

These questions relate to the period since the COVID-19 pandemic. Please provide YES, NO or numerical answers where requested. We also welcome additional information and context.

Factory closures

BHRRC is collecting and publishing an aggregated list of closed factories in the supply chains of 50 global apparel brands.

1.a. Are you keeping a list of factories that have closed in your supply chain since March 2020, (including those that you stopped sourcing from during the pandemic) **Y/N**

See below

b. Is your company willing to share a list of closed factories, including names and addresses? (Please share list here or as an attachment) No

c. Are you willing to provide BHRRC with updated lists in the future? **Y/N**

Inditex keeps in constant communication with all our suppliers and manufacturers and we closely monitor their situation in cooperation with IndustriALL Global Union and their local affiliates by means of our Global Framework Agreement. We strengthened this IndustriALL collaboration to support suppliers specifically through the Covid-19 pandemic through our joint declaration.

Our Global Framework Agreement with IndustriALL Global Union is available at http://www.industriall-union.org/sites/default/files/uploads/documents/2019/SWITZERLAND/INDITEX/industriall_inditex_gfa_english.pdf

Details of our Joint Declaration with IndustriALL regarding the Covid-19 pandemic can be found here: https://www.inditex.com/documents/10279/653009/Inditex+and+IndustriALL+Global+Union+Joint+Declaration_EN.pdf/94356a3d-b610-72d7-fb6b-e23111abb794

Purchasing practices

2. a. Have you implemented a policy specifying that your sourcing team must not ask for price reductions or discounts relative to comparable items from last season? **Y/N**

See below

b. If yes, can you share this policy with BHRRC?

See below

c. If no, have you implemented any pandemic- related policy designed to ensure your sourcing staff do not pressure suppliers on price or production times and can you share this policy? **Y/N**

We continue to fulfil all our responsibilities to our suppliers by ensuring that all orders that have been produced or are currently in production are completely paid for according to the original payment terms.

We have a responsible purchasing practices strategy (see below) which we have maintained through the pandemic, in order not to pressure suppliers on price or production times. We have maintained our responsible purchasing practices approach and have not asked for price reductions or discounts in relation to the pandemic and have not pressure suppliers. We have not created a specific policy because our current responsible purchasing practices strategy already covers these matters.

We remain in close contact with our suppliers to understand their situation and we continue to work as a company to collaborate with financial institutions across our sourcing markets to improve access to financial options for our suppliers. The main aim of this effort is to ensure that workers can continue to be paid and their health and safety can be protected throughout the pandemic.

Inditex under the framework of the ACT initiative is committed to the following in relation to responsible purchasing practices:

- Purchasing prices to include wages as an itemised cost.
- Fair terms of payment.
- Improved planning and forecasting.
- Train all employees directly related to purchasing in responsible purchasing practices.
- Practice responsible exit strategies.

Please see more information about our purchasing practices strategy at Inditex Annual Report 2019 pages 94-95 and 112-113.

<https://www.inditex.com/documents/10279/645708/2019+Inditex+Annual+Report.pdf/25aa68e3-d7b2-bc1d-3dab-571c0b4a0151>

Worker wage and severance payments

3.a Have you received reports of non-payment of full salaries for workers in your supply chain? **Y/N**
Yes.

b. Is your company actively involved in resolving each of these payment disputes? **Y/N**
Yes.

4.a. When garment workers lose their jobs, are you monitoring if they are receiving all outstanding wages and legally mandated severance payments? **Y/N**

Yes.

b. Is your company actively involved in ensuring workers are paid outstanding wages, severance, and benefits? **Y/N**

Yes.

Discriminatory dismissals and human rights violations

5.a Have you implemented a pandemic-related policy with your suppliers to ensure vulnerable demographics of workers are not being disproportionately targeted for layoffs (e.g. union members & leaders, pregnant women, migrant workers)? **Y/N**

Inditex's Code of Conduct for Manufacturers and Suppliers continues to be applicable during the pandemic and throughout the supply chain in order to protect and uphold the rights of all workers. Please see further details in the comments below this question.

Inditex Code of Conduct for Suppliers and Manufacturers is available at <https://www.inditex.com/documents/10279/241035/Inditex+Code+of+Conduct+for+Manufacturers+and+Suppliers/e23dde6a-4b0e-4e16-a2aa-68911d3032e7>

b. Are you tracking lay-offs and suspensions by demographic? **Y/N**

Through our Compliance programme and the Global Framework Agreement that we have with IndustriALL Global Union, we monitor compliance with our Code of Conduct and the Global Framework Agreement itself. This applies to all of our supply chain.

Our Global Framework Agreement with IndustriALL Global Union is available at http://www.industrialunion.org/sites/default/files/uploads/documents/2019/SWITZERLAND/INDITEX/industriall_inditex_gfa_english.pdf

Information about our Compliance Programme is available at Inditex Annual Report 2019 pages 142 to 147.

c. If Y can you provide a list of the categories being monitored? N/A

d. If N, what steps are you taking to ensure discriminatory dismissals are not being carried out?

In order to ensure that workers rights are protected and upheld we continuously monitor the supply chain through both our Compliance Programme and under the Global Framework Agreement that we have with IndustriALL Global Union.

The Compliance Programme entails the performance of different types of audits where compliance with the Code of Conduct is verified. However, it is important to note that audits are not the only way to discover any potential or current issues happening in the supply chain.

Inditex local sustainability teams have a regular collaboration and communication with IndustriALL Global Union local affiliates, complementing the assessment of the supply chain done along with joint actions and efforts for the implementation of the GFA. This allows to articulate an exchange of information related to any type of potential issue that may arise within the performance of potential joint investigations on the ground, which aim is the facilitation of social dialogue and achievement of agreed solutions. This approach implies a continuous information exchange based on sharing all necessary data which contributes to have a better understanding of the supply chain.

In fact, as established in the Global Framework Agreement itself, Inditex and IndustriALL agree to inform each other of any breach of the Agreement as soon as the breach is discovered, to enable the earliest possible implementation of a remediation action plan.

Also, the collaboration of Inditex's local sustainability teams with other stakeholders such as NGOs or other civil society organizations is key and has been proven very useful to solve any potential issue happening in the factories of the supply chain.

Our Global Framework Agreement with IndustriALL Global Union is available at http://www.industrialunion.org/sites/default/files/uploads/documents/2019/SWITZERLAND/INDITEX/industriall_inditex_gfa_english.pdf

Information about our activities with IndustriALL Global Union at Inditex Annual Report 2019 pages 104 to 108. Information about our Compliance Programme is available at Inditex Annual Report 2019 pages 142 to 147.

6.a Are there one or more factories supplying your company where advocates have alleged workers have been criminally charged or imprisoned in violation of their human rights (freedom of expression, freedom of assembly & association, collective bargaining etc.)? Y/N

No

b. In all such cases, have all workers been released from custody with all charges dropped? Y/N

N/A

Questions included in previous questionnaire, please provide current responses:

7. a. What were your payment times prior to the pandemic (in days)? 90 days

b. Have you extended these payment times for the current pandemic period? Y/N

No

c. What are the maximum number of days from invoice date within which you pay your suppliers currently (e.g. 30, 60, 90, 180 days)?

Our standard payment days are 90 days.

8. Have you committed to pay in full for all in-production and completed orders? Y/N

Yes.

9. Have you requested a discount for any orders? Y/N

No

10. Are you supporting suppliers with access to local finance with a letter of credit or through other means? Y/N

Yes. In line with our responsible purchasing practices policy, we have guaranteed payment for all orders already placed and in the process of production, upholding the original terms and speeding up payment in the instances in which logistical issues were impeding delivery of the merchandise.

We are also working actively with a number of financial institutions on the creation of financing mechanisms for our suppliers and manufacturers to help them get through the economic impacts of the pandemic, prioritising wage payment guarantees and the application of the health and safety measures needed to prevent the transmission of Covid-19.

As part of those agreements, which are already up and running in Morocco and Bangladesh and under development in Pakistan and Myanmar, Inditex has committed to channelling payments to producers availing of those credit lines through the participating financial institutions.

Furthermore, we have taken a proactive stance since the onset of the pandemic, joining forces with the leading organisations that work to protect workers' rights: IndustriALL Global Union (with whom we have a long-standing global framework agreement), the International Labour Organization, the Ethical Trading Initiative and ACT (Action, Collaboration, Transformation).

We have endorsed the COVID-19: Action in the Global Garment Industry initiative, a call to action designed to provide an urgent response to the global garment industry in light of the economic ramifications of Covid-19, the priority being to protect garment workers' income, health and employment. That document was formulated by the International Organisation of Employers (IOE), the International Trade Union Confederation (ITUC) and IndustriALL Global Union, together with global brands and manufacturers and with the technical support of the International Labour Organisation (ILO). The international working group created to implement the call to action is made up of 13 signatories. Inditex represents the brands, together with one other sector player.

Please see more information at <https://www.inditex.com/en/covid-19>