

# **Inditex action plan in Cambodia with regards to the Textile Workers dispute and to the Cambodian Factory E Garments**

- 1.- Inditex together with IndustriALL successfully achieved the reinstatement of 164 workers in the two main suppliers of Inditex (RiverRich and Goldfame).**
- 2.- In the same framework, Inditex successfully achieved the payment of the due salaries to the same 164 workers and to avoid any lawsuits.**
- 3.- Inditex tried from another of its suppliers, E Garments, to reinstate another 8 workers involved in this same process.**
- 4.- E Garments is no longer a supplier of Inditex as this supplier did not commit to these agreements.**
- 5.- Inditex has offered the possibility of restoring previously intended actions should the Company E Garments changed its management attitude.**
- 6.- Consequently, Inditex believes that its ability to influence in any decision at E Garments has decreased dramatically since the Group no longer has any business relationship with them.**

## **The facts are the following:**

In September 2010, a group of workers and workers' representatives were dismissed from several factories in Cambodia in the framework of their right to strike. Three of these factories were Inditex's suppliers at that time, one of them being E Garments. This Factory never was a significant supplier for Inditex and at that time had a tiny production (no more than 32.000 units ordered during the previous year). The other two Factories were RiverRich

and Goldfame, both of them having an important amount of orders. As Inditex usually does in the context of the Framework Agreement signed with IndustryALL, the Group worked intensively to find a solution.

Inditex immediately initiated a common action with the Unions in order to implement a procedure in these Factories in order to guarantee workers' jobs. In the case of the factories RiverRich and Goldfame, Inditex signed a Memorandum of Understanding with these factories in order to ensure:

1. The reinstatement of all the workers dismissed (164 employees).
2. The payments of all due wages to the 164 workers dismissed during the strike.
3. Withdrawal of all court charges presented by the employers to the mentioned workers.

In the same line, Inditex coordinated a corrective action plan with IndustriALL for E Garments, with the final aim to ensure the reinstatement of the 8 workers dismissed. Moreover, the combined objective of Inditex and IndustriALL was to promote mature industrial relations at the factory. Thus, the Group proposed to fund and hold a training program at the Factory level in order to increase the awareness of social dialogue among Workers' Representatives, Supervisors and Factory Management.

A pre-agreement was actually reached on the above mentioned points with E Garments management. But, after an intense dialogue with E Garments involving both the IndustriALL and Inditex representatives, E Garment decided not to comply with the requirements agreed. As a result, and in the context of a failed commitment by E Garments, Inditex decided to end all commercial ties with them whatsoever.

Consequently, our current capacity to influence at E Garments conflict has decreased dramatically since Inditex no longer maintains a business relationship with them. However, Inditex has continued offering the

possibility of restoring previously intended actions in the case that E  
Garments changes its mind.