

**INDITEX**

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**UK MODERN SLAVERY ACT  
AND CALIFORNIA  
TRANSPARENCY IN SUPPLY  
CHAINS ACT STATEMENT**

# Inditex Group Modern Slavery and Human Trafficking Statement FY2017

Inditex Group has always been fully committed to respecting, promoting and protecting Human Rights within its entire value chain, this being one of the main pillars of our business model. The Inditex Group does not tolerate modern slavery or human trafficking in its organisation or in its supply chain, and undertakes to proactively promote Human Rights and the respect thereof.

This Statement, made pursuant to Section 54 of the UK Modern Slavery Act 2015 and to the California Transparency in Supply Chains Act 2010 (SB-657), addresses the measures that the Company relies on to prevent and mitigate the risk of modern slavery and human trafficking. Inditex's Board of Directors is ultimately responsible for ensuring respect and protection of Human Rights, as an essential instrument for the sustainable development of the Company. Upon implementing the Human Rights strategy, the Board is supported by the Audit and Control Committee, which assists it in the discharge of its supervision and control duties.

Inditex also relies on a Social Advisory Board, which advises the Company on sustainability issues, and is composed of external or independent members, whether private individuals or companies. They play a key role in the relationship of the Company with its stakeholders, as it is charged with formalising the dialogue with the main representatives of the society where we conduct our business.

Likewise, in order to ensure compliance with the Code of Conduct and Responsible Practices and with the Code of Conduct for Manufacturers and Suppliers, Inditex relies on the Committee of Ethics, which reports to the Board of Directors through the Audit and Control Committee. In addition to ensuring compliance with the above mentioned Codes, the Committee of Ethics manages the Whistle Blowing Channel, a grievance mechanism that represents the third pillar of the Human Rights strategy, promoting due diligence as it allows identifying and timely repairing potential negative impacts for Human Rights, and fostering the relationship with the stakeholders.

For their part, Sustainability teams are charged with managing and coordinating all the activities aimed at ensuring compliance with the Code of Conduct for Manufacturers and Suppliers throughout the entire supply chain.

This Statement constitutes "Inditex Group Modern Slavery and Human Trafficking Statement" for the financial year 2017, ended on 31st January 2018, and refers to Industria de Diseño Textil, S.A. (Inditex, S.A.) and its subsidiaries ("Inditex" or "Inditex Group"). This Statement has been approved by Inditex's Board of Directors on 12th June 2018, following a favourable report of the Audit and Control Committee and of the Social Advisory Board.

## ABOUT US

Inditex is a global fashion retailer present in 5 continents, in the North and South hemispheres.

Our main business consists of offering the latest fashion trends (apparel, footwear, accessories and home textiles), at affordable prices, at the right time and with high standards of quality and sustainability. The company sells its products through an integrated model of physical stores and online.

The company conducts its business through different brands: Zara, Pull & Bear, Massimo Dutti, Bershka, Stradivarius, Oysho, Zara Home and Uterqüe. Each of them is operated based upon a directly managed model of physical stores and online, except in certain countries where, for different reasons, the business operates through franchises.

In order to be able to offer the latest fashion trends at the right time and with the required quality, we have implemented a flexible and integrated business model, we stay focused on the customer and take a strong sustainable approach.

To get items to market in a timely manner, from design to sale, would not be possible without the integration and flexibility which are present in all the stages of the value chain: design, production, logistics, stores and customers (with integrated points of sale, both physical stores and online).

Design and buyers' teams are customer oriented. Inditex listens to its customers and conveys their demands gathered at the stores and online (first directly, then through automated IT systems to end with digital information) to its buyers' teams and uses them to react quickly, producing the desired items, and putting them onto the market as efficiently as possible.

The logistics and distribution system allows continued shipments to physical stores and online warehouses from the logistics centre of each brand throughout each campaign. Such a system operates mainly with centralised logistics centres for each brand, where inventory is located and from which goods are distributed to physical stores and online warehouses worldwide.

Our Code of Conduct and Responsible Practices sets out the values and principles that guide our actions and relationship with our customers, shareholders, partners, suppliers and all the communities where we are present.

We share fundamental values such as teamwork, humility, diversity and commitment and we believe that every person is key to the success of the company.

The people who make up the Company allow a sustained and sustainable development of this model, a diverse team, made up of 97 different nationalities, defined by its creative talent, passion for fashion, for teamwork, entrepreneurial spirit, permanent innovation and responsible effort. We are committed to the professional and personal growth of our employees in work environments where integrity and ethics come first.

Our purpose is to offer fashion goods which conform to the most exacting sustainability and health and safety standards and to operate in a way that is based upon respect and promotion of human rights, transparency and a permanent dialogue with our stakeholders.

More information about Inditex Group on <https://www.inditex.com/en/about-us/who-we-are>

## INDITEX SUPPLY CHAIN

In 2017, Inditex's supply chain was made up of 1,824 suppliers and 7,210 factories. Although these do not work exclusively for Inditex, they have a close relationship with the Group based on responsibility, which allows them to design and sell fashion that guarantees respect for the fundamental Human and Labour Rights of each person within the supply chain.

1,824

Suppliers\* in 2017

7,210

Factories declared by  
suppliers in 2017

Fabric	Cutting	Sewing	Dyeing and washing	Printing	Finishing
1,026	326	4,360	650	205	643

\* Suppliers of fashion items, mainly clothing, footwear and accessories, with a production of over 20,000 units/year in FY2017.

For Inditex, it is essential to rely on a socially responsible supply chain where the fundamental Human and Labour rights of each person within it are respected. In this regard, work is based on two main pillars: firstly, the implementation of programmes and projects that revolve around workers and their welfare. This is embodied in the Workers at the Centre strategy. Secondly, the implementation of the Strategic Plan for a Stable and Sustainable Supply Chain 2014 - 2018, including different measures taken regarding four action lines: identification, assessment, optimisation and sustainability, in order to ensure compliance with Inditex Group's Code of Conduct for Manufacturers and Suppliers.

Production traceability is the first step to implement all the policies and activities aimed at preventing and remedying any manner of involuntary labour. The traceability of Inditex's supply chain is based on three key concepts:

- **Information management:** a computer tool has been developed that permits sharing real-time information about the supply chain. The suppliers must declare in that tool, each and every factory they use for their production. Likewise, information about sustainability is also shared in the tool, thus ensuring that orders can only be placed with such factories which have been approved by Inditex.
- **Continuous improvement:** Inditex's Sustainability Department works in a direct and ongoing manner with the buyers' teams and with the suppliers, who are trained in the area of best practices, to align purchases with sustainability criteria and to raise awareness among suppliers so that they would become responsible for their supply chain.

- **Monitoring and sustainability:** the different types of audit allow to continuously monitor and optimise the supply chain. Specifically, traceability audits, aimed at verifying and following-up on the traceability of the supply chain to verify that all production units are declared and approved.

The activities carried out in these three areas are supplementary; they seek to achieve traceability of all the processes and visibility of all levels of production. Thus, year after year, the knowledge of the supply chain is deeper underscoring the efforts made in the areas of traceability of raw materials. Such efforts to ensure traceability up to the final stage of the chain have been reinforced during FY2017 with the agreement executed with the International Labour Organization (ILO) specifically targeting the cotton supply chain.

# POLICIES AND COMMITMENTS / INTERNAL ACCOUNTABILITY AND CERTIFICATION

Inditex applies a zero tolerance policy on slavery, human trafficking and any form of forced labour in its supply chain. This Policy is covered in the Code of Conduct for Manufacturers and Suppliers, implemented in the Group's internal regulations and in its commitments in the area.

## POLICIES AND INTERNAL REGULATIONS

### - Policy on Human Rights of Inditex Group

Inditex Group's Policy on Human Rights was approved by the Board of Directors on 12th December 2016, following a favourable report of the Audit and Control Committee and the Social Advisory Board, which represents the Group's stakeholders.

Following the United Nations Guiding Principles on Business and Human Rights, the Policy on Human Rights sets forth Inditex's position with regard to its commitment to respecting internationally recognised Human Rights, and it lays down such values and principles that will serve as a guideline to all its business activities.

Notwithstanding its commitment to all Human Rights, Inditex has identified those areas directly related to its value chain, based upon a review of the business model and the expectations of its stakeholders.

Rejection of forced labour is one of the rights singled out in the Policy on Human Rights. In this regard, such Policy reads: "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."

The enforcement of the Policy on Human Rights is mandatory for the whole Group and it may extend to third parties associated with Inditex. It has been communicated to the different departments of the Company and is available to all the employees on the company's intranet as well as on the corporate website ([www.inditex.com](http://www.inditex.com)). The enforcement of the Policy involves implementing and executing due diligence processes which allow to assess and, where appropriate, regularly identify current and/or potential impacts in the field of Human Rights. Further to such processes, appropriate measures are taken to prevent, monitor, mitigate or remedy any potential negative consequences and foster positive impacts throughout the entire value chain.

### **- Corporate Social Responsibility Policy of Inditex Group**

Inditex Group's Corporate Social Responsibility Policy was approved by the Board of Directors on 9th December 2015, following a favourable report of the Audit and Control Committee.

The purpose of this Policy is to define the principles endorsed by Inditex in its relations with all the Company's stakeholders, encouraging the inclusion of sustainability practices in its entire business model. It also allows understanding, disclosing and applying Inditex's corporate culture, based on its sustainable business model, understanding such sustainability as an offer of fashion goods in strict observance of Human and Social Rights within the supply chain, based upon transparency and a permanent dialogue with the Company's stakeholders.

### **- Policy on Criminal Risks Prevention of Inditex Group**

Inditex Group's Policy on Criminal Risks Prevention was approved by the Board of Directors on 19th July 2016, following a favourable report of the Audit and Control Committee.

The Policy on Criminal Risks Prevention seeks to exact an ethical and responsible professional conduct from the Group and its entire workforce and, in particular, to prevent the commission of any criminal offences, including, offenses related to human trafficking.

This Policy addresses the commitments to an ethical and responsible conduct covered in the Code of Conduct of Responsible Practices, and creates a relationship between them and the prevention of criminal offences and acts by employees and the Group.

### **- Code of Conduct and Responsible Practices of Inditex Group**

Inditex Group's Code of Conduct and Responsible Practices is the main policy that inspires and governs all the Group's operations and stipulates the binding principles that apply in each and every area of its activities. The goal of this Code demands ethical and responsible professional conduct from Inditex and its entire workforce in the conduct of its business anywhere in the world, as part of its culture of ethics and compliance.

Approved in 2012 by the Board of Directors, this Code strengthens awareness and enforcement of Inditex's ethical culture, deeply rooted in respecting Human and Labour rights and in the effective inclusion of all the employees, respecting their diversity.

### **- Code of Conduct for Manufacturers and Suppliers of Inditex Group**

Upon commencing work for Inditex, all direct suppliers accept and undertake to meet Inditex Minimum Requirements, which include compliance with the Code of Conduct for Manufacturers and Suppliers, which explicitly prohibits slavery and human trafficking and is complemented by national laws and international standards.

Inditex Group's Code of Conduct for Manufacturers and Suppliers was approved by the Board of Directors in 2001 and amended in 2012 and it is applied throughout its supply chain, including all tiers and processes.

The first section of the Code of Conduct for Manufacturers and Suppliers establishes that: "Inditex shall not allow any form of forced or involuntary labour in their manufacturers and suppliers. They may not require their employees to make any kind of "deposits", nor are they entitled to retain employees' identity documents. Manufacturers shall acknowledge the right of their employees to leave their employer after reasonable notice."

The Code of Conduct for Manufacturers and Suppliers specifies that "aspects related to such limitations will be governed by Conventions 29 and 105 of International Labour Organization (ILO)".

More information about our policies on <https://www.inditex.com/en/how-we-do-business/right-to-wear>

## **COMMITMENTS AND INITIATIVES**

### **- The Ten Principles of United Nations Global Compact**

Since 2001 Inditex has been a signatory of the United Nations Global Compact and it commits to respect and promote its ten universally recognised principles which include, among others, (4) the elimination of all forms of forced and compulsory labour and (5) the effective abolition of child labour.

### **- Commitment to the Sustainable Development Goals (SDGs)**

Inditex has always been fully committed to sustainability and the respect for human rights throughout its value chain. In this respect, we have committed to the 17 Sustainable Development Goals (SDGs). Every one of Inditex's practice areas must be aligned with the commitment to working towards the objectives set by the SDGs for 2030 which include decent work and the eradication of child labour, modern forms of slavery and human trafficking.

### **- Ethical Trading Initiative (ETI)**

Inditex has been a member of ETI since October 2005 to improve working conditions of workers. ETI is an alliance of companies, international trade unions, and non-governmental organisations that promotes individual and collective initiatives to eradicate modern slavery. ETI's Base Code covers any manner of forced labour.



### **- Global Framework Agreement with IndustriALL Global Union**

2017 marks the tenth Anniversary of the Global Framework Agreement (GFA) executed between Inditex and IndustriALL Global Union, the International Federation of trade unions which represents 50 million workers in 140 countries. This GFA protects and promotes best working conditions throughout the entire supply chain, and it represented a key milestone in the industry, as it was the first to extend to a global supply chain and to create a space for the exchange of ideas and proceedings regarding workers' rights.

### **- Collaboration with ILO's 8.7 Alliance**

In line with its commitment to the Sustainable Development Goals, Inditex is a partner of ILO's 8.7 Alliance. The alliance brings together governments, companies, workers' organisations and the society at large, among other relevant actors, to eradicate forced labour, modern slavery, human trafficking and child labour.

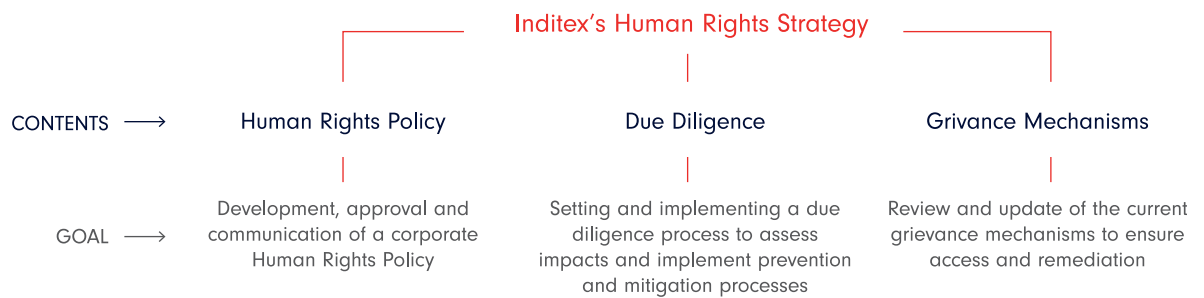
### **- Participation in the Decent Work in Supply Chains Platform**

Inditex is part of the United Nations Global Compact Decent Work in the Global Supply Chains Platform. This is an alliance of companies and other agents which seeks to make progress by means of collective actions to ensure decent work and namely, eradicating forced labour, modern slavery and child labour.

More information about our commitments and initiatives on <https://www.inditex.com/en/how-we-do-business/right-to-wear>

# DUE DILIGENCE PROCESS

Inditex's Human Rights strategy relies on three pillars: policy commitment, due diligence and grievance mechanism. Further to the approval of the Policy on Human Rights in 2016, progress has been made throughout 2017 to implement it as well as the other two pillars, referred above, and namely, due diligence.



In January 2018, Inditex became a participant of SHIFT's Learning Business Program, a leading Human Rights programme that brings together 18 companies of all sectors and regions worldwide, to jointly work towards implementing the Guiding Principles, under the guidance of SHIFT, a leading organisation in the field of human rights.

The participation in the programme fosters the due diligence process launched in 2017 which will continue to extend to the whole company, for the purposes of completing the assessment of the impact that all areas of the company have on Human Rights, and the continuous improvement in encompassing protocols to respect them.

As part of this work, the supply chain has been identified as one of the areas with higher impact of the company on Human Rights.

Additionally, priority areas have been identified and defined in the supply chain in respect of which programmes and strategies have been created following an essential premise: placing "workers at the centre", and which supplement the work of the "Strategic Plan for a Stable and Sustainable Supply Chain 2014 - 2108", rolled-out to all tiers of the supply chain.

During 2017, 65 individuals in 12 countries were charged with the due diligence process in the field of Human Rights within Inditex's supply chain, in partnership with 453 external experts.

In particular, three priority areas have been identified to further the efforts made to oversee the supply chain regarding forced and involuntary labour, protection of migrants, women's empowerment and supply chain of raw materials.

## **I) PROTECTION OF MIGRANTS**

*National and international conflicts these past years have forced millions of people in the world to migrate. Migration can lead to vulnerability, as some workers may see that their social and labour rights are affected, on account of their status as migrants, including potential modern slavery situations.*

Inditex does not allow any form of exploitation of the works in its supply chain and pays special attention to working conditions of migrants. The enforcement of this policy begins with the training of the internal Sustainability team for the purposes of detecting any potential irregularities, implementing accompanying programmes for migrants and refugees and remediation practices, for the purposes of guaranteeing decent working conditions for migrant employees.

### **PROGRAMME FOR THE PROTECTION OF MIGRANTS IN TURKEY**

Turkey is one of the countries which has received more migrants and refugees in the past years, and one of our most relevant production countries.

In 2017 we have continued rolling out the remediation programmes for migrants and refugees launched in 2016, in close collaboration with non-profit Refugee Support Centre/MUDEM. Together with this NGO, we treat each case individually, considering the employment status of each migrant detected in the supply chain, attending to both their own needs and those of their families, and supporting them to ensure their welfare. In 2017, 155 advice and remediation cases were seen.

Furthermore, a roundtable for suppliers entitled "Integration of the Syrian Refugees under Temporary Protection into the Turkish Labour Market" was organised together with Ethical Trading Initiative, local NGOs reporting to the United Nations High Commissioner for Refugees (UNHCR) and ITKIB-Exporters' Association, with the goal of training and raising awareness among suppliers in the field of refugees, regular work, existing regulations regarding work permits and initiatives and programmes made available by UNHCR. The roundtable was attended by 90 of Inditex's suppliers and revolved around the importance of labour market integration of refugees.

## II) WOMEN'S EMPOWERMENT

*The large majority of workers in the global garment supply chains are women. Lack of equality results in their having to face more challenges in their work, which may prevent them from having the best working conditions and enjoying the same opportunities as men, thus placing them in a more vulnerable situation.*

Based upon SDG 5, that seeks to ensure gender equality and empowerment of women and girls, and building on the work so far carried out under the Strategic Plan for a Stable and Sustainable Supply Chain 2014 - 2018, a Strategy for the Empowerment of Women in the Supply Chain was approved in 2017, based upon three main pillars: Empowerment, Health and Protection.

The Strategy is implemented based upon tools of continuous improvement, supplemented by a gender sensitive perspective that allows us to understand the issues faced by women workers to cultivate an environment where they can thrive.

### **SOWBHAGYAM PROJECT IN INDIA**

This programme active in the Tamil Nadu state in India, seeks to raise awareness and educate communities, employment agents and other stakeholders, on labour rights and prevent the use of abusive employment practices.

Launched in 2013, the project includes training provided by SAVE, a local NGO, to all members of the community. In the fourth year since it launched, work has continued towards raising awareness within the community and schools, among teachers, girls and boys and their parents.

In 2017, work was done with some 79 employment agents to train them on best practices, develop action lines and encourage their association to share what they have learned and help identify spinning mills not involved in any abusive employment practices. Additionally, the following proceedings took place:

- Setting up 16 whistle blowing channels at the community level with 296 members.
- Conducting awareness-raising sessions at eleven schools with the participation of some 1,019 students.
- Establishing 23 new Teenagers Groups, with 235 members, for the purposes of empowering Young girls, informing them of their rights and providing them with the tools to defend them.
- Holding meetings with 112 parents to raise their awareness regarding labour rights.

### III) RAW MATERIALS

*Raw materials are a key element in the manufacturing of the finished products that Inditex sells. Cotton, being one of the most used textile fibres globally, represents a challenge in terms of traceability considering the fragmentation and geographical spread of the industry from the spinning process and the subsequent preparation of the fabric, which may give rise to a potential situation of vulnerability of labour rights of the workers involved in the different production processes.*

Under Inditex's Code of Conduct for Manufacturers and Suppliers, no violation of the labour rights of the workers in its supply chain is allowed. Inditex carries out a twofold approach, based, on the one hand, on the collaboration with different international organisations with proven experience in the area, such as the International Labour Organization and Better Cotton Initiative. The joint work with these organisations seeks to increase the knowledge of the supply chain. On the other hand, these efforts allow Inditex to take a closer look at traceability in its supply chain in such a fragmented and complex production chain and therefore work towards preventing, identifying and remedying any modern slavery situation.

### COMMITMENTS TO THE COTTON SUPPLY CHAIN

Inditex does not use cotton sourced in Uzbekistan and Turkmenistan. In this regard, the Group has worked with the Responsible Sourcing Network's Cotton Campaign Platform, having previously adhered to the Cotton Campaign, a global coalition of human rights, labour, investor and business organisations dedicated to improving the working conditions of the cotton sector in Uzbekistan and Turkmenistan.

In 2017, a Public-Private Partnership has been executed with the International Labour Organization aimed at promoting respect for the fundamental principles and rights at work in the cotton sector. The areas for the implementation of the programme by local and international ILO and Inditex's teams have been identified.

## RISK MANAGEMENT / VERIFICATION AND SUPPLIER AUDITS

The commitments and activities in the mentioned areas supplement the work carried out to monitor the entire supply chain and its compliance with the Code of Conduct for Manufacturers and Suppliers, which ensures that any form of forced labour is expressly prohibited.

In order to ensure such compliance, Inditex subjects all its suppliers and factories to different procedures and assessments regarding Human and Labour Rights. One of the main tools used to that end are different types of audits. Thanks to the requirement of maximum quality of such audits and of the information gathered thereof, Inditex can identify key areas where to develop and implement projects to empower workers, placing them at the centre of such programmes, in order to guarantee their labour rights.

The first verification of the level of compliance with the Code of Conduct for Manufacturers and Suppliers occurs even before the supplier has commenced its relationship with Inditex. When a supplier decides to propose a new factory, a preliminary assessment known as pre-assessment is conducted, to verify that there is no risk of violation of Human Rights of its workers. One of the items reviewed is the existence of forced labour. In 2017, Inditex has performed 2,253 pre-assessments, as a result of which 79% of new factories were approved.

Every supplier and factory in Inditex's supply chain is subject to periodic social audits. Such audits are carried out according to Inditex's own methodology, jointly designed with the international federation of the industry, IndustriALL Global Union the Cambridge Centre for Business and Public Sector Ethics and the University of Northumbria (UK).

Social audits are conducted without prior notice by both external and internal auditors. Each audit includes tools allowing to identify any form of forced labour, and verify such issues as retention of documentation, freedom of movement and the termination of the agreement, the use of agents for recruiting staff and their relationship with the workers, including payment of fees, among others. 4,215 social audits were performed throughout FY2017.

Finally, Inditex also conducts special audits, which focus on verifying compliance with a certain section of the Code of Conduct for Manufacturers and Suppliers, where a potential breach is detected, for the purposes of preventing, monitoring or remedying any risk. During FY2017 a number of 2,159 special audits were performed.

<b>TYPE OF AUDIT</b>	<b>NUMBER</b>
Traceability	2,621
Pre-assessment	2,252
Social	4,215
Special	2,159
<b>TOTAL</b>	<b>11,247</b>

In addition to this complex and effective audit system, Inditex implements programmes to encourage empowerment of workers and train and raise awareness among suppliers, thus giving rise to a more optimised supply chain and minimising the risk of violating workers' human rights and resulting in a more sustainable supply chain.

Being close to the field and understanding the different realities and features of the countries where its supply chain extends is essential for Inditex. For such reason, work in the supply chain is organised through supplier clusters. These clusters are defined as areas of cooperation created with the aim of promoting a sustainable production environment within a core geographic region to facilitate development of Inditex's business model, framed by strict compliance with fundamental labour rights. Through these clusters, we join forces with unions, non-governmental organisations (NGOs), worker associations, governments, international customers and civilian associations in order to foster engagement with our suppliers and manufacturers.

We currently have clusters in Spain, Portugal, Morocco, Turkey, India, Pakistan, Bangladesh, Vietnam, Cambodia, China, Brazil and Argentina; they encompass over 95% of our production chain and help ensure our social compliance and labour standards are applied locally.

## **EFFECTIVENESS AND IMPROVEMENT PLANS**

Inditex's commitment to continual improvement places both remedial and preventative measures at the heart of the Group's sustainability strategy. In this regard, the purpose of the corrective action plans designed by Inditex is two-fold: (i) establishing measures intended to mitigate and/or remedy breaches of the Code of Conduct for Manufacturers and Suppliers and, in parallel, (ii) prevent repeated breaches in the future.

Discovery of a compliance breach triggers the immediate rollout of a corrective action plan that imposes stringent targets and timelines. If a supplier wants to preserve its business relationship with Inditex, it must carry out these corrective plans, to which end it can count on the full support and engagement of Inditex's Sustainability teams.

Inditex's philosophy is to grow and improve alongside its suppliers, meaning that the audits undertaken are always followed-up on with constructive proposals to remedy any identified shortfalls. Nevertheless, and given Inditex's zero tolerance on forced labour and human trafficking, if the breach is not corrected, Inditex will cease its business relationships with the supplier. During FY2017, a Corrective Action Plan was set in train by 514 factories with breaches of sensitive points of the Code of Conduct for Manufacturers and Suppliers.

Inditex also engages in “beyond auditing” initiatives to monitor and optimise its supply chain, such as the Global Framework Agreement with the International Federation of Trade Unions IndustriALL, which allows joint actions with local trade unions to uphold workers’ rights, including the right to work freely.

## TRAINING AND AWARENESS-RAISING

In July 2017, specialised training was imparted by SHIFT to all the supervisors of the sustainable management of the supply chain, on how to carry out a due diligence of Human Rights according to the United Nations Guiding Principles on Business and Human Rights.

As a result thereof, progress has been made towards standardising the processes to identify and prioritise the existing relevant issues on Human Rights, as well as in creating a systematic model to gather and process any potential impact which may arise from the transactions in the different regions where they are made.

Additionally, progress has continued regarding training of Sustainability teams themselves and external auditors, as well as buyers’ and suppliers’ teams.

### TRAINING SUSTAINABILITY TEAMS

28 members trained in 2017

- Exchange of experiences and knowledge among clusters.
- Training on data protection, traceability, health and safety and other topics.

### TRAINING EXTERNAL AUDITORS

121 auditors trained in 2017

- Training on new social audit methodology.
- Training new auditors.

### TRAINING SUPPLIERS

1,122 suppliers trained in 2017

754 individual training sessions with suppliers

### TRAINING BUYERS’ TEAMS AND OTHER AREAS

242 buyers trained in 2017

180 employees from other areas trained



# GRIEVANCE MECHANISMS

A Whistle Blowing Channel is available to all Inditex employees, manufacturers, suppliers or third parties with a direct relationship and a lawful business or professional interest, regardless of their tier or their location. This is in place in order to report any breach of Inditex's Codes of Conduct, the internal policies of the Company, or the Policy on Human Rights, by any employee, manufacturer, supplier or third party engaged in an employment, business or direct professional relationship that affects the Group, or send any queries regarding the construction or application of the Codes of Conduct or the Company's internal policies, including the Policy on Human Rights. The confidentiality of such reports is ensured.

This Whistle Blowing Channel is managed by the Committee of Ethics, composed of the General Counsel and Chief Compliance Officer, the Chief Human Resources Officer, the Chief Sustainability Officer and the Chief Audit Officer.

The Committee of Ethics submits a report twice a year to the Audit and Control Committee, which in turn, informs the Board of Directors, on its proceedings, the cases seen and the enforcement of the Codes of Conduct as well as any other additional documents comprising the Corporate Compliance system of the Group from time to time in force.

More information about effectiveness, the Committee of Ethics and the Whistle Blowing Channel on <https://www.inditex.com/en/how-we-do-business/right-to-wear>

In the upcoming years, we will continue implementing the commitment described above. We will namely make progress with the reinforcement of the identification and mitigation tools to ensure the sustainability of the entire supply chain and the collaboration with other stakeholders, with the common goal of ensuring respect for Human Rights, and particularly, the eradication of modern slavery in all its forms.

This Statement has been approved by the Board of Directors and signed by the General Counsel and Secretary of the Board and Chief Compliance Officer.



## **INDITEX**