

Labor Lens Consulting

<u>Team Member Name</u>	<u>Year</u>	<u>Major</u>
Member 1: Henry Ronnberg	Junior	Finance
Member 2: Ondrej Sramek	Senior	Management
Member 3: Diego Ocasio	Junior	Finance
Member 4: Justin Perez	Senior	Marketing
Member 5: Daniel Fernandez	Sophomore	Finance

Advisor: Christine Cahill

Topic Title: Cut the Cost – Not Corners on Human Rights

Audience: Board of Directors of Inditex

Sustainable Development Goal

SDG #1: End poverty in all its forms everywhere

SDG #8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

SDG #17: Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

Executive Summary

The Direct Equity & Transparency Framework shifts Zara’s operational model from plausible deniability to full financial accountability. It directly addresses the economic drivers of child labor by supporting SDG 8 (Decent Work) and SDG 1 (No Poverty). By integrating Transparent Pricing, Full Supply Chain Mapping, and QR-based Traceability, the framework uses Zara’s existing RFID infrastructure to implement Digital Product Passports as required by the EU’s 2026 Ecodesign (ESPR) and CSDDD regulations.

A key feature of this model is a ring-fenced Living Wage Premium, averaging \$0.60 per garment, which ensures wages meet verified living-wage standards rather than legal minimums. In sourcing hubs such as Bangladesh, where the \$113 monthly minimum wage covers less than half of basic living costs, and Turkey, where hyperinflation has reduced purchasing power, low wages incentivize child labor in subcontracted and informal networks. By closing the wage gap, the framework removes a primary economic justification for child labor at the household level.

This structural change protects Zara’s \$14.7 billion brand value and empowers SDG 17 (Partnerships for the Goals). Instead of relying on static corporate audits, which have often failed to detect underage labor, the framework introduces Worker-Led Safety Committees and anonymous digital reporting systems to verify working conditions in real time. Verified digital wage payments provide an auditable record, replacing past “pay me my wages” crises with enforceable accountability. By the 2027 compliance deadline, this model positions Zara as a global leader in ethical production. It demonstrates that a high-volume, ultra-fast supply chain can eliminate child labor while upholding the fundamental human rights to a living wage, safe work, and dignity.