

Subject: Invitation to respond – Inditex in our COVID-19 tracker

Please find our answers in blue below.

1. What are the maximum number of days from invoice date within which you pay your suppliers (e.g. 30, 60, 90, 180 days)? **The maximum number of days for payment would be 90 days. This is 90 days from receipt of goods to our warehouse for origins close to our headquarters, and 90 days upon receipt of goods to our forwarder for origins further afield.**
2. When is payment for orders typically made (i.e. after shipping, upon receipt of goods, partial payment in advance of production, etc.)? **Payment is typically made 90 days after receipt of goods as per above.**
3. In this period, have you asked suppliers for a discount after placing an order? **Y/N No**
 - a. If yes, what percentage of FOB was the discount (if varying, please list all percentages)?
4. Do your contracts have clauses for financial penalties:
 - a. For suppliers for contract non-compliance (e.g. for late delivery, wrong specs etc.)? **Y/N No**
 - b. For you (the buyer) to be held financially liable (in the form of a payment premium or otherwise) for changes in orders after a PO has been raised (order volume, order specs, order deadline etc.)? **Y/N No**

In the period since the COVID-19 outbreak:

Please answer all questions and provide YES, NO or numerical answers where requested. We also welcome additional information and context.

5. Have you committed to pay in full for:
 - a. All completed orders? **Y/N Yes**
 - b. All in-production orders? **Y/N Yes**
6. Have you extended your usual payment times? **Y/N No**
 - a. If yes, what are current payment terms (in days, e.g. 90, 180, 230 etc.)?
 - b. Are you supporting suppliers with access to local finance with a letter of credit or through other means? **Y/N Yes where needed. We have meanwhile agreed to pay for all orders produced or in production according to original payment terms.**
7. Have you requested a discount for any orders? **Y/N No**
 - a. If yes what, percentage of FOB (if varying, please list all percentages)?
8. Have you taken any other steps (outside of order payment) to ensure workers in your supply chain have been paid wages for March and April, or will be paid wages or otherwise provided for during periods of lockdown? **Y/N Yes, Inditex sustainability teams are following up closely on a**

regular basis with suppliers and manufacturers in their respective clusters the payment of wages as well as other benefits required by law. Inditex has also worked proactively from the start of the pandemic both individually and alongside our key stakeholders focused on the protection of workers' rights, as further explained in point 11 below.

9. Where production is ongoing, have you taken steps to ensure suppliers are implementing measures to protect garment workers from infection (i.e. social distancing, sanitising practices, providing adequate protective equipment)? **Y/N Yes. Inditex is committed to working with its suppliers through the impacts of Covid-19. Ensuring safe and healthy working conditions for workers is a key component of our supply chain management strategy. As a priority, we are working closely with suppliers to ensure they are following official guidance to protect the health and safety of workers in factories during the pandemic. For that reason, we have created guidelines based on WHO recommendations on health protection in work places during Covid 19 to ensure their implementation by suppliers. Furthermore, we are in touch with suppliers regarding any further health and safety recommendations specific to each country and intend to continue updating suppliers as the situation evolves.**
10. Are you paying shareholder dividends? **Y/N or N/A for companies without public shareholders Since the start of the pandemic the company has not paid shareholders dividends.**
11. Please add any additional comments (optional):

Inditex is committed to working with its suppliers through the impacts of Covid-19. Inditex has worked proactively since the beginning of the pandemic both individually and alongside our key stakeholders focused on the protection of workers' rights, such as IndustriALL Global Union – the international federation of unions with which we maintain a Global Framework Agreement, the International Labour Organization, Ethical Trading Initiative and ACT (Action, Collaboration, Transformation). Together with these and other organizations, we have focused our efforts on minimizing the impacts of COVID19 on workers and on continuing to ensure the sustainability of global supply chains in the future.

In particular, we have worked proactively in the creation of the “COVID-19: Action in the Global Garment Industry” coordinated by the International Labour Organization in collaboration with The International Organisation of Employers (IOE), the International Trade Union Confederation (ITUC), IndustriALL Global Union and other brands for support for manufacturers and workers through the economic disruption caused by Covid-19. This call to action commits us to collectively take action to protect garment workers’ income, health and employment and support employers to survive during the COVID-19 crisis, and to work together to establish sustainable systems of social protection.

The call to action is working on the initial stages in following lines:

1. Working with governments and financial institutions to mobilise sufficient funding to keep manufacturers in business including payment of wages, as well as income-support and job-retention schemes to address the impact of the crisis.
2. Strengthen social protection systems and public infrastructure for social services in priority countries.
3. Promote respect for the ILO Core labour standards, as well as safe and healthy workplaces

Inditex has endorsed this call to action and is one of the 13 members of the International Working Group designated to ensure its implementation.

The initiative will focus on eight specific countries most in need, although others may also be included as provisional priority ones, based on further information and emerging needs.

More information about this initiative can be found here

https://www.ilo.org/global/topics/coronavirus/sectoral/WCMS_742343/lang--en/index.htm