



IFC-30371

GTSF-Inditex

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Quick Facts

Financial Institutions	International Finance Corporation (IFC)
Status	Active
Bank Risk Rating	B
Borrower	INDUSTRIA DE DISEÑO TEXTIL SA



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Project Description

PROJECT DESCRIPTION

This project is proposed under the Global Trade Supplier Finance program ("GTSF" or the "Program") approved by the IFC Board in September 2010. Under GTSF, IFC provides short-term financing to suppliers ("Suppliers") in emerging markets selling to large companies ("Buyers") on open account terms. Under this project, IFC will provide financing to Suppliers to Industrial de Diseno Textil S.A., ("Inditex" or the "Group") based in multiple emerging market countries. IFC's investments will be in the form of funded or unfunded participations with commercial banks or directly through independent supply chain finance platforms. Inditex which was formally established in 1985, is a fashion distribution group, with more than 6,000 retail stores in 82 countries. Inditex operates the Zara, Pull and Bear, Massimo Dutti, Bershka, Stradivarius, Oysho, Zara Home and Uterque brands, and sources garments, shoes and accessories from more than 1,400 suppliers in over 40 countries. Inditex also has its own manufacturing facilities based in Arteixo, Spain.

OVERVIEW OF IFC'S SCOPE OF REVIEW

In the GTSF project structure, IFC expects Buyers to have management systems and processes to develop the necessary assurance of good Environmental and Social ("E&S") performance among their Suppliers. IFC's review therefore focuses on the Buyers' management systems and procurement practices applicable to the E&S practices among their Suppliers, usually as a component of the Buyer's approach to Corporate Social Responsibility ("CSR"). In the proposed investment, IFC's due diligence involved review of Inditex's Annual Reports, including the most recently published 2012 Annual Report, which contain considerable detail on the CSR assurance program, and review of other publically available material such as Inditex's Code of Conduct for Manufacturers and Suppliers ("the Code"). IFC followed this document review with a visit to Inditex's headquarters in Arteixo, Spain, to meet Inditex's Director of CSR and other CSR staff, and with Inditex's Environment Manager, to better understand the structure of Inditex's supply chain in emerging markets and to discuss implementation of the Supplier CSR assurance program. IFC further reviewed internal Inditex documents, including audit documentation samples, the CSR audit methodology, checklists and the audit evaluation methodology, the Inditex Environmental Code of Conduct for Manufacturers and Suppliers (the "Green Code"), the Master Plan for Water Management in the Supply Chain and documents describing Inditex's implementation approach including through technical assistance provided to the supplier chain, sample Corrective Action Plan Audit Reports ("CAPARs") sample initial and follow-up audit reports, and Inditex's global database in which all audit reports are stored.

IDENTIFIED APPLICABLE PERFORMANCE STANDARDS**

While all Performance Standards are applicable to this investment, IFC's environmental and social due diligence indicates that the investment will have impacts which must be managed in a manner consistent with the following Performance Standards.

- PS 1 - Assessment and Management of Environmental and Social Risks and Impacts
- PS 2 - Labor and working conditions
- PS 3 - Resource Efficiency and Pollution Prevention
- PS 4 - Community Health, Safety and Security

If IFC's investment proceeds, IFC will periodically review the the project's ongoing compliance with the Performance Standards



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Contact Information

ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at <http://www.cao-ombudsman.org/>



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Other Related Projects

- IFC-28723 Global Trade Supplier Finance