

# environmental dimension

# 101-130}

101 Road Map. 103 INDITEX and the environment. 105 Environmental policy. 107 Structure and organisation. 109 Programs for environmental training. 111 Strategic plan 2002-2005. 113 Annual action plans 1995-2003. 115 Environmental criteria applied to facilities, chains and products. 119 The system of indicators. 121 Indicators of emissions to the atmosphere. 123 Indicators of waste management. 127 Indicators of energy and water.



**road map**



**INDITEX**

**and the environment**





## **THE COMMITMENT AND THE SEARCH FOR SUSTAINABLE BUSINESS DEVELOPMENT**

is not new at INDITEX. From the start, INDITEX has assumed its responsibility with the environment where it operates and the search for resources to fulfil this commitment.

So, from 1995 INDITEX has developed its business model through the control and legislative compliance in environmental matters of its workplaces and its activities, understanding that sustainable development must be built on a solid base of control and management.

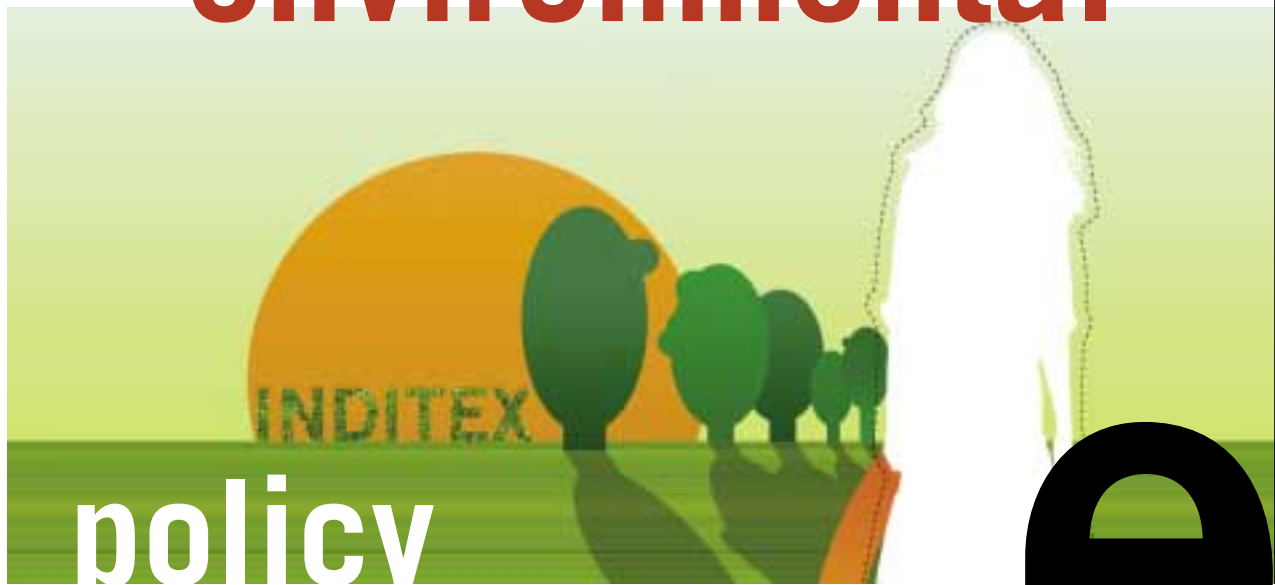
In order to strengthen this commitment to control and management, the introduction and certification of the Systems of Environmental Management in accordance with ISO 14001 began in all the factories and logistics centres, with a plan of work that will finalize in 2003.

Likewise, in 2000 there was a qualitative jump towards the sustainability model, committed not only to control and management, but to models of efficiency in the process. This focus has allowed the achievement in 2002 of the introduction of self-produced renewable energies, a landmark that culminates many actions working towards reduction of and efficiency in consumption.

In the next few years we will continue our maxim of “building sustainability every day”, working both on the search for efficiency and on the guarantees of control and management.

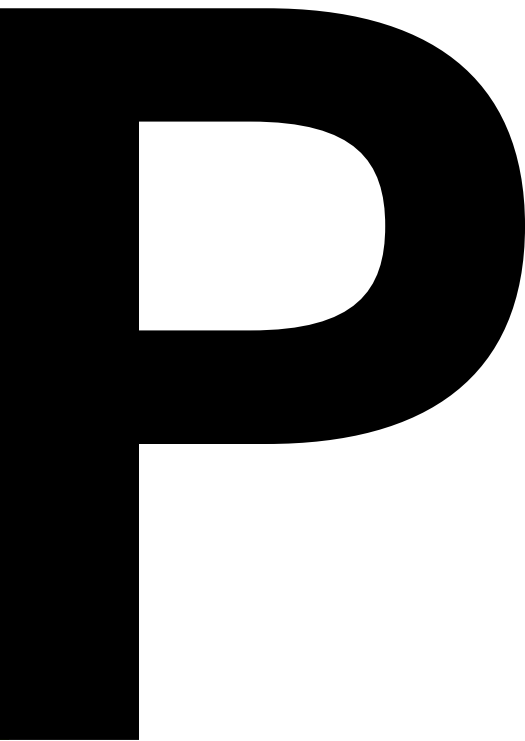
To carry out this vision in the environmental field, to day-to-day work around the world, an Environmental Policy has been established, approved and spread by Management, which covers the whole of the activities of INDITEX, as well as an Environmental Strategic Plan with various lines of action. All of this is contained in the following pages:

**environmental**



**policy**

**e**



**“AS A REFERENCE OF THE COMMITMENT OF INDITEX** to Society and the environment, we have established and we guarantee the compliance of the following principles that make up our environmental policy:

**1** We undertake to **comply with the environmental legislation** applicable to our activities, and with other commitments that may be established, striving to constantly improve with respect to environmental prevention. In this way, the minimisation of environmental impact becomes an integral part of the objectives and strategies of INDITEX.

**2** In order to promote continual improvement, the Management of INDITEX shall annually set environmental targets, shall analyse at the end of each period fulfilment of those targets and shall review the suitability and **efficiency of the Environmental Management System** in place, providing the means necessary to guarantee efficiency.

**3** Technical and scientific knowledge and suitable practices to prevent pollution and minimise the impact on the environment in all processes and services will be applied in order to try to achieve **continual improvement in the quality of the environment**.

**4 A policy of fluent communication** with the authorities, local communities and the public in general has been established, thus permitting knowledge of the real effects of the operations and environmental policy and providing a positive response to legitimate requests for information.

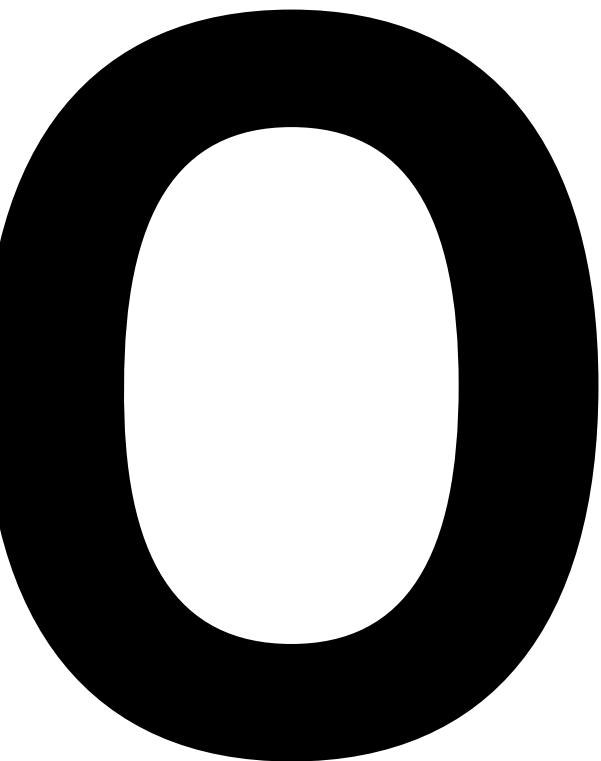
**5** The Management of INDITEX shall ensure that the environmental policy is known by **all the members of the organisation**, and that it be at the disposal of the public”.

These principles apply to all the companies and workplaces of INDITEX, being included within the framework of an Environmental Management System in the headquarters, logistics centre and factories in Arteixo, and in the factories in Narón and Ferrol, all of these in the province of A Coruña, Spain.

**structure**

**and organisation**





#### **THE STRUCTURE OF GOVERNMENT IN ENVIRONMENTAL MATTERS**

has been defined by the Managing Director and Board member. The Environmental Officer reports directly to the Managing Director's Office and oversees to ensure, along with his team, compliance with the Environmental Policy and the development of the objectives, whilst at the same time designing and managing all the environmental practices, including the maintenance of the requirements of the environmental management system.

To reinforce the work of the Environmental Officer, there is a designated Environmental Delegate in each of INDITEX's chains, manufacturing facilities and logistics centres who assumes responsibility in that area, as well as the putting into practice and control of the action undertaken.

the environmental



training

programs

e

**THE ENVIRONMENTAL TRAINING PLAN** allows all the employees and new recruits to know what the environmental problems of their activities are and how to correct them and control them. Its implementation has meant the development of three training modules: one in on-line format through the corporate Intranet, another in traditional course format and a third included in the new recruits' reception course. In addition, specific modules have been developed for the team supporting the Environmental Officer who is in charge of monitoring environmental performance (waste and emissions, among other aspects).

**Table 20.- Professionals at INDITEX who have attended the environmental training programs over the past two corporate years:**

	<b>2002</b>	<b>2001</b>	<b>Forecast 2003</b>
Personnel of INDITEX at the headquarters, factories and logistics centres	4,306	3,994	4,600
	<b>2002</b>	<b>2001</b>	<b>Forecast 2003</b>
<b>Environmental Training Program</b>			
Courses for trained personnel (in person)	2,044	33	1,368
On-line courses for trained personnel	55	N/A	1,100
<b>Total</b>	<b>2,132</b>	<b>33</b>	<b>4,600</b>

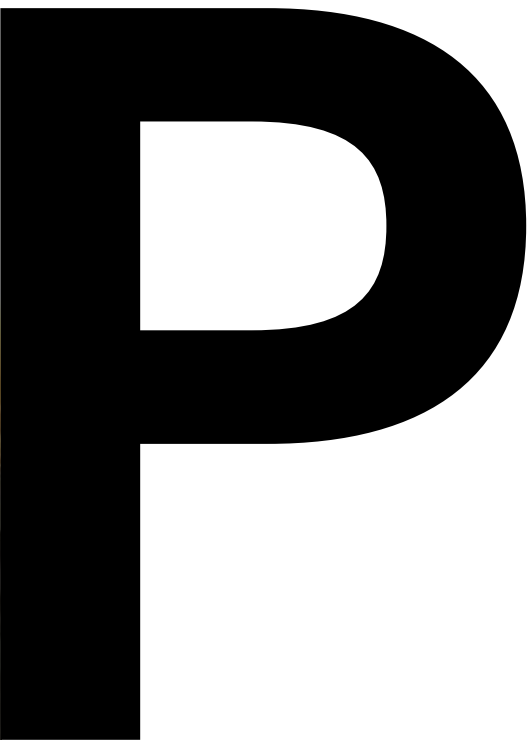
**strategic**



**plan**

**2002-2005**

**2**



# Strategies

<b>A</b>	Assess, control and guarantee compliance of environmental legislation in all its workplaces.	
<b>B</b>	Introduce management practices that allow the improvement of environmental behaviour and eco-efficiency.	
<b>C</b>	Transmit both internally and externally the commitment and environmental effort of INDITEX involving all the personnel in that commitment.	
<b>D</b>	Incorporate the environmental variable into all strategies and actions.	
	Develop a plan for monitoring of environmental parameters and monitoring indicators.	<b>1</b>
	Plan of audits of compliance with environmental legislation in all the workplaces.	<b>2</b>
	Promote and facilitate awareness-raising and internal training on sustainability.	<b>1</b>
	Promote external communication with interested parties.	<b>2</b>
	Evaluate alternatives of substitution of raw materials and energy. Renewable energies.	<b>1</b>
	Eco-efficiency studies in the processes and workplaces.	<b>2</b>
	Implementation of a system of global sustainability indicators.	<b>1</b>
	Integrate the economic, environmental and social variables and develop environmental and sustainability reports.	<b>2</b>

## Lines of action

# annual plans of action 1995-2002



---

## **1995-2000**

- Incorporation of the environmental commitment.
- Definition of responsibilities in the area of the Environment.
- Audits on compliance with legislation in factories.
- Plans for control of points of emissions into the atmosphere and waste products.
- Plans for control of waste generation points.
- Improvements in efficiency in energy systems.



---

## **2001**

- Definition of the Environmental Policy.
- Audits on compliance with legislation in factories.
- Improvement in efficiency in energy systems.
- ISO 14001 certification at the headquarters and logistics centre in Arteixo, A Coruña.
- Training of maintenance personnel.



- Creation of the internal Environmental Report 2001.

---

## **2002**

- Environmental management system certificate in accordance with UNE-EN-ISO 14001 at 16 factories.
- Design of environmental training courses at INDITEX.
- Training plan for factory and central office staff (via intranet and attendance courses).
- Audits on compliance with legislation at the headquarters and logistics centres of the retail formats.
- Incorporation of self-production of renewable energies.
- Drafting of the Sustainability Report 2002.

# annual plans of action 2003

**1 Certification of the environmental management system in keeping with ISO 14001 at the headquarters of the different formats and the logistics centres.**



**2 Minimize and optimize the management of waste.**

**3 Energy efficiency program.**



**4 Incorporation of self-produced renewable energies: solar.**

1,500 m<sup>2</sup> of solar panels have been installed at the headquarters in Arteixo, A Coruña. With this solar installation, a total of 565,060 kw/year will be saved, which represents 15% of the total energy needed, preventing the emission of 2,822.5 kg of CO<sub>2</sub> and other polluting gases.

**5 Code and manual of good environmental practices for the stores.**



**6 Incorporation of self-produced renewable energies: wind-powered.**

A wind-powered generator located in Arteixo, A Coruña, will be set to work, with nominal power of 850 kW, and with 2,100 annual hours of working. With this it is hoped to obtain 1,588.65 MW annually. The energy saved supposes the substitution of 341.55 equivalent tons of oil.

**7 Reduction of emissions and of greenhouse gases.**

Foreseen reduction in pollutants:  
Sulphur dioxide (SO<sub>2</sub>): 19.76 t  
Nitrogen Oxides (NO<sub>x</sub>): 10.84 t  
Carbon Dioxide (CO<sub>2</sub>): 1,194.2 t  
Other particles: 1.18 t



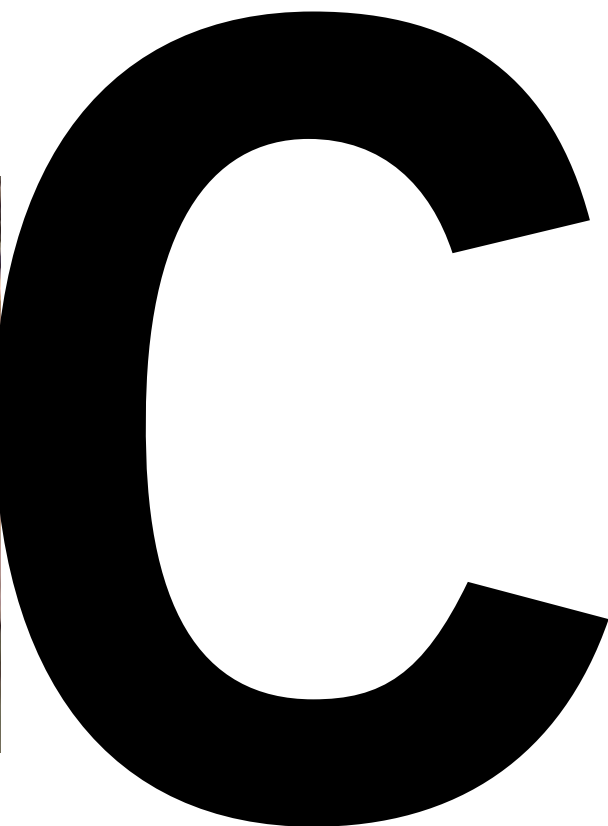
# environmental



# criteria

regarding facilities,  
chains and products

# E



## Introduction ISO 14001

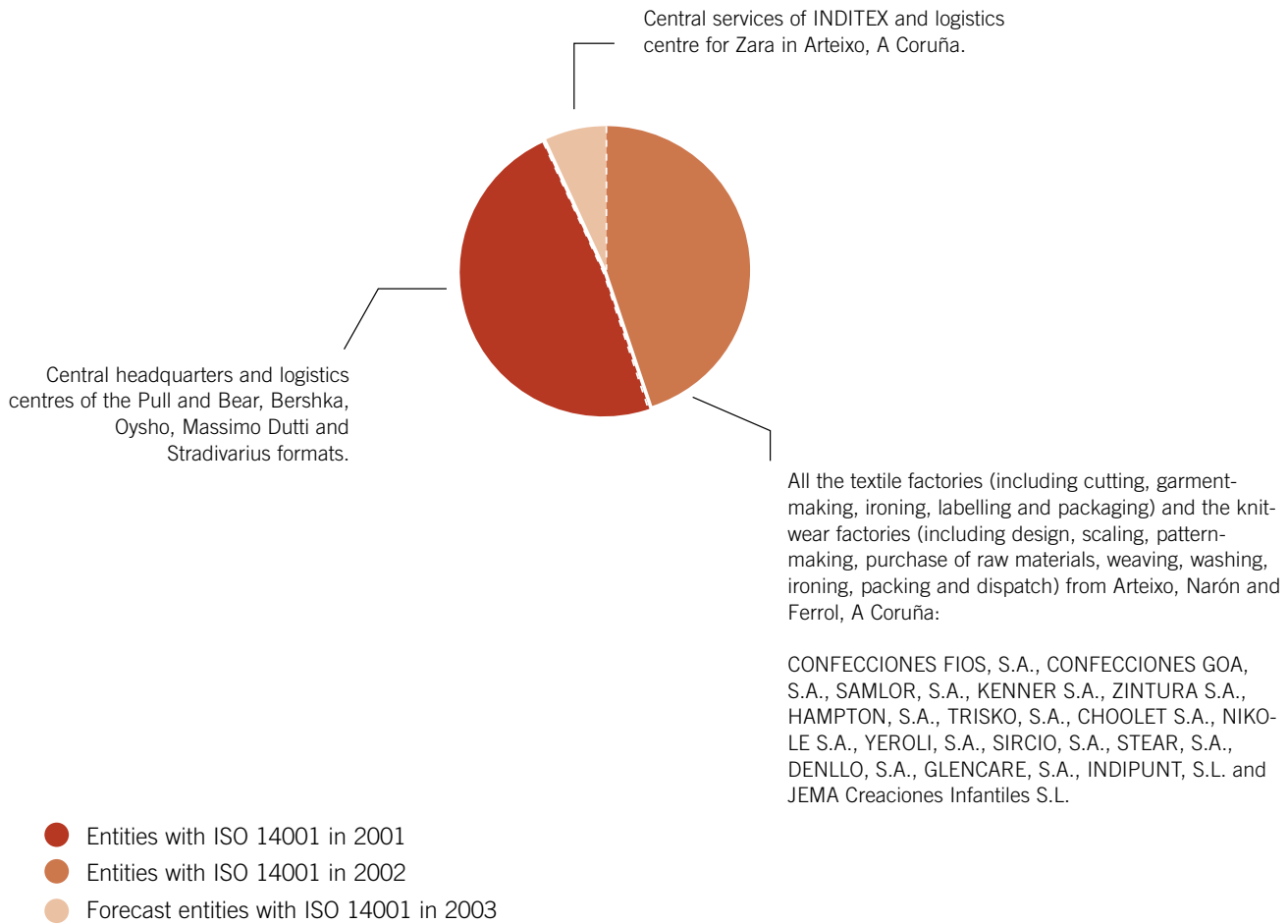
**THE ENVIRONMENTAL STRATEGY OF INDITEX INCORPORATES** the introduction and certification of the systems of management in the different factories and logistics centres corresponding to UNE-EN-ISO 14001:96. The scope of the environmental management system of INDITEX is defined for the following activities:

“The central services of INDITEX and the activities of design, manufacture and distribution of consumer goods within the textile sphere”, being implemented and certified by an independent external entity in 16 companies and facilities.

**Table 21.- Types of Companies:**

<b>Company structure</b>	<b>2002</b>	<b>%</b>
Total Companies INDITEX group	146	100
Parent Company	1	0.68%
Manufacturing and Logistics Companies	28	19.17%
Marketing and Retail Companies	78	53.4%
Other entities (patrimonial and portfolio)	39	26.77%
<b>Proportion of entities with ISO 14001</b>	<b>2002</b>	<b>%</b>
Parent Company and Manufacturing and Logistics Companies	29	19.85%

**Graph 12.- Degree of introduction of the Environmental Management System ISO 14001 in the 29 companies (parent, manufacturing and logistics companies):**



## Criteria applied to the products

Among the environmental objectives of INDITEX are not only the control of direct activities but they also include those processes relating to the selection and the control of those products acquired from external suppliers such as fabrics and accessories, auxiliary materials and packing materials.

At the present time there is a working group that is verifying the purchasing of materials and assessing the harmful or potentially dangerous substances, in accordance with the legislation in force and the international good practices agreements.

## Criteria in packages and packaging

At the present time there is in place a system of re-use of packaging and hangers, which is applied to distribution between the different logistics centres and the stores in Spain. Thus, in each trip between the logistics centre and the stores, part of the products is carried in cardboard boxes that when they arrive at the stores are reused and returned to the logistics centre, returning to begin the cycle of distribution. This operation can occur up to five times, using the same cardboard box for 10 consecutive journeys.

This allows savings of 9 cardboard boxes in a cycle of 10 journeys between the logistics centre and a certain store, which means a global saving of 60% in consumption of boxes. Thus, in addition to the saving in packing, the return journeys of the trucks are optimised. With respect to the final packaging of our products, their optimisation is a continuous task of the various departments, this being carried out according to the availability of the materials on the market, and with the maxim of always satisfying customers' expectations of quality.

## Criteria in transport

The product transport operations are in the majority by road and air, all these being managed by subcontractors and never through its own means.

Work is being done with these suppliers of transport services in two areas, a first area of evaluation of environmental impact and the measuring of the degree of eco-efficiency of their operations and a second area of commitment to reducing their environmental impact. This evaluation being carried out in accordance with the legislation

currently in force and following the recommendations of The Greenhouse Gas Protocol of the World Business Council for Sustainable Development (WBCSD).

## Criteria with subcontractors

All those suppliers and subcontractors that operate within in the framework of the established Environmental Management System have been assessed with respect to their environmental behaviour. Likewise, environmental criteria have been established for the development of their operations at the facilities, while at the same time they have been asked for a commitment of compliance with environmental legislation, without which they cannot work with INDITEX.



**the system**



**of indicators**

**2**

**A SYSTEM OF INDICATORS HAS BEEN DEFINED FOR INDITEX** whose structure and system allows an evaluation of efficiency and to adopt measures for improvement at corporate level, including all the workplaces.

The analysis of the annual evolution permits the assessment of the efficiency of the environmental management (in relative terms according to production) and the commitment of INDITEX to sustainability to the extent that these parameters are controlled.

The data presented below have been obtained from the operations from the whole of the industrial, logistical and service facilities in Spain, including in some cases stores. At the present time, work is being carried out to obtain non-aggregate data for the chains of stores in Spain and internationally.

The starting up of the System in mid 2001 conditions that fact that for some there are no data for that period, showing only the data corresponding to 2002.

The indicators are presented in absolute values, for an annual period, and in relative values, according to the number of garments put on the market for the formats as a whole. For some of those the relative indicator is given referring to 1000 garments, in order to obtain manageable and comprehensible data.

As a point of reference, the number of garments put on the market by INDITEX has been selected, as this means that all the corporate resources are activated: factories, logistics centres, stores, administration and auxiliary services.

The calculation of the Ratio has been carried out following the formula below:  
Ratio = (absolute value of the year/number of garments put on the market in the year) x 1000.

The values used in the ratios are:

- Number of garments put on the market 2001: 181,935,742
- Number of garments put on the market 2002: 236,201,643



A photograph of an industrial facility with several tall, silver smokestacks. The facility is a large, light-colored building with a flat roof. In the background, there are green hills under a cloudy sky. The word "indicators" is overlaid in large, bold, red letters on the right side of the image.

# indicators

# emissions to the atmosphere

**Scope:** Combustion processes in boilers for industrial processes and heating, air-conditioning equipment and own cogeneration systems. This includes all the INDITEX factories: Denllo, Fios, Goa, Indipunt, Jema, Nikole, Samlor, Sircio, Stear, Inditex Cogeneración and logistics centres of Zara, Pull and Bear, Bershka, Oysho, Massimo Dutti and Stradivarius.

Table 22.-

	Absolute data Polluting load 2002 (in tons/year)	Relative data Polluting load 2002 (in tons/year)/no. of garments x 1000
SO <sub>2</sub>	10.887	0.00004
CO	250.149	0.00105
NO <sub>x</sub>	441.895	0.00187

— All the emission points are subjected to periodic controls by an authorised inspection agency, finding each of these to be according to the parameters indicated in the legislation in force. The data collected here come from the analysis of the reports and reflect the parameters of control demanded by Spanish legislation.

— The stores do not figure in the data shown because all of them obtain their energy from the electricity network, and do not have their own combustion equipment.

Table 23. Annual evolution of emissions to the atmosphere in factories and logistics centres:

	2002 (t/year)	2001 (t/year)	Ratio 2002	Ratio 2001	Relative trend
SO <sub>2</sub>	10.887	14.46	0.00004	0.00007	▼
CO	250.149	131.51	0.00105	0.00072	▲
NO <sub>x</sub>	441.895	208.48	0.00187	0.00114	▲

### Greenhouse gases

	2002 (t/year)
tCO <sub>2</sub> -e (equivalent tons of CO <sub>2</sub> )	71,061.74

For the calculation, the data of the IPCC (Intergovernmental Panel for Climatic Change) have been taken as a reference.

# indicators



# of waste management

**Scope:** Includes the headquarters, factories and logistics facilities of INDITEX from data of waste managers with whom the collection service has been contracted. Store data has not been included.

# W

**Table 24.- Urban waste or assimilable waste generate 2002:**

<b>Type</b>	<b>Quantity Kg</b>	<b>Management</b>	<b>% on total generated waste</b>
Hazardous	18,500	Authorised agency (treatment plant)	0.27%
Textiles	2,373,420	Authorised agency (recycling plant)	35.12%
Other urban and assimilable waste	1,894,880	Authorised agency (municipal agency)	28.03%
Cardboard and paper	2,472,221	Authorised agency (recycling plant)	36.58%
<b>TOTAL WASTE</b>	<b>6,759,021</b>		<b>100%</b>

INDITEX is committed to recycling of waste. 72% of the total of waste generated is managed by authorised agents.

## Management of urban waste

Table 25.- Annual evolution of urban or assimilable waste ( unit: KG per thousand garments manufactured):

TYPE OF WASTE	2002	2001	Ratio* 2002	Ratio* 2001	Relative trend
Textiles	2,373,420	1,635,200	10.04	8.98	▲
Cardboard and paper	2,472,221	1,465,469	10.46	8.05	▲
Plastics	189,400	41,307	0.80	0.22	▲
Wood	192,050	124,356	0.81	0.68	▲
Other urban waste	1,513,430	2,347,056	6.40	12.90	▼
<b>TOTAL (1)</b>	<b>6,740,521</b>	<b>5,613,388</b>	<b>28.53</b>	<b>30.85</b>	▼

\* Ratio per thousand garments (kg/no. Garments annually) x 1000

(1) The increase in production of all the types of waste compared to the decrease of other urban waste is generated by the better segregation practices, which have caused a transfer of waste managed as urban to waste managed in a specific manner and transferred to be recycled (textile, cardboard, wood and plastic). The figures reflect greater efficiency in the global generation of urban waste, by diminishing their relative generation, in proportion to the number of garments put on the market. At the same time, it reflects an improvement in the selective collection management procedures.

Source: Waste Management Firm authorised by the Administration.

## Management of hazardous waste

Table 26.- Annual evolution of hazardous waste (unit: kg per thousand manufactured garments):

TYPE OF WASTE (1)	2002	2001	Ratio* 2002	Ratio* 2001	Relative trend
Batteries	150	160	0.0006	0.00087	▼
Computer waste	7	No data	0.000029	No data	No data
Fluorescent	781	450	0.0033	0.0024	▲
Oil filters	4,285	500	0.018	0.0027	▲
Contaminated metallic containers	1,004	600	0.0042	0.0032	▲
Used mineral oil	10,157	14,528	0.043	0.079	▼
Contaminated Absorb	1,780	700	0.0075	0.0038	▲
Paints	186	152	0.0007	0.00083	▼
Contaminated plastic containers	150	120	0.0006	0.00065	▼
<b>TOTAL HAZARDOUS WASTE (2)</b>	<b>18,500</b>	<b>17,210</b>	<b>0.078</b>	<b>0.094</b>	<b>▼</b>

\* Ratio of one thousand garments (kg/no. of annual garments) x 1000. It indicates the amount of waste generated (from a specific category) according to the number of garments put onto the market.

(1) The waste is catalogued in accordance with the European Waste Catalogue and its transfer to national and autonomous legislation.

(2) From the analysis of the data shown it is deduced that there has been improvement in environmental efficiency in the manufacturing and distribution processes, as the amount of waste generated in relative terms (compared with the number of garments put onto the market in 2001 and 2002) has decreased.

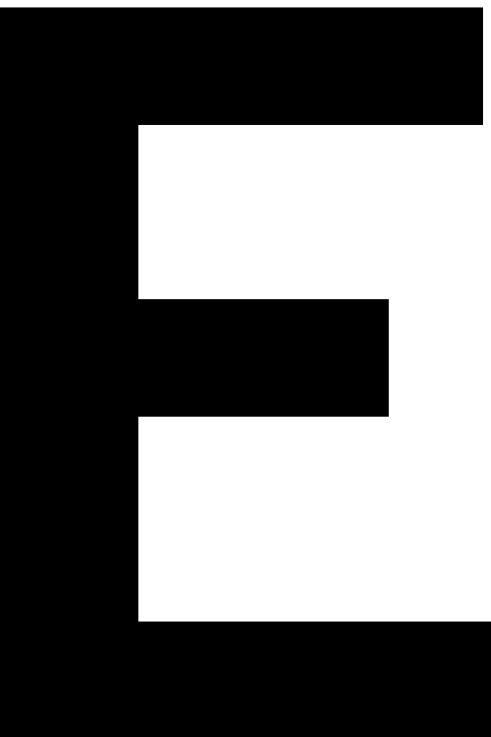
Includes the headquarters, the factories and logistics centres of INDITEX, from data from the waste management firms contracted for their collection services. The generation of hazardous waste by the stores themselves has not been identified, due to their characteristics. The control and management of hazardous waste of the stores is carried out by the maintenance subcontractors. Data obtained from the control and follow-up sheets on delivery to hazardous waste management firms prepared in accordance with the legislation in force in Spain.

**indicators**



**of energy**

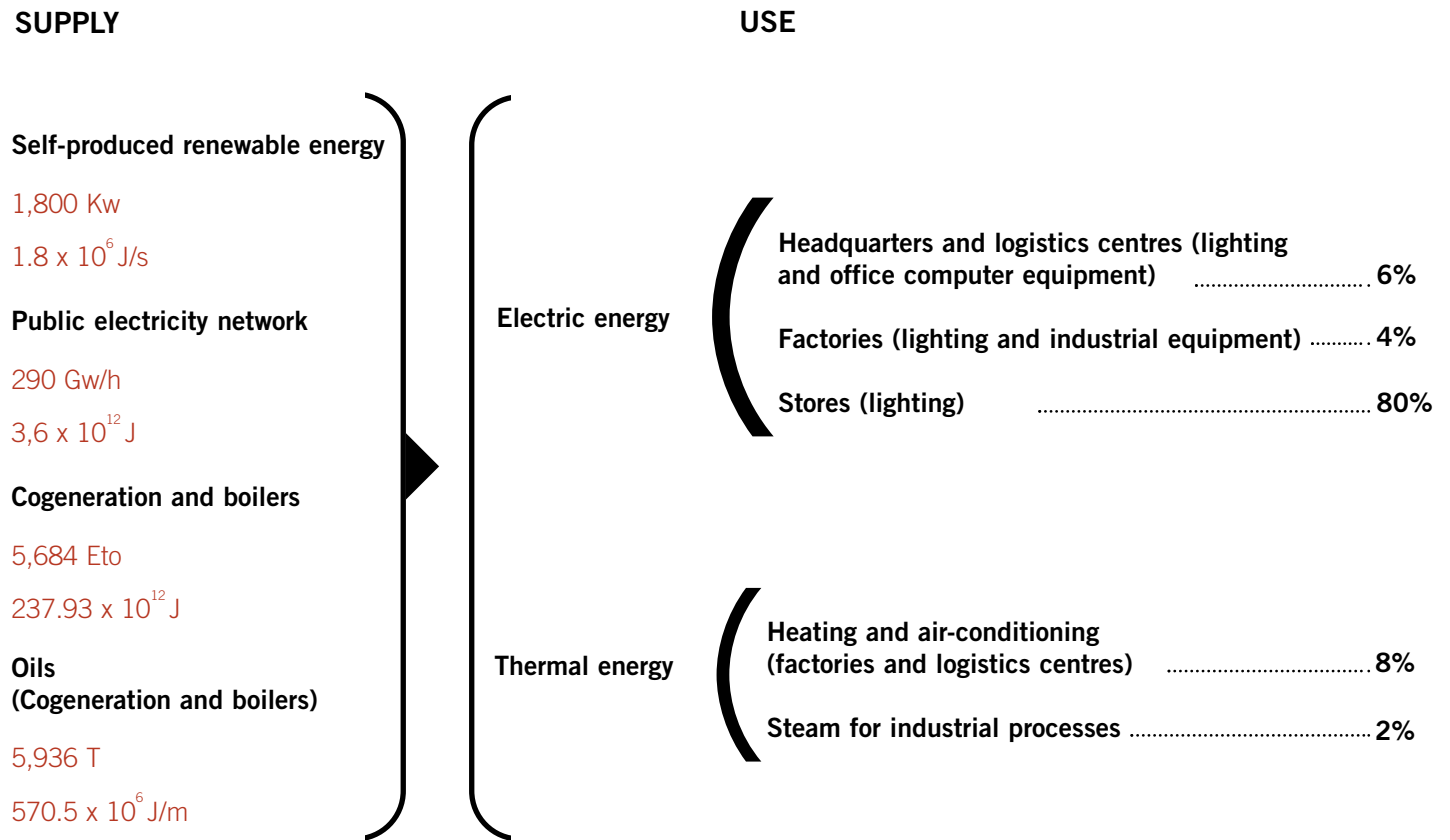
**and water**



## Energy

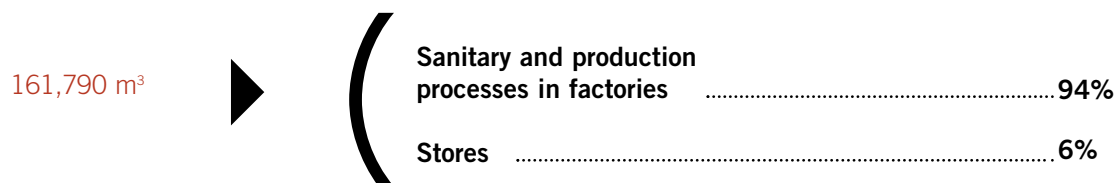
**ENERGY IS ONE OF THE MOST RELEVANT RESOURCES** that INDITEX consumes. For this reason, the environmental strategy places special stress on determining its origin and the end given to it in the development of the business model. In order to do this, consumption data on the different forms of energy are obtained for each of the workplaces. The data on supply of energy is shown in two scales in order for greater understanding, the commonly used scale and its conversion to international scales.

Table 27.-



**Water from the Public network (Headquarters, factories and logistics centres)**

Table 28.-



Water is used almost exclusively for sanitary consumption and for cleaning. The wastewater flows entirely to the municipal plumbing network and monitoring of consumption is carried out at each of the factories. The data from the measuring of the factories' and logistics centres' water consumption come from the invoices from suppliers. Those corresponding to stores are obtained by taking a sample of invoices from the total number of stores of INDITEX as at December 2002.

**Table 29.- Annual evolution of energy consumption:**

	<b>2002</b>	<b>2001</b>	<b>Forecast 2003</b>
Renewable energies (in facility)	N/A	N/A	1,800 Kw
Electric (Public network)	295,574,280 Kw	233,007,223 Kw	Forecast increase 15%
Gas consumption in co-generation	5,684 Eto	2,273 Eto	No increase
Oil consumption in boilers	5,936 T	7,650 T	No increase

The energy data come from own analysis of consumption data and invoicing. (eto: equivalent tons of oil; t: tons)

