



El Corte Inglés

2013
Operating
Report

El Corte Inglés

2013
Operating
Report



Contents

Financial highlights of the consolidated Group	5		
Board of Directors	7		
Chairman's Report	8		
Operating report of El Corte Inglés and its business Group	12		
Economic information	13	Corporate Social Responsibility	49
Economic analysis	14	Commercial dimension	52
Revenue	14	Our business model	52
Consolidated profit	15	Our customers	52
Investments	16	Our products and services	55
Other salient information	17	Our suppliers	60
Review by business line	18	Logistics	64
El Corte Inglés department stores	18	Environmental dimension	67
Hipercor supermarkets	27	Materials	67
Bricor DIY	30	Energy	68
Neighborhood stores: Supercor, Supercor Exprés and Opencor	32	Water	70
Sfera	34	Emissions	71
Óptica 2000	36	Waste	71
Viajes El Corte Inglés Group	38	Environmental initiatives	73
El Corte Inglés IT Group: Informática El Corte Inglés, Electrónica and Telecor	40	Social dimension	74
Insurance Groups: Centro de Seguros y Servicios, and Seguros El Corte Inglés	44	Our team	74
Finance: Financiera El Corte Inglés	46	The community and the surroundings	80
		Ramón Areces Foundation	85



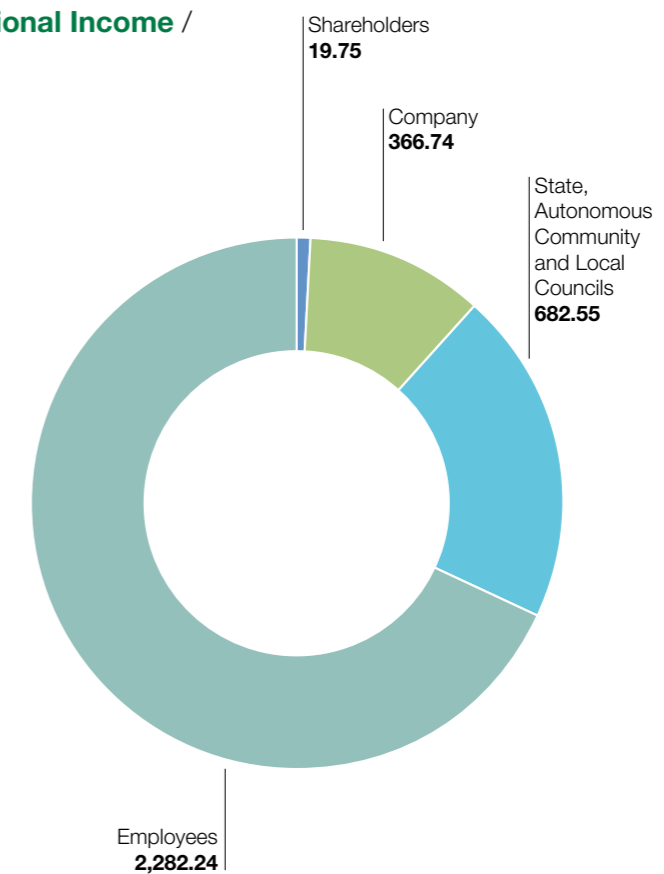
Financial highlights of the consolidated Group

	2013	2012 (*)
Share capital	486.86	486.86
Shareholders' equity	8,893.96	8,850.44
Revenue	14,291.68	14,553.01
Gross profit from operations (EBITDA)	728.20	733.87
Consolidated net profit	174.35	164.17
Cash flow	722.20	678.79
Investments	404.14	570.40
Contribution to national income	3,351.28	3,269.19

Amounts in millions of euros.

(*) Data relating to 2012 was restated in accordance with International Financial Reporting Standards (IFRSs) for the purpose of uniform comparison with 2013 data, which was prepared under IFRSs.

2013 Contribution to National Income /
MILLIONS OF EUROS



Board of Directors

Chairman

Isidoro Álvarez Álvarez

Directors

Leopoldo del Nogal Ropero

Dimas Gimeno Álvarez

Juan Hermoso Armada

Florencio Lasaga Munárriz

Carlos Martínez Echavarría

Cartera Mancor, S.L.

represented by Paloma García Peña

Corporación Ceslar, S.L.

represented by Carlota Areces Galán

Secretary

F. José Soriano Atencia

Chairman's Report

Dear shareholders,

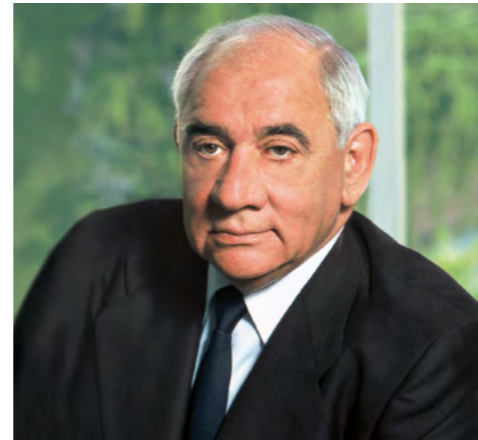
On behalf of the Board of Directors of El Corte Inglés, I welcome you to this general meeting and thank you for your attendance in your dual capacity as shareholders and employees of El Corte Inglés. Firstly, I would like to thank you for your contributions to the activity and results of our Group in the year that spanned the period from 1 March 2013 to 28 February 2014.

To give you an initial assessment, I can tell you that the period continued to be marked by a notable weakness in household consumption. In the final quarter a slight increase in this variable was observed, although this had little impact on the accounts presented today.

Against this backdrop, the El Corte Inglés Group obtained revenue of EUR 14,291.7 million, down 1.8% on the previous period, and a net profit of EUR 174.35 million, up 6.2%.

Other noteworthy figures are: EBITDA of EUR 728.2 million; cash flows of EUR 722.2 million; shareholders' equity of EUR 8,894 million; contribution to national income of EUR 3,351.28 million, and investments of EUR 404.14 million.

As regards the performance of each of the companies, the general characteristics of which you are all fully aware did not change. The El Corte Inglés department store remains the main retail format, contributing



59% to the Group. Revenue totalled EUR 8,441.49 million, down 1.2% on the previous year, and its profit increased to EUR 274.85 million.

It was followed by Viajes El Corte Inglés, whose sales amounted to EUR 2,277.52 million, up 1.7% on the previous year, with a profit of EUR 34.73 million.

Hipermercados Hipercor came next with revenue that totalled EUR 1,716.26 million and a profit that amounted to EUR 7.3 million.

These three brands continue to represent 87% of El Corte Inglés Group's volume of business.

With regards to the other companies, it should be noted that customers have favourably received the Bricor retail format, the introduction of which has continued in El Corte Inglés and Hipercor outlets, with a

total of 29 establishments at the end of the year. In 2013, sales of EUR 79.6 million were achieved and there was an improvement in profit.

Convenience food stores have continued with their process of reform and systems integration, leading to increased productivity. Their combined revenue amounted to EUR 615.72 million. The Supermercados Supercor retail format performed well, improving its revenue by 10.2% and obtaining a profit of EUR 3.7 million.

Sfera, our fashion and accessories chain, continued to expand in Spain and Mexico, and franchises were opened in Peru and Saudi Arabia. A quarter of Sfera's shops are now located outside of Spain as a result. The chain achieved revenue of EUR 164 million, up 21.2%, and an improvement in its profit, which stood at over EUR 22 million.

Grupo Informática El Corte Inglés consolidated its specialisation and participated in important international, institutional and private-sector projects. It obtained revenue of EUR 659.97 million and a profit of EUR 20.54 million.

Óptica 2000, the chain specialising in vision and hearing health, reaffirmed its position with sales exceeding EUR 75 million and an increase in its profit to EUR 4.77 million.

The insurance group expanded its product offering and recorded high numbers of new contracts with customers in the year. It also increased its volume of business by 13.8%

to EUR 176.26 million and its profit, which totalled more than EUR 40 million.

Lastly, Financiera El Corte Inglés obtained revenue that totalled EUR 185.14 million, representing a profit of EUR 32.86 million, and provided financing amounting to EUR 6,610 million to clients.

I would like to point out that El Corte Inglés entered into an agreement with Santander Consumer Finance in 2013, which acquired 51% of Financiera El Corte Inglés. The agreement provides for joint management of the two companies.

Furthermore, in November, the first issue of bonds amounting to EUR 600 million was launched and achieved the success anticipated in terms of the rating obtained by the issue and its placement on the market.

Subsequently, the process to refinance the financial debt was also completed with backing from all the banks. Accordingly, the Group has achieved greater flexibility and improved its financial structure.

International Financial Reporting Standards (EU-IFRSs) were adopted for the preparation of the consolidated financial statements.

These were the most significant financial events in the year.

In this summary of the Group's performance, I wish to emphasise the collective effort that our employees have dedicated to the continuous innovation of our offering. Our

establishments continue to improve their commercial initiatives and our professionals have demonstrated their creativity in providing new experiences to customers, in close cooperation with suppliers.

The fruit of this initiative has been the continual introduction of new, highly attractive brands, services and commercial spaces in all of our business areas. Noteworthy is the consolidation of new concepts such as Gourmet Experience, which has been warmly welcomed by our customers, and the health and beauty services dedicated to personal care.

In the sphere of fashion and accessories, we are continuing to strive for renewal with the addition of new brands, products and commercial strategies. Worthy of special consideration is the new position adopted to drive the monthly renewal of high quality products at very competitive prices under the “Estrena” concept as a communication platform, with the advertising message “Estrena lo nuevo, estrena nuevos precios” (Try the latest fashions at the latest prices).

In doing so we are attempting to make the constant renewal of our selection more visible and offer new experiences to our customers, with a combination of quality, new products and services, and affordable prices.

As for services, we have launched “Click&Collect” and “Click&Car”, whereby customers can shop online or by telephone and then collect their order at a shopping centre of their choice. This connection between the physical and online worlds

streamlines shopping as an easy and practical experience for the user.

At this point, e-commerce merits special attention, where the website of El Corte Inglés continues to be a model in the industry with 155 million visits, representing an increase of 13% on last year, 4.2 million registered users, up 19%, and a two-fold increase in orders compared with the previous year. If part of commerce in the future is to be electronic, El Corte Inglés is continuing to improve its positioning, expanding its offering and points of sale with the launch of its international website www.elcorteingles.eu. This new channel allows customers to make purchases from various countries and gives our brand visibility in other international markets.

El Corte Inglés pays special attention to the tourism industry. Accordingly, it is constantly improving its customer service policy for customers of other countries, for whom there is a specialised service. This support for tourism is complemented by another series of activities, such as the presence of El Corte Inglés at international tourism fairs, which attracts visitors to Spain from these countries.

This summary of some of the initiatives implemented, developed or completed in this year demonstrates that El Corte Inglés is a dynamic and creative company, capable of innovating and addressing the needs of ever more demanding customers imaginatively and diligently. I would like to emphasise my recognition of and gratitude for the work of all our employees.

Dear shareholders,

I have endeavoured to present the current situation of our Group of companies, their performance over the last year and some of the values that set our organisation apart. As employees and shareholders of El Corte Inglés, I believe we can feel satisfaction in belonging to a robust, sound and innovative Group.

As a final summary, I would like to tell you that today you are employees and shareholders of a stronger company, which is able to confront the future and which, year after year, has increased its equity, maintained its market quotas and enjoys a high degree of customer loyalty.

In recent months the Spanish economy has been gradually recovering and a number of economic indicators reveal a certain improvement, which has generated a greater level of confidence that is starting to be appreciated in our activities.

Difficulties still exist, but I am convinced that we are able to overcome them through dedication, a dynamic and competitive offering, attentive customer service and the association of our Group with quality, service, the best range of products and services, innovation, efficiency and assurance. These are the values that have made, and will continue to make, our organisation great.

As always, Company management will continue to promote processes aimed at

improvement. It will continue to promote initiatives of innovation and stimulus with the invaluable cooperation of our suppliers and expects to go forward with internationalisation within a reasonable period of time.

All that remains for me is to ask for your approval of the Management of the Board and the Financial Statements for 2013-2014.

Many thanks,



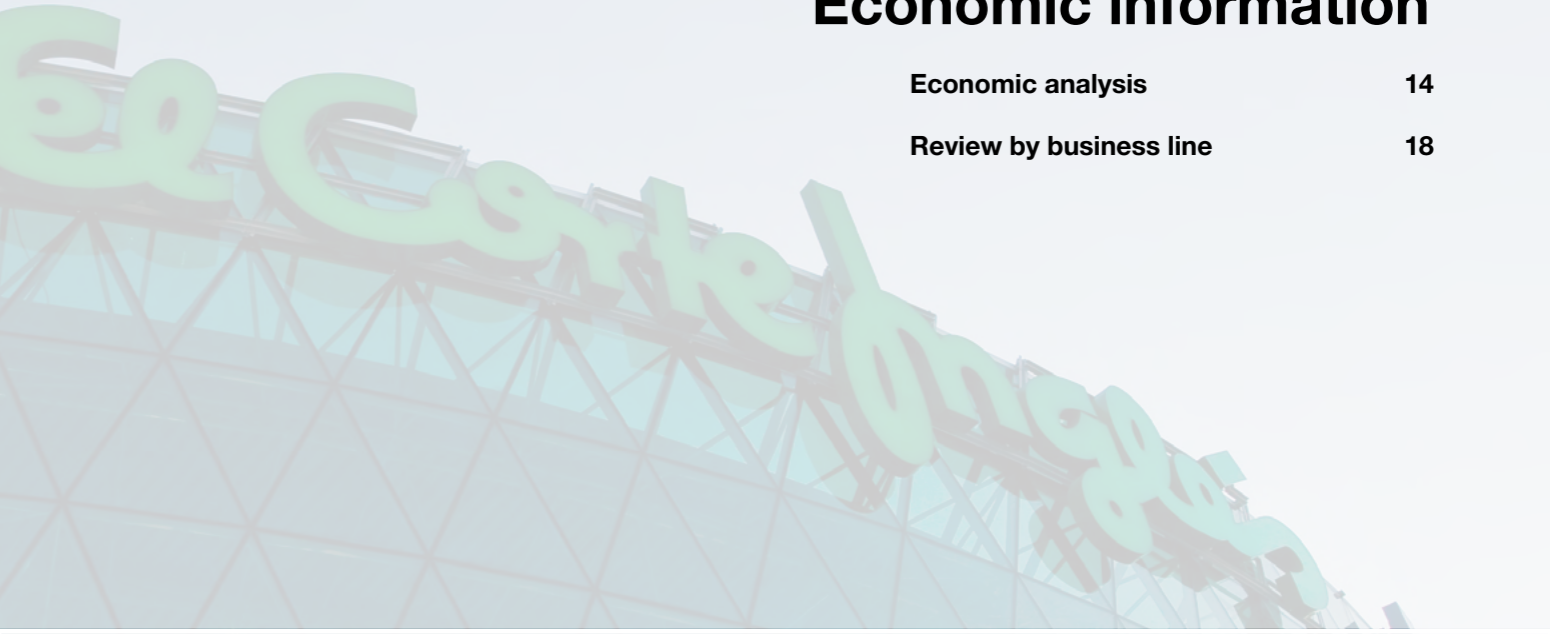
Isidoro Álvarez Álvarez

Operating report of El Corte Inglés and its business Group

Economic information	13
Corporate Social Responsibility	49

Economic information

Economic analysis	14
Review by business line	18



Economic information

Economic analysis

The details of the revenue and consolidated profit obtained by the El Corte Inglés Group based on the contribution of each of the main lines of business and the investments made in 2013 are as follows:

Revenue

Format	% Contribution	2013	2012 (*)	% Change 13/12
El Corte Inglés department stores	59.1	8,441.49	8,541.74	(1.2)
Hipercor hypermarkets	12.0	1,716.26	1,866.84	(8.1)
Bricor DIY	0.6	79.57	80.07	(0.6)
Supercor & Supercor Exprés supermarkets	3.3	466.03	422.84	10.2
Opencor convenience stores	1.0	149.69	244.21	(38.7)
Sfera	1.2	164.06	135.40	21.2
Óptica 2000	0.5	75.38	77.26	(2.4)
Viajes El Corte Inglés Group	15.9	2,277.52	2,238.47	1.7
El Corte Inglés IT Group	4.6	659.97	699.67	(5.7)
Insurance Group	1.2	176.26	154.82	13.8
Other lines of business	0.6	85.45	91.69	(6.8)
Total	100.0	14,291.68	14,553.01	(1.8)

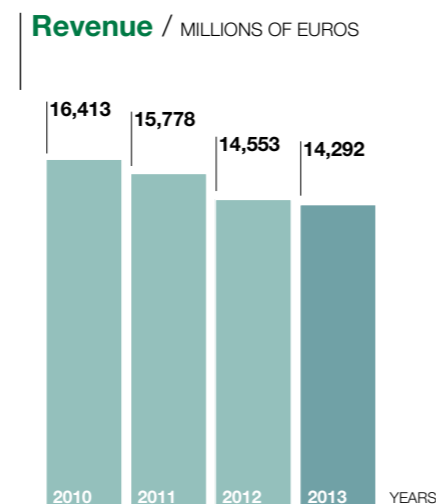
Amounts in millions of euros.

(*): Data prepared in accordance with International Financial Reporting Standards (IFRSs) for the purpose of uniform comparison with 2013 data, which was prepared under these standards.

Consolidated revenue totalled EUR 14,292 million in 2013 (year ended 28 February 2014), down 1.8% on 2012. The economic situation, which in the first half of 2013 remained similar to 2012, saw positive developments, especially in the final quarter of 2013. However, this improvement has not yet been reflected in consumption.

By revenue, the three lines that made the greatest contribution to consolidated revenue were the department stores, travel agency and hypermarkets, which account for 87% of total revenue. Large department stores remain the Group's core commercial format, with revenue amounting to EUR 8,441.49 million.

The Group's consolidated revenue over the last four years has been as follows:



Consolidated profit

The detail of the consolidated profit of the Group companies and their respective lines of business is as follows:

2013 Revenue:

14,291.68
Millions of euros

Format	% Contribution	2013	2012 (*)	% Change 13/12
El Corte Inglés department stores	68.0	274.85	264.52	3.9
Hipercor hypermarkets	1.9	7.28	4.48	62.5
Bricor DIY	(3.0)	(11.94)	(15.54)	23.2
Supercor y Supercor Exprés supermarkets	0.9	3.69	(7.03)	>100
Opencor convenience stores	(5.0)	(20.32)	(20.14)	(0.9)
Sfera	5.5	22.14	10.05	>100
Óptica 2000	1.2	4.77	4.59	3.9
Viajes El Corte Inglés Group	8.6	34.73	41.34	(16.0)
El Corte Inglés IT Group	5.1	20.54	37.80	(45.7)
Insurance Group	10.0	40.26	37.34	7.8
Finance: Financiera El Corte Inglés	8.1	32.86	42.56	(22.8)
Other business lines	(1.3)	(4.75)	0.68	<100
Adjustments and eliminations on consolidation		(229.75)	(236.48)	2.8
Consolidated profit		174.35	164.17	6.2
Profit attributable to non-controlling interests		(1.99)	(0.99)	<100
Profit for the year attributable to the parent		172.36	163.18	5.6

Amounts in millions of euros.

(*): Data prepared in accordance with International Financial Reporting Standards (IFRSs) for the purpose of uniform comparison with 2013 data, which was prepared under these standards.

The Group's consolidated profit for 2013 (ended at 28 February 2014) stood at EUR 174.35 million, up 6.2% on 2012.

The Board of Directors of El Corte Inglés, S.A., as the Parent, will propose to the shareholders at the Annual General Meeting payment of a dividend of EUR 25 million to be distributed proportionally to each existing share entitled to receive it.

The provisional calculation of the proposed dividend payment is as follows:

Concept	Thousands of euros
Dividend payable	25,000
Voluntary reserves	241,519
Profit of El Corte Inglés, S.A.	266,519

Following this distribution of profit of El Corte Inglés, S.A., the consolidated Group's shareholders' equity is as follows:

Concept	Thousands of euros
Share capital	486,864
Reserves and other	8,382,092
Total	8,868,956

Investments

In 2013 the consolidated Group invested a total of EUR 404.14 million, the detail being as follows:

Concept	Thousands of euros
Property, plant and equipment	298.10
Intangible assets	97.54
Non-current financial assets	8.50

The investments in property, plant and equipment were as follows:

Concept	Thousands of euros
Land and buildings	20.00
Machinery, fixtures and others	9.64
Furniture	3.51
Computer hardware	20.30
Property, plant and equipment in the course of construction	244.65

Many of these investments relate to projects and work initiated in prior years and to refurbishments and renovations made at existing stores in order to maintain the levels of quality and service that characterise the Group.

In 2013 the first Hipercor in Navarre was inaugurated. Situated in Huarte-Pamplona, this establishment is housed within the Itaroa shopping centre where a Supercor supermarket had been previously located.

Work also continued at the Castellana building (Madrid) and refurbishments and improvements were made at the establishments in Gijón, Córdoba, Bilbao, Murcia and Callao (Madrid), among others.

In addition, the plan to open Bricor stores at various El Corte Inglés and Hipercor establishments was implemented.

Other salient information

It should also be noted that, with the support of the banks and credit institutions with which it deals, in 2013 the El Corte Inglés Group successfully completed the refinancing of its borrowings amounting EUR 4,909 million. With this reorganisation, the El Corte Inglés Group gained greater flexibility and an improvement of its financial structure in terms of cost and terms.

2013 Investments:

404.14
Millions of euros



El Corte Inglés of Castellana (Madrid).

Review by business line

Following is a review of the business performance in 2013 of each of the Group's current business lines and sales formats .

Innovation is one of the hallmarks of the Company, which continually introduces the latest developments in all its fields of activity

Department stores: El Corte Inglés

Generating revenue of EUR 8,441.5 million, the department stores are the Group's main format, accounting for 59% of the consolidated figure. Profit for El Corte Inglés stood at EUR 274.9 million in 2013, up 3.9% on 2012. The efforts made in internal management provided good results and improved profitability in both Spain and Portugal.

El Corte Inglés bases its business model on a broad and varied commercial offering, on the ongoing enhancement of products and on the inclusion of cutting-edge items and services. This, coupled with a commitment to quality and sound guarantees, enables it to attract customers with different tastes, interests and economic possibilities.

Innovation is one of the hallmarks of the Company, which continually introduces novelty in fields as varied as fashion and accessories, cosmetics, décor and the home, culture and art, technology, food and catering, and services offered to the customer.

This is reflected in the introduction of new brands and the launch of new products and commercial spaces. In this connection, note should be made of the inauguration in the Callao shopping centre in Madrid of a large space dedicated to technology and entertainment: over 5,600 square meters where the latest developments in electronics, IT, communications and navigation, photography, telephony and audio and video are presented in "experience-environments" that allow

Revenue in 2013 :

8,441.49
Millions of euros

users to interact with the various devices presented. All the leading brands in each category backed this project, conceived as a meeting place for professionals and users.

The El Corte Inglés in Bilbao also stood at the cutting edge of technology in its inauguration of Samsung's largest commercial space in Europe. Located on the ground floor of the store, this store looks to provide a personalised showcase of the latest products coming onto the market, such as smartphones, tablets, notebooks, connected cameras and audio/video equipment, in addition to domestic appliances.

Development continued on those commercial concepts that enjoy the support of customers, such as the Gourmet Experience, which melds quality catering with the sale of gourmet products. The opening of the new Gourmet Experience in Seville -with spectacular views over the city- consolidates the success that this concept of tasting and sales is having in the department stores. Also, the Health and Beauty areas, where the latest treatments and advances relating to health and beauty are offered, kept their pace of growth.

In the area of fashion, note should be made of the development undertaken for a new establishment dedicated entirely to lingerie. Inaugurated in 2014, El Corte Inglés Lingerie acts as a marquee on Calle Serrano in Madrid for the leading swimwear and lingerie brands within a distinguished atmosphere with exclusive customer care.



In addition to this new establishment, the area of fashion and accessories stays true to its spirit of constant renovation with new brands and product launches. In this regard, it should be noted that, together with the new women's fashion collections created by the designer Juanjo Oliva for Elogy and presented at the Pasarela Cibeles fashion week, a new line of handbags by this same designer were launched. A new line of men's bags was also created under the brand name Jo & Mr Joe. The vast El Corte Inglés fashion showcase also highlighted the entry of firms such as Anne Klein, Nice Things, True Religion, Marchesa, Patricia Bonaldi, Ella Luna and Eye Doll, among others, which present their new proposals and designs.

The Company took a further step forward in men's fashion by launching, alongside the Madrid Fashion Show, a new initiative dedicated exclusively to menswear, in which Emidio Tucci and Hominem revealed the new collections in their respective fashion shows.

One of the most noteworthy developments in 2013 was the launch of "Try the latest fashions" ("Estrena lo nuevo") campaign, an ongoing and strategic campaign offering new products at highly competitive prices. This initiative, which spans the areas of fashion and the home, includes accessories, shoes, lingerie and children's, youth and sportswear, in addition to home textiles, domestic appliances, furniture, decorative items, etc. The idea is to push forward in the ongoing upgrade of proposals and novelty and in price improvements to enable customers to debut something every day, including a more attractive price.

In perfumery, "Try new Fragrances, at new prices" ("Estrena fragancias, estrena nuevos precios") arose in this same strategic line, reinforcing the Company's new positioning in both product and price.

2013 saw the launch of "Try the latest Fashions" ("Estrena lo nuevo") campaign, an ongoing and strategic campaign offering new products at highly competitive prices

In the home area, El Corte Inglés launched a new line of basic, functional and aesthetically pleasing products, which are marketed at all centres under the slogan "Our Best Price" ("Nuestro mejor precio"). These kitchen, table, bathroom, bed and decorative items are presented with a coordinated image and at highly competitive prices.

Another new action in 2013 was the addition to the shopping calendar of Black Friday, a date with a strong tradition in the United States that is held in late November and has reached the Spanish market. This enabled El Corte Inglés to offer highly attractive prices



in nearly all areas: menswear and women's fashion, sports equipment, electronics, domestic appliances, textiles and household items, books, etc. For example, customers were able to enjoy discounts of up to 50% on a large selection of clothing and accessories from leading brands.

In addition to the new commercial spaces and concepts, the products launched on the market and the firms and brands that are newly included at El Corte Inglés each year, the Company also innovates in the services offered to customers. In this regard, note should be made of the development of "Click and Car", a service that enables customers to shop by phone or online and then pick up their order at the car park of the centre of their choosing. This connection between the physical and online world streamlines the task of shopping in a convenient way for the user.



"Click and Car" is a service that enables customers to shop by phone or online and then pick up their order at the car park of the centre of their choosing

Another new service is the addition of contactless technology at all El Corte Inglés centres, allowing for the quick and simple payment of purchases by simply waving a credit card over the point-of-sale reader.



Samsung commercial space in El Corte Inglés of Bilbao.

In the area of culture and leisure, an agreement was entered into with Casa del Libro whereby all Tagus products and services, including various models of e-readers and more than 100,000 e-book titles, are present at all El Corte Inglés centres and on the website. With the alliance of the two main leading booksellers in Spain, an open solution is offered that drives e-reading in Spain and enables readers to decide where they want to buy their books, be it in a physical or virtual environment, i.e., at the store or online.

Furthermore, in 2013 a series of promotional campaigns were carried out in line with the new commercial strategies and new price positioning, which aim to help customers with high quality products at very competitive prices. Payment facilities have also been kept freely available, with various financing or deferred-payment actions so that consumers can acquire the products or services that they want.



El Corte Inglés Lingerie, in Serrano street (Madrid).



In terms of advertising, the Company once more demonstrated its communicative capacity both in the Sales, Spring, Autumn, Christmas and other campaigns and in the launch of the new Emidio Tucci collections. Celebrities such as Xabi Alonso, Pilar Rubio, Aitana Sánchez-Gijón, Blanca Suárez and Goya Toledo, among others, all lent their presence.



Support for tourism

El Corte Inglés pays particular attention to tourism, a key sector of the Spanish economy. To this end, it fortified its entire customer care policy for non-Spanish customers, to whom a Foreign Tourist Assistance Service is available with interpreters in various languages. Visitors are also attended by specialised staff that facilitate the procedures for VAT refunds or manages the dispatch of goods to their hotels or places of origin.

This support for international tourism is complemented by another series of actions, in which El Corte Inglés attends international fairs in countries such as Russia, Brazil and China to promote tourism. These initiatives promote the arrival of visitors from these countries.

In response to this commitment to tourism, the Castellana El Corte Inglés in Madrid earned the Tourism Quality Service Certification awarded by the China National Tourism Administration (CNTA), a distinction that recognises the quality and service offered by this store. This is an exclusive seal awarded solely to those establishments that have demonstrated outstanding work for Chinese tourists travelling abroad. This store also boasts the Virtuoso seal awarded by the largest network of luxury travel agents in the US, which acknowledges its quality and service as a shopping destination.

Within this framework of service, a new mobile application was launched free of charge in six languages -Spanish, English, Chinese, Japanese, Russian and Portuguese- in order to facilitate purchases for tourists visiting the Castellana centre. This tool allows users to quickly locate every corner, brand and product located in the establishment and offers maps of the centre for them to guide themselves with greater ease.

Internet commerce

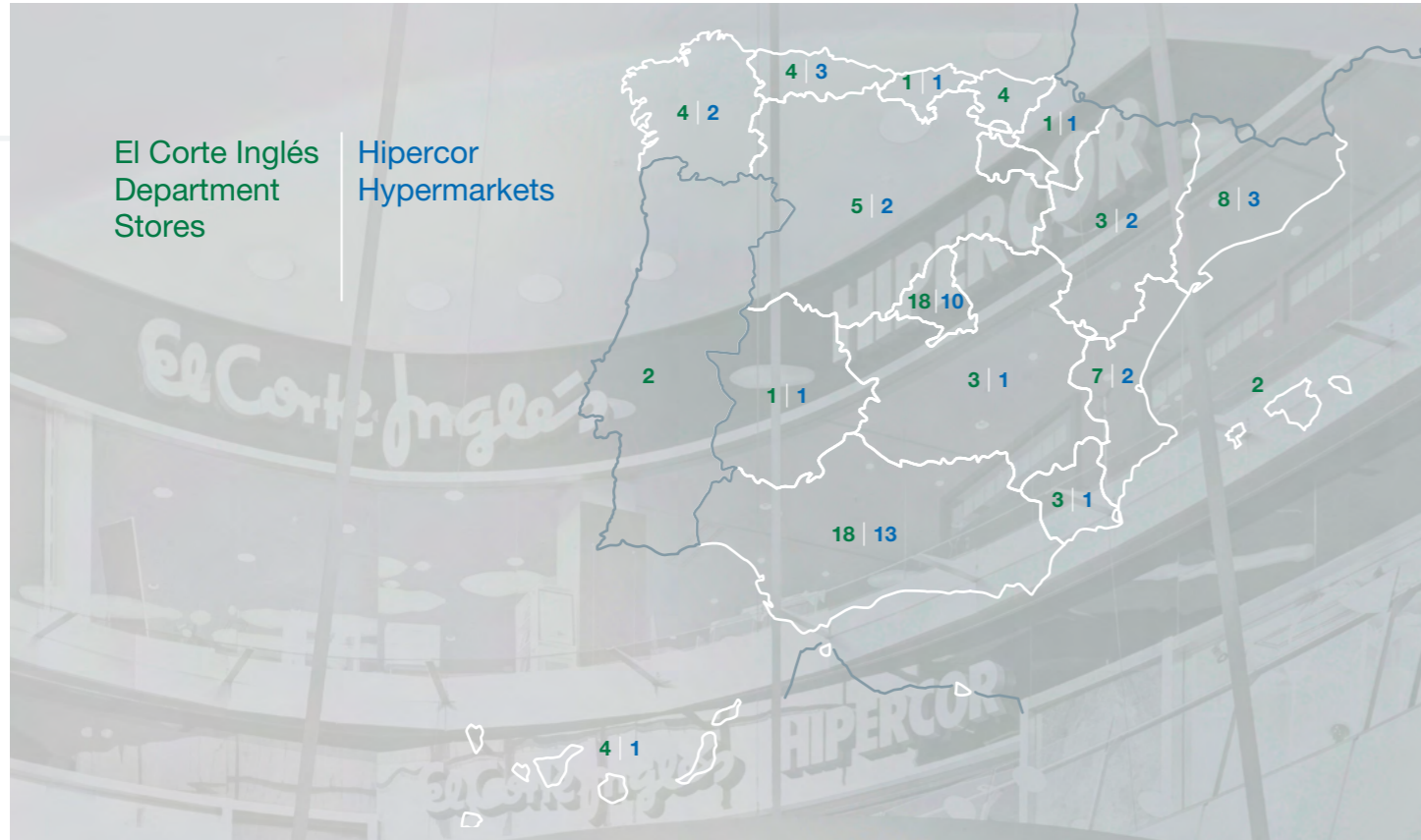
El Corte Inglés continues its concerted push in its digital business. Standing out as a pioneer since the very beginnings of e-commerce in Spain, the website is still a benchmark, with nearly 155 million visits -up 13% on 2012- and 4.2 million registered users, which represents an increase of 19%. The number of orders also doubled, which enabled it to consolidate its position in an increasingly competitive market.

The focus on e-commerce is demonstrated by the recent launch of the international website **www.elcorteingles.eu** targeting different markets and providing greater brand visibility.

Also, the digital environment is consolidated as a communications tool and a channel to carry out promotional campaigns. In addition to the campaigns launched on the Group's web pages, El Corte Inglés is present on social networks, where we maintain a continuous and open dialogue with customers and society in general, across platforms such as Facebook, Twitter or YouTube.



Hypermarkets: Hipercor



El Corte Inglés
Department
Stores

Hipercor
Hypermarkets

88 El Corte Inglés Department Stores (*):

86 IN SPAIN

Andalusia

Algeciras, Cádiz, Córdoba (2), El Ejido, Granada, Jaén, Linares, Málaga (2), Marbella (2), Mijas, San Fernando, San Juan de Aznalfarache and Seville (3)

Aragón

Zaragoza (3)

Asturias

Avilés, Gijón and Oviedo (2)

Cantabria

Santander

Castilla-La Mancha

Albacete, Guadalajara and Talavera de la Reina

2 IN PORTUGAL: Lisboa and Vila Nova de Gaia - Porto

Castilla y León

Burgos, León, Salamanca and Valladolid (2)

Catalonia

Barcelona (5), Cornellà, Sabadell and Tarragona

Valencia Autonomous Community

Alicante, Castellón de la Plana, Elche and Valencia (4)

Extremadura

Badajoz

Galicia

A Coruña (2), Santiago de Compostela and Vigo

Balearic Islands

Palma de Mallorca (2)

Canary Islands

Las Palmas de Gran Canaria (2) and Santa Cruz de Tenerife (2)

Madrid

Alcorcón, Getafe, Leganés (2), Madrid (13) y Pozuelo de Alarcón

Navarre

Pamplona

Basque Country

Bilbao (2), Eibar and Vitoria

Murcia Autonomous Community

Cartagena and Murcia (2)

43 Hipercor Hypermarkets (*):

Andalusia

Algeciras, Cádiz, Córdoba, El Ejido, Granada, Huelva, Jerez, Málaga, Marbella, Mijas, San Juan de Aznalfarache and Seville (2)

Aragón

Zaragoza (2)

Asturias

Avilés, Gijón and Oviedo

Cantabria

Santander

Castilla-La Mancha

Guadalajara

Castilla y León

Burgos and Valladolid

Catalonia

Barcelona, Cornellà and Girona

Valencia Autonomous Community

Elche and Valencia

Extremadura

Badajoz

Galicia

A Coruña and Santiago de Compostela

Canary Islands

Las Palmas de Gran Canaria

Madrid

Alcalá de Henares, Alcorcón, Arroyomolinos, Getafe, Leganés, Madrid (4) and Pozuelo de Alarcón

Navarre

Pamplona

Murcia Autonomous Community

Murcia

(*) Data at 28 February 2014.

Hipercor's revenue amounted to EUR 1,716 million, with profit of EUR 7.3 million. In an environment characterised by fierce competition, the hypermarket chain carried on with the process of improving internal management, a process that has spread to all areas of business.

In the area of food and consumer goods, the policy of maximum competitiveness was strengthened with the ongoing review of prices of both fresh food and grocery, drugstore and perfumery products, which, as in the rest of the Group, gave good results. This positive reception from customers encouraged an increase in the number of products that are analysed on an ongoing basis to adjust the price without losing the quality and service that characterise the company. Added to this was the promotional campaign carried on throughout 2013 with actions offering customers significant discounts on their purchases.

Revenue in 2013

1,716.26

Millions of euros

As regards fresh food, efforts were made with certain suppliers to forge a new concept providing them closer access to Hipercor customers from their own separate spaces. These suppliers are specialists with high quality and well-priced products in areas such as beef, hamburgers, sushi, Spanish cold cuts, sausages, pizzas or fruit and vegetables. This concept not only acts to set products apart, but also has an important local component, looking to bring the best product from the surroundings to customers. In fact, the presence of regional products at all our centres is on the rise, thus providing support to local producers while increasing the diversity of customer offerings.



New Hipercor in Itaroa Shopping Centre, Huarte-Pamplona (Navarra).

The company works with manufacturers and brands to support the presence of new releases on the hypermarket's shelves, which stands as a source of differentiation

Work continued with manufacturers and brands to support the presence of new releases on the hypermarket's shelves, which stands as a source of differentiation. In parallel and within a philosophy of breadth and variety in the selection, the proprietary brand Aliada was strengthened with new products and articles.

In the textile area new collections with unique designs were launched at very competitive prices. The furniture was also changed and a more pleasant and comfortable environment for customers was created. Work was also carried out to improve logistics in order to streamline the replacement of garments and to increase efficiency.

In the bazaar, the selection was tailored to customers' new demands and needs, while gains were made in terms of competitiveness through price adjustments.



In 2013 Hipercor's website was updated: content of interest to the user (tips, recipes, blogs, etc.) was included and new marketing actions launched.

As regards the number of establishments, the chain has 43 hypermarkets after the inauguration of a Hipercor in Huarte-Pamplona (Navarre).



DIY: Bricor

Bricor, the chain specialising in DIY, interior decoration, gardening and kitchen and bathroom projects, increased revenue a 5% to EUR 102 million. Its contribution to consolidated revenue was EUR 79.57 million.

Contributing to this positive performance was the improvement in internal management and the performance of the stores located within El Corte Inglés and Hipercor. The popularity of this retail concept pushed the total number of Bricor stores at 2013 year-end to 29, of which eight are large retail outlets and 21 are located in the department stores, and one online store (www.bricor.es) which also began operating in 2013. This development will continue in 2014 with the addition of new Bricor stores in El Corte Inglés centres.

The new format enables the chain's growth adapt to the new market dynamics, thus satisfying customers seeking household DIY solutions at a competitive price and without having to travel to the outskirts of the city.

In 2013 work was also performed to obtain new synergies with the Group, lower costs and secure better purchasing conditions. In addition to the foregoing, the commercial offering was improved, making it more dynamic and tailored to the needs of urban customers.

In the large retail outlets, a wide selection continues to cover all the requirements of both professionals and DIY and gardening enthusiasts. In fact, new areas such as building materials and bespoke home textile preparation were added and the commercial offering in domestic appliances and kitchens was increased.

Bricor, which continues to follow its environmental support policy, also strengthened its proposal with respect to construction work and renovation, including complete packs that allow customers to more comfortably deal with a modification and improvement of their home with all the articles necessary to carry it out.

Online sales

The launch of the online store was one of the highlights of 2013. More than 35,000 articles are available for customers, who can view characteristics, availability at each centre and price. The popularity of this initiative is reflected in the more than two million weekly visits to the Bricor website.



Revenue in 2013:
79.57
Millions of euros

29 Bricor stores (*):

27 IN SPAIN

Andalusia : 6	Catalonia: 1
Aragón: 1	Galicia: 3
Asturias: 1	Canary Islands : 1
Cantabria: 1	Madrid: 8
Castilla y León: 1	Valencia Autonomous Community : 4

2 IN PORTUGAL

(* Data at 28 February 2014.

97% of customers come back

The new urban Bricor stores located in El Corte Inglés and Hipercor centres were embraced by customers, as reflected in a satisfaction survey conducted in 2013. After making their purchases, 97% of customers expect to come back and 95% say that they would recommend the chain. They most value price, the variety of selection and proximity.



Bricor of San José de Valderas, Alcorcón (Madrid).

Neighborhood Stores: Supercor, Supercor Exprés and Opencor

In 2013 the operating merger of Supercor and Tiendas de Conveniencia moved forward, which led to the integration of their respective teams and an improvement in productivity. Added to this are the new synergies developed with the El Corte Inglés Group both in the area of purchasing and in logistics, where intermediate platforms were removed, thus promoting direct delivery to the store.

The deregulation of commercial opening hours in various autonomous communities led to the conversion of many Opencor convenience stores to the Supercor Exprés format. This also led to a better adaptation of the commercial offering to customers' new needs.

In addition, the neighborhood stores followed the Group's policy of maximum competitiveness with the ongoing review of prices of both fresh food and grocery, drugstore and perfumery products, which gave good results. This positive reception from customers fostered an increase in the number of products that are analysed on an ongoing basis to adjust the price without losing the quality and service that characterise the company.

With a view to improving customers' shopping experience, a store remodelling and redesign plan was undertaken that includes new furniture, shelves, boxes, etc., which provides more comfortable spaces.

Subsequent to this reorganisation, the Group had 203 neighborhood stores at 2013 year-end.

Supercor and Supercor Exprés

Revenue in 2013:
466.03
Millions of euros

In 2013 changes and improvements were also made at Opencor centres located in Repsol service stations, in line with the changes made to all the neighborhood stores. To this end, they were renamed Supercor Stop & Go.

A new project was also started with Repsol to implement the Supercor Stop & Go image at other petrol stations in its own commercial network.



Two supermarkets to choose from

Supercor is a larger store format with a wide selection of fresh produce and an ample variety of products and brands. The quality of the fresh products available with professionals behind the counter and the offering, which includes around 21,000 different articles, set this chain apart.

Supercor Exprés focuses on shopping speed and efficiency with an offering covering food and fresh, drugstore and perfumery products, as well as the press and other types of services. Its long opening hours -tailored to the needs of the establishment's local surroundings- offer customers flexibility and ease in shopping with over 5,000 items.



Opencor
Revenue in 2013:
149.69
Millions of euros

The deregulation of commercial opening hours in various autonomous communities led to the conversion of many Opencor convenience stores to the Supercor Exprés format

203 Neighborhood stores (*):

Andalucía: 40	Extremadura: 1
Aragón: 3	Galicia: 10
Asturias: 8	Balearic Islands: 2
Cantabria: 1	Canary Islands: 12
Castilla-La Mancha: 2	Madrid: 67
Castilla y León: 3	Basque Country: 2
Catalonia: 22	Murcia Autonomous Community: 3
Valencia Autonomous Community: 27	

(* Data at 28 February 2014.

In 2013 the fashion and accessory chain Sfera recorded an 18% increase in sales, which stood at EUR 281.6 million. Its contribution to the Group's consolidated revenue amounted to EUR 164 million. This positive performance is also reflected in the increase in consolidated profit, which amounted to EUR 22 million.

The growth in both sales and profit was achieved by strengthening the chain's distinguishing values: concept and comprehensive brand management, a wide-ranging target audience, a new direction of the business model with greater stock control, an excellent fashion-driven quality/price ratio and a design, patterning and development of proprietary collections focused on quick and easy adaptation to customers.

In 2013 renovation and redesign work was completed on 90% of the stores, thus creating spaces, shop-in-shops and defined areas in order to improve customers' shopping experience. The aim is to simplify, clarify and better segment the selection and facilitate customers' movement through the store in a comfortable and pleasant environment that helps them choose what they want.

In 2013 a resolute and prudent policy of expansion was followed and four new stores in Spain and six in Mexico were opened. On the international stage, franchises were opened in Peru -in Lima, specifically- one in the Jockey Plaza shopping centre and two more in both Oeschle department stores.

Framed along this same line is the agreement entered into with the Al Hokair group to open franchises in Saudi Arabia, the first of which was inaugurated in Jeddah in 2014.

Also noteworthy is the agreement entered into with the Manor department stores in Switzerland to include children's wear shop-in-shops in its establishments.

Revenue in 2013:
164.06
Millions of euros

Sfera's distinguishing values: concept and comprehensive brand management, a wide-ranging target audience, an excellent fashion-driven quality/price ratio and a design, patterning and development of proprietary collections focused on quick and easy adaptation to customers

At 2013 year-end, the fashion and accessories chain comprised a total of 98 stores, 26 of which are outside Spain. In addition, Sfera is present in all the El Corte Inglés centres, as well as in various departments.

In terms of communication and advertising, the chain heightened its social network presence by providing information on the new developments and collections at stores and on promotional actions. Through its own website, Sfera has its own channels on Facebook, Twitter and Instagram.



Óptica 2000

Óptica 2000, the chain of stores specialising in vision and hearing products, achieved revenue of EUR 75.38 million in 2013, a reduction of 2.4% on 2011. Net profit increased nearly 4% to EUR 4.8 million due to cost containment and improved stock management.

2013 saw the launch of an affordable pricing policy ranging from basic products, which offer excellent value for money, to high-end items for which highly attractive offers and promotions are launched. In all cases, Óptica 2000 follows a policy of always offering the latest products on the market and the most up-to-date designs.

In 2013 significant inroads were made in all aspects of eye health both in the office and in optometry, as IT tools were improved and greater flexibility offered in services for customers. This led to more fluid communication with the supplier, including the possibility of remote lens bevelling, i.e. all the documentation is digitised at the store and sent by Internet to the supplier to sculpt the lens. This application enables store personnel to devote more

Revenue in 2013:
75.38
Millions of euros

time to customers and increase the level of service offered.

Another line of action was the opportunity offered to El Corte Inglés customers to conduct a free eye test at all the opticians located in the shopping centres. This service contributes to the prevention of glaucoma, as intraocular pressure is also reviewed by a tonometer, and the customer is provided with a detailed report.

In audiology, the number of establishments that already have this service expanded. Some 70 stores have specialised staff and the latest models of hearing aids so that customers can choose the product that

Óptica 2000 follows a policy of always offering the latest products on the market and the most up-to-date designs

best suits their needs. Insurance benefits and coverage in case of loss or damage of the hearing aid were also expanded.

Óptica 2000 continues to follow its policy of cooperation with various institutions to participate in cooperation and aid projects for the most needy. In this connection, there is an agreement with the Barraquer Foundation to donate glasses that are shipped to countries outside the EU. It also provided technical material to an eye testing project in Senegal.

At 2013 year-end Óptica 2000 had 108 establishments.

108 Óptica 2000 stores (*):

106 IN SPAIN

Andalusia: 23	Extremadura: 1
Aragon: 4	Galicía: 4
Asturias: 3	Balearic Islands: 2
Cantabria: 1	Canary Islands: 3
Castilla-La Mancha: 3	Madrid: 19
Castilla y León: 5	Navarra: 1
Catalonia: 19	Basque Country: 4
Valencia Autonomous Community: 10	Murcia Autonomous Community: 4

2 IN PORTUGAL

(* Data at 28 February 2014.

New boost for training

Training remains one of the priorities of the chain, which offers both online and on-site courses. Many courses are delivered in cooperation with manufacturers, particularly those that relate to furthering knowledge of new products, fashion trends and techniques that are coming to the market. There are also cooperation agreements with Universidad de Barcelona, with which a specific course was organised in 2013 for store managers.



Viajes El Corte Inglés Group

In 2013 the Spanish and foreign companies that compose the Viajes El Corte Inglés Group generated revenue amounting to EUR 2,277.5 million, up 1.7% on 2012. Net profit stood at EUR 34.7 million.

2013 saw the commencement of a technological innovation process that includes the introduction of new IT tools and allows for improvements in both the product offering and prices for customers. As a result, the trips and destinations on offer increased, online sales saw improvements and the range of possibilities to organise packages tailored to each customer was expanded. All this falls in line with Viajes El Corte Inglés's business model, which is based on personalised attention for both business and tourist travel.

The company holds exclusive rights to the products of its wholesaler Tourmundial, which designs commercial offerings tailored to the market's needs. It also has an extensive network of offices through which it offers the end customer all the typical products and services of a travel agency with the guarantee and quality that characterise the Group.

Viajes El Corte Inglés has a Business Division, the leading agency in the corporate customer business, which works for both large corporations and public agencies as well as for SMEs. The company's aim is to provide its customers with the best services at the lowest price, which is made possible by the advice of travel agents and the consulting department. Businesses are also offered global services and information from an integrated perspective and, to this end, we have entered into various international cooperation agreements.

Revenue in 2013:
2,277.52
Millions of euros

An extensive office network

Viajes El Corte Inglés has an extensive office network both in Spain and abroad. At 2013 year-end, office numbers totalled 497 in Spain and 91 abroad, including the first office opened in Ecuador.



Viajes de El Corte Inglés branch in Conde de Peñalver street, Madrid.



The company is also specialised in the planning and organisation of congresses, conventions and incentive trips, which include the planning, organisation and implementation of institutional, corporate, sporting and cultural events. A team of professionals specialising in full-scale event management handles both the advising on and organisation of the events.

Noteworthy among the most significant events in which it participated are the World Swimming Championships held in Barcelona, the final of the Confederations Cup held in Brazil and the World Youth Conference held in Rio de Janeiro. Other areas worthy of note include the World Congress of Paediatric Dermatology held in Madrid with more than 1,700 participants enrolled.

Viajes El Corte Inglés also has alternative sales channels through which it provides customers with a broad range of services. These channels include both tele-sales and online sales, which allow the company to offer a balanced service distribution system tailored to its customers' needs.

Efforts were made in 2013 for customers to plan the reservation of their travels ahead by offering significant advantages, including the possibility to defer payment. Resulting from this policy of customer service were campaigns such as Grandes Viajes (Grand Tours) with discounts and payment in instalments, La Semana del Crucero (Cruise Week), El Mes del Circuito (Circuit Tour Month), Snow, Summer, etc.

Note should also be made of the rise of products targeting the senior customer segment and holiday programmes for 55+, social tourism and cultural routes in various autonomous communities. Also noteworthy are the products targeting families, such as the programmes to visit the Disneyland® Resort Paris, PortAventura and City of Arts and Sciences theme parks and, in the area of cruises, the Disney Cruise Line programmes.

Viajes El Corte Inglés continued working to disseminate cultural products that combine a hotel stay with entry to exhibitions, operas, concerts, etc. Noteworthy in this connection are the products created in cooperation with the Prado and Thyssen-Bornemisza museums in Madrid, the Teatro Real in Madrid, etc.

El Corte Inglés IT Group: Informática El Corte Inglés, Investrónica and Telecor

The information and communications technology area of the El Corte Inglés Group comprises Informática El Corte Inglés, Investrónica and Telecor. In 2013 aggregate revenue amounted to EUR 660 million and net profit EUR 20.5 million.

Informática El Corte Inglés

Informática El Corte Inglés is specialised in the provision of business and technology consulting services, ICT solutions and outsourcing services. Due to its experience with and knowledge of a broad spectrum of industrial sectors, it provides the organisations and companies for which it works with the experience necessary to adapt to new business models requiring technological developments such as cloud computing, mobility, big data and social media. In 2013 the company stayed firm to its commitment to the innovation, quality and service that characterise its projects.

Informática El Corte Inglés participated in significant projects relating to education, healthcare and justice, thus helping to improve the quality of civic life. Noteworthy in the public sector are certain projects which, through technology, secured an improvement in efficiency or the service provided. In this connection, note should be made of the adaptation to new models of mobility and cloud computing at several workstations in an autonomous community. IT technologies were also applied to a “smart city” project in a large city; sensing and image analysis systems were used to obtain an estimate of people flow at certain points of interest.

Another of the projects undertaken in 2013 was carried out with a prestigious university healthcare network to design a management platform for patients with complex chronic diseases using the latest technologies and telemedicine applications.

Revenue in 2013:
659.97
Millions of euros

In addition, in 2013 Informática El Corte Inglés was awarded various public procurement projects in several autonomous communities that span aspects such as the maintenance of SAP and financial-economic software for centres dependent on a regional Health Department or dating or numbering machines for employment offices.

The activity carried on at the Experience Centres and the Espacio Blimea Innovation Center (EbIC) confirmed Informática El Corte Inglés's commitment to innovation, training and new talent. Since the 2012 school year, the company has participated in the “Dual Training Plan” created and launched by certain autonomous communities to promote blended learning between schools and the business world. In 2013 the combination of experience and innovation enabled Informática El Corte Inglés to improve certain of its most emblematic solutions, such as the InvesDoc document management platform, which was adapted to cloud and mobility environments.

In recent years, the company has consolidated a high degree of specialisation that has enabled it to participate in major international projects for a wide range of businesses and organisations. As regards its internationalisation plan, in 2013 progress was made thanks to the experience gained at its Expert Centres and to the possibility of leveraging the knowledge acquired in successful Spanish projects for application to projects in other countries.

Due to its experience and knowledge, it provides the experience necessary to adapt to new business models requiring technological developments such as cloud computing, mobility, big data and social media

Internationally, of particular note was the participation in the implementation of a public resource planning system in Panama or the deployment of an automatic gate solution (eGates) that automates the traveller entry process at the country's three major airports.

Informática El Corte Inglés bolstered its workstation integral management services offering. Noteworthy in this connection is a project for a bank in the Czech Republic and another project for the subsidiary of a Spanish bank in the US. The implementation for 10,000 users of an online cooperation service at a multinational insurance company also falls within the framework of this initiative.

Also noteworthy was the cooperation with a telecommunications company to implement a global systems control centre.

It also participated in a retail systems management project for a large distribution company with coverage of nearly 300 supermarkets.



Certificates and acknowledgements

Informática El Corte Inglés was recognised as “Best IT Services Company” at the 2013 awards of the magazine Byte TI.

Numerous certifications were also obtained in 2013: the SAP VAR Enterprise Support, thus making it a “Partner Center of Expertise”; FlexPod Premium Partner of Cisco and NetApp, Gold Solution Advisor of Citrix, Silver System Integrator/ Value Added Reseller of Samsung and Premier Partner of VMware.

Also, Informática El Corte Inglés in Colombia received OHSAS 18001:2007 certification for occupational health and safety management.

El Corte Inglés's role as a shaper of and driver behind new technologies was also reflected by its organisation of various technological meetings such as those conducted in various autonomous communities or the launch of the 2013 Social Business Tour to present its solutions and services in social, mobile and cloud environments. The awarding of the third annual Premios TIC Skills (ICT Skills Awards) to promote ICT in vocational training and the signing of an agreement with Universidad de Oviedo to foster technological innovation at the university further served to strengthen Informática El Corte Inglés's commitment to professional talent.

Investrónica

With Inves as its flagship brand for IT solutions, Investrónica incorporates the latest technology to offer devices meeting the highest standards of quality. Its commitment to the tablet market was affirmed in 2013 with the launch of the Lintia-Tab family of devices with the Google Android operating system, as well as the Duna-Tab range of devices with Intel processors incorporating Windows 8.



Telecor's professionals advise users on issues relating to telephones, tablets and the convergence of operators for the grouping together of television, computer, phone and other devices

Telecor

Telecor, a Group company specialising in the marketing of telecommunications products and services, always applies criteria of impartiality and independence with respect to the various operators and manufacturers with which it works. Telecor, which has agreements with all operators existing in Spain, acts as a service provider, advising customers on the best solution of each operator based on their needs. Sales professionals advise each user on issues relating to telephones, tablets and the convergence of operators for the grouping together of television, computer, phone and other devices.

2013 saw the start of a new store model that is more open, dynamic, interactive and comfortable for customers. The aim is to offer new services in an innovative environment with touch screens, digital signs or interactive catalogues, i.e. develop establishments located at the cutting edge of technology by establishing new forms of customer communication. In 2013 a large portion of Telecor stores were remodelled to adapt them to the new image and design.

The chain has establishments at street level and spaces located in various distribution channels.

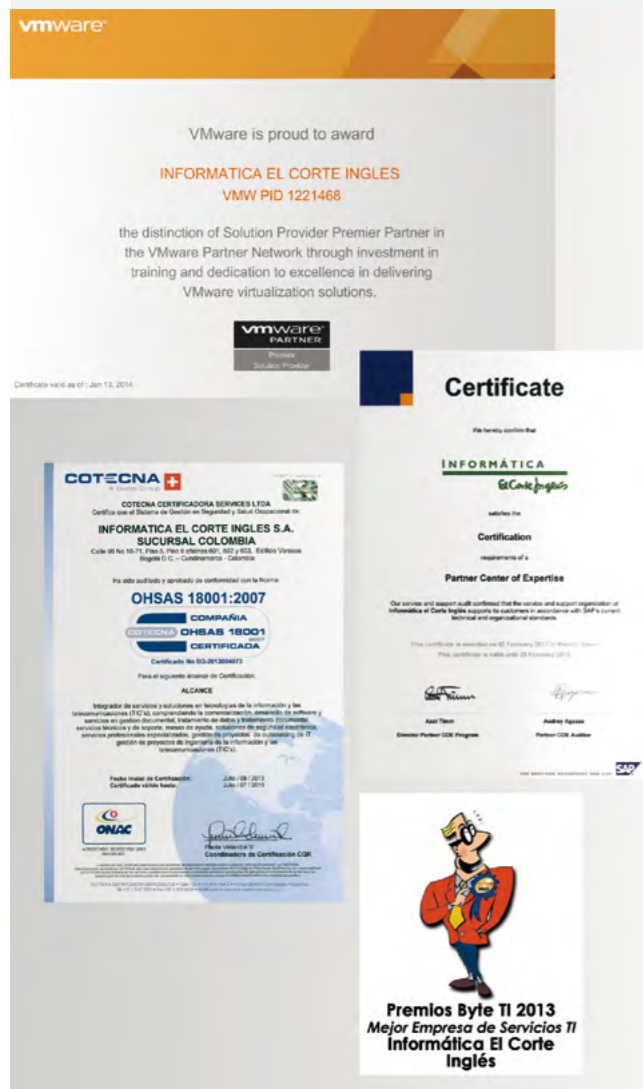
At the Research Centre, progress was made on the development of new and innovative solutions that have served as a platform for information, service and unattended self-service for numerous public and private organisations. These developments, with complete designs and the development of solutions in long-term supply projects, allow for the personalisation of the equipment based on customers' needs.

In 2013 these types of tools were implemented at various provincial and municipal governments in order to facilitate the management of taxes and tailored projects were developed for event ticket sales, transport tickets, events and tourist activities, sports centre management, lockers, car parks, municipal information, etc.

As part of the boost provided to its line of smart posters, in 2013 the new Videowall Inves Dintro screens were presented with an ultra-thin frame and a wide range of touch solutions.



Duna-Tab 8004Z tablet by Inves.



Insurance Group: Centro de Seguros y Servicios, and Seguros El Corte Inglés

The El Corte Inglés Group operates in the Spanish and Portuguese insurance industries through two companies: Centro de Seguros y Servicios (insurance broker) and Seguros El Corte Inglés (insurance company which operates in the life and accident insurance lines and manages pension funds).

Aggregate consolidated revenue in 2013 totalled EUR 176.3 million, up 13.8% on 2012. The Group's net profit amounted to EUR 40.3 million, up 7.8% on 2012.

Record figures were achieved in 2013 in terms of new contracts across all familiar lines of insurance distributed, with notable growth in home, auto, life and accident insurance.

Centro de Seguros y Servicios

Centro de Seguros y Servicios continued to improve its commercial network with the opening of five new offices. At 2013 year-end, it had 110 sales and customer care points.

In parallel, it expanded and renewed its insurance offering with new products in auto, life, accident, health, dental and savings insurance in cooperation with renowned insurance companies. It also launched an exclusive insurance and services package targeting customers with the El Corte Inglés charge card.

Within the Group's multi-channel strategy, the broker's website continued to be developed by adding new content and services and consolidating itself as an insurance sales, advisory and assistance centre. In addition, the use of social networks -particularly Facebook and Twitter- increased as a means of two-way communication with customers, and the main insurance products marketed were adapted to the peculiarities arising from contracting and management by telephone.

It expanded and renewed its insurance offering with new products in auto, life, accident, health, dental and savings insurance in cooperation with renowned insurance companies

Insurance Group
Revenue in 2013:
176.26
Millions of euros

In 2013 various promotional campaigns were launched offering significant discounts, benefits and gift draws across the entire range of insurance policies being sold. These campaigns included most notably El Valor de la Experiencia (The Value of Experience), Multiplicador Prodigioso (Amazing Multiplier), 8 Tickets de Oro (8 Golden Tickets), El Quiz Fantástico (The Fantastic Quiz), Escapada Fantástica (Fantasy Escape), etc.



110
Centro de Seguros y Servicios branches

Seguros El Corte Inglés

The premiums accrued in 2013 amounted to EUR 145.3 million (up 15.9% on 2012), of which EUR 112.1 million related to life insurance and EUR 33.2 million to accident insurance. This growth is a result of the positive performance of the new products, especially in life insurance, most particularly in individual life insurance. Net profit grew 16.3%, while the solvency margin increased eligible capital by 14.7%, up to 528% of the minimum required amount.

The commercial activity in 2013 was marked by the strong push in the marketing both of individual life insurance and personal accident policies, the design of

208 Millions of euros
Pension plan assets under management

145 Millions of euros
Accrued premiums of Seguros El Corte Inglés in 2013

new insurance exclusively for customers with the El Corte Inglés charge card and the opening of three new commercial offices.

As regards the pension plan management activity, all plans obtained positive returns once again this year. Assets under management, including the assured saving plans, reached EUR 208.1 million, up 3.7% on 2012.



Finance: Financiera El Corte Inglés

In the year ended 31 December 2013, Financiera El Corte Inglés carried on its activity in line with the changes in consumption and the sales of Group companies.

Together with reducing finance costs, maintaining the financing granted positively impacted the gross margin - an effect further nuanced by the extra effort in provisioning, which involved raising the coverage ratio to near-100% levels.

Goods and services acquired by customers through the use of the card issued by the company amounted to EUR 4,815 million, similar to 2012.

Financing granted to customers through the "Personal Payment Formula" amounted to EUR 1,361 million, down 2.03% on 2012. Also, the number of contracts signed totalled 2.1 million, up 0.8% on 2012.

Total financing granted to customers in 2013 with the Group's means of payment amounted to EUR 6,610 million, virtually in line with 2012 with a slight dip of only 0.8%.

Revenue from all sources totalled EUR 185.14 million, with net profit of EUR 32.9 million. Shareholders' equity at year-end stood at EUR 359.4 million.

At 31 December 2013, El Corte Inglés charge cards totalled 10.6 million.

185.14 Millions of euros
Total revenue in 2013

6,610.47 Millions of euros
Financing granted to customers

In 2013 two significant events relating to Financiera El Corte Inglés took place. One was the agreement with the Santander Group through which it acquired a 51% stake in Financiera El Corte Inglés, entering as a strategic shareholder, with joint management carried out by both institutions.

Prior to this agreement, securities were issued backed by the assets in Financiera El Corte Inglés's loan portfolio, amounting to EUR 600 million, with one of the best ratings on the market, specifically, AA-.



Operating report of El Corte Inglés and its Business Group

Economic information	13
Corporate Social Responsibility	49



Corporate Social Responsibility

Commercial dimension	52
Environmental dimension	67
Social dimension	74

The El Corte Inglés Group business model is supported by a series of ethical and responsible principles, involving commitment to the customer, respect towards employees and social involvement. Our entire corporate social responsibility (“CSR”) strategy is developed within this framework.

CSR forms part of the Company’s day-to-day activities and, therefore, it involves the organisation as a whole. Accordingly, the Group has a Social Responsibility Committee, which is made up of senior executives representing all the strategic and management areas. The Committee is supported by various interdisciplinary working groups which deal with various CSR-related matters. In this way we guarantee the application of our CSR principles at all levels of the organisation.

El Corte Inglés participates in the United Nations Global Compact, which obliges it to assume as its own all the ethical principles and those referring to respect for the human, labour and environmental rights embraced in this international code of conduct.

Our principles

Ethics and responsibility

Ethical and responsible behaviour in all spheres of the Company’s activity, which engenders trust and consolidates our reputation.

Guarantee and customer service

Quality, service and guarantee with a broad and differentiated commercial offering, which allows us to maintain the growth of our business model.

Relationship and ties with stakeholders

Ongoing seamless relationship with stakeholders: customers, employees, suppliers, shareholders, competitors, social organisations, public and private institutions, and society in general.

Respect for the environment

Commitment to the environment, which affects the various areas of our business activity.



Commercial dimension

Our business model

Innovation in all our areas of activity and constant adaptation to society's changing needs are the pillars supporting our business model.

Throughout our more than 70 years of history, our objective has been to create a large chain of shopping centres based on the department store format with the following characteristics: quality shopping, a wide range of products divided into specialist departments, a good quality/price ratio, personalised attention, a range of services designed especially for our customers, and full guarantee on all purchases.

As a complement to our main activity, in order to provide customers with new commercial and service offerings, new formats were gradually included, such as hypermarkets, supermarkets, travel agencies, insurances, computers, DIY, etc.

Furthermore, we have driven change in logistics processes, the development of IT systems and the construction of spaces and environments designed to maximise customer comfort; we remain at the cutting edge of technology; we have created relationships with our suppliers based on cooperation and trust; and we have continually launched highly innovative products and services in fashion and accessories, household goods, decoration, food, sport, electronic goods, etc. Innovation is a hallmark of the Company and our business model is intrinsically linked to it.

Our customers

Our customers are our reason for being and, therefore, our entire commercial strategy is aimed at ensuring maximum customer satisfaction. Our biggest reward is the trust customers place in us, which strengthens our commitment to quality, service, choice, specialisation and guarantee as testified through our slogan "If you're not satisfied, we'll give you your money back".

This relationship of mutual trust is reflected in over 600 million visits to our stores in 2013. It is also worth noting that more than 10 million people currently have the El Corte Inglés charge card.

Customer relations based on mutual trust is reflected in over 600 million visits to our stores in 2013

Our commitments to our customers

Choice

We have a wide-ranging, varied and innovative commercial offering involving all types of products. Since we believe in customers' freedom of choice we offer a wide range of brands, products and models at our stores that cater for every need, preference and economic level.

Guarantee

This commitment includes all of the foregoing because it allows us to guarantee the products and services we offer at our stores. It is key to the trust-based relationship that we maintain with our customers.

Specialisation

Thanks to the training of our professionals and the wide range of products we offer, we are specialists in all the areas in which we work. We are specialists in fashion, perfumery, food, travel, decoration, insurance, computers, culture, leisure, etc.

Quality

We work to ensure that quality is present in all our areas of operation. There is quality in food, fashion, household goods, leisure, sport, electronics, etc., in the services we offer, in our buildings, the facilities and the environment we create for our customers.

Service

We are committed to customer service, which enables us to offer personalised attention on request, listen to suggestions and respond accordingly. All of this is completed by a wide range of services at all our stores.

Satisfaction barometer

Our daily work is focused on our customers' satisfaction and, in order to achieve this aim, we need to know what they think and want from us. To this end, we have been preparing an internal barometer for several years based on surveys conducted with our customers. In 2013 more than 80,000 interviews were carried out, the findings of which reflected a high degree of satisfaction.

The company is also analysed by companies and bodies from outside the Group which complement our own continuous evaluation. The findings confirm the level of our customers' satisfaction and that El Corte Inglés is highly rated by society.

We listen and respond

We maintain an attitude of listening to our customers at all times in order to meet their expectations. We want to know their opinions, respond to their queries and help them find what they need. We have set up a fluid and constant communication whereby we use various channels, ranging from telephone to e-mails, social networks and our own website, in addition to the direct and personalised customer care offered in our establishments.

On our website, we offer information on anything that might be of interest to our customers: promotions and products offers, financing and payment facilities, opening hours, location of the stores, activities at our establishments, etc. The El Corte Inglés website also includes specific links to pages of other business lines such as Hipercor, Bricor, Telecor, and Viajes El Corte Inglés, each providing specific information of interest to their customers.

We also maintain a real-time, interactive relationship with our customers through social networks and platforms such as Facebook, Twitter and YouTube, where they can send us suggestions and comments to help us improve every day. At the same time, we keep customers informed about one-off actions, fashion trends, events at the various establishments, product launches, competitions, prize draws, etc.

Also, our advertising is that expected of a responsible company. The Advertising Self-Regulation Association (Autocontrol), which monitors ethics and fairness in advertising for the benefit of consumers, once again awarded El Corte Inglés the certificate of social responsibility for its good practices in relation to advertising.

We maintain a real-time, interactive relationship with our customers through social networks and platforms such as Facebook, Twitter and YouTube, where they can send us suggestions and comments to help us improve every day

Connected with customers

- Over 6.7 million telephone calls to customers
- More than 3.4 million telephone calls handled
- 415,000 text messages sent to customers' mobile phones
- 73,000 consultations handled by e-mail



Our products and services

In order to carry on our activity, we have a wide range of products and services designed to satisfy all types of customers with different tastes, needs and economic possibilities.

Quality, safety and traceability

We strive to ensure the quality and safety of the products and services we offer. In the food area we reviewed our entire supply chain in order to enhance the level of quality even further. We also made progress in the traceability systems and protocols in order to have as much information about the products as possible from their source until the point of sale, including processing, distribution, control, etc. To this end, analyses are performed at both our own laboratories and those of external consultants.

In fashion, we boosted the entire quality and safety management system at the point of source for garments, footwear and accessories. We created a Textile Review Centre which supervises the materials to be used for manufacturing our own brand collections – millions of metres of textile that are reviewed in order to guarantee its quality. A line of cooperation was also opened with the Textile Technology Institute (AITEX) in order to create a laboratory where analyses are conducted of the characteristics of the fabrics for the garments subsequently sold by El Corte Inglés.

With regard to manufactured products, i.e. household, toy and electronic products, etc., we completed an ambitious project to comply, and keep permanently up-to-date, with all domestic and international regulations in each area. To this end, a quality and safety standards library was created. Although this is for internal use, it was also made available to our suppliers so that they can have access to all the legal requirements and any new regulatory developments

that may arise. We also made progress in the quality controls for this type of article, for which we received support from experts such as SGS, Eurofins, Bureau Veritas, PTS and AIJU, among others.

In 2013 we increased the number of analyses performed by all laboratories to over 180,000 tests, which reflects the efforts made to continually improve safety and quality. In recognition of these efforts, the Spanish Quality Association granted us the prestigious “2013 Leader in Quality” award.

Within the monitoring system, the consumer alerts issued by the autonomous communities, the Spanish Agency for Consumption, Food Safety and Nutrition (AECOSAN) and the European Union’s RAPEX network are also checked on a daily basis.



Laboratory testing

- **9,600 food samples analysed**, 95% of which were performed at our own food laboratory, with an average of 6 analyses per sample, giving a total of 57,600 tests carried out.
- **550 manufactured items**, with an average of 6 analyses per item, totalling 3,300 analyses. In addition, over 1,400 labels were reviewed and 1,100 quality dossiers prepared that include a large number of certificates for complying with CE marking.
- **6,000 physical-mechanical tests on fashion items**, at an average of 7 analyses per sample, giving a total of 42,000 tests performed.
- **2,400 samples of chemical substances** (REACH), labels and child safety, with an average of 15 analyses per sample, representing 36,000 tests carried out in total.
- **4,600 samples of textiles and accessories** in our fashion laboratory, with an average of 9 analyses per sample, giving a total of 41,400 tests carried out.

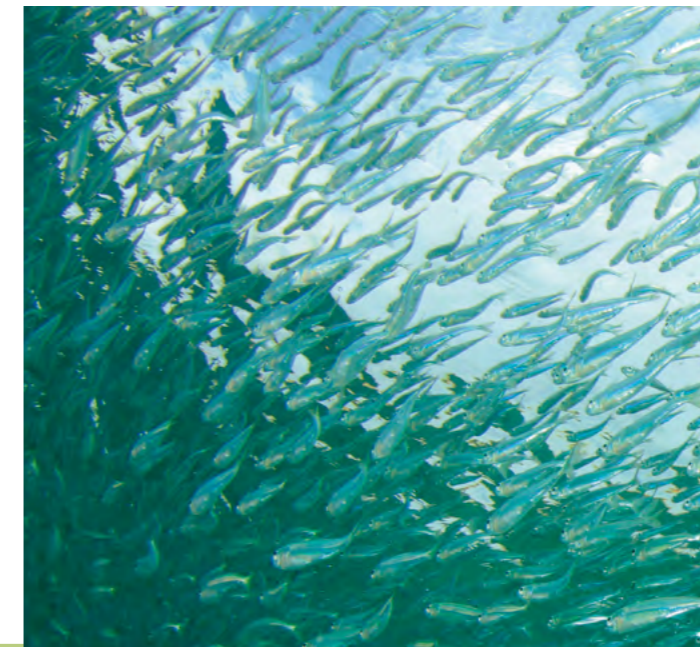


Sustainable Products

We market sustainable products in all our business areas, ranging from food and mass consumption goods to domestic appliances (mostly high energy-efficient products), household textile products, cosmetics, fashion, etc. We believe that our role as a distributor is key to promoting sustainable consumption. Therefore, we try to respond to society's growing interest in quality consumption that minimises environmental impact.

In food, for example, we have a wide range of sustainable, fair trade products, such as perishable goods, groceries, chilled products, canned food, etc.

Also in 2013, we entered into a cooperation agreement with FSC (Forest Stewardship Council) to encourage the use of paper and wood products from sustainable forests, both in our internal consumption and in our stores' commercial offering. Our objective for 2014 is to gradually introduce a range of products with this certification at our stores.

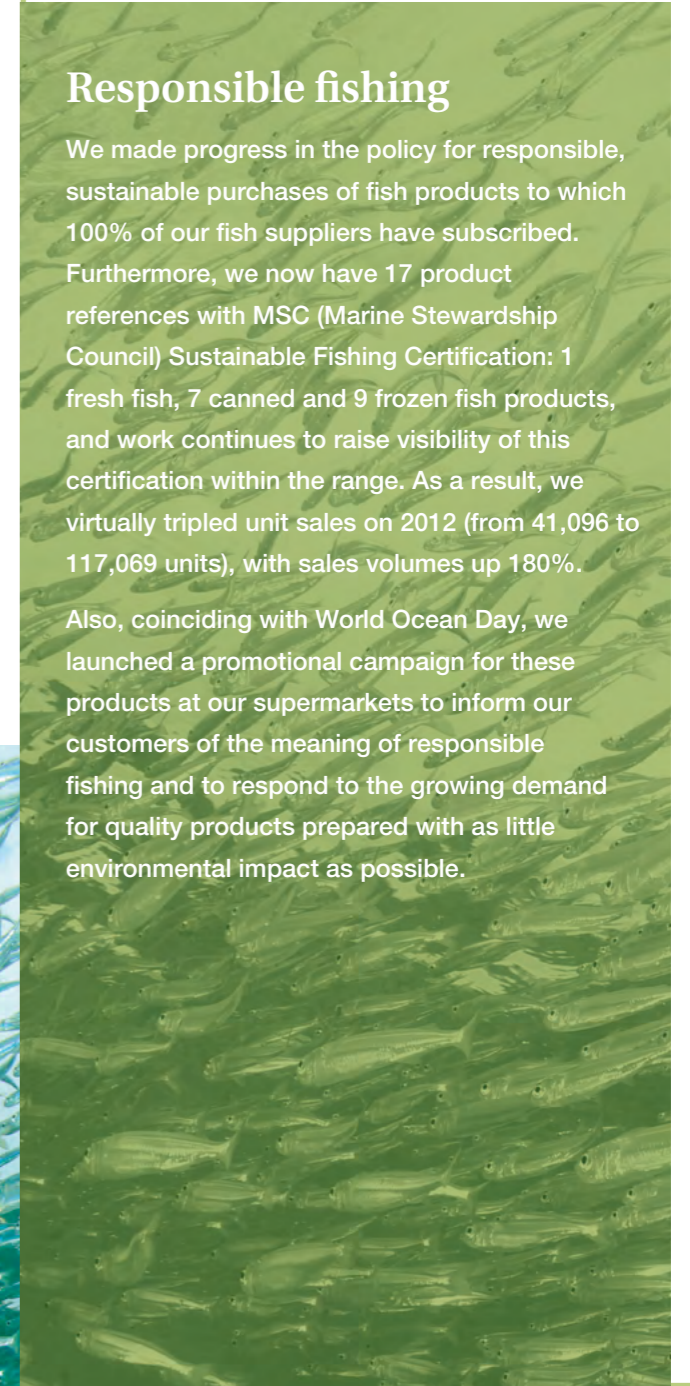


We entered into a cooperation agreement with FSC to encourage the use of paper and wood products from sustainable forests

Responsible fishing

We made progress in the policy for responsible, sustainable purchases of fish products to which 100% of our fish suppliers have subscribed. Furthermore, we now have 17 product references with MSC (Marine Stewardship Council) Sustainable Fishing Certification: 1 fresh fish, 7 canned and 9 frozen fish products, and work continues to raise visibility of this certification within the range. As a result, we virtually tripled unit sales on 2012 (from 41,096 to 117,069 units), with sales volumes up 180%.

Also, coinciding with World Ocean Day, we launched a promotional campaign for these products at our supermarkets to inform our customers of the meaning of responsible fishing and to respond to the growing demand for quality products prepared with as little environmental impact as possible.



Organic products

We offer a wide range of organic products of all kinds in our supermarkets. Over 1,600 items of free-range beef, organic farm-raised fish, meats, dairy, chilled products, canned vegetables, groceries, sweets, drinks and even chemist items.

All the above is designed to cater for customers who wish to take care of their health while at the same time contributing actively to preserving the environment.



In the area of domestic appliances, we encourage the acquisition of sustainable products through participation in the “Renove” upgrade schemes, and we take part in various campaigns to raise awareness on waste prevention. In this same context of public awareness, we are committed to disseminating good practices with a view to raising awareness among consumers and reducing food wastage in homes.

Different tastes and needs

Our stores are open to all types of customers regardless of their age, gender, preferences or economic possibilities. This universal and plural vocation enables us to pay special attention to groups that require specific products or services adapted to their needs, such as fashion, cosmetics, food, etc.

In fashion we have a wide range of sizes, including special and petite sizes; we have an extensive variety of cosmetics and beauty products for sensitive skin; and in food, people who have some type of intolerance can choose from a broad, easily-identifiable offering.

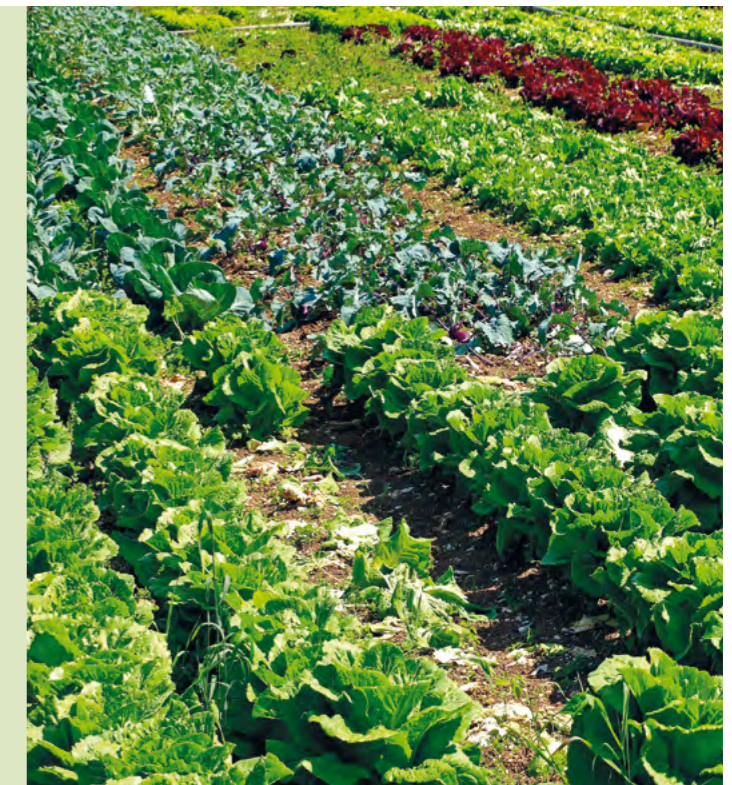
In this regard, we continue to work to improve and widen our fresh and grocery product offering for people with coeliac disease. Our shelves are also stocked with foodstuffs low in fat and/or salt-, lactose-free products, specific foods for diabetics and other “free from” foods (which do not contain gluten, lactose, eggs or traces of nuts). The labels on our own brands include easily visible information for customers regarding allergens.

Also, as a result of our respect for cultural minorities, we stock over one thousand products in our supermarkets such as kosher, halal, oriental, etc.



Local Products

We encourage everything connected with innovation and proximity to the environment at our supermarkets. We therefore have agreements in place to purchase at small local markets a proportion of the fish sold in the supermarkets in the area, thereby encouraging the sale of local products in each shopping centre’s catchment area. To this end, we developed the “zero kilometre” concept which supports and strengthens this strategy of offering fresh local products in our supermarkets. For example, for vegetables and other garden produce, we work with la Huerta de Carabaña in Madrid and with Hortalisses Blanch in Catalonia, so that each day we can offer vegetables and other produce that is cut that morning in vegetable gardens in the local area.



Our customer services

Customer service and care set the Company apart. This dedication led us to be pioneers in numerous areas such as the personal shopper service offering personalised fashion advice, the personalised customer service department providing in-store purchasing advice, and the good search service, among others. Mention should also be made of the charge card, the card gift vouchers and the various personal payment and financing plans.

The new services launched in 2013 include the “Click and car” service where customers can shop by telephone or online and then collect their order at the parking area of the commercial centre of their choice. This convergence between the physical and online worlds speeds up the task of shopping in an easy and practical way for users.

One of the more innovative new services is the “contactless” technology at all El Corte Inglés stores; customers only have to wave their card over the reader at the point of sale to make quick and easy payments on their purchases.



Our suppliers

Supplier selection and accreditation form the basis for being able to satisfy our customers' quality requirements. All our suppliers must accept and commit to ethical principles, including compliance with the BSCI Code of Conduct, issued by the Business Social Compliance Initiative, a not-for-profit organisation based in Brussels to which the El Corte Inglés Group has belonged since March 2008.



Social audits

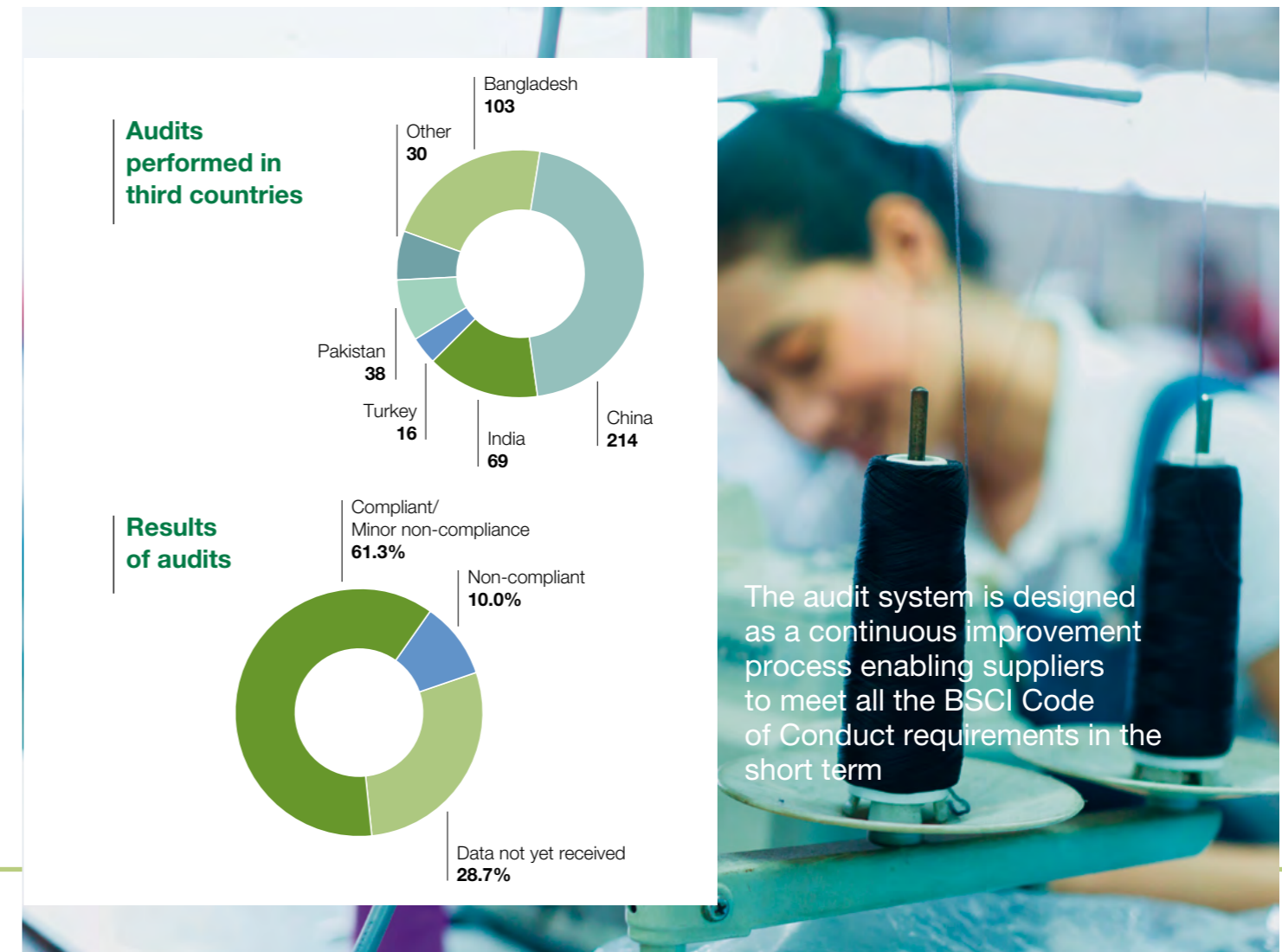
In 2013 we made progress in relation to our commitments to check the social and working conditions of suppliers in third countries, through social audits carried out in accordance with the BSCI system, which takes as a reference the fundamental conventions of the International Labour Organisation (ILO).

We hold regular meetings with a Stakeholders' Working Group in which trade unions, consumer organisations and various NGOs participate, with the aim of exchanging information and opinions on how to improve the compliance of suppliers' social conditions in third countries.

Their contributions and suggestions encourage us to progress in this direction.

Audits of third-country suppliers

Year	Audits
2009	40
2010	120
2011	240
2012	240
2013	470
Total	1,110



The audit system is designed as a continuous improvement process enabling suppliers to meet all the BSCI Code of Conduct requirements in a short space of time. To this end, in 2013 a large number of suppliers were invited to take part in training seminars organised in the main supplier countries:

- China: Qingdao, Shanghai, Guangzhou, Dongguan and Hong Kong
- Bangladesh: Dhaka
- Thailand: Bangkok
- India: Agra, Bangalore and Chennai
- Turkey: Istanbul

These training courses were complemented by various projects carried out together with other initiatives that aim to resolve situations of risk of non-compliance with certain social or employment conditions.

International projects

We took part in various international projects in 2013 that are being carried out in third countries in order to help to apply good labour practices and comply with the codes of conduct.

- **TAMIL NADU PROGRAMME:** a joint initiative was launched for the textile industry in the state of Tamil Nadu (India) in which companies, unions, NGOs and international and local institutions are taking part. The project, developed by ETI (Ethical Trading Initiative) with the backing of BSCI, aims to bring an end to a practice known as Sumangali which is entrenched in the culture of the region and which affects the labour rights of young female works at spinning mills and garment factories. El Corte Inglés undertook to take part in this three-year programme which includes training courses for employers and employees and promotes regulatory changes that favour the employees.

- **VELLORE PROJECT:** in this case, we were one of the companies driving this project, which aims to implement measures to eradicate the prevalence of homeworking and child labour in the footwear industry in the Vellore district of India. This initiative, organised by the BSCI in coordination with CRB (Center for Responsible Business), analyses the structure of the supply and subcontracting chain in the footwear and leather industries in order to offer socially viable alternatives.

- **COTTON PLEDGE INITIATIVE:** we are one of the companies that have signed the pledge to eradicate forced labour among children and adults in the cotton harvest in Uzbekistan. This initiative, promoted by the Responsible Sourcing Network, is supported by over 140 international companies.



Support for the Bangladesh textile industry

The Rana Plaza building collapse in April 2013 on the outskirts of Dhaka was of singular importance for international trade relations since it urged industry, unions, the national government, NGOs, retailers and international bodies to coordinate efforts to launch a series of joint initiatives. The measures adopted include, most notably, the Tripartite National Action Plan, the Accord on Fire and Building Safety in Bangladesh, and an agreement of principles for a practical solution to help the victims of the accident (the Rana Plaza Compensation Arrangement).

The last two initiatives, in which El Corte Inglés took an active part in their launch and development, were supported and coordinated by the International Labour Organisation (ILO).

- **Accord:** signed by over 160 international retailers and unions, under the impartial coordination of the ILO. It has implemented an ambitious programme for inspecting over 1,600 factories in Bangladesh, in order to guarantee workers' safety with regard to building structures, electrical installations and fire prevention systems. At El Corte Inglés we have involved all our Bangladeshi suppliers in this programme.

- **Rana Plaza Compensation Arrangement:** an international aid fund for the victims of the accident was created, following ILO international standards. El Corte Inglés was one of the first companies to take part in this initiative.

Programmes in Spain and Portugal

In January 2014 we launched a plan in Spain and Portugal to reassess and accredit textile suppliers. The objective of this project is to assess, through audits, the capabilities, quality and workplace safety environment of our closest suppliers that account for most of our fashion supplies.

This process gave rise to an improved selection of workshops, a reduction in intermediaries, and a stronger role for short-circuit supply, which is key for the fashion offering and should improve labour conditions in this industry.

Logistics

Logistics is a key area of the distribution business. Therefore, as well as continually including and adopting cutting-edge technologies and systems as they appear in the market, we innovate in new processes in order to gain effectiveness and flexibility. These improvements in the area of logistics management also have a clear impact on the environment.

For this purpose we have our own high capacity, highly efficient logistics platforms where goods are received for subsequent sorting and delivery to each shopping centre, thereby avoiding individualised deliveries by the suppliers. By centralising deliveries at our logistics centres in Valdemoro and Montornés del Vallés, we were able to group consignments together in order to send them to the points of sale more efficiently. This gives rise to a considerable improvement in the supply chain as a whole.



Our supplier network

- 2,400 Spanish/EU suppliers with centralised deliveries
- 86% of the total volume of goods is from Spain/EU
- 300 new suppliers centralised in 2013

The use of global logistics operators at source is also essential in flows of imported goods. One of the main missions is to receive the goods and consolidate them in the warehouses, and optimise the container loading in the ports of origin. This container loading optimisation generates savings and efficiency in sea and air transport, and has a favourable impact on the environment.

Another positive consequence of consolidation at source is the reduction of transport to a minimum, since the goods are dispatched directly to our logistics platforms from the ports of arrival. Each container already arrives with the goods relating to the closest warehouse of destination, thereby minimising road transport.

As part of the continuous improvement process, another initiative was launched enabling collection of the goods at our suppliers' production centres for subsequent consolidation at intermediate points, i.e. our own storage network stretching across the Iberian peninsula. The goods are then dispatched to the stores in their catchment area.

In this regard, there was a change in the logistics flows relating to the goods from Spanish suppliers with very high turnover, which were included in the receipt and delivery platforms in Barcelona, Valencia, Málaga and Seville.

By centralising deliveries at our logistics centres in Valdemoro and Montornés del Vallés, we are able to group consignments together in order to send them to the points of sale more efficiently

International logistics flows

- Countries of origin where purchase made: 30
- Shipping ports: 70
- TEUs transported (containers): 13,500
- M³ transported: 415,000 m³

Main goods transport figures

- 3,500,000 pallets p.a. from the warehouses to the stores
- 28,000,000 kilometres covered each year
- 5,000,000 deliveries to our customers' homes



Innovation and automation

At our logistics platforms we maintain a policy of continuous improvement and innovation in the processes, part of which are automated as a result. Among the actions performed in 2013, the following are noteworthy:

- Automation at the distribution and food platform for e-commerce in the Madrid area.
- The start-up of two goods sorters at the Montornés del Vallés (Barcelona) platform.

The practices introduced by El Corte Inglés to its logistics management have a clearly positive impact on the environment.

Environmental dimension

Because of our concern for the environment, we have a policy in place for continuous improvement in all areas relating to our commercial activity, particularly in respect of the rationalisation of consumption (materials, water and energy), the control of greenhouse gas emissions and waste management.

Materials

We are taking part in the Business Prevention Plans organised by Ecoembalajes España. For several years, thanks to the cooperation of our suppliers, the packaging materials used in our business activity have changed considerably from an environmental point of view: we have carried out several initiatives to replace certain types of packaging with others with less environmental impact, we have eliminated superfluous packaging and encouraged the introduction of returnable materials.

As a result of all the measures taken over recent years in relation to single-use plastic bags, their consumption has decreased by more than 70% (the reduction in terms of weight of the material from 2007 to 2013). Also, in 2013, we worked together with our suppliers to try to optimise the plastic material used. The result was the elimination of the gusset in plastic loop handle bags, which enabled us to provide the same service while using less plastic in weight terms.

Furthermore, the range of reusable bags was extended, partly through a wider use of the 15-use bag in other areas of the Company and partly through the promotion of our bags with exclusive designs in the food area. The objective is to reduce consumption of single-use bags.

Through information campaigns, we try to raise customer awareness so that they only use the bags that they need, reuse them whenever possible and place them in the yellow container once they become waste, so as to ensure that they are recycled.



From 2007 to 2013 we reduced the consumption of single-use plastic bags by over 70%

From 2007 to 2013 the consumption of single-use plastic bags decreased from 7.6 million kilos to 2.1 million kilos. The amount of the reduction in the weight of main packaging last year was approximately 16%.

Energy


In view of our commitment to achieve higher energy efficiency in our buildings, and to guarantee our customers' level of comfort, we worked on each and every variable that might have an impact on energy consumption at our shopping centres: HVAC, lighting, industrial cooling and control systems.

Noteworthy last year was a new project to optimise the control systems. Specifically, several state-of-the-art control systems (for HVAC and electrical circuits) were implemented, giving rise to a considerable improvement in energy efficiency.

These systems also provide support to the maintenance staff for centralising and optimising daily management operations.

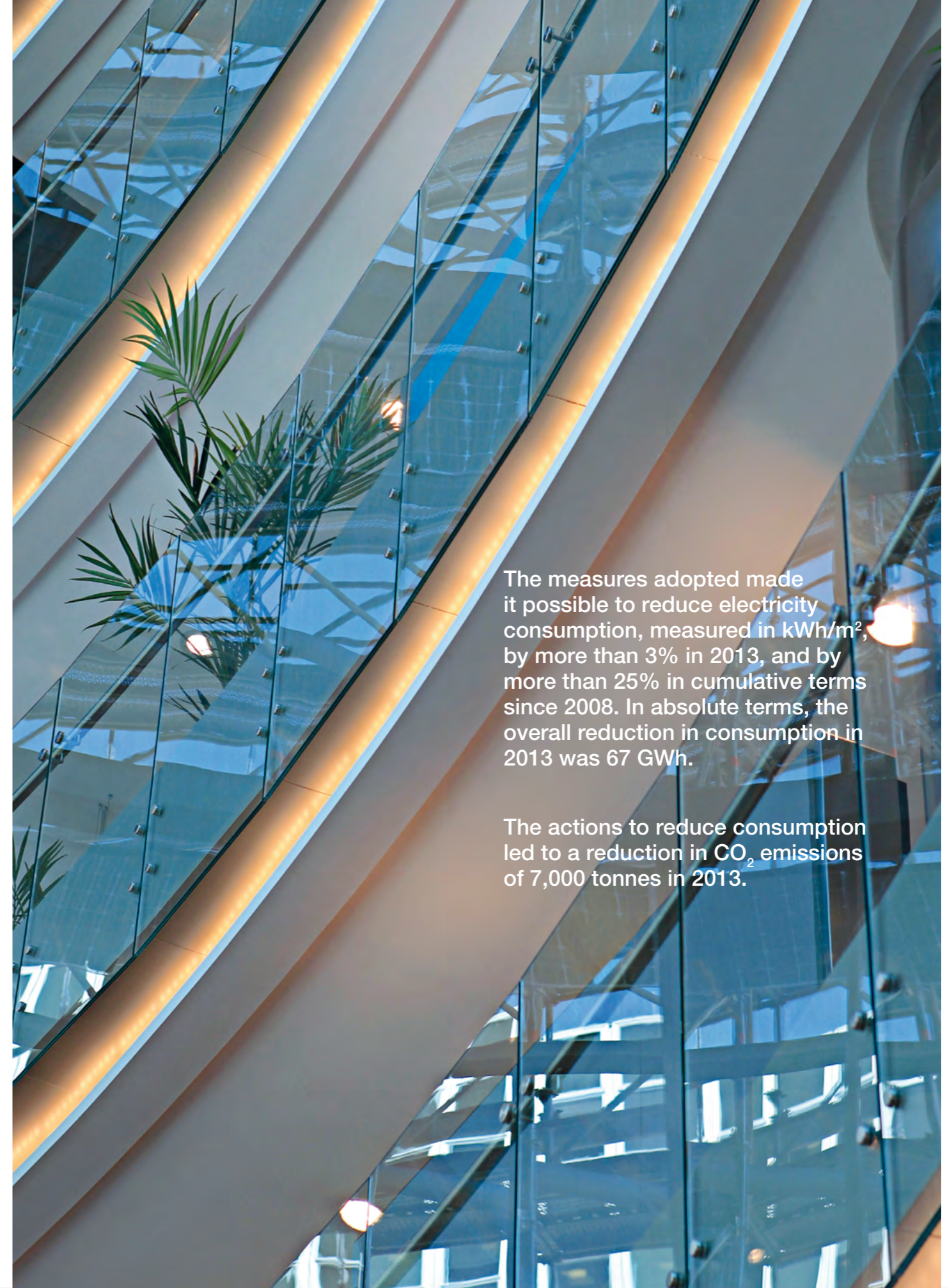
In the area of lighting and industrial cooling, several projects were undertaken consisting of the implementation of state-of-the-art technology, which gave rise to major energy savings. One example is the gradual increase in use of LED luminaires, both for general lighting and for industrial cooling units, giving rise to considerable savings in both areas.

In the area of lighting and industrial cooling, several projects were undertaken using state-of-the-art technology, giving rise to major energy savings



An agreement was reached in 2013 with the main suppliers of paper bags (both Spanish and imported) for 100% of the bags used in the fashion departments to carry forest certification.

The reduction in CO₂ emissions due to the decrease in packaging consumption last year was over 2,800 tonnes.



The measures adopted made it possible to reduce electricity consumption, measured in kWh/m², by more than 3% in 2013, and by more than 25% in cumulative terms since 2008. In absolute terms, the overall reduction in consumption in 2013 was 67 GWh.

The actions to reduce consumption led to a reduction in CO₂ emissions of 7,000 tonnes in 2013.

Water

Water plays a key role in everyday life and, therefore, this valuable resource must be used responsibly. A considerable reduction in water consumption was achieved only through a combination of various types of measures.

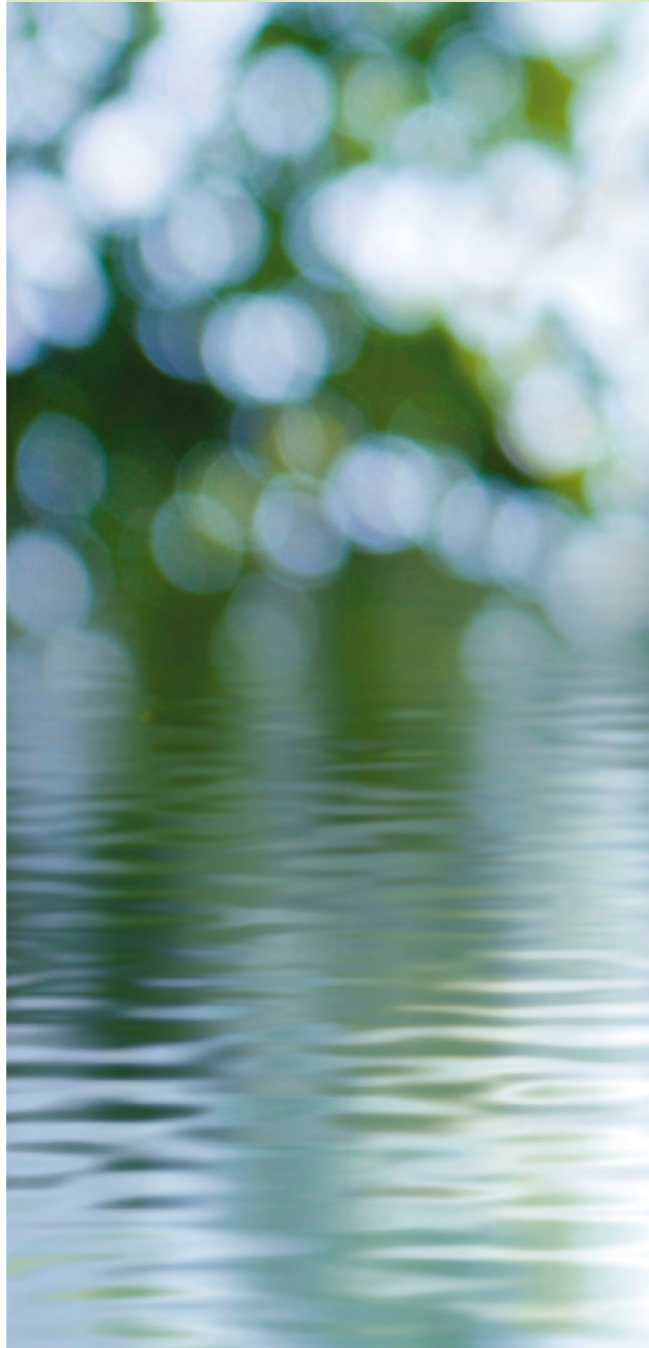
Among the management measures, it is important to note the major changes made to the way in which the cooling towers work. Instead of operating continually as before, consumption became seasonal, adapted in each case to actual demand. In specific terms, they previously operated 12 months of the year and now operate for 6 months of the year at centres where demand makes this possible.

Savings and efficiency measures implemented include most notably the replacement of water taps with more efficient models with a timer and adjustable flow.

Lastly, we also invested in measures to train and raise the awareness of our employees since, without their involvement and commitment, nothing would be possible.

All these actions gave rise to considerable savings in overall water consumption in 2013.

As a result of our Sustainable Water Management Plan, there were savings for the fifth consecutive year a 6% in 2013 and a 20% on a cumulative basis from 2009 to 2013.



Emissions

The actions having a direct impact on our emissions are the same each year and are basically the following:

- Electricity consumption control measures.
- Acquisition of electricity certified as stemming from renewable energy sources (16% of the annual total).
- Improved logistics processes, etc.

These measures, together with the improvement in 2013 on the electricity supply companies' emission indices, gave rise to a considerable reduction in our emissions.

From 2008 to 2013 the cumulative emissions of the Group of companies decreased by almost 32% in absolute terms.

The overall reduction in emissions in 2013 exceeded 100,000 tonnes of CO2 equivalent emissions.



Waste

At El Corte Inglés we remain committed to managing waste appropriately in order to minimise the impact of waste on the environment.

More and more waste is being separated at source and recovered or recycled in order to obtain materials that are used as raw materials in new manufacturing processes.

Some of the uses for the main waste we generated are detailed below:

Type of waste	Recycle/reuse process
Cardboard and paper packaging	Recycled cardboard for producing new packaging
Packaging film and EPS (*)	Plastic pellets for producing new plastic
	Ferrous and non-ferrous metals for addition to production processes
Waste from electrical appliances	Plastic pellets for producing new plastic Glass for manufacturing a variety of objects
Tyres	Rubber grains for artificial lawns, playground surfaces, etc.
Clothes hangers	Plastic and metal pellets for producing new clothes hangers
Organic waste	Production of biodiesel, flour for animal feed, and other products

(*) EPS: Expanded polystyrene packaging.

In addition, last year we increased the internal controls and minimised the proportion of food products that cease to be apt for sale and, as a result, generate waste.

In 2013 the trend in the waste generation and recovery remained stable at around 60,000 tonnes. Again, the higher volume in generation related to sales-related containers and packaging, followed by waste from electrical products mainly from customers.

Environmental initiatives

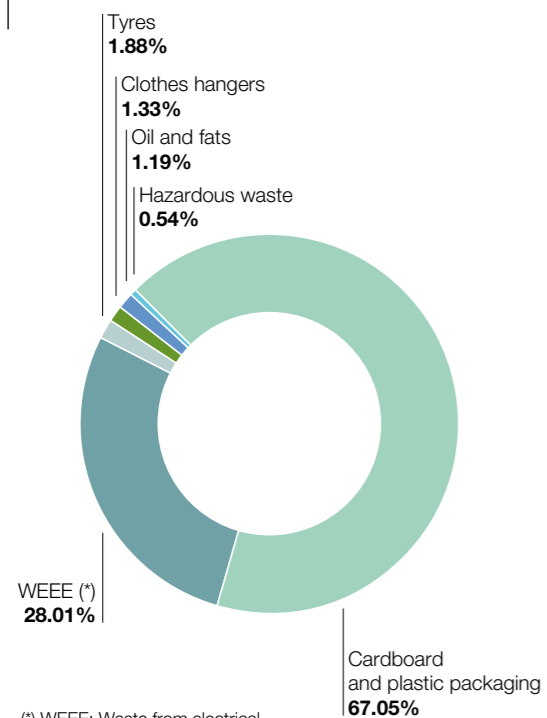
As is now customary, we are taking part in the various “Renove” upgrade schemes, organised by the autonomous governments, for domestic appliances, boilers, air conditioning, windows, etc. which helps to boost the installation of high energy efficient products.

Furthermore, in 2013 we cooperated in the organisation of other Renove upgrade schemes at company level, such as that for light bulbs, ensuring that the waste was managed appropriately by delivering it to specialist management companies.

Also, the continuous improvements carried out in the logistics area generate significant environmental benefits. In this regard, it is important to note that the optimisation of routes, schedules and loads at every stage of the logistics chain contributes decisively to emission reductions.

All the above demonstrates the importance of the environmental actions carried out which, as well as being beneficial for the environment, represent improvements in management.

Managed waste 2013



Environmental impact of the changes in domestic logistics flows

- A 1,500,000 km p.a. reduction in distance covered
- A 1,000 tonne p.a. improvement in the carbon footprint

Social dimension

Our team

Our teams of sales assistants, buyers and professionals from multiple specialties comprise a workforce of over 93,000 employees distributed across all the Group companies. 4.6% of these professionals work at companies or branches outside Spain. As well as this workforce, approximately 20,000 people who work at our stores belong to other brands or supplier companies.

The average headcount for 2013 (measured as full-time staff) was 83,128 employees.

Most of our team -64% of the total- are women. 94% of the Group's personnel are under a permanent employment contract and nearly 70% work on a full-time basis. The average employee age is 41 years, with an average length of service of 14 years.

Distribution of personnel by company

Various internal reorganisation processes were carried out in 2013 that gave rise to more flexible and dynamic working hours and a more modern incentive system, and encouraged teamwork. In order to put these processes into practice, our sales assistants' mobility and skill set were increased in order to ensure the profitability of the business and maintain high levels of customer service.

In this regard, it is important to note that more than 2,700 employees (2.9% of the workforce) changed function or moved from one Group company to another in 2013, which demonstrates the adaptation capability generated within the Group.

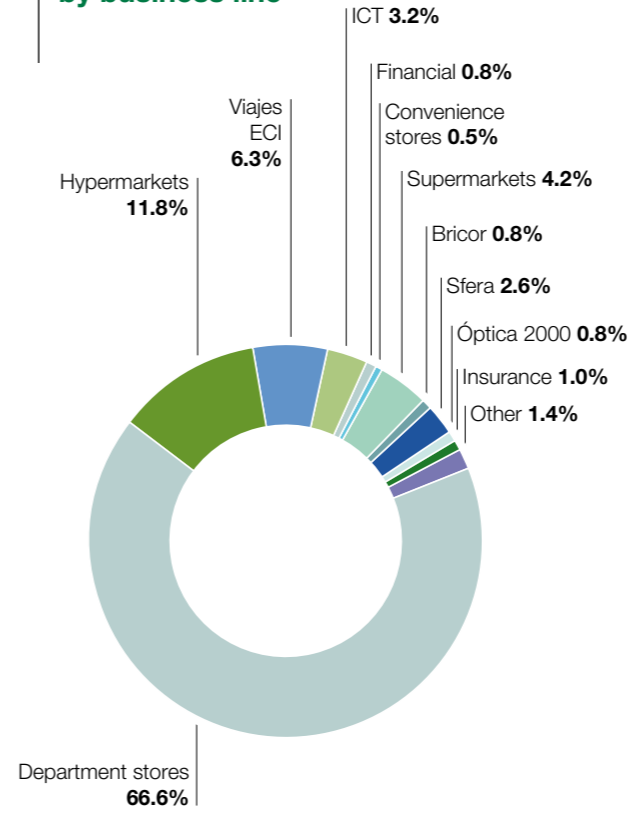
One of the characteristics of our workforce is the wide variety of professional profiles due to the diversification of our activity.

The distribution of personnel by business line, activity, age and length of service is as shown in the next page.

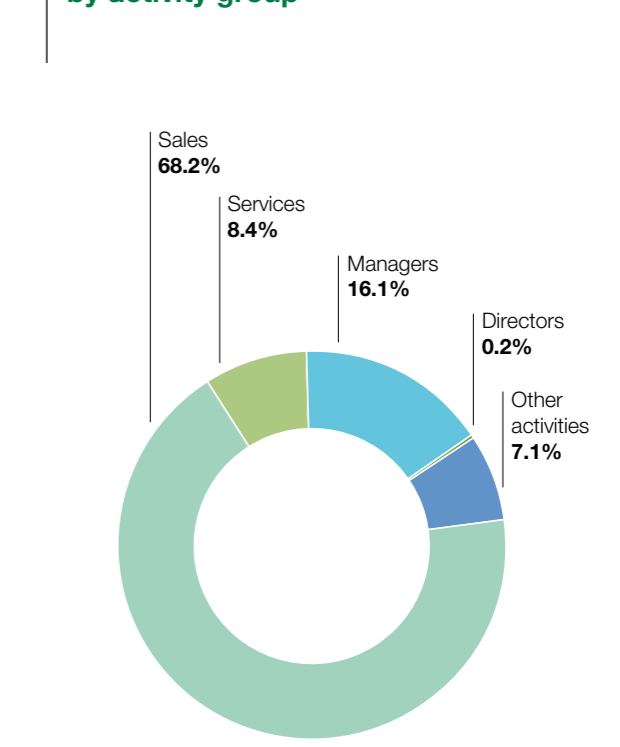
Main figures:

- Average headcount of full-time employees: 83,128
- Total employees at 2013 year-end: 93,222
- 64% are women and 36% are men
- 94% are permanent employees
- 69% are full-time employees
- 351,355 training hours
- 12,511 class-based training courses, with an average of 10 students and 9.9 hours per course
- 410 people were promoted to positions of greater responsibility

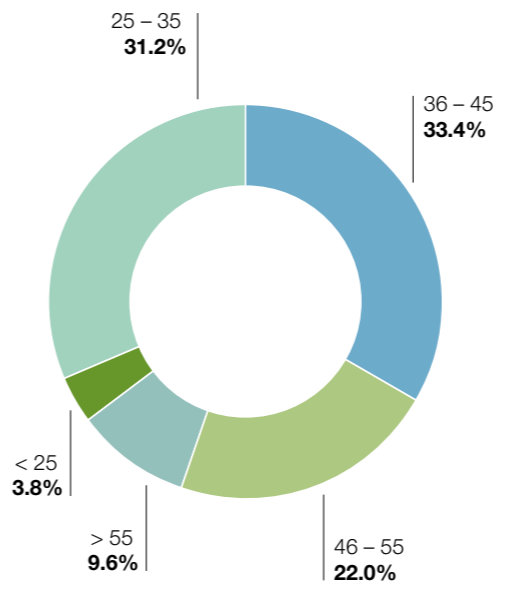
Distribution of personnel by business line



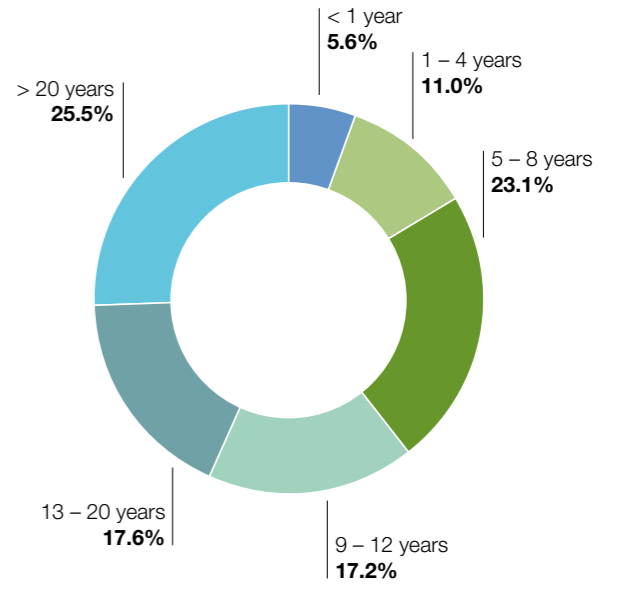
Distribution of personnel by activity group



Distribution of personnel by age range



Distribution of personnel by length of service



Relationship between the company and its employees

Teamwork, professional development and stimulating talent, within a climate of cooperation and continuous improvement, represent the basis underpinning the Company's relationship with its employees.

In this regard, 410 people were promoted to positions of greater responsibility in 2013, as detailed in the following table:

Company	Employees
El Corte Inglés	259
Hipercor	19
Informática El Corte Inglés, Investrónica and Telecor	31
Viajes El Corte Inglés	20
Other Group companies	81
Total	410

Another way the Group fosters its bond with its team is by granting annual awards to the personnel who have completed 25 and 15 years of service, thereby awarding loyalty and constancy. More than 3,700 people received this recognition.

Company	Employees	
	25 years	15 years
El Corte Inglés	1,539	1,103
Hipercor	293	249
Informática El Corte Inglés, Investrónica and Telecor	52	112
Viajes El Corte Inglés	63	164
Other Group companies	78	102
Total	2,025	1,730

410 people were promoted to positions of greater responsibility

Collective bargaining

A series of collective agreements were entered into in 2013 that respond to the objectives and needs of the Company and the employees.

Agreement on changes in working hours:

- The flexible working hours established in the collective agreement are applied to the workplaces.
- The shifts are adjusted in line with the activity curve and the available employees at each store, thereby improving coverage.
- Work on Sundays and public holidays is unified and standardised.

Agreement on partial retirement:

- An option is provided to employees who wish to do so to take partial retirement.

Agreement for a new sales incentive system, whose objectives are:

- Increase sales and employees' participation in the results of sales.
- Increase individual motivation and improve the quality of service provided to customers, in both the sales-related and complementary tasks performed.
- Implement a more flexible system which, as well as increasing incentives, combines individual and collective interests.

Occupational health and safety

Occupational health and safety forms part of the social commitments held by the Company. In this regard, our health services cooperated with public and private bodies in the implementation of various campaigns:

- Annual vaccination against seasonal flu for more than 5,600 people.
- Raising awareness of various diseases among risk groups: osteoporosis, glaucoma, and breast and prostate cancer detection.
- Cardiovascular risk prevention.
- Giving up smoking, in which almost 2,000 people took part.

Matters relating to occupational risk prevention are integrated into all the areas of activity. Our Prevention Service technicians supervise and improve the development of the risk prevention system on a continuous basis, which resulted in a sustained decline in occupational accidents in recent years (6% in 2013).

Our health and safety system also includes supplier companies and their employees who work at our stores.

2,000 people took part in the campaign to give up smoking

Training

Employee training is a key element of our human resources strategy, since the training and actions of our professionals create a differential value for us as a company. Therefore, we have training initiatives and programmes adapted to each job position and level of experience, as well as numerous one-off, flexible actions aimed at informing and updating employees on new developments that occur.

Most of the classroom-based courses focus on ongoing training for the specialisation and improvement of the employees. The aim is to apprise them of the new commercial and product developments, teach them about new administrative and management processes that have been implemented and, in general, improve their skills for performing their various tasks and responsibilities.



Also noteworthy were the classroom-based training activities carried out for employees who changed activity, through either the acquisition of new skills or the transformation and evolution of the type of business in which they work. The objective in both cases was the same: to acquire the knowledge required to perform the tasks relating to their job position correctly.

As a complement to the classroom-based courses, the online training platform Aula@Eci enables the Company to deliver customised, standardised training to very large groups of learners. Therefore, this method was used for unveiling to the Company's professionals the new developments launched in 2013, such as the "Try something new" ("Estrena") and "A different Christmas" ("Una Navidad diferente") campaigns.



Contents	Training actions	Hours	Students
Classroom-based training			
Manager	423	9,723	4,362
Product, trades and occupational risk prevention	6,407	48,780	58,553
Sales and marketing	2,009	26,357	30,982
Sales, management and IT administration processes	3,122	25,217	32,932
Other	550	13,878	3,500
Total classroom-based training	12,511	123,955	130,329
Online training	-	227,401	303,129
Total	12,511	351,356	433,458

Average duration (hours) of the courses (classroom-based training)	9.9
Average number of students per course (classroom-based training)	10
Courses per person (classroom-based training)	1.4
Courses per person (total)	4.6

In addition, it is important to note the voluntary training programmes for employees channelled through the Centro de Estudios Universitarios Ramón Areces (CEURA), which delivers courses relating to law, the economy, business administration, computer engineering and tourism. In 2013, 698 employees attended a variety of courses, as reflected in the following table:

Subjects	Diplomas	Bachelor degrees	Degrees (new plan)	Adaptation (online)	Total
Law	-	16	146	-	162
Economics / Business Administration and Management	6	11	240	33	290
Computer Engineering	2	-	65	-	67
Tourism	-	-	41	-	41
Subtotal	8	27	492	33	560
University access	-	-	-	-	104
Master's degree	-	-	-	-	34
Total	8	27	492	33	698

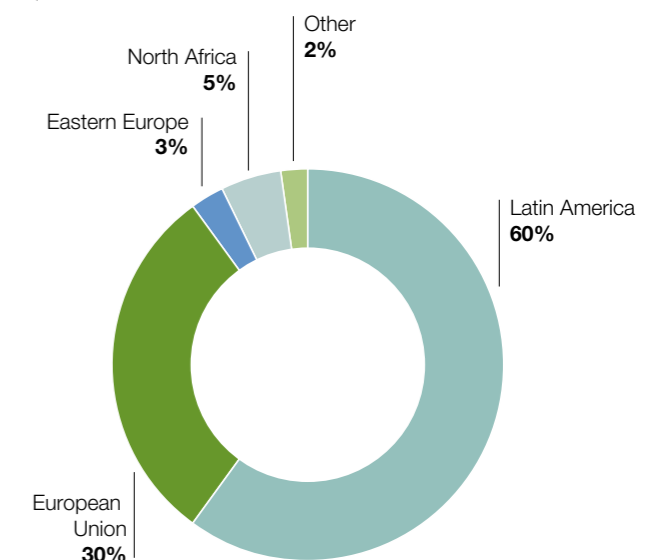
Integration, diversity and equal opportunity

We support employment integration and the inclusion of people with disabilities in the job market. In addition to facilitating their integration into our workforce, we cooperate with 60 Special Employment Centres by subcontracting services to them and purchasing products made at these centres.

We also support cultural diversity and, as a result, almost 4,000 people working at our stores do not have Spanish nationality, which represents 4.2% of our entire workforce. Most of this collective are originally from Latin America, as reflected in the following chart.

With regard to equal opportunities, it is important to note that the Equal Opportunity Plans of the various Group companies are generating significant progress in this area.

Distribution of non-spanish personnel by country of origin



Employee benefits

We provide our workforce with certain employee benefits, including most notably group life insurance which provides compensation in the event of death and absolute permanent disability.

We also provide study assistance for employees' children to finance professional training courses, and baccalaureate and university studies. The Joint Commission of Fundación César Rodríguez and Fundación Ramón Areces, which is responsible for managing this assistance, awarded 3,034 grants amounting to EUR 2.68 million.

The community and the surroundings

We maintain a relationship of proximity and commitment to our host community. We feel a sense of connection to our surroundings, its people and the local area where our shopping centres are located. We are a company that is integrated in society; this has been one of the objectives pursued by the El Corte Inglés Group throughout our more than seventy years of history.

We form part of the surrounding business and social fabric, we empathise with the locals' concerns and we endeavour to understand their wishes and concerns in order to help satisfy their needs. This spirit of integration with society is reflected in the many cultural, sports, recreational and social activities in which we participate.

Furthermore, we have always nurtured our relationship with social agents and organisations, ranging from large business groupings and trade unions to consumer watchdogs, NGOs, the media and all manner of social associations and groups.

Our relationship with institutions

We cooperate with numerous public and private institutions, including most notably the Spanish National Council for Corporate Social Responsibility, in whose work El Corte Inglés participates actively. Two significant documents were prepared in 2013. Firstly, the document relating to the Spanish strategy for corporate social responsibility 2014-2020, which aims to strengthen voluntary commitments by prioritising the maintenance and generation of employment, improved competitiveness, and promotion of initiatives that enhance sustainability and social cohesion. Secondly, the analysis of the management and functions of the Board of Directors, in order to enhance its effectiveness and credibility, and to achieve progress in the objectives relating to promotion, coordination and ensuring that standard criteria are applied nationwide.

We are also taking part in the preparatory tasks relating to the National Business and Human Rights Plan launched by the government in 2013 with the aim of transforming it into an instrument for implementing and monitoring the United Nations Guiding Principles on Business and Human Rights.

Through the Corporate Social Responsibility Committee of the Spanish Employers' Confederation (CEOE) and of the Spanish Network of the Global Compact, we were able to take part in supporting a positive and voluntary approach focusing on the promotion and dissemination of the United Nations Guiding Principles on Business and Human Rights. This code of ethics is a benchmark in the search for a balance between the responsibility of states and public authorities to guarantee human rights, the responsibility of businesses, and the implementation of appropriate measures to compensate and resolve cases of human rights violations.

We also made progress in our commitment to reduce food waste, as sponsored by the AECOC (Spanish Commercial Coding Association) with the support of the Spanish Ministry for Agriculture, Food and Environmental Affairs.

Furthermore, we are members of various business associations and employers' organisations in the industry, as well as regional and local organisations and associations.

Our relationship with society

Our policy of integration in society is channelled through our cooperation with different types of bodies, associations, NGOs and various public and private institutions. In this regard, we support numerous local, regional, national and international activities for the development of social, cultural, educational and sport programmes and initiatives.

We have a commitment to the food banks through ongoing cooperation agreements at local and regional level, in addition to a framework agreement entered into in 2013 with the Spanish Federation of Food Banks. This is the context in which we make all our regular product donations intended for those people most in need. There are also other types of one-off initiatives, as well as the "Operación Kilo" food drives that are organised at the El Corte Inglés, Hipercor and Supercor stores in coordination with local and regional food banks. In total, over one million kilos of products were delivered to the food banks in 2013.

In 2013 we also intensified our cooperation with other organisations including UNICEF. Furthermore, we place the NGO's products on sale at our shopping centres and at Christmas we promote the "Juguetes Solidarios" campaign whereby, as well as offering highly reduced prices to customers, a donation is made to UNICEF from the money raised. Our concern for child welfare led us to cooperate in emergency operations such as Typhoon Haiyan in the Philippines, in which our employees and customers took part as well, thereby increasing the amount donated to UNICEF to help the victims.



Aula de Informática El Corte Inglés at Bobath Foundation for people with brain damage.

Start of the XXVI Cursa in Barcelona.

Stores full of activities

As well as the activities sponsored by El Corte Inglés or in which the Company takes part, it is important to note the activities that are carried out at our establishments: ranging from numerous activities organised for children, to record signings, tasting events, competitions, etc. Most of these activities are channelled through *Ámbito Cultural de El Corte Inglés*, which continued to develop its cultural promotion policy with over 2,000 initiatives implemented in the more than 20 centres where it has specific rooms for this purpose. In addition to book presentations, various other activities are organised, such as editing and philosophy courses, theme-based conferences and activities relating to music, art and other artistic events. El Corte Inglés also sponsors several cultural prizes and awards including most notably the Primavera Prize for Literature, the latest edition of which was won by the writer Màxim Huerta.

Our lines of action

Social activities

One of our overriding priorities, especially in very difficult times, is to accompany the most needy by providing help channelled through various organisations and institutions, such as *Cáritas*, *Red Cross*, *Aldeas Infantiles*, the *Spanish Association Against Cancer (AECC)* and *Asociación Semilla*. We are also especially sensitive towards handicapped people and social problems faced by women. To this end, we participate in initiatives that foster equal opportunities or draw attention to specific social problems.

Development aid

Since we are aware of the importance of development aid, we promote various initiatives and projects with organisations with a presence in Spain and abroad and with which we have a long-standing relationship. These include *Action Against Hunger*, *Fundación Crecer Jugando*, *Plan España*, *Mano a Mano*, *Asociación Vía María*, etc.

Culture

We promote cultural activities in a wide sense, encompassing initiatives relating to literature, theatre, music, art, cinema, photography and history. To this end, we cooperate with institutions such as the *Prado Museum (Madrid)*, *Bilbao Fine Arts Museum*, the *Baluard Museum in Pamplona*, *Es Baluard Museum in Palma de Mallorca*, *San Carlos Academy of Fine Arts in Valencia*, *Teatro Real in Madrid* and the *Olympic and Sports Museum Juan Antonio Samaranch (Barcelona)*.

Education

We believe that a sound education is the basis for a society's future development and, therefore, many of our actions are aimed at educating and training children and adults. We promote school competitions in cooperation with public institutions, we sponsor cultural and sport activities at halls of residence and we encourage other initiatives designed to foster educational development.

Sport

Sport promotes interaction and cooperation among people, teamwork and a number of other values such as the spirit of personal achievement; this is why many of our activities focus on encouraging and fostering the performance of sports activities. We sponsor the *ADO* and *ADOP* programmes for Olympic and Paralympic sportsmen and women, and organise core activities in a wide range of disciplines such as fun runs and other activities of various kinds such as women-only runs and charity paddle tennis tournaments.

Volunteering actions

The objective of the association of El Corte Inglés Group Companies is to foster open, cordial relationships among employees. It has 12,579 members and its activities cover cultural, sports and recreational actions, such as excursions, youth camps, and domestic and international travel.

In addition, the association has a strong charity ethos, since it routinely cooperates with humanitarian causes in both Spain and other parts of the world. Part of its philosophy is to devote a proportion of the members' fees to provide direct aid to non-profit organisations.

Notable among the actions carried out in 2013 was the cooperation with Cáritas to send essential food packs to the Philippines following the typhoon. It also worked with Cáritas to drill five water wells in the Shodo region of Mali for the purpose of improving living and hygiene conditions in the area. The association also cooperated with the Ambesa NGO to fund its work in refugee camps in Ethiopia.

In Spain, it supports various NGOs, such as Fundación Juan XXIII by sending it toys and learning materials for the integration of individuals with a range of disabilities.

Food deliveries are made each week to charity dining rooms in order to be distributed among the needy. Noteworthy in this regard was the purchase of 1,000 kg of food donated to the San Juan homeless shelter, which provides accommodation and rehabilitation to people suffering from alcoholism and drug addiction.

In January 2014 a toy donation campaign was carried out. Toys were delivered to various parishes, as well as to the Don Bosco Foundation and Casa Nazaret. These two organisations work with children at risk of social exclusion. Work was also carried out with Aldeas Infantiles through its meal subsidies that enable families in financial difficulty to leave their children to eat at school, thereby reducing cases of malnutrition and truancy.

Lastly, it is important to recall the more than 1,100 donors who took part in the blood donation campaign in June 2013, in cooperation with various transfusion centres in the autonomous region of Madrid.

The employees' association routinely cooperates with humanitarian causes in both Spain and other parts of the world



Project for creating wells in Mali.

Ramón Areces Foundation

Ever since its creation in 1976, the Ramón Areces Foundation has been geared towards scientific patronage through the promotion of research, contributing to the generation of human capital and the dissemination of knowledge. It carries on its activity throughout Spain in the fields of life and material sciences, social sciences and humanities.

The foundation also strives to generate new training opportunities among young researchers, and to promote the exchange of ideas for the development of science, education and culture.

Although the Foundation publishes its own Activity Report, on account of its broad social reach and its link to the El Corte Inglés Group, its activities are also mentioned in this report. Information can also be found on its website www.fundacionareces.es.

One of its main lines of action is support for scientific research mainly through the organisation of nationwide competitions. In 2013 there were 82 projects ongoing in total that had received awards. In the area of life and material sciences, funding is provided for disciplines that require major basic research efforts, such as gene and regenerative therapy, genomics and epigenomics, and biomimetic models. In recent years the institution has paid particular attention to research on rare diseases. In the area of social sciences, the Foundation focuses its efforts in fields considered to be of interest for the progress of Spanish society: education, innovation, demographic change and productivity.

The foundation strives to generate new training opportunities among young researchers, and to promote the exchange of ideas for the development of science, education and culture



Speech of Eric A. Hanushek in the Ramón Areces Foundation.



Chris Patten in the Ramón Areces Foundation.

The Foundation operates a grant scheme for furthering studies in post-graduate and post-doctoral courses overseas. In 2013, 76 people in total, from 12 autonomous regions, received grants to further their studies at the most prestigious centres and universities in the world. Funds were also provided for grants in the postgraduate course in molecular biosciences at Universidad Autónoma de Madrid; the Fullbright Commission to further studies in the United States; the grant scheme for Spanish lecturers and readers at universities, and grants for the official Master in Accounting, Auditing and their Impact on the Capital Markets taught jointly by Universidad Autónoma de Madrid and Universidad de Alcalá de Henares.

Since 2008 the Ramón Areces Foundation Chair of Commercial Distribution, at the University of Oviedo forms part of the training excellence programmes in this discipline. In its fifth year of activity, it acquired a high level of awareness for its research, publications, seminars and post-graduate teaching in the area of commercial distribution and marketing.

The grant scheme for furthering post-graduate studies abroad enabled 76 recipients to further their studies at the most prestigious centres and universities in the world

With regard to the dissemination of knowledge, in 2013 the Foundation organised 60 activities at its centre covering subjects such as the global economy, competitiveness and the labour markets, the new employment framework, development policies, international governance policies, the future of sustainable energy, the future for Asia and America, scientific and innovative cultures, cancer, rare diseases, emerging infectious diseases, etc. 523 experts took part as speakers (326 from Spain and 197 from abroad).

In addition, the Foundation cooperates with leading scientific and cultural institutions. It provides support, inter alia, to the Royal Academy of Moral and Political Sciences; the Royal Academy of Exact, Physical and Natural Sciences; the Royal Academy of History; the Spanish National Centre for Cardiovascular Research (CNIC), Mujeres por África Foundation, Fundación Albéniz and Fundación Pasqual Maragall.



