

**CORPORATE SOCIAL RESPONSIBILITY POLICY**

**OF**

**INDITEX TRENT RETAIL INDIA PRIVATE LIMITED**

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## I. INTRODUCTION

- 1.1 Inditex Trent Retail India Private Limited (**'Inditex India'**), a private limited company, incorporated under the provisions of Companies Act, 1956 and having its registered office at Building 9A, Floor 15<sup>th</sup>, DLF Phase 3, Gurgaon Haryana 122 002, India, bearing Corporate Identity Number U74900HR2009FTC043768, is engaged in the business of retail of garments, footwear, accessories, etc.
- 1.2 Inditex India is guided by the highest standards of corporate governance. Inditex India believes in 'inclusive development' and seeks to continue to be a good corporate citizen in various aspects of its operations and activities. Inditex India is a part of the Inditex Group. As stated in Inditex Group's Code of Conduct and Responsible Practices, its Corporate Social Responsibility (CSR), understood as its social and environmental commitment in the development of its business activity, to the benefit of all its stakeholders, forms an inseparable part of its business model. As a responsible business entity, Inditex India takes pride in being socially inclined and focused on sustained and effective CSR activities. Based on this philosophy, Inditex India has webbed its vision and mission on its CSR activities.

## II. FOCUS AREAS

- 2.1 Inditex India endeavors that all initiatives undertaken by it should have an impact on the beneficiaries in improving their lives. The initiatives also should be replicable, scalable and sustainable on a long term basis. In line with this objective and keeping in mind its operations, Inditex India aims to focus on impacting lives and livelihood. Accordingly, Inditex India has identified three focus areas for its CSR activities which would also fall within the activities approved under Companies Act, 2013 and rules made thereunder (**'the Act'**).
- 2.2 Initially, Inditex India intends to focus its CSR activities to the following areas:
  - a. Contribution to the Prime Minister's National Relief Fund or any other funds set up by the Central Government for socio-economic development.
  - b. Promoting education, employment enhancing vocation skills and livelihood enhancement projects especially among children, women, elderly and the differently abled.
  - c. Promoting gender equality, empowering women and senior citizens, and undertaking measures for reducing inequalities faced by socially and economically backward groups.

**Other initiatives:** In addition to the above, Inditex India could also undertake various other need based initiatives in compliance with the provisions of the Act.
- 2.3 Inditex India, through its board of directors (**'Board'**) or CSR Committee (**"CSR Committee"/ "Committee"**) constituted for the purposes of CSR activities, will decide on the locations for CSR activities. While the focus of CSR efforts will be in the local areas and areas around it where Inditex India operates, it may also undertake projects where societal needs are high or in special situations (such as in the case of natural disasters, etc.).

- 2.4 It shall however be ensured that activities, even if they fall within CSR activities listed under the Act, but are done by Inditex India in normal course of its business shall not be considered as CSR activity.

### III. CONSTITUTION AND MEETING OF THE CSR COMMITTEE

- 3.1 The Committee shall comprise a minimum of three (3) members of the Board.
- 3.2 The Committee members shall be appointed by resolution of the Board. Each member shall continue as a member until a successor is appointed, unless the member resigns, or is removed by resolution of the Board or otherwise ceases to be a member of the Board.
- 3.3 Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board.
- 3.4 The Chair of the meeting shall be chosen by the Committee from among the members present in the meeting.
- 3.5 The Chair presiding at any meeting of the Committee shall have a vote in all matters considered by the Committee. In the event of a tie, the motion is defeated.
- 3.6 The Committee shall meet at least once a year.
- 3.7 A meeting of the Committee may be called by two members of the Committee or by the Board.
- 3.8 A quorum for meetings of the Committee shall be two members.

### IV. ROLE OF BOARD AND THE CSR COMMITTEE

- 4.1 The CSR policy and the constitution shall be monitored through the CSR Committee which has been constituted by the Board in accordance with the provisions of the Act. In broad terms, the role of Board of directors and CSR Committee is as under:

#### Board of directors

- Form a CSR Committee
- Approve the CSR policy
- Ensure implementation of the activities under CSR
- Ensure 2% spend
- Disclose reasons for not spending the amount (if applicable)

#### CSR Committee

- Formulate and recommend a CSR policy to the Board of directors, including any modification thereto
- Recommend activities and the amount of expenditure to be incurred
- Monitor the approved activities and spends
- Monitor the CSR policy from time to time

4.2 The CSR policy shall be placed on Inditex India's website: [www.zara.com/in/](http://www.zara.com/in/)

## **V. CSR FUNDS & EXPENDITURE**

- 5.1 The Board should ensure that at least 2% of average net profits of the last three years is spent on CSR initiatives undertaken by Inditex India.
- 5.2 In case at least 2% of average net profits of the last three years is not spent in a financial year, reasons for the same to be specified in the Board's report.
- 5.3 Any surpluses generated out of CSR activities shall not form part of the business profits of Inditex India.
- 5.4 CSR expenditure will include all expenditure, direct and indirect, incurred by Inditex India on CSR activities, including the expenditure undertaken on the same, either directly or through indirect implementing agencies in accordance with its approved CSR policy.

## **VI. MONITORING & REVIEW MECHANISM**

- 6.1 The CSR Committee, or a person / team designated by it, shall outline the expected outcome and milestones that are expected to be achieved in each and every activity. Based on the same, it shall monitor the activities from time to time in order to ensure their effective implementation. The designated person / team shall monitor the status of each project and report its findings to the CSR Committee periodically.
- 6.2 The CSR Committee shall institute a transparent monitoring and review mechanism for implementation of the CSR projects or programs or activities undertaken pursuant to this policy. The review may range from local and regional level MIS and exception reporting to senior level review on a periodical basis, designing the action plans and monitoring their achievements and reporting back to the CSR Committee and then to the Board.
- 6.3 Inditex India may adopt evaluation and audit mechanism.
- 6.4 Besides evaluation, the CSR Committee shall also review its activities and decide on the future course on the basis of socio-economic baseline studies that would assess the needs and priorities of the community at-large and align its programs to meet the desired objectives.

## **VII. AMENDMENTS**

- 7.1 The Board may approve amendments in the CSR policy, subject to recommendations from the CSR Committee.