

COMPLIANCE POLICY

INDUSTRIA DE DISEÑO TEXTIL, S.A.

(INDITEX, S.A.)

**APPROVED BY THE BOARD OF DIRECTORS ON
13 DECEMBER 2016**

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1. Purpose

This *Compliance Policy* (hereinafter, the “**Policy**”), approved by Inditex’ Board of Directors, implements the provisions of section 4 of the Code of Conduct and Responsible Practices of the Inditex Group (“*Conduct and responsible practices commitments*”) thus intertwining with the ethical values upheld by the Inditex Group¹ (hereinafter, “Inditex” or the “Company”), confirming its determination to observe both regulations and ethical standards, defining for such purposes its framework of principles of compliance.

This *Policy* is in line with Inditex’s culture of integrity and respect towards regulations, and it takes into account not only the interests of the Company, but also the requirements and expectations of its employees, customers, shareholders, manufacturers and suppliers, business partners, NGOs, local communities and the society at large, (hereinafter, the “**Stakeholders**”).

This text is aligned with the strategic goals of the Inditex Group and therefore, it requires the utmost commitment by the management and all the individuals who are part of the Group, to meeting its provisions.

This *Policy* being a highly ranked regulation, it allows to prepare specific compliance policies to implement and extend its contents.

2. Scope of application

This *Policy* is mandatory and applies to all the companies belonging to Inditex, regardless of the geographical area where they are based. It binds its entire workforce, regardless of their position and the duties they perform.

This *Policy* may be enforced, in full or in part, on any natural and/or legal person related with Inditex, where this is expedient to fulfil its purpose and possible considering the type of relationship.

This *Policy* shall be available to all the employees. Notice thereof shall be given to *Directors and Executives* of the Company, and, additionally, to any person who acts on its behalf, where so required by the type of relationship, all of whom shall undertake in writing to comply with it.

¹ Any term hereunder used which refers to any concept already defined in the Code of Conduct and Responsible Practices of the Inditex Group shall be understood in accordance with such definition, unless they are expressly defined otherwise, as a requirement to fully understand this Policy.

3. Contents of the Policy

Through this *Policy*, Inditex seeks to intertwine the principles and values covered in the *Code of Conduct and Responsible Practices* and in the *Code of Conduct for Manufactures and Suppliers*, with the conduct and duties of its employees and stakeholders. Therefore, and to implement it, Inditex has set up a *Procedure* covering the required organizational and managerial measures to duly implement the *Policy*, and both documents make up the general *Compliance Model* framework of the Company.

It is incumbent on the *Compliance Function* – represented by the Committee of Ethics as decision-making body and the *Code Compliance Office*, as managing body – to ensure the appropriate operation of the *Procedure* associated to this *Policy*. However, it is incumbent on the entire organization, and therefore, on its governing bodies and all its employees, to comply with the regulations and ethical standards and to integrate compliance obligations into their day-to-day.

In this respect, the duties of all Inditex's *Employees*, regardless of their position within the Company, (3.1) are detailed below, as well as all such Compliance obligations additionally assigned to Inditex' *Directors* (3.2), *Officers* and *Senior Executives* (3.3), on account of the duties they perform .

3.1 Duties of all Employees

With regard to this *Policy*, Inditex's *Employees* are bound:

- To engage in a honest conduct of compliance, in the performance of their job at Inditex, with regard to this *Policy* and all Compliance obligations.
- To integrate compliance obligations within their day-to-day, being a part of all the processes implemented in their daily activity.
- To report, through all the channels established for such purpose, any breach or risk of noncompliance that they may notice or be aware of, and cooperate in its settlement.
- To raise any doubts, recommendations or concerns in connection with the fulfillment of this *Policy* or with Compliance obligations.
- To cooperate in any tasks related to performance of Compliance obligations, encouraging all employees to engage in a conduct in line with this *Policy*.
- To attend training run on Compliance.

- To allow a smooth execution of the tasks of the *Compliance Function*, and namely, provide all the information and documentation requested.

3.2 Duties of all Directors:

With regard to this *Policy*, it is incumbent on Inditex' Board of Directors and on each of its members:

- To officially approve the *Compliance Policy* as well as any amendment or update thereof, required to keep it in full force and effect.
- To promote a compliance culture within Inditex, through its own conduct, leading by example.
- To be apprised of the *Compliance Management Procedure* that implements the Policy, and ensure that the *Compliance Function* relies on all the required resources to perform its duties.
- To provide the required support and legitimacy to the *Compliance Function* allowing it to perform its duties, as well as access and involvement in the decision-making processes related to the *Compliance Model*.
- To forthwith make such decisions and take such actions as are required to prevent any risk of breach, or to mitigate its effects, should such risk materialize.

3.3 Duties of Officers and Senior Executives

For the purposes of this *Policy*, Inditex' *Senior Executives* shall be deemed to be those identified as such in the *Annual Corporate Governance Report*. Likewise, anyone who, despite not being a member of the *Board of Directors* nor being a *Senior Executive*, supervises any department or area, or performs special duties within the Company, shall be deemed to be an *Officer*.

With regard to this *Policy*, Inditex's *Senior Executives and Officers* shall be bound:

- To identify Compliance obligations, whether mandatory or undertaken of their own accord, reporting the existence and performance thereof to the Code Compliance Office, namely in case of any potential doubts or risks of breach.
- To ensure that their teams' members are apprised of the Compliance obligations that affect them and are duly and regularly trained in such respect.
- To identify Compliance risks or breaches.

- To apply and disclose to the *Compliance Function* any appropriate corrective measure to prevent any risk of breach, playing an active role in the execution of such measures, where appropriate.
- To promote among their teams' members the reporting of any Compliance incidence.
- To facilitate, where appropriate, access by the *Compliance Function* to the meetings of Officers, or those they hold with their teams.
- To channel the regulatory production pursuant to the terms laid down in Inditex's Zero Standard.

4. Statement of Compliance

Since regulatory compliance and compliance with ethical standards binds the entire Company and represents one of its strategic goals, the entire staff is expected to be familiar with this *Policy* and respect its contents. Likewise, with regard to third parties with whom Inditex is engaged in any business relationships, they are expected to behave in line with this *Policy*.

Inditex shall forthwith react to any potential noncompliance with the provisions of this *Policy*, within the parameters of the applicable laws and regulations.

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