

Inditex's commitment, in connection with the use of chemical substances in the manufacturing process of our products, is reflected in its chemical policy, which establishes restrictions and prohibitions in the use of these substances.

So far, this policy has been developed and periodically updated in conformity with the most demanding international legislation and in collaboration with the University of Santiago de Compostela (Spain). The policy regulates not only those "substances whose use is legally limited" and which, if present in the product above certain levels, could be hazardous for human health, such as: Formaldehyde, Arylamines, Phenols (PCP, TeCP), Cadmium, Lead, Chromium (VI), Nickel, Allergenic Dyes, among others; additionally, it limits the use of certain parameters not contemplated by the effective legislation, such as: Organochlorinated Compounds and Isocyanates. In order to guarantee the compliance of said policy by Inditex's suppliers, Inditex carries out audits and regular inspections of the production processes and continuous reviews of the products.

INDITEX Commitment to Zero Discharge

27th November 2012

In line with Inditex's long-term sustainability program Inditex recognizes the urgent need for eliminating industrial releases of all hazardous chemicals (1). According to its approach based on prevention (2) and the Precautionary Principle (3) Inditex is committed to zero discharges (4) of all hazardous chemicals from the whole lifecycle and all production procedures that are associated with the making and using of all products Inditex sells (5) by 01 January 2020. Inditex recognises that to achieve this goal, mechanisms for disclosure and transparency about the hazardous chemicals used in its global supply chain are important and necessary, in line with the 'Right to Know principle' (6). In line with this principle Inditex will increase the public availability and transparency of our restricted substance list and audit process and will set up public disclosure of discharges of hazardous chemicals in its supply chain.

Inditex also commits to support systemic (i.e. wider societal and policy) change to achieve zero discharge of hazardous chemicals (associated with supply chain and the lifecycles of products) within one generation (7) or less. This commitment includes sustained investment in moving industry, government, science and technology to deliver on systemic change and to affect system change across the industry towards this goal.

The 2020 goal also demands the collective action of industry, as well as engagement of regulators and other stakeholders. To this end, Inditex will work with other companies in the apparel sector and other brands it could sell, as well as material suppliers, the broader chemical industry, NGOs and other stakeholders to achieve this goal.

Inditex understands the scope of the commitment to be a long term vision – with short term practice to be defined by the following individual action plan:

Individual action plan.

1. Supply-chain disclosure.

In line with Inditex's commitment to the public's 'right to know' the chemical substances used within its global supply-chain and the products it sells, Inditex will be taking the following actions:

1. publish its updated 'Restricted Substances List' and audit processes by the end of April 2013, and annually thereafter.

2. begin public disclosure of discharges of hazardous chemicals in its supply chain via individual facility level disclosure of chemical use and discharges data, to be achieved via an incremental process, beginning with the following actions:

- i) by no later than end of March 2013 public disclosure of at least 10 Chinese supplier facilities, plus at least 10 additional facilities in other parts of the “global south” (i.e. 20 facilities in total) ;
- ii) by no later than December 2013, at least another 30 Chinese supplier facilities (in addition to the facilities in i) above), plus at least another 50 additional facilities in other parts of the “global south” (in addition to the facilities in i) above, i.e. 100 facilities in total;

using a credible public online platform, with full facility transparency (i.e. location and individual data of facilities) and covering at least the hazardous chemicals within the 11 priority groups of chemicals (8).

2. APEO elimination policy.

Inditex recognises the intrinsic hazardousness of all APEOs, and therefore acknowledges it is a priority to eliminate their use across its global supply chain. There are multiple supply-chain pathways for potential APEO contamination (including chemical formulations). Inditex will enhance both training and auditing of our supply-chain in conjunction with other global brands, as well as ensuring its suppliers have the latest information on APEOs, highlighting where there is a risk that APEOs may enter into the undocumented contamination of chemical supplier formulations.

In addition to these actions, Inditex will enforce its APEO ban with the following actions:

- i. initiate an investigation into the current compliance to this requirement, reporting the findings to the public and simultaneously strengthening its supplier legal agreement language to ensure only APEO-free chemical formulations are utilized by the end of April 2013,
- ii. work with its supply chain and other global industry leaders, to ensure the most current technological limits of detection are reflected via the lowest detectable limits within its testing regimes.

3. Perfluorocarbon (PFC) elimination policy.

In application of the precautionary principle, and recognizing that enough scientific evidence is available pointing towards a recognizable hazard posed by PFCs, Inditex commits to impose a ban on PFOS, PFOA, their salts and derivatives, and telomeric alcohols by January 2013. This prohibition includes the manufacturing of any products Inditex sells.

With respect to the use of PFCs, Inditex agrees to the following actions:

- i. Inditex commits to eliminate C8, C7, C6 PFC based substances in manufacturing, and in any of the products it sells no later than the end of 2013.
- ii. Inditex commits to work with suitable technical / scientific partners and stakeholders to find safer, non-fluorinated alternatives in the shortest timespan possible, with the goal of substituting all perfluorocarbon compounds with suitable, non-hazardous, non-fluorinated alternatives.
- iii. The timelines for the elimination of all remaining PFCs will be as follows: elimination of 50% of all remaining PFCs (from the base of PFCs used as of 2012) used by January 2015; and the total elimination of all PFC use in manufacturing and in products by the end of 2015.

The elimination of all PFC use by the products it sells will be supported by:

- i. A review of all products it produces to ensure there are no PFCs in the products we sell,
- ii. a rigorous system of control to ensure that no traces of PFCs find their way into its supply chain in line with the above.

4. Targets for other hazardous chemicals.

Inditex commits to regularly review the science of the chemicals used in the textiles/apparel industry and periodically update its chemical policy, at least annually, to further restrict or ban chemicals, as new evidence on their impact becomes available.

In this context, it recognizes the need to not only report to the public the evidence of elimination of the 11 groups of hazardous chemicals identified as a priority but also set clear intermediate progress targets on the elimination of hazardous chemicals (beyond these 11 priority chemical groups) and the introduction of non-hazardous chemicals by 2015 on the road to elimination by 01 January 2020.

Inditex will also ensure that it is part of an industry wide approach to ensure the use of chemicals in the products it sells and that is managed responsibly and in line with the above commitment, and in particular the intrinsic hazards approach. In line with this, Inditex commits to reinforce the work of the sectoral chemical inventory and hazardous substance black list, aiming to establish this inventory, and the black list, based on an intrinsically hazardous screening methodology, by no later than December 2013.

The individual actions covered above will be reassessed by Inditex at regular intervals – at least annually.

5. Further Actions.

Within 8 weeks of the public release of this commitment, Inditex will publish further actions for its Individual Action Plan:

Including a number of substitution case studies (e.g. where in the past, or currently, Inditex has substituted any of the 11 groups of hazardous chemicals as per below (8), with others non-hazardous chemicals) via a credible format (e.g. 'Subsport system').

(1) All hazardous chemicals means all those that show intrinsically hazardous properties: persistent, bioaccumulative and toxic (PBT); very persistent and very bioaccumulative (vPvB); carcinogenic, mutagenic and toxic for reproduction (CMR); endocrine disruptors (ED), or other properties of equivalent concern, (not just those that have been regulated or restricted in other regions). This will require establishing – ideally with other industry actors – a corresponding list of the hazardous chemicals concerned that will be regularly reviewed.

(2) This means solutions are focused on elimination of use at source, not on end-of-pipe or risk management. This requires either substitution with non-hazardous chemicals or where necessary finding non-chemical alternative solutions, such as re-evaluating product design or the functional need for chemicals.

(3) This means taking preventive action before waiting for conclusive scientific proof regarding cause and effect between the substance (or activity) and the damage. It is based on the assumption that some hazardous substances cannot be rendered harmless by the receiving environment (i.e. there are no 'environmentally acceptable'/'safe' use or discharge levels) and that prevention of potentially serious or irreversible damage is required, even in the absence of full scientific certainty. The process of applying the Precautionary Principle must involve an examination of the full range of alternatives, including, where necessary, substitution through the development of sustainable alternatives where they do not already exist. The Precautionary Principle is applied across all products sold by Inditex (and any entities directed by, or licenced by the Inditex "Group" of entities).

(4) Zero discharge means elimination of all releases, via all pathways of release, i.e. discharges, emissions and losses, from our supply chain and our products. "Elimination" or "zero" means 'not detectable, to the limits of current technology', and only naturally occurring background levels are acceptable.

(5) This means the commitment applies to the environmental practices of the entire company (group, and all entities it directs or licences) and for all products sold by Inditex or any of its subsidiaries. This includes all its suppliers or facilities horizontally across all owned brands and licensed companies as well as vertically down its supply chain.

(6) Right to Know is defined as practices that allow members of the public access to environmental information – in this case specifically about the uses and discharges of chemicals based on reported quantities of releases of hazardous chemicals to the environment, chemical-by-chemical, facility-by-facility, at least year-by-year.

(7) One generation is generally regarded as 20-25 years.

(8) the 11 priority hazardous chemical groups are : 1. Alkylphenols 2. Phthalates 3. Brominated and chlorinated flame retardants 4. Azo dyes 5. Organotin compounds 6. Perfluorinated chemicals 7. Chlorobenzenes 8. Chlorinated solvents 9. Chlorophenols 10. Short chain chlorinated paraffins 11. Heavy metals such as cadmium, lead, mercury and chromium (VI).