



INDITEX

Innovation, collaboration
and continuous improvement
for chemical safety

Products that are safe for people and the planet

At Inditex, we focus all our efforts and attention to detail on ensuring that our products are safe for the people that make them, for the local communities, for our staff, our customers and, needless to say, for the planet.

Our priority is to ensure that all the substances and materials used in our products are healthy, identifying and developing lower impact products and processes that help us further our commitment to preserving biodiversity and natural resources.

The management of chemicals is central to this commitment. This is a priority area in which Inditex works tirelessly with the aim of advancing both the knowledge of the chemicals used in our industry and the evaluation and improvement of their safe use in our productions.

We have strict product and sustainability standards, cutting-edge research programmes, laboratories and partnerships with research centres, technological companies and the rest of the industry to exceed legal requirements and ensure best practices from the design phase and choice of materials to the sale of our products, naturally including the manufacturing processes.

Our approach

The air we breathe, the water we drink and the food we eat are all made up of chemical elements. The same applies to clothing, footwear and other consumer goods.

The textile industry uses around 10,000 chemicals required to apply colours, pigments or in other processes needed to obtain the finished product. Our commitment is to use only those chemicals that are safe for people and the planet.

Understanding the complexity of the textile industry and advance in the way these products are used is key, since it is not possible to apply a blanket solution to address the specifics of each substance used in the industry.

At Inditex we are committed to zero discharge of hazardous chemicals in our supply chain; in other words, to eliminating the use of chemical substances in our products that could pose a risk to the workers in our supply chain, to our customers, or to the planet.

The pillars of our approach

To progress towards our goal, at Inditex we focus our efforts on developing an action plan to tackle this challenge from three key pillars:

/ Innovation and knowledge generation: we explore and analyse the information available on the characteristics of the chemicals used so as to identify those that can be removed and replaced by safer alternatives. In addition, we are working on the development of next-generation analytical methods to detect chemicals in our products.

/ Management and assessment: we have devised various chemical control and management programmes to ensure that the chemicals used in our products are safe, and we are developing new initiatives for the continuous improvement of our supply chain.

/ Collaboration, transparency and support for the industry: only by working with other brands, our suppliers and the chemical industry can we achieve significant progress to make zero discharge possible in the textile sector.



Innovation and knowledge generation

Advancing our knowledge of all the characteristics of the products we use in the textile sector is central to our commitment to zero discharge of hazardous chemicals. We have been working for more than a decade to develop programmes that enable us to establish clear criteria and standard goals, based on the latest scientific developments, to classify the chemicals used and replace those that may pose a risk to people or the planet.

We work on three main lines to improve the available data:

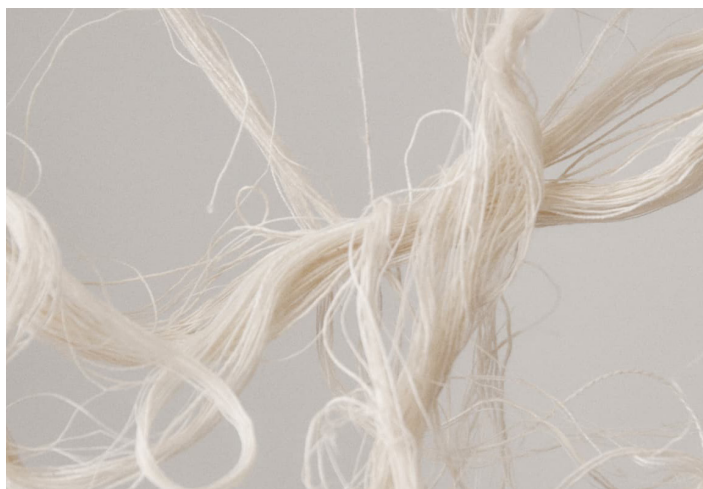
Data Mining: we are developing and building a database containing the available information on the chemical safety of compounds used in the sector. To achieve this, we use the databases of other international benchmark organisations and information processing technologies to identify both the uses and the safety of the substances used.

Computational Prediction: in order to advance in eliminating those chemicals that may pose a risk to people and the planet and replacing them with safe alternatives, at Inditex we work on two lines of research:

/ We join forces with leading institutions in the field of biomedical computing to build predictive models that, based on the chemical safety data available to us, give us insight into the unknown properties and characteristics of certain chemical substances, by applying advances in artificial intelligence such as machine learning.

/ We work with leading research institutions to develop chemical safety quantification protocols to supplement existing experimental information and, at the same time, improve the reliability of computational predictive models.

Standardisation: we foster the development of a safety scoring scale to quantify the safety associated with the use of the different chemicals, taking into account the existing knowledge about possible risks, the reliability of that knowledge, the severity of each risk and the levels of exposure associated with their use.



R&D+i to advance in detection methods

R&D is one of the cornerstones of continuous improvement in the development of new analytical methods for chemical detection, helping us to progress towards safer products. Some of our most notable projects in this regard are:

/ Test for the presence of nickel in jewellery. Nickel is a metallic element used in fashion jewellery that can cause allergic reactions in some people, especially after prolonged contact.

We are developing a nickel screening procedure based on the colorimetric reaction of this ion with a dimethylglyoxime solution, after a previous abrasion treatment of the sample metal. The aim of this programme is to reduce the number of analyses required to speed up the gathering of accurate results.

/ Control of leather pH in Inditex's in-house laboratories. The pH of leather is an important parameter that must be monitored. Excessively low pH can impair the durability of the leather, and excessively high pH can affect colour fastness and other parameters. Accordingly, we have developed a simpler method with comparable results that streamlines the pH control process in our in-house laboratories.

/ Detection and quantification of phenolic-lipid antioxidants in leather. The use of phenolic-lipid antioxidants in leather is one of the most successful strategies to ensure a Cr(VI)-free material. Having a method of analysis in place makes it possible to monitor that the implementation process is carried out properly, as well as to detect when it is not.

/ A new test to determine whether a fatliquoring agent presents risks related to the generation of hexavalent chromium. Using fatliquors that are not protected against auto-oxidation is one of the most common causes of hexavalent chromium [Cr(VI)] formation in leather. We are working on a test that will allow tanneries to check whether a fatliquor is properly protected before using it in leather goods production.

Our standards, the guidelines for our productions

To continue to move forward in the excellence of our products and the improvement of our supply chain, at Inditex we have scientific teams and technological experts who monitor the best environmental practices and regulatory updates and evaluate each process in our product manufacturing to ensure that the standards governing our products are always at the forefront of the industry.

These standards are mandatory for anyone wanting to work with us (they are part of what we call Inditex Minimum Requirements). All our suppliers must accept them, comply with all those that apply to them and pass them on to all manufacturers in their own supply chains.

/ To reduce the environmental impact of our supply chain, at Inditex we have our own **Green to Wear** standard, which aims to minimise the environmental impact of factories that mainly carry out wet processes and improve health aspects of the articles. This includes having indicators to gauge the sustainable and efficient management of raw materials, water, technology and processes, chemical products, waste and wastewater.

/ **Safe to Wear** regulates design, the fastening degree of small parts, sharp edges and sharp points in clothing for children, and restricts parameters such as flammability in articles for both children and adults. This standard is mandatory for all our apparel, footwear and accessories, including trimmings and fabrics used in their manufacture.

/ **Clear to Wear** incorporates the strictest global regulations on chemicals in textile and leather articles, primarily for finished products. Likewise, as a regulation of mandatory compliance for all our suppliers, the European Union's own REACH regulation, which regulates the Registration, Evaluation, Authorisation and Restriction of Chemicals, is encompassed in our Clear to Wear standard. The application of this regulation is compulsory for all our clothing products, footwear, accessories, including the trimmings and fabrics used in their manufacture.

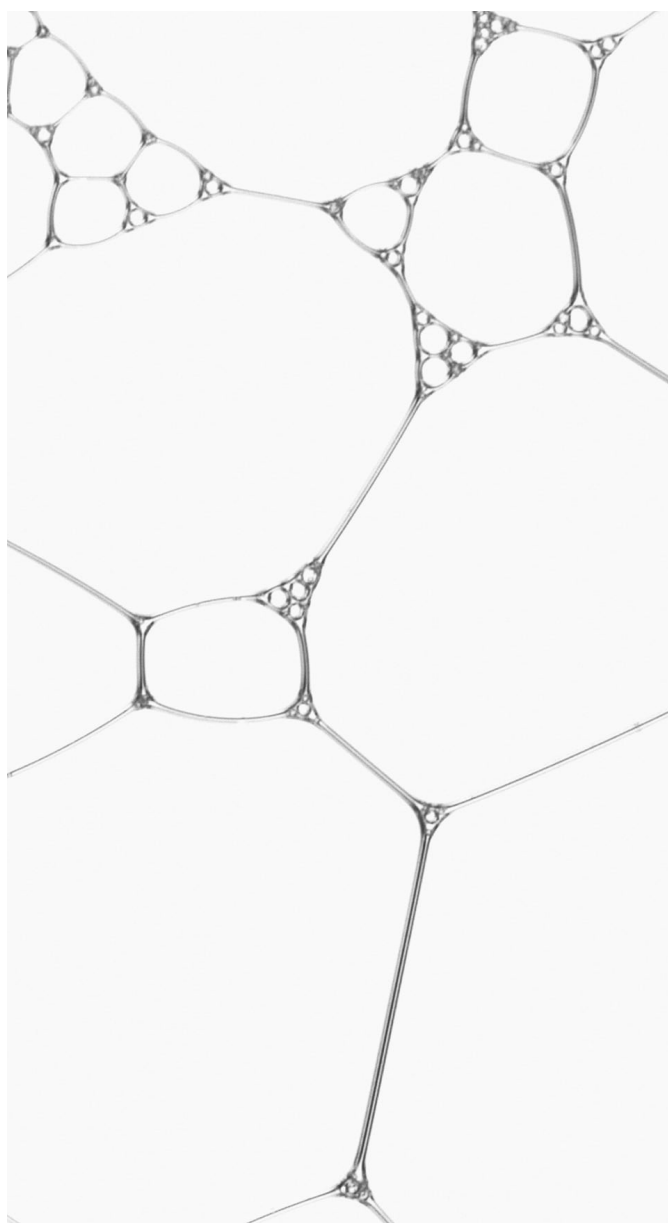
/ The **Physical Testing Requirements** standard independently sets out physical-chemical parameters linked to textile quality testing, such as durability criteria.

/ **i+:** in order to ensure an adequate response to the specific properties of the various product families—those relating to food, cosmetics, children's furniture or home furnishings—at Inditex we have developed specific i+ standards. They include both the applicable health and safety parameters, and the documentary and best manufacturing practice requirements, as well as the analysis protocols for establishing compliance with the provisions contained in the standards.

In the case of products that come into contact with food, our standard also restricts the transfer—in foreseeable conditions—of their constituent chemicals to the food they come into contact with.



For those product families with specific needs, such as eyewear for different sports disciplines, that are not covered by a specific standard, we produce minimum requirement reports in keeping with the most exacting legislation in the various sales markets.



Management and assessment

To verify compliance with all our standards, we work with technology companies, research centres and laboratories of international reference to check that they are being properly applied by using our own innovative programmes that include analysing the articles and auditing the factories involved in their production.

1. Design and raw materials

The first step is to assess the article and control the raw material. The process to determine that our garments are safe begins in this phase, when we provide our suppliers with in-depth information on the garment's design, the choice of raw materials (fabrics, sewing threads and interlinings) and accessories (buttons, zips, and appliqués), as well as the manufacturing processes to be employed and the measurements of laces or drawstrings, where applicable.

To advance compliance with our standards in these early stages of the product's life cycle, we have a network of seven in-house control laboratories equipped with the infrastructure and instruments necessary to carry out preliminary tests in accordance with the most demanding international standards. This makes them a very effective tool for preventing non-conformities with Clear to Wear and Safe To Wear at very early stages of manufacture, thereby minimising the risk of non-conformities, and their consequences, in finished garments.

2. Manufacturing and wet processes

2.1 Environmental assessments

To ensure that our manufacturers meet all our environmental requirements, all wet process factories wishing to work with us must undergo a preliminary environmental assessment so that we can verify compliance with our standards. If they do not pass this assessment, they cannot take part in the manufacture of our products.

Once a factory passes this process and starts working with us, wet process facilities must undergo regular environmental audits that verify compliance with our Green to Wear standard and the discharge guidelines of ZDHC, with whom we collaborate and share our results.

Where non-conformities are detected, corrective action plans are prepared and suppliers are supported in remedying them.

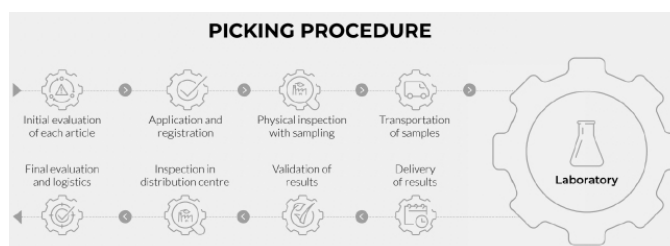
2.2 Picking Programme

The Picking programme is the tool we use to ensure that all our products are manufactured in compliance with our health and safety standards, through collaboration with scientific and technological advisers and with the support of internationally

recognised providers of analytics services.

Based on the prior assessment of all our products, we establish which facilities require a technical inspection visit for the random selection of a representative sample of finished garments and to carry out tests and analyses in external laboratories with proven competence through our APPLABs programme.

In addition to the verification of Inditex's production, the Picking programme allows us to provide the analytical support necessary for the issuance of product certifications for safe import into certain markets.



As a complement to these inspections, we have developed *Minilabs*, a portable lab initiative enabling our external auditors to perform, at any time, up to six screening tests for substances and parameters regulated in the Clear to Wear standard.

Early detection provides us a considerable advantage when it comes to correcting problems, as the article can be reprocessed before it leaves the supplier's premises, thus minimising the impact of transportation.



3- Continuous improvement

In order to constantly achieve better results, our Root Cause Analysis (RCA) enables us to conduct technical audits to identify the source of non-compliances in wet process facilities (dyeing, washing, tannery, printing) and propose a specific corrective action plan to prevent such incidents from being repeated in future productions.

These audits are deployed as soon as we detect a restricted chemical during the course of the Picking control programme. The resulting information feeds the rest of the preventive and control programmes, on the one hand to reinforce the transmission of knowledge to the rest of the supply chain, so as to avoid repetition, and, on the other, to strengthen controls by identifying risk components/technologies.

APPLABs programme

It is paramount to monitor the laboratories in our analytical network so that they work in a standardised way, to pinpoint the highest precision and accuracy in the final result. Confidence in these laboratories is based on the external laboratory approval programme called APPLABs.

This programme allows us to carry out on-site audits in which we assess, among other aspects, the technical competence of the technical staff at each lab, and to monitor the quality of the results obtained by each laboratory through a results comparison procedure.



Collaboration, transparency and support for the industry

Collaboration with our suppliers, other brands in our sector, experts, laboratories and other industries, such as the chemical industry, is key to developing innovative programmes to improve chemical management systems, cementing our commitment to using only safe substances.

To achieve this change in the industry, we must move forward towards continuous improvement of our supply chain. We collaborate with our suppliers to ensure that they and their factories meet the strictest product health and safety requirements.

The List, by Inditex is a good example of this approach. This innovative initiative launched by Inditex in 2014, a pioneering programme in the textile and leather industry, aims to classify and improve the chemical products used to manufacture our articles through collaboration with the chemical industry.

The use of the products with the best scores in The List, by Inditex guarantees compliance with our requirements, as it complements the application of the Manufacturing Restricted Substances List (MRSL)—in other words, the requirements concerning the chemical products that can be used in the production processes of our garments, and the Restricted Substances List (RSL) in our garments—which we control through Clear To Wear.

Sharing all that experience is paramount. At Inditex we are involved in initiatives such as Zero Discharge of Hazardous Chemicals (ZDHC), AFIRM Group and Greenpeace's Clean Factory Approach, which encourages us to work in a collaborative environment by sharing our experience with the rest of the industry and enriching our own knowledge through the experience of other retailers.

Training and continuous improvement

Not only does this allow us to more safely manage the chemicals used in our productions. Helping our factories to adhere to the highest standards is also a step forward for the whole industry, as our suppliers also produce garments for other retailers.

We endeavour to help manufacturers in our supply chain adopt the best available techniques. We conduct training and consultancy activities in the main manufacturing clusters, with the aim of improving the understanding of the practices required for the proper selection, purchase, handling, storage and use of this type of products.

Good Manufacturing Practice (GMP) guidance features prominently as we continuously support our supply chain to move towards safer processes with less environmental impact. This guidance aims to control the activities to be carried out at each stage of production, to ensure that products are manufactured in compliance with quality standards, as well as with the requirements of our product health and safety standards. Some notable examples are:

/ Good Practice Guidance for the prevention of Cr(VI) formation in facilities carrying out post-tanning processes, the most common tanning process in the textile industry.

/ Good Practice Guidance for the prevention of cross-contamination, with guidelines to prevent its occurrence.

We further support this work by training our own design and buying teams to reduce the time it takes to detect potential non-compliances and to provide solutions that better match our product offering.

For this purpose, we train our teams in matters linked to product health and safety and provide on-site technical assistance, in collaboration with academic institutions and scientific and technological experts.



ZDHC commitment

At Inditex, we are committed to the ZDHC organisation's *Roadmap to Zero* programme to eliminate the use of hazardous chemicals in textile supply chains.

Since we joined this initiative in 2012, we have been actively engaged in various working groups, such as the Brand Advisory Group, in which brands support the organisation in implementing programmes, and a person from our team is a member of the Board of Directors.

We also collaborate at a technical level in the Chemicals to Zero programme, sharing our expertise and experience in the control of chemicals with The List.

As part of our involvement with this programme:

/ We have adopted ZDHC's MRSL—which specifies the chemicals subject to specific restrictions or banned—as mandatory in all our garment manufacturing processes, in order to ensure the safety of the chemicals used by our suppliers.

/ At the same time, as part of our collaborative commitment to transform the industry, we have made The List, by Inditex programme available to the entire industry, through the ZDHC

platform, to advance both the improvement of production processes and the health and safety of the final garments, beyond the confines of Inditex and our brands' products.

/ To cement this commitment, we encourage our suppliers to use ZDHC's InCheck tool to ensure the compliance of their chemical inventory with ZDHC's MRSL and our The List, by Inditex programme.

/ Our Green To Wear environmental audits include some of the ZDHC's parameters and recommendations, such as water analysis.

/ Our suppliers and manufacturers are required to join the Supplier to Zero platform to strengthen their chemical management, and must publish their water testing results in a ClearStream report via the organisation's Gateway platform. This tool allows factories to record and share the results of their analyses, helping to compare the degree of compliance and progress across different facilities.





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