

KnowTheChain 2023 Apparel & Footwear Benchmark

Additional Disclosure

Company Name: Industria de Diseño Textil, S.A (INDITEX)

Date: 15th September 2023

Guidance:

- Please add any additional information you wish to provide under the relevant indicator elements below.
- 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.
- 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.
- Column F in the Scored Research tab of your excel sheet highlights questions to your company where the KnowTheChain team is seeking clarification or further detail on particular points of your company's disclosure.

[Inditex comments – General disclosure:](#)

- Inditex published in March 2023 its **Statement on Non-Financial Information 2022**, which is included in Inditex Group Annual Report 2022, available at:
https://static.inditex.com/annual_report_2022/pdf/Inditex-group-annual-report-2022.pdf
- **Inditex Group Modern Slavery, Human Trafficking and Transparency in Supply Chain Statement FY2022**
<https://www.inditex.com/itxcomweb/api/media/52d18a40-0c45-44b9-957e-3337ad554006/Inditex+Modern+Slavery+Act+2022.pdf?t=1689588015575>
- Inditex **Code of Conduct for Manufacturers and Suppliers**
https://www.inditex.com/itxcomweb/api/media/8cd88d29-0571-43d5-a6c3-a6c34671e4c1/inditex_code_of_conduct_for_manufacturers_and_suppliers.pdf?t=1655306501225
- Inditex **Human Rights Policy**
https://www.inditex.com/itxcomweb/api/media/7e50ddce-a4de-4d51-9ab0-f7c248d23656/inditex_policy_on_human_rights.pdf?t=1655306506255
- Inditex **Human Rights Report**
<https://www.inditex.com/itxcomweb/api/media/18b89707-9a7e-48c2-9bbd-0270ebe21728/Human-Rights-2022.pdf?t=1680171448041>
- Inditex **2022 Workers at the Centre Report**
<https://www.inditex.com/itxcomweb/api/media/9235c592-7d6c-4878-b891-36134c402e57/Workers+at+the+Centre+2022.pdf?t=1685097514063>
- Corporate website which is updated regularly www.inditex.com

[Inditex comments – Excel column F “Questions for companies”:](#)

1) Can you clarify what department/function within Inditex has the responsibility for negotiating with suppliers and setting pricing? (as opposed to day-to-day management of relationships with suppliers)

Buying teams from the various brands that make up Inditex (Zara, Pull&Bear, Massimo Dutti, Bershka, Stradivarius, Oysho and Zara Home) are responsible for negotiating with suppliers and setting pricing. We have developed management systems that allow all our buying teams to know the performance of each supplier in all aspects related to sustainability, encouraging responsible purchasing practices that allow them to make sustainability-focused business decisions.

Raising awareness and training of our suppliers enables us to address supply chain challenges as a shared responsibility. Our buying and sustainability teams have a very close relationship with suppliers. A prime example is the continuous and specialised training on issues such as gender equality, freedom of association, living wages or health and safety. In 2022, we provided training programmes to 1,042 suppliers.

Source of the information:

-Inditex 2022 Workers at the Centre Report, pages 16, 38, 45.

<https://www.inditex.com/itxcomweb/api/media/9235c592-7d6c-4878-b891-36134c402e57/Workers+at+the+Centre+2022.pdf?t=1685097514063>

-Inditex Statement on Non-Financial Information 2022 – which is included in Inditex Group Annual Report 2022 – pages 224, 227.

https://static.inditex.com/annual_report_2022/pdf/Inditex-group-annual-report-2022.pdf

2) Inditex discloses engaging with the Responsible Sourcing Network in the YESS (Yarn Ethically & Sustainably Sourced) project but does not disclose details beyond that the project "focuses on the OECD's approach to risk identification through due diligence and seeks to standardise due diligence processes in order to replicate best practices throughout the industry". Can the company provide details on what concrete actions have been taken as part of the project?

Among the identified Priority Impact Areas (PIAs) of the Workers at the Centre strategy (2019 – 2022) is the Protection of labour rights in the production of raw materials. Within this priority impact area, Inditex develops different actions, one of which is the collaboration with the Responsible Sourcing Network in the YESS (Yarn Ethically & Sustainably Sourced) project.

This global project, in collaboration with the Responsible Sourcing Network, focuses on enabling and assessing that spinners and textile mills implement effective due diligence programs that prevent sourcing cotton produced with forced labour.

Sponsored by global brands and industry stakeholders, YESS is coordinating its activities with sustainable cotton initiatives and other complementary programs to promote harmonization of a due diligence system for the entire industry. Among the activities are the development of standards, trainings to supply chain actors and assessing them to identify and address risks of forced labor in cotton production.

YESS Standards are a specific, practical framework to assess the operations and sourcing procedures of cotton yarn spinning mills, and weaving and knitting cotton fabric mills. They are a guide for mills to identify, assess, and address the risk of forced labor involved in cotton production. These documents were developed with input from brands and retailers, among others.

To that end, YESS covers different aspects, which include:

/ Helping companies to comply with anti-slavery and due diligence regulations.

/ Training and educating so that spinning mills and weaving factories implement effective due diligence systems.

/ Establish an industry-wide due diligence approach and a global list of verified spinning mills and factories.

Overall, this project helps us into broadening our knowledge and the development of different actions in the cotton supply chain.

In addition to this initiative, Inditex also participates in other relevant programmes to contribute to the protection of labour rights in the production of raw materials:

- In 2017 Inditex signed a Public-Private Partnership with the International Labour Organisation (ILO) to ensure respect for the fundamental rights of cotton farmers and their communities in India, Pakistan and Mali. The project has created an ecosystem within the cotton producing industry, using unique social dialogue structures and processes to uphold fundamental labour rights.

- We are founding members of the Organic Cotton Accelerator, a multi-sector initiative that aims to develop a responsible and healthy market of organic cotton for all parties involved.

Source of the information:

-Inditex 2022 Workers at the Centre Report, pages 86-88.

<https://www.inditex.com/itxcomweb/api/media/9235c592-7d6c-4878-b891-36134c402e57/Workers+at+the+Centre+2022.pdf?t=1685097514063>

-Responsible sourcing network. About the YESS project:

<https://www.sourcingtonetwork.org/yess>

-YESS Standards and Company Participation options

<https://static1.squarespace.com/static/594cbfa3440243aef3dfa1c4/t/647a41dff1a3f873ade193b3/1685733855765/YESS+Standard+Introduction+01-Sept-2022+FINAL2.pdf>

<https://static1.squarespace.com/static/594cbfa3440243aef3dfa1c4/t/602eb15d555d3f2b9944ddb6/1613672798048/YESS+Company+Options+and+Activities+9-Feb-2021.pdf>

3) 3.1 and 3.2 Please clarify how many of Inditex's suppliers are disclosed on Open Supply Hub and what tier they belong to, as the company states that in 2021 its supply chains comprised *1,790 direct suppliers who in turn used 8,756 factories for the productions of the Group" but has only uploaded 709 facilities onto Open Supply Hub.

In 2022, Inditex supply chain comprised a total of 1,729 product suppliers with purchases in the year, which in turn used 8,271 factories for the Group's productions.

Inditex does share detailed information about its supply chain with relevant stakeholders, however, this information is not uploaded onto Open Supply Hub.

Further information on the stakeholders with whom we share information is included in the section corresponding to indicator 3.

Source of the information:

-Inditex Statement on Non-Financial Information 2022 – which is included in Inditex Group Annual Report 2022 – pages 115, 214-215.

https://static.inditex.com/annual_report_2022/pdf/Inditex-group-annual-report-2022.pdf

INDICATOR 1: SUPPLIER CODE OF CONDUCT AND CAPACITY BUILDING

1.1 has a supplier code of conduct that requires suppliers to respect the ILO core labour standards, which include the elimination of forced labour; and requires suppliers to cascade/implement standards that are in line with the company's supplier code of conduct; and

Inditex comments:

The main framework governing the relationship with all our suppliers is our Code of Conduct for Manufacturers and Suppliers, approved in 2001, updated most recently in 2012 and available on our corporate website (hereinafter, the Code of Conduct, the Code or CCMS. This document establishes the mandatory standards in matters of labour rights, product health and safety and environmental aspects. Any manufacturer or supplier wishing to form part of the Inditex supply chain must comply with the Code of Conduct for Manufacturers and Suppliers.

As stated in section '14. Code implementation' of the Code: "Manufacturers and suppliers shall implement and maintain programmes to set in motion this Code. Manufacturers and suppliers shall communicate the Code to all employees and those in any way involved in the Inditex Supply Chain." In this regard, those in any way involved in the Inditex Supply Chain includes all tiers, not only tier 1.

Furthermore, any supplier wishing to form part of the Inditex supply chain must accept and comply with the standards provided in the Inditex Minimum Requirements (IMRs). The IMRs are made up of a series of documents - among which our Code of Conduct for Manufacturers and Suppliers (hereinafter, the Code) is included - where the environmental, product health and safety and social standards, with which our suppliers and manufacturers must comply, are set out.

Source of the information:

-Inditex Code of Conduct for Manufacturers and Suppliers, page 6.

[https://www.inditex.com/itxcomweb/api/media/8cd88d29-0571-43d5-a6c3-a6c34671e4c1/inditex code of conduct for manufacturers and suppliers.pdf?t=1655306501225](https://www.inditex.com/itxcomweb/api/media/8cd88d29-0571-43d5-a6c3-a6c34671e4c1/inditex%20code%20of%20conduct%20for%20manufacturers%20and%20suppliers.pdf?t=1655306501225)

-Inditex Statement on Non-Financial Information 2022 – which is included in Inditex Group Annual Report 2022 – page 217.

https://static.inditex.com/annual_report_2022/pdf/Inditex-group-annual-report-2022.pdf

1.2 engages in capacity building to enable its suppliers to cascade its supply chain policies that address forced labour to their own supply chains and/or trains suppliers below the first tier on such policies, and measures the effectiveness of capacity building.

Inditex comments:

Note: Inditex does not differentiate among tiers so that all policies, programmes and initiatives are applied to suppliers and factories in all tiers. The fact that our published information does not explicitly specify among tiers should not be understood as applied only to tier 1 but rather to all tiers.

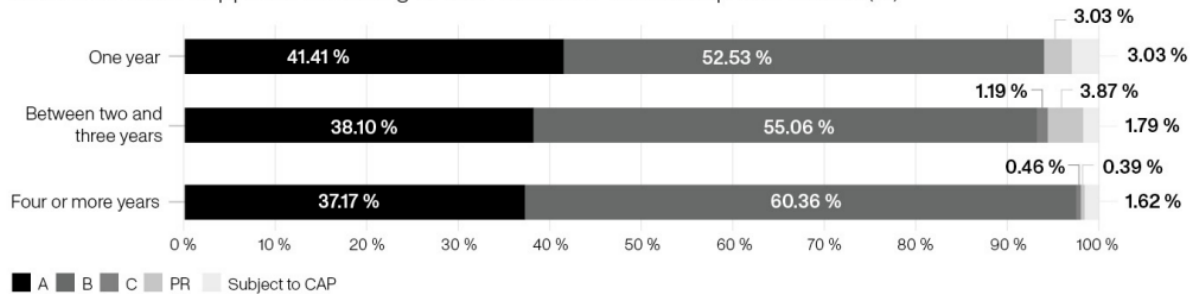
Training is an essential element in raising awareness of our Code of Conduct for Manufacturers and Suppliers), and rest of our standards.

Inditex develops capacity building trainings regularly with its direct suppliers and also manufacturers (including all tiers). In 2022, 1,042 suppliers and factories of all tiers 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 when necessary.

Our ongoing work with suppliers - which includes among other initiatives, capacity building sessions with them - is evidenced by how their classification (on social performance) improves the longer their commercial relationship is with Inditex.

- Suppliers ranked as 'A': Complies with the CCMS
- Suppliers ranked as 'B': Does not comply with some non-relevant aspect of the CCMS
- Suppliers ranked as 'C': Does not comply with some sensitive, but inconclusive aspect of the CCMS
- Suppliers ranked as 'Subject to Corrective Action Plan': Breaches of the CCMS triggering the immediate implementation of a corrective action plan
- Suppliers ranked as 'PR': Undergoing an auditing process

Classification of suppliers according to their business relationship with Inditex (%)



Also, thanks to our training efforts, among other aspects, in 2022, 97% of our suppliers were classified as A or B in our social audits - the highest scores as per our own internal ranking.

In addition, we provide more specific training, either due to needs detected in our regular assessments, due to the interest expressed by the suppliers themselves, or on our own initiative.

For instance, we have been running the Refugee Rights Training Programme in Türkiye since 2018 in collaboration with United Work, which is an initiative aimed at creating peaceful workplaces and facilitating cohesion in factories in our supply chain where people from different cultures work. In 2022, we implemented the programme in 14 factories at different production levels. In total, 145 refugee workers participated in four-hour training sessions, 39 supervisors and 26 management representatives also received one-and-a-half hour briefings on refugee workers' rights, labour regulation, among others. The knowledge and awareness gained during these sessions was measured through pre- and post-activity surveys. As a result of the project, 126 refugee/migrant workers reported having improved their knowledge of rights and legal processes. What is more, 67 management representatives and supervisors from 14 factories reported that they had benefited from the information gained during the training sessions and had begun to see positive results.

As a different example, we have conducted sessions targeted at both workers and smallholder farmers, and also at increasing cotton suppliers' capacity to address forced labour:

- Training cotton farmers: through the public-private partnership with the International Labour Organization (ILO), we have provided training sessions and organised awareness-raising projects to disseminate the Fundamental Principles and Rights at Work as well as the importance of freedom of association and collective bargaining agreements among cotton farmers, companies and organisations in countries such as India, Pakistan and Mali. More specifically, in Pakistan the project's deployment focused on reaching out to cotton-producing communities, giving advice, training and empowering them through awareness-raising workshops on the Fundamental Principles and Rights at Work, as well as encouraging their collectivisation and the formation of new trade unions and associations.
- Cotton suppliers: framed under the Yarn Ethically & Sustainably Sourced (YESS) project, spinning mills and weaving factories receive training to implement effective due diligence systems to identify, assess, and address the risk of forced labor involved in cotton production.

Source of the information:

-Inditex 2022 Workers at the Centre Report, pages 16-17, 71, 90-91.
<https://www.inditex.com/itxcomweb/api/media/9235c592-7d6c-4878-b891-36134c402e57/Workers+at+the+Centre+2022.pdf?t=1685097514063>

-Inditex Statement on Non-Financial Information 2022 – which is included in Inditex Group Annual Report 2022 – pages 217-218.

https://static.inditex.com/annual_report_2022/pdf/Inditex-group-annual-report-2022.pdf

-Brief Overview YESS

<https://static1.squarespace.com/static/594cbfa3440243aef3dfa1c4/t/6424bcb3c92aee237050495a/1680129203417/YESS+Brief+Overview+27-Mar-2023.pdf>

INDICATOR 2: MANAGEMENT AND ACCOUNTABILITY

2.1 has a committee, team, program, or officer responsible for the implementation of its supply chain policies that address forced labour; and discloses how incentives for staff (e.g. bonuses, part of employee performance reviews) are tied to improvements in working conditions in supply chains;

Inditex comments:

The commitment to sustainability by the governing bodies and the entire Company is crystallised in the definition of ambitious goals and specific targets, linking the variable remuneration of different areas within the Group to sustainability objectives.

Specifically, in 2022, up to 15% of the CEO's variable remuneration is linked to compliance with sustainability policies.

Among the metrics considered is included the following:

(i) Increase in the number of sustainable items, measured against the following parameters:

a More sustainable raw materials: cotton, linen, polyester and cellulose fibres.

b Garments featuring the Join Life label.

This last metric (garments featuring the Join Life label) includes the consideration of social issues, as requisite for having the Join Life label was to be produced by an A or B factory (the highest degrees under Inditex social audit methodology), or by one committed to improve under a Corrective Action Plan.

In addition, 25% of the 2021-2024 long-term incentive scheme for members of the management team and other key employees is linked to the fulfilment of certain sustainability metrics (environmental, social and corporate governance). For instance, the metrics to which current long-term incentive plans are tied include, among others:

(iv) Social, measured as the percentage of suppliers of Inditex products ranked A or B in the social score index.

In this context, it should be mentioned the suppliers ranked as A or B represent those with the highest ranking in our social audits. We conduct this type of audits periodically and regularly at each supplier and factory in our supply chain to verify compliance with the Code of Conduct for Manufacturers and Suppliers, which covers aspects on working conditions in the supply chain (e.g., safe and hygienic working conditions, working hours are not excessive).

Furthermore, the variable remuneration of all office employees also factors in sustainability metrics.

Source of the information:

- Inditex Annual Report on Remuneration of Directors 2022, pages 12, 23-24.

<https://www.inditex.com/itxcomweb/api/media/daab46bd-0d66-4016-ad4b-934022eebcb8/2022+Inditex+Annual+Report+on+Remuneration.pdf?t=1680160748786>

-Inditex Code of Conduct for Manufacturers and Suppliers, pages 4-5.

https://www.inditex.com/itxcomweb/api/media/8cd88d29-0571-43d5-a6c3-a6c34671e4c1/inditex_code_of_conduct_for_manufacturers_and_suppliers.pdf?t=1655306501225

-Inditex Statement on Non-Financial Information 2022 – which is included in Inditex Group Annual Report 2022 – pages 130, 268-269.

https://static.inditex.com/annual_report_2022/pdf/Inditex-group-annual-report-2022.pdf

2.2 discloses how it trains relevant decision-makers within the company on risks and policies that address forced labour; and

No further comments to add.

2.3 has tasked a board member or board committee with oversight of its supply chain policies that address forced labour, and describes how the experiences of affected workers or relevant stakeholders (such as civil society, unions, and workers or their representatives) informed board discussions.

Inditex comments:

The Board of Directors is the body responsible for approving the Policy on Human Rights and Code of Conduct for Manufacturers and Suppliers, which both include aspects regarding forced labour: “Inditex rejects any form of forced or compulsory labour [...]. 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.” Also, the Group’s Modern Slavery, Human Trafficking and Transparency in Supply Chain Statement FY2022 was approved by the Board of Directors following a favourable report of the Sustainability Committee and after the acknowledgment of the Social Advisory Board.

The Sustainability Committee is an informative and consultative body responsible for promoting the commitment to human rights - which includes forced labour -, among other matters. Also, the Board has an Audit and Compliance Committee responsible for monitoring and assessing financial and non-financial risks, including human rights-related risks.

The Group also has a Social Advisory Board, a collegiate body integrated by external independent experts, which advises on human rights, among other issues linked to sustainability.

Both the Audit and Compliance, and Sustainability Committees report to the Board of Directors on a quarterly basis. For instance, one of the main aspects discussed in the Sustainability Committee relates to the progress in the implementation of the human rights strategy. This ongoing process involves, among others, organizing meetings and exchange of ideas concerning relevant matters with the Social Advisory Board.

Furthermore, the Ethics Committee, which reports to the Board of Directors through the Audit and Compliance Committee, is in place to ensure compliance with the Group’s Code of Conduct and Responsible Practices and with the Code of Conduct for Manufacturers and Suppliers (hereinafter, the “Codes”).

This Committee also manages the Ethics Line, a queries and grievance mechanism that reinforces due diligence by helping to identify and remedy any potential negative impact on Human Rights, thereby strengthening the relationship with stakeholders. The Policy on Human Rights, Due Diligence procedures and the Ethics Line represent the first, second and third pillars of the Group’s Human Rights strategy respectively.

Source of the information:

-Inditex Group Modern Slavery, Human Trafficking and Transparency in Supply Chain Statement FY2022, page 2.

<https://www.inditex.com/itxcomweb/api/media/52d18a40-0c45-44b9-957e-3337ad554006/Inditex+Modern+Slavery+Act+2022.pdf?t=1689588015575>

-Inditex Human Rights Policy, page 8.

https://www.inditex.com/itxcomweb/api/media/7e50ddce-a4de-4d51-9ab0-f7c248d23656/inditex_policy_on_human_rights.pdf?t=1655306506255

-Inditex Code of Conduct for Manufacturers and Suppliers, page 3.

https://www.inditex.com/itxcomweb/api/media/8cd88d29-0571-43d5-a6c3-a6c34671e4c1/inditex_code_of_conduct_for_manufacturers_and_suppliers.pdf?t=1655306501225

-Inditex Human Rights Report, pages 4, 10-11.

<https://www.inditex.com/itxcomweb/api/media/18b89707-9a7e-48c2-9bbd-0270ebe21728/Human-Rights-2022.pdf?t=1680171448041>

-Inditex Statement on Non-Financial Information 2022 – which is included in Inditex Group Annual Report 2022 – pages 134-135, 267.

https://static.inditex.com/annual_report_2022/pdf/Inditex-group-annual-report-2022.pdf

INDICATOR 3: TRACEABILITY AND SUPPLY CHAIN TRANSPARENCY

3.1 the names and addresses of first-tier suppliers;

3.2 the names and locations of below-first-tier suppliers (this does not include raw material suppliers); and

3.3 the sourcing countries of at least three raw materials at high risk of forced labour.

[Inditex comments](#), answering to the three indicator questions:

Our supply chain list of MMCF suppliers is available at our corporate website and also following this link:

<https://www.inditex.com/itxcomweb/api/media/3a5aab7b-2f40-4d79-8fea-0588a514527c/Inditex+Supply+Chain+Man-Made+Cellulose+Fibres.pdf?t=1669910501346>

Furthermore, Inditex does share with relevant stakeholders detailed information about its supply chain:

- 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 compliance with our policies. In addition, we provide IndustriALL and its local affiliates with access to all the factories in our supply chain.
- ILO: we also provide relevant information from our supply chain to organisations such as the International Labour Organization (ILO) in countries where we participate in the Better Work programme.
- ZDHC: as part of our collaboration with Zero Discharge of Hazardous Chemicals we provide relevant information from our supply chain.
- IPE China: we share with the Chinese Institute of Public and Environmental Affairs environmental information.
- 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 ACCORD in Bangladesh.
- NGOs: we partner with non-profit organisations and provide them with information on our supply chain
- 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 worker

Also, Inditex does not differentiate by tiers but by direct suppliers and indirect factories and facilities. On page 214 of Inditex Group Annual Report 2022 the company describes its supply chain, the number of suppliers and factories used in 2022 productions of the Group, the location of these per geographical area and per production process:

In 2022, we worked with a total of 1,729 direct suppliers located in 50 markets who, in turn, used 8,271 factories to make our products, employing more than three million people.

The supply chain at Inditex in 2022	
Suppliers with purchase in 2022	Factories declared by suppliers in 2022
European Union 332 suppliers 1,591 factories	3,200 Spinning, weaving, and other raw material processes
Europe outside the EU 230 suppliers 1,736 factories	106 Cutting
Americas 11 suppliers 39 factories	4,023 Sewing
Asia 955 suppliers 4,458 factories	165 Dyeing and washing
Africa 201 suppliers 447 factories	200 Printing
	263 Finishing
	314 Non-textile products

Besides this, in page 321 of Inditex Group Annual Report 2022 data regarding the number of suppliers, factories and workforce related to the 12 main cluster can be found. These 12 clusters represent 98% of the whole Group's production in 2022.

In addition, 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.

In 2022, we went a step further in the responsible management of our entire supply chain by introducing new traceability provisions, increasing the level of detail of the minimum requirements for our suppliers, already included in the Code of Conduct. To ensure the understanding and proper application of these new requirements, over the past year we have conducted face-to-face training for more than 1,300 suppliers in 35 countries.

Source of the information:

-Supply chain Manmade cellulosic fibres

<https://www.inditex.com/itxcomweb/api/media/3a5aab7b-2f40-4d79-8fea-0588a514527c/Inditex+Supply+Chain+Man-Made+Cellulose+Fibres.pdf?t=1669910501346>

-Inditex Statement on Non-Financial Information 2022 – which is included in Inditex Group Annual Report 2022 – pages 138-139, 214-216, 321-322.

https://static.inditex.com/annual_report_2022/pdf/Inditex-group-annual-report-2022.pdf

-Inditex document 'Supply chain: management to transform the sector', pages 17-18.

https://www.inditex.com/itxcomweb/api/media/2470b4cc-6c80-4dfd-ba3d-63844acfeb45/Supply_chain_management_transform_sector.pdf?t=1678706473299

INDICATOR 4: RISK ASSESSMENT

4.1 details on how it conducts human rights supply chain risk or impact assessments that include forced labour risks or assessments that focus specifically on forced labour risks, including through

engaging with relevant stakeholders (such as civil society, unions, and workers or their representatives) in countries in which its suppliers operate;

4.2 details on forced labour risks identified in different tiers of its supply chains; and

[Inditex comments](#), answering to both indicator questions:

Our approach is based on developing due diligence processes to detect the potential impacts of our activities or relationships on human rights. This due diligence process is regularly reviewed in order to identify potential new human rights risks and adapt our strategy to prevent and remedy them. The analysis developed is specific to Inditex's supply chain; carried out as part of a global due diligence exercise.

In 2018 we conducted a due diligence process accompanied by the organisation Shift to draw up the Group's 2019-2022 Workers at the Centre strategy. During 2022, we have been working on developing the continuation of the strategy (2023-2025) where, as part of the process, we have updated our due diligence exercise. This is an ongoing process in which we have updated the exercise of identifying and prioritising with regard to human rights to focus on the Priority Impact Areas (PIAs) of the new Workers at the Centre strategy.

As a result of the updated due diligence exercise an evolution of the PIAs has been carried out in comparison with the previous strategy, incorporating all the potential impacts identified and subsequently prioritized. For this new strategy, impacts related to the environment and climate change have been incorporated more directly, ensuring a holistic perspective on respect for human rights, and incorporating aspects such as migration and climate change, just transition and the future of work. We will also be reinforcing the focus on vulnerable groups, such as women, migrants, people with disabilities or workers involved in the production of raw materials, etc., ensuring transversality across all Priority Impact Areas. The following Priority Impact Areas determined the new 2023-2025 Workers at the Centre strategy:

- Social dialogue
- Living Wages
- Health
- Respect
- Resilience

The due diligence result is materialised in maps that mirror the most relevant impacts on human rights in each of Inditex 12 clusters, which represent 98% of the Group's production in 2022.

As a basis for the due diligence exercise, various internal and external sources of information have been analysed, such as internal surveys, interviews with key partners such as IndustriALL or the International Labour Organization (ILO), information relating to audits of suppliers in the supply chain, analysis of legislation, trends or risk reports on human rights, etc.

Moreover, 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 drive the progress of sustainability across the supply chain of cotton, Inditex works with other organizations in the sector, such as Textile Exchange or Organic Cotton Accelerator, in addition to working with the ILO as previously mentioned.

Source of the information:

-Inditex Human Rights Report, pages 4, 10-11, 14-15.

<https://www.inditex.com/itxcomweb/api/media/18b89707-9a7e-48c2-9bbd-0270ebe21728/Human-Rights-2022.pdf?t=1680171448041>

-Inditex 2022 Workers at the Centre Report, pages 15, 18, 23, 48, 68, 84-89, 94-96.

<https://www.inditex.com/itxcomweb/api/media/9235c592-7d6c-4878-b891-36134c402e57/Workers+at+the+Centre+2022.pdf?t=1685097514063>

-Inditex Group Modern Slavery, Human Trafficking and Transparency in Supply Chain Statement FY2022, pages 7-8.

<https://www.inditex.com/itxcomweb/api/media/52d18a40-0c45-44b9-957e-3337ad554006/Inditex+Modern+Slavery+Act+2022.pdf?t=1689588015575>

-Inditex Statement on Non-Financial Information 2022 – which is included in Inditex Group Annual Report 2022 – pages 135, 221-223, 228-229, 232, 235-236.

https://static.inditex.com/annual_report_2022/pdf/Inditex-group-annual-report-2022.pdf

4.3 how it has consulted with relevant stakeholders (such as civil society, unions, and workers or their representatives) in steps taken to address the risks identified.

No further comments to add.

INDICATOR 5: DATA ON SUPPLY CHAIN RISKS

5.1 the percentage or number of supply chain workers who are women;

5.2 the percentage or number of supply chain workers who are migrant workers' and

5.3 the percentage or number of supply chain workers that are being paid a living wage.

[Inditex comments](#), answering to the three indicator questions:

Inditex gathers information about supply chain workers through its audits (which include KPIs such as (percentage of women, migrant workers and data around wages) and different projects carried out under the umbrella of Workers at the Centre strategy.,

In this sense, Inditex publishes the following KPIs related to these issues:

- Living Wages:
In 2022, 98,903 workers benefited through the different initiatives carried out, and 105 suppliers and factories were involved.
- Gender, Diversity and Inclusion:
In 2022 189,958 workers benefited through the different initiatives carried out, and 86 suppliers and factories were involved.
- Protection of Migrants and Refugees:
In 2022, 22,983 workers benefited through the different initiatives carried out, and 81 suppliers and factories were involved.

Source of the information:

-Inditex Statement on Non-Financial Information 2022 – which is included in Inditex Group Annual Report 2022 – pages 221, 214, 321.

https://static.inditex.com/annual_report_2022/pdf/Inditex-group-annual-report-2022.pdf

-Inditex 2022 Workers at the Centre Report, pages 35-38, 41-44, 48-56, 68-72.

<https://www.inditex.com/itxcomweb/api/media/9235c592-7d6c-4878-b891-36134c402e57/Workers+at+the+Centre+2022.pdf?t=1685097514063>

INDICATOR 6: PURCHASING PRACTICES

6.1 commits to responsible buying practices in its contracts with suppliers;

6.2 describes how it has adopted responsible purchasing practices in the first tier of its supply chains, which includes planning and forecasting, and how it ring-fences labour costs; and

6.3 discloses two quantitative data points demonstrating that it has responsible purchasing practices in place that address the risk of forced labour.

[Inditex comments](#), answering to the three indicator questions:

Regarding supplier contracts, at Inditex we ensure that only those suppliers and manufacturers that meet our sustainability standards and comply with our Code of Conduct form a part of our supply chain. To achieve this, even before they commence commercial relations with us, we carry out an initial verification of compliance with our requirements through pre-assessment audits. If a potential supplier or manufacturer is ranked as approved after this audit, they can receive orders from the Inditex buying teams and are subject to the standards provided in the Inditex Minimum Requirements document, which includes the mandatory social requirements (as well as environmental, product health and safety).

We are aware the way we interact and negotiate with suppliers and manufacturers determines our purchasing practices. Aspects such as strategic planning, product development, price negotiation, payment terms and delivery lead times must be taken into account from the standpoint of responsible purchasing practices, with the aim of obtaining living wages and improved labour conditions.

In this regard, we are working in partnership with the ACT (Action, Collaboration, Transformation) initiative and, as part of this framework, in March 2015 we signed a Memorandum of Understanding (MoU) with IndustriALL that guarantees our commitment to responsible purchasing practices.

Later on, in 2018, the members of ACT agreed to the following five commitments with regard to purchasing practices, which includes improved forecasting and planning.

Hence, Inditex brands undertake to:

- / Train all the employees directly related to the purchase in responsible sourcing and buying
- / Maintain the payment conditions that were contractually agreed upon
- / Improve planning and forecasting in the purchasing process
- / Identify the labour component in the price of a product
- / Implement a responsible exit strategy when the decision is made to stop working with a supplier or factory

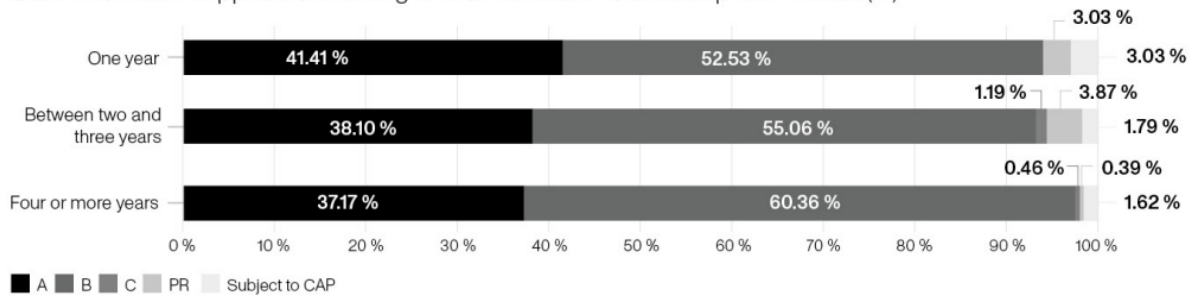
In addition, to help our buying teams make sustainable purchasing decisions, we have developed management systems that measure the performance of each supplier and each factory on social, environmental and product health and safety issues. We also run a social and environmental sustainability training programme for our employees to help them adopt best practices and buy responsibly.

On page 218 of the Group's 2022 Annual Report, it can be observed the increase of suppliers and manufacturers with rankings A and B, and 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 the manufacturers sustainability performance is.

Classification	2022		2021		2020		2019		2018	
	Number of suppliers ¹	Percentage	Number of suppliers	Percentage	Number of suppliers	Percentage	Number of suppliers	Percentage	Number of suppliers	Percentage
A	650	38%	653	37%	575	32%	784	40%	661	35%
B	1,018	59%	1,077	60%	1,152	64%	1,051	53%	1,045	56%
C	10	1%	18	1%	27	2%	44	2%	80	4%
Subject to CAP	30	2%	23	1%	24	1%	38	2%	47	3%
PR	21	1%	19	1%	27	1%	68	3%	33	2%
Total	1,729	100%	1,790	100%	1,805	100%	1,985	100%	1,866	100%

1. It includes suppliers with more than 20,000 purchase units in the 2022 spring/summer and autumn/winter campaign. Suppliers with purchase of less than 20,000 units represent 0.22%.

Classification of suppliers according to their business relationship with Inditex (%)



Source of the information:

-Inditex Statement on Non-Financial Information 2022 – which is included in Inditex Group Annual Report 2022 – pages 218, 224, 227.

https://static.inditex.com/annual_report_2022/pdf/Inditex-group-annual-report-2022.pdf

-Inditex 2022 Workers at the Centre Report, page 38.

<https://www.inditex.com/itxcomweb/api/media/9235c592-7d6c-4878-b891-36134c402e57/Workers+at+the+Centre+2022.pdf?t=1685097514063>

-Inditex's document 'Supply chain: management to transform the sector', page 15.

https://www.inditex.com/itxcomweb/api/media/2470b4cc-6c80-4dfd-ba3d-63844acfeb45/Supply_chain_management_transform_sector.pdf?t=1678706473299

-ACT MoU:

<https://actonlivingwages.com/who-we-are/#:~:text=Manager%2C%20Pentland%20Brands-,Memorandum,-of%20understanding>

-ACT Commitments and List of members:

<https://actonlivingwages.com/what-we-do/act-and-purchasing-practices/>
<https://actonlivingwages.com/who-we-are/list-of-members/>

- ACT Global Purchasing Practices Commitments:

<https://actonlivingwages.com/app/uploads/2021/04/ACT-Global-Purchasing-Practices-Commitments.pdf>

INDICATOR 7: RECRUITMENT-RELATED FEES

7.1 requires that no worker in its supply chains should pay for a job—the costs of recruitment-related fees should be borne not by the worker but by the employer ("Employer Pays Principle");

7.2 provides detail on the implementation of the Employer Pays Principle in its supply chains by demonstrating how it works to prevent the charging of fees to supply chain workers in different supply chain contexts; and

7.3 in the event that it discovers that fees have been paid by workers in its supply chains, provides evidence of re-payment of recruitment-related fees to workers. The company describes how it engages with affected workers in the remediation process.

[Inditex comments](#), answering to the three indicator questions:

Inditex Code of Conduct establishes that suppliers may not require their employees to make any kind of “deposits”, this includes recruitment fees. This information is verified through social audits, which are conducted periodically and regularly. 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.

Source of the information:

-Inditex Code of Conduct for Manufacturers and Suppliers, page 3.

https://www.inditex.com/itxcomweb/api/media/8cd88d29-0571-43d5-a6c3-a6c34671e4c1/inditex_code_of_conduct_for_manufacturers_and_suppliers.pdf?t=1655306501225

-Inditex Statement on Non-Financial Information 2022 – which is included in Inditex Group Annual Report 2022 – page 217.

https://static.inditex.com/annual_report_2022/pdf/Inditex-group-annual-report-2022.pdf

INDICATOR 8: RESPONSIBLE RECRUITMENT

8.1 discloses information on the recruitment agencies used by its suppliers; and

8.2 provides details of how it supports responsible recruitment in its supply chains (e.g. by collaborating with relevant stakeholders to engage policy makers to strengthen recruitment standards).

[Inditex comments](#), answering to both indicator questions:

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.

Social audits are conducted periodically and regularly, thus, in 2022, a total of 5,955 social audits were performed.

Furthermore, apart from the mechanisms we have in place towards responsible recruitment, we establish close and multi-directional partnerships with various organizations and institutions as we consider this is the way in which we can we advance in the sustainable transformation of our sector in particular, and of society and the planet in general.

For instance, in Türkiye, we work with various stakeholders, including the International Labour Organization (ILO), to improve management systems and business practices so as to prevent any human rights violations in the recruitment and employment of workers, including refugees.

Regarding the Sowbhagyam Project in the area of Tamil Nadu in India, 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.

Source of the information:

-Inditex Code of Conduct for Manufacturers and Suppliers, page 3.

https://www.inditex.com/itxcomweb/api/media/8cd88d29-0571-43d5-a6c3-a6c34671e4c1/inditex_code_of_conduct_for_manufacturers_and_suppliers.pdf?t=1655306501225

-Inditex Statement on Non-Financial Information 2022 – which is included in Inditex Group Annual Report 2022 – pages 138-139, 217.

https://static.inditex.com/annual_report_2022/pdf/Inditex-group-annual-report-2022.pdf

-Inditex 2022 Workers at the Centre Report, page 70.

<https://www.inditex.com/itxcomweb/api/media/9235c592-7d6c-4878-b891-36134c402e57/Workers+at+the+Centre+2022.pdf?t=1685097514063>

INDICATOR 9: FREEDOM OF ASSOCIATION

9.1 works with independent local or global trade unions and/or other legitimate worker representatives to improve freedom of association in its supply chains;

Inditex comments

One of our most significant relationships is with the international trade union federation IndustriALL, with which Inditex signed a Global Framework Agreement in 2007 that has been periodically renewed since then. Hence, in 2022, we signed a new protocol renewing and strengthening the Global Framework Agreement. Furthermore, this year we celebrated the 15th anniversary of this partnership, an important milestone for Inditex, as it is one of our most valuable tools for promoting worker participation, respect for freedom of association and collective bargaining.

Evidence of this engagement and its results are disclosed at the Group's 2022 Workers at the Centre Report and at IndustriALL Global Union webpage (for example: <http://www.industriall-union.org/inditex-gfa-unlocks-conflict-in-romania>).

To reinforce the promotion of collective bargaining, together with our Worker Participation and Living Wages Priority Impact Areas, we have been implementing a number of measures in our supply chain. For instance, we collaborate with ACT to promote collective bargaining in Bangladesh, Cambodia and Türkiye. In this last country Inditex has agreed an annex to the ACT MoU (Memorandum of Understanding) alongside other associated stakeholders on respecting and exercising freedom of association in Türkiye as a practical way to further implement the global freedom of association commitments set out in the MoU of ACT. The aim of this MoU is to create cooperation between IndustriALL Global Union and ACT member brands with a presence in Türkiye, in order to further consolidate respect for freedom of association and collective bargaining rights in the country, as a basis for conditions for strengthening social dialogue. This annex on freedom of association in Türkiye came into force on 15 August 2022.

Source of the information:

-Inditex 2022 Workers at the Centre Report, pages 17, 26, 37.

<https://www.inditex.com/itxcomweb/api/media/9235c592-7d6c-4878-b891-36134c402e57/Workers+at+the+Centre+2022.pdf?t=1685097514063>

-Inditex Statement on Non-Financial Information 2022 – which is included in Inditex Group Annual Report 2022 – pages 224-226.

https://static.inditex.com/annual_report_2022/pdf/Inditex-group-annual-report-2022.pdf

9.2 discloses that it is party to a global framework agreement that covers its supply chains and/or an enforceable supply chain labour rights agreement with trade unions or worker organisations; and

No further comments to add.

9.3 discloses the percentage of supply chains covered by collective bargaining agreements.

In 2022, we worked with a total of 1,729 direct suppliers located in 50 markets who, in turn, used 8,271 factories. Information regarding the factories in our supply chain which are covered by collective bargaining agreements is disclosed in our 2022 Workers at the Centre Report.

Geographic Area	Factories covered by collective bargaining agreements	
	2022	2021
Africa	29	32
Americas	37	22
Asia	127	118
Europe outside the EU	53	44
European Union	1,706	1,620

Source of the information:

-Inditex 2022 Workers at the Centre Report, page 37.

<https://www.inditex.com/itxcomweb/api/media/9235c592-7d6c-4878-b891-36134c402e57/Workers+at+the+Centre+2022.pdf?t=1685097514063>

-Inditex Statement on Non-Financial Information 2022 – which is included in Inditex Group Annual Report 2022 – page 214.

https://static.inditex.com/annual_report_2022/pdf/Inditex-group-annual-report-2022.pdf

INDICATOR 10: GRIEVANCE MECHANISM

10.1 takes steps to ensure a formal mechanism to report a grievance to an impartial entity regarding labour conditions in the company's supply chains is available to its suppliers' workers and their legitimate representatives across supply chain tiers; and

10.2 discloses data about the practical operation of the mechanism, such as the number of grievances filed, addressed, and resolved; and

10.3 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.

[Inditex comments](#), answering to the three indicator questions:

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.

Our main grievance mechanism is the Ethics Line. It is a strictly confidential channel through which all Group employees, manufacturers, suppliers or third parties with direct dealings or legitimate commercial or professional interest may, regardless of their hierarchical level and geographic or functional location, and even anonymously:

- Raise queries and/or doubts on the construction or enforcement of the Code of Conduct and Responsible Practices and the Code of Conduct for Manufacturers and Suppliers, and any other internal conduct regulations that fall within the purview of the Ethics Committee.
- Report breaches by employees, manufacturers or third parties engaged in an employment, business or direct professional relationship with Inditex, of the Codes of Conduct and/or other internal conduct regulations, which fall within the remit of the Ethics Committee affecting Inditex.

Any corruption, fraud and bribery-related breach and/or irregularity may also be reported.

The Ethics Line is communicated in the Code of Conduct for Manufacturers and Suppliers, which all factories must have available and visible to all its workers. This is verified through our social audits, which are carried out periodically and regularly at each supplier and factory in our supply chain to ensure that the fundamental rights of the workers are upheld.

The Ethics Committee is the internal body in charge of overseeing the proceedings of the Ethics Line and compliance with its procedure, pursuing any investigations that may be necessary. The operation of the Ethics Line is set out in the Ethics Line Procedure.

All the information regarding the Ethics Committee and the Ethics Line is available on our intranet and on our corporate website (www.inditex.com), under the Ethical Commitment tab which provides direct access to this channel.

In 2022, the Ethics Committee received 392 concerns of which a total of 312 were processed. The remaining 80 were concerns classified as being beyond the scope of the Ethics Committee's authority.

The Group is transparent on how the Ethics Line works, so as to ensure it is a trusted mechanism:

How the Ethics Line works

1. Concerns

The party concerned reports an incident.
canaletico@inditex.com / ethicsline@inditex.com / postal mail.

2. Management

The Ethics Committee acknowledges receipt and decides whether to accept or disregard the concern.

3. Investigation

The Ethics Committee launches an investigation, in collaboration, where applicable, with other areas.

4. Measures

After hearing the party concerned, the Ethics Committee will resolve:

- / To close proceedings where no breach exists; or
- / The existence of an infraction, deciding on its severity and the advisability of adopting disciplinary measures and/ or complementary actions.

In the event of breach and, unless the Ethics Committee decides to directly exercise this power, the measures will be determined by the competent department or area based on the severity of the infraction and other circumstances. Such measures may consist of:

- / Immediate correction of the breach and adoption of measures to remedy and prevent future breaches;
- / Disciplinary measures (from a simple warning or admonishment, to dismissal).

Furthermore, another important formal mechanism is the one established under the umbrella of our Global Framework Agreement with the IndustriALL Global Union federation of industry trade unions. Thanks to the Global Framework Agreement, in force since 2007, we reach out to workers in the supply chain through their representatives to promote social dialogue. In 2022, we signed a new protocol renewing and strengthening the Global Framework Agreement with IndustriALL Global Union. The aim of the Framework Agreement is 'to

guarantee respect for human rights in the social and labour environment by upholding labour standards throughout the Inditex supply chain'. It covers all the factories that form part of the Inditex supply chain and employ millions of workers worldwide.

Source of the information:

-Inditex Human Rights Report, pages 21-22.

<https://www.inditex.com/itxcomweb/api/media/18b89707-9a7e-48c2-9bbd-0270ebe21728/Human-Rights-2022.pdf?t=1680171448041>

-Inditex Statement on Non-Financial Information 2022 – which is included in Inditex Group Annual Report 2022 – pages 275-280.

https://static.inditex.com/annual_report_2022/pdf/Inditex-group-annual-report-2022.pdf

-Ethics Line procedure:

<https://www.inditex.com/itxcomweb/api/media/39a31b15-8d8e-4a4d-b2d4-2e62a1e43301/Ethics+Line+Procedure.pdf?t=1685692039195>

-Inditex Group Modern Slavery, Human Trafficking and Transparency in Supply Chain Statement FY2022, pages 2, 11-12.

<https://www.inditex.com/itxcomweb/api/media/52d18a40-0c45-44b9-957e-3337ad554006/Inditex+Modern+Slavery+Act+2022.pdf?t=1689588015575>

INDICATOR 11: MONITORING

11.1 its methodology for monitoring the implementation of its supply chain policies addressing forced labour;

11.2 the findings of monitoring reports, including details regarding any violations revealed in relation to forced labour and indicators of forced labour, across supply chain tiers; and

11.3 the use of worker-driven monitoring (i.e., monitoring undertaken by independent organisations that includes worker participation and is guided by workers' rights and priorities).

[Inditex comments](#), answering to the three indicator questions:

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, 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.

Pre-assessment audits are carried out even before the supplier starts a commercial relation with us. They may be carried out by internal or external auditors but are always unannounced and include a visit to their facilities, hence being on-site interviews. If a potential supplier or manufacturer is ranked as approved after this audit, they can receive orders from the Inditex buying teams and are subject to the standards provided in the Inditex Minimum Requirements document, which includes the mandatory social requirements (as well as environmental and product health and safety).

If the pre-assessment audit has been approved, on-site social audits are carried out periodically and regularly at each supplier and factory in our supply chain. These audits can be carried out by internal or external auditors but are always unannounced and include a site visit where, for instance, worker accommodation is assessed among other requirements pertaining to the CCMS.

Each audit includes tools, inter alia, to identify any form of forced labour, and to verify issues such as worker accommodation, employment documentation, freedom of movement and the termination of agreements, the

use of agents for recruiting staff and their relationship with the workers, including any potential payment of hiring fees, among others. In 2022, a total of 5,955 social audits were performed on factories in our supply chain.

Our social audit methodology was designed in 2007 in partnership with various prestigious organizations in the field (i.e., the former International Textile, Garment and Leather Worker’s Federation - currently integrated in IndustriALL Global Union, among others). It has been updated several times and primarily includes a review of documentation, review of the facility and an interview with workers. With regard to the latter, based on the auditor’s judgement to assure the proper conduct of the interview, this may be carried out outside the factory.

The findings of our monitoring reports reveal the following results in terms of the % compliance with the CCMS in the active factories of suppliers with purchase in 2022. Please note, this monitoring is conducted to all active factories, hence, it is not limited to just the first tier.

	Africa	Americas	Asia	Europe outside the EU	European Union
No forced labour	Over 90%	Over 90%	Over 90%	Over 90%	Over 90%
No work by youths or child labour ¹	Over 90%	Over 90%	Over 90%	Over 90%	Over 90%
No discrimination	Over 90%	Over 90%	Over 90%	Over 90%	Over 90%
Respect for freedom of association and collective bargaining	Between 70% and 90%	Between 70% and 90%	Between 70% and 90%	Between 70% and 90%	Between 70% and 90%
No harsh or inhumane treatment	Over 90%	Over 90%	Over 90%	Over 90%	Over 90%
Hygiene at work	Over 90%	Over 90%	Over 90%	Over 90%	Over 90%
Wage compliance	Over 90%	Over 90%	Over 90%	Over 90%	Over 90%
Working hours	Over 90%	Over 90%	Over 90%	Over 90%	Over 90%
Environmental awareness	Over 90%	Over 90%	Over 90%	Over 90%	Over 90%
Regular work	Over 90%	Over 90%	Over 90%	Over 90%	Over 90%
Implementation of the Code ²	Over 90%	Over 90%	Over 90%	Over 90%	Over 90%

1. Includes the lack of suitable systems for verifying the age of workers.
2. Includes the lack of suitable systems for registering and communicating with workers.



Furthermore, beyond social audits which already assess compliance of our supply chain with fundamental aspects covered in our CCMS – which include those to address forced labour – at Inditex we also conduct audits to assess specific aspects. These visits may be focused on aspects related to forced labour in case a breach of our codes and/or standards is detected in this regard.

Moreover, as part of our Global Framework Agreement with IndustriALL Global Union, independent monitoring also takes place. Access to work centres and collaboration on the ground between our local teams and IndustriALL affiliates are elements included in the agreement. For instance, with regard to the latter, in 2022 we continued our workplace visits with IndustriALL and its local affiliates in Tunisia (UGTT) and Morocco (UMT and CDT) in the MENA region, which have been reinforced following the signing of the Protocol for the implementation of the Global Framework Agreement between IndustriALL Global Union and Inditex in 2022, and which includes the ‘Procedure for the exercise of trade union access to supplier factories in the Inditex production chain’. These activities regarding access to Inditex work centres will be continued at the request of IndustriALL affiliates, in accordance with the Global Framework Agreement and the Protocol and procedure that support it.

Source of the information:

-Inditex document ‘Supply chain: management to transform the sector’, pages 20-22.
https://www.inditex.com/itxcomweb/api/media/2470b4cc-6c80-4dfd-ba3d-63844acfeb45/Supply_chain_management_transform_sector.pdf?t=1678706473299

-Inditex Group Modern Slavery, Human Trafficking and Transparency in Supply Chain Statement FY2022, pages 9-10.
<https://www.inditex.com/itxcomweb/api/media/52d18a40-0c45-44b9-957e-3337ad554006/Inditex+Modern+Slavery+Act+2022.pdf?t=1689588015575>

-Inditex Statement on Non-Financial Information 2022 – which is included in Inditex Group Annual Report 2022 – pages 217-219.

https://static.inditex.com/annual_report_2022/pdf/Inditex-group-annual-report-2022.pdf

-Inditex 2022 Workers at the Centre Report, pages 28-29.

<https://www.inditex.com/itxcomweb/api/media/9235c592-7d6c-4878-b891-36134c402e57/Workers+at+the+Centre+2022.pdf?t=1685097514063>

INDICATOR 12: REMEDY AND RESPONSE TO ALLEGATIONS

A (1) a process for responding to potential complaints and/or reported violations of policies that address forced labour and how it engages affected stakeholders as part of this process; and

No further comments to add.

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

We work closely with stakeholders to address the shared challenges throughout the supply chain, and we stand close to workers to understand their needs and provide them with the necessary tools for their empowerment, participation and well-being, hence remedying the aspects that may arise.

Our Workers at the Centre strategy emerged from the ongoing analysis and assessment of our supply chain, and it comprises seven Priority Impact Areas, as mentioned in previous indicator questions., these are: Worker Participation; Living Wages; Gender, Diversity and Inclusion; Occupational Health and Safety; Protection of Migrants and Refugees; Social Protection; and Protection of Labour Rights in the Production of Raw Materials. As part of the strategy and for each of the PIAs, the Group implements various projects so as to contribute to the remediation/promotion of related aspects identified.

Furthermore, Inditex carries out different remediation alone or in collaboration with different stakeholders. Please see below two remediation cases which are publicly available at Business and Human Rights Resource Centre website:

Example 1: <https://www.business-humanrights.org/en/latest-news/inditexs-response-re-allegations-of-union-busting-in-its-supplier/>

Example 2: <https://www.business-humanrights.org/en/latest-news/inditexs-response-3/>

Moreover, as previously explained, we conduct social audits at the factories in our supply chain to verify compliance with the Code of Conduct for Manufacturers and Suppliers. In this context, based on the audit results, each social audit triggers the instant application of a Corrective Action Plan (CAP) that includes measures that the supplier must apply to improve its degree of compliance with the Code of Conduct, with more or less stringent implementation periods depending on the non-compliances detected. In 2022, 487 social Corrective Action Plans were conducted. 292 of these plans were carried out in factories with a 'Subject to CAP' rating, and 195 in factories with other ratings.

Source of the information:

-Inditex 2022 Workers at the Centre Report, pages 4-8.

<https://www.inditex.com/itxcomweb/api/media/9235c592-7d6c-4878-b891-36134c402e57/Workers+at+the+Centre+2022.pdf?t=1685097514063>

-Inditex document 'Supply chain: management to transform the sector', page 21.

https://www.inditex.com/itxcomweb/api/media/2470b4cc-6c80-4dfd-ba3d-63844acfeb45/Supply_chain_management_transform_sector.pdf?t=1678706473299

-Inditex Statement on Non-Financial Information 2022 – which is included in Inditex Group Annual Report 2022 – pages 219, 221-236.

https://static.inditex.com/annual_report_2022/pdf/Inditex-group-annual-report-2022.pdf

Allegation 1:

Headline: Sourcing linked to allegations of Uyghur forced labour

Suppliers: Huafu Top Dyed Melange Yarn, Shandong Zoucheng Guosheng

Summary: The Australian Strategic Policy Institute (ASPI) reports that between April 2017 and June 2018, 2,048 Uyghur workers were transferred from Xinjiang to 15 factories in Anhui Province including supplier, Huafu Top Dyed Melange Yarn Co. Ltd. The ASPI states that Chinese media reports that the supplier's long-term customers include Zara, an Inditex brand. It further reports that in November 2019 a factory of Shandong Zoucheng Guosheng, "claimed to have brought over 3,500 jobs to Xinjiang." Shandong Zoucheng Guosheng is owned by Jiangsu Guotai Guosheng Co. Ltd. The ASPI reports that "a US-based international textiles business platform" states that Jiangsu Guotai Guosheng supplies to companies including Zara, owned by Inditex.

Source: Australian Strategic Policy Institute (March 2020), "Uyghurs for sale," https://ad-aspi.s3.ap-southeast-2.amazonaws.com/2022-10/Uyghurs_for_sale-11OCT2022.pdf?VersionId=N2JQOako7S4OTiSb6L7kKE5nY2d_LD25

In addition, where an allegation is identified in a company's supply chains:

B.1.1 that it engages in a dialogue with the stakeholders reportedly affected in the allegation(s)

B.1.2 outcomes of the remedy process in the case of the allegation(s); and

B.1.3 evidence that remedy(ies) are satisfactory to the victims or groups representing the victims.

[Inditex comments](#), answering to all three previous points:

At Inditex, we seriously analyse any information related to abusive or inappropriate practices at any link in the textile sector supply chain, and we put the necessary mechanisms to prevent or remedy them into practice.

In 2022, based on our due diligence processes and in collaboration with various organisations, we continued to work to ensure the absence of forced labour – on which we have a zero-tolerance approach – as well as to ensure compliance with international standards and our Code of Conduct for Manufacturers and Suppliers also in the raw materials supply chain. Inditex has developed and applies strict policies and actions with the ultimate goal of fostering respect for the human rights of all workers in our supply chain.

Our audit programme, together with the projects and programmes of the Workers at the Centre 2019-2022 social strategy, and our close and permanent partnership with certain stakeholders, such as the Ethical Trading Initiative and the ILO, strengthen our commitment to the prevention of forced labour. In this regard, we remain committed to the process of involvement and dialogue with relevant stakeholders (both local and international) in order to identify opportunities to prevent negative impacts on workers' lives.

More information which evidences this information can be found at:

-Inditex Group Modern Slavery, Human Trafficking and Transparency in Supply Chain Statement FY2022

<https://www.inditex.com/itxcomweb/api/media/52d18a40-0c45-44b9-957e-3337ad554006/Inditex+Modern+Slavery+Act+2022.pdf?t=1689588015575>

-Inditex Code of Conduct for Manufacturers and Suppliers, page 3.
https://www.inditex.com/itxcomweb/api/media/8cd88d29-0571-43d5-a6c3-a6c34671e4c1/inditex_code_of_conduct_for_manufacturers_and_suppliers.pdf?t=1655306501225

-Inditex 2022 Workers at the Centre Report.
<https://www.inditex.com/itxcomweb/api/media/9235c592-7d6c-4878-b891-36134c402e57/Workers+at+the+Centre+2022.pdf?t=1685097514063>

-Inditex Statement on Non-Financial Information 2022 – which is included in Inditex Group Annual Report 2022 – pages 217, 221-236.
https://static.inditex.com/annual_report_2022/pdf/Inditex-group-annual-report-2022.pdf

Where an allegation is identified in the company’s supply chains, but is denied by the company:

B.2.1 a description of what actions it would take to prevent and remediate the alleged impacts; and

N/A

B.2.2 as part of this process, it would engage with affected stakeholders and their representatives.

N/A

NON-SCORED RESEARCH

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.

Yes.

-2022 Inditex Modern Slavery in Supply Chain Statement:
<https://www.inditex.com/itxcomweb/api/media/52d18a40-0c45-44b9-957e-3337ad554006/Inditex+Modern+Slavery+Act+2022.pdf?t=1689588015575>

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.

Yes.

-2022 Inditex Modern Slavery in Supply Chain Statement:
<https://www.inditex.com/itxcomweb/api/media/52d18a40-0c45-44b9-957e-3337ad554006/Inditex+Modern+Slavery+Act+2022.pdf?t=1689588015575>

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

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

Yes.

-2022 Inditex Modern Slavery in Supply Chain Statement:
<https://www.inditex.com/itxcomweb/api/media/52d18a40-0c45-44b9-957e-3337ad554006/Inditex+Modern+Slavery+Act+2022.pdf?t=1689588015575>

High Risk Sourcing

Please indicate whether your company sources any of the below high-risk raw materials. 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.

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

Rubber consumption is not significant, as it represents <1% of Inditex's total consumption in 2022.

Please indicate whether your company sources from any of the below high-risk locations.

- Argentina YES
- Bangladesh YES
- Brazil YES
- China YES
- Ethiopia YES
- India YES
- Malaysia **YES**
- Nepal
- North Korea
- Thailand
- Vietnam YES