

FOREWORD TO INDITEX GROUP MODERN SLAVERY, HUMAN TRAFFICKING AND TRANSPARENCY IN SUPPLY CHAIN STATEMENT

Reporting Entity

Group Zara Australia Pty Limited ACN 089 376 349 (the Company) is the reporting entity for the purposes of the *Modern Slavery Act 2018*.

This foreword introduces the relevant modern slavery statement that covers the Company's 2019 financial year which runs from 1 February 2019 to 31 January 2020.

Principal activities and Company structure

The Company began trading on 19 April 2011 and its principal activities consist of the retailing of fashion items, mainly clothing, footwear and accessories.

Until the 30th of April 2018, the Company was 90% owned by Zara Holding, B.V. (a company incorporated in Amsterdam) and 10% by International Brand Management Pty Ltd (IBM) (a company incorporated in Australia). On 30th April 2018 Zara Holding purchased the remaining 10% of IBM's shares.

Group Modern Slavery Statement Attached

The attached Inditex Group Modern Slavery, Human Trafficking and Transparency in Supply Chain Statement (**Group Modern Slavery Statement**) covers the Company as a member of the Inditex Group. The Group Modern Slavery Statement sets out (among other things):

- a) the Company's operations and supply chains;
- b) the risks of modern slavery practices in the operations and supply chains of the Company as a member of the Inditex Group;
- c) the actions taken by the Company as a member of the Inditex Group to assess and address any risk of modern slavery practices in its operations and supply chain;
- d) how the Company as a member of the Inditex Group assesses the effectiveness of such actions.

Relevant Codes of Conduct and Links

In terms of the actions taken by the Company to assess and address the risks of modern slavery practices in the operations and supply chains of the Inditex Group, there are a number of relevant codes of conduct and links, which are set out in the Group Modern Slavery Statement and include the:

- a) Inditex Code of Conduct and Responsible Practices (publicly available on the Inditex Group website at <https://www.inditex.com/documents/10279/241587/Code+of+Conduct+and+Responsible+Practices/aa0ee7c0-74b5-4f8d-a210-5581678919fe>; and
- b) Code of Conduct for Manufacturers and Suppliers, publicly available on the Inditex Group website at <https://www.inditex.com/documents/10279/241035/Inditex+Code+of+Conduct+for+Manufacturers+and+Suppliers/e23dde6a-4b0e-4e16-a2aa-68911d3032e7>

As set out in the Group Modern Slavery Statement, the Inditex Group requires its suppliers to ensure compliance with the applicable codes.

Whistleblowing Policy

In addition, the Inditex Group has a whistleblowing policy known as the Ethics Line Procedure which is publicly available at

<https://www.inditex.com/documents/10279/643554/Ethics+Line+Procedure.pdf/e5926530-dca2-65c2-c004-5bc4ddeb4f81>.

One of the primary aims of the Ethics Line Procedures is ensuring that employees and others can raise concerns and issues regarding the Inditex Group which include any concerns and issues regarding the operations and supply chains of the Inditex Group.

The Inditex Group regularly reviews all of its internal policies and procedures including in order to ensure compliance and also to ensure the supply chains and operations address risks of modern slavery practices.

Consultation for the Group Modern Slavery Statement

In terms of consultation, there were a number of steps followed between each of the Inditex Group entities that would issue the Group Modern Slavery Statement. The Group Modern Slavery Statement is issued by Inditex Group for and on behalf of the Inditex group of companies being both Industria de Diseño Textil, S.A. (Inditex, S.A.) and its subsidiaries (in the Group Modern Slavery Statement referred to as the "Company", "Inditex" or the "Inditex Group"). and the Company. Initially, as part of the consultation process, the statement issued by the Inditex Group to comply with the California Transparency in Supply Chains Act and the Modern Slavery Act UK were reviewed by the Company to determine the possibility of a joint statement.

A Microsoft teams work group was established to work on the project. The Modern Slavery Act (2018) and requirements for Australia were summarised and provided to the broader Inditex Group team addressing modern slavery. There were meetings conducted within the group to discuss the different requirements and how they would be addressed.

The temporary reporting extension for the Modern Slavery Act (2018) due to COVID-19 in Australia was also summarised and advised to the team. The draft Group Modern Slavery Statement was prepared at a corporate level given that, among other things, the structure, operations and supply chains for the Company are identical to and accord with those of the Inditex Group. The risks of modern slavery practices in the operations and supply chains are the same for the Inditex Group. The draft joint statement was then provided to the Company for review and comment and signed off by the entities.

This statement was approved by the Board of Directors of Group Zara Australia Pty Ltd.

Signed and approved on behalf of the Board of Directors

Maria Del Pilar Losada Garcia
Director
Group Zara Australia Pty Limited



Inditex Group Modern Slavery, Human Trafficking and Transparency in Supply Chain Statement FY2019

Inditex Group has always been fully committed to respecting, promoting and protecting Human Rights across its entire value chain, this being one of the main pillars of its business model. Inditex Group does not tolerate any form of modern slavery or human trafficking in its organization or in its supply chain, and undertakes to play an active role in promoting Human Rights and in proactively working towards the respect thereof.

This Statement, made pursuant to Section 54 of the UK Modern Slavery Act 2015, Section 14 of the Australia Modern Slavery Act 2018 (Cth), and the California Transparency in Supply Chains Act 2010 (SB-657), addresses the measures on which the Group relies to prevent, mitigate and remedy the risk of modern slavery and human trafficking materializing. This Statement constitutes Inditex Group Modern Slavery, Human Trafficking and Transparency in Supply Chain Statement for financial year 2019 (ended on 31 January 2020), and refers to both Industria de Diseño Textil, S.A. (Inditex, S.A.) and its subsidiaries (the “Company”, “Inditex” or the “Inditex Group”). It was approved by the Board of Directors in the meeting held on 9 June 2020, following a favourable report of the Sustainability Committee and the Social Advisory Board.

Inditex’s Board of Directors is ultimately responsible for ensuring respect and protection of Human Rights, as an essential instrument for the sustainable development of the Company. Upon driving the Human Rights strategy, the Board is supported by the Audit and Compliance Committee, which assists it in the discharge of its supervision and control duties.

A new board committee, the Sustainability Committee, was set up in 2019. This consulting and advisory body is responsible for advising the Board on the matters under its remit, overseeing and monitoring the motions on sustainability in the social and environmental field, in the field of health and safety of products that the Company sells, and for the relations with the different stakeholders in the field of sustainability, including matters relating to the implementation of the Group’s Human Rights strategy.

Inditex also relies on a Social Advisory Board, which advises it on sustainability issues, and is composed of external or independent members, whether private individuals or companies. The Social Advisory Board plays a key role in the relationship with the stakeholders, as it is charged with formalizing the dialogue with the main representatives of the societies where our business is conducted.

Likewise, in order to ensure compliance with the Code of Conduct and Responsible Practices and with the Code of Conduct for Manufacturers and Suppliers (jointly, the “Codes”), Inditex relies on the Committee of Ethics, which reports to the Board of Directors through the Audit and Compliance Committee. In addition to ensuring compliance with the above-mentioned Codes, the Committee of Ethics manages the Ethics Line, a consultation and grievance mechanism, which represents the third pillar upon which the Human Rights strategy is founded, reinforcing due diligence as it helps identify and timely address any potential negative impact for Human Rights, and strengthening the relations with stakeholders.

For their part, sustainability teams are charged with managing and coordinating all the activities of Inditex Group aimed at ensuring compliance with the Code of Conduct for Manufacturers and Suppliers throughout the entire

supply chain.

ABOUT US

Inditex is a global fashion retailer present in five continents, in the Northern and Southern hemispheres.

Its main business activity consists of offering the latest fashion trends (apparel, footwear, accessories and home textiles) with high quality and sustainability standards, at attractive prices and inspired by customer requirements.

Inditex conducts business through eight brands: Zara, Pull & Bear, Massimo Dutti, Bershka, Stradivarius, Oysho, Zara Home and Uterqüe. Each of them operates through an integrated online and store model directly managed, except for certain markets where, for several reasons, business is conducted through franchises.

In order to offer the latest fashion trends at the right time, meeting high standards of sustainability and with the required quality, Inditex has developed an integrated and flexible business model that is clearly customer-oriented.

This model helps face business environment challenges. The strong competitiveness in the sector, driven by new technologies and an increasing awareness of environmental challenges, defines a context with a constantly evolving customer profile.

This business model would not be operational without the integration and flexibility of every stage of Inditex's value chain: design, production, logistics, stores and customers (with integrated physical and online points of sale).

Inditex's Code of Conduct and Responsible Practices sets out the values and principles that guide our actions and relations with our customers, shareholders, partners, suppliers and all the communities where Inditex is present.

The people working in our Company make the sustained and sustainable development of this model possible: a diverse human team with 172 nationalities (154 nationalities in 2018), marked by its creative talent, its passion for fashion, teamwork, an enterprising spirit, permanent innovation and responsible effort.

The goal of the Group is to provide fashion products that meet the most demanding sustainability and health and safety standards, built on respect and promotion of Human Rights, transparency and a permanent dialogue with our stakeholders.

The strengths of Inditex's shareholder value creation model and the company's strong commitment to Human Rights and sustainability have provided us with a competitive advantage upon analyzing and responding to the consequences arising from the situation created by COVID-19 in the mid and long term¹.

Find out more about Inditex Group on <https://www.inditex.com/en/about-us/who-we-are>

¹ Further information about Inditex's response and measures to face COVID-19 on page 20 of this Statement.

INDITEX SUPPLY CHAIN

All the suppliers and factories involved in producing the goods that Inditex sells are expressly bound to abide by the values and responsible practices that are central to the Group, and which are conveyed by the Sustainability department and also by the different buyers of product teams.

In this regard, Inditex's commitment and responsibility towards the responsible management of its supply chain requires identifying working areas to contribute to the improvement of working conditions in the sector in each of the markets where the Group operates, and creating sustainable production environments. Inditex meets such challenges by setting and implementing policies aligned with Human Rights and the fundamental labour standards, and by establishing monitoring and direct cooperation tools with its suppliers, as well as via a multilateral dialogue with organizations and institutions in these fields.

In 2019, Inditex's supply chain² was made up of 1,985³ non-exclusive suppliers in 44 markets, working in 8,155⁴ factories.

The traceability of the supply chain is a first and essential step to manage it. With a global supply chain, Inditex strives to draw attention to each and every player involved in production of goods, to ensure that they all meet the Group's commitments in the field of sustainability.

Inditex's traceability strategy is based upon three main pillars:

1. Traceability system:

Suppliers must register each and every factory that they intend to use for production, which must undergo the relevant screening to be approved and authorized. Subsequently, and with regard to every order placed with them, suppliers must identify the factories which will be involved, in manufacture, detailing units and processes from raw materials to finished product.

2. Follow-up and raising awareness among suppliers:

All suppliers shall embrace the Group's sustainability culture, as a pre-requisite to be able to produce the items that Inditex places on the market.

Criteria used are stringent, as sustainability is at the core of the Group's business model, but at the same time, suppliers are provided with training, awareness-raising and support, to jointly have a positive impact on the communities and act as leverage within the industry.

3. Traceability audits:

² The scope of the information reported about suppliers and manufacturers has been extended in 2019, to include suppliers and manufacturers of non-textile products who are also subject to all the standards and programmes of the Group. Thus, the information reported does not compare to that reported in previous years

³ Suppliers of fashion items, with a production for Inditex of over 20,000 units/year for the 2019 Spring/Summer and Fall/Winter campaigns. Suppliers with lesser production represent 0.27% on total production.

⁴ Factories declared by suppliers with the manufacturers' management system for orders placed in 2019.

1,396 traceability audits were conducted in 2019 with the main purpose of verifying on site that the goods of the Group are produced in factories previously authorized and duly declared with the traceability management system. The traceability methodology has been updated in 2019. 247 cases of traceability non-compliance were reported, a higher number than in previous years. This is due to the fact that under the new methodology, inconsistencies can be detected more thoroughly. Non-compliance cases are classified in accordance with their seriousness and corrective plans are set in every case, that the supplier is compelled to implement. At any rate, repeated traceability non-compliance may lead to terminating the relationship with the supplier.

On the other hand, purchase practices are also intrinsically related with sustainability of the supply chain and its management, as all purchase decisions of Inditex Group are subject to sustainability criteria.

The approach of the Company regarding purchase practices promotes continuous dialogue and participation at all levels, including internal and external, thus passing on the commitment to Human Rights and labour rights also to the purchase process. Thus, Inditex buyers teams receive training and awareness is raised among them, given the impact of their activity on the supply chain. In 2019, training has been imparted at headquarters to 220 buyers and further to 72 buyers from local teams of different subsidiaries, such as Turkey, India and Bangladesh. The topics addressed in training included the link between responsible purchase practices and the critical points of the purchase and production life cycle, as well as the impact thereof on the wages and the life of the workers within the supply chain. In addition, the commitments implemented by ACT (Action, Collaboration, Transformation) initiative, of which the Company is an active participant, have been explained and how they are implemented within the Company.

POLICIES AND COMMITMENTS

Internal responsibility and certification

Inditex applies a zero tolerance policy on slavery, human trafficking and any form of forced labour in its supply chain.

a) Policies and internal regulations

- **Policy on Human Rights of Inditex Group**

Inditex Group's Policy on Human Rights was approved by the Board of Directors on 12 December 2016, following favourable reports of the Audit and Compliance Committee (formerly, the Audit and Control Committee) and the Social Advisory Board, this latter representing the Group's stakeholders.

In the framework of the United Nations Guiding Principles on Business and Human Rights, the Policy on Human Rights defines Inditex's stance regarding its commitment to respect internationally acknowledged Human Rights, and sets out the values and principles, which will guide its activities.

Notwithstanding its commitment to all Human Rights, Inditex has identified those rights directly related to its supply chain, based upon the review of its business model and the expectations of its stakeholders.

Rejection of forced labour is one of the rights singled out in the Inditex Policy on Human Rights. In this regard, such Policy reads: *"Inditex rejects any form of forced or compulsory labour, as defined in ILO Convention 29. This extends*

both to its own employees and its entire supply chain, as well as to any natural and/or legal person related to Inditex. Inditex joined UN Global Compact in 2001, and adhered to its principle 4, according to which, businesses should uphold the elimination of all forms of forced and compulsory work or work done under coercion.”

Compliance with Inditex's Policy on Human Rights is mandatory for the whole Group and it can also be binding for third parties associated with Inditex. It has been disclosed to the different departments of the Company and is available to all the employees on the company's intranet as well as on the corporate website (www.inditex.com). The enforcement of the Policy involves implementing and executing due diligence processes which allow Inditex to assess and, where appropriate, regularly identify current and/or potential impacts in the field of Human Rights. Further to such processes, appropriate measures are taken to prevent, monitor, mitigate or remedy any potential negative consequences and foster positive impacts throughout the entire supply chain.

- **Corporate Social Responsibility Policy of Inditex Group**

The Corporate Social Responsibility Policy was approved by the Board of Directors on 9 December 2015, following a favourable report of the Audit and Compliance Committee (formerly, the Audit and Control Committee).

The Policy defines the principles endorsed by Inditex and its group in the relations with the stakeholders, encouraging the inclusion of sustainability practices across its entire business model. It also allows for the understanding, disclosure and application of Inditex's corporate culture, based on its sustainable business model, understanding such sustainability as an offer of fashion goods in strict observance of Human and Social Rights within the supply chain, based upon transparency and a permanent dialogue with the stakeholders.

- **Code of Conduct and Responsible Practices of Inditex Group**

The Code of Conduct and Responsible Practices is the main policy that inspires and governs all of the Group's operations and provides the binding principles that apply in each and every area of its activities. The purpose of the Code consists of exacting an ethical and responsible professional conduct from Inditex and its entire workforce in the conduct of its business anywhere in the world, as part of its culture of ethics and compliance.

Approved in 2012 by the Board of Directors, this Code strengthens awareness and enforcement of Inditex's ethical culture, deeply rooted in respecting Human and Labour Rights and in the effective inclusion of all the employees, respecting their diversity.

- **Policy on Criminal Risks Prevention of Inditex Group**

The Policy on Criminal Risks Prevention was approved by the Board of Directors on 19 July 2016, following a favourable report of the Audit and Compliance Committee (formerly, the Audit and Control Committee).

The Policy on Criminal Risks Prevention seeks to exact an ethical and responsible standard or professional conduct from the Group and its entire workforce and, in particular, to prevent the commission of any criminal offences, including offences related to human trafficking.

This Policy addresses the commitments to ethical and responsible conduct covered in the Code of Conduct of

Responsible Practices, establishing a link between such commitments and the prevention of criminal offences and acts by employees and the Group.

- **Code of Conduct for Manufacturers and Suppliers of Inditex Group**

The Code of Conduct for Manufacturers and Suppliers was approved by the Board of Directors in 2001 and amended in 2012. It is enforced across the entire supply chain, including all tiers and processes.

Upon commencing work for Inditex, all direct suppliers accept and undertake to meet Inditex Minimum Requirements, which include compliance with the Inditex Code of Conduct for Manufacturers and Suppliers, which explicitly prohibits slavery and human trafficking and is complemented by applicable national laws and international standards.

The first section of the Code of Conduct for Manufacturers and Suppliers provides that: *"Inditex shall not allow any form of forced or involuntary labour in their manufacturers and suppliers. They may not require their employees to make any kind of "deposits", nor are they entitled to retain employees' identity documents. Manufacturers shall acknowledge the right of their employees to leave their employer after reasonable notice."*

The Code of Conduct for Manufacturers and Suppliers specifies that *"aspects related to such limitations will be governed by Conventions 29 and 105 of International Labour Organization (ILO)"*.

Find out more about our policies on <https://www.inditex.com/en/how-we-do-business/right-to-wear>

b) Commitments and initiatives

- **The Ten Principles of United Nations Global Compact**

Since 2001, Inditex has been a signatory of the United Nations Global Compact and it commits to respect and promote its ten universally recognized principles, which include, among others, (4) the elimination of all forms of forced and compulsory labour and (5) the effective abolition of child labour.

- **Commitment to the Sustainable Development Goals (SDGs)**

Inditex has always been fully committed to sustainability and respect for Human Rights throughout its value chain. In this regard, we have committed to the 17 Sustainable Development Goals (SDGs). Inditex's sustainable strategy is aligned with the commitment to working towards the objectives set by the SDGs for 2030, which include decent work conditions and the eradication of child labour, modern forms of slavery and human trafficking.

- **Ethical Trading Initiative (ETI)**

Inditex has been a member of ETI since October 2005 to improve working conditions for workers. ETI is an alliance of companies, international trade unions, and non-governmental organizations that promotes individual and collective initiatives to eradicate modern slavery. ETI's Base Code covers any manner of forced labour. Individual and collective initiatives to eradicate modern slavery are encouraged from the organization.

- **Global Framework Agreement with IndustriALL**

The Global Framework Agreement (GFA) was executed in 2007 by and between Inditex and IndustriALL Global Union,

the International Federation of trade unions which represents 50 million workers in 140 countries. The GFA protects and promotes best working conditions throughout the entire supply chain, and it represented a key milestone in the industry, as it was the first to extend to a global supply chain and to create a space for the exchange of ideas and proceedings regarding workers' rights. The GFA was renewed in 2019, with the creation of a Global Trade Union Committee to represent the workers of the production areas where we operate.

- **Public-Private Partnership with the International Labour Organization (ILO)**

Entered into in 2017, the Partnership is aimed at the joint promotion between Inditex and ILO of respect for the fundamental principles and rights at work in the supply chain of the cotton sector. Its expected term is three years.

- **ILO's Better Work Programme**

The Better Work Programme is a platform to improve compliance with labour regulations and competitiveness of global supply chains. Inditex has been a member since October 2007. In the course of this partnership, Inditex and Better Work executed on 9 October 2013 a specific collaboration agreement whereby Inditex became a direct buyer partner of the Better Work Programme.

- **Participation in United Nations Global Compact Decent Work in the Global Supply Chains Platform**

Inditex is part of the United Nations Global Compact Decent Work in the Global Supply Chains Platform. This is an alliance of companies and other agents which seeks to make progress by means of collective actions to ensure decent work conditions and namely to eradicate forced labour, modern slavery and child labour.

- **ACT (Action, Collaboration, Transformation)**

This is a collaboration initiative between retail brands, suppliers and trade unions to transform the industry and achieve living wages in the sector through collective bargaining. Inditex has been an active participant in ACT since 2015.

- **Better than Cash Alliance**

An alliance of governments, companies and large international organizations based within the UN that seek globally promoting the transition from cash to digital payments. Inditex is focused on achieving digitalization across its supply chain.

- **Accord on Fire and Building Safety in Bangladesh**

An agreement executed by international brands and retailers, local and international trade unions and NGOs, for the purposes of ensuring lasting improvements in working conditions of the textile industry in Bangladesh. Inditex is a founding member and sits on the Steering Committee. This Agreement was signed on 13 May 2013 and renewed in June 2018 (the Transition Accord).

- **Participation in Shift's Business Learning Programme**

Shift is a non-profit organization specializing in Human Rights, led by Professor John Ruggie, the author of the UN Guiding Principles on Business and Human Rights. This leading program in Human Rights involves companies of all sectors willing to work towards implementing the UN Guiding Principles on Business and Human Rights.

Find out more about our commitments and initiatives on <https://www.inditex.com/en/how-we-do-business/right-to-wear>

DUE DILIGENCE PROCESS

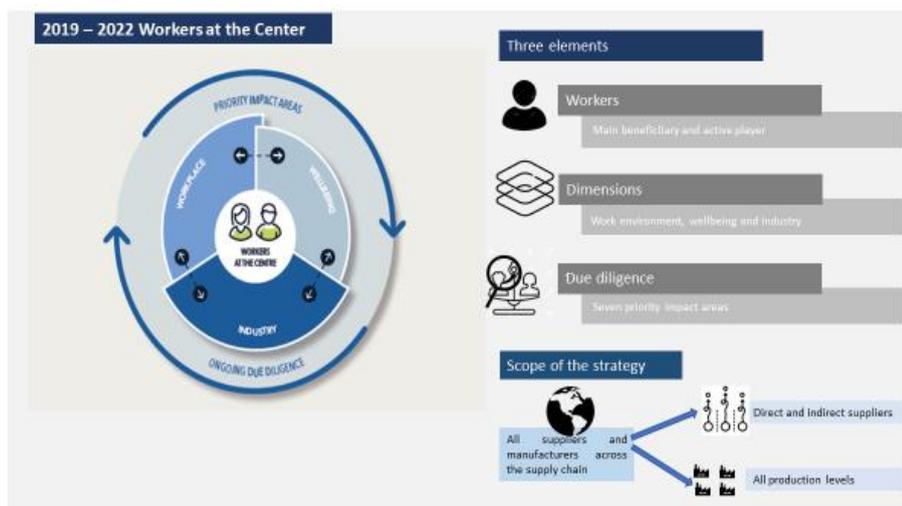
Due diligence is the second main driving force of Inditex’s Human Rights Strategy; the political commitment reflected in the Policy on Human Rights being the first, and grievance mechanisms, the third.

Due diligence entails identifying and prioritizing potential impacts on Human Rights throughout the value chain, to subsequently integrate the findings into the different processes of the Group. Key areas of the Company, such as Sustainability, Internal Audit, Human Resources or Risk Management are involved in designing due diligence processes, which are continuously reviewed and updated.

One of the findings of the due diligence process is the new social management strategy for the supply chain known as the “2019-2022 Workers at the Centre strategy, which has identified seven priority impact areas based upon the process.

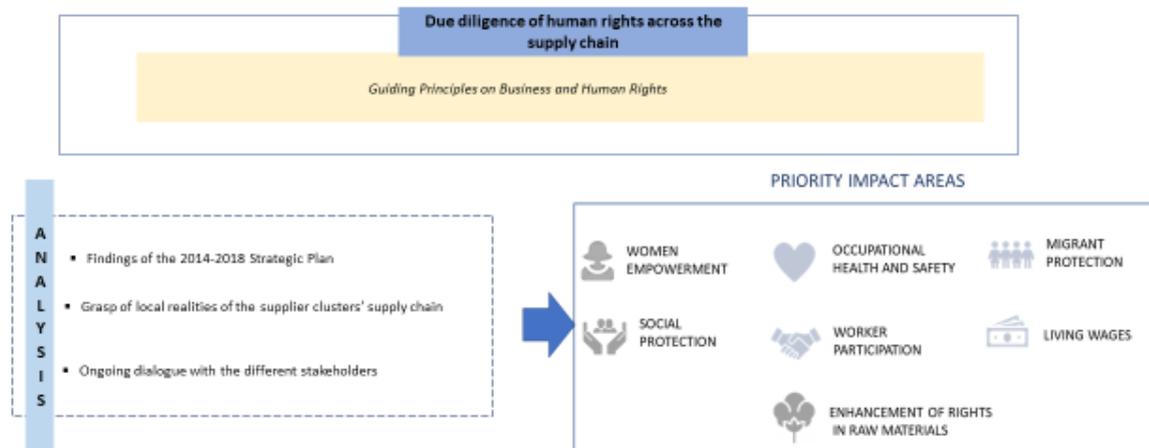
Due diligence in the supply chain: “2019-2022 Workers at the Centre” strategy

Inditex has launched in 2019 a new strategy for the social management of the supply chain: the “2019-2022 Workers at the Centre” strategy. It replaces the previous “2014-2018 Strategic Plan for a Stable and Sustainable Supply Chain” and revolves around the premise of understanding and meeting the needs of workers, their families and the communities where they live, for the purposes of promoting decent work and sustainable production environments. Due diligence is one of the three main pillars of the new “2019-2022 Workers at the Centre” strategy.



In this regard, in partnership with Shift, a benchmark in the field of Guiding Principles on Business and Human Rights, Inditex has carried out a due diligence of all potential impacts on Human Rights across the supply chain, identifying and prioritizing them. To do so, the findings of the previous 2014-2018 Strategic Plan, the information gathered via the dialogue with the different stakeholders and the knowledge of the local realities within the supply chain, garnered by the different local Social Sustainability teams, have served as the starting point. The findings have materialized in

maps showing the most relevant impacts on Human Rights at each of the 12 clusters⁵ of suppliers that Inditex has. This has allowed to determine the priority impact areas, which represent the global priorities upon which the 2019-2022 Strategy is focused.



A work group is assigned to each priority impact area, charged with implementing the individual strategy of the area. Such work groups are composed of local experts from the different clusters of Inditex. Thus, the experience of each local team adds up to face the global challenges of the industry and find solutions valid for the entire supply chain, but applicable at local level at the same time, always considering the different realities existing in each market.

In 2019, 67 individuals in 12 countries were responsible for the due diligence process in the field of Human Rights across Inditex's supply chain, in partnership with 793 external experts.

The other two elements of the "2019-2022 Workers at the Centre" strategy are workers themselves and the three dimensions relating to workers wherein the impacts reached through the strategy materialize.

Workers are at the centre of the strategy not only as beneficiaries but as active players. Suppliers' responsibility and workers' empowerment are key for the success of such approach.

In turn, impact materializes in the following three dimensions:

1. The workplace: it is there where respect for Human and Labour Rights must be ensured through the evaluation, improvement and follow-up of the factories.
2. Workers' wellbeing. Based on the experience gained at factories' level, Inditex implements more thorough and progressive programmes to have an impact and achieve changes in the life of the workers and in their communities.
3. The industry. This dimension has been added to strategically promote efforts, at the same time that the company partners with different stakeholders (including NGOs, organizations of civil society, our own suppliers, other brands, etc.,) to drive systematic and effective changes towards sustainability.

⁵ Find out more about Inditex's clusters the section headed "Effectiveness and Continuous Improvement".

As a result of the due diligence process above referred, out of the seven priority impact areas included in the “2019-2022 Workers at the Centre” strategy, four areas especially stand out with regard to the supervision of the supply chain in the field of forced or involuntary labour. Namely: protection of migrants, women's empowerment, social protection and protection of workers' rights in the production of raw materials.

I. Protection of migrants

Inditex maintains a zero tolerance policy against exploitation of any workers across the supply chain, as provided in the Code of Conduct for Manufacturers and Suppliers. In the materialisation of this approach, special attention is paid to migrants and refugees, being the most potentially vulnerable groups as regards such abuses.

Inditex relies on a strategy to protect migrants revolving around three specific goals, which allows it to remedy any potential irregular situation, promote fair labour practices for migrants and encourage work cohesiveness.

This strategy is based upon strict analysis and an effective monitoring of the conditions of migrant workers present in the supply chain to ensure that no violation of their rights exist. Where any violation of their rights is detected, Inditex sets in train remediation to protect workers. These remediation plans may rely on the collaboration of external bodies, in addition to the involvement of suppliers, manufacturers and commercial teams. For instance, in Turkey, the Group supports the Refugee Support Centre (MUDEM) NGO through a framework agreement.

In 2019, 70 remediation plans were launched in Turkey, in partnership with 55 suppliers and manufacturers and with the support of MUDEM. Such plans reached 59 refugee workers and 91 migrants, who received the support and advice of Inditex's teams and the NGO above to become regularized workers.

In addition to individual remediation plans, projects focusing on protection of migrants and cohesion of the supply chain and in the community are implemented. To develop such projects, and to broach the challenges relating to recruitment and employment of migrants, the cooperation of the various stakeholders is required. Therefore, Inditex is a partner of key players, such as the International Labour Organization, ACNUR, Ethical Trading Initiative, employers' associations and other brands, suppliers and NGOs. In addition, the Group is a member of the Tent Partnership for Refugees platform.

PROGRAMME TO PREVENT UNSAFE MIGRATION IN INDIA

In India, most of the young people not of legal working age who migrate, do so to work. That is why it is essential to strengthen the prevention of this type of migration in origin communities. This is the goal of Sankalp programme that Inditex has set in train in partnership with Pratham NGO.

In India, migration from rural to urban areas has increased in recent years. Thus, Sankalp programme focuses on those states where migration originates: Uttar Pradesh and Bihar. Training measures are implemented in those states, such as establishing help points at coach stations and railway stations. Individuals who are potentially at risk are identified at such help points and their situation is considered in detail for the purposes of providing them with the required remediation, where necessary, and ensuring that they get back home.

Contemporaneously, training is imparted to local authorities at such exit points to achieve a better implementation of prevention systems. In addition, regular visits are paid to the minors' homes and the involvement of their parents and communities is sought to promote their education.

Below are some of the main results of Sankalp programme in 2019:

- Unsafe migration was prevented in 507 cases
- 9,500 people were made aware of the importance of preventing unsafe migration and child labour
- 4,135 migrant adults were made aware of their rights

II. Women's empowerment

Inditex's strategy for the empowerment of women in the supply chain was approved in 2017 and renewed in the framework of the new "2019-2022 Workers at the Centre" strategy. It focuses on promoting equal rights and opportunities for male and female workers across the supply chain.

The strategy revolves around three pillars: –health, protection and empowerment– and is based upon different tools for continuous improvement, supplemented by a gender perspective that allows broaching women-related sensitive issues and implementing specific gender-related measures and practices.

	TARGET	MAIN PROGRAMMES AND INITIATIVES IN 2019
HEALTH	Guarantee access to health, and in particular maternity services and reproductive health.	<ul style="list-style-type: none"> - Sakhi Health programme in India - Project with Medicus Mundi South in Morocco to improve health and social conditions in the textile sector in the country
PROTECTION	Promoting zero tolerance policies and practices to prevent and manage harassment in the workplace	<ul style="list-style-type: none"> - Gender approach in HR management in Turkey. - Sowbhagyam project in India. - Sakhi Worker Wellbeing programme in India - Training sessions in India to prevent sexual harassment at the workplace. - Protection project with Medicus Mundi South
EMPOWERMENT	Involving female workers in financial, leadership or empowerment programmes	<ul style="list-style-type: none"> - BSR's Finance project in Bangladesh and India. - MIG SCORE project from the International Labour Organization (ILO) in Turkey. - Together Strong project in Turkey. - Education and awareness-raising in Turkey

PROMOTING HUMAN AND LABOUR RIGHTS IN SPINNING MILLS IN SOUTH INDIA

For the purposes of promoting Human and Labour Rights in spinning mills in South India, Inditex's approach is threefold: it covers the community, the supply chain, and changes of policies.

In line with the first dimension of such approach, the "Sowbhagyam" programme was launched in 2013, in partnership with a local expert, SAVE (*Social Awareness and Voluntary Education*), with the main goal of establishing a strong, successful and replicable model for participation in community. At present, the project is focused on improving interaction with recruitment agents and preparing a handbook with tools regarding commitment to the community, including guidelines to implement the project itself, for the purposes of replicating it.

The other two dimensions are addressed through commitments with ETI and AMCO, respectively. Inditex works with ETI in the Nalam Programme, under which workers in spinning mills are given training on their labour rights, health issues, grievance mechanisms and prevention of harassment at the workplace.

Inditex is also involved in ETI's TNMS (*Tamil Nadu Multi- Stakeholder*) programme, and is a member of the Local Consultative Committee.

The AMCO (Amsterdam Coalition), of which Inditex is a founding member, was established in 2015 by several brands, with the goal of promoting changes of policies in India aimed at ensuring responsible working practices, focusing on spinning mills in the south of the country. In the pursuit of such goal, AMCO has engaged in dialogue with the Indian government, and collaborated with the Confederation of Indian Industry.

Find out more about women's empowerment on <https://www.inditex.com/en/our-commitment-to-people/our-suppliers/workers-at-the-centersuppliers/womens-empowerment>

III. Social protection

Social protection is defined as the set of policies and programmes designed to reduce and prevent vulnerability in the lifetime of people. Social protection extends not only to workers, but also to their families, including young people not of legal working age. For such reason, within the scope of the Protection priority area, a specific work line is included to collaborate with local communities to alleviate poverty and prevent child labour.

It should be noted that the Code of Conduct for Manufacturers and Suppliers of the Inditex Group provides that: *“Manufacturers and suppliers shall not employ minors. Inditex defines minors as those persons who have not yet reached their 16th birthday. In cases where local legislation stipulates a higher minimum age, the higher limit shall apply”*.

Inditex relies on a number of mechanisms to establish compliance with this provision of the Code and, where necessary, set in train a Remediation Plan (the “Plan”) aimed at providing potentially impacted people with the appropriate remediation.

REMEDIATION PLAN OF LABOUR BY PEOPLE NOT OF LEGAL WORKING AGE

One of the potential consequences of poverty is that young people not of legal working age actually go to work, as the lack of income in their families may result in minors being forced to drop out from school to contribute to the family’s income.

Inditex relies on a Remediation Plan procedure which is implemented in such cases where employment at factories of young people not of legal working age are identified. The Plan seeks to protect people and ensure their rights, in particular, their right to education. Thus, upon launching the Plan, the supplier shall be responsible for ensuring the education of the minors until they either become of legal working age, or they reach the age at provided in the Code of Conduct for Manufacturers and Suppliers, should it be higher. While the education of these minors is ensured, the supplier shall either hire another member of the family, or pay a sum equivalent to the wages that the minor used to be paid, to ensure a source of income for their family.

Another key aspect of the Plan refers to the implementation of preventive measures by the supplier, to prevent that situation being repeated. Such Plans are developed in partnership with local organizations, such as Pratham in India or ÇYDD (*Association for the Support of Contemporary Living*) in Turkey.

In addition to setting in train such individual remediation plans, different programmes are implemented in the communities to prevent this type of situation and address the root cause of any potential reasons of employment of young people not of legal working age.

IV. Raw materials

Raw materials are key to any supply chain, including in the textile sector. Without them, no goods could be produced. Being the farthest link in the supply chain, and considering the complex structure of their production (production

process for each raw material are completely different, from large production companies to individual works, and from natural raw materials to man-made ones), workers in this sector live a different reality than workers at factories of finished goods.

Inditex relies on a strategy to protect labour rights upon producing raw materials. Such strategy was consolidated in 2019 within the framework of the “2019-2022 Workers at the Centre” programme. The Group has a holistic approach regarding protection of the rights of the workers involved in such production, joining forces with several actors, including local and international organizations, and communities themselves. By way of an example, in order to foster sustainability across the cotton’s supply chain, Inditex collaborates with other agents in the sector, besides ILO, such as Better Cotton Initiative (BCI), Textile Exchange or Organic Cotton Accelerator.

PUBLIC PRIVATE PARTNERSHIP WITH THE INTERNATIONAL LABOUR ORGANIZATION (ILO) FOR THE COTTON SUPPLY CHAIN

The Public Private Partnership (PPP) with ILO is Inditex’s main initiative to promote the wellbeing of the workers involved in the production of raw materials, in particular of cotton.

The PPP seeks to promote the fundamental labour principles and rights in cotton-producing communities, and contribute to the sustainability of the supply chain of this raw material. PPP was signed in 2017 and since that date, Inditex has collaborated with ILO to promote fundamental rights in cotton-producing communities in India, Pakistan, China and Mali. To achieve it, a cooperative approach with different stakeholders nationally and in the communities themselves is key.

To implement this Agreement, local representatives of ILO were appointed in 2018 as project coordinators, responsible for initiating the activities that fall within the scope of the project with the support of Inditex’s local Sustainability teams.

Likewise, in 2019 a round of consultations took place to involve a larger number of stakeholders to implement the agreement. Additionally, training was imparted to the communities involved in cotton production and harvesting in Pakistan. During such training sessions, awareness was raised among cotton workers and their families regarding their fundamental labour rights, specific health and safety issues, social dialogue and information about applicable laws and regulations.

Within the framework of this Agreement, in which China is a collaborating party, projects are also being developed in the provinces of Hebei, Shandong, Hubei and Anhui.

Find out more about Inditex collaboration with ILO on <https://www.inditex.com/en/how-we-do-business/right-to-wear/partnerships>

A number of reports were released in 2019, denouncing potential *non-compliance practices in social and labour matters* in some regions of central Asia, where Inditex does not have commercial relations with any factory.

Additionally, Inditex conducts thorough due diligence across our supply chain in the region through our internal teams and expert external partners to ensure the absence of forced labour and compliance with our Code of Conduct and international labour standards, including:

- Actions at Community level within the Public Private Partnership with the International Labour Organization to enhance human and labour rights covering the fundamental rights and principles at work, including the prevention of forced labour.
- Actions at Industry level, as established in the UN Guiding Principles on Business and Human Rights and in collaboration with the relevant stakeholders to promote the human and labour rights of workers within the global textile supply chain.
- Furthermore, Inditex is a signatory to the “Uzbek Cotton Pledge” for the eradication of forced labour in the production of cotton in Uzbekistan. <https://www.sourcingnetwork.org/uzbek-cotton-pledge>

RISK MANAGEMENT

Suppliers’ verification and audits

The “2019-2022 Workers at the Centre” strategy and the activities in the priority impact areas identified through due diligence are supplemented with cross-cutting actions aimed at verifying and ensuring compliance with the Code of Conduct for Manufacturers and Suppliers, - which provides that any form of forced labour is expressly prohibited -, and with international regulations, as well as at working with the suppliers and the stakeholders towards the continuous improvement of the supply chain.

All the facilities required to produce the goods that Inditex places on the market must comply with the Code of Conduct for Manufacturers and Suppliers. In order to ensure such compliance, Inditex subjects all its suppliers and factories to different procedures and assessments regarding Human and Labour Rights. One of the main tools used to that end are different types of audits. Thanks to the requirement for maximum quality, and to the information gathered from such audits, Inditex can identify key areas for the development and implementation of projects to empower workers, placing them at the centre of activities, in order to guarantee their labour rights.

Prior to becoming part of Inditex’s supply chain, every potential supplier and manufacturer is subject to a pre-assessment, to verify that no violation of Human Rights of its workers exists, ensuring that only those who meet the Group’s sustainability standards may become part of the supply chain. During pre-assessment audits, one of the elements reviewed is the prohibition of forced labour. In 2019, Inditex carried out 2,789 pre-assessment audits.

Subsequently, every supplier and factory in Inditex’s supply chain is subject to periodic social audits. The methodology used in social audits was designed in 2017, jointly with the former International Textile and Garment

and Leather Workers' Federation (ITGLWF), (currently part of IndustriALL Global Union), the University of Northumbria (UK) and the Cambridge Centre for Business and Public Sector Ethics.

The main purpose of social audits is to verify the level of compliance with the Code of Conduct for Manufacturers and Suppliers and launch Corrective Action Plans, where appropriate, to ensure respect for Human and Labour rights and remedy any detected non-compliance. Social audits can be conducted both by internal and external auditors, always without prior notice to the company to be audited.

Each audit includes tools allowing for the identification of any form of forced labour, and for the verification of issues such as retention of documentation, freedom of movement and the termination of agreements, the use of agents for recruiting staff and their relationship with the workers, including any potential payment of hiring fees, among others, 6,411 social audits were conducted in 2019.

In addition to social audits, Inditex also conducts special audits, which focus on verifying compliance with a certain section of the Inditex Code of Conduct for Manufacturers and Suppliers, where a potential non-compliance is detected, for the purposes of preventing, monitoring or remedying any risks. 1,619 social audits were conducted in 2019.

Type of Audit	Number
Traceability	1,396
Pre-assessment	2,789
Social	6,411
Special	1,619
TOTAL	12,2015

EFFECTIVENES AND CONTINUOUS IMPROVEMENT

In order to implement the “2019-2022 Workers at the Centre” Strategy, and enforce the sustainability policies and procedures of the Group across the entire supply chain, Inditex deems it essential to work in the field and understand the specific reality and description of the countries where its supply chain extends. This is the reason why management of the supply chain revolves suppliers’ clusters. These clusters offer space for cooperation and dialogue with the aim of promoting a sustainable production environment in a strategic geographical area and within the framework of compliance with Human Rights and fundamental labour rights. Clusters are made up of local professionals with wide experience in the field of sustainability, with different sets of skills and capacities, which conform multidisciplinary teams allowing engaging in a fluid cooperation relationship with suppliers, manufacturers and the different organizations within their sphere of influence.

In 2019, the Group had 12 supplier clusters, which accounted for 96% of its total production: Spain, Portugal, Morocco, Turkey, India, Bangladesh, Pakistan, Vietnam, China, Cambodia, Brazil and Argentina.

Clusters pay a key role to consolidate relations with suppliers as they are made up of local experts with experience in the field of sustainability. Such professionals offer their varied sets of skills and capacities, conforming

multidisciplinary teams thus allowing them to understand and address the different local realities of the supply chain and help suppliers face global challenges.

In this regard, daily work carried out by members of the clusters with suppliers and manufacturers is key to ensure the continuous improvement of workers' working conditions. In addition to the action taken in each priority impact area for such purposes, Corrective Action Plans represent another main tool on which Inditex relies for optimizing the supply chain from the perspective of respect and promotion of Human and labour Rights.

Each audit immediately triggers a Corrective Action Plan that establish the measures to be taken by the supplier or the manufacturer to improve their level of compliance with the Code of Conduct for Manufacturers and Suppliers, as well as the terms accorded to implement them, which will vary in length based upon a number of factors, such as impact on workers' rights. Any supplier wishing to engage in a commercial relationship with Inditex is bound to perform these Corrective Action Plans, and for these purposes, they rely on the full support and dedication of Inditex's Sustainability Teams. In addition to internal teams, other stakeholders such as NGOs, trade unions or other civil society organizations can be involved in such plans.

Corrective Action Plans mainly target: (i) the establishment of measures aimed at mitigating and/or remedying potential non-compliances with the Code of Conduct for Manufacturers and Suppliers; and (ii) prevention, to avoid further breaches in the future.

With regard to the most sensitive aspects of the Code of Conduct for Manufacturers and Suppliers, the duration of the Plan is restricted to six months. Once this period is over, a new social audit is carried out to assess the degree of implementation of the corrective measures carried out. If it is found that the necessary measures have not been implemented, the factory or supplier is blocked and can no longer work for Inditex. 400 Corrective Actions Plans were implemented in 2019.

Blocking a supplier or a factory is a last resort. Therefore, Inditex's support to suppliers and factories is not limited to carrying out the Corrective Action Plans where evidence of non-compliance exists, but instead, different courses of action are followed to prevent non-compliance and proactively seek continuous improvement of the supply chain. The Group targets the continuous collaboration in its relations with the suppliers, and cooperation with them to improve their own supply chains, and to promote Human and labour Rights of their workers.

TRAINING AND AWARENESS-RAISING

Training and raising awareness among suppliers is key to make progress towards the joint continuous improvement of the supply chain from the perspective of Human and labour Rights. Inditex's Sustainability teams advise suppliers, are in constant communication with them and train them to share the Group's goals, thus raising awareness on respect and promotion of Human Rights and workers' wellbeing.

Training programs include topics both relating to procedures and requirements of the Company, including the Code

of Conduct for Manufacturers and Suppliers, and to priority impact areas identified through due diligence. Individual awareness-raising and group training is provided, the latter run by internal teams or in partnership with reputable organizations in different areas of knowledge. In this regard, mention should be made of the training run in 2019 together with IndustriALL, the International Labour Organization, Better Work or BSR, inter alia.

1,018 suppliers were trained in groups and 565 individual meetings were held with 461 suppliers in 2019.

GRIEVANCE MECHANISMS

The third pillar of the Inditex Group's Human Rights strategy, together with the Policy on Human Rights and due diligence, is grievance mechanisms.

The Ethics Line (formerly, the Whistle Blowing Channel), managed by the Committee of Ethics, is the main grievance mechanism of the Company. Any group employee, manufacturer, supplier or third party with a direct relation and a lawful business or professional interest at all levels and in all geographies (the "Parties Concerned") may use the Ethics Line, even in an anonymous manner: i) to raise queries and doubts about the construction or enforcement of the Codes of Conduct, and of any other internal regulations of conduct of the Group; and ii) to report any breach of the Codes and/or any other internal regulations of conduct affecting Inditex or its Group, which fall within the remit of the Committee of Ethics, by employees, manufacturers, suppliers or third parties with whom Inditex is engaged in an employment, business or direct professional relationship.

The Committee of Ethics is responsible for overseeing the Ethics Line and driving any necessary investigation, and for proposing the relevant remediation, prevention and awareness-raising measures, as the case may be. The proceedings of the Ethics Line are described in the Ethics Line Procedure.

The Ethics Line Procedure was amended in 2019 for the purposes of bringing some of its provisions into line with the regulatory requirements in the field of personal data protection and of rights of users of reporting mechanisms, as well as with best international practices in the field of Human Rights, and in ethics line and protection of rights of reporting parties. The Ethics Line Procedure explains and reinforces the guarantees and protective measures for the parties in the process, i.e.: (i) the utmost confidentiality; (ii) non-retaliation in respect of Parties Concerned acting in good faith; (iii) presumption of innocence and preserving the reported parties' honour; (iv) the parties' right to be heard; and, (v) the appropriate processing of personal data gathered in the scope of the investigation.

In 2019, the Ethics Line has processed 310 cases. Further to the relevant investigations, no evidence was found in any of them of violation of Human Rights, either of Inditex's employees, or of its suppliers of goods and/or service providers.

Find out more about the Committee of Ethics and the Ethics Line on <https://www.inditex.com/en/corporate-ethics>

DUE DILIGENCE AND ACTION TO FIGHT COVID-19⁶

The fashion retail industry, of which Inditex is part, has been seriously affected by the situation created by the COVID-19 outbreak. From the very beginning, the entire value chain has seen changes in its usual operations as a result of such pandemic, from store closures in different markets, to fostering remote working to protect employees, or monitoring jointly carried out with the suppliers. The impact materializes not only during the pandemic itself, but has also entailed a new framework with changes to measures relating to health and safety, as well as consumption patterns of society and the organization and setting of the supply chain.

In the current environment, the due diligence process regarding human rights takes on strategic importance in order to identify potential impacts on human rights across the value chain resulting from COVID-19 and detect potential emerging risks arising from the situation.

At Inditex, sustainability and respect for Human and labour Rights are present in all processes and decision-making, throughout the elements which make up this value chain. Each process must be evaluated from the perspective of this new framework, for the purposes of ensuring its sustainability, and preventing or, where appropriate, remedying any potential impact on Human Rights, both of workers across the supply chain, and of the Group's own employees and customers.

In this situation, grievance mechanisms, and in particular, the Ethics Line, reinforce due diligence processes, as they help identify and manage in a timely manner, any potential negative impacts on Human Rights. In this regard, the Ethics Line remains available to all employees and suppliers, and to certain third parties, to report any potential impact or issue relating to Human Rights with regard to COVID-19.

Inditex has always been committed to promoting Human and labour Rights. This commitment is key to try to minimize the impact of the situation created by COVID-19 in the communities where the Company is present, and to protect Human and labour Rights also in this context, as well as in the framework of the new paradigm built following the pandemic.

EMPLOYEES' HEALTH AND SAFETY

To ensure compliance with the Health and Safety Policy of the Inditex Group, a global action plan to manage the crisis was launched from the beginning of the COVID-19 pandemic. In this Plan, the health and safety of individuals is a priority. It has been dynamically implemented, which has allowed the encompassing of requirements set by the different competent government and health authorities, based upon the general evolution of the situation. As a result, hygienic and organization measures have been established to reduce risk of exposure and/or spreading of COVID-19 at work areas, and all processes and operations have been adapted on an ongoing basis in line with the requirements and guidelines of local authorities. The main implemented measures include, without limitation:

⁶ The information reported in this section covers the measures taken by the Company in the March-May 2020 period. They may be subsequently amended for the purposes of bringing them into line with the particular circumstances of time.

- Awareness-raising, information and training actions, about COVID-19 risk and prevention at the workplace for all employees regarding their job, and the protection and management of the public, including without limitation, campaigns to promote hygiene and washing of hands, training courses, disclosure of relevant information issued by health authorities and the World Health Organization.
- Reinforcing policies on management of attendance, absenteeism and work resumption to reduce the risk of spreading COVID-19. Likewise, protection of vulnerable workers during all stages of the process has been a priority.
- Measures relating to social distancing, including the operational reorganization of tasks and workspaces, installing signs and markers at the work centres and introducing organizational measures at different environments for the purposes of ensuring protection of both staff and the public.
- Encouraging remote working for all the jobs where this is possible and providing new computer material and additional resources to enable remote working for a larger number of employees. Information and remote working risk management campaigns have been produced.
- Additional cleaning and disinfecting procedures at the workplace, for equipment, devices, and product itself, and for disposal of potentially contaminated waste
- Provision of hygienic material including masks, gloves and hand sanitizers for employees, customers and third parties' use, as required by public authorities and in accordance with the health and safety standards of the Group.
- Liaising with external companies and other parties concerned regarding measures to prevent COVID-19.

Inditex has stayed at all times in constant communication with its employees, as Human Resources and Occupational Health and Safety Departments have liaised in training and advising on the risks and the measures from time to time taken.

Supply chain

The COVID-19 pandemic and its effects in terms of health and economy have led to significant disruptions in the global supply chains, with a huge social impact on the textile production line, and consequently on its workers, of varying intensity depending on the country where they are based. However, certain challenges are common. Inditex's answer to face such challenges has revolved around three action lines: health, responsible purchasing practices, and collaboration with stakeholders.

Courses of action relating to risk management in the supply chain, such as conduct of audits, have continued during this situation, and will be kept in the future, for the purposes of verifying that as a result of COVID-19, no violation of workers' rights occurs, including in the field of health and safety, payment of wages, prohibition of forced labour, or decent recruitment and employment practices.

a) Health

Among the challenges created by COVID-19, protecting health and safety of workers is first and foremost. Inditex has been in constant contact with its suppliers and with key institutions in the different markets where the supply

chain is based, in an attempt to ensure that suppliers and manufacturers effectively adopted health and hygiene protective measures. The issue of guidelines based upon recommendations of the World Health Organization, to be conveyed to suppliers, to ensure the enforcement thereof at their work centres, were among the most immediate actions taken.

b) Support to suppliers

In accordance with the Group's policy on responsible purchase practices, we continued to fulfill all our responsibilities to our suppliers by ensuring that all orders that had been produced or were currently in production during the pandemic were completely paid for according to the original payment terms and the Group is actively working with different financial institutions searching for solutions to support and help suppliers and ultimately, their workers.

c) Collaboration with stakeholders

COVID-19 represents a global challenge, which requires of necessity the collaboration of all the relevant players in the different procurement countries. For this reason, the involvement of international institutions able to support the industry in terms of financing and liquidity of governments and companies is essential, to ensure their continuity, and payment of wages to workers, or failing that, social protection systems that ensure that their Human and labour Rights are not affected.

Inditex has been proactive from the very beginning, joining forces with the main organizations that advocate workers' rights. The Group collaborates with IndustriALL Global Union, the International Labour Organization, Ethical Trading Initiative and ACT (Action, Collaboration, Transformation), among others. In addition to these and other organizations, the Company has focused on minimizing the impact of COVID-19 on workers and ensuring the sustainability of global supply chains in the future or via a coordinated response.

Mention should be made of Inditex's active involvement in the *COVID-19: Action in the Global Garment Industry* initiative, and in the working group that implements it. This initiative seeks to encourage action in the global textile sector to help the industry face the economic impact arising from the COVID-19 pandemic, while at the same time protecting the income, health and jobs of the workers of the industry. This call for action has been set in train following a wide round of consultations with global brands and manufacturers and relevant organizations of employers and workers. This document has been agreed by the International Organization of Employers (IOE), the International Trade Union Confederation (ITUC) and IndustriALL Global Union together with international brands, and relying on the technical support of the International Labour Organization (ILO).

The agreed statement is a milestone regarding the way the various organizations – both employers, trade unions and brands – understand collaboration in the industry, as they work together urgently to develop concrete and specific measures to support the supply chain through the pandemic.

**COVID-19: ACTION IN THE GLOBAL GARMENT INDUSTRY
PRIORITIES**

1. We call on governments and financial institutions to accelerate access to credit, unemployment benefits and income-support, without limitation, and other forms of support to suppliers and manufacturers.
2. The organizations that endorse this document commit to engaging with financial institutions, governments and donors, to support rapid and innovative fund mobilization. Support is also needed to enhance social protection schemes and support action to preserve jobs.
3. Mobilized funds shall be used to enable manufacturers to ensure business continuity including payment of wages for all workers.
4. Promotion of respect for ILO score labour rights as well as safe and healthy workplaces is stressed.
5. Organizations endorsing the statement commit to support social protection schemes for workers and employers in the garment industry.

This call for global action requires constant communication and coordination among stakeholders. Therefore, both employers on the one hand, and trade unions and brands on the other, including Inditex, together with IOE and ITUC, under ILO's umbrella, understand that the establishment of an international working group is necessary to implement such action. Inditex is part of this working group.

Find out more about COVID-19: ACTION IN THE GLOBAL GARMENT INDUSTRY on https://www.ilo.org/global/topics/coronavirus/sectoral/WCMS_742343/lang--en/index.htm

This Statement has been approved by the Board of Directors and signed by Mr. Antonio Abril Abadín, General Counsel, Secretary of the Board, and Chief Compliance Officer of Inditex Group.