

JOINT STATEMENT BY THE INDITEX GROUP AND THE EUROPEAN WORKS COUNCIL ABOUT THE DIGITAL TRANSFORMATION STRATEGIC PLAN

21/12/2020

On June 10, the INDITEX President introduced the Company's strategic plan to continue developing in the next couple of years its fundamental action lines: digitalization, full store and online integration and sustainability.

With the aim of implementing this digitalization plan, INDITEX has decided to open around 150 stores with a further advanced format yearly during the 2020-2022 period, while absorbing between 1000 and 1200 lower profile stores in 2020 and 2021.

Inditex also manifested during the presentation of the plan its will to maintain a stable staff. For this purpose, a process has been launched, together with trade union representatives, in order to offer those employees in absorbed stores, as a first option, their relocation or new positions in the vicinity. This has been done in order to meet the needs generated by the new store model. This commitment towards employment stability was explicitly manifested in the meeting of the European Works Council (EWC) of June 15, 2020, and reiterated during the December 2nd meeting.

The Inditex Group and the European Works Council are aware of the fact that these changes generate an understandable concern among the workforce from their announcement, given that they will somehow impact the existing labor conditions in every market.

It is only by means of the proper development of the appropriate information and consultation processes, both with the EWC and with workers' representatives in each country, according to national regulations and to the company's and workers' legal representatives' tradition of social dialogue, that these objectives will be achieved and the possible effects of this change process will be analyzed, in order to maintain employment.

Changes will always generate uncertainty, and the best way to face them is by sharing and reinforcing the dialogue between management, at each appropriate level, and trade unions; also, by fostering dialogue and mutual responsibility in order to move forward in this new model, which will entail efforts and flexibility on both sides, and the prioritizing of jointly agreed upon alternatives, encompassing the commitments acquired in each market.

The Inditex Group and the EWC believe that, within this context and also bearing in mind the circumstances of the Covid-19 pandemic and their undeniable impact on the labor market, it's a shared responsibility for both to ensure that all changes take place in a framework of respect, sensitivity to complex situations and cooperation.

Both parties agree that safeguarding work, training staff in order to tackle the new functions derived from digital transformation, and labor organization by means of information and consultation processes at the appropriate level, constitute the keys in the work plan of the Inditex Group and the EWC.

This joint statement aims at strengthening that dialogue commitment between the EWC and the Company, by means of the necessary and adequate information and consultation throughout the process, so that we can advance together in it, fully guaranteeing the future of the Company and, therefore, its ability to continue generating employment in the long term, as well as quality labor conditions.