

## **ANNEX I**

### **CODE OF CONDUCT FOR MANUFACTURERS AND SUPPLIERS INDITEX GROUP**

#### **Introduction**

The Inditex Code of Conduct for Manufacturers and Suppliers (hereinafter, the Code) defines minimum standards of ethical and responsible behavior which must be met by the manufacturers and suppliers of the products commercialized by Inditex in the course of its business, in line with the corporate culture of Inditex Group (hereinafter Inditex), firmly based on the respect for Human and Labour Rights.

Inditex undertakes to allocate the appropriate resources so that manufacturers and suppliers are acquainted with and understand this Code and are able to ensure its compliance.

The Code shall be applied to all manufacturers and suppliers that take part in the purchasing, manufacturing and finishing processes and fosters and is based upon the following general principles that define Inditex's ethical behaviour:

- All Inditex's operations are developed under an ethical and responsible perspective.
- All persons, individuals or entities, who maintain, directly or indirectly, any kind of employment, economic, social and/or industrial relationship with Inditex, are treated fairly and with dignity.
- All Inditex's activities are carried out in a manner that most respects the environment.
- All manufacturers and suppliers (production centres that are not property of Inditex) fully adhere to these commitments and undertake to ensure that the standards which are set forth in the Code are met.

#### **1. No forced labour**

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<sup>1</sup>.

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<sup>1</sup> Aspects related to such limitations will be governed by Conventions 29 and 105 of International Labour Organization (ILO)

## **2. No child labour**

Manufacturers and suppliers shall not employ minors. Inditex defines minors as those persons who have not yet reached their 16th birthday. In cases where local legislation stipulates a higher minimum age, the higher limit shall apply.<sup>2</sup>

Persons with the ages between of 16 and 18 years will be considered young workers. Young workers shall not work during night hours or in hazardous conditions.<sup>3</sup>

## **3. No discrimination**

Manufacturers and suppliers shall not apply any type of discriminatory practice with regards the recruitment, compensation, access to training, promotion, termination of the employment agreement or retirement, based on race, caste, creed, nationality, religion, age, physical or mental disability, gender, marital status, sexual orientation and/or union membership or political affiliation<sup>4</sup>.

## **4. Respect for freedom of association and collective bargaining**

Manufacturers and suppliers shall ensure that their employees, without distinction, have the right of association, union membership and collective bargaining. 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 right. Likewise, they shall adopt an open and collaborative attitude 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.

Where the rights to Freedom of Association and Collective Bargaining are restricted under law, the appropriate channels to ensure a reasonable and independent exercise of such rights must be designed<sup>5</sup>.

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<sup>2</sup> Aspects related to prohibition of child labour will be developed according to Conventions 138 and 182 of the International Labour Organization (ILO)

<sup>3</sup> Aspects related to labour conditions for young workers will be governed by ILO Recommendation 190.

<sup>4</sup> Aspects related to labour practices will be developed according to ILO Convention 111.

<sup>5</sup> Aspects related to freedom of association and collective bargaining will be developed according to ILO Conventions 87, 98 and 135.

## **5. No harsh or inhumane treatment**

Manufacturers and suppliers shall treat their employees with dignity and respect. Under no circumstances shall physical punishment, sexual or racial harassment, verbal or power abuse or any other form of harassment or intimidation be permitted.

## **6. Safe and hygienic working conditions**

Manufacturers and suppliers shall provide a safe and healthy workplace to their employees, ensuring minimum conditions of light, ventilation, hygiene, fire prevention, safety measures and access to a drinking water supply.

Workers shall have access to clean toilets facilities and drinking water. Where necessary, facilities for food storage shall be provided.

Accommodation, where provided, shall be clean and safe.

Manufacturers and suppliers shall take the required steps to prevent accidents and injuries to health of their workers, by minimizing as much as possible the risks inherent to work.

Manufacturers and suppliers shall provide their workers with regular training in the matter of health and safety at work. The company shall keep an appropriate record of the training courses done. Likewise, they shall appoint a person in charge of health and safety within the Management, duly authorized and with the appropriate decision taking power<sup>6</sup>.

## **7. Wages are paid**

Manufacturers and suppliers shall ensure that wages paid meet at least the minimum legal or collective bargain agreement, should this latter be higher. In any event, wages should always be enough to meet at least the basic needs of workers and their families and any other which might be considered as reasonable additional needs.

Manufacturers and suppliers shall not make any withholdings and/or deductions from wages for disciplinary purposes, nor for any reasons other than those provided in the applicable regulations, without the express authorization of workers. Likewise, they shall provide all workers with: written and understandable information about their wages conditions upon their recruitment, and detailed information about the particulars of their wages every time that these are paid.

Manufacturers and suppliers shall also ensure that wages and any other allowances or benefits are paid on time and are rendered in full compliance with all applicable laws and specifically, that payments are made in the manner that best suits the workers<sup>7</sup>.

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<sup>6</sup> Aspects related to labour conditions relation to work health and safety will be governed by ILO Convention 155.

## **8. Working hours are not excessive**

Manufacturers and suppliers shall adjust the length of the working day to the provisions of the applicable laws or of the collective bargain agreement applicable for the sector in question, if the latter affords greater protection for the workers.

Manufacturers and suppliers shall not require their employees to work, as a rule of thumb, in excess of 48 hours a week and workers shall be granted at least one day off for every 7 calendar day period on average.

Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate, pursuant to the provisions of the prevailing regulations in force<sup>8</sup>.

## **9. Regular employment**

Manufacturers and suppliers undertake that all the employment formulas they use are part of the applicable local laws. Thus, they shall not impair the rights of workers acknowledged under labour and social security laws and regulations by using schemes that have no real intention to promote regular employment in the framework of regular employment relationships.

## **10. Traceability of production**

Manufacturers and suppliers shall not assign any work to third parties without the prior written authorization of Inditex. Those who outsource any work shall be responsible for the enforcement of the Code by these third parties and their employees.

Likewise, manufacturers and suppliers shall apply the principles of this Code to any homemaker involved in their supply chain, and shall give transparency to the locations and working conditions of said homeworkers.

## **11. Health and Safety of products**

Manufacturers and suppliers are responsible for all products supplied to Inditex to comply with Inditex health and safety product standards so that the commercialized products do not entail any risk to customers.

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<sup>7</sup> Aspects related to payment of wages will be governed by ILO Conventions 26 and 131.

<sup>8</sup> Working day related issues will be governed by ILO Conventions 1 and 14.

## **12. Environmental awareness**

Manufacturers and suppliers shall be duly committed at all times to protect the environment and shall comply with the standards and requirements of the applicable local and international Laws and Regulations.

Likewise, they commit to comply with environmental standards established by Inditex including, if applicable, the necessary measures to reduce and compensate such impact in order to apply said standards.

## **13. Confidentiality of information**

Manufacturers and suppliers shall preserve the integrity and confidentiality of the information they may receive as a consequence of their commercial relationship with Inditex.

The obligation of confidentiality will remain once the relation with Inditex is terminated and it will include the obligation to return any material related to the company held by the manufacturer or supplier.

## **14. Code implementation**

Manufacturers and suppliers shall implement and maintain programmes to set in motion this Code. They shall appoint a senior member of Management who shall be responsible for the implementation and enforcement of this Code.

Manufacturers and suppliers shall communicate the Code to all employees and those in any way involved in the Inditex Supply Chain.

A copy of the Code, translated into the local language, shall be displayed in accessible locations to all workers.

### **14.1 Transparency**

Manufacturers and suppliers shall carry out their activities in an honest, upright and transparent way, keeping for these purposes an appropriate accounting records system that facilitates the traceability of their decisions, as a preventive measure versus any type of corruption, bribe and extortion that might arise.

Manufacturers and suppliers shall not offer, grant, request or accept any gifts or donations to/from Inditex buyers which might infringe the provisions of the “Inditex Code of Conduct and Responsible Practices”.

Manufacturers and suppliers shall not manipulate or influence their workers, nor shall they forge any files or records in order to alter the verification process regarding compliance with this Code.

Manufacturers and suppliers shall neither offer nor accept remuneration of any kind which seeks, or may be perceived to seek, to affect the impartial judgment or the objectivity of such parties appointed by Inditex to carry out inspections and compliance audits in connection with this Code.

#### **14.2 Reference to national legislation, Conventions and Agreements**

The provisions of this Code constitute only minimum standards.

Should national regulations or any other applicable Law or any other commitments undertaken or applicable, including collective bargaining agreements, govern the same issue, the provision which offers greater protection for workers shall apply.

Inditex assumes, as part of its internal norms, the content of national and international Agreements and Conventions to which it has adhered, and that they are applied in its relationship with manufacturers and suppliers, committing to their promotion and compliance.

#### **14.3 Verification of compliance**

Manufacturers and suppliers shall authorize Inditex and/or any third parties the former might appoint, to monitor the appropriate enforcement of the Code. For these purposes, they shall provide the required means and the appropriate access to the facilities and documentation required to ensure this verification.

#### **14.4 Committee of Ethics and Whistleblowing Channel**

This Code is aligned with the principles and values that are included in the Inditex Code of Conduct and Responsible Practices, which regulates a Committee of Ethics and Whistleblowing Channel to ensure its enforcement.

In this sense, and in order to ensure the enforcement of the Code of Conduct for Manufacturers and Suppliers, the Committee of Ethics can act at its own initiative or following a formal complaint made in good faith by a manufacturer, supplier or other interested third party that might have any direct relationship or commercial or professional interest with Inditex.

To this end, any notices given pursuant to the provisions of this Code, either reports of any breach or enquiries regarding the Code's interpretation or application can be addressed directly to the Committee of Ethics via:

- Post: Avenida de la Diputación, Edificio Inditex, 15142 Arteixo, A Coruña (Spain), to the attention: Committee of Ethics
- Email: [comitedeetica@inditex.com](mailto:comitedeetica@inditex.com)
- Fax: +34 981 186211