

ITX CANADA LTD. – MODERN SLAVERY REPORT (CANADA)

This modern slavery report (the “**Report**”) has been prepared in compliance with the *Fighting Forced Labour and Child Labour in Supply Chains Act (Canada)*. This Report is made on behalf of ITX Canada Ltd. (“**ITX Canada**”) and addresses the period from February 1, 2023 to January 31, 2024 (referred to in the Report as the year “2023”).

This Report sets out the steps ITX Canada has taken to prevent and reduce the risk that forced labour or child labour is used at any step in the production of goods in Canada or elsewhere by ITX Canada or of goods imported into Canada by ITX Canada.

ITX Canada is a wholly owned subsidiary of Industria de Diseño Textil, S.A. (Inditex, S.A.) (hereinafter, “**Inditex**”), a Spanish public company listed on the Madrid stock exchange and headquartered in Arteixo, Galicia, Spain. Inditex and its subsidiaries (the “Inditex Group”) is a global fashion, design, distribution and retail company, with customers across more than 210 markets. The Inditex Group is a family of several commercial brands: Zara, Pull&Bear, Massimo Dutti, Bershka, Stradivarius, Oysho and Zara Home.

Inditex is fully committed to respecting, promoting and protecting human rights across its entire value chain, and this is integrated throughout the business model. Inditex does not tolerate any form of modern slavery or human trafficking in its organization or in its supply chain and pledges to play an active role in promoting human rights and proactively work towards respecting them. As a member of the Inditex Group, ITX Canada follows Inditex’s human rights due diligence policies and practices.

I. STRUCTURE, ACTIVITIES AND SUPPLY CHAIN

Structure & Activities

ITX Canada is incorporated in New Brunswick, Canada, with corporate headquarters in Montreal, Quebec, Canada, and does business in Canada as ZARA, Massimo Dutti and Bershka. ITX Canada distributes the products sourced by Inditex to the Canadian market. As of the fiscal year-end 2023 (ending January 31, 2024), ITX Canada operated 31 stores, employed 2,653 staff members, and had 493 active direct suppliers across Canada.

ITX Canada, as a member of the Inditex Group, is fully committed to respecting, promoting and protecting human rights across its entire value chain. Inditex rejects any form of modern slavery or human trafficking in its organization or in its supply chain and pledges to play an active role in promoting human rights and proactively work towards respecting them.

Alliances and Partnerships

Inditex is engaged in numerous initiatives and partnerships which support its commitment to the elimination of forced and child labour in its supply chains. For example:

- Since 2005, Inditex has been a member of the Ethical Trading Initiative (ETI), a leading alliance of companies, international trade unions, and non-governmental organizations, which utilizes a dialogue platform to improve working conditions of workers.
- One of Inditex’s most significant relationships is with the international trade union federation, IndustriALL, with which Inditex signed a Global Framework Agreement in 2007 and renewed it first in 2014 and then 2019. As part of the agreement Inditex provides IndustriALL with a list of Inditex’s manufacturers and their level of compliance with Inditex policies. IndustriALL and its affiliates are also given reasonable access to production centres.
- In 2009, Inditex and UNI Global Union (UNI) signed a Global Agreement for implementation of fundamental labour rights and decent work which covers all Inditex Group. UNI is a network of trade

unions in the trade and retail sector, which represents more than 20 million workers across 150 countries.

- In 2017, Inditex signed a Public-private partnership with the International Labour Organization (ILO) to promote respect for the Fundamental Principles and Rights at Work (FPRW) in cotton-growing communities. As of October 2013, Inditex is also a direct buyer partner of the ILO's *Better Work Programme*, a platform to improve compliance with the ILO's core labour standards and national legislation.
- In October 2023, Inditex and the International Apparel Federation (an organization that represents 100,000 manufacturers from more than 40 countries through its member associations) signed a framework agreement aimed at driving a meaningful transformation in the global garment industry, paving the way for the development of projects that seek to improve working conditions, protect the environment, move towards circularity and promote transparency and traceability in the supply chain.
- Inditex is part of Shift's Business Learning Programme, a leading programme on human rights that involves companies of all sectors willing to work towards implementing the UN Guiding Principles on Business and Human Rights.
- Inditex and the United Nations High Commissioner for Refugees (UNHCR) have been working together since 2020 with the common goal of meeting the clothing needs of refugees and internally displaced people. Through this strategic partnership, Inditex, in collaboration with its suppliers, supports UNHCR in its task of sheltering refugees who have been forced to abandon their homes and helping to restore their dignity.
- Inditex is part of the Tent Partnership for Refugees, founded by Tent Foundation, a global network of more than 200 companies that seeks to mobilise the private sector to create partnerships to improve the lives of refugees.

Supply Chain

Inditex's supply chain is present globally, and in 2023 was comprised of 1,733¹ direct product suppliers and at 8,123² factories or indirect suppliers (together "supply chain" or "suppliers") in 45 markets, and generated more than three million jobs. The factories declared by our suppliers were involved in different processes. Specifically for textile products: finishing; printing; dyeing and washing; sewing; cutting; and spinning, weaving, and other raw material processes.

Management over the whole of the Inditex group of companies' (the "**Inditex Group**") supply chain is organized by Inditex outside of Canada. As a member of the Inditex Group, ITX Canada follows and reasonably relies upon Inditex's policies, including its human rights, traceability, auditing and due diligence processes, which are globally implemented across all its suppliers and manufacturers.

Inditex endeavors to build strong relationships with its suppliers. For this purpose, Inditex organizes its supply chain through ten different supplier clusters – spaces to foster dialogue and cooperation with industry actors such as trade unions, employers, administrations and NGOs. In 2023, Inditex had ten clusters in Spain,

¹ Figures include suppliers with more than 20,000 production units in the 2023 summer and winter campaigns, based on the primary data extracted from the Company's systems (suppliers with production of less than 20,000 units represent 0.19%).

² Figures include factories declared by the suppliers with more than 20,000 production units in the 2023 summer and winter campaigns in the manufacturer's management system for 2023 orders.

Portugal, Morocco, Türkiye, India, Pakistan, Bangladesh, China, Cambodia and Vietnam, in which 98% of its garments were produced.

Inditex's supply chain management strategy is based on involving and engaging with stakeholders. In this respect, Inditex proactively collaborates with experts, partners, industry associations, stakeholders and other relevant organizations including NGOs, to develop various projects and partnerships and ensure that suppliers and manufacturers operate in accordance with the responsible practices and values that Inditex champions.

II. POLICIES & DUE DILIGENCE

Policies

As part of the Inditex Group, ITX Canada is fully committed to respecting, promoting and protecting human rights across its entire value chain. To that end, Inditex has developed a number of policies that encapsulate its commitment to ensuring the highest standards of human rights are upheld everywhere that it does business. ITX Canada is bound by these policies and practices.

Inditex's Board of Directors is the body responsible for approving Inditex's sustainability strategy. The Board of Directors is supported by the following committees which oversee and advise the Board on issues related to social and environmental sustainability:

- The Sustainability Committee acts as a consulting and advisory board responsible for monitoring our social and environmental sustainability strategy and practices, including the implementation of the Group's human rights strategy, as well as fostering a commitment to the Sustainable Development Goals.
- The Audit and Compliance Committee oversees and assesses financial, compliance and non-financial risks, such as those risks arising from the Group's actions in relation to its social, environmental and other sustainability practices, including risks related to human rights, such as forced labour and child labour.
- The Social Advisory Board advises on sustainability issues and is composed of external independent members, who play a key role in building relationships with stakeholders in the areas where Inditex does business.
- The Ethics Committee ensures compliance with standards of conduct. The Ethics Committee also manages the Ethics Line, a queries and grievance mechanism that reinforces due diligence by helping to identify and remedy any potential negative impact on human rights.

The following Inditex policies specifically aim to prevent the use of forced labour in Inditex's supply chains, some of which are described in greater detail below:

- Human Rights Policy
- Code of Conduct
- Code of Conduct for Suppliers and Manufacturers
- Sustainability Policy
- Due Diligence Policy
- Policy on Internal Reporting Channels
- Ethics Line Procedure
- Global Anti-Harassment Policy

Human Rights Policy

Inditex's Human Rights Policy, approved in 2016 and updated in 2024, addresses its engagement with respecting the internationally recognized Human Rights and outlines the values and principles that guide its business activities in all its spheres of action.

Specifically, the Inditex Group respects children's rights and rejects child labour, pursuant to the provisions of ILO Convention 138 and in accordance with the minimum working age under the relevant regulations of each country. The policy provides that the Group will not hire any child under the age of 16, unless not doing so would constitute a violation of the applicable local regulations. On the other hand, through the Code (discussed below), forbids its suppliers and/or manufacturers from hiring anyone under the age of 16 or higher if the local legislation stipulates a higher minimum age.

The Inditex Group also rejects any form of forced or compulsory labour, as defined in ILO Convention 29. This extends both to its own employees and its entire supply chain, as well as to any natural and/or legal person related to the Group.

The policy requires that all manufacturers and suppliers undertake to respect their employees' human and labour rights, and to involve their own business partners in those commitments.

Code of Conduct

The Code of Conduct (also known simply as the "**Code**") of the Inditex Group is the document that sets out Inditex's ethical commitments and principles that guide the way in which it does business, both internally and externally with customers, suppliers, shareholders, and the communities in which it operates. The Code applies to the entire Inditex Group, including ITX Canada. Compliance is mandatory for every employee, and for the members of the governing bodies of every company in the Group. The Code specifically rejects the use of any form of forced or compulsory labour, and includes provisions concerning minimum employment age, payment of remuneration, compliance with the ILO Convention on working hours and overtime, and respecting freedom of association and collective bargaining. The Code was approved by the Board of Directors in 2012 and updated in 2024.

Code of Conduct for Manufacturers and Suppliers

Inditex's Code of Conduct for Manufacturers and Suppliers is the foundation of Inditex's supplier relations. Approved by the Board of Directors in 2001 and amended in 2012, it defines minimum standards of ethical and responsible behaviour that must be observed by all of the Group's suppliers and manufacturers across the supply chain. The Code applies to all manufacturers and suppliers involved in all tiers and processes of the products that the Inditex Group places on the market and is based on the overarching principles that define Inditex's ethical conduct.

Before commencing work for Inditex, all suppliers, in order to be part of the Inditex's supply chain, must first accept and undertake to meet (and to enforce compliance by the facilities they work with) the Inditex Minimum Requirements (IMRs). The IMRs include compliance with the Inditex Code of Conduct for Manufacturers and Suppliers and the Human Rights Policy, among other policies and standards, which explicitly rejects slavery and human trafficking, and it is based on applicable national laws and international standards in the field, with which our suppliers and manufacturers must comply.

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

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

The Code also states that *Manufacturers and Suppliers shall not employ minors. Inditex defines minors as those persons who have not yet reached their 16th birthday. In cases where local legislation stipulates a higher minimum age, the higher limit shall apply. Persons between the ages of 16 and 18 years will be considered young workers. Young workers shall not work during night hours or in hazardous conditions.*

Specifically, aspects related to prohibition of child labour will be developed according to Conventions 138 and 182 of the International Labour Organization (ILO).

Supply Chain Due Diligence

Due diligence is the process used for identifying potential negative impacts on human rights across the Company’s value chain and their subsequent prioritization, to integrate the findings into the different processes of the Group. This process is permanently updated to bolster the strategy, in coordination with our stakeholders.

Inditex’s view with respect to the scope of the human rights strategy coincides with that of the UN Guiding Principles. This means identifying and prioritising potential impacts so as to incorporate the findings into our activities, designing tools to prevent and mitigate them, and continuously enriching and complementing these tools.

The creation of these processes involves all the key areas of the Company, such as Human Resources, Risk Management or Compliance, and they are constantly reviewed and updated.

In line with the principles and criteria for action established in the Code of Conduct for Manufacturers and Suppliers, at Inditex we are firmly committed to preventing compliance risks from third parties with whom Inditex maintains business relationships.

In this regard, the Due Diligence Policy, approved by the Board of Directors in September 2019, is designed to align the relationships with our business partners, suppliers and large customers, with the processes described in the international standard ISO 37001 Anti-Bribery Management Systems in organisations, as well as the regulations and the most stringent standards on anti-corruption. The due diligence process regulated by the Policy consists of the identification and analysis of all suppliers, business partners and third parties with whom Inditex engages in business relations, from the perspective of corruption, fraud, international trade sanctions and/or any other risks of a similar nature. Due to its importance, nature and scale, the supply chain is a priority area within the value chain in terms of respecting and promoting workers’ human and labour rights. In this regard, the support and assessment of our suppliers is a core aspect of due diligence in the supply chain, informing our strategies and ensuring workers’ protection and the promotion of their rights.

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.

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.

Forced labour, child labour and modern slavery have been considered and reflected in the due diligence exercise.

Enhanced Due Diligence

Inditex also carries out enhanced due diligence to identify potential human rights violations that may be especially complex to detect through standard social audits. If Inditex's due diligence system assesses that a potential breach of its standards exists or identifies any potential human rights risks in its supply chain related to forced or child labour, Inditex may terminate the business relationship and/or block the affected supplier(s). It encompasses a holistic approach to sustainable supply management, which includes stakeholder engagement, capacity building and constant improvement through various initiatives. Additionally, it involves a thorough analysis of the entire corporate group and commercial relationships of all current and potential new suppliers and manufacturers.

More specifically, Inditex's enhanced due diligence includes:

- analysing whether third parties are included on sanction lists;
- analysing whether third parties have corporate or commercial ties with sanctioned entities;
- analysis of any mention in reports published by NGOs or other institutions;
- utilizing specialized computer/informational human rights tools;
- utilizing tools to trace global transactions;
- utilizing tools for assessing reputation; and
- conducting isotope testing to evidence the origin of the raw materials used in garment production.

Thanks to its enhanced due diligence system, the already strong control system gets reinforced helping Inditex it to identify potential risks of non-compliance with our standards.

"Workers at the Centre 2023-2025" strategy

The lessons learned during the implementation of the Workers at the Centre 2019-2022 strategy and the 2022 update of the due diligence exercise, were key in the design of the strategy Workers at the Centre 2023-2025.

This new phase continues the focus on impact and engagement and places a stronger bias on transformation and development, with a public commitment to reach three million people.

The new phase is structured through five Priority Impact Areas (PIAs): social dialogue, health, living wages, respect and resilience, and 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.

Impacts related to the environment and climate change have been included, ensuring a holistic perspective on respect for human rights, and incorporating issues such as migration and climate change, just transition and the future of work. Forced labour, child labour and modern slavery have also been considered and reflected in the due diligence exercise.

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

Each of these Priority Impact Areas has a general objective and different lines of action, which are materialised through activities and projects on the ground, developed by our inhouse teams or together with the local and international 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.

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

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

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

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.



Resilience

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

All identified Priority Impact Areas are relevant in terms of oversight of the supply chain in the field of forced labour, as they have a special focus on vulnerable groups such as migrants and refugees, women, children or workers in the raw materials supply chain.

In particular, the Priority Impact Area of “Respect” -reaching more than 64,000 workers and 133 suppliers in 2023- works in two lines of action:

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 as necessary.

These are the main initiatives carried out in 2023, that are detailed in the Workers at the Centre Report 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)

Fair recruitment and employment culture

Providing decent work and using fair recruitment and employment practices are among the key aspects 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 specifies that shall not allow 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).

Equity focus – how Workers at the Centre tackles most vulnerable groups

Protection of migrant 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, if appropriate, 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.

Inditex aims to raise awareness about the relevance of integrating migrants and refugees into the recipient communities by means of projects and the dissemination of best practices. To this end, Inditex collaborates in four different programmes with International Labour Organization, Support to Life (STL), Association For Social Development and Aid Mobilization (ASAM – SGDD), and United Work, respectively.

Zero tolerance for child labour

At Inditex we are committed to ensuring that our supply chain is free of child labour, and that is why we have established a series of policies and actions as a way of prevention, mitigation and remediation. All suppliers and factories are informed about this policy when they start their commercial relationship with Inditex and compliance includes 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. 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 age of 16, or employing an adult family member in their place, among other measures, to reduce the likelihood of them returning to work to support their family.

As these plans are implemented, they are continuously monitored by Inditex's internal teams, and external expert organisations may also be brought in to collaborate.

Women

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, for driving international standards linked to the ILO, including, but not limited to, the following: Equal Remuneration Convention (C100), Discrimination (employment and occupation) Convention (C111), Workers with Family Responsibilities Convention (C156), Maternity Protection Convention (C183), and Violence and Harassment Convention, 2019, and Recommendation (C190 and R206).

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.

All five Priority Impact areas have actions directed specifically at women's needs.

One example, in the Respect PIA, is the Sowbhagyam project in India. 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.

The 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.

The project has reached 23,614 workers involving 44 factories and suppliers in India.

Workers involved in the production of raw materials

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 promotion of human and labour rights.

Developed in the Priority Impact Area of Resilience, and aiming for prosperous livelihoods, main initiatives carried out in 2023 for cotton farms and communities are:

- / 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).

In this regard, the Group has taken a holistic approach to protecting the rights of such workers, by joining forces with a number of players, including local and international organizations and communities themselves. As an example, to drive the progress of sustainability across the supply chain of cotton, Inditex works with other organizations in the sector, in addition to working with ILO under the Public Private Partnership (PPP) signed with Inditex in 2017 and renewed in 2023 to promote respect for human rights at work from cotton producers in different cotton producing communities. The five fundamental rights that ILO advocates for in its Declaration on Fundamental Principles and Rights at Work are:

- / Freedom of association and the effective recognition of the right to collective bargaining;
- / The elimination of all forms of forced or compulsory labour;
- / The effective abolition of child labour;
- / The elimination of discrimination in respect of employment and occupation;
- / Safe and healthy working environment,

The Company thus contributes to sustainability across the supply chain of such workers. To achieve it, a cooperative approach with different stakeholders nationally and in the communities themselves is key.

Due diligence in the cotton supply chain

Based on our due diligence processes and in collaboration with various organisations, Inditex continues to work to ensure the absence of forced labour – of which Inditex has a zero-tolerance approach – as well as to promote compliance with international standards and our Code of Conduct for Manufacturers and Suppliers including in the raw materials supply chain. Inditex has developed and applies strict policies and actions with the ultimate goal of fostering respect for the human rights of all workers in our supply chain.

Our compliance programme, together with the activities related to the ‘Workers at the Centre’ strategy, and our close partnerships with stakeholders such as the ETI or ILO strengthen our commitment to the prevention of forced labour. Inditex remains committed to the involvement of and dialogue with relevant stakeholders (both local and international) to identify opportunities to prevent negative impacts on workers’ lives.

For this reason, Inditex takes action at the following levels:

- / At community level: by means of the Public Private Partnership with the ILO to enhance Human and Labour rights within the cotton supply chain covering the fundamental rights and principles at work, including the prevention of forced labour.
- / At industry level: as established in the UN Guiding Principles on Business and Human Rights and in collaboration with relevant stakeholders, the Group works to promote the Human and Labour rights of workers within the global textile supply chain.

III. ASSESSING & MANAGING RISK OF FORCED LABOUR AND CHILD LABOUR

ITX Canada, as a member of the Inditex Group, supports its social sustainability strategy with actions aimed at verifying and ensuring compliance with the Code of Conduct for Manufacturers and Suppliers – which expressly rejects forced and child labour – and with international regulations. It does this in addition to working with suppliers and stakeholders to continuously improve the supply chain.

All the facilities used to produce the goods that Inditex places on the market must comply with the Code of Conduct for Manufacturers and Suppliers. To ensure this compliance, Inditex conducts different procedures and assessments regarding Human and Labour Rights among all of its suppliers and factories – chiefly through different types of audits.



Before starting a commercial relationship with Inditex, every potential supplier and manufacturer is subject to a pre-assessment audit to verify, among others, that there is no violation of workers’ Human Rights, ensuring that only those who meet the Group’s sustainability standards may become part of the supply chain.

During such pre-assessment audits, the prohibitions of forced and child labour are verified. In 2023, Inditex carried out 2,111 unannounced pre-assessment audits of suppliers and manufacturers who were potentially commencing business with Inditex.

Social Audits

In addition to pre-assessments, every supplier and factory in Inditex’s supply chain is subject to periodic social audits. The methodology used in social audits was designed in 2007, jointly with the former International Textile and Garment and Leather Workers’ Federation (ITGLWF), (currently IndustriALL Global Union), the University of Northumbria (UK) and the Cambridge Centre for Business and Public Sector Ethics.

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

Each audit includes tools, inter alia, to identify any form of forced labour, and to verify issues such as employment documentation – including age verification -, freedom of movement and the termination of agreements, the use of agents for recruiting staff and their relationship with the workers, including any potential payment of hiring fees, among others.

These audits include the social audits carried out using Inditex’s proprietary methodology and the audits carried out following the method of the Social & Labour Convergence Program (SLCP) initiative, of which Inditex has been a member since the inception of the Program.

As a result of the social audits, our suppliers and manufacturers are classified in a social ranking based on their degree of compliance with the Code of Conduct for Manufacturers and Suppliers.

Classification	Audit results
A	Complies with the CCMS
B	Does not comply with some non-relevant aspect of the CCMS
C	Does not comply with some sensitive, but inconclusive aspect of the CCMS
Subject to PAC	Breaches of the CCMS triggering the immediate implementation of a corrective action plan
PR	Undergoing an auditing process

In 2023, 98% of suppliers were classified with A and B ranking.

Social audits also allow us to determine and identify the main challenges in each country in relation to the different aspects of the Code of Conduct for Manufacturers and Suppliers, and this is also a valuable source of information for activities that are part of the Workers at the Centre strategy, as noticing the most critical issues in each geographic area lead to enhancing the due diligence process in the field of human rights.

Traceability

At Inditex, traceability is defined as the ability to identify and trace the history, application, location and distribution of products, parts and materials, in keeping with Recommendation No. 46 of the United Nations Economic Commission for Europe. Inditex’s traceability ecosystem allows it to compile and evaluate information concerning the traceability of our products, thereby informing and enhancing its due diligence efforts and assessment of risk. Specifically, it helps to ascertain in which production facilities the articles were created and to certify the use of more responsible materials.

The traceability requirements, developed by Inditex 2022, which increased the level of detail of information suppliers must provide. In 2023 Inditex worked on adapting its monitoring and assessment mechanisms to reflect these requirements, which reflect Inditex’s suppliers’ traceability obligations:

- Suppliers must know their supply chain and work exclusively with manufacturers and intermediaries that comply with Inditex’s sustainability standards and that have been previously assessed and approved by Inditex.
- They must also report which facilities and intermediaries are involved in each production process, from fibre or yarn to the final garment for each order.

This information should include both their own facilities and those contracted by them or by third parties. To facilitate the implementation of these requirements and to help our suppliers improve their traceability

processes, we use our In.Trust management system to ease the process whereby our suppliers provide information on their supply chain.

We use various control mechanisms operating in parallel to verify compliance with our traceability requirements:

- / Designation control check: we check that our suppliers have provided information about their supply chain before deadline.
- / Review of certificates: we check raw material certificates before approving them.
- / Traceability audits: we verify the information provided by our suppliers on site, through unannounced visits to the production facilities. This allows us to check the production processes, the production in progress and the ones completed.

In 2023, 12,100 traceability audits were conducted and to ensure the understanding and proper application of our traceability requirements, over the past year we have conducted training to more than 300 suppliers in 20 markets.

IV. REMEDIATION – FORCED AND CHILD LABOUR & LOSS OF INCOME

The factories in Inditex’s supply chain are subject to thorough reviews to detect the existence of workers from especially vulnerable groups and assess their social and working conditions.

Remediation plans for refugees and migrants

Inditex has developed remediation plans where refugee or migrant workers are found to be working or living in conditions that do not adhere to its standards.

Where the presence of migrant and refugee workers is identified, Inditex sets in train, where necessary, remediation plans in collaboration with local expert organizations in the field, to guarantee respect for their human rights and legalize their status.

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.

The main action lines of the remediation plans are:

- Assessment and effective verification of working conditions
- Supporting workers’ integration
- Support for getting work permits
- Advice and support in every aspect of their lives

In 2023, 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).

Child labour remediation plans

Inditex also counts with specific child labour remediation plan, a mandatory process implemented globally, that is activated if a worker under the age established in the Code is identified. In the event that a breach is detected, auditors communicate this information to Inditex’s internal team. 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 age of 16 to reduce the likelihood of them returning to work to feed their family, or employing an adult family member in their place, among other measures.

In the development of these Plans, there is ongoing monitoring by Inditex's internal teams, and external expert organisations may also invited to collaborate.

Loss of Income to the Most Vulnerable Families

To ensure the success of a remediation plan, it is essential to take into consideration the context and situation of the persons whose human rights have been negatively impacted. The measures developed in a remediation plan must be designed and implemented to also address the root causes of the situation and not to worsen the person's living circumstances.

In the case of child labour in particular, the economic needs and extreme vulnerability of children and their families are a clear trigger for these situations. For this reason, we place a special emphasis on negotiations between suppliers and factories, and the minors and their legal guardians, to ensure that their voices are heard and that the remediation measures implemented truly address their needs. Some of the remediation measures implemented are paying them a living allowance until the legal minimum working age, employing an adult family member in their place or providing schooling opportunities for the minor.

The aim of these measures is not only to guarantee the removal of the minor from the workplace, but also to ensure that they do not return to it, which is why taking into account their vulnerability and family context is essential to ensure effective remediation.

Corrective Action Plans

Inditex believes in continuous improvement as a key to advancing towards its goals and strategies. Management of the supply chain is also consistent with this philosophy. One of the Company's main tools for improving the performance of suppliers and manufacturers is the Corrective Action Plans, developed when non-compliances are detected in social and environmental audits, not only to establish measures to mitigate or remedy them, but also to prevent them from occurring in the future.

Developing a corrective action plan

Involvement throughout the process of sales teams, trade unions, NGOs or other organisations where necessary

Start of the CAP

3. Launch

/ Analysis of points of improvement

/ Discussing the plan and setting out correction dates

2. Monitoring

/ Request/receipt/verification of evidence

/ Technical support

/ Desk review of the improvements and follow-up with the supplier and manufacturer

[Control point or competence visit](#)

3. Monitoring audit

Close of the CAP

[/ Blockage](#)

[/ New rating](#)

The precise duration of a Corrective Action Plan (CAP) is determined by the non-compliances found during the audit and the period deemed necessary to address them. In the most sensitive cases—classified as being ‘Subject to Corrective Action Plan’—the plan lasts approximately six months, during which Inditex’s Sustainability teams and buying teams offer constant support to suppliers and manufacturers through two channels:

- / Providing advice and expertise on the implementation of the corrective action plan. This may include support from other stakeholders such as NGOs, trade unions or other civil society organisations.
- / Continuously monitoring the CAP, including competence visits or control points, so as to act with the supplier before the established deadline if progress is not fast enough.

Ethics Line

The Ethics Line is the main grievance and queries mechanism for the Inditex Group. In addition to the Global Ethics Line, Inditex has Local Ethics Lines in different markets in order to comply with the legal requirements or best practices applicable in such market. In this regard, ITX Canada has a Local Ethics Line for Canada. The Ethics Line is Inditex’s preferred, confidential, internal communication channel available to any employee, director and shareholder of any company of the Group, as well as anyone working under the supervision and management of manufacturers, suppliers, contractors and subcontractors of the Group. The Ethics Committee is the internal body responsible for managing the Ethics Line in accordance with the Policy on Internal Reporting Channels and the Ethics Line Procedure.

The Policy on Internal Reporting Channels and the Ethics Line Procedure provide the following safeguards and protections for persons who make a report:

- (i) confidentiality;
- (ii) presumption of innocence and preservation of the right to honour of the persons affected by the report;
- (iii) non-retaliation;
- (iv) appropriate use of personal data processed; and
- (v) the parties’ right to be heard.

Within this framework, any employee, manufacturer, supplier or third party globally may use the Ethics Line anonymously. Similarly, any third party may report any breach of the Code and/or any other internal regulations affecting Inditex or its Group which fall within the purview of the Ethics Committee, such as Inditex’s Human Rights Policy. The Ethics Committee is also responsible for launching investigation(s) and proposing relevant remediation, prevention and awareness-raising measures, as the case may be. In the event of a breach, remedial measures may consist of the immediate correction of the breach and the adoption

of measures to remedy and prevent future breaches; or disciplinary measures (ranging from a simple warning or admonishment to dismissal).

V. TRAINING

A strong culture of sustainability in all areas of the Group is essential to the successful implementation of our business model. To instil a culture of sustainability among all employees, regardless of their position and duties, the Company carries out training to our employees at headquarters, stores, logistics centres, and in the different markets where Inditex operates.

As part of their onboarding process, every employee at headquarters receives training on social and environmental sustainability, to ensure that they understand the basic idea of sustainability and its relevance for the Inditex Group.

After this initial approach to sustainability, employees undertake specific training depending on their roles and responsibilities. Training in this regard is essential for our buying teams due to the impact of their decisions on the sustainability of our products and supply chain. Such training covers responsible purchasing practices and their influence on employee rights.

The Sustainable Fashion School consists of a space for knowledge and inspiration where our buying and design teams are backed by a very solid foundation of technical knowledge and access to the latest innovations in sustainability. In 2023, as part of our space dedicated to sustainability training and innovation, The Sustainable Fashion School (SFS), we completed the first and second editions of the Foundations of Textile Manufacturing Master's programme, devised in collaboration with the University of Leeds. More than 1,200 people from all the concepts have completed the course.

Additionally, the promotion of the corporate ethical culture and the Compliance Model of the Group is underpinned by the implementation of training action adapted to the risk profile of the different groups of employees that form part of Inditex. In this regard, in 2023, the implementation of the holistic Compliance Training Plan (the Training Plan) has continued. Such Plan includes training, awareness and sensitisation measures covering the priority Compliance risks to which the Group is potentially exposed. In particular, the goal is to ensure a homogeneous and robust oversight of mandatory training, which has been enhanced by the creation of a compulsory training carousel on the corporate e-learning platform, Tra!n. This is a dedicated space that hosts compulsory training courses in specific areas, such as Compliance (which includes training on the Code and the Code of Conduct for Manufacturers and Suppliers), Diversity and Inclusion, Health and Safety, among others.

Training and raising awareness among suppliers are also key to make progress towards the joint continuous improvement of the supply chain from the perspective of Human and Labour rights. Inditex's Sustainability teams advise suppliers through constant communication and training to share the Group's values, to raise awareness of respect and promotion of Human Rights and workers' wellbeing. Training programmes include topics relating to procedures and requirements of the Group, including the Code of Conduct for Manufacturers and Suppliers, and to priority impact areas identified through due diligence.

Likewise, in 2023, a Compliance e-learning training course –including contents as the Code and the Code of Conduct for Manufacturers and Suppliers, the Ethics Line, the Integrity Policies, among others–, has been made available to the main product suppliers in 50 markets (representing 54% of the Group's product

procurement), which will allow to convey the principles and behaviour guidelines the Company expects from the main product suppliers within the framework of our commercial or professional relations with them.

In addition, individual awareness-raising and group training is also provided, the latter run by internal teams or in partnership with reputable organizations with various specialisms. In this regard, 911 suppliers were trained in 2023.

VI. ASSESSING EFFECTIVENESS

Continuous improvement is key to sustainable supply chain management. In that regard, both ITX Canada and Inditex policies and processes are routinely revised with a view to alignment with emerging best practices. For example, Inditex's human rights due diligence process was updated in 2023 in collaboration with the expert organization Shift, to identify the Priority Impact Areas to address through the new phase of Inditex strategy for the socially sustainable management of the supply chain, Workers at the Centre (2023-2025).

As previously discussed, ITX Canada, as a member of the Inditex Group, is continually engaged in assessing supplier and manufacturer compliance with Inditex's policies, codes and requirements. Inditex gathers extensive data on the audits it carries out, compliance with CAPs, and reports to its Ethics Line, as set out above.

The regular audits Inditex carries out in its supply chain are an essential tool to assess the effectiveness of its codes, policies and supply chain management systems. In 2023, 6,892 social audits were conducted, assessing Inditex's suppliers and manufacturers' compliance with its Code of Conduct for Manufacturers and Suppliers.

Following these social audits, suppliers are ranked based on their compliance with Inditex Code of Conduct for Manufacturers and Suppliers. This allows Inditex's teams to identify improvement areas, develop corrective action plans for suppliers and manufacturers and assess the effectiveness of the measures implemented.

One of our main tools for improving the performance of suppliers and manufacturers are the Corrective Action Plans, which are developed when non-compliances are detected in social and environmental audits, not only to establish measures to mitigate or remedy them, but also to prevent them from occurring in the future.

In 2023, Inditex carried out 490 social CAPs, of which 285 at factories with a 'Subject to CAP' rating and 205 at production centres with other ratings.

At the end of every CAP, a follow-up audit is carried out to assess whether the non-compliances have been successfully remedied. Inditex adopts a zero-tolerance policy for those suppliers who are unwilling to improve. Consequently, if critical non-compliances are verified again during this audit, the factory or supplier will be blocked and will not be able to continue working for Inditex.

Inditex's Ethics Line also serves as a means through which Inditex can assess the effectiveness of its codes, policies and requirements. Inditex continuously reviews its practices and tools together with external auditors to conduct effective assessments of conditions and rights during social audits and then integrate them into the due diligence framework we implement with expert NGOs.

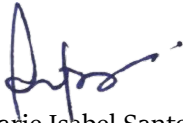
In 2023, a total number of 515 reports were received by the Ethics Lines. The Ethics Line may receive reports concerning non-compliance of any of Inditex's Code, Code of Conduct for Manufacturers and Suppliers, or any other internal regulation, or a breach of any applicable laws on public procurement; financial services,

products and markets and prevention of money laundering and terrorist financing; product safety and compliance; transport safety; protection of the environment; radiation protection and nuclear safety; food safety and animal welfare; public health; consumer protection; and, protection of privacy and personal data and security of network and information systems. Of the total of 515 cases opened by the Ethics Committee in 2023, 413 are closed. Of these, 221 were classified as being beyond the authority of the Ethics Committee or as not requiring any further action or monitoring by the Ethics Committee. Of the remaining closed cases falling within the purview of the Ethics Committee: (i) 42 were queries, (ii) 110 were cases which, after investigation, were found not to be non-compliances, and (iii) the remaining 40 were cases of non-compliance requiring appropriate action. In 9 cases, the non-compliances detected affected employees of suppliers of goods and services, and necessary measures to remedy the situation were taken.

VII. ATTESTATION

This Report was approved by ITX Canada's Board of Directors on May 31st 2024 and has been submitted to the Minister of Public Safety and Emergency Preparedness in Canada. This Report is also available on our website at www.inditex.com.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in this Report for ITX Canada Ltd. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this Report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.



Rosemarie Isabel Santos, on Behalf of the Board of Directors

Country Manager, May 31st 2024

I have authority to bind ITX Canada Ltd.