

OUR PRIORITIES

CORPORATE GOVERNANCE

RELATED SUSTAINABLE DEVELOPMENT GOALS	INDITEX'S CONTRIBUTION
 <p>Goal 5: Achieve gender equality and empower all women and girls.</p>	<p>Gender equality is a principle that is firmly anchored in Inditex's culture, as is enshrined in its Code of Conduct and Responsible Practices and Code of Conduct for Manufacturers and Suppliers. The company's Nomination Committee is required to establish a targeted level of representation for the gender in minority on the Board of Directors as well as guidelines for how to achieve this target. As is set down in its Director Selection Policy, Inditex is pursuing the goal of having at least 30% of total board places occupied by women directors before the year 2020. Inditex also has a Diversity and Inclusion Policy which evidences its commitment to diversity and multiculturalism in the workplace, a commitment that applies to all positions and levels of the Company, including its boardroom. This same policy also sets down in its unwavering zero-tolerance approach to any form of discrimination, including on the grounds of gender. In addition, the Inditex Group devises gender equality plans that are designed to reduce inequalities and imbalances, prevent discrimination in the workplace, reinforce the Company's commitment to improving its employees' quality of living, guarantee a healthy work environment and establish measures that foster enhance work-life balance.</p>
 <p>Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all.</p>	<p>Inditex's Code of Conduct and Responsible Practices and its Code of Conduct for Manufacturers and Suppliers formally set down its commitment to the provision of decent work. These codes include a series of undertakings with respect to conduct and responsible practices, specifically including compliance with applicable legislation, internal rules and regulations and the external agreements Inditex has entered into.</p>
 <p>Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.</p>	<p>The Code of Conduct and Responsible Practices includes a series of undertakings with respect to conduct and responsible practices, specifically including engaging in licit, ethical and respectful dealings with suppliers and public authorities (the suppliers that endorse Inditex's Code of Conduct are similarly bound by these undertakings), aligned with international standards for the prevention of corruption and bribery. Inditex has built a robust Compliance Model which transmits a genuinely ethical corporate culture to all its stakeholders. The Corporate Crime Prevention Policy is designed to instigate ethical and responsible conduct on the part of all of its employees and the Group itself and, by so doing, all-importantly, to prevent the commission of crimes. In addition, with the aim of ensuring compliance with the main rules governing the prevention of bribery and corruption in force in the markets in which the Group is present, Inditex has approved what it has termed its Integrity Policies, which comprise the Gifts and Hospitality Policy, the Donations and Sponsorships Policy and the Public Officials Engagement Policy.</p>
 <p>Goal 17: Strengthen the means of implementation and revitalise the global partnership for sustainable development.</p>	<p>Inditex has a Social Council, a body tasked with advising it on sustainability matters. It is made up of individuals and institutions that are external to and independent of the Group. Its task is to formalise and institutionalise Inditex's dialogue with the stakeholders deemed key in the civil society in which the Group pursues its business model.</p>

Our concept of good corporate governance allows us to meet the goal of creating total net wealth in the long term, through a management team that acts in an ethical and transparent manner, subject to control and verification, both internal and external. Such good corporate governance, together with social action and environmental sustainability, is a strategic instrument for the effectiveness and competitiveness of the company.

1. FOREWORD

Corporate Governance is usually defined as the manner in which companies are organised, managed and controlled. In this context, corporate governance is deemed to be good, where directors and officers responsible for governance, proceed diligently, ethically and with transparency in the performance of their duties, are held accountable for their deeds and ensure balance of powers, respect and equality of all the shareholders, namely of minority ones.

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

The concept of good corporate governance arises thus as a necessary instrument to meet the goal of creating net worth in the long term. It shall be necessarily embodied through a Management that must act in

an ethical and transparent manner, subject to control and verification, both internal and external. This good corporate governance is an active part of the concept of corporate social responsibility, in its broadest term, which is a strategic tool for the effectiveness of the Company, to achieve competitive advantages, together with social action, or social responsibility *strictu sensu*, and environmental sustainability.

ANNUAL CORPORATE GOVERNANCE REPORT

In line with the foregoing, the Annual Corporate Governance Report for financial year 2017 (from 1 February 2017 through 31 January 2018) approved by the Board of Directors of Industria de Diseño Textil, S.A. (Inditex, S.A.) (hereinafter, "Inditex", the "Company", or the "Group") available on the corporate website (www.inditex.com) and on CNMV¹'s website (www.cnmv.es) provides full and reasoned information about the structure and governance practices of the Company, so that the market and the stakeholders may get a true image and a full and grounded view of corporate governance of the Group and of the degree of compliance with the recommendations of the Unified Good Governance Code of Listed Companies. In FY17, the degree of compliance with the recommendations applicable to Inditex stood at 99%.

REGULATIONS ON CORPORATE GOVERNANCE

Inditex's corporate governance regulations are listed below, together with the date when they were last amended:

¹ CNMV stands for *Comisión Nacional del Mercado de Valores*, the Spanish Securities and Exchange Commission.



Store employee in Zara, Miami (US)

Internal Regulations	Competent Governing Body	Date of approval/ last amendment
Articles of Association	General Meeting of Shareholders	19-07-2016 ²
Regulations of the General Meeting of Shareholders	General Meeting of Shareholders	14-07-2015
Board of Directors' Regulations	Board of Directors	19-07-2016
Audit and Control Committee's Regulations	Board of Directors	19-07-2016
Nomination Committee's Regulations	Board of Directors	09-06-2015
Remuneration Committee's Regulations	Board of Directors	09-06-2015
Internal Regulations of Conduct regarding transactions in Securities (IRC)	Board of Directors	19-07-2016
Code of Conduct and Responsible Practices	Board of Directors	17-07-2012
Code of Conduct for Manufacturers and Suppliers	Board of Directors	17-07-2012
Regulations of the Committee of Ethics	Board of Directors	17-07-2012
Whistle Blowing Channel Procedure	Board of Directors	17-07-2012
Policy on Criminal Risk Prevention	Board of Directors	19-07-2016
Criminal Risk Prevention Procedure	Board of Directors	19-07-2016
Zero Standard	Board of Directors	19-07-2016
Compliance Policy	Board of Directors	13-12-2016
Integrity Policies: Policy on Donations and Sponsorships, Policy on Gifts and Business Courtesies and Policy on Dealings with Public Servants	Board of Directors	19-09-2017
Diversity and Inclusion Policy	Board of Directors	12-12-2017
Anti-Money Laundering and Terrorist Financing Policy	Board of Directors	13-03-2018

TRANSPARENCY AND INFORMATION

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

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

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

² Date format: DD-MM-YYYY



Zara store employee at Moscow (Russia)

2. OWNERSHIP STRUCTURE

SHARE CAPITAL

As at 31 January 2018, Inditex's share capital amounts to €93,499,560.00 and is divided into 3,116,652,000 shares.

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

MARKET CAPITALIZATION

Inditex has been listed on the different Spanish Stock Exchanges since 23 May 2001 and has been part of the selective Ibex 35 index since July 2001. In addition, it has been part of the Stoxx 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 index since October 2002 and of the FTSE ISS Corporate Governance index, since its launching in December 2004.

As at 31 January 2018, Inditex's share price per the listing price on Spain's Electronic Trading System (continuous market) was €28.87 per share and the stock market capitalization was € 89.98 billion.

OWNERSHIP STRUCTURE OF THE SHARE CAPITAL

The Company issues bearer shares, represented by the book-entry method. Notwithstanding the foregoing, pursuant to the provisions of section 497 of the revised text of the Spanish Companies Act approved by Real Decreto Legislativo 1/2010, of 2 July, (hereinafter, the "Companies Act" or "LSC" [*Spanish acronym*]), in FY17 Inditex has contracted from Sociedad de Gestión de Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Iberclear) [*Spanish Central Securities Depositary in charge of the Register of Securities, and the Clearing and Settlement of all trades*], the daily share ownership notification service. As at 31 January 2018, the members of the Board of Directors who had a stake in the Company were as follows:

Number of indirect voting rights (*)

Name (person or company) of the director	Number of direct voting rights	Direct owner of the holding	No. of voting rights	% on the total voting rights
Mr Pablo Isla Álvarez de Tejera	1,933,560	0		0.062%
Mr Amancio Ortega Gaona	0	1.848.000.315		59.294%
Mr José Arnau Sierra	30,000	0		0.001%
PONTEGADEA INVERSIONES, S.L.	1,558,637,990	0		50.010%
Bns. Denise Patricia Kingsmill	0	0		0.002%
Mr José Luis Durán Schulz	3,106	0		0%
Mr Rodrigo Echenique Gordillo	0	0		0%
Mr Carlos Espinosa de los Monteros Bernaldo de Quiros	150,000	0		0.005%
Mr Emilio Saracho Rodríguez de Torres	0	0		0%

In addition to board members, according to the Company's Register of Shareholders, the owners of significant holdings in the Company as at 31 January 2018, were:

- Partler 2006, S.L. (owner of 289,362,325 shares, representing 9.284% in the share capital)
- Rosp Corunna Participaciones Empresariales, S.L.U. (owner of 157,474,030 shares, representing 5.053% of the share capital).

RIGHTS ON SHARES

Mr Pablo Isla Álvarez de Tejera, the Executive Chairman, might acquire up to a maximum number of 215,405 shares under the 2016-2020 Long-term Incentive Plan addressed to members of Management and other employees of the Inditex Group, pursuant to the terms approved by the Annual General Meeting on 19 July 2016: a maximum number of 119,754 shares for the first cycle (2016-2019) of the 2016-2020 Plan and a maximum number of 95,651 shares for the second cycle (2017-2020) thereof (the full text of this resolution is available on www.inditex.com).

PARA-SOCIAL AGREEMENTS

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

OWN SHARES

The authorisation granted by the Annual General Meeting on 19 July 2016 remains in force, by virtue of which the Board of Directors is authorised to acquire the Company's own shares (the full text of this resolution is available on www.inditex.com). As at 31 January 2018, Inditex's entire treasury stock stands at 2,950,143 own shares, which represents 0.095% in the share capital.

3. GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders duly convened in accordance with all legal formalities and those of the Articles of Association and its own Regulations, is the supreme and sovereign body of expression of the will of the Company. Its resolutions are binding on all its

shareholders, including absent or dissenting shareholders, without prejudice to any remedies they may have at law.

AUTHORITIES

The General Meeting of Shareholders is authorised to pass all kinds of resolutions concerning the Company and, in particular, and subject to any other powers vested by the applicable regulations, the exercise of the following powers is reserved to such body:

- (a) To resolve on the individual annual accounts of the Company and, where appropriate, on the consolidated accounts of the Company and its Group, as well as on the distribution of the income or loss.
- (b) To appoint, re-elect and remove directors, as well as, confirm or revoke such interim appointments of directors made by the Board of Directors, and to review their management.
- (c) To approve the adoption of remuneration systems consisting of the granting either of shares or stock options, as well as any other remuneration system linked to the value of the shares, for the benefit of directors.
- (d) To approve the directors' remuneration policy pursuant to statutory terms.
- (e) To conduct, as a separate item on the agenda, an advisory say-on-pay vote on the Annual Report on Remuneration of Directors.
- (f) To authorise the release of the directors from the duty of preventing conflicts of interest and of the prohibitions arising from the duty of loyalty, when the authorisation to release them is attributed by statute to the General Meeting of Shareholders, as well as from the obligation not to compete with the Company.
- (g) To authorise the Board of Directors to increase the Company's share capital, or to proceed to the issue of bonds convertible into Company's shares.
- (h) To resolve the issue of bonds convertible into Company's shares or which allow bondholders to participate in the Company's earnings, the increase or the reduction of the share capital, the exclusion or restriction of the pre-emptive right, the transformation, merger, split-off or winding-up of the Company, the global assignment of assets and liabilities, the approval of the final balance sheet of liquidation, the transfer of the registered office abroad, as well as any other amendment whatsoever of the Articles of Association.
- (i) To authorise the derivative acquisition of own shares.

- (j) To approve such transactions which entail a structural amendment in the Company, and namely: (i) the transformation of listed companies into holding companies, through “subsidiarisation” or the assignment to dependent entities of core activities theretofore carried out by the Company, even though the Company retains full control of such entities; (ii) the acquisition, disposal or contribution to another company of essential assets; and, (iii) such transactions which entail an effective amendment of the corporate objects and those having an effect equivalent to the liquidation of the Company.
- (k) To appoint, re-elect and remove the statutory auditors.
- (l) To appoint and remove, where appropriate, the Company’s liquidators
- (m) To approve the Regulations of the General Meeting of Shareholders and any subsequent amendment thereof.
- (n) To resolve on the matters submitted to it by a resolution of the Board of Directors.
- (o) To give directions to the Board of Director or to submit to its prior authorisation the passing by the Board of Directors of decisions or resolutions on certain management matters; and
- (p) To grant to the Board of Directors such powers it may deem fit to deal with unforeseen issues.

PROCEEDINGS

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

The Extraordinary General Meeting shall meet when the Board of Directors so resolves or when a number of shareholders representing at least 3% of the share capital so request, expressing in the request the business to be transacted. In this latter case, the General Meeting of Shareholders must be convened to be held within the deadline provided in the applicable regulations and the agenda of the meeting must necessarily include the matters that were the subject of the request.

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

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

No later than the date of publication, or at any rate, on the business day that immediately follows, the Company shall send the notice of the meeting to CNMV, and to the Governing Organisations of the Stock Exchanges where the Company’s shares are listed for its insertion in the relevant Listing Bulletins. The text of the notice shall also be available on the Company’s website (www.inditex.com).

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

QUORUM REQUIRED TO HOLD A VALID GENERAL MEETING OF SHAREHOLDERS

Call	General rule (sec. 193 LSC)	Special cases (sec. 194 LSC)
First	Attendance of shareholders, present or by proxy, owning at least 50% of the subscribed share capital with the right to vote shall be required.	
Second	Generally, the General Meeting shall be validly established regardless of the share capital attending the same	Attendance of shareholders representing at least 25% of the subscribed share capital with the right to vote shall be required.

PASSING OF RESOLUTIONS

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

ATTENDANCE TO THE ANNUAL GENERAL MEETING HELD IN FY17

Date AGM 18-07-2017

Attendance data

% attendance in person	0.08%
% attendance by proxy	86.56%
% remote voting	0.68%
Total	87.32 %

RESOLUTIONS PASSED

The full text of the resolutions passed by the Annual General Meeting held in FY2017 and the result of the votes thereof are available on www.inditex.com. All resolutions were passed by majorities of votes ranging from 97.10% to 99.99%.

Specifically, resolutions were passed regarding the items below:

First.- Review and approval, where appropriate, of the Annual Accounts (Balance Sheet, Profit and Loss Account, Shareholders' Equity Statement, Cash Flow Statement and Annual Report) and Management Report of Industria de Diseño Textil, Sociedad Anónima, (Inditex, S.A.) for financial year 2016, ended 31 January 2017.

Second.- Review and approval, where appropriate, of the Annual Accounts (Balance Sheet, Profit and Loss Account, Statement of Comprehensive Income, Shareholders' Equity Statement, Cash Flow Statement and Annual Report) and Management Report of the consolidated group ("Inditex Group") for financial year 2016, ended 31 January 2017, and of the management of the Company.

Third.- Distribution of the income or loss of the financial year and declaration of dividends.

Fourth.- Re-election of Mr José Arnau Sierra to the Board of Directors as proprietary director.

Fifth.- Re-election of Deloitte, S.L., as auditors of the Company and its Group for FY2017.

Sixth.- Advisory vote (say on pay) on the Annual Report on the Remuneration of Directors.

Seventh.- Granting of powers to implement resolutions."

SHAREHOLDERS' RIGHTS

Any shareholder may attend the General Meeting of Shareholders regardless of the number of shares they hold.

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

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

ENCOURAGEMENT OF INFORMED PARTICIPATION OF SHAREHOLDERS

The information on the Annual General Meeting of Shareholders is included in the section headed "General Meeting of Shareholders" of the Company's web page, which encourages the participation of all the shareholders pursuant to the provisions of the Companies Act.

RELATIONSHIP WITH INVESTORS

Information on the relationship with investors and namely the "Policy on Communication and Contact with Shareholders, Institutional Investors and Proxy Advisors" is provided in the section headed "Investors and Stock Market indexes" of this Annual Report.

In order to achieve maximum transparency, in addition to including all relevant information and communications on its corporate website (www.inditex.com), Inditex has kept the market regularly posted during FY2017 by submitting the relevant "Results releases" and by means of meetings and other proceedings with institutional investors.

4. BOARD OF DIRECTORS

Except for such issues whose transaction is reserved to the General Meeting of Shareholders, the Board of Directors is the highest decision-making, supervisory and controlling body of the Company, as it is entrusted with its administration, management and representation, delegating as a general rule the management of the day-to-day business of Inditex to the executive bodies and the management team and focusing on the general supervisory function, which includes guiding Inditex's policy, monitoring the management bodies, assessing the management by the senior management, making the most relevant decisions for the Company and liaising with the shareholders.

It is also incumbent on the Board of Directors to ensure that the Company enforces its social and ethical duties, and its

duty to act in good faith with regard to its relationship with its employees and with third parties, as well as to ensure that no individuals or small groups of individuals have a decision power within the Company which has not been subjected to counterweights and controls, and that no shareholder receives a more privileged treatment than the others.

The Board performs its functions in accordance with the corporate interest, it being understood as the viability and maximisation 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 activity, and especially the interests of the other "stakeholders" of the Company (employees, clients, suppliers and civil society in general), determining and reviewing its business and financial strategies pursuant to said criterion, trying to achieve a reasonable balance between the selected proposals and the risks taken.

AUTHORITIES

The Board of Directors shall directly exercise the following powers:

- (a) Approval of the general policies and strategies of the Company, and namely:
 - (i) The strategic or business plan as well as the annual management goals and budget;
 - (ii) The investment and financing policy;
 - (iii) The dividends and treasury stock policy and namely, the limits thereof, pursuant to statute;
 - (iv) The design of the structure of the corporate group of which the Company is the controlling company;
 - (v) The risks control and management policy, including tax risks, and the periodic monitoring of the internal information and control systems;
 - (vi) The definition of the tax strategy of the Company;
 - (vii) The corporate governance policy; and
 - (viii) The corporate social responsibility policy.
- (b) Approval of the following decisions:
 - (i) The drafting of the annual accounts, the management report and the proposal for the allocation of income or loss of the Company and the consolidated annual accounts and management report to be submitted to the General Meeting of Shareholders.
 - (ii) The notice calling the General Meeting of Shareholders, determining its agenda and preparing the proposed resolutions to be submitted thereto;

- (iii) The approval of the financial information that the Company, being a listed company, must periodically release;
- (iv) The approval of the Annual Corporate Governance Report, the Annual Report on Remuneration of Directors and the issue of any manner of reports that the Board of Directors should recommend or which it must issue pursuant to statute, provided that the transaction covered by such report is not eligible to be delegated;
- (v) The approval of any manner of investments or transactions, which, are considered strategic or deemed to have a special tax risk, unless the approval thereof falls on the General Meeting of Shareholders.
- (vi) The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered as tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group, and,
- (vii) The approval, after report of the Audit and Control Committee, of the transactions of the Company or of any of the companies within its Group with directors, shareholders or Related Parties.
- (c) The following internal proceedings of the Board of Directors:
 - (i) To decide on the organisation and proceedings of the Board of Directors, including namely:
 - The approval and amendment of the Board of Directors' Regulations;
 - The appointment, on the proposal or after report of the Nomination Committee, as the case may be, of the internal offices within the Board of Directors, and the members and internal offices of its committees;
 - The election, on the proposal or after report of the Nomination Committee, as the case may be, of directors through the co-option procedure to fill any vacancies which may occur within the Board of Directors; and
 - Submitting to the General Meeting of Shareholders motions to elect, re-elect, ratify or remove directors.
 - (ii) The approval of a specific and ascertainable policy for the selection of directors that ensures that proposed election or re-election is duly supported by a prior analysis of the requirements of the Board of Directors and that favors diversity of knowledge, experience and gender;
 - (iii) The proposal of the amount of the remuneration of directors as such to the General Meeting of Shareholders, as well as the approval of the remuneration of executive directors, in both cases, on the proposal of the Remuneration Committee and pursuant to the Articles of Association and the

remuneration policy for directors approved by the General Meeting of Shareholders;

- (iv) The appointment and removal of chief executive officers as well as the approval beforehand of the contracts to be executed between the Company and the directors to whom executive duties are assigned;
- (v) Overseeing and evaluating on an annual basis:
 - The quality and efficiency of the proceedings of the Board of Directors itself and its delegated bodies.
 - The diversity in the composition and skills of the Board of Directors;
 - The performance of duties by the Chairman of the Board of Directors and by the chief executive of the company;
 - The performance of its supervisory and control committees based upon the reports furnished by the same, and
 - The performance and contribution of each director, especially that of the chairs of the different Committees of the Board of Directors.

Where the Chairman of the Board of Directors would discharge executive duties, his assessment shall be led by the Lead Independent Director.

To proceed to such evaluation, the Board of Directors may rely on the support of external advisors and on such internal resources which it may, from time to time, deem fit. Notwithstanding the foregoing, the Board of Directors shall be assisted every three years, by an external advisor, once the Nomination Committee has established his/her independence, to proceed to such evaluation. Upon evaluating the independence of the external advisor, the relations that such advisor, or any company within its Group, may have with the Company or with the Group shall be considered. Such relations shall be detailed,

as the case may be, in the Annual Corporate Governance Report.

The Board of Directors shall carry out an annual evaluation of its proceedings and of that of its Committees and it will propose an action plan to correct the shortcomings revealed. The result of the evaluation shall be recorded in the minute of the meeting of the Board of Directors or attached thereto as an annex.

- (vi) The authorisation or release from the obligations stemming from the duty of loyalty of directors, after report of the Nomination Committee, where such responsibility is not incumbent on the General Meeting of Shareholders;
- (d) The following issues regarding senior executives:
 - (i) The appointment and dismissal of senior executives after report of the Nomination Committee;
 - (ii) The approval of the basic terms and conditions of the contract with senior executives, including their remuneration and, where appropriate severance clauses, after report of the Remuneration Committee;
 - (iii) Overseeing the proceedings of the senior executives appointed by the Board of Directors.
- (e) The remaining responsibilities reserved by the Board of Director' Regulations and the applicable laws and regulations.

COMPOSITION

9 members sit on the Board of Directors: 4 non-executive independent directors, 3 non-executive proprietary directors, 1 affiliate director and 1 executive director.

As at 31 January 2018 the Board of Directors is comprised of the following members:

Name (person or company) of the director	Representative	Director category	Office on the Board	Date first appointed	Date last appointed	Election procedure
Mr Pablo Isla Álvarez de Tejera		Executive	Executive Chairman	9-06-2005	14-07-2015	AGM
Mr Amancio Ortega Gaona		Proprietary	Ordinary member	12-06-1985	14-07-2015	AGM
Mr José Arnau Sierra		Proprietary	Deputy Chairman	12-06-2012	18-07-2017	AGM
PONTEGADEA INVERSIONES, S.L.	Flora Pérez Marcote	Proprietary	Ordinary member	09-12-2015	19-07-2016	Board of Directors;
Bns. Denise Patricia Kingsmill		Independent	Ordinary member	19-07-2016	19-07-2016	AGM
Mr José Luis Durán Schulz		Independent	Ordinary member	14-07-2015	14-07-2015	AGM
Mr Rodrigo Echenique Gordillo		Independent	Ordinary member	15-07-2014	15-07-2014	AGM
Mr Carlos Espinosa de los Monteros Bernaldo de Quirós		Affiliate	Ordinary member	30-05-1997	15-07-2014	AGM
Mr Emilio Saracho Rodríguez de Torres		Independent	Ordinary member	13-07-2010	14-07-2015	AGM

AGM: Annual General Meeting

PROFILE OF DIRECTORS

- Mr Pablo Isla Álvarez de Tejera

He has been the Chairman of the Board of Directors since 2011. He was Deputy Chairman of the Board of Directors and CEO since 2005. He is a law graduate from Universidad Complutense de Madrid and Abogado del Estado [*State lawyer*]. From 1992 to 1996, he was Director of Legal Services at Banco Popular. He went on to be appointed General Director of State Assets at the Ministry of Economy and Finances. From July 2000 to 2005 he was Chairman of Altadis Group. Additionally, he serves on the Board of Directors of Nestlé, S.A. as non-executive director since April 2018.

Mr Isla was re-elected to the Board of Directors by the Annual General Meetings held on 13 July 2010 and 14 July 2015.

-Mr Amancio Ortega Gaona

He is the founding and controlling shareholder of Inditex. He began his textile manufacturing operations in 1963. In 1972 he founded Confecciones Goa, S.A., the first garment-making factory of Inditex, and three years later he founded Zara España, S.A., the first distribution and retailing company. Mr Ortega was re-elected to the Board of Directors by the Annual General Meetings held on 30 June 1990; 13 July 1995; 20 July 2000; 15 July 2005; 13 July 2010 and 14 July 2015.

- Mr José Arnau Sierra

He has been the Deputy Chairman of the Board of Directors since 2012. A law graduate from Universidad de Santiago de Compostela and State Tax Inspector, Mr Arnau has been the first executive of Grupo Pontegadea since 2001, member of the Board of Directors of Gartler, S.L. from 1997 until the absorption of the Company by Pontegadea Inversiones, S.L. in 2015, and a Director at this latter since its incorporation back in 2001; likewise, he has been a member of the Board of Trustees of *Fundación Amancio Ortega Gaona* since 2001. He was the director of Inditex's Tax Department and member of its Steering Committee from 1993 through 2001, and he also served on the Board of Directors of the company from 1997 through 2000. He has sat on several Boards of Directors representing Pontegadea. He was Profesor asociado [*Part-time instructor*] of Tax Law at the University of A Coruña from 1993 through 1996.

Mr Arnau was appointed to the Board of Directors in June 2012 and ratified in such office by the Annual General Meeting held on 17 July 2012. He has been re-elected to the Board of Directors by the Annual General Meeting held on 18 July 2017.

- Pontegadea Inversiones, S.L.

Pontegade Inversiones, S.L. is represented in the Board of Directors of Inditex by Ms Flora Pérez Marcote, and

directly holds 1,558,637,990 shares in the Company, which represents 50.01% in the share capital. This company was appointed to the Board of Directors in December 2015, following the merger by absorption of Gartler, S.L.

Ms. Flora Pérez Marcote is the legal representative of Pontegadea Inversiones S.L. She began her professional career at the Zara format, where she held different roles related to design and purchase of products for such company. In addition to her job at this subsidiary, she has had broad experience as company director for upwards of 15 years. Additionally, she has been Deputy Chair of the Board of Trustees of *Fundación Amancio Ortega Gaona* since October 2005 and a member of such Board since March 2003.

Pontegadea Inversiones S.L. was appointed to the Board of Directors on 9 December 2015 and ratified on 19 July 2016.

- Bns. Denise Patricia Kingsmill

She has been an independent director of Inditex S.A. since July 2016. In 2000 Baroness Kingsmill was awarded a CBE for services to Employment Law and Competition. In June 2006 she was appointed to the House of Lords as a Labour Peer. She is a Member of the Select Committee on Economic Affairs.

After a 20 year legal career she became deputy chair of the Competition Commission between 1996 and 2004.

In 2003 she was appointed Chairman of the Department of Trade and Industry's Accounting for People task force.

She has 5 honorary Doctorates from universities in the United Kingdom.

At present, Baroness Kingsmill is the Chairman of Monzo Bank, a mobile only challenger bank, a Member of the Supervisory Board of E. ON SE and member of the International Advisory Board of IESE Business School. Baroness Kingsmill has been an adviser to a number of international companies and has been a non-executive director of various British, European and American boards, including, most recently, International Consolidated Airlines Group, S.A. (IAG) and Telecom Italia.

A diverse and varied career spanning fashion and design, the law and regulation, as well as politics and people has given Baroness Kingsmill a unique perspective on the contemporary boardroom.

- Mr José Luis Durán Schulz

He has been an independent director since July 2015. He holds a degree in Economics and Management from ICADE (*Instituto Católico de Administración y Dirección de Empresas*). From 1987 through 1990, he was an auditor at Arthur Andersen. In 1991, he joined Carrefour Group, where he held the following positions: Head of Management Control (Spain, Europe and Latin America) (1991-1997); Chief Financial Officer for Spain (1997-2001); Group Chief Financial Officer (2001-2005) and Group Chief Executive Officer (2005-2008). In July 2009, he joined Maus Frères International Group, based in Switzerland,

where he held the following positions, until January 2015: Chief Executive Officer of Lacoste, Executive Chairman of Gant and Board member of Aigle, S.A. Until 4 October 2015, he has been a member of the Governance, Remuneration and Nomination Committee at Unibail-Rodamco, and member of the Board of Directors of such company. Until 30 June 2017, he has been an independent director and member of the Audit Committee of Orange. At present, he is the CEO of Value Retail Management.

- Mr Rodrigo Echenique Gordillo

He has been an independent director since July 2014. He is a graduate in Law from Universidad Complutense de Madrid and Abogado del Estado [*State lawyer*] currently on leave. From 1973 through 1976 he held several positions in the State Administration. From 1976 through 1983 he was Head of Legal Services and subsequently Deputy General Manager at Banco Exterior de España. From 1984 to 1994 he held different positions at Banco Santander, where he became a member of the Board of Directors in October 1988, being appointed at the same time Chief Executive Officer and member of the Executive Committee where he served until September 1994. From October 1994 through January 1999, he was a member of the Board of Directors, the Executive Committee and all Board Committees of Banco Santander, chairing the Audit and Control Committee, and was Deputy Chairman of Banco Santander de Negocios and Santander Investment. He serves on the Board of Directors, the Executive Committee and the Executive Committee of Risks since January 1999. He has been Deputy Chairman of Banco Banif, S.A., Chairman of Allfunds Bank, and Chairman of SPREA. He has been a member of the Board of Directors of Banco Santander International and Santander Investment. He has been Ordinary Member of the Board of Directors of different industrial and financial companies such as Ebro Azúcares y Alcoholes, S.A., Industrias Agrícolas, S.A., SABA, S.A. and Lar, S.A. From July 2001 through February 2008, he chaired the Social Advisory Board of University Carlos III of Madrid. He was also first member and subsequently Chairman of the Advisory Board of Accenture, S.A., Lucent Technologies, and Quercus y Agrolimen, S.A. He has been the Chairman of Vallehermoso, S.A., Vocento, S.A., NH Hotels Group, and Metrovacesa, S.A.

At present, he is Executive Deputy Chairman of Banco Santander and member of the Executive Committee, Chairman of Santander España and Chairman of Banco Popular.

Likewise, he is Deputy Chairman of the Chamber of Commerce of Spain. Member of the Board of Trustees of Fundación Banco Santander, of the Board of Trustees of Fundación Consejo España-EE.UU, of the Board of Trustees of Teatro Real, of the Board of Trustees of Escuela Superior de Música Reina Sofía, of Fundación Empresa y Crecimiento and of Fundación ProCNIC and CNIC.

- Mr Carlos Espinosa de los Monteros Bernaldo de Quirós

He has been a director since May 1997. He is a law and business studies graduate of ICADE, and a Commercial

Expert and State Economist. He has been the Chairman of the Board of Directors of Mercedes Benz España, Deputy Chairman of the Instituto Nacional de Industria, Chairman of the Board of Directors of Iberia and Aviaco, member of the Executive Committee of the International Air Transport Association and Chairman of the Círculo de Empresarios, of the Spanish Association of Car and Truck Manufacturers and of the International Organisation of Motor-Vehicle Manufacturers. At the present time he chairs Fraternidad-Muprespa. He has been awarded the Grandes Cruces del Mérito Civil and Mérito Aeronáutico. He was appointed Alto Comisionado del Gobierno para la Marca España [*High Commissioner for the Brand "Spain"*] in July 2012.

Mr Espinosa was appointed a Director in May 1997 and re-elected to the Board of Directors by the Annual General Meetings held on 20 July 2000, 16 July 2004, 14 July 2009 and 15 July 2014.

- Mr Emilio Saracho Rodríguez de Torres

He has been an independent director since June 2010. A Graduate in Economics from the Universidad Complutense de Madrid, he has an MBA from the University of California in Los Angeles (UCLA), awarded in 1980. He was also a Fulbright scholar. Mr Saracho began his career in 1980 in Chase Manhattan Bank, where he was responsible for operations in different sectors such as Oil and Gas, Telecommunications and Capital goods. In 1985, he took part in the launching and implementation of Banco Santander de Negocios, where he led the Investment Banking division. In 1989, he was appointed head of the Division of Large Companies of Grupo Santander and Deputy General Director. He has been a director of FISEAT, Santander de Pensiones and Santander de Leasing. In 1990, he worked for Goldman Sachs in London as co-head of Spanish and Portuguese operations. In 1995, he returned to Santander Investment as General Director in charge for the Investment Banking area worldwide. From 1996 to 1998, he was responsible for the Banking operations in Asia. Mr Saracho joined J.P. Morgan in 1998 as Chairman for Spain and Portugal and head of business for the Iberian Peninsula and member of the European Management Committee. From early 2006 through 1 January 2008, he was Chief Executive Officer of J.P. Morgan Private Bank for Europe, the Middle East and Africa, based in London. He also sat on the Operating Committee and on the European Management Committee, while chairing at the same time J.P. Morgan in Spain and Portugal. He was in charge of Investment Banking operations of J.P. Morgan for Europe, the Middle East and Africa, and sat on the Executive Committee of the Investment Bank and on the Executive Committee of JPMorgan Chase. From December 2012 through April 2015, he was Deputy CEO for EMEA. From 2015 to the end of 2016, he was Vice Chairman of JPMorgan Chase & Co and from February to June 2017, he chaired the Board of Directors of Banco Popular. At present, he holds the office of director on the Board of International Consolidated Airlines Group, S.A. (AIG)

GENERAL COUNSEL AND SECRETARY OF THE BOARD OF DIRECTORS

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

The appointment and removal of the Secretary of the Board must be approved by the Board of Directors in plenary session, following a report of the Nomination Committee. The Secretary needs not be a director.

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

GENDER DIVERSITY

Pursuant to the internal regulations covered in the Board of Directors' Regulations and in the Nomination Committee's Regulations, the Nomination Committee must set a representation target for the least represented gender on the Board of Directors and prepare guidelines on how to reach such goal and ensure that, when filling up any new vacancies and when appointing new directors, the selection process conforms to the prohibition of any manner of discrimination. Pursuant to Inditex's "Director Selection Policy", efforts will be made so that by 2020, the number of female directors sitting on the Board would represent at least 30% of the total number of members of the Board of Directors.

Additionally, pursuant to the provisions of section 529 bis 2 of the Companies Act, the Board of Directors shall ensure that gender, experiences and knowledge diversity is fostered in recruitment processes of directors, which should not suffer from any implicit bias that may entail any discrimination and particularly, that selection of female directors is fostered.

As at 31 January 2018 two female directors sat on the Board of Directors: Ms Flora Pérez Marcote (representing

Pontegadea Inversiones, S.L., non-executive proprietary director) and Bns. Denise Patricia Kingsmill (non-executive independent director); such presence represents 22.22% of the aggregate number of Directors, Inditex being in this respect above the average of IBEX35 companies.

Additionally, Bns. Denise Patricia Kingsmill is a member of the Audit and Control Committee, the Nomination Committee and the Remuneration Committee, which represents a percentage of 16.7% female directors sitting on such Board Committees.

Meanwhile, pursuant to the Code of Conduct and Responsible Practices of the Inditex Group, no one who is employed at Inditex shall be discriminated against because of their gender, and all employees shall be bound to interact with other employees, pursuant to criteria of respect, dignity and justice, taking into account the different cultural background of each individual, without allowing any manner of violence, harassment or abuse in the work place, or any manner of discrimination on account of race, religion, age, nationality, gender or any other personal or social condition beyond qualifications and capacity.

Finally, Inditex's Diversity and Inclusion Policy, approved by the Board of Directors on 12 December 2017, seeks to fully endorse the regulatory requirements, the recommendations and the best practices in the area of diversity, and to mark Inditex's commitment to diversity and multiculturalism in the working environment, in all positions and levels within the Company, including within the Board of Directors, as well as the Company's unbreakable zero tolerance policy against any kind of discrimination. The principles and action lines of the Diversity and Inclusion Policy govern all the proceedings in the area of human resources, such as, without limitation, recruitment and selection, compensation and benefits, promotions, transfers, skills enhancement, professional development and training, demotions, terminations and other, disciplinary actions.

MEMBERSHIP OF DIRECTORS ON BOARD OF DIRECTORS OF OTHER LISTED COMPANIES

The Board of Directors may not propose or appoint any persons to fill up a vacancy on the Board who already are directors in more than four listed companies other than the Company.

As at 31 January 2018, Directors who held offices in listed companies in Spain other than Inditex are shown below:

Name of the director (person or company)	Name of listed company	Office
Bns. Denise Patricia Kingsmill	E. ON. SE	Director
Mr Rodrigo Echenique Gordillo	Banco Santander	Executive Vice-Chairman of the Board of Directors
Mr Rodrigo Echenique Gordillo	Banco Santander (México)	Director
Mr Emilio Saracho Rodríguez de Torres	International Consolidated Airlines Group, S.A	Director

SELECTION, APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

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

The "Director Selection Policy" was approved by the Board of Directors in the meeting held on 9 December 2015. According to such Policy, selection processes of prospective directors shall be based upon a prior analysis of the needs of the Company and of the Board of Directors itself. Such analysis shall be carried out by the Board of Directors on the advice of the Nomination Committee.

The outcome of such prior analysis shall be recorded in an explanatory report issued by the Nomination Committee, which may be posted on the corporate website upon calling the General Meeting to which the nomination, ratification or re-election of each director is submitted.

Prospective directors of the Company shall meet the following requirements:

- Be honest, suitably qualified persons of well-known ability, competence, experience and merits.
- Be trustworthy professionals, whose conduct and career is in line with the principles laid down in the Code of Conduct and Responsible Practices and with the views and values of the Inditex Group.

Additionally, the Nomination Committee shall define the required duties and skills of candidates who have to fill each vacancy and evaluate the required time and dedication for them to effectively discharge their duties.

In the meeting held on 12 June 2017, the Nomination Committee issued a report covering Board of Directors'

needs regarding the ratification, appointment or re-election of directors. In such report, the Nomination Committee considered that, in order for the Board of Directors to duly perform its supervision duties, its members shall meet, as a whole, the following requirements:

- Have knowledge and expertise regarding the retail sector, the Company and the Group.
- Be performant in economy and finances, as well as accounting, audit and risk management matters.
- Be aware of and committed to regulatory compliance and corporate governance matters.
- Have international experience as well as experience in different geographical matters.
- Have experience in management, leadership and business

In the process for director selection, efforts shall be made so that the Board of Directors would reach an appropriate balance of profiles, knowledge, skills, careers and experiences so that multiple viewpoints are contributed to the discussion of the business transacted and the decision-making process is enriched.

Those persons who are involved in any legal grounds of disqualification to hold the office of director, or who do not meet the requirements laid down by the Company's corporate governance rules to be a director, shall not be eligible to be a director.

Namely, the Board of Directors may not propose or appoint, to fill any vacancy as director, anyone who holds the office of director at the same time in more than four listed companies other than the Company,.

The Nomination Committee shall take all necessary measures and make all appropriate enquiries to ensure that the candidates are not involved in any of the scenarios described in the foregoing paragraphs.

The Company may rely on external advisors with regard to the prior analysis of the needs of the Company, the search or assessment of potential candidates or the evaluation of their performance.

It is incumbent on the Nomination Committee to establish and ensure the effective independence of the experts referred to in the paragraph above.

Pursuant to the provisions of the Articles of Association, the Board of Directors' Regulations and the Nomination Committee's Regulations, directors shall be appointed by the General Meeting of Shareholders or by the

Board of Directors, pursuant to statute and the corporate governance regulations of the Company.

The proposals for the election, ratification or re-election of directors that the Board of Directors submits to be considered by the Annual General Meeting, and the election resolutions passed by the Board of Directors by virtue of the powers to co-opt that are legally reserved to it, must be preceded by (i) a motion made by the Nomination Committee with regard to independent directors, or by (ii) a report from the Nomination Committee regarding the remaining categories of directors. The above referred motion and report shall be prepared by the Nomination Committee and include to which category the relevant director belongs to, this classification being duly supported.

The proposals for the election of directors that the Board of Directors submits to be considered by the Annual General Meeting shall be accompanied at any rate by an explanatory report issued by the Board of Directors assessing the qualifications, experience and merits of the proposed candidate; such report shall be attached to the minute of the Annual General Meeting or of the Board of Directors itself. Additionally, with regard to the ratification or re-election of directors, the explanatory report shall assess the quality of the director's work and his dedication to office during his mandate, as well as his observance of the Company's corporate governance rules.

Where the Board of Directors departs from the motions and reports of the Nomination Committee, it must state the reasons for its actions and place them on the record.

The Board of Directors shall explain to the Annual General Meeting in charge of appointing, ratifying or re-electing directors the class of such directors, and said class shall be confirmed or, where appropriate, reviewed on an annual basis in the Annual Corporate Governance Report, after verification by the Nomination Committee.

The Nomination Committee has set a representation target for the least represented gender on the Board of Directors in addition to guidelines on how to reach a target.

At any rate, efforts shall be made to ensure that by 2020, the number of female directors would represent at least thirty percent of the aggregate number of Board members.

The Nomination Committee shall establish on an annual basis compliance with the Director Selection Policy and inform thereof the Board of Directors, which shall disclose such information in the Annual Corporate Governance Report. In this regard, the observance of the Director Selection Policy in FY17 was reviewed by the Audit and

Control Committee, this being included in the scope of the periodic evaluation of the appropriateness of the Company's corporate governance system. The findings of such Committee are included in a report issued on 11 December 2017. All of which was duly reported to the Board of Directors, in the meeting held on 12 December 2017, pursuant to the Director Selection Policy.

Considering the foregoing, the re-election of Mr José Arnau Sierra to the Board of Directors as non-executive proprietary director took place in FY17. Such re-election was based upon the prior analysis of the needs of the Company and of the Board of Directors itself, as provided in the above referred explanatory report issued by the Nomination Committee on 12 June 2017, and upon a report issued by the Board of Directors whereby certain elements were assessed, such as the quality of the director's work, his dedication to the office during his past tenure, and his observance of the Company's regulations on corporate governance.

Regarding the re-election of Mr Arnau, the Nomination Committee also considered the following issues: (i) having honest and trustworthy professionals of reputation, well-known ability and experience and merits join the Board of Directors; (ii) the fact that the balance on the Board was kept; and, (iii) Mr Arnau's contribution to the appropriate development of the Board's duties, which ultimately result in a better corporate governance practice.

All of the foregoing took place pursuant to the provisions and action lines of Inditex's Director Selection Policy.

RESIGNATION OF DIRECTORS

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

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

- a) When they reach a certain age.
- b) When they cease to hold such executive positions to which their appointment as director was associated.
- c) When they are involved in any of the grounds of incompatibility or prohibition foreseen in the Law, the Articles of Association or in the Board of Directors' Regulations, including if they suddenly come to hold the office of director in more than four listed companies other than the Company.

- d) When they are seriously admonished by the Audit and Control Committee for having breached their duties as directors.
- e) When their remaining on the Board might have an impact on the reputation or name of the Company or otherwise jeopardize the interest of the Company. For such purposes, they shall report to the Board of Directors any criminal cases in which they are accused as well as any subsequent procedural consequences.
- f) When the reasons for their appointment disappear.

For their part, proprietary directors must resign when the shareholders they represent dispose of their ownership interest in its entirety or reduce it up to a limit which requires the reduction of the number of proprietary directors.

In FY17 no vacancy has occurred on the Board of Directors, either via resignation or otherwise.

PROCEEDINGS OF THE BOARD OF DIRECTORS

QUORUM

Any Board meeting will be validly held when it is attended by at least half plus one of its members, whether in person or by proxy. Should the Board of Directors be comprised of an odd number, it will be validly held when it is attended by the whole number of directors immediately above half.

Directors shall do their best to attend the meetings of the Board of Directors, and, when they cannot do so in person, they shall endeavour to grant a proxy to another member of the Board of Directors, giving instructions as to its use and communicating the same to the Chairman of the Board of Directors. Non-executive directors may be represented exclusively by another non-executive member of the Board of Directors.

ATTENDANCE TO MEETINGS

Directors' attendance data, both in person or by proxy, to meetings held during FY2017 are shown below:

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

PASSING OF RESOLUTIONS

Except for a number of cases provided in Inditex's internal regulations, for resolutions to be passed, an absolute majority of votes for by the directors attending the meeting shall be required.

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

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

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

PROXY GRANTING

Any director can grant proxy to another director in writing to be represented, such proxy having to be granted specifically for each meeting, communicating this in writing to the Chairman. Non-executive directors may only grant proxy to other non-executive directors.

EXTERNAL ADVICE

In order to be aided in the performance of their duties, non-executive directors may request that legal, accounting, technical, financial, commercial or other experts be engaged at the Company's expense. The commissioned task must of necessity deal with particular problems of a certain importance and complexity which may arise in the performance of the office.

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

INFORMATION

The notice for the ordinary meetings of the Board of Directors shall be given at least three days in advance of the meeting, and the notice shall always include the agenda of the meeting and shall be accompanied by the duly summarized and prepared relevant information.

Likewise, Directors have the broadest powers to: obtain information on any issue of the Company (and its subsidiary companies); examine its books, registers, documents and other records of the Company's operations and inspect all its facilities, likewise it is also provided that the exercise of the powers of information shall be channeled through the Chairman, the Deputy Chairman or the Secretary of the Board of Directors, who will attend to the requests of directors by providing them with the information directly, offering appropriate spokespersons at the appropriate level in the organisation or establishing such measures so as to enable them to conduct the desired examinations and inspections *in situ*.

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

ASSESSMENT PROCEEDINGS

It is incumbent on the Nomination Committee to establish and oversee an annual programme for evaluating the performance of the Board of Directors, its Chairman, its delegated bodies and its supervisory and control committees. The assessment system in respect of the Board of Directors, its members, its committees and of the Chairman, is carried out as follows:

1. The Nomination Committee is charged with preparing an annual programme for the evaluation of the performance of the duties of the Board of Directors, the Chairman, and the Committees.
2. Based upon this annual programme, each of the committee will prepare its own report assessing its performance and that of its members. Such report shall be sent to the Board of Directors. At the same time, the Nomination Committee shall prepare a report in respect of the Board of Directors, the Chairman, the Lead Independent Director and the Secretary of the Board.

To carry out this procedure, separate questionnaires are sent to each director, as described below:

- a) An individual self-assessment questionnaire for each director, sent by the Board of Directors (through its Chairman) to all its members.
 - b) An assessment questionnaire in respect of the committees, sent by the Chair of each committee to all the members sitting on it.
 - c) An evaluation questionnaire in respect of the Board of Directors sent to all its members through the Chair of the Nomination Committee.
3. The Lead Independent Director shall be responsible for coordinating the evaluation of the Chairman.
 4. Finally, the Board of Directors shall assess the performance of the Board itself, the Directors and the Committees, based upon the reports issued by the latter, as stated in section 2 above.

It should be noted that the Company has been assisted by external consultant Spencer Stuart in the adaptation of the evaluation process and in the review of the self-assessment process in respect of the proceedings of the Board of Directors and of Directors.

The result of the assessment carried out in 2017 is very positive in respect of the assessed topics. Mention should be made, among others, of the qualifications and structure, the duties, readiness and effectiveness and the planning and organisation of the meetings of the Board of Directors, the Audit and Control Committee, the Nomination Committee and Remuneration Committee, as well as the contribution and performance of Independent Directors, and of the Executive Chairman.

RELEVANT PROCEEDINGS SUBSEQUENT TO FY2017 YEAR-END

The Board of Directors approved in the meeting held on 13 March 2018, the proposal of the Audit and Control Committee, and following a favourable report of the Nomination Committee, the appointment of Ms Paula Mouzo Lestón as new Chief Audit Officer of the Inditex Group, replacing Mr Carlos Crespo González who was in turn appointed as Chief Operating Officer.

5. BOARD OF DIRECTORS' COMMITTEES

AUDIT AND CONTROL COMMITTEE

REGULATIONS

Article 28 of the Articles of Association, section 15 of the Board of Directors' Regulations, and namely the Audit and Control Committee's Regulations approved on 14 June 2016 (hereinafter, the "Regulations"), set out the regulations governing the proceedings of the Audit and Control Committee.

The Regulations are available on the corporate website.

COMPOSICIÓN

Name	Office	Category	Appointment date
Mr José Luis Durán Schulz	Chair	Non-executive independent	14-07-2015
Bns. Denise Patricia Kingsmill	Ordinary member	Non-executive independent	19-07-2016
Mr José Arnau Sierra	Ordinary member	Non-executive proprietary	17-07-2012
Mr Rodrigo Echenique Gordillo	Ordinary Member	Non-executive independent	15-07-2014
Mr Carlos Espinosa de los Monteros Bernaldo de Quirós	Ordinary Member	Affiliate	27-10-2000
Mr Emilio Saracho Rodríguez de Torres	Ordinary Member	Non-executive independent	13-07-2010

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

The Audit and Control Committee shall be made up of a minimum of three and a maximum of seven directors appointed by the Board itself, the majority of whom must be independent directors. At present, four members of the Audit and Control Committee, entirely made up of non-executive directors, are independent, which represents 66.66% of all its members.

Members of the Committee, and namely its Chair, have knowledge, qualification and expertise in accounting, audit or risks management matters, and the required technical knowledge regarding the business sector to which the Company belongs.

The Chair of the Audit and Control Committee, who must be an independent director, shall be elected for a term that does not exceed four years and must be replaced at the expiry of the aforementioned term. He may be re-elected once a period of one year has elapsed since the date of his/her removal. Mr Durán Schulz was appointed Chair of the Audit and Control Committee on 19 July 2016.

In FY17, no member of the Audit and Control Committee has been removed, following resignation or otherwise, and no new members have been appointed.

DUTIES AND POWERS

a) Powers

Section 5 of the Regulations sets forth the mission of the Audit and Control Committee and its powers are set out in sections 6 to 15 and 27 to 30 thereof.

The Audit and Control Committee is mainly entrusted with powers regarding supervision of (i) the process to prepare the regulated financial information; (ii) the Statutory Audit; (iii) the Internal Audit, and; (iv) the internal control and risk management. Namely, it is entrusted with the following duties:

- To report to the General Meeting of Shareholders on those questions raised regarding matters within the remit of the Audit and Control Committee, and namely, regarding the result of the audit conducted, explaining that it has contributed to the integrity of the financial information, and the role played by the Audit and Control Committee in this process;
- To oversee the effectiveness of the internal control system of the Company, the internal audit and the risks management systems, including tax risks, and to review with the auditor the significant weaknesses of the internal control system revealed in the course of the audit, all of which without jeopardising its independence; for such purposes, the Committee may, if appropriate, submit recommendations or motions to the Board of Directors, with the relevant term for follow-up;
- To oversee the process for preparing and disclosing the regulated financial information regarding the Company and, as the case may be, its Group, reviewing compliance with regulatory requirements, the appropriate delimitation of the consolidation perimeter and the appropriate application of accounting criteria, and to submit recommendations or motions to the Board of Directors for the purposes of safeguarding the integrity of such information;
- To table to the Board of Directors, for the subsequent submission thereof to the General Meeting of Shareholders, the motions on recruitment, appointment,

re-election and replacement of the external auditors, taking charge of the recruitment process pursuant to the provisions of the applicable regulations, as well as the terms and conditions of the agreement to be executed with them and to regularly gather from the external auditors information about the audit plan and its performance, in addition to preserving its independence in the performance of its duties;

- To liaise with the external auditors in order to receive information on those matters that could represent a threat to its independence, so that the Committee may review them, and on any other matter related to the implementation of the audit process, and, where appropriate, the authorisation of any services other than those forbidden, pursuant to the terms of the applicable regulations, as well as on those other communications envisaged by the audit legislation and the auditing standards. At any rate, the Committee shall receive every year from the external auditors, the statement of its independence regarding the entity or those entities directly or indirectly related thereto, as well as the detailed and separate information on any additional services of any manner rendered and the relevant fees received from the above mentioned entities to the external auditors or by the persons, natural or legal related to such external auditors, pursuant to the provisions of the prevailing regulations on the audit activity;
- To issue on an annual basis, prior to the issue of the auditor's report, a report expressing an opinion on whether the independence of the auditors or audit firms has been jeopardised. Such report must address at any rate, the reasoned assessment of the provision of each and every additional service referred to in the foregoing paragraph, considered both separately and as a whole, other than the legal audit and regarding the independence system or the regulations on the audit activity;
- To advise beforehand the Board of Directors on all the topics covered by statute, the Articles of Association and the Board of Directors' Regulations, and namely, on (i) the periodic financial information that the Company must disclose on a regular basis; (ii) the creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and (iii) the transactions with related parties;

Additionally, pursuant to the provisions of section 15 of the Board of Directors' Regulations and sections 5 to 15 of the Audit and Control Committee's Regulations, the Committee shall also assume duties in the following fields:

- Corporate governance: (i) evaluate the appropriateness of the corporate governance system, and; (ii) oversee and receive information about the degree of compliance with the Internal Regulations of Conduct regarding transactions in securities (IRC) and other corporate governance rules;

- Compliance with internal regulations of the Company: (i) establish and oversee the mechanisms allowing to report any irregularity or noncompliance with internal regulations (i.e., Whistle Blowing Channel); and, (ii) receive information on a half-yearly basis on the degree of compliance with the Codes of Conduct and the proceedings of the Whistle Blowing Channel; (iii) prepare and submit the Annual Corporate Governance Report; and, (iv) oversee the proceedings and suitability of the corporate website.
- Corporate social responsibility: (i) oversee the Policy, and (ii) follow-up on its strategy and practices.
- Environmental sustainability: (i) oversee the Policy, and (ii) follow-up on its strategy and practices
- Tax issues
- Oversee the strategy and relationship processes with the different stakeholders and, namely, with shareholders and investors.

b) Main relationships of the Audit and Control Committee

A. With the General Meeting of Shareholders.

The Chair 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 statute, the Articles of Association, the Board of Directors' Regulations and of the Audit and Control Committee's Regulations.

B. With the Board of Directors.

At the beginning of each meeting of the Board of Directors, the Chair of the Audit and Control Committee appraises all Directors on the main business transacted in the last meeting of the Committee.

C. With the advisory Committees of the Board of Directors.

Directors sitting on the Audit and Control Committee also sit on the Nomination Committee and on the Remuneration Committee.

D. With the Executive Chairman and the Senior Executives.

For the purposes of permitting the Audit and Control Committee to be directly apprised of the major business concerns, the Committee encourages the appearance in its sessions of the Executive Chairman and of the executives and officers of the Company to explain their view on certain issues directly linked with the field of responsibility of the Committee and which are recurrent

Additionally, the Committee may call any employee or officer of the Company and even arrange for their attendance without any other officer being present.

E. With the General Counsel's Office.

The General Counsel and Secretary of the Board, in his capacity as Chief Compliance Officer regularly informs the Audit and Control Committee on the degree of compliance with the Internal Regulations of Conduct regarding Transactions in Securities and in general, on the degree of enforcement of the rules of the Company on corporate governance.

Additionally, the General Counsel and Secretary of the Board, in his capacity as Chair of the Committee of Ethics regularly advises the Audit and Control Committee on the enforcement of the Code of Conduct and Responsible Practices and the Code of Conduct for Manufacturers and Suppliers; the outcome of the supervision of the Manual on Criminal Risks Prevention of the Inditex Group and the proceedings undertaken to implement the Corporate Compliance system.

F. With the Internal Audit Department.

The Internal Audit Department, ensures, under the supervision of the Audit and Control Committee, the good operation of the information and internal control systems. Internal Audit is a centralized function included in the current organisational structure by means of a direct link to the Board of Directors, achieved through the functional reporting to the Chair of and the operational reporting to the Executive Chairman.

The Chief Audit Officer, being ultimately responsible for the Internal Audit function, regularly apprises the Audit and Control Committee of the annual Internal Audit work plan, as well as of the assignments carried out in the different auditing areas.

Meanwhile, the Audit and Control Committee oversees the Internal Audit Department, approving its budget, the Internal Audit Plan, the annual activities report and the resources of the Department to carry out its tasks as well as the contents of its proceedings

G. With the external auditors.

The relationship of the Board of Directors of the Company and the external auditors of the Group is channeled through the Audit and Control Committee.

Without prejudice to the annual meeting between external auditors and the Board of Directors, the former attends 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 tables to the Board of Directors, to be subsequently submitted to the Annual General Meeting, the motions on the appointment, re-election and replacement of the external auditors, the

terms for their engagement and the scope of their professional mandate.

Likewise, the Committee oversees the enforcement of the audit contract; it evaluates the results of each audit and supervises the terms and enforcement of such contracts entered into with the auditors for the performance of assignments other than those covered by the audit contract, all of which pursuant to the provisions of section 15 of the Board of Directors' Regulations and sections 7 and 30 of the Audit and Control Committee's Regulations.

H. With the external advisors.

In order to receive assistance in the performance of their duties, non-executive directors may request that legal, accounting, financial or other experts be engaged at the Company's expense. The assignment entrusted to such external advisors must necessarily address specific issues of certain weight and complexity that the above referred directors might face in the discharge of their duties.

PROCEEDINGS

The Committee shall meet, at least on a quarterly basis, for the purposes of reviewing the periodic financial information to be submitted to the market authorities as well as the information that the Board of Directors must approve and include within its annual public documentation. Likewise, it shall meet each time that its Chair calls it. The Chair must call the Audit and Control Committee whenever the Board of Directors or the Chairman thereof would request the issue of a report or the submission of motions and, at any rate, whenever it is appropriate for the successful performance of its functions.

It should be underlined that the Chair and the Secretary of the Audit and Control Committee hold a preparatory meeting with the officers of the main areas more directly related to the Committee on account of their duties, and at any rate, with the Chief Financial Officer and the Chief Audit Officer, for the purposes of reviewing and preparing the items on the scheduled Agenda. The meeting of the Audit and Control Committee is called after such preparatory meeting is held.

The deliberations and the resolutions passed by the Committee are recorded in the relevant minutes of the meeting taken by the Secretary thereof.

Members of management or staff members of the Company and its Group are bound to attend the meetings of the Audit and Control Committee and provide its members with assistance and access to the information they may have, upon request of the Committee. Likewise, the Committee may also request the presence at its meetings of the Company's auditors.

With regard to the foregoing, two Committees exist within the Company which in turn regularly report to the Audit and Control Committee:

- The Compliance Committee: composed of the Executive Chairman of the Company, who chairs it; the General Counsel and Secretary of the Board who is, in turn, the Chief Compliance Officer; the Chief Financial Officer; the Capital Markets Director and the Chief Human Resources Officer.

The Compliance Committee is charged with promoting knowledge and ensuring compliance with the Internal Regulations of Conduct regarding Transactions in Securities of Inditex and its corporate Group (the "IRC").

- The Committee of Ethics: composed of the General Counsel and Chief Compliance Officer, who chairs it; the Chief Audit Officer; the Chief Human Resources Officer and the Chief Sustainability Officer

The Committee of Ethics ensures compliance with the Code of Conduct and Responsible Practices and with the Code of Conduct for Manufacturers and Suppliers of the Inditex Group.

The Audit and Control Committee may seek external advice for a better discharge of its functions.

ACTIVITIES OF THE AUDIT AND CONTROL COMMITTEE

a) Meetings held, business transacted, reports and attendees

The Audit and Control Committee held 5 meetings during financial year 2017.

The level of attendance of its members, whether in person, or by proxy, to the meetings held by the Audit and Control Committee during financial year 2017 stands at 100%.

The average duration of each meeting has been of approximately three hours.

The schedule of the meetings held and business transacted by the Audit and Control Committee between 1 February 2017 and 31 January 2018 is provided below:

Date of meeting	Main business transacted	Reports and Motions tabled to the Board of Directors	Inditex's attendees
13/03/2017	<ul style="list-style-type: none"> - Review of the financial statements of the Company. Review of the annual financial report to be disclosed by the Board of Directors to the market. - Meeting with the external auditors of the Company. - Motion regarding the appointment/ re-election of statutory auditors. - Report on the Independence of auditors. - Internal Audit issues: <ul style="list-style-type: none"> · External Audit: 2016 fees and 2017 budget. · 2016 Internal Audit activities report. · 2017 Internal Audit Plan and budget. · 4Q2016 assignments. - Report on related-party transactions. - 2016 Annual Corporate Governance Report. - Annual report of the Committee of Ethics: summary of proceedings and implementation of the Corporate Compliance Programme of the Inditex Group. - Report on tax policies followed in the financial year (Code of Good Tax Practices). - Half-yearly report (August 2016 - January 2017) of the Compliance Supervisory Board. - Report on treasury stock. - Provision by external auditors of additional non-audit services. 	<ul style="list-style-type: none"> - Annual financial information (FY 2016). - Final findings 2016 Audit. - Report on the re-election of auditors. - Report on the independence of external auditors. - Reports of the IA Department: <ul style="list-style-type: none"> · External Audit: 2016 fees and budget · 2016 Annual Activities Report of Internal Audit. · 2017 Internal Audit Plan and Budget. - Report on assignments carried out during 4Q2016. - Report on related-party transactions. - 2016 Annual Corporate Governance Report. - Annual report of the Committee of Ethics on the enforcement of the regulations on the Corporate Compliance System of the Inditex Group, and on the proceedings of the Committee. - Report on tax policy for 2017. - Half-yearly report (August 2016 - January 2017) of the Compliance Supervisory Board (CSB). - Report on treasury stock. - List of non-audit services. 	<ul style="list-style-type: none"> - Mr Pablo Isla Álvarez de Tejera, Executive Chairman. - Mr Ignacio Fernández Fernández, Chief Financial Officer. - Mr. Carlos Crespo González, Chief Audit Officer. - Mr Antonio Abril Abadín, General Counsel and Secretary of the Board. - Mr Santiago Martínez-Lage Sobredo, Deputy-Secretary of the Board. - Ms Paula Mouzo Lestón, Deputy Chief Audit Officer. - Ms Piedad Barco Gurrea, Secretary of the Committee of Ethics. - Mr Andrés Sánchez Iglesias, Head of the Tax Department. - Mr Marcos López García, Capital Markets Directo.

Date of meeting	Main business transacted	Reports and Motions tabled to the Board of Directors	Inditex's attendees
12/06/2017	<ul style="list-style-type: none"> - Review of the periodic financial information that the Board of Directors must provide to the market and its supervisory bodies. - Internal Audit: analytical review 1Q2017 results. - Review of external audit topics. - Reorganisation of online sales companies. - Cybersecurity - Compliance: <ul style="list-style-type: none"> · Report on the Criminal Risk Prevention Model. · Observance of new local requirements on Compliance, namely, report on compliance with the UK "Modern Slavery Act." - Internal Audit: work done during 1Q2017. - Statement of the Annual Report (Integrated Report). - Annual Report on the Proceedings of the Audit and Control Committee. - Provision by the external auditors of non-audit services. 	<ul style="list-style-type: none"> - Financial information for 1Q2017. - Report on the 1Q2017 results by the IA Department. - Report of the Tax Department on the Reorganisation of the online sales companies. - Report of the IT Division. - Report of the Committee of Ethics on the Model of Criminal Risk Prevention of the Inditex Group. - Inditex Group Modern Slavery and Human Trafficking Statement FY2016. - Report on the work done by the IA Department during the first quarter of FY2017. - Annual Report. - Annual Report on the Proceedings of the Audit and Control Committee for FY2016. - Provision of non-audit services. 	<ul style="list-style-type: none"> - Mr Pablo Isla Álvarez de Tejera, Executive Chairman. - Mr Ignacio Fernández Fernández, Chief Financial Officer. - Mr Carlos Crespo González, Chief Audit Officer. - Mr. Andrés Sánchez Iglesias Head of the Tax Department. - Mr Antonio Abril Abadín, General Counsel and Secretary of the Board. - Mr Gabriel Moneo Marina, Chief IT Officer. - Mr Raúl Amigorena Eguiluz, Head of IT Security. - Mr Santiago Martínez-Lage Sobredo, Deputy Secretary of the Board. - Ms Piedad Barco Gurrea, Chief Compliance Officer for Europe. - Ms Paula Mouzo Lestón, Deputy Chief Audit Officer. - Mr Manuel Alonso Vila and Ms Ana Díaz Ibarra, members of the IA Department.
18/09/2017	<ul style="list-style-type: none"> - Review of the periodic financial information that the Board of Directors must provide to the markets and its supervisory boards. - Meeting with the external auditors: - Limited review report on 1H2017 results. - Internal Audit: - Work done during 2Q2017. - Compliance area: <ul style="list-style-type: none"> · Report on the implementation status of the Corporate Compliance Programme of the Inditex Group. · Report of the Committee of Ethics: summary of proceedings. · Half-yearly report (February - July 2017) of the Compliance Supervisory Board (CCSB). · Integrity Policies: Policy on dealings with public servants; Policy on gifts and business courtesies, and Policy on donations and sponsorships. - Risks Map: 2017 update. - Report on the appointment of the Data Protection Officer. - Related-party transactions. - Provision by the external auditor of non-audit services. - Inclusion of non-audit services provided to Pontegadea Inversiones, S.L. - Agreements executed with the Inditex Group. 	<ul style="list-style-type: none"> - Financial information 1H2017. - Report issued by external auditors on the review of the 1H2017. - Report on the work done by IA Department during 2Q2017. - Report of the Committee of Ethics on the enforcement of the regulations on Corporate Compliance System of the Inditex Group. - Report on the proceedings of the Committee of Ethics for 1H2017. - Half-yearly report (February - July 2017) of the Compliance Supervisory Board (CSB). - Policy on Donations and Sponsorships. - Policy on Gifts and Business Courtesies. - Policy on Dealings with Public Servants. - Risks Map. - Information regarding the appointment of the Data Protection Officer. - Information on related-party transactions. - List of non-audit services -. 	<ul style="list-style-type: none"> - Mr Pablo Isla Álvarez de Tejera, Executive Chairman. - Mr Ignacio Fernández Fernández, Chief Financial Officer. - Mr Carlos Crespo González, Chief Audit Officer. - Mr Antonio Abril Abadín, General Counsel and Secretary of the Board. - Ms Paula Mouzo Lestón, Deputy Chief Audit Officer. - Ms Piedad Barco Gurrea, Chief Compliance Officer for Europe. - Mr Juan Villar de la Riera, Head of Compliance at HQ, and for South-Africa and Oceania. - Ms Isabel Gómez-Cuétara Martínez, Head of Corporate Governance. - Ms Martina Fernández Porto Head of the ERM Department. - Mr Antonio Trillo Prego, Head of the PDC Department. - Ms Cristina Sánchez-Tembleque, corporate Data Protection Officer.

Date of meeting	Main business transacted	Reports and Motions tabled to the Board of Directors	Inditex's attendees
14/11/2017	<ul style="list-style-type: none"> - Business Plan 2018-2020. 	<ul style="list-style-type: none"> - Business Plan 2018-2020. 	<ul style="list-style-type: none"> - Mr Pablo Isla Álvarez de Tejera, Executive Chairman. - Mr Ignacio Fernández Fernández, Chief Financial Officer. - Mr José María Álvarez Gallego, Head of Corporate Development. - Mr Javier Losada Montero, Head of Planning and Management Control.
11/12/2017	<ul style="list-style-type: none"> - Review of the periodic financial information that the Board of Directors must provide to the market and its supervisory bodies. - External Audit: 2018 Audit Plan. - Internal Audit: <ul style="list-style-type: none"> a. Analytical review of the 3Q2017 results. b. Work done in 3Q2017. - Compliance. <ul style="list-style-type: none"> a. Report on the degree of implementation of the Inditex's Group Corporate Compliance System. b. New internal regulations: (i) Code of Conduct and Responsible Practices for the USA; and (ii) Diversity and Inclusion Policy. c. Evaluation of the appropriateness of the corporate governance system. - New regulations on the mandatory disclosure of nonfinancial information and diversity (RD-Ley 18/2017) of 24 November. - Divestment of real estate assets. - IP Litigation. - New EU Regulations on Data Protection (GDPR). - IT Division: Follow-up on the projects of the systems area. - Report on the evaluation of the Committee and the performance of its members. - Schedule of dates and business to be transacted by Inditex's Board of Directors in FY2018. - Provision by external auditors of non-audit services. 	<ul style="list-style-type: none"> - Financial information 3Q2017. - 2018 Audit Plan. - Report of the IA Department on the 3Q2017 results. - Report on the work done in 3Q2017 by the IA Department. - Code of Conduct and Responsible Practices for the USA. - Diversity and Inclusion Policy. - Report on the evaluation of the appropriateness of the corporate governance system. - Legal report on a sale of real estate transaction. - Report on litigation and other responsibilities of the Legal Area of the IP Department. - Report of the IT Division. - Report on the evaluation of the Audit and Control Committee and the performance of its members. - Schedule of dates and business to be transacted by Inditex's Board of Directors in FY2018. - List of non-audit services. 	<ul style="list-style-type: none"> - Mr Pablo Isla Álvarez de Tejera, Executive Chairman. - Mr Antonio Abril Abadín, General Counsel and Secretary of the Board. - Mr Ignacio Fernández Fernández, Chief Financial Officer. - Mr Carlos Crespo González, Chief Audit Officer. - Ms Paula Mouzo Lestón, Deputy Chief Audit Officer. - Mr Manuel Alonso, member of the IA Department. - Mr Javier Monteoliva Díaz, Head of the Legal Department. - Ms Susana Fernández Martín, Head of the IP Department. - Mr Antonio Trillo Prego, head of the PDC. - Ms Cristina Sánchez-Tembleque, Head of the corporate Data Protection area and Data Protection Officer. - Mr Gabriel Moneo Marina, Chief IT Officer. - Mr Raúl Amigorena Eguiluz, Head of IT Security.

b) Main action lines

During financial year 2017, the main action lines of the Audit and Control Committee have focused on the following:

A. Periodic financial information, annual accounts and audit report

The Audit and Control Committee reviews the economic and financial information of Inditex prior to the approval thereof by the Board of Directors.

To this end, before drafting the quarterly, half-yearly or annual financial statements, the Audit and Control

Committee also meets with the Management of the Company to review the application of the accounting principles, the estimates made while preparing the financial statements, etc.,

Likewise, the Committee meets with the external auditors in order to review the financial statements of the Company and certain periodic financial information, ensuring that the legal requirements are met and that the generally accepted accounting standards are correctly applied.

The Audit and Control Committee reviewed on 13 March 2017 the results for FY2016. It reviewed FY2017 quarterly results and the pertaining Results Releases and Press

Releases in the meetings held on 12 June (1Q), 18 September (1H) and 11 December (3Q). Such results – and the respective Results Releases and Press Releases – were provided by the Board of Directors to the market and its supervisory boards on a quarterly basis pursuant to the Period Public Information (PPI) format.

Likewise, the annual accounts and management reports, both individual and consolidated, and the Audit Report, all of them for FY2016, were also reviewed. The Committee verified that an unqualified Audit Report was issued. Additionally, the Committee has overseen the Internal Control System on Financial Reporting (ICFR), which is addressed in section F of the Annual Corporate Governance Report for FY2016 approved on 13 March 2017.

B. Effectiveness and independence of statutory auditors

The audit conducted during FY2016 was reviewed at the meeting of the Audit and Control Committee held on 13 March 2017, with the attendance of the external auditors who had been previously called to attend.

The work done by external auditors consisted of auditing the consolidated financial statements of the Group as at 31 January 2017 and auditing of the individual financial statements of certain Group companies, also as at 31 January 2017. Likewise, they issued a limited review report on the financial statements.

Additionally, the main issues, classified in international, domestic, accounting issues and other less relevant ones, were reviewed.

Pursuant to the Procedure to Contract an Auditor for the Provision of Non-Audit Services, approved by the Committee in the meeting held on 18 July 2016, the Audit and Control Committee has assessed and approved in all the meetings held in FY17 the engagement by the Company and Group entities of non-audit services from external auditors.

The Audit and Control Committee approved on 13 March 2017 the report on the independence of the external auditors of the Company for FY2016, which also addressed the provision of additional non-audit services.

Pursuant to Recommendation 6 of the Good Governance Code of Listed Companies, such report was made available to the shareholders on the corporate website (www.inditex.com) upon posting the notice calling the Annual General Meeting.

C. Internal Audit

The Chief Audit Officer and the Deputy Chief Audit Officer attended the meetings of the Audit and Control Committee held in FY2017 and took an active part therein, in the performance of support and advice functions.

Different issues within the Committee's remit were addressed in such meetings and the Committee oversaw the work plan of the Internal Audit Department, and approved its budget and its activities report in the meeting held on 13 March 2018.

D. External auditors

Members of the Audit and Control Committee met with the external auditors in the meetings held on 13 March, 12 June and 18 September 2017, without any member of the management being present, to deal with different issues within its remit.

Moreover, external auditors attended the meeting of such Committee held on 11 December 2017, especially invited to do so by the Audit and Control Committee, to address the audit plan for FY2018.

E. Risks Map

The Audit and Control Committee gave a favourable report to the updated 2017 Risks Map in the meeting held on 18 September 2017.

F. Annual Corporate Governance Report

The Audit and Control Committee approved on 13 March 2017 the Annual Corporate Governance Report for FY2016, drafted as regards its format, contents and structure, in accordance with the provisions of Circular 7/2015 of 22 December of CNMV. The ACGR was submitted by the Committee to the Board of Directors which approved it on 14 March 2017, and subsequently sent to the CNMV as a relevant fact. The Annual Corporate Governance Report is available on CNMV website (www.cnmv.es).

G. Inditex's Annual Report

The Committee issued a favourable report on the Annual Report for FY2016 in the meeting held on 12 June 2017. Information on the activities of Inditex and its Group of companies over the last years, and namely during FY2016 with regard to three areas: financial, social and environmental, was provided in such Annual Report.

The Annual Report has been prepared taking into account the principles established in the G4 Guide to Sustainability Reporting of the Global Reporting Initiative (GRI), the principles established in the International Integrated Reporting Framework, and AA1000 Accountability Principles Standard 2008 (AA1000APS), and has been verified by SGS ICS Ibérica, SA in accordance with ISO 19001. The results of this verification demonstrate that the application level (In Accordance – Exhaustive) declared for the GRI Guide (G4) is appropriate. Equally, a selection of relevant indicators was reviewed by KPMG Asesores in accordance with standard ISAE 3000.

H. Review of the reports of the Committee of Ethics.

The Audit and Control Committee reviewed and approved the Annual Report of the Committee of Ethics for FY2016 in the meeting held on 13 March 2017, and the Half-yearly report of the Committee of Ethics for the first half of FY2017 in the meeting held on 18 September 2017. Likewise, in the meeting held on 12 September 2017, the Audit and Control Committee acknowledged the Report on the Model of Criminal Risk Prevention issued and approved by the Committee of Ethics on 2 June 2017.

The issues reviewed in such reports include, without limitation, the enforcement of the Code of Conduct and Responsible Practices and of the Code of Conduct for Manufacturers and Suppliers, with a detail of the cases seen by the Committee of Ethics, the proceedings and the resolutions adopted by such Committee; the results of the supervision of the Manual on Criminal Risks Prevention of the Inditex Group, and the proceedings to implement the Corporate Compliance System at domestic and international level (disclosure and communication of the Corporate Compliance System, proceedings related to the acceptance of the Code of Conduct and Responsible Practices, and training in the area of Corporate Compliance System).

Additionally, the Audit and Control Committee followed-up on the progress of the degree of implementation of the Inditex Group's Model of Corporate Compliance, in the meetings held on 12 June and 11 December 2017.

I. Review of the reports of the Compliance Supervisory Board and the Office of the Chief Compliance Officer

The Audit and Control Committee reviewed in the meetings held on 13 March and 18 September 2017 the quarterly reports prepared by the Office of the Chief Compliance Officer in respect of the enforcement of the Internal Regulations of Conduct regarding Transactions in Securities, and the half-yearly reports issued by the Compliance Supervisory Board in respect of measures taken to promote knowledge and ensure compliance with the provisions of the IRC.

J. Evaluation of the appropriateness of the corporate governance system

In the meeting held on 11 December 2017, the Audit and Control Committee appreciated that the Company's corporate governance system is appropriate, as it considers that it meets its purpose of promoting corporate interests taking into account the lawful interests of the different stakeholders.

K. Corporate Policies

In the meeting held on 18 September 2017, the Audit and Control Committee gave a favourable report to the so

called Integrity Policies of the Inditex Group, composed of: (i) the Policy on Gifts and Business Courtesies; (ii) the Policy on Donations and Sponsorships; and, (iii) the Policy on Dealings with Public Servants. Such Policies were subsequently approved by the Board of Directors on 19 September 2017.

In the meeting held on 11 December 2017, the Audit and Control Committee gave a favourable report to the Diversity and Inclusion Policy of the Inditex Group, which was subsequently approved by the Board of Directors. Likewise, in such meeting, the Audit and Control Committee gave a favourable report to the Code of Conduct for the US and Puerto Rico, that seeks to bring Inditex's corporate conduct policies into line with the regulations and best practices existing in the field in the US. Such Code is inspired by the Code of Conduct and Responsible Practices and implements certain elements thereof.

L. Related-party transactions

In the meeting held on 13 March 2017, the Audit and Control Committee issued and approved the report on related-party transactions carried out by the Inditex Group throughout FY2016.

Pursuant to the provisions of Recommendation 6 of the Good Governance Code of Listed Companies, such report was made available to the shareholders on the corporate website (www.inditex.com) upon posting the notice calling the Annual General Meeting.

M. Report on its activities

The Audit and Control Committee issued the annual report on its activities on 13 June 2017. It was published in the 2016 Annual Report and is available on www.inditex.com.

N. Report on tax policies

Pursuant to the provisions of the Company's tax policy, the Audit and Control Committee acknowledged in the meeting held on 13 March 2017 the tax policies followed throughout FY2016.

For all relevant purposes and pursuant to the provisions of section 229 of the Companies Act, as amended by Act 3/2014 of 3 December for the purposes of improving corporate governance, directors have not disclosed any direct or indirect conflict of interests between their interest or those of any person related to them and the interest of the controlling company. Consequently, despite the fact that this power corresponds to the Audit and Control Committee, this issue has not been included as an item on the agenda of the different meetings held during the year.

ANNUAL REPORT ON THE PROCEEDINGS AND ACTIVITIES OF THE AUDIT AND CONTROL COMMITTEE

The Audit and Control Committee issues on an annual basis a report on its activities during the year. Such report is available on www.inditex.com.

NOMINATION COMMITTEE

REGULATIONS

Article 29 of the Articles of Association, section 16 of the Board of Directors' Regulations, and namely the Nomination Committee's Regulations approved on 9 June 2015, set out the regulations governing the proceedings of the Nomination Committee. The Nomination Committee's Regulations are available on the corporate website.

COMPOSITION

Name	Office	Category	Date of appointment
Mr Emilio Saracho Rodríguez de Torres	Chair	Non-executive independent	14-07-2015
Bns. Denise Patricia Kingsmill	Ordinary member	Non-executive independent	19-07-2016
Mr José Luis Durán Schulz	Ordinary member	Non-executive independent	14-07-2015
Mr José Arnau Sierra	Ordinary member	Non-executive proprietary	14-07-2015
Mr Rodrigo Echenique Gordillo	Ordinary Member	Non-executive independent	14-07-2015
Mr Carlos Espinosa de los Monteros Bernaldo de Quirós	Ordinary Member	Affiliate	14-07-2015

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

The Nomination Committee shall be made up of a minimum of three and a maximum of seven non-executive directors appointed by the Board of Directors, the majority of whom must be independent directors. At present, four of the directors sitting on the Nomination Committee are independent, which represents 66.66% of all its members.

The Chair of the Nomination Committee, who must be an independent director, shall be elected for a term that does not exceed four years and must be replaced at the expiry of the aforementioned term. He may be re-elected once a period of one year has elapsed since

the date of his/her removal. Mr Saracho was appointed Chair of the Nomination Committee on 14 July 2015.

In FY17, no member of the Nomination Committee has been removed, following resignation or otherwise, nor any new member has been appointed.

DUTIES AND POWERS

a) Powers

Section 5 of the above referred Nomination Committee's Regulations sets forth the mission of the Nomination Committee and its powers are set out in sections 6 to 9 thereof. Namely:

- To evaluate the responsibilities, knowledge and experience required of the Board of Directors. For such purposes, it shall define the functions and qualifications required of candidates who must fill each vacancy, and evaluate the time and contribution required for them to effectively discharge their duties;
- To set a representation target for the least represented gender on the Board of Directors and to provide guidance on how to reach such target;
- To ensure that upon filling new vacancies or appointing new directors, selection procedures ensure the nonexistence of any manner of discrimination;
- To table to the Board of Directors the motions on the election of independent directors to be appointed through the co-option procedure, or to be submitted to the General Meeting of Shareholders, as well as the motion for the re-election or removal of said directors by the General Meeting of Shareholders;
- To issue a report regarding the motions to elect the remaining directors prior to their appointment through the co-option procedure or to be submitted to the General Meeting of Shareholders, as well as the motions for their re-election or removal by the General Meeting of Shareholder;
- To issue a report regarding the motions to appoint and to remove senior executives.
- To review and arrange for the succession of the Chairman of the Board of Directors and of the chief executive of the Company and, where appropriate, to raise motions to the Board of Directors in order for such succession to take place in an orderly and planned manner.

b) Main relationships of the Nomination Committee

A. With the Board of Directors

At the beginning of each meeting of the Board of Directors, the Chair of the Nomination Committee reports

on the main business transacted in the last meeting of the Committee.

B. With the advisory Committees of the Board of Directors

Directors sitting on the Nomination Committee also sit on the Audit and Control Committee and on the Remuneration Committee.

C. With the Executive Chairman and with Senior Executives

For the purposes of allowing the Nomination Committee to be directly apprised of the major business concerns, the Committee encourages the presence in its meetings of the Executive Chairman and of the different officers and supervisors of the business areas of the Company, so that they would explain their view on certain issues directly linked to the remit of the Committee and which are recurrent in its meetings.

D. With the Lead Independent Director

Mr Rodrigo Echenique Gordillo, the Lead Independent Director is also a member of the Nomination Committee.

E. With the Human Resources Department

In order to keep the Nomination Committee duly and permanently informed, the Human Resources Department regularly apprises the Committee of the changes, if any, in the global talent management and career development programmes, and of the succession plans.

F. With the external advisors

In order to receive assistance in the performance of their duties, non-executive directors may request that legal, accounting, financial or other experts be engaged at the Company's expenses. The assignment entrusted to such external advisors must necessarily address specific issues of certain weight and complexity that the above referred directors might face in the discharge of their duties.

During FY2017, the Committee has been advised by the firm Spencer Stuart, an independent external consultant, which has assisted it with the evaluation of the Board of Directors, its members and its Committees.

in any case, whenever this is suitable for the successful performance of its functions.

Ordinary meetings shall be called by letter, fax, telegram or e-mail and the call shall be authorised by the signature of the Chair. A valid quorum for Committee meetings shall be established when at least half plus one of its members, present or represented, are in attendance. The Committee may also pass resolutions in writing, without holding a meeting, pursuant to statutory provisions.

The deliberations and the resolutions passed by the Committee are recorded in the relevant minutes of the meeting taken by the Secretary thereof.

ACTIVITIES OF THE NOMINATION COMMITTEE

a) Meetings held, business transacted, reports and attendees

The Nomination Committee held 4 meetings during financial year 2017.

The level of attendance of its members, whether in person, or by proxy, to the meetings held by Nomination Committee during financial year 2017 stands at 100%.

The average duration of each meeting has been of approximately two hours.

The schedule of the meetings held and business transacted by the Nomination Committee between 1 February 2017 and 31 January 2018 is provided below:

PROCEEDINGS

The Nomination Committee shall meet at least once a year, and each time that its Chair calls it. The Chair of the Nomination Committee shall call it each time that the Board of Directors or the Chairman thereof requests the issuing of a report or the adoption of proposals and

Date of meeting	Main business transacted	Reports and Motions tabled to the Board of Directors	Inditex's attendees
12/06/2017	<ul style="list-style-type: none"> - Explanatory report of the prior analysis of the needs of the Board of Directors for the purposes of the re-election or appointment of directors and on the motion to re-elect Mr José Arnau Sierra as proprietary director. - Annual Report on the Proceedings of the Nomination Committee. 	<ul style="list-style-type: none"> - Explanatory report of the prior analysis of the needs of the Board of Directors for the purposes of re-election or appointment of directors. - Report on the re-election of Mr José Arnau Sierra as proprietary director. - Annual Report on the Proceedings of the Nomination Committee. 	<ul style="list-style-type: none"> - Mr Antonio Abril Abadín, General Counsel and Secretary of the Board
18/07/2017	<ul style="list-style-type: none"> - Report on the re-election of member and Deputy Chairman of the Executive Committee. 	<ul style="list-style-type: none"> - Report on the re-election of member and Deputy Chairman of the Executive Committee. 	<ul style="list-style-type: none"> - Mr Antonio Abril Abadín, General Counsel and Secretary of the Board
19/09/2017	<ul style="list-style-type: none"> - Supervision of the annual programme for the evaluation of the performance of the Board of Directors and its Chairman, the Directors and its advisory and control committees. 	<ul style="list-style-type: none"> - Annual programme for the evaluation of the performance of the Board of Directors and its Chairman, the directors and its advisory and control committees. 	<ul style="list-style-type: none"> - Mr Antonio Abril Abadín, General Counsel and Secretary of the Board
12/12/2017	<ul style="list-style-type: none"> - Report on the evaluation of the proceedings of the Board of Directors, the directors, the Nomination Committee and the performance of its members and of the Executive Chairman. 	<ul style="list-style-type: none"> - Report on the evaluation of the proceedings of the Board of Directors, the directors, the Nomination Committee and the performance of its members, the Executive Chairman, the Lead Independent Director and the Secretary of the Board of Directors. 	<ul style="list-style-type: none"> - Mr Antonio Abril Abadín, General Counsel and Secretary of the Board

b) Main action lines

During FY2017, the most relevant proceedings of the Nomination Committee have focused on the following:

A. Appointments

In the meeting held on 12 June 2017, the Committee gave a favourable report to the motion to re-elect Mr José Arnau Sierra as non-executive proprietary director, which was subsequently submitted by the Board of Directors to the Annual General Meeting.

Likewise, during the meeting held on 18 July 2017, the Nomination Committee gave a favourable report to the motion to re-elect Mr José Arnau Sierra as member and Deputy Chairman of the Executive Committee.

Prior to such re-election, the Committee had approved an explanatory report on the prior analysis of the Board's needs for the purposes of re-election or appointment of directors.

The pertaining reports issued by the Nomination Committee were made available to the shareholders on the corporate website (www.inditex.com) from the date of the notice calling the Annual General Meeting.

B. Evaluation

Pursuant to the provisions of the Board of Directors' Regulations and the Nomination Committee's Regulations, and in line with the recommendations of the Good Governance Code of Listed Companies, approved

by CNMV and with the Programme approved on 2 December 2015, the Nomination Committee proposed in the meeting held on 19 September 2017 the supervision of the "Programme for evaluating the performance of the Board of Directors, the Directors, the Committees and the Executive Chairman", to be tabled to the Board. Such programme covers the establishment and annual supervision of the evaluation of the performance of the delegated bodies and the supervision and control committees of the Board of Directors.

Likewise, in accordance with Inditex's internal regulations and with best practices in the field of corporate governance, the Nomination Committee approved in the meeting held on 11 December 2017 the report on the evaluation of the proceedings of the Board of Directors, the Directors, the Nomination Committee and on the performance of its members, the Executive Chairman, the Lead Independent Director and the Secretary of the Board. This report was subsequently approved by the Board of Directors in the meeting held on 12 December 2017.

The outcome of the evaluation conducted during FY2017 has been very positive as regards the issues assessed, including the qualification and structure, the duties, the effectiveness and the proceedings, planning and organisation of the meetings of the Board of Directors, the Audit and Control Committee, the Nomination Committee, the Remuneration Committee, as well as the contributions and performance of the Directors, the Executive Chairman, the Lead Independent Directors and the Secretary of the Board.

ANNUAL REPORT ON THE PROCEEDINGS AND ACTIVITIES OF THE NOMINATION COMMITTEE

The Nomination Committee issues on an annual basis a report on its activities during the year. Such report is available on www.inditex.com.

REMUNERATION COMMITTEE

REGULATIONS

Article 30 of the Articles of Association, section 17 of the Board of Directors' Regulations, and namely the Remuneration Committee's Regulations approved on 9 June 2015 set out the regulations governing the proceedings of the Remuneration Committee. The Remuneration Committee's Regulations are available on the corporate website.

COMPOSITION

Name	Office	Category	Date of appointment
Mr Rodrigo Echenique Gordillo	Chair	Non-executive independent	14-07-2015
Mr Emilio Saracho Rodríguez de Torres	Ordinary member	Non-executive independent	14-07-2015
Bns. Denise Patricia Kingsmill	Ordinary member	Non-executive independent	19-07-2016
Mr José Luis Durán Schulz	Ordinary member	Non-executive independent	14-07-2015
Mr José Arnau Sierra	Ordinary member	Non-executive proprietary	14-07-2015
Mr Carlos Espinosa de los Monteros Bernaldo de Quirós	Ordinary Member	Affiliate	14-07-2015

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

The Remuneration Committee shall be made up of a minimum of three and a maximum of seven non-executive directors appointed by the Board of Directors, the majority of whom must be independent directors. At present, four directors sitting on the Remuneration Committee, entirely made up of non-executive directors, are independent, which represents 66.66% of all its members.

The Chair of the Remuneration Committee, who must be an independent director, shall be elected for a term that does not exceed four years and must be replaced at

the expiry of the aforementioned term. He may be re-elected once a period of one year has elapsed since the date of his/her removal. Mr Echenique was appointed Chair of the Remuneration Committee on 14 July 2015. He had previously chaired the defunct Nomination and Remuneration Committee since 15 July 2014.

In FY17, no member of the Remuneration Committee has been removed, following resignation or otherwise, nor any new member has been appointed

DUTIES AND POWERS

a) Powers

Section 5 of the Regulations sets forth the mission of the Remuneration Committee and its powers are set out in section 6 thereof. Namely:

- To propose to the Board of Directors the remuneration policy for directors and general managers or those who carry out senior management duties directly reporting to the Board, the executive committees or the chief executive officers.
- To propose to the Board of Directors the individual remuneration and the remaining terms and conditions of the employment agreements of executive directors, ensuring that they are observed.
- To propose the basic terms and conditions of the contracts with senior executives, including their remuneration and severance pay, where appropriate.
- To propose to the Board of Directors the system and amount of annual remunerations of directors and the individual remuneration of executive directors and the remaining essential terms of their agreements, including any eventual compensation or indemnity which might be determined in case of removal, pursuant to the provisions of the corporate governance system and of the remuneration policy of directors approved by the General Meeting of Shareholders.
- To prepare and submit to the Board of Directors for approval, the Annual Report on Remuneration of Directors and verify the information on remuneration of directors and senior executives included in the corporate documents.
- To verify that the remuneration policy fixed by the Company is observed.
- To ensure that no eventual conflict of interest situation would affect the independence of the external advice given to the Committee.
- To propose to the Board of Directors the cancellation of payment or, if appropriate, the refund of variable

items which make up the remuneration of directors based upon results, where such items have been paid on the basis of information later shown clearly to be inaccurate; likewise, to propose the termination of the relation with the relevant supervisor(s) and the filing of the relevant claims.

b) Main relationships of the Remuneration Committee

A. With the Board of Directors

At the beginning of each meeting of the Board of Directors, the Chair of the Remuneration Committee appraises all Directors on the main business transacted in the last meeting of the Committee.

B. With the advisory Committees of the Board of Directors

Directors sitting on the Remuneration Committee also sit on the Audit and Control Committee and on the Nomination Committee.

C. With the Executive Chairman and with Senior Executives

For the purposes of allowing the Remuneration Committee to be directly apprised of the major business concerns, the Committee encourages the presence in its meetings of the Executive Chairman and of the different officers and supervisors of the business areas of the Company, so that they would explain their view on certain issues directly linked with the remit of the Committee and which are recurrent in its meetings.

D. With the Lead Independent Director

Mr Rodrigo Echenique Gordillo, Lead Independent Director, is the Chair of the Remuneration Committee.

E. With the Human Resources Department

In order to keep the Remuneration Committee duly and permanently informed, the Human Resources Department regularly appraises the Committee of the changes, if any, in the global pay systems, researches on the salary market of Senior Executives, annual pay review and review of the guidelines on salary increase per country, overview of annual increases carried out and global talent management programmes.

F. With the external advisors

In order to receive assistance in the performance of their duties, non-executive directors may request that legal, accounting, financial or other experts be engaged at the Company's expense. The assignment entrusted to such external advisors must necessarily address specific issues of certain weight and complexity that the above referred directors might face in the discharge of their duties.

During FY2017, the Committee has been advised by Willis Towers Watson, an independent consultant, regarding the preparation of the Annual Report on the Remuneration of Directors for FY2016.

PROCEEDINGS

The Remuneration Committee shall meet at least once a year, and each time that its Chair calls it. The Chair of the Remuneration Committee shall call it each time that the Board of Directors or the Chairman thereof requests the issuing of a report or the adoption of proposals and in any case, whenever this is suitable for the successful performance of its functions.

Ordinary meetings shall be called by letter, fax, telegram or e-mail and the call shall be authorised by the signature of the Chair or the Secretary. A valid quorum for Committee meetings shall be established when at least half plus one of its members, present or represented, are in attendance. The Committee may also pass resolutions in writing, without holding a meeting, pursuant to statutory provisions.

The deliberations and the resolutions passed by the Committee are recorded in the relevant minutes of the meeting taken by the Secretary thereof.

ACTIVITIES OF THE REMUNERATION COMMITTEE

a) Meetings held, business transacted, reports and attendees

The Remuneration Committee held 5 meetings during financial year 2017.

The level of attendance of its members, whether in person, or by proxy, to the meetings held by Remuneration Committee during financial year 2017 stands at 100%.

The average duration of each meeting has been of approximately two hours.

The schedule of the meetings held and business transacted by the Remuneration Committee between 1 February 2017 and 31 January 2018 is provided below:

Date of meeting	Main business transacted	Reports and motions tabled to the Board of Directors	Attendees
13/03/2017	<ul style="list-style-type: none"> - Remuneration of the Executive Chairman. - Remuneration of Senior Executives. - Extraordinary Employee Profit-Sharing Plan. - Annual Report on Remuneration of Directors. 	<ul style="list-style-type: none"> - Motion regarding the remuneration of the Executive Chairman. - Motion regarding the remuneration of Senior Executives. - Report on the results of the second period of the Extraordinary Employee Profit-Sharing Plan. - Annual Report on Remuneration of Directors. 	<ul style="list-style-type: none"> - Mr Pablo Isla Álvarez de Tejera, Executive Chairman. - Mr Antonio Abril Abadín, General Counsel and Secretary of the Board. - Ms Begoña López-Cano Ibarreche, Chief Human Resources Officer. - Mr Ignacio Fernández Fernández, Chief Financial Officer.
13/06/2017	<ul style="list-style-type: none"> - Annual Report on the proceedings of the Remuneration Committee. 	<ul style="list-style-type: none"> - Annual Report on the proceedings of the Remuneration Committee. 	<ul style="list-style-type: none"> - Mr Antonio Abril Abadín, General Counsel and Secretary of the Board.
18/07/2017	<ul style="list-style-type: none"> - Report on the 2014-2017 Long-term Performance Shares Plan. 	<ul style="list-style-type: none"> - Report on the settlement of the second cycle (2014-2017) of the 2013-2017 Long-term Performance Shares Plan. 	<ul style="list-style-type: none"> - Mr Pablo Isla Álvarez de Tejera, Executive Chairman. - Mr Antonio Abril Abadín, General Counsel and Secretary of the Board. - Ms Begoña López-Cano Ibarreche, Chief Human Resources Officer. - Mr Ignacio Fernández Fernández, Chief Financial Officer.
18/09/2017	<ul style="list-style-type: none"> - List of Beneficiaries of the Second Cycle of the 2017-2020 Long-term Incentive Plan addressed to members of management, including the Executive Chairman and other employees of the Inditex Group. 	<ul style="list-style-type: none"> - Report on the beneficiaries of the second cycle (2017-2020) of the 2016-2020 Long-term Incentive Plan. 	<ul style="list-style-type: none"> - Mr Pablo Isla Álvarez de Tejera, Executive Chairman. - Mr Antonio Abril Abadín, General Counsel and Secretary of the Board. - Ms Begoña López-Cano Ibarreche, Chief Human Resources Officer. - Mr Ignacio Fernández Fernández, Chief Financial Officer.
12/12/2017	<ul style="list-style-type: none"> - Report on the evaluation of the Remuneration Committee and the performance of its members. - Report of the HR Department. 	<ul style="list-style-type: none"> - Report on the evaluation of the Committee and the performance of its members. - Report of the HR Department. 	<ul style="list-style-type: none"> - Mr Pablo Isla Álvarez de Tejera, Executive Chairman. - Ms Begoña López-Cano Ibarreche, Chief Human Resources Director. - Ms Cristina Vega López, member of the HR Department. - Ms Rocío Casal Comendador, member of the HR Department. - Ms Eva Ferreiro, member of the HR Department.

b) Main action lines

During FY2017 the main action lines of the Remuneration Committee have focused on the following:

A. Remuneration of the Executive Chairman

The Remuneration Committee approved in the meeting held on 13 March 2017 the motion regarding the remuneration of the Executive Chairman for the discharge of his executive duties, to be subsequently submitted to the Board of Directors.

B. Annual Report on Remuneration of Directors for FY2016

Pursuant to the regulations then in force and the Recommendations of the Good Governance Code of Listed Companies, and on the advice of external consultant Towers Watson, the Committee approved on

13 March 2017 the Annual Report on Remuneration of Directors for FY2016.

Such report was tabled to the Board of Directors, which approved it on 14 March 2017, and sent it to CNMV as a relevant fact. The Annual Report on Remuneration of Directors for FY2016 is available on CNMV's website (www.cnmv.es).

It was subsequently submitted to an advisory say-on-pay vote at the Annual General Meeting last 18 July 2017 and approved with an aggregate 98.63% of votes for.

C. Remuneration of Senior Executives

The Remuneration Committee gave a favourable report to the remuneration of Senior Executives in the meeting held on 13 March 2017, and submitted it to the Board of Directors, which approved it on 14 March 2017.

D. Long-term Incentive Plan

The Committee acknowledged the settlement of the second cycle (2014-2017) of the 2013-2017 Long-term Performance Shares Plan in the meeting held on 18 July 2017.

Finally, on 19 September 2017, the Remuneration Committee acknowledged the list of beneficiaries of the second cycle (2017-2020) of the 2016-2020 Long-term Incentive Plan.

E. Extraordinary Employee Profit-Sharing Plan

In the meeting held on 13 March 2017, the Remuneration Committee gave a favourable report to the results of the second calculation period of the Extraordinary Plan, and to the extension, on an exceptional basis, and for financial years 2017 and 2018 of the term of such Plan, and resolved to submit it, together with its governing terms, to the Board of Directors, which approved it in the meeting held on 14 March 2017.

ANNUAL REPORT ON THE PROCEEDINGS AND ACTIVITIES OF THE REMUNERATION COMMITTEE

The Remuneration Committee issues on an annual basis a report on its activities during the year. Such report is available on www.inditex.com.

EXECUTIVE COMMITTEE

COMPOSITION

Name	Office	Category
Mr Pablo Isla Álvarez de Tejera	Chairman	Executive
Mr José Arnau Sierra	Deputy Chairman	Non-executive proprietary
Mr Amancio Ortega Gaona	Ordinary Member	Non-executive proprietary
Mr José Luis Durán Schulz	Ordinary Member	Non-executive independent
Mr Rodrigo Echenique Gordillo	Ordinary member	Non-executive independent
Mr Carlos Espinosa de los Monteros Bernaldo de Quirós	Ordinary Member	Affiliate
Mr Emilio Saracho Rodríguez de Torres	Ordinary Member	Non-executive independent

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

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

REGULATIONS

The Executive Committee holds in delegation all the powers of the Board, except for those that cannot be delegated by law or by its Articles of Association and those that are necessary for the responsible exercise of the general supervisory function that is incumbent on the Board of Directors.

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

The permanent delegation of powers by the Board of Directors to the Executive Committee shall require two-thirds of the members of the Board to vote in favour and may include, at the Board's discretion, all or a part of the powers of the Board itself.

6. REMUNERATION

REMUNERATION OF DIRECTORS

During FY2017, the aggregate remuneration of the Board of Directors amounted to €12,620k.

ANNUAL REPORT ON REMUNERATION OF DIRECTORS

The Board of Directors approved on 14 March 2017 the Annual Report on Remuneration of Directors for FY2016 prepared by the Remuneration Committee, pursuant to the provisions of section 541 of the Companies Act; Order EEC/461/2013 of 20 March, whereby the contents and structure of the annual corporate governance report, the annual remuneration report and other information instruments of listed public companies, savings banks and other entities which issue securities admitted to trading in official securities markets, are determined; and in Annex I of Circular 7/2015 of 22 December of CNMV, whereby Circular 4/2013 of 12 June of CNMV, that provides the standard forms for the annual report on remuneration of directors of listed public companies is amended. This report is available on www.inditex.com.

Pursuant to the provisions of section 529 novodecies of the Companies Act, and of Transitory Provision of Act 32/2014, the 2014 Annual Report on Remuneration of Directors for FY2014 covered the applicable remunerations policy for the three following financial years (the expiry date of such policy being therefore 31 January 2019), and it was put to the advisory say-on-pay vote of the Annual General Meeting of Shareholders held on 14 July 2015, as a separate item on the agenda.

7. SENIOR EXECUTIVES

As at 31 January 2018, Inditex's senior executives, excluding the Executive Chairman were:

Name (person or company)	Office
Mr Antonio Abril Abadín	General Counsel and Secretary of the Board
Ms Lorena Alba Castro	Chief Logistics Officer
Ms Eva Cárdenas Botas	Director of ZARA HOME
Mr Carlos Crespo González	Chief Audit Officer
Mr José Pablo del Bado Rivas	Director of PULL&BEAR
Mr Jesús Echevarría Hernández	Chief Communication Officer
Mr Ignacio Fernández Fernández	Chief Financial Officer
Mr Antonio Flórez de la Fuente	Director of BERSHKA
Mr Begoña López-Cano Ibarreche	Chief Human Resources Officer
Mr Abel López Cernada	Import, Export and Transport Director
Mr Marcos López García	Capital Markets Director
Mr Juan José López Romero	General Services and Infrastructures Director
Mr Gabriel Moneo Marina	Chief IT Officer
Mr Javier Monteoliva Díaz	Legal Director
Mr Jorge Pérez Marcote	Director of MASSIMO DUTTI
Mr Óscar Pérez Marcote	Director of ZARA
Mr Felix Poza Peña	Chief Sustainability Officer
Mr Ramón Reñón Túñez	Director General Adjunto al Presidente y Consejero Delegado [Deputy General Manager]
Mr José Luis Rodríguez Moreno	Director of UTERQÜE
Ms Carmen Sevillano Chaves	Director of OYSHO
Mr Jordi Triquell Valls	Director of STRADIVARIUS

REMUNERATION OF SENIOR EXECUTIVES

During financial year 2017 the aggregate remuneration accrued by the senior executives above amounted to €34,426k.

Included in such amount is the sum corresponding to the remuneration accrued by Mr Marco Agnolin, former Director of Bershka, for the period running from the beginning of FY2017 through 31 December 2017, date on which he left office.

SEVERANCE OR GOLDEN PARACHUTE CLAUSES

This type of clause is included in the employment agreements entered into with 22 officers, including the Executive Chairman. The main description of these clauses is included in the Annual Corporate Governance Report, available on www.inditex.com.

8. RELATED-PARTY TRANSACTIONS AND SITUATIONS OF CONFLICT OF INTEREST

TRANSACTIONS WITH RELATED PARTIES

The power to approve any transaction between the Company and a director or a significant shareholder is exclusively reserved to the Board of Directors. Prior to such approval, it is incumbent on the Audit and Control Committee to report on the transactions which entail or might entail any conflict of interest situation, on related-party transactions or transactions which entail the use of corporate assets.

Under no circumstance shall the Board of Directors approve the transaction if previously a report has not been issued by the Audit and Control Committee evaluating the transaction from the standpoint of market conditions.

As regards transactions with significant shareholders, the Audit and Control Committee shall examine them also from the standpoint of an equal treatment for all shareholders.

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

The Company shall inform of the transactions conducted with directors, significant shareholders and Related Persons in the half-yearly public periodic information and in the Annual Corporate Governance Report, within the scope of the Law. Likewise, the Company shall include on the notes to the annual accounts information on the transactions carried out by the Company or any companies within the Inditex Group with directors and with those acting on their behalf, whenever they are alien to the ordinary course of trade of the Company or are not carried out in normal market conditions.

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

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

The detail of the transactions carried out by the Inditex Group with related parties, whether natural or legal, and of significant transactions carried out by Inditex with other entities belonging to the same Group, provided that these are not eliminated in the process of preparing the consolidated financial statements and do not form part of the ordinary business of the Company as regards its object and conditions, is provided in section D.2 of the Annual Corporate Governance Report available on the Inditex' website.

MECHANISMS TO PREVENT CONFLICT OF INTEREST SITUATIONS

The definition of "conflicts of interest" is provided in the Board of Directors' Regulations, which also lay down the rules governing such situations. The following situations which may entail a conflict of interest are addressed: the rendering of professional services in competing companies, the use of corporate assets and/or the use of non-public company information for private purposes, taking advantage of business opportunities of the Company or making undue influence of office. On

the other hand, the specific questions regarding which Directors must provide information to the Company are covered in the heading "Duties of information of the director" of the Board of Directors' Regulations.

Section 34 of such set of rules also sets out the yardsticks which shall govern the proceedings of all the persons affected by a conflict of interests (prevention, information, abstention and transparency).

Additionally, the Board of Directors' Regulations set forth that the rules of conduct provided therein for the Directors shall apply, to the extent that they are compatible with their specific nature, to the Company's senior executives; namely, and with the due nuances: the duty of confidentiality; the conflicts of interest, in connection with the duty of informing the Company; the use of corporate assets for private purposes; the confidentiality of non-public information; the business opportunities and prohibition to make undue influence of the office.

Likewise, with regard to significant shareholders, the Board of Directors' Regulations provide the rules which apply to "Transactions with directors and significant shareholders".

Among the duties it is entrusted with, it is incumbent on the Audit and Control Committee to report on the transactions which entail or might entail any conflict of interests, related-party transactions or which entail the use of corporate assets, and generally, on those topics covered under Chapter IX of the Board of Directors' Regulations. In light of the report of the Audit and Control Committee, approval of the transaction, where appropriate, falls on the Board of Directors.

Additionally, section 4.8 of the Code of Conduct and Responsible Practices addresses the situations in which the employees must disclose to the Committee of Ethics the existence of a conflict between their personal interests and those of the Company.

9. TRANSPARENCY, INDEPENDENCE AND GOOD GOVERNANCE

FINANCIAL INFORMATION

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

The Audit and Control Committee, mostly made up of non-executive independent directors, meets with the statutory auditors in order to review the Company's annual accounts as well as certain periodic financial information that the Board of Directors must provide to the markets and their supervisory boards, overseeing compliance with the legal requirements and correct application of generally accepted accounting principles in the statement of such annual accounts. In such meetings, any disagreement or difference of opinion existing between the Company's management and the external auditors is put forward, so that the Board of Directors can take the appropriate steps to ensure that the auditors' reports is issued without qualifications. In line with best practices in the corporate governance area, members of the Board of Directors meet with the statutory auditors without any officer of the Company being present.

Furthermore, previously to the stating of the annual, half-yearly or quarterly financial statements, the management of the Company also holds a meeting with the Audit and Control Committee and is subjected by the latter to suitable questions as to, *inter alia*, the application of accounting principles or the estimates made in the preparations of the financial statements. Such topics are subject to discussion with the external auditors.

The auditors' report on Financial Statements for financial year 2017 has been issued without qualifications.

AUDITORS' INDEPENDENCE

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

- The relationships of the Board of Directors with the statutory auditors of the Company shall be channeled through the Audit and Control Committee.
- The Audit and Control Committee shall abstain from proposing to the Board of Directors, and the latter shall abstain from putting forward to the General Meeting of Shareholders, the appointment as auditor of the Company of an audit firm incurring in any incompatibility in accordance with the legislation on auditing as well as an audit firm where the fees that it expects to pay them, for all services in all areas, in excess of the limits provided in the laws on auditing.
- The Audit and Control Committee, mostly made up of Independent Directors, proposes to the Board of Directors the appointment and re-election of the statutory auditors, to be submitted to the Annual General Meeting, as well as the terms of their contracts, the scope of their professional mandate and, where appropriate, the termination or non-renewal of their appointment;
- The Audit and Control Committee shall regularly receive from the statutory auditor information on the audit plan and the results of its implementation; it shall follow-up on the recommendations proposed by the auditor and it may request its collaboration should it deem it appropriate.
- Among the functions of the aforementioned Committee is that of liaising with statutory auditors in order to receive information on those matters that could jeopardise their independence and on any other matter related to the carrying out of the accounts auditing process, as well as on those other communications envisaged by auditing legislation and auditing standards.
- The Committee shall ask the auditor for a statement on its independence with regard to the Company, or its direct or indirect affiliates, as well as for detailed and separate information on any additional services of any type provided by auditors or any related-party thereto, and the relevant fees, pursuant to the provisions of the law on auditing. Likewise, the Audit and Control Committee shall oversee the application of the internal procedures to ensure quality and protect the independence, implemented by the auditor. The Committee shall oversee and authorise, where appropriate, the hiring of the auditor for the provision of non-audit services.
- The Audit and Control Committee shall issue a report every year, prior to the issue of the auditors' report, expressing an opinion on the independence of external auditors of the Company, and including a reasoned valuation of the provision of each and every additional service other than those covered in the audit agreement.
- The Audit and Control Committee oversees the terms and the enforcement of the agreements entered into with the external auditors of the Company to carry out assignments or tasks other than those covered in the audit agreement.
- The external auditors consult periodically with the Audit and Control Committee, in order to review the annual accounts of the Company that the Board of Directors must provide to the markets and their supervisory boards. On the other hand, the Board of Directors shall meet with the statutory auditors, at least once a year, to be apprised of the work done and of the evolution of the status of accounting and risks of the Company.
- The Company reports in its consolidated annual report and in the Annual Corporate Governance Report on the fees paid to its external auditors for each item other than the auditing of the financial statements.

On the other hand, the Procedure to Contract an Auditor for the Provision of Additional Non-audit Services, approved by the Audit and Control Committee on 18 July 2016, regulates the process that shall be followed

so that such Committee may be apprised of and, where appropriate, authorise the agreements executed by the Company and the entities within its Group with external auditors for the provision of services other than auditing, as a mechanism to ensure the due independence of the latter. Additionally, such Procedure lists a number of services that under no circumstances may be provided by external auditors. For the purposes of reinforcing the duty to oversee and establish the independence of Inditex's statutory auditor, the engagement by Inditex's parent company of such non-audit services, as the case may be, from such auditor shall be subject to the prior authorisation of Inditex's Audit and Control Committee.

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

The Company has not contracted services from Investment Banks or Credit Rating Agencies during financial year 2017.

EXTERNAL AUDIT FEES

	Company	Group	Total
Amount of non-audit assignments (€k)	62	91	153
Amount of non-audit assignments/ aggregate amount billed by the audit firm (in %)	17%	1.4%	2.2%

10.CODE OF CONDUCT AND RESPONSIBLE PRACTICES AND COMMITTEE OF ETHICS

For the purposes of reaffirming the core values and principles which drive Inditex's activity and adapting the risk management and control system to the social and regulatory environment, the Code of Conduct and Responsible Practices of the Inditex Group's (which replaces both the Internal Guidelines for Responsible Practices of the Inditex Group's Personnel and the Code of Conduct) was approved by the Board of Directors in 2012, which also adapted the "Code of Conduct for Manufacturers and Suppliers" (formerly, the "Code of

Conduct for Manufacturers and External Workshops"). Additionally, the Board of Directors approved the Manual of Criminal Risks Prevention and the Procedure of the Whistle Blowing Channel.

THE CODE OF CONDUCT AND RESPONSIBLE PRACTICES

The Code of Conduct and Responsible Practices provides the action lines which must be followed by the Inditex Group in the performance of its professional duties. Its goal consists of exacting an ethical and responsible professional conduct from Inditex and its entire workforce in the conduct of their business anywhere in the world, as a gist of its corporate culture upon which the training and the personal and professional career of its employees is based. For such purposes, the principles and values which shall govern the relationship between the Group and its stakeholders (employees, clients, shareholders, business partners, suppliers and the societies where its business model is implemented) are defined.

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

Additionally, the Code includes a number of conduct commitments towards responsible practices, including: compliance with applicable laws and regulations, internal regulations, conventions to which Inditex has acceded; enforcement of human and labour rights, and of the regulations and best practices in the area of employment, health and safety at work; the obligation to act in accordance with the following principles: respect, dignity and justice, taking into account the different cultural sensitivity of employees and/or customers, their diversity, multiculturalism, not allowing any form of violence, harassment or abuse, or discrimination; compliance with the health and safety of the product standards which ensure that Inditex's goods do not entail any health and/or security hazard; the creation of fair, ethical and respectful relations with suppliers and public authorities, in line with the international provisions on corruption and bribery prevention; the obligation to prevent and monitor any conflict of interest situations; the

duty to use Inditex's assets and services in an effective manner, to protect the information of the Company, and to enforce the regulations on personal data protection; the obligation to protect industrial and intellectual property, both of the Group and of third parties; the duty to clearly and accurately record any transaction of significant financial weight in the appropriate accounting records, and the conduct of Inditex's business promoting social and environmental sustainability, as a way to build value for all the stakeholders.

THE COMMITTEE OF ETHICS AND THE WHISTLE BLOWING CHANNEL

For the purposes of ensuring compliance with the Code of Conduct and Responsible Practices and with the Code of Conduct for Manufacturers and Suppliers, Inditex relies on a Committee of Ethics, which composition has been provided above.

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

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

A Whistle Blowing Channel is available to all employees of Inditex, manufacturers, suppliers or third parties with any direct relationship and a lawful business or professional interest, regardless of their tier or geographical or functional location, so that they may report any breach of the Code of Conduct and Responsible Practices, or of the Code of Conduct for Manufacturers and Suppliers they may be aware of, by other employees, manufacturers or third parties engaged in a direct employment, business or professional relationship. Such

breach shall be disclosed by means of a report made in good faith. Additionally, the Committee of Ethics may act of its own motion.

In the performance of its duties related to management and supervision of the Whistle Blowing Channel, the Committee of Ethics shall ensure:

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

Upon receipt of any report, the Committee of Ethics verifies first whether it falls under its remit. If such were the case, the Committee of Ethics shall refer such report to the relevant department or area so that it would launch the relevant investigation. If not, the Committee shall order the closing of proceedings.

In light of the conclusions drawn from the relevant investigation, and having heard first the interested party, the Committee of Ethics shall take one or more of the following measures, having considered and weighted them where appropriate, with the relevant department or departments:

- The remedy of the breach;
- The relevant sanctions or actions; and/or;
- The closing of proceedings, where no breach whatsoever has occurred.

Decisions of the Committee of Ethics are binding for the Company and its employees.

The Committee of Ethics submits a report twice a year to the Audit and Control Committee, reviewing its proceedings and the enforcement of the Code of Conduct and Responsible Practices and of the Code of Conduct for Manufacturers and Suppliers.

Additionally, the Audit and Control Committee reports to the Board of Directors, on an annual basis (twice during FY2017) as well as whenever this latter so requires, on the enforcement of the Code of Conduct and Responsible Practices and of the additional documents

which comprise the Corporate Compliance policy of the group from time to time in force.

In FY17, the Committee of Ethics has processed 181 cases, 159 of them further to a report and the remaining 22 ex-officio.

The notices received mainly referred to conducts which might infringe the ethical commitments or values covered in the Code of Conduct and Responsible Practices or in the Code of Conduct for Manufacturers and Suppliers, and to requests for clarification regarding the enforcement of this latter Code. All the reports received by the Committee of Ethics were duly attended.

SOCIAL ADVISORY BOARD

The Social Advisory Board is Inditex's advisory body in the area of Sustainability.

Members of Inditex's Social Advisory Board:

Mr Ezequiel Reficco

Ms Cecilia Plañol Lacalle

Ms Paula Farias Huanqui

Mr Francisco Javier Sardina López

Mr Víctor Viñuales Edo

The Social Advisory Board met three times in 2017:

Meetings held by the Social Advisory Board in 2017:

Date of meeting	Place of meeting	% attendance by members
20-02-17	Madrid (Spain)	100%
06-06-17	Madrid (Spain)	100%
11-12-17	Arteixo (Spain)	100%

Regulations of the Social Advisory Board:

The Board of Directors resolved in December 2002 to create such body, and approved its Regulations, which determine the principles of action, the basic rules governing its organisation and proceedings and the rules of conduct of its members.

The Board of Directors resolved in 2015 to amend the Regulations of the Social Advisory Board for the purposes of driving the Group's strategy in the following areas: (i) the Social Responsibility Policy; (ii) the Code of Conduct for Manufacturers and Suppliers of the Group; (iii) the Environmental Sustainability Policy; and, (iv) the Code of Conduct and Responsible Practices of the Group.

11. COMPLIANCE

Inditex relies on a strong Compliance organisation and management model (hereinafter, the "Compliance Model" or the "Model") that seeks not only to prevent and monitor risks, in case of any potential regulatory non-compliance from its employees, thus limiting or even preventing any manner of liability for the Company, but also to convey an ethical corporate culture to all its stakeholders, to wit, both to its employees, suppliers, manufacturers and to other stakeholders. In order to achieve this goal and in accordance with different internal regulations in force since 2010, Inditex has been establishing a number of policies, procedures and instructions which make up its Compliance Model and reinforce the Company's compliance culture.

STRUCTURE OF THE COMPLIANCE MODEL

Based upon the guidelines provided in the regulatory framework, namely the provisions of the Spanish Criminal Code, as amended in 2010, Inditex prepared in 2012 a structure of (high level) core regulations and a number of organisational documents which constitute the key points of the Company's Compliance Model, or cross-cutting compliance. The high-level core regulations at the basis of the Model are:

- The Code of Conduct and Responsible Practices:** it reflects Inditex's ethical compliance culture and sets forth the ethical action lines that must be followed by all employees in the performance of their professional duties.
- The Code of Conduct for Manufacturers and Suppliers:** it defines the minimum standards for ethical behaviour which must be met by manufacturers and suppliers of the Inditex Group.

Meanwhile, organisational documents are shown below:

- The Whistle Blowing Channel Procedure:** it provides the operating rules and main guarantees that govern the processing, investigation and settlement of the reports sent through the Whistle Blowing Channel and the cases seen by the Committee of Ethics.
- The Regulations of the Committee of Ethics:** which cover the main duties of the Committee of Ethics.

Additionally, together with the high level regulations and the organisational documents, Inditex has approved a number of cross-cutting compliance regulations which seek to ensure a streamlined disclosure of the Compliance Model and Function:

- a. **The Zero Standard:** which describes the process to draft internal regulations (production, approval and internal publication of the regulations issued by the Inditex Group).
- b. **The Compliance Policy:** which sets forth the commitments to be undertaken by all the employees of the Group, irrespective of their place of work and their job.
- c. **The Compliance Management Procedure:** which implements the provisions of the Compliance Policy, and establishes the organisational measures to prevent, detect and manage Noncompliance Risks events, reinforcing an ethical compliance culture.

OTHER REGULATIONS AND CONTROLS WHICH MAKE UP THE COMPLIANCE MODEL

In addition to the structure described above, several regulations have been approved to (i) comply with obligations provided in statute or in the by-laws, stemming from the regulatory framework which applies to Inditex (e.g., such regulations arising from the powers of the Board of Directors which such body cannot delegate, pursuant to statute or to the terms of the Articles of Association); and, (ii) with the latest regulatory requirements resulting from the Company's business itself.

With regards to the first group of regulations above, the following policies stand out:

- a. The Director Selection Policy.
- b. The External Financing Policy.
- c. The Financial Risk Management Policy.
- d. The Enterprise Risk Management Policy.
- e. The Corporate Social Responsibility Policy.
- f. The Environmental Sustainability Policy.
- g. The Tax Policy and Strategy.
- h. The Internal Regulations of Conduct regarding Transactions in Securities (IRC).

As for the second group of regulations, a number of sets of rules which embody Inditex's corporate ethical culture have been approved, particularly since 2015, in the different environments where the Group implements its business model. The following regulations may be pointed out:

- a. The Health and Safety Policy.
- b. The Procurement Policy.
- c. The Policy on Official Internet and Social Networks Accounts and Profiles.

- d. The Policy on Human Rights.
- e. The Corporate Citizenship Policy.
- f. The Diversity and Inclusion Policy.
- g. The Integrity Policies: Policy on Donations and Sponsorships, Policy on Gifts and Business Courtesies and the Policy on Dealings with Public Servants.
- h. Anti-money Laundering and Terrorist Financing Policy.

Model of Criminal Risk Prevention: namely, measures to fight corruption and bribery

On the other hand, further to the approval of Act 1/2015 of 30 March that amends the Criminal Code (hereinafter, "Act 1/2015") – which introduced the requirement of appropriate organisation and management models to prevent criminal offences – and of ISO 19600 standard (2014) – which provides the main guidelines to create a compliance model – Inditex reviewed and approved a new Model of Criminal Risk Prevention that supersedes the former one, approved in 2012. At present, such Model comprises both the above referred high level regulations and the following documents:

- a. **The Policy on Criminal Risk Prevention:** this Policy intends to exact an ethical and responsible professional conduct from all employees and from the Group itself, and namely to prevent the perpetration of criminal offences. To achieve this, the Policy on Criminal Risk Prevention associates the commitments to ethical conduct covered in the Code of Conduct with the criminal offences whose perpetration by employees and the Group it attempts to prevent.
- b. **The Criminal Risk Prevention Procedure:** it addresses the duties of the Committee of Ethics in the field of criminal risk prevention and the organisational measures of the Company in the area.
- c. **The Scoping Matrix of Criminal Risks and Controls:** it lists the criminal risks and controls which have been established to prevent the perpetration of criminal offences.

The Model of Criminal Risk Prevention is part of Inditex's cross-cutting and general Compliance Model.

Such Model is subject to a continuous evaluation and improvement process, to bring it into line with the development and growth of the Inditex Group, the statutory requirements, and the recommendations and best practices in the field existing from time to time, and to ensure the effectiveness thereof.

The current setting of Inditex's Model of Criminal Risk Prevention represents an adaptation to the criminal regulations on management and control system that

Inditex was already using, and is aligned with the guidelines provided by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) in its Internal Control-Integrated Framework (2013) report.

In this regard, the Scoping Matrix of Criminal Risks and Controls was updated in 2017. Such review has consisted of identifying, reviewing and assessing the risks inherent in the different business conducted by the Group, and the procedures and controls implemented – focusing its efforts on such areas which represent the highest risk for the Group and taking into account the latest legal development introduced by Act 1/2015.

On the other hand, in order to ensure that all the employees of Inditex, as well as third parties with which it conducts business, comply with the provisions of the main anti-bribery regulations applicable in the markets where the Group is present, the Board of Directors approved in FY2017 the so-called Integrity Policies.

Such Policies endorse the standards set in international standard ISO 37001, on Anti-Bribery Management Systems, and implement certain aspects of the Policy on Criminal Risk Preventions, and intertwine with the ethical values of the Group, which are defined in the Code of Conduct and Responsible Practices and in the Code of Conduct for Manufacturers and Suppliers. The Integrity Policies include:

- **The Policy on Donations and Sponsorships:** which provides the definition of donation and sponsorship, for ease of reference of the recipients of the Policy, and lays down a number of requirements that gifts and sponsorships need to meet in order to be carried out and/or accepted.
- **The Policy on Gifts and Business Courtesies:** which provides the definition of gift and business courtesies, for ease of reference of the recipients of the Policy, and lays down a number of requirements that must be met for the offer and/or acceptance thereof to be valid and compatible with Inditex's conduct policies.
- **The Policy on Dealings with Public Servants:** which (i) provides the definition of bribery and civil servant; (ii) expressly prohibits bribery in the public and private sectors; (iii) covers extortion payments; (iv) expressly prohibits facilitation payments, even where such payments are not prohibited under the laws of the country or territory in question; and; (v) lays down the due diligence processes implemented to ensure that the conduct of third parties associated with Inditex is aligned with the ethical values, regulations and standards of the Company, the applicable regulations in the markets and the existing best practices in the anti-bribery area.

In this regard, in order to mitigate criminal risks inherent in the business conducted by Inditex, namely the offences of public corruption and/or corruption in business,

identified in the Scoping Matrix of Criminal Risks and Controls, a number of controls have been implemented, including:

- The communication, regular training and adherence by the employees to the Group's Code of Conduct and Responsible Practices.

Additionally, the communication and disclosure of the internal regulations associated to the Model of Criminal Risk Prevention of the Group has been reinforced.

- The Policy on Representatives and Proxies of the Companies which make up the Inditex Group, that sets limits to representation powers.

Such Policy is available on INet to all the employees, and has been circulated to such employees who exercise, or are going to exercise representation powers of any company of the Group. Such employees are bound to state in writing their commitment to strictly comply with the Policy.

With regard to the foregoing, a Register of representatives and proxies of the Inditex Group has been put in place, to be aware at all times of those persons authorised to act for and on behalf of each company of the Group, as well as the scope of their authorities.

- The Policy on Corporate Payments: approved, circulated and available on INet. It provides the express prohibition to make payments in cash or with cheque. Any exception to such rule set shall be previously authorised by the Financial Management Department.
- Setting a segregation of functions, by separating profiles in those who can prepare payments and those who can make them.
- The Standard for Procurement Management which relies on (i) a tool for management of orders; and, (ii) an official procedure for the selection and hiring of indirect suppliers and calling for tenders.
- The inclusion in all the agreements covering general supplies and services entered into by Spanish companies, of an anticorruption clause whereby the general contractor expressly and irrevocably undertakes to comply at all times with the regulations on anticorruption, to the extent applicable, including not only provisions applicable because of where they are domiciled, but also any other regulation in force at the place of performance of the agreement.

In keeping with its transparency culture, the Company informs that it does not make any direct or indirect contributions to political parties, foundations nor to any political candidates.

Likewise, Inditex is not registered with any Register of Stakeholders, whether domestic or foreign. Inditex is a member of different organisations, business

associations of the industry or specialized ones, whether global, regional or local, including without limitation, the European Retail Round Table, the European Branded Clothing Alliance, Eurocommerce, Ethical Trading Initiative and Action Collaboration Transformation (ACT) Initiative.

Finally, as a sign of Inditex's firm commitment to fighting money laundering and terrorist financing, the following controls should be mentioned: (i) the Procedure for Limiting Payments in Cash at Stores; (ii) the due diligence measures implemented to identify and review business partners, suppliers and other third parties; and, (iii) the Anti-money Laundering and Terrorist Financing Policy, approved by the Board of Directors in the meeting held on 13 March 2018.

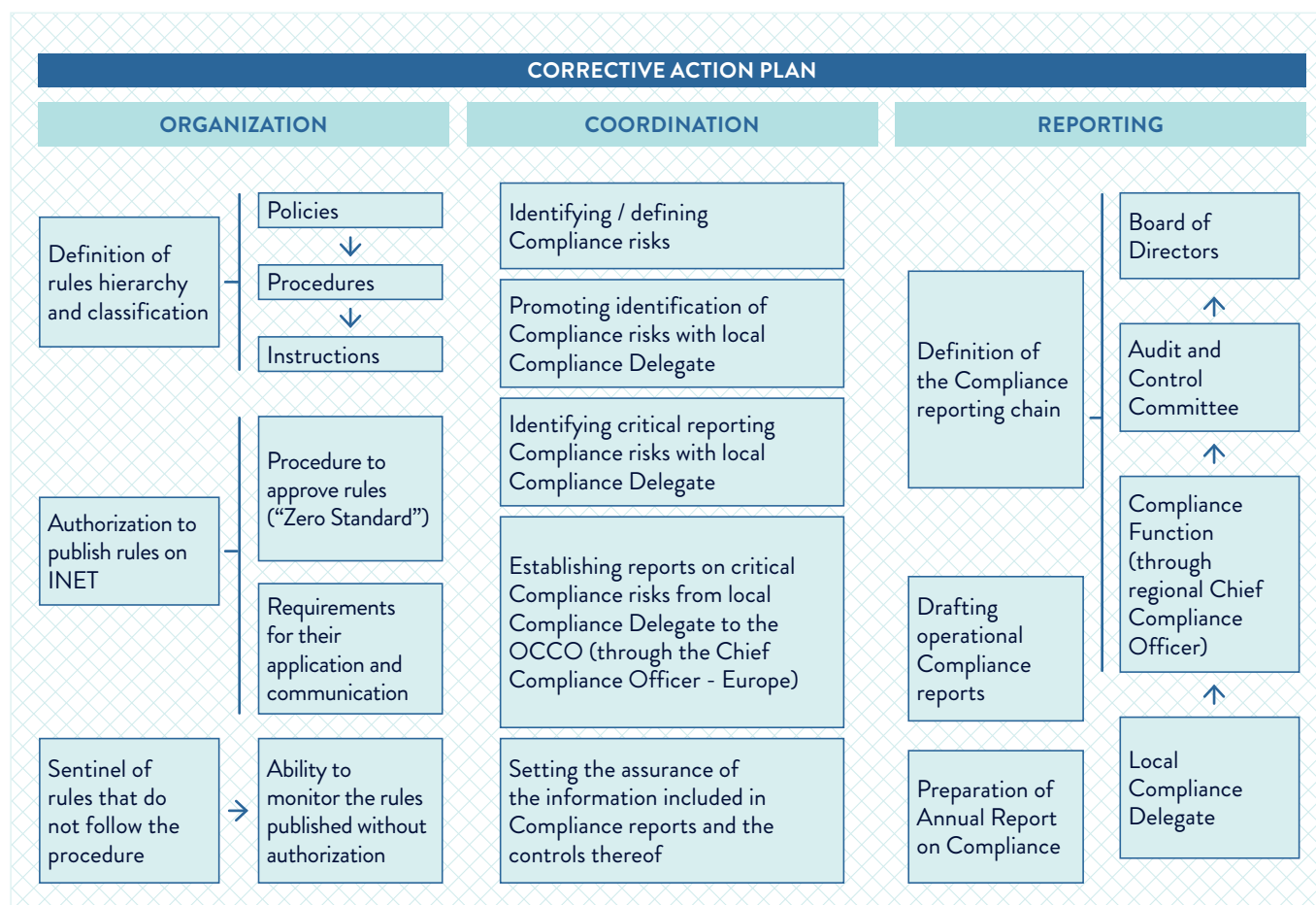
During financial year 2017, the Audit and Control Committee submitted the Model of Criminal Risk Prevention to a reasonable assurance review by an independent third party, in order to establish that the controls included in the Scoping Matrix of Criminal Risks and Control are effective and operative and that the Model complies with the requirements laid down in the Criminal Code and in UNE 19601 standard. The audit firm has issued an unqualified report.

COMPLIANCE FUNCTION

Inditex's Compliance Model is cross-cutting, being a corporate function that serves all the commercial formats of the Inditex Group, as a large number of areas and departments carry out regulatory and ethical compliance duties. In order to organise and coordinate the management of the Model, the Compliance Function has been created, embodied by the Committee of Ethics, which acts as the decision-making body, and the General Counsel's Office - Office of the Chief Compliance Officer (hereinafter, "General Counsel's Office - Office of the Chief Compliance Officer" or "GCO-OCCO"), charged with managing the Compliance Model.

During FY2017 the GCO-OCCO has identified the areas and departments with compliance functions where a high risk level exists, and has worked with them in order to identify the criminal offences and define and implement controls.

The Compliance Function carries out a threefold duty: (i) organising the Company's internal regulations; (ii) coordinating the areas and departments with compliance functions; (iii) internally reporting to the Board of Directors, through the Audit and Control Committee, and externally reporting to the Market and to its stakeholders. This is shown in the graph below:





Zara store employee in Miami (United States)

■ INFORMATION, AWARENESS-RAISING AND TRAINING

Inditex has implemented a repository of duly arranged easy to find regulations on the relevant Compliance folder available on INet. Such repository allows an appropriate disclosure of the Company's regulations and helps monitor, implement and assess the Compliance Function.

Likewise, the Company's main regulations are also available to the different stakeholders, on the corporate website, and on the website of the suppliers.

On the other hand, Inditex pays special attention to training as a key tool to raise awareness and consolidate its corporate ethical and compliance culture among its employees and stakeholders. To achieve this, appropriate training is provided (both on-site and through the e-learning platform) to its different recipients, which takes into account the activity they carry out at the Company as well as the risks they may be faced with.

The Committee of Ethics has approved in 2017 the 2018 Training Plan on Criminal Compliance as a response to training requirements in the field of compliance, which covers, *inter alia*: (i) the initiatives and different training and awareness-raising actions in the field of Compliance; (ii) the recipients of the Plan, and (iii) the methodology. Such Plan has been prepared based upon the risks identified and prioritized in the updated Scoping Matrix of Criminal Risks and Controls of the

Inditex Group. The Compliance Function is charged with coordinating training of the different areas and departments which discharge Compliance duties, and with the joint reporting.

■ INTERNATIONAL ROLL-OUT OF THE COMPLIANCE MODEL

The international roll-out and implementation of the Compliance Model in all the Group's companies and all the markets where it operates has been encouraged throughout FY2017, with the goal of establishing a global system to detect, prevent and manage non-compliance risks, in line with the Group's growth and expansion. In this regard, the global management of the Compliance Model is led by the Corporate Compliance Function. However, regional compliance officers have been appointed in Europe, Asia and America, charged, with the support of local compliance delegates in each of such geographical areas, with overseeing and ensuring compliance with the Compliance Model within their respective territories.

As part of this international roll-out process, different local policies have been implemented that seek to comply with the legal requirements and the recommendations existing in different jurisdictions. Additionally, a new Code of Conduct for the USA and Puerto Rico has been approved, in line with the regulations in force and the existing best practices in the field in such country.