

OUR PRIORITIES

OUR PEOPLE

RELATED SUSTAINABLE DEVELOPMENT GOALS	INDITEX'S CONTRIBUTION
 <p>Goal 3: Ensure healthy lives and promote well-being for all at all ages.</p>	Inditex approaches occupational health and safety as an essential part of its relationship with its employees. We train all our employees and make them into participants regarding health and safety in their workplace, and apply the provisions of our Code of Conduct and Responsible Practices and our Health and Safety Policy. Besides this, we seek to ensure continual improvement in their health and well-being, as proven through the OHSAS 18001 certification held by our work centres.
 <p>Goal 4: Ensure inclusive and equitable quality education.</p>	Training our employees is a key part of developing our business model, based on continual innovation and teamwork. Besides the initial training provided for each job, every area has specific technical training programmes. Being able to learn new things every day is one of the opportunities we offer each employee.
 <p>Goal 5: Achieve gender equality and empower all women and girls.</p>	Promoting gender equality is one of the pillars of Inditex's commitment to its employees. We do not tolerate discrimination of any kind and we develop measures to foster gender equality, including approving Equality Plans, providing training and raising awareness. Furthermore, we have an Equality Monitoring Committee, whose mission is to assess the implementation and impact of all measures developed in this area.
 <p>Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</p>	Each of the more than 170,000 people who comprise Inditex plays a key role in the company's success. Consequently, continually improving employment quality is a priority for us. We have attractive remuneration policies, encourage training and talent development, and run different programmes that support, and are adapted to, the needs of our employees.

171,839 people, with 97 nationalities and speaking 54 different languages work for Inditex. 75% of them are women. Equality, diversity, multiculturalism, sustainability, teamwork and respect are the values that underpin their daily behaviour. To encourage this, the Group establishes different policies and activities, at the same time as choosing to offer quality employment. 73% of the global workforce has a permanent employment contract.

WHAT WE ARE LIKE

Diversity, multiculturalism, sustainability, teamwork and respect are values of the Inditex DNA: our 171,839 employees at the close of the 2017 financial year represent 97 nationalities and speak 54 different languages.

The main stage for this wealth of talent is the store, Inditex's primary area of activity and the place where 87% of all Group employees work.

The high proportion of female talent in the business is another of the features that best defines our Group. With 75% women and 25% men, female leadership is a pillar of our performance.

Another feature that defines our people is generational diversity. In the last 10 years, the number of employees at Inditex has doubled, which means that different generations of employees now work together. As a result of our growth, our average age of 28.7 in the Group as a whole creates a natural bridge between younger generations and those

with more experience, with 38% of employees aged over 30 and 62% under 30.

For all these people, Inditex is firmly dedicated to guaranteeing stable and secure working environments, where we actively promote equal opportunities, professional growth and development (through internal promotion and our tailored programmes) and work-life balance. Proof of this can be found in: the new, globally applicable Diversity and Inclusion Policy; the 2017 internal promotion rate, which totals 18% of Group employees; and the reduced work day, enjoyed by 20% of store employees in Spain.

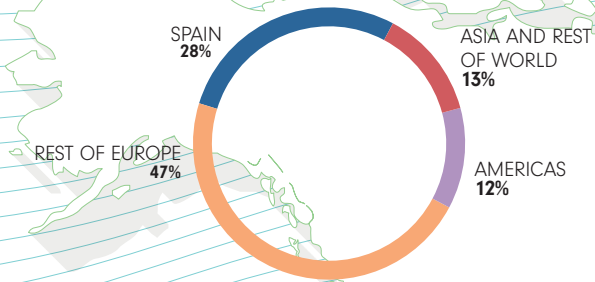
Our urtherance of quality employment is also evident in the fact that 73% of our global workforce has a permanent employment contract. Also, based on type of working day, the number of full-time contracts compared to part-time contracts has been balanced at 50%. These proportions are reflected in the 144,722 FTE (full-time equivalent) employments for 2017, representing 84% of our total workforce.



Zara Home store employees, Tokyo (Japan)

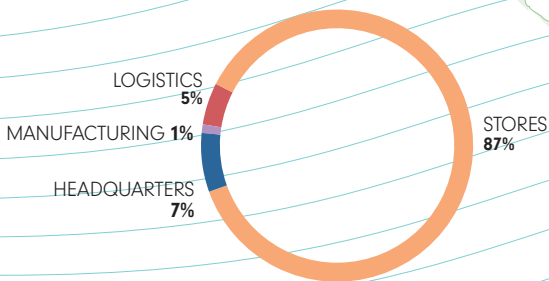
OUR PEOPLE IN 2017

WORKFORCE DISTRIBUTION BY GEOGRAPHIC AREA As a percentage (%)



In total figures	2017
Spain	47,667
Rest of Europe (without Spain)	81,189
Americas	19,718
Asia and rest of world	23,265

WORKFORCE DISTRIBUTION BY ACTIVITY As a percentage (%)

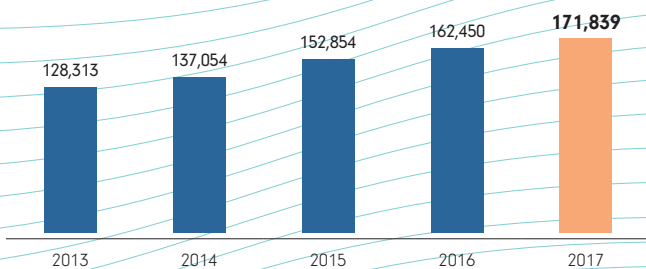


In total figures	2017
STORES	149,543
LOGISTICS	8,565
HEADQUARTERS	12,852
MANUFACTURING	879

AMERICAS
19,718
employees

	employees
Argentina	860
Brazil	2,746
Canada	2,342
Chile	963
Mexico	6,640
United States	5,803
Uruguay	364

EMPLOYEE EVOLUTION OVER THE LAST FIVE FINANCIAL YEARS



EUROPE
128,856
employees

	employees		employees		employees
Albania	229	Germany	5,653	Portugal	6,859
Austria	1,577	Greece	3,798	Romania	3,065
Belarus	323	Holland	2,673	Russia	10,724
Belgium	2,691	Hungary	1,013	Serbia	585
Bosnia and Herzegovina	352	Ireland	943	Slovakia	301
Bulgaria	602	Italy	8,291	Slovenia	232
Croatia	1,069	Luxembourg	190	Spain (*)	47,667
Czech Republic	603	Macedonia	160	Sweden	835
Denmark	294	Monaco	37	Switzerland	1,522
Finland	244	Montenegro	122	Turkey	5,095
France	9,336	Norway	293	Ukraine	1,271
		Poland	4,848	United Kingdom	5,359

**ASIA
AND REST
OF WORLD**
23,265
employees

TOTAL
171,839
employees

	employees		employees
Australia	1,523	Kazakhstan	715
Bangladesh	54	Morocco	5
Cambodia	4	New Zealand	107
China	11,243	Pakistan	2
Hong Kong SAR	1,249	Singapore	3
Macao SAR	180	South Africa	493
Taiwan	650	South Korea	1,488
India	1,048	Vietnam	12
Japan	4,489		

(*) The variation in employees in Spain with regard to what was reported in the 2016 Annual Report (48,589 employees in 2016 compared to 47,667 in 2017) is owing to a change in calculation criteria. In previous financial years, we reported the average number of employees at the end of the last three months. From the 2017 financial year, the average workforce in the fourth quarter is reported. If this new calculation criteria is applied to the 2016 financial year, then the 2017 financial year would produce an increase of 1,907 employees in Spain.

We are committed to creating safe, healthy, diverse and inclusive working environments. We do not tolerate discrimination and we believe that diversity strategically contributes to our goals

EQUALITY, DIVERSITY AND INCLUSION

The starting point and foundation for growth at Inditex is the professional development of the people who work at the Company. Our 171,839 people represent 97 different nationalities, speak 54 languages and have different profiles, cultures, origins and experiences.

For all these people, we commit to creating safe, healthy working environments where equal opportunities and work-life balance are a reality. These working environments must also respect diversity and encourage the inclusion of our employees, regardless of their race, ethnicity, gender and gender identity, sexual orientation, age, religion and nationality, among other aspects.

Consequently, in accordance with our Code of Conduct and Responsible Practices, we do not tolerate any type of discrimination and we work to provide equal opportunities for all employees and candidates.

Promoting gender equality is another of the pillars of our commitment to Inditex employees. Women represent 75% of the Group's global workforce. We are firmly committed to developing measures to foster equality and to favour work-life balance, maternity and breastfeeding. The Group Equality Monitoring Committee is specifically tasked with assessing implementation of these measures and their impact.

A total of 2,587 Inditex employees in Spain enjoyed maternity or paternity leave in 2017. Of these, 99.3% returned to their job after this period. In relation to these percentages, mention should also be made that, over the year, 16% of the Spanish workforce enjoyed a reduced work day. In the specific case of store employees (the largest

professional group at Inditex and the one where there is the greatest bias towards women), 20% of people have a reduced work day.

Another area of focus, which has been a constant in Spain for more than a decade, is the implementation of Equality Plans in the different brands and work centres. In 2017, as a result of the implementation of new tools for dissemination and information access, all employees in Spain have received the content of these Equality Plans, which are available through the different Group communication channels and on INet, the Inditex intranet.

During the year, new steps have been taken through the approval of the Equality Plan at the Cabanillas del Campo logistic centre and the second Massimo Dutti Equality Plan, in addition to negotiations beginning to update the Equality Plans of Zara, Pull&Bear, Bershka, Stradivarius, Oysho and the logistic centres in León and Meco.

All Equality Plans signed include protocols to prevent sexual harassment and sex-based harassment. In the other countries where Inditex operates, different initiatives and protocols are also being developed with regard to this matter.

The task of raising awareness about equality is a reality from the moment our people start their employment relationship with Inditex, starting at onboarding training. Furthermore, solidarity activities are organised on special dates like International Day for the Elimination of Violence against Women (25 November) and Equality Week for the store teams.

INDITEX DIVERSITY AND INCLUSION POLICY

Aware that creating and fostering a diverse and inclusive working environment makes an essential contribution to achieving our corporate goals and improving business performance, in December 2017, the Inditex Board of Directors approved the first globally applicable **Diversity and Inclusion Policy**, which establishes the framework that promotes the values of diversity, multiculturalism, acceptance and integration in all Group entities.

Backed and driven by our top management, the Diversity and Inclusion Policy reinforces our commitment to creating working environments where each employee has the responsibility to treat all other workers, in addition to candidates, suppliers and customers, with the utmost respect. We have a zero-tolerance policy with regard to all types of discrimination, and promote equal opportunities in all areas of the Group.

This Diversity and Inclusion Policy governs all our activities related to Human Resources, such as engagement and selection, remuneration and benefits, promotions, transfers and professional development, among other aspects.

To effectively contribute to disseminating the Diversity and Inclusion strategy through all business areas, Inditex is developing procedures and creating suitable corporate-governance structures. In this regard, we have a multidisciplinary team of professionals focused on promoting diversity values who advises all business areas in this regard.

The Diversity and Inclusion Policy is derived from the Group Code of Conduct and Responsible Practices, which is based on respect, acceptance and equality, among other values. It is also in accordance with the Inditex Compliance Policy and its Human Rights Policy.

Furthermore, Inditex has an Ethics Committee, to ensure compliance with the Diversity and Inclusion Policy, and a whistle-blowing channel, to receive and deal with comments, questions and complaints made in good faith, with regard to interpretation, application and fulfilment of this policy.

DIVERSITY AND INCLUSION IN THE UNITED STATES



Zara store employees, Miami (United States)

Also in 2017, we organised various initiatives to foster diversity. Consequently, for the second year running, Zara USA took part in the Love & Pride campaign, designed to give visibility to Inditex's commitment to the LGBT+ community. We also have the "Diversity and Inclusion Calendar", created and shared by the subsidiary's entire workforce, which sets out celebrations and days of a cultural, ethnic or religious nature, to foster inclusion, mutual respect and understanding.

In April 2017, the Advisory Board for Diversity and Inclusion in the United States came together for the second time to make progress our strategic approach to diversity as an axis for business development. Further, in May the first Zara USA Diversity Committee was created, made up of corporate employees who are particularly committed to inclusion. This Committee, which has four ordinary meetings each year, aims to develop and implement the different diversity projects that are organised for employees.

Every corporate employee of the subsidiary in the United States received at least one training session on Diversity and Inclusion in 2017. Furthermore, all store employees, numbering more than 5,000, received the online course Principles of Customer Service, which, for the first time, included elements related to diversity and non-discrimination that are applicable to daily activities in our stores, regarding employees and customers.



Open
For
Business

LGBT+ INCLUSION AT INDITEX

Inditex is a member of the Open for Business coalition (www.open-for-business.org), which brings together leading global companies that advocate the inclusion and rights of the LGBT+ (lesbian, gay, bisexual and transsexual) community. From this platform, we work alongside a further 24 companies to show that more inclusive companies are better for business and that companies that promote the inclusion of the LGBT+ community are more dynamic, productive and innovative.

ATTRACTION, DEVELOPMENT AND PROMOTION OF TALENT

The more than 170,000 people who belong to Inditex share a love of responsible fashion, strong motivation, passion for creativity and customer orientation, in addition to great capacity for decision-making with autonomy.

To manage this enormous human capital, we foster a culture where teamwork, humility, diversity, sustainability and being open to new ideas are constants. Based on this, the central axes for people are attraction, development and professional growth, through strategies, actions and tools that create a motivating environment for continual professional growth.

Of these people, 75% are women and 25% are men. This confirms our commitment as a company to grow and alongside our people.

ATTRACTION OF TALENT

INDITEX CAREERS

To attract talent and the best professionals, we have a website called *Inditex Careers* (www.inditexcareers.com), our employer brand, which channels all our employment offers.

This tool, which enables us to strengthen our brand as a global employer, is designed to be an open communications platform that provides information about Inditex for potential candidates. This way, the user has access to specific contents about our different areas of activity: personal stories to convey what we are like and the day-to-day activities of our teams.

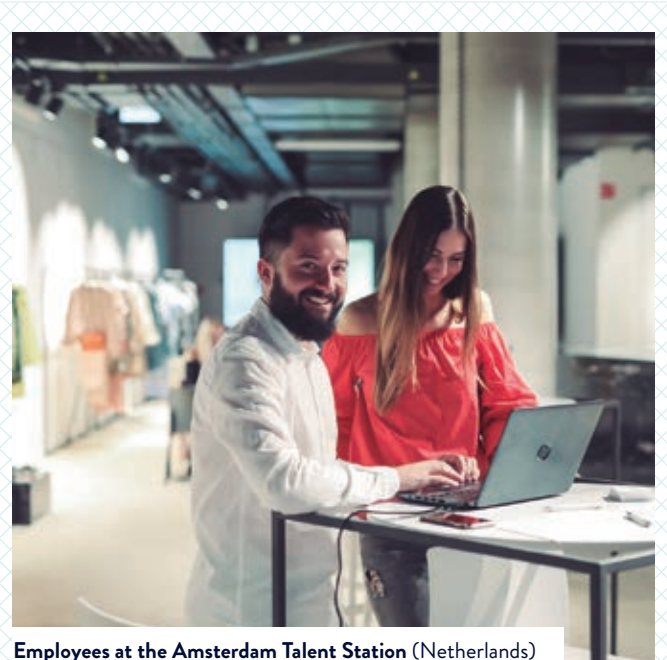
In 2017, *Inditex Careers*, which is available in 23 languages, received more than 6.3 million visits and over 700,000 worldwide candidate registrations. Some candidates sent us their data to apply for published vacancies, while others sent their CVs, to participate in future selection processes.

At the close of the year, it is worth highlighting the following aspects:

- the Inditex Careers social network profiles have more than 1 million followers;
- more than 39,000 applications have been received through our social networks.

TALENT CENTRES: TALENT ATTRACTION FOR STORES

More than a decade ago, we set up our Talent Centres, designed as places to meet our potential candidates, in 11 cities that are key for Inditex because of our commercial presence: Madrid, Barcelona, London, Milan, Paris, Moscow, Istanbul, New York, Mexico City, Shanghai and Beijing, which we opened in late 2017, to provide support for more than 200 stores in northern China.



Employees at the Amsterdam Talent Station (Netherlands)

TALENT STATIONS: POP-UPS TO ATTRACT TALENT IN OTHER CITIES

Inditex teams also work to attract talent for stores in cities where there are no dedicated Talent Centres. In 2017, we launched the first Talent Station, in Amsterdam.

Over the past financial year, we had a significant number of openings and re-openings of stores in Holland, belonging to several of our brands. To increase awareness about our employer brand in that market and explore new recruitment routes, we opened a unit in Amsterdam Central Station, which we made into a pop-up version of the Talent Centre. For two months, we brought our local and corporate teams into contact with potential candidates and told them what it is like to work at Inditex.

Creativity is one of the driving forces of Inditex. More than 700 designers create our fashion ranges, in coordination with our commercial, purchasing and pattern teams, and make sure that customer preferences are the basis of the design process



Show Us Your Talent initiative

SUYT (SHOW US YOUR TALENT) INITIATIVE

Show Us Your Talent is a pioneering, mobile project to search for creative talent in design schools in Spain, Italy, France and the United Kingdom. It involves using an installation that allows students to exhibit their talents in a unique space, showcasing their creativity and imagination. Through the SUYT cabin, we offer a different and surprising opportunity to take part in company selection processes.

ATTRACTING CREATIVE AND PRODUCT PROFILES

The eight Inditex brands have a multidisciplinary team focused on developing and creating collections that are sold in the 96 markets in which we operate. There are more than 700 designers in this team, which is completed through the purchasing, commercial and pattern areas of each brand, centralised in Spain.

Attracting talent for these teams is, therefore, key for the Group and promotes two lines of action. On one hand, the best junior talent is selected from leading design schools worldwide. On the other, our employer branding strategy seeks to demonstrate that Inditex is an attractive company for the appropriate candidates.

Inditex is increasingly connecting with young designers. We have a close relationship with more than 35 design schools, including Kingston and CSM (London), Parsons (New York) and the IED (Madrid and Barcelona), among others. Different initiatives and projects are underway at each institution, focussed on employing junior creators

directly or through grants for final-year students. Often, there are also special collaborations, like, for instance, with Central Saint Martins (London). We are supporting the top five students from each year in developing their end-of-degree collection.

ATTRACTING TECHNOLOGICAL AND DIGITAL PROFILES

The digital transformation of our retail business model has meant that attracting, selecting and onboarding candidates with the technological and digital skills is a priority. In 2017, we brought on more professionals with STEM (science, technology, engineering and mathematics) backgrounds.

In addition to collaborating with leading technology schools, we participated in sector events and activities. One of the most important initiatives was organising our first Hackathon at South Summit in Madrid, in September 2017. Participants spent 24 hours programming and the three winning teams were awarded with a cash prize.



Zara store employees, Miami (United States)

More than half of positions related to Zara product and commercial areas were filled by internal candidates in 2017

PROFESSIONAL DEVELOPMENT

At Inditex, we believe that the Group's growth and evolution should be closely linked to that of its employees. This is why we champion internal promotions, particularly in our stores. For instance, more than half of positions related to Zara product and commercial areas were filled by internal candidates in 2017. In logistics, we have also been rolling out professional development programmes.

In 2017, the main initiatives for identifying and promoting internal talent were driven by three programmes: InTalent, Inditex Go! and Lead In.

INTALENT

InTalent is a tool that manages the information in our store employee's CVs. This enables us to help them better define their next professional steps at Inditex. In 2017, InTalent was rolled out across 39 countries and more than 48,000 employees have registered their data in this tool.

INDITEX GO!

Inditex Go! serves to identify, select and develop young talent in our stores and from among recent university graduates. Individuals selected through this programme spend between three and six months training in store, to later be placed in a role that best suits their profile. They then undertake a professional development programme which allows them to take on responsibilities from day one. This programme is our vehicle to train future managers.

Inditex Go! started in 2013 in response to the needs of Zara's commercial team. As a result of its success, and the

equality of the candidates it involved, it was also rolled across other brands in the Group including Massimo Dutti, Oysho, Zara Home and Pull&Bear, as well as the logistics department.

The key skills identified as part of this programme have also evolved alongside business needs. Having initially focussed on developing commercial profiles, the programme now develops other skills with focus on purchasing, distribution, logistics and management control.

Nearly 200 people have taken part in Inditex Go! since the programme first started. Most are still with the company and have been promoted internally to take on new responsibilities.

LEAD IN

2017 saw the launch of Lead In, a project structured into two parts, which involved 462 Zara store managers from across Europe. In the first part, via an interactive video, participants took part in a decision making exercise, faced with different contexts and working with someone from the commercial area. Based on the responses each manager gave, the system produced their Lead In Personal Profile.

The second part involves an individual development plan, adapted to each participant's circumstances. It includes onsite training and a development plan led by the Human Resources manager for the participant's respective region, and relates to areas including organisation, people management and commercial management, in accordance with the needs identified by each manager.

TRAINING

Inditex culture is eminently practical. That is why team training normally takes place on the job. This ensures that training is closer to the reality of work processes, whether in the store, logistics or headquarters.

This on-the-job training fulfils three premises: it ensures the basic skills to correctly perform the job; it means that the Group's operating priorities are always considered; and it contributes to the development of employees who will occupy key positions for business in the immediate future.

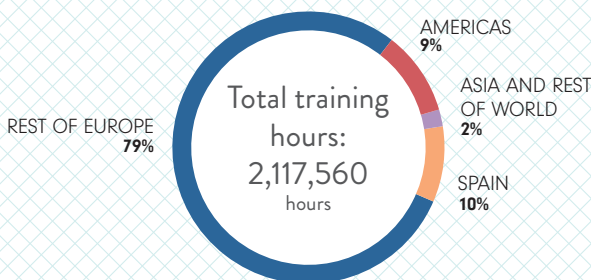
To optimise this model, Inditex identifies and maintains a network of internal trainers to clarify the Group culture and operations, and ensure the success of new recruits. At the same time, the training and development teams at the subsidiaries adapt corporate and brand projects to the needs of each market.

In the 2017 financial year, Inditex delivered more than 2.1 million hours of training, of which, more than 120,000 corresponded to training programmes about skills, languages and IT. The number of attendees at the different training sessions exceeded 93,000 across 40 countries, and the training average has been 12,6 hours per employee.

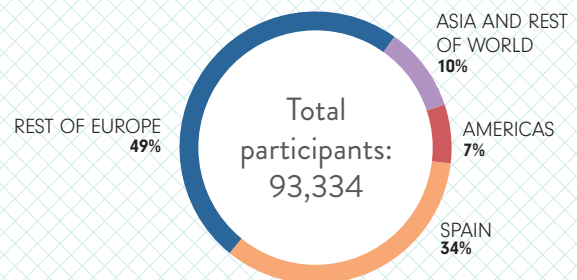
TRAINING FOR OUR EMPLOYEES, IN 2017

	HEADQUARTERS	STORE TEAMS		MANUFACTURING	LOGISTICS
		MANAGERS	STORE WORKERS		
Onboarding training	Onboarding training	Potentials plan	Mentorship programme	Onboarding training	Onboarding plan
Classroom-based onboarding training		Initial store opening and customer welcoming training taught in our Talent Centres			Onboarding training
Technical/specialisation training	Product: e.g. Visual merchandising Processes: e.g. RFID People: e.g. labour legislation		Customer care	AccuMark CAD Fabrics	Forklift and aviation safety training
Skills	Communication, organisation, personal efficiency, development centres, etc.				Communication Teamwork
Languages	Chinese, Spanish, French and English	Mobile app: busuu	Mobile app: busuu	English	English
IT	Office suite, specific programmes: e.g. Pattern design				Office suite
Health and Safety	Health and Safety			Health and Safety	Health and Safety
Sustainability	Sustainability				Environment

TRAINING HOURS BY GEOGRAPHIC AREA IN 2017 As a percentage (%)*



TRAINING PARTICIPANTS BY GEOGRAPHIC AREA IN 2017 As a percentage (%)**



(*) Data on onsite training hours for 43 countries, which represent 97.4% of Inditex employees. 55% of total training corresponds to in-store onboarding training. Different criteria, established for each country and brand, and for different jobs, are applied to generate estimates for this training.

(**) Participant data for 40 countries, which represent 96.7%. Employees in Spain and Germany are considered to have been trained.



Inditex office employee, Moscow (Russia)

MAIN TRAINING PROGRAMMES IN 2017

INITIATIVES	DESCRIPTION	SCOPE	GOALS
On Academy	Online training platform (eLearning).	<ul style="list-style-type: none"> - Launched in 2017 for store employees from all brands. - Operating in seven countries (Spain, Germany, USA, France, Ireland, Italy and the United Kingdom). - Reaching more than 66,000 employees. 	The platform includes different learning units on products and fashion in general. Employees can follow the sessions voluntarily and at their own pace, from any mobile device.
eFashion	Online training (220 hours) on Fashion Business Management, designed in collaboration with the IED (Istituto Europeo di Design, Madrid).	<ul style="list-style-type: none"> - Launched in 2012 for store teams. - In 2017, the fourth edition took place in Spain, with 115 participants, and the third edition in Italy, with 31 participants. - Since its creation, a total of 848 store employees have been trained in Spain, Italy and France. 	The course is structured into three learning units: product, business and image and communication. It aims to improve the professional skills and competencies of participants.
busuu	Mobile application for language learning.	<ul style="list-style-type: none"> - Launched in 2017 for employees in 19 countries. - More than 50,000 people registered with the last convocation. - More than 3,000 people have – attained an official certificate testifying their learnings. - 13,000 employees completed the in-store English course. 	<p>The app allows users to learn up to 12 languages (English, Spanish, French, German, Italian, Portuguese, Polish, Turkish, Russian, Arabic, Chinese and Japanese) from basic to upper-intermediate levels (levels A1 to B2 of the Common European Framework of Reference for Languages).</p> <p>It offers the option to obtain official certificates in languages (at the moment, available in six languages) and for English for in-store customer care.</p>
Versus	Gamification initiative to provide training on the world of fashion and textile products.	<ul style="list-style-type: none"> - Game between employees from different countries and brands, developed in 2017. - Available for store employees at Pull&Bear, Bershka and Stradivarius, in Spain, Ireland, Portugal and the United Kingdom. - More than 3,200 people from 70% of stores belonging to the brands and markets involved have participated at the same time. 	Participants compete in individual and team-based rankings (one for each store) to test their knowledge on product and fashion.
Advanced Management Programme	Advanced training Programme designed in collaboration with the Instituto de Empresa.	<ul style="list-style-type: none"> - Introduced in 2017, the first edition enjoyed the participation of 60 Inditex employees with diverse profiles. 	<p>The programme, which involves 180 reading hours and which lasts 13 months, combines videoconferences and on site sessions, to complete the management and retail training of future management.</p> <p>The program focuses on strategy, management and leadership skills. It also addresses new trends in the sector by presenting innovation-project tasks, experts' talks, and a personal development plan.</p>

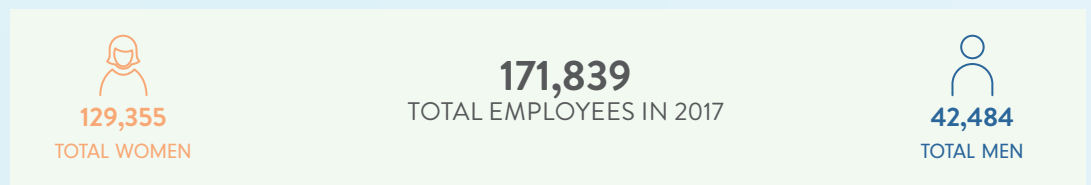
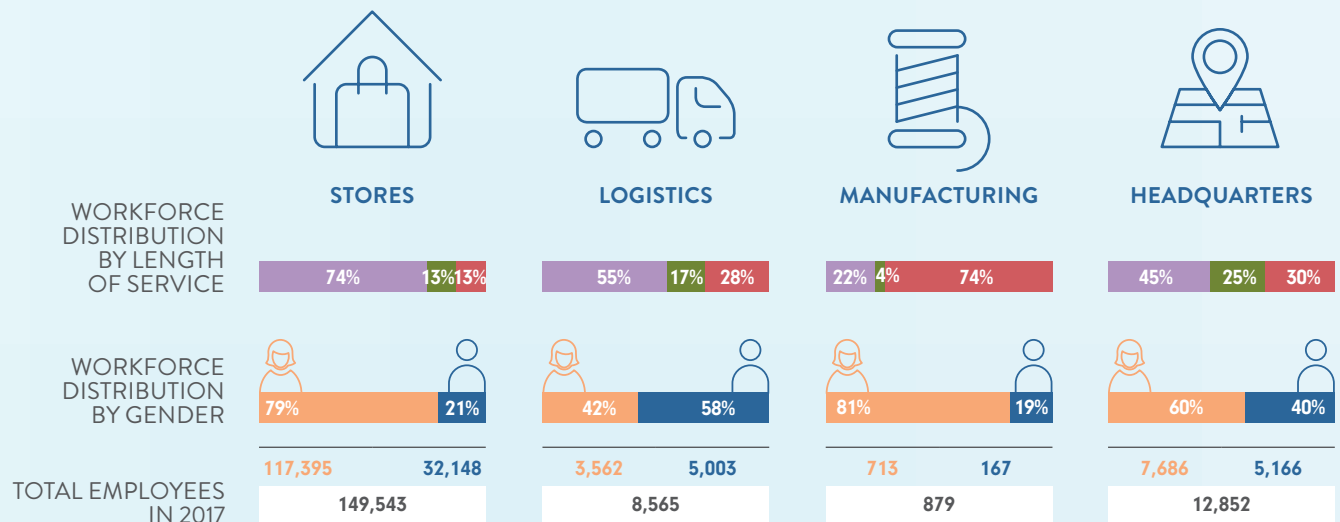
INDITEX EMPLOYMENT, IN FIGURES

Continuous improvement in employment quality is a priority target for Inditex.

Our Group operates in 96 markets, all with different realities. This demands local and global responses for our people. Reinforcing projects that have already commenced and launching new ones has been our focus over the year. This is aimed at obtaining stable, homogeneous and high quality working environments, in every market where we operate.

A key performance indicator for employment quality is the number of **full-time-equivalent (FTE)** employments. This refers to the number of employees there would be in the workforce if all our employees work full-time. At Inditex, this figure represents 84.2% of our employees, which reflects the Group's desire to provide a stable and high quality employment.

WORKFORCE DISTRIBUTION BY AREA OF ACTIVITY

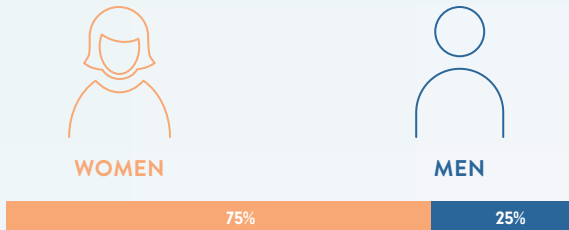


WORKFORCE DISTRIBUTION BY TIME AT THE COMPANY

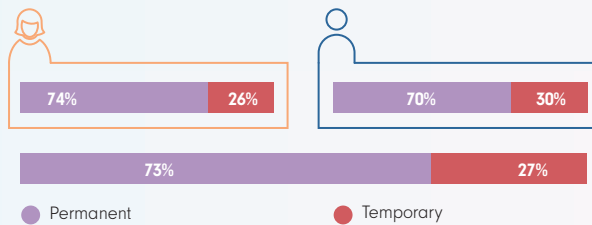


- Workers who have spent under 5 years at the company
- Workers who have spent between 5 and 10 years at the company
- Workers who have spent over 10 years at the company
- Women
- Men

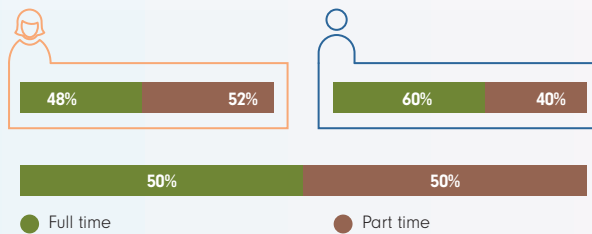
WORKFORCE DISTRIBUTION BY GENDER



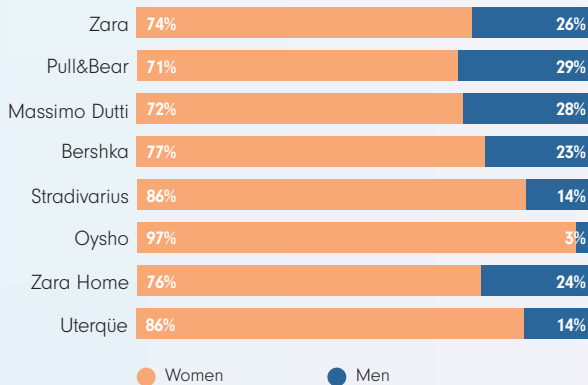
WORKFORCE DISTRIBUTION BY CONTRACT TYPE AND GENDER (*)



WORKFORCE DISTRIBUTION BY TYPE OF WORKING DAY AND GENDER (*)

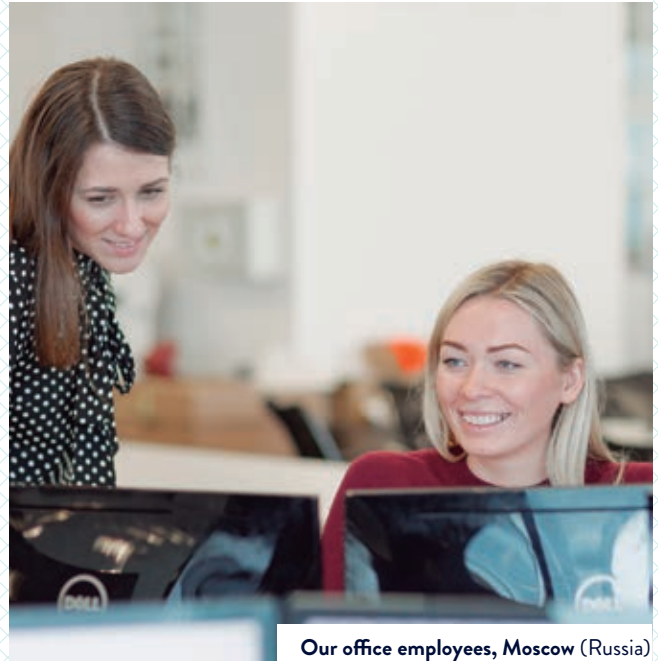


WORKFORCE DISTRIBUTION BY GENDER IN OUR RETAIL FORMATS



(*) This data represents 82% of the Group employees

merco



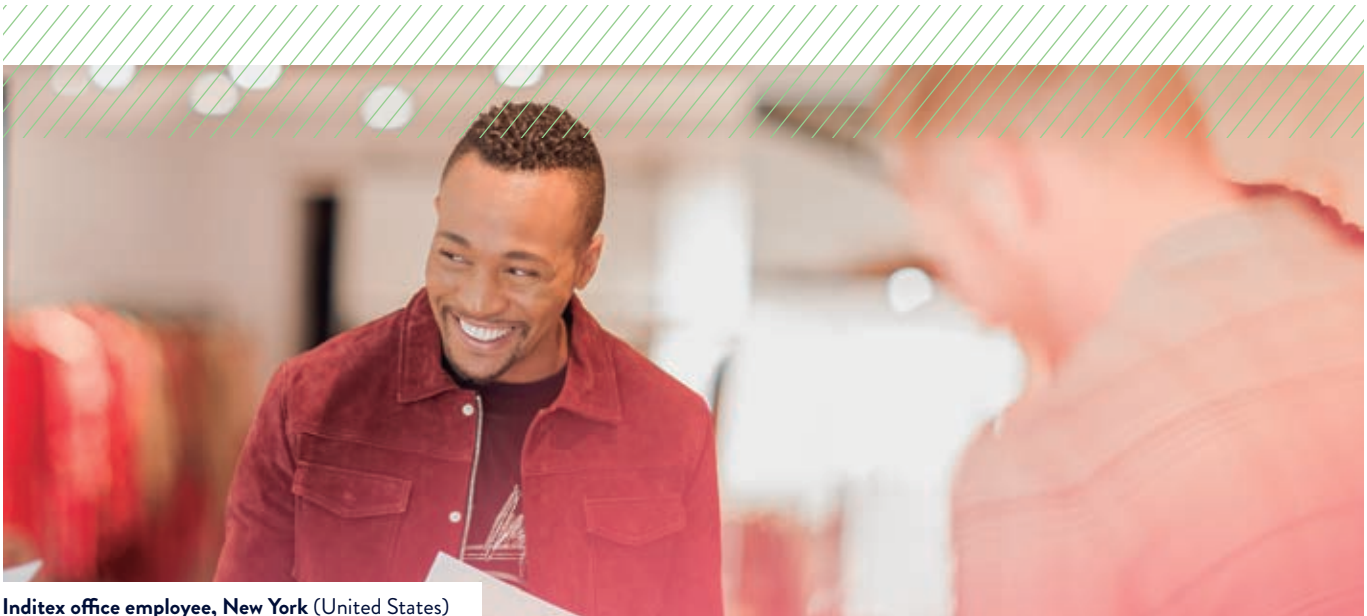
Our office employees, Moscow (Russia)

THE INDITEX EMPLOYER BRAND IN 2017

According to the researches carried out by Merco Talento and Universum, we maintain and improve our position in the market as employers, year after year.

For the seventh year in a row, Merco Talento recognised us as the best company to work for in Spain. The results are obtained following a survey to 19,240 workers, more than 9,000 University students, 777 alumni from various Business schools, 1,200 citizens, 130 human resources managers and 42 experts and head-hunters, who evaluate companies based on three key values: employment quality, employer brand and internal reputation.

Universum, which surveys University students and selects the 100 best companies to work for in various industries, placed us third in the Business and Commerce category, for the third consecutive year. For the first time, we were placed in third position in the Legal category, sixth in the Humanities and Liberal Arts category, and tenth in the Natural Sciences and Health category.



Inditex office employee, New York (United States)

EMPLOYMENT QUALITY

REMUNERATION POLICY

Inditex's remuneration policy combines common criteria for all areas of activity and specific ones for each of the markets and employment environments in which we operate. In 2017, personnel costs at Inditex exceeded 3.9 billion euros, between fixed and variable and Social Security payments, the latter exceeding 686 million Euros.

This includes, within the financial year, a total of 520 million Euros for bonuses and variable remuneration, which is the ultimate recognition of the efforts that the Group has made to achieve these results. This variable amount is distributed each month (when linked to commissions for store sales), or as supplements and incentives (in the case of other activity areas), but it is always related to achieving specific goals.

In addition to variable remuneration, in 2017 Inditex distributed a total of 42 million euros, as part of its second Extraordinary Profit-sharing Plan. The plan distributed 21 million Euros, 10% of the increase in net profits which the Group increased by a further 21 million Euros.

This is the second profit-distribution plan, which the company operates every two years, meaning that payments are made in 2018 and 2019. The total sum of 42 million Euros was distributed between the 88,000 employees who, on 31 March, had been working for the Group for, at least, two years.

With full-time-equivalent (FTE) employment as a base -84% of our total workforce, equivalent to 144,722 employments- in 2017 the average gross salary per FTE employee was 22,627 Euros, while the average personnel cost per FTE employee was 27,371 Euros over the fiscal year.

PERSONNEL COSTS IN 2017

(in thousands of euros)	2017	2016	2015
Wages	3,274,697	3,013,137	2,772,774
Inditex Social Security Contributions	686,540	629,593	562,472
TOTAL	3,961,237	3,642,730	3,335,246

AVERAGE SALARY PER FTE EMPLOYEE

22,627 euros/year

Beyond these measures, under the labour legislation framework, Inditex has formulas adapted to the interests of its employees for each of its subsidiaries. For example, flexible remuneration, for which employees can choose products and services, like medical insurance, the restaurant card or the nursery cheque, which lead to tax savings. In 2017, flexible remuneration was available to practically all Group employees in Spain.

Regarding profits, Inditex adopts a service called *MásxMenos*, off-price web for employees, currently available in Spain, Portugal, Italy and Mexico. Since 2017, employees also have access to discounts for other countries, which broadens the range of offers and discounts available considerably.

Inditex distributed a total of 42 million euros between more than 88,000 employees as part of the Extraordinary Profit-Sharing Plan

INET, THE INTRANET FOR GROUP EMPLOYEES

95% of employees can currently access INet, the company intranet, available in website and app formats. With more than one million page visits per week, INet forms part of the Group strategy to digitalize its services, to offer a faster response and easier access, besides providing alternatives to paper that are environmentally responsible.

INet is a live platform that incorporates new services each year, like the employee identification QR code to access store discounts, e-learning content, information about Group policies and commitments, internal promotion tools and requests for employment-related procedures.

What is more, in 2017, the internal magazine *IN* was also redesigned and digitalized. It is now exclusively accessible from INet. Operational for more than 17 years and produced by Inditex employees, *IN* is the main channel for promoting the diversity and abilities of our teams, publicising Group projects, and commending the contributions to the company made by the more than 170,000 employees and potential readers of this publication.

In the context of extensive geographic dispersion and very different work profiles, INet plays a key role in channelling the learning and development programmes that the Group has made available to its teams and bringing strategic information to readers in stores, offices, logistics and factories across the five continents.

2017 figures for INet

- INet is available in 22 languages and reaches 95% of the workforce.
- **Readership data (*)**
 - Page views: 42.4 million
 - Monthly average page views: 4.1 million (more than one million per week)
 - New sessions: 11.2 million
 - Monthly average for new sessions: 1.1 million
- Mobile application: More than 115,000 users in 37 countries.

(*) Source: Google Analytics

LABOUR RELATIONS

Inditex is firmly committed to respecting the labour rights of its employees throughout the world and, in particular, the right of participation, which is viewed as an essential component of sustainable development in its business model.

An important part of this commitment is the Global Agreement executed in 2009 with global union federation UNI Global Union, which encompasses commerce and logistics unions, and represents more than 20 million workers worldwide.

The Global Agreement between UNI Global Union and Inditex establishes provisions to regulate issues in accordance with the principles of the International Labour Organisation (ILO). One important aspect is the guarantee of freedom of association and the right to collective bargaining. The rights to join any trade union and to not be subject to discrimination as a result of this association, in addition to equal opportunities and treatment and non-discrimination regarding payment for work of equal value are also acknowledged.

Further to promoting and defending fundamental rights, the Global Agreement establishes Inditex's undertaking to respect legislation and collective agreements in matters like the working day, ensuring a safe, healthy and sustainable working environment, best practices in occupational health and safety, and appropriate training.

Furthermore, the Inditex Code of Conduct and Responsible Practices, applicable to all Group employees, expressly acknowledges the right of employees to "associate or organise themselves or to bargain collectively", and adopts "as part of its internal regulations, the contents of any national and international agreements and conventions to which it has adhered, and undertakes to promote and enforce".

Effective application of these rules is demonstrated through the open, constructive dialogue that Inditex maintains on an ongoing basis with unions, and which translates into a significant number of queries and negotiations over the year.

OCCUPATIONAL HEALTH AND SAFETY

The commitment to seek the most demanding standards in Occupational Health and Safety has led Inditex, year after year, to opt to implement OHSAS 18001 certification in all Group companies. This demanding, internationally recognised standard defines the requirements to set up, implement and operate an effective Occupational Health and Safety system.

During the 2017 financial year, the OHSAS 18001 certificate was extended to the companies in Turkey, Mexico and Greece. Since its implementation began in 2011, in different Group areas, all retail companies, logistics and factories in Spain, Ireland, Italy, Portugal and the United Kingdom have obtained this standard. Japan and Croatia will soon be certified, before progressing to adapt to the requirements of the new ISO 45001 standard, starting in 2019.

INDITEX HEALTH AND SAFETY POLICY

In 2017, we approved the new Inditex Health and Safety Policy, disseminated among the Group's logistic centres, factories, brands and headquarters.

The document, developed in accordance with the OHSAS 18001 standard, acknowledges our commitment to promoting occupational health and safety, which it describes as a common goal "that affects all levels of the Company". In this regard, it discards performing any work: "that gives preference to any consideration other than maintaining the health and safety conditions of its employees and suppliers," and underlines that "productivity is the result of safety".

It further states: "training, raising awareness and involving employees in health and safety management are the keys to achieving the objectives defined in the prevention plan".

FOSTERING HEALTHY HABITS

Inditex promotes a range of actions recognised through the Healthy Company certificate, a distinction renewed in Spain in 2017, and that it soon hopes to obtain in Ireland and the United Kingdom.

During the financial year, we also organised training sessions on Road Safety, aimed at improving safety and raising awareness about the risks involved in the daily journey to work centres of thousands of Inditex employees. To this end, training sessions took place at Massimo Dutti, Bershka, Oysho and Inditex Logistics, with ex-racing-car driver David Bosch, with a total of 724 participants.

Besides this, work has started on updating the design and contents of INhealth, the website dedicated to promoting health and healthy habits for Group employees, which is already available at 16 subsidiaries following the inclusion, in 2017, of Belgium, Greece, Portugal and Russia, and which has 40,000 active users and more than 170,000 visits.

Regarding health, other activities that took place and that are worthy of special mention include: flu vaccination campaigns through the medical services; the Inditex For the Heart campaign, in collaboration with Fundación Pro CNIC, to assess the risk of a heart attack by performing different tests; and specific activities for preventing and curing musculoskeletal disorders, at all logistic centres. Finally, an initiative was started for workers aged over 55 at Zara Logistics, which aims to reduce the physical load on these workers and create a comprehensive active-ageing plan, overseen by the medical services and with specific tests.

INCIDENT INDEX AND FREQUENCY OF OCCUPATIONAL ACCIDENTS IN SPAIN, BY ACTIVITY TYPE AND GENDER, IN 2017

	Incident index ¹		Frequency index ²	
	Men	Women	Men	Women
Store (*)	19.83	22.13	11.01	12.29
Logistics (**)	140.29	127.63	77.94	70.90
Manufacturing (***)	87.12	46.49	48.40	25.83
Headquarters (****)	3.00	6.40	1.67	3.55

¹ Incident index with leave = (No. accidents with leave * 1,000) / Worker average

² Frequency index = (No. accidents with leave * 1 million) / (Hours worked during selected period * Worker average)

(*) Data regarding 87% of workers at own stores.

(**) Data regarding 72% of logistic-centre workers.

(***) Data regarding workers in our own factories.

(****) Data regarding 97% of workers at headquarters.



10th anniversary of the Salta Project

COMMUNITY INVOLVEMENT

Inditex's commitment to the community is also reflected in two ways through its human resources policy. On one hand, it provides employment support for groups with special needs or that are in a vulnerable situation, and on the other, it launches social projects driven by employees.

These two fronts, which combine the experience of the business with the individual contribution of hundreds of volunteers from their job, materialise through sound projects and initiatives, which have shown to be very useful for society and participants alike. The 10th anniversary of the Salta Project, the two new stores within the integration program for&from, and the Teaming and The Big Idea Project initiatives are most worthy of special mention in this regard, in 2017.

SALTA PROJECT

Our Salta Project, which aims to improve the employability of young people in vulnerable situations, has reached its 10th birthday and is now operating in 11 countries: Spain,

France, Italy, Greece, Germany, the United Kingdom, Poland, Portugal, Mexico, Brazil and the United States.

To celebrate this anniversary, Pablo Isla, chairman of Inditex, met all the members of the latest cohort and representatives from the last 20 cohorts, in Paris. During the event, Isla told representatives: "Everyone who belongs to the Inditex Group is feeling particularly proud of your example." He also reminded them of the opportunities to "grow internally" at Inditex.

As a result of this project, 239 people were hired at Inditex, with 52% of the candidates selected still working for the Group. Furthermore, 557 employees participated in the project in 2017, as trainers, tutors and mentors, to ensure proper inclusion and adaptation to the job and Company.

Further to this, the Salta Project enjoyed the collaboration of celebrities, like former manager of the French football team Raymond Domenech, ex-cyclist Bernard Hinault, mountaineer Edurne Pasaban, painter Lita Cabellut and dancer Nadia Adame, who shared their stories to give different examples of overcoming obstacles.

In 2017, Inditex launched two new *for&from* stores, in collaboration with Fundación Prodis and non-profit cooperative Moltacte

FOR&FROM

for&from is an Inditex social-innovation programme to integrate people with disabilities. The project takes form by creating a network of stores under the image of Inditex brands. These stores are managed by social enterprises and staffed by people with disabilities.

The model is based on supplying clothes and accessories from the preceding season, which are sold at competitive prices by the social enterprises. Following an initial donation by Inditex, to build the store, the model becomes self-sustainable for the social enterprises, through product sales. All profits generated by *for&from* stores are reinvested in the community organisations that manage the stores, with the aim of providing resources for social projects related to helping disabled people.

In 2017, Inditex launched two new *for&from* stores in collaboration with Fundación Prodis and non-profit cooperative Moltacte: Tempe *for&from* Sambil Outlet, Leganés, Madrid; and Oysho *for&from*, Llagostera, Girona.

The programme has 13 stores, which generate 151 jobs. In 2017, turnover from the programme reached 9.6 million euros and generated a profit of more than one million euros, which was entirely reinvested by the community entities that manage the *for&from* stores: Fundación Molí d'en Puigvert; the Confederación Galega de Persoas con Discapacidade (COGAMI); non-profit cooperative Moltacte; the Asociación Pro-discapacitados Psíquicos de Alicante (APSA); and Fundación Prodis.

FOR&FROM IN 2017

	2017	2016	Difference
Sales (in euros)	9,573,761	7,091,581	35%
Net profits (in euros)	1,090,568	732,280	49%
Number of jobs	151	126	20%
Number of stores	13	11	18%

TEAMING

Through Teaming, an initiative that was started in 2017, Group employees from nine countries (Spain, Portugal, France, Italy, Germany, Poland, the United Kingdom, Ireland and Mexico) could donate a set amount of their wages each month to a social project. Each employee chooses which of the three chosen projects they wish to donate to, and Inditex, for its part, doubles the amount each employee contributes.

More than 30,000 people have joined this project in its first year, through which more than one million euros have been raised. 62% of donations went to projects to fight against child malnutrition run by Médecins Sans Frontières (MSF). This led to 2,703 children being immunised against measles, a further 2,006 children being treated for severe malnutrition, and assistance for 601 women in giving birth and for their newborn children, in Guinea-Bissau. 29% of the funds raised went to the Oxfam project to build wells and drinking-water pipes in Bangui, capital of the Central African Republic, a country that has been ravaged by war for decades. Finally, 9% of contributions went to the Red Cross project to fight against malaria in the Democratic Republic of the Congo, as a result of which training has been given to 91 people on how to prevent this disease and 12 volunteers, in addition to contracting four nurses to train and energize the healthcare staff at the country's health centres.

THE BIG IDEA PROJECT

The Big Idea Project is a call for social projects that invites our employees to propose social and environmental initiatives run by non-profit organisations, to get financial support and employees participation to put them into practice. Since it began, in 2012, 43 projects of this type have been launched, with more than 4,100 hours dedicated by employees during work time, and an investment of more than one million euros.



For&from store employees, Leganés (Madrid)