44	6	18	11	23	6	13	7	2	130
GUATEMALA	2	-	2	1	2	1	-	-	-	8
HONDURAS	1	-	-	-	-	-	-	-	-	1
HUNGARY	5	-	3	-	4	3	1	-	-	16
INDONESIA	8	-	2	3	-	-	-	-	-	13
IRELAND	9	-	5	1	5	2	-	-	-	22
ICELAND	2	-	-	-	-	-	-	-	-	2
ISRAEL	17	-	19	1	-	-	-	-	-	37
ITALY	75	12	34	8	36	23	54	22	-	264
JAPAN	40	-	-	-	-	-	-	-	-	40
JORDAN	2	-	2	2	1	2	1	1	-	11
KOREA	5	-	-	-	-	-	-	-	-	5
KUWAIT	5	-	4	2	2	3	3	2	-	21
LATVIA	3	-	2	-	2	-	-	-	-	7
LEBANON	2	-	3	3	2	2	3	2	-	17
LITHUANIA	4	-	3	-	5	4	-	-	-	16

	Zara	Zara Kids	Pull and Bear	Massimo Dutti	Bershka	Stradivarius	Oysho	Zara Home	Uterqüe	INDITEX
LUXEMBOURG	2	-	-	1	-	-	-	-	-	3
MALAYSIA	5	-	2	4	-	-	-	-	-	11
MALTA	1	-	5	-	1	1	-	1	-	9
MEXICO	48	-	30	26	41	-	28	13	-	186
MONACO	1	-	-	-	-	-	-	-	-	1
MONTENEGRO	1	-	1	-	1	1	1	-	-	5
MOROCCO	4	-	-	1	-	3	-	1	-	9
NETHERLANDS	15	-	-	-	6	-	-	1	-	22
NORWAY	4	-	-	2	-	-	-	-	-	6
OMAN	1	-	-	-	-	1	1	1	-	4
PANAMA	2	-	-	-	-	-	-	-	-	2
PHILIPPINES	6	-	-	-	-	-	-	-	-	6
POLAND	20	-	11	1	13	11	8	-	-	64
PORTUGAL	55	24	59	40	42	35	30	18	2	305
PUERTO RICO	1	-	-	-	-	-	-	-	-	1
QATAR	2	-	2	2	1	1	1	2	-	11
ROMANIA	5	-	5	1	4	4	4	1	-	24
RUSSIA	30	-	18	6	16	15	11	2	-	98
SAUDI ARABIA	22	-	8	10	19	21	9	3	-	92
SERBIA	3	-	1	1	1	1	1	-	-	8
SINGAPORE	5	-	2	3	-	-	-	-	-	10
SLOVAKIA	2	-	1	-	1	1	-	-	-	5
SLOVENIA	4	-	2	1	2	3	-	-	-	12
SPAIN	330	184	287	250	262	265	176	115	27	1,896
SWEDEN	10	-	-	3	-	-	-	-	-	13
SWITZERLAND	10	-	-	5	1	-	-	-	-	16
THAILAND	4	-	-	2	-	-	-	-	-	6
TUNISIA	1	-	-	-	-	-	-	-	-	1
TURKEY	25	-	13	10	13	13	11	8	-	93
UAE	5	-	5	6	4	6	4	6	-	36
UKRAINE	1	-	-	-	-	-	-	-	-	1
UNITED KINGDOM	63	-	3	10	5	-	-	7	-	88
URUGUAY	2	-	-	-	-	-	-	-	-	2
USA	41	-	-	-	-	-	-	-	-	41
VENEZUELA	11	-	3	-	11	-	-	-	-	25
Total	**1,292**	**228**	**583**	**470**	**591**	**456**	**374**	**239**	**31**	**4,264**

OTHER INFORMATION

Related party transactions

Related party transactions are described in note 30 to the consolidated annual accounts. No related party transactions occurred in the first six months of the year that substantially affected the financial situation or results of the Company during the year.

Risks and uncertainties

Risks and uncertainties facing the Group are described in note 26 to the consolidated annual accounts. There are no significant risks or uncertainties at FYE2008.

Research and development expenditure

The Inditex Group has not performed or outsourced to third parties any research and development projects, which are considered as projects to which amounts are allocated over several years to develop products that are expected to generate profits over a number of years.

Nonetheless, since its incorporation, management of the Company has been underpinned by available technology in all areas of its activity to improve the manufacturing and distribution processes, and by developing, using its own resources or with the support of third parties, instruments that facilitate business management. Examples of this technology include point-of-sale terminals, inventory management and administration systems, delivery systems in the distribution centres, in-store communication systems, and in-store clothing and footwear labeling systems.

Treasury shares

Inditex holds 221,264 treasury shares of fifteen eurocents par value each. Group companies do not hold any shares in the parent company.

Capital structure

The share capital of Inditex amounts to Euros 93,499,560, divided into 623,330,400 shares of fifteen eurocents (Euros 0.15) par value each, all of the same class and series, which are subscribed and fully paid up.

Shares confer the holder the condition of partner and the rights established in the Spanish Companies Act, other applicable legislation, and the Company's legal organisation documents. Each share confers the right to one vote, while a minimum number of shares does not have to be held to be able to attend general meetings.

Restrictions on the transferability of shares

There are no statutory restrictions on the transfer of shares and no shareholder agreements restricting or defining the conditions for the free transfer of shares.

Significant share capital holdings

According to the information provided on the website of the Spanish National Securities Market Commission and information provided to Inditex by the shareholder Rosp Corunna Participaciones Empresariales, S.L., the holders of the most significant share capital holdings in the Company at 31 January 2009, excluding Board members, were as follows:

Name or company name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	Voting rights as percentage of total
Mr. Amancio Ortega Gaona (1)	0	369,600,063	59.294%
Ms. Rosalía Mera Goyenechea (2)	0	36,550,000	5.864%
CAPITAL RESEARCH AND MANAGEMENT COMPANY (3)	0	40,066,696	6.428%

(*) Through:

Name or company name of direct shareholder	Number of direct voting rights	Voting rights as percentage of total
(1) GARTLER, S.L.	311,727,598	50.010%
(1) PARTLER 2006, S.L.	57,872,465	9.284%
(2) ROSP CORUNNA PARTICIPACIONES EMPRESARIALES, S.L.	36,550,000	5.864%
(3) INSTITUCIONES DE INVERSIÓN COLECTIVA GESTIONADAS	40,066,696	6.428%

Restrictions on voting rights

No legal or statutory restrictions on exercising voting rights exist, except for the restriction established in Article 44 of the Spanish Companies Act, which stipulates that any shareholders that default on payment of unpaid shareholder contributions cannot exercise their voting rights.

Associative agreements

The Company is not aware of the existence of any associative agreements.

Regulations applicable to the appointment and replacement of members of the Board of Directors and modifications to the Company's articles of association

Appointment and replacement of members of the Board of Directors

The system for selecting, appointing and re-electing members of Inditex's Board of Directors consists of a formal and transparent procedure, expressly regulated by the Company's articles of association and the Board of Directors' Regulations.

Board members will be appointed by the shareholders in a general meeting and will perform their duties during the period established in the articles of association, which is currently five years.

In general meetings, shareholders can re-elect Board members an indefinite number of times for equal terms. Shareholders can also agree to the dismissal of Board members at any time.

The Board of Directors can temporarily appoint replacements for vacant positions on the Board by selecting individuals from among the shareholders until the next general meeting is held.

Any proposals to appoint Board members presented by the Board of Directors for consideration by the shareholders in general meetings and any appointment decisions made by the shareholders via the co-option powers with which they have been legally vested must be preceded by the corresponding report from the Appointments and Remunerations Committee and, in the case of independent Board members, by the relevant proposal from this Committee.

When the Board of Directors does not follow the recommendations of the Appointments and Remunerations Committee, it must present reasons for its action, which must be documented in minutes.

The Board of Directors and the Appointments and Remunerations Committee will, within the scope of their powers, endeavor to ensure that the potential candidates have recognized solvency, ability and experience, and will exercise due rigor when assessing candidates for the position of independent Board member.

The Board of Directors may not propose or appoint any candidate for the position of independent Board member who simultaneously holds positions as director in more than four listed companies in addition to the Company. Individuals cannot be proposed or appointed for the position of independent Board member unless they fulfill the independence criteria established in Section 1.(c) of Article 7 of the Board of Directors Regulations.

Any proposals to re-appoint Board members which the Board of Directors decides to present to the shareholders in a general meeting must be formally prepared and must include a report issued by the Appointments and Remunerations Committee evaluating the quality of work and dedication to the post of the Board members proposed during the preceding mandate and, in the case of independent Board members, the corresponding proposal from the Committee to re-appoint them.

Furthermore, the Board of Directors must provide a description of the character of each Board member to the shareholders in general meetings, and the shareholders must perform or ratify the appointment, which must be confirmed, or where applicable, modified in the Annual Corporate Governance Report subsequent to being verified by the Appointments and Remunerations Committee.

Regarding the replacement of Board members, Board members must resign from their posts when the term of their appointment expires and when the shareholders so decide in accordance with the legal or statutory powers vested.

Board members must offer their resignation to the Board of Directors and formalize, where necessary, their resignation in the following circumstances:

a) When they reach 68 years of age. Nonetheless, the Board members occupying the position of Managing Director or General Manager must offer their resignation to the Board of Directors when they reach 65 years of age, being able to continue as Board members until they reach the age of 68. Exceptionally, the aforementioned rules will not apply in the case of the founding Chairman of the Company, Mr. Amancio Ortega Gaona.

b) When they resign from the executive positions with which they were associated on being appointed as Board members.

c) When they are subject to any of the circumstances of incompatibility or prohibition established by law, in the Company's articles of association, or in the Board of Directors' Regulations. In particular, independent Board members must offer their resignation to the Board of Directors and formalize, where necessary, their resignation when they are subject to any of the circumstances of incompatibility stipulated in Article 7.1.(c) of these Regulations or when they subsequently become directors in more than four listed companies in addition to the Company.

d) When they receive a serious warning from the Control and Audit Committee for having breached their obligations as Board members.

Board members must also inform the Board of Directors and, where necessary, offer the Board of Directors and formalize their resignation if the Board considers resignation is necessary because of circumstances which could affect the credit or reputation of the Company or, by whatever means, expose the Company's interests to risk, and when the reasons for the Board members being appointed no longer prevail.

Board members representing shareholders must offer their resignation when the shareholders they represent sell their entire share capital holding or reduce it to a level which requires the number of Board members representing shareholders to be decreased.

Lastly, when a Board member leaves the post before the end of the mandate, as a result of resignation or any other reason, an explanation for the reasons must be given in a letter to all the members of the Board of Directors, and the Company must present these reasons in the Annual Corporate Governance Report. In the case of independent Board members, the Appointments and Remunerations Committee must also present a proposal for early dismissal or resignation.

Modification to the articles of association

The procedure for modifying Inditex's articles of association is established in Article 144 of the Spanish Companies Act which requires, inter alia, that the modification agreement be accepted by the shareholders in a general meeting with the quorum required to constitute and adopt agreements stipulated in Article 103 of the aforementioned Act. Inditex's articles of association have not increased the quorum for modifying the statutory text.

Powers of the members of the Board of Directors

The Board of Directors is responsible for managing, administering and representing the Company with full powers and without prejudice to the legal or statutory powers with which the shareholders have been vested.

Within the legally established limits, the chairman of the Board of Directors and the Executive Commission, Mr. Amancio Ortega Gaona and the First Vice-Chairman and Managing Director, Mr. Pablo Isla Álvarez de Tejera, have been vested with all the powers listed below in order that they be exercised in the following way and under the following conditions: jointly and severally and indistinctively, except for certain powers which involve: a) the use of funds exceeding a certain amount, in which case joint or shared action will be required by the two aforementioned members of the Executive Committee or by one of these individuals and another individual who, by any legal title, has also been vested with the same power; and/or b) the disposal or encumbrance of the Company's real estate assets, in which case prior approval is required from the Executive Committee or, where applicable, the Board of Directors.

The requirement to act jointly stipulated in the previous paragraph will not be applicable in the case of operations, actions or contracts, irrespective of their value, that are performed or signed by INDITEX Group companies. These companies are considered to be any Spanish or foreign companies in which INDITEX, S.A. directly or indirectly through other subsidiaries holds at least a 50% interest. In these circumstances, either of the two members of the Commission who have been vested with powers can act jointly and severally alone, on behalf of and representing the Company, irrespective of the amount involved.

Details of powers:

1.- Appear on behalf of and represent the Company before any authorities, bodies, centres, sections or offices of the Spanish government, whether it be centrally or in outlying areas; of the autonomous regional governments; of the provinces and municipalities; of corporate government; of independent government; and of European government, including public registries of any type; and, in general, any public or private entity. Sign and present all types of applications, petitions, simple or sworn statements, manuscripts and documents. Define and uphold any objectives and, in general, exercise all the powers required in order to manage and defend the rights of the Company.

2.- Sign, issue, receive and collect from the post office any postal or telegram correspondence comprising ordinary or registered letters, money transfers, postal orders and telegrams. File with these offices any claims necessary and collect, where applicable, any compensation.

3.- Verify shipments of products and goods of any type by land, sea or air, and receive deliveries on behalf of the Company. Make any necessary claims to rail, maritime or transport companies in general for any damage, delay, loss or any other breach of the transport contract, collecting any compensation where applicable agreed with these companies or established by the courts. Sign agreements of any type with transport companies, travel agencies, hotels, restaurants and any other individuals or entities involved in the transport of passengers or in the hotel and catering sector.

4.- Claim for and collect any amounts owed to the Company, signing receipts and authorizing any acknowledgements of receipt. Make payments. Disclose accounts and demand disclosure of accounts, and challenge or approve accounts. Set up, cancel and withdraw guarantee deposits of all classes including those placed with/and of the General Bank for Deposits of the Spanish Treasury and its branches.

5.- Arrange all types of loan and credit agreements. Open current, credit, savings and any other type of account with public and private credit institutions and/or financial institutions, as well as any other accounts in the name of the Company. Pay in funds, withdraw funds or obtain funds by way of receipts and checks. Make or order payments by bank transfer. Endorse or permit charging of bills of exchange, bank transfers and credit notes, as well as receipts or invoices payable by the Company. Approve or contest the balances of the aforementioned accounts. Act as guarantor for other INDITEX Group companies and, therefore, sign on their behalf guarantees, deposits and any other similar documents, along with guarantee and counter-guarantee documents. In general, perform any activities permitted by banking legislation and best practice.

6.- Release, endorse, cede or transfer by any means other than endorsement, accept and sign, demand consent for, guarantee, require cession of provision of, collect, discount and pay bills of exchange, promissory notes, checks, money orders, and any other trade notes. Intervene in the approval or payment thereof. Contest such bills or notes or make the necessary declarations and responses in the relevant protests stating the reasons for not accepting or paying bills and notes charged to the Company. Actively or passively act in all types of legal proceedings, actions or negotiations, pre-court and court proceedings resulting from contesting or not paying charges, as well as any other activity established in the Exchange and Check Law or other applicable legislation.

7.- Considering the restriction described above regarding real estate assets, execute all types of deeds and contracts relating to all types of assets, rights, securities, stakes, shares and share capital holdings for and with the prices, amounts paid, amounts received, terms, periods, agreements, clauses and conditions established. In particular, acquire, cede, grant, dispose of or transfer by any means, including awarding in settlement, of all types of assets, rights, brands, other trademarks and industrial property, securities, stakes, shares, and share capital holdings. Contract all types of obligatory and voluntary insurance. Execute works, services and supplies of all types. Act as lessor or lessee in rental, finance lease or sub-let agreements. Set up, modify, recognize and cancel land and building rights, including real estate mortgages and pledges without transfer of ownership and any type of encumbrance over all types of assets and rights held by the Company. Apply for land groupings, aggregations, divisions and segregations, permits for new construction projects, and divisions of buildings under joint ownership regime; establishing the statutes governing such activities. Conduct and collaborate with measurement, demarcation and boundary definition work, approving such work and signing any deeds that are drawn up. Intervene using full powers to execute and fulfill such deeds and contracts; demanding, where applicable, fulfillment of any requirements therein, and modifying, renewing, canceling or withdrawing these deeds and contracts.

8.- Execute all types of deeds and contracts relating to information technology, management, security and telecommunications products, equipment and systems, as well as any assets relating to copyrights deriving from or related to these assets and, in general, any rights relating to all types of buildings. Contract work, services and supplies of all types for or with the prices, amounts paid, amounts received, terms, periods, agreements, clauses and conditions established. In particular, acquire, cede, grant, encumber, dispose of or transfer any ownership, including awarding in settlement, over the aforementioned assets. Obtain or offer such assets as lessor or lessee through rental, finance lease or sub-let agreements. Set up, modify, recognize and cancel land and building rights and pledges over real estate assets held by the Company. Intervene using full powers to execute and fulfill such deeds and contracts, demanding, where applicable, fulfillment of any requirements therein, and modifying, renewing, canceling or withdrawing these deeds and contracts.

9.- Execute any type of collaborative agreement such as franchise agreements, joint ventures, cashpooling, distribution agreements, trade agreements, concessions, agency agreements, and, in general, any agreements that could be intrinsic to the national and international expansion of the Company.

10.- Appear in deeds on the incorporation, modification, merger or winding-up of all types of entities and companies, and attend on behalf of the Company assemblies, meetings, or ordinary and extraordinary meetings. Intervene in such meetings, cast votes in the appropriate manner, whatever the issues in question, and accept agreements. Accept positions and appointments and, in general, exercise on behalf of the Company any rights it is granted.

11.- Attend on behalf of and in representation of the Company residents' association and joint-owner meetings. Intervene in such meetings, cast votes in the appropriate manner, whatever the issues in question, and accept agreements. Accept positions and appointments and, in general, exercise on behalf of the Company any rights it is granted in jointly-owned buildings. Attend and intervene in any meetings held in accordance with the prevailing Law on Buildings under Joint Ownership and other applicable legislation.

12.- Attend on behalf of the Company all types of auctions and tenders organised by the State, autonomous regional governments, provinces, municipalities, and public and private individuals and entities and, to this end, present specifications, declarations, projects and budgets; prepare bids and set up guarantee deposits, making definitive and unlimited use of the powers required to obtain and accept, provisionally or definitively, based on the conditions considered appropriate, the tender in question. Exercise the rights and fulfill the obligations related with these tenders.

13.- Set up the offices, centres and branches of the Company and organise the services therein. Hire personnel. Establish the conditions for selecting and appointing personnel. Freely appoint and separate them, including directors and qualified personnel. Establish their rights, obligations, powers and functions, salaries, bonuses and compensation. Agree promotions and transfers. Exercise the powers to sanction and discipline. Act on behalf of the Company in relations with workers' committees and represent the Company when negotiating agreements in any area or of any type.

14.- Represent the Company before any government authorities or bodies responsible for labour and Social Security issues; prepare reports and claims; demand the suspension of or accept contested assessments; appear and intervene on behalf of the Company in proceedings in progress in which the Company has a direct or indirect interest by presenting and defending all types of evidence, requesting and obtaining documents, copies, certificates and notifications; and presenting, preparing and defending all types of declarations, requests and statements. In general, intervene in any proceedings required during the life of the Company such as registering the Company with the labour and Social Security authorities; conducting the procedures required to contract all types of workers, including requesting and collecting grants and bonuses, registering workers, etc.; conducting the procedures required to modify or cancel employment contracts, train staff, present and pay Social Security contributions, and request Social Security payment deferrals and rebates. Conduct the procedures required in relations between the Company and temporary employment and personnel selection agencies. In general, follow procedures for all formalities and incidents, filing appeals, where necessary, until outright rulings are issued and enforced.

15.- Represent the Company before any government authorities or bodies responsible for health and safety at work and occupational risk issues, preparing reports and claims and, in general, any documents the Company considers necessary in relation to any proceedings in which it has a direct or indirect interest. Perform any actions necessary to promote and guarantee worker safety in work centres by complying with legislation on occupational health and safety and other complementary legislation. Plan and execute the risk prevention policy. Act on behalf of the Company in relations with workers and their representatives regarding health and safety measures. Prepare and implement a professional risk plan. Organise the risk prevention service, allocating the human resources and assets required to operate the service. Negotiate and sign agreements with approved entities which render external risk prevention procedures. Negotiate, organise and perform risk assessments, medical examinations, and other health checks and risk prevention systems. Contract external health and safety audits and, in general, audits of any actions related with such risks. Obtain insurance to cover common and professional contingencies to which workers are exposed by signing agreements and associative agreements with Social Security management entities and occupational health and safety insurance companies affiliated with the Social Security system, or other entities that have taken over performing the functions and duties of these entities, renouncing or canceling in the past any contracts signed, and accepting appointment to and participation in the governing and advisory boards of such entities that collaborate with the management of the Social Security system.

16.- As permitted by legislation, take any action which is the responsibility of the principal and renounce any claims lodged against it. Appear before the ordinary and special courts and tribunals of any instance and jurisdiction in all types of legal cases, as well as in relation to any type of voluntary, administrative and economic and administrative legal proceedings. Consequently, participate in conciliation acts with or without agreement; intervene in inquests; prepare necessary court declarations; respond to summons and writs; sue, dispute or agree, and report or bring action; present and ratify briefs; request and obtain documents; request any type of proceedings be conducted including prosecutions, imprisonments, and releases from prison; hear writs, subpoenas, summons, and notifications; exercise and challenge powers; promote joinders of writs and challenges of judges and court clerks; present and defend evidence and provide court confessions; make court appearances and visits and attend meetings with full voting rights including meetings of creditors of all types of bankruptcy proceedings, being authorized to participate in auctions and request the awarding of assets in part or full payment for the outstanding receivables claimed; settle in or out of court, lodge and, basically, follow lawsuits or legal proceedings during each stage of the process and in relation to possible incidents and appeals until an outright ruling or sentence is reached and enforced; under special circumstances, make any appeals, out-of-court settlements, waivers and statements that could lead to a stay of proceedings either through an out-of-court settlement or due to nullity; exercise any other power not listed above stipulated in Articles 25 and 414.2 of Law 1 of 7 January 2000 governing lawsuits; take charge of any funds or assets involved in the legal proceedings and, in general, exercise on behalf of the Company any rights the Company is entitled to under this law

17.- Settle and agree through arbitration any issues under the director's jurisdiction and using any means and to the extent and following the requirements stipulated in Spanish arbitration law and international trade arbitration legislation.

18.- Appoint a public notary to file affidavits and prepare and receive writs and summons.

19.- Replace, in whole or in part, the preceding authorities, grant corresponding powers and revoke powers granted, and obtain copies of all types of legal records and deeds.

20.- File by public deed any agreements made by the shareholders, Board of Directors or Executive Committee.

The General Secretary and Secretary to the Board of Directors, Mr. Antonio Abril Abadín, is Inditex's proxy and, subject to the same conditions and limitations applicable to the managing directors stipulated in the second and third paragraph of this section, has the powers described in points 1, 2, 4, 5, 6, 7, 9, 10, 11, 12, 14, 16, 17, 18, 19 and 20 of the above list.

Finally, and in relation to the possibility of issuing or re-purchasing shares, in the general meeting held on 17 July 2007, Inditex's shareholders authorized the Board of Directors to acquire treasury shares in the Company or shares in its subsidiaries, within the limits established by prevailing legislation.

Significant agreements

Inditex has not signed any significant agreements which enter into force, are modified or expire as a result of a change in control in the Company deriving from a public takeover bid.

Agreements between the Company and its directors and management or employees

Except for the agreements with the two executive Boards members and seven directors described below, the employment contracts of Inditex employees do not contain any specific clauses establishing compensation on termination of employment and, therefore, employees are only entitled to the compensation established under prevailing labour law.

In its meeting held on 9 June 2005, and having obtained a favorable report from the Appointments and Remunerations Committee, Inditex's Board of Directors agreed and approved nine (9) contracts with guarantee or golden parachute clauses currently established in favour of certain members of the Board of Directors, including two executive Board members (the First Vice-Chairman and Managing Director, and the General Secretary and Secretary to the Board of Directors).

The aforementioned agreements establish that if an employment contract is terminated due to, inter alia, unfair dismissal or resignation as a result of certain causes (including a change in control of the Company, on the condition that a significant number of the Company's governing Boards are reappointed, or a change in the content and objectives of its principal activity), the director will be entitled to compensation equivalent to two full years' salary, calculated based on the salary of the last year worked.

Corporate Governance Report

The Corporate Governance Report can be found on the Inditex website www.inditex.com and it has been filed with the Spanish National Securities Market Commission under registration number 106.027.

Corporate governance report

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 2008, which commenced on 1 February 2008 and closed on 31 January 2009, 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 harmonization 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, harmonizing the terminology used and correcting some minor errors discovered in the wording thereof. In the meeting held on 11 December 2007, the Board of Directors resolved 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. 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

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

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

A.2. Direct and indirect holders of significant holdings in the Company at the date of the fiscal year end, excluding the directors

As Inditex's shares are represented by the book-entry method, and therefore there is no shareholder register kept by the Company itself, it is not possible to know accurately the ownership structure of the Company.

In any case, according to the information provided by CNMV in its web site and by the shareholder *Rosp Corunna Participaciones Empresariales, S.L.* to Inditex, the owners of significant holdings in the company as at 31 January 2009, 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	40,066,696	6.428%

(*) 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	40,066,696	6.428%

The company has not been given notice of any significant movements in the shareholding structure over the year, except for the notice regarding the increase in the stake of Capital Research and Management Company, from its former percentage of 5.166%.

A.3. Members of the Boards of Directors of the Company, who have voting rights attached to shares in the Company

As at 31 January 2009, 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	Date of first appointment	Date of last appointment	Number of direct voting rights	Number of indirect voting rights (*)	% on the total vote rights
Amancio Ortega Gaona	12-06-1985	15-07-2005	0	369,600,063(*)	59.294%
Pablo Isla Álvarez de Tejera	9-06-2005	15-07-2005	139,800	0	0.022%
Carlos Espinosa de los Monteros Bernardo de Quirós	30-05-1997	16-07-2004	40,000	0	0.006%
GARTLER, S.L.	12-12-2006	17-07-2007	311,727,598	0	50.010%
Irene Ruth Miller	20-04-2001	18-07-2006	30,239	0	0.005%
Juan Manuel Urgoiti López de Ocaña	02-01-1993	15-07-2005	27,739	0	0.004%
José Luis Vázquez Mariño	30-03-2005	15-07-2005	5.000	0	0,001%
Antonio Abril Abadín	12-12-2002	15-07-2008	97,515	0	0.016%

(*) 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	50.010%
PARTLER 2006, S.L.	57,872,465	9.284%
Total:	**369,600,063**	**59.294%**

Total % of voting rights in the possession of the Board of Directors	**59.348%**

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

A.4. Family, business, contractual or company relationships existing between the holders of significant holdings

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

A.5. Business, contractual or company relationships existing between the holders of significant holdings and the Company

There have been no relations of a business, contractual or Company nature between the holders of significant holdings and the Company that are of a relevant nature or that do not stem from the ordinary course of trade, subject to the information provided under section C regarding related-party transactions, for transparency purposes.

A.6. Para-social agreements affecting the Company pursuant to the provisions of art. 112 of the LMV (Stock Exchange Act) reported to the Company. Shareholders bound by the agreement. Existence of concerted actions among its shareholders. Modification or breaking of those pacts or agreements or concerted actions has occurred

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

A.7. Legal or natural person who exerts control or could exert control over the Company in accordance with article 4 of the Spanish Stock Exchange Act.

Name or company name
Amancio Ortega Gaona

Remarks
Through GARTLER, S.L., and PARTLER 2006, S.L., he holds 59.294% in the share capital.

A.8. Treasury stock of the Company

At year-end closing:

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

During the fiscal year there have not been any significant variations in accordance with the provisions of Royal Decree 1362/2007 in the treasury stock of the Company.

A.9. Conditions and term of the current mandate given by the general meeting to the Board of Directors to carry out acquisitions or transfers of the Company's own shares

At the date of the issue of this report, the authorisation granted by the General Meeting of Shareholders of the company at its meeting held on 15 July 2008 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 17 July 2007.

A.10. Legal or by-law restrictions on the exercise of voting rights, as well as any legal restrictions on the acquisition or transfer of interests in the share capital

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

As regards the exercise of voting rights, the only restriction is that contained in Article 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. Annual General Meeting of Shareholders agreement for the adoption of anti-takeover measures in the event of a public tender offer pursuant to the provisions of Act 6/2007

There has been no Annual General Meeting of Shareholders agreement for the adoption of anti-takeover measures in the event of a public tender offer pursuant to the provisions of Act 6/2007.

B. ADMINISTRATIVE STRUCTURE OF THE COMPANY

B.1. Board of Directors

Apart for the matters reserved for the competence of the General Meeting, the Board of Directors is the highest decision-making, supervisory and controlling body of the Company, as it is entrusted with the direction, administration, management and representation of the Company, delegating in general the management of the day-to-day business of Inditex to the executive bodies and to the management team and concentrating its efforts on the general supervisory function, which includes directing the policy of Inditex, monitoring the management activity, assessing the management by the senior management, taking the most relevant decisions for the Company and acting as a link with the shareholders.

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

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

B.1.1. Maximum and minimum number of directors provided in the articles of association

Maximum number of directors	12
Minimum number of directors	5

B.1.2. Members of the Board

Name or company name of the director	Representative	Office on the Board	Date of first appointment	Date of latest appointment	Election procedure
Amancio Ortega Gaona		Chairman	12-06-1985	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	16-07-2004	AGM
GARTLER, S.L.	Flora Pérez Marcote	Ordinary member	12-12-2006	17-7-2007	AGM
Francisco Luzón López		Ordinary member	28-02-1997	16-07-2004	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			

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

B.1.3. Members of the Board and their different categories

Executive directors

Name or company name of the board member	Committee which proposed that member's appointment	Position in the 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. (64)

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 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 is the Chairman of the Board of Directors of Mercedes Benz España, he sits on the board of Acciona, S.A., and chairs Fraternidad-Muprespa.

Francisco Luzón López. (61)

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 Central Hispano* 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*.

Irene R. Miller. (56)

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 the present, 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 (64)

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	1
Total % of Board members	11.11%

(1) A brief description of the profile of this non-executive member of the Board of Directors of the Company is given below:

Juan Manuel Urgoiti López de Ocaña. (69)

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

Reasons why they cannot be considered proprietary or independent, as well as their ties, whether with the Company or its management or with its shareholders

Name or company name of the board member	Reasons	Company, officer or shareholder with whom the director has ties
Juan Manuel Urgoiti López de Ocaña	Being executive director of *Banco Gallego, S.A.*, wherein an executive director of the company has the status of non-executive proprietary director	Antonio Abril Abadín

No variations have occurred during the period in the category of each director.

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

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

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.

There have been no formal petitions for presence on the Board received from shareholders whose stake is equal to or greater than that of others at whose proposal proprietary directors have been appointed.

B.1.5. Withdrawl of any director from his/her position before the expiry of his/her term of office

No director has withdrawn before the expiry of his/her term of office.

B.1.6. Powers 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 belonging 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 to 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 organise 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 Deseases of the Social Security, or entities that should replace them in such functions and tasks, reporting or putting an end to, at the appropriate time, those that may have been signed; to accept positions and participate in those governing boards and advisory boards of such entities collaborating in the management of Social Security.

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

17.- To compromise and refer to arbitrators all matters in respect of which they are empowered, either in any of the types of arbitration proceedings with the scope and under the requirements provided for in Spanish legislation on arbitration, or those types of arbitration proceedings characteristic of international commercial arbitration.

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

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

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

B.1.7. Members of the Board who hold the position of director or senior manager in other companies that are part of the group of the listed Company

Name or company name of the director	Company name of the entity of the group	Office
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
	MASSIMO DUTTI, S.A.	Director
	ZARA MÉXICO, S.A. DE C.V.	Director
Mr. Antonio Abril Abadín	MASSIMO DUTTI, S.A.	Secretary non member
	BERSHKA ESPAÑA, S.A.	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 LOGÍSTICA, S.A.	Secretary non member
	NIKOLE, S.A.	Secretary non member
	OYSHO ESPAÑA, S.A.	Secretary non member
	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 LOGÍSTICA, S.A.	Secretary non member

Name or company name of the director	Company name of the entity of the group	Office
	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 LOGÍSTICA, S.A.	Secretary non member
	TEMPE, S.A.	Deputy Chairman Director
	TRISKO, S.A.	Secretary non member
	UTERQÜE, S.A.	Secretary non member
	UTERQÜE ESPAÑA, S.A.	Secretary non member
	UTERQÜE LOGÍSTICA, S.A.	Secretary non member
	ZARA, S.A.	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

B.1.8. Directors of the Company that are members of the Board of Directors of other companies that are listed on official stock markets in Spain that are not part of the Group

Name or company name of director	Listed company	Office
Pablo Isla Álvarez de Tejera	TELEFÓNICA, S.A.	Ordinary member of the Board of Directors
Carlos Espinosa de los Monteros Bernaldo de Quirós	ACCIONA, S.A.	Ordinary member of the Board of Directors
Francisco Luzón López	BANCO SANTANDER, S.A.	Director- General Manager
Juan Manuel Urgoiti López de Ocaña	ACCIONA, S.A.	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. Rules established regarding the number of boards of which its directors may be members

Pursuant to the provisions of Article 12.2 of the Board of Directors´ Regulations, the Board may not propose or appoint any persons to fill up a vacancy on the Board who already perform the duties of Directors at the same time, in more than four listed companies other than the Company.

B.1.10. The Company's general policies and strategies reserved for approval by the Board in plenary session

- The investment and financial policy
- The investment and financial policy
- The definition of the structure of the group of companies
- The corporate governance policy
- The corporate social responsibility policy
- The strategic or business Plan, as well as management targets and annual budgets
- The policy regarding compensation and evaluation of performance of senior management
- The risk management and control policy as well as the periodic monitoring of the internal information and control systems
- The dividends policy as well as the treasury stock policy and especially, the limits thereto

B.1.11. Total remuneration of the directors that has accrued during the year

a) In the company that is the subject of this report

Item - remuneration	Amounts in thousands of euros
Fixed remuneration	1,887
Variable remuneration	1,364
Per diems	
Provisions set forth in the Articles of Association	
Options on shares and/or other financial instruments	
Others	1, 888
Total	**5,139**

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 Board 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	4,107	25
Non-executive Proprietary	90	
Non-executive Independent	774	
Other Non-executive	168	
Total	**5,139**	**25**

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

Total remuneration of directors (thousands of euros)	5,164
Total remuneration of the directors / income attributed to the controlling company (expressed in %)	0. 41 %

B.1.12. Members of senior management who are not in turn executive directors and 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	Uterqüe 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	Tax Director
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
Antonio Rubio Merino	Chief Financial Officer
Carmen Sevillano Chaves	Oysho Manager
Jordi Triquell Valls	Stradivarius Manager

Total remuneration senior management (thousands of euros)	10.817

B.1.13. Indemnity or golden parachute clauses, for cases of dismissal or changes in control, in favour of the members of the senior management, including the executive directors, of the Company or of its Group. Contracts reported to and/or approved by the governing bodies of the Company or of its Group

Number of beneficiaries	9

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. 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).

The Board in plenary session has reserved the right to approve the following decisions

-At the proposal of the chief executive of the Company, the appointment and if applicable, the dismissal of senior managers, as well as their compensation clauses.

- The remuneration of directors and, in case of officials, their additional remuneration on account of their executive duties and other terms which must be observed under their employment agreements.

B.1.15. Approval by the Board of Directors of the compensation policy and the matters covered thereby

- Amount of fixed components, with a breakdown, if applicable, of fees payable for attendance at meetings of the Board and its Committees and estimated annual fixed compensation arising therefrom.

- Variable compensation items.

- Main characteristics of the social security systems, with an estimate of the amount thereof or equivalent annual cost.

- Terms and conditions that must be included in the agreements with executive directors performing senior management duties, which will include:

i) Term;

ii) deadlines for notice, and

iii) any other provisions regarding employment premiums, as well as indemnity or golden parachute provisions in case of early termination of the employment agreement between the Company and the executive director.

B.1.16. Submission of a report on director compensation policy to the vote of the shareholders at a General Meeting of Shareholders for consultative purposes. Relevant portions of the report regarding the compensation policy approved by the Board for the following years and the most significant changes experienced by such policies vis-à-vis the policy applied during the fiscal year, and provide an outline of the manner in which the compensation policy was applied during the fiscal year. Role of the Nomination and Remuneration Committee and, external advice and the name of the external advisors that have given such

Pursuant to the provisions of Article 28 of the Board of Directors´ Regulations, the Nomination and Remuneration Committee prepares and submits to the Board a report on the remuneration of directors. Said report, which covers the issues of both fixed and variable remuneration, as well as the remaining relevant terms of the employment agreements of those who discharge senior management duties as executive directors, is not subject to the consultative vote of the General Meeting of Shareholders but it is published on the corporate web site and is made available to all shareholders with the notice of the Annual General Meeting, thus ensuring transparency and full disclosure thereof.

B.1.17. Identity of the members of the Board who are, in turn, members of the Board of Directors or senior managers of companies that posses significant stakes in the listed Company and/or entities of the Group

Name or company name of the director	Company name of the significant shareholder	Office
Amancio Ortega Gaona	GARTLER, S.L.	Chairman of the Board
Amancio Ortega Gaona	PARTLER 2006, S.L.	Chairman of the Board

There are no relevant relationships, other than those covered in the previous paragraph, of the members of the Board of Directors that link them to the significant shareholders and/or in entities of the group.

B.1.18. Regulations of the Board of Directors that have been amended during the fiscal year

The regulations of the Board of Directors have not been amended during the fiscal year.

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

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

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

The directors may be re-elected indefinitely, for periods of equal or less duration, by the General Meeting, which may likewise agree the removal of any of these at any time.

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

The proposals for the nomination of directors that the Board of Directors submits to be considered by the General Meeting, and the nomination decisions that said body adopts in virtue of those powers to co-opt that are legally attributed to it, must be preceded by the relevant report from the Nomination and Remuneration Committee, and regarding independent directors, by the relevant proposal of the Nomination and Remuneration Committee.

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

The Board of Directors and the Nomination and Remuneration Committee, within the scope of their competences, shall endeavour for the choice of candidates to fall on persons of well-known ability, competence and experience, and must maximize their rigour in relation to those persons called to cover the positions of independent directors.

The Board of Directors may not propose or appoint to fill an independent director's position any persons who hold the office of director simultaneously in more than four listed companies other than the Company. In case the vacancy which needs to be filled in is that of an independent director, the Board may not propose or appoint any persons who do not satisfy the criteria of independence established in section 1(c) of Article 7 of the Board of Directors' Regulations.

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

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

a) To prepare and check the criteria that must be followed for the composition of the Board of Directors in addition to selecting the candidates;

b) To advise on the proposals for nominations of directors, and regarding independent directors, to make such proposals so that they are approved by the Board of Directors prior to their nomination by the General Meeting of Shareholders or, where appropriate, by the Board of Directors by the co-optation procedure;

c) To advise on the nomination of the internal offices of (Chairman, Deputy Chairman or Chairmen, CEO, Secretary and Deputy Secretary) of the Board of Directors;

d) To propose to the Board the members that must form part of each of the Committees;

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

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

As regards the assessment and removal of directors, the Nomination and Remuneration Committee is expressly entrusted with the following functions:

a) To advise on the proposal, where appropriate, of the early dismissal of an independent director

b) To annually advise the Board on the evaluation of the performance of the chief executive of the Company.

B.1.20. Cases under which the resignation of directors is mandatory

The Board of Directors' Regulations, in Article 24, establishes a provision with respect to the obligation of the directors to resign in cases that could negatively affect the working of the Board or the credit and reputation of Inditex.

The directors must place their office at the disposal of the Board of Directors and, if this latter should consider it advisable, tender their resignation in the following cases:

a) When they reach a certain age, under the terms detailed in section B.1.20.

b) When they cease to hold the executive positions to which their appointment as director was associated.

c) When they are involved in any of the cases of incompatibility or prohibition foreseen in the Law, the Articles of Association or in the Board of Directors' Regulations. In particular, the independent directors shall place their office at the disposal of the Board of Directors and shall tender, when appropriate, their resignation in the event that they fall under any of the cases of incompatibility or prohibitions provided by Article 7.1. (c) of those Regulations or in the event that they suddenly come to hold the post of director in more than four listed companies other than the Company.

d) When they are seriously admonished by the Audit and Control Committee for having breached their duties as directors.

e) When their remaining on the Board might have an impact on the reputation or name of the Company or otherwise jeopardise the interest of the Company or when the reasons for their appointment cease to exist.

Likewise, proprietary directors must resign when the shareholders they represent dispose of their ownership interest in its entirety or reduce it up to a limit which requires the reduction of the number of proprietary directors.

B.1.21. Function of chief executive of the Company. Measures that have been adopted to limit the risks of the accumulation of power in a single person

Mr. Amancio Ortega Gaona is the founder, majority shareholder and Chairman of the Board of Directors of Inditex and therefore, he is a proprietary executive director of the Company.

Mr. Pablo Isla Álvarez de Tejera has been a member of the Board of Directors, since 9 June 2005 and First Deputy Chairman of the Board since 26 September 2005.

The measures to limit the risks of the accumulation of power in a single person are found not only in the designation of a Deputy Chairman of the Board and CEO and in the delegation of powers to this person, but also through the granting of wide powers to the executive directors, which are complementary to the powers delegated to the Chairman and CEO.

Likewise, since 26 September 2006, independent director Mr Carlos Espinosa de los Monteros Bernaldo de Quirós holds the office of Second Deputy Chairman of the Board of Directors.

Rules established whereby one of the independent directors is authorized to request that a meeting of the Board be called or that other items be included on the agenda, to coordinate and hear the concerns of external directors and to direct the evaluation by the Board of Directors

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

B.1.22 Requirement of enhanced majorities, other than the legal majorities, for any type of decision. Resolutions on the board of directors, minimum quorum of attendance and 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 of 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. Specific requirements, different from those relating to the directors, in order to be appointed chairman

There are no specific requirements, different from those relating to the directors, in order to be appointed chairman.

B.1.24. Casting vote of the chairman

The Chairman of the Board of Directors has a casting vote in the event of equality of votes between the directors attending the meeting. This is understood without prejudice to the provisions of Article 30.2 of the Articles of Association and of Article 3.4 of the Board of Directors´ Regulations, referred to in section B.1.22 above.

B.1.25. Age limits for the directors

Article 24.2 of the Board of Directors' Regulations states that the directors must place their office at the disposal of the Board of Directors and, if this should deem it appropriate, tender the relevant resignation:

a) When they reach the age of 68. However, the directors who hold the office of Chief Executive Officer or Managing Director shall place their office at the disposal of the Board of Directors upon reaching the age of 65, being able to continue as ordinary members of the Board of Directors until the aforementioned age of 68. As an exception, the foregoing rules shall not apply in the case of the founding Chairman of the company, Amancio Ortega Gaona.

B.1.26. Limited term of office for the independent directors

Neither the Articles of Association nor the Board of Director's Regulations establish a limited term of office for the independent directors.

B.1.27. Measures to correct the scant number of female directors. Procedures established by the Nomination and Remuneration Committee in order to ensure that recruitment processes are free from any implied bias hindering the selection of female directors and which allow for the free search for women

Pursuant to the provisions of Article 15.2 (k) of the Board of Directors´ Regulations, the Committee shall ensure when filling up any new vacancies and when appointing new Directors that the recruitment process does conform to the prohibition of any manner of discrimination.

B.1.28. Formal procedures for the granting of proxies in the Board of Directors

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

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

B.1.29. Number of meetings held by the Board of Directors during the fiscal year and number of 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

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

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

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

Number of non attendance of directors during the fiscal year	5
% of non attendace over the total votes during the fiscal year	7.8%

B.1.31. Previous certification of individual and consolidated annual accounts presented for approval to the Board. People who have certified the individual and consolidated annual accounts of the Company, for their preparation by the Board

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

B.1.32. Mechanisms established by the Board of Directors to prevent the individual and consolidated accounts being presented to the General Meeting with qualifications in the auditors' report

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

Furthermore, previously to the drafting of the annual or quarterly accounting statements, the management of the Company also holds a meeting with the Audit and Control Committee and is subjected by the latter to suitable questions as to the application of accounting principles, estimations made in the preparations of the financial statements, etc., matters which are subject to discussion with the external auditors.

In this respect, Article 43.4 of the Board of Directors' Regulations provides that:

The Board of Directors shall endeavour to definitively prepare the accounts in such a manner that they do not give rise to qualifications on the part of the auditor. Nonetheless, when the Board considers that it must maintain its opinion, it shall publicly explain the content and scope of the discrepancy.

B.1.33. The Secretary of the Board and Board member

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. Procedures for appointment and removal of the Secretary of the Board

Pursuant to the provisions of Article 10 of the Board of Directors´ Regulations, the appointment and removal of the Secretary of the Board shall be approved by the Board in plenary session, prior report of the Nomination and Remuneration Committee; the Secretary needs not be a director.

- The Nomination and Remuneration Committee reports on the appointment.

- The Nomination and Remuneration Committee reports on the dismissal.

- The Board in plenary session approves the nomination.

- The Board in plenary session approves the dismissal.

The Secretary of the Board is responsible for specially ensuring compliance with good governance recommendations.

B.1.35. Mechanisms established by the Company to preserve the independence of the auditor, the financial analysts, investment banks and credit rating agencies

Article 43 of the Board of Directors' Regulations, under the heading "Relations with the auditors" states in paragraphs 1, 2 and 3 as follows:

1. *The relations of the Board with the external auditors of the Company shall be channelled through the Audit and Control Committee.*

2. *The Audit and Control Committee shall abstain from proposing to the Board of Directors, and the latter shall abstain from putting forward to the General Meeting of Shareholders, the appointment as auditor of the Company of any auditing firm which would be incompatible in accordance with auditing legislation as well as those audit firms where the fees that the Company expects to pay them for all services in all areas are greater than five percent of the audit firm's total revenues during the last fiscal year.*

3. The Board of Directors shall publicly disclose the whole of the fees that have been paid by the Company to the audit firm for services other than auditing.

The mechanisms established to preserve the independence of the external auditor are the following:

- It is incumbent on the Audit and Control Committee, made up exclusively of independent directors, to propose to the Board of Directors, in order to be studied by the General Meeting of Shareholders, the appointment of the auditors. Furthermore, to propose to the Board of Directors the terms of their contracts, the scope of their professional mandate and, where appropriate, the rescission or non—renewal of their appointment;
- Among the functions of the aforementioned Committee is also that of liaising with the external auditors in order to receive information on those matters that could jeopardise their independence and on any other matter related to the carrying out of the accounts auditing process, as well as on those other communications envisaged by auditing legislation and auditing standards.
- 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 2008.

B.1.36. Change of external auditor of the Company during the fiscal year.

No changes have occurred regarding the external auditor of the Company during the fiscal year.

B.1.37. Works carried out work by the Company and/or its Group other than auditing and; amount of the fees received for said work and 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)	44	270	314
Amount of work other than that of auditing / total amount charged by the auditing firm (in %)	12.05 %	6.95 %	7.38 %

B.1.38 Observations or qualifications on the audit report on the Annual Accounts for the prior fiscal year. Reasons given by the Chairman of the Audit and Control Committee to explain the content and scope of such observations or qualifications

No observations or qualifications were included into the audit report of the Annual Accounts for the prior fiscal year.

B.1.39. Number of years that the current audit firm has been auditing the annual accounts of the Company and/or its Group. 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	7	7
No of years audited by the current audit firm / no. of years that the company has been audited (in %)	29.17%	36.84%

B.1.40. Stakes held by members of the Board of Directors of the Company in the capital of entities that have the same or a similar or complementary type of activity as that which makes up the corporate object, both of the Company and of its Group, and that have been communicated to the company. 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. Procedures whereby they can get external advice

The possibility that the directors can request external advice is expressly covered in the Board of Directors' Regulations, which in Article 27 provides the following:

1. In order to be aided in the performance of their duties, the non-executive directors may request that legal, accounting, financial or other experts be engaged at the Company's expense.

The commissioned task must of necessity deal with particular problems of a certain importance and complexity which may arise in the performance of the office.

2. The decision to engage external experts must be notified to the Company Chairman and can be open to veto by the Board of Directors if it proves that:

a) it is not necessary for the proper performance of the duties entrusted to the non-executive directors; or

b) the cost is not reasonable in view of the importance of the problem and of the assets and income of the Company; or

c) the technical assistance obtained may be adequately dispensed by in-house experts and technicians,

d) the confidentiality of the information to be provided to the expert may be jeopardised.

B.1.42. Procedure to enable the directors to have the necessary information to prepare the meetings of the administrative bodies in a timely manner

Article 17.2 of the Board of Directors' Regulations, classified in chapter V ("Running of the Board"), after establishing that the notice for the ordinary meetings of said body shall be given at least three days in advance of the meeting, states that the notice shall always include the agenda of the meeting and shall be accompanied by the duly summarised and prepared relevant information.

This is complemented:

- On the one hand, by Article 26 of the aforementioned Regulations, which recognises the widest powers for the director to obtain information on any aspect of the Company (and its subsidiary companies), to examine its books, registers, documents and other records of the Company's operations and to inspect all its facilities, likewise establishing that the exercise of the powers of information shall be channelled through the Chairman, the Deputy Chairman or any of the Deputy Chairmen, where appropriate, or the Secretary of the Board of Directors, who will attend to the requests of the director by providing him with the information directly, offering appropriate interlocutors at the appropriate level in the 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. Rules requiring Directors to inform the Company —and, if applicable, resign from their position— in cases in which the credit and reputation of the Company may be damaged

Pursuant to the provisions of Article 24.4 of the Board of Directors´ regulations, Directors shall inform the Board and, if appropriate, place their office at the disposal of the Board and formalize the relevant resignation, if said body deems it convenient, when circumstances that may harm the name and reputation of the Company concur in them or, in any other way, jeopardize the Company's interests, as well as when the reasons for their appointment disappear.

B.1.44. Members of the Board of Directors that have informed the Company that he/she has been prosecuted or that an order for the commencement of an oral trial has been issued against him/her for the commission of any of the crimes covered in Article 124 of the Spanish Corporation Act

No one of the members of the Board of Directors has informed the Company that he/she has been prosecuted or that an order for the commencement of an oral trial has been issued against him/her for the commission of any of the crimes covered in Article 124 of the Spanish Corporation Act.

B.2 Committees of the Board of Directors

B.2.1. 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 2009:

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 2009:

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 Article 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 2009:

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. Duties of the Audit and Control Committee

- Supervise the process of preparation and the integrity of the financial information relating to the Company and, if applicable, to the Group, monitoring compliance with legal requirements, the proper delimitation of the scope of consolidation, and the correct application of accounting principles.

- Periodically review the internal control and risk management systems, in order for the main risks to be properly identified, managed and made known.

- Ensure the independence and effectiveness of the internal audit function; make proposals regarding the selection, appointment, re-election and withdrawal of the head of the internal audit department; propose the budget for such area; receive periodic information regarding its activities; and verify that senior management takes into account the conclusions and recommendations contained in its reports .

- Establish and supervise a mechanism whereby the employees may give notice, on a confidential basis and, if deemed appropriate, anonymously, of any potentially significant irregularities, especially of a financial and accounting nature, that they notice at the Company.

- Submit to the Board proposals for the selection, appointment, re-election and replacement of the external auditor, as well as the contractual terms under which he should be hired.

- Regularly receive from the external auditor information regarding the audit plan and the results of the implementation thereof, and verify that senior management takes its recommendations into account.

- Ensure the independence of the external auditor.

- In the case of groups of companies, favour the auditor of the Group as the auditor responsible for audit work at the companies that form part thereof.

B.2.3. 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 judgement 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 attendence 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. Advisory and consultative powers of each one of the committees and 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 advice the Board on the evaluation of the performance of the chief executive of the Company, and also of the Nomination and Remuneration Committee itself;

g) To propose the remuneration policy for directors and senior managers to the Board, and to ensure compliance with the remuneration policy set forth by the Company

h) To report to the Board, before it holds its meeting, on those contracts of the personnel that include severance agreements, for those cases that imply dismissal or changes in control

i) To advise on transactions that imply or may imply conflicts of interest, transactions with related parties or those transactions that imply the use of corporate assets and, in general, to report on the matters included in Chapter IX of the Board of Directors' Regulations.

j) To draw up and keep up-to-date a contingency plan to cover those vacancies in key positions within the Company or its Group.

k) To ensure that when filling up any new vacancies and when appointing new Directors the recruitment process should conform to the prohibition of any manner of discrimination. ´

l) To propose to the Board the individual remuneration of executive directors and the remaining terms and conditions of their employment agreements.

B.2.5. Existence of rules for the Board's committees, the place where they are available for consultation and any modifications introduced during the year. Voluntary preparation on the activities of each committee

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

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

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 2007; likewise, the Nomination and Remuneration Committee drew up an annual report on the activities it performed during fiscal year 2007.

B.2.6. Composition of the executive committee as regards the category of its members

The Executive Committee is made up of three executive directors and four non-executive directors, three of them independent. Its composition is slightly different from the structure of the Board of Directors, having the Company deemed it expedient that all executive directors sit on the Executive Committee, whereas out of the remaining directors, two of them, one domanial (Gartler, S.L.) and one independent, are not members of the Executive Committee.

C. RELATED-PARTY TRANSACTIONS

No relevant transactions from a quantitative or qualitative perspective, which have entailed a transfer of resources or obligations in fiscal year 2008 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 FY2008 pursuant to the definitions, criteria and groupings provided in Order EHA/3050/2004, of 15 September, to which refer the Instructions to complete this Annual Report included in Annex I of the Circular 1/2004, of 1 April, in the wording provided by Circular 4/2007, of 27 December, of CNMV, whereby the form of the annual corporate governance report of listed companies is amended.

C.1. Relevant transactions carried out by the Company with Directors, significant shareholders or shareholders represented on the Board, or with persons related thereto

The Board in plenary session has reserved for itself the power to approve, after a favourable report of the Audit and Control Committee or any other committee entrusted with such duty, transactions carried out by the Company with Directors, with significant shareholders or shareholders represented on the Board, or with persons related thereto.

C.2. Relevant transactions carried out which entail a transfer of resources or obligations between the Company, or entities of its group, and the significant shareholders of the Company

During FY2008, 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	(10,271)
Contractual	Assets leases	157

C.3. Relevant transactions carried out which entail a transfer of resources or obligations between the Company or entities of its Group, and the directors or officers of the Company

With regard to remunerations received by directors and officers of the Company, reference is made to the provisions of sections B.1.11 and B.1. 12, respectively.

On the other hand, the 1st October 2008 marked the end of the stock ownership plan approved by the Annual General Meeting held on 18th July 2006, which was reported to the CNMV, with registry date 7th October 2008, and the following number of shares were handed over to the officers and the directors:

	Directors	Officers
No. of Shares	121,500	455,748

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	2,933

C.4. Relevant transactions carried out with other companies belonging to the same Group, provided that these are not eliminated in the process of preparing the consolidated financial statements and do not form part of

the ordinary business of the Company as regards its object and conditions

A breakdown of the amount of the transactions carried out between Inditex and other group companies which, although being part of the ordinary business of the company as regards its object and conditions, have not been fully eliminated in the consolidation process, being consolidated under the equity method, is shown below::

Entity	Brief description of the transaction	Amount (thousands €)
Joint ventures	Purchase of goods	(239,761)

C.5. Situations of conflicts of interest in which the members of the Board of Directors find themselves, according to the provisions of Article 127 third part, of the SCA

The Company has no evidence that any of its directors is in a situation of conflict of interests, whether directly or indirectly, with the interests of the Company.

C.6. Mechanisms established to detect, determine and resolve possible conflicts of interest between the Company and/or its Group and its directors, managers or significant shareholders

The Board of Directors' Regulations state in Article 32 ("Conflicts of Interest"):

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

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

a) The spouse of the director or any other person with similar relation of affectivity.

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

c) The spouse (or any other person with similar relation of affectivity) of the ascendants, descendants and siblings of the director

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

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

a) Those partners who are included with regard to the Director legal entity, in any the situations provided in Article 4 of the 24/1988 Act, of 28 July, governing the Stock Exchange.

b) Those companies that are part of the same corporate group, as defined in Article 4 of the 24/1988 Act, of 28 July, governing the Stock Exchange, and their partners.

c) The representative, who is a natural person, the administrators de jure or de facto, the liquidators and the attorneys-in fact of the director, who is a legal entity.

d) Those persons who are understood, with regard to the director who is a legal entity, as being related persons in accordance with the above-referred provisions regarding directors who are natural persons.

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

a) Information: directors must inform the Board of Directors, through the Chairman or the Secretary *thereof, of any situation of conflict in which they are.*

***b)** Abstention: directors must abstain from attending and taking part in the discussions and voting of those matters regarding which they are in conflict of interest. With regard to proprietary directors, they shall abstain from taking part in the voting of those matters that might entail a conflict of interest between those shareholders that had proposed their appointment and the Company*

***c)** Transparency: in the Corporate Governance Report, the Company must inform of any situation of conflict of interest in which a director is, that the Company is aware of by virtue of the information of same by the affected person, or by any other means.*

In addition, the Board's Regulations regulate the following situations which can give rise to conflicts of interest:

- The rendering of professional services in competing companies (Article 31).
- The use of corporate assets (Article 33).
- The use of non-public company information for private ends (Article 34).
- The taking advantage of business opportunities of the company (Article 35).

Furthermore, Article 37 of the Board of Directors' Regulations, under the heading "Duties of information of the director", provides that the director must inform the Company:

a) of the shares in the same of which he is the direct or indirect holder, as well as of those other shares which are in the possession, directly or indirectly, of his closest relatives, all of which in accordance with the provisions of the Internal Regulations of Conduct Regarding Transactions in Securities;

b) of any stake they might hold in the capital of any companies with the same, similar or complementary business range as the one that makes up the corporate purpose, and of the offices and posts they hold in same. They shall also inform of those businesses conducted for themselves or for somebody else, with the same, similar or complementary business range as the one that makes up the corporate purpose. Said information shall be included on the Annual Report, and

c) of all the positions they hold and of the activities that they carry out in other companies or entities, and, in general, about any fact or situation that could be relevant for their acting as a director of the Company.

As it is expressly provided under Article 1 of the Board of Directors´ Regulations, the rules of conduct established thereon for the directors shall apply, to the extent that they are compatible with their specific nature, to the senior management of the Company who are not directors. More particularly and with the due nuances, the following articles shall apply to them: Article 30 (Duty of confidentiality); 32 (conflicts of interest), in connection with the duty of informing the Company; 33 (use of corporate assets); 34 (non-public information); 35 (business opportunities), and 36 (prohibition to make undue influence of the office).

Likewise, as regards significant shareholders, Article 38 of the above referred Regulations provides as follows, under the heading "Transactions with directors and significant shareholders":

1. The Board of Directors reserves the right to have knowledge of any transaction between the Company and a director or a significant shareholder.

2. In no event will it approve such a transaction if previously a report has not been issued by the Nomination and Remuneration Committee evaluating the transaction from the standpoint of market conditions. In the event of transactions with significant shareholders, the Committee shall examine it also from the standpoint of an equal treatment for all shareholders.

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

4. The Company shall inform of the transactions conducted with directors, significant shareholders and Related Persons in the half-yearly public periodic information and in the annual corporate governance report, within the scope of the Law. Likewise, the Company shall include on the notes to the annual accounts information on the transactions carried out by the Company or any companies within the Inditex Group with directors and with those acting on their behalf, whenever they are alien to the ordinary course of trade of the Company or are not carried out in normal market conditions.

In addition, the Internal Regulations of Conduct, in Article 5 and after stating in the first paragraph that the general principles that must govern the actions of the persons subjected to conflicts of interest are those of independence, abstention and confidentiality lay down the following:

5. Declaration of conflict

The Affected Persons shall undertake in writing to act independently in their activities and to make known to the CCO (Code Compliance Office) using the standard model that is established for this purpose, those conflicts of interest to which they are subject due to their activities outside the Inditex group, their family relationships, their personal property, or for any other cause with:

a) Suppliers, external workshops not being part of the Company and significant contractors for goods or services, or their Directors and general proxies.

b) Agents and franchisees of the Inditex group, or their Directors and general proxies.

c) People who are engaged in similar or analogous activities to those of the Inditex group and that compete with the Inditex group in the same markets.

d) External advisors and suppliers of professional services to the Inditex group.

Among the powers granted to the Nomination and Remuneration Committee is that of reporting on the transactions that involve or could involve conflicts of interest, transactions with related parties or that involve the use of Company assets and, in general, on the matters contemplated in chapter IX of the Board of Directors' Regulations (in which all the foregoing articles of the Board of Directors´ Regulations are included). In view of that report, it is incumbent on the Board of Directors to approve, where appropriate, the transaction.

C.7. Companies of the Group listed in Spain

Only one company of the Group is listed in Spain.

D. SYSTEMS FOR CONTROL OF RISKS

D.1. Risk policy of the Company and/or of its Group, detailing and assessing the risks covered by the system; 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 to provide 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, and

- 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 a 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 for 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 programme, based on the external and independent verification of the degree of implantation and compliance with the Code of Conduct for External Workshops and Manufacturers in order to minimize the potential risks of harming the image due to improper behaviours by third parties. Said programme specifies the review procedures which secure the gathering of information and evidences on the minimum working conditions that all external manufacturers and workshops must comply with.

In such sizable and visible 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.

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 programme for its staff and has implemented specific systems:

- to combine quality in the performance of their duties by the employees and the satisfaction they may obtain at their workplace;

- to facilitate the exchange of jobs among those employees wishing to broaden their experience in the different areas of the Organisation

On the other hand, the work system implemented within the Organisation 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 the finished product is based upon logistics centres independent for each of the formats, except for Zara which currently has four main centres located in Spain, thus facilitating the contingency plans in case of 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 envisages 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 which are implemented within the production line, both as regards goods that the Group manufactures and those bought from external manufacturers.

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

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.

To control the exchange rate risk on future commercial transactions and assets and liabilities recorded in currencies other than the one used by the Company, companies of the Group use forward exchange contracts. 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 management policies, the Management of 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. In the event the Group requires financing, either in euros or in other currencies, it reverts to loans, credit facilities or other types of financial instruments

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. 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 Management Control Department, which reports to the Financial Division, are directly responsible for producing and supervising the quality of such information. Moreover, in order to reduce exposure to this kind of risks, the Group regularly reviews the management information disclosed to the relevant officials and invests in IT, follow-up and budgeting systems, among others.

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

8. Technology and information systems

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

To reduce exposure to this type of risks, the Systems Department permanently monitors the streamlining and coherence of the systems, directed at minimizing the number of software packages, maximising training of all users involved in handling these and guaranteeing the security and stability required for the continuous development of the activities of the Group.

Moreover, there are contingency systems in the event of computer stoppage, with double equipment and data storage in a different location to the main Centre, which would reduce the consequences of a breakdown or stoppage.

9. Governance and management

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

At the present time, transparency and good governance obligations for listed companies are duly governed by the recommendations of several institutions and by a specific legal framework (Financial Act, Transparency Act, Order ECO/3722/2003 and Circular 1/2004 of CNMV.) Lack of information or wrong information on sensitive issues, such as transactions with related parties or the remuneration of officials would harm the good image or the reputation of the Group, being therefore those issues subject to the control of the Audit and Control Committee and of the Nomination and Remuneration Committee, exclusively comprised of independent directors.

There are also Internal Regulations of Conduct regarding Transactions in Securities and a body designated as the Code Compliance Supervisory Board which, according to Article 10.2.2 of said Regulations, is charged with observing and enforcing the rules of conduct of the Securities Markets and the rules of the IRC itself (Internal Regulations of Conduct), its procedures and further additional regulations, whether present or future.

D.2. Materialization during the fiscal year of the various types of risks affecting the Company and/ or its Group. Circumstances giving rise to them and operation of the control of systems established

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 Organisation during last fiscal year.

D.3 Committee or other governing bodies responsible for establishing and supervising these mechanisms of control. 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 Organisation.

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 Organisation and the Audit and Control Committee, in relation to those matters that are responsibility of Internal Audit.

3.- The Steering Committee

The Steering Committee is charged with the coordination of the business and corporate areas, and takes active part in identifying, assessing, defining and implementing hedging policies, establishing specific measures to help mitigate the impact of risks in the achievement of the goals of the Group.

D.4. Processes of compliance with the various regulations that affect the Company

Among the external risks that affect the Group, a specific category described as “Regulation” has been included, which has been described under section D.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.

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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 reorganisation, 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 capital, proceed to the issuance of bonds and other fixed yield securities.

f) To approve the adoption of remuneration systems consisting of the granting of either shares or rights over shares, as well as of any other remuneration system linked to the value of the shares, regardless of who is the beneficiary of such remuneration systems.

g) To approve the Regulations of the General Meeting of Shareholders and their subsequent amendments.

h) To decide on the matters submitted to it by the Board of Directors.

i) To empower the Board of Directors with the powers it deems suitable for unexpected situations.

j) To approve the transactions entailing an effective amendment of the corporate objects and those whose effect is equivalent to that of the liquidation of the Company.

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

The Extraordinary General Meeting shall meet when the Board of Directors so resolves or when a number of shareholders which represent at least five percent of the share capital so request, expressing in the request the matters to be discussed. In this latter case, the General Meeting of Shareholders must be convened to meet within the thirty days following the date in which the Board of Directors was required by means of a notary to convene the Meeting. The agenda of the meeting will necessarily include the matters that were the subject of the request.

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

Both the Ordinary and the Extraordinary General Meetings must be convened by the Board of Directors through notice published in the Official Gazette of the Mercantile Registry and in one of the newspapers with the highest circulation in the province where the Company has its registered office, and at least one month in advance of the day appointed for the meeting or the greatest period that is required by law, where appropriate, due to the resolutions submitted for deliberation. The notice must state the day, time and place of the meeting, as well as the date on which, if appropriate, the General Meeting shall be held on second call, and there must be at least a 24-hour period between one call and the other. The notice shall likewise state, clearly and precisely, all the matters to be discussed therein.

No later than the date of publication, or in any event the business day that immediately follows, the notice of the meeting shall be sent by the Company to the CNMV, and to the Governing Organisations of the Securities Markets where the Company's shares are listed for its insertion in the relevant Listing Bulletins. The text of the notice shall also be accessible through the Company's web page.

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

E.1. Quorum required for the holding of the General Meeting of Shareholders established in the Articles of Association. Differences with the minimum requirements foreseen in the Spanish Corporation Act (SCA)

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. Differences with the Spanish Corporation Act for the passing of corporate resolutions

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

E.3. Rights of the shareholders in relation to General Meetings different from those established in the SCA

Within the rights for the shareholders recognised by Article 48 of the SCA, 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. Measures taken to promote the participation of the shareholders in the General Meetings

In addition to the publication of the notices provided by Law and in the Articles of Association and of the making available to the shareholders in the registered office of the Company, free of charge, of the information and the documentation related to the agenda of the meeting, the Company publishes the notice of the General Meetings through the corporate web page, including all the relevant documentation to facilitate the attendance and the participation of the shareholders, including the agenda, the directors' reports and the remaining documentation in relation to the General Meeting that is required by Law.

Furthermore, the Regulations of the General Meeting of Shareholders, establishes new instruments directed at favouring the participation of the shareholders, in particular, through developing their rights of information, attendance and proxy.

In this respect, Articles 9 and 10 of the Regulations of the General Meeting establish the following:

Article 9. Information available as from the notice of the Meeting

As from the publication of the notice of the meeting, the Company *shall make the following information available to the shareholders:*

(a) The documents (such as, among others, the annual accounts, proposals for the distribution of the profit, management reports, auditing reports, directors' reports, proposals for resolutions, literal text of amendments to the Articles of Association, auditors and/or independent experts' reports, merger or split-off plans) which by law must compulsorily be provided in relation to the various items included on the agenda.

(b) The full text of the proposed resolutions that the Board of Directors submits to the deliberation and approval of the General Meeting in relation to the different items on the agenda, and all the information regarding directors whose ratification or appointment is proposed pursuant to the provisions of the Board of Directors´ Regulations. As an exception, the Board of Directors may omit the publication of those proposals not required by the Law or the Articles of Association to be put at the shareholders' disposal as from the date of the calling of the General Meeting, whenever there are justified reasons that make previous publication not advisable.

(c) Practical data related to the General Meeting and the way in which the shareholders exercise their voting rights, such as, amongst others:

i. The communication channels existing between the Company and the shareholders, and namely those explanations necessary for shareholders to exercise their right to information, stating the postal addresses and e-mail addresses where they can address their queries.

ii. The ways and procedures to grant proxy for the General Meeting.

iii. The ways and procedures to cast votes through remote communication systems, including where appropriate, the forms to justify the attendance and the exercise of the vote through remote means in the General Meeting.

iv. Information on the location of the place where the Meeting is to be held and the way to access same

v. Information, where appropriate, on the systems or procedures that may facilitate the monitoring of the Meeting, such as simultaneous translation devices, videoconferences , information available in foreign languages, etc.

(d) Any other information deemed appropriate to facilitate the attendance and participation of the shareholders at the General Meeting.

The shareholders shall be able to get, freely and immediately, the documents and data referred to in the previous paragraphs at the registered office, as well as to request the free delivery or dispatch of such documents and data, in accordance with the provisions of the Law. Furthermore, such documents and data shall be incorporated into the Company's web page.

Article10. Right to information prior to the holding of the General Meeting

From the very day the notice of the General Meeting is published, and until the seventh day, included, prior to the day set for the Meeting, every shareholder may request in writing to the Board of Directors the information or clarification they may deem necessary or ask the questions they might think fit, regarding the items on the agenda. Moreover, in the same term and manner, shareholders may request information or clarifications or ask questions in writing concerning the information accessible to the public that the Company had already furnished to the CNMV since the last General Meeting was held. Likewise, shareholders may gather any other information they may need regarding the General Meeting through the Company´s web page or through the Individual Shareholders´ Department telephone number to be established for that purpose, which shall be appropriately disseminated.

The Board of Directors must provide the required information except (i) where the Chairman considers that the publicity of the information requested may be detrimental to the Company´s best interests, (nevertheless, this exemption may not be claimed where the request is supported by shareholders representing at least twenty five (25) per cent of the corporate capital; (ii) where the information or clarification requested 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 though the Company's web page.

The right to information is supplemented by those of attendance and proxy, which are dealt with in sections E.9 and E.10 below.

E.5. Chairmanship of the General Meeting of Shareholders and measures adopted to ensure the independence and good working of the General Meeting

Article 16 of the Regulations of the General Meeting of Shareholders, transforming into rules Article 22 of the company's Articles of Association, provides that the General Meeting shall be chaired by the Chairman of the Board of Directors or, failing the Chairman, by the Deputy Chairman who replaces him in accordance with the Articles of Association, and failing the Chairman and Deputy Chairman, by the shareholder appointed by the General Meeting itself.

Once the board of the General Meeting has prepared the list of the attendees, expressing the nature or proxy of each one and the number of own shares or shares of the proxy-grantors attending the meeting, the Chairman shall declare the Meeting to be validly held; shall submit for its deliberation the business that has to be discussed according to the agenda or the previous agreement of the Universal Meetings; shall direct and order the debates signalling the turns for speaking and granting the floor to those shareholders who have made a written request to speak and then to those who have made a spoken request to speak, and may establish turns for speakers in favour and against the motion and may limit the number of those who may speak in favour or against or the time allowed for each speaker; shall declare the business to have been discussed sufficiently and shall order that the voting thereon proceed, proclaiming the result of the voting after such vote. All of these aspects, as well as others regarding the good working of the General Meeting, are developed in detail in the Regulations of the General Meeting of shareholders.

Lastly, and as a guarantee of the independence and good working of the General Meeting, mention must be made, on one hand, that the preparation of the list of those attending and the calculation of the quorum for the valid holding of the Meeting is entrusted to a company of repute in its sector of activity and which acts according to qualified professional practices; and, on the other hand, that the Board of Directors, in compliance with the provisions of Article 7.2 of the Regulations of the General Meeting of Shareholders, requires the presence of a Notary to take the minutes of the Meeting.

E.6. Modifications introduced during the year in the regulations of the General Meeting

No amendment has been introduced throughout FY2008 into the General Meeting of Shareholders´ Regulations.

E.7. Attendance figures for the General Meetings held during the year to which this report refers

Datos de asistencia

Date General Meeting	15-07-2008
% attendance in person	0.06%
% attendance by proxy	83.70%
% distance voting	0 (1)
Electronic vote	(1)
others	(1)
Total	**83.77%**

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

E.8. Resolutions passed in the General Meetings held in the year to which this report refers and the percentage of votes with which each resolution was passed

The General Meeting of Shareholders of Inditex, in its meeting held on 15 July 2008 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 and the Management Report of Industria de Diseño Textil, S.A. (Inditex, S.A.) for fiscal year 2007, ended 31 January 2008.

The Annual Accounts (Balance Sheet, Profit and Loss Account, and Annual Report) and the management report of Industria de Diseño Textil, S.A. (Inditex, S.A.) for fiscal 2007 (ended 31 January 2008), laid by the Board of Directors at its meeting held on 28 March 2008 and signed by all the directors were approved.

This resolution was passed with the vote for of 99.02% 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 2006, ended 31 January 2008, 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 2007 (ended 31 January 2008), laid by the Board of Directors at its meeting held on 28 March 2008 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 2007 was also approved.

This resolution was passed with the vote for of 99.02% 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 2007 (ended 31 January 2008) was approved ,in accordance with the Balance Sheet previously approved, in the amount of six hundred and ninety-nine millions six hundred and ninety-nine thousand euros, to be distributed as shown below:

	Thousands of €
To voluntary reserve	47,699
To dividends	652,000
Total	**699,699**

It is resolved to pay the shares with the right to dividends the gross amount of one euro and five cents (1.05€) per share as ordinary dividend; the dividend shall be paid to shareholders as of 1 August 2008, through those entities linked to the *Spanish Central Securities Depositary, in charge of the Register of Securities, and the Clearing and Settlement of all trades (Iberclear)* (Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A) where they have their shares deposited.

This resolution was passed with the vote for of 99.99% of the voting quorum.

Fourth.- Re-election of Mr Antonio Abril Abadín as Director

The re-election of Mr Antonio Abril Abadín, 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.

This resolution was passed with the vote for of 99.25% of the voting quorum.

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 (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, 2008 and ending on January 31st, 2009."

This resolution was passed with the vote for of 99.99% of the voting quorum.

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

Autorization was granted to the Board of Directors, 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 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.

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 17 July 2007.

This resolution was passed with the vote for of 99.89% of the voting quorum.

Seventh.- Remuneration of members of the Supervision and Control Committees

Pursuant to the provisions of Article 33.1 of the Articles of Association of the Company, it is resolved to amend subsections (d) and (e) of the resolution passed by the Annual General Meeting of Shareholders held on 18 July 2006 on item Ten of the agenda headed "Remuneration of the Board of Directors", regarding the remuneration of the members of the Supervision and Control Committees of the Company (whereas the remuneration of members of the Executive Committee provided in the above referred subsection (e) remains unchanged) for an indefinite term until a subsequent Annual General Meeting of Shareholders resolves otherwise and effective as of 1 February 2008, while all other terms of the text of the above referred resolution on the remuneration of the Board of Directors will remain in full force.

The wording of the above mentioned subsections (d) and (e) shall henceforth be as follows:

(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)

This resolution was passed with the vote for of 99.89% of the voting quorum.

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

It was resolved to delegate to the Board of Directors, expressly empowering it to be substituted by the Executive Committee or by any of its members, as well as to any other person expressly authorised for these purposes by the Board, of the necessary powers as wide as required in law for the correction, development and implementation, at the time that it considers most appropriate, of each of the resolutions passed in this Annual General Meeting.

In particular, 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 vote for of 99.99% of the voting quorum.

The full text of these resolutions is made available to the public as of 15 July 2008 on the corporate website (www.inditex.com) and also on the web site of CNMV.

E.9. By-law restrictions requiring a minimum number of shares to attend the General Meeting of Shareholders

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

E.10. Policies followed by the Company in relation to proxies in the General Meeting of Shareholders

Article 12 of the Regulations of the General Meeting of Shareholders, developing the provisions of Article 20 of the Articles of Association, lays down:

1. An*y shareholder who has the right to attend may be represented by a proxy in the General Meeting, even if the proxy is not a shareholder. Each Meeting shall require such proxy to be conferred in writing and for each proxy to be specifically granted for each particular meeting. Said requirement shall not apply when the proxy is the spouse, ancestor or descendant of the represented person, nor when the proxy holds a general power of attorney conferred by public document with powers to administer all the estate that the represented person has on national territory. Shareholders may not be represented in a General Meeting by more than one proxy.*

2. Proxies may be granted by postal or electronic mail, and in this case, the provisions of Article 23 of the Corporate by-laws regarding the casting of votes in such manners, shall apply, provided that it is not incompatible with the nature of proxy.

3. Proxies shall be included in the list of members in attendance, stating in case they are granted in a public document, the date of execution, the authorizing Notary, and the number of the record. Notwithstanding the above, the person acting as Chairman of the General Meeting in accordance with the provisions of Article 22 of the Articles of Association, may ask the proxy to provide the documentation that proves the nature of its *representation. The Company shall keep a record of those documents containing the conferred representations proxies granted.*

4. Proxies can always be revoked. The attendance of the proxy-giver at the Meeting, either in person, or having effected the vote by remote communication systems, shall have the effect of a revocation, regardless of the date on which the proxy was granted.

5. Unless the proxy-giver so indicates, should the proxy be in a conflict of interests, it shall be assumed that the proxy-giver has appointed as proxies as well, jointly and in succession, the Chairman of the General Meeting, and if this should also be in conflict of interest, the Secretary of the General Meeting, and if this should also be in conflict of interest, the Capital Markets Director of the Company.

6. If no instructions regarding the vote on proposals of the agenda were given, it shall be understood that the proxy shall vote in favour of said proposals submitted by the management body. If no instructions regarding the vote on proposals not included on the agenda were given, it shall be understood that the proxy shall vote against said proposals.

7. Where the document containing the proxy or delegation is submitted to the Company without expressly stating the name of the proxy, it shall be assumed that the proxy-giver has appointed as proxies as well, jointly and in succession, the Chairman of the General Meeting, and if this should also be in conflict of interest, the Secretary of the General Meeting, and if this should also be in conflict of interest, the Capital Markets Director of the Company.

E.11. Institutional investors policy as to participation or lack of participation in the Company's decisions

The share capital of Inditex is represented by the book-entry system and there is no shareholders' register. The Company is not expressly aware nor has it received any notice regarding the policy of the institutional shareholders with respect to participation in Company decision-making.

E.12. Address and means of access to the corporate governance content on your web site

The address of the corporate website of Inditex is www.inditex.com.

During fiscal 2004, a new revision of the Inditex web page was carried out, adapting its content and the time period of the communication of information to the requirements of Spanish Ministerial Order ECO/3722/2003, of 26 December, and, above all, to the requirements established in Circular 1/2004, of the CNMV.

The way to access the corporate governance contents is the following: once you are on the corporate web page, there is a menu with several areas, among them the one called "Information for Shareholders and Investors". If you click on that heading, or place the cursor thereon, the sections headed "Investor Relations", "CNMV filings", "Corporate Governance" and "Contact for Investors" will appear. It is also possible to download from this page many different documents of interest to shareholders and investors.

Within these last two sections of the web page, it is possible to have access to the following information and documentation:

• Rules and regulations: Articles of Association, the Regulations of the General Meeting of Shareholders and the Board of Directors' Regulations and the Internal Regulations of Conduct Regarding Transactions in Securities.

• Shareholding structure: share capital, number of shares, significant holdings, information on treasury stock, etc.

• The General Meeting of Shareholders: notices of meeting, agendas of meetings, proposed resolutions, reports from the members of the Board, full texts of the documents put forward to the General Meeting for their approval or that are submitted thereto for its information, presentations given, quorums, resolutions passed, votes cast and which way they were cast.

• Board of Directors: composition of the Board, of the Executive Committee, of the Audit and Control Committee and the Nomination and Remuneration Committee, with details of the different categories of directors and the positions they hold in each of the committees or bodies; shares held in the company by the Board of Directors and remuneration policy.

• Relevant facts and other communications

• Other relevant information: daily and historic price of the share, investor diary, dividends, financial information, Annual Report for the last few years; financial information (annual and quarterly results, presentations and webcasts), press releases, public periodic information, para-social agreements, transactions with related parties, Annual Corporate Governance Reports and communication channels with the Company.

Furthermore, and in accordance with the provisions in Circular 1/2004 of the CNMV, certain corporate governance documents are directly accessible from the site map on the web site.

Finally, it must be pointed out that the information included on the web page, apart from certain documents, is given in two languages: Spanish and English..

F. DEGREE TO WHICH THE GOOD GOVERNANCE RECOMMENDATIONS HAVE BEEN FOLLOWED

Degree of conformance of the Company to the recommendations of the Unified Code on Good Governance.

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

See sections: A.9, B.1.22, B.1.23, E.1 and E.2.

Complies [x] 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;

c) 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 [x]

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 [x] Explain [ ]

The Company, in the amendment to the General Meeting of Shareholders´ Regulations approved by said body on 17 July 2007, has not deemed it fit to include in said regulations the case covered under paragraph a) of this Recommendation, on the grounds that it is too casuistic and hardly applicable to the circumstances of the Inditex Group.

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 [x] 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 [x] 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 [x] Explain [ ]

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

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

Complies [x] Complies in part [ ] Explain [ ]

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

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

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

ii) The investment and financing policy;

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

iv) The corporate governance policy;

v) The corporate social responsibility policy;

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

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

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

See sections: B.1.10, B.1.13, B.1.14 and D.3

b) The following decisions:

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

See section: B.1.14.

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

See section: B.1.14.

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

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

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

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

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

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

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

3d. The amount thereof is not higher than 1% of the annual revenues of the company

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

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

See Sections C.1 and C.6

Complies [x] Complies in part [ ] Explain [ ]

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

See section: B.1.1

Complies [x] Explain [ ]

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

See sections: A.2, A.3, B.1.3 and B.1.14.

Complies [x] Complies in part [ ] Explain [ ]

11. If there is an external director who cannot be deemed either proprietary or independent, the company explains such circumstance and the links such director maintains with the company or its managers or with its shareholders

See section B.1.3

Complies [x] Explain [ ] Not applicable [ ]

12. Among external directors, the relation between the number of proprietary directors and independent directors reflects the proportion existing between the share capital of the company represented by proprietary directors and the rest of its capital.

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

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

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

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

Complies [x] Explain [ ]

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

See section: B.1.3

Complies [x] Explain [ ]

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

See sections: B.1.3 and B.1.14.

Complies [x] Complies in part [ ] Explain [ ]

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

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

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

See sections: B.1.2, B.1.27 and B.2.3

Complies ☐ Complies in part ☐ Explain ☐ Not applicable ☒

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 its explained under Recommendation 22 below, the Board has not deemed it necessary to assess the performance by the Chairman of the Board of his/her duties.

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

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

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

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

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

See section: B.1.34

Complies ☒ 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 [x] Complies in part [ ] Explain [ ]

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

Complies [ ] Complies in part [ ] Explain [ ] Not applicable [x]

22. The Board in plenary session evaluates the following on a yearly basis:

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

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

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

See section: B.1.19

Complies [x] 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 [x] Explain [ ]

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

See section: B.1.41

Complies [x] Explain [ ]

25. Companies organize induction 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 [x] Complies in part [ ] Explain [ ]

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

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

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

See sections: B.1.8, B.1.9 and B.1.17

Complies [x] 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 [x] 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 [x] 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 [x] 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 [x] 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 [x]

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

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

If a director is indicted or tried for any of the crimes described in Section 124 of the Spanish Corporation Act, the Board examines the matter as soon as practicable and, in view of the particular circumstances thereof, decides whether or not it is appropriate for the director to continue to hold office. And the Board provides a substantiated account thereof in the Annual Corporate Governance Report.

See sections: B.1.43 and B.1.44

Complies [x] Complies in part [ ] Explain [ ]

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

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

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

Complies [ ] Complies in part [ ] Explain [ ] Not applicable [x]

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

See section: B.1.5

Complies [ ] Complies in part [ ] Explain [ ] Not applicable [x]

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 [x] Complies in part [ ] Explain [ ]

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

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

See sections: A.3, B.1.3

Complies [x] Explain [ ]

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

Complies [x] Explain [ ]

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

Complies [ ] Explain [ ] Not applicable [x]

39. In the case of variable compensation, compensation policies include technical safeguards to ensure that such compensation reflects the professional performance of the beneficiaries thereof and not simply the general performance of the markets or of the industry in which the company does business or circumstances of this kind.

Complies [x] 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 [x] 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 received

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 [x] 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 [x] 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 [x] 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 [x] 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 [x] 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 [x] Complies in part [ ] Explain [ ]

50. It is incumbent on the Audit and Control Committee:

1st With respect to the internal control and reporting systems:

a) To monitor the preparation and the integrity of the financial information relating to the company and, if appropriate, to the group, checking compliance with legal requirements, the appropriate demarcation of the scope of consolidation, and the correct application of accounting standards.

b) To periodically review internal control and risk management systems so main risks are properly identified, managed and disclosed.

c) To ensure the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of the internal audit service; propose the department's budget; receive regular reports on its activities; and verify that senior management takes into account the findings and recommendations of its reports.

d) To establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate, anonymously, potentially significant irregularities within the company that they detect, in particular financial or accounting irregularities.

2nd With respect to the external auditor:

a) To make recommendations to the Board for the selection, appointment, reappointment and replacement of the external auditor, and the terms of its engagement.

b) To receive regular information from the external auditor on the audit plan and the results of the implementation thereof, and check that senior management takes its recommendations into account.

c) To monitor the independence of the external auditor, to which end:

i) The company reports a change of auditor to the CNMV as a relevant fact, accompanied by a statement of any disagreements with the outgoing auditor and the reasons for the same.

ii) The Committee ensures that the company and the auditor adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, all other regulations established to safeguard the independence of the auditors;

iii) In the event of resignation of the external auditor, the Committee investigates the circumstances that may have given rise thereto.

d) In the case of groups, the Committee favours the auditor of the group assuming responsibility for the audits of the companies that form part thereof.

See sections: B.1.35, B.2.2, and D.3

Complies [x] 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 [x] 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 [x] 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 [x] 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 [x] 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 [x] 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 [x] 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 [x] 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 [x] Explain [ ] Not applicable [ ]

G. OTHER INFORMATION OF INTEREST

All the principles or relevant aspects relating to corporate governance practices applied by Inditex have been covered in this Report.

The Company is not subject to any legislation other than the Spanish legislation in corporate governance matters.

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

Mandatory definition of independent director:

None of the independent directors has or has had any relationship with the Company, its significant shareholders or its managers which, had it been sufficiently significant or important, would have resulted in the director not qualifying for consideration as independent pursuant to the definition set forth in sub-section 5 of the Unified Good Governance Code.

This annual corporate governance report was approved by the Board of Directors of the Company at its meeting of 24 March 2009.

None of directors voted against or abstained in connection with the approval of this Report.

Activities report of Audit and Control Committee

Introduction

The Board of Directors of INDUSTRIA DE DISEÑO TEXTIL, S.A. (Inditex, S.A.) (hereinafter, Inditex) has been amending its rules on corporate governance in line with the most demanding trends on the subject and in accordance with the good governance codes and, where appropriate, the regulations approved on this matter. Amongst said adjustments and amendments are those affecting the Board of Directors´ Regulations, out of which those aimed at enhancing the tasks of the Audit and Control Committee, either by extending its duties or by allocating new ones thereto, such as that of drawing up an annual activities report, shall be stressed.

This document drawn up by the Audit and Control Committee of Inditex, in the session held on 8 June 2009 is the sixth annual activities report prepared in compliance with the provisions of Article 14.2 (o) currently in force of the Board of Directors´ Regulations of the Company.

THE AUDIT AND CONTROL COMMITTEE OF INDITEX: ORIGIN AND EVOLUTION, REGULATIONS AND COMPOSITION

Origin and evolution

The Board of Directors of Inditex, in the meeting held on 20 July 2000, approved the Board of Directors´ Regulations, under the provisions of Article 29.3 of the Articles of Association and in order to adjust to the guidelines of the report drawn up by the Special Commission for the study of an Ethics Code for corporate governance (the "Olivencia Code").

Article 14 of said Regulations established the Audit and Control Committee (first known as Audit and Compliance Committee), with powers similar to those which were later acknowledged by law, since Act 24/1988, of 28 July, governing the Stock Exchange (LMV) incorporated them, as amended by the Financial Act in November 2002.

Subsequently, in its meeting of 20 March 2003, the Board of Directors resolved:

1) To propose to the General Meeting of Shareholders the amendment of the Articles of Association, through a new wording of Article 30, in order to include the regulation of the Audit and Control Committee.

2) To approve the amendment to the Board of Directors´ Regulations, in order to enhance the functions of the Audit and Control Committee, with the assumption of new tasks and the extension of those already existing.

Thus, the Additional Provision introduced on the Stock Exchange Law by the Financial Act, according to which those issuing companies whose shares were admitted to trading on secondary official securities markets should have an Audit Committee, was enforced, as were the latest trends concerning corporate governance issues of listed companies established by the Aldama Report, laying with the Articles of Association the task of fixing the number of members, the powers of the Committee and the rules governing its operation.

Subsequently, it was resolved by the Board of Directors in its meeting held on 10 June 2004, to approve a new Revised Text of the Board of Directors´ Regulations, which would include the provisions of Act 26/2003 of 17 July, amending the Stock Exchange Act and the Revised Text of the Spanish Corporation Act in order to foster transparency in listed companies ("the Transparency Act") and its bylaws. With this new amendment the Audit and Control Committee was enhanced with the inclusion of a new duty.

Finally, the Board of Directors in its meeting held on 11 December 2007 approved a new Revised Text of the Board of Directors´ Regulations in order to adjust the contents thereof to the

Recommendations of the Unified Code on Good Governance. Further to this amendment, the duties of the Audit and Control Committee were extended as it assumes the Recommendations provided by said Unified Code on this issue

Regulations

Article 31 of the Articles of Association currently in force provides as follows:

Article 31.- Audit and Control Committee.

1.- An Audit and Control Committee shall be formed within the Board of Directors made up of a minimum of three and a maximum of five directors who must necessarily be independent directors.

To this end, independent directors are understood as those professionals of repute not linked to the executive team or the significant shareholders and that meet the requirements that ensure their impartiality and objectivity of opinion.

2.- The Chairman of the Audit and Control Committee shall be elected for a maximum period of four years, upon expiry of which he shall be replaced. However, a year after the date of expiry, he may be re-elected.

3.- Without prejudice to any other tasks that it might be assigned from time to time by the Board of Directors, the Audit and Control Committee shall perform the following duties:

(a) To report to the General Shareholders' Meeting on those questions put forward by shareholders regarding matters within the scope of its competence.

(b) To propose to the Board of Directors, in order to be submitted to the General Shareholders' Meeting, the appointment of the external auditors that must review the annual accounts.

(c) To supervise the internal audit services.

(d) To know the financial information process and the internal control systems of the Company

(e) To liaise with the external auditors in order to receive information on those matters that could put at risk their independence and on any other matter related to carrying out of the audit process, as well as on those other communications envisaged by audit legislation and auditing standards.

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

5.- The management team or the personnel of the Company shall be obliged to attend the meetings of the Committee and to give their help and access to the information at their disposal when the Committee so requests. Likewise, the Committee may require the attendance at its meetings of the Auditors of the Accounts.

6.- The Audit and Control Committee may develop and complete in its Regulations the aforementioned rules, in accordance with the provisions of the Articles of Association and with the Law.

Meanwhile, Article 14 of the Board of Directors´ Regulations, in the wording approved by the Board in the meeting held on 11 December 2007, sets forth as follows:

Article 14. The Audit and Control Committee

1. The Audit and Control Committee shall be made up of a number of directors being no less than three and no greater than five, who shall necessarily be independent directors. The Chairman of the Committee shall be elected for a maximum period of four years. He may be re-elected a year after expiry of said maximum period.

2. Without prejudice to other tasks it is assigned by the Board, the Audit and Control Committee shall have the following basic responsibilities, which are:

(a) To report to the General Shareholders' Meeting on those questions put forward by shareholders regarding matters within the scope of its competence.

(b) To propose to the Board of Directors, in order to be submitted to the General Shareholders' Meeting, the appointment of the auditors. Furthermore, to propose to the Board of Directors their contractual conditions, the scope of their professional mandate and, where appropriate, the rescission or non—renewal of their appointment;

(c) To liase with the external auditors in order to receive information on those matters that could put at risk their independence and on any other matter related to carrying out of the audit process, as well as on those other communications envisaged by audit legislation and auditing standards.

(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 the supervisory bodies, overseeing compliance with the legal requirements and with the correct application of generally accepted accounting principles.

(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 Regarding Transactions in Securities, with these Regulations, with the Code of Conduct and, in general, with the rules of governance of the Company and to make the necessary proposals for their improvement.

(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 carried out by the Audit and Control Committee itself.

(p) To supervise the functioning of the Company´s web page regarding the provision of information on corporate governance as referred to under Article 40.

(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.

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

4 The management team or the personnel of the Company shall be obliged to attend the meetings of the Committee and to give their help and access to the information at their disposal when the Committee so requests. Likewise, the Committee may require the attendence of its meetings by the Auditors of the Accounts.

5 For the best performance of its functions, the Audit and Control Committee may obtain the advice of external experts, to which purpose the provisions of Articles 27 of these Regulations shall apply.

6. The Audit and Control Committee shall report to the Board on the business transacted and the resolutions passed, informing the first Board of Directors held in plenary session after its meetings, of its activity and of the work done. Furthermore, a copy of the minutes of the Committee meetings shall be put at the Board members' disposal.

Composition

The Executive Committee of Inditex, S.A., in the meeting held on 27 October 2000, appointed the members of the Audit and Control Committee, resolving thus its initial composition

Said initial composition was ahead of the provisions subsequently included in the Stock Exchange Act, regarding the requirements that the Committee be formed by a majority of non-executive directors, and that the Chairman be elected amongst said non-executive directors.

However, the amendments to the Board of Directors´ Regulations that the Board resolved in its meeting of 20 March 2003 were beyond both the provisions of the recommendations of the Aldama Report, then applicable and of the current Unified Code – which recommends that the Committee should be comprised of non executive directors exclusively, and that the Chairman thereof should be an independent director–, since the requirement that all members of the Audit and Control Committee should be independent directors was made an internal regulation. This resolution entailed a necessary change in the composition of the Committee.

To meet this requirement, the only executive director of the Audit and Control Committee tendered his resignation as a member thereof, and another independent director was appointed as member of this Committee, after report of the Nomination and Remuneration Committee.

On 9 June 2005, it was resolved by the Board of Directors of the Company, after report of the Nomination and Remuneration Committee, to extend the number of members of the Audit and Control Committee to five, and Mr José Luis Vázquez Mariño was elected as new member of the Audit and Control Committee.

Finally, having the maximum four-year term provided in Additional Provision Number Eighteen of the Stock Exchange Act expired, and pursuant to the provisions of clauses 31 and 14 of the Articles of Association and of the Board of Directors´ Regulations, respectively, it was resolved by the Audit and Control Committee during the meeting held on 9 December 2008, to appoint Ms Irene R. Miller as new Chairwoman of said body, replacing Mr Francisco Luzón López, the former Chairman thereof.

As a result of said amendments, the current composition of the Audit and Control Committee of Inditex is shown below:

Chairwoman:	Ms. Irene Ruth Miller
Ordinary Members:	Mr. Carlos Espinosa de los Monteros Bernaldo de Quirós
	Mr. Francisco Luzón López
	Mr. Juan Manuel Urgoiti López de Ocaña
	Mr. José Luis Vázquez Mariño
Secretary (non member):	Mr. Antonio Abril Abadín

A brief résumé of each member of the Audit and Control Committee is provided in section B.1.3 of the Annual Corporate Governance Report, which is part of this Annual Report 2008.

At present and pursuant to the provisions of Article 15.1 of the Board of Directors´ Regulations, all members of the Audit and Control Committee are independent directors.

Activities of the Audit and Control Committee

Sessions held and business transacted

The sessions held by the Audit and Control Committee throughout FY2008 and the main business transacted are shown below:

Date of session	Agenda
03/27/2008	-Review of the Annual Accounts of the Company for FY2007.
	-Review of the periodic financial information that the Board of Directors must provide to the markets and to the supervisory bodies.
	-Meeting with the external auditors
	-Internal Audit Assignments.
	-Half-yearly report (August 2007-January 2008) of the Code Compliance Supervisory Board (CCSB).
06/9/2008	- Review of the periodic financial information that the Board of Directors must provide to the markets and to the supervisory bodies.
	- Internal Audit Assignments
	- Annual Corporate Governance Report
	- "Triple Report": on financial, social and environmental issues
	- Annual activities report of the Audit and Control Committee.
	- Proposed re-election of the auditors.
07/14/2008	- Projects of IT Division.
	- Financial transactions.
09/15/2008	- Review of the periodic financial information that the Board of Directors must provide to the markets and to the supervisory bodies
	- Meeting with the external auditors.
	- Internal Audit: Issues of its remit
	- Half-yearly report (February -July 2008) of the Code Compliance Supervisory Board (CCSB).
12/09/2008	- Review of the periodic financial information that the Board of Directors must provide to the markets and to the supervisory bodies
	- Replacement of the Chairman of the Audit and Control Committee.
	- Internal Audit: Issues of its remit
	- Annual report of the Committee of Ethics about the implementation of the Internal Guidelines for the Responsible Practices of the inditex´s Group personnel.

Lines of action

As for the lines of action of the Audit and Control Committee during FY2008, they have revolved around the following aspects:

Periodic financial information, annual accounts and auditors´ report

The Audit and Control Committee reviews the economical and financial information of the Company prior to the approval thereof by the Board of Directors.

To this end, prior to the drafting of the quarterly, half-yearly or annual financial statements, the Audit and Control Committee also meets with the Management of the Company to review the application of the accounting principles, estimations considered while preparing the financial statements, etc.,

Likewise, the Committee, fully comprised of non executive independent directors, meets with the external auditors in order to review the annual accounts of the Company and certain periodic financial information, ensuring that the legal requirements are met and that the accounting standards generally accepted are correctly applied.

In its meetings held on 27 March, 9 June, 15 September and 9 December, the Audit and Control Committee proceeded to review thoroughly the results for FY2007 and for the first three quarters of FY2008, that the Board of Directors must provide quarterly to the market and to its supervisory bodies, in accordance with the format of the Public Periodic Information ("PPI"), and the pertaining Results Release and Press Release.

Likewise, the Annual Accounts, the individual and consolidated Management Report and the Auditors´ Report for FY2007 were reviewed, it being verified by the Committee that the latter was unqualified.

Efficiency and independence of the Auditors

With the attendence of the session held on 27 March 2008 by the Auditors of the Group, who had been previously called to this end, the Audit and Control Committee reviewed the audit carried out during FY2007.

The assignment conducted by the auditors consisted of the audit of the consolidated financial statements of the Group as at 31 January 2008 and the audit of the individual financial statements of certain companies within the Group also as at 31 January 2008. Likewise during FY2008 the auditors issued a limited review on the consolidated interim financial statements for the second half of the year 2008, whereby it was verified that no issue was revealed allowing to conclude that said statements were not drafted, in its major issues, pursuant to the requirements of the International Accounting Standard (IAS) 34 implemented by the European Union.

In addition, the major issues subject to a special analysis were also reviewed, pointing out different areas: international, national, accounting issues and other topics of less significance.

Internal Audit

Both the Director and other members of the Internal Audit Department, the Chief Executive Officer and the external auditors attended the meetings of the Audit and Control Committee held throughout 2008 and took the floor, since the internal audit was one of the key lines of action of the Committee during this fiscal year.

In the various meetings it held, the Committee went through several areas of its remit, such as the supervision of the Internal Audit Department and the approval of its budget, and the activities report of said Department.

Annual Corporate Governance Report

The Audit and Control Committee in its session of 9 June 2008 gave a favourable report to the Annual Corporate Governance Report for FY2007, drawn up as regards its format, contents and structure, pursuant to the provisions of the Circular 1/2004, of 17 March, and it was resolved by the Committee to submit it to the Board of Directors for approval and to recommend the dissemination thereof through those means set forth in the prevailing legislation and regulations in force.

"Triple Report": financial, social and environmental

The Committee gave a favourable report to the Sustainability Report also known as "Triple Report" for the year 2007, drawn up taking into account the guidelines, in the 2002 version, of the Sustainability Reporting Guidelines issued by the Global Reporting

Initiative (GRI) and following the principles thereof. This is the fifth time this Triple Report has been published.

The Sustainability Report provides full information about the activities of Inditex, S.A. and its corporate Group over the last years and especially in fiscal 2007, regarding the three major dimensions or areas of the Group: financial, social and environmental.

Annual Report of the Audit and Control Committee

The Committee drew up its fifth Activities Report showing the activities carried out by this body during FY2007.

Other lines of action

- Review of the quarterly reports drawn up by the Code Compliance Office on the incidences occurred with regard to the compliance with the Internal Regulations of Conduct Regarding Transactions in Securities (IRC), pursuant to the provisions of Article 10.2.4 thereof.

- Review of the half-yearly reports drawn up by the Audit and Control Committee on the measures taken to promote the knowledge and guarantee the enforcement of the provisions of the IRC, in accordance with the provisions of Article 10.1.4 thereof.

- Review of the second annual report of the Committee of Ethics about the implementation of the Internal Guidelines for the Responsible Practices of the Inditex´s Group personnel.

Main relationships of the Audit and Control Committee

With the Annual General Meeting of Shareholders

The Chairman of the Audit and Control Committee is available to the shareholders at the Annual General Meeting in order to address those questions therein raised by the same with regard to matters within its remit, pursuant to the provisions of the Law, the Articles of Association and the Board of Directors´ Regulations.

With the Board of Directors

At the beginning of each session of the Board of Directors, the Chairman of the Audit and Control Committee reports on the main business transacted in the last meeting of the Committee.

With the Chief Executive Officer and the Senior Management

The Committee encourages the appearance in its sessions of the CEO and of the senior managers and officials of the Company to explain their view on certain issues directly linked with the field of responsibility of the Committee and which are recurrent.

To stress the independence of the Audit and Control Committee with regard to the management of the Company and of the Group, all members of the Committee are independent directors.

With the General Counsel´ s Office

The General Counsel and Secretary of the Board, in his capacity as Code Compliance Officer also, periodically informs the Audit and Control Committee on the degree of compliance with the Internal Regulations of Conduct regarding Transactions in Securities and in general, on the degree of enforcement of the rules of the company on corporate governance.

With the Internal Audit Department

The Internal Audit is a centralized function included in the current organisational structure by means of a direct link to the Board of Directors to which it is functionally subordinated through the Audit and Control Committee.

The Director of the Internal Audit Department is responsible for the Internal Audit function.

The Director of the Internal Audit Department regularly reports to the Committee, which is the main recipient of the results achieved by the Internal Audit function, about the assignments performed in the various fields of the auditing activity.

On the other hand, the Audit and Control Committee supervises the Internal Audit Department, approving its budget, the Internal Audit Plan, the annual activities report and the resources of the Department to carry out its tasks as well as the contents of its acts.

With external auditors

The relationship of the Board of Directors of the Company and the external auditors of the Group is channelled through the Audit and Control Committee.

External auditors attend the meetings of the Committee wherein the Periodic Financial Information which the Board of Directors needs to approve and disclose on a half-yearly basis is subject to review.

In addition, the Committee proposes to the Board of Directors the appointment of the external auditors, the terms for their hiring, the scope of their professional mandate and their revocation or non renewal; it liaises with them; it supervises the enforcement of the audit contract; it evaluates the results of each audit and supervises the terms and enforcement of those contracts entered into with the auditors for the performance of assignments other than those covered by the audit contract, pursuant to the provisions of Article 14 of the Board of Directors´ Regulations.

Activities report Nomination and Remuneration Committee

Preliminary

The Board of Directors of INDUSTRIA DE DISEÑO TEXTIL, S.A. (Inditex, S.A.) (hereinafter, Inditex) has been amending its rules on corporate governance in line with the most demanding trends on the subject and in accordance with the good governance codes and, where appropriate, the regulations approved on this matter. Amongst said adjustments and amendments are those affecting the Board of Directors´ Regulations, out of which those aimed at enhancing the tasks of the Nomination and Remuneration Committee, either by extending its duties or by allocating new ones thereto, shall be stressed.

This document drawn up by the Nomination and Remuneration Committee in the session held on 8 June 2009, is the fourth annual activities report prepared by said body.

THE NOMINATION AND REMUNERATION COMMITTEE OF INDITEX: ORIGIN AND EVOLUTION, REGULATIONS AND COMPOSITION

Origin and evolution

The Board of Directors of Inditex, in the meeting held on 20 July 2000, approved the Board of Directors´ Regulations, under the provisions of Article 29.3 of the Articles of Association and in order to adjust to the guidelines of the report drawn up by the Special Commission for the study of an Ethics Code for corporate governance (the "Olivencia Code").

Article 15 of said Regulations established the Nomination and Remuneration Committee, entrusting it with the relevant duties pursuant to the above mentioned Olivencia Code.

Subsequently, in its meeting of 20 March 2003, the Board of Directors resolved:

1) To propose to the General Meeting of Shareholders the amendment of the Articles of Association, through a new wording of Article 32, in order to include the regulation of the Nomination and Remuneration Committee.

2) To approve the amendment of the Board of Directors´ Regulations, clarifying and harmonizing some of the duties of the Committee.

Subsequently, it was resolved by the Board of Directors in its meeting held on 10 June 2004, to approve a new Revised Text of the Board of Directors´ Regulations, whereby the duties of the Nomination and Remuneration Committee were once again enhanced, with the inclusion of a new task, regarding the need for the Committee to give a report on the employment agreements of the personnel that include guarantee clauses or severance agreements, before they are subscribed.

Finally, the Board of Directors in its meeting held on 11 December 2007 approved a new Revised Text of the Board of Directors´ Regulations in order to adjust the contents thereof to the Recommendations of the Unified Code. Further to this amendment, the duties of the Nomination and Remuneration Committee are enhanced as it assumes the Recommendations provided by the Unified Code on this issue.

Regulations

Article 32 of the Articles of Association currently in force provides as follows:

Article 32.- Nomination and Remuneration Committee

1.- A Nomination and Remuneration Committee shall be formed within the Board of Directors, made up of a minimum number of three directors and a maximum of five who must necessarily be independent directors.

To this end, independent directors are understood as those that meet the requirements referred to under the second paragraph of Article 31.1

2.- The Chairman of the Nomination and Remuneration Committee shall be appointed by the Board of Directors from among its members.

3.- Without prejudice to any other tasks that it might be assigned from time to time by the Board of Directors, the Nomination and Remuneration Committee shall have at least the following basic responsibilities:

(a) To report on the proposals to appoint directors prior to their appointment by the General Meeting of Shareholders or, where appropriate, by the Board of Directors through the co-option procedure.

(b) To report on the appointment of the internal offices (Chairman, Deputy Chairman(s), CEO, Secretary and Deputy Secretary) of the Board of Directors.

(c) To propose to the Board the members that must form part of each one of the Committees.

(d) To draw up and review the criteria that must be followed for the selection of the senior management of the Company and to report on the appointment or removal of the managers reporting directly to the Board of Directors, including the CEO.

(e) To report annually to the Board on the assessment of the performance of the senior management of the Company, especially of the CEO and his remuneration.

(f) To report on the systems and on the amount of the annual remuneration of directors and senior management and to prepare the information to be included in the annual public information regarding the remuneration of the directors.

4.- The Nomination and Remuneration Committee shall meet, ordinarily, once a year, in order to prepare the information on the remunerations of the directors, that the Board of Directors must approve and include in the public annual documents. Moreover, it shall meet each time that the Board or its Chairman requests the issuing of a report or the adoption of proposals within the scope of its competences and, in any case, whenever it is thought fit for the successful performance of its functions.

5.- The request for information addressed to the Nomination and Remuneration Committee shall be made by the Board of Directors or its Chairman. Likewise, the Committee must consider the suggestions made by the Chairman, directors, senior management or the shareholders of the Company.

*The Board of Directors may develop and complete the above-referred rules in its Regulations, pursuant to the provisi*ons of the Articles of Association and of the Law.

Meanwhile, Article 15 of the Board of Directors´ Regulations, in the wording approved by the Board in the meeting held on 10th June 2004, sets forth as follows:

Article 15. The Nomination and Remuneration Committee.

1.- The Nomination and Remuneration Committee shall be made up of a number of directors being no less than three nor greater than five, and shall be made up necessarily of independent directors. Its Chairman shall be chosen among its members.

2.- Without prejudice to other tasks that are assigned to it by the Board and to the remaining duties reserved to it by these Regulations, the Nomination and Remuneration Committee shall have the following basic responsibilities, which are:

(a) To draw up and check the criteria that must be followed for the composition of the Board of Directors in addition to selecting the candidates.

(b) To advise on the proposals for nominations of directors and, in case of independent directors, to submit said proposals to the Board of Directors for approval, prior to the nomination by the General Meeting of Shareholders or, where appropriate, by the Board of Directors for the co-optation procedure.

(c) To advise on the nomination of the internal offices of (Chairman, Deputy Chairman, CEO, Secretary and Vice-Secretary) of the Board of Directors.

(d) To propose to the Board the members that must form part of each one of the Committees.

(e) To advise on the appointment and dismissal of senior managers as proposed by the chief executive to the Board of Directors.

(f) To annually advice the Board on the evaluation of the performance of the chief executive of the Company, and also of the Nomination and Remuneration Committee itself.

(g) To propose the remuneration policy for directors and senior managers to the Board, and to ensure compliance with the remuneration policy set forth by the Company.

(h) To report to the Board, before it holds its meeting, on those contracts of the personnel that include golden-parachute clauses, for those cases that imply dismissal or changes in control.

(i) To advise in relation to the transactions that involve or may involve conflicts of interest, the transactions with related persons or those transactions that imply the use of corporate assets and, in general, about the matters included in Chapter IX of these Regulations.

(j) To draw up and keep up to date a contingency plan to fill in the vacancies of key positions within the Company and its Group.

(k) To ensure that when filling up any new vacancies and when appointing new directors the recruitment process should conform to the prohibition of any manner of discrimination.

(l) To propose to the Board the individual remuneration of executive directors and the remaining terms and conditions of their employment agreements.

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

4.-. The Nomination and Remuneration Committee shall meet each time that the Board or its Chairman requests the issuing of a report or the adoption of proposals within the scope of its competences and, in any case, whenever is suitable for the successful performance of its functions. In any event, it shall meet once a year to prepare the information about the directors' remuneration that the Board has to approve and to include in its annual public documentation.

5.- The Nomination and Remuneration Committee shall report to the Board on the business transacted and the resolutions passed, informing the first Board of Directors held in plenary session after its meetings, of its activity and of the work done. Furthermore, a copy of the minutes of the Committee meetings shall be put at the Board members' disposal.

Composition

The Executive Committee of Inditex, S.A., in the meeting held on 27 October 2000, appointed the members of the Nomination and Remuneration Committee, resolving thus its initial composition

The amendments to the Board of Directors´ Regulations that the Board resolved in its meeting of 20 March 2003 were beyond both the provisions of the recommendations of the Aldama Report, then applicable and of the current Unified Code – which recommends that the Committee should be comprised of non executive directors exclusively and that the Chairman thereof should be an independent director–, since the requirement that all members of the Nomination and Remuneration Committee should be independent directors was made an internal regulation. This resolution entailed the necessary modification to the composition of the Committee. To meet this requirement, the only executive director of the Nomination and Remuneration Committee tendered his resignation as a member thereof, and another independent director was appointed as member of this Committee, prior report of the Nomination and Remuneration Committee.

The current composition of the Nomination and Remuneration Committee of Inditex is shown below:

Chairman:	Mr. Carlos Espinosa de los Monteros y Bernaldo de Quirós
Ordinary Members:	Ms. Irene Ruth Miller
	Mr. Francisco Luzón López
	Mr. Juan Manuel Urgoiti López de Ocaña
	Mr. José Luis Vázquez Mariño
Secretary (non member):	Mr. Antonio Abril Abadín

A brief résumé of each member of the Nomination and Remuneration Committee is provided in section B.1.3 of the Annual Corporate Governance Report, which is part of this Annual Report 2008.

At present and pursuant to the provisions of Article 14.1 of the Board of Directors´ Regulations, all members of the Nomination and Remuneration Committee are independent directors.

Activities of the Nomination and Remuneration Committee

Sessions held and business transacted

The sessions held by the Nomination and Remuneration Committee throughout FY2008 and the main business transacted are shown below:

Date of session	Agenda
03/27/2008	Information on a new appointment within the Company.
	Report of the Human Resources Department.
06/9/2008	Report on the re-election of one director.
	Report on the remuneration policy of the Board of Directors.
	Annual Activities Report of the Nomination and Remuneration Committee
09/15/2008	Methodology for the assessment of the performance of the Board of Directors, the Supervision and Control Committees, and the chief executive
	Report on a new appointment within Inditex.
12/10/2008	Methodology for the assessment of the performance of the Board of Directors, the Supervision and Control Committees, and the chief executive.
	Transactions with related parties.
	Report of the Human Resources department

Lines of action

As for the lines of action of the Nomination and Remuneration Committee during FY 2008, they have revolved around the following aspects:

Appointments within the Company

During the meetings held by the Committee on 27 March and 15 September, it acknowledged the appointments made within two corporate areas of Inditex.

Transactions with related parties

Pursuant to the provisions of the corporate regulations, in the session dated 10 December 2008, the Committee reported about two specific transactions carried out between the Inditex Group and two companies linked to the controlling shareholder.

These transactions were valued considering the market conditions that apply to similar transactions and the principal of equal treatment for all shareholders, pursuant to the provisions of Article 38 of the Board of Directors´ Regulations. The authorised transactions are not very significant, in that the disclosure thereof is not required to show the true image of Inditex´s assets, its financial situation or its results; notwithstanding this, they were made public for transparency reasons in the relevant documents (Annual Corporate Governance Report and Annual Financial Report).

Main relationships of the Nomination and Remuneration Committee

With the Board of Directors

At the beginning of each session of the Board of Directors, the Chairman of the Nomination and Remuneration Committee informs of the main business transacted in the last meeting of the Committee.

With the Chief Executive Officer and
the Senior Management

The Committee encourages the appearance in its sessions of the First Deputy Chairman and Chief Executive Officer and of the senior managers and officials of the Company to explain their view on certain issues directly linked with the field of responsibility of the Committee and which are recurrent.

With the Human Resources Department

In order to keep the Nomination and Remuneration Committee duly informed, the Human Resources Division regularly informs the Committee on the changes, if any, in the global remuneration systems, the market researches on the pay of Senior Management, the annual pay adjustments and the review of the adjustment guidelines for each country, a summary of the annual adjustments carried out and the global programmes for the detection and development of potential in the matter of personnel, and succession plans.

Verification of the audit of GRI Indicators

INDEPENDENT VERIFICATION REPORT

1. SCOPE.

SGS ICS Ibérica, S.A. (hereinafter, SGS) has carried out, at the request of INDITEX, S.A. (hereinafter, INDITEX), an Independent Verification of the information regarding Human Resources, Social and Environmental practices for the fiscal year ended as at 31st January 2009, included on the 2008 Annual Report (hereinafter, the Report).

Included in the scope of the Independent Verification are the wording and data provided in the Report. The information and/or data to which a reference is made but which are not provided in the Report are excluded from the scope.

2. INDEPENDENCE.

INDITEX shall be solely responsible for the information contained in the Report and its drafting.

SGS has not taken part nor advised INDITEX in the drafting of the Report. It has acted as independent verifier exclusively, checking that the contents of the Report are appropriate.

SGS is solely responsible for the contents of this Verification Report and for the opinions therein included.

3. VERIFICATION.

Regarding the independent verification of the Report, SGS´s methodology has been used, consisting of audit procedures according to ISO 19011 and verification mechanisms according to Global Reporting Initiative (GRI) Guidelines (G3) (hereinafter, the Guidelines) and AA1000 Assurance Standard (2003).

Our assignment of independent verification has consisted of raising a number of questions sent to certain Departments at INDITEX which are involved in generating the Report, as well as implementing certain review procedures and sampling-based assessment tests as described below:

- Determining the Standards, Systems and Management Approach used in the generation of the Report, mainly through meetings held with Inditex´s Corporate Social Responsibility Department.
- Review of the minutes of meetings held by Inditex Group's Social Board in fiscal year ended as at 31st January 2008.
- Review of the main findings arising from the various "dialogue processes" with the main "interested parties", carried out by the Corporate Social Responsibility team, using to such effect internal information as well as external information provided by independent third parties.
- Checking the integrity of the information shown on the Report versus such other relevant information disclosed by INDITEX in its 2008 Consolidated Financial Statements and in its 2008 Annual Corporate Governance Report.
- Checking that the indicators included on the Report match those recommended by the Guidelines and that the report indicates which are applicable or not.
- Verification of the quantitative and qualitative information corresponding to the above referred "indicators", starting from management systems which are characteristic of INDITEX.
- Comparing the data and findings detailed in the Economic Part of the Report to check that they are in accordance with those shown in INDITEX´s Consolidated Financial Statements for fiscal year ended as at 31st January 2009, audited by KPMG Auditores S.L. on the 26th day of March 2009.

4. TEAM.

SGS´ team charged with this Independent Verification was comprised of:

- Ms Carlota Abalo Sinde
- Ms Laura López Sanjurjo

SGS

INDEPENDENT VERIFICATION REPORT

5. FINDINGS.

Starting from the scope, the methodology, the analytical procedures and the sampling-based review tests conducted, it can be concluded that:

- The Report has been drafted pursuant to the requirements of the Guidelines.
- The findings arising out of the tests carried out, within the scope described in sections 1 and 3 above, have not revealed any significant errors.
- *"GRI* ´s Application level" declared by INDITEX (A+) is appropriate.

6. RESPONSIBILITIES.

- Inditex Group's Corporate Social Responsibility Department is responsible for preparing the Report and for defining its content.
- The responsibility of the verification team consists of issuing the Independent Verification Report pursuant to the terms of the "Engagement Letter" and pursuant to the independence standards required by the International Federation of Accounts (IFA)´s Code of Ethics. Likewise, in accordance with INDITEX´s internal procedures, the "Engagement Letter" has been approved by the Audit and Control Committee of the company.
- The scope of the Independent Verification is substantially lesser than that of a Regular Audit. Therefore, no auditor's opinion regarding the Report is expressed.

June 16, 2009

Signed: Carlota Abalo -SGS ICS Ibérica, S.A.

Glossary

ACVTEX Project (Analysis of the Textile Life Cycle): Environmental project integrated in PEMA 2007-2010 which analyses the variables of the manufacture of garments which influence the environment, so as to design a tool for evaluation of the production with sustainable criteria.

Base Code of the Ethical Trading Initiative (ETI): Code of conduct which expresses the international regulations in the matter of respect for and encouragement of Fundamental Human and Employment Rights in production centres. This code, accompanied by a set of general principles relating to implantation, supplies to companies, institutions and NGOs a reference framework for the development of their codes of conduct and the subsequent implantation of their chains of production. It is necessary for companies and other institutions, after joining, to sign the Base Code of ETI.

Better Factories: A programme of the ILO in Cambodia for the improvement of productivity and working conditions in the factories of the country. (www.betterfactories.org)

Cáritas: Development NGO which has among its objectives that of helping in human promotion and the integral development of the dignity of all those persons who are in a precarious situation. It has a presence in 198 countries, through Cáritas Internacional (www.caritas.es).

Clear to Wear (CTW): this is a product health standard implemented by Inditex pursuant to the most demanding regulations on this matter. It covers all those substances which use is restricted by statute and which, when present in a product above certain levels, may be detrimental to the health. Inditex verifies the appropriate implementation of CTW in every stage of the manufacturing process of all the goods that it manufactures, commercialises and/or distributes through routine analysis and random tests conducted on certain models.

Clusters of suppliers: Working groups made up of suppliers, trade unions, business associations and international purchasers, all of whom are inter-related, with the common objective of generating a sustainable productive environment in a strategic geographical area for the development of the Inditex business model.

Code of Conduct for External Workshops and Suppliers: Development of the Internal Inditex Code of Conduct for application by the Group suppliers. The above-mentioned Code was approved in 2001 and modified in 2007, after Inditex joined ETI and adopted its Base Code. It includes, among other things, the following agreements of the ILO: 1, 14, 26, 29, 79, 87, 98, 100, 105, 111, 131, 135, 138, 142, 155, 164 and 182.

Corporate DNA: A tool for non financial risk management deriving from contractual relations of manufacture, production and/or marketing between a particular supplier and Inditex. This tool assigns a rating automatically: A, B, C, D, based on the weight of certain indicators and on the gravity of the breaches of the Code of Conduct for External Manufacturers and Workshops.

d2W: An additive that accelerates the total decomposition of the plastic in a natural way over an average period of one to two years as opposed to more than 400 for conventional plastic.

EBIT (Result of the operations): Operating income less operating costs, sum for depreciation of fixed assets, turnover and the provisions for risks of an operational nature.

EBITDA (Gross result of operations): Operating profit before interest, depreciation and provisions.

Emergency projects: Projects designed by Inditex to alleviate the negative consequences of a natural disaster in the life of the affected communities in areas close to where Inditex carries out its manufacture, commercialisation and/or distribution activities.

Entreculturas: Development NGO promoted by the Compañía de Jesús which defends access to education in the most disadvantaged areas of Latin America, Africa and Asia. It supports projects that promote education as a means of social transformation and dialogue between cultures (www.entreculturas.org).

Environmental Management System: Part of the management system of the company which includes the organisational structure, the planning of activities, responsibilities, practices, procedures, processes and the resources to develop, implant, carry out, review and keep updated the environmental policy.

Ethical Trading Initiative (ETI): Platform of dialogue made up of companies, international trade union organisations and non-governmental organisations (NGOs). It was set up in 1998 to promote and improve the implantation of the Base Code in production chains of global companies which carry out production, marketing and/or distribution activities. Inditex joined ETI in 2005 and has formed part of its Governing Board since 2006 (www.ethicaltrade.org).

FITEQA – Comisiones Obreras (CC.OO.): Federation of Workers from the Textile-Leather sector, Chemicals and Similar of Comisiones Obreras of Spain.

for&from Special People: Programme of Massimo Dutti in support of the insertion into the workplace of vulnerable groups, through the design of sustainable projects within Inditex's marketing activities. It has two stores open to the public in Palafolls (Barcelona) and Allariz (Ourense).

Global Reporting Initiative (GRI): Multi-sectorial organisation which has as its purpose to establish a widely-accepted working structure for the preparation of sustainability reports in which the three following aspects are included: the environmental, economic and social. It is also occupied with the definition and dissemination of the guide for the preparation of the above-mentioned reports, which is applied in a voluntary manner by organisations which wish to inform about economic, environmental and social aspects of their activities, products and services.

IEMA Project (Energy Integration with Environmental Criteria): Environmental project integrated in PEMA 2007-2010 of which the objective is the integration of the variables of efficient energy consumption, renewable energy sources and atmospheric emissions into a single management model.

Inditex Code of Conduct: Formal declaration of values which regulate the relations of Inditex with each one of its interest groups (shareholders, employees, customers, business partners, suppliers and society in general). This Code was approved in 2001 by the Board of Directors of Inditex.

Internal Responsible Practices Directory: Guide for standards of conduct for the ethical management of Inditex employees. It was approved in June 2006 and sets the objective of seeking professional, ethical and responsible behaviour from Inditex employees in performance of the activities of the company in any part of the world. All of this is like a basic element in the Inditex business culture, based on the training and personal and professional development of its employees.

Interest groups - Stakeholders: Any person, body or social group on which the activities of the organisation have an impact, for example: the shareholders, employees, customers, business partners, suppliers and society in general.

ILO Better Factories Programme: An ILO project in Cambodia which has as its object the improvement of the employment conditions of the factories and from which the workers and the managers and owners of the textile factories and the public administration benefit. (www.betterfactories.org).

Inditex Pro Kyoto Project: Environmental project integrated in PEMA 2007-2010 which aims to control and reduce the indirect emissions of Greenhouse Gases generated by logistical activity, and develops mechanisms to offset emissions of Greenhouse Gases.

International Framework Agreement: International framework agreement entered into by and between ITGLWF and Inditex in October 2007. Its main goal is ensuring that the international labour standards based upon ILO and UN Conventions as well as upon the Guidelines of the OECD are enforced,

International Textile, Garment and Leather Workers Federation (ITGLWF): International trade union federation of workers from the textile and leather sector which represents over 217 national trade union federations in 100 countries and the employment and trade union interests of over 10 million workers in the textile, dressmaking and leather sector (www.itglwf.org).

Jesuit Refugee Service (JRS): International Catholic organisation whose mission it is to help and to defend the rights of refugees and displaced persons. It has programmes in over 50 countries the main lines of work are undertaken in the fields of education, health, social services and emergency attention (www.jesref.org).

Like for Like (LFL) or Sales in shops or in a comparable location: Sales in stores that were open during the whole of the financial year.

Médecins Sans Frontières (MSF): International humanitarian medical action organisation which assists populations in a precarious situation and victims of catastrophes and armed conflicts. It is present in over 70 countries, with over 500 projects on the five continents (www.msf.es).

Multi Fiber Arrangement (MFA Forum): Platform of dialogue made up of over seventy participants in representation of companies, trade unions, NGOs and multilateral institutions. The purpose of this organisation is to promote social responsibility and competitiveness among the most vulnerable national textile industries, especially those located in Lesotho, Morocco and Bangladesh.

Millennium Development Goals: Eight goals that 191 UN Member States have agreed to achieve by the year 2015 (www.un.org/millenniumgoals/):

Goal 1: End poverty and hunger.

Goal 2: Achieve universal primary education.

Goal 3: Promote gender equality and empower women

Goal 4: Reduce child mortality.

Goal 5: Improve maternal health.

Goal 6: Combat VIH/AIDS, malaria and other diseases.

Goal 7: Ensure environmental sustainability.

Goal 8: Develop a global partnership for development.

Peruvian Institute for Education in Human Rights and Peace (IPEDHP): Not-for-profit educational institution which carries out proposals aimed at contributing to the reinforcement of democracy in Peru, orienting its attention to the field of education (www.ipedehp.org.pe).

Pre-Assessment: Online standardisation procedure designed for suppliers who wish to take part, for the first time, in the Inditex production chain. This procedure assigns to each potential supplier a provisional rating prior to the conduct of the corresponding social audits, based on five dimensions: quality, health, safety, delivery dates and compliance with the Code of Conduct for External Manufacturers and Workshops.

Social Board: Inditex´s advising body in the matter of corporate social responsibility. In December 2002, the Board of Directors of the company resolved to set up such body and approved its Bylaws where the action lines, the basic organisation and operation rules and the standards of conduct for its members are defined.

Strategic Environmental Plan 2007-2010 (PEMA): Programme which establishes the objectives and the lines of action for Inditex in the matter of the environment, presented to the shareholders in July 2007. It is expressed in five projects which involve improvements in terms of ecological and environmental efficiencies in the different areas of business of the company.

Project 3S. Sustainable store: Environmental project integrated in PEMA 2007-2010 which has as its objective to integrate criteria of sustainability and energy efficiency into all the stores in the Group.

ROCE (Return on Capital Employed): Rate of return on the capital employed, which measures the operative profitability vis-à-vis the resources used, both those from the shareholders and the financial resources used.

ROE (Return on Equity): Profitability on Equity, calculated as an operating profit on average equity.

Safe to Wear (STW): Safety of the product Standard designed by Inditex´s CSR Department

Terminal for Store Management: Touch screen system which allows store personnel to gain access to in-formation on the company that they require for its management, and they are also able to communicate via electronic mail with the headquarters' departments, the logistical centres and other stores.

Terra Project: Environmental project integrated in PEMA 2007-2010 by which, in places those are yet to be determined, the necessary forest mass will be created to absorb 100% of the emissions which arise from the consumption of electrical energy at the central location of Arteixo.

Tested to Wear (TTW): Methodology used by Inditex to conduct social audits, whose reference is the revised Code of Conduct for External Manufacturers and Workshops, which has incorporated ETI´s Base Code.

UN Global Compact: The World Pact, promoted in 1999 by the then Secretary General, Kofi Annan, is a global initiative based on ten fundamental principles related to Human Rights, employment regulations and the environment. Inditex has been one of the main driving forces behind this initiative and has been its first member since its creation in Spain (www.unglobalcompact.org).

The A**nnual Report 2008** provided information under the terms of the triple –economic, social and environmental- dimension.

The Annual Report 2008 is fully available on the corporate web site **www.inditex.com**, where additional useful information may also be accessed.

The English translation of this Report has been reviewed by the Centre for Business and Public Sector Ethics of Cambridge (United Kingdom).

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Inditex's workforce amounts to **89,112 individuals** of 140 nationalities.
Each and every one of them is the driving force of the expansion and the future of the Group.

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