

KnowTheChain Apparel & Footwear Benchmark - Additional Disclosure 2020/2021

Company Name: Inditex

Date: 25.02.2021

Guidance:

- We welcome examples of leading practices.
- Unless you are sharing leading practices, please limit the information to indicators for which KnowTheChain could not yet identify sufficient information on your website. Please see the 'comment text' and 'source' cells in the Excel document for the information we have already reviewed.
- Note KnowTheChain has already undertaken a review of your website. Should you wish to include links to existing disclosure, please specify the page number / section you are referring to (extensive additional disclosure documents that include a comprehensive list of links already reviewed will not be considered).

Inditex comments – General disclosure:

- Inditex published in June 2020 its 2019 Annual Report which can be found in https://static.inditex.com/annual_report_2019/pdfs/en/memoria/2019-Inditex-Annual-Report.pdf
- Statement On Non-Financial Information for fiscal year 2020 <https://www.inditex.com/documents/10279/645708/Annual+Accounts+2019+Consolidads.pdf/3013c02d-9f7f-28fa-1b6d-a74564beb6f7>
- Inditex Group Modern Slavery, Human Trafficking and Transparency in Supply Chain Statement FY2019 https://www.inditex.com/documents/10279/651860/Inditex_Modern_Slavery_Statement_UK_2019.pdf/13f9b872-46ef-d329-7f78-ce3cb45e40fb
- Inditex Code of Conduct for Manufacturers and Supplier <https://www.inditex.com/documents/10279/241035/Inditex+Code+of+Conduct+for+Manufacturers+and+Suppliers/e23dde6a-4b0e-4e16-a2aa-68911d3032e7>
- Inditex Human Rights Policy <https://www.inditex.com/documents/10279/325624/Inditex+Policy+on+Human+Rights.pdf/0ec776a7-4b59-438b-bc2c-42415760d0b4>
- Corporate website which is updated regularly www.inditex.com

THEME 1: COMMITMENT AND GOVERNANCE

1.1 Commitment

The company:

- (1) publicly demonstrates its commitment to addressing forced labor and human trafficking.

Inditex Comments:

Inditex commitment against forced labour is also stated at the company's Policy on Human Rights:

“Inditex rejects any form of forced or compulsory labour, as defined in ILO Convention 29. This extends both to its own employees and its entire supply chain, as well as to any natural and/or legal person related to Inditex.

Inditex joined UN Global Compact in 2001, and adhered to its principle 4, according to which, businesses should uphold the elimination of all forms of forced and compulsory work or work done under coercion.”

Finally, you can find the corporate’s public statement in Inditex’s website exposing the Company’s zero-tolerance approach towards forced labor of any kind.

<https://www.inditex.com/es/zero-tolerance-towards-forced-labour>

1.2 Supplier Code of Conduct

The company's supplier code of conduct:

- (1) requires suppliers to respect the ILO core labor standards, which include the elimination of forced labor;

Inditex Comments:

Noted KnowTheChain Apparel & Footwear Benchmark’s comments.

- (2) is easily accessible from the company's website;

Inditex Comments:

Noted KnowTheChain Apparel & Footwear Benchmark’s comments.

- (3) is updated regularly, following internal review and input from external stakeholders;

Inditex Comments:

Inditex’s Code of Conduct for Manufactures and Suppliers is revised and monitored in an ongoing and regular basis in order to guarantee that it is updated when necessary.

- (4) is communicated to the company's suppliers; and

Inditex Comments:

Inditex Code of Conduct applies to all suppliers and manufacturers. This is stated in such Code:

“The Inditex Code of Conduct for Manufacturers and Suppliers defines minimum standards of ethical and responsible behavior which must be met by the manufacturers and suppliers of the products commercialized by Inditex in the course of its business, in line with the corporate culture of Inditex Group, firmly based on the respect for Human and Labour Rights.”

And more specifically in point 14 – Code Implementation it is reflected the following:

“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.”

It is important to point out that in order to belong to Inditex’s supply chain, all suppliers need to sign the called Inditex Minimum Requirements. These include the Company’s social, environmental and product health and safety standards and policies among which is the Code of Conduct for Manufacturers and Suppliers.

Finally, the sustainability teams independently and in collaboration with other organizations such as the ILO, IndustriALL Global Union or Better Work, develop capacity building trainings on the Code of Conduct and its implementation for suppliers. On 2019, 1.108 supplier were trained through group sessions where the core subjects were the Code itself, and Inditex’s requirements and procedures.

Inditex Code of Conduct for Manufacturers and Suppliers

Inditex Annual Report 2019 p. 93 & 146

- (5) requires its first-tier suppliers to take steps to ensure that their own suppliers implement standards that are in-line with the company's supply chain policies addressing forced labor and human trafficking.

Inditex Comments:

As stated in the previous point, all manufacturers and suppliers involved in the production of Inditex’s good, regardless there is or is not a direct relation with the Group, and the tier they belong too must comply with the Code of Conduct for Manufacturers and Suppliers (hereinafter, the Code of Conduct or the Code) and specifically with the first point of this “No Forced Labor”. Besides this and as also stated in the Code, suppliers have the responsibility of making sure that their own supply chains also comply with it, this way, not only tier 1 must comply and be aware of its content, but all tiers.

Suppliers are encouraged through capacity building trainings which are regularly performed by Inditex Sustainability teams for a better understanding of the Code and its implementation both in their own facilities and their supply chains.

Finally, if a corrective action plan is needed in a specific facility, suppliers working with it are involved throughout the whole process and duration of the plan.

Inditex Code of Conduct for Manufacturers and Suppliers

Inditex Annual Report 2019 p. 142-147

1.3 Management and Accountability

The company:

- (1) has a committee, team, program, or officer responsible for the implementation of its supply chain policies that address forced labor and human trafficking; and
- (2) has tasked a board member or board committee with oversight of its supply chain policies that address forced labor and human trafficking.

Inditex Comments:

Social Sustainability teams at Inditex are responsible for all the activities developed in order to achieve a sustainable supply chain through different plans, projects, programmes and policies. The team is composed by both specialists in the ground close to supply chain workers and at Inditex headquarters in Spain. The company also works with a group of external experienced sustainability specialists and organizations which complement the work developed internally.

The seven priority impact areas detected through a thorough due diligence process and which form the Social Sustainability strategy “Workers at the Center” address any potential negative impact on human rights in the Company’s supply chain specially, but more specifically the following four areas which put the focus on the most vulnerable groups within the supply chain in relation to forced labour:

- Protection of migrants
- Women empowerment
- Social protection
- Raw materials

These four areas are managed by a group of experts that work together with leading organizations for the protection of supply chain workers.

All these persons in charge of the daily implementation of these policies and programmes are part of the Sustainability department, and ultimately respond to the Chief Sustainability Officer.

At the Board level, in July 2019 a Sustainability Committee was created as a delegate Committee of the Board of Directors. The Sustainability Committee is an information and consultation body in charge of advising the Board of Directors on matters of sustainability and overseeing and controlling sustainability proposals in the human rights, social, environmental and health and safety of the Company’s products aspects, as well as promoting the commitment with the Sustainable Development Goals and the relations with the various stakeholders in matters of sustainability.

Likewise, in order to ensure compliance with the Code of Conduct and Responsible Practices and with the Code of Conduct for Manufacturers and Suppliers, Inditex relies on the Committee of Ethics, which

reports to the Board of Directors through the Audit and Compliance Committee. In addition to ensuring compliance with the above-mentioned Codes, the Committee of Ethics manages the Ethics Line, a consultation and grievance mechanism.

Moreover, since 2002 there's a Social Advisory Board that advises Inditex on sustainability issues. The Board is formed by persons or institutions that are external to and independent from our Group, and its function is to formalize and institutionalize dialogue with key spokespersons in civil society where Inditex develops its business model.

Finally, Inditex's Board of Directors is ultimately responsible for ensuring respect and protection of Human Rights, as an essential instrument for the sustainable development of the Company. Upon driving the Human Rights strategy, the Board is supported by the Audit and Compliance Committee, which assists it in the discharge of its supervision and control duties.

Inditex Annual Report 2019 p. 15 & 51 & 55 & 100-103 & 300

Inditex Group Modern Slavery, Human Trafficking and Transparency in Supply Chain Statement

1.4 Training

The company:

- (1) trains all relevant decision-makers within the company on risks and policies that address forced labor and human trafficking;

Inditex Comments:

As already reflected in your answer Inditex trains its employees on sustainability matters. More specifically, the company trains buyers on the Code of Conduct and other sustainability standards including forced labour in order to implement its responsible purchasing practices strategy

Inditex Annual Report 2019 p. 94-95 & 112-113

- (2) trains its first-tier suppliers on risks and policies that address forced labor and human trafficking and discloses the percentage of first-tier suppliers trained; and
- (3) engages in capacity building to enable its suppliers to cascade its supply chain policies that address forced labor and human trafficking to their own supply chains and/or trains suppliers below the first tier on such policies.

Inditex Comments:

Inditex develops capacity building trainings with its suppliers regularly as stated previously. On 2019, 1.108 supplier were trained through group sessions where the core subjects were the Code itself, and Inditex's requirements and procedures, including throughout these, specific issues regarding forced labour. Suppliers have the responsibility as established in the Code of Conduct of verifying that their supply chains also comply the Company's policies. Inditex internal teams will assist suppliers on this matter if necessary.

Besides this, Inditex develops diverse projects hand to hand with suppliers and various organizations in order to mitigate different impacts that may arise and to promote compliance with the Code of Conduct, and respect to human and labour rights, as for example, the Sowbhagyam Project in India together with the NGO Save, which mainly prevents the practice of Sumangali, an abusive employment practice that primarily affects young female workers.

Inditex Annual Report 2019 p. 121 & 146

1.5 Stakeholder Engagement

To fully understand and address working conditions in sourcing countries, companies need to engage with potentially affected groups and local stakeholders such as trade unions, worker organizations, or local NGOs—in addition to suppliers. Furthermore, as forced labor risks tend to be

systemic in nature, collaboration with other companies, for example, to engage policy makers to strengthen labor legislation, is needed to address forced labor in supply chains.

In the last three years, the company has engaged relevant stakeholders by:

- (1) providing at least two examples of engagements on forced labor and human trafficking with stakeholders such as policy makers, worker rights organizations, or local NGOs in countries in which its first-tier suppliers and suppliers below the first tier operate; and
- (2) actively participating in one or more multi-stakeholder or industry initiatives focused on eradicating forced labor and human trafficking across the industry.

Inditex Comments:

Inditex has engaged with several stakeholder groups in order to develop different projects and programs related to the improvement of supply chain workers livelihood and to specifically address any potential negative impact regarding forced labor. Some of these initiatives have been already exposed.

One of the most relevant relations is the one held between Inditex and IndustriALL since the beginning of the Global Framework Agreement (GFA) in 2007 and that was renewed in 2019. This GFA covers all the markets and supply chain workers regardless the sourcing origin.

Inditex Annual Report 2019 p.104-108

Apart of the collaborative work with IndustriALL Global Union, Inditex is part of numerous initiatives with organization which its objectives is minimize any negative impact regarding forced labor amongst others.

In addition to the examples already included in the information stated in the questionnaire, another example could be the Sowbhagyam Project. Inditex implements this programme which focuses on the eradication of the Sumangali Scheme which is a form of illegal forced labor practice that still persists in parts of Tamil Nadu, southern India, as young girls are sent by their families to work in factories. Inditex has teamed up with local and international organizations, with the aim of eradicating the exploitation and raise awareness in the community, such as the non- governmental organization SAVE.

<https://www.inditex.com/en/our-commitment-to-people/our-suppliers/workers-at-the-center/sumangali-in-india>

Inditex Annual Report 2019 p.121

Regarding the prevention and remediation of Uyghur forced labor, you can find Inditex's statement in its corporate website (<https://www.inditex.com/es/zero-tolerance-towards-forced-labour>). As stated on it, the company reinforces its engagement with organizations such and Ethical Trading Initiative, Better Cotton Initiative and the ILO in order to prevent any kind of forced labor in its supply chain.

THEME 2: TRACEABILITY AND RISK ASSESSMENT

2.1 Traceability and Supply Chain Transparency

The company discloses:

- (1) the names and addresses of its first-tier suppliers;
- (2) the countries of its below-first-tier suppliers (this does not include raw material suppliers);
- (3) the sourcing countries of at least three raw materials at high risk of forced labor and human trafficking; and
- (4) the number of workers per supplier, and one additional data point on its suppliers' workforce (e.g., the gender ratio, migrant worker ratio, or level of unionization per supplier).

Inditex Comments:

Answering to the previous points, Inditex does share with relevant stakeholders detailed information about its supply chain, such as:

- IndustriALL Global Union: Under the umbrella of the Global Framework Agreement with the international trade union federation, Inditex shares with IndustriALL a complete list of its manufacturers and suppliers (including all tiers), and their degree of sustainability compliance. Besides, Inditex provides access to IndustriALL and its local affiliates to all the companies that are part of the supply chain.
- ILO: Inditex shares the list of factories belonging to the Better Work program.
- Industry: The company shares information with other members of the sector as per its engagement in initiatives such as the ACT platform on Living Wages and the ACORD in Bangladesh
- NGOs: We partner with non-profit organisations and provide them with information on our supply chain. These include Clean Clothes Campaign, Greenpeace or Fashion Revolution
- Investors: Our commitment to transparency and accountability has been rated positively by several organisations such as the Dow Jones Sustainability Index, FTSE4Good, and Corporate Knights, in addition to others.
- Customers: We inform customers who request it about the origin of our products and the conditions of the supply chain workers

Inditex Annual Report 2019 p.97

Also, Inditex does not differentiate by tiers but by direct suppliers and indirect factories and facilities. On page 89 of Inditex Annual report the company describes its supply chain, the number of suppliers and factories used in 2019 productions of the Group, the location of these per geographical area and per production process.

Besides this, in page 319 of Inditex Annual Report data regarding the number of suppliers, factories and workforce related to the 12 main cluster can be found. This 12 clusters represent 96% of the whole Group's production.

In addition, as already stated, Inditex obliges all its suppliers to disclose its entire supply chain (for all products and processes, from the raw material, to the finished good). All these facilities need to comply with the Company's Code of Conduct which is verified through the corresponding social audits. The declaration of the facilities is monitored by the corresponding team through traceability audits.

The main aim of these audits is to verify in situ that the Group's production is undertaken in duly declared and authorised factories.

Inditex Annual Report 2019 p.91-92

Regarding labour practices involving Uyghur population, following an internal investigation the company can confirm that Inditex does not have commercial relations with any factory in Xinjiang. As stated, at Inditex we take a zero-tolerance approach towards forced labour of any kind and have stringent policies and actions in place to ensure that it does not take place anywhere in our supply chain.

All of Inditex's suppliers and manufacturers must comply with the stringent Code of Conduct to form part of its supply chain. Inditex regularly conducts detailed due diligence among all its suppliers to ensure that none are directly nor indirectly engaged in labour rights abuses.

<https://www.inditex.com/es/zero-tolerance-towards-forced-labour>

Finally, as previously stated, Inditex does not publicly disclose its supply chain but this is shared when needed with relevant stakeholders (please refer to Inditex's comments in question 2.1), so the number of workers per facility is shared with these if needed.

As already noted, Inditex does disclose the number of supply chain workers in an aggregated way per cluster (12 clusters which represent 96% of the Groups total production) and the number of workers in its complete supply chain.

Inditex Annual Report 2019 p.97 & 319

2.2 Risk Assessment

Risk assessment involves evaluating the potential that a company has (by virtue of who its suppliers are and where they are located) of being linked to forced labor and human trafficking. Risk assessment is a process that is carried out in addition to and outside of auditing. It helps identify potential forced labor risks as well as actual impacts that may be hard to detect through audits. This process may involve engaging local stakeholders, labor rights experts, independent sources, and assessing risks associated with specific raw materials, regions, or groups of workers such as migrant workers.

The company discloses:

- (1) details on how it conducts human rights supply chain risk or impact assessments that include forced labor risks or assessments that focus specifically on forced labor risks; and
- (2) details on forced labor risks identified in different tiers of its supply chains.

Inditex Comments:

Regarding points 1 and 2 as it has been stated, Inditex has developed a thorough due diligence process in collaboration with SHIFT, the leading centre in terms of the UN Guiding Principles on Business and Human Rights. The result is materialised in maps that mirror the most relevant impacts on human rights in each of Inditex 12 clusters, which represent 96% of the Group's production.

Regarding the prioritization in terms of commodities or processes, Inditex has identified as a vulnerable group supply chain workers employed at the raw material level. Due to the complex structure of the production of raw materials, the reality of those working with these products is different to that of the workers at the factories of the finished product. In this sense one of the priority impact areas detected through the due diligence process and which forms part of the Workers at the Center social sustainability strategy is focused in the protection of labour rights in the production of raw materials including the already mentioned Inditex zero-tolerance approach to any kind of forced labour.

The second vulnerable group identified is women. Inditex has a specific strategy in terms of women empowerment and the promotion of equal rights. The strategy is based in three pillars: health, protection, and empowerment– and it is articulated through different tools for continuous improvement, supplemented by a gender perspective.

The third identified vulnerable group are migrants. Migration status can lead to vulnerable situations, and even more, if workers have been forced to migrate per the situation, context or conditions they are living in. Inditex develops strategies and projects in order to protect the human and labour rights of these workers, and it develops remediation plan supported by specialized external organizations.

Finally, Inditex puts a special focus on social protection, understood as the set of policies and procedures to put in place in order to reduce vulnerability of workers. Social protection extends not only to workers, but also to their families, including young people not of legal working age. Therefore, the Company works with different stakeholders with the aim of alleviating poverty and preventing school dropout.

Inditex has a holistic approach to protecting the rights of vulnerable workers and seeks to join forces with various players, including local and international organizations, and the communities themselves. For example, to strengthen the progress of the stability of the cotton supply chain, the company partners with other sector agents such as the Better Cotton Initiative (BCI), Textile Exchange, and Organic Cotton Accelerator, in addition to collaborating with the International Labour Organisation.

Updated information regarding Inditex Human Rights risk assessment on supply chain can be found on its 2019 Annual Report when developing the Worker´s at the Center strategy, and in the UK Modern Slavery Act and the California Transparency in Supply Chains Act.

Inditex Annual Report 2019 p.118-122 & 129-141

Inditex Group Modern Slavery, Human Trafficking and Transparency in Supply Chain Statement FY2019

THEME 3: PURCHASING PRACTICES

3.1 Purchasing Practices

Purchasing practices and pricing may both positively impact labor standards in the company's supply chains and increase risks of forced labor and human trafficking.

The company:

- (1) is taking steps toward responsible raw materials sourcing;

- (2) is adopting responsible purchasing practices in the first tier of its supply chains, which include planning and forecasting;
- (3) provides procurement incentives to first-tier suppliers to encourage or reward good labor practices (such as price premiums, increased orders, and longer-term contracts); and
- (4) discloses two quantitative data points demonstrating that it has responsible purchasing practices in place that address the risk of forced labor and human trafficking.

Inditex Comments:

Inditex is committed to responsible sourcing in order to respect the Human Rights of those involved in its productions and ensure protection of the environment and the biodiversity itself.

In this sense, the company does put a special emphasis on raw materials as per the nature of the worked developed by the employees of this products and its distance from the end product.

(More information regarding raw material consumption can be found in Inditex Annual Report 2019 p.84.)

At an industry level, Inditex as a member of ACT, has agreed to implement five global purchasing practices commitments which includes improved forecasting and planning.

<https://actonlivingwages.com/wp-content/uploads/2019/10/ACT-GLOBAL-PURCHASING-PRACTICES-COMMITMENTS-1.pdf>

An example of how Inditex promotes good labour practices among its suppliers is the company's Join Life label. Inditex's "Join Life" programme means that productions are made out of the most sustainable raw materials and the most environmentally friendly production processes, and that the involved facilities comply with the highest social standards (A or B rankings on Inditex's own audit methodology). Through the Join Life programme, Inditex endeavours to curb its impact and steadily boost the level of demand of sustainability criteria in its garments. At the end of 2020, the company has committed to 25% of the collection must be Join Life, and to increasingly rise the percentage of Join Life garments in the future.

Furthermore, the company works with its suppliers to understand how they can jointly work together to get to the stores the products in order to satisfy the customers' needs. The company and suppliers work side by side to discuss material sourcing, capacity, production, finishing, logistics, and any other key point that can have an impact on suppliers.

In this line, Inditex works side by side with suppliers, building a long lasting and trusted relationship. The suppliers - buyer relationship at Inditex is built on the premise that the businesses will prosper, and that suppliers will grow hand by hand with the Company making a better sustainable supply chain.

More concisely, Inditex has several support projects in order to incentivise suppliers' performance. These programmes are aimed to Inditex's top suppliers (those ranked with the highest degrees of compliance according to Inditex's methodology) in order to increase their competitiveness. An example is the LEAN project which enhances the production organisation systems: aware of the impact that these systems have on the improvement of working conditions of factory employees, Inditex aims to support its suppliers to improve them, creating a win-win situation both for suppliers and its workers.

The project has been proved successful and as an evidence of it, after collecting information from a sample of workers these think that the project has been of benefit to them, and that the communications with their superiors have improved following the project.

Inditex Annual Report 2019 p.109-117

In addition, the fact that in 2019, 97% of Inditex's articles were purchased at A or B-ranked suppliers, which represent the highest degrees of compliance in terms of social sustainability is a clear indicator of the Company's commitment to incentivize a good performance in the Human Rights field, including forced labour.

On the graph published in page 143 of the Annual Report it can be observed the increase of suppliers and manufacturers with rankings A and B, and in page 146 the ranking of suppliers according to their years of business relationship with Inditex. The conclusion is that the longer, stable and more mature the relation between suppliers and Inditex is, the better is the manufacturers sustainability performance.

Inditex Annual Report 2019, page 143-147

Regarding the COVID-19 situation throughout 2020, Inditex has committed from the very beginning to ensure that all orders that had been produced or were currently in production during the pandemic were completely paid for according to the original payment terms. The role of the company in the ILO COVID-19: Action in the Global Garment Industry with the aim of catalyzing action from across the global garment industry to support manufacturers to survive the economic disruption caused by the COVID-19 pandemic and to protect garment workers' income, health and employment has been key in order to protect workers from the garment supply chain throughout the sanitary crisis.

[https://www.ilo.org/global/topics/coronavirus/sectoral/WCMS_742343/lang--en/index.htm#:~:text=COVID%2D19%3A%20Action%20in%20the%20Global%20Garment%20Industry%20aims%20to,%20income%2C%20health%20and%20employment.](https://www.ilo.org/global/topics/coronavirus/sectoral/WCMS_742343/lang-en/index.htm#:~:text=COVID%2D19%3A%20Action%20in%20the%20Global%20Garment%20Industry%20aims%20to,%20income%2C%20health%20and%20employment.)

Finally, regarding the specific case of Uyghur forced labor in raw material, Inditex takes reports of improper social and labour practices in any part of the garment and textile supply chain extremely seriously. In this sense, the company has performed a thorough due diligence process in order to identify any potential Human Rights negative impact throughout the whole supply chain and collaborates closely regarding this topic with organizations such as Ethical Trading Initiative or the ILO.

Inditex Annual Report 2019 p.82-86 & 142-145

<https://www.inditex.com/es/zero-tolerance-towards-forced-labour>

3.2 Supplier Selection

The company:

- (1) assesses risks of forced labor at potential suppliers before entering into any contracts with them and discloses details on the outcomes of this process; and

- (2) addresses risks of forced labor related to sub-contracting and discloses details on the outcomes of this process.

Inditex Comments:

Noted KnowTheChain Apparel & Footwear Benchmark's comments.

3.3 Integration into Supplier Contracts

The company:

- (1) integrates the ILO core labor standards, which include the elimination of forced labor, into supplier contracts;
- (2) discloses the percentage of suppliers whose contracts include such standards; and
- (3) requires its suppliers to integrate such standards into contracts with their own suppliers.

Inditex Comments:

The acceptance and signing of Inditex Minimum Requirements are a sine-qua-non condition for any supplier to start working with Inditex. The Inditex Minimum requirements include the Code of Conduct for Manufacturers and Suppliers, and the Policy on Human Rights among the different Inditex standards in the field of social, environmental and health and safety sustainability.

Therefore, these standards are integrated in suppliers' contracts since it is a mandatory requirement for them to sign before any commercial relationship can begin.

The Inditex Code of Conduct for Manufacturers and Suppliers defines minimum standards of ethical and responsible behaviour which must be met by the manufacturers and suppliers of the products commercialized by Inditex in the course of its business, in line with the corporate culture of Inditex Group, firmly based on the respect for Human and Labour Rights and more specifically, the Company's zero-tolerance towards forced labour.

The Code is based on international and national legal frameworks and on the most relevant International Labour Organization conventions as for example Conventions 29 and 105 related to forced labour and the abolition of this.

This same Code establishes as follows:

"The Code shall be applied to all manufacturers and suppliers that take part in the purchasing, manufacturing and finishing processes and fosters and is based upon the following general principles that define Inditex's ethical behaviour."

"All manufacturers and suppliers (production centers that are not property of Inditex) fully adhere to these commitments and undertake to ensure that the standards which are set forth in the Code are met."

Inditex Code of Conduct for Manufacturers and Suppliers

Inditex Annual Report 2019 p.93

THEME 4: RECRUITMENT

4.1 Recruitment Approach

The company:

- (1) has a policy that requires direct employment in its supply chains;
- (2) requires employment and recruitment agencies used by its suppliers to respect the ILO core labor standards, which include the elimination of forced labor; and
- (3) discloses information on the recruitment agencies used by its suppliers.

Inditex Comments:

Inditex does not prohibit the use of recruiting agencies in the supply chain but labor and human rights of workers under this scheme must be respected at the highest standards. The Code of Conduct has to be observed (included the provisions related to the prohibition of forced labour) and workers' rights shall be upheld as stated in the Code by any possible recruitment agency also during the recruitment process.

Inditex Code of Conduct establishes as that all suppliers and manufactures need to comply with the Code which is based in the most relevant ILO conventions.

Furthermore, in relation to the employment formulas applied, the Code of Conduct states that suppliers and manufacturers should comply with applicable laws and respect their workers' rights while promoting regular employment

Workers' rights (including those hired through recruiting agencies) are verified through social audits including those related to any kind of forced labour. As part of this audit procedure, suppliers must disclose all those company that they are working with including recruitment agencies in order to verify the the Human and Labour rights of the workers are respected.

Inditex Code of Conduct for Manufacturers and Suppliers

4.2 Recruitment Fees

According to the ILO, workers should not be charged directly or indirectly, in whole or in part, any fees for recruitment or related costs (such as costs for training, medical tests, or travel).

The company:

- (1) requires that no worker in its supply chains should pay for a job—the costs of recruitment (i.e., recruitment fees and related costs) should be borne not by the worker but by the employer ("Employer Pays Principle"); and
- (2) takes steps to ensure that such fees are reimbursed to the workers and/or provides evidence of payment of recruitment-related fees by suppliers if it discovers that fees have been paid by workers in its supply chains.

Inditex Comments:

As previously stated, Inditex Code of Conduct established that suppliers “may not require their employees to make any kind of “deposits””, this include recruitment fees.

This information is verified through Inditex social audit programme. In case a non-compliance related to this matter is identified such as fee-charge to employees, a Corrective Action Plan would be carried out in order to correct the non-compliance and ensure remediation for all potentially affected workers. In case it is needed, suppliers will need to pay back these charges to workers.

4.3 Monitoring and Responsible Recruitment

The company:

- (1) takes steps to ensure employment and/or recruitment agencies used by its suppliers are monitored to assess and address risks of forced labor and human trafficking; and
- (2) provides details of how it supports responsible recruitment in its supply chains (e.g., by collaborating with stakeholders to engage policy makers to strengthen recruitment standards).

Inditex Comments:

As previously stated, Inditex verifies all workers labor and human rights regardless the nature of their hiring through social audits amongst other assessments. In case a supplier or manufacturer uses a recruitment agency, this information is checked during social audits, where all the aspects related with the recruitment process are also assessed in order to verify that the requirements of the Code of Conduct have been followed and the rights of the workers have been respected.

During these audits, auditors need to verify their contracts, salaries, working hours, if any fee had to be paid and if so, by whom, perform workers’ interviews amongst many other matters including does related to forced labour.

Regarding the Sowbhagyam Project in the area of Tamil Nadu in India, that it is referred in the answer, the aim is to eradicate the Sumangali Scheme which is a form of illegal forced labour in the area. Inditex works closely with both national and international organizations in different lines of work. One of them is the already named in order to improve the interaction with recruitment agents to avoid such practice of forced labour in the community.

Inditex Code of Conduct for Manufacturers and Suppliers

Inditex Annual Report 2019 p. 121

4.4 Rights of Workers in Vulnerable Conditions

Migrant workers and other workers in vulnerable conditions are at a higher risk of being in forced labor, and additional steps are needed to ensure their rights are respected. Conditions which render workers vulnerable may include characteristics such as gender or age and external factors, including workers' legal status, employment status, economic conditions, and work environment (such as isolation, dependency on the employer, or language barriers).

The company:

- (1) takes steps to ensure migrant workers in its supply chains understand the terms and conditions of their recruitment and employment and also understand their rights;
- (2) takes steps to ensure its suppliers refrain from restricting workers' movement, including through the retention of passports or other personal documents against workers' will; and
- (3) discloses at least two outcomes of steps it has taken to ensure respect of the fundamental rights and freedoms of supply chain workers in vulnerable conditions (those articulated in the ILO core labor standards, which include the elimination of forced labor).

Inditex Comments:

Inditex has a strong commitment when it comes to vulnerable workers' rights. In this sense after conducting a thorough due diligence process in collaboration with Shift (the leading center in terms of the UN Guiding Principles on Business and Human Rights), different priority impact areas were identified and included in the definition of the Workers at the Center social strategy. The strategy is composed by seven priority impact areas, which of one is protection of migrants.

Inditex has a zero-tolerance policy towards the exploitation and discrimination of any worker in the supply chain, as set forth in our Code of Conduct for Manufacturers and Suppliers. This approach especially applies to migrants and refugees, as a collective that is potentially more vulnerable to such abuse.

In addition to the Compliance Programme with the Code of Conduct, frameworks such as the United Nations Global Compact on Refugees and the United Nations Guiding Principles on Business and Human Rights, are the Company's benchmark when it comes to planning and implementing initiatives for the protection of migrants and refugees. Inditex has a strategy dedicated to this collective that is structured around three specific goals, making it possible to redress any potential discrimination situation and promote fair labour practices that encourage labour cohesion. These three goals are:

- Implementing successful remediation plans for refugees and migrants with the support of effective internal mechanisms: Implementing remediation programmes on an individual basis. Stocktaking on the best practices and implementation on a global scale. Better understanding of the global and local context regarding migrants and refugees. As an example of these Plans, in Turkey, Inditex has been collaborating as part of a framework agreement with the Refugee Support Centre (MUDEM) since 2015. In 2019, 70 remediation plans were conducted in collaboration with 55 suppliers and manufacturers with MUDEM's support. The plans reached 59 refugee and 91 migrant workers, with our teams and the NGO offering support and guidance on formalising their work status.
- Promoting fair employment and recruitment practices for migrants and refugees: Creating and applying guidelines on fair employment and recruitment practices to be globally applied by manufacturers and suppliers throughout the supply chain. A specific example could be the

programme with United Work in Turkey for train and raise awareness on the rights of workers, chiefly from Syria, through sessions focusing on rights, cultural differences, communication skills, workplace health and safety and other matters. The training also extends to employers to ensure they understand and implement fair working practices.

- Strengthening the social and labour cohesion: Developing projects and programmes that bolster cohesion in the workplace and in the community in collaboration with various stakeholder groups. In this vein, we are working on projects in countries such as India, China and Turkey in collaboration with various bodies.

More information regarding Inditex's strategy regarding the migrant workers' strategy and specific examples of the steps taken, developed programmes and collaborations in order to ensure the respect of this group's rights can be found in Inditex Annual Report 2019 p.129-133.

THEME 5: WORKER VOICE

5.1 Worker Engagement

The company:

- (1) takes steps to ensure its supply chain policies that address forced labor and human trafficking are communicated to workers in its supply chains;
- (2) takes steps to ensure that relevant stakeholders engage with and educate workers in its supply chains on their labor rights and/or supports worker-led efforts on labor rights education;
- (3) provides evidence of the positive impact of worker engagement in its supply chains; and
- (4) provides at least two examples of worker engagement initiatives covering different supply chain contexts.

Inditex Comments:

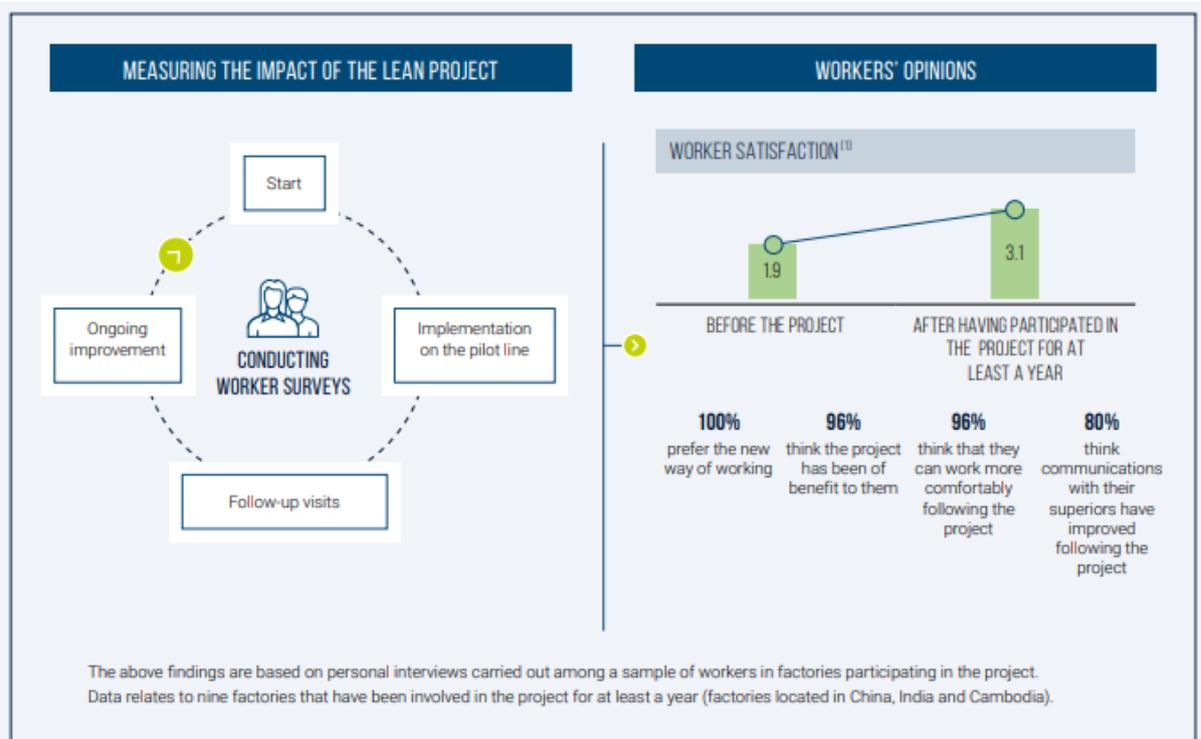
Inditex considers freedom of association and the right to collective bargaining to be the core aspects in order to guarantee supply chain sustainability. These principles are laid down in the Code of Conduct for Manufacturers and Suppliers and materialized through the Worker's Participation strategy which is one of the seven priority impact areas detected through the due diligence process developed.

One of the main pillars of this strategy is raising awareness on social dialogue and worker participation. In this line, most noteworthy in 2019 are the initiatives conducted in collaboration with IndustriALL in Bangladesh, India, and Morocco, and with the ILO in Myanmar.

The Company develops many programmes regarding workers' engagement and participation throughout the whole sustainability strategy as it believes it is one of the most powerful mechanisms in order to achieve a sustainable supply chain. One of the most significant tools in this area is the Global Framework Agreement signed between Inditex and IndustriALL Global Union since 2007 and renewed in 2019. This GFA manifests the Company's commitment to the promotion of labour rights in the textile and footwear industry, as well as compliance with international labour standards and the Code of Conduct for Manufacturers and Suppliers.

Besides this, the projects that Inditex performs in its supply chain engaging workers have the objective of achieving a positive impact on them. A clear example on how we have achieved this is the LEAN programme. The main objectives of this programme are:

- To improve working conditions and worker satisfaction
- To optimise factory production systems and support management with the ongoing improvement of their performance and competitiveness



Inditex Annual Report 2019 p. 104-108 & 114-115 & 121

5.2 Freedom of Association

The company:

- (1) works with independent local or global trade unions to support freedom of association in its supply chains;

Inditex Comments:

Noted KnowTheChain Apparel & Footwear Benchmark's comments.

- (2) discloses that it is party to a global framework agreement that covers its supply chains and/or an enforceable supply chain labor rights agreement with trade unions or worker organizations;

Inditex Comments:

Please note that collaboration with trade unions does include and has a very strong focus on freedom of association and collective bargaining rights. This is evidenced by the work done under the umbrella of the Global Framework Agreement that Inditex has with IndustriALL Global Union. In fact, at the Agreement itself is stated that "The parties shall jointly work through the framework of the Agreement

to strengthen the right to freedom of association, the right to bargain collectively, health and safety in the work, to a living wage and other rights that ensure a decent work throughout the Inditex supply chain”.

Inditex Annual Report 2019 pages 105-108

The Framework Agreement is available here: http://www.industriall-union.org/sites/default/files/uploads/documents/2019/SWITZERLAND/INDITEX/industriall_inditex_gfa_english.pdf

- (3) takes steps to ensure workplace environments in which its suppliers' workers are able to pursue alternative forms of organizing (e.g., worker councils or worker-management dialogues) where there are regulatory constraints on freedom of association; and

Inditex Comments:

Noted KnowTheChain Apparel & Footwear Benchmark’s comments.

- (4) provides at least two examples covering different supply chain contexts of how it improved freedom of association and/or collective bargaining for its suppliers' workers such as migrant workers (e.g., by taking action where suppliers impede workers' rights to freedom of association and/or collective bargaining or by engaging policy makers to improve respect for such rights).

Inditex Comments:

In order to further elaborate the previous answer, these are further examples of the work that Inditex develops in the field of freedom of association and/or collective bargaining in its supply chain.

The first example is the trainings, workshops and capacity building sessions developed together with other organizations such as IndustriALL Global Union to raise awareness about the importance of social dialogue and understand the existing Global Framework Agreement between Inditex and IndustriALL. These sessions have been performed in 2019 in countries such as Bangladesh, India or Morocco . Inditex also participates in the ILO – GIP programme in Myanmar with the objective of strengthen the Workplace Coordinating Committees through collaboration between employer and worker representatives.

Another example is the work developed to promote social dialogue. Inditex is engaged with organizations such as Better Work or the Ethical Trading Initiative, with the focus on promoting freely elected workers’ representatives, or with the aim of strengthening the structures in place for the representation of workers and employers in factories respectively in countries such as Indonesia, Cambodia, Vietnam and Bangladesh.

Inditex Annual Report 2019 p.104-108

5.3 Grievance Mechanism

The company:

- (1) takes steps to ensure a formal mechanism to report a grievance to an impartial entity regarding labor conditions in the company's supply chains is available to its suppliers' workers and their legitimate representatives;
- (2) takes steps to ensure that the existence of the mechanism is communicated to its suppliers' workers;
- (3) takes steps to ensure that its suppliers' workers or their legitimate representatives are involved in the design and/or performance of the mechanism, to ensure that the workers trust the mechanism;
- (4) discloses data about the practical operation of the mechanism, such as the number of grievances filed, addressed, and resolved, or an evaluation of the effectiveness of the mechanism; and
- (5) provides evidence that the mechanism is available and used by workers below the first tier in its supply chains.

Inditex Comments:

Grievance mechanisms reinforce Inditex's due diligence processes assisting with the identification and resolution of potential negative impacts on Human Rights, while promoting the relations with the stakeholders.

Any Group employee, manufacturer, supplier or third party with a direct relation and a lawful business or professional interest at all levels and in all geographies (the "Parties Concerned") may use the Ethics Line, even in an anonymous manner. This includes all the workers of Inditex's supply chain as established in the Code of Conduct for Manufacturers and Suppliers. As stated in the Code and verified through the social audit programme, the Code, which includes the information about the Ethics Line, should be posted in all the production facilities available in the local language for the factories' employees.

The Ethics Line can be used with the following purposes:

- To raise queries and doubts about the construction or enforcement of the Codes of Conduct, and of any other internal regulations of conduct of the Group
- To report any breach of the Codes and/or any other internal regulations of conduct affecting Inditex or its Group, which fall within the remit of the Committee of Ethics, by employees, manufacturers, suppliers or third parties with whom Inditex is engaged in an employment, business or direct professional relationship

The Committee of Ethics is responsible for overseeing the Ethics Line and driving any necessary investigation, and for proposing the relevant remediation, prevention, and awareness-raising measures, as the case may be. The proceedings of the Ethics Line are described in the Ethics Line Procedure.

In 2019, the Ethics Line has processed 310 cases. Further to the relevant investigations, no evidence was found in any of them of violation of Human Rights, either of Inditex's employees, or of its suppliers of goods and/or service providers.

Statement on Non-Financial Information p. 141

Ethics Line procedure:

<https://www.inditex.com/documents/10279/643554/Ethics+Line+Procedure.pdf/e5926530-dca2-65c2-c004-5bc4ddeb4f81>

THEME 6: MONITORING

6.1 Monitoring Process

To improve implementation of its supply chain policies, conditions at supplier level can be monitored in different ways. This could include specialized audits to detect forced labor at higher-risk suppliers or worker-driven monitoring (i.e., monitoring undertaken by independent organizations that includes worker participation and is guided by workers' rights and priorities).

The company has a supplier monitoring process that includes:

- (1) non-scheduled visits;
- (2) a review of relevant documents;
- (3) off-site interviews with workers;
- (4) visits to associated production facilities and related worker housing; and
- (5) steps to ensure that suppliers below the first tier are monitored.

Inditex Comments:

Regarding the workers interview, in the SOP (Standard Operating Procedure) produced by Inditex and shared with all third party auditing firms that Inditex works with globally, it is established that all workers should be represented during the interviews and that these can be individual, grouped, onsite or offsite. The specific needs of the audit should be taken into account when deciding by the auditor how to move forward with the interviews, but a minimum number of these should take place taking into account the facility's workforce. This minimum is established in the SOP by Inditex.

6.2 Monitoring Disclosure

The company discloses:

- (1) the percentage of suppliers monitored annually;
- (2) the percentage of unannounced monitoring visits;
- (3) the number or percentage of workers interviewed; and
- (4) information on the qualification of the monitoring organization used and/or the use of worker-driven monitoring (i.e., monitoring undertaken by independent organizations that includes worker participation and is guided by workers' rights and priorities); and
- (5) a summary of findings, including details regarding any violations revealed.

Inditex Comments:

Inditex requires that all the facilities that produce their items must comply with the Code of Conduct for Manufacturers and Suppliers. To verify that it is applied correctly and to detect potential deviations in the social field, the Company carries out a pre-assessment on companies before they enter the supply chain, and regular social audits on companies once the business relationship has begun. This means that all the suppliers and manufactures involved in Inditex's productions need to go through a social assessment. All Inditex social assessments are conducted in an un-announced way and as previously stated, the number of workers interviewed depends on the workforce of the factory. Inditex establishes the minimums that are communicated to third party auditing companies through the SOP.

A high percentage of audits are performed by external auditors (99% approximately) but both internal and external auditors are previously approved by Inditex. Inditex works with highly renowned third-party auditing companies which need to be aware of Inditex standards and the Company's auditing methodology designed in 2007 in partnership with the former International Textile, Garment and Leather Worker's Federation (currently integrated in IndustriALL Global Union), the University of Northumbria and the Centre for Business and Public Sector Ethics of Cambridge University, which include aspects related to forced labour. All auditors must be aligned with this methodology and be aware of its requirements and implementation.

Inditex Annual Report 2019 p. 142-144 & 321

THEME 7: REMEDY

7.1 Corrective Action Plans

The company discloses:

- (1) a corrective action process for its suppliers and potential actions taken in cases of non-compliance, such as stop-work notices, warning letters, supplementary training, and policy revision;
- (2) a means to verify remediation and/or implementation of corrective actions, such as record review, employee interviews, or spot-checks;
- (3) potential consequences if corrective actions are not taken; and
- (4) a summary or an example of its corrective action process in practice.

Inditex Comments:

Noted KnowTheChain Apparel & Footwear Benchmark's comments.

7.2 Remedy Programs / Response to Allegations

A. The company discloses:

- (1) a process for responding to potential complaints and/or reported violations of policies that address forced labor and human trafficking; and

Inditex Comments:

As stated previously stated, the Committee of Ethics is responsible for overseeing the Ethics Line and driving any necessary investigation, and for proposing the relevant remediation, prevention and awareness-raising measures, as the case may be. The proceedings of the Ethics Line are described in the Ethics Line Procedure.

In 2019, the Ethics Line has processed 310 cases. Further to the relevant investigations, no evidence was found in any of them of violation of Human Rights, either of Inditex's employees, or of its suppliers of goods and/or service providers.

In case any labour or Human Rights violation is detected, including forced labour, through any other mean (audits, visits of any kind of assessment, allegation from workers or their legitimate representatives or other relevant third party) a corrective action plan is triggered. Depending on the detected non-compliance with Inditex's Code of Conduct different organization specialized on the issue are involved in order to remedy the workers in the best way possible. Examples of remediation actions can be found on point (2).

Besides this, Inditex develops remediation plans in case of needed. An example of this is the remediation plans carried out in case of detecting refugee workers. Inditex works with specialized NGOs to implement these plans and offer support and guidance on formalising their work status.

More information regarding corrective plans can be found in Inditex Annual Report p.129-138 (remediation plans) & 145-147 (social audit programme and corrective action plans)

Information regarding the grievance mechanisms and Committee of Ethics can be found on Inditex Group Modern Slavery, Human Trafficking and Transparency in Supply Chain Statement p.21

Inditex Annual Report 2019 134-138

- (2) at least two examples of outcomes of its remedy process in practice, covering different supply chain contexts, for its suppliers' workers; and

Inditex Comments:

Examples of remediation processes:

1. Inditex is committed to safe and healthy workplaces in its supply chain. An example of this commitment could be the Company's involvement, as one of the first signatory companies in 2013, in the Accord on Fire and Building Safety in Bangladesh (hereinafter the "Accord"). This legally binding agreement is oriented to ensure fire and building safety in the garments industry in the country through a system of inspections, that result in corrective action plans

to be implemented by the factories. Inditex closely monitors and supports the implementation of these plans, providing technical support, regularly visiting the factories and interacting proactively with the different stakeholders that are part of this agreement. As a result of this close collaboration and joint efforts, these corrective action plans are implemented and verified by the Accord engineers. The case of Cotton Clout (BD) Ltd is one example of a successful case in Inditex’s supply chain, after completing the implementation of the required corrective actions and improving the workers’ health and safety conditions at factory level.

<https://bangladeshaccord.org/factories>



2. Implementing remediation plans for refugees and migrants in Turkey: they are provided with the collaboration of external entities, in addition to the involvement of the Inditex suppliers, manufacturers, and buying teams. This is the case in Turkey, for example, where the Company has partnered with the NGO Refugee Support Centre (MUDEM) through a framework agreement since 2015.

In 2019, 70 remediation plans were conducted in collaboration with 55 suppliers and manufacturers with MUDEM’s support. The plans reached 59 refugee and 91 migrant workers, with Inditex’s internal teams and the NGO offering support and guidance on formalising their work status.

3. SANKALP project - Preventing unsafe migration in India: in India, most minors who migrate do so for work reasons. Therefore, it is essential to shore up the prevention of this type of migration for work reasons in their home communities. This is the aim of the Sankalp programme which we Inditex is developing in collaboration with the ONG Pratham. The programme has prevented 507 cases of unsafe migration

- (3) a description of what actions it is taking to prevent and remediate the use of forced Uyghur labor.

Inditex Comments:

Please review Inditex Statement on the corporate’s website:

At Inditex we take a zero-tolerance approach towards forced labour of any kind and have stringent policies and actions in place to ensure that it does not take place anywhere in our supply chain.

We take reports of improper social and labour practices in any part of the garment and textile supply chain extremely seriously. We are aware of a number of such reports alleging social and labour malpractice in various supply chains among Uyghurs in Xinjiang (China) as well as in other regions, which are highly concerning. Following an internal investigation we can confirm that Inditex does not have commercial relations with any factory in Xinjiang.

All of our suppliers and manufacturers must comply with our stringent Code of Conduct to form part of our supply chain. We regularly conduct detailed due diligence among all of our suppliers to ensure that none are directly nor indirectly engaged in labour rights abuses (you can find out more about our approach towards supply chain management and working with suppliers here).

We also go beyond audits by working closely with numerous stakeholders, including other brands and industry organisations, to uphold and safeguard labour standards throughout our supply chain. These engagements are central to the 'Inditex 2019 – 2022 Workers at the Centre Strategy' for the sustainable and responsible management of our supply chain. We remain committed to the process of engagement and dialogue with the relevant stakeholders (both local and international) to identify opportunities to prevent negative impacts on the lives of the workers.

The mentioned reports have raised several issues and for this reason, we have also reinforced the engagement with stakeholders at every level of the supply chain to prevent any kind of forced labour. These stakeholders include the Ethical Trading Initiative and Better Cotton Initiative and the International Labour Organization. This builds on our work to prevent forced labour in the extended supply chain in any region as evidenced by our Responsible Sourcing Network's Cotton Pledge.

We are committed to preventing forced labour at every level of the garment and textile supply chain and will continue to engage with expert stakeholders at both local and international levels to uphold and safeguard labour standards.

<https://www.inditex.com/es/zero-tolerance-towards-forced-labour>

B.1. If one or more additional allegations regarding forced labor in the first or lower tier of a company's supply chains have been identified and disclosed by a third party(ies) in the last three years, the company discloses:

- (1) a process for responding to potential complaints and/or reported violations of policies that address forced labor and human trafficking;
- (2) that it engages in a dialogue with the stakeholders reportedly affected in the allegation(s);
- (3) outcomes of the remedy process in the case of the allegation(s); and
- (4) evidence that remedy(ies) are satisfactory to the victims or groups representing the victims.

B.2. If one or more allegations regarding forced labor in the first or lower tier of a company's supply chains have been identified and disclosed by a third party(ies) in the last three years, and the company denies the allegation, the company discloses:

- (1) a process for responding to potential complaints and/or reported violations of policies that address forced labor and human trafficking;
- (2) a description of what actions it would take to prevent and remediate the alleged impacts;
and
- (3) that it engages in a dialogue with the stakeholders reportedly affected in the allegation or requires its supplier(s) to do so.

Inditex Comments:

We understand that these questions need no further elaboration from Inditex's side, as they were not included in our profile. If so, please let us know.

NON-SCORED DISCLOSURE

Target Setting

The company discloses measurable and time-bound targets to address forced labor in its supply chains.

Yes/No. Please provide details.

The company reports on progress towards achieving previous targets on an annual basis.

Yes/No. Please provide details.

Inditex Comments:

Yes.

After an extensive due diligence process in collaboration with Shift, Inditex develops its 2019-2022 Workers at the Center social sustainability strategy. This is based on the premise of understanding and responding to the needs of workers, their families and the communities in which they live, to foster decent work and sustainable production environments. The guiding international frameworks regarding human and labour rights have been taken into account when defining the strategy.

The strategy is focused in three dimensions:

- Workplace: The Company must ensure that the human and labour rights of workers are upheld through assessment, enhancement, and monitoring in factories and in conjunction with the compliance approach. All factories, regardless of the process they carry out or the level they are at in the chain, must be sustainable workplaces
- Well-being: Inditex develops more complete and progressive programmes to influence and create change in the lives of workers and in their communities
- Industry: As one of the sector's leading companies, Inditex understands the impact that its sourcing and sustainability activities have. However, this impact is limited due to the large size of the local and international supply chain in which the Company operates and its context, and it needs to be supplemented and supported by all the industry's stakeholder groups

In the same way, the strategy is focused in seven impact areas that have been identified:

- Worker Participation
- Living Wages
- Women Empowerment
- Occupational Health and Safety
- Protection of Migrants
- Social protection
- Protection of labour rights in the production of raw materials

All of these seven areas have a specific strategic plan, we its own objectives, KPIs, projects and programmes, stakeholder collaborations which are constantly monitored and measured in other to obtain the outputs and outcomes of them.

In general terms and at least, Inditex yearly measures KPIs such as:

- Suppliers and factories reached through initiatives

- Benefited workers
- Improvement programmes developed
- Suppliers and factories in which improvement programmes have been implemented
- Suppliers and factories trained (amongst others)

Inditex Annual Report 2019 p.100-103

Reporting Legislations

UK Modern Slavery Act: Where applicable, the company discloses at least one statement under the UK Modern Slavery Act.

Yes/No. Please provide link to a publicly available statement.

California Transparency in Supply Chains Act: Where applicable, the company has a disclosure under the California Transparency in Supply Chains Act.

Yes/No. Please provide link to a publicly available statement.

Inditex Comments:

Yes.

https://www.inditex.com/documents/10279/651860/Inditex_Modern_Slavery_Statement__UK_2019.pdf/13f9b872-46ef-d329-7f78-ce3cb45e40fb

Due Diligence on Third-Party Products

Where a company—in addition to own branded products—sells third-party food and beverage products, the company discloses how it assesses and addresses forced labor risks related to third-party food and beverage products.

Yes/No. Please provide details.

Inditex Comments:

Not applicable to Inditex

High Risk Sourcing¹

Please provide a full list of raw materials present in your supply chains, or alternatively indicate for each of the commodities below whether it is present in your supply chains. Note where a company does not provide this information, KnowTheChain will review the company's website as well as third party sources to identify relevant information.

Raw Materials

- Bamboo
- Cashmere*
- Cotton
- Rubber (natural)
- Silk
- Viscose*
- Wool*

[Inditex Comments:](#)

Please see information about main materials used in Inditex's articles at pages 84-85 of Inditex Annual Report 2019.

was 69% and 11%, respectively.

In turn, the fibres category is classified – according to their source – into three different groups, the weight of which varies according to their consumption which, in 2019, was as follows:

TYPE OF FIBRE	DESCRIPTION	% OF TOTAL FIBRE CONSUMPTION (BASED ON WEIGHT)
Natural fibres	Natural filaments that can be threaded to obtain strands, threads or twine.	50%
Synthetic fibres	Polymers that are not naturally produced, but created in a chemical plant or a laboratory, almost always using petroleum or natural gas by-products.	38%
Artificial fibres	Are made using a natural component as a raw material that undergoes a number of processes in a chemical plant or a laboratory.	12%

2019		
RAW MATERIAL	TONS	% VARIATION COMPARED TO 2018
Sustainable cotton (organic, BCI & recycled)	38,676	105%
Recycled polyester	5,332	183%
Sustainable linen	1,813	581%
Sustainable viscose	6,692	111%

Sourcing Countries for Apparel & Footwear Supply Chains (garments, textiles, etc)

- Argentina
- Brazil
- China
- Ethiopia
- India
- Malaysia
- Nepal
- North Korea

¹ Data according to US Department of Labor's list of Goods Produced by Forced Labor website as of September 2020. Accessed October 2020.

* = Risk factors identified based on publicly available sources and discussions with expert organizations.

- Thailand
- Vietnam

Inditex Comments:

Please see information about our clusters of suppliers (which concentrate 96% of Inditex production) at page 319 of Inditex Annual Report 2019. These clusters are located at: Spain, Portugal, Morocco, Turkey, India, Pakistan, Bangladesh, China, Vietnam, Cambodia, Argentina and Brasil.

Presence of Migrant Workers in Supply Chains

Yes/No. Please provide details.

Inditex Comments:

Please see information about Inditex' Protection of Migrant programmes and actions at Inditex Annual Report 2019 pages 129-133.