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INDITEX

Arteixo (Spain), 7th July 2022

Inditex is fully committed to respecting, protecting and promoting human rights within its entire supply chain. Respect for freedom of association is a key principle of Inditex's Code of Conduct and the company expressly outlaws discrimination against workers' representatives and union members.

In this regard, Inditex, as a member of ACT - (Action, Collaboration, Transformation)¹ an initiative where Inditex is playing an active role along with IndustriALL Global Union (with whom Inditex has a Global Framework Agreement) and the 19 Global Brands that are part of this initiative - has shared its deep concern about the developments in Myanmar through a statement published last Feb 2021² which was followed by different concrete actions and processes to help protect and support workers and employers³ until the ACT decision related with the ceasing of the engagement in Myanmar.

In addition to this, Inditex has worked with several stakeholders like the initiative SMART Textile & Garments funded by the European Union and co-funded by private sector partners (brands, retailers and factories)⁴ but also with the Ethical Trading Initiative (ETI), including the supports to the independent and comprehensive assessment commissioned by this organization concerning the impacts on human rights in the garment sector in Myanmar. This assessment will be based on the application of the UN Guiding Principles on Business and Human Rights, and the OECD Due Diligence Guidance, once IndustriALL called for the implementation of comprehensive economic sanctions in the country.

In this sense, Inditex is implementing a responsible policy to follow the above, which implies the respect of the previous commercial commitments assumed, with a clear focus in the following of the UN Guiding Principles on Business and Human Rights (UNGPs) and in consequence, having into consideration the impact on workers and employers.

Regarding the specific alleged situations mentioned in your communication, while Kenny (Dishang Group) and Tianjin Fashion Milestone Co. Ltd are not part of our supply chain, we would like to inform you in relation of the rest of the allegations.

¹ <https://actonlivingwages.com/>

² <https://actonlivingwages.com/2021/02/19/joint-statement-of-act-members-on-the-situation-in-myanmar/>

³ <https://actonlivingwages.com/2021/05/22/act-member-actions-in-myanmar/>

⁴ <https://smartmyanmar.org/en>

In relation with Huabo Times, we were informed by the supplier that the dismissal of the mentioned worker took place on April 2021 as result of a continuous breach of factory policies related with unjustified absenteeism and other relevant non compliances. In this sense, we were informed that dismissal factory process was followed in line with the Law of the Land and communicated in the Worker Coordination Committee (WCC). This process included the sending of 4 warning letters to the worker since September 2020.

In a different period of time, in this case, in June 2021, the factory informed us that an explosion happened at the factory and the pertinent investigation was taken by police with interviews to different type of workers (members and not members or the Union). In this sense, the factory communicated that they were not involved on this investigation and that they just carried out actions to strength workers safety, in case of any potential similar event. Factory Worker Coordination Committee (WCC) was involved in the design of these actions which, as the factory ensured, did not imply any type of body-search or requirement for workers to open their food boxes eat in front of the guards.

Finally, we would like to share with you that as per information provided by factory, the last alleged events described are related with a voluntary third-party survey to the workforce for which factory informed Worker Coordination Committee (WCC). In this meeting, factory explained the background and process about these voluntary interviews. In continuation with the information provided by factory, we would like to share with you that after the spreading of certain rumors among the workforce related with this survey, factory informed us that Human Resources factory Department made an announcement through factory's radio system about this interview process and its voluntary nature in order to avoid any type of misunderstanding.

In terms of G&B Manufacturing Myanmar Co., Ltd, we would like to inform you that our direct supplier informed us that there was an individual issue between one worker and the line leader in this factory, which required the line leader apologies and the resolution of the issue. As per supplier information no excessive overtime was performed as it is alleged in this factory that is not active in our supply chain.

Regarding the case of Lucky Fortune Co. Ltd, we would like to inform you that once we received information related with the allegation shared, we carried out an investigation that ended in a direct intervention resulted in an ongoing Corrective Action Plan in which, among other actions, 56 worker contracts were regularized after their probation period until today.

We are working closely with our suppliers and main partners in the implementation of IndustriALL proposed actions for the country, which clearly requires follow up of compliance with Inditex Code of Conduct, especially fair treatment of workers and no discrimination against its representatives.

With regards,

Inditex Sustainability Department