

INDITEX

Inditex Group Modern Slavery and
Human Trafficking in Supply Chain
Statement FY2023

The Group has an Audit and Compliance Committee which is responsible for overseeing and assessing financial and non-financial risks, such as those arising from the Group's actions in relation to its social, environmental and other sustainability practices, including those related to human rights.

Inditex also relies on a Social Advisory Board, a collegiate body composed of external independent members, which advises it on sustainability issues. The Social Advisory Board plays a key role in the relationship with stakeholders, as it is responsible for formalizing the dialogue with the key representatives of the societies where Inditex conducts its business.

Furthermore, the Ethics Committee, which reports to the Board of Directors through the Audit and Compliance Committee, oversees compliance with standards of conduct, in particular, the Group's Code of Conduct and 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, the Due Diligence procedures and the grievance mechanisms represent the first, second and third pillars of the Group's Human Rights strategy respectively.

Inditex Group's Sustainability teams are tasked with managing and coordinating all the Group's activities aimed at ensuring compliance with the Code of Conduct for Manufacturers and Suppliers throughout the entire supply chain.

2. Inditex Supply Chain

Manufacturing and procurement of the Group are based on socially and environmentally responsible management of the supply chain. Thus, decent working conditions are promoted for all workers at our suppliers and manufacturers.

Our supply chain is present globally, organised through 10 clusters of suppliers: spaces for cooperation and dialogue that aim to promote sustainable production environments in each strategic geographic area and in a framework of respect for Human and Labour rights, although a significant part of the cutting, sewing, dyeing, washing, printing or finishing factories that manufactured its garments in are located in Spain or neighbouring countries like Portugal, Morocco and Türkiye. Every supplier and factory that makes up the Group's supply chain is bound to abide by the values and ethical behaviour principles that are central to the Group.

In this regard, the Company's commitment to the responsible management of its supply chain requires identifying working areas where Inditex can contribute to improving the conditions of the industry in each market where Inditex operates, creating sustainable production environments. Inditex meets this challenge by setting and implementing policies aligned with Human Rights and the fundamental labour standards. Inditex also establishes monitoring and direct cooperation tools with its suppliers and takes part in multilateral dialogue with organizations and institutions in the field.

In 2023 we had 1,733 direct suppliers¹ in 45 markets, who created our products at 8,123 factories² and generated more than three million jobs.

We see traceability as our ability to identify and trace the history, application, location and distribution of products, parts and materials, in keeping with Recommendation No. 46 of the United Nations Economic Commission for Europe³.

Accordingly, we have traceability management and assessment programmes. We are also working on deepening the traceability of raw materials, as achieving full traceability of our entire supply chain is one of the challenges facing our industry.

Our traceability ecosystem allows us to compile and evaluate information concerning the traceability of our products. Specifically, it helps us to ascertain in which production facilities our articles were created and to certify the use of more responsible materials.

Our Traceability Requirements, developed in 2022, are among the foremost tools in this regard. In 2023 we worked on adapting our monitoring and assessment systems in connection with these requirements, which reflect our suppliers' traceability obligations. For a start, our suppliers must know their supply chain and work only with manufacturers and intermediaries that comply with our sustainability standards and that have been previously assessed and approved by Inditex. They must also report which facilities and intermediaries are involved in each production process, from fibre or yarn to the final garment for each order. This information should include both their own facilities and those contracted by them or by third parties.

To facilitate the implementation of these requirements and to help our suppliers improve their traceability processes, we use our In.Trust management system to ease the process whereby our suppliers provide information on their supply chain.

We use various control mechanisms operating in parallel to verify compliance with our traceability requirements:

- Designation control check: we check that our suppliers have provided information about their supply chain before deadline.
- Review of certificates: we check raw material certificates before approving them.
- Traceability audits: we verify the information provided by our suppliers on site, through unannounced visits to the production facilities. This allows us to check the production processes, the production in progress and the ones completed.

In 2023, 12,100 traceability audits were conducted. To ensure the understanding and proper application of our traceability requirements, over the past year we have conducted training to more than 300 suppliers in 20 markets.

Find out more on pages 341 et seq. of [Inditex Group's 2023 Statement on Non-Financial Information](#).

¹ Figures include suppliers with more than 20,000 production units in the 2023 summer and winter campaigns, based on the primary data extracted from the Company's systems (suppliers with production of less than 20,000 units represent 0.19%).

² Figures include factories declared by the suppliers with more than 20,000 production units in the 2023 summer and winter campaigns in the manufacturer's management system for 2023 orders.

³ Recommendation No. 46 of the United Nations Economic Commission for Europe: Enhancing traceability and transparency of sustainable value chains in the garment and footwear sector.

3. Policies and commitments

Internal Responsibility and Certification

Inditex applies a zero-tolerance policy on modern slavery, human trafficking and any form of forced labour.

3.1. Policies and Internal Regulations

3.1.1. Policy on Human Rights of Inditex Group

Inditex Group's Human Rights Policy was approved by the Board of Directors on 12 December 2016, following a favourable report of the Audit and Compliance Committee (formerly, the Audit and Control Committee) and the Social Advisory Board, which represents the Group's stakeholders. It was recently updated in February 2024.

In the framework of the United Nations Guiding Principles on Business and Human Rights, the Policy on Human Rights defines Inditex's stance regarding its commitment to respect internationally recognized human rights and sets out the values and principles which guide its activities.

Notwithstanding its commitment to all Human Rights, Inditex has identified those rights more directly related to its value chain, based upon the review of its business model and the expectations of its stakeholders.

Rejection of forced labour is one of the focal points singled out in the Inditex Human Rights Policy. In this regard, such Policy reads: *"The Inditex Group 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 the Group. 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."*

Furthermore, child labour is also rejected: The Inditex Group respects children's rights and rejects child labour, pursuant to the provisions of ILO Convention 138 and in accordance with the minimum working age under the relevant regulations of each country. No one under the age of 16 will be hired by the Group, unless not doing so would constitute a violation of the applicable local regulations. Likewise, pursuant to its Code of Conduct for Manufacturers and Suppliers, the Group forbids its suppliers and/or manufacturers to hire anyone under the age of 16. Moreover, Inditex advocates the children's right to education, in line with the Children's Rights and Business Principles of the United Nations Children's Fund (UNICEF)."

Compliance with Inditex's Human Rights Policy is mandatory for the whole Group and it is enforced on third parties associated with Inditex. It has been disclosed to the different departments of the Group and it is available to all the employees on the Group's intranet as well as on the corporate website (www.inditex.com). The enforcement of the Policy involves implementing and executing due diligence processes which allow Inditex to assess and, where appropriate, regularly identify current and/or potential impacts in the field of Human Rights. Appropriate measures are also taken to prevent, monitor, mitigate or remedy any potential negative consequences and foster positive impacts throughout the entire supply chain.

The Policy on Human Rights can be found [here](#).

3.1.2. Sustainability Policy of Inditex Group

The Sustainability Policy provides for the Company's principles in its

relations with stakeholders and weaves sustainability practices into the business model. Moreover, it is a tool that strengthens our commitment to sustainable development and human rights as it helps ensure that our activities are respectful of people, the environment and the community. The Sustainability Policy was approved by the Board of Directors on 14 December 2020 and updated on 3 November 2022.

The Policy addresses:

- The principles which govern the Group's sustainability.
- Integration of sustainability within the business model and the pillars upon which value is built up.
- The main stakeholders of the Group and the principles which govern its relations with each of them.
- The principles that guide disclosure of sustainability practices. Permanent dialogue and transparency are the core principles that govern Inditex's relations with its stakeholders.

The Sustainability Policy can be found [here](#).

3.1.3. Code of Conduct of Inditex Group

The Inditex Group's Code of Conduct (also known simply as the "Code") is the document that establishes the Group's ethical commitments and principles of action that should guide relations between people in the Group and the relations between them and the various stakeholders anywhere in the world, such as customers, suppliers, shareholders and the communities in which we operate. The Code is mandatory for all employees, including Senior Management, and the members of the management bodies of the companies that make up the Group. The Code strengthens awareness and enforcement of Inditex's ethical culture, deeply rooted in respecting Human and Labour Rights and in the effective inclusion of all employees, respecting their diversity.

During the 2023, we completed the review and update process of the former 'Code of Conduct and Responsible Practices' approved in 2012, which was initiated in the previous year. One of the aims of this review process has been to ensure that the Code of Conduct reflects the corporate ethical culture and the commitments undertaken by Inditex in different spheres; responds to the new regulatory realities and challenges faced by the Company; and reflects the diversity, global nature and multiculturalism of Inditex Group. The text has been reviewed with all markets in which the Inditex Group has subsidiaries, with external advisors from multiple jurisdictions and with the Inditex's Social Advisory Board, as the main liaison with the Group's various stakeholders. In addition, as part of this process, the European Works Council was informed. The review process culminated on 6 February 2024, with the approval of the Code by the Board of Directors.

The Code of Conduct can be found [here](#).

3.1.4. Code of Conduct for Manufacturers and Suppliers of Inditex Group

The Code of Conduct for Manufacturers and Suppliers was approved by the Board of Directors in 2001 and amended in 2012. It is enforced across the entire supply chain, including all tiers and processes and establishes the framework that governs their relationships with Inditex.

Before commencing work for Inditex, all suppliers, in order to be part of the Inditex's supply chain, must first accept and undertake to meet (and to enforce compliance by the facilities they work with) the Inditex Minimum Requirements (IMRs). The IMRs include compliance with

the Inditex Code of Conduct for Manufacturers and Suppliers and the Human Rights Policy, -among other policies and standards- which explicitly prohibits slavery and human trafficking, and it is based on applicable national laws and international standards in the field, with which our suppliers and manufacturers must comply.

The first section of the Code of Conduct for Manufacturers and Suppliers provides that: *"Inditex shall not allow any form of forced or involuntary labour in their manufacturers and suppliers. They may not require their employees to make any kind of "deposits", nor are they entitled to retain employees' identity documents. Manufacturers shall acknowledge the right of their employees to leave their employer after reasonable notice."*

The Code of Conduct for Manufacturers and Suppliers specifies that *"aspects related to such limitations will be governed by Conventions 29 and 105 of International Labour Organization (ILO)"*.

The Code also states that Manufacturers and Suppliers shall not employ minors. Inditex defines minors as those persons who have not yet reached their 16th birthday. In cases where local legislation stipulates a higher minimum age, the higher limit shall apply. Persons with the ages between of 16 and 18 years will be considered young workers. Young workers shall not work during night hours or in hazardous conditions.

Specifically, aspects related to prohibition of child labour will be developed according to Conventions 138 and 182 of the International Labour Organization (ILO).

The Code of Conduct for Manufacturers and Suppliers can be found [here](#).

3.1.5. Criminal Risks Prevention Model

As part of the Global Compliance Model, Inditex relies on a Criminal Risk Prevention Model, aimed at preventing and managing the risks related to the potential commission of offences under Spain's Criminal Code, including those related to human trafficking. This Model, in constant evolution and adaptation, is made of the Criminal Risk Prevention Policy and the Procedure, as well as the Criminal Risk and Control Matrix (criminal risk map).

In this regard, the Policy on Criminal Risk Prevention was approved by the Board of Directors on 19 July 2016, following a favourable report of the Audit and Compliance Committee (formerly, the Audit and Control Committee).

The Policy describes the Criminal Risk Prevention Model, the potential criminal risks that the Group may be exposed to on account of its operations and, in particular, the measures the Group has put in place to prevent the commission of any criminal offences, including offences related to human trafficking.

The Criminal Risk Prevention Policy can be found [here](#).

Find out more about our policies [here](#).

3.2. Commitments and Initiatives

3.2.1. The Ten Principles of United Nations Global Compact

Since 2001, Inditex has been a signatory of the United Nations Global Compact and it commits to respect and promote its ten universally recognized principles, which include, among others, (4) the elimination of all forms of forced and compulsory labour and (5) the effective abolition of child labour.

3.2.2. Commitment to the Sustainable Development Goals (SDGs)

Inditex is fully committed to sustainability and respect for human rights throughout its value chain. In this regard, Inditex has committed to the 17 Sustainable Development Goals (SDGs). Inditex's sustainable strategy is aligned with the commitment to working towards the objectives set by the SDGs for 2030, which include decent work and the abolition of child labour, modern forms of slavery and human trafficking.

3.2.3. Ethical Trading Initiative (ETI)

Inditex has been a member of this dialogue platform to improve working conditions of workers since October 2005. ETI is an alliance of companies, international trade unions, and non-governmental organizations. ETI's Base Code covers any manner of forced labour. Individual and collective initiatives to eradicate modern slavery are encouraged by the organization.

3.2.4. Global Framework Agreement with IndustriALL

Since signing the Global Framework Agreement in 2007 and renewing it, first in 2014 and then 2019, we have been able to cement a set of principles based on transparency and worker empowerment, further strengthening the role played by IndustriALL Global Union affiliates in the various supplier markets. The Agreement includes a protocol, signed in 2022, that fosters social dialogue by establishing mechanisms –such as procedures for access to work centres– that strengthen the role of local trade unions and advance towards a better understanding of supply chain workers' needs.

3.2.5. UNI Global Union

100% of the Inditex Group employees are covered by the Global Agreement signed with UNI in 2009 for the implementation of fundamental labour rights and decent work, with UNI Global Union (UNI). UNI is a network of trade unions in the trade and retail sector, which encompasses more than 900 trade unions worldwide and represents more than 20 million workers.

3.2.6. Public-Private Partnership with the International Labour Organization (ILO)

Entered into in 2017 and renewed in 2023, the Partnership is aimed at the joint promotion between Inditex and ILO of respect for the fundamental principles and labour rights in the supply chain of the cotton sector, engaging in skill-building and raising awareness among cotton communities.

3.2.7. ILO's Better Work Programme

The Better Work Programme is a platform to improve compliance with labour regulations and competitiveness of global supply chains. Inditex has been a member since October 2007. On 9 October 2013, Inditex and Better Work entered into a specific collaboration agreement whereby Inditex became a direct buyer partner of the programme.

3.2.8. Participation in Shift's Business Learning Programme

Shift is a non-profit organization specializing in human rights, Inditex is part of its Business Learning Programme, a leading programme in the field that involves companies of all sectors willing to work towards implementing the UN Guiding Principles on Business and Human Rights.

3.2.9. United Nations High Commissioner for Refugees (UNHCR)

Inditex and UNHCR have been working together since 2020 with the common goal of meeting the clothing needs of refugees and internally displaced people. Through this strategic partnership, Inditex, in collaboration with its suppliers, supports UNHCR in its task of sheltering refugees who have been forced to abandon their homes and helping to restore their dignity.

3.2.10. Tent Partnership for Refugees

Founded by Tent Foundation, a non-profit organisation, this is a global network of more than 200 companies that seeks to mobilise the private sector to create partnerships to improve the lives of refugees.

3.2.11. Country partnership for zero child poverty (*Alianza país por la pobreza infantil cero*)

This initiative, fostered by the Spanish Government's High Commissioner against Child Poverty, is aimed at encouraging the engagement in and the creation of partnerships between all social actors to work towards a common mission: a Spain in which all children and teenagers have the same opportunities for the future, regardless of the conditions into which they are born. Inditex joined the Partnership in January 2021.

Find out more about our commitments and initiatives [here](#).

4. Due diligence process

Due diligence process is the second pillar of Inditex's human rights strategy (the Policy on Human Rights is the first, and grievance mechanisms, the third).

Due diligence is the process used for identifying potential negative impacts on human rights across the Company's value chain and their subsequent prioritization, to integrate the findings into the different processes of the Group. This process is permanently updated to bolster the strategy, in coordination with our stakeholders.

Inditex's view with respect to the scope of the human rights strategy coincides with that of the UN Guiding Principles: it must cover the entire value chain. This means identifying and prioritising potential impacts so as to incorporate the findings into our activities, designing tools to prevent and mitigate them, and continuously enriching and complementing these tools.

The creation of these processes involves all the key areas of the Company, such as Human Resources, Risk Management or Compliance, and they are constantly reviewed and updated.

In line with the principles and criteria for action established in the Code of Conduct for Manufacturers and Suppliers, at Inditex we are firmly committed to preventing compliance risks from third parties with whom Inditex maintains a direct business relationship.

In this regard, the Due Diligence Policy, approved by the Board of Directors in September 2019, is designed to align the relationships with our business partners, suppliers and large customers, with the processes described in the international standard *ISO 37001 Anti-Bribery Management Systems in organisations*, as well as the regulations and the most stringent standards on anti-corruption. The due diligence process regulated by the Policy consists of the identification and analysis of all suppliers, business partners and third parties with whom Inditex engages in business relations, from the perspective of corruption, fraud, international trade sanctions and/or any other risks of a similar nature.

Since the beginning of the FY20, all third parties that initiate a commercial and/or professional relationship with Inditex are subject to a due diligence process, which is more demanding depending on certain factors, such as: (i) the total estimated purchase volume with Inditex; (ii) the market in which the third party is domiciled and carries out its main activity; (iii) the sector to which it belongs; and (iv) their degree of interrelationship with authorities and public officials.

This due diligence process is enhanced with different actions across the value chain. For instance, in 2023, 90 distribution centres used by Inditex have received a social audit to evaluate compliance with labour rights, including prohibition of forced labour and child labour.

Due to its importance, nature and scale, the supply chain is a priority area within the value chain in terms of respecting and promoting workers' human and labour rights. In this regard, the support and assessment of our suppliers is a core aspect of due diligence in the supply chain, informing our strategies and ensuring workers' protection and the promotion of their rights.

Comprehensive and effective due diligence concerning human rights in a global supply chain entails policies, tools and robust practices designed to identify, prioritise and mitigate the impacts on people. Inditex has developed a socially sustainable management of its supply chain with a rigorous compliance programme that includes audits, corrective action plans and training, among other measures, accompanied by a strategy that puts 'Workers at the Centre'. This strategy is based on respect for and promotion of human rights, as well as the creation of social value in the community and the industry.

Although due diligence is a continuous process, the end of the cycle of the Workers at the Centre 2019-2022 strategy provided the ideal framework and context for a profound and systematised reflection to ensure that the new phase of the strategy is based on managing those actual and potential impacts that are of the highest priority.

For this due diligence review process, we have used various internal and external sources of information, such as surveys, interviews with key partners such as IndustriALL or the ILO, information on the social audits of our suppliers, analysis of legislation, reports on human rights trends and risks, among others.

We have also harnessed our work and relationships in each of our suppliers' geographic areas. The process, carried out in accordance with the UN Guiding Principles on Business and Human Rights, involved all sustainability areas, local cluster teams and other Company areas. The organisation Shift, a leading centre of expertise on the UN Guiding Principles, has also been involved.

Forced labour, child labour and modern slavery have been considered and reflected in the due diligence exercise.

Find out more in the 2023 Statement on Non-Financial Information (pages 144 et seq.) and in the specific [Human Rights report](#).

4.1. "Workers at the Centre 2023-2025" strategy

The lessons learned during the implementation of the Workers at the Centre 2019-2022 strategy and the 2022 update of the due diligence exercise, were key in the design of the strategy Workers at the Centre 2023-2025.

This new phase continues the focus on impact and engagement and places a stronger bias on transformation and development, with a public commitment to reach three million people.

The new phase is structured through five Priority Impact Areas (PIAs): social dialogue, health, living wages, respect and resilience, and it strengthens the focus on vulnerable groups as direct recipients of the strategy, including women, migrants, people with disabilities or workers involved in the production of raw materials, among others.

Impacts related to the environment and climate change have been included, ensuring a holistic perspective on respect for human rights, and incorporating issues such as migration and climate change, just transition and the future of work. Forced labour, child labour and modern slavery have also been considered and reflected in the due diligence exercise.

Just as in the previous phases, continuous collaboration and dialogue with our stakeholders and with the sustainability teams in clusters remains strategic for developing initiatives, responding to workers' current needs and, to the extent possible, anticipating future needs.

Each of these Priority Impact Areas has a general objective and different lines of action, which are materialised through activities and projects on the ground, developed by our inhouse teams or together with the local and international organisations with which we collaborate. Priority Impact Areas develop, support and combine different types of solutions and interventions to pursue their objectives: partnerships, collaborations with different stakeholders, direct interventions with suppliers or community outreach, among others.

All the approaches combine and interweave and, at different paces and scales, contribute to and are part of implementing the strategy.

All identified Priority Impact Areas are relevant in terms of oversight of the supply chain in the field of forced labour, as they have a special focus on vulnerable groups such as migrants and refugees, women, children or workers in the raw materials supply chain.

Workers at the Centre

The Workers at the Centre 2023-2025 strategy is based on **respect for the human rights** of the workers in the supply chain. **Our goal is to reach three million people by 2025.**

Priority Impact Areas



Social dialogue

Facilitating mature industrial relations as a vehicle for a more participative society.



Living wages

Setting the conditions for the achievement of Living Wages in the Inditex supply chain



Respect

Promoting safe and respectful environments, free from discrimination, abuse or harassment.



Health

Protecting the health and safety of workers in the supply chain, and improving their well-being.



Resilience

Contributing to create preventive, adaptive and transformative capacities for development.

Elements of the strategy



/ Due Diligence

A continuous process, based on the UN Guiding Principles on Business and Human Rights, allowing us to identify five Priority Impact Areas. These areas are synergetic and interconnected.



/ Transformation

Transformation is a slow process and requires the commitment and collaboration of various parties. Our Workers at the Centre strategy connects us to the present and the challenges it poses, without losing sight of our ultimate goal, which is to transform the industry and communities.



/ Equity as our focus

We make more visible and integrate the needs of the most vulnerable groups, including women, migrants and refugees.



/ Solutions

Priority Impact Areas develop, support and combine different types of solutions and interventions to pursue their objectives: partnerships, collaborations with different stakeholders, direct interventions with suppliers or community outreach, among others.

All the approaches complement each other and, at different paces and scales, contribute to and are part of implementing the strategy.

In particular, the Priority Impact Area of “Respect” –reaching more than 64,000 workers and 133 suppliers in 2023- works in two lines of action:

4.1.1. Respectful work environments free from any kind of violence and harassment

We carry out activities on an evidence-based approach, aimed at understanding the specific needs in both the workplace and the community to develop solutions to halt violence and harassment. Hence, we foster a culture of respect as a preventive measure, while at the same time strengthening mitigation and remediation measures as necessary.

These are the main initiatives carried out in 2023, that are detailed in the Workers at the Centre Report 2023:

- EDUCARE project (Morocco)
- ETI Gender Sensitive Workplace project (Bangladesh)
- Cohesion support groups project (Türkiye)
- LGBTI+ Awareness project (Portugal)
- Migrant Parents project (China)
- Parwaaz project - Disability management in the workplace (Pakistan)
- Training for refugee workers (Türkiye)
- RISE Respect project (Bangladesh, India)
- Together Strong project (Türkiye)
- Towards an Inclusive Workplace project (Türkiye)
- Workplace Adaptation project (Türkiye)

4.1.2. Fair recruitment and employment culture

Providing decent work and using fair recruitment and employment practices are among the key aspects of this Priority Impact Area. At Inditex we have a zero-tolerance policy towards child labour and any kind of forced labour. These topics are discussed in our Code of Conduct for Manufacturers and Suppliers, which specifies that the employment of children and any form of forced or involuntary labour in our supply chain.

Two key tools enable us to work and improve in these areas:

- Our continuous human rights due diligence process in the supply chain, which allows us to identify key aspects.
- Our various initiatives under the Workers at the Centre strategy, which play a crucial role not only in preventing these situations in the first place, but also in taking the necessary action if any breaches are detected.

Main initiatives in 2023:

- Sowbhagyam project (India).
- Sankalp project (India).
- Remediation programme for migrant workers (Türkiye).

Find out more in the [2023 Statement on Non- Financial Information](#) (pages 283 et seq.) and in the specific [Workers at the Centre 2023 report](#) (pages 45 et seq.).

4.1.3. Equity focus – how Workers at the Centre tackles most vulnerable groups

4.1.3.1. Protection of migrant and refugees

The textile industry performs a crucial role when it comes to providing job opportunities to vulnerable groups such as migrants, both from other regions within a country (internal migration) and from other nations, and especially for refugees, such as the Syrian refugees who have reached Türkiye since the start of the Syrian conflict in 2011.

Their special vulnerability requires an approach ranging from measures to prevent, detect and, if appropriate, remedy any instance of forced or unlawful work, to fostering their integration both in the labour market and on a personal level, nurturing peaceful and collaborative environments at the factories in which people from different cultural backgrounds work together, in order to prevent conflict and overcome communication barriers.

A common denominator of our measures and programmes for the protection of migrants and refugees is a special sensitivity for listening, understanding and supporting the specific needs in each context, involving both the workers themselves and specialist organisations, and covering a broad spectrum of topics and types of measures, from prevention and training to remediation.

Inditex aims to raise awareness about the relevance of integrating migrants and refugees into the recipient communities by means of projects and the dissemination of best practices. To this end, Inditex collaborates in four different programmes with International Labour Organization, Support to Life (STL), Association For Social Development and Aid Mobilization (ASAM – SGDD), and United Work, respectively.

4.1.3.2. Zero tolerance for child labour

At Inditex we are committed to ensuring that our supply chain is free of child labour, and that is why we have established a series of policies and actions as a way of prevention, mitigation and remediation. All suppliers and factories are informed about this policy when they start their commercial relationship with Inditex, and compliance includes different approaches such as training, guidance, evaluation and remediation plans.

Specifically, the child labour remediation plan is a mandatory process implemented globally that is activated if a worker is found to be under the age stipulated in our Code. Suppliers and factories are responsible for developing and implementing a series of feasible corrective actions following this communication and for reaching an agreement with the minor and their guardians, which includes providing schooling opportunities for the minor, paying them a living allowance until the age of 16, or employing an adult family member in their place, among other measures, to reduce the likelihood of them returning to work to support their family.

As these plans are implemented, they are continuously monitored by Inditex’s internal teams, and external expert organisations may also be brought in to collaborate.

4.1.3.3. Women

At Inditex we believe that gender equality is not only a fundamental human right, but also an essential value for the sustainability of the

supply chain and for development.

Consequently, for some years we have been working in the field of Gender, Diversity and Inclusion, for driving international standards linked to the ILO, including, but not limited to, the following: Equal Remuneration Convention (C100), Discrimination (employment and occupation) Convention (C111), Workers with Family Responsibilities Convention (C156), Maternity Protection Convention (C183), and Violence and Harassment Convention, 2019, and Recommendation (C190 and R206).

By means of various commitments in our supply chain, Inditex is creating a space to work directly at the factories, for changing gender equality practices in the workplace and also reaching female workers' families and communities.

All five Priority Impact areas have actions directed specifically at women's needs.

One example, in the Respect PIA, is the Sowbhagyam project in India. This project has two main goals: fostering increasingly better labour practices at spinning, weaving, fabric mills and processing facilities and ensuring that all factory workers enjoy a safe environment free of any kind of violence and harassment.

Furthermore, there are several specific objectives:

- Improving recruitment practices at factories.
- Strengthening the Internal Grievance Committee to prevent, prohibit and redress.
- Improving access to grievance mechanisms available at the factory.
- Facilitating early identification and guidance for vulnerable workers.

The project was implemented between 1 August 2021 and 31 July 2023, starting with a detailed assessment of the needs to understand the specific challenges at supply chain factories in the Tamil Nadu region. This greatly enhanced the visibility with respect to the needs and, accordingly, the interventions were suitably adapted to meet them.

The project has reached 23,614 workers involving 44 factories and suppliers in India.

Find out more in the Inditex Group's 2023 [Statement on Non-financial Information](#) (page 283 et seq.) and in the specific report entitled [Workers at the Centre 2023](#) (pages 44 et seq.)

4.1.4. Workers involved in the production of raw materials

While raw materials (both natural and man-made) are pivotal components in the creation of end products, their supply chain is highly complex and involves challenges linked to labour conditions, as well as development, prosperity and resilience. These challenges must be addressed both locally and globally, so a holistic approach is called for. This approach must encompass traceability, due diligence and a commitment to respect for, and promotion of, human and labour rights.

Developed in the Priority Impact Area of Resilience, and aiming for prosperous livelihoods, main initiatives carried out in 2023 for cotton farms and communities are:

- Public-private partnership with the International Labour Organization (India, Pakistan, Uzbekistan).
- Collaboration projects for promoting regenerative agricultural

practices (India).

- Child & Women Friendly Mobile Areas project (Türkiye).

In this regard, the Group has taken a holistic approach to protecting the rights of such workers, by joining forces with a number of players, including local and international organizations and communities themselves. As an example, to drive the progress of sustainability across the supply chain of cotton, Inditex works with other organizations in the sector, in addition to working with ILO under the Public Private Partnership (PPP) signed with Inditex in 2017 and renewed in 2023 to promote respect for human rights at work from cotton producers in different cotton producing communities. The five fundamental rights that ILO advocates for in its Declaration on Fundamental Principles and Rights at Work are:

Freedom of association and the effective recognition of the right to collective bargaining;

- The elimination of all forms of forced or compulsory labour;
- The effective abolition of child labour;
- The elimination of discrimination in respect of employment and occupation;
- A safe and healthy working environment.

The Company thus contributes to sustainability across the supply chain of such workers. To achieve it, a cooperative approach with different stakeholders nationally and in the communities themselves is key.

4.1.4.1. Due diligence in the cotton supply chain

Based on our due diligence processes and in collaboration with various organisations, Inditex continues to work to ensure the absence of forced labour – of which Inditex has a zero-tolerance approach – as well as to promote compliance with international standards and our Code of Conduct for Manufacturers and Suppliers including 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 compliance programme, together with the activities related to the 'Workers at the Centre' strategy, and our close partnerships with stakeholders such as the ETI or ILO strengthen our commitment to the prevention of forced labour. Inditex remains committed to the involvement of and dialogue with relevant stakeholders (both local and international) to identify opportunities to prevent negative impacts on workers' lives.

For this reason, Inditex takes action at the following levels:

- At community level: by means of the Public Private Partnership with the ILO to enhance Human and Labour rights within the cotton supply chain covering the fundamental rights and principles at work, including the prevention of forced labour.
- At industry level: as established in the UN Guiding Principles on Business and Human Rights and in collaboration with relevant stakeholders, the Group works to promote the Human and Labour rights of workers within the global textile supply chain.

Find out more in the Inditex Group's 2023 [Statement on Non-Financial Information](#) (page 239 et seq.) and in the specific report entitled [Workers at the Centre 2023](#) (pages 71 et seq.)

5. Risk management

5.1. Suppliers' verification and audits

Inditex supports its social sustainability strategy with actions aimed at verifying and ensuring compliance with the Code of Conduct for Manufacturers and Suppliers – which states that any form of forced labour is expressly prohibited – and with international regulations. It does this in addition to working with suppliers and stakeholders to continuously improve the supply chain.

All the facilities used to produce the goods that Inditex places on the market must comply with the Code of Conduct for Manufacturers and Suppliers. To ensure this compliance, Inditex conducts different procedures and assessments regarding Human and Labour Rights among all of its suppliers and factories – chiefly through different types of audits.



Before starting a commercial relationship with Inditex, every potential supplier and manufacturer (although they are not direct suppliers of the Group, but they are part of its supply chain) is subject to a pre-assessment audit to verify, among others, that no violation of Human Rights of its workers exists, ensuring that only those who meet the Group's sustainability standards may become part of the supply chain.

During such pre-assessment audits, the prohibition of forced labour and child labour are verified. In 2023, Inditex carried out 2,111 unannounced pre-assessment audits of suppliers and manufacturers who were potentially commencing business with Inditex.

Subsequently, every supplier and factory in Inditex's supply chain is subject to periodic social audits. The methodology used in social audits was designed in 2007, jointly with the former International Textile and Garment and Leather Workers' Federation (ITGLWF), (currently IndustriALL Global Union), the University of Northumbria (UK) and the Cambridge Centre for Business and Public Sector Ethics.

The main purpose of the social audits is to verify the level of compliance with the Code of Conduct for Manufacturers and Suppliers and to launch a Corrective Action Plan (CAP), where appropriate, to ensure respect for Human and Labour rights and remedy any detected non-compliance. Social audits can be conducted both by internal and external auditors, always without prior notice to the facility being audited.

Each audit includes tools, inter alia, to identify any form of forced labour, and to verify issues such as employment documentation –including age verification-, 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. 6,892 social audits were conducted in 2023.

These audits include the social audits carried out using Inditex's proprietary methodology and the audits carried out following the method of the Social & Labour Convergence Program (SLCP) initiative, of which Inditex has been a member since the inception of the Program.

As a result of the social audits, our suppliers and manufacturers are classified in a social ranking based on their degree of compliance with the Code of Conduct for Manufacturers and Suppliers (CCMS).

Classification	Audit results
A	Complies with the CCMS
B	Does not comply with some non-relevant aspect of the CCMS
C	Does not comply with some sensitive, but inconclusive aspect of the CCMS
Subject to PAC	Breaches of the CCMS triggering the immediate implementation of a corrective action plan
PR	Undergoing an auditing process

In 2023, 98% of suppliers were classified with A and B ranking.

Social audits also allow us to determine and identify the main challenges in each country in relation to the different aspects of the Code of Conduct, and this is also a valuable source of information for activities that are part of the Workers at the Centre strategy, as noticing the most critical issues in each geographic area lead to enhancing the due diligence process in the field of human rights.

Find out more in the Inditex Group's 2023 [Statement on Non-Financial Information](#) (page 341 et seq.) and in the specific report on Supply Chain: management to transform the sector.

5.1.1. Enhanced Due Diligence

Inditex also carries out enhanced due diligence to identify potential human rights violations that may be especially complex to detect through standard social audits. If Inditex's due diligence system assesses that a potential breach of its standards exists or identifies any potential human rights risks in its supply chain related to forced or child labour, Inditex may terminate the business relationship and/

or block the affected supplier(s). It encompasses a holistic approach to sustainable supply management, which includes stakeholder engagement, capacity building and constant improvement through various initiatives. Additionally, it involves a thorough analysis of the entire corporate group and commercial relationships of all current and potential new suppliers and manufacturers.

More specifically, Inditex’s enhanced due diligence includes:

- Analysing whether third parties are included on sanction lists;
- Analysing whether third parties have corporate or commercial ties with sanctioned entities;
- Analysis of any mentioned in reports published by NGOs or other institutions;
- Utilizing specialized computer/informational Human Rights warning tools;
- Utilizing tools to trace global transactions;
- Utilizing tools for assessing reputation issues;
- Conducting isotope testing to evidence the origin of the raw materials used in garment production.

Thanks to its enhanced due diligence system, the already strong control system gets reinforced, helping Inditex to identify potential risks of non-compliance with its standards.

6. Effectiveness and continuous improvement

At Inditex, we believe in continuous improvement as a key to advancing towards our goals and strategies. Management of the supply chain is also consistent with this philosophy. One of our main tools for improving the performance of suppliers and manufacturers is the Corrective Action Plans, developed when non-compliances are detected in social and environmental audits, not only to establish measures to mitigate or remedy them, but also to prevent them from occurring in the future.

Developing a corrective action plan

Involvement throughout the process of sales teams, trade unions, NGOs or other organisations where necessary.

Start of the CAP

1. Launch

- / Analysis of points of improvement
- / Discussing the plan and setting out correction dates

2. Monitoring

- / Request/receipt/verification of evidence
- / Technical support
- / Desk review of the improvements and follow-up with the supplier and manufacturer

Control point or competence visit

3. Monitoring audit

Close of the CAP

- / Blockage
- / New rating

The precise duration of a Corrective Action Plan (CAP) is determined by the non-compliances found during the audit and the period deemed necessary to address them.

In the most sensitive cases—classified as being ‘Subject to Corrective Action Plan’—the plan lasts approximately six months, during which Inditex’s Sustainability teams and buying teams offer constant support to suppliers and manufacturers through two channels:

- Providing them with advice and expertise in regard to the best way to implement the corrective measures. In this regard, they may also have the support of other stakeholders, such as NGOs, trade unions or other civil society organisations.
- Continuously monitoring the CAP, including competence visits or control points, so as to act with the supplier before the established deadline if progress is not fast enough. Specifically, CAPs comprise the following stages:
 - Initial meeting: at this meeting, any non-compliances detected are analysed, the action plan proposed by the supplier is discussed, and deadlines are established for the various stages of the process.
 - Monitoring: before conducting the competence visit or control point, a double check is carried out with the supplier or factory (in the first and second months) to ascertain whether the factory has made any improvement. The supplier action plan must be completed:
 - If non-compliances have been resolved: the improvement must be demonstrated with a clear explanation and photographic evidence or documentation, where relevant.
 - If the non-compliances have not been resolved: a justification of the reasons should be included and, if there are no reasons or if there is no plan to resolve the non-compliances, the factory will be considered to be blocked preventing any supplier making an order for Inditex at this facility.
 - Competence visit/control point: improvements (or lack thereof) by the factory are verified, and new findings are checked.
 - Final monitoring: before the follow-up audit is carried out, the auditor will check with the supplier that all improvements have been made. The supplier’s action plan must be completed with the submission of a clear explanation and photographic evidence or documentation to prove it.
 - End of CAP: a follow-up audit is carried out to assess whether the non-compliances have been remedied and to determine the factory’s new classification.

490 Corrective Action Plans were conducted in 2023, 285 of these plans were carried out in factories with a ‘Subject to CAP’ rating, and 205 in factories with other ratings.

Blocking a supplier or a factory is a last resort. Inditex believes in ongoing collaboration and dialogue with our suppliers, as the basis of the mutual trust relationship that benefits both parties. Thus, the Company brings them support and collaboration so that they can improve their supply chains for the benefit of workers.

Inditex’s support for suppliers and factories is not limited to carrying out the Corrective Action Plans where evidence of non-compliance exists, but instead, different courses of action are followed to prevent non-compliance and proactively seek continuous improvement. The Group seeks to have an ongoing collaboration with its suppliers while

the relationship with them exists and work with them towards improving their own supply chains and promoting Human and Labour rights of their workers.

Find out more in the Inditex Group's 2023 [Statement on Non-Financial Information](#) (page 349 et seq.) and in the specific report on [Supply Chain: management to transform the sector](#).

7. Mitigation and remediation

The factories in Inditex's supply chain are subject to thorough reviews to detect the existence of workers from especially vulnerable groups and assess their social and working conditions. Inditex has developed remediation plans where refugee or migrant workers are found to be working or living in conditions that do not adhere to its standards.

For example, in collaboration with MUDEM, remediation plans in Türkiye began with a detailed assessment of the working and living conditions of refugee and migrant workers through individual meetings. Specific actions were considered with a view to improving living conditions if any vulnerability or violation of basic human rights was detected. The main objective was to ensure that these workers are supported by valid work permits and social security, as well as to facilitate their integration, for instance by removing language barriers. Guidance is also provided if any other needs are identified, such as psychological support services.

Where the presence of migrant and refugee workers is identified, Inditex sets in train, where necessary, remediation plans in collaboration with local expert organizations in the field, to guarantee respect for their human rights and legalize their status.

We have collaborated closely since 2016 with the local NGO Refugee Support Centre (MUDEM), which has been providing social and legal support to asylum seekers in accessing their rights and services for refugees and migrants.

The main action lines of the remediation plans are:

- Assessment and effective verification of working conditions
- Supporting workers' integration
- Support for getting work permits
- Advice and support in every aspect of their lives

In 2023, remediation plans were commenced for 78 refugee workers and the number of remediation plans completed amounted to 54 as of the end of our financial year (31/01/2024).

Inditex also counts with a specific child labour remediation plan, a mandatory process implemented globally, that is activated if a worker under the age established in the Code is identified. In the event that a breach is detected, auditors communicate this information to Inditex's internal team. Suppliers and factories are responsible for developing and implementing a series of feasible corrective actions following this communication and for reaching an agreement with the minor and their guardians, which includes providing schooling opportunities for the minor, paying them a living allowance until the age of 16 to reduce the likelihood of them returning to work to feed their family, or employing an adult family member in their place, among other measures.

In the development of these Plans, there is ongoing monitoring by Inditex's internal teams, and external expert organisations may also be invited to collaborate.

8. Training and awareness-raising

A strong culture of sustainability in all areas of the Group is essential to the successful implementation of our business model. To instil a culture of sustainability among all employees, regardless of their position and duties, the Company carries out training to our employees at headquarters, stores, logistics centres, and in the different markets where Inditex operates.

As part of their onboarding process, every employee at headquarters receives training on social and environmental sustainability, to ensure that they understand the basic idea of sustainability and its relevance for the Inditex Group.

After this initial approach to sustainability, employees undertake specific training depending on their roles and responsibilities. Training in this regard is essential for our buying teams due to the impact of their decisions on the sustainability of our products and supply chain. Such training covers responsible purchasing practices and their influence on employee rights.

In this regard, in 2023 as part of our space dedicated to sustainability training and innovation, The Sustainable Fashion School (SFS), we completed the first and second editions of the Foundations of Textile Manufacturing Master's programme, devised in collaboration with the University of Leeds. The Sustainable Fashion School consists of a space for knowledge and inspiration where our buying and design teams are backed by a solid foundation of technical knowledge and access to the latest innovations in sustainability. More than 1,200 people from all the Group's brands have completed the course.

Additionally, the promotion of the corporate ethical culture and the Compliance Model of the Group is underpinned by the implementation of training action adapted to the risk profile of the different groups of employees that form part of Inditex. In this regard, in 2023, the implementation of the holistic Compliance Training Plan (the Training Plan) has continued. Such Plan includes training, awareness and sensitisation measures covering the priority Compliance risks to which the Group is potentially exposed. In particular, the goal is to ensure a homogeneous and robust oversight of mandatory training, which has been enhanced by the creation of a compulsory training carousel on the corporate e-learning platform, TraIn. This is a dedicated space that hosts compulsory training courses in specific areas, such as Compliance (which includes training on the Codes), Diversity and Inclusion, Health and Safety, among others.

Training and raising awareness among suppliers are also key to making progress towards the joint continuous improvement of the supply chain from the perspective of Human and Labour rights. Inditex's Sustainability teams advise suppliers through constant communication and training to share the Group's values, to raise awareness of respect and promotion of Human Rights and workers' wellbeing. Training programmes include topics relating to procedures and requirements of the Group, including the Code of Conduct for Manufacturers and Suppliers, and to priority impact areas identified through due diligence.

Likewise, in 2023 a Compliance e-learning training course –including as content the Codes of Conduct, the Ethics Line, the Integrity Policies, among others–, has been made available to the main product suppliers across 50 markets (representing 54% of the Group's product procurement), which will allow the Group to convey the principles and behaviour guidelines the Company expects from the main product suppliers within the framework of our commercial or professional relations with them.

In addition, individual awareness-raising and group training is also provided, the latter run by internal teams or in partnership with reputable organizations with various specialisms. In this regard, 911 suppliers were trained in 2023.

Find out more in the Inditex Group's 2023 [Statement on Non-Financial Information](#) (pages 268 et seq.) and in the specific report on [Workers at the Centre 2023](#).

9. Grievance and queries mechanisms

The third pillar of the Inditex Group's Human Rights strategy, together with the Policy on Human Rights and due diligence, is grievance and queries mechanisms.

Inditex's main grievance mechanism is the Ethics Line, which is managed by the Ethics Committee. The Ethics Line, which is strictly confidential, is an internal communication channel available to any employee, director and shareholder of any company of the Group, as well as anyone working under the supervision and management of manufacturers, suppliers, contractors and subcontractors of the Inditex Group through which they may raise, anonymously if they wish:

- Questions and/or doubts on the interpretation or application of the Group's Code of Conduct and the Code of Conduct for Manufacturers and Suppliers, as well as any other internal rules of conduct within the remit of the Ethics Committee.
- Breaches and other non-compliances relating to infringements of the applicable legal system or of the Codes of Conduct or of any other internal rule of conduct within the remit of the Ethics Committee, affecting Inditex and committed by employees, manufacturers, suppliers or third parties with whom the Group has a direct employment, commercial or professional relationship.

The Ethics Committee is responsible for overseeing the Ethics Line and launching any necessary investigation, and for proposing the relevant remediation, prevention and awareness-raising measures, as the case may be. The decisions of the Ethics Committee, as a collegiate and independent body, are binding upon the Inditex Group and on the persons to whom they are addressed, where applicable.

As mentioned above, the Ethics Committee is the internal body responsible for managing the Ethics Line and must promote the necessary investigations to adequately resolve cases handled, in accordance with the Policy on Internal Reporting Channels and the Ethics Line Procedure (approved and reviewed, respectively, by the Board of Directors in 2023). The aforementioned Policy and Procedure incorporate international best practices in connection with human rights and adapt the Ethics Line to the regulatory requirements of the markets in which the Group operates.

The Policy on Internal Reporting Channels and the Ethics Line Procedure provide the following safeguards and protections for persons concerned:

- Utmost confidentiality
- Presumption of innocence and preservation of the right to honour of the persons affected by the report
- Non-retaliation
- Appropriate use of personal data processed
- The parties' right to be heard

In keeping with best practices in this regard, in 2023 a tool provided by an external supplier was commissioned and placed into operation to receive and handle communications from the Ethics Line. This tool is accessible 24 hours a day, 7 days a week, and is available in 21 languages.

In 2023, the Ethics Line (including both the Global Ethics Line and the various Local Ethics Lines) recorded a total of 515 cases (541 cases in 2022). The total number of cases processed by the Ethics Committee does not reflect those that were rejected because they do not fall within its competence.

Of the total of 515 cases opened by the Ethics Committee in 2023, 413 are closed. Of these, 221 were classified as being beyond the authority of the Ethics Committee or as not requiring any further action or monitoring by the Ethics Committee. Of the remaining closed cases falling within the remit of the Ethics Committee: (i) 42 were queries, (ii) 110 were cases which, after investigation, were found not to be non-compliances, and (iii) the remaining 40 were cases of non-compliance requiring appropriate action. Of the latter, 10 cases were related to the prevention of corruption and bribery, 28 were linked to diversity and respect in the workplace and the remaining 2 were related to other violations of the Inditex Group's Codes of Conduct. In 9 cases, the non-compliances detected affected employees of suppliers of goods and services, and the necessary measures to remedy the situation were taken.

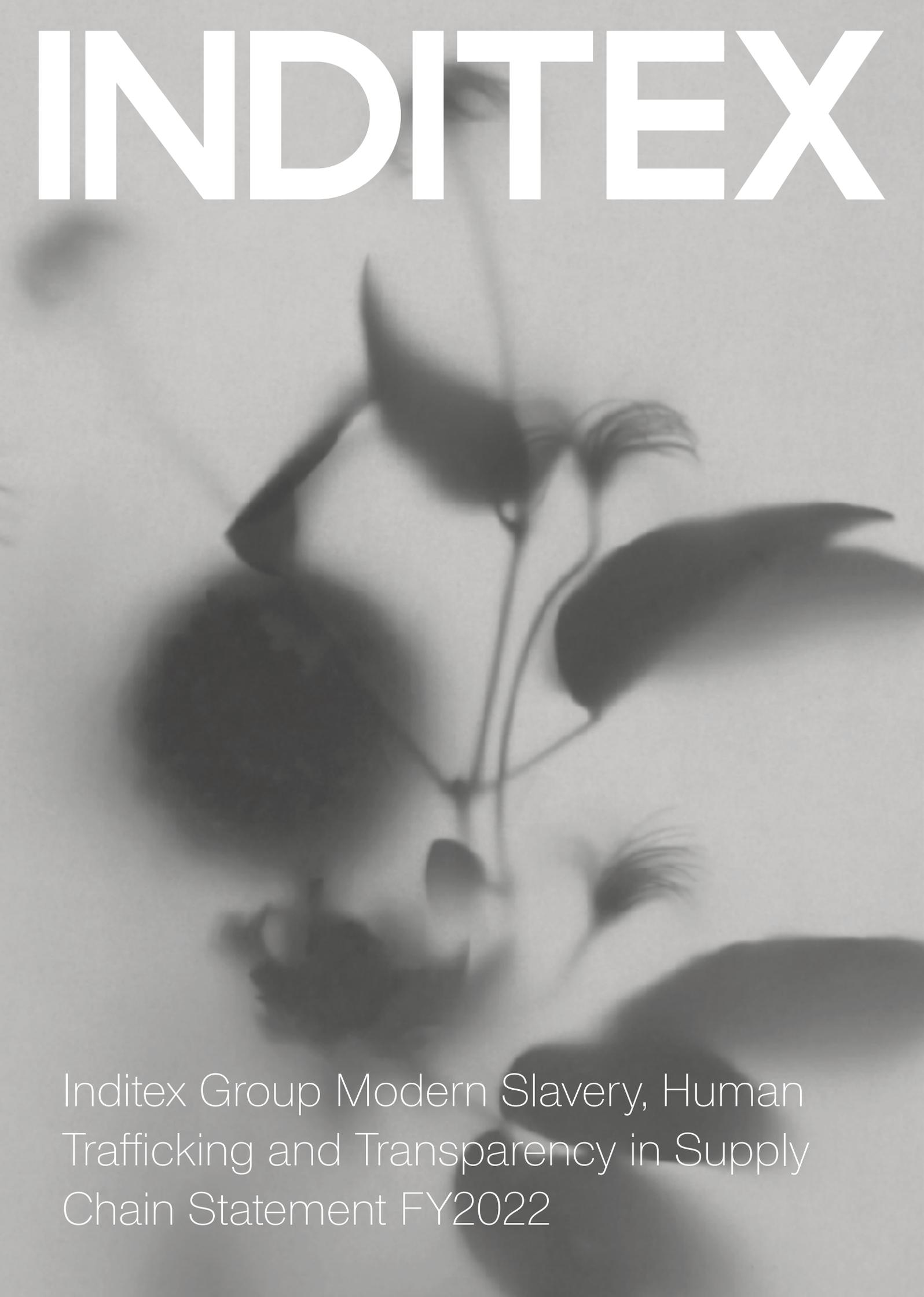
Find out more about the Ethics Committee and the Ethics Line [here](#).

In addition, the Global Framework Agreement (GFA) executed with IndustriALL Global Union signed in 2007 and renewed in 2019 is a testimony of the commitment of the Group and IndustriALL to the promotion of labour rights in the textile and footwear supply chain, and with compliance with international labour regulations and our own Code of Conduct for Manufacturers and Suppliers. Our agreement and relationship with IndustriALL also cover mechanisms to listen to and escalate concerns relating to labour standards. Inditex relies on social dialogue as a key mechanism to promote mature labour relations within our supply chain.

Inditex is, in essence, committed to preventing modern slavery, child and forced labour at all levels within its value chain, in particular, its supply chain. The Group strongly believes that this individual commitment is strengthened by a collective approach including through collaboration with governments, the industry, civil society and other stakeholders.

www.inditex.com

INDITEX



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

Inditex Group is fully committed to respecting, promoting and protecting Human Rights across its entire value chain, and this forms one of the main pillars of its business model. Inditex does not tolerate any form of modern slavery or human trafficking in its organization or in its supply chain and pledges to play an active role in promoting human rights and proactively work towards respecting them.

This Statement constitutes "Inditex Group Modern Slavery, Human Trafficking and Transparency in Supply Chain Statement" for the year ended on 31 January 2023 and refers to both Industria de Diseño Textil, S.A. (Inditex, S.A.) and its subsidiaries (the "Company", "Inditex" or the "Group"). It was approved by the Board of Directors in the meeting held on 6 June 2023 following a favourable report of the Sustainability Committee and after the acknowledgment of the Social Advisory Board.

This Statement, made pursuant to section 54 of the UK Modern Slavery Act 2015, section 14 of the Australian Modern Slavery Act 2018 (Cth), and the California Transparency in Supply Chains Act 2010 (SB-657), addresses the measures on which the Group relies to prevent, mitigate and remedy the risk of modern slavery and human trafficking in its supply chain.

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 Group. The Group formed a Sustainability Committee in 2019. This consulting and advisory board committee is responsible for advising the Board on matters within its purview, overseeing and monitoring social and environmental sustainability activity, the areas of the health and safety of products that the Group sells, and on relations with stakeholders in the field of sustainability, including matters relating

to the implementation of the Group's Human Rights strategy.

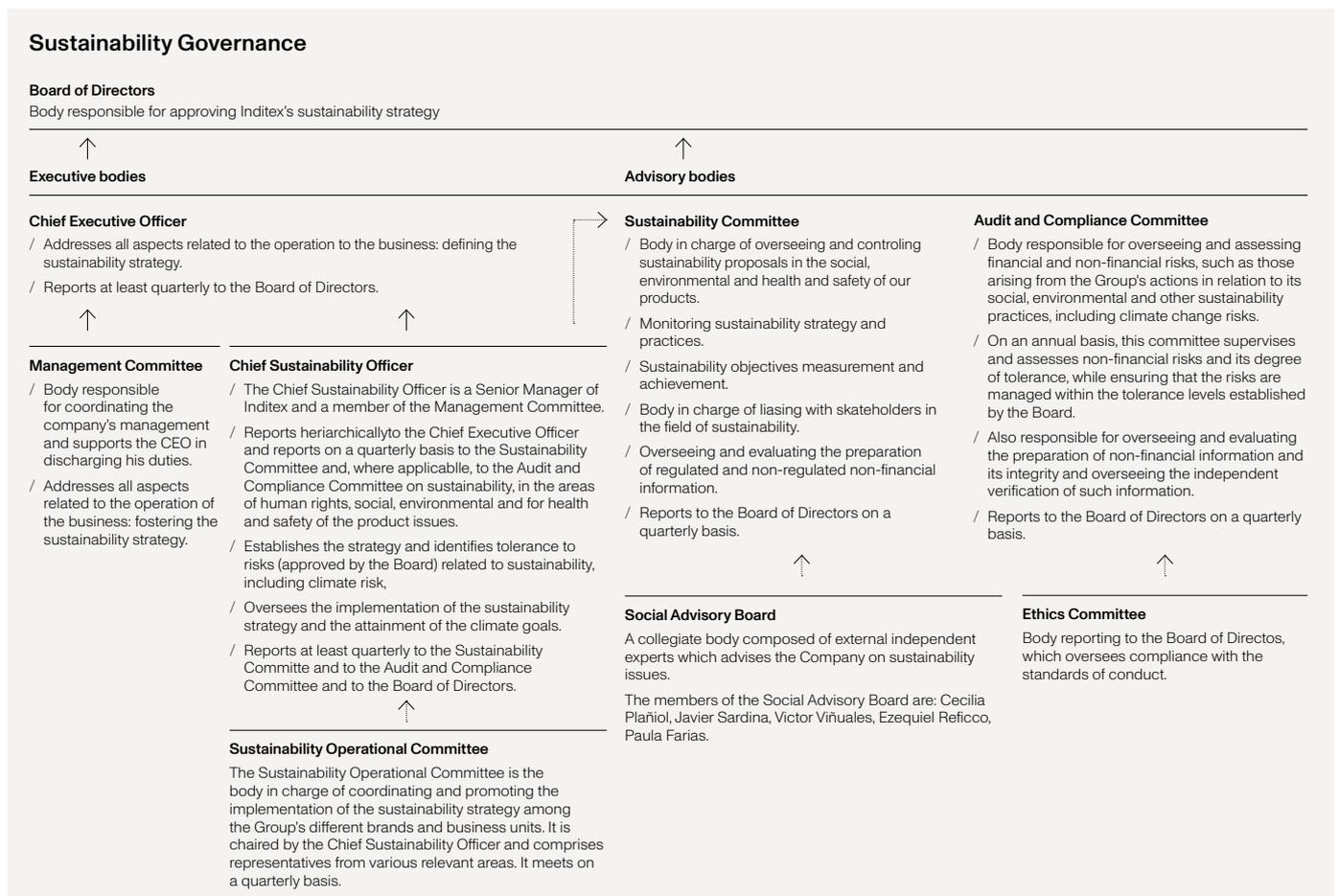
The Group has an Audit and Compliance Committee which is responsible for overseeing and assessing financial and non-financial risks, such as those arising from the Group's actions in relation to its social, environmental and other sustainability practices, including those related to human rights.

Inditex also relies on a Social Advisory Board, which advises it on sustainability issues, and is composed of external independent members. The Social Advisory Board plays a key role in the relationship with stakeholders, as it is responsible for formalizing the dialogue with the key representatives of the societies where Inditex conducts its business.

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.

Inditex Group's Sustainability teams are tasked with managing and coordinating all the Group's activities aimed at ensuring compliance with the Code of Conduct for Manufacturers and Suppliers throughout the entire supply chain.



1. About us

Inditex is a global fashion, design, distribution and retail company which aims to offer its customers across more than 200 markets an inspiring, quality and responsibly produced fashion proposal. The Inditex Group is a family of several commercial brands: Zara, Pull&Bear, Massimo Dutti, Bershka, Stradivarius, Oysho and Zara Home. The company has implemented a business model grounded in four pillars: a unique fashion proposal, a differential shopping experience, an extraordinary team and the implementation of responsible practices at every stage of the Group's activity. In this regard, Inditex conducts its business within a framework of respect and transparency, in continuous dialogue with our stakeholders, based on promoting human rights, and with the ultimate purpose of having a positive impact on customers, society, the industry and our environment.

Our Code of Conduct and Responsible Practices sets out the values and principles that guide our actions and relationship with our customers, shareholders, partners, suppliers and all the communities where Inditex is present.

People are the key factor in our business model: both our customers who purchase our products, and all those people who place their talent at the service of our customers: our employees. At the end of 2022, our Group comprised a team of 164,997 people, located in 60 different markets and representing a total of 182 nationalities.

Find out more about Inditex Group [here](#).

2. Inditex Supply Chain

Manufacturing and procurement of the Group are based on the socially and environmentally responsible management of the supply chain. Thus, decent working conditions are promoted for all workers at our suppliers and manufacturers.

Our supply chain is present globally, organised through 12 clusters of suppliers – spaces for cooperation and dialogue that aim at promoting sustainable production environments in each strategic geographic area and in a framework of respect for Human and Labour rights, although a great number of manufacturers are close to our design centres in Spain. Every supplier and factory that makes up the Group's supply chain is bound to abide by the values and ethical behaviour principles that are central to the Group.

In this regard, the company's commitment and responsibility to the responsible management of its supply chain requires identifying working areas where Inditex can contribute to improving the conditions of the industry in each market where Inditex operates, creating sustainable production environments. Inditex meets this challenge by setting and implementing policies aligned with Human Rights and the fundamental labour standards. Inditex also establishes monitoring and direct cooperation tools with our suppliers and take part in multilateral dialogue with organizations and institutions in the field.

¹ Suppliers of fashion articles with a production of over 20,000 units/year in the 2022 spring/summer and autumn/winter campaigns. Suppliers with lower productions account for 0.22% of total production.

² Factories declared by the suppliers in the manufacturer's management system for 2022 orders.

³ Recommendation No. 46 of the United Nations Economic Commission for Europe: Enhancing traceability and transparency of sustainable value chains in the garment and footwear sector.

In 2022, we worked with a total of 1,729 direct suppliers¹ located in 50 markets who, in turn, used 8,271 factories² to make our products, employing more than three million people.

We see traceability as our ability to identify and trace the history, application, location and distribution of products, parts and materials, in keeping with Recommendation No. 46 of the United Nations Economic Commission for Europe³.

Accordingly, we have traceability management and assessment programmes. We are also working on deepening the traceability of raw materials, as achieving full traceability of our entire supply chain- including this phase - is one of the challenges facing our industry.

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. Thus, these provisions state that our suppliers must:

- Know their supply chain and work exclusively with manufacturers and intermediaries previously assessed and authorised by Inditex and which comply with all our Sustainability standards.
- Notify of all the facilities and intermediaries involved in each of the productive processes, from fibre or yarn to the finished garment for each order, including both their own facilities and those contracted by themselves or by third parties. In 2022, we furthered our knowledge of their origin by working together with our suppliers.
- Provide proof of the use of preferred raw materials by means of documentation certifying their origin, including facility certification as required.

In 2022, 10,796 traceability audits were conducted and 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.

[Find out more on pages 216 et seq. of Inditex Group's 2022 Statement on Non-Financial Information](#)

3. Policies and commitments

Internal Responsibility and Certification

Inditex applies a zero-tolerance policy on slavery, human trafficking and any form of forced labour in its supply chain.

3.1. Policies and Internal Regulations

3.1.1. Policy on Human Rights of Inditex Group

Inditex Group's Policy on Human Rights was approved by the Board of Directors on 12 December 2016, following a favourable

report of the Audit and Compliance Committee (formerly, the Audit and Control Committee) and the Social Advisory Board, which represents the Group's stakeholders.

In the framework of the United Nations Guiding Principles on Business and Human Rights, the Policy on Human Rights defines Inditex's stance regarding its commitment to respect internationally recognized human rights and sets out the values and principles which guide its activities.

Notwithstanding its commitment to all Human Rights, Inditex has identified those rights more directly related to its value chain, based upon the review of its business model and the expectations of its stakeholders.

Rejection of forced labour is one of the focal points singled out in the Inditex Policy on Human Rights. In this regard, such Policy reads: *"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"*.

Compliance with Inditex's Policy on Human Rights is mandatory for the whole Group and it is enforced on third parties associated with Inditex. It has been disclosed to the different departments of the Group and is available to all the employees on the Group's intranet as well as on the corporate website (www.inditex.com). The enforcement of the Policy involves implementing and executing due diligence processes which allow Inditex to assess and, where appropriate, regularly identify current and/or potential impacts in the field of Human Rights. Appropriate measures are also taken to prevent, monitor, mitigate or remedy any potential negative consequences and foster positive impacts throughout the entire supply chain.

The Policy on Human Rights can be found [here](#).

3.1.2. Sustainability Policy of Inditex Group

The Sustainability Policy defines the principles that sustain the relations of the Group with all its stakeholders, favouring the integration of sustainability practices within its business model, on the premise that its business activity is carried out with full respect for people, the environment and the community at large, based upon the commitment the Group has made to respecting human rights and to sustainable growth.

The Sustainability Policy was approved by the Board of Directors on 14 December 2020 and recently updated on 3 November 2022. It results from the merger and update of the former Corporate Social Responsibility Policy and Environmental Sustainability Policy, both of which were approved in 2015, consolidating them into a single policy.

The Policy addresses:

- The principles which govern the Group's sustainability.
- Integration of sustainability within the business model and the pillars upon which value is built up.
- The main stakeholders of the Group and the principles which govern its relations with each of them.

- The principles that guide disclosure of sustainability practices. Permanent dialogue and transparency are the core principles that govern Inditex's relations with its stakeholders.

The Sustainability Policy can be found [here](#).

3.1.3. Code of Conduct and Responsible Practices of Inditex Group

The Code of Conduct and Responsible Practices (also known simply as the 'Code of Conduct') establishes Inditex's ethical commitments. Transmitting the corporate ethical culture to all internal and external stakeholders is paramount for Inditex, which has in place internal regulations to nurture the development of an ethical, efficient and competitive business model. Its goal is to secure a professional, ethical and responsible commitment from Inditex and all its employees, in the course of its activities anywhere in the world, as a basic element of its business culture underpinning the training and personal and professional well-being of its employees. To this end, it defines the principles and values that must govern the relationships between the Group and our main stakeholders: employees, customers, shareholders, business partners, suppliers and those communities in which Inditex implements its business model.

Approved in 2012 by the Board of Directors, this Code strengthens awareness and enforcement of Inditex's ethical culture, deeply rooted in respecting Human and Labour Rights and in the effective inclusion of all employees, respecting their diversity.

As part of the periodical review process of the Company's Code of Conduct, it should be noted that in 2022, the review and update of the Code of Conduct has been launched, that seeks to bring its contents, structure and approach into line with the new regulatory realities and challenges, the commitments undertaken by the Group— especially in the area of sustainability—and the Group's digital transformation. In keeping with best practices, the process involves the collaboration of various areas of the Company, as well as external advisers and Inditex's Social Advisory Board, as the main liaison with the Group's various stakeholders.

The Code of Conduct and Responsible Practices can be found [here](#).

3.1.4. Code of Conduct for Manufacturers and Suppliers of Inditex Group

The Code of Conduct for Manufacturers and Suppliers was approved by the Board of Directors in 2001 and amended in 2012. It is enforced across the entire supply chain, including all tiers and processes and established the framework that governs their relationships with Inditex.

Before commencing work for Inditex, all suppliers, in order to be part of the Inditex's supply chain, must first accept and undertake to meet (and to enforce compliance by the facilities they work with) the Inditex Minimum Requirements (IMRs). The IMRs include compliance with the Inditex Code of Conduct for Manufacturers and Suppliers and the Human Rights Policy, -among other policies and standards- which explicitly prohibits slavery and human trafficking, and it is based on applicable national laws and international standards in the field, with which our suppliers and manufacturers must comply.

The first section of the Code of Conduct for Manufacturers and Suppliers provides that: "Inditex shall not allow any form of forced or involuntary labour in their manufacturers and suppliers. They may not require their employees to make any kind of "deposits", nor are they entitled to retain employees' identity documents. Manufacturers shall acknowledge the right of their employees to leave their employer after reasonable notice".

The Code of Conduct for Manufacturers and Suppliers specifies that "aspects related to such limitations will be governed by Conventions 29 and 105 of International Labour Organization (ILO)".

The Code of Conduct for Manufacturers and Suppliers can be found [here](#).

3.1.5. Criminal Risks Prevention Model

Within its Compliance system, Inditex also relies on an organisational and management model for crime prevention or the Model of Criminal Risk Prevention, aimed at preventing and managing the risks related to the potential commission of offences under Spain's Criminal Code, in particular, those related to human trafficking. This Model, in constant evolution and adaptation, is made of the Policy and Procedure on Criminal Risk Prevention, as well as the Criminal Risk and Control Matrix.

In this regard, the Policy on Criminal Risk Prevention was approved by the Board of Directors on 19 July 2016, following a favourable report of the Audit and Compliance Committee (formerly, the Audit and Control Committee).

The Policy on Criminal Risk Prevention seeks to exact an ethical and responsible standard or professional conduct from the Group and its entire workforce all around the world and, in particular, to prevent the commission of any criminal offences, including offences related to human trafficking.

This Policy addresses the commitments to ethical and responsible conduct covered in the Code of Conduct of Responsible Practices, establishing a link between such commitments and the prevention of criminal offences and acts by employees and the Group.

The Policy on Criminal Risk Prevention can be found [here](#). Find out more about our policies [here](#).

3.2. Commitments and Initiatives

3.2.1. The Ten Principles of United Nations Global Compact

Since 2001, Inditex has been a signatory of the United Nations Global Compact and it commits to respect and promote its ten universally recognized principles, which include, among others, (4) the elimination of all forms of forced and compulsory labour and (5) the effective abolition of child labour.

3.2.2. Commitment to the Sustainable Development Goals (SDGs)

Inditex is fully committed to sustainability and respect for human rights throughout its value chain. In this regard, Inditex has committed to the 17 Sustainable Development Goals (SDGs). Inditex's sustainable strategy is aligned with the commitment to working towards the objectives set by the SDGs for 2030, which include decent work and the abolition of child labour, modern forms of slavery and human trafficking.

3.2.3. Ethical Trading Initiative (ETI)

Inditex has been a member of this dialogue platform to improve working conditions of workers since October 2005. ETI is an alliance of companies, international trade unions, and non-governmental organizations. ETI's Base Code covers any manner of forced labour. Individual and collective initiatives to eradicate modern slavery are encouraged by the organization.

3.2.4. Global Framework Agreement with IndustriALL

Since signing the Global Framework Agreement in 2007 and renewing it, first in 2014 and then 2019, we have been able to cement a set of principles based on transparency and worker empowerment, further strengthening the role played by IndustriALL Global Union affiliates in the various supplier markets. In this connection, a new protocol was signed in 2022, the 15th anniversary of the Agreement, that fosters social dialogue by establishing new mechanisms that strengthen the role of local trade unions and advance towards a better understanding of supply chain workers' needs.

A new procedure for access to work centres has also been devised, which aims to further the knowledge and monitoring of working conditions in the factories of the Inditex supply chain.

3.2.5. UNI Global Union

100% of the Inditex Group employees are covered by the Global Agreement signed with UNI in 2009 for implementation of fundamental labour rights and decent work, with UNI Global Union (UNI). UNI is a network of trade unions in the trade and retail sector, which encompasses more than 900 trade unions worldwide and represents more than 20 million workers.

3.2.6. Public-Private Partnership with the International Labour Organization (ILO)

Entered into in 2017, the Partnership is aimed at the joint promotion between Inditex and ILO of respect for the fundamental principles and labour rights in the supply chain of the cotton sector, engaging in skill-building and raising awareness among cotton communities.

3.2.7. ILO's Better Work Programme

The Better Work Programme is a platform to improve compliance with labour regulations and competitiveness of global supply chains. Inditex has been a member since October 2007. On 9 October 2013, Inditex and Better Work entered into a specific collaboration agreement whereby Inditex became a direct buyer partner of the programme.

3.2.8. Participation in Shift's Business Learning Programme

Shift is a non-profit organization specializing in human rights, Inditex is part of its Business Learning Programme, a leading programme in the field that involves companies of all sectors willing to work towards implementing the UN Guiding Principles on Business and Human Rights.

3.2.9. COVID 19: Action in the Global Garment Industry

An initiative aimed at encouraging action in the global textile sector to help industry cope with the economic impact of the coronavirus pandemic, while promoting the protection of the

incomes, health and employment of industry workers.

This call to action was agreed in 2020 by the International Organisation of Employers (IOE), the International Trade Union Confederation (ITUC) and IndustriALL Global Union together with international brands, and with the technical support of the International Labour Organisation (ILO). Inditex is part of the International Working Group created for its implementation.

3.2.10. United Nations High Commissioner for Refugees (UNHCR)

Inditex and UNHCR have been working together since 2020 with the common goal of meeting the clothing needs of refugees and internally displaced people. Through this strategic partnership, Inditex, in collaboration with its suppliers, supports UNHCR in its task of sheltering refugees who have been forced to abandon their homes and helping to restore their dignity.

3.2.11. Tent Partnership for Refugees

Founded by Tent Foundation, a non-profit organisation, this is a global network of more than 200 companies that seeks to mobilise the private sector to create partnerships to improve the lives of refugees.

3.2.12. Country partnership for zero child poverty (*Alianza país por la pobreza infantil cero*)

This initiative, fostered by the Spanish Government's High Commissioner against Child Poverty, is aimed at encouraging the engagement in and the creation of partnerships between all social actors to work towards a common mission: a Spain in which all children and teenagers have the same opportunities for the future, regardless of the conditions into which they are born. Inditex joined the Partnership in January 2021.

Find out more about our commitments and initiatives [here](#) (page 141).

4. Due diligence process

Due diligence process is the second pillar of Inditex's human rights strategy (the Policy on Human Rights is the first, and grievance mechanisms, the third).

Due diligence is the process used for identifying potential negative impacts on human rights across the Company's value chain and their subsequent prioritization, to integrate the findings into the different processes of the Group. This process is permanently updated to bolster the strategy, implementing mechanisms allowing us to prevent and mitigate at any time any risk in the field.

In view of the nature of our business model, Inditex works in two lines:

- Due diligence in the value chain.
- Due diligence in the supply chain.

Find out more in the 2022 [Statement on Non-financial Information](#) (pages 135 et seq.) and in the specific [Human Rights Report](#).

4.1. Due diligence in the supply chain

4.1.1. "Workers at the Centre 2019-2022" strategy

Inditex's social sustainability strategy "Workers at the Centre 2019-2022", which ended on 1st February 2023, aimed to generate a positive impact on workers in the supply chain, the main beneficiaries of the programmes and projects carried out by the Company. Responsible suppliers and worker empowerment are core to this strategy's success.

The Workers at the Centre 2019-2022 strategy has enabled us to delve deeper into each of our Priority Impact Areas and make progress through ongoing due diligence and a combination of short-, medium- and long-term solutions and tools. Putting the "workers at the centre" has meant understanding their needs and working to make a positive impact, not only in the workplace, but also in communities and industry.

Over the past four years, the strategy has enabled us to reach 2,551,570 workers in actions and projects carried out directly in the factories in our supply chain and in their communities, which is more than half of those connected to our suppliers and factories at any level.

Supplier involvement is fundamental to the development of this strategy. A total of 3,771 suppliers and factories have participated in one or more of the projects and initiatives undertaken. In 2022 alone, 1,770 suppliers and manufacturers took part, adding to and delving further into socially sustainable supply chain management.

The strategy builds up on three elements:

1. The workers: as the main beneficiaries of the plans and programmes implemented.
2. Impacts from the strategy materialize on three worker-related dimensions of:
 - a. The workplace: where respect for their Human and Labour rights must be ensured through collaboration, projects, evaluation, improvement and follow-up of the factories.
 - b. Worker wellbeing: based on the experience gained at the factory level, Inditex implements more thorough and progressive programmes to impact and progress changes in the life of workers and their communities.
 - c. The industry: this dimension strategically promotes efforts, helped by partnerships with different stakeholders (including NGOs, civil society, suppliers, industry peers, etc.) to drive systematic and effective changes at sector level to create a positive impact in the long run.
3. Due diligence: as a key element to identify priority impact areas in the field of human rights.

4.1.2. Priority Impact Areas

Inditex identified via the due diligence process the seven Priority Impact Areas (PIAs) into which the "Workers at the Centre 2019-2022" strategy is structured. Such areas cover all the actions, proceedings and projects implemented for such strategy to thrive. Specific goals are tied to each PIA, and each of them is assigned a work group, charged with implementing each strand

of the strategy. They are composed of local experts from the different clusters of Inditex. Each local team joins up to address global challenges in the industry and find solutions fit for the entire supply chain, that are also applicable locally taking into account the different realities in each region.

The seven PIAs are shown below:

Objectives of the priority impact areas



Worker participation
Improving social dialogue to achieve mature industrial relations and promote worker satisfaction.



Living wages
Enabling the workers in the Inditex supply chain to receive a living wage.



Gender, diversity and inclusion
Encouraging all the women in the supply chain to benefit from the best conditions and opportunities, while promoting gender equality in a cross-cutting manner, creating a diverse, safe and inclusive work environment.



Occupational health and safety
Guaranteeing that workers in the supply chain are protected against risks to their occupational health, safety, and well-being.



Protection of migrants and refugees
Ensuring that the rights of refugees and migrants are upheld and that a decent workplace is provided in factories, supporting cohesion.



Social protection
Enabling the well-being of workers in the supply chain.



Protection of labour rights in the production of raw materials
Strengthening human and labour rights of the workers in the supply chain of raw materials through proactive actions in terms of the workplace, the community, and industry.

Three of the seven PIAs identified stand out in terms of oversight of the supply chain in the field of forced labour, as they are addressed to especially vulnerable groups: protection of migrants and refugees, gender, diversity and inclusion and protection of labour rights in the production of raw materials.

4.1.2.1. Protection of migrants and refugees

Migrants and refugees are especially vulnerable in global supply chains.

Thanks to the work carried out by the Company in the field of Protection of Migrants and Refugees, Inditex has reached 22,983 workers and involved 81 suppliers and factories in 2022, organised around three strategic lines.

/ Remediation plans for refugees and migrants

The factories in Inditex's supply chain are subject to thorough reviews to detect the existence of workers from especially vulnerable groups and assess their social and working conditions.

Where the presence of migrant and refugee workers is identified, Inditex sets in train, where necessary, remediation plans in collaboration with local expert organizations in the field, to guarantee respect for their human rights and legalize their status.

In view of the current situation, these plans are especially significant in Türkiye, where in 2022 Inditex has worked yet again with the local organization MUDEM in their implementation: 85 remediation plans in 30 factories have been implemented.

The main action lines of the remediation plans are:

- Assessment and effective verification of working conditions.
- Supporting workers' integration.
- Support for getting work permits.
- Advice and support in every aspect of their lives.

/ Fair employment and recruitment practices for migrants and refugees

This action line focuses on having the suppliers in our supply chain resort to fair and just employment and recruitment practices in respect of all workers, whether or not they are migrants and/or refugees.

To achieve this, alliances are entered with local organizations aimed at raising awareness and building skills among managers, workers and the communities where they live.

An example of our work is the Sowbhagyam programme, implemented in India in partnership with the local NGO SAVE, to assess the potential risks to which women workers at the spinning mills in the Tamil Nadu region are exposed, and to introduce the measures needed to reduce those risks. In 2022, 21 factories were involved in this programme, with 11,390 workers.

/ Strengthening social and labour cohesion

This strategic line of action seeks to encourage peaceful work environments, fostering cohesion of all workers, in particular among vulnerable groups. Inditex aims to raise awareness about the relevance of integrating migrants and refugees into the recipient communities by means of projects and the dissemination of best practices. To this end, Inditex collaborates in three different programmes with International Labour Organization, Association for Solidarity with Asylum Seekers and

Migrants and United Work, respectively, whereby 8,950 workers benefited in 2022.

Find out more in the [2022 Statement on Non-financial Information](#) (pages 232 et seq.) and in the specific [Workers at the Centre 2022](#) report (pages 68 et seq.).

Prevention of child labour

Inditex implements plans to prevent school drop-out. Inditex works with expert organisations such as CYDD (Association for the Support of Contemporary Living) and Istanbul Bilgi University to understand the relevant context and circumstances so as to then engage in dialogue with local authorities and other stakeholders.

Inditex also puts in place remediation plans to prevent potential situations involving workers who are below the minimum age to work. As part of the procedure set, suppliers must be in charge of educating the minors until they reach such age, in addition to providing work to other members of the minor's family or paying their family an amount equivalent to their wages.

4.1.2.2. Gender, diversity and inclusion

Women are one of the vulnerable groups more largely represented in our supply chain, and as such, more likely to have their social, labour and human rights violated. The main goal of this Priority Impact Area is promoting that all the women in the supply chain benefit from the best conditions and opportunities, while fostering gender equality in a crosscutting manner, and creating a diverse, safe and inclusive work environment.

The strategic plan in this field is based on three main pillars:

Health: The first pillar focuses on facilitating healthcare services, chiefly in maternity and reproductive health to all male and female workers in our supply chain.

Protection: The second pillar revolves around promoting zero tolerance policies and practices for the prevention and management of workplace harassment, thus protecting the most vulnerable groups, including women. In 2022, we partnered with BSR in Bangladesh and Pakistan to implement projects against harassment in factories, reaching 60,000 workers.

Empowerment: The third pillar refers to the involvement of female workers in programmes related to finance, leadership, and empowerment. Female workers are equipped with the tools to address any potential risk of violation of their human rights.

Thanks to the work done under the umbrella of this impact area in the year, 189,958 workers were reached, and 86 suppliers and factories were involved in the various projects and actions. Find out more in the [Inditex Group's 2022 Statement on Non-financial Information](#) (page 228 et seq.) and in the [specific report entitled Worker at the Centre 2022](#) (pages 48 et seq.)

4.1.2.3. Protection of labour rights in the production of raw materials

Raw materials are the farthest link in the textile supply chain and the production process differs for each one. Considering this, workers in this sector therefore experience a different reality to workers in the factories of finished goods. Inditex has developed a strategy to protect labour rights in the production of raw

materials which relies on three strategic action lines:

- Promoting the well-being of workers in the supply chain of raw materials.
- Raising the responsibility on sustainability of all the players in the supply chain.
- Creating best practices and recommendations for the raw materials supply chain.

In this regard, the Group has taken a holistic approach to protecting the rights of such workers, by joining forces with a number of players, including local and international organizations and communities themselves. As an 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 ILO under the Public Private Partnership (PPP) signed with Inditex in 2017 to promote respect for human rights at work from cotton producers in different cotton producing communities. The four fundamental rights that ILO advocates for in its Declaration on Fundamental Principles and Rights at Work are:

- Freedom of association and the effective recognition of the right to collective bargaining;
- The elimination of all forms of forced or compulsory labour;
- The effective abolition of child labour;
- The elimination of discrimination in respect of employment and occupation.

The Company thus contributes to sustainability across the supply chain of such workers. To achieve it, a cooperative approach with different stakeholders nationally and in the communities themselves is key.

So far, Inditex has worked together with ILO in the cotton producing communities of India, Pakistan and Mali. Under this commitment, more than 600,000 cotton farmers and workers and other related stakeholders benefited in 2022.

/ Due diligence in the cotton supply chain

In 2022, based on our due diligence processes and in collaboration with various organisations, Inditex has continued to work to ensure the absence of forced labour – of which Inditex has a zero-tolerance approach – as well as to ensure compliance with international standards and our Code of Conduct for Manufacturers and Suppliers including 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 compliance programme, together with the activities related to the 'Workers at the Centre 2019-2022' strategy, and our close partnerships with stakeholders such as the ETI or ILO strengthen our commitment to the prevention of forced labour. Inditex remains committed to the involvement of and dialogue with relevant stakeholders (both local and international) to identify opportunities to prevent negative impacts on workers' lives.

For this reason, Inditex takes action at the following levels:

- At community level: by means of the Public Private Partnership with the ILO to enhance Human and Labour rights within the cotton supply chain covering the fundamental rights and principles at work, including the prevention of forced labour.
- At industry level: as established in the UN Guiding Principles on Business and Human Rights and in collaboration with relevant stakeholders, the Group works to promote the Human and Labour rights of workers within the global textile supply chain.

Find out more in the [Inditex Group's 2022 Statement on Non-financial Information](#) (page 235 et seq.) and in the specific report entitled Worker at the Centre 2022 (pages 84 et seq.)

In 2022 we have updated the due diligence exercise on which the strategy is based, identifying and prioritizing salient human rights potential impacts. Forced labour and modern slavery have been considered and reflected in the due diligence exercise.

Based on the lessons learned over the last twenty years, and in particular the strategy completed in 2022, we have evolved the "Workers at the Centre" strategy to incorporate new elements and consolidate projects and partnerships. The spirit of this new strategy will reflect the drive to have an impact and takes a more targeted approach to transformation and development.

4.2. Due diligence in the value chain

In line with the principles and criteria for action established in the Code of Conduct for Manufacturers and Suppliers, at Inditex we are firmly committed to preventing compliance risks from third parties with whom Inditex maintains a direct business relationship.

In this regard, the Due Diligence Policy, approved by the Board of Directors in September 2019, is designed to align the relationships with our business partners, suppliers and large customers, with the processes described in the international standard ISO 37001 *Anti-Bribery Management Systems in organisations*, as well as the regulations and the most stringent standards on anti-corruption.

The due diligence process regulated by the Policy consists of the identification and analysis of all suppliers, business partners and third parties with whom Inditex engages in business relations, from the perspective of corruption, fraud, international trade sanctions and/or any other risks of a similar nature.

Since the beginning of the FY20, all third parties that initiate a commercial and/or professional relationship with Inditex are subject to a due diligence process, which is more demanding depending on certain factors, such as: (i) the total estimated purchase volume with Inditex; (ii) the market in which the third party is domiciled and carries out its main activity; (iii) the sector to which it belongs; and (iv) their degree of interrelationship with authorities and public officials.

Furthermore, as it will be detailed in the following section, this year social audits were also performed, in accordance with our own methodology, at more than 70 external distribution centres with which we work.

Inditex understands the importance of identifying the potential human rights impacts across its entire value chain and is constantly improving its processes to integrate and enhance due diligence.

5. Risk management

5.1. Supplier's verification and audits

Inditex supports its social sustainability strategy with actions aimed at verifying and ensuring compliance with the Code of Conduct for Manufacturers and Suppliers – which states that any form of forced labour is expressly prohibited – and with international regulations. It does this in addition to working with suppliers and stakeholders to continuously improve the supply chain.

All the facilities used to produce the goods that Inditex places on the market must comply with the Code of Conduct for Manufacturers and Suppliers. To ensure this compliance, Inditex conducts different procedures and assessments regarding Human and Labour Rights among all of its suppliers and factories – chiefly through different types of audits.

Supply chain assessment

Pre-assessment

Initial verification of compliance prior to the relationship with Inditex. Audits are used to ensure that Inditex standards are met.

/ **Approved:** May receive orders and is subject to Inditex Minimum Requirements.

/ **Not approved:** May not receive Inditex orders.

Environmental preliminar assessment

Facilities subject to the Green to Wear standard.

Supply chain assessment and improvement model

Assessment

Social audits: Compliance with the Code of Conduct for Manufacturers and Suppliers.

Special audits: Compliance with the Code of Conduct for Manufacturers and Suppliers.

Environmental audits: Facilities subject to the Green to Wear standard.

Continuous improvement

/ Corrective Action Plans (CAPs) to guarantee continuous improvement.

/ Training and awareness of suppliers.

/ Specific improvement within the framework of the social and environmental strategy for the supply chain.

Before starting a commercial relationship with Inditex, every potential supplier and manufacturer (although they are not direct suppliers of the Group, but they are part of its supply chain) is subject to a pre-assessment audit to verify, among others, that no violation of Human Rights of its workers exists, ensuring that only those who meet the Group's sustainability standards may become part of the supply chain.

During such pre-assessment audits, one of the elements reviewed is the prohibition of forced labour. In 2022, Inditex carried out 2,075 unannounced pre-assessment audits of suppliers and manufacturers who were potentially commencing business with Inditex.

Subsequently, every supplier and factory in Inditex's supply chain is subject to periodic social audits. The methodology used in social audits was designed in 2007, jointly with the former International Textile and Garment and Leather Workers'

Federation (ITGLWF), (currently IndustriALL Global Union), the University of Northumbria (UK) and the Cambridge Centre for Business and Public Sector Ethics.

The main purpose of social audits is to verify the level of compliance with the Code of Conduct for Manufacturers and Suppliers and to launch a Corrective Action Plan (CAP), where appropriate, to ensure respect for Human and Labour rights and remedy any detected non-compliance. Social audits can be conducted both by internal and external auditors, always without prior notice to the facility being audited.

Each audit includes tools, inter alia, to identify any form of forced labour, and to verify issues such as 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. 5,955 social audits were conducted in 2022.

Social audits also allow us to determine and identify the main challenges in each country in relation to the different aspects of the Code of Conduct, and this is also a valuable source of information for activities that are part of the Workers at the Centre strategy, as noticing the most critical issues in each geographic area lead to enhancing the due diligence process in the field of human rights.

In addition to social audits, Inditex also conducts special audits, which focus on verifying compliance where a potential non-compliance with the Inditex Code of Conduct for Manufacturers and Suppliers is detected, for the purposes of preventing, monitoring or remedying any risks. 1,045 special audits were conducted in 2022.

Verifications are also carried out following the methodology of the Social & Labour Convergence Program (SLCP) initiative, of which Inditex has been a member since its inception. This initiative aims to iron out audit fatigue in global supply chains by replacing the need for brand-specific audits, with the ultimate goal of improving conditions for workers. The process consists of a self assessment performed by the factory itself, which is verified by a third party authorised by SLCP. This verification is then shared among the various stakeholders. In 2022, 1,400 assessments to factories of our supply chain were performed in China, Bangladesh, Türkiye, Pakistan, Vietnam and India following SLCP methodology.

Lastly, as mentioned before, within the framework of our human rights strategy and the application of due diligence processes in our value chain, during 2022 the Company audited a number of the distribution centres Inditex works with, both in Spain and other markets. The procedure is the same as for our social audit of the factories in our supply chain. In this regard, Inditex carried out 70 social audits of external distribution centres in the year.

Find out more in the [Inditex Group's 2022 Statement on Non-financial Information](#) (page 216et seq.) and in the [specific report on Supply Chain: management to transform the sector](#).

6. Effectiveness and continuous improvement

At Inditex, we believe in continuous improvement as a key to advancing towards our goals and strategies. Management of

the supply chain is also consistent with this philosophy. One of our main tools for improving the performance of suppliers and manufacturers is the Corrective Action Plans, developed when non-compliances are detected in social and environmental audits, not only to establish measures to mitigate or remedy them, but also to prevent them from occurring in the future.

Developing a corrective action plan

Involvement throughout the process of sales teams, trade unions, NGOs or other organisations where necessary.

Start of the CAP

1. Launch

- / Analysis of points of improvement
- / Discussing the plan and setting out correction dates

2. Monitoring

- / Request/receipt/verification of evidence
- / Technical support
- / Desk review of the improvements and follow-up with the supplier and manufacturer

Control point or competence visit

3. Monitoring audit

Close of the CAP

- / Blockage
- / New rating

The precise duration of a Corrective Action Plan is determined by the non-compliances found during the audit and the period deemed necessary to address them.

In the most sensitive cases—classified as being ‘Subject to Corrective Action Plan’—the plan lasts approximately six months, during which Inditex’s Sustainability teams and buying teams offer constant support to suppliers and manufacturers through two channels:

- Providing them with advice and expertise in regard to the best way to implement the corrective measures. In this regard, they may also have the support of other stakeholders, such as NGOs, trade unions or other civil society organisations.
- Continuously monitoring the CAP, including competence visits or control points, so as to act with the supplier before the established deadline if progress is not fast enough. Specifically, CAPs comprise the following stages:
 - Initial meeting: at this meeting, any non-compliances detected are analysed, the action plan proposed by the supplier is discussed, and deadlines are established for the various stages of the process.
 - Monitoring: before conducting the competence visit or control point, a double check is carried out with the supplier or factory (in the first and second months) to ascertain whether the factory has made any improvement. The supplier action plan must be completed:
 - If non-compliances have been resolved: the improvement must be demonstrated with a clear explanation and photographic evidence or documentation, where relevant.

- If the non-compliances have not been resolved: a justification of the reasons should be included and, if there are no reasons or if there is no plan to resolve the non-compliances, the factory will be considered to be blocked preventing any supplier making an order for Inditex at this facility.
- Competence visit/control point: improvements (or lack thereof) by the factory are verified, and new findings are checked.
- Final monitoring: before the follow-up audit is carried out, the auditor will check with the supplier that all improvements have been made. The supplier's action plan must be completed with the submission of a clear explanation and photographic evidence or documentation to prove it.
- End of CAP: a follow-up audit is carried out to assess whether the non-compliances have been remedied and to determine the factory's new classification

487 Corrective Action Plans were conducted in 2022, 292 of these plans were carried out in factories with a 'Subject to CAP' rating, and 195 in factories with other ratings.

Blocking a supplier or a factory is a last resort. Inditex believes in ongoing collaboration and dialogue with our suppliers, as the basis of the mutual trust relationship that benefits both parties. Thus, the Company brings them support and collaboration so that they can improve their supply chains for the benefit of workers.

Inditex's support for suppliers and factories is not limited to carrying out the Corrective Action Plans where evidence of non-compliance exists, but instead, different courses of action are followed to prevent non-compliance and proactively seek continuous improvement. The Group seeks to have an ongoing collaboration with its suppliers while the relationship with them exists and work with them towards improving their own supply chains and promoting Human and Labour rights of their workers.

Find out more in the [Inditex Group's 2022 Statement on Non-financial Information](#) (page 219 et seq.) and in the [specific report on Supply Chain: management to transform the sector](#).

7. Training and awareness-raising

A strong culture of sustainability in all areas of the Group is essential to the successful implementation of our business model. To instill a culture of sustainability among all employees, regardless of their position and duties, the Company imparts training to our employees at headquarters, stores, logistics centres, and in the different markets where Inditex operates.

As part of their onboarding process, every employee at headquarters receives training on social and environmental sustainability, to ensure that they understand the basic idea of sustainability and its relevance for the Inditex Group.

After this initial approach to sustainability, employees undertake specific training depending on their roles and responsibilities. Training in this regard is essential for our buying teams due to the impact of their decisions on the sustainability of our products and supply chain. Such training covers responsible purchasing practices and their influence on employee rights.

In this regard, The Sustainable Fashion School consists of a space for knowledge and inspiration where our buying and

design teams are backed by a very solid foundation of technical knowledge and access to the latest innovations in sustainability. In 2022, within the framework of this project, we provided more than 57,000 training hours for product teams across all the Group's brands. More than 950 people from Zara's design, buying, fabric and quality control teams took part in the first edition. In May 2022 the second edition was launched, this time targeting all product teams from the rest of the Group's brands. More than 780 people are also taking part in the training itinerary previously commenced by their colleagues from Zara, with a total of more than 1,700 people having enrolled in the programme.

Training and raising awareness among suppliers are also key to make progress towards the joint continuous improvement of the supply chain from the perspective of Human and Labour rights. Inditex's Sustainability teams advise suppliers through constant communication and training to share the Group's values, to raise awareness of respect and promotion of Human Rights and workers' wellbeing. Training programmes include topics relating to procedures and requirements of the Group, including the Code of Conduct for Manufacturers and Suppliers, and to priority impact areas identified through due diligence.

Likewise, at the end of 2022, a Compliance e-learning training course –including contents as the Codes of Conducts, the Ethics Line, the Integrity Policies, among others–, has been made available to more than 3,700 ITX Trading suppliers in 50 markets, which will allow to convey the principles and behaviour guidelines the Company expects from the main product suppliers within the framework of our commercial or professional relations with them.

Individual awareness-raising and group training is provided, the latter run by internal teams or in partnership with reputable organizations with various specialisms. Of note is the training run together with IndustriALL, the ILO or Better Work, among others. In 2022, 1,042 suppliers were trained.

Find out more in the specific report on [Workers at the Centre 2022](#).

8. Grievance and queries mechanisms

The third pillar of the Inditex Group's Human Rights strategy, together with the Policy on Human Rights and due diligence, is grievance and queries mechanisms.

The Ethics Line (formerly, the Whistle Blowing Channel), managed by the Ethics Committee, is the main grievance and queries mechanism of the Group. 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:

- 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 falling within the remit of the Ethics Committee.
- To report any breach of the Codes and/or any other internal regulations of conduct affecting Inditex or its Group, which fall within the purview of the Ethics Committee, and that it has been apprised of, by employees, manufacturers, suppliers or third parties with whom Inditex is engaged in an employment, business or direct professional relationship.

The Ethics Committee is responsible for overseeing the Ethics Line and launching 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.

The Ethics Line Procedure is fully aligned with the applicable regulations in personal data protection and of rights of users of reporting mechanisms, as well as with the best international practices in the field of Human Rights, ethics lines, and the protection of rights of reporting parties. The Ethics Line Procedure explains and reinforces the guarantees and protective measures for the parties in the process, i.e.: (i) the utmost confidentiality; (ii) non-retaliation in respect of Parties Concerned acting in good faith; (iii) presumption of innocence and preserving the reported parties' honour; (iv) the parties' right to be heard; and, (v) the appropriate processing of personal data gathered in the scope of the investigation.

In addition, by the end of 2022 Inditex has been working on several amendments to the Ethics Line Procedure following the new regulatory developments governing internal reporting channels in different jurisdictions, and the Company will continue monitoring the legislative changes during 2023 so that the Ethics Line Procedure remains aligned with the regulations applicable in each market.

In 2022, the Ethics Line processed 312 cases. 90 cases were linked to diversity and potential discriminatory behaviour, workplace sexual harassment or other potential violations of fundamental rights. Of the cases currently being examined concerning potential cases of bullying, sexual harassment, discrimination or other potential violations of human rights, 15 of them relate to situations potentially experienced by employees of suppliers of goods or services.

Find out more about the Ethics Committee and the Ethics Line [here](#).

In addition, the Global Framework Agreement (GFA) executed with IndustriALL Global Union signed in 2007 and renewed in 2019 is a testimony of the commitment of the Group and IndustriALL to the promotion of labour rights in the textile and footwear supply chain, and with compliance with international labour regulations and our own Code of Conduct for Manufacturers and Suppliers. Our agreement and relationship with IndustriALL also cover mechanisms to listen to and escalate concerns relating to labour standards. Inditex relies on social dialogue as a key mechanism to promote mature labour relations within our supply chain.

Inditex is, in essence, committed to preventing forced labour at all levels within its value chain, in particular, its supply chain. The Group strongly believes that this individual commitment is strengthened by a collective approach including through collaboration with governments, the industry, civil society and other stakeholders.

This Statement has been approved by the Board of Directors and signed by Mr Javier Monteoliva Díaz, General Counsel and Secretary of the Board of Inditex Group.

