

**POLICY ON HUMAN RIGHTS**

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

**APPROVED BY THE BOARD OF DIRECTORS  
ON 12 DECEMBER 2016**

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## **1. Purpose**

This Policy on Human Rights (hereinafter, the “**Policy**” or the “**Policy on Human Rights**”) has been approved by the Board of Directors of Industria de Diseño Textil, S.A. (INDITEX, S.A.), (hereinafter, the “**Company**” or “**Inditex**”) on 12 December 2016, after favourable report of the Audit and Control Committee and of the Social Advisory Board.

This Policy sets forth Inditex’s and its corporate group (hereinafter, “**Inditex**”, the “**Group**” or the “**Inditex Group**”) position with regard to its commitment to respecting the internationally recognized Human Rights, and it lays down such values and principles that will serve as a guideline to its business activities in all its scopes of action.

## **2. Scope of application**

This Policy shall apply to the Company and its Group. It shall be binding for the entire staff, regardless of their job and position.

For such purposes, Inditex Group shall mean any company in which, at least 50% of the share capital or voting rights, is held, either directly or indirectly, by Inditex.

The enforcement of this Policy, in full or in part, may extend to any natural and/or legal person associated with Inditex, where this may be appropriate to meet its purpose, and practicable on account of the nature of the relationship.

## **3. Contents of the Policy**

### **3.1 Commitment**

To meet the Agenda for Sustainable Development set by the United Nations, Inditex has assumed as its own the Sustainable Development Goals (SDGs). Moreover, the Group acknowledges that respect for Human Rights, in the framework of the United Nations Guiding Principles on Business and Human Rights, is a key element for sustainable development.

In this context, Inditex undertakes to play an active role in the promotion of Human Rights, and to work proactively to respect them. This commitment entails preventing or, if appropriate, reducing

the negative consequences of its own proceedings on Human Rights. Likewise, it shall do its utmost to prevent or reduce the negative consequences on Human Rights directly related to the proceedings of third parties with whom the Group is engaged in a business relationship.

This commitment, which is expressed in its entire set of internal regulations, is based on a corporate culture firmly rooted on the sustainability of its business model, and it covers all the transactions and the value chain of the Group.

Namely, this Policy implements the Code of Conduct and Responsible Practices of the Inditex Group and the Code of Conduct for Manufacturers and Suppliers of the Inditex Group in the area of Human Rights. Likewise, it is related to the following internal regulations:

- The Corporate Social Responsibility Policy.
- The Environmental Sustainability Policy.
- The Policy on Community Investment.
- The Regulations of the Social Advisory Board.
- The Audit and Control Committee's Regulations.
- The Regulations of the Committee of Ethics.
- The Whistle Blowing Channel Procedure.
- The Enterprise Risk Management Policy.
- The Policy on Criminal Risk Prevention.
- The Compliance Policy.

### **3.2 Inditex's operating principles in respect of Human Rights**

Through this Policy, Inditex implements its commitment towards respecting and promoting Human Rights, as set forth in the United Nations Guiding Principles on Business and Human Rights, and fostering them in the communities where it operates.

This Policy is inspired by the following international declarations:

- The United Nations' International Bill of Human Rights that includes:
  - a) The Universal Declaration of Human Rights.
  - b) The International Covenant on Civil and Political Rights.

c) The International Covenant on Economic, Social and Cultural Rights.

- The International Labour Organization (hereinafter, “**ILO**”) Fundamental Conventions numbers 1, 14, 26, 29, 87, 98, 100, 105, 111, 131, 138, 155 and 182, as well as the ILO Declaration on Fundamental Principles and Rights at Work.
- The Ten Principles of the UN Global Compact.
- The United Nations Guiding Principles on Business and Human Rights.
- The Guidelines of the Organization for Economic Cooperation and Development (OECD) for Multinational Enterprises.

Additionally, Inditex reinforces its responsibility to sustainability and protection of Human Rights, contributing to the United Nations’ 17 Goals for Sustainable Development, in the framework of the 2030 Agenda for Sustainable Development.

Based upon a review of its business model and the expectations of its stakeholders, Inditex has identified such Human Rights, both non-labour and labour, directly related to its value chain. Notwithstanding the foregoing, Inditex represents its commitment towards respecting and promoting all internationally recognized Human Rights.

#### Non-Labour Human Rights

- *Respect for minorities’ and communities’ rights*

Inditex undertakes to respect the rights of local communities in such areas where it conducts its business activity, and to respect the local laws, culture and uses, undertaking to maintain an open dialogue with its stakeholders and paying special attention to the more vulnerable groups. *Right to privacy*

Inditex respects the rights of all the persons with whom it interacts, to their privacy and intimacy, and it shall make an appropriate use of the personal data and information gathered in all the countries where it operates, paying special attention to the data of its employees and customers.

- *Right to health*

Inditex undertakes to take the required courses of action to ensure that its products do not represent a hazard to the health and safety of the customers.

- *Right to freedom of opinion, information and expression*

Inditex undertakes to respect and promote, within its scope of application, the right to freedom of opinion, information and expression, respecting diversity of opinion and fostering two-way communication with its stakeholders.

- *Right to the security of the person*

Inditex undertakes to ensure the security of all the persons with whom it interacts in all its scopes.

Private law enforcements agencies with which it is related shall act in accordance with the applicable laws and regulations and respecting Human Rights.

- *Contribution to the fight against corruption*

Inditex undertakes to work against corruption in all its forms, both direct and indirect, including extortion and bribery, pursuant to Principle 10 of the UN Global Compact.

Inditex relies of a model of criminal risk prevention and a model of compliance to prevent incurring in any wrongful or unlawful conduct related to any manner of corruption.

- *Right to the environment and to water*

Inditex undertakes to incorporate environmental variables, namely those related to the consequences of climate change and water management, upon planning and implementing its activities and those of its business partners, promoting responsible environmental conducts among its staff, its suppliers and the society at large.

The Group relies on an Environmental Sustainability Policy and a global, sound and efficient environmental management standard.

Inditex shall comply with the environmental laws and regulations that apply to its activities, as well as with any other future obligations, and shall make special efforts to prevent pollution and reduce, as much as possible, the potential environmental impact created within its supply chain, both in terms of natural resources and of people. Likewise, the Group shall contribute to preserve the environment, by implementing continuous improvement actions towards reducing direct and indirect greenhouse gas emissions, reducing resources consumption, controlling chemicals spills, minimizing the use of potentially hazardous components to both the environment and the people, and generally, in the whole system of environmental management of the Group.

In this respect, Inditex acknowledges the relevance of the First Global Legally Binding Climate Agreement signed by 195 countries in December 2015, in the framework of the Paris Climate Change Conference (COP21). The Company also acknowledges the principles covered in the CEO Water Mandate initiative, established by UN Global Compact, as the roadmap for an appropriate and sustainable management of water.

### Labour Human Rights

- *Forced or compulsory<sup>1</sup> labour is rejected*

Inditex rejects any form of forced or compulsory labour, as defined in ILO Convention 29. This extends both to its own employees and its entire supply chain, as well as to any natural and/or legal person related to Inditex.

Inditex joined UN Global Compact in 2001, and adhered to its principle 4, according to which, businesses should uphold the elimination of all forms of forced and compulsory work or work done under coercion.

- *Child<sup>2</sup> labour is rejected*

Inditex respects children's rights and rejects child labour, pursuant to the provisions of ILO Convention 138 and in accordance with the minimum working age under the relevant regulations of each country. Thus, the Group does not employ anyone who has not reached the age of 16.

Moreover, Inditex advocates the children's right to education, in line with the Children's Rights and Business Principles of the United Nations Children's Fund (UNICEF).

- *Discrimination is rejected and diversity<sup>3</sup> is promoted*

Inditex rejects any form of discrimination, respecting its employees' diversity and offering equal opportunities for employment and professional promotion. No employee of the Group shall be subject to discrimination on grounds of race, origin, ethnicity, disability, illness, religion, marital status, sexual orientation, political opinion, age, citizenship, gender, or any other grounds whatsoever.

Moreover, manufacturers and suppliers shall refrain from engaging in any discriminatory practice

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<sup>1</sup> Issues regarding forced labour shall be implemented pursuant to ILO Conventions 29 and 105

<sup>2</sup> Issues regarding prohibition of child labour are governed by ILO Conventions 138 and 182

<sup>3</sup> Issues regarding prohibition of discrimination are governed by ILO Convention 111



with regard to the recruitment, remuneration, access to training, promotion, termination of the employment agreement or retirement of their workers.

- *Respect for freedom of association and collective bargaining*<sup>4</sup>

Inditex acknowledges the right of its employees to set up, be involved or join trade unions and/or organization that defend and promote their interests, regardless of the environment where they work. It also ensures its workers respect for collective bargaining, freedom of opinion and protection for the workers' representatives.

The Code of Conduct for Manufacturers and Suppliers provides in turn, that the company's manufacturers and suppliers shall ensure that their employees have, without distinction, the right of association, union membership. No retaliation may arise from the exercise of such right and no remuneration or payment whatsoever may be offered to the employees in order to hinder the exercise of such a rights. Likewise, they shall adopt an open attitude of collaboration towards the activities of Trade Unions. Workers' representatives shall be protected from any type of discrimination and shall be free to carry out their representative functions in their workplace.

- *Protecting workers' health and safety*<sup>5</sup>

All Inditex's employees work in healthy and safe places. The Company guarantees a healthy and safe work environment to its employees through different procedures and regulations in the area of occupational hazards and health and safety at work, fulfilling all the requirements on this topic laid down in the domestic laws and regulations of the countries where it operates.

Inditex's manufacturers and suppliers shall also provide a safe and healthy work place to all their employees.

- *Just, fair and favourable working conditions*<sup>6</sup>

Inditex treats its employees with respect in a just and fair manner, and pays their remuneration in accordance with the applicable statutory provisions, including minimum wages, overtime and benefits. The weekly working hours and overtime shall not exceed the statutory limit set forth in the laws and regulations of each country. Overtime shall always be voluntary and paid according to law.

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<sup>4</sup> Issues regarding freedom of association and collective bargaining practices are governed by ILO Conventions 87, 98 and 135

<sup>5</sup> Issues regarding working conditions in the occupational safety and health area are governed by ILO Convention 155

<sup>6</sup> Issues regarding working just, fair and equitable working conditions are governed by ILO Conventions 1, 14, 26, 111 and 131

Inditex shall establish all required conditions to ensure that its employees enjoy such rights, pursuant to ILO Conventions or the applicable laws and regulations.

Inditex ensures its employees a working environment free from any manner of harassment, intimidation or violence. Thus, any form of harassment or abuse to the employees is prohibited, whether sexual, psychological or verbal, as well as any other behaviour which might lead to an intimidating, offensive or hostile work environment.

Inditex's manufacturers and suppliers shall meet the provisions of the Code of Conduct for Manufacturers and Suppliers to ensure just, fair and favourable working conditions to all their employees.

### **3.3 Principles that apply to Inditex's stakeholders with regard to Human Rights**

To achieve the commitments above referred, the following principles apply to Inditex's relationship with its stakeholders:

- *Employees*

Inditex undertakes to respect all its employees' Human and Labour Rights, namely those set forth as fundamental, as defined in ILO Conventions. In turn, Inditex demands from all the employees of the Group strict respect for Human Rights, and boosts the promotion thereof.

Inditex's commitments to its employees are addressed in the Code of Conduct and Responsible Practices and they are implemented in internal regulations and procedures. Additionally, Inditex has a Global Framework Agreement with UNI Global Union to respect and promote fair work and labour rights; such Framework Agreement fosters the implementation of best practices in industrial relations.

- *Suppliers*

All manufacturers and suppliers that work with Inditex shall undertake to respect their employees' Human and Labour Rights, and to involve their business partners and convey to them such principles.

The Code of Conduct and Responsible Practices and namely, the Code of Conduct for Manufacturers and Suppliers lay down the minimum standards for an ethical and responsible behaviour that must be respected by all its manufacturers and suppliers. These latter are bound to comply with labour laws and regulations of such countries where the Group operates, as well as

with ILO Conventions and other international standards, especially underscoring compliance with Human Rights in the framework of the United Nations Guiding Principles on Business and Human Rights.

These Codes are implemented by means of internal regulations and a permanent dialogue with the stakeholders, which materialize, among others, in the Global Framework between Inditex and IndustriALL Global Union regarding compliance with international labour regulations in Inditex's production and distribution line.

- *Business partners* Inditex's business partners shall respect and promote the internationally recognized Human Rights in the performance of their activities. In this respect, Inditex shall do its utmost to promote the observance of this obligation. For such purposes, business partners shall be deemed to be any company engaged in business with Inditex by means of any manner of joint venture or franchise.
  - *Customers*

Inditex respects its customers' Human Rights, and undertakes to communicate with the same in a clear and transparent manner and to provide safe products and services. With regard to its products, Inditex undertakes to offer its customers a high standard of excellence, quality and health and safety. Products shall be manufactured in an ethical and responsible manner, pursuant to the Group's health and safety standards: *Clear to Wear* and *Safe to Wear*.

The Group rejects any manner of discrimination against its customers and it shall respect at all times their right to privacy, protecting and making an appropriate use of their personal data.

- *Community*

Inditex promotes and boosts the promotion of Human Rights in such local, national or international communities where it operates. As a supplement to the impact of its own business activities, Inditex implements its model of social investments driven by its commitment towards global welfare and the reinforcement of the communities with which it is related. This way of understanding social investment entails that Inditex takes part, in a voluntary manner, in socially responsible practices which build value in the community and in the company, as provided in the Policy on Community Investment.

### **3.4 Disclosure of the Policy**

The Policy on Human Rights will be made available to all the stakeholders of the Company, both internally and externally, and it shall be subject to the appropriate disclosure, training and awareness-raising proceedings to ensure its full understanding and implementation within the organization.

### **3.5 Implementation of the Policy**

Inditex undertakes to assign specific resources to ensure the effective implementation of the Policy on Human Rights. The Group shall conduct appropriate due diligence processes, regularly identifying any current and potential impacts on Human Rights and taking the appropriate measures to prevent and reduce any potential negative consequences, fostering positive impacts throughout the entire value chain.

Inditex shall work with the relevant stakeholders to implement the Policy, and respect and foster the work of all those who act as Advocates for Human Rights.

### **3.6 Update and review of the Policy**

The Policy on Human Rights will be reviewed and updated, where applicable, to bring it into line with any changes that the business model may undergo, or that may occur in the context where the Group operates, ensuring at all times the effective implementation thereof.

### **3.7 Operational mechanisms regarding Human Rights: Committee of Ethics and Whistle Blowing Channel**

Inditex maintains a permanent dialogue with its stakeholders, allowing these latter to raise their concerns and expectations about respect and promotion by the Group of Human Rights.

Additionally, Inditex relies on a Committee of Ethics and a Whistle Blowing Channel to ensure compliance with this Policy, and receive and attend to any comments, doubts or complaints regarding its construction, enforcement or compliance. The Committee of Ethics reports to Inditex's Board of Directors through the Audit and Control Committee and it is composed of:

- The General Counsel and Code Compliance Officer
- The Chief Audit Officer
- The Chief Sustainability Officer
- The Chief Human Resources Officer

The Committee of Ethics may act of its own motion or at the behest of any employee, manufacturer, supplier, or any third party with a direct relationship and a lawful business or professional interest, further to a report made in good faith.

In this respect, any notices given under this Policy, whether reporting any breaches or including any enquiries regarding the construction or implementation thereof, may be addressed to the Company through the Whistle Blowing Channel by any of the following means:

- Ordinary post addressed to: *Avenida de la Diputación, Edificio Inditex, 15142 Arteixo, A Coruña* (Spain), for the attention of the Committee of Ethics
- Email addressed to: [comitedeetica@inditex.com](mailto:comitedeetica@inditex.com)
- Fax sent to: +34 981 18 62 11

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