INDITEX

# The List by INDITEX Global Procedure

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# II. Introduction

Auxiliaries, dyestuffs, adhesives and pigments selection is an important issue to comply with INDITEX's product health standard "Clear to Wear" (CTW) and the ZDHC "Manufacturing Restricted Substances List" (MRSL). For this reason, every mill working for INDITEX should take into account these documents before purchasing any chemical product.

To facilitate selection of the referred products, INDITEX has developed the program "The List", which consists of a list of chemical products used in the textile and/or leather production and in the production of footwear and accessories, from highly trained suppliers, in their respective areas of activity, and classified by their degree of compliance with CTW, AFIRM RSL and ZDHC MRSL requirements.

Although the inclusion in "The List" is an open process for any company within the scope hereunder defined (see "III. Scope"), this document describes the different stages and criteria followed by INDITEX for both for the inclusion of companies into "The List" and for the update of the information regarding their chemicals.

However, the mills working for INDITEX may purchase dyestuffs, pigments, auxiliaries and adhesives from suppliers not included in the web page that make up "The List" as long as the instructions set out in the current edition of the Green to Wear (GTW) "Supporting Documents" are followed.

# III. Scope

- Manufacturers of dyestuffs, pigments or auxiliaries used in the manufacturing processes of textiles and/or leather articles.
- Manufacturers of auxiliaries or adhesives used in the manufacturing processes of footwear and accessories.
- Manufacturers of chemical products used in spinning, weaving, knitting, dyeing, printing and coating mills, laundries and tanneries.

# IV. Teams and responsibilities

- **INDITEX's technical committee:** with the following responsibilities, among others:
  - To select potential candidates eligible to join "The List".
  - To manage the applications received to join "The List".
  - To take final decisions regarding those companies that should be accepted or rejected from "The List" project.
  - To select among all the companies previously accepted in the project, those that should be prioritized in order to appear in the next edition of "The List".

The technical committee is composed of:

- Héctor Carvajal, from INDITEX's Sustainability department.
- Silvia Porto, from INDITEX's Sustainability department.
- Iván Roca, from Technical Advice S.L .

- **Technical Advice S.L.** (TA)[1] company with the following responsibilities, among others:
  - To receive and manage all samples of dyestuffs, pigments, auxiliaries or adhesives sent by the companies participating in "The List".
  - To apply dyestuffs, pigments auxiliaries or adhesives in those cases where this step is necessary for their subsequent analysis.
  - To send samples to analysis laboratories.
  - To manage the final classification of "The List" and technical support in the creation of the risk assessment of chemicals.
  - To conduct, either by itself or with other third parties, technical audits of good manufacturing practices to all companies which requested their inclusion into "The List" and are within the scope of the project.

[1] INDITEX reserves its right to incorporate other external service providers to carry out the responsibilities currently assumed by TA.

- **INDITEX product health and safety teams** in charge of the following responsibilities, among others:
  - To carry out the sampling of chemicals at the mills working for INDITEX direct suppliers[2] in order to verify the accuracy of the results published in "The List".
  - To conduct, either by themselves or with other third parties, technical audits of good manufacturing practices to all companies which requested their inclusion into "The List" and are within the scope of the project.

# V. Procedure

## Stage 1. Initial contact with a company eligible to join "The List"

Initial contact with a company eligible to be included in "The List" may occur in two different ways:

- Spontaneous applications: sent by any chemical manufacturer of dyestuffs, pigments or auxiliaries within the scope previously described in section "III. Scope" by e-mail to the following address: thelist@inditex.com.
- Chemical manufacturers directly contacted by INDITEX: INDITEX may contact such manufacturers who meet the requirements under section "III. Scope" to present them "The List" and to know if they are interested in joining the project.

## Stage 2. Request of information from the company eligible to join "The List"

Once the application to join "The List" has been received or the candidate was directly contacted by INDITEX, some information will be requested via e-mail and with a maximum delivery time agreed by INDITEX's technical committee in order to know in detail its business model, its chemical products range and its commercial presence in the different INDITEX's production "clusters",[3] among others.

As the information requested at this stage might be deemed to be confidential by the candidate eligible to join "The List" and since it will be taken into consideration to accept or reject an application, the following documents should be signed:

- Document supplied by the candidate to ensure the accuracy and veracity of the information provided to INDITEX.
- "Non Disclosure Agreement" (NDA) between both parties.

## Stage 3. Technical audit at the facilities of the company eligible to join "The List"

Upon reception of the information requested, INDITEX's technical committee will request that a technical audit of good manufacturing practices will be conducted at the main facilities of the company eligible to join "The List".

Technical audits of good manufacturing practices will cover the assessment of the following issues, among others:

- Technical capabilities of the staff responsible of product health policies.
- Traceability of finished[4], and partially finished[5], products and those purchased from other companies and directly marketed (non-manufactured products[6]).
- Availability of laboratories and analytical instrumentation in-house or in the external laboratory the company is working with. For the purposes of evaluating this point, the fact of not having an internal laboratory will not negatively affect to the extent that the availability and capacities of external laboratories with which one usually works can be accredited.
- Mill production capacity.
- Environmental and product health policies (aligned with the criteria of the ZDHC Audit) followed for the internal control of raw materials, intermediate products and products marketed for the purposes of complying with international product health

2 Yarn, fabric, leather garments, footwear, or accessories suppliers who have a direct commercial relationship with INDITEX.[2]
3 Production clusters are understood as those geographic areas where INDITEX significantly centers its productions. For the purposes of this document, those clusters are: 1) Europe; 2) North Africa; 3) Turkey; 4) India; 5) China; 6) Bangladesh and/or Pakistan; 7) Central America and 8) South America.[3]
4 Manufactured products are deemed to be those which have been synthesized by the company.
5 Partially manufactured products are those which have been formulated but not synthesized by the company.
6 Non manufactured products are deemed to be those which have been directly purchased from another manufacturer or distributor and which are sold under the label of the company which purchased them.

regulations as well as CTW, AFIRM RSL and ZDHC MRSL requirements.

**Important:** In case analytical controls are partially outsourced, the company should have the corresponding internal procedures to ensure both traceability and accuracy of the results obtained.

- Management of waste, discharges and emissions into the environment.
- Internal procedures to carry out the evaluation and selection of suppliers of raw materials, "feedstock" or "press cake", the stability of the commercial relationships with them and the criteria these relationships are based on.
- Willingness of the company to inform INDITEX about any issue related with its supply chain, its manufacturing processes, its internal controls on product health, among others, with the aim of identifying the source of any potential restricted and/or regulated substances which might lead to a non compliance of international product health legislations.

After each technical audit and within 5 working days, TA or the corresponding INDITEX product health and safety team will issue the corresponding report to be provided to INDITEX's technical committee. This report will evaluate the different issues covered during the technical audit as: Inappropriate; Appropriate; Good; Very good or Excellent.

## Stage 4. Acceptance of an application from a company eligible to join "The List"

The decision to accept or reject the application received from a company eligible to join "The List" will be based on the compliance of the following requirements:

- To have net sales for manufactured dyestuffs/pigments of at least 80 % of the total net sales. In the case of auxiliaries/adhesives manufacturers, both manufactured products and partially manufactured products (formulated) will be considered for this calculation.
- To obtain a satisfactory result in the technical audit of good manufacturing practices performed to their facilities what implies, at least, the following qualifications:
  - Good: in all issues included in the section "Environmental and product health policies".
  - Good: in the section "In-house laboratories and analytical instrumentation at the facility or capabilities of the external laboratory with which is usual to work".
  - Good: in the section "Company staff technical qualification".

Exceptionally, INDITEX's technical committee may consider that given the strategic importance of a company eligible to join "The List" for INDITEX's productions in one or several production "clusters", its application to "The List" could be accepted although it fails to comply with any of the above mentioned requirements.

## Stage 5. Notice of acceptance of a candidate to join "The List"

In those cases where a company eligible to join "The List" meets the requirements mentioned under "Stage 4. Acceptance of an application from a company eligible to join "The List", INDITEX's technical committee will contact directly the company via e-mail to inform about the final decision.

## Stage 6. Notice of rejection of a candidate to join "The List"

In those cases where a company eligible to join "The List" fails to comply with the requirements mentioned under "Stage 4. Acceptance of an application from a company eligible to join "The List", INDITEX's technical committee will contact directly the company via e-mail to inform about the final decision.

**Important:** Those companies which applications to join "The List" were rejected should not apply again until they are in a position to prove the effective correction of the identified non conformities. For these purposes, in the rejection communication sent to the company, the reasons that have supported that decision will be indicated.

## Stage 7. Improvements in the production of members of "The List"

In order to progressively reduce the risk of CTW non compliance in INDITEX, it is recommended that the companies participating in "The List" undertake to continuously improve their health policies and the quality of their products, through the reduction and/or elimination of restricted substances included in "Clear to

Wear" product health standard (CTW), AFIRM RSL and ZDHC Manufacturing Restricted Substance List (MRSL).

## Stage 8. Exclusion from "The List"

Any company involved in "The List" may be excluded by INDITEX's technical committee on the following grounds:

- During the update of "The List", at least a 5% of the tests conducted to the chemical products shown in the existing edition provide a result which implies a higher risk classification that what is currently shown.
- The company declines to sign or fails to comply with any of the documents which govern the commitments acquired with INDITEX resulting from its inclusion in "The List".
- According to information gathered from reliable sources, the information provided by the company to INDITEX during the process of joining "The List" is not accurate and/or truthful.

**Note:** Companies excluded from "The List" shall start the application process for joining "The List" from the initial stage of the procedure (see "Stage 1. Initial contact with a company eligible to join "The List""). However, their application will not be considered, until are in a position to prove the effective correction of the nonconformities because were excluded. For these purposes, the exclusion communication sent to the company will indicate the reasons that have supported that decision.

## Stage 9. Request for voluntary striking off from "The List"

Any member included in "The List" may apply for its voluntary striking off. However, this will not be effective until the edition of "The List" immediately after the edition in course at the time of the application.

To apply for voluntary striking off, an e-mail should be sent to thelist@inditex.com explaining the reasons for such request. Then, INDITEX's technical committee will officially notify the company the acceptance of their request and will provide an estimated date for the publication of the following edition of "The List" what means the time needed to make their request become effective.

## Stage 10. Updates of "The List"

INDITEX commits itself to update "The List" periodically. Every new edition will entail the addition of a maximum number of 10 companies.

Each update will include:

- An update of the classification of those chemical products included in the previous edition of "The List".
- An update of the trade names of those chemical products included in the previous edition of "The List".
- New chemicals belonging to both companies included in the previous edition and to companies which have just made "The List".
- In case INDITEX deems appropriate, new product health parameters to classify the chemical products.

## Stage 11. Validity of "The List"

Every edition of "The List" will be published on INDITEX web page[7] and it will be considered as valid until the upload of a new edition.

**Important:** A new edition of "The List" will not be considered as official until it is published on INDITEX web page.

## Stage 12. Re-Assessment of Members in "The List"

INDITEX's technical committee may order the re-assessment of some of the companies included in "The List" upon occurrence of any of the following circumstances:

- The company is involved in a process of mergers or acquisitions.
- A high number of CTW non compliance were detected in INDITEX articles where chemical products belonging to the company have been used.

**Note:** Re-assessed companies should start the process of joining "The List" from the initial stage of the procedure (see "Stage 1. Initial contact with a company eligible to join "The List").

[7] www.Inditex.com

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# Product Sustainability

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