

# INDITEX

Workers  
at the centre 2023

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# 1. This is our purpose

- 1.1. Context: challenges and impacts
- 1.2. Journey
- 1.3. Transformation and impact

The purpose of our Workers at the Centre strategy is, as the name suggests, to place the workers in our supply chain at the centre of our relations with suppliers. At the centre of our conversations with stakeholders and collaborations. At the centre of our projects, standards and requirements linked to the manufacturing of our products. In short, to place supply chain workers at **the centre of our strategy** so as to promote respect for their human rights and equip them with the necessary tools for their empowerment, engagement and well-being.

Through this strategy, we also aim to create social value in the community in a responsible way and to drive the industry's transformation.

To achieve this, we pay special attention to international best practices and the main international human rights frameworks.

Universal Declaration of Human Rights

United Nations Guiding Principles on Business and Human Rights

The ILO Declaration (Fundamental Principles and Rights at Work)

OECD Guidelines for Multinational Enterprises on Responsible Business Conduct

The strategy is based on respect for **all human and labour rights internationally recognised and, in particular, those included in**

/ The International Bill of Human Rights, which includes:

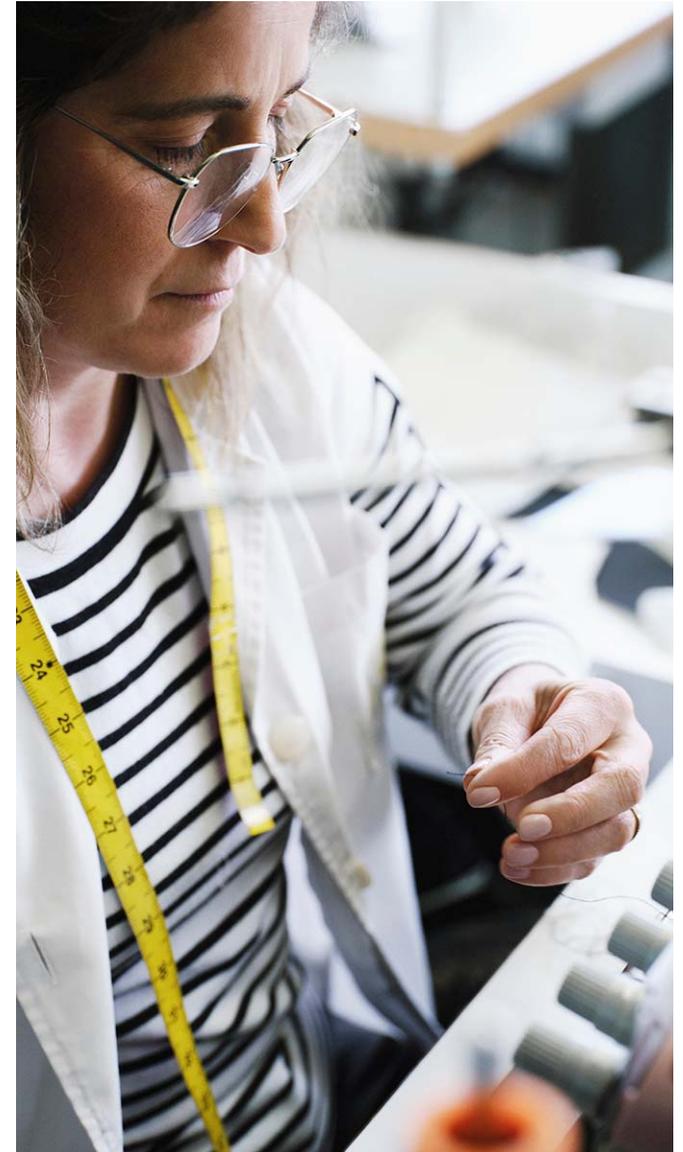
/ The Universal Declaration of Human Rights.

/ The International Covenant on Civil and Political Rights.

/ The International Covenant on Economic, Social and Cultural Rights.

/ The ILO Fundamental Conventions: 1, 14, 26, 29, 87, 98, 100, 105, 111, 131, 138, 155 and 182, as well as the ILO Declaration on Fundamental Principles and Rights at Work.

/ Applicable local legislation.



# 1.1. Context: challenges and impacts

The management of a global supply chain like that of Inditex faces a changing environment, with socio-economic, demographic and geopolitical challenges in the markets where we operate, as well as increasing expectations from our stakeholders.

Accordingly, it is essential to have sustainability strategies that allow us to adapt to the new needs that may emerge. Thus, we believe our strategy for a socially sustainable management of the supply chain must:

/ Be based on a **clear vision** that guides all our decisions.

/ Permeate the entire organisation through a **sustainability culture**.

/ Entail **specific goals** that are well defined and aligned internally and externally.

/ Maintain the necessary **flexibility** to adapt to the new needs that continuously emerge.

In the last few years, through constant contact with our supply chain and other stakeholders, we have identified new challenges and opportunities which we have incorporated into our analysis and actions. At Inditex we continue working every day to identify new challenges and areas for improvement, with the aim of being resilient and exerting a positive influence on our production markets.

Against this backdrop, a new stage of our Workers at the Centre strategy has started in 2023.

## Main challenges (I)

### / Human rights challenges

Seamless dialogue with our suppliers and collaboration with other industry players are crucial for approaching workers on important issues such as living wages or social dialogue. And to improve our knowledge of the supply chain, including more closely identifying potential human rights impacts.

### / From compliance to commitment

We have developed our strategies to go beyond compliance with our Code of Conduct for Manufacturers and Suppliers, focusing on a commitment to generating and contributing to a transformative and sustainable impact on workers.

### / Audit fatigue

It is necessary to strike a balance between assessing suppliers and ensuring that those assessments are not duplicated. With this in mind, we take part in the Social & Labor Convergence Program (SLCP), which facilitates information exchange and shared assessments.

### / A more demanding environment

Stakeholders increasingly call for more transparency and depth in sustainability policies in connection with the supply chain. This is evidenced by the increase in the number of sustainability indices that include supply chain considerations, as well as customers' growing awareness regarding the conditions in which the products are manufactured.

### / Global objectives

Sustainability must increasingly play a pivotal role in companies' strategies to ensure responsible behaviour. This is reflected in the United Nations Guiding Principles on Business and Human Rights (2011) and the Sustainable Development Goals (2015), promoted by the United Nations and universally accepted.

### / Recent legislative developments

European legislation such as the Corporate Sustainability Reporting Directive (CSRD) or the corporate due diligence on sustainability, both at European and local level, push companies to evolve from a position of voluntarism to responsibility when it comes to sustainability and human rights matters, and to progress in their transparency.

## Main challenges (II)

### / Unforeseen impacts

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The covid-19 pandemic underscored the importance of having a sustainability strategy that permeates the entire company and is flexible enough to respond quickly to changing needs. We must be ready for new crises that may emerge in the future.

### / A more holistic vision of sustainability

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In 2022, the United Nations General Assembly declared that all people should have access to a 'clean, healthy and sustainable environment', highlighting the interdependence between environmental and social factors. Sustainability management increasingly requires a broad vision that is able to encompass its various branches. That is why, at Inditex, in the last few years we have worked to ensure that our plans and strategies reflect our commitment to the prosperity of people and the planet.

### / Racial justice, diversity, equality and inclusion

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Stakeholders are increasingly mindful of and committed to promoting equality, inclusion and diversity, emphasising the need for a transversal approach to diversity that pays attention to gender, race, ethnicity and disability, among other issues.

### / Climate and human rights

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/ Climate justice: a concept aimed at seeking a just solution to the unequal contribution to climate change of developed versus emerging countries and the asymmetrical impact on them.

/ Energy poverty: the situation in which a household is unable to meet its basic energy supply needs as a result of an insufficient level of income and which may be exacerbated by housing that is not energy efficient.'

/ A just transition: the ILO defines this as: 'greening the economy in a way that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities and leaving no one behind'.

### / Changes in migration patterns

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According to the Institute for Economics and Peace, in 2050 there will be at least 1.2 billion climate refugees. On top of all this will be the migration caused by geopolitical conflicts or various socio-economic situations, compounding the vulnerability faced by migrants.

### / Water and pollution

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Safe drinking water is essential to ensure the prosperity of communities, but the availability of this resource is increasingly compromised. The fashion industry is a major consumer of water; from the production of some raw materials to the domestic washing of garments, increasing pressure on this resource. Accordingly, access to drinking water and potential contamination in processes such as dyeing are relevant aspects in the supply chain.

### / Automation of the sector

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Automation and digitalisation continue to transform the sector and pose new questions about 'the future of work', such as what skills will be required, the quality of jobs or their impact on issues such as gender equality or social protection, among others.

### / Boosting circularity

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Circularity represents a great opportunity for the entire textile sector as it allows us to be more resilient, while also realising our holistic vision of sustainability in which environmental and social factors are inextricable.

## 1.2. Journey

The approval of the Code of Conduct for Manufacturers and Suppliers in 2001 formalised Inditex's work in the management and strengthening of the supply chain. In this context, we have developed strategies and projects, based on our policies and tools and with a firm commitment to **collaboration and dialogue** to tackle the complex challenges posed by having a global supply chain from a perspective of shared responsibility.

Thus, we manage our supply chain together with our suppliers and stakeholders. We have strong partnerships and collaborations with trade unions, governments, NGOs and other expert organisations in the field, as well as an experienced global in-house team, equipping us to tackle challenges together so as to promote systemic change in the industry and in communities.

### Phase 1 (2001-2013)

Under the leadership of the Company's Senior Management, approval in 2001 of the **Code of Conduct for Manufacturers and Suppliers** signalled a turning point in the sustainable management model of Inditex's supply chain, formalising the work carried out in this connection. Since then, the Code of Conduct for Manufacturers and Suppliers, along with the Compliance Programme that ensures it is implemented, have guided the development and continuous improvement of tools, projects and partnerships to promote decent work in the supply chain, and are still the foundation of our management model today.

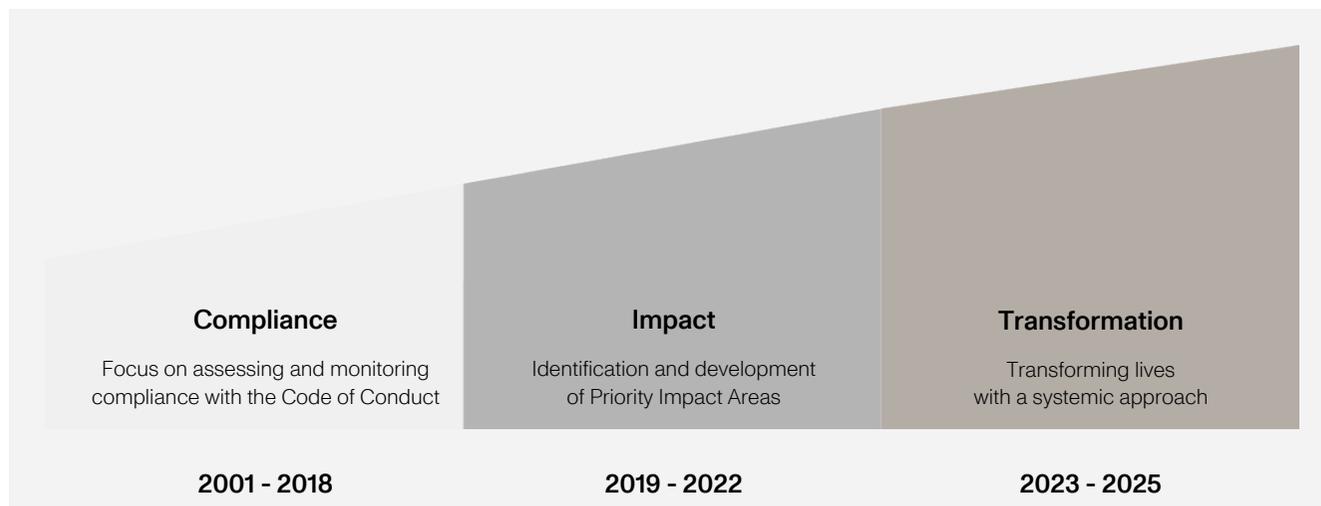
### Phase 2 (2014-2018)

The second phase of our journey corresponds to the development of the **2014-2018 Strategic Plan for a Stable and Sustainable Supply Chain**, aimed not only at ensuring compliance with the Code of Conduct for Manufacturers and Suppliers but also at reinforcing the

commitment to the 2011 United Nations Guiding Principles on Business and Human Rights.

The Plan consisted of four lines of action—identification, evaluation, optimisation and sustainability—and key tools such as the online system of manufacturers and orders, traceability audits and responsible purchasing practices with buying teams were developed under the Plan. In addition, the methodology for social audits and pre-assessment audits was updated. This deepened our knowledge of suppliers and manufacturers, establishing relationships of trust.

In 2018, we completed this phase with a due diligence exercise underpinned by the experience and lessons learned from this plan that resulted in the identification of seven Priority Impact Areas. This effectively launched the current strategy model, which focuses on longer-term actions and addresses its initiatives to securing systemic change and empowerment.



### Phase 3 (2019-2022)

The **Workers at the Centre 2019-2022 strategy** marked a **turning point from compliance to commitment**, prioritising the positive and transformative impact on workers, communities, our supply chain and, ultimately, on the textile industry as a whole. Supplier responsibility and the empowerment of workers have been key to developing this approach.

Projects, activities and partnerships were carried out in each of the seven Priority Impact Areas, aimed at empowering workers and their communities, with the ultimate goal of becoming a catalyst for transformation in the sector. Crucial to this was our determination to **continuously train and accompany our suppliers**, with whom we forge stable, trusting and co-responsible relationships that foster a sustainable production environment.

In terms of our projects and initiatives carried out during the four years of Workers at the Centre 2019-2022, the main milestones include:

/ Total of **3,771 suppliers and factories** participated in one or more of the projects and initiatives.

/ The strategy benefited **2,551,570 workers**.

/ 2,398 suppliers with a total of **1,577,628 workers** received at least one training course related to one of the seven Priority Impact Areas and the rights and groups they protect.

## Phase 4 (2023-2025)

In the wake of the update of our due diligence exercise in 2022, the Workers at the Centre strategy has entered a new phase, which addresses the previous phase's focus on impact and engagement and places a stronger bias on transformation and development.

In this case, this new phase is structured in five Priority Impact Areas that **are supplemented by a transversal focus on equality**, ensuring that the most vulnerable groups are represented in each of them.

As in previous phases, the **unyielding support to our suppliers** through training and awareness, allows us to address the supply chain challenges as a shared responsibility. Moreover, the sustainability teams present in our main production markets remain strategic for maintaining a **continuous dialogue** with our stakeholders and establishing **partnerships** to respond to the current needs of the workers and, to the extent possible, anticipate future needs.



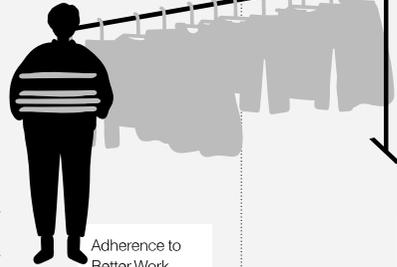
# Journey

## PHASE 1 (2001-2013)

Code of Conduct for Manufacturers and Suppliers (CCMS)

Renewal of the CCMS

Adherence to United Nations Global Compact



Adherence to Better Work



Adhesion to the Bangladesh Accord

Inditex is a signatory member and sits on the Steering Committee.

Buyer partner of BetterWork



Renewal of the CCMS

## PHASE 2 (2014-2018)

Adherence to ACT



Sustainable Development Goals



Adherence to Better than Cash Alliance



Public-Private Partnership



Protection of fundamental rights in the production of raw materials

## PHASE 3 (2019-2022)

Shift's Business Learning Programme



Signing of the International Accord for Health and Safety in the Textile and Garment Industry



Adherence to Covid-19: Action in the Global Garment Industry

## PHASE 4 (2023-2025)



Focus on workers' voices and on the impact

Update of due diligence

Integration of environmental impacts

2001

2002

2003

2004

2005

2006

2007

2008

2009

2010

2011

2012

2013

2014

2015

2016

2017

2018

2019

2020

2021

2022

2023

2024

2025

Creation of clusters

Adherence to Ethical Trading Initiative



Global Framework Agreement with IndustriALL Global Union

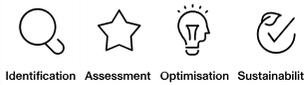


First to encompass the entire supply chain of a textile company

Guiding Principles on Business and Human Rights



2014-2018 Strategic Plan for a Stable and Sustainable Supply Chain



Renewal of the Global Framework Agreement with IndustriALL Global Union



Workers at the Centre 2019-2022



Renewal of the Global Framework Agreement with IndustriALL Global Union



Workers at the Centre 2023-2025



# 1.3. Transformation and impact

Placing workers at the centre of our strategies has enabled us to understand the needs of the people who form part of the supply chain and to help have a positive impact on their workplace. However, it is necessary to go even further, fostering a transformation in these people's lives and in the communities where they live, as well as in the industry itself.

To ensure that our endeavours have a **lasting and transformative positive impact on the communities where we operate**, we develop

internal policies, initiatives, tools and procedures as well as alliances and partnerships with strategic players from our industry, since the challenges posed by having a global supply chain are complex and our suppliers do not work exclusively for Inditex.

Furthermore, we provide our suppliers with continuous training, involving all workers in the process of improving their conditions and we have expert teams on the ground who are acquainted with the various local realities.

**The programmes developed and implemented directly at factories** are a key tool to allow us, in addition to generating a direct impact on the workplace, to engage the workers themselves and to promote lasting and sustainable changes and transformations. For each Priority Impact Area, we carry out different programmes, being involved in their design and development and working with the most specialised and prestigious organisations in each field.

Our teams on the ground are tasked with developing scalable programme models of demonstrable benefit for the workers. To achieve this, we design or co-design these programmes using the **Theory of Change**, based on the following steps:

- / Firstly, conceptualise the desired outcome or transformation, from the beneficiaries' perspective.
- / Next, design the project taking into account the results necessary to obtain the expected impact.
- / And, lastly, design the actions and activities needed to obtain the results.

All our programmes share common indicators that allow us to know the results of the programmes, especially from the beneficiaries' perspective, using different survey or interview techniques that gauge the effectiveness of the activities and their impact on people.

## Transformation and impact: how do we approach this?

- / **We continue to identify, assess and improve** working conditions in our supply chain, while at the same time involving workers in the improvement process.
- / **We continue to foster close and strategic links** with stakeholders that are relevant to the supply chain, who continue to present us with challenges and to support us in achieving shared goals.
- / **We involve our partners and suppliers**, also fostering solutions based on their own initiative.
- / **We collaborate with the rest of the industry**, seeing sustainability as an issue common to all and as a priority for **shared supply chains**.
- / **We innovate** in the quest for new ways to understand the supply chains and take part in their development, getting stakeholders involved.
- / **We focus on transformation**, a concept that encompasses the development of prosperous and resilient communities around our supply chains.
- / **We address the needs of the workers and the context**, by paying attention to what is happening around us, while also engaging our teams of experts from all over the world.

### Theory of Change

Application of the Theory of Change to the design and development of programmes directed towards transformation.





## 2. This is our approach

- 2.1. Governance and transversality
- 2.2. Collaboration and accompaniment
- 2.3. Due diligence

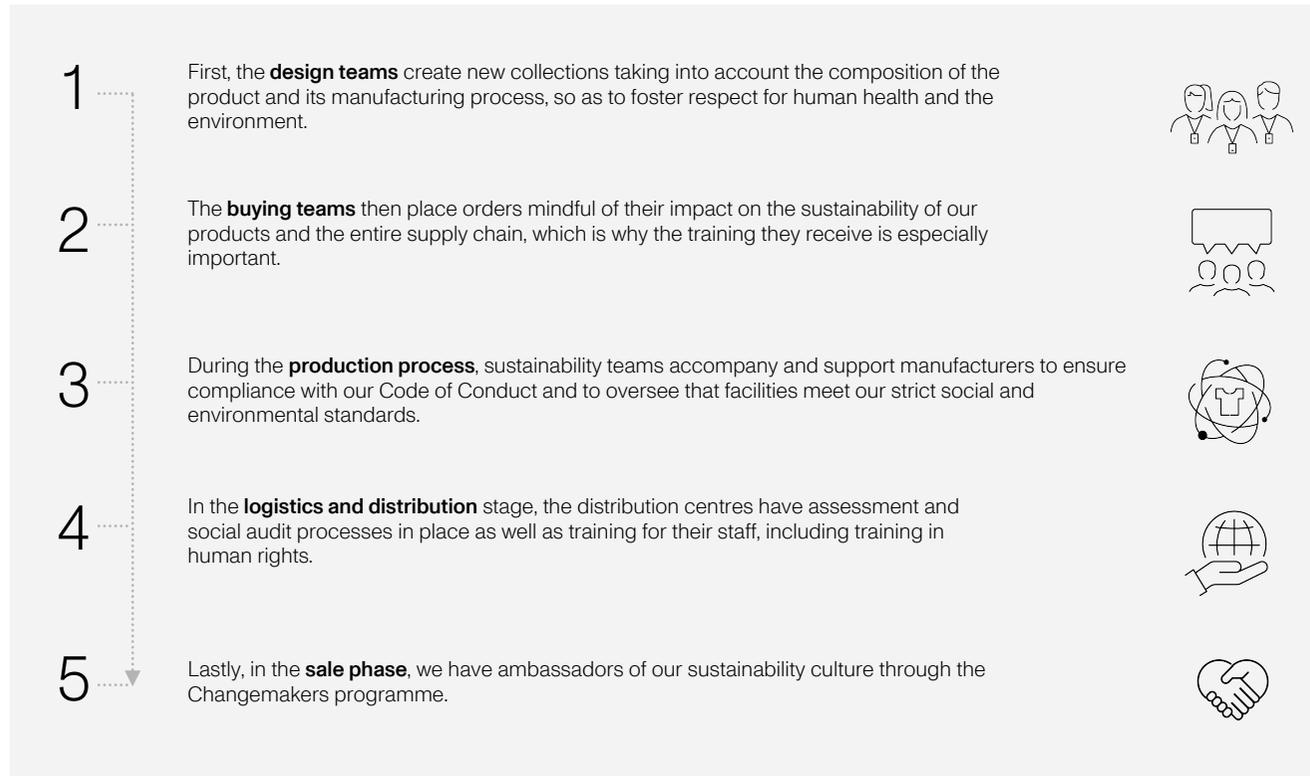
## 2.1. Governance and transversality

Inditex's commitment to sustainability is enshrined in our corporate policies and permeates all levels of the organisation, guiding all business processes and decisions. This **transversal approach** has often enabled us to anticipate the demands and needs of our stakeholders.

To cement the transversality of sustainability at the Company, all new recruits at offices receive training in which sustainability plays a standout role. Furthermore, depending on their post, they receive more detailed training.

In addition, all the companies in our supply chain are required to familiarise their workers with our **Code of Conduct for Manufacturers and Suppliers** (approved in 2001 and most recently updated in 2012), which they must place in a prominent and accessible location in their facilities, and in the local language. To achieve this, at Inditex we provide our manufacturers and suppliers with translations of our Code in more than 25 languages.

As a result, sustainability is integrated into the entire life cycle of our products, from the design stage to the shopping experience:



# Sustainability Governance

## Board of Directors

Body responsible for approving Inditex's sustainability strategy.

### EXECUTIVE BODIES

#### Chief Executive Officer

- / Addresses all aspects related to the operation of the business: defining the sustainability strategy.
- / Reports at least quarterly to the Board of Directors.

#### Management Committee

- / Body responsible for coordinating the Company's management and supports the CEO in discharging his duties.
- / Addresses all aspects related to the operation of the business: driving the sustainability strategy.

#### Chief Sustainability Officer

- / The Chief Sustainability Officer is part of the Senior Management of Inditex and member of the Management Committee.
- / Reports hierarchically to the CEO and reports to the Sustainability Committee on a quarterly basis and, where appropriate, to the Audit and Compliance Committee on sustainability, including social, environmental and product health and safety, and in relation to climate change and associated risks.
- / Establishes the strategy and identifies tolerance to risks (approved by the Board) related to sustainability, including climate risk.
- / Oversees the implementation of the sustainability strategy and the achievement of associated objectives.

### ADVISORY BODIES

#### Sustainability Committee

- / Body in charge of overseeing and controlling sustainability proposals in connection with human rights, social, environment and the health and safety for our products.
- / Monitoring sustainability strategy and practices.
- / Measuring and achieving sustainability objectives.
- / Body in charge of liaising with stakeholders in the field of sustainability.
- / Overseeing and evaluating the preparation of regulated and non-regulated non-financial information.
- / Reports to the Board of Directors on a quarterly basis.

#### Audit and Compliance Committee

- / Body responsible for overseeing and assessing financial and non-financial risks, such as those arising from the Group's actions in relation to its social, environmental and other sustainability practices, including climate change risks.
- / On an annual basis, this Committee supervises and assesses non-financial risks and its degree of tolerance, while ensuring that the risks are managed within the tolerance levels established by the Board.
- / Also responsible for overseeing and evaluating the preparation and integrity of the non-financial information and overseeing the independent verification of this information.
- / Reports quarterly to the Board of Directors.

#### Sustainability Operating Committee

The Sustainability Operating Committee is the body in charge of coordinating and promoting the implementation of the sustainability strategy among the Group's different brands and business units. It is chaired by the Chief Sustainability Officer and comprises representatives from various relevant areas. It meets on a quarterly basis.

#### Social Advisory Board

A collegiate body composed of external independent experts, which advises the Company in sustainability issues.

#### Ethics Committee

Body reporting to the Board of Directors, which oversees compliance with standards of conduct.

## 2.2. Collaboration and accompaniment

Inditex's supply chain comprises more than 8,000 suppliers and factories employing **more than three million people**.

These suppliers do not work exclusively for Inditex. Therefore, the challenges posed by a supply chain of this kind cannot be taken up unilaterally. Suppliers, manufacturers, companies, civil society, trade unions, NGOs, international organisations and governments, among others, share the challenges and also the opportunities of creating decent conditions for workers in the supply chain.

At Inditex, we foster a culture of collaboration as the cornerstone of our strategies. We believe in continuous dialogue with all stakeholders in a framework of transparency and a climate of trust as a vehicle for transformation and impact.

This culture of dialogue and collaboration allows us to:

- / Identify the various challenges.
- / Determine common objectives.
- / Establish a criterion and plan of action.
- / Respond to everyone's expectations.

This is how the actions, projects, activities and partnerships that we continuously implement throughout our supply chain come into being. It is a culture that not only contributes to the Group's goal of creating value in a sustainable way but also, as established in SDG 17, to pursuing the achievement of all the Sustainable Development Goals through partnerships.

### Clusters: collaboration on the ground

Putting this culture of collaboration into practice is no easy task. It requires an understanding of the different needs and specific characteristics of the many communities that make up our supply chain. We address this challenge through our '**clusters**':



local spaces for dialogue and collaboration on the ground in our main production markets, that give us first-hand knowledge of the different realities of the people who make our products.

We have **10 clusters** located in Spain, Portugal, Morocco, Türkiye, India, Bangladesh, Pakistan, Vietnam, China and Cambodia, markets that account for 99% of the Group's production. Each cluster brings together local professionals with outstanding experience in the field of sustainability. These multidisciplinary teams stay in direct contact with suppliers, workers, trade unions, NGOs, local and national authorities, international organisations and academic institutions, among others, to seek common solutions.

*"In Inditex clusters the team of experts from various areas of sustainability (human rights, environment, project management, etc.) work together to create an ecosystem of learning, training and implementation. This is where ideas and strategies meet reality and collaboration; and the vision ensures that it responds to the real issues and needs.*

*As clusters, we are committed and connected to the Company's objectives, being an active part of the process of identifying and implementing the strategy. In fact, it is an exciting but challenging position that gives us the opportunity to pinpoint unique ways to manage and collaborate, through a dynamic process of learning and dialogue."*

**Mayank K., head of the cluster in India**

*'The definition of the cluster's purpose evolves with the supply chain, requiring us to constantly adapt and learn.'*

*'In accordance with our experience in the field, such as assessment and support to the implementation of action plans, we can observe changes affecting the sector and anticipating them, to frame activities and projects and to define and therefore measuring impacts.'*

*'To implement this strategy, we had to develop a permanent system of synergy and understanding in the supply chain to ensure an effective response to challenges from all the stakeholders.'*

**Mohammed Z., head of the cluster in Morocco**

### Accompaniment

We are in continuous communication with our suppliers through the buying and sustainability teams. In this regard, it is worth highlighting the on-the-ground work of our clusters, which accompany suppliers **locally** throughout the commercial relationship.

In fact, our accompaniment work begins even before establishing this commercial relationship with suppliers, as we carry out an initial assessment of compliance with our human rights, labour and other requirements. Only those that pass this assessment can receive orders.

Furthermore, to foster compliance with our requirements and procedures, and to improve their social performance, we conduct training and awareness exercises with our suppliers to advocate **respect for and promotion of human, labour and social rights.**

Our accompaniment, assessment and continuous improvement is materialised in a range of actions that can be grouped into:

**/ Continuous assessments:** all our suppliers and manufacturers are subject to periodic audits to check they comply with our policies, codes of conduct and requirements.

**/ Specialised training:** we provide training on topics such as gender equality and diversity, freedom of association or occupational health and safety, among others.

**/ Corrective Action Plans (CAPs):** when an assessment reveals a non-compliance, we devise programmes to correct it. During their

implementation, our teams support the supplier and also collaborate in some cases with other organisations such as, for example, NGOs.

This model of accompaniment is the result of our experience based on the **Group's solid supply chain management programme** that enables us to develop the early stages of our strategy, founded upon compliance with our Code of Conduct for Manufacturers and Suppliers.



## 2.3. Due diligence

Comprehensive and effective due diligence concerning human rights in a global supply chain entails **policies, tools and robust practices** designed to identify, prioritise and mitigate the impacts on people. Inditex has developed a socially sustainable management of its supply chain with a rigorous compliance programme that includes audits, corrective action plans and training, among other measures, accompanied by a strategy that puts workers at the centre'. This strategy is based on respect for and promotion of human rights, as well as the creation of social value in the community and the industry.

The **constant collaboration and dialogue** with our stakeholders and the sustainability teams working in the clusters are essential for keeping the process of ongoing due diligence up to date.

Furthermore, our annual materiality analysis provides a channel for listening to our stakeholders. This exercise allows us to ascertain their perception of Inditex's impact on the environment, people and communities, in order to identify the material topics for the Group. In this way, we enable feedback from our stakeholders to inform the Company's strategies and decisions.

Our due diligence process is also fuelled by our **partnerships with leading organisations** such as the International Labour Organization (ILO), with which we collaborate through public-private partnerships, or the international trade union federation IndustriALL Global Union, with which we signed a Global Framework Agreement in 2007 that remains in effect.

Although due diligence is a continuous process, the end of the cycle of the Workers at the Centre 2019-2022 strategy provided the ideal framework and context for a profound and systematised reflection to ensure that the new phase of the strategy is based on managing those actual and potential impacts that are of the highest priority.

For this due diligence review process, we have used various internal and external sources of information, such as surveys, interviews with key partners such as IndustriALL or the ILO, information on the social audits of our suppliers, analysis of legislation, reports on human rights trends and risks, among others.

We have also harnessed our work and relationships in each of our suppliers' geographic areas. The process, carried out in accordance with the UN Guiding Principles on Business and Human Rights, involved all sustainability areas, local cluster teams and other Company areas. The organisation Shift, a leading centre of expertise on the UN Guiding Principles, has also been involved.

### Main aspects of the due diligence update exercise

#### / Surveys

- Surveys of Inditex teams dedicated to responsible human rights management in the 10 clusters (Spain, Portugal, Morocco, Türkiye, India, Pakistan, Bangladesh, Vietnam, Cambodia and China).
- Analysis of the results of the survey of more than 2,500 workers at suppliers and factories in Morocco.

## Workers' preferences in Morocco

This research project was aimed to understanding, at first hand, the preferences of Moroccan workers regarding their working conditions.

Researchers from Oxford University and the University of Toronto worked with Inditex to conduct a survey of textile factory workers in Morocco, applying innovative methods to discover their priorities.

The project included interviews with 2,505 workers at 50 Moroccan factories part of Inditex's supply chain. The aim was to obtain feedback to inform buyers' actions and, thereby, to improve the well-being of workers in the supply chain.

Overall, the survey yielded granular information about Moroccan textile workers' views on what good jobs consist of and on the attributes of the factories they expect to provide those jobs.

The results suggest that efforts to improve the quality of employment through factory training that enhances management practices, safety and production systems will generate substantial benefits for all workers.



#### / Analysis of the supply chain profile

- A critical and statistical review and analysis of various data points concerning the profile of factories and suppliers, obtained through more than 15,000 audits carried out in the last few years. This included information about types of buildings, canteens or refectories, dormitories, number of workers, etc.
- A critical and statistical review and analysis of various data points concerning the profile of workers in the supply chain, obtained through more than 15,000 audits carried out in the last few years. This included data on gender, nationality, job position, etc.

#### / Analysis of supply chain compliance programme audits and assessments

- Analysis of pre-assessment audits. Pre-assessments are the first step for assessing and getting to know the manufacturers

and suppliers that might potentially be part of the Inditex supply chain. They are an immediate but effective tool to ascertain whether an organisation has the basic capacities to meet our requirements. Analysing all the results of the year's pre-assessment audits, and in particular the non-compliances of factories that did not pass the audit and did not become part of the supply chain, gives us an understanding of the context beyond our own supply chain.

- Analysis of social audits and Social & Labor Convergence Program (SLCP) assessments. Inditex's social audits are the next step in the compliance programme. This is a continuous process taking place with a defined regularity to understand how facilities in our supply chain are progressing in accordance with the Group's social requirements. Social audits and SLCP assessments are a valuable due diligence tool that serve both to continuously monitor respect for human rights at each facility and as a source of analytical

information that enables us to identify trends, contexts and impact focal points.

- Analysis of Corrective Action Plans. Over the course of Corrective Action Plans (CAPs), our teams support and collaborate with suppliers and manufacturers to remedy and prevent non-compliances identified during assessments. This approach is based on advising and sharing our experience with suppliers in regards to how best to implement corrective measures, as well as continuous monitoring during the plan's implementation, including competence visits or control points.

These plans may be devised by the Inditex teams alone or in collaboration with other stakeholders and their duration is determined by the non-compliance to be corrected, adapting it to match the needs of each situation. Analysing CAPs helps us to understand not only the non-compliances detected in the corrective plans but also how they evolve.

### / A look back at the Workers at the Centre 2019-2022 strategy

- An overview of the 2019-2022 period of the strategy, including lessons learned, areas for improvement and conclusions concerning each of the Priority Impact Areas and the actions, projects and partnerships developed in their context.

### / Perspective from other areas of sustainability

- A study of intersectionality with other areas such as traceability, energy and climate, water, biodiversity, raw materials and circularity, community investment, among others.

### / Analysis of reporting trends

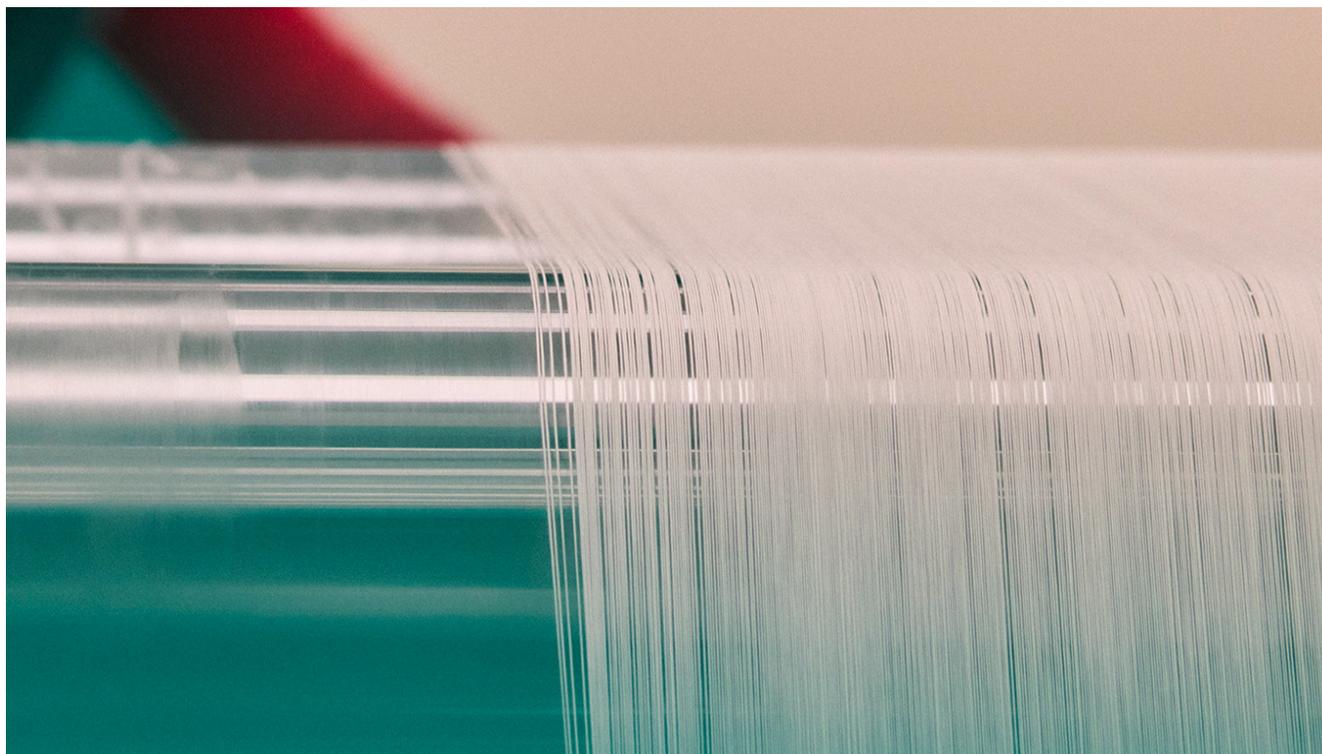
- Mapping and analysis of the main trends in human rights reporting, both in the new reporting standards and in questionnaires, consultations with NGOs, investors and other stakeholders.

### / Perspective of relevant stakeholders

- Social Advisory Board. This permanent Company advisory and consultative body on sustainability matters is made up of external and independent persons and is the main liaison with our stakeholders, among other functions.
- Communication with our partners. Specific conversations with some of our most relevant and usual partners, such as IndustriALL Global Union, Ethical Trading Initiative or Shift, about the future challenges facing the industry.

### / Grievance and query mechanisms

- The Ethics Line Line is a strictly confidential, internal grievance mechanism, through which any employee, director and shareholder of any Group company, as well as anyone working under the supervision and management of manufacturers, suppliers, contractors and subcontractors of the Group, may express concerns, including anonymously. The Ethics Committee, an internal body reporting to the Board of Directors through the Audit and Compliance Committee, is



responsible for supervising the workings of the Ethics Line and compliance with its procedure.

- Global Framework Agreement (GFA) with IndustriALL Global Union is a structural element of industrial relations in Inditex's supply chain, fostering constructive social dialogue and the continuous respect for the rights of freedom of association and collective bargaining at both industry and factory level, where industrial relations emerge and are developed. Reasonable access to workplaces is a hallmark of this Agreement, contributing to collaboration on the ground between IndustriALL affiliates, employers and Inditex's local sustainability teams and acting as a framework for transparency that fosters social dialogue and mature industrial relations.

The due diligence review process identified and prioritised more than 100 potential impacts, which we group into 'lines of work' that are in turn sorted into Priority Impact Areas.

Once identified and classified into a Priority Impact Area, the impacts are prioritised by severity and probability, both at the global and aggregate level and individually in each of the main production markets. This makes it possible to target the lines of action and global strategies of each Priority Impact Area and, at the same time, to design local action plans that respond to the context and needs of each region.

It is worth noting that the **Priority Impact Areas are interrelated**, so that progress in all the goals is key to achieving a sustainable and lasting positive impact.



### 3. This is our strategy

- 3.1. Workers at the Centre 2023-2025
- 3.2. Priority Impact Areas

## Workers at the Centre

The Workers at the Centre 2023-2025 strategy is based on **respect for the human rights** of the workers in the supply chain. **Our goal is to reach three million people by 2025.**

### Priority Impact Areas



#### Social dialogue

Facilitating mature industrial relations as a vehicle for a more participative society.



#### Living wages

Setting the conditions for the achievement of Living Wages in the Inditex supply chain



#### Respect

Promoting safe and respectful environments, free from discrimination, abuse or harassment.



#### Health

Protecting the health and safety of workers in the supply chain, and improving their well-being



#### Resilience

Contributing to create preventive, adaptive and transformative capacities for development.

### Elements of the strategy



#### / Due Diligence

A continuous process, based on the UN Guiding Principles on Business and Human Rights, allowing us to identify five Priority Impact Areas. These areas are synergetic and interconnected.



#### / Transformation

Transformation is a slow process and requires the commitment and collaboration of various parties. Our Workers at the Centre strategy connects us to the present and the challenges it poses, without losing sight of our ultimate goal, which is to transform the industry and communities.



#### / Equity approach

We make more visible and integrate the needs of the most vulnerable groups, including women, migrants and refugees.



#### / Solutions

Priority Impact Areas develop, support and combine different types of solutions and interventions to pursue their objectives: partnerships, collaborations with different stakeholders, direct interventions with suppliers or community outreach, among others.

All the approaches complement each other and, at different paces and scales, contribute to and are part of implementing the strategy.

## 3.1. Workers at the Centre 2023-2025

The lessons learned during the implementation of the Workers at the Centre 2019-2022 strategy, coupled with our previous track record and the 2022 update of the due diligence exercise, allowed us to design the next phase of our strategy, Workers at the Centre 2023-2025. This new phase continues the previous phase's spirit on impact and engagement and places a stronger focus on **transformation and development**, with a public commitment to reach three million people.

The new phase is structured through five Priority Impact Areas: **Social dialogue, Living wages, Respect, Health and Resilience**, and it adds, more directly, impacts related to the environment and climate change, thus ensuring a holistic approach of respect for human rights incorporating issues such as migration and climate change, just transition and the future of work. Furthermore, it strengthens the focus on **vulnerable groups** as direct recipients of the strategy, including women, migrants, people with disabilities or workers involved in the production of raw materials, among others.

Just as in the previous phases, **continuous collaboration and dialogue** with our stakeholders and with the sustainability teams in the clusters remains strategic for developing initiatives, responding to workers' current needs and, to the extent possible, anticipating future needs.

### Key features of the 2023-2025 strategy

#### From compliance to commitment

Throughout our journey towards socially sustainable supply chain management, embedded in our human rights strategy, we have

gradually incorporated new elements to strengthen the protection of rights, evolving from a compliance-based model to the current strategy, which folds in the vision of transformation and impact.

#### Culture of collaboration

Our sustainability goals for the supply chain are shared by suppliers, manufacturers, companies and brands, as well as other by stakeholders such as NGOs, trade unions and local and international organisations.

Furthermore, at Inditex we take an open and collaborative approach with a range of bodies and we actively participate in the industry's global initiatives as the driving force for transformation, always with the aim of that the sector adopts widespread sustainable practices.

One of our most significant relationships is with the international trade union federation IndustriALL, with which Inditex signed a Global Framework Agreement in 2007. This Agreement is one of our most valuable tools for promoting worker participation, the respect for freedom of association and collective bargaining.



We also work with international organisations such as the ILO, through public-private partnerships, the Better Work initiative, the United Nations Global Compact and the Ethical Trading Initiative.

We highlight the importance of our collaboration with other brands through various initiatives, such as ACT (Action, Collaboration, Transformation), which works to achieve living wages in the supply chain through responsible purchasing practices and collective bargaining.

### Focus on vulnerable groups

Although we design and implement global strategies for each of the Priority Impact Areas, we focus especially on the most vulnerable groups. We want to make sure to listen to the people who are least represented and potentially most affected.

Women, minorities, migrants and refugees or people with disabilities are some of the key beneficiaries of this strategy, and we remain especially supportive of their needs.

### Systemic perspective

Health and human and planet prosperity are interdependent. Our due diligence process takes into account environmental and climate change impacts on people. All human beings depend on our environment, so having a safe, clean, healthy and sustainable environment is crucial for enjoying the rights to life, health, food, water and sanitation, among others.

### Combination of a global and local approach and implementation

We have teams in the main production markets, in direct contact with suppliers, workers, trade unions, NGOs, local and national authorities, international organisations and academic institutions, among others. This allows us to pay special attention to the context in each of the regions where our suppliers operate.

### Integration in the business model

Inditex has a solid sustainability culture which, as such, permeates the entire business model and all areas of the Company, impacting all decisions made.

In particular, the involvement of the buying teams is essential. Among other tools, we have developed management systems that allow all our buying teams to know the performance of each supplier, encouraging responsible purchasing practices that allow them to make sustainability-focused business decisions.

### Supporting our suppliers

Supplier awareness and training enables us to address supply chain challenges from a shared perspective, which is why our buying and sustainability teams have a very close relationship with them. An example is the continuous and specialised training we provide them on issues such as gender equality, freedom of association, living wages or health and safety. Specifically, in 2023, we provided 911 training programmes to suppliers.



## 3.2. Priority Impact Areas

The new 2023-2025 phase of the Workers at the Centre strategy has identified the foremost human rights impacts organised into five Priority Impact Areas: **Social Dialogue, Living Wages, Respect, Health and Resilience.**

Each of these Priority Impact Areas has a general objective and different lines of action, which are materialised through partnerships as well as activities and projects on the ground, developed by our in-house teams or together with the organisations with which we collaborate.

Priority Impact Areas develop, support and combine different types of solutions and interventions to pursue their objectives: partnerships, collaborations with different stakeholders, direct interventions with suppliers or community outreach, among others.

All the approaches combine and interweave and, at different paces and scales, contribute to and are part of implementing the strategy.

In addition to global initiatives, local action plans are essential, defining the roadmap in the various clusters to mitigate the potential impacts identified in their immediate environment. These plans are the end result of:

- / The process of identifying priority impacts at the local level.
- / The design of solutions to mitigate those impacts.
- / The definition of scope, resources and projected positive impact for each solution.
- / The establishment of a time frame guiding implementation.

These plans therefore play a pivotal role in the strategy's implementation, as they consolidate every stage, from the

earliest in which impacts are identified, to the programmes that will be implemented locally to mitigate those impacts, with the specific details needed to spearhead the action.

Our local teams, as well as leading the implementation of the various programmes, are responsible for keeping these plans up to date so as to maintain a coherent roadmap that is consistent with the global strategy and that effectively responds to local challenges.



	Social dialogue	Living wages	Respect	Health	Resilience
Rights to freedom of opinion and expression	—				
Right to freedom of assembly	—				—
Right to freedom of association	—				
Right to form trade unions and join a trade union and the right to strike	—				
Right to work	—				
Rights of protection of the family and the right to marry		—		—	
Right to a family life		—	—	—	—
Right to enjoy just and favourable conditions of work		—	—	—	
Right to an adequate standard of living		—		—	
Right to health		—		—	—
Right to education		—	—		—
Right to life				—	
Right to a clean, healthy and sustainable environment				—	—
Right to not be subjected to torture, cruel, inhuman and/or degrading treatment or punishment			—	—	
Right to not be subjected to slavery, servitude or forced labour			—		
Right to freedom of movement			—		
Rights to freedom of thought, conscience and religion			—		
Rights of protection for the child			—		—
Right to equality before the law, equal protection of the law, and rights of non-discrimination			—		—
Rights to non-discrimination in economic, social and cultural rights			—		
The equal right of men and women to the enjoyment of all economic, social and cultural rights			—		
Right to social security, including social insurance					—

\* More information in section Annex of this report.



# 4. This is how we transform our strategy into actions

- 4.1. Social Dialogue
- 4.2. Living Wages
- 4.3. Respect
- 4.4. Health
- 4.5. Resilience

# 1,461,255

**People**

reached by the Workers at the Centre strategy in 2023

# 1,719

**Suppliers and factories**

involved in the Workers at the Centre strategy in 2023

# 46

**Initiatives and solutions**

developed by the Workers at the Centre strategy in factories and/or communities in 2023

# 100%

**Suppliers**

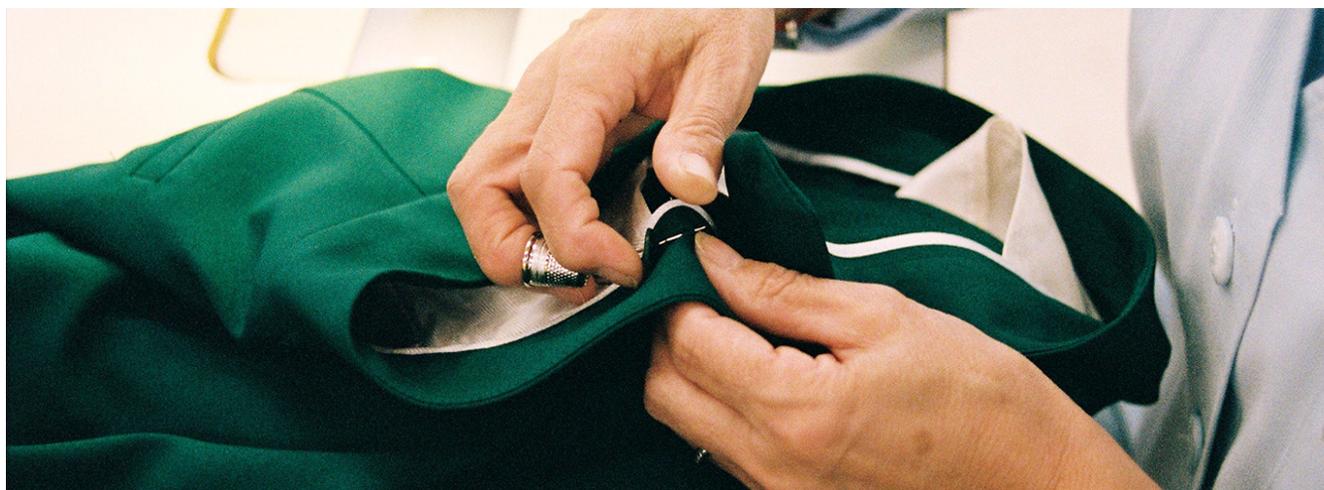
covered by the strategy

# 31

**Organisations**

we collaborate with

Priority Impact Area	Goal	Main lines of work		
Social dialogue	Facilitating mature industrial relations as a vehicle for a more participative society	Worker participation	Ecosystems for dialogue	
Living Wages	Setting the conditions for the achievement of Living Wages in the Inditex supply chain	Necessary conditions for collective bargaining	Responsible purchasing practices	Management systems and favourable practices
Respect	Promoting safe and respectful environments, free from discrimination, abuse or harassment	Respectful work environments free from any kind of violence and harassment	Fair recruitment and employment culture	
Health	Protecting the health and safety of workers in the supply chain, and improving their well-being	Physical health	Workplace safety	Well-being
Resilience	Contributing to create preventive, adaptive and transformative capacities for development	Social protection	Just transition and the future of work	Prosperous livelihoods



# 4.1. Social dialogue

## Goal

Facilitating mature industrial relations as a vehicle for a more participative society

## Main lines of work

- / Worker participation
- / Ecosystems for dialogue

## Related SDGs



## Related human rights

- / Rights to freedom of opinion and expression
- / Right to freedom of assembly
- / Right to freedom of association
- / Right to form or join trade unions and the right to strike
- / Right to work

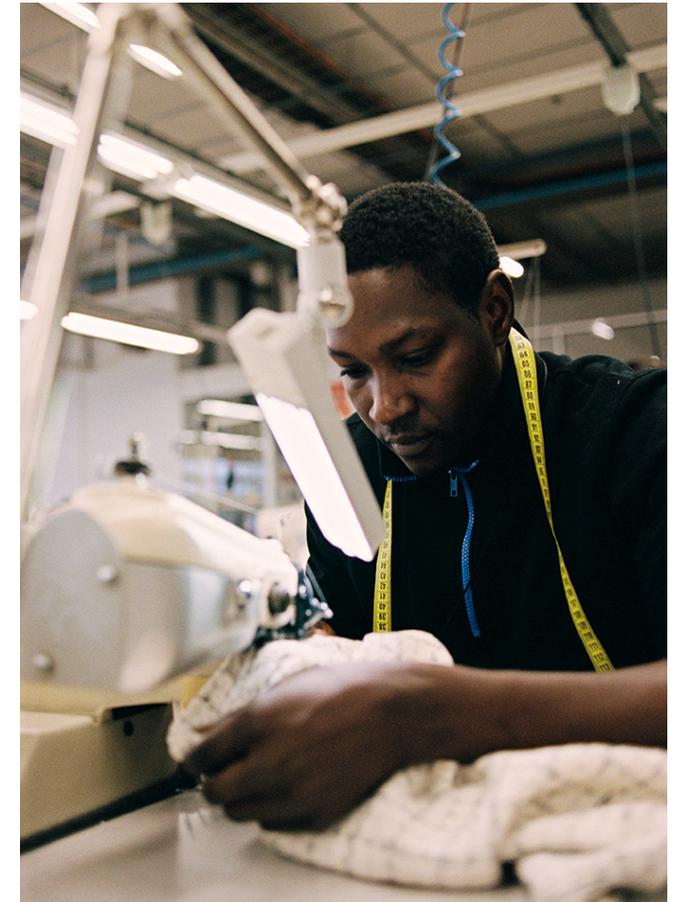
## Alliances and partnerships

- / ACT (Action, Collaboration, Transformation)
- / Better Work
- / Ethical Trading Initiative
- / *Foro Social de la Industria de la Moda de España*
- / IndustriALL Global Union
- / International Apparel Federation (IAF)

## 2023 Key indicators

- / 411,676 people reached
- / 218 suppliers and factories involved
- / Bangladesh, Cambodia, China, Egypt, Indonesia, Morocco, Pakistan, Türkiye, Tunisia, Vietnam

Worker participation, along with maintaining and developing the ecosystems for dialogue, are the two core premises for achieving mature industrial relations and, as a result, for promoting more engaged and equal societies. Our commitment and contribution to protecting the fundamental rights to freedom of association and collective bargaining aims to generate a positive impact on the supply chain.



## A gender-responsive social dialogue

Solid labour relations and effective social dialogue contribute to good governance at the workplace, decent work and inclusive economic growth. This was reasserted in the ILO's Centenary Declaration for the Future of Work (2019), which concluded its debate on 'Gender equality and decent work' by reaffirming that tripartite social dialogue are essential policy tools to promote gender equality in the world of work.

Women represent a vast majority of workers in global supply chains, especially in the garment and footwear sector's supply chain. Hence, the promotion of women's involvement at all levels acquires a special importance, including all social dialogue bodies at factories. This helps to guarantee the proper functioning of these mechanisms, and to pay the necessary attention to topics relating to women empowerment.

Our social dialogue strategy incorporates a gender perspective to prioritise the voice and leadership roles of women through the implementation of various initiatives and solutions that combine the joint efforts of all stakeholders, with the aim of:

- / Promoting the establishment and improvement of efficient mechanisms to increase women's participation in all levels of social dialogue bodies.
- / Fostering the training and skills development of women, thus equipping them with the tools to participate effectively in social dialogue processes.

An example of this approach is the project we carried out with the Ethical Trading Initiative (ETI) in six factories in our supply chain in Bangladesh, with a clear focus on fostering social dialogue between the management and workers' representative bodies established by local legislation at factories. Its main objectives include:

- / Fostering social dialogue between workers and members of factory management.
- / Building trust among elected workers' representatives through awareness and training concerning their roles and responsibilities as workers' representatives serving on the management and workers' representation committee.



## Worker participation

Our Global Framework Agreement with IndustriALL Global Union is one of the most effective tools for safeguarding the respect of the rights to freedom of association and collective bargaining in our supply chain. Since 2007 we have been implementing this vision through successive renewals. The latest renewal, in 2019, involved the creation of the Global Union Committee, a representative body of IndustriALL set up to promote worker representative

engagement and coordination between Inditex and IndustriALL and its local affiliates.

We have also been able to work on dispute resolution mechanisms through the internal communication channel enabled under the Global Framework Agreement, as well as other mechanisms set up under different initiatives, such as the Interim Dispute Resolution Mechanism in Bangladesh (concerning freedom of association rights and the payment of

wages and benefits for ACT workers) or the Dispute Resolution Mechanism of the International Accord.

Likewise, it is worth noting the close collaboration on the ground between our sustainability teams and the affiliates of IndustriALL in the various Inditex clusters, underscoring the experience and trust gained after more than 15 years of working together. One example of this are the joint visits to Inditex supply chain workplaces or training on the Global Framework Agreement in markets like Cambodia, Morocco, Tunisia and Türkiye.

### Main initiatives in 2023

- / Implementation of the Global Framework Agreement with IndustriALL Global Union (global).
- / Training on the Global Framework Agreement (Morocco, Tunisia and Türkiye).
- / Training for local affiliates of IndustriALL concerning the mechanisms of the Global Framework Agreement (Cambodia, Morocco, Türkiye).

## Ecosystems for dialogue

Empowering the representatives of workers and employers through social dialogue platforms at local or industry level is one of the key aspects to generate impact at different stages of the supply chain.

At Inditex, we actively work on representation mechanisms and raising awareness regarding industrial relations through initiatives such as ACT (Action, Collaboration, Transformation), Better Work, the Ethical Trading Initiative or the *Foro Social de la Industria de la Moda de España*. We are also working in other areas linked to occupational health and safety or equality through initiatives such as International Accord or RISE: Reimagining Industry to Support Equality. Here, the contribution of Inditex along with other international brands and companies, IndustriALL Global Union and other key stakeholders has served to create opportunities for collaboration in various areas of common interest.

We also embarked on a new journey in terms of employee satisfaction through the analysis of our supply chain in Morocco in 2022. We now aim to transfer this experience to another markets to continue our in-depth analysis of workers' needs, which we see as paramount for their empowerment and satisfaction.

## The architecture of the Global Framework as an accelerator in worker participation

The Global Framework Agreement with IndustriALL Global Union is an accelerating mechanism of worker participation in the Inditex supply chain.

As well as the creation of the Global Union Committee, whereby IndustriALL affiliates in Inditex's supply chain are formally and actively represented in the implementation of the Framework Agreement and its coordinating bodies, there is the 'Procedure for the exercise of trade union access to supplier factories in the Inditex production chain', agreed in 2022, which formally establishes the power for IndustriALL and Inditex local affiliates to conduct joint visits to Inditex workplaces.

These mechanisms combine with the regular information provided by Inditex to IndustriALL and its local affiliates regarding our supply chain, and the biannual work schedule agreed by Inditex and IndustriALL (the result of intensive efforts between the representatives of the global union committee and Inditex's sustainability teams). This provides us with a tool that is capable not only of using social dialogue to handle any type of incident detected at any workplace in Inditex's supply chain by IndustriALL's affiliates, but also of facilitating the participation of workers' legitimate representatives through the various social dialogue training initiatives and, therefore, that amounts to a differentiating aspect for the empowerment of the workers in our supply chain.

### Main initiatives in 2023

- / Better Work programme (Bangladesh, Cambodia, Egypt, Indonesia, Pakistan and Vietnam).
- / Collaboration through the ACT initiative (Bangladesh, Cambodia, Türkiye).
- / Social dialogue programme by the Ethical Trading Initiative (ETI) (Bangladesh).
- / Training in industrial relations (China).



## Framework agreement signed with the International Apparel Federation (IAF)

On 2 October 2023, Inditex and the International Apparel Federation (IAF)—an organisation that represents 100,000 manufacturers from more than 40 countries through its associations—signed a framework agreement aimed at driving a meaningful transformation in the global garment industry. This agreement aims to develop a more people- and planet-friendly industry by improving circularity, traceability and worker well-being, paving the way for developing projects connected with these areas.

IAF and Inditex have identified key areas of focus within the agreement, including boosting industrial development in producer countries and transitioning to an industry that makes waste into new raw materials while aiming for net-zero emissions, encouraging the adoption of renewable processes and energies with a lower impact on ecosystems. Furthermore, the agreement lays emphasis on improving working conditions and it also envisages collaborative actions on issues such as occupational health and safety, social protection, diversity and inclusion.

Moreover, it includes cross-cutting aspects such as the creation of a common framework to measure and verify the impacts of the textile industry and encourage resilience and the adoption of transparency-enhancing practices, such as digital labelling. Lastly, it also explores the interoperability of information systems and promotes the digitalisation and increased efficiency of global supply chains, among other issues.



## Programmes and projects in factories 2023

### Better Work programme

**/ Priority Impact Area:** Social dialogue

**/ Area of action:** Ecosystems for dialogue

**/ Countries:** Bangladesh, Cambodia, Egypt, Indonesia, Pakistan, Vietnam

**/ Partner:** Better Work

**/ Factories and suppliers involved:** 155

**/ People reached:** 368,605

### Goals

Through the collaboration of the various stakeholders linked to the garment industry, including international brands, governments, employers, workers and their legitimate representatives, Better Work (a joint initiative between the International Labour Organization and the International Finance Corporation, a member of the World Bank Group) and its various country-specific programmes play an important role in improving working conditions and respect for labour rights, applying an approach that makes social dialogue an element of dynamism and change.

### Key aspects

The Better Work programme includes assessments, advisory and support services and training, among others. An important element of this is the bipartite committees in which representatives of workers and factory management address the issues listed in the different continuous improvement programmes. In this way, the focus is on improving communication and cooperation in the workplace and, therefore, on the continuous promotion of social dialogue in the factory in order to ensure effective mechanisms for worker representation.

## Implementation in 2023

Inditex has been part of the Better Work programme since 2007. In 2023, we collaborated with this initiative in Bangladesh, Cambodia, Egypt, Indonesia, Pakistan and Vietnam, reaching more than 360,000 workers of the supply chain. Over the years, Better Work has contributed to the continuous improvement of factory workers' condition by promoting productivity benefits at them.

### Social dialogue programme by the Ethical Trading Initiative (ETI)

/ **Priority Impact Area:** Social dialogue

/ **Area of action:** Ecosystems for dialogue

/ **Countries:** Bangladesh

/ **Partner:** Ethical Trading Initiative

/ **Factories and suppliers involved:** 6

/ **People reached:** 13,036

## Goals

The programme's main goal is to improve labour relations between workers and management, increasing the capacity and awareness of human rights and mutual responsibilities through social dialogue. In particular, the specific goals are:

/ Enhancing knowledge about social dialogue and its implementation among factory management and employees.

/ Enhancing knowledge about social dialogue and its implementation among workers' representatives serving on management and workers' representation committees.

4. This is how we transform our strategy into actions

/ Enhancing knowledge and trust among elected workers' representatives.

/ Boosting the capacity of functional roles on management and worker representation committees.

## Key aspects

This project was designed based on the Theory of Change:

### a. Outcomes

/ Improved labour relations: strengthened relations between factory management and workers, leading to improved labour conditions, as well as greater worker satisfaction.

/ Greater productivity: communication and cooperation improve, resulting in increased efficiency and productivity within the garment sector.

### b. Practices and behaviours we aim to change

/ We want the factories to continue contributing to the long-term sustainability of the garment industry in Bangladesh by nurturing a positive and collaborative working environment.

/ We seek to continue improving general employee well-being and contributing to the social development of the community.

### c. Outputs

/ Established dialogue platforms: social dialogue platforms are successfully created and operated at garment factories.

/ Skilled labour: factory owners and workers hone their communication and social dialogue skills.

/ Dispute resolution mechanisms: effective mechanisms are implemented to resolve labour disputes.

### d. Activities

/ Strengthening the channels of dialogue between workers and management.

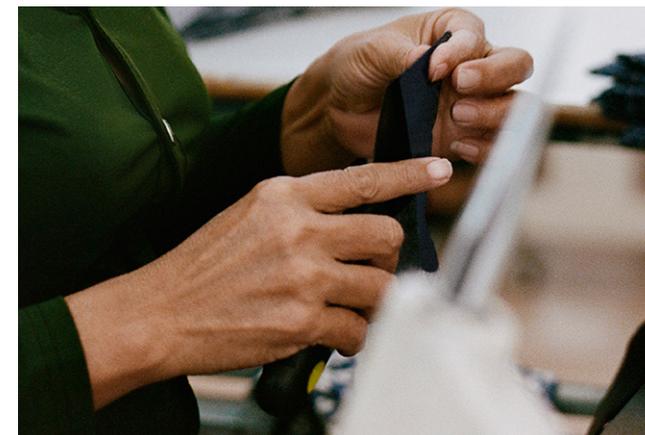
/ Training programmes: periodic training sessions for both management and workers to improve their communication and negotiation skills.

/ Mediation and dispute resolution: availability of mechanisms to mediate and resolve disputes fairly and transparently.

## Implementation in 2023

In 2023, this project was completed at six factories. We conducted on-site training for supervisors on behavioural change and social dialogue, training for management on social dialogue (understanding roles and responsibilities as members of Worker Participation Committees) and worker training on social dialogue (understanding roles and responsibilities).

We also held training sessions for managers and workers serving on Worker Participation Committees, as well as training for women members of these committees concerning women's rights and responsibilities.



### Training for local affiliates of IndustriALL concerning the mechanisms of the Global Framework Agreement

**/ Priority Impact Area:** Social dialogue

**/ Area of action:** Worker participation

**/ Countries:** Cambodia, Morocco, Türkiye

**/ Partner:** IndustriALL Global Union

#### Goals

Raising awareness among IndustriALL Global Union affiliates regarding the main aspects of the Global Framework Agreement between Inditex and IndustriALL Global Union.

#### Key aspects

Dialogue between Inditex representatives and IndustriALL local affiliates promotes, using a combined theoretical and practical approach, the understanding of the main aspects of the Global Framework Agreement, such as the contribution to drafting the biannual work schedule, the procedure for the exercise of trade union access to supplier factories in the Inditex production chain or the communication channel established in the Framework Agreement for resolving any incidents that could not be resolved at the factory level.

#### Implementation in 2023

In 2023, three seminars were held in Cambodia, Morocco and Türkiye and attended by IndustriALL Global Union representatives, IndustriALL Global Union local affiliates in each market and representatives from Inditex.



### Training on the Global Framework Agreement

**/ Priority Impact Area:** Social dialogue

**/ Area of action:** Worker participation

**/ Countries:** Morocco, Tunisia, Türkiye

**/ Partner:** IndustriALL Global Union

**/ Factories and suppliers involved:** 8

**/ People reached:** 1,758

#### Goals

Continue improving awareness of the Global Framework Agreement between Inditex and IndustriALL Global Union at factory level.

#### Key aspects

Practical training on social dialogue and trust building between employers and IndustriALL Global Union affiliates.

#### Implementation in 2023

During 2023, several visits were carried out to workplaces in Inditex's supply chain through the implementation of the "procedure for exercising trade union access to Inditex's supply chain factories". In these visits, IndustriALL affiliates conducted interviews with workers, as well as participative meetings with factory management representatives and exchange of experiences in industrial relations with the aim of contributing to a better atmosphere of trust between workers and employers.

## Training in industrial relations

**/ Training in labour relations:** Social dialogue

**/ Area of action:** Ecosystems for dialogue

**/ Countries:** China

**/ Factories and suppliers involved:** 31

### Goals

The main goal of this project is to help factory management to understand the importance of managing risks in labour relations, as well as coming up with basic concepts to prevent and effectively manage the related risks.

Furthermore, the aim is to raise awareness so as to identify these potential risks and improve strategic thinking to prevent and respond to them.

### Key aspects

This project was designed based on the Theory of Change:

#### a. Outcomes

Supplier employers and management improve their understanding of risk management in labour relations.

#### b. Practices and behaviours we aim to change

We want employers to adopt basic risk management concepts and to effectively foresee and manage risks relating to labour relations.

#### c. Outputs

/ Greater awareness and knowledge of international conventions and standards as well as concepts pertaining to labour relations.

/ Greater understanding of the current status and characteristics of labour relations in the region.

#### d. Activities

/ Conducting a workshop on labour relations risk management.

/ Providing the necessary knowledge and information on international conventions and other relevant guidelines.

/ Facilitating discussions on risk management in relations between workers and management for employers.

### Implementation in 2023

Training was provided to 61 participants from 31 suppliers, including business owners, facilities managers, human resources staff and sustainability staff.



## 4.2. Living Wages

### Goal

Setting the necessary conditions for the achievement of Living Wages in the Inditex supply chain

### Main lines of work

- / Necessary conditions for collective bargaining
- / Responsible purchasing practices
- / Management systems and favourable practices

### Related SDGs



### Related human rights

- / Rights of protection of the family and the right to marry
- / Right to a family life
- / Right to enjoy just and favourable conditions of work
- / Right to an adequate standard of living
- / Right to health
- / Right to education

### Alliances and partnerships

- / ACT (Action, Collaboration, Transformation)
- / Habitat Association (*Habitat Derneği*)
- / Better than Cash Alliance
- / BSR (Business for Social Responsibility)
- / East China University of Political Science and Law (ECUPL)
- / Faculty of Science and Technology, Tangier
- / IndustriALL Global Union
- / International Labour Organization (ILO)
- / RISE: Reimagining Industry to Support Equality

### 2023 Key indicators

- / 31,318 people reached
- / 47 suppliers and factories involved
- / Bangladesh, Cambodia, China, Egypt, Morocco, Türkiye, Vietnam

We believe that workers can only be guaranteed a living wage by means of effective, industry-wide collaboration between workers' representatives and employers with a view to fostering social dialogue and ongoing respect for freedom of association and collective bargaining rights, backed by continuous improvements in responsible purchasing practices.

Consequently, both our Framework Agreement with IndustriALL Global Union and our work with the ACT (Action, Collaboration, Transformation) initiative are essential pillars for progress. We also work in areas such as wage digitalisation, boosting productivity and financial education to foster optimised management systems and worker-friendly practices in wage payment.



## Gender-responsive living wages

Wages have a direct positive influence on workers' lives and on the elements that may help improve their socio-economic conditions. Furthermore, women empowerment in connection with wages allows them to tackle the challenges women face across society, the industry and the communities where they live. In this regard, collaboration with Reimagining Industry to Support Equality (RISE) to improve the financial health of workers focuses on improving women workers' digital and financial literacy with a view to boosting their skills.

This programme has a direct impact creating working environments that enhance women's capacities in order to improve their roles in the workplace, in their communities and, ultimately, in society.

## Necessary conditions for collective bargaining

Respect for freedom of association and fostering social dialogue are vehicles to promote collective bargaining and, accordingly, set wages through a dialogue between workers' representatives and employers. In turn, collective bargaining is a way to increase fairness and productivity by requiring a commitment from workers and employers to improve labour conditions at workplaces, but also in terms of accepting responsibilities to achieve the goals set by the company. This system of balances fostered by collective bargaining helps to ensure that social justice and economic progress are in lockstep.

Geographic Area	Facilities covered by collective bargaining agreements <sup>1</sup>	
	2023	2022
Africa	32	29
Americas	52	37
Asia	158	127
Europe outside the EU	38	53
European Union	1614	1706

1. Figures take into account the facilities of the factories declared by the suppliers with more than 20,000 production units in the 2023 and 2022 summer and winter campaigns, respectively, in the manufacturer's management system.

At Inditex we believe that strengthening collective bargaining agreements at industry level, underpinned by improvements in responsible purchasing practices, are the right way to progress in achieving living wages. Accordingly, our approach is closely linked to

our social dialogue strategy and, in particular, to our relationship with one of our main stakeholders, IndustriALL Global Union.

Likewise, another primary tool is our active involvement in the ACT initiative, involving 19 international member brands and IndustriALL Global Union work together to promote platforms for dialogue in the countries where the initiative is in place, to create a working environment between workers' representatives, employers and international brands with an focus on best purchasing practices and promoting conditions for collective bargaining between employers and workers' representatives.

### Main initiatives in 2023

- / Collaboration through the ACT initiative (Bangladesh, Cambodia, Türkiye).
- / Implementation of the Global Framework Agreement with IndustriALL Global Union (global).

## The ACT initiative

The ACT (Action Collaboration Transformation) initiative is currently one of the leading benchmarks in promoting living wages globally. It is made up of 19 international brands and IndustriALL Global Union and the latter's local affiliates, forming an ambitious framework aimed at involving the members from the countries in their purview in a process of dialogue concerning the sector and focusing particularly on laying the groundwork for collective bargaining.

Examples of this include the 2020 agreement in Bangladesh for an interim dispute resolution mechanism on workers' rights to freedom of association and due payment of wages and benefits, which was agreed by the employers' association Bgmea, IndustriALL Global Union and its local affiliates in Bangladesh, and ACT brands supplied in that market. A further milestone was the agreement reached in 2022 between ACT, brands belonging to IndustriALL Global Union and the latter's local affiliates in Türkiye on a 'Annex to the ACT MoU on respect and exercise of Freedom of Association in Türkiye', which sets out requirements for freedom of association in the supply chains of ACT brands in Türkiye, as well as the intensive efforts in Cambodia through the dialogue platform with IndustriALL Global Union affiliates, international ACT brands and the liaison with industry employers' organisation (Taftac) in order to promote ACT principles in this market.

These efforts were underpinned by unprecedented progress in the field of responsible purchasing practices, with actions such as surveys to suppliers and buyers regarding the purchasing practices of ACT brands and pinpointing areas for improvement, a benchmark when it comes to self-knowledge and dialogue among brands, workers' representatives and employers.

## Responsible Purchasing Practices

Responsible purchasing practices can help create an environment that is conducive to improving working conditions, wages and benefits for workers in the supply chain. Mindful of this, as ACT members since 2018 we have signed up to five commitments in relation to purchasing practices. To implement these commitments, we train our buyer teams to make responsible purchasing decisions and to adopt best practices, developing and providing them with management systems that measure the sustainability performance of each supplier and factory.

### Commitment to responsible purchasing practices

ACT member brands undertake to

→	<b>TRAIN</b>	all employees directly involved in the purchasing process in Responsible Purchasing Practices
	<b>MAINTAIN</b>	the payment conditions that were contractually agreed upon.
	<b>IMPROVE</b>	planning and forecasting in the purchasing process.
	<b>IDENTIFY</b>	the labour component in the price of a product.
.....	<b>IMPLEMENT</b>	a consensual exit strategy when the decision is made to no longer work with a supplier or factory.

In the framework of our collaboration with ACT, we carried out the organization's surveys on purchasing practices again in 2023:

/ an assessment carried out by suppliers (Purchasing Practices Assessment or PPA), and

/ an internal survey on ACT's Purchasing Practices Commitments (Purchasing Practices Self-Assessment or PPSA).

The information collected on the different member brands by these surveys is published in the 'ACT Accountability and Monitoring Report', allowing us to analyse the industry's situation and work on the gaps identified to advance in the commitment.

In the results of the 2023 surveys we observe improvements in key categories such as planning and forecasting, terms of payment, and training for buyers. Since then, we have held meetings with buyers to highlight the improvements and set out the next key steps, and we have shared suppliers' feedback with them.

Furthermore, internally, we continued to train our teams through the Sustainable Fashion School, a space for knowledge and inspiration where our buying and design teams receive a very solid foundation of technical knowledge and access to the latest innovations in sustainability.

In 2023, we completed the first and second editions of the Foundations of Textile Manufacturing Master's programme at Inditex's Sustainable Fashion School, devised in collaboration with the University of Leeds. More than 1,200 participants have completed the course so far. Thus, this programme is consolidated as an essential training for our teams, aimed at empowering them through knowledge to be an engine for the transformation of the textile industry in collaboration with our suppliers.

### Pilot complaints mechanism in purchasing practices

In 2018, ACT members adopted the five Global Purchasing Practices Commitments, with an agreed Accountability & Monitoring framework to ensure their implementation. One of the key aspects of the framework is a confidential communication channel to raise complaints and to provide access to remedy.

For this reason ACT developed a pilot mechanism that allows to submit complaints and holds ACT member brands accountable for their commitments regarding ACT Global Purchasing Practices Commitments No.2 (Fair terms of payment) and No. 5 (Responsible exit strategies). This pilot, open for manufacturers and employers' associations from ACT priority countries, has been a first of its kind in the industry.

Based on the experiences and technical review of the pilot, closed in January 2024, ACT is aiming to launch a full-scale grievance mechanism for manufacturers and employers' associations.

The course content was created with sustainability in mind to help designers, buying teams and others to create more sustainable products and achieve a resilient supply chain. This training programme includes nine core modules and one product-specific module according to their various roles within the department and number of buyers.

#### Main initiatives in 2023

- / Responsible purchasing practices with ACT.
- / Training buyers at the Inditex Sustainable Fashion School.

## Management systems and favourable practices

To make headway on our path to achieving living wages, we must take a holistic approach and work on several fronts, including creating an ecosystem that fosters favourable conditions and lays a solid foundation for the payment of living wages to workers in Inditex's supply chain.

Enhanced skills, improved productivity, effective wage management systems, and financial literacy of the workers are some of these important favourable conditions that play a crucial role in improving workers' wages and benefits. In fact, there is a direct link between these matters and the payment of living wages.

The continuous due diligence we conduct through our assessments helps us to glean a better perspective of these topics and therefore allows us to identify and create areas of intervention conducive to these necessary conditions.

In this regard, numerous studies by expert organisations show that digital wage payments to workers, along with financial education, not only boost accountability and transparency, but also empower workers and give them the freedom to manage and use their income efficiently. It is also crucial to build a solid foundation to progress towards achieving living wages. As part of this line of action, we are continuously working in this regard and encouraging our suppliers and factories to pay workers digitally.

Inditex is also a member of the Better Than Cash Alliance, a UN-based global partnership of governments, companies, and international organizations that accelerates the transition from cash to responsible digital payments to advance the Sustainable Development Goals. This collaboration allows us to move forward in cooperation in research and dialogue on an industry and/or country basis to identify best practices and models that support inclusive digital payments, as well as to encourage our suppliers to responsibly provide digital payment solutions to their workers.

## Digital payments and financial education

Digital wage payments to workers, along with financial education, not only boost accountability and transparency, but also empower workers and give them the freedom to manage and use their income efficiently.

We also see wage digitalisation as a key mechanism, as it lays a solid foundation not only from the standpoint of transparency and accountability in wage payments, but also in regard to the accessibility of various social services/schemes that facilitate the process of paying living wages to workers even further.

Considering the aforementioned trend, we have continued our commitment to RISE Financial Health (based on the HERfinance programme) at various factories and in various countries to encourage them to start paying workers digitally through the best available mechanisms in the region.

In 2023, 82% of workers in our supply chain received digital wages.

### Main initiatives in 2023

- / Lean project (Bangladesh, China, Morocco).
- / RISE Financial Health project (Cambodia, China, Egypt, Vietnam).
- / SCORE programme (China).
- / Wage digitalisation capacity building (Vietnam).
- / Wage management project (China).
- / Look Through Another Window project (Türkiye).



## Programmes and projects in factories 2023

### RISE Financial Health project

- / Priority Impact Area:** Living wages
- / Area of action:** Management systems and favourable practices
- / Countries:** Cambodia, China, Egypt, Vietnam
- / Partner:** RISE: Reimagining Industry to Support Equality
- / Factories and suppliers involved:** 14
- / People reached:** 12,594

### Goals

The project is aimed at allowing workers, especially women, to access, use and benefit from financial products and services, and to build their financial capacity so as to boost their financial health and resilience.

Accordingly, it aims to broaden the financial inclusion of workers paid in cash through gender-responsive wage digitalisation, increasing efficiency and transparency in global supply chains and empowering workers, especially women workers.

### Key aspects

This programme is carried out over 11 months of broad engagement with management and workers in the following areas:

- / Financial planning.
- / Budgeting.
- / Savings.
- / Financial products and services.
- / Discussing finances with the family.

### 4. This is how we transform our strategy into actions

The programme includes training and awareness-raising on these issues, as well as support to factories and suppliers of financial products and services to ensure that the workers have access to them including, where necessary, a transition to digital payment.

### Implementation in 2023

In 2023, the programme was rolled out at 14 factories in Cambodia, China, Egypt and Vietnam, reaching 12,594 workers.

### Wage digitalisation capacity building

- / Priority Impact Area:** Living wages
- / Area of action:** Management systems and favourable practices
- / Countries:** Vietnam
- / Partner:** Internal programme
- / Factories and suppliers involved:** 20
- / People reached: :** 15,516

### Goals

In the last few decades, wage digitalisation in Vietnam has grown significantly; however, approximately 35% of the labour force still do not have an account (of their own or together with another person) at a bank or other financial institution, or do not use any kind of mobile money service. Against this backdrop, the project is aimed at promoting and facilitating digital wage payments at suppliers in Vietnam.

### Key aspects

As part of our commitment, and mindful of the benefits and increased well-being for workers from wage digitalisation, we have been consistently working in the region to encourage our suppliers and factories to pay their workers digitally.

This project, devised by our in-house teams, consists of broad skills development not only in regard to the benefits (both for workers and for management) of wage digitalisation, but also on the mechanisms or tools they might adopt to make progress on this front.

### Implementation in 2023

In 2023, 20 suppliers were trained within the framework of this project.



### Look through another window project

**/ Priority Impact Area:** Living wages

**/ Area of action:** Management systems and favourable practices

**/ Countries:** Türkiye

**/ Partner:** Habitat Association (Habitat Derneği)

**/ Factories and suppliers involved:** 4

**/ People reached:** 480

### Goals

This project aims to equip workers with essential digital and financial skills, allowing them to manage their finances efficiently and giving them greater control over their economic well-being.

For this purpose, it focuses particularly on improving workers' understanding of their economic rights, and their capacity regarding investment instruments or managing their budget.

### Key aspects

This project was designed based on the Theory of Change:

#### a. Outcomes

Workers can manage their finances efficiently and gain greater control over their economic well-being.

#### b. Practices and behaviours we aim to change

/ We aim to increase workers' confidence in using digital financial tools.

/ We want workers to be better equipped to manage their budget.

/ We seek that workers feel more confident when independently using electronic services.

#### c. Outputs

/ Workers become more knowledgeable about financial and digital literacy.

/ Workers access and effectively manage their finances.

#### d. Activities

/ Engaging workers through financial literacy training covering economic rights, financial literacy, financial risk management and digital finance.



/ Engaging workers through training on digital literacy and electronic services.

/ Conducting surveys before and after the training to measure the improvement in workers' knowledge.

/ Establishment of a cascade, 'train-the-trainers' system.

### Implementation in 2023

This programme has been implemented at four factories in Türkiye.

### Wage management project

**/ Priority Impact Area:** Living wages

**/ Area of action:** Management systems and favourable practices

**/ Countries:** China

**/ Partner:** East China University of Political Science and Law (ECUPL)

**/ Factories and suppliers involved:** 2

**/ People reached:** 205

### Goals

A good wage structure can promote better working conditions that help factories boost competitiveness by attracting the right, skilled and experienced labour and improving its productivity.

The purpose of this project is to carry out an in-depth analysis of wage and working hours management systems in order to identify areas of improvement for workers' well-being.

## Key aspects

This project was designed based on the Theory of Change:

### a. Outcomes

/ Workers' wages and benefits are improved through a solid wage system.

/ Workers improve their relationships and dialogue with their colleagues and with their supervisors and management.

### b. Practices and behaviours we aim to change

/ We want management to bring their policies and procedures into line with industry best practice.

/ We aim for management to hold information and training sessions, and share the updated wage and benefits policy with workers.

### c. Outputs

/ Suitable wage policies and procedures are established or strengthened.

/ Workers gain greater knowledge and awareness of their wages and benefits and how they are calculated.

/ Workers and management communicate effectively.

### d. Activities

/ Performing a baseline analysis of:

- Workers' and management' knowledge on wages and benefits.
- The existing wage policy or collective bargaining agreement (if available) and related terms in the stipulated employment contract.
- The existing pay system with regard to salary structure, wage scales, annual adjustment, etc.

4. This is how we transform our strategy into actions

– The current legal and in-kind benefits to which workers are entitled.

– Production workers' current wage levels.

/ Organisation of training sessions for management (including the Human Resources and Finance departments) to build knowledge on wage management and legal requirements.

/ Implementation of a plan to improve policies, rules, wage structure, payments and communication with workers.

/ Establishment or improvement of a mechanism to periodically communicate company policies and wage components and benefits to workers.

## Implementation in 2023

We collaborate with the East China University of Political Science and Law (ECUPL) to identify key areas and create a robust management system with two factories in China as a pilot. This project began in August 2023 and will have a duration of 12 months.



## Lean project

/ **Priority Impact Area:** Living wages

/ **Area of action:** Management systems and favourable practices

/ **Countries:** Bangladesh, China, Morocco

/ **Partner:** Faculty of Sciences and Technologies Tangier (Morocco)

/ **Factories and suppliers involved:** 9

/ **People reached:** 7,388

### Goals

The virtuous circle of productivity, employment and development may be fuelled by reinvesting the productivity gains in product and process innovation, optimising plants and equipment, and measures to boost workers' skills and improve the workplace. This helps suppliers remain competitive in the industry and, therefore, keep workers employed, which is also a key aspect from a living wage perspective.

### Key aspects

This project was designed based on the Theory of Change:

#### a. Outcomes

/ Improvements in workers' wages, skills, benefits and working hours.

/ Improvements in the working environment, including health and safety.

#### b. Practices and behaviours we aim to change

/ We seek the adoption of improved production management systems by management and workers.

/ We want management to talk to workers periodically and take into account their suggestions for improvements.

/ We aim for management and employees to foster a Lean/Kaizen culture to underpin improvement.

#### c. Outputs

/ Factories boost production efficiency.

/ Management acknowledges the importance of reducing working hours.

/ Workers are promoted to a higher skills category (where appropriate).

/ Workers and management improve their knowledge of the Lean methodology.

/ Workers are more actively engaged.

#### d. Activities

/ Performing baseline assessments to lay the groundwork and understand areas for action.

/ Involving management through training, meetings, visits and skills development regarding production systems (6S, Lean Methodology, Kanban, Just in Time, etc.):

- Restructuring the layout of production lines.
- Reduction of quantity of work in progress (WIP).
- SMED techniques (rapid change of production model).



- Training for supervisors and management on Standard Allowed Minutes.
- Apparel Quality Management (AQM).
- Efficient use of resources to adequately balance lines.

/ Development of effective communication tools and techniques between workers and management.

/ Involving workers through training, meetings, visits and skills development regarding production systems (6S, Lean Methodology, Kanban, Just in Time, etc.).

/ Establishing or improving the incentive scheme to encourage employee participation (where appropriate).

/ Final assessment to gauge the change.

/ Supplying factories with techniques and tools to strengthen the methodology

### Implementation in 2023

Inditex's Lean project commenced in China in 2015 and, based on the lessons learned, has been expanded into other regions. In 2023, it was implemented at 9 factories in Bangladesh, China and Morocco.

### Case study

Some of the results obtained from the programme's implementation in China:

/ Production efficiency indicates an organisation's capacity to produce goods based on its resources. Generally speaking, the greater a manufacturing facility's efficiency, the greater its profitability and competitiveness.

Factories can improve workers' benefits while increasing productivity/efficiency and can also improve their working conditions. Accordingly, through our Lean project we implement various tools (Kaizen, Lean, 6S, etc.) at our factories to boost their productivity/efficiency, with the aim of also sharing the benefits obtained with the workers.

/ Hourly wage increase: as envisaged in the project, the following table highlights the wage increase for workers associated with the factories as a result of our Lean project.

7.04%  
average hourly  
wage increase

7.57%  
average production  
efficiency increase

On average, we have observed a 7.04% increase in workers' hourly wages and a 7.57% increase in the factory's production efficiency.



## SCORE Programme

**/ Priority Impact Area:** Living wages

**/ Area of action:** Management systems and favourable practices

**/ Countries:** China

**/ Partner:** International Labour Organization (SCORE ACADEMY)

**/ Factories and suppliers involved:** 1

**/ People reached:** 100

## Goals

Improving the productivity and competitiveness of small and medium-sized enterprises (SMEs) by developing workplace cooperation between management and workers on matters including quality, human resources management, cooperation and health and safety, yielding shared benefits. This, in turn, boosts competitiveness and the potential for businesses to grow and generate more and better jobs for local communities.

## Key aspects

This programme is implemented through training, usually followed by on-site consultations in which trainers help companies implement key improvements in productivity and working conditions. The training covers the following topics, among others:

- / Cooperation in the workplace.
- / Adequate quality control.
- / Clean production.
- / Human resources management.
- / Occupational health and safety.

The International Labour Organization designed this project based on Theory of Change.

The programme's main impact is to boost productivity at SMEs, resulting in an improvement in working conditions and decent employment.

All the information is available at the [website of the International Labour Organization](#).

## Implementation in 2023

We have been taking part in this programme since 2014. In 2023, we resumed development at a factory in China, where the project had been temporarily halted due to covid-19 restrictions.



## 4.3. Respect

### Goal

Promoting safe and respectful environments, free from discrimination, abuse or harassment

### Main lines of work

- / Respectful work environments free from any kind of violence and harassment
- / Fair recruitment and employment culture

Related SDGs	Related human rights	Alliances and partnerships
	/ Right not to be subjected to slavery, servitude or forced labour	/ Anne Çocuk Eğitim Vakfı (AÇEV)
	/ Right to freedom of movement	/ Associação Plano i
	/ Rights to freedom of thought, conscience and religion	/ RISE: Reimagining Industry to Support Equality
	/ Rights of protection for the child	/ Casal dels Infants
	/ Right to a family life	/ Association for Solidarity with Asylum Seekers and Migrants (ASAM)
	/ Right to education	/ Ethical Trading Initiative (ETI)
	/ Right to equality before the law, equal protection of the law, and rights of non-discrimination	/ International Labour Organization (ILO)
	/ Right to non-discrimination in economic, social and cultural rights	/ Network of Organizations Working for People with Disabilities Pakistan (NOWPDP)
	/ The equal right of men and women to the enjoyment of all economic, social and cultural rights	/ Pratham
	/ Right to enjoy just and favourable conditions of work	/ Refugee Support Center (MUDEM)
	/ Right to not be subjected to torture, cruel, inhuman and/or degrading treatment or punishment	/ Social Awareness and Voluntary Education (SAVE)
		/ Support to Life (STL)
		/ United Work

### 2023 Key indicators

- / 64,929 people reached
- / 133 suppliers and factories involved
- / Bangladesh, China, India, Morocco, Pakistan, Portugal, Türkiye

Everyone must be treated with respect, fairness and dignity. At Inditex, through this Priority Impact Area, we defend the need to promote respectful and equal workplaces, and we apply an integrated framework based on zero tolerance policies and practices, identifying risks, addressing their underlying causes and developing the necessary solutions, with a focus on equality and a culture of collaboration. Ultimately, our goal is to guarantee workers a safe workplace, free from any kind of harassment, abuse and violence, as well as a climate of respect.



## Gender-responsive respect

According to the ILO, “over the last three decades, global supply chains have been a key entry point for women to enter the formal workforce. This has brought unprecedented opportunities for women to develop their skills, improve their incomes and elevate their living standards. While global supply chains have enabled women to become more economically empowered, especially in the garment sector, serious decent work deficits remain prevalent (as they are in other segments of the labour market), including discrimination, violence and harassment”.

At Inditex we believe that gender equality is not only a fundamental human right, but also an essential value for the sustainability of the supply chain and for development.

Consequently, for some years we have been working in the field of gender, diversity and inclusion, and this Priority Impact Area is one of the main catalysts for driving international standards linked to the ILO, including, but not limited to, the following: Equal Remuneration Convention (No. 100), Discrimination (Employment and Occupation) Convention (No. 111), Workers with Family Responsibilities Convention (No. 156), Maternity Protection Convention (No. 183), and Violence and Harassment Convention (No. 190) and its Recommendation (No. 206).

By means of various commitments in our supply chain, Inditex is creating a space to work directly at the factories, for changing gender equality practices in the workplace and also reaching female workers' families and communities. Among other projects, in 2023 we have begun to implement the Respect initiative - to prevent gender violence and generate equal opportunities - together with the RISE organization in five factories in India and Bangladesh. We also develop work areas for the inclusion of other groups, such as the LGBTI+ community. In this connection, in 2023 we teamed up with the organisation *Associação Plano* i to implement an awareness project in Portugal.

Likewise, Inditex does not tolerate any form of modern slavery or human trafficking in its organisation or its supply chain, and engages actively in the promotion of and respect for human rights.

We have been continuously working to promote fair hiring practices and working conditions, and to practice zero tolerance of forced and child labour in the supply chain. These aspects are also clearly worded in our Code of Conduct for Manufacturers and Suppliers, whose due application is regularly reviewed through our various commitments, assessments and initiatives.

## Respectful work environments free from any kind of violence and harassment

We carry out activities on an evidence-based approach, aimed at understanding the specific needs in both the workplace and the community to develop solutions to halt violence and harassment. Hence, we foster a culture of respect as a preventive measure, while at the same time strengthening mitigation and remediation measures when necessary.

### Main initiatives in 2023

- / EDUCARE project (Morocco)
- / ETI Gender Sensitive Workplace project (Bangladesh)



- / Cohesion support groups project (Türkiye)
- / LGBTI+ Awareness project (Portugal)
- / Migrant Parents project (China)
- / *Parwaaz* project - Disability management in the workplace (Pakistan)
- / Training for refugee workers (Türkiye)
- / RISE Respect project (Bangladesh, India)
- / Together Strong project (Türkiye)
- / Towards an Inclusive Workplace project (Türkiye)
- / Workplace Adaptation project (Türkiye)

## Protection of migrants and refugees

The textile industry performs a crucial role when it comes to providing job opportunities to vulnerable groups such as migrants, both from other regions within a country (internal migration) and from other nations, and especially for refugees, such as the Syrian refugees who have reached Türkiye since the start of the Syrian conflict in 2011.

Their special vulnerability requires an approach ranging from measures to prevent, detect and, in the event, remedy any instance of forced or unlawful work, to fostering their integration both in the labour market and on a personal level, nurturing peaceful and collaborative environments at the factories in which people from different cultural backgrounds work together, in order to prevent conflict and overcome communication barriers.

A common denominator of our measures and programmes for the protection of migrants and refugees is a special sensitivity for listening, understanding and supporting the specific needs in each context, involving both the workers themselves and specialist organisations, and covering a broad spectrum of topics and types of measures, from prevention and training to remediation.

## Fair recruitment and employment culture

Providing decent work and using fair recruitment and employment practices are among the key objectives of this Priority Impact Area. At Inditex we have a zero tolerance policy towards child labour and any kind of forced labour. These topics are discussed in our Code of Conduct for Manufacturers and Suppliers, which explicitly forbids the employment of minors and any form of forced or involuntary labour in our supply chain.

Two key tools enable us to work and improve in these areas:

- / Our continuous human rights due diligence process in the supply chain, which allows us to identify key aspects.
- / Our various initiatives under the Workers at the Centre strategy, which play a crucial role not only in preventing these situations in the first place, but also in taking the necessary action if any breaches are detected.

### Main initiatives in 2023

- / *Sowbhagyam* project (India).
- / *Sankalp* project (India).
- / Remediation programme for migrant workers (Türkiye).



## Zero-tolerance for child labour

At Inditex we are committed to ensuring that our supply chain is free of child labour. That is why we have established a series of policies and actions as a way of prevention, mitigation and remediation<sup>1</sup>. All suppliers and factories are informed about this policy when they start their commercial relationship with Inditex and we ensure that they are always compliant through different approaches that include training, guidance, evaluation and remediation plans.

Specifically, the child labour remediation plan is a mandatory process implemented globally that is activated if a worker is found to be under the age stipulated in our Code<sup>2</sup>. Suppliers and factories are responsible for developing and implementing a series of feasible corrective actions following this communication and for reaching an agreement with the minor and their guardians, which includes providing schooling opportunities for the minor, paying them a living allowance until the legal minimum working age, or employing an adult family member in their place, among other measures aimed at reducing the likelihood of them returning to the labour market to support their family.

During the development of these plans, Inditex's internal teams continuously monitor their implementation, with the possible collaboration of external expert organisations.

1. For the development of these actions, the "ILO-IOE Child Labour Guidance Tool for Business", among others, is used as a reference.

2. According to the Code of Conduct for Manufacturers and Suppliers, 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.

## Programmes and projects in factories 2023

### EDUCARE project

/ **Priority Impact Area:** Respect

/ **Area of action:** Respectful work environments free from any kind of violence and harassment

/ **Countries:** Morocco

/ **Partner:** *Casal dels Infants*

/ **Factories and suppliers involved:** 7

/ **People reached** 2,932

### Goals

In Morocco, only around 20% of women participate in the labour market nationally. Part of women's employment is linked to the garment sector and subject to considerable rotation, especially among women who are caring for children, an aspect that affects their professional stability and availability.

To help improve the living conditions and well-being of women workers in the garment industry in Morocco's main cities, in February 2022 Inditex commenced a project in collaboration with *Casal dels Infants*, an NGO with considerable experience in education, training, economic integration and social protection.

The main goal of this project is to promote access to formal education structures and day care for the children of women workers.

### Key aspects

This project was designed based on the Theory of Change:

4. This is how we transform our strategy into actions

#### a. Outcomes

Improving the labour conditions and well-being of working mothers.

#### b. Practices and behaviour we aim to change

/ We aim for working mothers to have peace of mind when it comes to the conditions of their children care and education.

/ We want day care facilities to be adequately resourced and managed to ensure safety and qualified educational services.

#### c. Outputs

/ Working mothers are aware of the solutions proposed.

/ Working mothers enrol their children in day care and transport services.

/ Working mothers have access to safe and strengthened day care and pre-school centres for their children.

/ The transport service is operational and has an educator on board to look after the children during the journey.

#### d. Activities

/ Sessions are conducted with working mothers whose children are aged under six to identify their needs and present them with Educare services.

/ Launch of a transport service to take children from their homes to day care in accordance with their mothers' working hours.

### Implementation in 2023

The project was launched in February 2022 and involved three companies from different industrial districts of Tangier. And, since September 2023, the initiative has been expanded to include another seven factories, all in the same area.

In 2023 the following activities were carried out in the framework of this project:

/ Awareness activities in seven factories with regard to the project and its impacts on employee well-being.

/ Five workshops held at five factories involving 184 working mothers. During these sessions, Educare's units, location, services, prices and contact were presented, and experiences and needs were shared among the participants.

/ Three Educare units were equipped with the necessary material and resources to provide day care and pre-school education services.



## LGBTI+ Awareness project

**/ Priority Impact Area:** Respect

**/ Area of action:** Respectful work environments free from any kind of violence and harassment

**/ Countries:** Portugal

**/ Partner:** Associação Plano i

**/ Factories and suppliers involved:** 4

**/ People reached:** 436

## Goals

Increasing knowledge on topics relating to gender, diversity and inclusion and supporting awareness enhancement regarding matters such as gender, LGBTI+, harassment, stereotypes and discrimination.

## Key aspects

This project was designed based on the Theory of Change:

### a. Outcomes

/ Workers feel comfortable, respected and completely integrated in their workplace regardless their sexual orientation.

/ Workers feel that they have the opportunity to freely share their perspectives and experiences.

### b. Practices and behaviour we aim to change

/ We want workers to respect others in the workplace, taking into account the inherent diversity.

/ We want workers to promote inclusive attitudes and behaviours in the workplace at all levels.

### c. Outputs

/ Workers know and understand the definition and meaning of the term LGBTI+ and identify situations of inequality and exclusion of these people. They also recognise the need and ways to incorporate diversity and equality in their daily lives and how to avoid discrimination.

/ Workers are aware of the answers, services and resources that exist to support LGBTI+ people.

### d. Activities

/ Training and awareness-raising sessions on diversity, equality and LGBTI+.

/ Communication channel to share and approach LGBTI+ topics in the workplace (sharing good practices, suggestions, workers' personal experiences).

/ Share and provide information on existing specialised support services for LGBTI+ people.

## Implementation in 2023

Seven awareness sessions were held on diversity and inclusion. In total, the training directly reached 150 people, who are expected to act as key players for further disseminating this knowledge among colleagues and also among their families and the communities where they live.



### Parwaaz project - Disability management in the workplace

**/ Priority Impact Area:** Respect

**/ Area of action:** Respectful work environments free from any kind of violence and harassment

**/ Countries:** Pakistan

**/ Partner:** : Network of Organizations Working for People with Disabilities Pakistan (NOWPDP)

**/ Factories and suppliers involved:** 5

**/ People reached** 8,289

#### Goals

Creating a sustainable model of employment for people with disabilities, focusing on skill development and the training of suppliers in the supply chain.

#### Key aspects

This project was designed based on the Theory of Change:

##### a. Outcomes

Improving the accessibility and inclusion of people with disabilities in the labour market in the textile industry in Pakistan.

##### b. Practices and behaviour we aim to change

/ We seek to increase the financial independence of people with disabilities, equipping them with useful employment skills in the most demanded jobs in the textile industry.

/ We want there to be a fair participation of people with disabilities by improving the capacity of suppliers to boost inclusion, accessibility and sustainability.

#### c. Outputs

/ People with disabilities acquire vocational skills driven by the demand for jobs such as sewing and quality control, finishing and packaging.

/ People with disabilities are financially empowered through employment.

/ Teams and management gain awareness of how to welcome employees with disabilities into their workplace, including training on sign language.

#### d. Activities

/ Recruitment and candidate identification and selection campaigns are carried out.

/ Job-driven orientation and skills training is provided, including preparing for interviews.

/ Coordinating and facilitating job interviews and incorporation processes (using sign language interpreters) where necessary.

/ Reviewing diversity and inclusion policies and procedures and holding awareness sessions and training in sign language.

#### Implementation in 2023

In 2023, continuing with the implementation of the activities designed, the Network of Organizations Working for People with Disabilities Pakistan (NOWPDP) supported factories in reviewing policies to ensure that the rights of people with disabilities are protected. Based on these reviews, it recommended changes where necessary to ensure that people with disabilities are not discriminated against at the workplace.

At the end of the project, the established goal was achieved thanks to the collaboration of all those involved:

/ 75 people with hearing and speech disabilities were trained, and 120 people with disabilities were reached.

/ A total of 47 graduates worked at the three factories.

/ 92 members of management and administration from the three factories received training to promote an inclusive working environment.

### Sowbhagyam project

**/ Priority Impact Area:** Respect

**/ Area of action:** Fair recruitment and employment culture

**/ Countries:** India

**/ Partner:** Social Awareness and Voluntary Education (SAVE)

**/ Factories and suppliers involved:** 44

**/ People reached:** 23,614

#### Goals

This project has two main goals: fostering increasingly better labour practices at spinning, weaving, fabric mills and processing facilities and ensuring that all factory workers enjoy a safe environment free of any kind of violence and harassment.

Furthermore, there are several specific objectives:

/ Improving recruitment practices at factories.

/ Strengthening the Internal Grievance Committee to prevent, prohibit and redress.

/ Improving access to grievance mechanisms available at the factory.

/ Facilitating early identification and guidance for vulnerable workers.

## Key aspects

Generally, this commitment has involved the following key interventions:



### 4. This is how we transform our strategy into actions

- / Review and strengthening of human resources policies at factories. SAVE reviewed them and issued recommendations to update them where necessary.
- / Management awareness workshop. These workshops focused on topics such as fair recruitment practices, care and protection of adolescent and migrant workers, prevention of gender-based violence and guaranteed wage payment. In addition to outlining the legal requirements, the workshop entailed a discussion on case studies, helping participants to think about and relate to their own factory situations.
- / Sensitizing recruitment agents regarding labour laws and fair practices.
- / Awareness workshop for middle management to promote a stress-free working environment. The analysis and discussions helped participants realise the importance of managing stress effectively and of the repercussions of ineffectively managing stress among workers and at the workplace.
- / Review and strengthening of internal complaints mechanisms. The establishment of committees was reviewed and their members trained with regard to their functions and responsibilities.
- / Sensitizing employees residing in the factory housing to identify and address emotional conflicts. Being away from home and working in a different cultural and geographical context increases the stress. SAVE held an awareness workshop for administrators and workers in the hostels regarding the early identification of stress and effective ways of managing it.

### Implementation in 2023

The *Sowbhagyam* project was implemented between 1 August 2021 and 31 July 2023, starting with a detailed assessment of the needs to understand the specific challenges at supply chain factories in the Tamil Nadu region. This greatly enhanced the visibility with respect to the needs and, accordingly, the interventions were suitably adapted to meet them.

Some of this project's outputs were:

- / A 97% increase in knowledge of the role of trade unions.
  - / An average 78.3% improvement in the understanding and perception among internal committee members with regard to sexual harassment.
- With regard to the direct participants in the project:
- / 81 managers took part (76 men and 5 women).
  - / 85 middle managers took part (77 men and 8 women).
  - / 19 recruitment agents were trained (14 men and 5 women) in fair recruitment practices.
  - / 176 members of internal committees (25 men and 151 women) received training.
  - / 13 hostel administrators (6 men and 7 women) and 97 hostel volunteers (16 men and 81 women) received training.

## Testimonial

*"Through Sowbhagyam's training, I learned about my role in promoting a harassment-free environment within the factory premises. This training has taught me practical methodologies for the successful functioning of the internal committee."*

**Santhanalakshmi, warehouse supervisor and member of the internal committee**



### ETI Gender Sensitive Workplace project

- / **Priority Impact Area:** Respect
- / **Area of action:** Fair recruitment and employment culture
- / **Countries:** Bangladesh
- / **Partner:** *Ethical Trading Initiative* (ETI)
- / **Factories and suppliers involved:** 6
- / **People reached:** 13,036

#### Goals

This project aims to create gender-sensitive workplaces where rules of conduct and behaviour ensure that everyone is treated with dignity and respect, which in turn is conducive to healthy labour relations that contribute to higher productivity and sustainable growth.

Moreover, its specific goals include:

- / Increasing knowledge of what constitutes sexual harassment and the grievance mechanisms among workers' representatives serving on the Participation Committee.
- / Improving the knowledge about the concept and importance of a gender-sensitive workplace among managers and supervisors.
- / Increasing the capacity of members of the Sexual Harassment Complaints Committee to effectively manage the committee's role and function.

#### Key aspects

This project was designed based on the Theory of Change:

#### a. Outcomes

- / Women workers feel respected and valued through participation and inclusion.
- / Women workers are free of any kind of violence and harassment.
- / An effective and functional platform is provided to women workers for preventing and remedying violence and harassment.

#### b. Practices and behaviour we aim to change

- / We wish factory management and supervisors to treat all workers with respect and dignity.
- / We seek periodic verification from factory management that equal opportunities are provided to women workers and that all those opportunities are effectively communicated.
- / We want management to periodically conduct training and group activities for all workers to acquaint them with policies and procedures linked to gender and preventing physical and sexual harassment.

#### c. Outputs

- / Policies and practices related to the Sexual Harassment Complaints Committee are established or improved.
- / Workers, especially women, improve their knowledge of their rights and responsibilities.
- / Workers and management are familiar with national and international policies and conventions concerning the protection of the rights of women and children.
- / Gender equality in factories is improved.
- / Women workers are empowered through their participation/representation in supervisory and management roles.

#### d. Activities

/ Management and workers are trained concerning questions in connection with the Sexual Harassment Complaints Committee, gender-based violence and gender-sensitive workplaces.

/ The associated committee members are trained concerning questions in connection with the Sexual Harassment Complaints Committee, gender-based violence and gender-sensitive workplaces.

/ Existing policies and procedures are reviewed in connection with gender equality, the Sexual Harassment Complaints Committee, and so on, and technical support is provided to make them effective and functional.

/ Baseline and final assessments are carried out to measure the changes or impacts.

#### Implementation in 2023

In 2023, we continued to pursue this commitment at six factories in Bangladesh.

Some of this project's outputs were:

/ 20 women have been promoted to managers and/or supervisors.

/ 98.5% of women workers are willing to address complaints to the Sexual Harassment Complaints Committee, as compared with 46.7% at the outset of the project.

/ 100% of women representatives serving on the Sexual Harassment Complaints Committee expressed their satisfaction at their increased leadership on the Committee.

/ 80% of women workers have acquired knowledge regarding the National Helpline Centre for Violence against Women and Children, as compared with 5.6% at the outset of the project.

### Together Strong project

**/ Priority Impact Area:** Respect

**/ Area of action:** Respectful work environments free from any kind of violence and harassment

**/ Countries:** Türkiye

**/ Partner:** Anne Çocuk Eğitim Vakfı (AÇEV)

**/ Factories and suppliers involved:** 3

**/ People reached:** 685

#### Goals

This project emerged as a result of collaboration between Inditex and AÇEV, a Turkish NGO with considerable experience and knowledge in gender studies, in response to the needs of women residing in socio-economically underprivileged areas with limited access to resources. Its multilateral approach allows it to tackle issues relating to gender equality in the workplace, at home and in society, as well to support literacy and provide training for women to develop skills in the workplace.

The main goal is to support the promotion of gender equality in the workplace and women empowerment through courses and workshops on advanced literacy, life skills and awareness.

#### Key aspects

The project is aimed at creating an environment conducive to women empowerment at factories by raising awareness on gender equality. Specifically, this initiative has three components:

/ 'POWER – Women Empowerment Training Programme': this is an intensive and in-depth three-month training programme. In it, empowerment issues are combined with literacy and numeracy classes. Furthermore, other topics such as personal leisure, child protection and health, finances or personal goals are also covered.

/ Training for all workers under the slogan 'Equality Awareness': training covering an overview of the basic concepts of gender equality, aimed at both men and women.

/ Equality workshop for men: this workshop discusses the definition of masculinity and its social effects on both men and women.

This project was designed based on the Theory of Change:

#### a. Outcomes

Workers can enjoy more inclusive and gender-sensitive workplaces.

#### b. Practices and behaviour we aim to change

/ We want women workers to gain confidence and be more likely to put themselves forward for representative and decision-making roles.

/ We aim for the factory management to foster a gender-sensitive culture.

#### c. Outputs

/ Increased awareness on gender, gender equality, discrimination and gender-based violence at all the factories.

/ Supervisors increase their knowledge of gender equality.

/ Women workers enhance their social skills.

#### d. Activities

/ Involving all workers through training on gender issues, gender equality, discrimination and gender-based violence.

- / Involving male supervisors separately through a workshop on masculinity and gender equality.
- / Providing women workers with an empowerment programme relating to literacy, numeracy, leisure time, child protection and health, finance and personal goals.

### Implementation in 2023

In 2023, the project was implemented successfully at three factories:



#### 4. This is how we transform our strategy into actions

- / The 'POWER - Women Empowerment Training Programme' was provided to 171 women workers at participating factories.
- / Equality workshops were held involving 30 male supervisors at participating factories.
- / Training was given in connection with 'Equality awareness' to 554 workers at three participating factories.
- / In total, 4,276 training hours were provided to workers.

### Migrant parents project

- / Priority Impact Area:** Respect
- / Area of action:** Respectful work environments free from any kind of violence and harassment
- / Countries:** China
- / Partner:** Internal programme
- / Factories and suppliers involved:** 2
- / People reached:** 673

### Goals

The progress in industrialisation and urban development in China has triggered a migration of rural workers to cities in search of work or to start up businesses. Often, their families remain in their places of origin, leading to their being separated from their children, who are cared for and raised by other family members.

The main purpose of this project is to increase the well-being of parents by improving their relationship with their children, while also protecting the children's basic rights by enhancing their parents' knowledge and skills.

### Key aspects

This project was designed based on the Theory of Change:

#### a. Outcomes

Improvement in the relationship between parents and their children

#### b. Practices and behaviour we aim to change

- / We want management to review their policy to create a family-friendly workplace.
- / We aim for management to adopt practices to support parents in their workforce.
- / We want working parents to get used to practising learning skills when they are with their children.

/ We wish to enhance communication among workers and between workers and management with regard to parenthood.

#### c. Outputs

- / Increase in working parents' awareness of personal well-being and parenting.
- / Parents who take part in the project improve their interaction and relationship with their children.
- / Management understands that workers having a healthy relationship with their children is beneficial for the business and the factory's performance.

#### d. Activities

- / Training to working parents on various topics linked to parenting.
- / Supply of smart watches to improve communication between parents and their children.
- / Monitoring visits carried out by the internal expert so that the factory's project team can share plans to continue developing the project.

## Implementation in 2023

In 2023, the project was implemented at two factories:

/ The internal experts provided training using videos, role-plays and pooled experiences, to more than 40 parents, focusing on the following topics:

- Identifying the child's needs and expectations and understanding how to create the most growth-conducive environment.
- Understanding how to effectively communicate over a long distance and how to make the most of the time spent together when they return home.



4. This is how we transform our strategy into actions

/ Workers with children aged between 4 and 12 years old were provided with a smart watch with video calling and voice messaging capabilities. The aim was to provide tools and facilitate and increase the frequency and quality of communication between parents and children.

/ According to the project follow-up survey, workers felt better equipped to play an active role in raising their children, despite the physical distance.

### Towards an Inclusive Workplace project

**/ Priority Impact Area:** Respect

**/ Area of action:** Respectful work environments free from any kind of violence and harassment

**/ Countries:** Türkiye

**/ Partner:** Association for Solidarity with Asylum Seekers and Migrants (ASAM)

**/ Factories and suppliers involved:** 9

**/ People reached:** 2,209

### Goals

The main goal is to support the refugees' adaptation to Turkish work culture, and to enhance social cohesion between the welcoming communities and the refugees.

Furthermore, the specific goals are to increase communication channels between employers and employees and to facilitate access to Mental Health and Psychosocial Support (MHPSS) mechanisms and increase the well-being of refugee workers.

### Key aspects

This project was designed based on the Theory of Change:

### a. Outcomes

Workplaces are created in which everyone can carry out their work in a peaceful climate of social harmony.

### b. Practices and behaviour we aim to change

/ We want to eliminate prejudices against workers of other nationalities.

/ We aim to eradicate false stereotypes in connection with refugees and migrants in Türkiye.

### c. Outputs

/ Updated training modules.

/ Increased awareness among workers and management regarding various topics, from Turkish labour practices to communications skills.

/ More knowledge of how to access Mental Health and Psychosocial Support services.

### d. Activities

/ Review of training modules in accordance with applicable local regulations and other needs.

/ Online learning at their own pace for both refugee and Turkish workers.

/ Meeting to share experiences with management.

## Implementation in 2023

Training modules were held for both refugee workers and management, on topics such as: communication between cultures, myths about refugees, work permit procedures and safe employment, gender equality, and resilience and empathy, among others.

There was also an awareness session for refugee and Turkish workers on access to psychosocial support mechanisms and a meeting to share experiences with management staff from suppliers.

## Testimonials

### from managers:

*"Participating in a project like this is important for employers, but it is also in our best interests to involve the employees. We were more successful in acquiring knowledge thanks to the online talks and exams. The private sessions were helpful for their development."*

*"They began to believe we really care about them. Workers who wouldn't even say 'good morning' started to interact more."*

The project was supposed to start at the beginning of the year; however, it was delayed by the earthquake in Türkiye, but it did yield fruitful results. In total, 51 refugee workers, 132 Turkish workers and 18 managers completed all the training modules.

## Testimonial

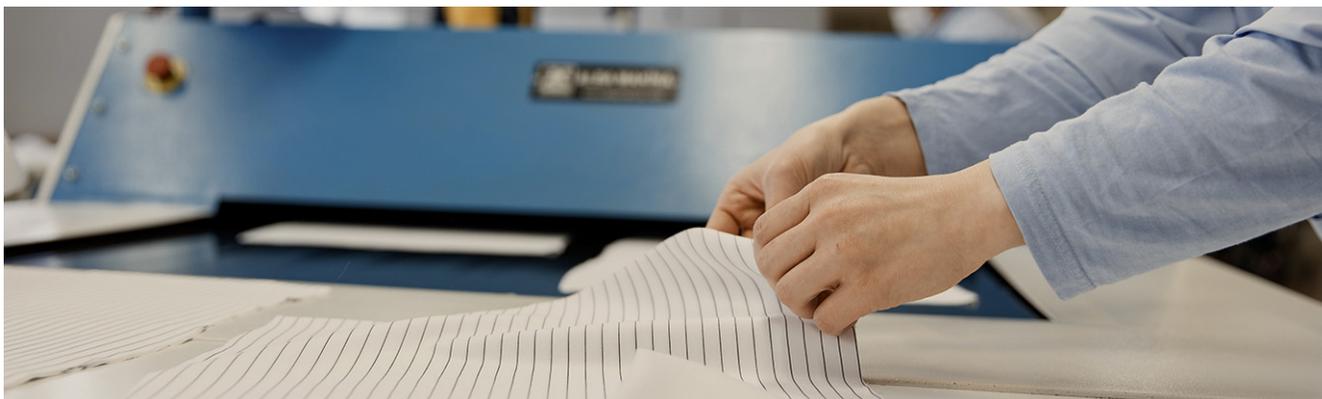
### from two workers from two different factories who took part in the project:

*"The topics were interesting and the team helped us to overcome our shyness. It was beneficial for us to spend time socialising outside of the workplace and discussing different topics."*

*"In the Mental Health and Psychosocial Support service, they took excellent care of us. The way they explained things was also great. This training is beneficial and takes place every four or five months. It's something we need to learn. We want it to continue."*

/ 81% of Syrian workers and 76% of Turkish workers stated that their knowledge of the psychosocial support mechanisms had increased.

/ 91% of Syrian workers and 78% of Turkish workers said this activity would benefit both their personal and professional lives.



## Training for refugee workers

**/ Priority Impact Area:** Respect

**/ Area of action:** Respectful work environments free from any kind of violence and harassment

**/ Countries:** Türkiye

**/ Partner:** United Work

**/ Factories and suppliers involved:** 6

**/ People reached:** 1,372

## Goals

The main goal is to facilitate cohesion in places where refugees work to create more diverse, inclusive and peaceful working environments through separate training for refugees and management.

Furthermore, the specific goals are:

/ Empowering refugees by improving their knowledge and awareness of various topics, such as their rights and responsibilities, as well as of harassment.

/ Improving management's understanding of refugees, their rights and the false information concerning them.

## Key aspects

This project was designed based on the Theory of Change:

### a. Outcomes

More inclusive workplaces are created and social cohesion is enhanced.

### b. Practices and behaviour we aim to change

/ We want management to agree that training boosts social cohesion at the workplace.

/ We aim for refugees to communicate more easily with their Turkish colleagues at their workplaces.

### c. Outputs

/ Refugee workers increase their knowledge of local labour laws.

/ Refugee workers increase their awareness of the types of discrimination.

/ Management and supervisors increase their knowledge and awareness of diversity and inclusion.

### d. Activities

/ Awareness training on diversity and inclusion for refugee workers and factory management.

### Implementation in 2023

In 2023 we implemented this training at six factories. A total of 11 female and 76 male refugee workers received this training, along with 16 supervisors and managers.

The impact was assessed through surveys to gauge the increase in awareness and knowledge, with the following results:

/ 96% of refugee workers believe they learned new information about their rights and responsibilities.

/ 88% of refugee workers believe they will communicate better with their colleagues following the training.

/ 93% of managers surveyed believe the training will have a positive impact on the workers.

/ 96% of managers believe the training will contribute to social cohesion in the workplace.

## Cohesion Support Groups project

**/ Priority Impact Area:** Respect

**/ Area of action:** Respectful work environments free from any kind of violence and harassment

**/ Countries:** Türkiye

**/ Partner:** *Support to Life (STL)*

**/ Factories and suppliers involved:** 4

**/ People reached:** 321

### Goals

The main aim of this project is to tackle the challenge of fostering social cohesion at factories with a diverse labour force in which refugees and people from the local community work together.

Furthermore, the specific goals are:

/ Fostering social cohesion between refugees and local workers at factories through a peer learning and support groups model.

/ Raising social cohesion group workers' awareness and skills in connection with communication, social relationships, gender equality and positive parenting.

### Key aspects

This project was designed based on the Theory of Change:

#### a. Outcomes

Workplaces are more inclusive and social cohesion is enhanced.

### b. Practices and behaviour we aim to change

/ We seek to build trust between the welcoming community and the refugee workers.

/ We want workers to see management as a caring and responsible entity.

### c. Outputs

/ Support groups are established between the welcoming community and the refugee workers.

/ A space for exchange is created so as to foster the connection between workers and improve workers' communication skills.

/ Workers increase their awareness of topics like gender equality and positive parenting, and factory management, Human Resources and supervisors increase their knowledge of multiculturalism at the workplace.

### d. Activities

/ Fostering peer exchanges and support between refugees and workers in the welcoming community through the establishment of support groups at the workplace.

/ Conducting workshops for management, Human Resources, middle management and supervisors on multiculturalism at the workplace.

### Implementation in 2023

Four training sessions were held on multiculturalism involving nine supervisors, 14 managers and four workers representatives at four factories.

In addition, four support groups were set up with a total of 42 workers, of whom 19 were refugees and 23 Turks. To ensure that gender matters were captured, 47% of the participants were women and 53% men.

Five sessions were held with each of these groups, respectively, concerning topics like effective communication and gender equality.

## Workplace Adaptation project

/ **Priority Impact Area:** Respect

/ **Area of action:** Respectful work environments free from any kind of violence and harassment

/ **Countries:** Türkiye

/ **Partner:** International Labour Organization (ILO)

/ **Factories and suppliers involved:** 3

/ **People reached:** 533

### Goals

The main goal is to support the establishment of an efficient, inclusive and peaceful workplace. Furthermore, the specific goals are:

/ Guiding refugees and members of the local community in connection with labour rights breaches and potential abuse at the workplace, broadening their knowledge and honing their skills on labour standards and regulations.

/ Supporting workplace integration processes, strengthening social interaction and cultural communication between refugees and members of the local community both at work and outside.

### Key aspects

This project was designed based on the Theory of Change:

#### a. Outcomes

All supply chain workers are entitled to a socially cohesive workplace.

#### b. Practices and behaviour we aim to change

/ We want workers from different cultural backgrounds to break with mutual prejudices both at work and in their private lives.



/ We wish to increase the interaction and communication between workers, especially those from different cultural backgrounds and nationalities.

/ We want management to practice their dispute resolution skills and facilitate the creation of respectful workplaces.

#### c. Outputs

/ Increased awareness among workers and supervisors of labour rights, discrimination, mobbing and gender equality.

/ Management increases its skills to operate in an intercultural workplace without any discriminatory approach.

/ Relationships are created between Turkish and refugee workers as 'buddies' to foster communication

#### d. Activities

/ Class training for refugee and local workers, who are paired as 'buddies' and training for middle management.

/ Joint activities with colleagues.

### Implementation in 2023

In 2023, an assessment was held at the factories to gauge the impact of the activities implemented in 2022. This assessment took a holistic approach involving all workers and management at the associated factories through a survey.

/ There was a 42% increase in awareness of systemic and prolonged psychological harassment at work (known as mobbing).

/ There was a 58% increase in workers' awareness that they are free to join or leave a trade union.

Also in the scope of the impact assessment, the change of attitude was measured with respect to negative preconceptions of diversity and inclusion.

## Sankalp project

/ **Priority Impact Area:** Respect

/ **Area of action:** Fair recruitment and employment culture

/ **Countries:** India

/ **Partner:** Pratham

/ **Factories and suppliers involved:** Community programme

/ **People reached:** : n/a<sup>1</sup>

## Goals

The *Sankalp* project focuses on preventing unsafe internal migration in India by intervening at the point of departure/transit from the state of origin. This project, which involves continuous attention to the departure point, enables migrant workers to register in accordance with labour laws and to sign up for social protection plans.

The main purpose of this project is to prevent unsafe migration and the trafficking of adults and children in the target area.

Furthermore, the specific goals are:

/ Increasing awareness of individuals and civil servants concerning the issue of unsafe migration and access to social protection plans for migrant workers.

/ Increasing the surveillance and monitoring to prevent unsafe migration.

## Key aspects

This project was designed based on the Theory of Change:

### a. Outcomes

The unsafe internal migration of adults and children in India is prevented.

### b. Practices and behaviour we aim to change

/ We want parents to ensure that their children are enrolled at school and continuously monitor their school attendance.

/ We aim for adults to glean accurate information on their job description, location etc., before migrating for work.

### c. Outputs

/ Individuals and civil servants are better informed regarding the issue of unsafe migration.

/ A surveillance and monitoring mechanism is implemented or improved to prevent unsafe migration.

/ An effective remedy is provided to workers/children/families in the event unsafe migration is detected.

/ There is greater awareness and access to social protection plans for migrant workers.

### d. Activities

So far, the project has implemented the following activities:

/ **Interaction with adults** at various departure points to learn migration patterns and offer essential information about employment registration and its associated benefits. The aim is to empower them to make informed decisions and improve their experience of working outside their home states.

/ **Awareness of child migration:** organisation of awareness campaigns at departure points like bus stops, train stations, public transport, etc.

### / Coordination with different actors (special campaigns):

establishment of solid relationship with key stakeholders, like the Special Juvenile Police Unit and Child Welfare Committees, among others.

/ **Community meetings** in the Bahraich and Bihar districts, which took place in 25 Gram Panchayats (Village Councils), to raise awareness and ensure that the community is equipped with the knowledge and resources to protect and support the children. At these, information is provided on children's rights, with an emphasis on fundamental rights.

/ **Parent meetings** at the village level to tell them about government plans, raise awareness on the harmful effects of child labour, discuss parents' duties, emphasise the importance of education and foster best parenting practices. Furthermore, helpline numbers were given to those attending.

/ **Meetings with adolescent girls** to form groups of them in villages, encouraging them to meet, share their experiences and discuss key topics like affectionate relationships, school enrolment and violence and discrimination towards women, thus empowering them with the knowledge and resources to protect their rights. Furthermore, helpline numbers are provided to children and women to provide them with assistance at times of need.

/ **School training** with the aim of informing children on health and hygiene practices, their rights and helpline numbers. These sessions were imparted in a creative and interactive format to provide an entertaining learning experience.

Moreover, to supplement projects, sessions and dissemination campaigns were held on the national and World Day Against Child Labour or Menstrual Hygiene Day.

<sup>1</sup> The overall number of people benefiting from community projects was not included, as a longer time frame is required for such an assessment.

## Implementation in 2023

In 2023, the commitment generated the following key impacts:

- / A total of 371 people were steered away from a potential situation of unsafe migration.
- / A total of 19,599 children, 911 civil servants and 7,200 parents were informed of the harmful effects of child labour, its prevention and rescue, and they are also provided with the children’s helpline number.
- / A total of 24,077 people attended the community meetings held to promote children’s rights, protect children from labour exploitation and provide vital information on social protection plans.
- / Meetings were held with 1,225 adolescent girls to tackle topics like child marriage, school enrolment and domestic violence,



## 4. This is how we transform our strategy into actions

empowering them with the knowledge and resources to protect their rights.

- / A total of 4,571 potential migrants were interviewed and advised.
- / 14,015 people were informed regarding the various social protection schemes, of whom 227 were registered in new plans.

### Remediation programme for migrant workers

- / Priority Impact Area:** Respect
- / Area of action:** Fair recruitment and employment culture
- / Countries:** Türkiye
- / Partner:** Refugee Support Center (MUDEM)
- / Factories and suppliers involved:** 39
- / People reached:** 3,136

### Goals

We have collaborated closely since 2016 with the local NGO Refugee Support Centre (MUDEM), which has been providing social and legal support to asylum seekers in accessing their rights and services for refugees and migrants.

Acknowledging the high risk of discrimination, the lack of access to decent working conditions and difficulties at work and in the social sphere due to linguistic barriers, our collaboration in remediation plans focus on preventing unsafe employment and guaranteeing decent working conditions not only for Syrian refugees but for migrants in general.

The main goal of this project is to guarantee that the rights of refugees and migrants are respected and that they can access decent, cohesive and discrimination-free workplaces.

Furthermore, the specific goals are:

- / Conducting effective assessments of the labour conditions of each refugee and migrant through individual meetings in their own language and with the support of MUDEM.
- / Legalising the work of refugees and migrants through work permits and social security in accordance with local law.
- / Establishing socially cohesive workplaces by eliminating linguistic barriers and, if necessary, offering language courses.
- / Helping refugee and migrant workers to have the same labour conditions as other workers in a work environment free of basic human rights breaches, such as forced labour and discrimination.
- / Raising refugees’ and migrants’ awareness of the existence of MUDEM as an NGO they can call upon in the event of any need.

### Key aspects

As has been the case since the outset of our collaboration with MUDEM, in 2023 remediation plans continued to be implemented for each refugee and migrant worker found to be without a work permit. The actions typically carried out are:

- / Obtaining a cooperation commitment from factory management and suppliers.
- / Eligibility research for work permits and verification of the labour conditions of refugees and migrants.
- / Processing of the remediation plan in the scope of the protocol.

### Implementation in 2023

This year, remediation plans were commenced for 78 refugee workers and the number of remediation plans completed amounted to 54 as of the end of our financial year (31/01/2024).

## 4.4 Health

### Goal

Protecting the health and safety of workers in the supply chain, and improving their well-being

### Main lines of work

- / Physical health
- / Workplace safety
- / Well-being

### Related SDGs



### Related human rights

- / Right to life
- / Right to health
- / Rights of protection of the family and the right to marry
- / Right to enjoy just and favourable conditions of work
- / Right to a family life
- / Right to a clean, healthy and sustainable environment
- / Right not to be subjected to torture, cruel, inhuman and/or degrading treatment or punishment
- / Right to not be subjected to torture, cruel, inhuman and/or degrading treatment or punishment
- / Right to an adequate standard of living

### Alliances and partnerships

- / International Accord for Health and Safety in the Textile and Garment Industry
- / *Medicus Mundi Sur*
- / RISE: *Reimagining Industry to Support Equality*
- / RMG Sustainability Council (RSC)
- / St. Johns Medical College

### 2023 Key indicators

- / 1,125,665 people reached
- / 1,337 suppliers and factories involved
- / Bangladesh, China, India, Morocco, Portugal, Sri Lanka, Vietnam

Working in a safe and healthy environment is so important that, in June 2022, the International Labour Organization took the historic step of declaring that 'a safe and healthy work environment' is a fundamental right and principle at work. Moreover, the ILO clearly urged stakeholders to undertake the proper responsibility and implement synergic actions to provide safe and healthy work environments for all workers.

For decades, Inditex has been committed to promoting these basic rights in the supply chain. In this connection, we have a framework of policies and procedures in place to ensure compliance with the requirements through assessments and corrective activities, and we take a comprehensive and holistic approach by identifying best practices to address specific challenges and workers' needs. Collaborating with expert organisations to identify improvement areas allows us to better implement the solutions devised, through both immediate actions and long-term goals.

By means of this Priority Impact Area, Inditex has developed several initiatives of its own or in collaboration with expert organizations recognized for their professionalism in the field, to further strengthen our commitment to guaranteeing safe and healthy working environments for workers in our supply chain. In addition, our commitment to equality is always embedded in the development of solutions to ensure the needs of all vulnerable groups are well taken care of, as to reduce health inequalities.

The ultimate goal of this Priority Impact Area being to ensure that workers in the supply chain are protected from risks to their occupational safety, health and well-being, the solutions and initiatives are developed around three strategic lines of action: physical health, workplace safety and well-being.

## A gender-responsive approach to health

We take considerable care to develop solutions relating to women's health in the communities where our supply chains are located.

Healthy women are the core of a healthy labour force, family and society. Accordingly, we always apply a gender-responsive approach to the development of projects when a need is identified in connection with the health of women and girls, in order to protect them from harm and improve their general state of health to foster well-being. The SAKHI Menstrual Rights project makes women the target group to effect a comprehensive change in their health (reproductive and menstrual health) and improve menstrual health management. While, for its part, the HERhealth project is aimed at improving women workers' general state of health through education among peers, which not only disseminates knowledge among their colleagues but also increases their self-confidence and satisfaction at the workplace. Another example is our collaboration with Medicus Mundi Sur to promote the health of women workers in Morocco.

## Physical health

As part of this strategic line, we have continued our commitments and initiatives aimed at reinforcing the evaluation, support and improvement of compliance with our Code of Conduct for Manufacturers and Suppliers.

## 4. This is how we transform our strategy into actions

While this commitment takes a holistic approach to health, the plan also ensures that the proper standards, national laws, regulations and guidelines are followed in the supply chain to prevent and/or eliminate hazards associated with the many substances used in production processes, including biological substances (where applicable), in order to minimise workers' exposure.

An essential solution in this area is the global occupational health and safety improvement plan in our supply chain, which we launched in 2022. It aims to proactively collaborate with our key suppliers and manufacturers to improve, where necessary, their level of compliance when it comes to health and safety.

In particular, an individual improvement plan is developed for each supplier and factory in every country. A team with specific training in this area then continuously monitors the Corrective Action Plans (CAP) and regularly contacts with each supplier or manufacturer, providing advice, monitoring progress and verifying improvements to ensure greater compliance with our Code and related applicable legislation using an empirical approach.

### Main initiatives in 2023

- / Project in collaboration with Medicus Mundi (Morocco).
- / OHS Corrective Action Plan (global).

## Workplace safety

Workplace safety is a fundamental part of any working environment. Creating a safe environment to protect workers from accidents or occupational diseases is paramount for Inditex. In this regard, we continuously implement due diligence processes in our supply chain to identify safety risks and hazards and to offer tailored solutions to prevent, remedy and improve the situation.



In this strategic line we focus on the commitment to have safe and suitable facilities and workplaces, while also raising awareness as necessary to inform workers and management regarding effective workplace safety management.

For instance, as a signatory of the International Accord for Health and Safety in the Textile and Garment Industry, Inditex is committed to health and safety at textile factories. And, through ongoing interaction we verify and oversee the effective implementation of corrective actions at our suppliers and manufacturers facilities.

## Renewal of the International Accord

In November 2023, signatory brands—including Inditex—and trade unions renewed their commitments for another three years, and agreed an automatic renewal for a further three years after that, making it the longest Accord pledge to date. This enduring agreement reflects the conviction of brands and trade unions regarding this initiative impact on workplace health and safety through independent factory inspections, remediation, safety training and an effective worker grievance mechanism.

### Main initiatives in 2023

- / Accord-CAP Remediation project (Bangladesh).
- / WISH project: Workplace Improvement for Safety and Health (China).
- / Suraksha: fire & electrical system assessment + thermography project (India).
- / Boiler Safety project (Morocco).

## Well-being

The World Health Organization (WHO) defines well-being as a positive state experienced by individuals and societies. Similar to health, it is a key resource for daily life and is determined by social, economic and environmental conditions. Well-being encompasses quality of life and the ability of people and societies to contribute to the world with a sense of meaning

## 4. This is how we transform our strategy into actions

and purpose. Focusing on well-being supports the way of the equitable distribution of resources, overall thriving and sustainability.

At Inditex we firmly believe that these issues must be addressed in the supply chain by improving mental health and reducing the psychosocial risks workers are exposed to, creating and maintaining a workplace culture of well-being and promoting the dissemination of

knowledge; means whereby ecosystems benefit workers, their families and the community.

### Main initiatives in 2023

- / SAKHI Menstrual Rights project (India, Sri Lanka).
- / Project on mental health promotion (Portugal).
- / RISE Health project (Vietnam).



## Programmes and projects in factories 2023

### Project in collaboration with Medicus Mundi

/ **Priority Impact Area:** Health

/ **Area of action:** Physical health

/ **Countries:** Morocco

/ **Partner:** *Medicus Mundi Sur*

/ **Factories and suppliers involved:** 25

/ **People reached:** 7,127

### Goals

The purpose of this project is to provide workers with information and resources to increase their knowledge of health, risks and diseases, and to raise awareness regarding a healthy lifestyle, the right to health and national social and medical coverage.

### Key aspects

This project was designed based on the Theory of Change

#### a. Outcomes

Improving women workers' health in the garment industry in Morocco.

#### b. Practices and behaviour we aim to change

/ We want women workers to be more aware of their health.



/ We seek to facilitate women workers' access to healthcare and social security services.

/ We aim to strengthen the mechanisms at factories relating to healthcare.

#### c. Outputs

/ Occupational risks and pathologies are prevented among women workers at textile companies in Morocco.

/ Occupational health capacities of workers in the garment sector in Morocco are strengthened.

#### d. Activities

/ An annual campaign of medical check-ups of women workers is carried out.

/ Members of the Occupational Health and Safety Committee receive training on this topic, and on mediation and dispute resolution.

/ Awareness campaign in occupational risk prevention among women workers at garment companies.

### Implementation in 2023

In 2023 the programme was rolled out at 25 factories in Morocco.

/ Seven medical campaigns were conducted at factories in Tangier, benefiting 408 employees, 70% of whom are women.

/ Six on-site awareness sessions on sexual and reproductive health, maternal and child health and healthy lifestyles at four factories for 239 women workers.

/ Dissemination of a set of materials to raise awareness about health and empowerment.

### OHS Corrective Action Plan

- / Priority Impact Area:** Health
- / Area of action:** Physical health and workplace safety
- / Countries:** global
- / Partner:** Internal programme
- / Factories and suppliers involved:** 1,021
- / People reached:** 660,704

### Goals

Working in close collaboration with our suppliers and factories to improve health and safety compliance is paramount for laying a solid foundation to ensure healthy and safe production for all workers in our supply chain. Continuous assessments of suppliers and factories in accordance with our Code of Conduct for Manufacturers and Suppliers and legislation enable us to fulfil our goal of improving compliance performance at suppliers and factories by eliminating dangers and risks to safety and health.

### Key aspects

An expert team, specifically trained in this area, takes on a leadership role to provide specialist plans based on the areas for improvement that are identified and maintaining regular communication to continue the progress of improvement.

Furthermore, the improvement is verified to guarantee greater compliance with our Code and with applicable legislation.

In addition, suppliers and factories participate proactively in the project implementation, taking responsibility for executing the corrections. During this process:

- / The importance of health and safety is highlighted.

/ Knowledge and capacity to internally manage the health and safety system is improved.

/ A healthy culture is established and safety is actively encouraged.

### Implementation in 2023

Of all the companies invited to take part in the reinforcement plan, 738 remained involved at the end of the financial year, and of these 227 had completed all the corrections required. From the standpoint of the aspects to be corrected, a total of 3,769 non-compliances (68% of all those identified) had been corrected at the end of the financial year. The plan continues in 2024, when the remaining remediation will continue and new factories are expected to be included.

### Accord-CAP Remediation project

- / Priority Impact Area:** Health
- / Area of action:** Workplace safety
- / Countries:** Bangladesh
- / Partner:** Internal programme
- Factories and suppliers involved:** 200
- / People reached:** 426,556

### Goals

On 1 November 2023, Inditex spurred the renewal of the International Accord for Health and Safety in the Textile and Garment Industry, initially commencing implementation in Bangladesh, and continuing with the application of the Pakistan Accord on Health and Safety in the Textile and Garment Industry, which came into force on 1 January 2023, along with other brands in the sector and with the trade union organisations IndustriALL Global Union and UNI Global Union.

### Key aspects

In-house engineers carefully monitor suppliers and factories and support corrective actions through a number of approaches, including in-person visits, document reviews and periodic communications to contribute suggestions.

### Implementation in 2023

Over the course of the year, we have supported 200 suppliers and factories in Bangladesh to help them take the measures necessary to guarantee their workers' health and safety.

### WISH: Workplace Improvement for Safety and Health project

- / Priority Impact Area:** Health
- / Area of action:** Workplace safety
- / Countries:** China
- / Partner:** Internal programme
- / Factories and suppliers involved:** 1
- / People reached:** 105

### Goals

Nowadays, the concept of safety is closely linked to continuous improvement and companies' commitment to safe and healthy environments. WISH aims to strengthen that approach, by:

- / Creating a sustainable health and safety culture at every workplace, as well as helping factories to promote effective and respectable working environments.
- / Raising workers' and management's awareness of occupational health and safety (OHS) requirements; enhancing the

consultation and effective participation of workers in managing OHS to foster the implementation of the OHS management system and mitigate the related risks.

### Key aspects

This project was designed based on the Theory of Change:

#### a. Outcomes

- / Workers benefit from acquiring knowledge about Workplace Improvement for Safety and Health (WISH) and they work with management to improve the working environment.
- / Workers feel safe at their jobs and become engaged in securing a positive impact on productivity as a team.
- / Workers enjoy a healthy and stress-free environment with clean and accident-free areas in which to work.

#### b. Practices and behaviour we aim to change

- / We want management to periodically review and adjust their policies and procedures in accordance with the factory's performance.
- / We seek that management actively learns from the project to guarantee the safety of day-to-day production.
- / We aim for management to routinely hold refresher training for workers.
- / We want workers to get used to sharing the knowledge acquired in the training and implementation activities with their colleagues.

#### c. Outputs

- / Management increases its knowledge and awareness of the 6S method (sort, set in order, shine, standardise, sustain and safety) and of occupational health and safety.



- / Adequate health and safety policies and procedures are established/reinforced to guarantee clear functions and responsibilities.
- / Worker participation is secured so as to ensure that the project is smoothly implemented.

#### d. Activities

- / Conducting a baseline study at the factory by means of an occupational health and safety assessment verification list, to identify:
  - Workers' and management's level of knowledge.
  - Existing occupational health and safety policy stipulated and management system in place.
  - Current status of compliance with occupational health and safety.

- / Individually-tailored training on WISH (6S method and requirements of OHS compliance) for senior/middle managers, production supervisors and workers' representatives, in accordance with the results of the initial assessment.
- / On-the-ground guidance and arrangement of mobilisation meetings to encourage worker participation and the correct implementation of the methodology.
- / Periodic monitoring (visits and communications).
- / Intermediate assessment to identify the additional improvements needed.
- / Final assessment to gauge the project's results.

### Implementation in 2023

This pilot project was launched at a factory in August 2022 and was completed in August 2023. Based on observation of the initial assessment, the internal team conducted three field visits to steer progress on the identified gaps using the 6S method; developing the capacity of the factory management, the Occupational Health and Safety team and the workers; and nurturing an OHS culture throughout the factory. The main advances were as follows:

- / A the workers attended fire safety training and 104 attended production safety training imparted by the factory's Health and Safety official. Furthermore, 14 members of the Occupational Health and Safety team were trained in OHS topics per factory.
- / The factory Health and Safety official carried out seven fire safety inspections and immediately corrected the issues identified.
- / At the end of the project, 84% of non-compliances detected in the assessments had been corrected.
- / In an online survey to production workers in the final assessment, 100% of them confirmed that their work environment is better this year.
- / Employee turnover was reduced by more than 2%.
- / Nine workers received incentives as their suggestions were adopted at the workplace to improve health and safety.

### Suraksha: fire & electrical system assessment + thermography project

- / **Priority Impact Area:** Health
- / **Area of action:** Workplace safety
- / **Countries:** India
- / **Partner:** Internal programme
- / **Factories and suppliers involved:** 33
- / **People reached:** 29,738

#### Goals

- / Strengthening electric and fire safety at the workplace and adopting the necessary practices to mitigate risks and hazards so as to protect workers.
- / Conducting electrical fire safety drills to mitigate risks and hazards at the workplace so as to protect workers.
- / Preventing hazards linked to electricity (from fires and electrical burns to electric shocks and deaths).

#### Key aspects

This project was designed based on the Theory of Change:

##### a. Outcomes

Workers can enjoy a safe workplace, free of the risk of electrical fires.

##### b. Practices and behaviour we aim to change

- / We want management and workers to acknowledge the importance of electrical fire safety.
- / We aim for management and workers to take responsibility for implementing the necessary corrective measures.

- / We seek that management periodically checks the measures and procedures in place to guarantee that they are effective.
- / We want management and workers to have the necessary knowledge and skills to handle electrical fire safety sustainably.

##### c. Outputs

- / Measures and procedures are established at factories to control or mitigate electrical and fire risks.
- / Safety scores are improved in accordance with the established methodology.
- / Electrical fire safety deficiencies are reduced.
- / Management and workers have greater knowledge and awareness of electrical fire safety.

##### d. Activities

- / An electrical fire safety assessment is carried out to identify gaps in control measures with respect to the national standards and practices applicable to the factory.
- / Involvement of factory management and the electrician in planning corrective actions.
- / A biannual follow-up visit is conducted to measure implementation and deliver the benchmarking scorecard.
- / Follow-up of the Electrical Fire Safety Assessment to verify improvement and closure of the gaps identified in the initial assessment.

#### Implementation in 2023

We launched the *Suraksha* project in 2020 in partnership with the expert organisation Chola MS, using advanced diagnostic techniques for identifying potential risks and developing capacities. After its successful implementation at eight suppliers and factories in 2022, the project was replicated to 33 factories in India in 2023.

Electrical and fire safety assessments had been conducted at all 33 suppliers and factories to identify gaps in control measures with respect to the national standards and practices applicable to them. Of these, so far 25 have completed the project after a follow-up assessment of electrical fire safety to verify improvement and closure of the gaps identified in the initial assessment. The main changes that have taken place in this process are:

- / Of the total of 25 suppliers receiving a follow-up assessment, 62% of high risk, 64% of medium risk and 72% of low risk have been corrected.
- / The average safety score increased from 76% to 85% at the 25 factories where the follow-up assessment has been completed.

### Boiler Safety project

- / **Priority Impact Area:** Health
- / **Area of action:** Workplace safety
- / **Countries:** Morocco
- / **Partner:** Internal programme
- / **Factories and suppliers involved:** : 45
- / **People reached:** 9,307

#### Goals

This project aims to guarantee the use of industrial boilers in our supply chain.

#### Key aspects

This project was designed based on the Theory of Change:

**a. Outcomes**

Workers can carry out their work in a safe environment, free of boiler safety risks.

**b. Practices and behaviour we aim to change**

/ We want management and workers to acknowledge the importance of boiler safety.

/ We aim for factory management to replace domestic gas canisters with other viable installations, such as industrial tanks or containers, in accordance with the agreed action plan.

**c. Outputs**

/ Domestic gas canisters are removed.

/ A proper boiler system is installed or improved.

**d. Activities**

/ Visits are made to factories and diagnostic reports compiled to assess the current boiler system.

/ Analysis of reports and drafting of a Corrective Action Plan (CAP) based on the results of the analysis.

/ Meeting with the factory and supplier to define the actions and a clear deadline for completing the plan.

/ Follow-up visits are made to identify the improvement.

/ Completion of the CAP and of the project.

**Implementation in 2023**

A total of 18 factories that have commenced an intervention since 2022 have completed their Corrective Action Plans as of June this year.

Additionally, another 27 factories have been involved in the project since February 2023, of which 24 have implemented the necessary measures for completion. In the remaining three, implementation is ongoing.

Until January 31<sup>st</sup> 2024, 16 diagnostic visits and 29 internal visits were made to check the Corrective Action Caps.

**SAKHI Menstrual Rights project**

**/ Priority Impact Area:** Health

**/ Area of action:** Well-being

**/ Countries:** India, Sri Lanka

**/ Partner:** St. John's Medical College

**/ Factories and suppliers involved:** 93

**/ People reached:** 190,361

**Goals**

The main purpose is to raise awareness and improve practices on menstrual health so as to facilitate best practices in health, hygiene and working environment, with several specific goals identified:

/ Increasing awareness of menstrual health and hygiene among garment workers and other stakeholders.

/ Tackling myths and misconceptions about menstruation among garment workers.

/ Raising awareness regarding the negative environmental consequences of menstrual waste and providing sustainable alternatives.

/ Helping create a comfortable and supporting working environment and providing easy and affordable access to safe menstrual hygiene products.

**Key aspects**

This project was designed based on the Theory of Change:

**a. Outcomes**

Effecting a comprehensive change in women's reproductive and menstrual health and improving the menstrual health management of women workers at garment factories in Inditex's supply chain.

**b. Practices and behaviour we aim to change**

/ We want an increase in the number of women who use menstrual hygiene products.

/ We wish to improve health-seeking behaviour among workers.

/ We want to reduce the absenteeism during menstruation and a proper addressing of complications linked to menstruation (such as excessive bleeding, abdominal pains, irregular periods, etc.).

/ We aim to reduce turnover of women workers at factories.

**c. Outputs**

/ Increased awareness of menstrual health and hygiene among women workers.

/ The menstrual management system at factories is improved.

**d. Activities**

/ Conducting training sessions on menstrual health and hygiene for women workers and the management team.

/ Holding awareness and guidance meetings with management to ensure their commitment to improving the factory facilities.

/ Developing and distributing health education materials in the local language.

/ Follow-up meeting with 'peer educators' for extension sessions.

**Implementation in 2023**

In 2023 the project, which had commenced in 2022, ended at 18 factories. A new implementation also began, covering 75 factories, in 38 of which the training interventions are conducted by St. John's, while the remaining 37 are a control group that will not receive training

but only the initial and final assessment, as part of a collaboration with the University of Oxford. So far, we have completed the baseline assessment at 73 factories and the first 2 training modules—on reproductive health and menstrual hygiene—at 30 factories.



## Case Study

In 2022, the SAKHI Menstrual Rights project was implemented in 18 factories. The intervention followed the Training of Trainers model, selecting a group of workers from each factory to be trained by the St. Johns doctors so that, in turn, these 'peer educators' would continue to raise awareness among the remaining workers through training sessions.

The factories received training materials and the sessions were carried out in the local languages (Hindi, Kannada and Tamil), addressing basic concepts of menstrual health and hygiene. Pre- and post-session evaluations were conducted at the beginning and end of each session to assess progress in knowledge of the topics.

The topics addressed were menstruation, menstrual hygiene, menstrual products and debunking myths about menstruation.

### The stages of implementation in 2022 were:

/ From May to December 2022, 'peer educators' (545 workers) from 18 factories (15 in India and 3 in Sri Lanka) were trained on the topics mentioned above.

/ Between January and February 2023, an online training on menstrual hygiene management was carried out for 323 male workers and managers from 17 factories (14 in India and 3 in Sri Lanka) to raise awareness on the topic.

/ The final assessment was carried out between March and April 2023 in 17 factories (14 in India and 3 in Sri Lanka) in order to identify improvements in workers' awareness and to understand any changes in menstrual health practices.

### Behavioural changes identified through the project:

/ A nearly 20% increase in hygiene practices and a 30% increase in health-seeking behaviours were identified among workers, which would further reduce problems during menstruation.

/ A significant improvement was observed in practices related to the use of sanitary cloths and pads. There was a 22.6 % increase in best practices compared to baseline.

/ An increase of 3.3% in reusable cloth sanitary pads was identified.

/ Menstrual cup use increased by 6.4%.

/ The availability of menstrual products in the workplace increased by 20% and the availability of these products free of charge increased by 12%, indicating the impact of the trainings on factory management.

/ Absenteeism during menstruation decreased by 3.7%, the most common reasons being pain and fear of staining their clothes.

### Attitude changes identified through the project:

/ Almost 80% of women were willing to adopt a new menstrual product, of which 44% were willing to use a menstrual cup and 34% were willing to use reusable cloth sanitary pads.

/ The reasons for the willingness to switch to a new menstrual product were: environmental friendliness (40%), cost-effectiveness (22%) and ease of use (24%).

## RISE Health project

/ **Priority Impact Area:** Health

/ **Area of action:** Well-being

/ **Countries:** Vietnam

/ **Partner:** BSR/RISE

/ **Factories and suppliers involved:** 3

/ **People reached:** 2,742

## Goals

RISE Health project aims to:

- / Improve the health of women workers in our supply chain, which in turn will boost their confidence and job satisfaction.
- / Correct myths and misconceptions that lead to unhealthy or dangerous behaviours, especially stigmas about reproductive health.

## Key aspects

The project began in 2021 with an initial analysis at three factories with the aim of:

- / Identifying workers' health issues, their needs in connection with health issues and access to medical services outside the factory.
- / Establishing baseline data to measure the change or impact at the end of the project.
- / Adapting the health training programme for 'peer educators' in accordance with the results of the assessment.

As a result of the analysis, work is ongoing on six health topics (nutrition and exercise at work, personal hygiene and menstrual hygiene, family planning, pre- and post-natal care, breast cancer and uterine cancer, and HIV/AIDS), plus 2 interpersonal skills modules (communication skills and group facilitation skills).

## Implementation in 2023

In total, 12 health training and refresher sessions were provided to 'peer educators' to raise awareness and increase knowledge, and to improve communication skills allowing them to reach their colleagues. Over the course of the implementation at three factories, a total of 110 'peer educators' were trained, who in turn reached 2,650 colleagues.

Due to the pandemic, implementation was delayed and it was eventually completed in July 2023 with the following final assessments:

- / Assessment of the degree of improvement in health awareness and practice among workers on HERhealth topics, including nutrition and ergonomics, family planning, menstrual hygiene and breast cancer, pre- and post-natal care and child care, HIV and cervical cancer.
- / Showing the benefits for the factory by raising awareness and improving women's healthy behaviours, such as a reduction in absenteeism linked to health or an improvement in relations between workers and management.

- / Compiling the project's impacts to promote sustainable investment by the factory in women's health, by showing the positive results on workers' health and the factory's business.

## Testimonial

*"Every month I talk about health issues with my 30 colleagues in the production line. We get together at lunchtime and exchange impressions and information. Initially, everyone was more shy, but they gradually opened up and started asking questions. I also have an adolescent daughter and now I can help her a lot more when it comes to her menstrual health."*

**D.T.T., women garment worker and peer educator**



## Project on mental health promotion

**/ Priority Impact Area:** Health

**/ Area of action:** Well-being

**/ Countries:** Portugal

**/ Partner:** Portuguese Red Cross (*Cruz Vermelha Portuguesa*)

**/ Factories and suppliers involved:** n/a<sup>2</sup>

**/ People reached:** n/a<sup>2</sup>

## Goals

The goal of the project is to improve the well-being of factory workers by increasing knowledge of mental health and psycho-social well-being.

In particular, these activities are expected to help:

/ Identifying the main concepts regarding mental health, its importance and its impacts both at work and in the day-to-day routine.

/ Knowing how to prevent and respond to risks, mental discomfort and even illnesses.

The positive change is expected to extend to the workers' families and communities. At the same time, improving well-being helps develop collaboration and relationships at the workplace, creating a favourable working environment that benefits workers and management alike.

<sup>2</sup> The project was designed in 2023, the indicators will be available in 2024.

## Key aspects

The project is carried out in partnership with the Portuguese Red Cross (CVP – *Cruz Vermelha Portuguesa*) and involves training and awareness sessions on mental health and psycho-social well-being, followed by a comprehensive analysis of psycho-social risks to provide the baseline for the relevant corrective measures.

## Implementation in 2023

The conceptual development phase and Theory of Change design of the project was completed in 2023. On-the-ground implementation will start in 2024, with the aim of involving 30 suppliers.



## 4.5. Resilience

### Goal

Contributing to create preventive, adaptive and transformative capacities for development

### Main lines of work

- / Social protection
- / Just transition and the future of work
- / Prosperous livelihoods

### Related SDGs



### Related human rights

- / Right to freedom of assembly
- / Rights of protection for the child
- / Right to equality before the law, equal protection of the law, and rights of non-discrimination
- / Right to social security, including social insurance
- / Right to a family life
- / Right to education
- / Right to a clean, healthy and sustainable environment
- / Right to health

### Alliances and partnerships

- / ASA (Action for Social Advancement)
- / East China University of Political Science and Law (ECUPL)
- / International Labour Organization (ILO)
- / İyi Pamuk Uygulamaları Derneği – IPUD
- / RISE: *Reimagining Industry to Support Equality*
- / Swasti

### 2023 Key indicators

- / 20,492 people reached
- / 85 suppliers and factories involved
- / China, India, Pakistan, Türkiye, Uzbekistan, Vietnam

The global economic, social, climate and political context is dynamic, and the associated changes affect the resilience of the supply chain, including that of workers and communities that depend on it directly or indirectly. In this Priority Impact Area we analyse megatrends and work alongside suitable partners to promote more resilient suppliers and communities. These commitments must be developed while also anticipating effects such as those arising from climate change or the impact of technology on the future of work, and without overlooking support for proper social security systems to ensure that no one is left behind. This also involves exploring ways of securing prosperous livelihoods, including the production of raw materials.



## Social Protection

We endeavour to ensure access to adequate and sufficient social security coverage in the supply chain, regularly evaluating the compliance levels of factories and suppliers and, where necessary, implementing and monitoring Corrective Action Plans.

### Three-pronged approach

Social policies and social protection systems that address and reduce inequality and social exclusion are specially important for long-term sustainable and inclusive growth. To promote them, we work on a three-pronged approach:

- / Strengthening the compliance programme to reinforce social protection management systems and thus ensure that social protection is captured and assessed at the highest level of detail, ensuring that only those factories in compliance with these requirements are part of the supply chain.
- / Development of global or regional projects that are implemented directly in the factories, taking into account the general or specific needs in the different national contexts, always with the aim of promoting the well-being of workers in the supply chain. Many of these projects are aimed at raising awareness about the benefits of social protection systems.
- / Participation in multistakeholder initiatives, such as *Covid-19: Action in the Global Garment Industry*, aimed at promoting and establishing social protection systems to create a more just and resilient garment industry.

## 4. This is how we transform our strategy into actions

We also took part in the Covid-19: Action in the Global Garment Industry initiative, which emerged in 2020 as a joint response to the effects of covid-19, and which calls "to work together to establish sustainable systems of social protection for a more just and resilient garment industry".

### Main initiatives in 2023

- / Happiness for all (India).
- / Covid-19: Action in the Global Garment Industry (global).
- / Training on social security-related benefits (China).

## Just transition and the future of work

We want to ensure that a human rights-based approach is systematically incorporated into Inditex's climate commitments.

### Interdependencies between people and the planet

Supporting the supply chain to enable it to adapt to major changes such as those deriving from an energy transition is a key factor in our commitment to the resilience of local communities.

We are committed to a just transition, enabling businesses and workers to address the sector's challenges, such as the transition to lower-impact fibres and processes, the advent of new technologies and other social changes that might affect their personal and professional development.

As part of this commitment, we contribute our human rights experience and practice to environmental plans and actions, thereby ensuring that no-one is left behind. We incorporate a social perspective to the actions included in the transition plan, fostering, among other measures, workers' training and dialogue with stakeholders and communities.

Furthermore, our corporate community investment efforts also seek to foster the preservation and resilience of natural ecosystems, as a cornerstone of health for communities and for other living beings, through conservation and restoration actions, promoting regenerative practices, commitments to the circular economy and an efficient use of resources, from a 'climate justice' and 'intergenerational justice' standpoint.

One of these actions is the Water.org's Water and Climate Support Fund for the development of projects to improve water and sanitation infrastructure with the aim of achieving greater efficiency and savings, while also improving local communities' access to water, in countries such as Bangladesh, India and the Philippines.

Human rights experience and practice are combined with environmental plans and actions, thereby ensuring that the social impact is taken into account. We also endeavour to understand how jobs and skills are set to evolve.

### Main initiatives in 2023

- / Rise Foundations project (China, Vietnam).

## Prosperous livelihoods

In this line of action, we focus primarily on the livelihoods of people involved in the production of raw materials, including those in the agricultural sector.

While raw materials (both natural and man-made) are pivotal components in the creation of end products, their supply chain is highly complex and involves challenges linked to labour conditions, as well as development, prosperity and resilience. These challenges must be addressed both locally and globally, so a holistic approach is called for. This approach must encompass traceability, due diligence and a commitment to respect for and promote human and labour rights.

### Main initiatives in 2023

- / Public-private partnership with the International Labour Organization (India, Pakistan, Uzbekistan).
- / Collaboration projects for promoting regenerative agricultural practices (India).
- / Child & Women Friendly Mobile Areas project (Türkiye).

## Regenerative practices in cotton growing

In the last few years, regenerative practices in growing raw materials have emerged as a realistic option for fighting climate change and the degradation of nature.

In this regard, regeneration must be understood as a holistic, results-based approach that generates agricultural products at the same time improving soil health, biodiversity, climate, water resources and farmers' livelihoods.

Local communities often endure the brunt of the degradation of the natural environment and the climate. Switching to regenerative practices must foster the resilience of these communities, through a greater variety of crops, more income security and enhanced natural productivity. Furthermore, local communities are agents of change and play an essential role in the transition towards regenerative practices.

Approaches from various specialised international organisations identify collaboration as key for these practices to be adopted, providing resources for better knowledge of the local environment and financing to allow an effective transition to regenerative practices by the real agents of change: farmers and their local communities.



## Programmes and projects at factories in 2023

### Public-private partnership with the International Labour Organization

- / **Priority Impact Area:** Resilience
- / **Area of action:** Just transition and prosperous livelihoods
- / **Countries:** India, Pakistan, Uzbekistan
- / **Partner:** International Labour Organization (ILO)
- / **Factories and suppliers involved:** Community programme
- / **People reached:** n/a<sup>3</sup>

### Goals

The main goal is to improve respect for the Fundamental Principles and Rights at Work (FPRW) in cotton-growing communities. Furthermore, the specific goals are:

- / Raising awareness and empowering the cotton-producing communities to enact the Fundamental Principles and Rights at Work constructively.
- / Ensuring that responsible institutions are best placed to guarantee and apply the FPRW in cotton-producing communities in a sustainable manner.
- / Encouraging that stakeholders have better access to advanced knowledge and tools to promote the FPRW in cotton communities worldwide.

### Key aspects

Inditex and the ILO teamed up in 2017 to promote an integrated approach to the Fundamental Principles and Rights at Work in the cotton supply chain, with an initial project duration of four years (until 2021), which was then extended to 2023.

2023 was a crucial year for this project, the implementation of this first phase concluded in March and, on that basis, on 2 March 2023 a new Memorandum of Understanding (MoU) was signed to launch a second phase of the project. This second phase then commenced, focusing on the Madhya Pradesh region of India, new districts in the regions of Punjab, Sindh and Balochistan in Pakistan, and the Fergana region in the latest country to join the project, Uzbekistan. The global component was also strengthened to improve project coordination between countries, ensure more robust monitoring and enhance project communication and visibility in the global scenario.

### Implementation in 2023

- / Drafting of project documents: narrative, logical framework, theory of change and work plans by component.
- / Completion of the Scalable Models Report, which documents the intervention models developed in first phase of the project in India, Pakistan and Mali.
- / Development of an initial work plan at country level.
- / Initial phase of consultation with key stakeholders. Identification of intervention areas and priorities.
- / Drafting of relevant documents to launch some of the activities.
- / Dissemination and training sessions on the FPRW for labour inspectors and the civil society.

### Child & Women Friendly Mobile Areas project

- / **Priority Impact:** Resilience
- / **Area of action:** Just transition and prosperous livelihoods
- / **Countries:** Türkiye
- / **Partner:** Good Cotton Practices Association (IPUD)
- / **Factories and suppliers involved:** Community programme
- / **Personas alcanzadas:** n/a<sup>3</sup>

### Goals

- / Broadening the Psychological Support Services (PSS) and the Turkish Red Crescent mobile areas to cotton fields to combat child labour and raise awareness about cotton workers as a pilot strategy.
- / Strengthening the capacity of the Chambers of Agriculture, which are the levers for decent work services mechanisms.
- / Contributing to the schooling of children at risk of entering the labour market

### Key aspects

Our partnership with the Good Cotton Practices Association (IPUD) dates back to 2016, when in collaboration with them, the Fair Labor Association (FLA) and the various international textile and garment companies we conducted a groundbreaking pilot intervention in Türkiye: the Training of Trainers Programme on Decent Working Conditions, aimed at agricultural engineers and technicians working as facilitators in the cotton fields. This collaboration continued and, in September 2019, we completed a project to improve labour practices in the Turkish cotton sector, from which we

<sup>3</sup> The overall number of people impacted by the projects in the community has not been included, as their development requires a longer time horizon in order to be evaluated.

learned a key lesson: it was necessary to boost the capacity of local organisations in connection with decent work and help them to mobilise their services to meet workers' needs.

Based on all this experience and in the framework of our collaboration with IPUD, in September 2022 we began a project to expand the mobile area of the Turkish Red Crescent, adapted to women and children in cotton communities as a tool to guarantee decent working conditions and to prevent and remedy child labour. Specifically, with the help of the mobile area, the following services were provided:

- / Psycho-social support and child protection.
- / Psychological first aid.
- / Programme to improve peer relations.
- / Sociocultural activities.

This project was designed based on the Theory of Change:

#### a. Outcomes

Fostering an understanding of the situation of decent working conditions in the cotton fields and improving labour conditions through the necessary interventions.

#### b. Practices and behaviour we aim to change

- / We aim to enhance the capacity of the Chambers of Agriculture.
- / We want children at risk of entering the labour market to continue their education.

#### c. Outputs

- / Agricultural professionals are trained in decent work and health and safety.
- / Cotton farmers are empowered when it comes to decent work and technical matters in relation to cotton growing.

#### 4. This is how we transform our strategy into actions

/ A model grievance mechanisms is established to be applied by the authority in charge of developing the region.

/ Personal protection equipment is used in cotton fields.

#### d. Activities

/ Implementing a 'training of trainers' programme.

/ Training farmers in technical topics and decent work.

/ Training students through the Psychological Support Services.

/ Assessing health and safety risks at the farms and training farmers on how to use personal protection equipment.

#### Implementation in 2023

/ Technical and decent work training was provided to 60 cotton producers in two different districts of Şanlıurfa.

/ 359 pupils from a public school benefited from the trainings and services of the mobile area.

/ Promotional materials were prepared in connection with the work, recruitment and living conditions of cotton workers and their families, and they were submitted to the authority in charge of developing the region.

/ Global best practices in connection with grievance mechanisms in agricultural countries were compiled and suitable models were submitted to the authority in charge of developing the region.

/ Household visits were carried out by social workers of the mobile area: families of all students who came to the school were surveyed. One-on-one visits were realized to 23 households and psychosocial support was provided to families of children in need or risk as identified by psychologist and social worker.

/ Out of 18 children whose families work as seasonal agricultural labourers, 13 students have been enrolled in

school and have started their education (previously, they were working as child labourers employed by their families)

/ 6 refugee child have started education with child friendly mobile areas

### Collaboration projects for promoting regenerative agricultural practices

**/ Priority Impact Area:** Resilience

**/ Area of action:** Just transition and prosperous livelihoods

**/ Countries:** India

**/ Partner:** ASA (Action for Social Advancement)

**/ Factories and suppliers involved:** Community programme

**/ People reached:** n/a

#### Goals

The project aims to scale regenerative and restorative agricultural practices in Madhya Pradesh (India) to benefit people, nature and the economy in an area which spans at least 300,000 hectares.

#### Key aspects

Launched in 2022 with a 5-year duration, the project uses regenerative practices (in crops) and restorative practices (in its environment, beyond the crop fields), to build more resilient communities with a greater variety of crops, higher incomes and a steady improvement in the natural environment, in turn boosting productivity through fertile soil and an element-rich ecosystem. Furthermore, the aim is to create local businesses structures and connections with markets, often outside their reach due to their scant individual production.

Initially founded by the Laudes Foundation, IDH and WWF, Inditex takes part through its support for Action for Social Advancement (ASA).

### Implementation in 2023

To achieve the goals, a governance structure was set up comprising multiple public and private organisations, while the principles of regenerative agriculture are combined with restoration measures beyond the crops themselves. Additional initiatives are also carried out, such as facilitating access to financing and technology, allowing access to markets and responsible purchasing and the creation of local institutions that ensure gender equality.

#### Training on social security-related benefits

/ **Priority Impact Area:** Resilience

/ **Area of action:** Social protection

/ **Countries:** China

/ **Partner:** East China University of Political Science and Law

/ **Factories and suppliers involved:** 76

/ **People reached:** 8,757

### Goals

This project is intended to help the company's management to better and deeper understanding of social security schemes, including:

/ Improving the degree of understanding of social security benefits.

/ Knowing the central policies and procedures to be implemented to promote participation in social security.

### Key aspects

The project aims to provide clear information on the workings and benefits of social protection systems in China by means of training aimed at dismantling the myths and misconceptions among companies and employees alike when it comes to social protection.

In this regard, relevant trainings are provided to outline social security schemes and give detailed instructions and explanations, as well as case studies.

### Implementation in 2023

In 2023, we held online training covering the basic knowledge of the various social security programmes in China, benefits for employers and employees, introduction to the official platform and social trends for two groups of suppliers and their 76 key factories.



## Happiness for All

**/ Priority Impact Area:** Resilience

**/ Area of action:** Social protection

**/ Countries:** India

**/ Partner:** Swasti

**/ Factories and suppliers involved:** 3

**/ People reached:** 6,719

### Goals

The main aim is to improve the happiness and well-being of the workforce at Inditex suppliers and factories.

Furthermore, the project specifically seeks to strengthen the system (processes/policy execution) to improve workers' well-being, especially women, and at the same time creating a favourable environment and developing skills in topics like health, financial inclusion or gender equality.

### Key aspects

The Happiness for All programme is based on the sociological intervention model, aimed at directly or indirectly reaching the worker's ecosystem, including their family, employees, employers and communities to improve well-being and happiness.

The intervention pivots upon four main topics:

- / Gender and sexual harassment prevention in the workplace.
- / Financial education and social protection.
- / Health (nutrition and stress management).
- / Training and launch of the Advisory Committee and the Central Happiness Committee.

The programme takes a peer educator approach based on the training of trainers and information sessions to boost workers' knowledge and skills concerning the aforementioned four topics. The project, implemented at three Inditex suppliers, takes a sustainable and holistic approach to set up systems and generate behavioural changes among supply chain factory workers.

This project was designed based on the Theory of Change:

#### a. Outcomes

Improving the happiness and well-being of Inditex factory and supplier workers.

#### b. Practices and behaviour we aim to change

- / We want workers to adopt healthy eating habits as individuals and in family to stay healthy. These may include having breakfast every day, eating a nutritious diet, etc.
- / We wish workers to start or be willing to seek help to manage their stress.
- / We want workers to actively listen to their colleagues to share with them and help them handle their stress.
- / We seek workers to start or be willing to save money for better financial management.
- / We want workers to start or be willing to use digital payment methods.
- / We want workers to start or be willing to follow gender equality standards as individuals and in family.
- / We aim for workers to know and take part in the available social protection plans.

#### c. Outputs

- / Increased awareness of nutrition and how to handle stress.
- / Increased awareness of best practices in financial management.
- / Increased awareness of gender equality.
- / Increased awareness of sexual harassment prevention and a strengthening of the related systems and committees.
- / Increased access to social protection plans and rights.

## Testimonial



*"I heard about the Happiness for All initiative at my previous company. I was the happiness leader there. And I recently also became happiness leader of Sonu Exim for the Happiness for All programme."*

*"With regard to the impact of this programme I can clearly say that workers have now started to talk about topics like health, seasonal food, the importance of having breakfast, savings and secure loans, digital security, etc. The programme set up a help service and workers use it to find information on social protection plans or other matters, as well as leave, etc. The concept of peer education in the programme has also benefited workers as they can easily share their concerns about financial matters among themselves and with management. Furthermore, Happiness for All has also created a space for dialogue among workers, supervisors and management. I think this is positive for any working environment."*

**Niharika, Compliance officer and internal auditor**

#### d. Activities

- / Training and guidance for committees (Advisory Committee and Central Happiness Committee).
- / Designation and training of the Happiness Champions.
- / Establishing and operating the Happiness Centres/helpdesks to provide support and mitigate challenges.
- / Awareness training on handling stress and nutrition.
- / Awareness sessions on financial management practices.
- / Review and recommendations to strengthen the Anti-Sexual Harassment Policy.
- / Awareness of workers and committee members regarding policies and systems to combat sexual harassment.

#### Implementation in 2023

##### Outset of the project:

- / Initial project launch and planning phase at three factories, where a Central Happiness Committee and Advisory Committee were set up. The next step was to designate the Champions ('educators') at each factory, and also key personnel such as the Happiness Official and the facilitator of the social protection (SP) helpdesk.

##### Baseline assessment:

- / Based on the results of an assessment, the Happiness for All programme's training resources and platforms were adapted and personalised for all subject areas: health, financial inclusion, gender and prevention of sexual harassment.

##### Developing the skills of Happiness Champions:

- / Guidelines for the main happiness advocates regarding their role and responsibilities, as well as training for the development of skills in financial education, social protection and health (nutrition and stress management).

#### 4. This is how we transform our strategy into actions

- / Refresher training for the Champions. Thematic dissemination sessions were starting and are ongoing at the factories.
- / Development of skills for advocates in gender matters and preventing sexual harassment.

##### Helpdesk:

- / At the three factories a well equipped and conveniently located technical assistance service was set up. The Social Protection helpdesk facilitator received regular support at the three factories to provide social protection plans and linked benefits. 131 beneficiaries were successfully linked to social protection rights. Another 319 applications are also being processed.

### Testimonial

*"This initiative has provided a significant platform for employees to learn and understand various crucial topics. One of the standout results has been the increased awareness of social protection schemes, with approximately 95% of our workers now well informed regarding these initiatives. Furthermore, beyond the practical aspects, there has been a striking transformation in conduct. The mood of relations between supervisors and workers has evolved to one of harmonious collaboration and a conducive work environment. In particular, the gender session served as a catalyst for positive change, further solidifying the impact of this programme."*



**Diksha, Social welfare official and facilitator of the social protection helpdesk**

### Rise Foundations project

- / **Priority Impact Area:** Resilience
- / **Area of action:** Social protection
- / **Countries:** China, Vietnam
- / **Partner:** RISE: Reimagining Industry to Support Equality
- / **Factories and suppliers involved:** 7
- / **People reached:** 5,272

### Goals

The Foundations programme is designed to address the need of women both in training and in developing their communication and participation skills. It is a combination of other programmes from the organization RISE and BSR's HERproject, with an input on workers' rights and responsibilities from the Better Work programme.

The project aims to increase women's agency and confidence, improve gender attitudes towards social norms, and develop general competencies on basic health, sexual and reproductive health and financial literacy.

In addition, the positive impact on the workers would contribute to improve their satisfaction in the workplace and their relation with management, in order to build a harmonious working environment.

### Key aspects

The project includes a mandatory CORE training package which aims to set the foundation for empowerment and self-development within six months through six training modules:

1. Self-management and change.
2. Gender and communication.

3. Problem-solving and decision taking.
4. Stress and time management.
5. Executive excellence.
6. Workers' rights and responsibilities.

It also provides complementary training on topics such as basic health, sexual and reproductive health rights and financial literacy.

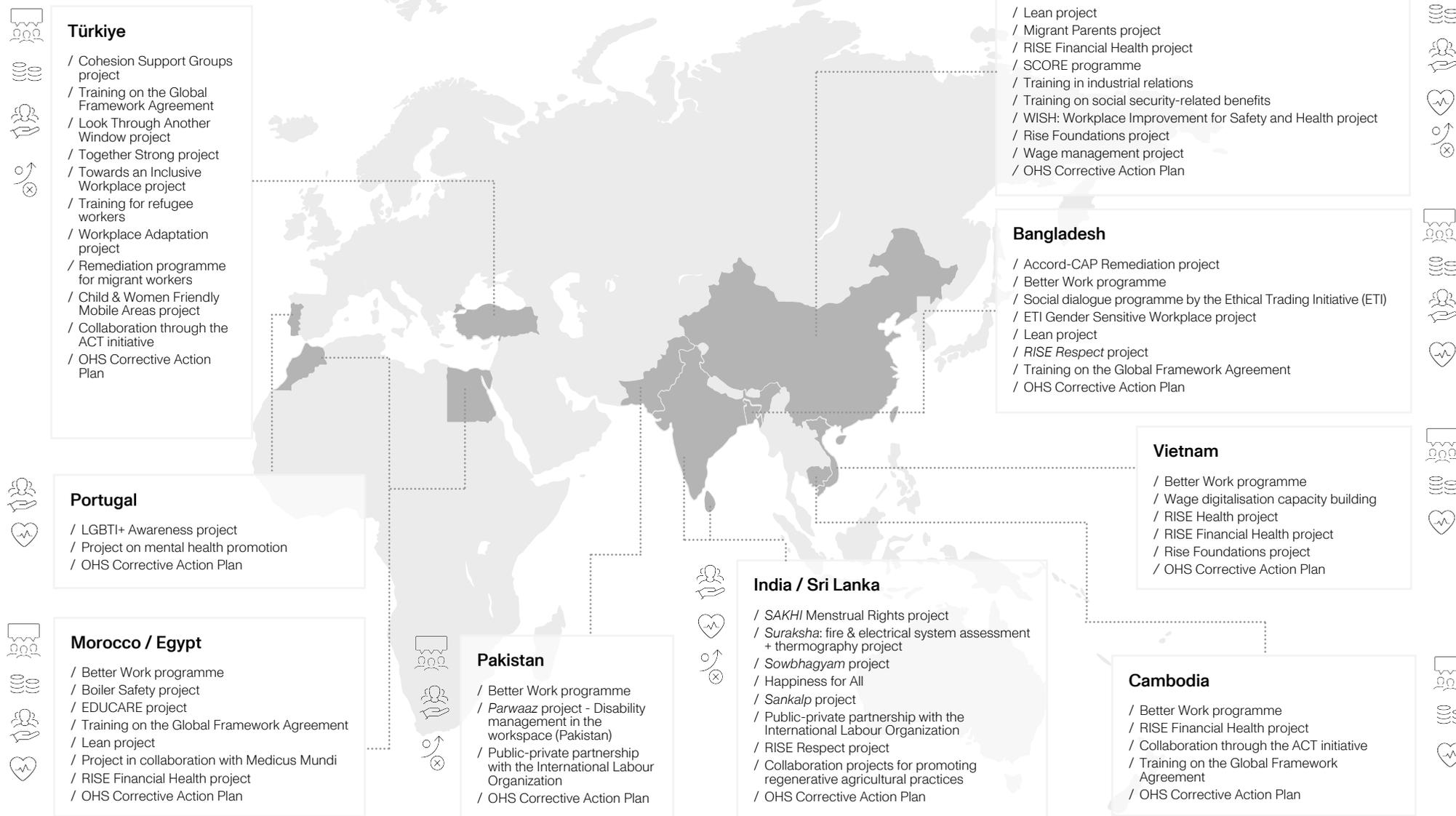
### Implementation in 2023

Based on the ongoing due diligence we carry out in all the clusters, it was decided to launch the project in China and Vietnam. Seven factories from the two countries enrolled in the project under the joint effort of RISE, its local partner and local Inditex teams. As of 31 January 2024:

- / Face-to-face or virtual kick-off meetings have been held with all seven factories, with the presence of our internal project managers, supplier representatives, management and factory worker representatives. This helps solidify project buy-in and ensure alignment by clarifying roles, responsibilities, programme details and expectations among project partners.
- / Baseline assessments have been completed in 3 factories in China, to identify the knowledge and attitude of the target groups prior to the implementation.
- / In total, 60 peer educators have been successfully selected to establish a solid foundation for project implementation.



## Main initiatives 2023





# 5. Annex

Priority Impact Area	RELATED HUMAN RIGHT	REFERENCE	EXAMPLES OF POTENTIAL RELATED IMPACTS
 SOCIAL DIALOGUE	Rights to freedom of opinion and expression	ICCPR Art.19	Dialogue is deficient due to the non-existence or poor functioning of a workers' representation mechanism
	Right to freedom of assembly	ICCPR Art.21	Effective restriction of the rights of freedom of association and collective bargaining by the supplier
	Right to freedom of association	ICCPR Art.22	Discrimination of union members
	Right to form trade unions and join a trade union and the right to strike	ICESCR Art.8	Reprisals for being a member of a trade union or taking part in strike action
	Right to work	ICESCR Art.6	Workers dismissed for reasons linked to the rights of freedom of association or collective bargaining
 LIVING WAGES	Rights of protection of the family and the right to marry	ICCPR Art.23	Long working hours reduce time spent with family
	Right to a family life	ICESCR Art.10	Sharp peaks in production affect family life and the work-life balance
	Right to enjoy just and favourable conditions of work	ICESCR Art.7	Ignorance and misinformation regarding wage conditions due to a lack of transparency or inefficient management systems
	Right to an adequate standard of living	ICESCR Art.11	Insufficient wages to meet all the basic needs of the family
	Right to health	ICESCR Art.12	Work accidents and health issues due to the fast and intense pace of production in order to meet goals
 RESPECT	Right to education	ICESCR Arts.13&14	Long working hours or inappropriate tasks may prevent young workers from completing their education
	Right to not be subjected to torture, cruel, inhuman and/or degrading treatment or punishment	ICCPR Art.7	Verbal abuse or violence towards vulnerable workers
	Right not to be subjected to slavery, servitude or forced labour	ICCPR Art.8	Obligation to remain in post to pay off a debt contracted with the employer
	Right to freedom of movement	ICCPR Art.12	Restrictions on workers' freedom to leave the workplace
	Rights to freedom of thought, conscience and religion	ICCPR Art.18	Discrimination towards certain workers based on skin colour, age, nationality or beliefs
	Rights of protection for the child	ICCPR Art.24	Recruitment of children at factories
	Right to a family life	ICESCR Art.10	Restrictions on access to maternity or paternity benefits
	Right to education	ICESCR Arts.13&14	Lack of training or professional development options
	Right to equality before the law, equal protection of the law, and rights of non-discrimination	ICCPR Art.26	Absence of effective non-discrimination policies and mechanisms
	Right to non-discrimination in economic, social and cultural rights	ICESCR Art.2	Restrictions on freedom of ideology or religion
The equal right of men and women to the enjoyment of all economic, social and cultural rights	ICESCR Art.3	Gender-based discrimination before and after hiring, leading women to not be hired, to earn less than men, to not increase their skills or to not advance in their career	
Right to enjoy just and favourable conditions of work	ICESCR Art.7	Discrimination in working conditions of especially vulnerable groups like migrants or refugees	

Priority Impact Area	RELATED HUMAN RIGHT	REFERENCE	EXAMPLES OF POTENTIAL RELATED IMPACTS
 HEALTH	Right to life	ICCPR Art.6	Risk of serious accidents or insufficient safety measures
	Right to health	ICESCR Art.12	Risk of occupational diseases due to improper handling of chemicals
	Right of protection of the family and right to marry	ICCPR Art.23	Anxiety due to being separated from family in the case of migrant workers
	Right to enjoy just and favourable conditions of work	ICESCR Art.7	Unsafe or unhealthy working conditions that expose workers to the risk of accidents or occupational diseases
	Right to a family life	ICESCR Art.10	Unsuitable working conditions for pregnant workers
	Right to a clean, healthy and sustainable environment	UNGA Declaration of July 2022	Inadequate waste removal that may lead to landfills or environmental impacts that affect the health or livelihoods of local communities
	Right to not be subjected to torture, cruel, inhuman and/or degrading treatment or punishment	ICCPR Art.7	Stressful working conditions that can lead to anxiety, depression or fatigue, among others
 RESILIENCE	Right to an adequate standard of living	ICESCR Art.11	Absence or insufficient social coverage in the event of accident or illness
	Right to freedom of assembly	ICCPR Art.21	Restrictions of rights in a particular region on political grounds or due to conflict
	Rights of protection for the child	ICCPR Art.24	Difficulty for parents to protect their families in the event of supply chain disruptions due to external events
	Right to equality before the law, equal protection of the law, and rights of non-discrimination	ICCPR Art.26	Discrimination between migrant and local workers in relation to access to social security and other employment benefits
	Right to social security, including social insurance	ICESCR Art.9	Absence of health coverage or access to social security
	Right to a family life	ICESCR Art.10	Forced migration of workers due to climate emergencies, leaving their families behind
	Right to education	ICESCR Arts.13&14	The impossibility of accompanying their parents or a deficient education system may lead to school dropout
Right to a clean, healthy and sustainable environment	UNGA Declaration of July 2022	Scant natural resources like drinking water in the local community (for example, due to the high consumption of clean water in production processes)	
Right to health	ICESCR Art.13	Impact on health of a global pandemic	

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