



# INDITEX

## PROTOCOL FOR THE APPLICATION OF THE GLOBAL FRAMEWORK AGREEMENT BETWEEN INDUSTRIALL GLOBAL UNION AND INDITEX

3<sup>rd</sup> October, 2022

### **1. Foreword**

On the one hand, Mr. Óscar García Maceiras, Chief Executive Officer of Industria de Diseño Textil, S.A. (INDITEX, S.A.) (hereinafter, “Inditex”), with N.I.F. A-15.075.062, and registered office at Avenida de la Diputación, Edificio Inditex, 15142 Arteixo (A Coruña), who acts herein making use of the powers conferred to him further to a resolution passed by the Board of Directors on 29th November 2021, executed as a public deed on 17th December 2021 before Mr. Francisco Manuel Ordóñez Armán, a Notary in the city of A Coruña, record number 3231.

And on the other hand, Mr. Atle Høie, General Secretary of IndustriALL Global Union (hereinafter “IndustriALL” or “IGU”), which headquarters are at 54bis, Route des Acacias 1227 Carouge, Geneva, Switzerland, who acts herein, by virtue of the powers vested in him upon being elected at the IndustriALL Global Union's Congress on 14<sup>th</sup> September 2021 and pursuant to the statutes of said institution.

### **2. Preamble**

After the renewal of the Global Framework Agreement (hereinafter, “GFA”) on 13<sup>th</sup> November 2019, IGU and Inditex (hereinafter collectively, the “Parties”) consider positive to implement a Protocol for the application of the GFA between the Parties (hereinafter, the “Protocol”) that serves as a tool to continue guaranteeing and promoting decent work in all their workplaces, with reference to the social strategy of the Inditex sustainability department which is based on the idea of placing the worker at the center of its sustainability model.

It is necessary to highlight the evolution that sustainability is having during this period, which represents an important evolution. We are all bound to adapt to this changing environment, increasingly demanding, in the textile, garment, leather and footwear sector (“TGLF”). More so with the new structures created from the GFA, through the Global Union Committee (hereinafter, the Committee) and the already existing Trade Union Expert Framework Contract (hereinafter, “TUEFC”), which should allow us a greater scope of our incidence and activity with the aim of continuing to guarantee and promote decent work throughout the Inditex global supply chain (hereinafter, “GSC”).

From our knowledge gained in the previous years, we will assume the responses that will be given to the new challenges, also consider the union strategy in the TGLF sector designed by IGU, as well as the social strategy of the Inditex sustainability department, already under implementation, which is described in its

annual report. All of it can also serve as a reference to deepen the needs of workers in its GSC, always bearing in mind the main objective of the GFA, which involves guaranteeing respect for Human Rights in the labor and social environment, promoting respect for the international labor regulations across GSC.

The recent renewal of the GFA reiterates the crucial role that the respect of the Freedom of Association and Collective Bargaining rights play in the development of mature industrial relations, so it is appropriate to deepen the framework defined in the GFA to continue with the commitment with trade union organizations which represent Inditex GSC workers.

### **3. Framework**

This document aims to establish a development of the structures defined in the GFA as well as to establish specific objectives, steps for the implementation and a development of the dialogue and its structures, in order to make the joint implementation of the GFA by the Inditex Sustainability Department and the Committee more versatile.

#### **3.1 General and specific objectives**

The general objective of the Protocol is the effective implementation of the GFA in the Inditex GSC. As specific objectives derived from this, the following objectives are set:

- a) Ensure that the implementation of the GFA with Inditex is in line with its content and therefore with the principles that govern the relationship between Inditex and IGU.
- b) Ensure that the worker is at the center of the activity, also in accordance with the provisions of Inditex social strategy of the sustainability department of Inditex, which should serve to guarantee decent work in its GSC.
- c) Expedite the implementation of the GFA with the priorities, projects and activities derived from the proposals agreed between the Inditex sustainability department and the Committee as representative body of IGU affiliates in the GFA.
- d) Guarantee the right application of the GFA in each of the countries and clusters of the Inditex GSC.
- e) Improve the conditions to address and promote social dialogue at cluster, country and factory level.
- f) Coordination with other GFA's and the International Labor Organization (ILO) in order to establish enabling environments for the promotion of decent work at country and factory level.

#### **3.2 Implementation Steps**

An adequate coordination between the parties should be ensured to guarantee the right implementation of the GFA and therefore the full exercise of the Freedom of Association and Collective Bargaining rights across the Inditex GSC, for what, three actions should be considered:

##### **3.2.1.- Identification, monitoring and promotion of a sustainable environment in the Inditex GSC:**

- a) Ongoing training activities on GFA: Among Inditex GSC workers, their respective union representatives, suppliers and manufacturers.
- b) Joint exploratory, learning and monitoring visits to the GSC factories.

- c) Monitoring of the Inditex GSC through the access of IGU and its affiliates to the Inditex GSC factories (in accordance with the terms set out in the GFA and in the Annex I of this document).

### 3.2.2.- Strengthen social dialogue in the Inditex GSC:

- a) Establish mechanisms to promote social dialogue between suppliers and local unions.
- b) Find a suitable methodology to generate dynamics and solutions that satisfy the interests of employers, GSC workers and Inditex.

### 3.2.3.- GFA implementation areas:

The impact areas to be developed in the GFA will aim to respect Human Rights within the labor and social environment, prioritizing compliance with international labor standards in the Inditex GSC. In particular, these impact areas would have as reference:

- a) Those capacity building programs defined in the GFA.
- b) Those relevant impact areas defined in the Inditex social sustainability strategy and framed in the GFA.
- c) Those other areas identified by the two parties as priority.

## 4. Interlocution

All the people who are related to the structure and internal functioning of the GFA are included in the referred objectives.

### 4.1. Internal structures and functions of the GFA

The parties have agreed on a specific structure for the implementation of the GFA, in accordance with the provisions of Annex II in its last renewal of the GFA in November 2019. Later on this shall be explained, gathering the different structures that are part of the GFA, like the Committee, as well as within it, the Coordination, the General Coordinator and the union experts.

It is necessary to remind that local unions, as well as the unions of the parent company, have an important role to guarantee the implementation of the GFA across the Inditex GSC.

#### 4.1.1.- Global Union Committee

This Committee integrates both the unions of the parent company and those of its GSC, and it should be the tool to coordinate, together with the Inditex Sustainability Department, all the activities related to the GFA that are developed at global and local level in the Inditex GSC.

It is established based on the following territorial groupings:

- a) Africa (1): Morocco, Tunisia and Egypt
- b) America (1): Argentina, Brazil and Mexico
- c) Asia (4):
  - i. Vietnam, Indonesia
  - ii. Cambodia, Myanmar
  - iii. Bangladesh and Pakistan

iv. India and Sri Lanka

- d) Western Europe (2): Spain and the rest of the western European countries
- e) Eastern Europe (1): Turkey and the rest of the eastern European countries

This Committee will meet once a year to review the implementation of the GFA. IGU will be invited to the Committee meetings. Inditex, meanwhile, may also designate a representation to attend to the Committee, in the event of any request from its members and when deemed necessary by the Coordination of the Agreement.

The Global Union Committee will have the following functions:

- a) Establish jointly with Inditex the annual workplan for the application of the GFA.
- b) Promote the coordination with IGU and with the instruments of union coordination, from Inditex unions to local unions, which operate in the workplaces under the Inditex GSC. The purpose of such coordination will be the establishment and development of a workplan, jointly with Inditex, for the promotion of decent work in Inditex GSC. Among the objectives to be covered, respect for collective bargaining is particularly relevant, on the line provided by the organization ACT (promoting the conditions for reaching sectorial collective bargaining agreements in order to promote "living" wages) as well as initiatives for the health and safety promotion in the respective workplaces, and of course, the respect of the right to Freedom of Association across the Inditex GSC.
- c) Promote and establish (in coordination with IGU, its local affiliates, the unions of Inditex parent company and the Inditex Sustainability Department) relationships with all relevant stakeholders, such as governments and employer organizations in the countries in which Inditex GSC is placed for the development of the GFA objectives.
- d) Review jointly with Inditex, once a year, the implementation of the GFA. Activities carried out under the workplan will be reviewed and future activities will be agreed. Under the lines established in the annual joint workplan, local union representatives will participate in the implementation of the GFA in their respective countries.

Each member of the Committee will have the responsibilities indicated below, in conjunction with Inditex's sustainability department:

- a) Based on the knowledge of the supply chain in its respective area of activity and the right of reasonable access to Inditex workplaces in accordance with the provisions of the GFA, the monitoring of the situation and evolution, in each industry group of the TGFL sector, of the labor relations and the exercise of fundamental labor rights, particularly the exercise of the freedom of association and collective bargaining rights. And for this reason, the respect of the applicable legislation and collective bargaining agreements, and in general all those aspects set forth in the Inditex Code of Conduct for Manufacturers and Suppliers and the GFA.
- b) The application of the GFA in the Inditex GSC in its respective territorial group.
- c) Ensure that the implementation of the GFA is aligned with the agreement in force between Inditex and IGU as well as with the workplan annually defined by the Committee and Inditex.
- d) The knowledge, from the General Coordinator to the local unions, of the factories that are part of the entire Inditex supply chain in their territorial grouping, as well as the necessary data which contributes to have a better understanding of the supplying factories.

- e) Promote social dialogue in coordination with IGU affiliates in their territorial grouping and support the General Coordinator and local affiliates, with the collaboration of union experts and representatives of Inditex Sustainability Department, in order to investigate and guarantee the resolution of those cases that cannot be solved locally.
- f) Any other activity, within the scope of the GFA, agreed upon consensus in the Committee and agreed with Inditex.

#### 4.1.2.- The Coordination

Its role will be to act as liaison with Inditex.

The configuration of the Coordination structure, which will be chosen by the Committee, will be composed by 4 members (2 members on behalf of Spanish Trade Unions mentioned in the GFA representing Inditex workers and 2 members on behalf of the IGU affiliates with presence in the Inditex production clusters). The Coordination will meet at least twice a year with representatives of Inditex.

Each member of the Coordination will have the following responsibilities:

- a) All those derived from the previous point, as members of the Committee.
- b) Any other transversal union activity, under the scope of the GFA, agreed within the Committee and with Inditex.

It is also defined in this Protocol that in addition to the responsibilities described above, the Committee along with the people who make it up, including therefore the Coordination, could undertake activities related to:

- a) Capacity building programs set in the GFA.
- b) Those other activities that the Committee and Inditex could define by mutual agreement, for the coordination of work within the implementation areas defined in point 2.2.3.

#### 4.1.3.- General Coordinator

As stipulated by the GFA, this position will be held by one of the members of the Coordination and his/her selection will be carried out subject to a prior agreement with Inditex. The responsibilities that this structure will perform are mentioned below:

- a) Promote and integrate the regular relationship between IGU and the Inditex Sustainability Department.
- b) Act as contact and representative of the Coordination in the front of the Committee, as well as the activities of the Trade Union Experts.
- c) Act as contact and representative of the Coordination for the application and implementation of the action and workplan agreed by the Committee, as well as the initiatives in this regard.
- d) Coordinate the process related to the information that Inditex shares with IGU about its suppliers. This information should include all the necessary data which contributes to a have a better understanding of its supplying factories.
- e) Ensure along with the Inditex Sustainability Department that the development of the initiatives for the implementation of the GFA derived from the agreement between the Committee and Inditex are aligned with those stipulated in the GFA and this Protocol.
- f) Prepare in coordination with the Inditex Sustainability Department the meetings, minutes and workplan evaluations carried out by the Committee and Inditex, as well as those derived from the meetings between the Coordination and the Inditex Sustainability Department.

- g) Act as a contact and representative of the Coordination in the front of the representatives of the Inditex Sustainability Department regarding the monitoring of those cases that cannot be solved locally and therefore are investigated by the Coordination together with the respective local unions, representatives of Inditex and with the support of union experts.

#### 4.1.4.- Union experts

Local unions can be supported by “union experts” for their regular action as established in the TUEFC signed between the parties on April 25th, 2016.

In order to develop solid labor relations across the Inditex GSC, local unions will keep a regular communication with the local Inditex Sustainability Department representatives with the support of its respective trade union expert, or in absence of such expert, through of the General Coordinator of the GFA.

The map of responsibilities, roles and tasks that will be assigned to the trade union experts are regulated by the GFA and the TUEFC signed in 2016. In addition, they must carry out their activities supporting the local unions under the scope of the workplan agreed by the Committee and the Inditex Sustainability Department. The Committee, through its Coordination, will monitor the correct coordination of the parties. Its participation in the application of the GFA must include:

- a) Monitoring (under the scope of the workplan agreed by the Committee and Inditex Sustainability Department and in coordination with local trade unions) of the evolution (in their respective area of activity) of the TGFL sector, its labor relations and the exercise of fundamental labor rights, particularly the exercise of the Freedom of Association and Collective Bargaining rights, the applicable legislation and collective bargaining agreements and, in general, those aspects included in the Inditex Code of Conduct for Manufacturers and Suppliers
- b) The application (under the scope of the workplan agreed by the Committee and Inditex Sustainability Department) of the GFA and the local, legal and conventional norms, in the Inditex supply chain.
- c) The knowledge, through the General Coordinator, of the factories that are part of the GSC in their respective area of activity, as well as Inditex audit processes to establish the respective union valuation.
- d) The support to the local trade unions, along with the Inditex sustainability team and the General Coordinator and therefore, the Coordination and the Committee, in those capacity building activities carried out under the workplan resulting from the agreement between the Committee and the Social Sustainability area about the parallel and coordinated capacity building plans for trade union and management of the companies that are part of the Inditex supply chain which should be oriented under the scope of the GFA, this Protocol and in accordance with the 2012 Protocol signed between Inditex and IGU.
- e) The application of the conclusions which result in the first place in the respective companies, to project them also towards all the workplaces of the GSC of Inditex in their respective area of activity, in coordination with the local unions, the Committee together with the Inditex sustainability department.
- f) The knowledge of the challenges detected through local unionism in the application of the GFA for their notification to the Committee and to the Inditex representation, in order to implement the respective actions.

g) The knowledge of those other relevant aspects indicated by Inditex and the Committee.

## **5. Resolution of potential breaches of the Agreement**

Taking into account as a priority principle the well-functioning of industrial relations throughout the entire Inditex GSC, the parties understand that any breach of the GFA can be solved through social dialogue at local level, in the workplace and with the support of the local Inditex sustainability team, local trade union, member of the Committee or respective trade union expert and always under the guarantees of the local legislation of each country.

In this regard, both Inditex and IGU agree to inform each other about any breach of the GFA to allow a proper investigation and implementation of a corrective action plan with the aim of solving the issue. This implementation will be complemented by the mediation of the respective trade union expert and the local Inditex team (if they exist) who would jointly follow the evolution of the same.

In case of negative evolution of the corrective plan, a warning will be given to the particular supplier factory. If after a reasonable period of time the situation persists or becomes worse, the activation of a responsible exit strategy could be agreed by both sides.

### **5.1. Communication channel**

When a local trade union detects any potential breach related with the application of the GFA that cannot be solved at factory level in any of the suppliers of Inditex global supply chain, this should be notified:

- To the member of the Committee related to its cluster and to the respective trade union expert in case it exists.
- In the absence of local trade union expert, to the General Coordinator (who will inform Inditex and IGU representatives designated for such purposes, who will take the corresponding actions for its resolution).

### **5.2. Resolution**

Both the Inditex sustainability department and the Committee may provide advice and support for the resolution of the related breaches in their respective sourcing regions and countries. Issues will be solved primarily at factory level. For those that cannot be solved at this level, the Coordination will be responsible for investigating with the respective local union, the respective trade union expert and the respective Inditex representative.

Where there is solid evidence that a specific breach that has not been remedied in one factory that belongs to a group could affect this latter, specific corrective plans could be implemented in the rest of active Inditex factories under that group, bearing in mind the sustainability of the group and in consequence the impact that any decision may have for this in terms of viability and employment.

### **5.3. Interpretation**

Questions concerning the interpretation of the Agreement shall be resolved through consultation between the Inditex Sustainability Department and the GFA Coordination. Necessary efforts will be made to find common agreement (taking into account, among other things, opinions and suggestions of trade union experts in terms of local law ), but when this is not possible, the parties will, in appropriate circumstances, seek the expert advice of the ILO for mediation and dispute settlement. As long as they agree, they may, alternatively, go to an independent third party for mediation.

**Inditex S.A.**

**IndustriALL Global Union**

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**Mr. Oscar García Maceiras**

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**Mr. Atle Høie**



## APPENDIX I

### Procedure for the exercise of the union access to the supplying factories within the Inditex supply chain

#### General Objective

This procedure seeks, in line with the GFA, to establish the necessary coordination process to duly implement reasonable access to supplying facilities within the Inditex supply chain, in order to verify the compliance with the provisions under the Inditex Code of Conduct for Manufacturers and Suppliers, in particular those related with the respect of the freedom of association and collective bargaining rights.

#### Basic principles

The procedure will be based on the following principles: collaboration, mutual trust and respect between the parties. For this aim, an appropriate coordination<sup>1</sup> is essential among employers across Inditex GSC and the interested trade union parties: IGU management or its regional branches, general Coordinator and other members of the Committee, trade union experts as well as IGU local affiliates, and the Inditex sustainability department.

#### Methodology

A sequence of steps, tasks and responsibilities is established, necessary to set an appropriate coordination between the parties, for the satisfactory execution of the visits, which will be conducted according to the criteria of neutrality and objectivity<sup>2</sup>.

#### Step 1: Visit proposal

Trade union personnel, referred to above under the “basic principles” section who are interested in visiting active facilities in the GSC, shall initially communicate to its Global Union Committee representative, with copy to the GFA’s General Coordinator and the Union Expert (if any), a list of the factories they wish to visit, as well as the specific goal of such visits, which shall fall within the scope of the general objective defined in this document.

The Trade union (above mentioned under the “Basic principles” section) shall be responsible for coordinating among them the proposed factory list to be submitted to Inditex, along with the specific goal for those visits, in order to avoid any potential internal incidents which might affect the visits or the relationship with the proposed factories, particularly where one or more unions already exist in the factory<sup>3</sup>.

In this regard, the respective trade union representative shall inform by e-mail to the INDITEX team (along with the defined corporate representatives), with copy to the GFA’s General Coordinator and the trade union expert (if any) on the proposed list of factories to be visited as well as the specific goal<sup>4</sup> of such visits.

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<sup>1</sup> Coordination shall mean that all parties have in a timely and appropriate manner, enough information on each of the steps to be taken related with this document, without this supposing any obstacle for the implementation of this procedure. Specifically, when any potential non-compliance in the application of the GFA may have been identified.

<sup>2</sup> To fulfil the duties of neutrality and objectivity which should prevail during the visit, no gift or courtesy whatsoever will be exchanged between the parties, neither at the beginning, during nor at the end of the visit. Offering or accepting reasonable and proportionate amenities, such as providing water, snacks or food during the visit, would not be deemed to be a breach, provided that these ones do not inconvenience the visitors or can be misinterpreted.

<sup>3</sup> If the factories where the visit is proposed did not receive a training on GFA, they will receive this training and therefore, on social dialogue and respect for the freedom of association and collective bargaining rights, without this entailing a delay to the scheduled visit. This training would be provided before or after the visit. This type of activities are useful to generate a collaboration environment and promote common grounds for understanding between the parties.

<sup>4</sup> The proposal shall include the full name of the factories and the tentative dates for the visit.

Likewise, if Inditex Sustainability team deems it appropriate, they can also propose the visit to the relevant trade union organisations, giving notice to the GFA general Coordinator and the trade union expert (if any).

### Step 2.- Scheduling of visits

After verifying that proposed factories are part of its supply chain, Inditex Sustainability team, will get in touch with proposed factories in order to brief them about the proposed visit. Afterwards, Inditex sustainability team will coordinate with the factory and with IGU affiliate a proposal of specific dates to conduct the visits<sup>5</sup> for the purposes of aligning these ones, as much as possible, with the union's proposal.

Once dates have been set and at least 10 days<sup>6</sup> in advance of the date scheduled for the visit, IGU affiliate shall inform Inditex sustainability team (with copy to the trade union representative, the GFA General Coordinator and, if applicable, the trade union expert) about the individuals who will visit the facilities. Such information will be shared with the factory, which could request additional details to facilitate access to the facilities, but under no circumstance shall the factory impose a veto to the participation of any of the individuals indicated by the trade union party.

The visit will be conducted in coordination with Inditex Sustainability team which may be part of the visit as an observer and facilitator.

### Step 3.- Conducting the visit

Scheme to be followed during the visit will be as indicated:

a. Introduction and initial meeting

The visit will begin with an initial meeting between visitors and factory management where this latter will be informed on its purpose, creating a friendly and positive atmosphere for its performance.

b. Facilities visit

Visit to the facilities will be done along with the individuals appointed by the factory management. Visitors shall comply always with factory safety protocols, or any such equally relevant protocol applicable<sup>7</sup>.

c. Meetings with selected workers

Trade union representatives can hold personal interviews with workers selected during the visit to the facilities, or before the visit, which in that case should be stated in the initial proposal. Interviews will take place at a location previously agreed with the factory management, outside its workplace in order to avoid any interference with the factory operations and in with the presence of the trade union side exclusively. Trade Union representation may propose, whenever they deem it appropriate, the presence of management representatives of the factory.

To ensure the visit smooth running, the factory management will help to create a collaboration environment. Thus, both management and trade union representation may suggest reasonable and objective indications to facilitate the proper conduct of interviews, such as indications related with the room or place enable for interviews, etc., which will be agreed by mutual consent.

If requested in the visit proposal by the trade union representation, they could also meet with members of the trade union legally established at the factory. On the proposal of the trade union representation, representatives from the management can also attend at such meeting, along with representatives from Inditex, or they can hold a joint meeting, after the strictly trade union meeting.

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<sup>5</sup> Proposed dates provided by Inditex will have as reference the tentative dates shared by IGU's affiliate, although it will seek at all times to set one that suits all parties.

<sup>6</sup> With the exception of any emergency situation considered by both parties after the reception of the proposal for the visit.

<sup>7</sup> Visits must not interfere with factories' operations. Therefore, workers cannot be addressed at their workplace, except in case of the existence of issues affecting the work process itself. In such case, it will be specified, by mutual agreement, a procedure and a specific moment in which the dialogue with the individual (s) indicated in the proposal will generate the least impact on the production process.

d. Closing meeting and farewell

Once the visit and the interviews have ended, the parties will hold a closing meeting sharing the outcome of the visit and any proposal which may have been agreed during the visit.

Step 4. Visit report

After the visit, IGU and/or the trade union representation involved in the same will prepare a report that will be submitted to Inditex sustainability team<sup>8</sup>, who will issue the considerations and proposals that they may deem appropriate based on what was agreed during the visit.

In the event of differences regarding the final assessment of the visit, minutes will be drawn up with the proposals of each party stating the way each of them assesses the situation and their potential proposals. For this purpose, resolution must be articulated through the channel established under the GFA should any party deem it necessary.

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<sup>8</sup> Report may be disclosed in whole or in part with prior communication to Inditex, which could formulate the necessary considerations for its consideration by the trade union counterpart.