

# INDITEX

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Arteixo (A Coruña), Spain, 3<sup>rd</sup> March 2023

At Inditex, we are performing a continuous and reinforced due diligence process in factories working for us in Myanmar. As a result of this process and following our compliance system, that we apply to all our suppliers worldwide, we are implementing specific Corrective Action Plans to support factories in the managing of any type of improvement area identified.

Regarding your request about several articles published by Myanmar labour news with very serious accusations of child and forced labour in three specific factories, we must inform you that we have not detected such practices in those factories after opening internal investigations nor during our compliance process during the latest months.

In this sense, please kindly note that factory Jiashihao (Myanmar) Limited is under a Corrective Action Plan where we are paying special attention for instance to the correct application of voluntary overtime under our Code of Conduct criteria. In addition to this, please kindly be informed that after the publishing of the article in media last January 2023, an investigation was performed at Jiashihao (Myanmar) Limited without identifying any of the issues mentioned.

In the case of Myanmar Lucky Fortune Garment, we would like to inform you that in addition to our continuous monitoring of the working conditions at factory level through a Corrective Action Plan, two investigations were performed, on 24th January 2023 and 21st February 2023, just after receiving information published by media. Apart from documentation review; interviews to WCC (Workforce Coordination Committee) candidates, elected workers, workforce and management were performed. As a result a serious disciplinary issue between two workers was identified (one of them elected under the WCC) that ended in termination of their contracts.

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Finally, in the case of Myanmar Jiale Fashion Garment, among others, this factory is currently a Corrective Action Plan, where we are covering the areas of regular employment, managing of voluntary overtime and its correct payment calculation. We expect the factory to improve with the development of this Plan. We keep monitoring very closely its evolution apart from the support to the social dialogue process among factory management, workers and their representatives

We take the occasion to also remark that 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 outlaw's discrimination against workers' representatives and union members.

In this regard, Inditex, as a member of ACT (Action, Collaboration, Transformation)<sup>1</sup> has shared its deep concern about the developments in Myanmar through a statement published last Feb 2021<sup>2</sup> which was followed by different concrete actions and processes to help protect and support workers and employers<sup>3</sup> 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),<sup>4</sup> but also with the Ethical Trading Initiative (ETI), including the support to the independent and comprehensive assessment commissioned by this organization concerning the impacts on human rights in the garment sector in Myanmar. This assessment is 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.

We remain at your disposal shall any further information is needed.

Best regards,

Inditex Sustainability Department

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<sup>1</sup> ACT (Action, Collaboration, Transformation) is a collaboration 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. <https://actonlivingwages.com/>

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

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

<sup>4</sup> <https://smartmyanmar.org/en>