

Corporate Human Rights Benchmark 2018 Company Scoresheet



Company Name Inditex
Industry Apparel (Supply Chain only)
Overall Score (*) 52.9 out of 100

Theme Score	Out of	For Theme
5.1	10	A. Governance and Policies
12.8	25	B. Embedding Respect and Human Rights Due Diligence
2.9	15	C. Remedies and Grievance Mechanisms
12.2	20	D. Performance: Company Human Rights Practices
14.2	20	E. Performance: Responses to Serious Allegations
5.6	10	F. Transparency

(*) Please note that any small differences between the Overall Score and the added total of Measurement Theme scores are due to rounding the numbers at different stages of the score calculation process.

Please note also that the "Not met" labels in the Explanation boxes below do not necessarily mean that the company does not meet the requirements as they are described in the bullet point short text. Rather, it means that the analysts could not find information *in public sources* that met the requirements *as described in full* in the CHRB 2018 Methodology document. For example, a "Not met" under "General HRs Commitment", which is the first bullet point for indicator A.1.1, does not necessarily mean that the company does not have a general commitment to human rights. Rather, it means that the CHRB could not identify a public statement of policy in which the company commits to respecting human rights.

Detailed assessment

A. Governance and Policies (10% of Total)

A.1 Policy Commitments (5% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
A.1.1	Commitment to respect human rights	2	The individual elements of the assessment are met or not as follows: Score 1 • Met: General HRs commitment: The Human rights policy establishes the Company position 'with regard to its commitment to respecting the internationally recognized Human Rights, and it lays down such values and principles that will serve as a guideline to its business activities in all its scopes of action'. [Human rights policy, 12/2016: inditex.com] Score 2 • Met: UNGPs: Through the Human rights policy, Inditex 'implements its commitment towards respecting and promoting Human Rights, as set forth in the United Nations Guiding Principles on Business and Human Rights, and fostering them in the communities where it operates'. [Human rights policy, 12/2016: inditex.com]
A.1.2	Commitment to respect the human rights of workers	2	The individual elements of the assessment are met or not as follows: Score 1 • Met: ILO Core: The Company's human rights policy contains an explicit commitment to at each ILO core element [Human rights policy, 12/2016: inditex.com] • Met: All four ILO for AP suppliers: The Code of conduct for manufacturers and suppliers includes explicit requirement of commitment to each ILO core area [Code of conduct for manufacturers and suppliers: inditex.com]

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>Score 2</p> <ul style="list-style-type: none"> • Met: All four ILO Core: The Company's human rights policy contains an explicit commitment to at each ILO core element [Human rights policy, 12/2016: inditex.com] • Met: Respect H&S of workers: The Human rights policy contains a commitment on protecting workers' health and safety [Human rights policy, 12/2016: inditex.com] • Met: H&S applies to AP suppliers: The code for suppliers includes a requirement to commit to safe and hygienic working conditions [Code of conduct for manufacturers and suppliers: inditex.com] • Met: working hours for employees: The human rights policy states that 'The weekly working hours and overtime shall not exceed the statutory limit set forth in the laws and regulation of each country. Overtime shall always be voluntary and paid according to law' [Human rights policy, 12/2016: inditex.com] • Met: Working hours for AP suppliers: The code for suppliers contains specific requirements in relation to working hours [Code of conduct for manufacturers and suppliers: inditex.com]
A.1.3.AP	Commitment to respect human rights particularly relevant to the industry (AP)	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Women's Rights: The Company has commitments on non-discrimination and diversity, and carries out activities to improve equality. However, no specific statement of policy found committing to specifically women's rights, or to the 'Convention on the Elimination of Discrimination Against Women' or the 'Women Empowerment principles'. • Met: Children's Rights: The Human rights policy states that 'Inditex advocates the children's right to education, in line with the Children's Rights and Business Principles of the United Nations Children's Fund' [Human rights policy, 12/2016: inditex.com] • Not met: Migrant worker's rights: Although the Company has commitments on non-discrimination, no specific public statement of commitment found in relation to migrants rights or the International Convention on the Protection of the Rights of All Migrant Workers. • Met: Expecting suppliers to respect these rights: Although the Company has several commitments on non-discrimination and child labour, no explicit mention found on migrant or child rights and/or their relevant conventions on public statements of commitment concerning its supply chain. One of the Company's 'workers at the centre' programme focuses in 'women empowerment'. In addition, in 2017, the Company 'approved a Women empowerment strategy in the supply chain which is articulated around three pillars: health, protection and empowerment'. <p>Score 2</p> <ul style="list-style-type: none"> • Not met: CEDAW/Women's Empowerment Principles • Met: Child Rights Convention/Business principles: See above • Not met: Convention on migrant workers • Met: Respecting the right to water: The Company is a signatory the CEO Water mandates and acknowledges the principles of this initiative 'as he roadmap for an appropriate and sustainable management of water'. [Human rights policy, 12/2016: inditex.com] • Not met: Expecting suppliers to respect these rights: The Commitments of the Company's water management strategy include 'work with our supply chain to ensure the conservation of the environmental quality of river and marine ecosystem' and 'develop master plans for water management at the quantitative and qualitative levels in our owned production centers and supply chain'. No evidence found, however, of requirement for suppliers on explicit commitments in relation to the initiatives mentioned above in relation to either women, children or migrants.
A.1.4	Commitment to engage with stakeholders	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Commits to stakeholder engagement: The Human rights policy states that 'Inditex undertakes to respect the rights of local communities in such areas where it conducts its business activity, and to respect the local laws, culture and uses, undertaking to maintain an open dialogue with its stakeholders, and paying special attention to the more vulnerable groups'. [Human rights policy, 12/2016: inditex.com] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Commits to engage stakeholders in design • Met: Regular stakeholder design engagement: The Company has a Global Framework Agreement with IndutriALL Global Union. 'Our cooperation with

Indicator Code	Indicator name	Score (out of 2)	Explanation
			IndustriALL is key to achieving a stable and sustainable supply chain'. 'We maintain a constant dialogue that enables the execution of programmes and initiatives aimed at improving the supply chain on the ground, involving our suppliers, local unions and other stakeholders'. [Shared challenges on website: inditex.com]
A.1.5	Commitment to remedy	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Not met: Commits to remedy: The Company states that 'This commitment entails preventing or, if appropriate, reducing the negative consequences of its own proceedings on Human Rights. Likewise, it shall do utmost to prevent or reduce the negative consequences on Human Rights directly related to the proceedings of third parties with whom the Group is engaged in a business relationship'. However, no specific evidence found in relation to remedy. [Human rights policy, 12/2016: inditex.com] Score 2 <ul style="list-style-type: none"> Not met: Not obstructing access to other remedies: The Human Rights policy indicates that 'Inditex shall work with the relevant stakeholders to implement the Policy, and respect and foster the work of all those who act as Advocates for Human Rights'. However, no specific evidence found on a commitment to not to obstruct access to other remedies. [Human rights policy, 12/2016: inditex.com] Not met: Collaborating with other remedy initiatives: The Company is involved in numerous initiatives regarding human rights, however, no specific evidence found on a formal commitment to collaborate in initiatives that provide access to remedy the adverse impacts it has caused or contributed to. Not met: Work with AP suppliers to remedy impacts: The Company explains the commitment in the context of corrective action plans for breaches of its policies, However, no specific evidence found in the context of the indicator.
A.1.6	Commitment to respect the rights of human rights defenders	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Not met: Zero tolerance attacks on HRs Defenders (HRDs): Although the Human rights policy indicates that 'Inditex shall work with the relevant stakeholders to implement the Policy, and respect and foster the work of all those who act as Advocates for Human Rights', no evidence found of a explicit commitment to not tolerate nor contribute to threats , intimidation and attacks against these. [Human rights policy, 12/2016: inditex.com] Score 2 <ul style="list-style-type: none"> Not met: Expects AP suppliers to reflect company HRD commitments: Although the Human rights policy states that 'all manufacturers and suppliers that work with Inditex shall undertake to respect their employees' Human and Labour Rights, and to involve their business partners and convey to them such principles', no evidence found of this commitment including not tolerating nor contributing to threats against human rights defenders. The policy does not explicitly commits to this, and the scope of application states that 'the enforcement of this Policy, in full or in part, may extend to any natural and/or legal person associated with Inditex, where this may be appropriate to meet its purpose, and practicable on account of the nature of the relationship'. [Human rights policy, 12/2016: inditex.com]

A.2 Policy Commitments (5% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
A.2.1	Commitment from the top	0.5	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Met: CEO or Board approves policy: The Company's Human rights policy commitments are approved by the Board. [Human rights policy, 12/2016: inditex.com] Not met: Board level responsibility for HRs: The Human rights policy indicates that compliance with human rights policies and supplier policies is responsibility of the Company's Committee of Ethics. However, This is not a board level committee, although it reports to the Board through the Audit and Control Committee. [Human rights policy, 12/2016: inditex.com] Score 2 <ul style="list-style-type: none"> Met: Speeches/letters by Board members or CEO: Following the signature of the new agreement with IndustriALL signed in 2016, the Chairman 'was the first speaker in the line-up for today's plenary session of the High-level Conference on Responsible Management of the Supply Chain in the Garment Sector organised by the European Commission in Brussels, giving him the change to outline the company's sustainability efforts'. [Shared challenges on website: inditex.com]

Indicator Code	Indicator name	Score (out of 2)	Explanation
A.2.2	Board discussions	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Board/Committee review of salient HRs: According to the Annual Report, the Committee of Ethics submits a report twice a year to the Audit and Control Committee, reviewing its proceedings and the enforcement of the Code of Conduct and Responsible Practices and of the Code of Conduct for Manufacturers and Suppliers. However, the Company does not explicitly describe its process for discussing and addressing specific human rights issues that may arise at Board level. Then, 'the Audit and Control Committee reports to the Board of Directors, on annual basis (twice during FY2017) as well as whenever this latter so requires'. [Annual report, 2016: inditex.com] • Not met: Examples or trends re HR discussion: Although the Company provides reports containing non-financial and human rights related approved by the Board, no specific evidence found of topics subject to discussion in board meetings. [Annual accounts and directors report: inditex.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Both examples and process
A.2.3	Incentives and performance management	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Incentives for at least one board member: According to the Remuneration Report, 30% of the annual variable remuneration of the Executive Chairman depends on five yardsticks, being one of the 'the progress in corporate responsibility policies'. According to this same report, for this yardstick, the remuneration committee took into account among different things, the following: 'The Board of Directors approved the Policy on Human Rights. Traceability of the production has improved [...] as has the monitoring level of the production units which are part of the supply chain, through the Compliance Programme, which is part of the "2014-2018 Strategic Plan for a Stable and Sustainable Supply Chain": 3,945 social audits were conducted in 2016. The pre-assessment procedure has been updated and 2,302 pre-assessment audits were conducted in 2016. A cluster has been launched in Pakistan. The "Framework Agreement of Union Experts" has been executed to implement the Global Framework Agreement entered into with IndustriALL Global Union. [Annual remuneration report 2016, 31/12/2016: inditex.com] • Not met: At least one key AP HR risk, beyond employee H&S: No evidence found of the scheme being directly linked to specific human rights risks. The scheme refers to the improvement in the monitoring level of the supply chain <p>Score 2</p> <ul style="list-style-type: none"> • Met: Performance criteria made public: The Company discloses this information in the yearly remuneration report, as shown above. [Annual remuneration report 2016, 31/12/2016: inditex.com]

B. Embedding Respect and Human Rights Due Diligence (25% of Total)

B.1 Embedding Respect for Human Rights in Company Culture and Management Systems (10% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
B.1.1	Responsibility and resources for day-to-day human rights functions	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Senior responsibility fo HR (inc ILO): The Human rights policy indicates that the Company 'relies on a Committee of Ethics and a whistleblowing channel to ensure compliance with this policy'. The Committee of Ethics is composed of The General Counsel and Code Compliance Officer, the Chief Audit Officer, the Chief Sustainability Officer and the Chief Human Resources Officer. [Human rights policy, 12/2016: inditex.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Day-to-day responsibility: Although there are reference to sustainability teams, no evidence found in public sources on how day-to-day responsibility on human rights issues is articulated (how it organises responsibility within the organisation) and how it works within the Company's own operations.

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			<ul style="list-style-type: none"> Met: Day-to-day responsibility in supply chain: The Company indicates that in order to guarantee suppliers' workers human rights and promote good labour practices, it has 65 people in its sustainability teams in 12 countries. 'Sustainability teams include qualified social auditors, Human Rights experts and other technical specialists. All of the sustainability teams located in our 12 suppliers clusters are in constant contact so that they can implement policies and programmes in a more coordinated way. They also work together at annual conferences to share best practices and design future strategies and lines of action'. [Annual report 2017, 07/2018: inditex.com]
B.1.2	Incentives and performance management	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> Not met: Senior manager incentives for human rights Not met: At least one key AP HR risk, beyond employee H&S <p>Score 2</p> <ul style="list-style-type: none"> Not met: Performance criteria made public
B.1.3	Integration with enterprise risk management	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> Met: HR part of enterprise risk system: The Company's Enterprise risk management policy is 'the basis of an integral Risks Management System' and is 'developed and supplemented by specific internal policies', which explicitly includes The code for suppliers and the Code of conduct of the Company (which include human rights). The ERM considers there is a reputational risk from 'a potentially inappropriate management of issues regarding corporate social responsibility' and as part of the mitigation risk response it establishes the Compliance programme in respect of the Code of Conduct for Manufacturers and Suppliers through social audits and pre-Assessment audits, based on the external and independent verification of the facilities...' [Annual report, 2016: inditex.com] <p>Score 2</p> <ul style="list-style-type: none"> Not met: Audit Ctte or independent risk assessment: The Audit and Control Committee is tasked with 'evaluating any question regarding non-financial risks (including, without limitation, operational, technological, regulatory, social, environmental, political and reputational) that the enterprise risk management policy and the risks management systems must contain'. However, no evidence found of a description on how the Audit committee assesses the adequacy of the ERM systems in managing human rights. [Annual report, 2016: inditex.com]
B.1.4.a	Communication /dissemination of policy commitment(s) within Company's own operations	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> Met: Communicates its policy to all workers in own operations: The Code of Conduct states that it 'shall be made available to the employees in their own language, and remain posted on all websites of Inditex, and shall be subject to the appropriate disclosure, training and awareness-raising actions to be properly understood and implemented within the whole organization'. In relation to the dissemination, the Annual report indicates that 'it is incumbent on the Human Resources Department of the Group to circulate a copy of the Code of Conduct and Responsible Practices to any new employees upon their joining the organization'. [Code of conduct and responsible business practices, 07/2012] <p>Score 2</p> <ul style="list-style-type: none"> Not met: Communication of policy commitments to stakeholder: The Human rights policy establishes that it 'will be made available to all the stakeholders of the Company, both internally and externally, and it shall be subject to the appropriate disclosure'. However it is not clear how it is actually communicated to stakeholders. [Human rights policy, 12/2016: inditex.com] Not met: How policy commitments are made accessible to audience
B.1.4.b	Communication /dissemination of policy commitment(s) to business relationships	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> Met: Steps to communicate policy commitments to BRs: The Company states that training is a key tool to strengthen compliance with the code. 'In 2016, training of suppliers in aspects such as freedom of association and collective bargaining, traceability, improvement of workers' conditions based on changes in factory production management systems, health and safety, children's rights or systems of self-monitoring of the supply chain by the supplier was noteworthy'. The Company also reports the it has individual sessions with suppliers. [Annual report, 2016: inditex.com] <p>Score 2</p> <ul style="list-style-type: none"> Met: Including to AP suppliers: The code for suppliers states that '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'. [Code of conduct for manufacturers and suppliers: inditex.com]

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>Score 2</p> <ul style="list-style-type: none"> Met: How HR commitments made binding/contractual: In relation to compliance with the code for suppliers, the Annual report states that it's 'mandatory for them to comply with it by virtue of Inditex's Minimum Requirements, which they sign as an indispensable condition when they join our supply chain'. [Annual report, 2016: inditex.com] Met: Including on AP suppliers: The Code for manufacturers and suppliers states that 'those who outsource any work shall be responsible for the enforcement of the Code by these third parties and their employees' [Code of conduct for manufacturers and suppliers: inditex.com]
B.1.5	Training on Human Rights	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> Not met: Trains all workers on HR policy commitments: According to the Annual report, the Company has trained buyers in responsible purchasing practices (including different tools such as production traceability, evaluation of potential suppliers, code of conduct and responsible practices, etc.). In addition, 'all new employees at headquarters receive training on sustainability and company's strategy and key concepts such as the Code of Conduct for Manufacturers and Suppliers and what the Compliance program consists of'. The Company indicates in the 2017 Annual report that it engages in the '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 Investments'. However, the company fails to mention whether training to all employees covers Human Rights. [Annual report, 2016: inditex.com & Annual report 2017, 07/2018: inditex.com] Met: Trains relevant managers including procurement: The Annual report indicates that 'in recent years Inditex has trained buyers in internal and external regulation and regulatory compliance in sustainability; we have also given them practical tools to make purchasing more sustainable and that favours those suppliers with the greatest degree of compliance'. 'In this regard, 729 buyers have received in 2016 the so-called Principles training, which continues in 2017 with the IN Practice workshops, designed ad hoc for the Inditex purchasing teams. [Annual report, 2016: inditex.com] <p>Score 2</p> <ul style="list-style-type: none"> Not met: Both requirements under score 1 met: See above.
B.1.6	Monitoring and corrective actions	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> Met: Monitoring implementation of HR policy commitments: The Company has a compliance model that seeks, among other things, to 'prevent and monitor risks, in case of any potential regulatory non-compliance from its employees'. The high level core regulations are the code for suppliers and the code of conduct and responsible practices. Other regulations included in the compliance model are the CSR policy and the Human Rights policy. The Compliance function, embodied by the Committee of Ethics, and the General Counsel's office manage the model. This roll-out and implementation of the model in all companies and markets has been encouraged to establish a global system. There are regional officers appointed in Europe, Asia and America charged with support local compliance delegates and ensuring compliance with the model. [Annual report 2017, 07/2018: inditex.com] Met: Monitoring AP suppliers: The Company has a 'Compliance programme' which covers all manufacturers and suppliers. It includes different audit types, including Pre-assessment (preliminary assessment of potential suppliers), social audits (verify the degree of compliance) and special audits (inspections related to specific issues, and to verify compliance with corrective action plans). The Annual report indicates that 'In 2016, Inditex worked with 720 external auditors and 63 internal auditors to ensure that all suppliers and manufacturers in the supply chain comply with the Code of Conduct and establish Corrective Action Plans where cases of possible defaults are detected'. [Annual report, 2016: inditex.com] <p>Score 2</p> <ul style="list-style-type: none"> Met: Describes corrective action process: The Annual report contains a description of the corrective action process: 'This plan establishes all improvement actions that the factory or supplier must perform to correct the non-compliances detected in the audit, as well as the deadline for this, which will be more or less restrictive depending on the seriousness of the breach'. 'We leave rejecting a factory as the last option'. It also indicates that members of civil society 'such as unions or NGOs participate in Corrective Action Plans'. The Company states that there were '453 factories with breaches at sensitive points in the Code of Conduct initiated a Corrective Action Plan'. It also discloses a chart with bands of compliance

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>(+90%, +70%, +50%, -50%) per issue and per world region. Occupational health and safety and working hours were the issues with lower level of compliance. [Annual report, 2016: inditex.com]</p> <ul style="list-style-type: none"> • Met: Example of corrective action: The Company explain remediation process regarding problems with migrant workers. It states that initiated 155 remediation actions in 2017 in Turkey. The Company carried out a study of the working situation of each migrant in order to attend their needs and support them and their families. This has been carried out in collaboration with the NGO 'Refugee-Support Center/MUDEM'. 'Meanwhile a seminar was organised for suppliers with the title Integration of the Syrian Refugees under Temporary Protection into the Turkish Labour Market in collaboration with the Ethical Trading Initiative, local NGOs under the auspices of the UN Refugee Agency (UNHCR) and the ITKIB-Exporters' association'. It was carried to train and raise awareness for suppliers about refugee issues. [Annual report 2017, 07/2018: inditex.com] • Met: Discloses % of supply chain monitored: The Company indicates that it carried out 2,302 pre-assessment audits, 4,011 social audits, 1,794 special audits and 2,776 traceability audits. The Company states that 'the time that elapses until the next social audit varies according to the ranking obtained. However, all factories and suppliers are socially audited on a regular basis, regardless of the performance of other audits or programmes to which they are subject'. [Annual report, 2016: inditex.com]
B.1.7	Engaging business relationships	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: HR affects selection of suppliers: Before entering in the supply chain, potential suppliers go through a pre-assessment audit: 'A preliminary assessment of potential suppliers and factories performed by internal or external auditors without prior notice. Only those meeting the requirements established in the code of conduct can enter in the supply chain'. [Annual report, 2016: inditex.com] • Met: HR affects on-going supplier relationships: The Company indicates that it has given practical tools to its buyers to favour those suppliers with the greatest degree of compliance: 'Thanks to this, the purchase from suppliers with the highest social ratings (A or B) in 2016 accounted for 95% of the total' (vs 93% in 2014). The Company also indicates that 76 suppliers were rejected during the year, of which 41 were blocked due to some non-compliance with the code. [Annual report, 2016: inditex.com] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Both requirement under score 1 met: The Company has the 'worker at Centre' programmes, to be implemented in the different clusters (spaces for cooperation in geographic areas; currently there are 12 clusters) with the aim of covering 100% of the supply chain and the Company states that 'all projects are related to Human Rights'. The 'Lean Project', for instance, was implemented in seven factories in China with the aim of improving 'working conditions, including their wages, by means of improved production management systems'. The project is structured in four phases: training, development, implementation and monitoring, and 'the result obtained in the seven participating factories has been positive and the evolution in the production management systems has brought improvements to the working conditions of its workers' (the chart identifies 'working hours', 'safety', 'wages' and 'ergonomics' among the improvements). [Annual report, 2016: inditex.com] • Met: Working with suppliers to improve performance: See above
B.1.8	Approach to engagement with potentially affected stakeholders	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Stakeholder process or systems: The Annual report indicates that one of the most valuable mechanisms for workers' (in the supply chain) participation is the Global Agreement signed with IndustriALL Global union: 'The Framework Agreement, which covers the entire supply chain, is intended to protect the interests of workers in the factories with which Inditex works and ensure compliance with trade union rights and other labour rights'. [Annual report, 2016: inditex.com] • Met: Frequency and triggers for engagement: The Annual report indicates that 'The relationship between Inditex's local teams and the IndustriALL's delegation is continuous, which allows us to approach the worker and learn their needs and expectations'. The main tools and lines of work of the Agreement are 'supply chain transparency', 'implementation of programmes at the local level', 'promotion of initiatives that favour decent wages' and 'joint interventions to address labour issues that may arise in the supply chain'. [Annual report, 2016: inditex.com] • Met: workers in the SP engaged: See above

Indicator Code	Indicator name	Score (out of 2)	Explanation
			Score 2 <ul style="list-style-type: none"> Not met: Analysis of stakeholder views and company's actions on them: Although the Company refers to dialogue with Stakeholders in the context of materiality and defining policies, no evidence found of a summary of the actual inputs/views and how these are taken into account. [Corporate responsibility policy: inditex.com]

B.2 Human Rights Due Diligence (15% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
B.2.1	Identifying: Processes and triggers for identifying human rights risks and impacts	1.5	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Met: Identifying risks in own operations: The Company indicates that the second pillar of the strategy on human rights is the due diligence: 'This means identifying human rights related to each of the areas or processes that the Company is involved in throughout the value chain. Conclusions are incorporated and integrated into the Company's strategies and processes'. [Annual report, 2016: inditex.com] Met: Identifying risks in AP suppliers: The process involves the value chain [Annual report, 2016: inditex.com] Score 2 <ul style="list-style-type: none"> Met: Ongoing global risk identification: The annual report indicates that 'In 2016, Inditex embarked on a review and update of its due diligence processes, using best practices identified both within and outside the company to create a global due diligence model that will be applied to the whole organization throughout 2017 and beyond'. [Annual report, 2016: inditex.com] Met: In consultation with stakeholders: The Company also states that 'the involvement of all areas of the Group and external stakeholders is particularly vital' [Annual report, 2016: inditex.com] Met: In consultation with HR experts: Through the Framework Agreement with IndustriALL, Inditex shares all the information related to its supply chain and the degree of compliance with the code. [Annual report, 2016: inditex.com] Not met: Triggered by new circumstances: Although the Company has provided some information, evidence has not been found in public sources on how the systems are triggered by new country operations, business relationships or changes in human rights context in particular locations'.
B.2.2	Assessing: Assessment of risks and impacts identified (salient risks and key industry risks)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Not met: Salient risk assessment (and context): The Company explains the compliance programme in the context of risk assessment. However, this programme ensures compliance with the Code for manufacturers and suppliers. No evidence found of the specific steps the Company takes to assess risks and determine which are its salient risks. Not met: Public disclosure of salient risks: The Company discloses the results of its compliance programme audits by topic and geographically. However, no evidence found on the results of the specific assessments to determine salient issues. The Company has specific programmes for specific issues, which can be assumed as issues that need to be improved, but the no evidence found of explanation indicating that these are the issues that are most relevant and need to be tackled. Score 2 <ul style="list-style-type: none"> Not met: Both requirements under score 1 met
B.2.3	Integrating and Acting: Integrating assessment findings internally and taking appropriate action	2	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Met: Action Plans to mitigate risks: The Company indicates that it designs programmes ('workers at the centre') in the different clusters covering different issues: 'These projects and lines of work are in areas we believe need to be strengthened, once the results obtained in the Compliance programme have been analysed. In turn, all projects are related to relevant Human Rights and allow us to focus our efforts on the most vulnerable groups in the supply chain'. 'The local circumstances, strengths and areas of improvement are analysed in detail through the diligence processes in order to develop, as a priority, the most relevant programmes for each community'. There are programmes related to 'protection of migrants', 'living wages', 'occupational health and safety' and 'women's empowerment'. [Annual report, 2016: inditex.com] Met: Example of Actions decided: The Company reports examples of the different programmes. In the case of women empowerment, the Company describes a project to fight against the Sumangali practice in India. The programme to ensure that none of the Company's suppliers in the region uses this system 'takes specific actions in all areas where work to eradicate the system can be done, such as

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>factories themselves, the relationship with authorities and international organizations such as the Ethical Trading Initiative and, in the rural community, directly with families'. 'Among the actions carried out are the identification of all the spinning mills used by our suppliers and the promotion of payment to the workers of Inditex's suppliers through bank accounts in order to increase transparency in the wage payment system'. [Annual report, 2016: inditex.com]</p> <ul style="list-style-type: none"> • Met: Including in AP supply chain: see above <p>Score 2</p> <ul style="list-style-type: none"> • Met: Both requirements under score 1 met
B.2.4	Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: System to check if Actions are effective: The Company's work at the centre programmes conform the Company's 'Strategic Plan 2014-2018'. Each programme has a set of indicators to measure the performance of the initiatives. For each of the programmes the Company provides information on actions taken, participation and improvement of management systems achieved. [Annual report, 2016: inditex.com] • Not met: Lessons learnt from checking effectiveness <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Both requirement under score 1 met
B.2.5	Communicating : Accounting for how human rights impacts are addressed	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Comms plan re identifying risks: The Company explains in the annual report how it is reviewing and updating its due diligence processes in consultation with stakeholders and experts (see b.2.1). [Annual report, 2016: inditex.com] • Not met: Comms plan re assessing risks: Although the Company discloses carrying out plans in relation to key issues, no evidence found on the specific assessment process that has led to determine which are the salient issues. • Met: Comms plan re action plans for risks: The Company describes in the Annual report their project of programmes to tackle human rights issues [Annual report, 2016: inditex.com] • Not met: Comms plan re reviewing action plans • Met: Including AP suppliers: Work carried out mostly refers to suppliers impacts. [Annual report, 2016: inditex.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Responding to affected stakeholders concerns • Not met: Ensuring affected stakeholders can access communications

C. Remedies and Grievance Mechanisms (15% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
C.1	Grievance channel(s)/mechanism(s) to receive complaints or concerns from workers	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Channel accessible to all workers: As stated in the Human Rights policy 'Inditex relies on a Committee of Ethics and a Whistleblowing Channel to ensure compliance with this Policy, and receive and attend to any comments, doubts or complaints regarding its construction, enforcement or compliance'. [Human rights policy, 12/2016: inditex.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Number grievances filed, addressed or resolved: The Annual report indicates that in 2016 'the Committee of Ethics processed 111 dossiers, 98 of them after receipt of a notice or report and the other 13 ex officio'. It states that 'the main reasons underlying the notices received were the report of conducts which might be in breach of the commitments or ethical values addressed in the Code of Conduct and Responsible Practices or the Code of Conduct for Manufacturers and Suppliers'. However, no evidence found on the number of grievances that were related to human rights issues. The Annual report indicates that 'All reports received were handled by the Committee of Ethics in a timely manner'. However, no further details found [Annual report, 2016: inditex.com] • Met: Channel is available in all appropriate languages: The different ways to report any concern/complaint through the Whistleblowing channel are described in the Human Rights policy and the code of conduct and responsible practices, which 'shall be made available to employees in their own language and remain posted on all web sites, and shall be subject to the appropriate disclosure, training and awareness-raising actions'. [Human rights policy, 12/2016: inditex.com]

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<ul style="list-style-type: none"> • Met: Opens own system to AP supplier workers: The Code of conduct for manufacturers and suppliers indicates that 'in order to ensure the enforcement of the Code [...] 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' [Code of conduct for manufacturers and suppliers: inditex.com]
C.2	Grievance channel(s)/mechanism(s) to receive complaints or concerns from external individuals and communities	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Grievance mechanism for community: The code of conduct for manufacturers and suppliers indicates that 'in order to ensure the enforcement of the Code [...] 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 indirect relationship or commercial or professional interest with Inditex'. [Code of conduct for manufacturers and suppliers: inditex.com] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Describes accessibility and local languages: The Code of conduct contains the contact details for the grievance channel, including a phone number (from Spain), a postal address and an email address. It also indicates that '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 languages, shall be displayed in accessible locations to all workers'. [Code of conduct for manufacturers and suppliers: inditex.com] • Met: AP supplier communities use global system: The Annual report indicates that 'All employees of Inditex, manufacturers, suppliers or third parties with any direct relationship and a lawful business or professional interest, regardless of their tier or geographic or functional location may report to the Committee of Ethics through this Whistle Blowing Channel any breach of Inditex's conduct and regulatory compliance policies which affect the Group, and which arise from any employees, manufacturers, suppliers or third parties with whom the Inditex Group has any direct employment, business or professional relationship, by means of a report made in good faith'. [Annual report, 2016: inditex.com]
C.3	Users are involved in the design and performance of the channel(s)/mechanism(s)	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Engages users to create or assess system • Not met: Description of how they do this <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Engages with users on system performance • Not met: Provides user engagement example on performance • Not met: AP suppliers consult users in creation or assessment
C.4	Procedures related to the mechanism(s)/channel(s) are publicly available and explained	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Response timescales: The Annual report indicates that after the Committee of ethics has verified that the complaint falls within the remit of the Whistleblowing channel, it 'will refer such report to the relevant department so that it would make the appropriate investigations'. In light of the findings, the relevant department proposes measures to the Committee of Ethics. <p>No evidence found on the timescales for addressing complaints or concerns [Annual report, 2016: inditex.com]</p> <ul style="list-style-type: none"> • Not met: How complainants will be informed: No evidence found on how the Company informs the complainants <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Escalation to senior/independent level: Although the Company indicates that the Committee of Ethics reports to the Board through the Audit Committee, it is not clear how the Company may escalate specific complaints to more senior levels or to independent parties.
C.5	Commitment to non-retaliation over complaints or concerns made	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Public statement prohibiting retaliation: The Code of Conduct and responsible business practices, in relation to the performance of the Committee of Ethics duties that it shall ensure 'the indemnity of any employee as a result of bringing complaints in good faith to the Committee'. However, it only refers explicitly to employees. [Code of conduct and responsible business practices, 07/2012] <ul style="list-style-type: none"> • Not met: Practical measures to prevent retaliation

Indicator Code	Indicator name	Score (out of 2)	Explanation
			Score 2 <ul style="list-style-type: none"> • Not met: Has not retaliated in practice • Not met: Expects AG suppliers to prohibit retaliation
C.6	Company involvement with State-based judicial and non-judicial grievance mechanisms	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Won't impede state based mechanisms: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator • Not met: Complainants not asked to waive rights: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator Score 2 <ul style="list-style-type: none"> • Not met: Will work with state based or non judicial mechanisms: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator • Not met: Example of issue resolved (if applicable): CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator
C.7	Remedying adverse impacts and incorporating lessons learned	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Describes how remedy has been provided: The Company explains a case involving protecting the rights of workers in Bangladesh. However, this specific case does not seem to be caused by the Company (nor it has contributed to it). The Company also describes its corrective action plans procedure, although this is related to the regular monitoring of the supply chain [Annual report, 2016: inditex.com] • Not met: Says how it would remedy key sector risks Score 2 <ul style="list-style-type: none"> • Not met: Changes introduced to stop repetition: The Company describes its procedures to improve performance of the supply chain and corrective action plans. However, no evidence found of material information in the context of the indicator [Annual report, 2016: inditex.com] • Not met: Approach to learning from incident to prevent future impacts: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator • Not met: Evaluation of the channel/mechanism: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator

D. Performance: Company Human Rights Practices (20% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
D.2.1.b	Living wage (in the supply chain)	2	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Living wage in supplier code or contracts: The Code for suppliers indicates that wages paid meet at least the minimum legal or collective bargaining agreement, should this latter be higher. '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' [Code of conduct for manufacturers and suppliers: inditex.com] • Met: Improving living wage practices of suppliers: One of the 'work at centre' programmes deals with living wages. The Company indicates that 'the role of workers' representatives is essential for improving conditions, including wages: 'a wage and, in general, decent working conditions are those that have been negotiated and agreed between employers and the freely-elected workers' representatives. To achieve this, Inditex carries out training programmes for workers and facilitates the election of their representatives'. 'In 2016, training was carried out in three factories in Turkey with over 800 workers benefiting. The democratic election of 32 workers' representatives was also favoured at four factories in Bangladesh'. It also indicates that collaborate with other stakeholders for achieving decent wages: 'the ACT initiative is an agreement between brands and workers' representatives to establish a cooperation that promotes the attainment of living wages in the industry'. The initiative tries to 'transform the industry and achieve decent wages in the sector through collective bargaining'. Finally, the 'Lean project' within the supply chain has the aim of improving working conditions, including wages, by means of improved production management systems. [Annual report, 2016: inditex.com] Score 2 <ul style="list-style-type: none"> • Met: Both requirements under score 1 met

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<ul style="list-style-type: none"> • Met: Provide analysis of trends in progress made: In addition to the progress mentioned above, the Company discloses the compliance with the code in relation to wages, which has increased from 72.4% in 2014, to 74.2% in 2015 and 75% in 2016. [Annual report, 2016: inditex.com]
D.2.2	Aligning purchasing decisions with human rights	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Avoids business model pressure on HRs: Although the Company reports training buyers in responsible purchasing and gives them tools no evidence found specifically on practices to avoid price or short notice requirements or other considerations undermining human rights, or being trained explicitly on those. [Annual report, 2016: inditex.com] • Met: Positive incentives to respect human rights: The Company indicates that it has trained buyers and has given them 'practical tools to make purchasing more sustainable and that favour those suppliers with the greatest degree of compliance in social and environmental issues'. 'Thanks to this, the purchase from suppliers with the highest social ratings (A or B), in 2016 accounted for 95% of the total, which shows how the purchase has been oriented correctly in favour of suppliers with a highest degree of sustainability compliance'. [Annual report, 2016: inditex.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met
D.2.3	Mapping and disclosing the supply chain	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Identifies suppliers back to product source (farm, ranch etc): The Company has developed a trace all its suppliers and manufactures: 'Traceability does not end with our first tier suppliers - outsourced suppliers with whom we have direct business dealings-, but rather stretches all the way to the last link in our production chain'. It has developed a specific system of direct communication with suppliers that 'allow us to control all purchase orders and analyse our production performance every step of the way. To ensure suppliers are making our products where they claim to be and under the right conditions, we carry out traceability audits'. [Traceability on website: inditex.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Discloses significant parts of supply chain and why: The Company discloses on its website a world map. For each country, the Company discloses the among of suppliers, factories, and social programmes in which it is involved. In addition, in the Annual report it discloses the total amount of suppliers (1,805) and factories (6,959) by world region and by type of work carried out. Finally, it also discloses the information by clusters of suppliers. It has clusters in 12 clusters, that account for more than 95% of the production. No evidence found, however, of the Company including names and addresses of suppliers [Around the world on website: inditex.com & Annual report, 2016: inditex.com]
D.2.4.b	Child labour: Age verification and corrective actions (in the supply chain)	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Child Labour rules in codes or contracts: The Company includes child labour in the code for suppliers, and some guidelines, including that 'Persons with the ages between 16 and 18 years will be considered young workers. Young workers shall not work during night hours or in hazardous conditions'. The Company also indicates that these standards 'require further development which is why we have created a remediation system devoted exclusively to the prevention of child labour and to defending the children's right to education, without undermining their families' financial income. The very real chance for positive change would be lost without remediation'. No evidence found, however, of guidelines on verifying the age of job applicants. [Code of conduct for manufacturers and suppliers: inditex.com & Fundamental rights at work on website: inditex.com] • Not met: How working with suppliers on child labour: The Company indicates that it has a remediation systems although no evidence found in the public domain on how it works with suppliers to eliminate child labour and to improve working conditions <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met • Met: Provide analysis of trends in progress made: The Company discloses a chart with percentage of compliance by world region for the last two years. For 2015 and 2016 compliance in relation to child labour was above 90% in active factories in all regions.

Indicator Code	Indicator name	Score (out of 2)	Explanation
D.2.5.b	Forced labour: Debt bondage and other unacceptable financial costs (in the supply chain)	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Debt and fees rules in codes or contracts: The code for suppliers states 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"'. It also states that 'manufacturers and suppliers shall not make any withholdings and/or other deductions from wages for disciplinary purposes, nor for any reasons other than those provided in the applicable regulations, without the express authorization of workers'. [Code of conduct for manufacturers and suppliers: inditex.com] • Not met: How working with suppliers on debt & fees <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met • Not met: Provide analysis of trends in progress made: The Company provides a chart showing the level of performance regarding forced labour, although it is not clear the performance in relation to this specific topic. [Annual report, 2016: inditex.com]
D.2.5.d	Forced labour: Restrictions on workers (in the supply chain)	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Free movement rules in codes or contracts: Regarding forced labour and restrictions on workers the Code for suppliers also states :'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'. [Code of conduct for manufacturers and suppliers: inditex.com] • Not met: How these practices are implemented and monitored for agencies, labour brokers or recruiters: Although the Company describes the process for correcting breaches of the code, no evidence found of specific work carried out with suppliers to eliminate detention of worker's documents or other actions to physically restrict movement. [Annual report, 2016: inditex.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met • Not met: Provide analysis of trends in progress made: The Company provides a chart showing percentage of compliance in forced labour by geographical region. However, it is not clear the specific trend on restriction on workers movement [Annual report, 2016: inditex.com]
D.2.6.b	Freedom of association and collective bargaining (in the supply chain)	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: FoA & CB rules in codes or contracts: In addition to respecting the freedom of association and the right to collective bargaining, the code also states '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'. In addition, the Company has a Global Framework Agreement with IndustriALL covering the Company's entire supply chain'. [Code of conduct for manufacturers and suppliers: inditex.com & Annual report, 2016: inditex.com] • Met: How working with suppliers on FoA and CB: One of the Company's 'worker at the centre' programmes focuses in worker participation. The Framework Agreements has three lines of work which include supply chain transparency, joint interventions to address labour issues that may arise in the supply chain, promotion of initiatives that favour decent wages, and implementation of programmes at the local level. Regarding this last line, the Company indicates that 'since the agreement was signed, over 80 factories have been the subject to specific training and worker representation programmes'. The Company reports different cases of work carried out to improve suppliers' practices. [Annual report, 2016: inditex.com] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Both requirements under score 1 met

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<ul style="list-style-type: none"> • Met: Provide analysis of trends in progress made: The Company discloses a chart with the level of compliance, showing improvement between 2015 and 2016. In addition, it states that: 'Throughout 2016, under the umbrella of the Framework Agreement, programmes have been implemented in 21 factories of our supplier clusters, involving 18,634 workers. The programmes have covered numerous initiatives of different kinds with the defence of workers' rights at its core'. It discloses a maps with the number of factories involved in programmes and workers affected, by country. [Annual report, 2016: inditex.com]
D.2.7.b	Health and safety: Fatalities, lost days, injury rates (in the supply chain)	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Sets out clear Health and Safety requirements: The Company sets out requirements in the code for suppliers, that shall ensure 'minimum conditions of light, ventilation, hygiene, fire prevention, safety measures and access to drinking water supply', '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'. [Code of conduct for manufacturers and suppliers: inditex.com] • Not met: Injury rate disclosures • Not met: Lost days or near miss disclosures • Not met: Fatalities disclosures <p>Score 2</p> <ul style="list-style-type: none"> • Met: How working with suppliers on H&S: One of the Company's 'worker at the centre' programmes focuses in occupational health and safety. It 'reached over 320,000 workers in five countries in 2016, ranging from training actions to specialized risk assessments and establishment of workers' committees'. The Company reports on specific work carried out in Morocco, Bangladesh, India, China, Vietnam and Turkey. [Annual report, 2016: inditex.com] • Met: Provide analysis of trends in progress made: The Company reports on degree of compliance with the strategic objective on health and safety (part of the 'work at the centre' programmes). It shows improvements between 2015 and 2016 in relation to 'auditing system designed to evaluate and improve management methods', 'ensure sustainable compliance with the code of conduct for manufacturers and suppliers' and 'corrective action plans targeted at improving management systems, with self-assessment and worker participation'. The Company discloses figures for the global activities carried out in 2016, including participation, awareness and training, improvement of management systems in Morocco, and assessments carried out. [Annual report, 2016: inditex.com]
D.2.8.b	Women's rights (in the supply chain)	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Women's rights in codes or contracts: The Non-discrimination statement of the code for suppliers includes gender and refers to compensation and promotion. However, no specific guidelines for women's rights, including health and safety concerns that are particularly prevalent among women workers (although it has health-related programmes in Morocco and India). [Code of conduct for manufacturers and suppliers: inditex.com & Annual report 2017, 07/2018: inditex.com] • Met: How working with suppliers on women's rights: One of the Company's 'workers at the centre' programme focuses in 'women empowerment'. In addition, in 2017, the Company 'approved a Women empowerment strategy in the supply chain which is articulated around three pillars: health, protection and empowerment'. On its website, it describes the three pillars including the activities carried out in each area and providing specific examples of implementation. In India it carries out health and gender equity projects, and in a specific region it has a project to deal with the Sumangali problem. [Women's empowerment on website: inditex.com & Annual report, 2016: inditex.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Both requirement under score 1 met • Met: Provide analysis of trends in progress made: Being Women empowerment one of the lines of action of the 'work at the centre' programmes, the Company discloses a chart with performance in 2015 and 2016 showing improvements in the degree of compliance in ensuring compliance with the code and maintaining stable relationships of trust with suppliers. Figures also show training and awareness actions carried out in India and Turkey, and the improvement of management systems in Morocco and India [Annual report, 2016: inditex.com]

Indicator Code	Indicator name	Score (out of 2)	Explanation
D.2.9.b	Working hours (in the supply chain)	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Working hours in codes or contracts: The code for suppliers includes guidelines on working hours: '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'. [Code of conduct for manufacturers and suppliers: inditex.com] • Not met: How working with suppliers on working hours: The Lean project is an initiative carried out by Inditex's industrial engineers with the aim of improving working conditions. It is structured into 4 phases: Training, development, implementation and monitoring. It has been applied in 7 factories and the project leads to improvement in working conditions including, among other issues, working hours. However, this seems like a productivity improvement program, rather than demonstrating that the company has worked with suppliers on working hours practices. [Annual report, 2016: inditex.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met • Met: Provide analysis of trends in progress made: The Company discloses a chart showing performance on working hours by world region. It remained at more than 90% of compliance in Africa and America in the last two years, about 50% compliance both years in non-EU Europe and below 50% compliance in Asia. [Annual report, 2016: inditex.com]

E. Performance: Responses to Serious Allegations (20% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
E(1).0	Serious allegation No 1		<ul style="list-style-type: none"> • Area: Excessive overtime in supply chain • Headline: Workers at suppliers for H&M, Zara and Gap were allegedly abused. • Sources: Zara, H&M, Gap Suppliers Abuse Chinese Workers: Report - The News Lens - 21/07/2016; Business and Human Rights, Inditex's public response to the report published by SACOM : business-humanrights.org Reality Behind Brands' CSR Hypocrisy: An Investigative Report on China Suppliers of ZARA, H&M, and GAP - SACOM Website - 19/07/2016- sacom.hk China: SACOM report finds workers at suppliers for Zara, H&M & Gap allegedly abused, calls on companies to improve working hours, wages & right to organise - Business & Human Rights Resources Center - 18/07/2016: business-humanrights.org Code of Conduct and Responsible Practices; Code of Conduct for Manufacturers and Suppliers; Global Framework Agreement between Inditex and IndustriALL Global Union • Allegation: A report published in 2016 by Students and Scholars Against Corporate Misbehaviour (SACOM) alleged that workers at suppliers for Gap, H&M and Zara (an Inditex brand) were forced to work excessive hours to meet unreasonably tight delivery schedules. SACOM conducted undercover investigations inside four factories belonging to suppliers of GAP, H&M, and Zara in China. SACOM claimed to have found a considerable disparity between the brands' supplier factory CSR policies and the reality in their Chinese suppliers' factories. <p>SACOM also claimed that while the brands required their supplier factories to pay wages which can meet workers' basic financial needs, its investigation found wages were meagre. The investigation also uncovered that workers in some factories were exposed to toxic chemicals, cotton dust and other hazardous dusts without protective gear, and that worker representation in collective bargaining situations was poor.</p>
E(1).1	The Company has responded publicly to the allegation	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Public response available <p>Score 2</p> <ul style="list-style-type: none"> • Met: Response goes into detail: The Company reports in a detailed way on its position on the case. It stated: "Inditex would like to note that it was not contacted by SACOM in the compilation of the report. In response, Inditex would like to make some general comments regarding the Groups Sustainability Strategy in regards to its supply chain, in particular in China; clarify some inaccuracies in the SACOM report; and to provide specific comments relating to Inditex's approach to each of the reports three conclusions." The company sent a detailed report to the Business & Human Rights Resource Center where it clarifies its position on the case.

Indicator Code	Indicator name	Score (out of 2)	Explanation
E(1).2	The Company has appropriate policies in place	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Company policies address the general issues raised: <p>• Met: Policies apply to the type of business relationships involved</p> <p>Score 2</p> <ul style="list-style-type: none"> • Met: Policies address the specific rights in question: The Company has published its Code of Conduct for manufacturers and suppliers on the corporate website. This requires that 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.' <p>The supplier Code of Conduct is clearly integrated into the Company's procurement process.</p>
E(1).3	The Company has taken appropriate action	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Engages with affected stakeholders: The Company has indicated it conducted audits at the suppliers mentioned in SACOM report and that these included interviews with workers. CHRB has not, however, been able to ascertain whether working hours were part of the discussions with workers. • Not met: Encourages linked business to engage affected stakeholders • Not met: Provides remedies to affected stakeholders • Not met: Has improved systems and engaged affected stakeholders <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Remedies are satisfactory to the victims • Not met: Has improved systems and engaged affected stakeholders
E(2).0	Serious allegation No 2		<ul style="list-style-type: none"> • Area: Excessive hours in the supply chain • Headline: Sweatshops' conditions in supply chain to Zara (Brazil) • Sources: Reporter Brasil and SOMO, August 2016 - reporterbrasil.org.br Reporter Brasil and SOMO, 01/05/2015; SOMO press release, 09/05/2015 - somo.nl The Guardian, 19/08/2011 and 12/05/2015 - theguardian.com Associated Press, 20/12/2011; Company response to Business & Human Rights Resource Centre, 25/05/2015 - business-humanrights.org • Allegation: In August 2011, the Brazilian ministry of labour found evidence of excessive working hours at a factory in Sao Paulo. The factory was a supplier to Zara, a brand owned by the Company. The investigation found that 15 employees worked 12-hour shifts in 'dangerous and unhealthy' conditions and sometimes worked seven days a week depending on demand. In December 2011, Brazilian prosecutors reached a settlement with Zara. Zara agreed to make a settlement payment of USD 1.8m and was required to strengthen the auditing of its suppliers. In May 2015, SOMO alleged that the results of a recent Brazilian labour inspection, released by Reporter Brasil, identified a number of labour rights violations in Zara's supply chain, including excessive overtime. A report, co-authored by Reporter Brasil and SOMO, identified a number of labour lawsuits filed by workers at suppliers and subcontractors included on Zara's supplier list. One of the lawsuits identified in the NGO report was related to excessive working hours – a direct supplier to Zara, Kabriolli Industrial e Comercio de Roupas Ltda, was allegedly ordered to pay a female employee for overtime worked. In December 2012, she had allegedly worked 63 hours per week.
E(2).1	The Company has responded publicly to the allegation	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Public response available: The Company has responded to the allegations. <p>To the 2011 allegations, the Company initially said in a statement to the press that it could not be held responsible for 'unauthorised outsourcing' but would compensate the workers because AHA had violated Inditex's code of conduct. The Company added that in the previous year, only 0.03% of its seven million garments were made in unlicensed workshops and that it was working closely with the ministry of labour to eradicate sweatshop conditions. On its website, it confirmed that it has reinforced its supply chain controls in Brazil as part of the agreement with the authorities in December 2011. The Company also said it would improve its control of Zara's supply chain in collaboration with Uniethos and improve labour conditions in Brazil through collaboration with CAMI (Migrant Worker Support Centre).</p>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>In response to the May 2015 report by Reporter Brasil and SOMO, the Company stated that: 'None of the cases mentioned in the report relates to the violation of human rights or the systemic breach of basic labour rights, but rather discrepancies between employees and employers in terms of their respective assessments of specific aspects of their employment contracts.'</p> <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Response goes into detail
E(2).2	The Company has appropriate policies in place	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Company policies address the general issues raised: The Company has published its Code of Conduct for manufacturers and suppliers on the corporate website. This requires that 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.' • Met: Policies apply to the type of business relationships involved <p>Score 2</p> <ul style="list-style-type: none"> • Met: Policies address the specific rights in question: The Company has published its Code of Conduct for manufacturers and suppliers on the corporate website. This requires that 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.' • Met: The supplier Code of Conduct is clearly integrated into the Company's procurement process.
E(2).3	The Company has taken appropriate action	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Engages with affected stakeholders: The Company's global framework agreement with the IndustriALL trade union involves dialogue with IndustriALL representing the affected stakeholder. • Met: Encourages linked business to engage affected stakeholders • Met: Provides remedies to affected stakeholders: In terms of compensation, an August 2018 report, page 37, explains that AHA compensated the victims. It also explains that the Company 'stated that it had offered all the affected workers a job at Zara Brasil. However, according to Inditex, these jobs were rejected on the grounds that "the pay offered was less than what they customarily earned as undocumented garment sector workers".' • Met: Has reviewed management systems to prevent recurrence: The Company conducts auditing of its supply chain with the use of internal and external auditors. The Company has signed an agreement with regulators in Brazil which is designed to prevent a recurrence of the breach. The Company's global framework agreement with the IndustriALL trade union involves dialogue with IndustriALL representing the affected stakeholder. Further details of measures taken by Inditex can be found in the August 2016 Report Brasil and SOMO report. It is interesting to note that, even though the Reporter Brasil and SOMO report acknowledges that Inditex has taken steps to improve its systems, these followed what they called an innovative initiative taken by Brazilian Authorities to resolve the case. <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Remedies are satisfactory to the victims • Met: Has improved systems and engaged affected stakeholders
E(3).0	Serious allegation No 3		<ul style="list-style-type: none"> • Area: Excessive hours in the supply chain • Headline: Workers at the Jeans Plus Ltd factory (Bangladesh) were forced to work excessive hours and did not receive one day off in seven • Sources: Annual report, 31/01/2014 Company response and Jeans Plus response to BHRRC, 23/03/2015 - business-humanrights.org Company website, 28/06/2016 • Allegation: In March 2015, the Institute for Global Labour and Human Rights (IGLHR) alleged that at the Jeans Plus Ltd factory in Bangladesh, workers were forced to work from 8am until 10pm or 11pm, six days a week. On their supposed weekly day off on Fridays, workers were allegedly required to work from 8am until 5pm or 6pm. Total hours worked per week ranged between 94 and 101. Jeans Plus

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>make 'Pull & Bear' stretch trousers for the Company. IGLHR also alleged that the factory's manager routinely slapped and punched young female workers for failing to meet production targets.</p> <p>Shortly after the allegations were published by IGLHR, the Jeans Plus factory announced that its workers would receive Fridays off and that it would no longer open past 7pm. The factory's management informed IGLHR that it had instructed middle management and supervisors to treat workers with respect and decency.</p>
E(3).1	The Company has responded publicly to the allegation	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Public response available <p>Score 2</p> <ul style="list-style-type: none"> • Met: Response goes into detail: The Company has responded specifically and in detail to the allegations. <p>In a public response to the allegations via the Business & Human Rights Resource Centre (BHRRC), the company said: 'After receiving information from NGO Institute for Global Labour and Human Rights on 11 March regarding breaches against our Code of Conduct on factory Jeans Plus, Inditex CSR team immediately visited the factory and worked along with his management to ensure its compliance with Labour Rights. As a result of that, on 15 March attached letter of commitment was received from factory management as well as we were informed by referred NGO about below actual measures implemented in the factory: Jeans Plus management guarantees that all workers will receive their Friday holiday off each week; Factory will remain open no later than 7pm (50% of the workers finished at 5pm, while the other 50% worked work until 7pm); Pregnant women workers are to receive their full legal maternity benefits as stipulated in Bangladeshi law; All workers will receive legal sick leave and earned leave benefits; Jeans Plus management guarantees full compliance with all Bangladeshi labor laws; Jeans Plus will undergo a factory audit in the coming days; Mid-level managers and supervisors have been instructed to assure an appropriate treatment to workers decently.</p> <p>We highly appreciate the commitment of the management with the implementation of this measure as well as the NGO Global Labour and Human Rights which has actively follow the issue. As you can see in their letter, the management looks committed in the zero tolerance towards any practice against workers' rights. From the Inditex perspective, we will continue doing a specific follow-up to guarantee the sustainability of the above measures and commitment showed by factory management.'</p> <p>Jeans Plus Ltd.'s response to BHRRC stated:</p> <p>In response to the allegation of excessive working hours – 'no forced and/or excessive overtime is allowed in the factory. A new Manager has been assigned who will directly report to the Managing Director to review the factory production plan and execution to avoid any overtime that exceeds Bangladesh labor law and International ILO Conventions'</p> <p>In response to the allegation of slapping and punching female workers – 'Company has zero tolerance policy for any physical or inhuman treatment for all employees...Management will establish effective controls to supervise the effectiveness of training. Beside that we will form a committee consisting of a WPC member, Compliance Officer, Management representative.'</p> <p>Jeans Plus also stated it 'will introduce necessary changes on the internal procedures in order to adjust internal policies and practices to the provisions established in the ILO Conventions, ETI Base Code provision related with Working Hours and Bangladesh Labour law, whichever gives more protection to the workers.'</p>
E(3).2	The Company has appropriate policies in place	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Company policies address the general issues raised • Met: Policies apply to the type of business relationships involved <p>Score 2</p> <ul style="list-style-type: none"> • Met: Policies address the specific rights in question: The Company has published its Code of Conduct for manufacturers and suppliers on the corporate website. This requires that 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.'

Indicator Code	Indicator name	Score (out of 2)	Explanation
			The supplier Code of Conduct is clearly integrated into the Company's procurement process.
E(3).3	The Company has taken appropriate action	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Engages with affected stakeholders: The Company's global framework agreement with the IndustriALL trade union involves dialogue with IndustriALL representing the affected stakeholder. • Met: Encourages linked business to engage affected stakeholders • Not met: Provides remedies to affected stakeholders • Met: Has reviewed management systems to prevent recurrence: The Company conducts auditing of its supply chain with the use of internal and external auditors and . The Company has joined a relevant industry or sector-related initiative aimed at dealing with labour standard issues in its sector. <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Remedies are satisfactory to the victims • Met: Has improved systems and engaged affected stakeholders

F. Transparency (10% of Total)

Indicator Code	Indicator name	Score	Explanation
F.1	Company willingness to publish information	3.1 out of 4	Out of a total of 40 indicators assessed under sections A-D of the benchmark, Inditex made data public that met one or more elements of the methodology in 31 cases, leading to a disclosure score of 3.1 out of 4 points.
F.2	Recognised Reporting Initiatives	2 out of 2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 2</p> <ul style="list-style-type: none"> • Met: Company reports on GRI
F.3	Key, High Quality Disclosures	0.5 out of 4	<p>Inditex met 1 of the 8 thresholds listed below and therefore gets 0.5 out of 4 points for the high quality disclosure indicator.</p> <p>Specificity and use of concrete examples</p> <ul style="list-style-type: none"> • Not met: Score 2 for A.2.2 : Board discussions • Met: Score 2 for B.1.6 : Monitoring and corrective actions • Not met: Score 2 for C.1 : Grievance channel(s)/mechanism(s) to receive complaints or concerns from workers • Not met: Score 2 for C.3 : Users are involved in the design and performance of the channel(s)/mechanism(s) <p>Discussing challenges openly</p> <ul style="list-style-type: none"> • Not met: Score 2 for B.2.4 : Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts • Not met: Score 2 for C.7 : Remedying adverse impacts and incorporating lessons learned <p>Demonstrating a forward focus</p> <ul style="list-style-type: none"> • Not met: Score 2 for A.2.3 : Incentives and performance management • Not met: Score 2 for B.1.2 : Incentives and performance management

Disclaimer

A score of zero for a particular indicator does not mean that bad practices are present. Rather it means that we have been unable to identify the required information in public documentation.

See the 2018 Key Findings report for more details of the research process.

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As CHRB Ltd, we want to emphasise that the results will always be a proxy for good human rights management, and not an absolute measure of performance. This is because there are no fundamental units of measurement for human rights. Human rights assessments are therefore necessarily more subjective than objective. The Benchmark also captures only a snap shot in time. We therefore want to encourage companies, investors, civil society and governments to look at the broad performance bands that companies are ranked within rather than their precise score because, as with all measurements, there is a reasonably wide margin of error possible in interpretation. We also want to encourage a greater analytical focus on how scores improve over time rather than upon how a company compares to other companies in the same industry today. The spirit of the exercise is to promote continual improvement via an open assessment process and a common understanding of the importance of the UN Guiding Principles on Business and Human Rights.