

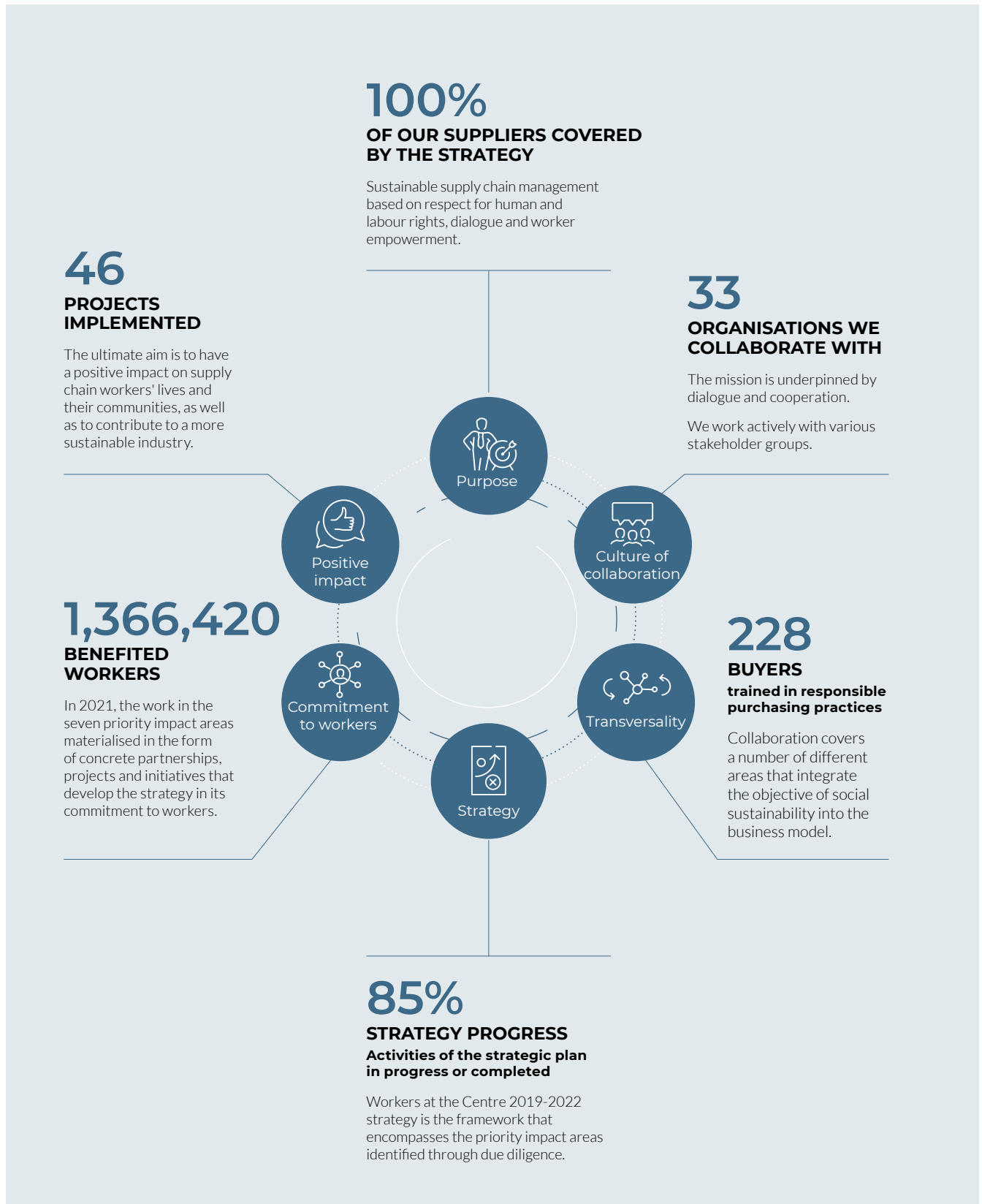
5.5.2. Workers at the Centre

GRI 102-41; 103-2; 103-3; 413-1; AF24; 407-1; 412-3; 403-1; 403-2; 403-3; 403-4; 403-5; 403-6; 403-7; AF2 AND AF3



FOR MORE INFORMATION

on our initiatives within the framework of the *Workers at the Centre* strategy, see the *Workers at the Centre 2021* report available at Inditex corporate website.





At Inditex, we consider that we have the responsibility and the opportunity to help create **socially-sustainable production environments** for workers in our supply chain, thus generating a positive impact on the textile industry, which in many countries and regions is a significant driver of economic growth and progress. Accordingly, we ensure that our suppliers and manufacturers work in adherence to the values and responsible practices defined by the Group. We implement programmes that foster the improvement of social and labour conditions in each production area or cluster, in continuous collaboration and dialogue with official bodies, institutions and other relevant stakeholders.

To achieve our purpose

We identify, assess and improve the working conditions of 100% of our supply chain

- We cover 100% of the supply chain.
- Suppliers are subject to compliance with the Code of Conduct for Manufacturers and Suppliers and with our standards.
- We have tools to verify the compliance.

We are catalyst of change in the industry by fostering sustainable practices

- More sustainable industry in the long term.
- More prosperous communities.
- Collaboration with stakeholders.
- Responding to workers' needs.
- Tools for empowerment, engagement and well-being.



5.5.2.1. Purpose of the strategy

Through sustainable supply chain management and the various policies, tools and practices that comprise it, we have identified the needs of workers in the different geographic areas where we produce. The strategy is then developed and executed on the basis of that identification.

① More information in section 5.5.1. Sustainable management of the supply chain of this Report.

Our work on social sustainability, which is rooted in our corporate human rights strategy has long history. We have policies that underpin the different strategies, strong alliances and partnerships, and a global in-house team with extensive experience and expertise in human rights, labour rights and industrial relations, among other areas.

① More information in section 4.2.3. Human rights of this Report.

Our purpose is to carry out a sustainable supply chain management based on respect for human and labour rights, dialogue and worker empowerment.



Adherences and agreements



Policies



Strategy

PHASE 1 (2001- 2013)

Code of Conduct for Suppliers and Manufacturers



Renewal of the Code of Conduct



Buyer partner de



Adherence to United Nations Global Compact



Adherence to Accord Bangladesh



Inditex is a founding member and sits on the Steering Committee.

Adherence to Better Work



Renewal of the Code of Conduct



2001

2002

2003

2004

2005

2006

2007

2008

2009

2010

2011

2012

2013

Creation of clusters

Adherence to Ethical Trading Initiative



Global Framework Agreement with IndustriAll Global Union





Guiding Principles on Business and Human Rights


First to encompass the entire supply chain of a textile company




PHASE 2 (2014- 2018)




Adherence to ACT



 Adherence to Better than Cash Alliance


 Public-Private Partnership



 Protection of fundamental rights in the production of raw materials

 Sustainable Development Goals



2014 2015 2016 2017 2018


Strategic Plan for a Stable and Sustainable Supply Chain 2014-2018



IDENTIFICATION ASSESSMENT OPTIMISATION SUSTAINABILITY

Renewal of the Global Framework with IndustriAll Union



PHASE 3 (2019- 2022)

Shift's Business Learning Programme



 Signing of the International Accord for Health and Safety in the Textile and Garment Industry


 Adherence to COVID-19: Action in the Global Garment Industry


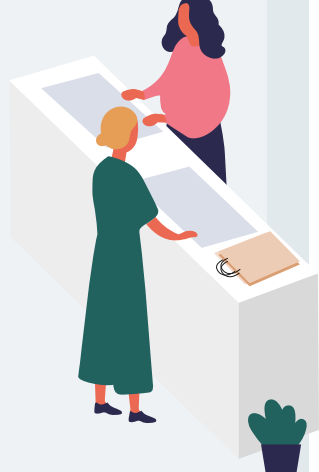
2019 2020 2021 2022

Workers at the Centre 2019-2022


WORKPLACE WELL-BEING
 WORKERS AT THE CENTRE
 INDUSTRY DUE DILIGENCE
 PRIORITY IMPACT AREAS


Renewal of the Global Framework with IndustriAll Union



PHASE 4 (2023- 2025)



Focus on the impact
 Update of due diligence

2023 2024 2025

Workers at the Centre 2023-2025




5.5.2.2. Culture of collaboration

Stakeholder involvement and engagement is a fundamental pillar of Inditex's strategy on social management of the supply chain. The challenges posed by a global supply chain are shared by many players and the **positive impact of working together** is beneficial to the industry as a whole, as well as to the development of the communities where the Group is present.

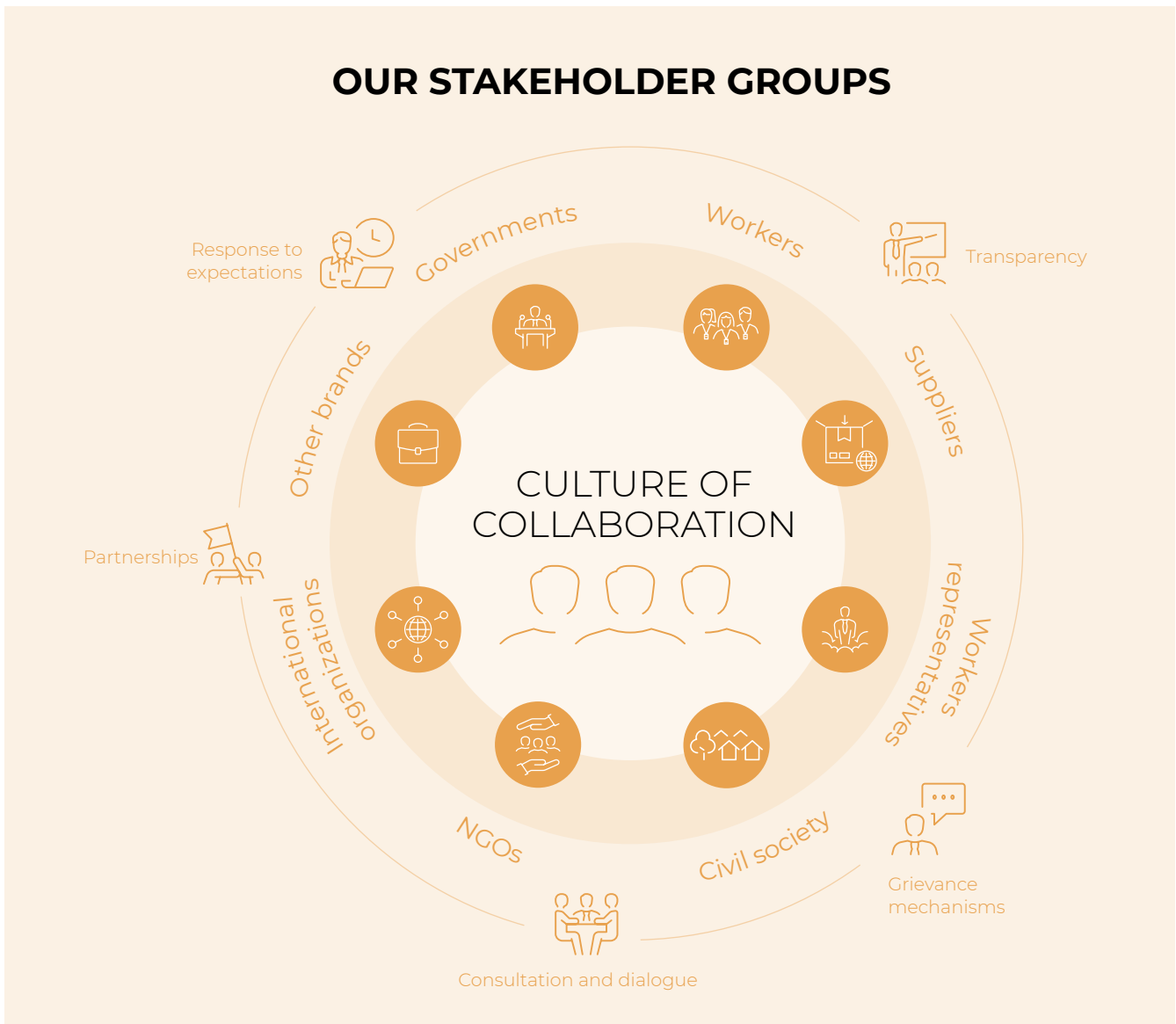
Thus, a culture of collaboration is a prerequisite for managing a supply chain that comprises more than three million people. We are mindful that it is only by understanding the reality of the people who make our products and by having a close relationship with our stakeholders that we can develop a strategy that has an impact on the supply chain and brings about transformation in the industry and the society. To this end, the Company has teams in the main production mar-

kets, in direct contact with suppliers, workers, trade unions, NGOs, local and national authorities, international organisations and academic institutions, among others. This way of working at the local level is what we call **'clusters'**. In 2021, Inditex had 12 clusters in Spain, Portugal, Morocco, Turkey, India, Bangladesh, Pakistan, Vietnam, China, Cambodia, Argentina and Brazil.

Inditex's aim is for this culture of collaboration to result in the improvement, not only of our supply chain, but of the **textile industry as a whole**.

Supporting our suppliers

We support our suppliers throughout the commercial relationship, since social sustainability is a





shared responsibility: suppliers must respect human and labour rights to the same extent that the Company does. Likewise, our goal is to **support them in improving the supply chain**, training and helping them to take part in each of the projects designed as part of our strategy. In this regard, we conduct capacity building sessions on various topics linked to social sustainability. In 2021 we can highlight: gender equality, trade union freedom, living wages and occupational health and safety. In 2021 we provided 260 training programmes to 521 suppliers.

Strategic partnerships

One of our most significant alliances is with the international trade union federation IndustriALL, with which Inditex signed a Global Framework Agreement in 2007 that has been periodically renewed since then. This Framework Agreement supports us and brings us closer to local trade unions as it establishes a channel of communication between Inditex and them and, therefore, with the factory workers.

We also work with **international organisations** such as the International Labour Organization (ILO) through Public-Private Partnerships, the Better Work initiative, the United Nations Global Compact and its Action Platform on Decent Work in Global Supply Chains or Ethical Trading Initiative.

It is worth noting finally the relevance of the collaboration we have with **other brands**. For some years now, we have been taking part in a number of initiatives such as ACT (Action, Collaboration, Transformation), which works to achieve living wages in the supply chain through responsible purchasing practices and collective bargaining.

[More information in section 4.4.2. Partnerships of this Report.](#)

It is essential to understand the needs of workers, their families and the communities in which they live, as well as to provide them with the necessary tools to promote decent work and decent lives.

Hence, we foster the growth of our suppliers and are firmly contributing to the sustainable transformation of our industry.

5.5.2.3. Transversality

The culture of collaboration boosts transversality when it comes to managing our supply chain in a socially responsible way. A **common vision of sustainability**, integrated into the business model, is essential:

- With the buying teams through **responsible purchasing practices** that enable them to make commercial decisions from a sustainability standpoint.
- With the various teams working in different areas of sustainability in order to **generate synergies**.
- With other areas of the Company. At Inditex, we see sustainability as a **way of acting**, and as such it permeates the entire business model and each of the areas that develop it. In addition to the ongoing work with buying teams, a shared vision of sustainability facilitates coordination with corporate areas such as the General Counsel's Office and Office of the Compliance Office, Human Resources, Logistics and Innovation.

5.5.2.4. Strategy

WORKERS AT THE CENTRE

The Workers at the Centre 2019-2022 strategy is based on **respect for the Human Rights** of the workers in our supply chain.



1,366,420

WORKERS

benefited from the "Workers at the Centre" strategy in 2021



1,153

SUPPLIERS AND FACTORIES

involved by the "Workers at the Centre" strategy in 2021



46

PROJECTS

developed by the "Workers at the Centre" strategy in factories and/or community in 2021

85%

PROGRESS

of the "Workers at the Centre" strategy

Protection of labour rights in the production of raw materials

Improving the 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.



Social Protection

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



WORKPLACE



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.



Occupational Health and Safety

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



PRIORITY IMPACT

DUE

* Includes activities defined under the strategic plan that are complete or have been in progress since the strategy began.



>> **Worker Participation**

Developing and improving social dialogue to achieve mature industrial relations and to promote worker satisfaction.



WELL-BEING



>> **Living wages**

Facilitating that workers in the supply chain earn a living wage.

INDUSTRY



>> **Gender, diversity and inclusion**

Promoting that all the women in the supply chain benefit from the best conditions and opportunities, while fostering gender equality in a cross-cutting manner, and creating a diverse, safe and inclusive work environment.



THREE ELEMENTS



THE WORKER

The workers in the supply chain are placed in the centre as the main beneficiaries of the strategies and programmes based on their empowerment and participation.



THE DIMENSIONS

Workplace

We ensure that all the facilities in the supply chain meet the standards that guarantee respect for human and labour rights.

Well-being

Our goal is the development of the workers and their communities, in order to drive a transformative social change.

Industry

We firmly believe that the solution to many of the challenges in the sector lies in joint commitment and collaboration of all the players in the industry.



DUE DILIGENCE

It is an ongoing process, based on the **United Nations Guiding Principles on Business and Human Rights**, which has enabled us to identify seven priority impact areas (PIAs) in which we have established strategic action lines.

Supply chain workers are the main focus of our strategy. We want this strategy to fulfil the dual role of responding to the needs of workers, their families and communities, on the one hand, and promoting decent work and sustainable production environments, on the other.

After years of analysis, assessment and knowledge of our supply chain and after a human rights due diligence process developed in collaboration with Shift, the leading centre of expertise on business and human rights, in 2019 we unveiled our **Workers at the Centre 2019-2022 strategy**. The strategy is aligned with the UN Guiding Principles on Business and Human Rights, the Sustainable Development Goals, the Principles of the UN Global Compact, and the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector.

The strategy comprises seven **Priority Impact Areas** which were identified through the due diligence process. These areas are: Worker Participation, Living Wages, Gender, Diversity and Inclusion, Occupational Health and Safety, Protection

of Migrants and Refugees, Social Protection, and Protection of Labour Rights in the Production of Raw Materials.

At the end of this financial year, one year away from the end of our Workers at the Centre 2019-2022 strategy, our overall progress on the strategic plan is **85%⁸⁰**. In 2021, 1,366,420 workers benefited from some of the activities and projects developed in the Priority Impact Areas, reaching 1,153 suppliers and manufacturers.

5.5.2.5. Commitment to workers

Each of the Priority Impact Areas is a work area led by experts, with a general goal, as well as other more specific objectives that are materialised through action lines, activities, projects and partnerships.

Their breadth and transversality allow us to establish links and connections between Priority Impact Areas on the basis of the related human rights and the Sustainable Development Goals (SDGs), transforming this into an ongoing collaboration and, at times, leading to the development of joint projects. While each of the seven Priority Impact Areas are significant independently, pooling efforts between them leverages the impact.



80. To gauge progress we take into account those activities outlined in the strategic plan which at the end of 2021 are complete or in progress.

5.5.2.5.1. Worker participation

WORKER PARTICIPATION



✓ Promoting the Global Framework Agreement with IndustriALL Global Union.



✓ Raising awareness on social dialogue and worker participation.



✓ Ensuring effective worker representation mechanisms.



Improving social dialogue to achieve mature industrial relations and champion worker satisfaction

ALLIANCES AND PARTNERSHIPS

- ACT (Action, Collaboration, Transformation)
- BetterWork
- Ethical Trading Initiative
- IndustriALL Global Union
- International Labour Organization
- Smart Myanmar Textile & Garment

RELATED SDG



RELATED HUMAN RIGHTS

- Freedom of association
- Collective bargaining

2021 KEY INDICATORS

 **182,867**
BENEFITED WORKERS

154
SUPPLIERS AND FACTORIES REACHED

 **BANGLADESH, CAMBODIA, CHINA, EGYPT, INDONESIA, MOROCCO, MYANMAR, TURKEY AND VIETNAM**

The rights to freedom of association and collective bargaining are fundamental rights enshrined in International Labour Conventions, as well as in the ILO Declaration on Fundamental Principles and Rights at Work. These rights, coupled with the promotion of social dialogue, are intrinsic principles for promoting worker participation.

The primary **strategic lines** of this Priority Impact Area are as follows:

Promoting the Global Framework Agreement with IndustriALL Global Union

It is the backbone of our worker participation strategy because, through collaboration with IndustriALL and its local affiliates, we have been able to create a space in which to strengthen industrial relations in our supply chain.

Projects implemented in 2021

- Collaboration on the ground with IndustriALL and its local affiliates (Bangladesh, Morocco and Turkey)

Guaranteeing effective worker representation mechanisms

Workers, by means of their representation mechanisms, must be able to exercise social dialogue at both factory and sector level. For this purpose, we work with organisations that take a proactive approach to guaranteeing effective mechanisms for worker representation.

We also implement projects with bodies such as the International Labour Organization (ILO), via its Better Work programme, and Ethical Trading Initiative (ETI).

This principle of collaboration has borne fruit in Myanmar, for example, in the implementation of the Fast-Track Dispute Resolution Mechanism (DRM) at factories that supply brands participating in the ACT initiative.

In this respect, in the last few years, the country's garment sector has experienced exceptional development in industrial relations. This progress has been mainly possible due to the **ACT** (Action, Collaboration, Transformation) **initiative**, providing a space for social dialogue between employees and the country's IndustriALL Global Union affiliate, Industrial Workers' Federation of Myanmar (IWFEM), backed by the ACT member brands in the country, including Inditex.

The securing of the mandatory Myanmar Freedom of Association (FOA) Guideline in November 2019, the result of negotiations between employers and IWFEM with ILO facilitation and technical support, signalled an agreement hitherto unprecedented in the industry.

The events in Myanmar in February 2021 further strengthened ACT's commitment. It was embodied by the Framework on Responsible Pausing of Orders and the Framework on Workers' Safety and Terminations in Myanmar, devised as a responsible approach to minimise the impact amid the instability affecting production.

Despite ACT's decision to halt ACT Myanmar operations in December 2021 (as a result of the withdrawal of the local trade union affiliated with IndustriALL, IWFEM, from ACT operations), the state of industrial relations and the progress made in the last few years is a good example of how social dialogue drives substantial changes in the process of continued protection of workers' rights.

Inditex, as a member of the Ethical Trading Initiative, supports the independent and comprehensive assessment commissioned by this organization regarding the human rights impact in the garment sector in Myanmar, based on the application of the UN Guiding Principles on Business and Human Rights (UNGPs) and OECD due diligence guidance.

Projects implemented in 2021

- Training to suppliers in dispute resolution mechanisms (China)
 - Better Work programme (Bangladesh, Cambodia, Egypt, Vietnam and Indonesia)
 - ETI Social Dialogue Scale Up (Bangladesh)
-

Raising awareness on social dialogue and worker participation

We believe that raising awareness on social dialogue and worker participation are key to empowerment of workers and that of their legitimate representatives. In this regard, we focused our efforts on improving the capacity of both employers and workers to execute social dialogue and raise awareness on labour rights. Our collaboration with Smart Myanmar has continued throughout 2021, as have the various awareness and training activities carried out under our Global Framework Agreement with IndustriALL in countries such as Turkey and Morocco, and participation in internal activities with its local affiliates.

Projects implemented in 2021

- Communication and dialogue at the workplace (Myanmar)
-

5.5.2.5.2. Living Wages



Our strategy on with living wages is based on the premise of understanding and responding to the needs of the supply chain workers, their families and the communities in which they live so as to promote decent working conditions and sustainable production environments.

The primary **strategic lines** of this Priority Impact Area are as follows:

Promoting collective bargaining

Our living wages strategy is based on the principle that decent wages and, in general, decent working conditions, are those that result from bargaining and agreements between employers and freely elected workers' representatives. Accordingly, we actively promote workers' **freedom of association** and their right to free elections in order to elect their representatives. In addition, we implement a

number of measures to guarantee the right to collective bargaining, as well as capacity building sessions for workers and employers, providing them with the necessary tools to defend their rights, especially the right to a living wage.

Projects implemented in 2021

- Collaboration with ACT (Turkey, Bangladesh, Cambodia and Myanmar)

Responsible purchasing practices

We are mindful of the direct impact of the purchasing process on workers in our supply chain. That is why responsible purchasing practices are one of the foundations to secure a **living wage** for workers. These practices encompass every stage of the purchasing process, such as planning, development, price negotiation, payment terms and delivery times.



In this regard, our collaboration with the ACT initiative is fundamental. In March 2015 Inditex signed a Memorandum of Understanding (MoU) with IndustriALL, which guarantees our commitment to responsible purchasing practices that facilitate the payment of living wages. In 2018, the members of ACT agreed to the following **five commitments** in relation to purchasing practices:

COMMITMENTS TO RESPONSIBLE PURCHASING PRACTICES





In order to assess purchasing practices, in February 2021, ACT and member brands launched buyer and supplier surveys called the Purchasing Practices Self-Assessment (PPSA) and Purchasing Practices Assessment (PPA). In total, 207 Inditex suppliers took part in the surveys. The results will help us to advance in our strategy to fulfil the five commitments and thus be able to evaluate our supplier-related practices during the purchasing process.

Enhancing production organisation systems and methods

There is a direct link between the payment of living wages and the production systems and methods in place at factories. Hence, we develop and carry out numerous programmes in collaboration with our suppliers, facilitating the implementation of appropriate production methods and working systems, with the aim of improving the general working conditions and satisfaction of their workers. Foremost among them are the LEAN project, an internal initiative created by our team, or the ILO’s SCORE programme.

Projects implemented in 2021

- LEAN project (China, Bangladesh, Portugal, India)
 - SCORE programme (China)
-

Improving management systems and wage digitalisation

We believe that wage digitalisation and financial inclusion are fundamental to build a solid base to advance towards achieving living wages. As part of this line of action we have analysed and improved management systems for wages and working hours while, at the same time, incentivising suppliers and making headway in wage digitalisation, with a view on the **financial inclusion** of supply chain workers.

Projects implemented in 2021

- Wage digitalisation capacity building (Bangladesh, Vietnam, India)
 - HERfinance – digital payments (Bangladesh, Cambodia, India and Vietnam)
 - Wage digitalisation analysis (Pakistan)
-

5.5.2.5.3. Gender, diversity and inclusion

GENDER, DIVERSITY AND INCLUSION

STRATEGY



Health: Facilitating healthcare services, chiefly in maternity and reproductive health



Protection: Promoting zero tolerance policies and practices for the prevention and management of workplace harassment



Empowerment: involving female workers in programmes related to finance, leadership, and empowerment.



ALLIANCES AND PARTNERSHIPS

- AÇEV
- Associação plano i / centro gis
- Business for Social Responsibility (BSR)
- Ethical Trading Initiative
- Medicus Mundi
- International Labour Organization
- St John's Medical College
- SAVE Foundation
- The International Center for Research on Women (ICRW)
- UN Foundation



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, and creating a diverse, safe and inclusive work environment

RELATED SDG



RELATED HUMAN RIGHTS

- Fair and favourable working conditions
- Non-discrimination,
- Adequate standard of living
- Education
- Health
- Life
- Not being subject to degrading treatment
- Not having to endure harassment
- Equal pay
- Freedom of movement
- Freedom and security of the person
- Engagement in public life
- Rights of employees with disabilities
- Reproductive rights

2021 KEY INDICATORS



235,041
BENEFITED WORKERS



109
SUPPLIERS AND FACTORIES REACHED



BANGLADESH, CHINA, INDIA, MOROCCO, PAKISTAN, PORTUGAL, TURKEY AND VIETNAM

The Gender, Diversity and Inclusion strategy is structured upon three pillars (health, protection and empowerment) which we approach from two perspectives: **women empowerment** and the **inclusion of the LGBT+ community**. Our aim is to promote gender equality in a cross-cutting way, creating a diverse, safe and inclusive working environment.

The primary **strategic lines** of this Priority Impact Area are as follows:

HEALTH: Facilitating healthcare services, chiefly in maternity and reproductive health

We work in various countries via different partnerships with the aim of:

- Guaranteeing access to health services and promoting women's health, in particular reproductive health and women's hygiene.

- Guaranteeing pregnancy and maternity rights to all women workers in the supply chain.
- Facilitating access to health services aimed at specific gender or sexual orientation requirements among the LGBT+ community.

Furthermore, we have a public commitment with the UN Foundation that consists on reaching at least 70,000 women workers in 2022 health services (such as maternity care and reproductive health).

Projects implemented in 2021

- Medicus Mundi Health (Morocco)
- Sakhi Health (India)
- HERhealth (Vietnam)



PROTECTION: Promoting zero tolerance policies and practices for the prevention and management of workplace harassment

Preventing and managing workplace harassment when it occurs, and implementing zero tolerance policies towards these conducts, is a part of the basic human rights strategy we advocate at Inditex.

In this respect, we carry out different activities, projects and training to promote the development and implementation of zero tolerance policies regarding workplace and sexual harassment, as well as prevention practices. The main idea is to secure **diverse and inclusive working environments** so as to preclude any kind of discrimination. For example, in Morocco we collaborate with Medicus Mundi to execute a project with this aim.

Projects implemented in 2021

- Medicus Mundi Protection (Morocco)
 - HERrespect (Bangladesh)
-

EMPOWERMENT: involving female workers in programmes related to finance, leadership, and empowerment

The empowerment of workers is crucial to provide them with the necessary tools to improve their working conditions. In this regard, we aim to provide access to the necessary tools to enable women to actively engage in the workplace, involving them in financial, leadership and empowerment programmes. To achieve this, we work with international organisations like BSR or local organisations like AÇEV in Turkey.

Projects implemented in 2021

- Together Strong (Turkey)
 - HERessentials (Pakistan)
 - Self-Diagnosis Tool (Bangladesh, India and Vietnam)
 - HERfinance – Financial empowerment (China)
 - Diversity and inclusion (Portugal)
-

5.5.2.5.4. Occupational Health and Safety

OCCUPATIONAL HEALTH AND SAFETY



- ✓ Monitoring compliance with the Code of Conduct and applicable legislation
- ✓ Emergency preparedness and response
- ✓ Effective worker participation in occupational health and safety issues
- ✓ Implementing occupational health and safety management systems



2021 KEY INDICATORS

935,483
BENEFITED WORKERS

542
SUPPLIERS AND FACTORIES REACHED

PORTUGAL, MOROCCO, TURKEY, INDIA, PAKISTAN, BANGLADESH, VIETNAM AND CHINA

Protecting people from occupational health and safety risks is a key element to achieving decent and sustainable working conditions.

The primary **strategic lines** of this Priority Impact Area are as follows:

Monitoring compliance with the Code of Conduct and applicable legislation

The essential compliance requirements for facilities in our supply chain are provided in our Code of Conduct for Manufacturers and Suppliers, as well as the applicable national legislation. In this regard, **monitoring levels of compliance and establishing initiatives for improvement** is a priority. Likewise, the *ILO Code of practice on safety and health in the textiles, clothing, leather and footwear industries and the EU Strategic Framework on Health and Safety at Work 2021-2027*, both adopted in 2021, serve as key ref-

erences for setting new targets, making progress on occupational health and safety and directing efforts beyond mere legislative compliance.

As part of this line of work we implement initiatives for evaluation and continuous improvement in areas such as structural safety, fire prevention and electrical safety, or health and safety training. We also monitor compliance of Accord/RSC corrective action plans in Bangladesh.

Projects implemented in 2021

- Structural assessment, fire prevention and electrical safety (Bangladesh, Turkey and China)
- Assessment, continuous improvement and training in health and safety (Morocco and Cambodia)
- Monitoring compliance of Accord/RSC corrective action plans (Bangladesh)
- Boiler safety (Morocco)

Emergency preparedness and response

Adequate emergency preparedness and response enables an organisation to minimise potential damage and related consequences. We work with our suppliers and manufacturers to strengthen and maintain the necessary provisions for emergency prevention, preparedness and response through a number of initiatives, such as improving their emergency plans or training workers in evacuation and first aid.

Projects implemented in 2021

- Structural, fire prevention and electrical safety using advanced diagnostics (India and Pakistan)
 - Training programme for emergency preparedness (Turkey)
 - Training, assessment and improved response to emergencies, electrical and fire risks (Pakistan)
-

Effective worker participation in health and safety issues

Worker participation is an essential aspect of proper occupational health and safety performance. We endeavour to ensure that both workers and their representatives are **consulted, informed and trained in health and safety matters** in all aspects relevant to their work. Examples of our programmes in this line of action are the support and accompaniment of Health and Safety Committees in Morocco or the support and direct engagement in connection with RSC grievance mechanisms in Bangladesh.

Projects implemented in 2021

- Support for the Health and Safety Committees (Morocco)
 - Development and participation of workers in the improvement of their physical and mental health (Portugal and Vietnam)
-

2021 MILESTONE

Signature of the International Accord for Health and Safety in the Textile and Garment Industry

Throughout this year, from Inditex we have promoted the signature of the International Accord for Health and Safety in the Textile and Garment Industry, known as the International Accord, which took place on 1 September 2021. This new agreement, signed individually by brands in the sector and by IndustriALL Global Union and UNI Global Union, is based on the 2013 Accord on Fire and Building Safety in Bangladesh and the 2018 Accord on Fire and Building Safety in Bangladesh, which we also promoted.

One of the main new developments of this agreement is the commitment to expand to other markets the lessons learnt and achievements from previous agreements, which attained unprecedented success in effectively and transparently establishing essential health and safety measures in the textile industry in Bangladesh. Furthermore, this new agreement acknowledges the option to expand its scope beyond aspects linked to health and safety, with a view to undertaking due diligence on human rights.

The International Accord supports the RSC initiative, which is independent and aimed at continuing the work done on safety in the textile industry in Bangladesh in the last few years, by means of a close collaboration between manufacturers, brands and unions. At Inditex, we continue to collaborate with this initiative, as part of our commitment to health and safety in the supply chain.

Implementing occupational health and safety management systems

The implementation of occupational health and safety management systems helps to ensure healthy and safe working environments, providing a framework for appropriate risk and opportunity management, anticipation and change management. Our work with suppliers and manufacturers is especially focused on reinforcing this commitment to occupational health and safety and enabling their organisa-

tional structure to establish occupational health and safety management systems aimed at continuous improvement. In this regard, we conduct projects in countries like Vietnam, where we collaborate with a leading local university.

Projects implemented in 2021

- Safety and well-being in the workplace (Vietnam)
- HOPE: Health – Opportunity to Protect and Engage (India)

5.5.2.5.5. Protection of migrants and refugees

PROTECTION OF MIGRANTS AND REFUGEES

STRATEGY



Remediation plans for refugees and migrants



Fair employment and recruitment practices for migrants and refugees



Reinforcing social and labour cohesion



ALLIANCES AND PARTNERSHIPS

- International Labour Organization
- Refugee Support Center (MUDEM)
- United Work
- Support to Life
- Association for Solidarity con Asylum Seekers and Migrants (ASAM)
- Social Awareness and Voluntary Education (SAVE)



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



RELATED HUMAN RIGHTS

- Freedom of association
- Non-discrimination
- Education
- Life
- Property
- Ban on forced labour
- Freedom of thought, conscience and religion
- Privacy
- Protection against violence
- Health

RELATED SDGS



2021 KEY INDICATORS



40,828

BENEFITED WORKERS



115

SUPPLIERS AND FACTORIES REACHED



INDIA AND TURKEY

Refugees and migrant workers are among the most vulnerable groups working in supply chains within the textile industry and are therefore at a higher risk of having their human rights impacted. Under the umbrella of our Policy on Human Rights and Code of Conduct for Manufacturers and Suppliers, **Inditex provides special protection to all migrants**, especially to refugees in Turkey, due to their particular vulnerability as a result of the Syrian conflict. In India there is also a high degree of internal migration.

The primary **strategic lines** of this Priority Impact Area are as follows:

Remediation plans for refugees and migrants

At Inditex, in the event that our assessments reveal migrant or refugee workers at any of the production facilities we work with, we examine the circumstances on a case-by-case basis and, if necessary, we implement corrective action plans in collaboration with expert organisations in the field so as to provide support to both the workers and their families. These plans are especially significant in Turkey, where we work with the local organisation MUDEM in their implementation.

Projects implemented in 2021

- Remediation plans (Turkey)
 - Sankalp (India)
-

Fair employment and recruitment practices for migrants and refugees

Establishing effective management systems to ensure that all workers, including migrants and refugees, are recruited fairly and benefit from **decent working conditions** is relevant to our work in this Priority Impact Area, as it is fundamental to their professional and personal well-being. An example of our work is the *Sowbhagyam 2* programme, implemented in the Tamil Nadu region of India in partnership with the local organisation SAVE, to assess the potential risks to which women workers at the spinning mills are exposed, and to introduce the measures needed to reduce these.

Projects implemented in 2021

- Sowbhagyam (India)
-

Reinforcing social and workplace cohesion

This strategic line is aimed at increasing cohesion in the workplace by strengthening communication and interaction between refugees, migrants and host communities through the development of new projects, as well as the dissemination of best practices throughout the Inditex supply chain. Our efforts are especially intensive in Turkey, where we work with organisations like United Work.



Projects implemented in 2021

- Training project with United Work (Turkey)
 - ILO integration project (Turkey)
 - Towards an inclusive workplace for refugees (Turkey)
 - Facilitating equitable workplaces that generate a culture of peaceful life (Turkey)
-

5.5.2.5.6. Social Protection



Social protection is a **human right** defined as the set of policies and projects designed to reduce and prevent the vulnerability of persons throughout their life. Social protection includes benefits for children and families in areas such as maternity, unemployment, occupational accidents, illness, age or disability, as well as health protection. Moreover, it plays a key role in achieving sustainable development, promoting social justice and realising the human right to social security for all.

The primary **strategic lines** of this Priority Impact Area are as follows:

Access to social protection and social benefits

Social security is a set of measures and policies that support all households and individuals to avoid or to tackle financial difficulties in their lives. We are

2021 MILESTONE

Covid-19 Initiative: Action in the Global Garment Industry

The initiative, launched in 2020 as a joint response to the effects of covid-19, 'aims to catalyse action from across the global garment industry to support manufacturers to survive the economic disruption caused by the covid-19 pandemic and to protect garment workers' income, health and employment. This global action also calls for work on sustainable systems of social protection for a more just and resilient garment industry'.

Inditex has played a proactive role in the creation of this initiative and, having formally adhered to it, has undertaken, together with another brand, the representation of the brands in the International Working Group created to mobilise resources from international financial institutions and donors, with a view to contributing to sustainable social protection systems.

In 2021, we have continued to pursue the main lines of action, including fostering social dialogue or strengthening social protection systems, in countries like Bangladesh, Cambodia, Ethiopia, Haiti, Indonesia and Pakistan.

committed to assessing and improving the social security management systems in our suppliers' factories and then developing plans, with the assistance of other stakeholders, to ensure that all our workers have access to social security and other social benefits. We are also actively and closely involved with institutions and organisations that are in a position to supplement those plans so as to guarantee employee well-being.

Alleviating poverty and preventing school drop-out

The first major challenge for Inditex in the communities where the workers in our supply chain live is to join forces in combating the challenges they may face, by rolling out **action plans** that help promote children's rights.

In this regard we implement plans to prevent school drop-out. We work 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.

Projects implemented in 2021

- Prevention of school drop-out (global)
 - Ending long-distance parenting for working parents (China)
-

Facilitating access to adequate nutrition and drinking water

Drinking water, along with access to nutritional foods, represents a challenge for workers in some countries of our supply chain, and in particular for certain more vulnerable groups, such as women. Through our partnership with ALIVE & THRIVE we want to advance in the creation of breastfeeding-friendly workplaces in countries such as Cambodia and Vietnam.

Projects implemented in 2021

- Mothers at the workplace – Breastfeeding-friendly workplaces (Vietnam and Cambodia)
-

Promoting health and personal well-being

Health and hygiene are two essential, related and interactive concepts. Health refers to a person's **physical and psychological well-being**, and covers both their state of health and their having sufficient and adequate resources to live. Hygiene refers to conditions and practices that serve to promote or preserve health. In this regard, at Inditex we promote welfare programmes within the action plans related to social protection and which go hand in hand with the actions executed in the Occupational Health and Safety Priority Impact Area.

Projects implemented in 2021

- Happiness for all (India)
-

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

PROTECTION OF LABOUR RIGHTS IN THE PRODUCTION OF RAW MATERIALS



Promoting the well-being of workers in the supply chain of raw materials



Increasing the responsibility on sustainability of all the players in the supply chain



Establishing best practices and recommendations for the raw materials supply chain



ALLIANCES AND PARTNERSHIPS

- Business for Social Responsibility (BSR)
- International Labour Organization
- Responsible Sourcing Network (RSN)



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.



RELATED HUMAN RIGHTS

- Freedom of association
- Fair and favourable working conditions
- Adequate standard of living
- Freedom of movement
- Healthy environment
- Ban on forced labour
- Collective rights of communities

RELATED SDGS



2021 KEY INDICATORS



INDIA, MALI AND PAKISTAN

Raw materials are the basis for any product marketed by Inditex. Through this Priority Impact Area we aim to obtain a **holistic vision** and work on identifying the needs of the workers in this part of our supply chain through the corresponding due diligence processes that allow us to ensure that their fundamental rights are respected.

The primary **strategic lines** of this Priority Impact Area are as follows:

Promoting the well-being of workers in the supply chain of raw materials

The workers who produce raw materials, such as cotton growers and farmers, present certain particularities compared to those who work in factories. To address their specific needs, we partner with local and international organisations and the

communities themselves to promote sustainability.

Specifically, in 2017 we entered into an enduring public-private partnership with the ILO which ensures that the fundamental rights of cotton farmers in communities in India, China, Pakistan and Mali are upheld.

Projects implemented in 2021

- Public-private partnership with the ILO (India, Pakistan, Mali)

Raising the responsibility on sustainability of all the players in the supply chain

We collaborate with various stakeholders with the aim of achieving **sustainable change** in the conditions of cotton workers. We have worked hand in hand with the ILO and with key stakeholders in India



and Pakistan to increase their engagement and accountability in the cotton supply chain and to implement joint actions that benefit them.

Another clear example of collaboration is with the Responsible Sourcing Network in the YESS (Yarn Ethically & Sustainably Sourced) project. This project is based on the OECD’s approach to risk identification through due diligence and seeks to standardise due diligence processes in order to replicate best practices throughout the industry.

Projects implemented in 2021

- Yarn Ethically & Sustainably Sourced (Global)
-

Creating best practices and recommendations for the raw materials supply chain

We collaborate in global projects to identify impacts and best practices in connection with raw materials, such as the Visible Thread project to design a vision, policy and action plan shared throughout the industry for a more sustainable cotton supply chain.

In the past years, several reports have been published condemning social practices and breaches in some regions of Asia where Inditex does not operate. At Inditex, we seriously analyse any information related to abusive or inappropriate practices at any link in the textile sector supply chain, and we put the necessary mechanisms to prevent or remedy them into practice.



In 2021, based on our due diligence processes and in collaboration with various organisations, we continued to work to ensure the absence of forced labour – on which we have a zero-tolerance approach – as well as to ensure compliance with international standards and our Code of Conduct for Manufacturers and Suppliers also in the raw materials supply chain. Inditex has developed and applies strict policies and actions with the ultimate goal of fostering respect for the human rights of all workers in our supply chain.

Our audit programme, together with the projects and programmes of the Workers at the Centre 2019- 2022 social strategy, and our close and permanent partnership with certain stakeholders, such as the Ethical Trading Initiative and the ILO,

strengthen our commitment to the prevention of forced labour. In this regard, we remain committed to the process of involvement and dialogue with relevant stakeholders (both local and international) in order to identify opportunities to prevent negative impacts on workers’ lives.

Furthermore, Inditex is a signatory to the Uzbek Cotton Pledge geared towards eradicating forced labour in the cotton chain in Uzbekistan.

Projects implemented in 2021

- The Visible Thread (Global)
-



5.5.2.6. Positive impact

Our work has the ultimate goal of **having a positive impact on workers** in the Group’s supply chain. Thanks to the Workers at the Centre 2019-2022 strategy, implemented through the Priority Impact Areas and materialised through specific projects and plans, we reach out to workers in order to empower them, identify their needs and provide them with the tools to fulfil those needs, as well as to improve their living and working conditions, and those of everyone around them.

The projects we undertake at factories and/or in the workers’ communities play a key role in achieving transformational results for people in the supply chain and the wider community. In addition, they help us to gain a **deeper understanding** of

local challenges and needs with regard to specific social sustainability and human rights issues; hence they also help strengthen our efforts in this area.

In 2021, our *Workers at the Centre* initiatives reached **1,366,420 workers**.

1,366,420

WORKERS REACHED

in 2021 throughout the initiatives of *Workers at the Centre*.