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**INDITEX**

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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. We are working closely with our suppliers at this difficult time and we expect continued compliance with this Code of Conduct, which clearly requires fair treatment of workers and no discrimination against workers' representatives.

At the centre of this work is our Global Framework Agreement with IndustriALL Global Union. Our local sustainability teams continuously collaborate with IndustriALL Global Union local affiliates in order to promote social dialogue, respect for Freedom of Association and Collective bargaining rights in Inditex's supply chain.

Regarding Windy Group's factory SAYBOLT TEX LTD, we have been informed that the Group closed the factory due to the economic impact of the Covid-19 pandemic. As a result, Windy Group initiated social dialogue with the IndustriALL Global Union affiliate, Sommilito Garments Sramik Federation and SAYBOLT TEX LTD's registered union Sommilito Garments Sramik and came to an agreement for workers on 31<sup>st</sup> May 2020. Workers were compensated according to the respective agreement and in line with local labour law on 4<sup>th</sup> June 2020 through digital payment.

Regarding Windy Group's closure of the factory Windy Wet vs Windy Wet and Dry Process Ltd. (Unit-2), we have likewise been informed that the closure was due to the economic impact of Covid-19. As a result an agreement was made on 3<sup>rd</sup> June 2020 following social dialogue between Windy Group and the registered Union Garments Sromik Kormochari Federation (GSKF). Compensation was paid to workers in accordance with the respective agreement and in line with local labour law on 3<sup>rd</sup> and 4<sup>th</sup> June through digital payment.

Regarding Tanaz Fashion, we have been informed that the factory downsized also as a result of the economic effects of COVID-19. This was decided on 1<sup>st</sup> June in accordance with Bangladesh Labour Act 2006. A Memorandum of Understanding was agreed on 2<sup>nd</sup> June 2020 at Bangladesh Garment Manufacturers and Exporters Association office between factory management and eight leading Union Federations, among them, two IndustriALL Global Union affiliates (Bangladesh Jatio Sromik Kormochari Porishod and United Federation of Garments Workers) regarding worker compensation and the respective payment method. Workers received this compensation on 3<sup>rd</sup> June.

Social dialogue is proving to be the most critical tool as the garment industry faces the unprecedented effects of the COVID-19 pandemic. Inditex continues to work to collaborate with national and international stakeholders in its supplier regions to articulate a global response to support suppliers and workers.

Inditex has been actively involved in the development of the COVID-19: Action in the Global Garment Industry initiative under the International Labour Organization in collaboration with 80 organisations including The International Organisation of Employers (IOE), the International Trade Union Confederation (ITUC), IndustriALL Global Union and other brands for support for manufacturers and workers through the economic disruption caused by Covid-19. In addition to publically endorsing the Call, we are part of the International Working group for its implementation. This commits endorsees to work with governments and financial institutions to mobilise funding to enable payment of wages, as well as income-support and job-retention schemes to address the impact of the crisis. It also works to support the development of sustainable systems of social protection for a more just and resilient garment industry.

Since the beginning of the pandemic Inditex has continued to fulfill 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.

Inditex Sustainability Department