

**CORPORATE SOCIAL RESPONSIBILITY POLICY**

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

**APPROVED BY THE BOARD OF DIRECTORS ON 9  
DECEMBER 2015**

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## **CORPORATE SOCIAL RESPONSIBILITY POLICY**

### **1. Mission of the Policy**

#### **1.1 Purposes of the Corporate Social Responsibility Policy**

This Corporate Social Responsibility Policy (hereinafter, the “**Policy**”) has been approved by the Board of Directors of Industria de Diseño Textil, S.A. (INDITEX, S.A.) (hereinafter, the “**Company**” or “**Inditex**”) on 9 December 2015, after favourable report of the Audit and Control Committee.

The purposes sought through this Policy, promoted and approved by the Board of Directors of the Inditex Group, consist of defining the principles endorsed by Inditex and its corporate group (hereinafter, the “**Group**” or the “**Inditex Group**” in its relations with all the Company’s stakeholders: employees, customers, shareholders, manufacturers and suppliers, business partners, non-governmental organizations and local communities and the society at large (hereinafter, the “**Stakeholders**”), encouraging the inclusion of sustainability practices in its entire business model.

#### **1.2 Goals of the Corporate Social Responsibility Policy**

The values arising from this Policy inspire the proceedings of the Board of Directors and its committees, and guide the making of their decisions.

Likewise, the Policy also encourages the knowledge, dissemination and enforcement of Inditex’ business culture, firmly based upon the sustainability of its business model.

Sustainability is understood as the offer of a range of fashion products that strictly observe Human and Social Rights throughout the production line and that meet the most exacting environmental and health and safety standards, all of which is based upon transparency and continuous dialogue with the Company’s stakeholders.

### **2. Scope of application**

This Policy shall be globally enforced and mandatory to all the companies which make up the Inditex Group and binding for all their employees, regardless of their position and office.

### **3. Principles that govern the relations with the Stakeholders**

Permanent dialogue and transparency are the core principles that govern Inditex's relations with its Stakeholders.

Through the permanent dialogue, Inditex identifies those issues that interest most those in one way or another related with the Group. Thus, the conduct of materiality tests (or the identification of relevant matters for the Company and its Stakeholders) allows Inditex to ensure that its strategy is aligned with the concerns and expectations of those engaged in relations with the Company or who are affected by its business, in addition to helping define the contents of its Annual Report.

Such concerns and expectations, together with the sustainable building of value, give meaning to the programs that Inditex implements, and allow the Company to tackle the challenges and opportunities it may be faced with in the conduct of its business.

#### **3.1 Customers**

Inditex's commitment to its customers is present in the entire business model of the Group, in all its work areas and, especially, in the products it sells. The main principles which govern the relations of the products that Inditex sells with its customers are:

- a) The responsible design of garments, fostering the use of raw materials and textile fibers obtained from traditional growth and sustainable fibers, as laid down in the Environmental Sustainability Policy of the Group.
- b) The ethical and responsible production of goods, as laid down in Inditex's Code of Conduct for Manufacturers and Suppliers.
- c) Compliance with the most exacting health and safety standards, based upon the Company's own standards covered in Clear to Wear and Safe to Wear. .

#### **3.2 Employees**

Inditex's employees must behave in strict compliance with the spirit and the letter of the provisions of the Code of Conduct and Responsible Practices. Thus, every person employed by the Company shall be treated in a fair and decent manner.

The principles which govern the relations of Inditex and its employees, in addition to those described in Section 3 of the Code of Conduct and Responsible Practices, are:

- a) Team work
- b) Open communication

- c) Maximum self-reliance level

### **3.3 Manufacturers and Suppliers**

All manufactures and suppliers which comprise Inditex's production line shall be bound to abide by the principles laid down in the Code of Conduct for Manufacturers and Suppliers and in the Code of Conduct and Responsible Practices, implemented herein. Namely, the following principles may be underscored:

- a) Compliance with labour laws and regulations in force in the countries where the Group is present, and with the International Labour Organization Conventions and other international standards, being especially observant of Human Rights within the framework of the United Nations Guiding Principles on Business and Human Rights.
- b) Encouragement of sustainable production environments in geographic areas that are strategic in the implementation of Inditex's business model.
- c) Constant improvement process through social dialogue and coordination with the different Stakeholders of the company, namely with trade unions, non-governmental organizations, business associations and international buyers.

### **3.4 Shareholders**

Inditex conducts its business in accordance with corporate interest, understood as the feasibility and maximization of the company's value in the long term, in the common interest of all shareholders.

The principles which govern the relations with shareholders are covered in the Policy on Communication and Contact with Shareholders, Institutional Investors and Proxy Advisors, including the following:

- a) Transparency.
- b) Encouraging informed participation.

### **3.5 Community**

The Inditex Group views investment in the community as an opportunity to contribute to the development of society based upon the use of its corporate resources. This way of understanding the strategy of investing in the community is implemented in the Group's Policy for Investing in the Community, and is based upon the following premises:

- a) Inditex adopts socially responsible practices that create value for the community and the company.

- b) Investment in the community actions carried out by the different Group companies are aligned with the corporate strategy.
- c) Ensuring a high level of reputation, transparency and best practices by social organizations which implement the projects in which Inditex is involved.

### **3.6 Environment.**

Inditex's business shall be conducted in the most environmental-friendly manner, encouraging biodiversity preservation and sustainable management of the natural resources, as it is inferred from the Group's Environmental Policy. The principles which govern the proceedings of the Group with regard to the environment are:

- a) Complying with the applicable environmental laws and regulations and with other obligations which may be established, paying special attention to pollution prevention and minimizing, where possible, the potential environmental impact that its production line generates, both as regards natural resources and people.
- b) Preserving the environment, implementing actions for continuous improvement regarding reduction of direct and/or indirect greenhouse gas emissions, cutting consumption of natural resources, control and spill of potentially hazardous chemicals and our environmental management system as a whole.
- c) Considering the consequences of climate change, water management and protection of biodiversity, in the planning and implementation of its activities and those of its business partners, manufacturers and suppliers, encouraging awareness-raising regarding environmental issues.

### **3.7 Animal Welfare**

The Inditex Group applies standards for the responsible production of its goods regarding the use of elements of an animal origin. With this respect, the Group's Animal Welfare Policy is based upon the following guidelines:

- a) Goods of an animal origin used in the items supplied to the Group shall come from species reared in farms to obtain meat.
- b) Under no circumstances shall animal products deriving from animals slaughtered exclusively to sell their skins, shell, horn, bone, feather or down, be used.
- c) All animals used in such activity shall be treated in an ethical and responsible manner.

#### **4 Supervision and advice mechanisms**

For the purposes of ensuring compliance with the CSR Policy, the Audit and Control Committee has been entrusted with the supervision of risks arising from the Group's proceedings regarding its relations with its Stakeholders by the Board of Directors.

Thus, the Group relies on a Committee of Ethics, the internal body that reports to the Board of Directors through the Audit and Control Committee and whose main duty consists of ensuring compliance with the action lines and conduct policies laid down in the Code of Conduct and Responsible Practices and in the Code of Conduct for Manufacturers and Suppliers.

The Committee of Ethics is a plural body made up of four members: the General Counsel and Code Compliance Officer; the Internal Audit Director; the Corporate Social Responsibility Director and the Human Resources Director.

Meanwhile, the Group counts on a Social Advisory Board, which advises Inditex in the area of Corporate Social Responsibility. It is made up of individuals or institutions outside the Group. It is charged, inter alia, with formalizing and institutionalizing dialogue with those spokespersons who are deemed key in the civil society where Inditex implements its business mode. The Social Advisory Board plays a major role in determining the materiality matrix in which it is part together with Inditex's Stakeholders.

#### **5 Disclosure of Corporate Social Responsibility practices**

Transparency is an essential principle that inspires Inditex in respect of its communication activities with its Stakeholders, both internal and external, that is, with all those who are related with the Company, in one way or another.

To achieve this, the Group relies on several communication tools, among which the Annual Report can be underscored, which is based upon best practices in the area of reporting and shows Inditex's significant economic, environmental and social impacts and its corporate website ([www.inditex.com](http://www.inditex.com)).

The Group plays an active role in the most innovating global initiatives in the area of reporting, including into the Annual Report the best practices to provide transparent, true relevant and accurate information.

Thus, the most significant social, economic and environmental indicators of each financial year are included in the Annual Report. This allows the Stakeholders to assess value building and the performance of the Group during the year in question.

Meanwhile, the Group's corporate website, in addition to serving as repository support for the Annual Reports, supplements the information in the Corporate Social Responsibility area with policies and other related documentation.

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