



ethical
trading
initiative

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Zara owners join the Ethical Trading Initiative

Inditex, one of the world's largest fashion retailers¹ with over 50,000 employees worldwide and 36 stores on UK high streets under the Zara² brand, has joined UK-based Ethical Trading Initiative³ (ETI) in a move which brings yet another global giant⁴ under the auspices of ETI's Base Code.

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The Base Code⁵ is a set of commitments covering wages, overtime, health and safety, discrimination and other international labour standards. As well as signing up to the Base Code, by joining ETI Inditex has also committed to working with ETI's diverse membership

1 Inditex is a Spanish, privately owned company which owns eight fashion distribution chains: Zara, Pull and Bear, Massimo Dutti, Berschka, Stradivarius, Oysho, Zara Home and Kiddy's Class. Its turnover in 2004 was €5.6bn. As of 31 July 2005 it has 2,452 stores in 58 countries worldwide and 50,657 employees.

2 Zara is the largest of Inditex's fashion chains, accounting for 66 percent of Inditex sales in the first half of 2005. As of 31 July there were 762 Zara stores, 36 of which are in the UK.

³ The Ethical Trading Initiative (ETI) was established in 1998 to improve the lives of workers and their families in global supply chains. It believes that companies producing, supplying and selling goods for consumer markets should observe national and international labour laws. Its purpose is to identify and promote responsible corporate practice that will help make this a reality.

⁴ Gap Inc., the largest global fashion retailer in the world, joined ETI last year. Other high-profile fashion brands and retailers include Levi Strauss, Next, New Look and Monsoon.

⁵ The Code is based on ILO conventions and as such is widely acknowledged as a model code of labour practice. It contains provisions based on the following principles:

- o Employment is freely chosen
- o Freedom of association and the right to collective bargaining and respected
- o Working conditions are safe and hygienic
- o Child labour shall not be used
- o Living wages are paid
- o Working hours are not excessive
- o No discrimination is practised
- o Regular employment is provided
- o No harsh or inhumane treatment is allowed

of companies, trade unions and NGOs to collectively tackle the challenge of improving workers' conditions world wide.

Inditex already had a code of conduct governing its relations with its suppliers, but was inspired to join ETI after working with some of its members to improve conditions in Bangladesh⁶. Together with ETI members Gap, Levi Strauss, Marks & Spencer and Asda, Inditex have pledged their support for a rapid plan of action for improving the country's compliance with international labour standards⁷.

Said Javier Chercoles, Director of Corporate Social Responsibility, *"Inditex has worked for a long time to improve working conditions in our supply chain, but we've got as far as we can on our own. We are seeing in Bangladesh how important it is for companies like us to join forces with others to help tackle the root causes of poor working conditions. ETI provides the perfect forum for such collaboration"*.

Said director of ETI Dan Rees, *"The fact that we have an organisation of Inditex's size and global reach joining ETI demonstrates the increasing significance of ethical trade as a core business issue. Its rapid response to the potential crisis facing Bangladesh's workers proves that companies can, and do play a part in reducing global poverty. We are delighted to accept them as members"*.

Also joining ETI Rombouts GB⁸, Greencell⁹ and The Windward Islands Banana Development and Exporting Company Ltd (WIBEDCO)¹⁰

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⁶ Bangladesh is expected to suffer from increased competition in the post-quota era. Experts predict that in the wake of the MFA phase-out, which governed textiles and garments imports, Bangladesh garment exports will fall by as much as 25%. Predictions of the number of jobs that will be lost range from 100,000 (Oxfam) to 1 million (UNDP) workers.

⁷This activity has been under the auspices of the MFA Forum, a group including ETI, brands and retailers, international institutions, trade unions and NGOs formed in early 2004 to better understand the implications of the end of quotas for textiles and garments, particularly for workers and communities, and to explore how best to promote collaborative approaches to mitigating negative impacts and taking advantage of new opportunities.

⁸ **Rombouts GB** is the UK distributor for Rombouts Belgium, a family-owned coffee company based in Belgium with an annual turnover of around £10 million. RGB is part of RHM Food Services.

⁹ **Greencell** is a fast-growing, £40m turnover business that imports fresh fruit for companies such as Waitrose, Lidl, Delmonte and for the UK's 'one fruit a day' school scheme.

¹⁰ **WIBEDCO** is a private company set up to drive the commercial development and interests of the Windward Islands banana industry. The shareholders are the Governments and banana grower associations of the four Windward Islands. They represent around 4,000 farmers.