

# 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.

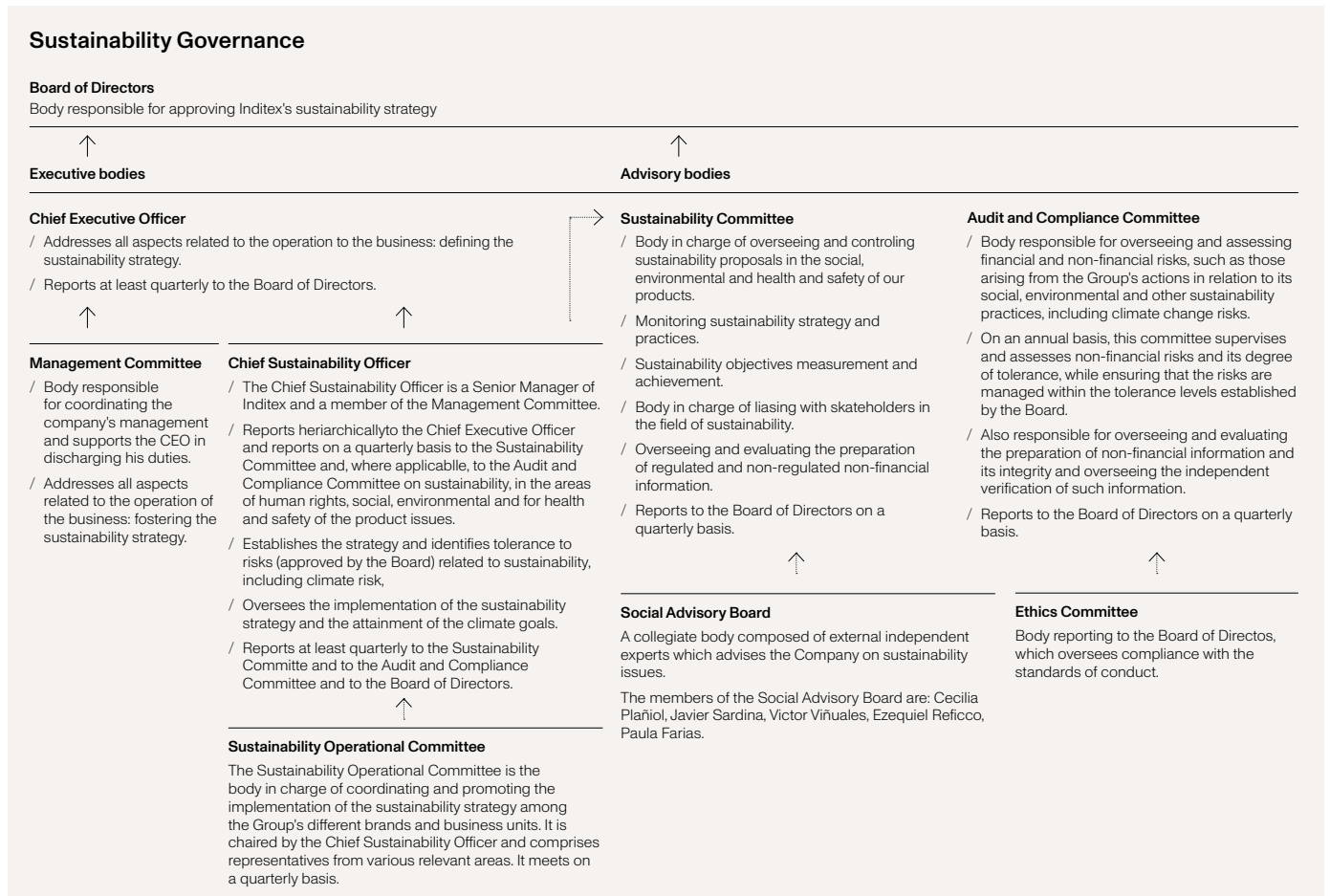
The Group has an Audit and Compliance Committee which is responsible for overseeing and assessing financial and non-financial risks, such as those arising from the Group's actions in relation to its social, environmental and other sustainability practices, including those related to human rights.

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.

<sup>1</sup> 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.

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

<sup>3</sup> 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 suppliers<sup>1</sup> located in 50 markets who, in turn, used 8,271 factories<sup>2</sup> 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 Europe<sup>3</sup>.

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](http://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.**

