

INDITEX

A photograph of a textile factory. In the foreground, a woman with long dark hair, wearing a light-colored work jacket, is focused on her work at a green industrial sewing machine. She is handling a piece of light-colored fabric. To her left, another worker with long brown hair is seen from the back, also in a similar work jacket. The background shows a busy factory floor with other workers and sewing machines, creating a sense of a large-scale industrial environment. The word 'INDITEX' is overlaid in large, bold, white, sans-serif capital letters across the top half of the image.

Workers at the Centre
2022

About this report

The supply chain management strategy from a people's perspective arose out of Inditex's commitment to the workers, suppliers and manufacturers that make up its supply chain. The aim is to ensure **socially-sustainable workplaces** based on compliance with human and labour rights, as well as a commitment to a continuous improvement of working conditions.

To achieve this goal, we have incorporated sustainability **into both our business model and our supply chain**, developing policies, tools and practices to ensure that this is managed properly.

It is an **ongoing process** of supporting our suppliers and in which we have involved our stakeholders and strategy partners with shared challenges to respond to all of the needs and expectations. With the completion of the Workers at the Centre 2019-2022 strategy, we have progressed from compliance to commitment, with the aspiration to bring about a transformation among workers, their communities and in the textile industry itself.

This document describes presents the results of the strategy in 2022 and the outcomes of the work carried out over the last four years.



Index

- 1. Purpose of the strategy
- 2. Collaboration and transversality
- 3. Strategy
- 4. Priority Impact Areas
 - 4.1. Worker participation
 - 4.2. Living wages
 - 4.3. Gender, diversity and inclusion
 - 4.4. Occupational health and safety
 - 4.5. Protection of migrants and refugees
 - 4.6. Social protection
 - 4.7. Protection of labour rights in the production of raw materials
- 5. Overview
 - 5.1. Overview on Workers at the Centre 2019-2022
 - 5.2. Workers at the Centre 2023-2025



1. Purpose of the strategy

In 2022, our supply chain consisted of 1,729 direct suppliers based in 50 markets, which in turn used 8,271 factories to produce our products. These workplaces together employ over three million people. **Those workers are at the core of our socially sustainable management strategy of the supply chain**, which seeks to empower them and foster their participation and well-being on the basis of respect and the promotion of human and labour rights.

1.1. Our purpose with Workers at the Centre / 1.2. Context: challenges and opportunities / 1.3. Timeline

1.1. Our purpose with Workers at the Centre

The textile industry is a significant driver of economic growth and progress in many countries and regions. At Inditex, we take the responsibility and opportunity to contribute to this development by ensuring **socially-sustainable production environments** for those who work on our supply chain, generating a positive and transformative impact. The goal is twofold.

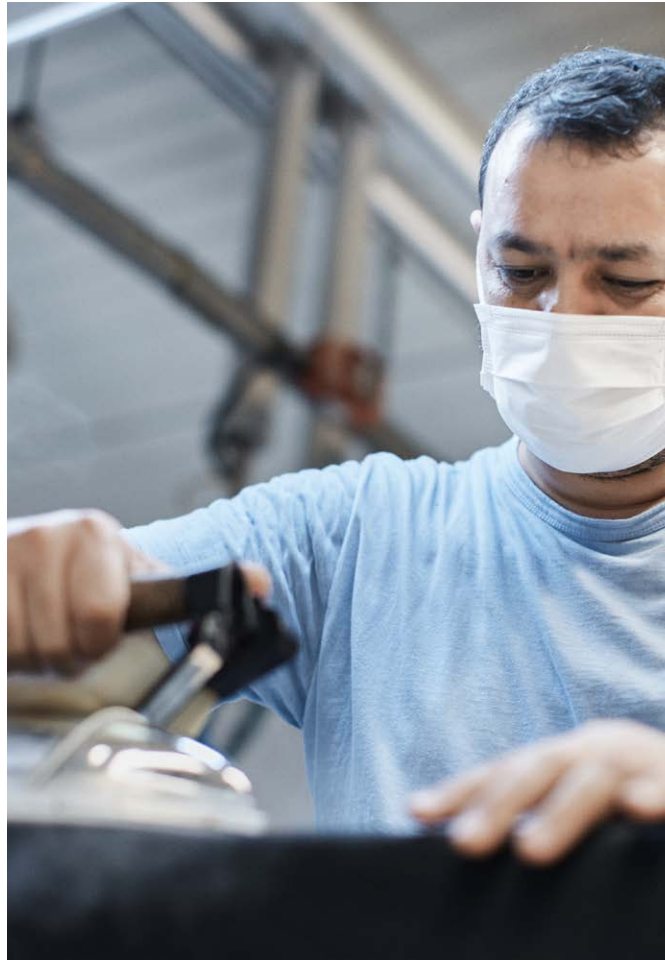
/ Identify, assess and improve the working conditions of 100% of our supply chain.

We guarantee compliance with our **Code of Conduct for Manufacturers and Suppliers**, based on the United Nations Universal Declaration of Human Rights and the Fundamental Principles and Rights at Work drawn up by the International Labour Organization (ILO). We also have a compliance programme that is equipped with verification tools and action plans to deal with any non-compliances.

/ Being catalyst of change in the industry by promoting sustainable practices.

The progress we have made with our strategy in the recently concluded phase (2019-2022) has enabled us to stand close to workers, **identify their needs** and focus our efforts on priority areas with the aim of achieving and contributing to sustainable changes for workers, their communities, and for the industry itself.

We view sustainability as a **long-term process** geared towards achieving a more sustainable industry and more prosperous communities. Based on this vision, we work closely with stakeholders to address **the shared challenges** throughout the supply chain and we provide workers with the necessary tools for their empowerment, participation and well-being. Our approach to sustainability is **responsible**, transparent and cross-cutting, while always being subject to respect for human rights.



In 2022, we completed the Workers at the Centre 2019-2022 strategy, which emerged from the continuous analysis and assessment of the supply chain and followed a human rights due diligence process carried out in collaboration with Shift.

1.2. Context: challenges and opportunities

Reality is dynamic. The countries where we operate are facing new geopolitical, demographic and socio-economic challenges. Our stakeholders and the organisations with whom we have formed strategic partnerships are exhibiting growing expectations and needs. Even Inditex's own business model is evolving.

With this in mind, **sustainability strategies** should have a **clear vision** from the outset, with goals that are aligned both internally and externally, while maintaining the necessary flexibility and adaptability to be able to respond to a changing reality and address the new needs that arise as things develop. The global health crisis caused by the spread of the covid-19 virus was a clear example of this, and it had a full-on impact on our four-year strategy, which had to be adapted to the sudden change in circumstances.

In 2018, when we designed our **Workers at the Centre 2019-2022 strategy**, we identified **seven Priority Impact Areas** with challenges and opportunities that continue to be relevant to this day. Nevertheless, over the last four years we have identified **new challenges and opportunities**, which have been incorporated into our analysis and our actions. We are currently working to respond to other emerging trends that have arisen as a result of the rapidly changing context.

1.2.1. Main initial challenges

Create a strategy based on workers' needs

- / A more demanding environment.
- / Human rights challenges.
- / Global objectives.
- / From compliance to commitment.
- / Audit fatigue.

A more demanding environment

Customers, shareholders and civil society organisations understand that the impact of businesses goes beyond the factories, affecting also the families of the workers and the communities where they live. With that in mind, they demand greater transparency and call for sustainability policies to penetrate those levels. One effect of this is the exponential increase in the number of sustainability ratings focused on the supply chain, as well as the growing concern among customers regarding the conditions in which the products they purchase are manufactured.

Human rights challenges

A better understanding of our supply chain and ongoing dialogue with our suppliers leads to a more in-depth identification of potential impacts. Moreover, this brings us closer to the workers when it comes to relevant issues such as living wages or social dialogue. These challenges were integrated into the strategy and prioritised with the aim of promoting respect for human rights.

Global objectives

In the last few years, the United Nations has established two global milestones: the United Nations Guiding Principles on Business and Human Rights and the Sustainable Development Goals. Both make sustainability a fundamental part of the business strategy. They are universally accepted and society expects companies to act responsibly.

From compliance to commitment

With Workers at the Centre, we have evolved from compliance with our Code of Conduct for Manufacturers and Suppliers to a commitment to generate and contribute to a transformative and sustainable impact on workers by creating positive social value. Supplier responsibility and the empowerment of workers have been key to develop this approach.

Audit fatigue

This is a challenge that was revealed by the OECD in its Due Diligence Guidance and is an open reflection on the industry. Companies need to strike a balance between

assessing suppliers and ensuring that those assessments are not duplicated. Initiatives such as the Social & Labor Convergence Program (SLCP), in which Inditex participates, facilitate information exchange and shared assessments, replacing the need for repetitive social audits.

① More information in section 5.6.1. Supply chain management in the 2022 Statement on Non-Financial Information

1.2.2. New challenges

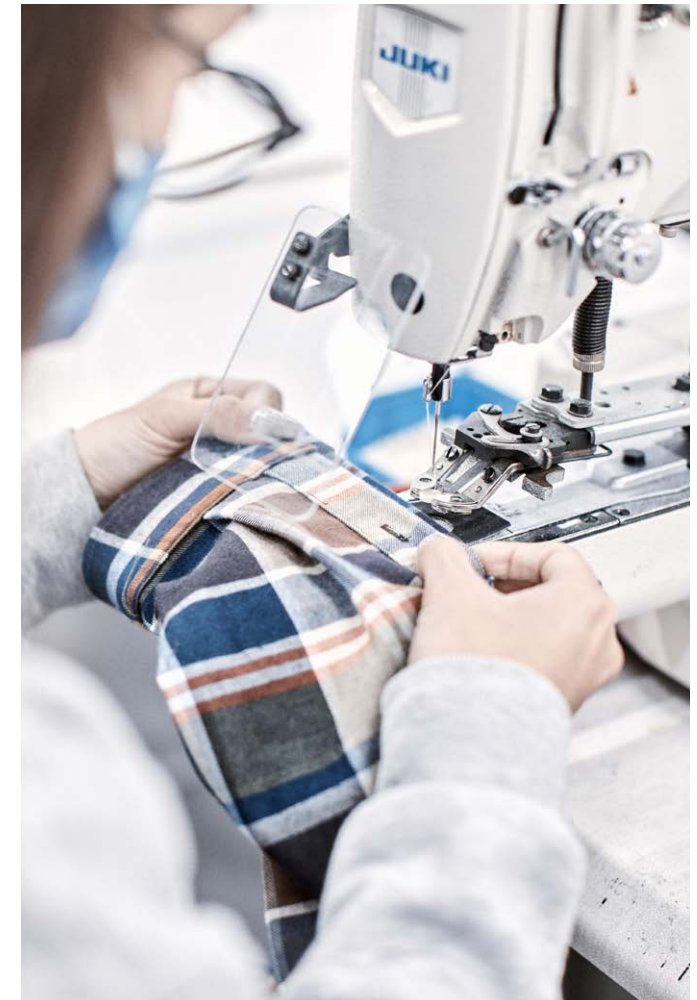
Adapt and advance our work in connection with human rights

- / Recent legislative developments
- / Impact of the health crisis
- / More holistic vision of sustainability

Recent legislative developments

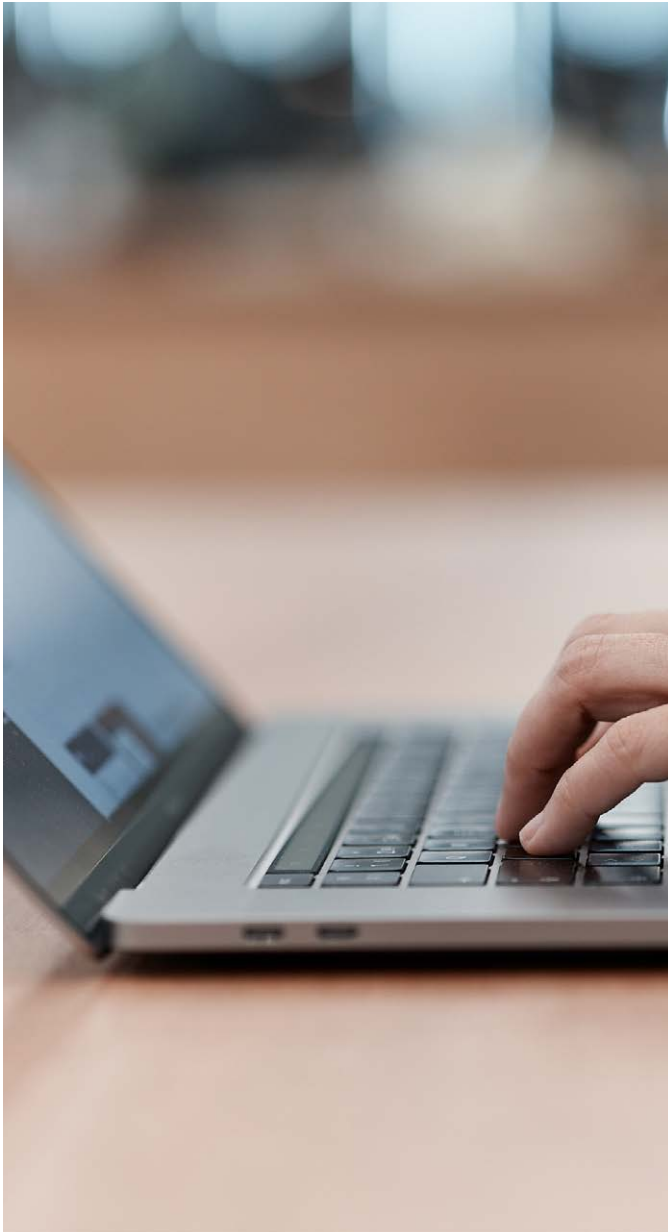
While not binding, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises are now global benchmarks and their principles have been taken into account when drawing up our sustainability strategy. The European Commission is working on a Directive on corporate sustainability due diligence. Meanwhile, more and more countries are developing legislation on due diligence, pushing companies to evolve from a voluntary approach to responsibility when it comes to sustainability and human rights. This is the case in France, the United Kingdom and Germany.

Furthermore, the recently approved Corporate Sustainability Reporting Directive (CSRD) will put sustainability reporting on an equal footing with financial reporting from 2025 onwards, which will force companies to evolve their reporting.



Impact of the health crisis

The covid-19 pandemic showed the world that sustainability must be strategic and must permeate culture so as not to leave anyone behind. But it must also have sufficient response capacity to identify those impacts that shape stakeholders' needs in real time. It made us aware that other crises may hit us in the future, revealing and accentuating inequalities.



During the health crisis, we not only had to adapt our strategy to the critical circumstances we were all experiencing, but we also supported suppliers and workers in our supply chain by developing guidelines to implement the necessary measures to protect workers' health. We also actively participated in the initiative Covid-19: Action in the Global Garment Industry of the ILO.

More holistic vision of sustainability

Sustainability management is moving towards greater integration between the various branches of this field, and a broad and comprehensive approach is becoming increasingly necessary. The interplay between social and environmental factors is clearly reflected in the historic decision of the United Nations General Assembly in 2022 when it declared that everyone in the world has the right to a healthy environment.

In recent years, we have worked to ensure that our plans and strategies reflect our commitment to the prosperity of people and the planet.

1.2.3. Emerging impacts

Racial justice, diversity, equity and inclusion

Stakeholder expectations are growing when it comes to inequality and unfairness. This brings about the need to implement a cross-cutting approach to diversity that takes into account aspects such as gender, race, ethnicity and disability. There is also a growing awareness when it comes to fairness, as well as inclusion and diversity.

Climate and human rights

From a climate perspective, there are three closely related concepts, which encapsulate many of the aspects to be considered:

/ Climate Justice: The unequal contribution to climate change between developed and developing countries and the imbalance among them gave rise to this concept.

/ Energy Poverty: The situation in which a household is unable to meet its basic energy supply needs as a result of an insufficient level of income and which may be exacerbated by housing that is not energy efficient.

/ Just Transition: Measures to ensure that workers and territories affected by the transition to a more sustainable economy are treated fairly and in solidarity, minimising any negative impacts on employment and the depopulation of these territories.

Changes in migration patterns

A significant increase in climate refugees is expected, with an estimated 200 million by 2050. Furthermore, conflicts such as the one between Russia and Ukraine are perpetuating migration flows and forcing millions of people into vulnerable situations.

Water and pollution

Water is a scarce natural resource and its availability is further compromised by the needs associated with the demands of a growing population. In this context, the fashion industry is a consumer of water; from the production of some raw materials to the domestic washing of garments, there is potential pressure on this resource. Access to drinking water and contamination in processes such as dyeing are relevant aspects in the supply chain.

Automation of the sector

The digitalisation and automation of the sector is expected to speed up in the coming years. This development raises essential questions about "the future of work", the skills we need for current and future jobs, the quality of those jobs and the consequences all of this may have on issues such as gender inequality or social protection.

Boosting circularity

The transformative potential of circularity is a unique opportunity to adjust industry processes and adapt to a changing context, integrating environmental and social approaches to ensure that strategic plans serve a holistic sustainability strategy.

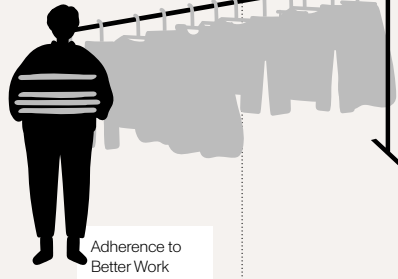
Journey

PHASE 1 (2001-2013)

Code of Conduct for Manufacturers and Suppliers

Renewal of the Code of Conduct

Adherence to United Nations Global Compact



Adherence to Better Work



Adhesion to the Bangladesh Accord



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

Renewal of the Code of Conduct

Buyer partner of



2001

2002

2003

2004

2005

2006

2007

2008

2009

2010

2011

2012

2013

PHASE 2 (2014-2018)

Adherence to ACT



Sustainable Development Goals



Adherence to Better than Cash Alliance



Public-Private Partnership



Protection of fundamental rights in the production of raw materials

2014

2015

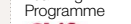
2016

2017

2018

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

PHASE 4 (2023-2025)



Focus on workers' voices and on the impact

Update of due diligence

Integration of environmental impacts

Workers at the Centre 2023-2025



Creation of clusters

Adherence to Ethical Trading Initiative



Global Framework Agreement with IndustriALL Global Union



First to encompass the entire supply chain of a textile company

Guiding Principles on Business and Human Rights



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



Renewal of the Global Framework Agreement with IndustriALL Global Union



Workers at the Centre 2019-2022



Renewal of the Global Framework Agreement with IndustriALL Global Union



1.3. Journey

Supply chain management from a people’s perspective, rooted in our corporate human rights strategy, spans a considerable scope. Over the years, we have built strategies and programmes that gather the international best practices and raise awareness on the supply chain, its context, and workers’ needs.

We have **policies and tools** that underpin the various strategies, with **strong alliances and partnerships** with trade unions, governments, NGOs and other expert organisations, as well as a **global internal team** with extensive experience. We manage the supply chain

Code of Conduct of Manufacturers and Suppliers

One of the first milestones in our sustainability work was the drawing up of the Code of Conduct for Manufacturers and Suppliers as a pillar on which we base our relation with suppliers. It sets out our mandatory standards in the areas of human and labour rights, health, product safety and the environment. It was introduced in 2001 after being approved by the Board of Directors.

The Code is based on the UN Declaration of Human Rights and the ILO’s Fundamental Principles and Rights at Work. It is also inspired by the OECD principles, the ETI (*Ethical Trading Initiative*) Base Code and the Global Compact principles, among others.

The scope of application of the Code extends throughout our supply chain and is mandatory for all our suppliers, regardless of their level of production. The Code is regularly reviewed to adapt it to new realities, incorporate best practices and reinforce its validity.

together with our suppliers and stakeholders, addressing challenges in a shared way to meet all expectations.

Phase 1: 2001-2013

The approval of the Code of Conduct for Manufacturers and Suppliers in 2001 signalled the formal embodiment of Inditex’s work in the management and strengthening of the supply chain. The first phase was launched under clear leadership from the Company’s Senior Management and with an acute sense of responsibility with regard to the people producing our garments, who are a part of who we are.

The **Code of Conduct for Manufacturers and Suppliers**, along with the **Compliance Programme** that guarantees its implementation, have together formed the basic framework for managing and strengthening the sustainability of the supply chain for more than a decade, and they remain the bedrock of its management.

ⁱ More information in section 5.6. Suppliers in the 2022 Statement on Non-Financial Information and in the document Supply Chain: management to transform the sector

Phase 2 (2014-2018)

The “**2014–2018 Strategic Plan for a Stable and Sustainable Supply Chain**” organised and reinforced the work already done until then. It set two objectives: to ensure compliance with the Code of Conduct for Manufacturers and Suppliers and to reaffirm the commitment to the United Nations Guiding Principles on Business and Human Rights.

It developed four lines of action —**identification, assessment, optimisation and sustainability**— and led to a greater insight into suppliers and manufacturers, a comprehensive assessment and the forming of trusting relationships. This plan marked the start of the online system for manufacturers and orders, traceability audits and responsible purchasing practices with buying teams.



This marked a turning point in which we moved on from compliance to commitment, prioritising the positive impact on workers, communities, our supply chain and, ultimately, on the textile industry as a whole.

The methodology for social audits and pre-assessment audits was updated.

Based on the experience and lessons learned from this plan, in 2018 we defined seven Priority Impact Areas on which to focus longer-term actions. We place workers at the centre

and direct projects towards systemic change and their empowerment.

Phase 3 (2019-2022)

The “Workers at the Centre 2019-2022” strategy was born, marking a turning point in which we moved on **from compliance to commitment, prioritising the positive and transformative impact** on workers, communities, our supply chain and, ultimately, on the textile industry as a whole.

We have developed projects, activities, actions and partnerships in each of the seven Priority Impact Areas. Training and support for suppliers have been key tools. In this third phase, we have paid special attention to measuring and assessing the outputs, as part of the due diligence process that involves the entire Company.

This is all conducted under strict standards that are transparently shared with our suppliers. With them we build stable and trusting relationships with joint responsibility, which foster a responsible and sustainable production environment.

Phase 4 (2023-2025)

In 2022 we updated 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 reflects the drive to have an impact and make a commitment, and takes a more marked approach to transformation and development.

[More information in section 5.2, Workers at the Centre 2023 - 2025 in this report](#)





2. Collaboration and transversality

These two concepts are our main driving forces, our method for implementing sustainability in our supply chain and in our business model.

Through **collaboration**, we identify the challenges and expectations of our **stakeholders** and we **work alongside each other** to respond to them. The **transversality** focuses the **entire Group** on sustainability in order to generate a positive impact and create value.

2.1. Culture of collaboration: a driver of change / 2.2. Sustainability governance / 2.3. Transversality / 2.4. Clusters: collaboration on the ground / 2.5. Supporting our suppliers / 2.6. Responsible purchasing practices / 2.7. Strategic partnerships

The Workers at the Centre strategy, launched in 2019 and completed in 2022, has consolidated and **deepened** the culture of collaboration as a driver of transformation and impact.

Collaboration with stakeholders and strategic partners has been a fundamental tool for spreading the concept of sustainability throughout the supply chain. It has materialised in projects, activities, actions and partnerships to ensure that our suppliers and manufacturers work in accordance with the responsible practices and values that define the Group and address common industry challenges from the perspective of sustainable development.

This process is only possible if sustainability is **fully integrated** into the Inditex business model. The **firm commitment** of the Company's management and the **transversality** from a systemic approach have infused sustainability throughout the Company, as well as in all the activities of the value chain.

2.1. Culture of collaboration: a driver of change

Sustainability is a **continuous exercise**. The challenges posed by a global supply chain **involve not only the Company itself**, but also other players (suppliers, manufacturers, companies, communities) and stakeholders: workers' representatives, NGOs, international bodies and governments.

They are, therefore, shared challenges that must be managed through collaboration. At Inditex, we are firmly committed to dialogue in order to be aware of the vision and expectations of all those involved, to create a framework of **transparency** and to generate a climate of **trust**.

Through this **culture of dialogue** we are able to:

- / Identify challenges.
- / Determine common objectives.
- / Establish criteria and an action plan.
- / Respond to the expectations of all parties.

Our stakeholders

Culture of collaboration



This procedure is part of the Inditex culture. This is how the **actions, projects, activities and partnerships** that we continuously implement throughout our supply chain come into being.

The desired output is to generate **a positive and transformative impact** to create value in a sustainable way for our suppliers, manufacturers, workers, their communities and, by extension, for the global textile industry.

i For more information in section 4.2. Stakeholder engagement in the 2022 Statement on Non-Financial Information

2.2. Sustainability governance

Inditex has been developing its sustainability model since 2001, which extends **to all levels of the Company**. The third phase, which was carried out between 2019 and 2022, has deepened this transversality because it allows us to work as a network, **integrating sustainability**

into the business model. In this way, we incorporate best practices into the Company's processes, often anticipating the demands of stakeholders. This commitment is based on a steady backing from Senior Management and has materialised into a system of Governance that includes various policies involving all levels and people in the Company and guiding all our activities.

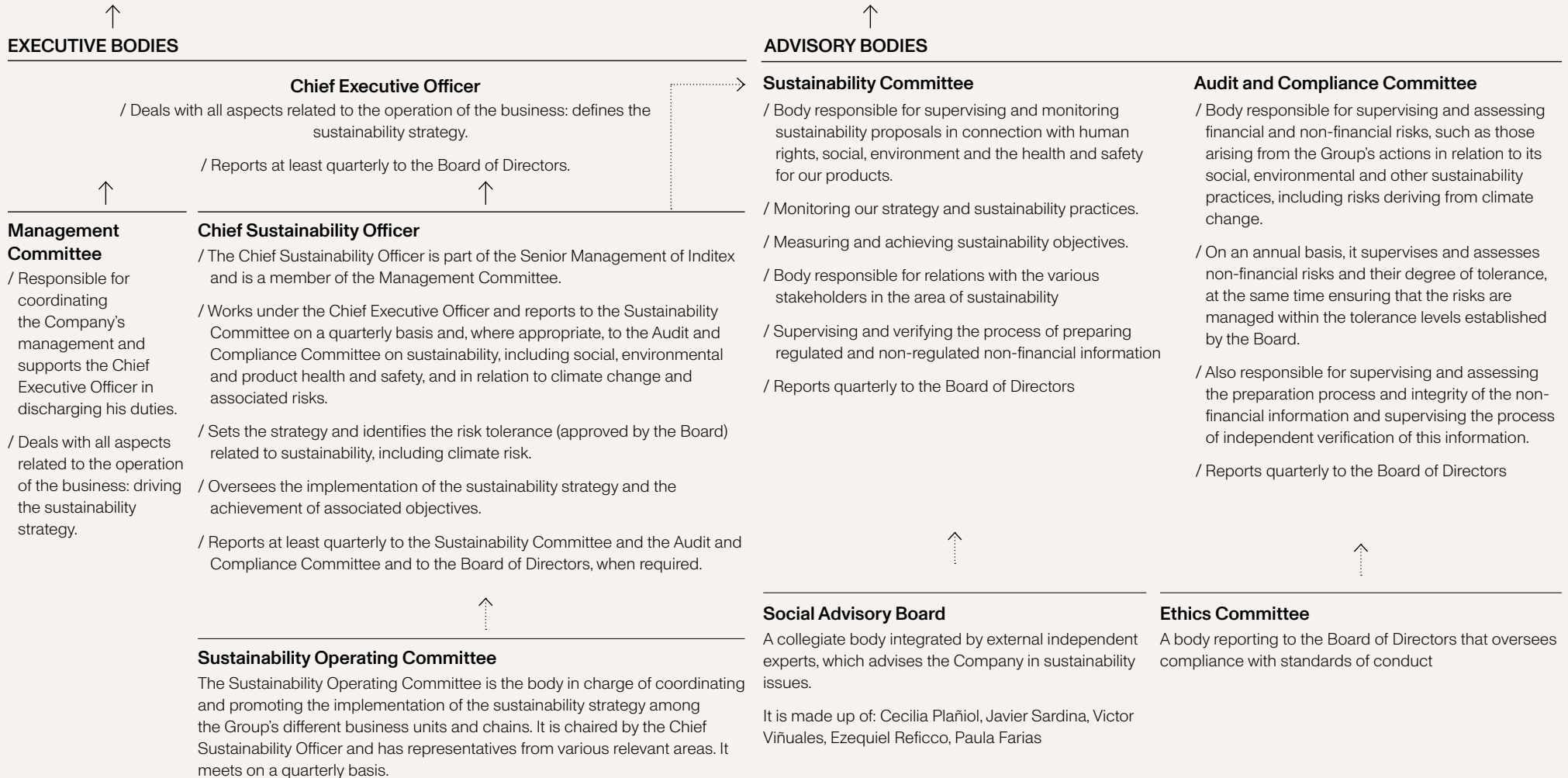
The first milestone was the **Code of Conduct for Manufacturers and Suppliers** (2001), which sets out our mandatory standards on human and labour rights, safety and hygiene at work, and product safety in the supply chain. The Group's commitment has been extended with new policies, including the following:

- / Sustainability Policy (2015)
- / Policy on Human Rights (2016)
- / Diversity and Inclusion Policy (2017)

Sustainability Governance

Board of Directors

Body responsible for approving Inditex's sustainability strategy.



Responsible bodies

The **Board of Directors** is the body responsible for approving the sustainability strategy and the Policy on Human Rights.

The **Sustainability Committee** is the body responsible for monitoring and overseeing sustainability proposals and relations with the different stakeholders. The **Corporate Sustainability departments** and the heads of Sustainability for the brands are in charge of the management. The **Chief Sustainability Officer** belongs to the Senior Management and the Management Committee of Inditex.

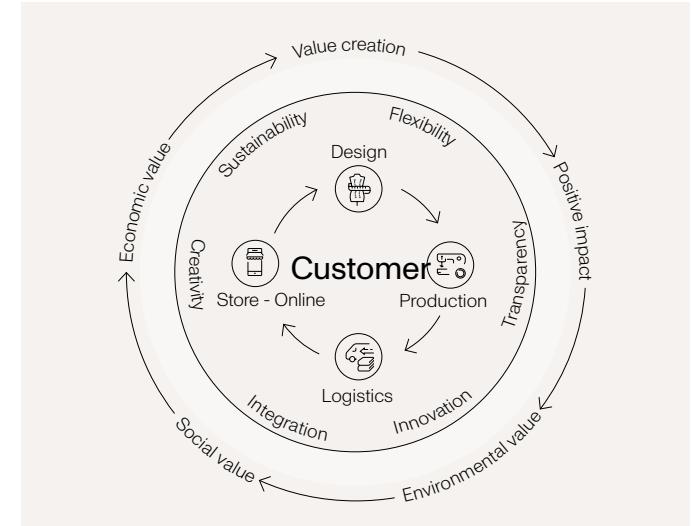
The **Ethics Committee** ensures compliance with our Codes of Conduct, both the internal one and the one

for Manufacturers and Suppliers. The **Social Advisory Board** is a permanent advisory body, made up of external individuals or institutions.

The Company defines ambitious objectives and specific goals in the area of sustainability, linking the variable remuneration of different collectives in the Group to their fulfilment.

2.3. Transversality

Sustainability is incorporated into **business processes and decisions**. It forms part of the Company's values and ethical culture. All of the **people** who work at Inditex bear it in mind during their day-to-day work, regardless of their position and function. New recruits at offices receive **training** in which sustainability is prominent.



The companies in our **supply chain** make all their employees aware of our Code of Conduct for Manufacturers and Suppliers, which must also be displayed in an accessible place and in the local language.

Sustainability is embedded in our products throughout their life cycle.

/ **Design:** Design teams create new collections taking into account the composition of the product and its manufacturing process, so as to only use substances that respect human health and the environment.

/ **Buying teams:** We make sure that they are well trained because their actions and decisions have a direct impact on the sustainability of our products and the entire supply chain.

/ **Production:** Sustainability teams accompany and support manufacturers to ensure compliance with our Code of Conduct for Manufacturers and Suppliers and to oversee that facilities meet our strict social and environmental standards.

/ **Logistics and transport:** Distribution centres have assessment and auditing processes in place as well as training for staff. They have also received human rights training.

/ **Distribution:** Our in-store staff have become the best ambassadors of our culture through the *Changemakers* programme.

① More information in section 4.1. Sustainability, one of our pillars in the 2022 Statement on Non-Financial Information

2.4. Clusters: Collaboration on the ground

Being close to our manufacturers and suppliers is essential to be able to understand their needs and determine the challenges we will face together. We want to be on the ground and understand the real situation of the countries where our supply chain is located. That is why at Inditex, we have created spaces for dialogue and collaboration that we call clusters. In these clusters, working together is a process of continuous support and accompaniment.

We have 12 clusters in Spain, Portugal, Morocco, Türkiye, India, Bangladesh, Pakistan, Vietnam, China, Cambodia, Argentina and Brazil. They represent 98% of our suppliers' production. Each cluster brings together local professionals with extensive experience in the field of sustainability. They are multidisciplinary teams combining a wide range of skills and know-how and they stay in direct contact with suppliers, workers, trade unions, NGOs, local and national authorities, international organisations and academic institutions, among others.

2.5. Supporting our suppliers

Our buying and sustainability teams have a very close and ongoing relationship with suppliers. At Inditex, we view it as a long-term relationship. In this sense, our clusters are

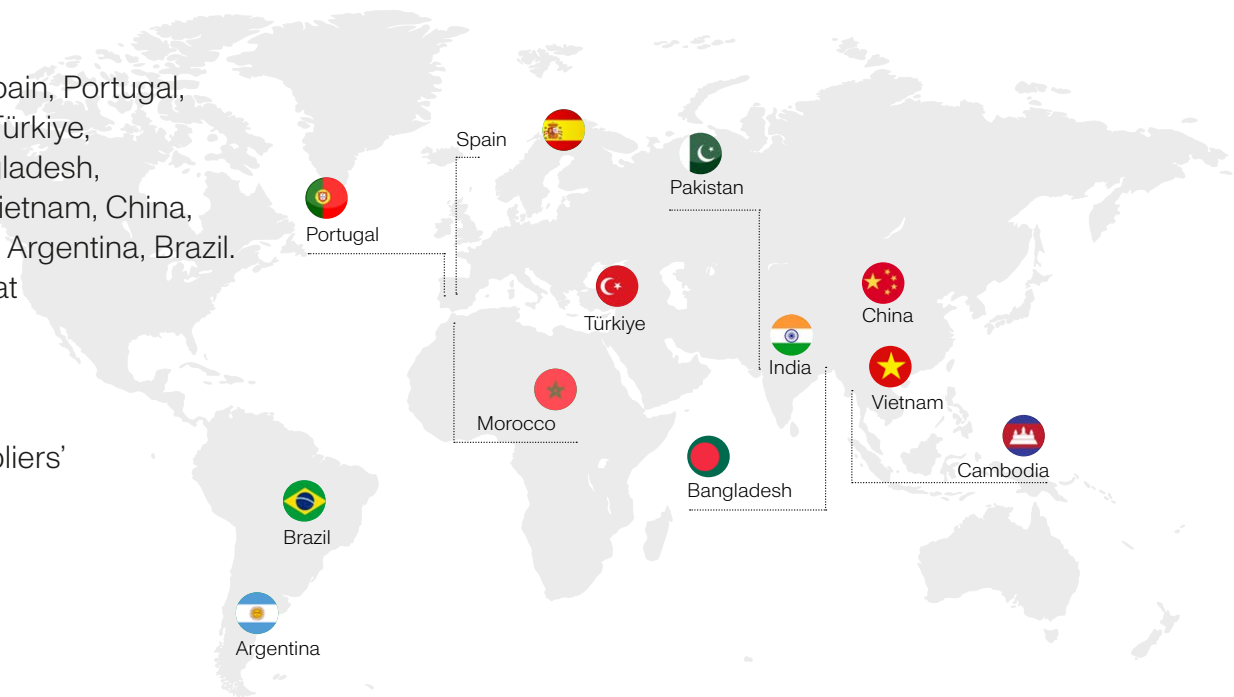
12

clusters: Spain, Portugal, Morocco, Türkiye, India, Bangladesh, Pakistan, Vietnam, China, Cambodia, Argentina, Brazil.

Markets that represent

98%

of our suppliers' production



also a key tool for implementing our sustainability strategy by developing local support throughout the commercial relationship.

Raising awareness and training of our suppliers enables us to address social sustainability as a shared responsibility. Suppliers must respect and foster social, labour and human rights, not only as a prerequisite for their relationship with Inditex, but for their own responsibility.

In fact, the relation with the supplier begins even before they form part of our supply chain, as we carry out prior assessments to determine whether they meet our requirements in terms of respect for human and labour rights, among others issues. Only manufacturers that pass this assessment can receive orders.

For our side, based on the philosophy of continuous improvement, dialogue and cooperation, we provide ongoing support in the form of different types of actions:

- / **Continuous assessments:** all suppliers and manufacturers are subject to regular assessments in the form of a social audit.
- / **Specialised training:** on topics such as gender equality, freedom of association, living wages or occupational health and safety.
- / **Projects:** when we identify specific needs to be addressed.
- / **Corrective Action Plans (CAPs):** when our ongoing assessments detect a non-compliance, our teams support the supplier to correct or prevent it.

Shared responsibility

Collaboration and communication with suppliers commences even before they join the supply chain

- / Communication and dialogue
- / Resolution of issues
- / Support
- / Developing projects and programmes
- / Assessments and action plans
- / Training concerning our policies, standards and requirements

Outputs

- / INDITEX
 - It helps us to ascertain the reality of our suppliers and foster a sustainable supply chain
- / Suppliers
 - Improves the conditions at the factories they work with
- / Workers in the supply chain
 - Main beneficiaries of the programmes and projects we implement
- / Industry
 - A common approach to the challenges shared by the industry
- / Society
 - Transformation based on a positive impact

The aim is to monitor, improve and assess compliance with the requirements and standards set out in our Code of Conduct for Manufacturers and Suppliers, as well as the applicable legislation in each country and international reference standards.

The result is to contribute to the well-being of workers, the workplace and the industry in general through a socially responsible supply chain.

Supplier training

The responsible management of our purchases in the supply chain begins by supporting our suppliers in their efforts to improve their social performance and in complying with our requirements and procedures. Training is an essential element in raising awareness of our standards and our Code of Conduct for Manufacturers and Suppliers.

In addition, we provide more specific training, either due to needs detected in our regular assessments, due to the interest expressed by the suppliers themselves, or on our own initiative. We therefore provide training on issues such as gender equality, diversity, freedom of association, safety in the workplace or occupational health.

1,042
suppliers trained in 2022

2.6. Responsible purchasing practices

The actions and decisions of buying teams have a direct impact on the sustainability of products and the entire supply chain. What is more, these teams have a very close relationship with suppliers.

In the strategy carried out between 2019 and 2022, we have made progress in implementing responsible purchasing

practices. They are a guide for buyers and product teams **when interacting and negotiating with suppliers** and they include:

- / Strategic planning.
- / Supply.
- / Development.
- / Buying.
- / The values and principles affecting workers.

The aim is to ensure **living wages and better working conditions** for workers in our supply chain, in line with our commitment to the ACT (Action, Collaboration, Transformation) initiative in which we have been an active participant since it began in 2015.

Five commitments

In 2018, we strengthened our collaboration with ACT by adhering to the five commitments on purchasing practices:

- / **Train** employees in responsible purchasing practices.
- / **Uphold** the previously agreed payment conditions.
- / **Improve** planning in the purchasing process.
- / **Identify** a product's labour component.
- / **Implement** a consensual exit strategy when the decision is made to stop working with a supplier.

To implement these commitments in our business model, we have **trained our commercial teams** to adopt best practices from a sustainability and human rights perspective. In addition, we have developed and launched **management systems** that measure

the sustainability performance of each supplier and factory so that commercial teams can incorporate all sustainability criteria into their purchasing decisions.

The Sustainable Fashion School

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, fabrics 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.

2.7. Strategic partnerships

Collaboration with other organisations is a key pillar in achieving our goal of a socially sustainable supply chain.

In these four years of the Workers at the Centre 2019-2022 strategy, we have broadened and deepened collaboration and dialogue with governments, trade unions, academic institutions, local and international organisations and civil society representatives, among others.

Our work with these partners is based on an open approach, ongoing dialogue and the building of trust. Based on these

Key partnerships in 2022

Organisations bring us valuable principles, resources, skills, tools and expertise to achieve the objectives, both general and specific, of the seven Priority Impact Areas we set ourselves in 2019 as part of the Workers at the Centre strategy.

IndustriALL Global Union

In 2022, we signed a new protocol renewing and strengthening the Global Framework Agreement with the international trade union federation **IndustriALL Global Union**, which represents more than 50 million workers in 140 countries. This year we celebrated the 15th anniversary of this partnership, an important milestone for Inditex, as it is one of our most valuable tools for promoting worker participation, respect for freedom of association and collective bargaining.

International Labour Organization

The strategic partnership with the **International Labour Organization (ILO)** is another example of our long-term partnerships. Through the public-private partnership with this organisation, we have provided training sessions and organised awareness-raising projects to disseminate the Fundamental Principles and Rights at Work as well as the importance of freedom of association and collective bargaining agreements among cotton farmers, companies and organisations in countries such as India, Pakistan and Mali.

ACT

Alongside **ACT (Action, Collaboration, Transformation)**, we worked in Türkiye, Bangladesh and Cambodia in 2022 to achieve living wages in the supply chain through responsible purchasing practices and collective bargaining.

National and local organisations

In addition to major partnerships with international organisations, we also carried out specific projects with many national and local organisations. For example, in Bangladesh, Cambodia, China, Egypt, India and Vietnam, we have promoted the financial inclusion of workers, especially women, through the **HERfinance** programme led by **BSR**.

In Morocco and India, we have developed projects with **Medicus Mundi** and **St. Johns Medical College** to provide health care services, mainly in maternity and reproductive health. We worked in Türkiye with **MUDEM** on the implementation of remediation plans for refugees and migrants.

premises, we join forces to advance our strategy and common objectives, develop new initiatives and generate value.

With each project and each activity we generate a positive impact to continue advancing towards the sustainable transformation of our sector and society.

In strategic partnerships, organisations provide us with their resources and experience to develop projects that share and materialise the principles expressed in declarations such as the United Nations Global Compact, the Guiding Principles on Business and Human Rights, the ILO's Fundamental Principles and Rights at Work and the Sustainable Development Goals (SDGs).



Collaborations by Priority Impact Area 2022

Worker participation	Living wages	Gender, diversity and inclusion	Occupational health and safety	Protection of migrants and refugees	Social protection	Protection of labour rights in the production of raw materials
ACT (Action, Collaboration, Transformation)	ACT (Action, Collaboration, Transformation)	Anne Çocuk Eğitim Vakfı (AÇEV)	AKUT	Association for Solidarity with Asylum Seekers and Migrants (ASAM)	Alive & Thrive	Better Cotton
Better Work	Better than Cash Alliance	Associação Plano i	International Accord for Health and Safety in the Textile and Garment Industry	International Labour Organization	Covid-19: Action in the Global Garment Industry	Organic Cotton Accelerator (OCA)
Ethical Trading Initiative	BSR (Business for Social Responsibility)	BSR (Business for Social Responsibility)	Medicus Mundi Sur	Pratham	Network of Organizations Working for People with Disabilities Pakistan (NOWPDP)	International Labour Organization
IndustriALL Global Union	East China University of Political Science and Law (ECUPL)	Casal dels Infants	RMG Sustainability Council (RSC)	Refugee Support Center (MUDEM)	International Labour Organization	Responsible Sourcing Network (RSN)
International Labour Organization	IndustriALL Global Union	Medicus Mundi Sur	St. Johns Medical College	Social Awareness and Voluntary Education (SAVE)	Swasti	
Smart Myanmar Textile & Garment	International Labour Organization	St. Johns Medical College		United Work		
University of Oxford	Universidade do Minho					
University of Toronto						



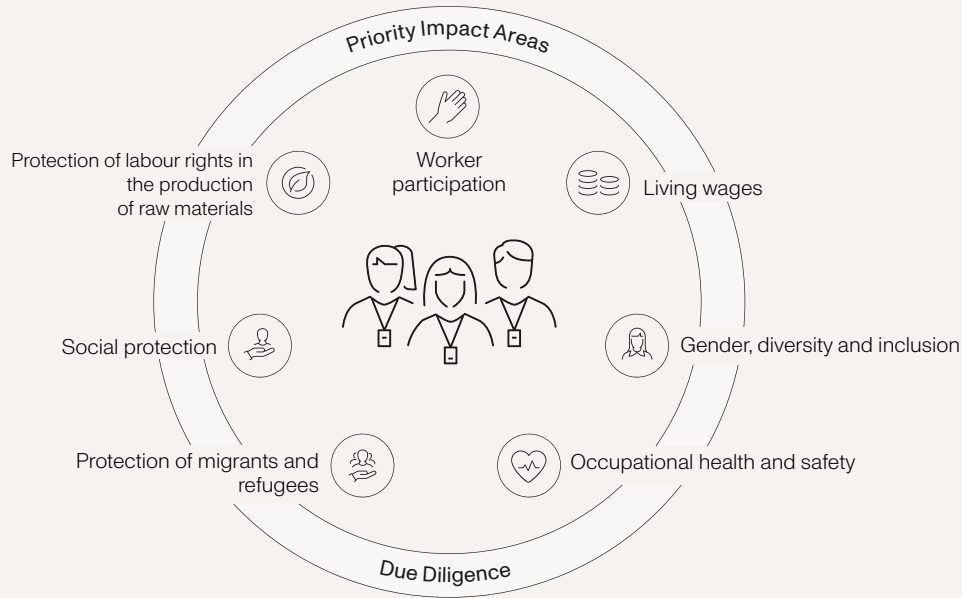
3. Strategy

Keeping the focus on human and labour rights, Workers at the Centre has evolved towards the goal of positive transformation and impact, to improve the social conditions and lives of workers and their communities.

3.1. Workers, our priority / 3.2. Key elements of the strategy / 3.3. Due Diligence

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.



1,576,549

Workers
benefited by the strategy
Workers at the Centre in 2022

1,770

Suppliers and factories
reached by the strategy
Workers at the Centre 2022

47

Projects
developed by the Workers at the
Centre strategy in factories
and/or communities in 2022

100%

Suppliers
covered by the strategy

36

Organisations
we work with

Priority Impact Areas



Worker participation

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



Living wages

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



Gender, diversity and inclusion

Promoting that all the women in the supply chain benefit from the best conditions and opportunities, while promoting equality in a cross-cutting manner, and 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 happy and healthy workers in the supply chain.



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.

Three elements



/ The workers

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 bring about 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

This is an ongoing process, based on the **Guiding Principles on Business and Human Rights**, which has enabled us to identify seven Priority Impact Areas in which we have established strategic action lines.

3.1. Workers, our priority





Workers at the Centre 2019-2022 has been rolled out in 100% of the supply chain, including all suppliers and manufacturers, both direct and indirect, that are involved in the production of articles marketed by any Inditex brand.

This has been the third phase of the social sustainability strategy that we started in 2001 after becoming the first Spanish company to join the United Nations Global Compact and drawing up our Code of Conduct for

Manufacturers and Suppliers (based on the main international declarations on human and labour rights).

After consolidating the processes of verification and assessment of our suppliers' compliance with human and labour rights, we expanded our objectives by placing the workers at the centre. Thanks to the experience gained in the first two phases, and based on a due diligence process in human rights, we established seven Priority Impact Areas on which we have worked over the last four years.



 <p>Universal Declaration of Human Rights</p>	 <p>Sustainable Development Goals</p>	 <p>The ILO Declaration (Fundamental Principles and Rights at Work)</p>	 <p>Guiding Principles on Business and Human Rights</p>
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The strategy is based on respect for:

All human and labour rights internationally recognised and, in particular, those included in:

- / **The International Bill of Human Rights, which includes**
 - / The Universal Declaration of Human Rights
 - / The International Covenant on Civil and Political Rights
 - / The International Covenant on Economic, Social and Cultural Rights
- / The ILO Fundamental Conventions: 1, 14, 26, 29, 87, 98, 100, 105, 111, 131, 138, 155 and 182, as well as the ILO Declaration on Fundamental Principles and Rights at Work.
- / Applicable local legislation

In these four years we have acted on two closely related levels:

- / **Suppliers and factories**, with whom we have optimised our verification, assessment and cooperation processes to ensure respect for all human and labour rights in 100% of the supply chain.
- / **Workers and communities**, whom we have approached to understand their needs and respond to them, providing training and tools to generate a positive and transformative impact.

Reinforcing both levels and promoting sustainability in its most transformative perspective, the strategy has also focused on collaboration with different stakeholders to be a lever for change towards a more prosperous and sustainable industry and production environments.

In four years, Workers at the Centre has developed more than 50 projects benefiting more than two million workers. This entire process has been possible thanks to the collaboration with our stakeholders and strategic partners, combining efforts and intention through dialogue and cooperation as we progress towards the common goal of placing the workers at the centre and generating a positive and transformative impact on their working and socio-economic conditions.

3.2. Key elements of the strategy

Workers, always at the centre

The main progress made through Workers at the Centre 2019-2022 in this journey towards a socially sustainable management of the supply chain has been precisely what its name suggests: placing the workers at the centre of our strategy. We have achieved this by continuously reaching out to and listening to workers to identify their needs.

The principles of support, collaboration and dialogue with suppliers have helped us to develop a framework for direct action in the factories.

We have also reached out to workers through their representatives as part of our Global Framework Agreement with IndustriALL Global Union, as well as through our relationship with proxies such as NGOs or local organisations that have first-hand knowledge of the reality in factories and communities, and of course also through direct contact with workers. An example of this is the project we carried out together with the University of Oxford in which the priorities of 2,500 workers in our supply chain in Morocco were collected.

The Strategic Sustainability Plan was designed from the outset with three areas of focus: safe and suitable workplaces, worker well-being and sustainable industry.

Three dimensions

Three dimensions

/ Workplace

This dimension reflects Inditex's responsibility to respect and promote all human and labour rights. Through collaborations and projects in constant evolution to adopt best practices and broaden our knowledge, we ensure that all human and labour rights are upheld and protected throughout the supply chain.

It reflects Inditex's responsibility to respect and promote all human and labour rights throughout the supply chain.

/ Well-being

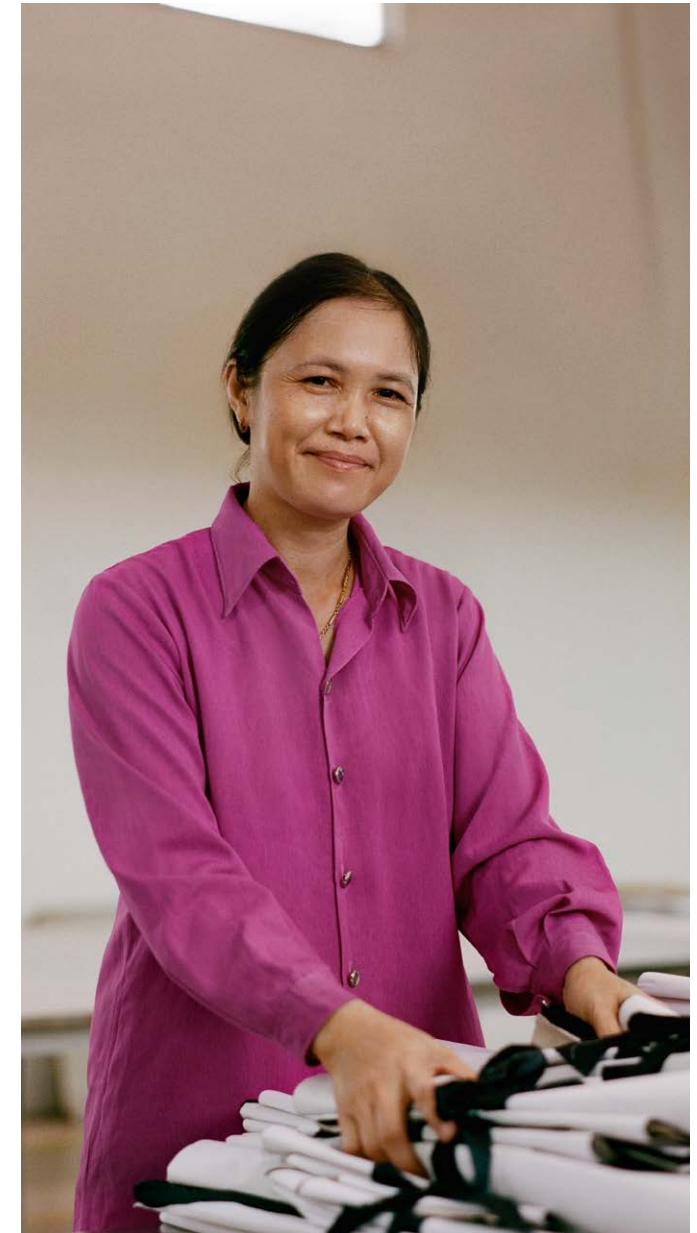
This dimension is a unique model of technical assistance to institutionalise training in factories and close any gaps we have identified during the assessment process, using the appropriate tools and methodologies. Backed by our experience, we implement long-term projects that are increasingly integrated in nature so as to generate changes in the lives of the workers and their communities.

We develop projects that effect real change in the lives of the workers and their communities.

/ Industry

This dimension promotes an impact at the industry level to achieve long-term change involving various stakeholders (including government organisations, civil society, our own suppliers, other brands, etc.).

It fosters an effective impact in the sector as a whole to help achieve long-term change.



3.3. Due Diligence

Due diligence is an essential component of the human rights strategy and we apply it to our supply chain through a model for identifying and prioritising potential impacts.

For this process, we are collaborating with Shift, one of our strategic partners and a leader in the field of human rights. Based on the experience gained from the previous strategic

plan for 2014-2018, stakeholder dialogue and the knowledge of local teams, we identified the most relevant potential human rights impacts in the 12 production clusters.

	Worker participation	Living wages	Gender, diversity and inclusion	Occupational health and safety	Protection of migrants and refugees	Social protection	Protection of labour rights in the production of raw materials
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			■				
Freedom of association	■			■	■		■
Healthy environment							■
Ban on forced labour					■		■
Collective bargaining	■	■					
Collective rights of communities							■
Social protection						■	
Freedom of thought, conscience and religion					■		■
Privacy					■		■
Protection against violence					■		■
Healthcare					■		■
Freedom of opinion and expression					■		■
Property		■			■		■

From these outputs, a heat map was created in which we identified the seven Priority Impact Areas that have been the basis of the Workers at the Centre 2019-2022 strategy.

This due diligence exercise has been updated for the definition of the new phase of the strategy for 2023-2025.

Action plans

For each of the Priority Impact Areas, we defined a general goal and specific goals, with a roadmap to help us achieve them. Each Priority Impact Area was created as a work area led by experts in each of the topics, which helped to define the lines of action, projects and activities.

The social sustainability teams have been responsible for implementing these projects and activities on the ground. This proximity has allowed them to get to know the reality of the countries in which we operate, to have a local vision, which allows us to better identify and face the challenges and to establish a process of continuous improvement in the processes and the strategy itself.

Moreover, it is worth noting that the Priority Impact Areas are interrelated, so that making progress in all the goals is key to achieving a positive sustainable impact.

By the end of 2022, practically all of the actions envisaged in the strategic plan had been carried out.

As a result of the outbreak of the pandemic in 2020, some of the activities initially proposed were modified or replaced by others that would allow us to face the new challenges posed.

In these four years, we have benefited 2,551,570 workers through over 50 projects at factories and/or in the community, involving 3,771 suppliers and factories in the development and implementation of those projects.

① More information in section 5. Overview in this report.

Seven Priority Impact Areas

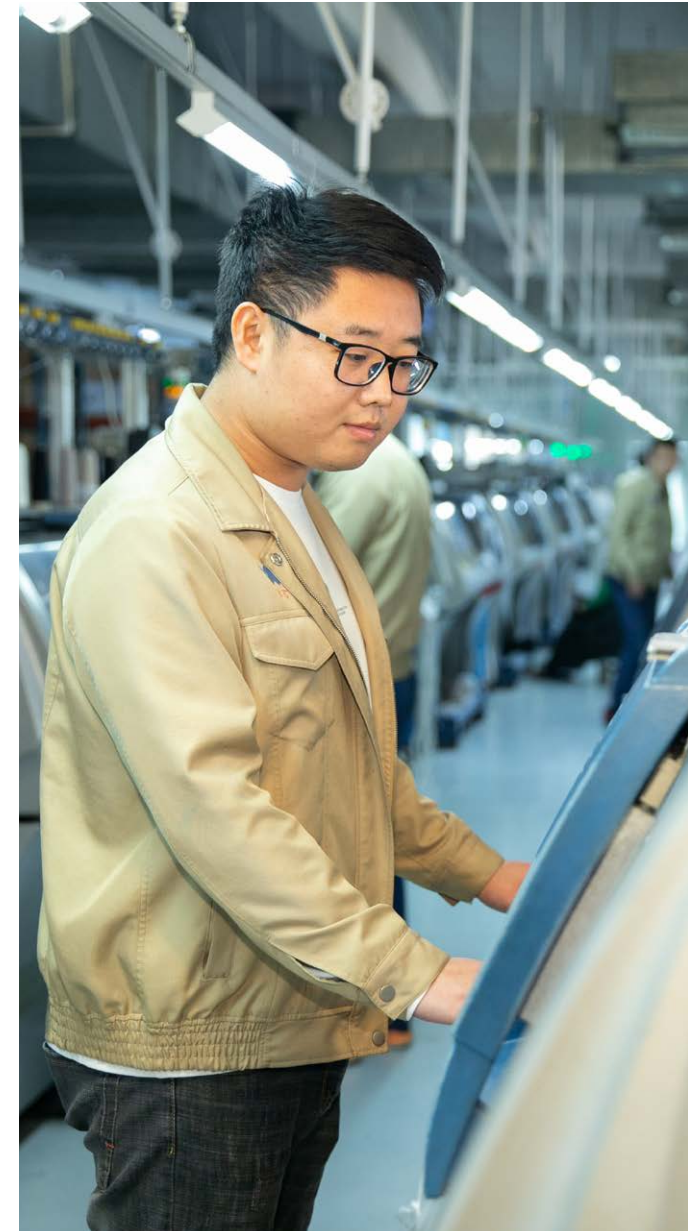
Priority Impact Areas

- / Worker participation
- / Living wages
- / Gender, diversity and inclusion
- / Occupational health and safety
- / Protection of migrants and refugees
- / Social protection
- / Protection of rights in the production of raw materials

At Inditex we are continuously monitoring the main challenges faced in our supply chain in connection with human rights.

Thanks to a constant due diligence process and taking the Guiding Principles on Business and Human Rights as a reference, we have identified seven Priority Impact Areas in which to work. These areas, which highlight the most salient issues within the supply chain, are key to developing the Workers at the Centre strategy and they define and guide its development.

Improving social dialogue (worker participation); providing sufficient remuneration (living wages); promoting opportunities and improvements for women, as well as gender equality and inclusive environments (gender, diversity and inclusion); guaranteeing protection of all workers (occupational health and safety); ensuring that the rights of refugees and migrants are upheld in a cohesive workplace (protection of migrants and refugees); nurturing the well-being of all workers (social protection) and strengthening human and labour rights in the raw materials supply chain (protection of labour rights in the production of raw materials) are the objectives of each Priority Impact Area. Together, they form a roadmap for achieving a more sustainable supply chain for the more than three million workers of which it is comprised.





4. Priority Impact Areas

After conducting human rights due diligence, we identified seven Priority Impact Areas on which we focus our strategy.

4.1. Worker participation / 4.2. Living wages / 4.3. Gender, diversity and inclusion / 4.4. Occupational health and safety / 4.5. Protection of migrants and refugees / 4.6. Social protection / 4.7. Protection of labour rights in the production of raw materials

4.1. Worker participation

Goal

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

Strategy

- / Promoting the Global Framework Agreement with IndustriALL Global Union.
- / Raising awareness on social dialogue and worker participation.
- / Guaranteeing effective worker representation mechanisms.

Related SDGs

Related human rights

Alliances and partnerships



- / Freedom of association
- / Collective bargaining

- / ACT (Action, Collaboration, Transformation)
- / Better Work
- / Ethical Trading Initiative
- / IndustriALL Global Union
- / University of Oxford
- / University of Toronto

2022 Key indicators

- / 334,684 benefited workers
- / 175 suppliers and factories involved
- / Bangladesh, Cambodia, Egypt, Indonesia, Morocco, Pakistan, Tunisia, Türkiye, Vietnam.



4.1.1. Introduction

The fostering of social dialogue, both at factory and sector level, whether this is done in the local, national or global sphere, directly increases the likelihood of developing mature industrial relations. In this sense, the fundamental rights of freedom of association and collective bargaining set out in the various international conventions of the International Labour Organization (ILO) and transferred to our Code of Conduct for Manufacturers and Suppliers constitute the framework on which Inditex advocates for worker participation, worker empowerment to further consolidate their labour rights and, ultimately, their satisfaction.

Promoting mechanisms of representation in any sphere within the textile industry means providing workers, their legitimate representatives and employers with the necessary tools to guarantee a process of continuous improvement with regard to working conditions. It is also intended that the impact of these measures transcends the

At Inditex, we believe that mature industrial relations are the basis for achieving progress in the sector and, therefore, for the empowerment of workers by guaranteeing the free exercise of their labour rights, which include freedom of association and collective bargaining. And the vehicle for achieving this is none other than the promotion of social dialogue in all areas of the supply chain.

labour sphere and goes on to generate positive effects in the communities where workers live.

This Priority Impact Area has the goal and the responsibility of promoting social dialogue and protecting the rights of freedom of association and collective bargaining across the Inditex supply chain and, therefore, of guaranteeing and promoting the exercise of these fundamental rights.

4.1.2. Strategic lines and main projects

4.1.2.1. Promoting the Global Framework Agreement with IndustriALL Global Union

The main milestone of 2022 was the 15th anniversary of the Global Framework Agreement between Inditex and IndustriALL Global Union, the backbone of our worker participation strategy,

15th Anniversary of the Global Framework Agreement

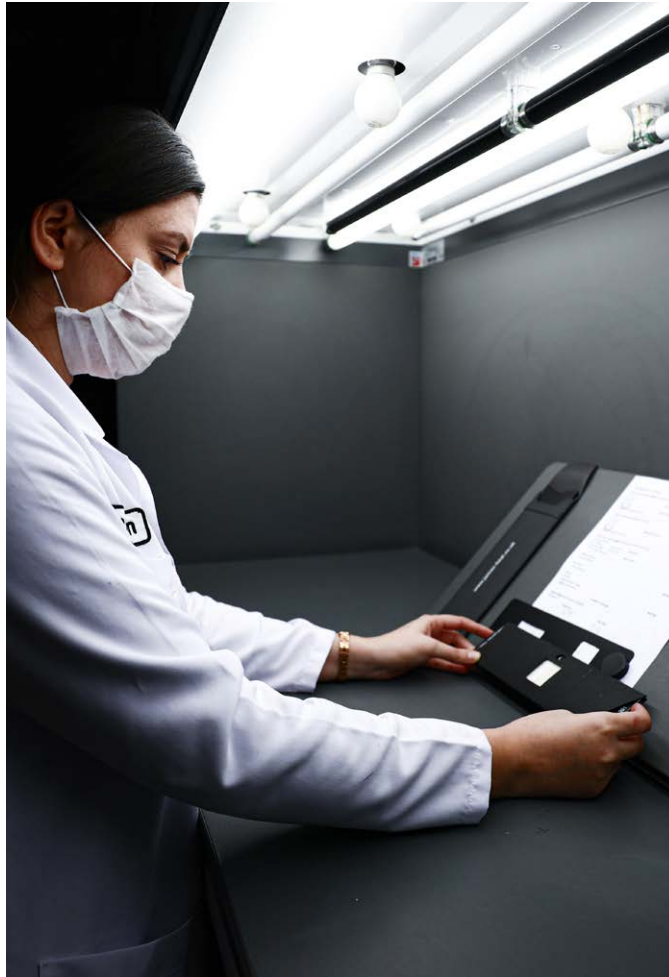
The commemoration of the 15th anniversary of the Global Framework Agreement with IndustriALL Global Union in 2022 was a milestone in the history of Inditex as a socially responsible company, as well as in the commitment of both organisations to establish a ground-breaking framework of collaboration that guarantees respect for the rights of freedom of association and collective bargaining, and the training of workers, their legitimate representatives and suppliers as the central core to develop an array of activities focused on the continuous improvement of working conditions in the Inditex supply chain.

Since signing the Framework Agreement in 2007 and the subsequent renewals in 2014 and 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, as demonstrated by the creation of the Global Union Committee as part of the latest renewal of the Framework Agreement. The 15th anniversary has also served to further develop this key tool with the signing of a new protocol to promote social dialogue through new mechanisms, which strengthen the role of local trade unions and move towards a better

understanding of the needs of workers in our supply chain. In this regard, a new procedure for accessing work centres has also been devised, which aims to further our knowledge and monitoring of working conditions in the factories.

“The protocol signed today, commemorating the 15th anniversary of the Framework Agreement between Inditex and IndustriALL, evidences our determination to strengthen respect for fundamental labour rights across our production chain and marks a fresh milestone in both organisations’ ongoing mission of improving the live of the women and men who populate it”, said Óscar García Maceiras, Chief Executive Officer of Inditex.

“Signing the GFA with Inditex was a breakthrough that has since lead the way for more responsible sourcing and proper industrial relations in the sector. It is fitting that we celebrate the first 15 years by signing a protocol that takes our relationship to a new level in terms of respect for fundamental trade union rights. The fact that we agree with Inditex to increase the role of our local and national unions and to firmly defend their right to organize and bargain collectively in the supply chains gives hope to many,” said Atle Høie, IndustriALL General Secretary.



affiliates in all of Inditex's clusters and, therefore, in our supply chain. This agreement focuses mainly on respect for the rights of freedom of association and collective bargaining, and on the training of workers, their legitimate representatives and suppliers as the central core from which to develop an array of activities focused on the continuous improvement of working conditions in the Inditex supply chain.

The agreement has been renewed twice since then, the first time in 2014 and then again in 2019. This has allowed for the

Elements of the Global Framework Agreement

- / Respect for freedom of association and collective bargaining
- / Training programmes for suppliers, manufacturers and workers
- / The figure of trade union experts in production clusters
- / Establishment of a dynamic communication channel between IndustriALL Global Union and Inditex
- / Ongoing work in production clusters
- / Detailed knowledge of the supply chain on the part of IndustriALL Global Union
- / The strengthening of local trade unions, which, since 2019, has been boosted by the creation of the Global Union Committee in 2020
- / Protocol for the implementation of the Global Framework Agreement between IndustriALL Global Union and Inditex in 2022
- / Procedure for the exercise of trade union access to supplier factories in the Inditex production chain in 2022 (annex to the Protocol)

but also a driving force within the industry that has prompted many other collaborations in the sector, and thus brand new Framework Agreements.

In 2007, IndustriALL and Inditex's joint bid to design a tool that could be useful to us in fostering mature industrial relations based on the strengthening of social dialogue resulted in an agreement that has led to the active participation of IndustriALL

creation of more sophisticated coordination structures such as the Global Union Committee, as well as the consolidation of transparency elements such as regular reporting of the Inditex supply chain to IndustriALL, reasonable access to work centres, and collaboration on the ground between our local teams and IndustriALL affiliates.

The year 2022 was also significant because it saw the signing of the Protocol for the implementation of the Global Framework Agreement between IndustriALL Global Union and Inditex, which promotes social dialogue through the establishment of new mechanisms that strengthen the role of local trade unions and move towards a better understanding of the needs of workers in our supply chain. Likewise, a further step has been taken with regard to our knowledge and monitoring of the working conditions in our supply chain with the inclusion of the 'Procedure for the exercise of trade union access to supplier factories in the Inditex production chain' in the aforementioned Protocol. This is the procedure for accessing the centres, and it is a pioneering element in terms of the transparency of our Global Framework Agreement in the sector, which is further strengthened after this important development.

Project:

Collaboration on the ground with IndustriALL and its local affiliates

We are in tune with workers and their needs

- / 7,722 benefited workers
- / 9 factories and suppliers involved
- / Bangladesh, Morocco, Tunisia and Türkiye
- / IndustriALL Global Union

The close collaboration between our local sustainability teams and IndustriALL Global Union and its local affiliates on the ground is embodied in a work flow made up of various joint training activities for workers and employers. One such activity is the one carried out in Bangladesh to raise awareness about the ILO Convention 190 (covering

aspects such as gender-based violence and harassment) and grievance mechanisms. This activity, which reached three suppliers in 2022, is a continuation of the one carried out in 2021 and focuses on factory management, although it also targets IndustriALL affiliates. It is based on the high percentage of women in the country's textile supply chain. In Türkiye, we also carried out training sessions in factories to promote respect for freedom of association.

We have also continued our workplace visits with IndustriALL and its local affiliates in Tunisia (UGTT) and Morocco (UMT and CDT) in the MENA region, which have been reinforced following the signing of the Protocol for the implementation of the Global Framework Agreement between IndustriALL Global Union and Inditex in 2022, and which includes the 'Procedure for the exercise of trade union access to supplier factories in the Inditex production chain'. These activities regarding access to Inditex work centres will be continued at the request of IndustriALL affiliates, in accordance with the Global Framework Agreement and the Protocol and procedure that support it.

4.1.2.2. Guaranteeing effective worker representation mechanisms

The effective promotion of social dialogue in our supply chain is based on the premise of ensuring effective representation mechanisms at both sector and work centre level. In this regard, we are actively engaged in initiatives such as ACT (Action, Collaboration, Transformation), the International Labour Organization (ILO) through its Better Work programme and the Ethical Trading Initiative (ETI).

It should be noted that as part of ACT, in 2022 we were able to develop a 'Freedom of Association (FoA) annex for Türkiye' as an annex to the ACT Memorandum of Understanding (MoU) in collaboration with IndustriALL Global Union, its local affiliates in Türkiye and the brands that are part of ACT. In addition to consolidating the

Interim Dispute Resolution Mechanism in Bangladesh, resulting from the agreement between the brands, IndustriALL and the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

As a member of the Ethical Trading Initiative (ETI), in 2022 Inditex supported the independent and comprehensive assessment concerning the impacts on human rights in the garment industry in Myanmar based on the application of the UN Guiding Principles on Business and Human Rights and the Due Diligence Guidance drawn up by the Organisation for Economic Co-operation and Development (OECD).

Previously, we have worked actively under the ACT initiative to promote improvements at the sector level in terms of social dialogue, such as the securing of the mandatory Myanmar Freedom of Association (FOA) Guideline in November 2019. This was the result of negotiations between employers and the IWFM (Industrial Workers' Federation Myanmar) with ILO facilitation and technical support, marking an unprecedented agreement for the country's industry.



Following the unfortunate events of February 2021, we maintained intense activity in order to consolidate the progress that had been made so far in terms of social dialogue. In March 2021, this resulted in an agreement concerning the Fast Track Dispute Resolution Mechanism (DRM), negotiated by the brands belonging to ACT, IndustriALL Global Union and the local affiliate of IndustriALL, IWFM, devised to address and adequately resolve any potential dispute concerning workers' rights, including freedom of association, as effectively as possible. Other significant milestones aimed at strengthening industrial relations in Myanmar were the agreements by ACT members with a presence in the country in connection with 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.

In light of ACT's decision to cease operations in the country in December 2021 (due to the withdrawal of IndustriALL's local trade union affiliate IWFM from ACT operations), Inditex developed an enhanced due diligence. As a member of the Ethical Trading Initiative, this included supporting the aboved-mentioned independent and comprehensive "Myanmar Enhanced Due Diligence Sectoral Assessment" conducted in 2022, when IndustriALL called for the implementation of economic sanctions on the country. This was commissioned by ETI to the consultancy firm Due Diligence Design with support from expert organisations Shift and Impact and focused its scope on human rights impacts in the Myanmar garment industry, based on the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance.

More recently, in February 2023, IndustriALL released a document about responsibly exiting the country, on which Inditex has begun work. The framework outlines a business exit negotiated with workers' representatives that ensures, among other things, that the rights of workers are protected and that cases of workers' rights violations that could be pending remedy.

Freedom of association in Türkiye (ACT)

At Inditex, we actively collaborate to ensure respect for the rights of collective freedom of association in our supply chain. The Global Framework Agreement with IndustriALL Global Union plays a fundamental role in this, however we also take part in other initiatives that share the same core values. One example of this is the work carried out in the ACT (Action, Collaboration, Transformation) initiative, in which IndustriALL, Inditex and another 18 international brands collaborate on matters such as living wages, but also in the design of strategies on how to proactively promote freedom of association in the supply chains of the brands that make up the initiative.

Under this premise, IndustriALL (including its affiliates in Türkiye) and the 17 ACT brands sourcing from Türkiye agreed on a Freedom of Association (FoA) annex for Türkiye as an annex to the ACT Memorandum of Understanding (MoU). It contextualises the global freedom of association commitments made by the brands in this MoU, as well as the unique labour relations challenges faced by industry stakeholders. It also sets out a protocol for managing potential disputes and their remediation, aimed at continuing to support constructive and mature labour relations in Türkiye.

The scope of this agreement, which came into force on 15 August 2022, consists of national and international labour laws, as well as the codes of conduct of all participating brands with regard to industrial relations, and covers all supply chain units in the Turkish textile, garment and leather industries producing for ACT brands.

Project:
Better Work

We participate to boost and improve

- / 293,425 benefited workers
- / 110 factories and suppliers involved
- / Bangladesh, Cambodia, Egypt, Indonesia, Pakistan and Vietnam
- / Better Work

Inditex has been part of the Better Work programme since 2007. This programme is a joint initiative between the International Labour Organization (ILO) and the International Finance Corporation (IFC), a member of the World Bank Group, the aim of which is to gather together all garment industry stakeholders (international brands, governments, employers and workers) to improve working conditions and respect for labour rights and boost the competitiveness of the businesses in the sector.

In the course of this partnership, Inditex and Better Work signed a specific collaboration agreement on 9 October 2013, whereby we became a direct buyer partner of the programme. Better Work includes assessments, advisory services, industry seminars and training, and at the same time pioneered a unique assessment and improvement model based on social dialogue and the improvement of management systems, thus eliminating the need for multiple audits and corrective plans for each of the brands.

An important element is the bipartite committees in which representatives of workers and factory management address the issues listed in the improvement plan. In this way, the focus is on improving communication and cooperation in the workplace and, therefore, on the continuous promotion of social dialogue in the factory in order to ensure effective mechanisms for worker representation.

In 2022, Inditex collaborated with Better Work in all the countries where the initiative is in place, reaching more than 290,000 workers in six countries of the supply chain.





Project:
Social dialogue and gender programme

We apply a gender perspective to social dialogue

- / 12,866 benefited workers
- / 6 factories and suppliers involved
- / Bangladesh
- / Ethical Trading Initiative

Since 2018, we have been participating in the Social Dialogue Program as part of the Ethical Trading Initiative (ETI), which seeks to strengthen worker and employer representation structures at factory level. And since 2020,

we have been collaborating with ETI on this new project, which is an evolved version of the previous one, and whose main objectives are: to create gender-aware workplaces through campaigns and training sessions; to empower women workers through increased knowledge and leadership skills; and to increase the capacity of factories to give them effective reporting mechanisms against gender-based violence.

All workers must be treated with dignity and respect, which translates into healthy labour relations that, in turn, contribute to improved productivity and sustainable growth. In this regard, the ETI has developed training materials based on the feedback received by various stakeholders, such as factory management, brand representatives and agents and experts in gender matters.

The project consists of the following pillars:

1. Assessment

- / Both before and after the training to understand the impact achieved

2. Training sessions

- / For management, supervisors and workers' representatives

3. Consultancy service

- / Guide for training and activation of committees

4. Network creation

- / To share the knowledge acquired

5. Awareness

- / Campaigns in factories aimed at workers

This programme has been implemented in six factories in our supply chain in Bangladesh, reaching a total of 12,866 workers, of which 6,825 are women.

The results we expect to achieve through the training sessions and the material provided are:

- / Better knowledge of what sexual harassment is and the grievance mechanisms in place.
- / Better knowledge by the management about the concept and the importance of having a gender-aware workplace.
- / Equipping the chosen representatives of management and of workers with the ability to act as specialists in the continuous support of gender awareness in the workplace.



parties see dialogue as the best way to engage in a process of communication on any aspect that may be considered important by either party. With this in mind, awareness-raising among employers, workers and their legitimate representatives forms a substantial part of our worker participation strategy.

Project:
Workers' preferences

We are developing mechanisms to listen to workers

- / 20,671 benefited workers
- / 50 factories and suppliers involved
- / Morocco
- / University of Oxford and University of Toronto

A project on workers' preferences regarding their working and social conditions was completed in 2022 in direct collaboration with researchers and professors from the universities of Toronto and Oxford.

This project directly involved 2,505 workers in 50 factories in our supply chain in Morocco (20,671 workers). They were surveyed in order to learn first-hand what aspects they value about a job and to what extent, so as to guide potential interventions and actions aimed at improving their well-being.

To assess workers' preferences, an approach called the 'conjoint analysis', also known as the 'discrete choice experiment', was used. Research has shown that the answers to such questions are a close approximation to real-world behaviour.

This approach is particularly suitable for eliciting multidimensional preferences, such as those related to labour conditions that are important to workers.

The model for creating the survey was based on how workers refer to working conditions in open-ended interviews. In the survey, the worker is presented with two job descriptions with different characteristics, in a hypothetical exercise in which they are not assessing their own conditions.

By asking about hypothetical jobs, rather than their own jobs, the survey allowed workers to express preferences without feeling that they were rating their current conditions. What's more, the conjoint analyses reduce social desirability bias by mixing sensitive topics with non-sensitive ones.

Some of the topics covered in the survey included:

- / Wages and hours.
- / Pace of work.
- / Gender of the supervisor.
- / Respect of the supervisor.
- / Factory safety.
- / Factory conditions.
- / Stability.
- / Benefits.

The results of the project have been highly valuable in giving us a first-hand insight into workers' needs so that we can make further progress in the design of measures to improve their conditions and well-being in line with their own preferences. One of the main findings indicates that workers highly value non-material aspects, such as respect from supervisors and job stability. They also value safety in the factory, the physical conditions of their workplace (e.g. cleanliness and ventilation) and a comfortable pace of production, among other factors.

4.1.2.3. Raising awareness on social dialogue and worker participation

Social dialogue is grounded on the ability of employers and workers to interact with each other in such a way that both

4.1.3. Overview

Over the past four years, the backbone of our strategy in this Priority Impact Area has been based on three areas revolving around the concept of social dialogue and ensuring the rights of freedom of association and collective bargaining in our supply chain. Therefore, through the promotion of the Global Framework Agreement with IndustriALL Global Union, ensuring effective worker representation mechanisms and raising awareness about social dialogue and worker participation, we have been able to promote and create a direct impact on hundreds of thousands of workers in our supply chain, which has been leveraged to the communities where they live and the societies they are part of in their respective countries.

Collaboration with key industry players

Our activity during this period has been based on one of the maxims that defines our very core: working with stakeholders that, in addition to representing the main players in our supply chain, stand out as trailblazing organisations or initiatives, capable of directly contributing to worker participation and, therefore, to improving the conditions of workers in the sector.

In this sense, it should be noted our partnership with IndustriALL, not only under our Global Framework Agreement but also in the creation and consolidation of initiatives in which both organisations play a very active role, such as ACT (Action, Collaboration, Transformation); the Accord on Fire and Building Safety in Bangladesh (known as the Bangladesh Accord); the International Accord for Health and Safety in the Textile and Garment Industry (International Accord); and the RMG Sustainability Council (RSC).

This conviction in the continuous improvement of workers' conditions in the textile supply chain was also key to working towards minimising the effects of the covid-19 pandemic. Proof of this was the involvement of both organisations in the creation, in April 2020, of the industry-first initiative Covid-19: Action in the Global Garment Industry, whose final text was negotiated by the International Organisation of Employers (IOE), the International Trade Union Confederation (ITUC) and IndustriALL, and for which the International Labour Organization (ILO) provided



technical support to all parties. Inditex also plays an important role in this Call to Action as one of the brand representatives in the international working group. Here, it is also important to highlight the joint declaration between IndustriALL and Inditex to support the recovery of the global garment industry during the covid-19 crisis and the work carried out during this period.

Social dialogue as a transformative element

At Inditex, we know that workers and worker empowerment require tools for representation at factory level, but also at sector level in order to foster changes that will transform the industry. However, it is also important to highlight the work carried out to generate spaces for dialogue between employers and workers, in which brands such as Inditex have played a key role, enabling them to respond to challenges such as the covid-19 pandemic. In this specific case, the dialogue platforms created under ACT in countries such as Bangladesh or Cambodia were key to promoting social dialogue and, in many cases, to adapting work dynamics to the new reality, using social dialogue between workers, employers and brands to create group dynamics in search of a collective benefit, as was also the case with the dispute resolution mechanisms agreed in Myanmar and Bangladesh.

This is why the future of this area is promising in a post-pandemic context that is more integrated at the level of stakeholder relations and in which, despite the existing challenges in the industry, there is a need to further promote collaboration between players that can foster a transformative approach at the sector level. We have seen how spaces for dialogue, which were originally geared towards making advances in guaranteeing respect for the rights to freedom of association and collective bargaining, were in fact a way of channelling and giving a voice to workers, employers and brands to articulate solutions on a national and industry level. We therefore consider it necessary to move forward along this path, which is one of cooperation between brands, trade unions and employers operating within the sector. But also in the promotion of tripartite dialogue in formal institutions at national level between workers, employers and governments. The latter continue to play a key role in creating the conditions for the development of mature industrial relations and economic and social progress based on the participation of citizens and, therefore, of workers through their mechanisms of representation in the workplace.

“Our collaboration in continued and well-functioning social dialogue processes has highlighted the importance of working together”

Inditex and IndustriALL Global Union maintain a close collaboration for the promotion of the rights of freedom of association and collective bargaining under the umbrella of the Global Framework Agreement in force since 2007

Christina Hajagos-Clausen / Textile, Garment, Leather and Shoe Sector Director of IndustriALL Global Union



Could you explain why social dialogue is important for workers wellbeing?

Social dialogue has the potential to resolve important economic and social issues, encourage good governance, improve industrial peace and stability, and boost economic

progress. Successful social dialogue processes contribute to higher wages and better benefits through collective bargaining agreements. Further, social dialogue allows for workers to advance their collective interests.

Within the global supply chain, IndustriALL advocates for cross-border social dialogue with global brands and retailers and manufacturers through the signing of global framework agreements.

Which is your balance of the GFA with Inditex so far, having celebrated the 15th anniversary this year and how has social dialogue evolved during last years?

Since the signing of the GFA with Inditex, our processes for social dialogue have evolved during the last years. These processes include advancing global, national and factory level social dialogue mechanism. On the global level, we have the Global trade union committee, who has the mandate to engage in negotiations with Inditex at the global level. Our agreement also established a global dispute mechanism, a system of national and regional monitoring, and a way to ensure that workers' rights to freedom of association and collective bargaining are respected at Inditex supplier factories.

What are in your view the main challenges of the textile industry and how these are related to social dialogue?

Brands have enormous influence on the terms being offered

to workers, but since they are not the direct employers of the workers, they have no immediate contribution to collective bargaining agreements. Another challenge to developing strong systems of social dialogue is that most garment and textile manufacturing are in poorer and less developed countries where industrial relations are still very immature.

Further collaboration through social dialogue is needed to impact the business model of the global textile supply chain. Global Brands individually should continue to sign legally binding agreements with IndustriALL and its affiliates to ensure that conditions in the industry improve.

Where do you think brands can contribute to foster social dialogue?

As a global leader Inditex must continue to set a good example in engaging in social dialogue with IndustriALL and its affiliates to improve health and safety requirements with their suppliers through the expansion of the International Accord. Further, through our joint initiative on reaching living wages in the global supply chain through improved purchasing practices (ACT), Inditex must lead in these efforts to enable their suppliers to engage in social dialogue with trade unions. Our collaboration in continued and well-functioning social dialogue processes has highlighted the importance of working together to solve systemic problems within the global supply chain.

4.2. Living wages

Goal

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

Strategy

- / Promoting collective bargaining.
- / Responsible purchasing practices.
- / Enhancing production organisation systems and methods.
- / Improving management systems and wage digitalisation.

Related SDGs	Related human rights	Alliances and partnerships
   	<ul style="list-style-type: none"> / Fair and favourable working conditions / Non-discrimination / Adequate standard of living / Education / Health / Life / Collective bargaining / Property 	<ul style="list-style-type: none"> / ACT (Action, Collaboration, Transformation) / Better than Cash Alliance / BSR (Business for Social Responsibility) / IndustriALL Global Union / International Labour Organization / <i>Universidade do Minho</i> / East China University of Political Science and Law (ECUPL)

2022 Key indicators

- / 98,903 benefited workers
- / 105 suppliers and factories involved
- / Bangladesh, Cambodia, China, Egypt, India, Pakistan, Portugal, Vietnam





4.2.1. Introduction

The International Labour Organization stresses that “With working time, wages are among conditions of work that have the most direct and tangible effect on the everyday life of workers”. What’s more, article 23.3 of the United Nations Universal Declaration of Human Rights highlights that “Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection”. Likewise, article 25.1 establishes that “Everyone has the right to a standard of living

adequate for the health and well-being of himself and his family, including food, clothing, housing and medical care and necessary social services, and the right to security”.

At Inditex, we are firmly committed to working towards this objective and we are making progress in this Priority Impact Area as part of our Workers at the Centre strategy, with the aim of “facilitating that workers in the Inditex supply chain earn a living wage”.

Our definition of a living wage is aligned with the ACT (Action, Collaboration, Transformation) initiative: “A living wage is the

minimum income necessary for a worker to meet the basic needs of himself/herself and his/her family, including some discretionary income. This should be earned during legal working hour limits (i.e. without overtime).”

As part of our participation in this initiative, Inditex has agreed an annex to the ACT MoU (Memorandum of Understanding) alongside other stakeholders on respecting and exercising freedom of association in Türkiye as a practical way to further implement the global freedom of association commitments set out in the MoU.

The objective of this MoU is to create cooperation between IndustriALL Global Union and ACT signatory brands to achieve living wages for workers in global garment and textile supply chains through mature industrial relations, freedom of association and collective bargaining. This annex on freedom of association in Türkiye came into force on 15 August 2022.

Our Lean programme also shows that factories can improve workers' benefits while increasing productivity, which is a win-win situation for both sides. This helps suppliers remain competitive in the industry and, therefore, keep workers employed, which is also a key aspect from a living wage perspective.

Furthermore, this year we also conducted an in-depth analysis of the payment of wages to workers together with some of our main suppliers and factories. The aim of this activity was to delve deeper into the various aspects of wages and to identify potential areas for improvement that can be strengthened.

In 2022, we also continued to work alongside the suppliers and factories in our supply chain on digitalisation and financial education through the BSR HERfinance programme and collaboration with the Better Than Cash Alliance. These financial education programmes have given many workers an insight into just how effectively they can access and use the various financial services available.

4.2.2. Strategic lines and main projects

4.2.2.1. Promoting collective bargaining

Our strategy and, therefore, our commitment to living wages is based on the principle that living wages and, in general, decent working conditions are the result of collective bargaining and agreements between employers and/or their representatives and workers and/or their freely chosen representatives.

We strongly believe that the most sustainable way to achieve living wages is through collective bargaining, especially at the industrial/sector level. This mechanism takes a holistic approach, leaves no one behind and covers all workers in the sector/industry.

To reinforce this mechanism, together with our Worker Participation Priority Impact Area, we have been implementing a number of measures in our supply chain to strengthen the rights to freedom of association and collective bargaining, which are fundamental labour rights. This approach is further strengthened through our Global Framework Agreement with IndustriALL Global Union, which is one of the most effective instruments for implementing our living wage strategy.

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

Project:
Collaboration with ACT

We are joining forces to facilitate living wages in the textile industry

/ Bangladesh, Cambodia, Türkiye
/ ACT

In 2022, we continued to promote collective bargaining in Bangladesh, Cambodia and Türkiye through our participation in the ACT initiative, which is the basis of our strategy and this pillar. In line with ACT, in 2022 we continued to promote collective bargaining in Bangladesh, Cambodia and Türkiye through our participation in the initiative. ACT is a ground-breaking agreement between global brands and retailers and trade unions to transform the sewing, textile and footwear industry and achieve living wages for workers through collective bargaining at industry level linked to responsible purchasing practices.

In 2022, as part of our participation in the ACT initiative, Inditex has agreed an annex to the ACT MoU (Memorandum of Understanding) alongside other associated stakeholders on respecting and exercising freedom of association in Türkiye as a practical way to further implement the global freedom of association commitments set out in the MoU of ACT. The aim of this MoU is to create cooperation between IndustriALL Global Union and ACT member brands with a presence in Türkiye, in order to further consolidate respect for freedom of association and collective bargaining rights in the country, as a basis for conditions for strengthening social dialogue. This annex on freedom of association in Türkiye came into force on 15 August 2022.

[i](#) More information in section 4.1. Worker participation



ACT sets out certain factors that are necessary to facilitate collective bargaining at industry level:

- / A commitment between employers and trade unions to bargain in good faith.
- / An enabling regulatory framework established by the government.
- / Full respect of freedom of association.
- / Mutual respect and recognition of the legitimate interests of each party.
- / The will to conclude and implement an agreement plus the commitment to no disputes over the content of the agreement once signed.

This initiative is the first global commitment on living wages in the sector that provides a framework through which all relevant players, including brands and retailers, trade unions, manufacturers and governments can exercise their responsibility and role in achieving living wages. Through ACT, we work with the main stakeholders in an ecosystem that fosters negotiation between national representatives of manufacturers and trade unions, to secure collective bargaining agreements at industry level.

4.2.2.2. Responsible purchasing practices

How we interact and negotiate with suppliers and manufacturers determines our purchasing practices. Throughout the purchasing process, our decisions have a direct impact on the workers in our supply chain; responsible purchasing practices can help create an environment that is conducive to improving their working conditions, wages and benefits. What's more, responsible purchasing practices also ensure that workers are paid on time, have stable employment and have less of a need to work excessive overtime.

This pillar, therefore, is still one of the most important strategic areas for facilitating the achievement of living wages. In this regard, we are working in partnership with the ACT initiative and, as part of this framework, in March 2015 we signed a MoU with IndustriALL that guarantees our commitment to responsible purchasing practices. Later on, in 2018, the members of ACT agreed to the following five commitments with regard to purchasing practices:

Our participation in Purchasing Practices Self-Assessment (PPSA) and Purchasing Practices Assessment (PPA) surveys has been a key step forward in this regard, as the results obtained are essential and further guide us in achieving compliance with the aforementioned commitments.

In addition, to help our buying teams make sustainable purchasing decisions, we have developed management systems that measure the performance of each supplier and each factory on social, environmental and product health and safety issues. We also run a social and environmental sustainability training programme for our employees to help them adopt best practices and buy responsibly. Furthermore, we encourage the training of our buying teams in this area with projects such as The Sustainable Fashion School, in partnership with the University of Leeds.

4.2.2.3. Enhancing the production organisation systems and methods

Improving skills and boosting productivity plays a crucial role in improving workers' wages and benefits. In fact, there is a direct link between the payment of living wages and the production systems and methods in place at factories.

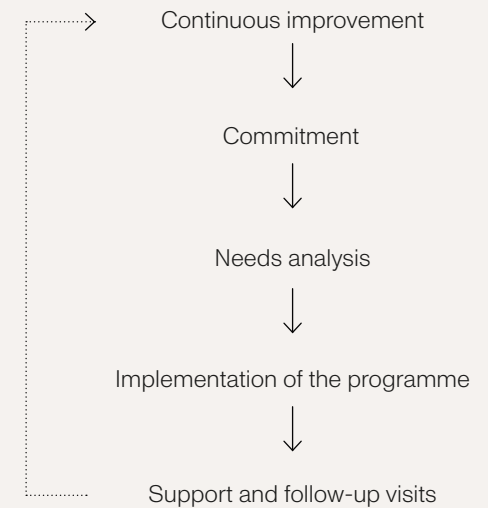
Factories with better production organisation systems are more flexible not only when it comes to distributing additional benefits to workers, but also with regard to staying competitive in the industry and therefore keeping their workers employed.

Commitment to responsible purchasing practices

The brands undertake to

TRAIN	All employees directly involved in the purchasing process in Responsible Purchasing Practices
MAINTAIN	The payment conditions that were contractually agreed upon
IMPROVE	Planning and forecasting in the purchasing process
IDENTIFY	The labour component in the price of a product
IMPLEMENT	A consensual exit strategy when the decision is made to no longer work with a supplier or factory

Methodology of programmes to improve organisation methods and systems



Project:
Lean

LEAN methodology for improving workers' conditions

- / 7,110 benefited workers
- / 15 factories and suppliers involved
- / Bangladesh, China, Portugal
- / Universidade do Minho (Portugal)

Through our internal Lean project, we are working closely with our suppliers and their workers to influence wages, improvements in the workplace, health and safety, better cooperation between management and workers and a reduction of working hours.

During the implementation process, we carry out a number of activities, including:

- / Providing training to improve the skills of workers and management.
- / Improving the factory's production organisation systems through:
 - / Restructuring the layout of production lines.
 - / Reducing the amounts of work in progress product (WIP).
 - / SMED techniques (reduced equipment changeover times).
 - / Training supervisors and management on Standard Allowed Minutes.
 - / Apparel Quality Management (AQM).
 - / Efficient use of resources to achieve appropriate line balancing.
- / Developing worker-management communication tools.

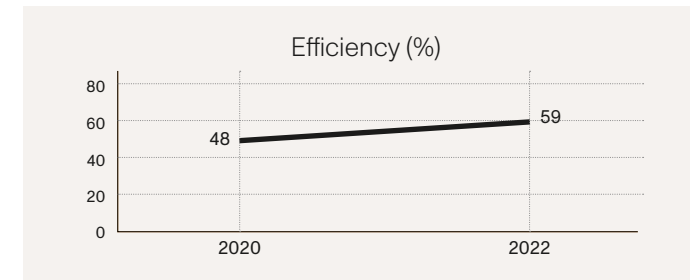
/ Tidiness and cleanliness (the 5S system).

These activities have the potential to achieve results that ultimately have a positive impact on decent working conditions, increased cooperation and improved

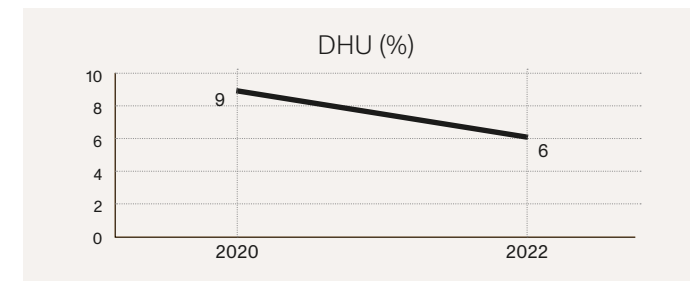
Examples of LEAN project measures	Potential related outcomes
Reorganisation of the line layout	<ul style="list-style-type: none"> / Wage increases / Improvement in the working environment, including in health and safety / Reduction of working hours
Modification of production flow and/or reduction of the amounts of work in progress	<ul style="list-style-type: none"> / Wage increases / Improvement of working environment, including ergonomics / Increase of worker's versatility and training / Reduction of working hours
Development of worker-management communication tools	<ul style="list-style-type: none"> / Increase and improvement in worker-management communication and relations
Modification of ancillary production teams	<ul style="list-style-type: none"> / Improvement in the working environment, including in health and safety
Tidiness and cleanliness (the 5S system)	<ul style="list-style-type: none"> / Improvement in the working environment, including in health and safety
SMED techniques (reduced equipment changeover times)	<ul style="list-style-type: none"> / Wage increases / Increase of worker's polyvalence and training / Reduction of working hours
Production smoothing	<ul style="list-style-type: none"> / Reduction of working hours

In 2022, we launched this programme in China (11 factories) and Bangladesh (2 factories). The covid-19 situation and restrictions in China slowed down the implementation process in 2022; however, in Bangladesh we have successfully completed the project, achieving a significant positive impact for both workers and suppliers.

- / A total of 28 workers have been promoted to the next rank, moving up either from helper to operator or from assistant to lead operator.
- / The wages of these workers have increased by an average of 6%, with an individual maximum increase of 10%.
- / The efficiency of the factory has improved from 48% (initial assessment) to 59% (final assessment).



/ Defects per hundred units (DHU) have been reduced from 9% (initial assessment) to 6%.



In the case of Portugal, after having completed the ongoing projects, we are collaborating with *Universidade do Minho* to explore the implementation in new factories, building on the learnings from the previous projects. We are also in discussion with some universities in India and Morocco to initiate a similar programme to positively influence workers.

Testimonial from worker and Lean project participant Runa Akter, Brothers Fashion



I am Runa Akter and I have been working as a garment worker for four years. Two years ago I only used a Bartack machine. After the skills training, I can now do all my work using the Bartack, a single needle machine and a double needle machine. My ID card shows that I can work with three types of machines. Now I have been promoted and my wages have been increased. Before, I was a C-grade operator and now I am an A-grade operator. Now if any operator is absent, then the manager looks to me first for production smoothing. Now I am respected more. And I can help my family more than before.

Project:
SCORE programme

We support our suppliers in their continuous improvement

- / 100 benefited workers
- / 2 factories and suppliers involved
- / China
- / International Labour Organization

Since 2014, we have been participating in SCORE (Sustaining Competitive and Responsible Enterprises), an ILO global programme to improve productivity and working conditions in small and medium-sized enterprises. The key intervention of the global programme is to support the implementation of SCORE Training, which combines practical training with advice on the following topics:

- / Cooperation in the workplace
- / Adequate quality management
- / Clean production
- / Human Resources management
- / Health and safety at work

In 2022, we were working closely with the SCORE Academy, the ILO's exclusive SCORE training partner in China, both on the implementation of the project in a factory—which started in 2021—and to assess its impact. Although there were few activities during the year due to the pandemic, the positive impact of the continuous efforts made in recent months has not failed to show progress. For example, according to the March factory report, 100% of deliveries were kept on time, the absenteeism rate was reduced by 2.2% compared to the end of the previous year and the turnover rate remained low at 1.1%.

4.2.2.4. Improving management systems and wage digitalisation

Improved management systems influence the effectiveness with which a supplier or factory manages key aspects, including, for example, the recruitment and retention of workers, the proper payment of wages and benefits, the maintenance of worker records, and so on. As all of these factors affect workers, and in particular their wages and benefits, we have worked closely with our suppliers and other relevant stakeholders in this area.

The due diligence activities we carry out through our assessments help us to get a clear picture of areas for improvement and create a pathway to prioritise and strengthen wage management systems in our Inditex supply chain.

On the other hand, digital payments also have the potential to improve workers' lives. Therefore, one of the areas we are working on is to encourage our suppliers to commit to adopting digital wage payments. In this regard, ILO research states that "over 230 million workers around the world still receive their wages in cash. Cash-based wage payments are inefficient for employers and they are risky and disempowering for workers [...]. Evidence shows that the transition from cash to digital wage payments has the potential to increase the efficiency of payroll services [...]". To drive the digitisation of wages in our supply chain, we are a member of the Better Than Cash Alliance, an initiative that states that "shifting payments from cash to digital has the potential to improve the lives of people on low income, particularly women".

Wage digitalisation not only brings transparency to payments, but also empowers workers by giving them better control over their wages and benefits. Our aim is not only to facilitate workers' access to digital payments and services, but also to train them in the effective use of available technologies and services.

79% of workers get paid digitally



We believe that wage digitalisation and financial inclusion are fundamental in order to build a solid base and advance towards achieving living wages. As part of this line of action, we are continuously monitoring progress and improvements in wage and work schedule management systems, while incentivising suppliers and advancing wage digitalisation, with a focus on financial inclusion of workers in the supply chain.

While through these activities we are collectively enabling Inditex supply chain workers to receive living wages, we are also collaborating with other stakeholders to share lessons learned from the collection of relevant information to measure progress on this issue.

Project:
Wage digitalisation capacity building

We are raising awareness to make cash payments a thing of the past

- / 39,924 benefited workers
- / 42 factories and suppliers involved
- / Vietnam
- / Better Than Cash Alliance (BTCA)

Worldwide, approximately 165 million workers are paid their wages in cash according to the World Bank's Global Findex, many of whom are working in global supply chains, such as in the textile and garment sector. Wage digitalisation has proven to be an effective way of increasing efficiency and transparency in global supply chains. Developing workers' financial skills, especially those of women, is a vital aspect of wage digitalisation, aimed at giving them the knowledge and confidence they need to accept, use and, ultimately, benefit from their new digital accounts.

We held a skills development programme for suppliers who do not yet pay workers' wages digitally, so as to raise their awareness to make the move from cash to digital payments.

This awareness programme provides in-depth information on the benefits of digitalisation for both workers and suppliers, and is carried out using the training tool jointly developed by the Better Than Cash Alliance (BTCA) and Inditex's sustainability team.

Through this programme, we have trained 53 representatives from 42 factories in Vietnam.

Project:
HERfinance – digital payments

Digitalisation and financial education

- / 8,904 benefited workers
- / 24 factories and suppliers involved
- / China, Cambodia, Egypt, India, Vietnam
- / BSR (Business for Social Responsibility)

Our collaboration with BSR contributes to digitalising wage payments in the following ways:

- / **Strengthening management systems:** working directly with suppliers to support their transition from cash to digital payroll, enabling workers to receive their wages instantly and transparently into a formal account. In this process, suppliers are supported in different areas, including:
 - / Shifting from cash to digital payment methods to support the financial inclusion of workers.
 - / Integration of financial education in the training of new workers.
 - / Linking with local financial service providers.



Testimonial from worker and HERfinance participant Linh, Eco Way Knitwear in the Tien Giang province of Vietnam



My name is Linh, I am 30 years old and I have been working in the ECO WAY KNITWEAR CO, LTD factory for over three years. I really enjoy participating in the training organised by HERfinance because it helps us to gain new knowledge and learn many skills especially when we live in the countryside and lack of opportunities to learn soft skills like the young people in the cities.

Since the day I joined the project, I know how to use Zalo Pay (an e-wallet) to transfer money, pay electricity and water bills, etc., which has helped me save me a lot of time.

Out of all the training topics, my favourite was 'Managing your money', because it helped me to plan my finances. At first, I set a goal to save 500 million dong over the next five years to build a house for myself; but after training, I found it difficult to achieve, so I reduced it to 300 million. My goal now is more SMART. (laughs).

I like it and I often share the knowledge I have acquired with other workers. Many people ask me: "What do you learn? Are there any benefits?" After I guide them on how to use the new financial services, they come back when they have a problem or need more guidance. I think these kinds of projects are very useful for factory workers.

Courtesy of BSR

/ **Developing skills:** providing factory management and workers with training based on the HERfinance methodology to facilitate their transition to digital wages and gain access to available financial services. Some of the key aspects in this area are detailed below:

/ Guidance on financial planning, budgeting and savings to improve their resilience to economic crises.

/ Knowledge and confidence building to enable women to take control of their finances.

/ Awareness of the advantages of formal vs informal financial services.

/ Training for middle management on digital payroll administration.

Given the impact of this programme, we are rolling it out in different countries.

In Cambodia, the digitalisation of wages is gaining momentum and many suppliers in the garment sector are moving from cash to digital wages. HERfinance helps managers plan and pay digital wages.

Workers are receiving training that includes the technical aspects of how to use their new accounts and associated

financial services, as well as lessons on financial planning, savings planning and discussing finances with their families, designed to help them manage and control their money, strengthening their independence and resilience in the process.

In 2022, implementation has resumed in six factories (1,246 workers), after being interrupted due to a rise of covid-19 cases in the region.

In India, meanwhile, although the country has become significantly digitalised and most workers receive their wages in their bank accounts, their financial literacy continues to be

an area for improvement. Workers, especially women, continue to face many challenges in terms of digital transactions, proper use of ATMs, access to available financial services, financial fraud, etc.

Through financial education, workers can obtain adequate knowledge of financial services, which also enables them to participate in the formal financial sector.

In 2022, we have continued to implement this programme in four factories (2,087 workers) and, upon completion of the project, the results indicate the following:

/ Improved understanding of how to apply for loans through formal financial institutions: from 52% women and 50% men in the initial assessment to 92% women and 96% men in the final assessment.



Benefits of wage digitalisation

- / Reduces the risk of theft in the areas near the factories and on the workers' way home.
- / Increases awareness and knowledge of digital financial services and products, especially among women.
- / Establishes adequate management systems for handling payments.
- / Reduces the administrative workload for factory management.
- / Helps workers better manage their savings.

/ In the final assessment, 52% of women and 80% of men felt confident using digital financial services without assistance, compared to 16% of women and 35% of men in the initial assessment.

/ For those workers who responded that they carried out the financial transactions themselves, there was a significant change between 92% of women and 100% of men in the final assessment and 36% of women and 81% of men in the initial assessment.

On the other hand, in Vietnam, most large and medium-sized companies in the garment sector have digitalised their payrolls. However, many workers, especially women, are not benefiting as much as they could from this. They withdraw 100% of their wages on pay day due to a lack of knowledge and confidence with regard to financial services, and because most of their expenses, such as rent, food and school fees, are paid in cash. We have developed the programme in three factories (2,307 workers) and, upon completion of the project, the final assessment indicates that:

/ 100% of workers receive their wages in their bank account or in a mobile account. There was an increase of 84% of women and 88% of men who demonstrated that they were able to save on a monthly basis through better planning.

/ 28% of women and 58% of men used 'bill pay' services, up from 24% of women and 41% of men in the initial assessment.



/ The rate of workers saving in their bank account increased from 32% to 63% for women and from 59% to 77% for men.

We have also started a pilot programme in Egypt with two factories (1,414 workers), since, according to a BSR study, most of the 1.5 million workers in the Egyptian textile industry—50% of whom are women—are unbanked and paid in cash.

Project:
Wage analysis

We identify cases for improvement

- / 43,814 benefited workers
- / 22 factories and suppliers involved
- / Bangladesh, India, Pakistan, China
- / East China University of Political Science and Law (ECUPL)

Wage management plays a very important role in ensuring adequate income. Having an adequate wage structure (legally sound, internally fair, externally competitive and flexible to ongoing changes) promotes better working conditions and helps factories boost competitiveness by attracting adequate, skilled and experienced labour and improving workplace productivity.

To reinforce the path towards this goal, in 2022 we carried out an in-depth analysis of wages paid to workers in 20 factories in Bangladesh, India and Pakistan, which will also give us the opportunity to identify areas of intervention where we can have a positive impact.

Along the same lines, in China we have also collaborated with the East China University of Political Science and Law (ECUPL), we have initiated discussions with key suppliers, and we will soon begin the process of in-depth analysis to identify key areas and create a robust management system, particularly with regard to wages and working hours in these facilities.



4.2.3. Overview

Since the launch of the Workers at the Centre strategy, it has been clear to us that the most sustainable way to achieve living wages is through collective bargaining between workers and/or their representatives, and employers and/or their representatives, so that no one is left behind. This is further supported by the implementation of purchasing practices. With

this conviction, in these four years we have continued our commitments to make changes on the ground.

Involvement in ACT

Our collaboration with ACT (Action, Collaboration, Transformation) is a key part of our living wage strategy, as it is only through collaboration with all relevant stakeholders (other brands, suppliers and worker representatives) that lasting transformations in the industry can be achieved.

One of our greatest milestones in this regard was the signing of the Memorandum of Understanding (MoU) with IndustriALL Global Union, which guarantees our commitment to responsible purchasing practices that facilitate the payment of living wages.

The Purchasing Practices Self-Assessment (PPSA) for brands and the Purchasing Practices Assessment (PPA) for suppliers should also be noted, which were conducted in 2021 under a joint due diligence framework called the Accountability & Monitoring Framework to ensure that ACT member brands' purchasing practices facilitate the payment of a living wage. The results of the surveys helped us to advance our strategy to deliver on the five purchasing practices commitments. Moreover, they enabled us to analyse and design individual, departmental and corporate action plans to roll out a training programme with common guidelines on ACT's commitments and their relationship with purchasing practices.

Digital transformation of means of payment

On the other hand, wage digitalisation has always been one of the key aspects of our living wage strategy. Over the years, through various programmes we have tried to influence and encourage not only Inditex suppliers but also the industry as a whole to make holistic progress in this area.

Supporting our suppliers

We have continuously engaged with our suppliers and factories through various projects and programmes to facilitate and support them in adopting digital wage



payment, as well as to improve workers' financial literacy. In this regard, our ongoing work in partnership with the Better Than Cash Alliance and BSR plays a crucial role.

What's more, improving production management systems and skills continue to be important factors when it comes to improving working conditions, wages and benefits for workers.

“Any meaningful living wage strategy needs to be built on industrial relations and collective bargaining between employer representatives and trade unions”

Active participation in ACT (Action, Collaboration, Transformation) is one of the pillars of our commitment to living wages

Mira Neumaier / Executive Director ACT (Action, Collaboration, Transformation)

ACT

What are in your view the main challenges in the textile industry and how are these related to living wages?

One of the main challenges is the systemic pressure on wages that hinders the industry from unlocking its full potential for poverty reduction and equitable economic growth.

The systemic pressure on wages is a challenge that no company or government can address alone. In many manufacturing regions adequate wage growth is hindered by the oversupply of labour relative to the number of jobs available. In such a labour market the mismatch of supply and demand keeps wages low. Without a coordinated wage setting mechanism, downward pressure on wages as a variable cost factor will persist.

Secondly, and linked to the first challenge, we can observe a collective action dilemma at multiple levels. Without coordination, suppliers find themselves in many cases torn between evolving sustainability requirements and liability risks on the one hand, and competitive price pressures on the other hand. Also, most factories supply numerous buyers and in the current environment, companies paying for higher labour costs would actually

cross-subsidise their competitors, who place orders at a lower price at the same factory. Individual suppliers will also experience peer pressure from other suppliers if they pay higher wages, while others cannot do so because they do not get the same support from the brands they supply. While it would be in everyone's interest to address this challenges collectively, there are little to no historical examples of effective collective national or international action of employers so far.

Finally, a similar collective action dilemma applies to global brands and retailers. In today's world of highly contested retail markets, fears of economic crisis and an increasing patchwork of due diligence regulation, brands find themselves confronted with a myriad of pseudo-solutions for the problem of living wages, which, moreover, is often narrowed down to issues of due diligence. This leads to a blossoming of new initiatives with questionable chances of success that create ever more contra productive pressure for brands and suppliers and intendedly often workers, who may find themselves without employment when suppliers might lose orders after agreeing to higher wages on a factory by factory level.

How do you think ACT can contribute to achieving living wages in industry?

As we have seen in recent years, individual company efforts to raise wages in the supply chain quickly reach a competitive limit. That is why we need regulations to establish a level playing field. But we also need a neutral platform where companies can come together at a pre-competitive stage to achieve a sustainable model. ACT offers such a neutral platform, enabling agreements between global brands and trade unions to work together towards industry-wide collective wage bargaining backed by good purchasing practices. All ACT signatory companies have committed to “ensure that their respective [purchasing practices facilitate the payment of a living wage](#)”.

ACT is based on a collective bargaining approach in which employers and trade unions negotiate wages and working conditions at industry level in their country, with brands incorporating the higher wage costs in their purchasing prices. This method needs to be progressively extended to a growing number of key sourcing countries to avoid relocations motivated by wage costs. As a result, the first countries to implement the new approach of coordinated wage setting will receive support through country specific commitments of ACT member companies that will be developed in consultation with the national actors. At the same time, ACT will work with manufacturers at country level to develop and implement improvements in manufacturing standards and systems, such as efficient human resource management, skills development, and wage management systems.

The prospect of negotiated commercial supportive measures by ACT brands is key in bringing suppliers to the table, as they can provide them with the economic space and planning security that is essential to improve wages and working conditions. Based on the

brand commitment to support wage bargaining through long-term relations with suppliers and reflecting higher wages in purchasing prices by ring-fencing labour costs ([see ACT Global Purchasing Practices Commitment No. 1](#)), ACT provides a sustainable, pragmatic and scalable model to achieve living wages.

What role do you think businesses should play when it comes to living wages?

Companies, both brands and suppliers, have an important role to play with regard to wages. There are no shortcuts to living wages: any meaningful living wage strategy needs to be based on industrial relations and collective bargaining between employers and trade unions. After all, wage increases cannot be achieved sustainably without giving workers a voice and representing them through trade unions. Democratic and accountable trade unions can ensure legitimate negotiations on what constitutes a living wage and monitor wage-related rights through collective bargaining.

Besides being a human right of workers, collective bargaining also has the potential to increase productivity and reduce employee churn, increase the quality of output, improve the reliability of deliveries and foster employee-driven innovation.

Although most fashion brands do not set the wages of production workers, they can play a primordial role in using their purchasing practices and compliance policies to support collective bargaining as the only sustainable delivery tool for living wages.

To achieve living wages collective bargaining is the only instrument, but it is one of the most important one because there is no other tool that simultaneously enables democratic negotiation of living wages, thorough compliance at factory level and a win-win for employers

by offering the opportunity to boost productivity and reduce turnover.

As one of the ILO's Fundamental Rights, all companies must ensure respect for freedom and rights of Association and Collective Bargaining in their global supply chains. However, companies that want to achieve living wages in their supply chains need to not only ensure respect for these rights, but to proactively support their implementation through purchasing practices and compliance policies.

First of all, as a fundamental building block for achieving living wages, brands need to support the negotiation of effective, locally embedded Grievance Mechanisms on freedom of association, collective bargaining and wage-related rights. The [ACT case study](#) for the ILO-OECD Global Deal Flagship report unpacks the relationship between Freedom of Association and effective grievance mechanism to securing living wages for workers.

Secondly, to enable progress towards living wages in their supply chains, brands should implement stringent due diligence policies in their buying and purchasing departments to ensure that their purchasing practices enable the payment of living wages - [a key commitment of all ACT member brands](#). Building on this, ACT members have committed to an accountability and monitoring framework with clear targets to track and ensure effective improvement in purchasing practices.

Finally, brands need to signal to suppliers and governments that countries where suppliers engage in collective bargaining at industry level to ensure continuous wage growth towards living wages will be prioritised in terms of sourcing and will not risk losing business to other, cheaper production locations that do not work towards negotiated living wages.

4.3. Gender, diversity and inclusion

Goal

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

Strategy

- / Health: Facilitating healthcare services, chiefly in maternity and reproductive health.
- / Protection: Promoting zero tolerance policies and practices of prevention and management of workplace harassment.
- / Empowerment: Involving female workers in programmes related to finance, leadership, and empowerment.

Related SDGs	Related human rights	Alliances and partnerships
   	<ul style="list-style-type: none"> / Fair and favourable working conditions / Non-discrimination / Adequate standard of living / Education / Health / Living / 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 people with disabilities / Reproductive rights 	<ul style="list-style-type: none"> / Anne Çocuk Eğitim Vakfı (AÇEV) / Associação Plano i / BSR (Business for Social Responsibility) / Casal dels Infants / International Center for Research on Women (ICRW) / Medicus Mundi Sur / St. Johns Medical College

2022 Key indicators

- / 189,958 benefited workers
- / 86 suppliers and factories involved
- / Bangladesh, India, Morocco, Pakistan, Portugal, Sri Lanka, Türkiye and Vietnam



4.3.1. Introduction

Women represent the majority of the workforce in the textile sector supply chains and they face various challenges at work compared to their male counterparts.

Gender equality is a prerequisite to any sustainable development goal, since it holds the potential to reverse inequality in relations of power between women and men and it addresses the structural barriers that prevent progress.

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

By means of this strategy, Inditex is creating a space to work directly in the factories, providing a starting point for changing gender equality practices in the workplace and reaching female workers' families and communities. We also develop work areas for the inclusion of other groups, such as the LGBT+ community.

4.3.2. Strategic lines and projects

4.3.2.1. Health: facilitating healthcare services, chiefly in maternity and reproductive health

According to the World Health Organisation, 1,600 women and more than 10,000 newborns die every day from preventable complications during pregnancy and childbirth.

At Inditex, we are advocating for improvements in access to health services for women, such as family planning and maternal health. Given their active presence in our supply chain, we are able to bring these

measures to a large number of women who would otherwise struggle to access such services and products.

We are working in several countries through various partnerships with the aim of guaranteeing access to health services and promoting women's health, particularly reproductive health and women's hygiene. In this regard, we pay special attention to activities and projects aimed at guaranteeing pregnancy and maternity rights. We also carry out projects with a broader scope, with the aim of facilitating access to health services geared towards the specific needs of gender or sexual orientation of the LGBT+ community.

Project:
Medicus Mundi Health

We promote health from all angles

- / 4,618 benefited workers
- / 19 factories and suppliers involved
- / Morocco
- / *Medicus Mundi*

Our project in collaboration with *Medicus Mundi* in Morocco, whose general aim is to "improve the social and health situation of workers in the garment industry" encompasses two of the pillars of our Gender, Diversity and Inclusion strategy: healthcare and protection.

As part of our collaboration with *Medicus Mundi*, we signed a three-year agreement for the 2019-2021 period, which due to covid-19, actually ended in 2022. We have since signed a new agreement for the 2022-2024 period. In a bid for continuity, both agreements consider the same lines of work:

- / Worker health prevention and community health.
- / Protection of women (see the following section, 4.4.2.2. Protection).

Some of the main activities included in the project are:

- / Training the members of the Health and Safety Committees.
- / Training workers' representatives.
- / Organising occupational health seminars with the participation of various local players in the garment industry.

As part of the new agreement, special emphasis will also be placed on the following lines of intervention:

- / Improving the social-health context in the Moroccan garment industry by supporting the local public health system through activities that will be decided upon with the local health authorities.
- / Training healthcare personnel.
- / Occasional support supplying material in special circumstances.
- / Advocating for the participation of female workers in preventive campaigns promoted by the Ministry of Health (breastfeeding, breast cancer screening, etc.).
- / Developing awareness-raising material on health risks in the workplace and how to avoid them, in collaboration with the Association *Marocaine de Santé au Travail* (AMSAT).

The new agreement also envisages expanding the intervention to other areas so as to include a larger number of factories.



Project:
SAKHI Health

We provide comprehensive health training

- / 27,717 benefited workers
- / 28 factories and suppliers involved
- / India
- / St. Johns Medical College

By providing support in the form of skills development, training, health infrastructure and strengthening management systems, the SAKHI Health project aims to facilitate best practices in

health, nutrition, hygiene and a better working environment in supply chain factories.

In collaboration with St. John's Medical College, this ongoing project in India seeks to identify the basic health knowledge that workers should possess, and provide training in topics such as nutrition, ergonomics, mental health, menstrual hygiene, prenatal and postnatal care and family planning.

This involves a range of activities, such as disseminating materials on the health topics we have identified as a priority, and following up with reports and regular meetings with factory management to assess the progress being made with the training sessions, discussing new needs and future requirements.

Project:
HERhealth

We are empowering women to take control of their own health

- / 2,747 benefited workers
- / 3 factories and suppliers involved
- / Vietnam
- / BSR

Launched in 2021 in Vietnam, in collaboration with the organisation BSR (Business for Social Responsibility), the HERhealth project aims to help women take charge of their health through training on various health-related topics.

Some of these topics include: raising awareness about healthy eating, personal and menstrual hygiene and maternal health; addressing common myths and misconceptions about potentially harmful practices and beliefs; and boosting confidence and communication skills on health-related issues in the workplace and in the home, among others.

Project:
SAKHI Menstrual Rights

Promoting menstrual health and hygiene

- / 91,335 benefited workers
- / 18 factories and suppliers involved
- / India and Sri Lanka
- / St. John's Medical College

This project, in collaboration with St. John's Medical College, seeks to raise awareness on menstrual health and hygiene, promote the right to menstrual health and educate on the consequences that poor menstrual hygiene practices can have on health and the environment.

Firstly, a preliminary assessment was carried out in selected factories in India and Sri Lanka. Female workers were then provided with training and those in charge of the factories were asked to establish improved waste disposal systems.

The results of the pre- and post-training assessments revealed a 36.73% improvement in menstrual hygiene.

4.3.2.2. Protection: promoting zero tolerance policies and practices for the prevention and management of workplace harassment

Harassment, including sexual harassment, abuse and violence is a serious human rights violation. More than 75 countries across the world prohibit sexual harassment in the workplace; however, the reality is that it continues to be a scourge for many women. Inditex considers this to be a critical matter, which is why preventing workplace harassment and managing it when it does occur, as well as implementing zero tolerance policies towards this type of conduct, is a part of our basic human rights strategy.

The International Labour Organization (ILO) Convention 190 on violence and harassment, adopted in 2019 and which came into force in June 2021, is of significant importance to Inditex. This Convention is the first global standard aimed at eliminating violence and harassment in the world of work.

For example, in Türkiye, our local team is part of the advisory council set up there by the ILO to promote its “More and better jobs for women” programme. The committee, which meets regularly, is made up of the ILO itself, brands, academics and NGOs, among others, to raise awareness in the supply chain about gender equality, as well as against violence and harassment, helping to create effective policies, procedures and mechanisms in companies. In this regard, several of Inditex’s strategic suppliers and manufacturers have been selected to participate in the ILO Academy’s online training on “Zero Tolerance of Sexual Harassment and Violence” and

“Gender Equality”. In addition, workers will also be trained with the active participation and involvement of management, supported by effective policies and practices.

In Morocco, the Protocol Against Sexual and Moral Harassment of Female Workers, developed by *Medicus Mundi* in collaboration with Inditex, has also taken into account this Convention, and will continue to take it into account in any modifications that it may undergo in the near future. At a global level, our strategic lines also take into account the Convention.

In this regard, in addition to being alert to any undesirable behaviour through our regular audits and visits to factories in the supply chain, we also have a range of activities, projects and training to foster the development and implementation of zero tolerance policies on workplace and sexual harassment,

as well as prevention practices. The main idea is to promote diverse and inclusive workplaces so as to preclude any kind of discrimination. This also applies to the protection of the LGBT+ community.

At Inditex, we have made this line of action a priority with a view to creating an atmosphere where everyone feels free, comfortable, empowered and safe in the workplace.

Project:
***Medicus Mundi* Protection**

We are developing protocols against harassment

- / 4,618 benefited workers
- / 19 factories and suppliers involved
- / Morocco
- / *Medicus Mundi*

As part of our collaboration with *Medicus Mundi*, while extending the scope of the health projects, a Protocol Against Sexual and Moral Harassment of Female Workers has been developed for clothing companies, with the aim of applying it in the factories by making the necessary adjustments. A fundamental part of this project is the collaboration with stakeholders. That is why new partnerships were formed with civil society during the year through the signing of two cooperation agreements between *Medicus Mundi* and the following Moroccan feminist associations:

- / ADFM – *Association Démocratique des Femmes du Maroc* (Democratic Association of Moroccan Women).
- / AMDF – *Association Marocaine pour les Droits des Femmes* (Moroccan Association for Women’s Rights).

In addition to the implementation of the Protocol, an awareness-raising campaign on moral and sexual harassment directed at female workers will also be carried out.



Project:
HERrespect

Gender equality as a business priority

- / 3,812 benefited workers
- / 2 factories and suppliers involved
- / Bangladesh
- / BSR

In 2021, we carried out the first phase of the HERrespect project in collaboration with BSR, in which the assessment of female workers' needs in factories in Bangladesh was completed, thanks to the support of the Walt Disney Family Foundation. We then launched the second phase in July 2022, in which we are working closely with BSR to redefine the project, which is being implemented in two of the Group's factories. The duration of the programme is approximately 10 to 13 months and is being implemented through the local NGO Mamata Bangladesh, which aims to improve the socio-economic conditions of disadvantaged groups in the Bengali country. The aim is to improve gender relations in the workplace as well as in the family environment through skills development, awareness raising and policy formulation. The following activities are included in the programme:

- / Training sessions for members of the Anti-Harassment Committee (SSHH Committees).
- / Assessment of the gender-based violence policies of the companies involved.
- / Gender sensitisation of factory supervisors and workers.

The ultimate goal of the programme is to develop a new approach on how workplaces can be transformed to recognise gender equality as a business priority.

Project:
LGBTI + Awareness

We seek to create inclusive environments for all groups

- / 236 benefited workers
- / 3 factories and suppliers involved
- / Portugal
- / Associação Plano i

LGBTI+ Awareness was launched in Portugal in 2021 as a pilot programme to raise awareness of LGBT+ freedoms and protection in the country. This programme is carried out with the local association *Plano i*, with the aim of raising awareness among suppliers, manufacturers and workers in our supply chain about the need to work and live together in a diverse and inclusive environment, with the LGBT+ community as the main target.

It involves two types of training:

- / Training sessions and talks addressing gender, sex, LGBT+, stereotypes, discrimination and resources, particularly among workers.
- / Certificate of recognition in this topic: more advanced and specific training for administrative personnel, human resources, quality control, sustainability and management staff. The aim of this certification process is so that these people, in turn, can replicate the training to the rest of the workers and implement policies aimed at their protection.

These workshops have been very well received by both workers and managers. We intend to extend this project to reach more suppliers, manufacturers and workers, as well as introducing new activities that can add to the training.

Furthermore, we are working to adapt and create new projects with the same objective in other countries.

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

Although women are a key part of supply chains, they are still under-represented in highly-skilled or supervisory posts in many of the countries in which we operate.

The empowerment of workers is crucial to providing them with the necessary tools to improve their working conditions. In this regard, we aim to provide women with access to the necessary tools so that they can 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 Türkiye.

Project:
Together Strong

Changing gender stereotypes

- / 457 benefited workers
- / 4 factories and suppliers involved
- / Türkiye
- / AÇEV

In Türkiye, we have been developing the Together Strong project since 2019 in partnership with the local NGO AÇEV. The multi-pronged approach of this programme aims to address gender equality issues in the workplace, in the home and in society, as well as to help women by providing training to develop skills in the workplace. It consists of three components:

- / Three-month intensive and in-depth education programme. Empowerment issues are combined with

literacy and numeracy classes. In addition, other topics such as personal leisure time, health and child protection, finances or personal goals, among others, are also covered.

/ Training for all workers under the theme “Equality Awareness”, which covers an overview of the basic concepts of gender equality, aimed at both men and women.

/ A half-day “Equality Workshop” for men only. This workshop discusses the definition of masculinity and its social effects on both men and women.

With this approach, the project aims to help create an environment in the factories conducive to gender equality.

To determine the effectiveness of the project, multiple types of assessments are carried out, such as literacy, numeracy tests, surveys, in-depth observations of a single group, observations of multiple groups by a field monitor and focus groups. And these assessments have shown many positive results since the project was launched. For example, women have shown considerable progress in literacy, numeracy and other types of knowledge tests. They also began to see significant changes in their interactions at home and at work, especially as a result of improved communication skills. Most importantly, however, the women reported that they became aware of their value as individuals and began to see themselves as strong working women rather than helpless individuals who are forced to work due to economic hardship.

Similarly, co-workers reported that they had noticed a boost in the women’s self-confidence. We were also able to observe some reduction in gender stereotypical views and a noticeable decrease in the number of workers who agreed with the statement: “Some professions are more suitable for women and some are more suitable for men”. Men, on the other hand, reported their own behavioural changes, such as an increase in their contribution to household chores and better communication with their children.

Project:
HERessentials

Health, financial inclusion and gender equality

- / 56,270 benefited workers
- / 5 factories and suppliers involved
- / Pakistan
- / BSR

According to the Global Gender Gap Index Report 2022, Pakistan ranks second to last (145th) in a list of 146 countries. What is more, due to recurrent natural disasters such as floods, droughts, heat waves and cyclones, Pakistan has been ranked as one of the top 10 countries most affected by climate change in the last 20 years, with women being the most affected by this situation.

Despite these challenges, Pakistan has taken progressive steps towards the protection of human rights by ratifying most international human rights conventions and introducing pro-women legislation. Nevertheless, while laws for women empowerment and protection from violence are in place, their implementation still needs momentum.

That is why we are approaching gender equality in this country from a cross-cutting perspective, so that we cover different issues and identify priorities for the coming years.

In this way, through collaboration with other brands in the sector and with BSR, and through the local implementation of the ECI (Empowerment thru Creative Integration) programme, HERessentials was born. This programme aims to create a positive impact for women in the workplace by addressing different topics, including health, financial inclusion and gender equality. The training sessions are conducted using the “train the

trainer” model and make use of tablets and an app. This also allows us to empower female workers from a technological point of view.

The app was developed based on workers’ needs, ensuring it is user friendly for those who are not familiar with technology or have low levels of literacy. Once downloaded, the app is available offline, so it is suitable for workplaces where connectivity might be low. It includes animations that show basic concepts, games to cement understanding and before and after tests to assess what is being learned.

Thanks to the surveys carried out among the companies that have completed the programme, we have identified the positive impacts of the programme, which include:

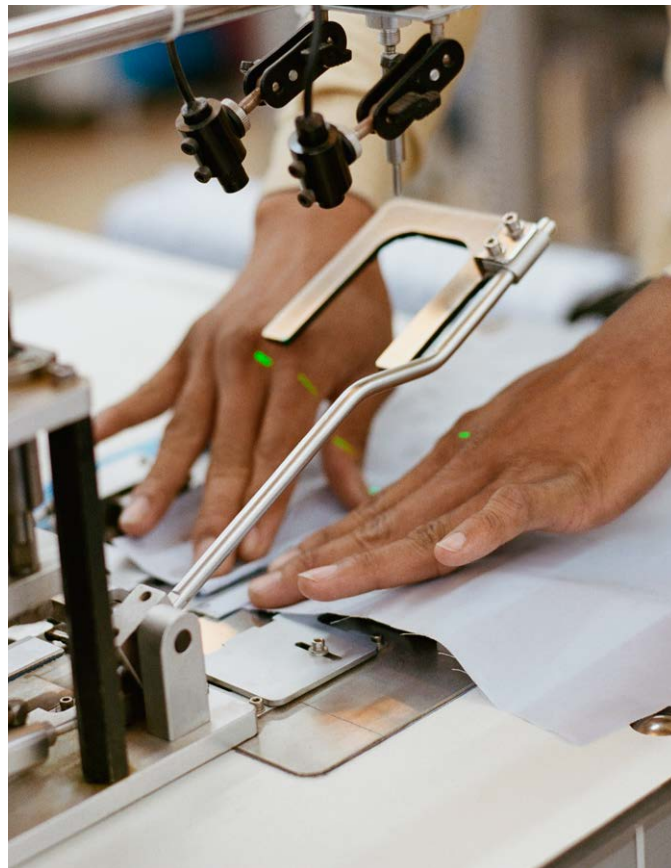
- / Improved knowledge of family planning methods and newborn care during the pandemic, as well as a better understanding of how to communicate effectively with co-workers to address conflict.
- / Improved knowledge of workplace and sexual harassment and reporting of domestic violence.
- / Increased confidence in the use of digital devices such as mobiles and tablets.

Project:
Self-Diagnosis Tool

Identify opportunities to promote equality

- / Global
- / ICRW

The International Centre for Research on Women (ICRW) is an international organisation that works to



promote women empowerment and gender equality, and it has developed a self-diagnosis tool to assess gender equality that helps organisations to identify their strengths and opportunities for improvement in this matter. Factories can use this tool to pinpoint opportunities to improve gender equality among the workforce and evaluate to what extent their policies, practices and operations are being integrated.

A fundamental pillar of this strategy is the collaboration with stakeholders. In this regard, Inditex continues to collaborate with ICRW on the second phase of the tool. Thanks to the results obtained in the first phase—the pilot—we were able to detect the need to give more of a voice to the workers. In 2022, work was carried out in this regard and, in addition to this, a user guide was created and an online module for learning about gender in the factories was also developed.

In this way, Inditex, along with six other global brands, is helping ICRW to create a collaborative approach to amplify the voice of workers and use the tool in different contexts.

Project
Work-life balance for working mothers

Creation of kindergartens and pre-schools

- / 2,766 benefited workers
- / 4 factories and suppliers involved
- / Morocco
- / *Casal dels Infants*

In February 2022, we launched a project with the Spanish association *El Casal dels Infants*, also based in Tangier, which is conducted through the EDUCARE network and which aims to promote the creation of kindergartens and pre-schools that respond to the

needs of women who work in the garment industry in Tangier, in the hope that these units can become a viable and replicable model.

This intervention is carried out at two levels:

- / In the workplace: by analysing the impact of the costs of unpaid work for female workers with children aged 0-6, as well as their place of residence and the existing kindergartens and pre-schools that are already up and running close to their homes or to their work, among other aspects. In this regard, discussion workshops and questionnaires have been carried out with 171 working mothers.
- / In residential areas: by strengthening existing kindergartens and pre-schools and creating new ones according to the needs identified in the workplace.

What is the EDUCARE network?

The network of EDUCARE centres is run by female entrepreneurs in the form of cooperatives or limited liability companies, bringing together at least five women who are also workers of these units and have extensive training in education. In addition to childcare while the mothers work, EDUCARE offers an educational programme based on specifications defined by the Ministry of Education, which allows children access to the public school system, guaranteeing their enrolment in nearby schools, as they offer flexible working hours that are adapted to the women's working hours. The EDUCARE network currently has nine childcare units and pre-school classes.



Women and Climate

In 2022, the UN's International Women's Day message sought to recognise the contribution of women and girls in the fight against climate change to build a more sustainable future. Although not obvious at first glance, gender equality and climate change are closely linked. Women are key agents of change and a vital source of potential to help solve this crisis.

In order to drive dialogue and include women's education in climate talks, Inditex has signed a partnership agreement with the Fashion Makes Change (FMC) project, an initiative of Rockefeller Philanthropy Advisors. FMC works with the fashion industry to build resilient communities and accelerate a global education agenda on women empowerment and gender equality in the supply chain.

Inditex's collaboration with Fashion Makes Change particularly supports the creation of a white paper that synthesises the relationship between the environment and women, and how they can come up with ideas and measures to curb climate change, as well as supporting women in their education with digital tools. This support is offered through the Empower@Work initiative, which aims to amplify the impact of projects related to women empowerment and gender equality. This white paper will help us decide what kind of projects to encourage in our suppliers' factories to strengthen the role of women in relation to climate change.

As a starting point, there is a lack of information and data that can connect women's education and empowerment to the climate crisis. It is therefore necessary to create spaces for interconnection between the different areas of sustainability and to invest in obtaining more information and data to address this challenge.

4.3.3. Overview

Of the 17 SDGs, one—SDG 5 (Achieve gender equality and empower all women and girls)—is focused on a specific collective and applied in a cross-cutting way to the other goals.

We are fully committed to this goal. Women represent more than half of the workforce in our supply chain. Therefore, to achieve a stable and sustainable supply chain, we promote gender equality and we champion practices that encourage the inclusion of women and their development. All empowered women have the potential to transform their family, community, economy and society.

In line with SDG 5 we have had a Women Empowerment Strategy in place since 2017. Despite having overcome

or mitigated many challenges, many more still lie ahead. Our commitment to this goal is absolute, as is our commitment to diversity, multiculturalism and respect, all of which are values that lie at our very core.

Therefore, and based on the three main cornerstones of the strategy (health, protection and empowerment) and having detected collectives such as the LGBTBI+ community which might be subject to heightened discrimination, in 2020 we broadened the scope and converted the strategy into "Gender, Diversity and Inclusion".

Towards gender equality and inclusive growth

To achieve cross-cutting gender equality is only possible through inclusive growth that is built on equality, where human rights are respected and form the basis of all our activities and projects.

Through the various programmes, we have ensured that all workers, male and female, in our supply chain have a diverse, safe and inclusive work environment.

In a supply chain like ours, the role and understanding of diversity and inclusion at the workplace are complex. Building a work culture that is truly diverse and inclusive is no easy task, especially in countries where laws and social prejudice hinder it. However, when starting our work in this field, we took inspiration from observing and learning from the persistent efforts of various organisations and the existing awareness in a number of spheres that help and foster change.

In these four years, we have implemented projects directly in 188 factories and impacted 332,858 workers.

This Priority Impact Area focuses on people, their families and communities, so we must understand their needs and

learn their concerns to nurture inclusive environments in which this diversity is respected and accepted. Only by understanding these people’s needs can we build a strategy that fosters an environment of equality and fairness.

A cross-cutting and collaborative approach to equality

Another noteworthy aspect of our strategy has been its transversality. All Priority Impact Areas have been

encouraged to include the gender perspective in their projects and initiatives, thus multiplying the impact on the group and ensuring comprehensive protection of all their rights, beyond the strategy of the Priority Impact Area itself. This transversality also extends beyond the strategy, permeating the entire supply chain management, such as social audits. Over these four years, we have worked to develop systems that allow us to identify potentially

discriminatory practices that may pose a barrier to women empowerment. These practices are grouped by category (wages, hiring, social benefits, professional development at the company, restrictions when it comes to joining trade unions, etc.). To respond to the various challenges, we have set up a working group specialising in gender topics, that not only supervises the strategy’s projects, but also identifies the actions that need to be taken when sensitive issues are detected, in order to be able to implement the relevant self-protection plan.

Another strength has been the development of programmes that include all three pillars (health, protection and empowerment). On many occasions, we have started an initiative by focusing on one of the three pillars and then scaled up the scope once the foundations of the intervention have been laid and a culture of gender respect has been promoted. We have also aspired to scale up the scope in terms of the number of beneficiaries and have opted for “train the trainer” models in many projects, with the aim of training and educating women so that they in turn can train others, creating a network of empowerment and participation.

Forming partnerships is also a fundamental tool. We work with organisations such as UN Women and the ILO to establish global and local partnerships that empower women and other groups and, increasingly, we are joining forces with other players—including other companies in the sector—to move forward hand in hand on common challenges.

Internally, we have also worked in coordination with other areas of the company, such as the People Department, and many colleagues who are particularly aware of the matter have contributed their ideas and accompanied us in the implementation of the strategy.

In the future, in the new 2023-2025 strategy, gender, diversity and inclusion will, without a doubt, continue to be essential elements in the transformation of the supply chain.



“Progress in providing quality jobs for women will require the active participation of the private sector”

Inditex is collaborating with Medicus Mundi in Morocco on a programme targeting female workers in supply chain factories, in terms of health, protection and empowerment.

Jawhara Hajaj / Country representative of *Medicus Mundi Sur*
Saloua Badaoui / Project coordinator



Saloua Badaoui

Why is it important to take a gender approach in the textile industry?

Gender mainstreaming and the issue of gender equality are at the top of the global agenda. They have become the first priority of countries, governments, societies and individuals alike. With the increase in economic, social and civilizational development that humanity has experienced, there is an increasing awareness of the importance of evoking the analytical dimension of gender sociology to identify the social relationships between men and women as a determining and active factor. Economic institutions are also witnessing the recent recognition of the important role women play in their society, as it has become common to talk about development and the situation of women. Humanity and its progress are linked to the conditions of women and the various problems that stand in the way of their progress and being able to truly participate in development.

This has been confirmed by various international charters, treaties and conferences, starting with the United Nations Charter and the Convention on the Elimination of All Forms of Discrimination against

Women (1979) and continuing with the Vienna Programme of Action (1993), and the Fourth World Conference on Women in Beijing (1995). Nevertheless, despite the many achievements, discrimination against women and inequality remain entrenched in a number of social and economic spheres and structures, and continue to be the most significant obstacle limiting their role in society and perpetuating male dominance.

In these circumstances, it is important to draw on a gender perspective to monitor the various obstacles that stand in the way of female workers' empowerment and that are preventing them from leveraging their skills and achieving independence, as well as to study the problem of the gender distribution of work, which has emerged to a large extent with the various transformations that the world of work has undergone.

Through this approach, we also try to contain male culture and the social and professional discrimination exercised against female workers, as well as to reject stereotypes and tradition and

to defend women's right to work within a framework based on justice, fairness and equality for both sexes.

What are the main health-related issues facing women in the industry? What role do you think businesses should play when it comes to health and gender?

From the data recorded in the medical consultations received by female workers throughout the intervention, the most frequent diseases are those related to dietary imbalances such as anaemia, dyslipidaemia, irritable bowel syndrome, cholesterol and diabetes, as well as cases of arterial hypertension, including cases of hypertensive heart disease.

These diseases are connected both to unhealthy habits and to working conditions. For instance, female workers sometimes spend more than nine hours sitting or standing, without any exercise or sport, and may eat inadequately or insufficiently within the factories themselves. What is more, stress due to tight deadlines can also exacerbate such health problems.

There is scope for companies to improve the well-being of female workers through measures such as adapting working hours for women with family responsibilities, ensuring special care for pregnant women or taking measures to improve and adapt the ergonomics of female workers taking into account their specific physical conditions, etc.

Right now, you are working with Inditex to improve health conditions in Morocco; could you explain this programme to us?

Medicus Mundi Sur works for health rights in Morocco with structures at different levels: health authorities, regional and local actors and civil society



Jawhara Hajaj

organisations. *Medicus Mundi Sur* intervenes with strategic and direct actions to improve the population's access to the right to health, approaching this from a gender perspective. In this regard, the opportunity we have with Inditex to work with a group of female workers, the majority of whom are women with varying degrees of vulnerability, in the companies themselves, is of utmost interest to us.

Our programme intervenes on several levels. The first is the improvement of health conditions in the workplace,

bearing in mind the specific needs of women. On the other hand, we work to empower women to build on their ability to access their social and health rights and to protect themselves against gender-based violence, which directly affects their physical and mental health. Lastly, we try to create synergies between the Ministry of Health and Social Protection and the production units to improve the access of female workers and their community to public health services that are guaranteed free of charge by the Government.

How has this project evolved to cover other gender issues such as women empowerment?

The project is not limited to providing services to female workers, such as free medical campaigns and consultations, but rather it also includes the dimension of strengthening women's collective capacities to express their views, partner with the private sector and work to fill their knowledge gaps.

Progress in providing quality jobs for women will require the active participation of the private sector, but a more concerted effort must be made to ensure the active participation of women themselves in the design of gender-sensitive programmes. Furthermore, in order to defend the physical and mental health of female workers threatened by gender-based violence in the world of work, the project presents tools to empower them in the social and legal spheres against gender-based violence (GBV), through awareness-raising workshops and training about protection and defence mechanisms against this problem. In addition to this, we are working to ensure that companies take a proactive approach to combating GBV in the workplace through the implementation of protocols against sexual and workplace harassment, which we hope to start activating later this year.

4.4. Occupational health and safety

Goal

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

Strategy

- / 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.

Related SDGs



Related human rights

- / Fair and favourable working conditions
- / Education
- / Health
- / Life
- / Freedom of association

Alliances and partnerships

- / AKUT
- / International Accord for Health and Safety in the Textile and Garment Industry
- / RMG Sustainability Council (RSC)
- / *Medicus Mundi Sur*
- / St. John's Medical College

2022 Key indicators

- / 683,532 benefited workers
- / 579 suppliers and factories involved
- / Bangladesh, China, India, Italy, Morocco, Pakistan, Türkiye and Vietnam



Signing of the Pakistan Accord

The Pakistan Accord on Health and Safety in the Textile and Garment Industry came into force on 1 January 2023, having been championed in 2022 by Inditex, other brands in the sector, and the global trade unions IndustriALL Global Union and UNI Global Union.

It builds on the safety improvements achieved in the Bangladesh Accord and is a further output of the commitments pledged with the signing of the International Accord for Health and Safety in the Textile and Garment Industry in 2021.

The Pakistan Accord includes all the key features of the International Accord:

- / Independent safety inspections to address identified fire, electrical, structural and boiler hazards.
- / Monitoring and supporting remediation.
- / Safety Committee training.
- / Worker safety awareness programme.
- / Independent complaints mechanism.
- / A commitment to broad transparency.
- / Local capacity-building to enhance a culture of health and safety in the industry.

One of the main developments in this agreement is that it is implemented in phases, which are linked to success criteria to ensure consistent progress is made in the different programmes covered.

This implementation will be done in close collaboration with the industry and with global and national trade unions, as well as other stakeholders. The agreement has a duration of three years, until 31 December 2025.

At Inditex, we continue to be firmly involved in this initiative as part of our commitment to health and safety in the supply chain.

Occupational Health and Safety Priority Impact Area. This was achieved thanks to ongoing work in the form of projects and activities focused on the four strategic lines: improving compliance with our Code of Conduct and applicable legislation, emergency preparedness and response, worker participation in this area, and implementation of occupational health and safety management systems.

Various stakeholders have collaborated in the implementation of these actions. Their contribution is essential to foster the positive impact of initiatives that are carried out to achieve our goals.

It is important to note that these initiatives have been adapted to the new workplace challenges posed by technological development, demographic changes, the consequences of the pandemic and climate change. These circumstances reshape work environments on a global scale and we seek to counteract and minimise these challenges through the Priority Impact Area strategy.

Developed and supervised by experts

The strategic plan for Occupational Health and Safety in the supply chain is based on the premise that no one should suffer from work-related illnesses or accidents. It serves as a framework for all our projects and activities within this Priority Impact Area.

Experts in occupational health and safety from Inditex teams in the main production countries have helped devise the plan and oversee it to ensure it is properly implemented with continuous monitoring on the ground.

4.4.1. Introduction

Protecting people through a firm commitment to safer and healthier working environments is essential to achieving decent and sustainable working conditions.

In 2022 we reinforced our commitment to occupational health and safety in our supply chain through several initiatives, including:

/ The Pakistan Accord.

/ Deep involvement in the International Accord and the RMG Sustainability Council in Bangladesh.

/ Global occupational health and safety improvement plan in our supply chain.

Beyond these milestones, in 2022 we completed the actions and priorities envisaged for this

4.4.2. Strategic lines and main projects

4.4.2.1. Monitoring compliance with the Code of Conduct and applicable legislation

As part of this strategic line, we are getting behind projects and initiatives aimed at reinforcing the assessment, support and improvement of compliance with our Code of Conduct for Manufacturers and Suppliers.



This Code and the applicable legislation are the main benchmarks used when establishing the requirements that must be met in terms of occupational health and safety in our supply chain.

Publications such as the ILO Code of Practice on Safety and Health in Textiles, Clothing, Leather and Footwear Industries also serve as a guide to address the important issues and risks in this industry.

Launch of the occupational health and safety improvement plan

In 2022 we launched a global occupational health and safety improvement plan in our supply chain. It aims to proactively collaborate with our key suppliers and manufacturers to improve, where necessary, their level of compliance when it comes to occupational health and safety.

This improvement plan is carried out jointly between this Priority Impact Area and our Code of Conduct compliance team and will continue throughout the first half of 2023 with the establishment and monitoring of individualised plans.

These individualised plans address more than 900 suppliers and manufacturers in different countries in our supply chain. A specialised team that has been specifically trained in this area follows up on these corrective action plans and regularly contacts each company, monitoring progress and verifying improvement to ensure greater compliance with our Code and with related applicable legislation.

Furthermore, as part of this plan, a general communication highlighting the importance of occupational health and safety compliance is scheduled for those suppliers and manufacturers not covered by the individualised plans described above.



Project:
Structural, fire prevention and electrical assessment

We prevent to protect

- / 108,928 benefited workers
- / 111 factories and suppliers involved
- / Bangladesh, Türkiye, India and China

In order to reinforce our strict safety standards and requirements in Bangladesh, production facilities must undergo a structural, fire and electrical assessment before suppliers can enter our supply chain.

In addition to this, our internal teams carry out visits, audits and assessments on specific health and structural safety issues in the factories that are part of our supply chain in countries such as China, Türkiye and India in order to detect risks and mitigate them.

Project:
Monitoring compliance with Accord RSC
corrective action plans

We support improvement

- / 483,719 benefited workers
- / 354 factories and suppliers involved
- / Bangladesh

As a signatory of the International Accord for Health and Safety in the Textile and Garment Industry, Inditex is committed to health and safety at textile factories. Our engineers verify and monitor the effective implementation of corrective actions at our suppliers and manufacturers as required by the agreement and with the help of internal teams.

In 2020, the RMG Sustainability Council (RSC) took over all the Accord's operations in Bangladesh, although its protocols and activities remained in line with previous years' work. In 2022, our engineers continued to support and monitor the corrective action plans required by the RSC.



Project:
Boiler safety

We provide appropriate solutions

- / 7,495 benefited workers
- / 39 factories and suppliers involved
- / Morocco

The project was launched in Morocco in 2021 when the use of domestic gas canisters to fuel industrial boilers was detected in some factories. In addition to raising awareness about the risk of this type of practice, our teams worked together to come up with an appropriate solution: installing industrial tanks or containers.

When a case is detected, we go to the factory to assess the situation and implement an urgent action plan to eliminate the inadequate installation and improve the safety of the boiler. Over the course of this year, we have involved 39 factories in the project.

4.4.2.2. Emergency preparedness and response

Measures to protect people in the workplace must predict and anticipate potential emergency situations and accidents. Adequate preparation and response capacity helps to minimise potential damage and its possible consequences.

In this strategic area, we work with our suppliers to develop their prevention, planning and response capabilities in the event of emergencies and accidents. We train workers and health and safety managers, we assess manufacturers' and suppliers' facilities, and we work alongside them to come up with improvement plans to reduce these risks.

Project:
Structural, fire prevention and electrical safety using advanced diagnostics

We innovate to prevent

- / 8,179 benefited workers
- / 8 factories and suppliers involved
- / India and Pakistan

A large number of fires at industrial facilities in this sector are caused by electrical safety deficiencies. In light of this, we have developed one of the most innovative occupational health and safety projects in our supply chain, using advanced diagnostic techniques for electrical safety and fire prevention.

We use thermal imaging to identify high-temperature points in circuits, electrical panels and machinery. These are surges or short circuits that could generate a fire. After assessing them, we propose solutions to correct the deficiency and minimise the risk.

In 2021, we also launched the project in Pakistan. The assessments, conducted by external experts in this field, allow us to understand the risks relating to the facilities of suppliers and manufacturers and to reduce them by implementing corrective action plans.

These corrective plans are implemented by suppliers and manufacturers with the support and supervision of our team.

The project, called Suraksha, began in India in 2020. In 2021 we extended the project to Pakistan, and in 2022 we made progress with these corrective action plans by involving new suppliers in India.

Project:
Training, assessment and improved response to emergencies, electrical and fire risks

We provide training to improve performance

- / 42,184 benefited workers
- / 9 factories and suppliers involved
- / Pakistan

Since 2019 we have been working on this occupational health and safety project with our suppliers in Pakistan. The project is developed by our staff and focuses on training suppliers' health and safety managers, assessing their facilities and establishing corrective action plans to improve their performance in this regard. This project, which reached 9 suppliers and manufactures in 2022, addresses basic compliance issues in connection with occupational health and safety, with more in-depth progress then being made through the use of advanced diagnostic techniques in the country.

Project:
Training programme for emergency preparedness

Raising awareness to minimise the consequences

- / Türkiye
- / AKUT

Seismic activity in Türkiye poses a significant risk to buildings in the country, including factories in our supply chain. This project was developed to raise awareness and promote best practices in emergency response, with a special focus on earthquakes at both factory and community level. Since 2019, actions such as in-factory training and distribution of materials on earthquakes have been implemented with the collaboration of the local NGO AKUT.

Since 2021, efforts were focused on creating animated videos to inform and raise awareness about earthquakes: what they are, how to prepare for them and how to act afterwards. Although children were the main target audience, it was then disseminated to reach a wider audience.



Earthquake in Türkiye

Türkiye has been suffering the effects of the latest catastrophic earthquakes since 6 February 2023.

Our priority from the outset was to contribute to the emergency humanitarian relief being provided and collaborate to cover the basic needs of the people affected by the earthquakes. To that end, in the immediate aftermath of the earthquakes, Inditex donated three million euros to the Red Crescent to support the humanitarian emergency in Türkiye and Syria. Our contribution will serve to cover the basic needs of the people affected.

On the other hand, the Emergency Unit of *Médecins Sans Frontières*, financed on an ongoing basis by Inditex, was mobilised in the area to detect the medical needs arising from the catastrophe and thus deploy its resources to provide aid to the people affected.

In addition to the financial contribution, with the support of our local suppliers, we provided the Red Crescent and AFAD (the Turkish Disaster and Emergency Management Authority) with more than 500,000 items of warm clothing.

With regard to the supply chain, we have been in constant contact with our suppliers to provide our support. Although some of the factories in the Turkish cluster are concentrated in the area affected by the earthquakes, fortunately the impact has been limited.

In addition to these actions already under way, we will continue to work both directly with our suppliers as well as through initiatives and our specialist partners in humanitarian emergencies to help alleviate the consequences of the earthquake.

4.4.2.3. Effective worker participation in occupational health and safety issues

Workers have a key role to play in improving health and safety in the workplace. Their effective involvement, through health and safety committees and any other potential avenues set up, improves risk identification and assessment, risk monitoring and internal organisation, among other things. The aim of this strategic line is 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.

Project:
Support for the health and safety committees

We promote participation

- / 4,618 benefited workers
- / 19 factories and suppliers involved
- / Morocco
- / *Medicus Mundi* and AMSAT (*Association Marocaine de Santé au Travail*)

Mindful of the importance of the effective participation of supply chain workers in all the actions and negotiations that take place in production facilities, at Inditex we train and accompany members of the factories' health and safety committees in Morocco. The aim is to empower them and provide them with the appropriate tools in this area. This project is developed in partnership with *Medicus Mundi* and AMSAT (*Association Marocaine de Santé au Travail*).



Project:
Development of and involvement in endeavours to improve physical and mental health

We raise awareness to take action

- / 3,125 benefited workers
- / 2 factories and suppliers involved
- / Vietnam

This project is aimed at enhancing the knowledge of physical and mental health among the workers in our supply chain, and to address prevention and action. We focus particularly on those arising from the covid-19 pandemic or from working conditions and daily activities. The project is deployed in three aspects: raising awareness, providing reference information, and establishing preventive practices and attitudes.

In Vietnam, we started in 2021 and continued in 2022 with a pilot in two factories where workers have taken part through surveys. Based on their responses, we developed training sessions with experts in the field to establish best practices and improvement measures.

4.4.2.4. Implementing occupational health and safety management systems

The improvement of health and safety conditions in the workplace must be approached systematically, as the establishment of internal structures for planning, implementation, verification and adjustment favours continuous improvement.

Likewise, the development of policies and procedures documenting company principles and objectives, as well as practices necessary to protect workers, are all essential elements of management systems.

In this strategic area, we carry out projects aimed at reinforcing the commitment of our suppliers and manufacturers to occupational health and safety and at equipping their organisational structure to establish management systems targeting continuous improvement.



Project:
HOPE: Health – Opportunity to Protect and Engage

We raise awareness about covid-19 and provide support

- / 51,775 benefited workers
- / 36 factories and suppliers involved
- / India
- / St. John's Medical College

This project was launched in 2021 to address the long-term physical and mental symptoms and complications of covid-19. It was created alongside St. John's Medical College, which is developing training materials and support tools based on a questionnaire in the factories.

The objectives are to raise awareness of the problem and to help workers with symptoms. This project reduces the covid-19 knowledge gap and helps improve the health of those affected.



Project
WISH: Workplace Improvement for Safety and Health

We set things in order to work better

- / 105 benefited workers
- / 1 factory involved
- / China

This project, launched in 2022 as a pilot in a factory in China, connects Lean methodology with occupational health and safety, highlighting the importance of order and cleanliness in the workplace. It focuses on the dissemination and application of the 6Ss: Safety through Sorting, Setting in order, Shining, Standardising and Sustaining. The methodology applied allows workers to participate in the implementation of solutions that generate safer environments.

4.4.3. Overview

The development and implementation of the strategy over the last four years has led to significant progress in the four defined lines of work.

Compliance with our Code of Conduct and applicable legislation in our supply chain—the first of the work lines—has shown a positive evolution during this period, which has been verified by our social audits. In particular, we noted an increase of more than 13% overall in compliance with the provisions of the Code on occupational health and safety at work since the strategy began.

The second line of work was to improve **emergency preparedness and response**. To achieve this, we have introduced advanced diagnostic techniques for risk assessment, analysed specific structural risks and supported our suppliers and manufacturers with training.

This experience facilitated the agile and coordinated launch of a second line of work in which we developed a **specific covid-19 strategy** for the supply chain, putting health first. We focused on providing reliable information, taking appropriate measures and improving on them through continuous assessment. This process was carried out in more than 300 companies.

The third line of work was the promotion of **effective worker participation**. Our support for occupational health and safety committees in Morocco and Bangladesh, together with strategic partners such as *Medicus Mundi*, has made them more effective and visible thanks to initiatives such as the RMG Sustainability Council's complaints mechanism.

Lastly, we have made progress in **improving health and safety management systems** by training our suppliers and manufacturers and providing them with tools to address this management in a systematic way. Training, management awareness-raising and support



for risk assessments in our supply chain facilities are some examples of the initiatives undertaken.

Exchanging best practices

The global nature of our occupational health and safety strategy has facilitated the exchange of best practices

and the scalability of projects to other countries. This was the case with the project for health and safety assessment, continuous improvement and training initiated in Morocco and extended to China and Cambodia, as well as with the structural, fire and electrical safety project using advanced diagnostic

techniques that was launched in India and extended to Pakistan.

It should be noted that the commitment of our suppliers and manufacturers to ensuring safe and healthy environments is essential to the success of this strategy. This commitment was renewed to tackle the health crisis, continuing to improve health and safety conditions as a priority.

A holistic future

Looking to the future, we want to move towards a holistic approach that will drive the continuity of this strategy. We will focus it on **three main areas of work:**

/ **Safety:** This includes initiatives linked to the active promotion and sustainability of safe working conditions. In particular, this area will encompass projects and activities aimed at addressing the risk of physical injury, active prevention of unforeseen events like accidents or incidents, and the improvement of unsafe working conditions.

/ **Health:** The pandemic has underscored how important it is to protect workers' health. In this area, we will focus on protecting their physical health by gearing our initiatives towards aspects such as ergonomics, exposure to hazardous physical agents or chemical substances, and health monitoring.

/ **Well-being:** This area will be aimed at improving mental health and reducing the psychosocial risks to which workers are exposed. The nature of the work, its repetitiveness, excessive workload or conflicting roles and responsibilities or the absence of flexible working hours are some aspects that impact on workers' mental health and well-being.

These three areas establish the fundamental pillars on which we will be continuing our strategy going forward so as to maintain our commitment to safe and healthy environments.

“Our aim is to ensure that no worker has to fear fires, building collapses or other accidents that could be prevented by reasonable health and safety measures”

Inditex was one of the brands behind the signing of the International Accord for Health and Safety in the Textile and Garment Industry in 2021

Joris Oldenziel / Executive Director - International Accord Foundation



What are the main goals of the International Accord?

The International Accord aims to improve health and safety for textile and garment workers in factories that produce for our 190 signatory companies, including Inditex. Through the involvement of brands, trade unions, factories, and workers in the textile and garment supply chain, the International Accord

pursues to promote a culture of workplace safety; preventing fire, electrical, structural, and boiler safety accidents through an inspections and remediation program; and providing a trusted avenue for workers to raise safety concerns through an independent worker complaints mechanism.

Could you explain why this is important for workers wellbeing?

We aim to ensure no worker needs to fear fires, building collapses, or other accidents that could be prevented with reasonable health and safety measures. Our inspection and remediation program is therefore focused on identifying and remediating fire and building safety risks. In case that despite all reasonable preventative measures, there is a factory fire, it's important that workers able to safely evacuate the building through fire exits and enclosures stairwells.

The Accord not only addresses fire and building safety, but through it's training program and complaints mechanism any other relevant Occupational Health and Safety issues such as gender based violence and harassment, excessive working hours and maternity pay and leave. We believe worker participation is central to safe and healthy workplaces and therefore our training program includes training of labour-management safety committees in the factories and organising awareness raising sessions for all employees. Through this program we have reached more than 2 million

workers directly, empowering them with the tools to address safety concerns at the factory level and if necessary with the Accord's complaints mechanism.

The International Accord is the successor of the Bangladesh Accord. After all these years, how has building safety been improved in the country?

Since the start of the Accord in Bangladesh in 2013, very significant safety improvements have been made by the suppliers, with the support of the brands. More than 93% of all safety hazards have now been remediated and Bangladesh is now one of the safest countries to source from.

Now you plan to extent the agreement to Pakistan, what are the lessons learned from Bangladesh to apply in the implementation?

From our work in Bangladesh we have learned a lot of lessons that we can apply in Pakistan to speed up remediation and foster a collaborative approach between brands, trade unions and manufacturers. The Accord and the signatory brands have gained a lot of collective experience and technical knowledge on the standards and what is needed to support factories. We believe that it's important that representatives of manufacturers are closely involved in the program from the start, so that we can jointly shape the program and bring individual supplier along in our journey towards a safe and sustainable Pakistani textile and garment industry.

4.5. Protection of migrants and refugees

Goal

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

Strategy

- / Remediation plans for refugees and migrants.
- / Fair employment and recruitment practices for migrants and refugees.
- / Reinforcing social and workplace cohesion.

Related SDGs	Related human rights	Alliances and partnerships
  	<ul style="list-style-type: none"> / Non-discrimination / Education / Life / Freedom of movement / Freedom of association / Ban on forced labour / Freedom of thought, conscience and religion / Privacy / Protection against violence / Healthcare / Freedom of opinion and expression / Property 	<ul style="list-style-type: none"> / Association for Solidarity with Asylum Seekers and Migrants (ASAM) / International Labour Organization (ILO) / Pratham / Refugee Support Center (MUDEM) / Social Awareness and Voluntary Education (SAVE) / United Work (UW)

2022 Key indicators

- / 22,983 benefited workers
- / 81 suppliers and factories involved
- / India and Türkiye





4.5.1. Introduction

Refugee and migrant workers are among the most vulnerable groups working in textile supply chains, which means that their human rights are at a greater risk of not being respected. Under the scope of our [Policy on Human Rights](#) and our [Code of Conduct for Manufacturers and Suppliers](#), in addition to global commitments such as the Global Compact on Refugees, Inditex provides special protection to all migrants, and particularly to refugees in Türkiye, due to their particular vulnerability as a result of the Syrian conflict.

Meanwhile, in countries such as China and India, which have a high percentage of internal migration, workers face challenges such as lack of coverage by social protection systems or family disconnect.

In this context, the aim of the Protection of Migrants and Refugees Priority Impact Area is to ensure that their rights are respected and that factories are decent places to work, as well as to promote cohesion between workers from different cultures.

4.5.2. Strategic lines and projects

4.5.2.1. Remediation plans for refugees and migrants

At Inditex, whenever our assessments reveal the presence of migrant or refugee workers at any of the production facilities we work with, we examine the circumstances on a case-by-case basis to effectively evaluate their working and living conditions.

With their needs in mind, we implement remediation plans for each refugee and migrant worker in tandem with NGOs that are experts in the field, so as to support them and their families. These plans are particularly significant in Türkiye, where we have been putting them into motion since 2016 with the local NGO Refugee Support Center (MUDEM).

We continuously review our practices and tools together with external auditors to conduct effective assessments of conditions and rights during social audits and then integrate them into the due diligence framework we implement with expert NGOs.

Project:

Remediation plans

We address working and living needs

- / 2,643 benefited workers
- / 30 factories and suppliers involved
- / Türkiye
- / Refugee Support Center (MUDEM)

In collaboration with MUDEM, remediation plans in Türkiye start with a detailed assessment of the working and living conditions of refugee and migrant workers through individual meetings, in order to understand their needs. In addition to addressing the workers' needs, specific actions are also considered to improve their living conditions if any vulnerability or violation of basic human rights is detected. The main objective is to ensure that these workers continue their working life with work permits and social security, as well as to facilitate their integration, for instance by removing language barriers. Guidance is also provided if any other needs are identified, such as psychological support services.

With the support of MUDEM, in 2022 we were able to reach out to 107 refugee and migrant workers in Türkiye and examine their working conditions in 30 factories. Based on the needs observed, 85 workers took part in a remediation plan.

Project:
Sankalp

We prevent unsafe migration of children and adults

- / 8,627 attendees at awareness-raising sessions
- / 860 potential migrants attended to at the assistance points
- / India
- / Pratham

In India, we work with the local organisation *Pratham* to prevent unsafe migration of children and adults through the *Sankalp* project, reinforcing the prevention mechanism at the place of origin to stop unsafe migration before they can encounter any exploitative practices in the workplace. The aim of this project, which is implemented directly in the community, is to create a positive impact through continuous interventions, such as awareness raising sessions, rescue and support services with access to social protection programmes, etc., always with the help of various stakeholders, including local government authorities.

In 2022, one of the major achievements of the *Sankalp* project was that on 12 June, the World Day Against Child Labour, five *panchayats* (Unnaisa, Barauwa, Govindapur, Samsa and Tarha) of Chittaura in the Bahraich district were declared child labour free. Furthermore, on the occasion of International Day of the Girl Child, an event led by the Department of Labour was held in Bihan Balika Vidyalaya with 100 girls, which included drama, dance and dialogue on rights.

These activities included:

- / Awareness-raising courses with 8,627 participants.
- / Creating and launching an assistance service to identify children and adults susceptible to unsafe migration and human trafficking (860 potential migrants were attended to at the assistance points at the Gaya and Bahraich stations).



4.5.2.2. Fair employment and recruitment practices for immigrants and refugees

Establishing effective management systems to ensure that all workers, including migrants and refugees, are fairly recruited and benefit from decent working conditions is a key part of our work in this Priority Impact Area. In Türkiye, we work with various stakeholders, including the International Labour Organization (ILO), to improve management systems and business practices so as to prevent any human rights violations in the recruitment and employment of workers, including refugees.

Worker Support Centre

In 2022, we expanded our collaboration with MUDEM through the Worker Support Centre project, a complaint tool created so that those working in the textile industry can submit any grievances they may have with their workplace. The main objective is to assess the complaints of refugee workers and contact them to provide free advice. Experts also provide detailed information on recruitment and employment practices in order to understand whether there are other human and labour rights violations taking place.

Project:
Sowbhagyam

We prevent unsafe migration of children and adults

- / 11,390 benefited workers
- / 21 factories and suppliers involved
- / India
- / SAVE

This project, which began in 2020 as a continuation of the first round of the same programme, allows us to assess the safety and protection of women workers at spinning mills in the Tamil Nadu region of India, home to around 60% of this kind of facility in the country, and to guarantee that they provide fair working conditions and that their workplaces are safe for women.

In collaboration with SAVE, a local organisation we have been working with since 2013, we assess the potential risks to women workers (usually migrants from other parts of India) and adopt the necessary measures to mitigate them. This is done through visits where qualitative and quantitative information is obtained

to identify potential discriminatory practices. We also provide awareness sessions to factory management focusing primarily on preventing sexual harassment, as well as developing fair recruitment practices and the protection of migrant workers.

The objectives are:

/ Understanding current labour practices.

/ Ensuring that factories adopt best recruitment practices.

/ Strengthening internal grievance committees to prevent, prohibit and redress sexual harassment at the workplace.

/ Improving access to redress mechanisms in the workplace.

/ Identifying and providing timely advice to vulnerable workers.



4.5.2.3. Reinforcing social and workplace cohesion

This strategic line aims to improve workplace relations and, therefore, help create the social cohesion necessary to generate significant improvements in local communities. We are involved in projects and partnerships aimed at equipping factory management with the skills to maintain peaceful coexistence, as well as strengthening communication and interaction between refugees/migrants and host communities in order to prevent conflict and thus contribute to the well-being of workers. Project results are continuously analysed to broaden the scope and the number of workers who benefit from them.

In 2022, as a result of the Facilitating Equal Workspaces and a Culture of Peaceful Living project, carried out the previous year with the humanitarian organisation Support to Life (STL), a report was drawn up that includes a self-management toolkit and a guide for companies to carry out activities that strengthen cohesion in multicultural workplaces.

Our efforts are particularly strong in Türkiye, where we continue to work with the local NGO United Work to provide refugees with training sessions on their basic rights, as well as with the ILO's Workplace Adaptation Programme. Meanwhile, impact assessment studies have been carried out with the participation of workers from host and refugee communities, as well as management, to measure the effectiveness of the project we have under way in partnership with the local NGO Association for Solidarity with Asylum-Seekers and Migrants (ASAM).

Project:

Training project for migrant workers

We promote cohesion in the workplace

- / 5,343 benefited workers
- / 14 factories and suppliers involved
- / Türkiye
- / United Work

We have been running the Refugee Rights Training Programme in Türkiye since 2018 in collaboration with United Work, which is an initiative aimed at creating peaceful workplaces and facilitating cohesion in factories in our supply chain where people from different cultures work.

In 2022, we implemented the programme in 14 factories at different production levels. In total, 145 refugee workers participated in four-hour training sessions, 39 supervisors and 26 management representatives also received one-and-a-half hour briefings on refugee workers' rights, labour regulation, stereotypes and misconceptions, as well as on cultural similarities and effective communication in the workplace.

The knowledge and awareness gained during these sessions was measured through pre- and post-activity surveys. As a result of the project, 126 refugee/migrant workers reported having improved their knowledge of rights and legal processes. What is more, 67 management representatives and supervisors from 14 factories reported that they had benefited from the information gained during the training sessions and had begun to see positive results.

Main activities carried out:

/ Training on refugee rights and responsibilities.

/ Awareness session for supervisors and management representatives.

Project:
Workplace adaptation programme

We raise awareness to create peaceful workplaces

- / 460 benefited workers
- / 3 factories and suppliers involved
- / Türkiye
- / International Labour Organization

In collaboration with the ILO, this project, which has been running since 2018, aims to foster peace in the workplace in factories where Turkish workers and Syrian refugees are working side by side, using training sessions on their rights, cultural differences and communication skills.

Over the years, we have noticed that it is also crucial to involve management in this, especially supervisors, as they are the key group when it comes to daily communication with workers. Based on this, the ILO also created new training modules for management. In 2022, this new version of the project was implemented in three factories and a total of 34 refugee workers and 32 Turkish workers completed the two training sessions one month apart. 18 supervisors also received training under the new version of the project.

To analyse the effect of this programme on refugees and on workplace harmony, including the effect of the management training, we are working with an academic on a study, the results of which will be available in 2023.

Project:
Towards an inclusive workplace for refugees

We provide training to empower refugee workers

- / 3,147 benefited workers
- / 13 factories and suppliers involved
- / Türkiye
- / Association for Solidarity with Asylum Seekers and Migrants (ASAM)

The aim of this project, in collaboration with ASAM, is to empower refugee workers, increase their awareness of their rights and support them as they adapt to the work environment, as well as fostering more cohesive workplaces. This is all done through the Commlnn application, an online training platform developed during the first phase of the project, which was launched in 2022.

As a result, a total of 105 refugee workers and 176 Turkish workers from 13 factories completed the training modules with at least a 60% success rate. In addition to the training, focus groups and in-depth interviews were also conducted with workers and management representatives to measure impacts and changes in participants' knowledge and awareness.

The training modules delivered were:

- / Essential information on terminology related to refugees and migrants.
- / False facts about refugee rights.
- / Turkish labour legislation.
- / Labour culture and ethics in Türkiye.
- / Psychological endurance.
- / Intercultural communication.



- / Gender equality in the workplace.
- / Empathy.
- / Internal communication and teamwork.
- / Emotions and emotional needs.
- / Disasters and psychological first aid.

Results of the “Towards an inclusive workplace for refugees” programme

In 2022, the Commln online training platform was presented, bringing together representatives from Inditex, ASAM, suppliers and factories, and the implementation phase of the project began. In May 2022, the targets for participation and completion of the training were reached and visits were made to factories to measure the results of the project's goals in relation to the platform through focus groups and in-depth interviews. The results obtained are summarised below:

Indicators	Goal	Achieved
Worker satisfaction rate with regard to the mobile application	70%	77.8%
Worker satisfaction rate with regard to the training	70%	78.3%
Number of downloads of the Commln application	300	433
Number of migrant/refugee workers who completed training with at least a 60% success rate	150	105
Rate of workers who indicated that the training played a part in their inclusion and adaptation to the workplace	70%	77.1%
Rate of employers who indicated that the adaptation and inclusion of workers has increased	70%	75%

During the final assessment process, both workers and employers positively rated the existence of training that favours workplace adaptation. In this respect, the rate of workers who stated that their adaptation had increased thanks to the training was 77.1%, while among employers, this figure reached 75%.

The modules “Labour culture and ethics in Türkiye” and “Turkish labour legislation” have proved to be very useful not only among refugees but also among Turkish workers. One of the most telling examples is that of a female worker who, after 30 years of working life, said she had acquired knowledge about rights to social security, organisation and collective bargaining that she had never heard of before.

The most important effect of the training modules has been to accelerate the process of cohesion in the workplace, to help eliminate prejudices against different cultures and to fill gaps in knowledge about workers' rights. The elimination of prejudices and misinformation, especially among Turkish workers, was the main reason for strengthening intercultural communication.

In fact, Turkish workers stated that they understood that the life of refugees/migrants in Türkiye was not as easy as they thought it was before the training sessions, and that the latter had given them a better understanding of their situation. They also stated that the training had been beneficial in recognising and eliminating their prejudices and that, as a result, they had begun to communicate more in their workplace, in some cases moving this beyond the workplace and into their social lives. Meanwhile, refugee/migrant workers said that after the training they felt more comfortable in their workplace and better understood by Turkish workers.

4.5.3. Overview

The Protection of Migrants and Refugees Priority Impact Area plays a very important role in our Workers at the Centre strategy, mainly because during the four years of the strategy, several events have taken place that have affected this collective both globally and nationally.

Constantly evolving challenges

As conflict and civil war continues in Syria, millions of refugees have fled to other countries. In response to this ongoing crisis, numerous projects and activities have been carried out by different stakeholders in Türkiye, both at national and regional level, to ensure decent working conditions for refugee workers, as well as to improve their living conditions and support social cohesion. On the other hand, covid-19 also significantly affected the working lives of refugees and migrants around the world, whose vulnerability caused them to suffer more than local communities from job losses, reduced incomes, lack of social protection and access to health services.

Climate change and environmental degradation are also expected to be two major risk factors that will force many people to abandon their homes and communities in the future.

Collaboration as a solution

Through ongoing partnerships and engagement with different stakeholders and NGOs, based on the needs arising in times of crisis, we have implemented different projects to minimise the vulnerability of these workers in their daily and working lives. Following this line of action, we will continue our efforts in the coming years to positively influence the lives and well-being of refugee and migrant workers.

“There is greater harmony in the factories, a positive working environment is created and migrant workers feel safe”

Inditex has been collaborating with the non-profit organisation MUDEM since 2015 on the implementation of remediation plans for refugees and migrants in Türkiye

MUDEM Organisation



Hakan Kalgidim from the MUDEM Organisation

Why is it important to focus on migrant workers in supply chain?

It is estimated that there are approximately 2 million migrants of working age in Türkiye and many of them work in the textile industry. However, official data shows that only 3 percent of migrants work with a work permit. Seeing migrants as low cost labor by employers, language barriers, and their lack of knowledge about the complaint mechanisms are the biggest obstacles to the access of migrant workers to work under legal and fair conditions.

For these reasons, focusing on migrant workers is very important in terms of solving one of the most important problems of the supply chain, the problem of unregistered work, improving the working and living conditions of individuals, and developing the “decent work” approach in the supply chain. Brands focusing on this problem will also contribute to the development of human resources processes of factories in their supply chains.

In addition, it is observed that there is a huge potential who have experience in the textile sector in their country of origin and who will be able to gain vocational skills through participation in vocational

training courses in Türkiye. MUDEM thinks that this is also an important potential to respond to employers' demand for skilled labor.

What are the main challenges that migrant workers have to face in supply chain and what is MUDEM's role in order to improve migrant workers wellbeing?

Unregistered work, low wages, unequal work, long working hours, discrimination, racist discourses are the main problems faced by migrant workers.

Within the scope of cooperation with brands; MUDEM conducts one-on-one meetings with workers to support the remediation processes of brands, prepares reports on needs and actions to be taken, takes an active role in remediation processes, organizes meetings with worker representatives to increase the awareness of the Worker Support Center - www.workersupportcenter.org (grievance mechanism for textile workers in 4 languages), provides free consultancy support in their own language to workers who share their complaints with the mechanism, and conducts collective information activities to raise awareness about working life in Türkiye.

Thanks to MUDEM's actions, workers have the opportunity to communicate in their own language and share their problems comfortably. MUDEM provides consultancy to the worker in their own language and fast referrals in case of need. (Ex: Immigration Authority, Employment Agency, Ministry of Labor Communication Center, Vocational Training Centers, Hospitals, Bar Associations, Turkish Language Courses, etc.) This situation not only solves the problem of the worker quickly, but also significantly increases the efficiency of the worker at the factory.

What do you think the role of companies should be in regard to protection of migrant workers?

The audits of the brands and the actions they take after their audits contribute greatly to the improvement of the working conditions of migrant workers. Thanks to these actions, the harmony between the workers in the factories is strengthened, a positive working environment is created, and the migrant workers feel safe in solving their problems.

You have been working with Inditex for many years, specifically in protection of refugee workers. What is your experience in this collaboration?

The textile industry is one of the areas where migrant workers can find jobs quickly. It is of great importance for companies to be sensitive to the problems of migrant workers and take action for these problems in terms of the ensuring and continuity of legal and fair employment. As a non-governmental organization that carries out projects based on migrant rights, we would like to state that the problems in the supply chain are quickly resolved thanks to Inditex's sensitivity to the working conditions of migrant workers and the strong actions it takes.

What projects or idea you have for future work?

MUDEM predicts that private sector-civil society



From left to right, Ozan Onel, Erkan Can Cakiroglu, and Duygu Can, from MUDEM.

cooperation will increase further with Human Rights Due Diligence, which has started to be implemented in European Union countries. In this context, MUDEM aims to increase the use and effectiveness of the Worker Support Center (www.workersupportcenter.org), the grievance mechanism it has been carrying out with globally-known brands for 5 years, in factories and to make a more comprehensive contribution in order to develop more transparent supply chains.

In addition, MUDEM aims to continue the work of "communication in the workplace" in order to strengthen the harmony-communication between the host community and the migrants in the factories, and to continue its activities for

the relevant staff in order to improve the dialogue between the administrative staff/supervisor and workers.

As it is known, an earthquake occurred in Türkiye that directly affected 10 cities and affected approximately 13.5 million people. In this context, MUDEM is also in contact with private sector partners. While carrying out general humanitarian aid in the earthquake area, MUDEM also plans long-term empowerment activities. It is expected that many people in the earthquake area will migrate to different cities. In this context, MUDEM aims to identify people who work in the factories of partner brands and have to migrate to other cities, to reach them, to facilitate their access to livelihoods and to support the basic life needs of their families.

4.6. Social protection

Goal

Enabling the well-being of workers in the supply chain

Strategy

- / Access to social protection and social benefits.
- / Alleviating poverty and preventing school drop-out.
- / Personal health and well-being.
- / Facilitating access to adequate nutrition and drinking water.

Related SDGs



Related human rights

- / Adequate standard of living
- / Education
- / Health
- / Social protection

Alliances and partnerships

- / Alive & Thrive
- / Covid-19: Action in the Global Garment Industry
- / Network of Organizations Working for People with Disabilities Pakistan (NOWPDP)
- / International Labour Organization
- / Swasti

2022 Key indicators

- / 17,919 benefited workers
- / 15 suppliers and factories involved
- / Cambodia, China, India, Türkiye, Vietnam and Pakistan



4.6.1. Introduction

Social protection is a universal issue that appears in almost all relevant international agreements, including the United Nations Universal Declaration of Human Rights or the ILO Social Security (Minimum Standards) Convention, 1952 (No. 102). The Universal Declaration of Human Rights states that all members of society have the right to social protection, which is understood as a set of policies and projects aimed at reducing and preventing poverty and vulnerability throughout their lives.

Social protection plays an important role in helping people cope with life's challenges and setbacks, and includes benefits for children and families, maternity, unemployment, occupational accidents, illness, age, disability, as well as health protection. In recent years, particularly after the pandemic, there is a growing awareness of the benefits of social protection. Through a range of mechanisms and measures, protects the basic rights of vulnerable groups, empowers them to take advantage of opportunities, and helps them to adapt to changes, thereby improving productivity and livelihoods in response to economic and other kinds of shocks. This is why social policies and social protection systems that address and reduce inequality and social exclusion are particularly important for long-term sustainable and inclusive growth.

The relevance of social protection is also reflected in the design of the UN Sustainable Development Goals (SDGs), which not only include social protection targets in Goals 1, 3, 8 and 17, but also leverage social protection as “a critical tool to simultaneously achieve progress in many fundamentally interlinked Goals and Targets”, as it has the potential to act on the multiple drivers of exclusion and deprivation. In other words, “social protection is a solution for sustainable development” according to the ILO, as it provides the basis for addressing major global challenges, including the future of work, migration, the informal economy, crises



and peace-building, epidemics, climate change and demographic transition.

Aware of the importance and responsibility of proactively engaging in social protection, at Inditex we have defended and promoted it in the supply chain in recent years to benefit workers, while also seeking to extend its impact to households and communities. We participate in initiatives in the main producing countries and we carry out both global and regional projects bearing in mind the general or specific needs in the different national contexts, always with the aim of promoting the well-being of workers in the supply chain.

We start by asking ourselves: ‘To whom should we provide support? (the target groups), How should this support be provided? (the main intervention) and What to provide? (output)’, and use that information to design and develop a number of comprehensive social protection projects, thanks to our experts’ in-depth knowledge and understanding of the supply chain, and the support of other stakeholders with strong resources and extensive experience, including NGOs and other partners. Through the joint efforts of all the players, we are able to foster positive change for workers to improve their working conditions and well-being.

4.6.2. Strategic lines and projects

4.6.2.1. Access to social protection and social benefits

Social security systems are an important investment in the well-being of workers and the community, as they respond to the universal need for protection against certain life risks and social needs.

At Inditex, we continue to work internally and with external stakeholders to ensure that workers have access to adequate social security systems, from improving social security policies and procedures, to conducting regular assessments to ensure that factories

and suppliers in our supply chain are complying with our sustainability requirements and, if necessary, implementing and monitoring corrective action plans.

Vulnerable groups are more likely to suffer from a lack of access to social protection and benefits due to a lack of employment and educational opportunities, which can also increase their risk of poverty. Providing or facilitating this access by integrating them into the supply chain and providing them with job training can help to improve their situation.

Covid-19: Action in the Global Garment Industry

This initiative, which was launched following extensive consultation with global brands and manufacturers, as well as relevant employers' and workers' organisations, seeks to come up with actions in the global garment industry to protect workers' incomes, health and employment while helping employers cope with the covid-19 crisis, and ultimately work together to establish sustainable social protection systems to create a fairer and more resilient garment industry.

At Inditex, we have played a proactive role in the creation of this initiative and, having formally signed up to it, we have taken on—along with another brand—the task of representing the brands in the international working group set up to mobilise resources from international financial institutions and donors, as well as overseeing the implementation of the initiative to ensure that it meets the commitments pledged as part of this call to action.

In 2022, we continued to pursue the main lines of action, including fostering social dialogue and strengthening social protection systems in countries like Bangladesh, Cambodia, Ethiopia, Haiti, Indonesia and Pakistan.

Project:
Compliance programme review to strengthen social protection management systems

We update our sustainability requirements to improve protection

/ Global

The pre-assessment, which started at the end of 2013, is a tool to ensure that only those suppliers and manufacturers that meet our sustainability standards can be part of the supply chain, through an initial verification of compliance with our social and environmental requirements based on legislation and our Code of Conduct.

① More information in the document Supply Chain: management to transform the sector

After almost a decade, the pre-assessment has proven to be a reliable mechanism to encourage suppliers and manufacturers to make improvements and, consequently, to guarantee the rights of workers, both those who produce for Inditex and those who will potentially work on our orders.

In 2022 we bolstered the review of aspects related to workers' access to social security systems and the robustness of the factories' management systems in this regard, all to ensure that this is covered and assessed at the highest level of detail, ensuring that only those factories that comply with these requirements form part of the supply chain. This review reflects legislative developments in some markets and incorporates best practices to ensure that the law is respected at all levels.

Project:
Parwaaz
Disability management in the workplace

We promote the integration of people with disabilities into the labour market

/ 8,289 benefited workers
 / 3 factories and suppliers involved
 / Pakistan
 / Network of Organizations Working for Persons with Disabilities (NOWPDP)

In order to create a sustainable model of employment for people with disabilities, focusing on skill development and the training of suppliers in the supply chain, we entered into a partnership with the Network of Organizations Working for Persons with Disabilities (NOWPDP), a Pakistani NGO working for the well-being, education, skill development and economic empowerment of people with disabilities. Through this project, Inditex and NOWPDP seek to:

- / Train 75 people with hearing and speech disabilities in textile industry trades.
- / Guarantee jobs for 50 graduates with disabilities in the workforce of three factories by 2022.
- / Equip the factories' workforce with the skills to accommodate people with disabilities in the workplace.

To do so, comprehensive interventions are carried out for all target groups, i.e. a holistic skill development model for people with disabilities comprising three main areas: community outreach; technical guidance and training; and awareness and training in the factories on subjects such as sign language. Accessibility audits and policy review support job adaptation based on the implementation of the above interventions.

Under the joint efforts of partners, suppliers and participating workers, the project continues to run smoothly along the established lines.

4.6.2.2. Alleviating poverty and preventing school drop-out

With poverty eradication and the protection of children's rights being two priorities of the PIA, the aim of this

strategic line of work is to develop and implement action plans and projects in our supply chain and then extend the impact of these initiatives to workers' children and communities. The first major challenge is to join forces to fight against the challenges that workers and their communities face by putting action plans in motion that help to promote children's rights.

To address the important challenge of schooling and the eradication of child labour, we closely and continuously

monitor the situation through assessments and, if we identify any cases, mandatory remediation plans are put in place to ensure that children resume their education.

Another challenge identified in this line of work is the physical and mental toll of family separation due to migration in search of better job opportunities. The Ending Long-Distance Parenting for Working Parents provides a range of skills and tools to support communication between parents and children and thus improve the well-being of both.

Testimonial from worker and Parwaaz project participant Shahzaib, *Digital Apparel*



My name is Shahzaib; I have a hearing and speech disability and I am currently employed at Digital Apparel as a quality controller. Life is quite difficult for people like us, but it has

been more difficult in my case, as I have three other siblings who also have disabilities.

Since I am the eldest, and although my parents did not force me, I felt additional pressure to find ways to provide a livelihood for my family. My dream was to continue my higher education and work in the public sector, but unfortunately that was not possible. That was a difficult time for me. The situation was so bad that I had to borrow money to cover my transportation expenses to the workplace.

I was quite depressed about the situation, until I came across a post on social media about NOWPDP, an organisation that works to empower people with disabilities. At first I was sceptical, but after contacting the representatives, I decided to enrol in the Industrial Sewing and Quality Assurance Training programme. Not only did they provide me with a useful skill set, but they also guided me through the entire employment process at Digital Apparel.

My workplace is also very supportive and I really enjoy coming to work every day. This opportunity has been a ray of hope for me, as I have now started my journey towards empowerment and I am excited to be able to improve not only my own life but also that of my family. I also intend to pursue my dream of higher education on the weekends.

I am grateful to NOWPDP and the Inditex Group for giving me this opportunity to transform my life.

Project:
Prevention of school dropout

Zero-tolerance for child labour

/ Global

At Inditex, we are committed to ensuring that our supply chain is free of child labour, including this commitment in the Group's Code of Conduct and having established over the last decade a series of policies and actions as a way of prevention or remedy. All suppliers and factories are informed about this policy when they start their commercial relationship with Inditex and we ensure that they always keep their guard up in this area through different approaches that include training, guidance and remediation plans.

Specifically, the child labour remediation plan is a mandatory process implemented globally that is activated if a worker under the age established in our Code is identified. In the event that a minor is detected, auditors make this known and the internal team intervenes as soon as possible. Suppliers and factories are responsible for developing and implementing a series of feasible

corrective actions following this communication and for reaching an agreement with the minor and their guardians, which includes providing schooling opportunities for the minor, paying them a living allowance until the age of 16 to reduce the likelihood of them returning to work to feed their family, or employing an adult family member in their place, among other measures.

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

Project:
Ending Long-Distance Parenting for Working Parents

We help migrant workers communicate with their children

- / 2,207 benefited workers
- / 5 factories and suppliers involved
- / China

In China, it is common for working fathers and mothers to migrate from one province to another. As a result, the geographical separation of their children causes complex and multi-layered problems for workers, children and society.

Alleviating the psychological depression and guilt of migrant parents, improving their communication skills and providing tools that facilitate communication with their children are key elements that we conceptualise and apply in the Ending Long-Distance Parenting for Working Parents project. For instance, this group is provided with a training session with comprehensive content and various interactions, such as watching videos, role-plays, etc. We also use pre- and post-training surveys to check on awareness raising and feedback. In addition, the children of these migrant workers are provided with a smart watch with video calling and voice messaging functions, which plays an important role in



increasing the frequency of communication and improving its quality.

4.6.2.3. Personal health and 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 not only their state of health, but also their access to sufficient resources to live. Hygiene refers to conditions and practices that serve to promote or preserve health.

With this in mind, this strategic line of work aims to promote the well-being of workers by teaming up with partners, such as the Swasti organisation, to create projects consisting of action plans and activities that benefit supply chain workers and the community. What's more, collaboration with the PIA for Occupational Health and Safety allows for a more comprehensive design and implementation that brings profound benefit to the target groups.

Project:
Happiness for All

We promote the well-being of workers, their families and the community

- / 2,890 benefited workers
- / 2 factories and suppliers involved
- / India
- / Swasti

In 2019, we launched the Happiness for All project in India, which was later joined by the Swasti organisation. The aim of this initiative is to improve the well-being and happiness of workers, their families and communities by strengthening different aspects, which include: gender equality, life and relationship skills, adult education, financial inclusion, social protection and health. This project takes a holistic approach to nurture a culture that promotes well-being at workplaces and extends this to the workers' families and communities. This goes from implementing systems and structures for well-being within the factory (which only directly benefit workers) to benefiting workers, their families and the community as a whole.

In the last year, two strategic suppliers in India have joined the initiative, with key interventions successfully implemented in both cases and having a positive impact on their 2,890 workers in different areas, including: health systems, social protection, gender-based violence prevention and response, and a positive workplace. The key figures for this project were:

Project's results

301 Workers

- / 227 men and 74 women
- / Benefited through knowledge and information on health, gender, covid-19 awareness, principles of occupational health and safety, and social protection.

10 Internal Committees and Happiness Officers

- / 2 men and 8 women
- / Capacitated on gender and prevention & redressal of sexual harassment at workplace

8 Happiness Champions

- / 6 men and 2 women
- / Developed to lead awareness and outreach (includes workers and managers)

86 Workers

- / 72 men and 14 women
- / Enrolled social protection entitlements in the last three months

1 Happiness Centre / Help desk

- / Established to support the workers

4.6.2.4. Facilitating access to adequate nutrition and drinking water

Safe drinking water and adequate nutrition are basic needs for workers, yet in certain countries in our supply chain, workers still have difficulty accessing these

essential resources, particularly among certain groups, such as women, which in turn affects their children's well-being. Throughout our collaboration with the Alive & Thrive organisation, we have been working for maternity protection and access to nutrition in countries such as Cambodia and Vietnam, following a series of holistic approaches that include adopting favourable policies, creating a safe and hygienic space for breastfeeding, and nurturing a favourable environment by increasing knowledge and raising awareness among workers and management.

Project:

Mothers at the workplace – Breastfeeding-friendly workplaces

Providing mothers with time, space and support to breastfeed

- / 4,533 benefited workers
- / 5 factories and suppliers involved
- / Vietnam, Cambodia
- / Alive & Thrive

Breastfeeding in the workplace is a powerful tool to ensure children's wellbeing and that mothers can return to work to earn an income. By supporting breastfeeding or expressing and storing breastmilk in the workplace, mothers can continue to breastfeed after returning to work. Providing mothers with time, space and support for breastfeeding can increase breastfeeding rates and boost worker morale, as well as reduce absenteeism and staff turnover.

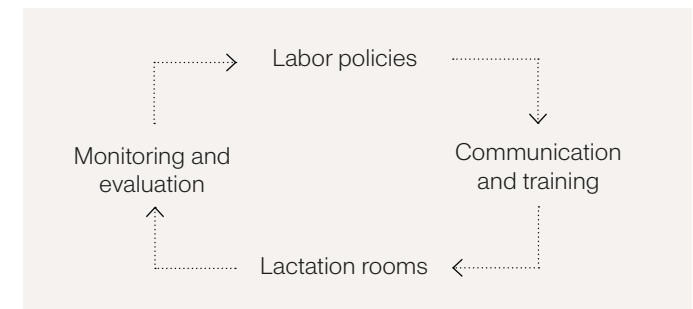
The Mothers at the Workplace project ran from November 2021 to December 2022 in five factories in Inditex's supply chain, two in Cambodia and three in Vietnam, with support from the non-profit organisation Alive & Thrive. As part of this initiative, four key interventions were designed to provide systematic and holistic solutions: setting up or

improving breastfeeding rooms in the workplace as basic infrastructure; reviewing and providing suggestions for improvement on workplace policies as a basis for support; communicating and training to raise awareness and facilitate behavioural change; and monitoring and assessing the impact of this and the lessons learned for further improvement.

Key figures from this workplace breastfeeding support programme in 2022 included:

- / Five breastfeeding rooms renovated or built in the five factories, benefiting 3,883 female workers.
- / 14 training sessions provided to more than 400 female workers, nursing staff and managers.
- / Increased knowledge of recommended breastfeeding practices by up to 79%.
- / Improved satisfaction with working conditions and women's policies by 62%.

As a result, more than 3,500 women workers in five factories in Cambodia and Vietnam benefited from the implementation of the project thanks to improved breastfeeding spaces, supportive policies and procedures, increased awareness, and a suggestion and consultation service provided by expert partners.



4.6.3. Overview

By conducting due diligence processes to identify the challenges facing the Priority Impact Area, together with risk mapping in the supplier clusters, we laid a solid foundation for organising our lines of work, determining general and specific objectives and defining the expected output. Throughout these four years, we have managed to follow our roadmap and achieve most of the objectives, while proactively evolving to adjust our strategic plan, scaling up successful projects, developing tools and collaborating/deepening partnerships.

Collaboration

Collaboration is undoubtedly the driving force behind the success of all our activities and projects, including those with other Priority Impact Areas, partners, NGOs and, most importantly, our suppliers and workers.

Driving change

Inditex, as an active player in the garment industry, continuously strives to drive change not only in the supply chain but also in the industry, in communities and in society. By proactively participating in the “Covid-19: Action in the Global Garment Industry” working group as brand representatives, we can help suppliers and their workers recover from the impact of the pandemic, as well as promote robust social protection systems.

Leaving no one behind

As a Priority Impact Area for meeting people’s basic needs and facilitating their access to basic public sector services, we are always mindful that no one should be left behind, especially the most vulnerable groups, from children, women and people with disabilities to their families and the communities in which they live. We also continue to expand our impact to more target groups over the years by implementing more projects and activities.

We go beyond the supply chain workers. While they are at the heart of our strategy, our impact aims to go beyond working life to also benefit their families and communities. With the support of various partners, we are including communities in the design of our projects—as we have done in the project for the inclusion



of people with disabilities in Pakistan—so as to disseminate the project in the community, recruit potential candidates for training and hire the qualified ones.

General and specific priorities

There is a wide range of priorities when it comes to social protection, including some challenges shared by our supplier markets, such as nutrition and maternity protection, in response to which the Mothers at the Workplace project was developed in Vietnam and Cambodia. Meanwhile, each country’s specific culture comes with its own particular risks and needs, which is why we stay flexible so that we are able to design projects and activities that are adapted to the local context.

Addressing covid-19

The covid-19 pandemic posed challenges to the implementation of planned activities and the output we expected to achieve, both for the internal team and for the factories and workers. Nevertheless, we have coped with the changes and used them as an opportunity to highlight social protection challenges. One such example of this is our involvement in the “Covid-19: Action in the Global Garment Industry” initiative, focused on protecting the income, health and employment of workers in the garment industry, with Inditex participating as an industry representative in the international working group.

“Having social coverage systems to deal with accidents, illnesses, pensions and other benefits is essential for the proper functioning of the labour market and the economy”

Since 2020, Inditex has been part of the “Covid-19: Action in the Global Garment Industry” initiative, led by the International Organization of Employers (IOE), the International Trade Union Confederation (ITUC) and IndustriALL Global Union, with the technical support of the ILO.

Roberto Suárez-Sánchez / Secretary-General of the International Organisation of Employers (IOE)



Why does the IOE view social protection as a key element of workers' well-being in supply chains?

The IOE supports and is committed to the development

of sustainable social protection systems in developing countries. Having social coverage systems to deal with accidents, illnesses, pensions and other benefits is essential for the proper functioning of the labour market and the economy. This requires strong, effective institutions, the absence of corruption and the development of social dialogue, which is often lacking. That is why the support of international organisations such as the IOE and the ILO is crucial, as is the commitment of multinational companies with investments in these areas. It is also important to ensure that the systems are sustainable, which is not easy, and that they can be managed by local players without interference.

How does social protection relate to resilience?

In times of crisis, as the pandemic has shown, a system of minimum coverage can make a difference and prevent thousands of workers from becoming destitute. It helps local businesses to manage periods of low orders with a minimum level of social stability. And it is essential to fairly compensate workers exposed to health and safety risks or a loss of income. As a global business organisation, it is clear to us that we need to move in this direction.

What role do you think businesses should play when it comes to social protection?

At the local level, governments, businesses and workers must progressively move towards the development of strong and sustainable social protection systems, inasmuch as economic development allows. Social dialogue must mature so that these systems involve employers' and workers' organisations alike. Multinational companies with investments in these countries can and should help organisations such as the IOE or the ILO to make these developments effective.

What factors are key to universal social protection?

1. Corruption-free public institutions.
2. Administrative agility (which is often lacking).
3. Efficient worker registration system.
4. Fiscal space that ensures minimum sustainability.
5. International support to develop the capacity for creation, management and development.
6. Level of responsible commitment from local governments, employers and workers.
7. Tripartite involvement in the development of these systems.

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

Goal

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.

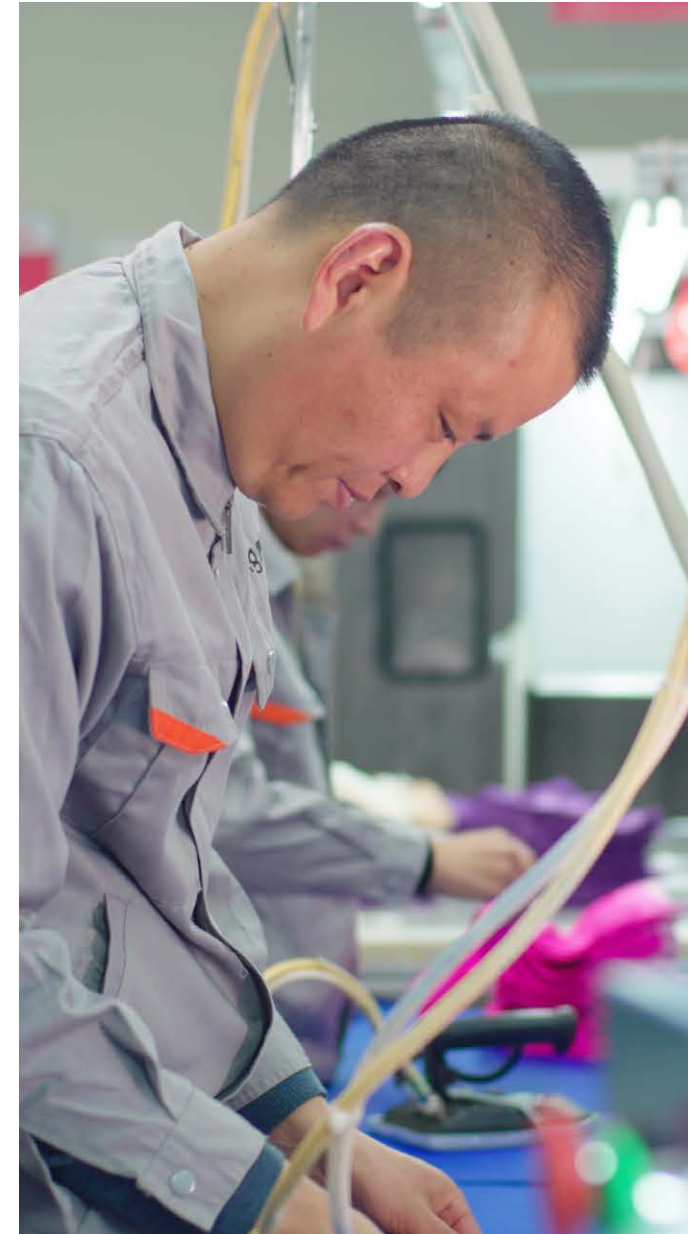
Strategy

- / 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 material supply chain.

Related SDGs	Related human rights	Alliances and partnerships
  	<ul style="list-style-type: none"> / Fair and favourable working conditions / Adequate standard of living / Freedom of movement / Freedom of association / Healthy environment / Ban on forced labour / Collective rights of communities / Freedom of thought, conscience and religion / Privacy / Protection against violence / Healthcare / Freedom of opinion and expression / Property 	<ul style="list-style-type: none"> / International Labour Organization (ILO) / Responsible Sourcing Network (RSN) / Organic Cotton Accelerator (OCA) / Better Cotton (BC)

2022 Key indicators

/ India, Mali and Pakistan



4.7.1. Introduction

While raw materials (both natural and man-made) are key components in the creation of end products, their supply chain is rather complex and involves a number of challenges when it comes to the defence of labour rights and fundamental human rights.

Due to this complex structure of raw material production, and because the reality of those who work with these products differs from that of the workers in the end product factories, a holistic approach is required, one that encompasses traceability, due diligence and commitment to improving human rights.

Therefore, as part of our Workers at the Centre 2019-2022 strategy, this Priority Impact Area focuses on identifying the needs of workers in this part of our supply chain through an ongoing due diligence process, working with relevant stakeholders and thus making progress towards the goal of “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”.

In doing so, we have maintained our stakeholder commitments, for example, by implementing the activities agreed under the strategic partnership with the International Labour Organization (ILO) to strengthen sustainability aspects in cotton producing communities through the promotion of the Fundamental Principles and Rights at Work (hereafter, FPRW).

Under this commitment, more than 600,000 cotton farmers and workers and other related stakeholders benefited in 2022, not only through their direct participation in various awareness-raising sessions and workshops, but also through numerous campaigns to raise awareness about the Fundamental Principles and Rights at Work.

This awareness-raising has given key stakeholders a new perspective on the opportunities for achieving productivity



and decent work objectives in the agricultural sector in general and in the cotton sub-sector in particular.

There has been an important change in the mindset and decision-making process of all stakeholders involved:

only by including and promoting the Fundamental Principles and Rights at Work on the ground will it be possible to achieve a holistic development of sustainability aspects in cotton-producing communities.

4.7.2. Strategic lines and projects

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

We have no doubt that respecting and protecting human and labour rights in the raw material supply chain can positively transform the garment, textile and footwear industry. As we have highlighted before, the well-being of workers in this part of the supply chain requires special attention due to its complexities.

If we take a closer look at the garment industry, cotton is one of the most commonly used raw materials, and so it goes without saying that working for the well-being of cotton workers and farmers remains a crucial factor in implementing holistic development towards sustainability.

Our work under the Public-Private Partnership with the ILO guarantees respect for the fundamental rights of cotton farmers and their communities in India, Pakistan and Mali. With the aim of promoting the Fundamental Principles and Rights at Work (FPRW) in the cotton supply chain, this project has created an ecosystem in the cotton production sector using unique social dialogue structures and processes, and



has generated interest among relevant stakeholders in achieving the benefits and respect for rights and the effective implementation of the FPRW in the workplace.

Project:
Public-Private Partnership with the ILO

Promoting the Fundamental Principles and Rights at Work

- / 609,031 cotton workers benefited in the community
- / India, Pakistan, Mali
- / International Labour Organization (ILO)

Signed in 2017 to ensure respect for the fundamental rights of cotton farmers and their communities in India, Pakistan and Mali, the Public-Private Partnership with the ILO has led to substantial progress during 2022 in these countries.

India

In 2022, the project has continued working to inform and train local governments and cotton-producing communities on the benefits of the Fundamental Principles and Rights at Work, contributing to improved livelihoods and decent work, particularly among vulnerable communities. This has been achieved through awareness raising, skills-development training and leadership training programmes involving the Government of Telangana, social stakeholders, civil society organisations, agricultural producer organisations, and research organisations and experts.

Thus, a series of activities were carried out to promote the sustainable implementation of the pillars of the Fundamental Principles and Rights at Work, as well as to improve the capacities of agricultural producer organisations, federations and trade unions, farmers, local self-government bodies or cotton communities, with approximately 12,000 participants



and more than 9,000 farmers benefiting from the awareness camps organised in the villages.

In total, 19,000 cotton farmers and workers have directly benefited from the awareness and training programmes, while 50,000 have benefited in other ways, for example, from awareness raising through the dissemination of locally produced informative materials in 125 villages.

Testimonial

“The children of migrant workers are cared for in the Anganwadi centres while their parents work. Older children are sent to a school so that they do not drop out of school during the three months they are here. We are implementing the principles of eradicating child labour, ending gender discrimination and encouraging collectivisation and unionisation, and migrant workers are also benefiting from the resulting changes.”

K. Santosh, member of Mandal Praja Parishad, Adilabad district

The project has improved the capacities of those involved, mainly employers' and workers' organisations, to expand their presence and reach

out to and serve cotton-producing communities (women, men and children) in favour of sound labour relations.

Pakistan

The project has led to significant dialogue and social commitment in the sector. In this regard, the collaboration between the ILO and its partners has played an important role in bringing different stakeholders to the table to discuss the challenges faced by cotton farmers and find solutions.

The project's deployment focused on reaching out to cotton-producing communities, giving advice, training and empowering them through awareness-raising workshops on the Fundamental Principles and Rights at Work, as well as encouraging their collectivisation and the formation of new trade unions and associations. Meanwhile, the capacity of the institutions to respond positively and constructively to the growing demand from cotton-producing communities to improve the FPRW was worked on.

Despite various challenges, such as devastating floods, the project has achieved remarkable results in Pakistan: 5,031 cotton farmers and workers have directly benefited from the awareness and training programmes, while 535,000 have benefited in other ways, for example, from awareness raising through the dissemination of locally produced posters, leaflets, and other digital campaigns.



Mali

In Mali, progress has been made in close collaboration with the ACCEL AFRICA Project, which also supports lower-level workers in supply chains, with a focus on women. An intervention to improve and diversify the livelihoods of these workers has been designed to address the causes of child labour in the Sikasso region by:

/ Raising awareness of child labour: As part of this intervention, children aged 8-12 years are enrolled in accelerated alternative education that enables them to join the formal education system after nine months. In this second year, 16 centres were opened and 452 children were enrolled, of which 218 were girls.

/ Integrating mitigation measures into economic empowerment activities to reduce the risk of child labour.

/ Strengthening women's operational capabilities to carry out income-generating activities: the project was presented to communities and women's organisations to promote the selected income-generating activities and offer advice and technical support. In total, 796 people were supported, 742 of them women.

/ Increasing access to financial and non-financial services: In partnership with the microfinance institution *Réseau de Micro-Institutions de Croissance et de Revenus* (RMCR), 302 women have opened a savings account and 277 have received a loan to start implementing their income-generating activities on time.

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

Respect for and protection of human rights in the cotton production sector can be strengthened by raising awareness among all stakeholders in this part of the supply chain. This can be achieved through meaningful social dialogue among stakeholders, collective advocacy action and a commitment to the Fundamental Principles and Rights at Work at an industry level.

With that in mind, we are collaborating with various stakeholders with the aim of bringing about sustainable change in the conditions of cotton workers.

Project:
Yarn Ethically & Sustainably Sourced (YESS)

Due diligence

- / Global
- / Responsible Sourcing Network

This global project, in which we are collaborating with the Responsible Sourcing Network, focuses on the OECD's approach to identifying risks through due diligence, and seeks to standardise due diligence processes in order to replicate best practice across the industry. Its ultimate goal is to eradicate modern slavery in cotton production by identifying and addressing forced labour in cotton picking and promoting the use of ethical and sustainable cotton.

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

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

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

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

4.7.2.3. Creating best practices and recommendations for the raw materials supply chain

We collaborate with global initiatives to identify impacts and best practices with regard to raw materials, taking a systemic view that encompasses both social and environmental aspects. With this approach, we are collaborating with organisations such as Organic Cotton Accelerator (OCA).

Project:
Collaboration with Organic Cotton Accelerator

Sustainable practices in cotton production

- / India, Pakistan
- / Organic Cotton Accelerator (OCA)

We have been actively collaborating with Organic Cotton Accelerator since it was founded in 2016. This multi-sector initiative is aimed at increasing the availability of organic cotton by supporting the producers of this raw material to ensure the sustainable development of the sector.

This puts farmers at the centre of the project, working directly with a specialist on the ground who regularly visits them to help them with training and follow-up, from growing the organic cotton to selling it.

This project provides the following social and environmental benefits:

- / Increased organic matter in the soil, due to the use of organic pesticides and fertilisers, as well as crop rotation.
- / Improved water quality, with cleaner aquifers for farmers and their communities.
- / Greater economic stability and equity for farmers and their families.
- / Improvement in animal welfare and highlighting the relevance of livestock as a generator of inputs necessary for organic farming.

Cotton from Uzbekistan

In 2022, the ILO announced the absence of systematic forced and child labour in the Uzbek cotton industry, which was accompanied by the lifting of the boycott of Uzbek cotton by the organisation Cotton Campaign, which Inditex, together with other international brands and organisations, supported.

Following this, Inditex approached the country together with delegates from the union representation of the Global Framework Agreement Coordination between IndustriALL Global Union and Inditex. This approach addressed the different scopes of production (from the cotton fields to the final product assembly industry) through field visits and meetings with the main international organisations based in the country, such as the ILO, as well as with governmental, trade union and civil society actors in Uzbekistan. The goal was to obtain as complete a picture as possible of the progress of the country in terms of human rights as well as the development of its textile industry.

4.7.3. Overview

In these four years of the Workers at the Centre strategy, this Priority Impact Area has made significant progress in achieving its goal by taking a two-way approach. On the one hand by continuously learning through research, due diligence and connections with different stakeholders, including expert organisations, and on the other hand by implementing and adjusting—if necessary and based on lessons learned—the activities defined in the strategy, to achieve positive impacts on the final beneficiaries.

Due diligence

Our due diligence process in the leather supply chain (conducted in India in collaboration with the Tata Institute of Social Sciences) has provided important insights that help us to identify the potential impacts on workers of various processes related to this chain. This study has not only helped us to develop our knowledge base in this area, but has also provided us with an avenue for incorporating the different actions aimed at respecting and protecting human and labour rights in this part of the supply chain.

What's more, in order to understand the different dynamics of the cotton supply chain, our analyses and collaboration with other organisations has helped us to gather relevant information on the mechanisms, outputs and impacts of cotton marketing, which we can translate into trade commitments and actions. This has helped us to incorporate what we have learned into our commitments, strategies and actions that have been specifically defined for the supply chain.

Respect for the Fundamental Principles and Rights at Work

From the outset, we have worked to be a positive influence on cotton farmers, workers and cotton-producing communities. Our Public-Private Partnership with the International Labour Organization in this area was one of the key commitments to making this happen. Over the years, it has worked and progressed to promote and respect the Fundamental Principles and Rights at Work in the cotton supply chain and the associated communities, focusing on:



- / Increasing knowledge on the Fundamental Principles and Rights at Work in the cotton supply chain.
- / Promoting respect for the Fundamental Principles and Rights at Work in cotton-producing communities.
- / Contributing to meaningful social dialogue and collaboration, at industry level, in relation to the Fundamental Principles and Rights at Work.

Looking forward, we will continue to identify and make an in-depth assessment of the production, processing and cultivation of raw materials so as to continue working on incorporating more sustainable fibres and raw materials, both to comply with our standards and to fulfil the requirements of our stakeholders.

“PPPs like these can aim at creating awareness and building the capacity of different groups on child labour, forced labour and discrimination on different grounds”

Inditex collaborates with the International Labour Organization in the efforts to promote fundamental principles and rights in the cotton supply chain through the execution of a Public–Private Partnership.

Philippe Vanhuynegem / Chief of the Fundamental Principles and Rights at Work Branch of the ILO Governance and Tripartism Department



Why it is important for companies such as Inditex to focus on working conditions of cotton farmers? How can a company like Inditex help to improve their wellbeing? Which are the main challenges for farmers in cotton production?

Cotton is one of the world most important agricultural commodities, responsible for income, employment generation and food security of millions of farmers’ families across all regions. It provides income for more than 250 million people worldwide and employs almost 7% of all labour in developing countries. The sector occupies a strategic position in the development of poverty reduction policies and programs, directly and indirectly affecting significant portions of the population.

It is very important for all enterprises that produce or supply cotton to identify and assess potential poor working conditions of cotton farmers, particularly in countries with high levels of poverty and systemic non-compliance, since part of the sustainability of cotton production involves ensuring compliance with national laws and respect for the human and labour rights of farmers, workers, their families and communities. In order to increase the sustainability of the cotton and garment industries, small producers and workers need an enabling environment for sustainable

enterprises to enable them to work themselves out of poverty in decent conditions with their internationally recognized freedoms intact and for a fair share of the growth.

Fundamental principles and rights at work are human rights and enabling conditions for the realization of decent work. They constitute principles and rights embodied in the ILO Constitution that enable economic growth to go hand in hand with human development, and by doing so, they ensure the sustainability of any economic sector.

With regard to the challenges for farmers in the cotton production:

Cotton growing requires hard work encompassing a range of hazardous activities and circumstances and health and safety risks. Violations of fundamental rights at work have been found in the cotton/textile and garment production in countries where cotton production systems are labour intensive and/or are dominated by small-holder farms. In value chains in these countries, we can find situations of child labour, forced labour, discrimination, and a lack or a weak respect of freedom of association and collective bargaining rights, as well as poor occupational safety and

health practices. In many rural communities, children can be found performing work that is not appropriate for their age or can damage their health and well-being. In some cases, repeated indebtedness can give rise to 'debt trap' and lead to forms of labour bondage. In cotton picking, employers and/or their agents prefer to hire children, mostly girls, for their small fingers, which do not damage the crop.

Moreover, women workers who are engaged in cotton-picking in developing countries tend to be segregated to non-paid or lower paying tasks in some of the most arduous parts of the agricultural cycle. They may have less access to education, financing, and property rights, and their opportunities may be restricted by unfair social values and traditional practices. Harassment at the workplace/farm level is also a major issue. Challenges to equality can also originate from a combination of different grounds of discrimination, including on the basis of caste, ethnic origin or religion, depending on the country context in which cotton is grown. Low income and economic insecurity are often associated with work in agriculture, and risks of hazardous working conditions can result in serious damage to workers' health and well-being.

In addition, the implementation of employers' and workers' collective rights is often difficult, in part at least, because of the lack of representation in decision making processes and absence of fora to play an active role in the prevention and remediation of labour rights' violations. But also because of persisting legal and practical barriers. These barriers can include the exclusion of rural workers from national legislation, challenges related to the organization of workers in dispersed and remote rural areas and, very often, the low capacity of rural employers' and workers' organizations.

Which role can a PPP like the one you have with Inditex play for the respect of fundamental labour rights?

Public-private partnerships are a voluntary and

collaborative relationship between the ILO and a partner to carry out cooperative activities to promote decent work. A PPP like the one we have can play a major role in improving the wellbeing and rights of cotton growers in different ways:

In the last four years, this partnership has helped to address these issues by promoting a strategy to address all the fundamental principles and rights at work in the cotton supply chain, focusing on cotton production, especially in small and medium sized enterprises and the wider community. Firstly it has taken an integrated approach by looking at all the fundamental rights together, and effectively using their inter-dependent nature to promote all those rights. PPPs can be very creative and innovative and can be used to try different approaches and interventions and learn from them. For instance, in the current PPP, we tried out three models: a community focused bottom-up model that created demand for protection of fundamental rights; an institution focused top- to- bottom model that improved the capacity of responsible institutions to reach out to workers and protect their rights; and a cooperative model that collectivized work in a different way. All of them were successful and we can now use them and adapt them in different other contexts.

PPPs like these can aim at creating awareness and building the capacity of different groups on child labour, forced labour and discrimination on different grounds. It can help empower children and women in particular, as well as vulnerable farmers, to advocate for their rights. The partnership can also support a broader process of social dialogue in the sector, the organization of farmers association and trade unions and promote effective recognition of the right to collective bargaining. In addition, it can promote the respect for OSH standards. As a result, the partnership can hence contribute to creating Decent Work in the cotton supply chain by supporting the promotion, respect for and implementation

of all fundamental principles and rights at work in cotton producing areas with high levels of poverty and decent work deficits.

How relevant is it to involve communities and relevant stakeholders to collectively support cotton farmers?

When we go to the field and talk to the workers, the employers and their representatives, the community and the local officials, there is one unequivocal message that comes out from all of them: "Nothing for us without us". This has always been the bedrock of ILO's approach to promoting decent work. As a tripartite organization, we are committed to involving all the relevant stakeholders as we work for their wellbeing.

Cotton growing communities are not homogeneous. There is a lot of diversity among them. There are also many formal and informal institutions that are involved in the supply chain, some directly and some indirectly. The "government" is not a homogeneous entity either. It has many agencies and departments who have different mandates to one another, and if not well coordinated, can end up giving different messages to the community. Employers and workers' organisations play a key role in collectivising their members so that their voices are better articulated and better heard, and the dialogue between them is what keeps the industry moving ahead smoothly.

The problems and challenges these communities face are also very complex so no-one can provide laboratory solutions to those issues. The solutions have to come through the fusion of technical expertise with local knowledge and the aspirations of the communities themselves, and that is why it is so overwhelmingly important to work together with the constituents and other stakeholders to improve the situation of the cotton growing communities.

Disclaimer: The views expressed herein should not be perceived as an endorsement by the ILO of Inditex or its activities.



5. Overview

Over the last four years, the strategy has enabled us to reach 2,551,570 workers in actions and projects carried out directly in the factories of our supply chain.

5.1. Overview on Workers at the Centre 2012-2022 / 5.2. Workers at the Centre 2023-2025

2,551,570

Workers

3,771

Suppliers and factories

reached during the four years of implementation of Workers at the Centre 2019-2022.

The projects have included topics related to each of the seven Priority Impact Areas identified, always focusing on the needs of workers and the specific circumstances of every context in which we produce.

① More information in section 5.6 Suppliers of the 2022 Statement on Non-Financial Information



Impact of the Priority Impact Areas 2019-2022

Priority Impact Area	Suppliers	Employees
/ Worker participation	335	501,055
/ Living wages	205	213,989
/ Gender, diversity and inclusion	188	332,858
/ Occupational health and safety	1,578	1,473,987
/ Protection of migrants and refugees	200	52,957
/ Social protection	46	43,820
/ Protection of rights in raw materials	n/a	n/a

*Projects in this Priority Impact Area are carried out in the community.

5.1. Overview on Workers at the Centre 2019-2022

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 tier.

Supplier involvement is fundamental to the development of these projects. 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.

Supplier and manufacturer training is also a key part of ensuring that the strategy—and the principles and values it represents—permeate the organisations. Some 2,398 suppliers with 1,577,628 workers have received at least one training in these four years related to one of the seven Priority Impact Areas and the rights and groups they protect.

Likewise, collaboration is absolutely essential in both the design of the strategy and its implementation. With this in mind, we have been joined by more than 40 organisations, from global institutions such as the International Labour Organization or IndustriALL Global Union, to specialised local entities such as MUDEM (refugee protection in Türkiye) or St John’s Medical College (health and hygiene in India).

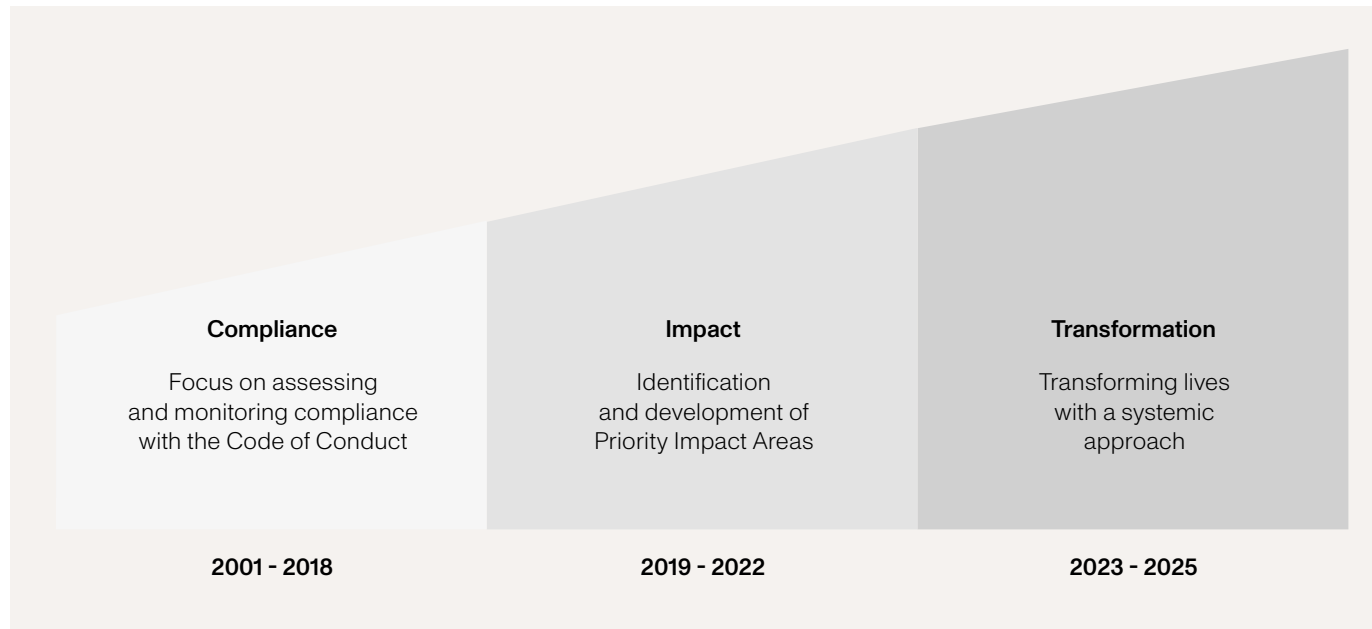
Each one of the Priority Impact Areas has had its own path in response to the challenges and objectives set, although the joint vision and coordination has allowed us to optimise synergies and contribute to a more sustainable industry, to more prosperous communities and, above all, to positively impact the workers who, in one way or another, give life to the products we market.

5.2. Workers at the Centre 2023-2025

During 2022, we have been working on developing the continuation of the strategy. The lessons learned in recent years and the knowledge of the supply chain have allowed us to incorporate best practices in this new stage with the aim of moving towards transformation both in the lives of the people who form part of the supply chain, in their communities, and in the industry as a whole.

As part of the process, we have updated our due diligence exercise. This is an ongoing process in which we have updated the exercise of identifying and prioritising with regard to human rights to focus on the Priority Impact Areas of the new Workers at the Centre strategy. As a basis for the exercise, various internal and external sources of information have been analysed, such as internal surveys, interviews with key partners such as IndustriALL or the International Labour Organization, information relating to audits of suppliers in the supply chain, analysis of legislation, trends or risk reports on human rights, etc.

The process, carried out in accordance with the Guiding Principles on Business and Human Rights, involved all sustainability areas, local cluster teams, and other company areas and was accompanied by Shift.



Severity

Likelihood

- **Social dialogue**
 - / Promotion of freedom of association and collective bargaining.
 - / Worker voice and participation.
- **Living wages**
 - / Collectively bargained wages and responsible purchasing practices.
 - / Mature management systems.
- **Health**
 - / Holistic understanding of health, including well-being and mental health, as well as health risks caused by environmental and climate change impacts.
- **Respect**
 - / Fair treatment of all people.
- **Resilience**
 - / This includes concepts such as just transition and social protection.

As a result of the exercise, an evolution of the Priority Impact Areas has been carried out in comparison with the previous strategy, incorporating all the potential impacts identified and subsequently prioritised. For this new strategy, impacts related to the environment and climate change have been incorporated more directly, ensuring a holistic perspective on respect for human rights, and incorporating aspects such as migration and climate change, just transition and the future of work.

We will also be reinforcing the focus on vulnerable groups, such as women, migrants, people with disabilities or workers involved in the production of raw materials, etc., ensuring transversality across all Priority Impact Areas



Development process of the 2023-2025 strategy

01

Update due diligence

/ Identify potential human rights impacts

02

Determine the Priority Impact Areas

/ Organise how to respond to impacts

03

Define the strategy

/ General structure and goals

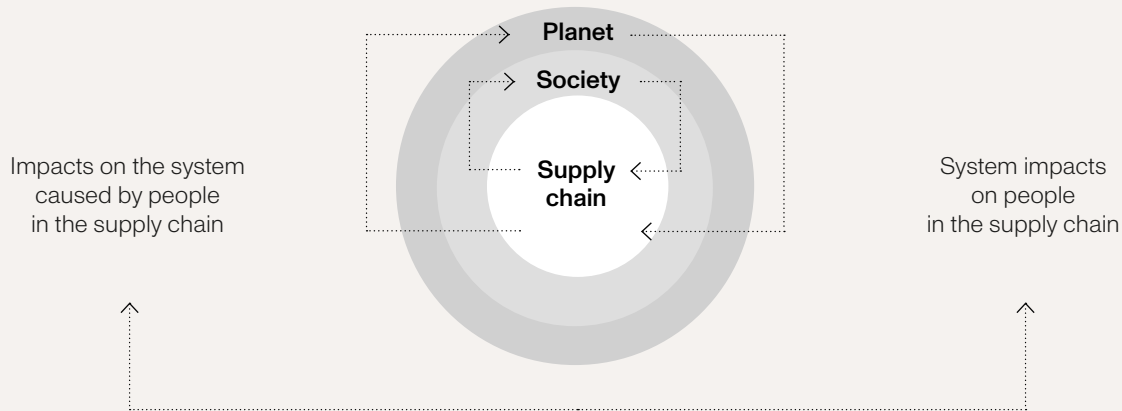
04

Workers at the Centre: 2023 - 2025

/ Strategic plans by Priority Impact Area

Systemic view

- / Health and human and planetary prosperity are interdependent and go hand in hand.
- / All human beings depend on the environment in which we live.
- / A safe, clean, healthy and sustainable environment is integral to the full enjoyment of a wide range of human rights, including the rights to life, health, food, water and sanitation.



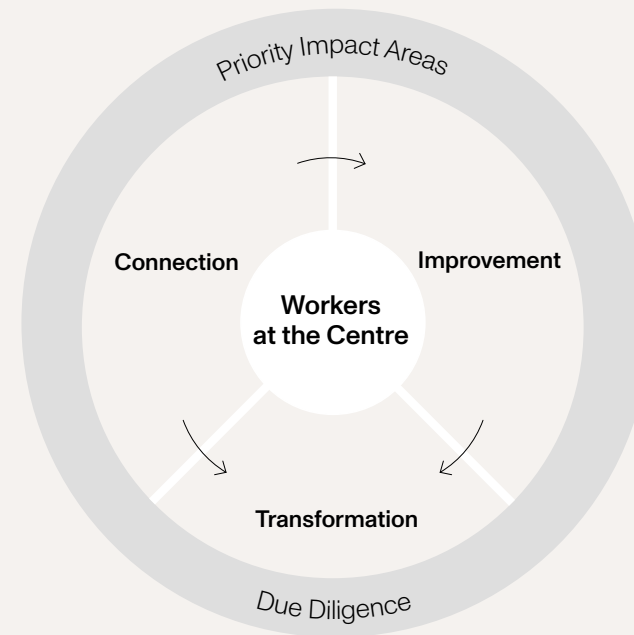
When developing the strategy, we took into account the different external macro trends that affect or may affect the stability and prosperity of the supply chain, as well as the impacts of the business model. Workers at the Centre 2023-2025 is based on continuous analysis using tools such as dialogue and collaboration, in order to respond to the current and, as far as possible, future needs faced by workers in the supply chain.



Key features of the strategy 2023-2025

- / Identification and prioritization of over 100 potential impacts.
- / Priority Impact Areas identified as a result of human rights due diligence.
- / Focus on vulnerable groups.
- / Understanding and representation of the needs of vulnerable groups in each of the Priority Impact Areas.
- / Designed for transformation.
- / Impact measurement and theory of change.
- / Systemic approach to impacts on people caused by environmental factors.
- / Combination of global and local approach and implementation.

Workers at the Centre 2023-2025



- Social dialogue
- Living wages
- Health
- Respect
- Resilience
- Equity approach
- Vulnerable groups

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