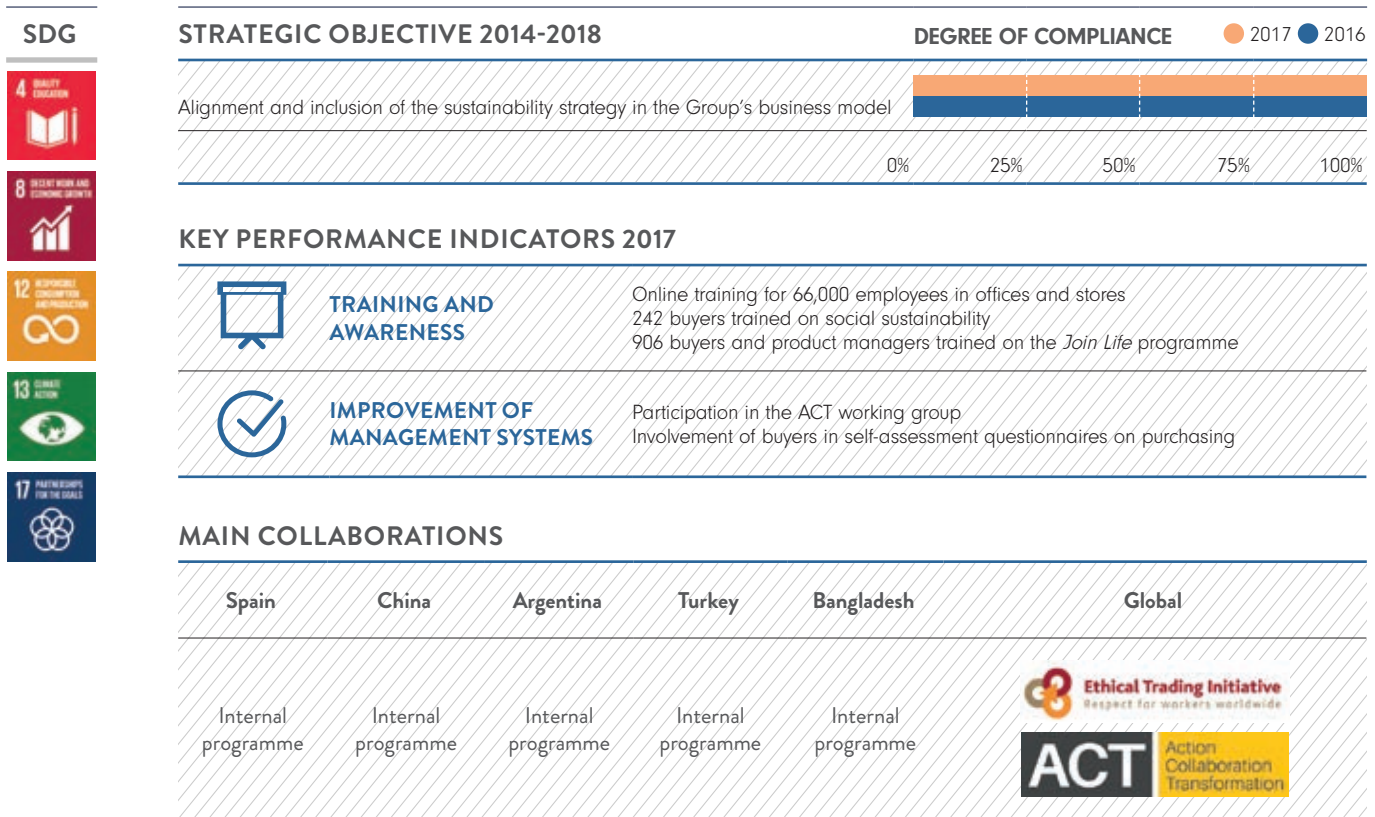


RESPONSIBLE PURCHASING PRACTICES

Purchasing decisions with sustainability criteria to promote a positive impact on the supply chain

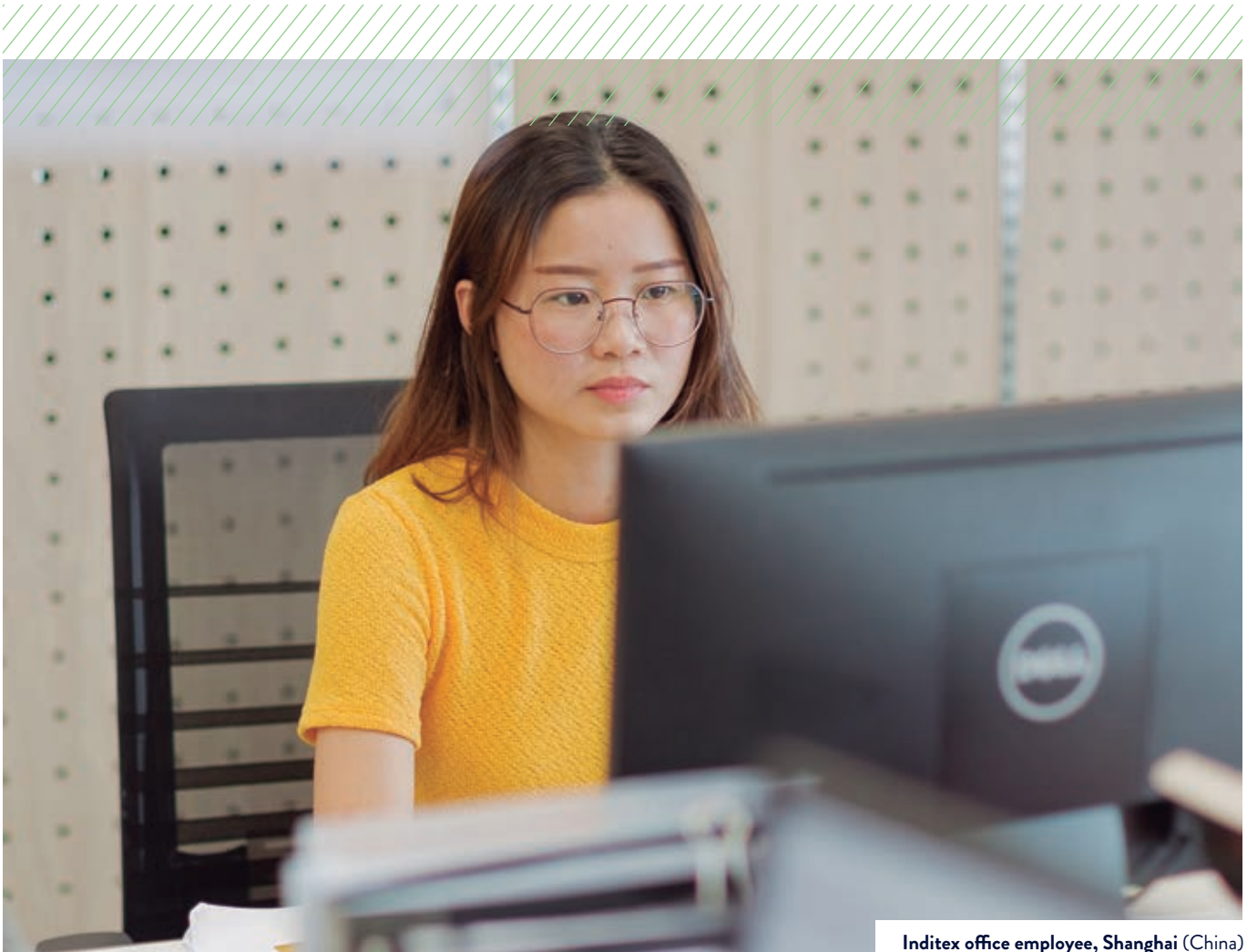


All of our purchasing decisions are subject to sustainability criteria. Some 95% of purchasing in 2017 involved suppliers with A or B rating

Inditex believes that responsible purchasing practices mean approaching the purchasing process with a holistic focus on sustainability. This involves more than just seeking to ensure respect for Human Rights by promoting collective bargaining, living wages and the optimisation of our social and environmental impact. It also involves boosting the resilience of our business model by supervising the way in which our purchasing teams develop practices that have a positive impact on the working conditions of the people employed in our supply chain.

Meanwhile, suppliers also have a very important role in promoting best practices in factories, as well as in developing their commitment to Inditex through the training they are given. Active supplier involvement is key to ensuring the promotion of a sustainable culture in line with the Group's principles and values.

Apart from providing our teams with the tools they need to ensure responsible purchasing and the visibility of certain information at the systems, in 2017 we have also focused on three key areas: a culture of sustainability, participation of purchasing teams and collaboration with the industry.



Inditex office employee, Shanghai (China)

RESPONSIBLE PURCHASING PRACTICES



CULTURE OF SUSTAINABILITY



STORES

Sustainability e-learning
Sustainability contents in weekly training
Bilateral store/customer dialogue



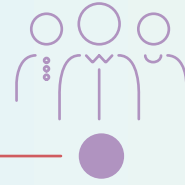
PURCHASING TEAMS

Training on sustainability practices for all purchasing teams
Sustainability training for new employees
Code of Conduct and Responsible Practices
Fair and respectful treatment of suppliers



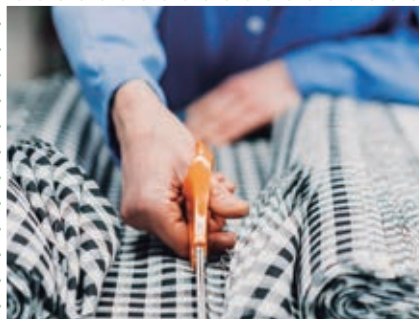
SUPPLIERS

Human Rights training for suppliers
Joint projects with suppliers
Fair and respectful treatment of workers



WORKERS

Workers at the centre
Mature industrial relations
Empowerment



Código de Conducta de Fabricantes y Proveedores

nuestros proveedores tienen que firmar el Código de Conducta de Fabricantes y Proveedores, un pilar para mantener su relación con Inditex. En él, se establecen las condiciones mínimas que deben tener las fábricas con las que trabajamos.

Es un acuerdo firmado entre Proveedor e Inditex.

Está basado en los derechos humanos.

Sus 14 puntos forman la base de los auditores a las fábricas.



CULTURE OF SUSTAINABILITY

A culture of sustainability in all of the Group's areas forms the essential basis for the success of our responsible purchasing policy. In this respect, the company engages in the so-called *Sustainable Recruitment Process* with employees in head offices, subsidiaries and stores. This means that all of our new employees receive a training plan that includes sessions on Social and Environmental Sustainability, Product Health and Safety, and Social Investment. In the case of recruits to head offices, new employees receive our *Hello* pack, which gives sustainability a central role.

Our stores are at the heart of the of our business, and our customers have a say in all the decisions we take. For this reason another of our main focuses in 2017 was on generating a culture of sustainability in our stores, such as through our clothes collection programme, *Closing The Loop*.

+ See page 140 onwards in this Annual Report.

Meanwhile, some 66,000 employees in stores and local offices have access to a new online training programme where they can learn about issues concerning Inditex's sustainability policy.

Collaborating with the industry is fundamental to promoting best purchasing practices



PARTICIPATION OF INDITEX'S PURCHASING TEAMS

Continuing with the awareness-raising strategy initiated in 2016, in 2017 Inditex has focused on increasing sustainability training among new and existing purchasing teams. Our key purchasing teams have become a benchmark in the sector thanks to their participation in ACT workshops and meetings.

Thanks to the programmes we have developed, a total of 1,010 members of purchasing and product teams have been trained on responsible purchasing practices and sustainability over the last two years.

Meanwhile, local sustainability teams have carried out 39 training activities in 2017 dealing with social sustainability and Human Rights for 138 buyers in local offices in China, Bangladesh, Turkey and Argentina.

COLLABORATION WITH THE INDUSTRY

One of the main objectives of the ACT (Action, Collaboration, Transformation) initiative is to achieve living wages in the textile industry. During 2017, Inditex worked closely with the brands that form part of ACT and with IndustriALL to develop a shared tool for evaluating purchasing practices and establishing best practices.

This initiative saw participation from more than 800 members of purchasing teams in companies within the industry. The resulting analysis made it possible to identify and study purchasing processes to minimize their potential negative impacts on the payment of living wages. The following activities took place within the framework of the initiative:

- Active participation of key members of purchasing teams on developing and testing a self-assessment tool.
- Contribution of buyers on the anonymous and confidential implementation of a self-assessment programme to analyse purchasing.
- Active and ongoing participation in ACT working groups to help inform and guide our responsible purchasing strategy, and have a positive influence on the direction taken by the sector in the sphere of responsible purchasing.