Sustainability Report
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Dear shareholders,

Over recent years, many businesses worldwide have considered the need to take on the demands of their surroundings in terms of social and environmental responsibility. This approach has become an important strategy as the business world has understood that the opportunity cost due to not meeting a growing social demand for transparency and sustainability, its agreement with the general interests of companies.

This does not mean that the vast majority of companies, Inditex included, have not always been concerned about the impact that their activities have had on society, over and above their legitimate economic interests. This concern has been reflected in their human resources policies, in their dealings with business partners, suppliers, organisations and social institutions, and even in their conception of customer relationships. This said, Corporate Responsibility policies have often taken second place to fulfilling business development targets and, ultimately, creating value for shareholders.

Early on, corporate responsibility was limited to a philanthropic expression, generally related to the principles of the company’s main shareholders and business agents. Later, as a result of the pressure from trade unions, NGOs and citizen groups, during the second half of the 20th Century, companies began to implement an essentially defensive policy. Over the past decade, this has become the doctrine of corporate reputation as a shield against risks due to actions that do not respect general interests.

Knowing that this approach was not enough to meet the demands that companies face today, Inditex implemented a responsibility model based on the idea of sustainability. In accordance with the principles that govern our commitment—good faith, dialogue and transparency—we set up a Code of Conduct that lays the foundations for Inditex’s relationships with interest groups. This Sustainability Report, prepared in accordance with the Global Reporting Initiative recommendations, is a way of expressing this commitment.

Perhaps the aspect that sparks off the most interest as far as the sustainability policy is concerned is controlling the supply chain. In this regard, we can state that we are satisfied with the progress made in 2004. Over the course of this year, we have passed 100% of audits on our supplier database, completing those relating to European companies, Morocco, Peru and Brazil—which represent 70% of our products—and starting the process in Asia.

An important feature of this process is applying the methodology developed by the Business Social Compliance Initiative, an organisation of which Inditex is a member and which brings the leading European textile distributors together. The goals of the BSCI include improving the social regulations of the countries that play an important role in textile supply, in collaboration with the suppliers, governments and other parties involved. BSCI also aims to be a forum for members to exchange their knowledge and a meeting point for the latter and consumers. Maximum transparency is guaranteed by the distributors.

The philosophy behind our sustainability model actions is to encourage the improvement of the conditions in which trade is carried out in supplier countries, involving governments, business organisations and trade unions, not to mention NGOs, in our shared responsibility. For its part, Inditex believes that this audit process would only be complete with a program of corrective plans that help our business partners to overcome any failings detected. At the same time, the global approach of our sustainability model is rounded off by setting up social action programs targeted at the environment in which we operate. Special attention is paid to more susceptible groups and action is focused on areas such as education, health or social integration. We feel that this guarantees a more significant contribution towards social transformation and improvement.

All of Inditex’s efforts channelled into applying the sustainability model to its activities are based on our double conviction that this approach meets the demands of both the group that forms part of the company—shareholders, business agents and business partners—and those of our customers, with a commitment to quality in terms of our range of products and services. This quality would not be complete without the value-added service that we provide directly to our customers—a keen emphasis on design and attractive prices—and that which we provide to society as a whole through improved social, environmental and business governance practices.

Amancio Ortega Gaona
Chairman
Inditex views Corporate Social Responsibility as a strategic factor within its management procedure. We are convinced that the growth of our organization is closely linked to the economic, social and environmental commitments we establish with all of the different groups we are involved with: our shareholders, customers, employees, suppliers and social players.

We believe that we must respect and encourage values of sustainability in all the things we do, formalizing and putting into practice policies and management systems in the three areas in which the company is involved – social, economic and environmental – acting according to criteria of transparency, and establishing independent mechanisms for control and evaluation.

We believe that our responsibility as a company should be measured by our ability to respond to and anticipate the expectations and demands of our main interest groups.

We believe that interest groups form an intrinsic part of our corporate structure, contributing as partners towards our growth. For this reason we have decided to situate our shareholders, employees, suppliers, customers and social players at the very heart of our business.

Our activities in terms of Social Responsibility have a social, economic and environmental scope, unavoidably involving our interest groups both in establishing goals and commitments, as well as in developing specific programmes.

The Corporate Governance model acts as a driving force and guarantee of the model through different bodies and documents.
Our commitments

_with our shareholders,
for transparency and good governance

_with our costumers,
with their needs and expectations

_with our employees,
offering stable, just and quality employment

_with our suppliers,
with a Code of Conduct that guarantees their working conditions

to society,
respecting Human Rights and the improvement of economical conditions wherever we carry out our work

_with the enviroment,
with a global policy to respect and protect our natural surroundings

_We eliminated the minimum share requirement to take part in the Annual shareholders’ Meeting
_New, more accessible corporate website
_Increase in shareholder dividends: of 150%
_Inclusion in the FTSE4Good and Dow Jones Sustainability Indexes

_Extension of our network of stores (822 more)
_Plan for training employees in customer service
_Stopped selling fur items

_7,867 new employees
_70% full-time contracts
_Plan for identifying potential and internal promotion

_2,620 independent audits carried out in factories in more than 30 countries
_Social involvement projects in the communities where our suppliers’ employees live. Projects in Morocco and Peru
_Halve the number of manufacturers in 2005
_Develop social intervention programmes in our suppliers’ communities

_Social development programmes in Latin America
_Solidarity projects in emergency situations in Spain (Prestige) and in South-East Asia (tsunami)

_ISO 14.001 Certification in all of distribution centres, factories and head offices
_Programme for implanting the sustainable management model in our stores
_Reduction of waste and harmful emissions
_Energy saving plan and investment in renewable energies
_Awareness plan: competition amongst employees to choose the mascot

Activities 2004

_2,620 independent audits carried out in factories in more than 30 countries
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_Awareness plan: competition amongst employees to choose the mascot
We believe that the growth of our organization is based on the commitment we have with our interest groups.

Through our activity we contribute towards improving the social, economic and environmental conditions of our surroundings. In 2004 our turnover amounted to Euros 5,670 million, an increase of 23% over the previous year. We created 7,867 new jobs, and have entered eight new markets.
Inditex is the leader of a group of fashion distributors. In 2004, it brought in a consolidated turnover of 5,670 millions of euros and net profit of 628 million euros. Inditex has been listed on the Stock Exchange since 2001 and is one of the largest companies in the world in its industry.

Although all the sales formats have individual characteristics as far as target audience, business lines or store design are concerned, all the chains have one characteristic in common: fashion with an emphasis on design, aimed at meeting customer demands and at attractive prices.

At the end of FY2004, Inditex owned 2,344 stores in 56 countries in Europe, America, the Asia-Pacific Region, the Middle East, and Africa. During the year, Inditex increased its number of stores by 322 and began trading in Hungary, Romania, Estonia, Latvia, Lithuania, Hong Kong, Morocco and Panama.

The vast majority of the Group’s sales –82.8%—take place in Europe, both in terms of weighting in the home market (representing 49.5% of sales) and the total number of stores (1,943 stores, 86.6% of the total are present in European markets). This region has also seen the highest growth in terms of sales outlets over recent years. Indeed, in 2004 the 91% of new stores (–293) were opened in Europe.

Inditex makes its business proposal through eight fashion distribution chains: Zara, Kiddy’s Class, Pull and Bear, Massimo Dutti, Bershka, Stradivarius, Oysho and Zara Home. Zara is the largest chain with the most sales outlets and a broader international presence. It is also the main contributor to the Group’s sales, bringing in 67.4% of the total in 2004.

Inditex sales formats grow largely due to opening stores managed by companies in which Inditex is the sole or the main shareholder. As at 31 January 2005, 88.3% of stores were company-managed and represented 96% of the total sales.

Inditex’s business model is characterised by a high degree of vertical integration. Inditex is involved in all the stages of the fashion process: design, manufacture, logistics and distribution to its own stores. It has a flexible structure and a strong customer focus in all its business areas.

Part of the production process takes place in the Group’s own factories in Galicia and the rest is manufactured by external suppliers. 70% of production comes from Europe and the surrounding area, the rest coming from Asia and, to a lesser degree, from other countries around the world. The closeness factor is extremely important given the structure of the Group’s offer, which is targeted at highly fashionable garments.

Production, regardless of its origin, is received at the logistics centres of each chain, from where it is distributed simultaneously to all the stores worldwide on a highly frequent and constant basis.

### Main indicators

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<tbody>
<tr>
<td>Turnover*</td>
<td>5,670</td>
<td>4,599</td>
<td>3,974</td>
<td>3,250</td>
<td>2,615</td>
<td>21%</td>
</tr>
<tr>
<td>Net profit*</td>
<td>628</td>
<td>615</td>
<td>447</td>
<td>438</td>
<td>345</td>
<td>21%</td>
</tr>
<tr>
<td>No. of stores</td>
<td>2,344</td>
<td>2,022</td>
<td>1,958</td>
<td>1,789</td>
<td>1,584</td>
<td>18%</td>
</tr>
<tr>
<td>No. of countries</td>
<td>56</td>
<td>58</td>
<td>54</td>
<td>49</td>
<td>40</td>
<td>11%</td>
</tr>
<tr>
<td>International sales</td>
<td>1,095</td>
<td>844</td>
<td>686</td>
<td>603</td>
<td>524</td>
<td>14%</td>
</tr>
<tr>
<td>Employees</td>
<td>47,046</td>
<td>39,760</td>
<td>32,535</td>
<td>26,724</td>
<td>22,004</td>
<td>33%</td>
</tr>
</tbody>
</table>

*in millions of euros

### Sales by format

<table>
<thead>
<tr>
<th>Chain</th>
<th>2004</th>
<th>2003</th>
<th>04/03</th>
<th>Weighting (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zara</td>
<td>3,819.6</td>
<td>3,358.8</td>
<td>19%</td>
<td>67.4%</td>
</tr>
<tr>
<td>Kiddy’s Class</td>
<td>120.6</td>
<td>85.4</td>
<td>2%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Pull and Bear</td>
<td>378.9</td>
<td>387.3</td>
<td>20%</td>
<td>6.7%</td>
</tr>
<tr>
<td>Massimo Dutti</td>
<td>452.3</td>
<td>457.2</td>
<td>24%</td>
<td>8.5%</td>
</tr>
<tr>
<td>Bershka</td>
<td>394.0</td>
<td>392.0</td>
<td>21%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Stradivarius</td>
<td>451.0</td>
<td>422.5</td>
<td>49%</td>
<td>8.3%</td>
</tr>
<tr>
<td>Oysho</td>
<td>72.1</td>
<td>41.1</td>
<td>5%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Zara Home</td>
<td>46.8</td>
<td>32.6</td>
<td>21%</td>
<td>0.7%</td>
</tr>
<tr>
<td>Sales total</td>
<td>5,670.4</td>
<td>4,598.9</td>
<td>23%</td>
<td>100%</td>
</tr>
</tbody>
</table>

### We adapt our global fashion concept to each different market

- São Paulo, Brazil, 15 December 2004
- Milan, Italy, 15 December 2004
- New York, USA, 15 December 2004

### Breakdown of sales by geographical area

- **Europe**
  - Spain: 37.3%
  - Rest Europe: 45.5%
- **Rest world**
  - America: 10.5%
  - Rest world: 6.7%

### The Group's main business centres in Spain

- Arteixo – A Coruña
- Narón – A Coruña
- Tordera – Barcelona
- Zaragoza
- Salou de Lleida – Barcelona
- Murcia, Cartagena – Murcia
- Tordesillas – Valladolid
- Madrid
- Málaga
- Istanbul
- Abu Dhabi
- Kuala Lumpur
- Tokyo
- Shenyang
- Shanghai
- <other locations>
Transparency and active communication with our shareholders, is one of our basic operating principles.

Our aim is to provide them with information that is clear, detailed and complete enough to evaluate the Group’s management and its economic and financial results.
At the end of the financial year, Inditex had a total of 88,484 shareholders, of which 84,771 are individuals, and the rest institutions. During FY2004, Inditex changed its regulations for the General Shareholders' Meeting in order to withdraw the requirement of holding a minimum of 50 shares in order to attend the meeting. Retributions for shareholders via dividends has increased by 150%. The organization has set itself the objective of increasing shareholder dividends from 35% of profits in 2004, to reaching 60% of profits in 2008.

04_1 Our shareholders

<table>
<thead>
<tr>
<th>Shareholders</th>
<th>Shares</th>
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<tbody>
<tr>
<td>Individuals</td>
<td>46,717,257</td>
</tr>
<tr>
<td>Institutions</td>
<td>203,114,730</td>
</tr>
<tr>
<td>Board of Directors</td>
<td>373,498,413</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>623,330,400</strong></td>
</tr>
</tbody>
</table>

04_2 Channels of communication

**Shareholder’s office**

Any private investor is free to visit the Shareholder’s office to obtain detailed information about the development of business and future strategies. Through this channel, the 84,000 individual shareholders may issue any request for information they consider relevant concerning the growth of INDITEX.

The Shareholder’s Office is particular relevant when calling and holding the General Shareholders’ Meeting, traditionally held in mid-July at Inditex head office in Arteixo (A Coruña). Precise information and documentation is sent to provide shareholders with sufficient details on the meeting and the contents to be discussed, as well as facilitating their participation in the decision-making process of the main governing body.

**Shareholders' e-mail address:** accionistas@inditex.com

**Shareholders direct line:** +34 901 33 02 12

**www.inditex.com**

The corporate website has been adapted to the Transparency Guidelines
In 2004 some 500 meetings were held with investors, analysts and investors specialized in Corporate Social Responsibility.

In the area of institutional investors, Inditex completes this information with quarterly, freely accessible multiconferences via internet and over the telephone, in order to explain the quarterly results.

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Other important events are the Presentations of Yearly Results to Analysts and Investors, held in London and Madrid, before an audience of some 60 people.

Further presentations are made in the main financial centres, with more than 100 institutional investors at each.

Activities with Institutional Investors

a) Roadshows
Every year the Board of Directors offers a series of presentations or ‘roadshows’ at which it presents the results from the first two quarters (Spring-Summer season) and for the full financial year (after the Winter season), visiting the world’s main financial capitals. Over two and a half weeks, the main investors have access to the strategic perspective of the management team, mainly through individual meetings. These visits have been used to establish direct contact with more than 200 investors.

b) Sectorial conferences
Another forum for communication with investors are the sectorial conferences organized by financial institutions, taking part at the main events held throughout Europe, with an average attendance of 50 of the main institutional investors at each.

c) One-to-one meetings
Apart from the programmed events, a further extensive series of individual meetings are organized with investors every year. In the case of specific demands, visits are organized with investors to a specific country or region. In the last year presentations were offered in Europe’s main financial centres, with more than 100 institutional investors.

d) Visits by Investors to the company’s premises
A large number of visits were also made by institutional investors to Inditex installations to provide them with more detailed knowledge of our organization, its business model and corporate strategy. Throughout FY2004 meetings were held in different locations with more than 150 institutional investors from all over the world.

Over FY2004 Inditex shares appreciated by 38.7%, compared to the appreciation of the IBEX 35 index of 16.3%.

Appreciation of shares on IBEX 35 from launch on stock exchange (23 May 2001) to 31/1/05: 54.21%.
We listen to our customers
to anticipate their needs, improving the products and services we offer.
We work to improve each of the critical factors that define our business: fashion, quality, design and price, to keep strengthening our customers’ confidence in our products, and guaranteeing the satisfaction of everyone who shares our outlook on fashion. Thanks to them, we have grown. Our stores are increasingly larger, and extended across more countries. We launch new products and extend our services. We listen to their suggestions and adapt our offer according to their needs.

05_1 Our commitments

Action guidelines

Inditex has adopted a full commitment in all of the areas of customers service. A commitment based on two main principles that guide our activities.

**Flexibility**

We adapt to our customers expectations

Fashion, despite being a global cultural expression, has an essential component of individual choice. Inditex proposes a wide range of options, so that it is the customer who makes their own decision, according to their tastes and desires.

**Personal customer service**

that guarantees full satisfaction

Sales do not end with the exchange of a product or service between business and customer. Visiting one of our stores must be in itself a satisfactory experience.

People are one of the most important factor in achieving this goal.
The store as the centre of our activities

The Inditex Group's way of understanding the fashion business situates the store as the central hub of our activity. Our store staff receive full training in customer service as an essential value. Store managers are responsible for leading their sales teams as representatives of the values, reputation and image of the Company. The comfort of customers and their freedom to choose are the essential principles of our activity. The customer may remain as long as they wish in our store, discovering more about the items on offer and coming into direct contact with the product.

Direct, open relationship
The model for customer attention at stores belonging to the Inditex Group is essentially focused on establishing an open, direct relationship.

Freedom to choose
The store is a dynamic, ever-changing environment. Customers visiting any of our stores who are interested in the fashion items we offer enjoy absolute freedom in their contact with the product.

Personalized service
The store team is fully available at all times, although without interfering in customers choosing and buying items if not requested to do so.

Both the design and product offered by Zara, the chain that represents 67.4% of the Group's total sales, continue to be the elements most highly valued by its customers.

Customers choose Zara based on...

we are more accessible
In 2004 we re-designed our corporate websites, reaffirming our commitment towards offering transparent information by improving access to its contents, using a more intuitive design that meets the most demanding international standards in terms of navigability, accessibility and visual design.

Both the corporate websites of the Group and those of the different chains are useful tools to help provide our customers with information.

we listen
The different chains that belong to the Inditex group have a range of channels open to the public to deal with any request for information, suggestions or complaints they may have. Apart from the personalized service offered in our stores, the group has a series of suggestion forms available for the public. There are also telephone helplines and e-mail services, available via the websites of each chain.

All of the Group's websites make it possible to contact the other chains or head offices using a form. In 2004 a total of 49,305 forms were received in this way, all of which were answered personally.

In the case of Zara, the chain which represents the largest turnover, out of a total of 10,539 forms received, 53.44% referred specifically to customer service matters. Of these, 41.2% (2,324) referred to queries or circumstances directly in relation to the attention received in the store, with the remaining 58.8% being requests for a wide range of information.

we focus on solutions
All suggestions or complaints are dealt with initially by the store managers and their teams. The priority in this case is to offer a correct solution in the most agile manner possible, without turning to other procedures that delay the process. In any event, the customer always has the opportunity – if they consider it necessary – to contact the Customer Attention Department, which is responsible for receiving, evaluating and responding to the requests our customers pass on to us directly.

Our customer relations model is focused on the point of sale, where the store team is the main nucleus of customer attention.

This Department may be contacted on a Customer Attention freefone number in Spain (900 400 328), via the general telephone number of the Company’s central services (+34 981 185 400), from all of our stores, by mail or e-mail, with the address listed on all of the different corporate websites.

In 2004, the Customer Service Department dealt with more than 3,600 calls directly, representing a monthly average of more than 300 calls. This is a very low number if we consider the large number of products sold in Zara stores throughout Spain (94.3 million items). This low ratio is the result of the model for customer relations focused on the point of sale, with the store team serving as the main nucleus of public attention.

In 2004, The Customer Service Department dealt with more than 3,600 calls, giving a direct, personalized response to all of them.

Origin of e-mails received in 2004: 49,305

Hits on websites: comparison 03/04

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>STR</td>
<td>64,917</td>
<td>69,719</td>
</tr>
<tr>
<td>MD</td>
<td>430,357</td>
<td>574,314</td>
</tr>
<tr>
<td>PB</td>
<td>415,025</td>
<td>506,658</td>
</tr>
<tr>
<td>BSK</td>
<td>543,26</td>
<td>993,187</td>
</tr>
<tr>
<td>Z</td>
<td>5,612,396</td>
<td>13,916,463</td>
</tr>
<tr>
<td>OYS</td>
<td>119,402</td>
<td>155,016</td>
</tr>
<tr>
<td>Z H</td>
<td>209,755</td>
<td>379,904</td>
</tr>
</tbody>
</table>

For each chain the percentage of contacts received in 2004 compared to the number of contacts received in 2003 is provided. For example, for Zara, contacts received in 2004 represented 34.8% of the total received in 2003, and for Zara Home it represented 38.7%. For Oysho, contacts received in 2004 represented 78.4% of the total received in 2003.

Throughout 2004 our websites received a total of 12,015,327 hits, 8,063,628 more than in the previous year. Zara’s website continued to be the most visited which represented 36.3% of the total.

www.inditex.com
www.zara.com
www.pullandbear.com
www.massimodutti.com
www.bershka.com
www.inditex-home.com
www.Inditex.com
www.zara.com
www.pull-and-bear.com
www.massimo-dutti.com
www.bershka.com
www.inditex-home.com

49,305 contact forms received.
We grow alongside the people in our team.
An enthusiastic team is a guarantee for our growth. Developing channels for promotion and building relations with our employees based on confidence and innovation is our responsibility.

06_0 Employees
The company’s growth determines the principles of our Human Resources policies. Launching new markets, quick decision-making, involving employees or always providing new solutions are some of the current requirements set by the organisation which we fulfil through targets and day-to-day tasks. Our corporate values and our way of handling people are decisive factors in developing the organisation and ensuring that it goes from strength to strength.

06_1 Our people

47,046 employees
20% more than in 2003 and we just keep on growing

% store employees per chain

Zara Home 1%
Oysho 2%

Kiddy’s Class 3%
Stradivarius 5%
Massimo Dutti 6%
Bershka 10%
Pull and Bear 7%

Zara 68% United Kingdom
9
France
Portugal
Spain

The countries with the highest of employees

2004

Evolution number of employees per activity and total

Sales activities: 88%
Logistics: 5%
Central Services: 3%
Manufacturing: 4%

Total employees per activity

Logistics 5%
Central services 3%
Factories 4%

Our people

who we are
47,046 employees
young people

what we do
88 % commercial activity

in 30 countries

where we are

In 30 of the 56 countries

Our objectives, policies and activities

objectives

legal environment

Our growth in staff is directly proportional to the opening of new stores.

Inditex employs 47,046 people in 30 countries, 7,867 more than last year. The characteristics of our staff are in line with the characteristics of our business: young people – the average age is 26 years, who have been working for the company for less than three years this year we have opened 332 new stores and a female majority in all of our organisation’s areas, with the exception of logistics – where female employees represent 41%: Females hold 54% of the managerial, technical and administration posts and they also represent 82% of shop managers.

The head offices of Inditex and the Group’s chains, logistics centres and factories are all located in Spain. This country also has the most stores (1,321) and employees (26,719). In the overall ranking, Spain is followed by Portugal, France, Mexico, United Kingdom, Germany and Greece.

83.5% females / 16.5% males
Young people: Average age: 26 years old

Young people Average age: 26 years old 83.5% females / 16.5% males

The countries with the highest of employees

<table>
<thead>
<tr>
<th>Country</th>
<th>31/1/05</th>
<th>31/1/04</th>
<th>growth% 03-04</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>26,719</td>
<td>24,933</td>
<td>6.87</td>
</tr>
<tr>
<td>Portugal</td>
<td>3,474</td>
<td>3,265</td>
<td>6.40</td>
</tr>
<tr>
<td>France</td>
<td>3,017</td>
<td>2,523</td>
<td>19.08</td>
</tr>
<tr>
<td>Mexico</td>
<td>1,890</td>
<td>1,723</td>
<td>9.69</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>1,752</td>
<td>1,449</td>
<td>20.91</td>
</tr>
<tr>
<td>Germany</td>
<td>1,332</td>
<td>1,265</td>
<td>14.53</td>
</tr>
<tr>
<td>Greece</td>
<td>1,055</td>
<td>745</td>
<td>41.61</td>
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<tr>
<td>Italy</td>
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<td>745</td>
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</tr>
<tr>
<td>Belgium</td>
<td>400</td>
<td>629</td>
<td>6.70</td>
</tr>
<tr>
<td>Venezuela</td>
<td>640</td>
<td>617</td>
<td>3.73</td>
</tr>
<tr>
<td>Turkey</td>
<td>575</td>
<td>532</td>
<td>8.08</td>
</tr>
<tr>
<td>China &amp; Hong Kong</td>
<td>370</td>
<td>367</td>
<td>0.82</td>
</tr>
<tr>
<td>Holland</td>
<td>386</td>
<td>236</td>
<td>62.18</td>
</tr>
<tr>
<td>Ireland</td>
<td>340</td>
<td>65</td>
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<tr>
<td>Argentina</td>
<td>316</td>
<td>313</td>
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</tr>
<tr>
<td>Switzerland</td>
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<td>190</td>
<td>55.16</td>
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<tr>
<td>Austria</td>
<td>235</td>
<td>179</td>
<td>31.28</td>
</tr>
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<td>Sweden</td>
<td>139</td>
<td>101</td>
<td>37.62</td>
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<td>Denmark</td>
<td>133</td>
<td>121</td>
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<tr>
<td>Uruguay</td>
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<td>190</td>
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<tr>
<td>Yemen</td>
<td>99</td>
<td>115</td>
<td>1.82</td>
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<tr>
<td>Czech Republic</td>
<td>160</td>
<td>125</td>
<td>27.62</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>155</td>
<td>120</td>
<td>3.77</td>
</tr>
</tbody>
</table>

Total 47,046 39,179 20.08

Sustainability Report INDITEX EMPLOYEES 29
06.2 Our objectives, policies and activities

We aim to give the broadest national and international coverage to Inditex’s job offers in order to ensure that candidates have the fullest access possible, in accordance with the principles of non-discrimination and equal opportunities. Inditex publishes its job vacancies via two channels: the permanent and world-wide job site, accessed through the Group’s company websites, and the media. In 2004, 225,000 candidates from 56 different countries posted their CV spontaneously on our job site, which already has more than half a million active users. This is the main database used in recruitment processes. 1,870 job vacancies were published in newspapers and on the Internet.

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In collaboration with prestigious Business Schools from different countries, we have devised a program targeted at young people with managerial potential who become involved in different areas and projects in our organisation and follow an individual career plan.

Our international expansion policy that prompted us to open 8 new markets in 2004 has also led to the creation of multinational business management teams. At the head offices of the chains and of the Inditex Group in Spain there are employees with 27 different nationalities. Their point of view brings us closer to the cultural values of each region.

As part of our international expansion policy, we entrust management to professionals from each of the countries in which we carry out our business activities. This is because they are familiar with the market, customers and the local culture and values, and we trust in them to adapt our business model and corporate values accordingly.

We increase stable hiring levels each year. Whereas in 2004 net employment growth was 20%, permanent contracts rose by 24.9%. This year we have created 25,000 long-term contracts.

In the selection processes, priority is given to employees in stores and logistics centres or central services. If we take Zara España as an example, which is the company with the most employees, 34.5% of the newly-created posts have been filled by internal promotion in stores and 43.5% in Central Services (sales and product areas). Internal promotion in the group is based on an internal system of publishing vacancies and a program that identifies potential.

In collaboration with prestigious Business Schools from different countries, we have devised a program targeted at young people with managerial potential who become involved in different areas and projects in our organisation and follow an individual career plan.

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We increase stable hiring levels each year. Whereas in 2004 net employment growth was 20%, permanent contracts rose by 24.9%. This year we have created 25,000 long-term contracts.
training development

focus on customer service all zara employees around the world have completed their training

specific programs in 27 countries

Specific programs in 27 countries
Helping the business to spot talent among its employees is an ongoing objective of the Human Resources teams. This year, talent-spotting programs have been introduced in 27 out of 30 countries. 23.4% of the participants have been given an internal promotion and 54.2% are following an individual training plan. This program aims to develop knowledge and skills and establishes a tracking system and career plan.

we provide ongoing training 210,000 hours this year

Knowing the business and face-to-face customer contact through working in the stores has been the purpose of a highly ambitious training project during which all the managers of the Zara logistics centres became shop assistants for one week and learnt about other areas of the organisation. This experience was extremely useful, leading to changes in work processes and giving the chance to acknowledge other people’s jobs.

Due to more sales outlets and broader geographical coverage, the sales network in contact with stores has expanded, and a proximity organisation model has been set up with more resources. Permanent contact with shop assistants is one of the functions of this model.

we identify employees with potential

27 countries

27 countries

Learning methods we identify potential

we incorporate interactive communication systems

we encourage open and direct communication

we inform employees of ongoing developments

Our internal magazine (IN) allows employees around the world to keep abreast of the business and it brings them closer to our philosophy and values. It is a means of informing, advertising and raising awareness. Four issues were brought out in 2004. There has been an increase in employee participation and international content.

This is one of Inditex’s main values and a factor of the management model. The non-hierarchical structure and the focus of the people guarantee direct and almost daily contact with employees and the constant exchange of opinions.

Taking a global approach, we use several Internet-based communication systems to communicate with the employees of the central services of the chains and of Inditex in Spain and the branches of our subsidiaries. These two interactive applications, Inditexnet and Gesdoc, allow information to be exchanged and resources to be optimised promoting the awareness of organizational change.

Our training activities are essentially practical. We incorporate new methods to achieve maximum employee participation, such as Blend Learning. All logistics and central services employees receive language and computer training by using the Blend Learning method which combines the advantages of e-learning with a computer and at one’s own pace, and with direct, personal tutors.

we combine different learning methods

we adapt to business

the logistics managers are trained in stores

promote professional growth

+ motivate

The logistics managers are trained in stores

Hazard and safety

hazards and safety

financial reward to different employee groups and countries

Our compensation policies aim to provide employees with incentives and recognise their contribution to the business. Variable pay is present in all sales duties (86% of all employees). All the managers and supervisors of an area or duty participate in the management by objectives system.

Looking after the health and safety of employees is our priority. This year’s objective has been to consolidate the Health Supervision area with external resources by developing specific protocols per risk and task. There are two main actions: setting up emergency plans and training the staff of Inditex, the chains and the logistic centres in Spain.

internal communication

we inform on a continuous basis

We continue to develop ongoing training actions for all job profiles (shop assistants, cashiers, window dressers, manual workers, sales reps, etc.) for all activities (logistics, stores, sales) and in a wide range of subject matters, both job-specific and general –languages, computer skills, accountancy, etc.-. The challenge is to improve employability in order to encourage internal promotion.

Tackling the awareness of organizational resources to be optimised promoting the exchange of opinions.

Taking a global approach, we use several Internet-based communication systems to communicate with the employees of the central services of the chains and of Inditex in Spain and the branches of our subsidiaries. These two interactive applications, Inditexnet and Gesdoc, allow information to be exchanged and resources to be optimised promoting the awareness of organizational change.

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This year we have made an effort to improve our personal data management systems to guarantee the fulfilment of legal requirements and cultural factors in all the countries in which the Group is present, adapting the recruitment tools to these requirements.

In Spain we have a Joint Prevention Service, which meets legal regulations. This service covers Occupational Health and Safety, Industrial Hygiene, Psychosociology and Ergonomics. The organisation establishes the relationships with the workers’ representatives in accordance with the frequency and requirements set by Spanish Law.

In order to encourage international expansion, we use a development program for young people with managerial potential, in collaboration with Business Schools from different countries. These professionals join our organisation and follow an individual training program. Likewise, we build up relationships with international Fashion Design schools and centres that award qualifications similar to our business profiles. We collaborate in the teaching activity, make company presentations and employ recent graduates in our companies.

Employees from all over the world are covered by collective bargaining processes. In Spain, the provincial Collective Agreements apply in the branch of trade, and manufacturers are covered by the General Collective Agreement for the Textiles and Clothing Industry. In Spain for all factory workers an agreement has been signed with the communist labour union Comisiones Obreras, in which, apart from better economic conditions than those established in the Agreement, fringe benefits are introduced. In the Logistics sector, three Agreements have been signed with the Works Committees of Zara Logistica (Ardiesco), Pull and Bear (Narón) and Plataforma Europa (Zaragoza), which lay down considerably better labour conditions than those established in the applicable provincial Collective Agreements.

Listening to employees through the organisation’s open, permanent channels and anticipating expectations and needs prevents any disputes.

For stores of several chains that are opened in the same shopping centre, we centralise the recruitment process so as to extend the offer to job-seekers. We work with local agencies – employment agencies, organisations and institutions –, thereby promoting employment and local development. For students with their first professional experience through trainee programmes.

Regardless of the usual collective bargaining processes, participation and dialogue processes are also held with both the employee representation bodies in the company and with the most representative Trade Unions on an institutional level.

In 2004, the majority of the employee representation bodies were re-elected in trade union elections.
We are committed to our suppliers and employees with a Code of Conduct that guarantees dignified working conditions. We have completed more than 2,600 independent audits in factories in more than 30 countries.
Inditex has a wide network of external suppliers around the world, who act as business partners by contributing towards the sustained growth of the organization. From the standpoint of shared responsibility and participation, Inditex designs, develops and supervises different programmes aimed at supporting and helping these collectives, and requires full respect for Human Rights in all of their production centres, whether factories or workshops. These are the production chain strengthening programs. These programmes include actions in the factories of the suppliers and through the social and economic development of the communities in which their employees and families live.

07_1 Our Social Responsibility model

We believe that being citizens of the world implies working actively towards the respect and progress of Human Rights, as defined in the principal conventions of the United Nations.

We help our suppliers to implement Inditex’s Code of Conduct for External Suppliers and Workshops. We demand their dedication and regularly verify their level of compliance using independent inspectors, following the guidelines defined by international standards.

We believe that the process of implanting these Codes of Conduct has given us the opportunity to make changes that have improved social and working conditions both inside and outside of our suppliers’ factories.

We believe that intervention should not be limited to our suppliers’ factories, but that we should also include the communities in which they are based, in order to transmit and encourage values of solidarity, respect and good citizenship.

We believe that by working together – distributors, manufacturers and social and trade union organizations – by developing common platforms of standardization for pan-European Codes of Conduct, such as the Business Social Compliance Initiative (BSCI), we have the opportunity to develop an awareness that allows us to produce and at the same time consume goods and services, without this process having a negative effect on other people or environments.

Programmes for checking the degree of Compliance with the Code of Conduct for External Manufacturers and Workshops

Production chain strengthening programmes

Internal and External Social Capital Creation Programmes
07_2 Programmes for checking the degree of Compliance with the Code of Conduct for external manufacturers and workshops

Inditex requires that all of its suppliers comply with the Code of Conduct for External Manufacturers and Workshops, which it approved in 2001. This code includes a series of basic principles to guarantee respecting the Human Rights of the employees of our suppliers’ factories and workshops. In 2004, after auditing, the Group has decided to reduce the number of suppliers, from 2,662 at the start of the financial year, to 1,318 as of 31st January.

Business Social Compliance Initiative

The BSCI principles

BSCI provides that all suppliers shall comply, as far as possible, with current local, regional and international employment legislation, and in particular with the following Conventions and Declarations:

National legislation:
Inditex is committed to offering full compliance with applicable local legislation in the countries in which its manufacturers operate, particularly in relation to:
- Working hours
- Salaries
- Social Security payments
- Minimum age for workers
- The prohibition of forced labour
- Cautions and disciplinary measures
- Freedom of association and collective bargaining
- Non-discrimination
- Safe and healthy working conditions
- Dormitories
- Basic environmental requirements

International legislation
Inditex is committed to offering full compliance with all international regulations defined in the main Conventions of the International Labour Organization (ILO). www.ilo.org

Other regulations and guidelines:
The BSCI also includes:
- Directive 62 of the ISO/IEC
- SA8000 Methodology/Social Accountability 8000 (SA 8000)

The BSCI Code of Conduct

Below is a definition of the main sections of the Code, as well as the respective legislation:

1. Compliance with applicable local and international legislation. Mainly placing special emphasis on compliance with applicable local and sectoral law, as well as the Conventions of the ILO and the United Nations.
2. Freedom of association and the right to collective bargaining. With particular reference to Conventions 87, 98 and 135 of the ILO.
3. Prohibition of discrimination due to sex, age, religion, race, social status, disability, country of origin, trade union or political affiliation and sexual orientation. With particular reference to Conventions 100 and 111 of the ILO.
4. The right to receive just payment for the work carried out. With particular reference to Conventions 26 and 111 of the ILO.
5. Working timetable. With particular reference to Conventions 1 and 14 of the ILO.
6. Health and safety at work. With particular reference to Convention 105 and recommendatation 164 of the ILO.
7. Protection of child labour. With particular reference to Conventions 3, 182 of the ILO.
8. Freedom of association and collective bargaining. With particular reference to Conventions 29 and 105 of the ILO.
9. Compliance with local legislation, or instead with applicable international legislation concerning environmental issues and safety at work.

BSCI aims and working system

1. Workshops'number

<table>
<thead>
<tr>
<th>Stages</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope</td>
<td>2,662</td>
<td>1,250</td>
</tr>
</tbody>
</table>

2. Carried out in 2,662 workshops

3. Planned in all the workshops

Social audit. First assessment

The social audit is aimed at helping the management of Inditex’s suppliers to improve compliance with all applicable employment, social and environmental legislation. It is the most important part of the BSCI verification and standardization process. It firstly involves making a diagnosis of the level of compliance with the Code, secondly, listing a catalogue of improvements that will have to be made via Corrective action plan, and thirdly, establishing a calendar for putting them into practice and making corrections.

Corrective action plan

By applying the BSCI standards in the review processes, it is possible to coherently compare the conclusions derived from the different review processes, and to carry out monitoring through the Corrective action plan.

Second social audit

In line with the methodology of the BSCI, the process of verifying the degree of compliance with the Code may only be carried out by external and independent auditors, duly accredited and certified by Social Accountability International (SAI). Below is a list of the geographic areas in which audits have been carried out, and the auditors who carried them out. The team will also be responsible for the second audits.

Supplier’s awareness

The main objective we share with the BSCI is to bring about gradual and sustainable development in the shape of social and labour improvements in our suppliers’ factories.

During 2004-2005, and to help achieve this goal, the BSCI platform has offered round table working meetings in Belgium, China, India, Peru and Morocco, and in particular Inditex has taken part in actions such as training suppliers in subjects related to the implantation and control of Human Rights, in areas such as Lima in Peru, and Tangier in Morocco, and in

What does it involve?

All of the suppliers participating in the process of standardization and implantation of the BSCI are informed about the scope of the social audit.

Information is also passed on to all of the other parties involved – NGOs, trade unions and non-governmental institutions – that are either directly or indirectly linked with the development of the process.

Self-assessment

The supplier prepares for the audit by carrying out a voluntary series of measures and activities that will allow the social audit to be made.

Other regulations and guidelines:

Main Conventions of the International Labour Organization (ILO)

- Basic environmental requirements
- Safe and healthy working conditions
- Non-discrimination
- Cautionary and disciplinary measures
- The prohibition of forced labour
- Minimum ages for workers
- Salaries
- Working timetables
- 1. Compliance with applicable local and international legislation. Mainly placing special emphasis on compliance with applicable local and sectoral law, as well as the Conventions of the ILO and the United Nations.
- 2. Freedom of association and the right to collective bargaining. With particular reference to Conventions 87, 98 and 135 of the ILO.
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- 5. Working timetable. With particular reference to Conventions 1 and 14 of the ILO.
- 6. Health and safety at work. With particular reference to Convention 105 and recommendation 164 of the ILO.
- 7. Protection of child labour. With particular reference to Conventions 3, 182 of the ILO.
- 9. Compliance with local legislation, or instead with applicable international legislation concerning environmental issues and safety at work.
07.3 Internal and External Social Capital Creation Programmes

These are programmes designed to encourage formulas for collaboration, solidarity, respect and good citizenship amongst the employees working in the factories of Inditex’s suppliers – known as internal social capital – and in the communities where their families live – known as external social capital. Internal Social Capital means developing a series of networks which, based on trust and shared beliefs and standards, facilitate cooperation and respect amongst the workers in the factories of INDITEX’s suppliers, and which in general bring about an increase in their welfare in social and employment terms. External Social Capital means developing new formulas for association and cooperation that increase civic participation in the communities where workers from the factories of Inditex suppliers live together with their families.

Creating social capital means:

1. Providing education on respect and citizenship, developing a strong civil society, with a public and participative voice in the processes of designing and implementing transformational policies that strengthen respect towards Human Rights.
2. A practical way of encouraging collaboration and respect at the same time encouraging the development of cooperative and associative activities inside and outside of our suppliers’ factories.
3. Practising education for the people from the ground up, which trains managers of daily events, as the success or failure of these activities and programmes will largely depend on the existence of a population that is capable of expressing its expectations in terms of cohabitation.
4. Designing instruments and spaces that help to improve the living and health conditions of women employed in complex social and working environments.

Internal and external social capital project investment in 2004: 341,142 euros

The Internal and External Social Capital Creation Programmes have been designed to help train committed people both inside and outside our suppliers’ factories in Lima and Tangier, who can feel that their fate is linked both to the evolution of their surrounding environment and to the improvement of their equals’ social and working conditions.

**Morocco**

**Context**

- Lack of trade union representatives.
- Little knowledge of Human Rights in the factories of Inditex suppliers.
- Gender discrimination inside and outside the factories.
- Weak associative and community bonds inside and outside the factories.
- Little knowledge of Human Rights inside and outside the factories.

**Involving**

- Local Moroccan businessmen
- Moroccan social institutions

**Creation of internal social capital**

- Stage 1. 2002-2005: Presentation to the factory directors of Inditex’s RSC strategy, the BSCI initiative, the Code of Conduct for External Manufacturers and Workshops, and the programme for creating social capital.
- Stage 2. 2005-2006: Identification and strengthening of social institutions capable of organizing social investment in order to respond to the vulnerability factors.

**Creation of external social capital**

- Stage 1. 2004-2005: Geographical location of vulnerability factors. The following communities were identified – Ain Hayani, Mesnada, Mouatina and Ben Kirane, and the vulnerability factors were identified.
- Stage 2. 2002-2004: Identification and strengthening of social institutions capable of organizing social investment in order to respond to the vulnerability factors.

**Peru**

**Context**

- Lack of trade union representatives.
- Little knowledge of Human Rights in the factories of Inditex suppliers.
- Gender discrimination outside of the factories.
- Weak associative and community bonds inside and outside of the factories.

**Involving**

- Local Peruvian businessmen

**Creation of internal social capital**

- Stage 1. 2002-2005: Presentation to the factory directors of Inditex’s RSC strategy, the BSCI initiative, the Code of Conduct for External Manufacturers and Workshops, and the programme for creating social capital.
- Stage 2. 2004-2005: Questionnaire on the human needs of the employees of the factories and their families. Identifying the vulnerability factors that have a negative effect on the Human Development of the employees and their families, giving priority to those having the greatest effect at social and employment level.

**Creation of external social capital**

- Stage 1. 2004-2005: Questionnaire on the internal social capital present in the factories. Identifying and capacitating male and female employees – potential social leaders – who are trusted and relied on by their workmates.
- Stage 2. 2002-2004: Identification and strengthening of social institutions capable of organizing social investment in order to respond to the vulnerability factors.

**Results:**

- Male and female employees – potential social leaders – who are trusted and relied on by their workmates.
- Local Peruvian businessmen

List of organizations and leaders sufficiently capacitated to deal with the Human Rights demands of the employees and their families in the communities where they live.
We are committed to Society
in the defense of Human Rights and economic
development everywhere we work.
We believe in dialogue and transparency. We are open to society through a series of channels, to listen to our different interest groups and to share our values and activities with them.

We believe in the duty to promote culture. Through our sponsorship and patronage Programmes we have worked to provide resources for cultural spaces at national and international level.

We believe in the right to life and safety. By taking part in Emergency Programmes we have worked to help the victims of natural disasters, offering them aid immediately after the event and developing short and long-term sustainability programmes.

By participating in different forums supporting the respect of Human Rights at local and international level, we have developed activities aimed at bringing about changes in social and labour policies, business practices and ideas and beliefs at different levels and in different realities.

We believe in education as a driving force for building a shared world based on respect and equality. Through Community Development Programmes we have worked on developing actions that make it possible to train people who feel part of the community and that their future is linked with the collective welfare of their equals in terms of rights and opportunities.

We believe in participation as a tool of work. For this reason we have concentrated all of our social investment strategy in non-government organizations (NGOs) capable of developing network cooperation, such as ‘Fe y Alegria’ and the Carolina Foundation in Latin America, and Cáritas and the Red Cross in Spain.

We believe in education as a driving force for building a shared world based on respect and equality through Community Development Programmes. Each project specifies the capital invested and consumed temporalised in each fiscal year. The content and scope of the project in this chapter is based on the follow-up reports provided by our partners. Web pages are provided to extend information.

Here is the table:

<table>
<thead>
<tr>
<th>Project Type</th>
<th>Projects 2004</th>
<th>2003</th>
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</thead>
<tbody>
<tr>
<td>Community development</td>
<td></td>
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<tr>
<td>Through Entreculturas Fe y Alegria</td>
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<td>162,681</td>
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<tr>
<td>Brazil</td>
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<td>Peru</td>
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<td>Venezuela</td>
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<td>Europe America</td>
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<td>Through Fundacion Carina</td>
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<td>Through Unicef</td>
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<td>Through Unicef Extraordinary Contribution</td>
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<td>Through the Spanish Red Cross</td>
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<td>Through Caritas España</td>
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<td>Information activities</td>
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<td>Participation in working groups</td>
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<tr>
<td>Total Sponsorship and Patronage</td>
<td>€869,780</td>
<td>€855,846</td>
</tr>
</tbody>
</table>

Total: €5,931,888 €5,134,517
Community development programmes

At Inditex we believe in the defence of education as a Fundamental Human Right and as an intermediary stage towards a greater objective; personal dignity, citizenship and the development of different peoples.

In this sense Inditex supports a range of programmes that foster education and learning as formulas to benefit Human Development in the communities connected with our activities.

Latin America Programmes with two expert partners:

With two expert partners: Entreculturas and Fe y Alegría

Inditex’s social investment has focused on three areas of activity:

1. Programme of Grants
2. Visitors’ Programmes
3. Hispanic culture

Inditex’s distribution and sales chains and the popular education network ‘Fe y Alegría’ that is present in 14 countries in Latin America, and at the same time developing the quality of education in the most vulnerable communities in the countries in which we produce and/or market our products.

Latin America is one of the priority areas of intervention, in countries such as Brazil, Peru, Venezuela and Argentina, through programmes directed by associations and other bodies with extensive experience in the field. Fully aware of our economic and social commitment with the communities in which we operate, we maintain an active participation in different local development programmes in Galicia, the Spanish region in which Inditex has its head offices and concentrates much of its own production. The ‘Unirisco’ entrepreneur programme is just one example.

When we refer to Latin America, we refer to a series of highly diverse nations with major differences between segments of society and the distribution of wealth.

We believe in education as a driving force for social change

In terms of education, it is important to note that:

1. What type of people do we want to help educate? We are seeking to educate people whose outlook, in terms of expectations, goes beyond their own individual fortune and that of their immediate surroundings.
2. What model of society are we seeking to build? We believe in training people in values and attitudes that go beyond mere working instruments. Values and attitudes are instruments of social change, for people individually and as a collective.
3. What framework of reference do we want to use in order to develop our strategy of social investment? Over the last three years, Inditex has decided to support an integral improvement plan for educational conditions for vulnerable groups in Venezuela, Peru, Argentina and Brazil.

When we refer to Latin America, we refer to a series of highly diverse nations with major differences between segments of society and the distribution of wealth.

In terms of education, it is important to note that:

- Although there has been a significant increase in educational coverage for basic education, this has still not become universal.
- Although there is a progressive incorporation of pre-school education in public policies, less than 50% of children are educated in schools before the age of five.
- Secondary education continues to be affected by the high percentage of children who have to repeat a year or who are forced to leave school by the system itself.
- If we examine the quality of education given we discover a highly devalued teaching system: educators with insufficient training and poor salaries, meaning that they are unable to dedicate themselves to teaching on a full time basis.

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In order to intervene in education we have had to provide answers to the following questions:

1. What type of people do we want to help educate? We are seeking to educate people whose outlook, in terms of expectations, goes beyond their own individual fortune and that of their immediate surroundings.
2. What model of society are we seeking to build? We believe in training people in values and attitudes that go beyond mere working instruments. Values and attitudes are instruments of social change, for people individually and as a collective.
3. What framework of reference do we want to use in order to develop our strategy of social investment? Over the last three years, Inditex has decided to support an integral improvement plan for educational conditions for vulnerable groups in Venezuela, Peru, Argentina and Brazil.
The programmes of social investment we have financed for the third year running are focused on responding to the objectives of the Dakar Framework for Action, which have taken shape in most cases in extending educational possibilities, training educators and promoting vocational and technical training.

Project evolution and investments

Inditex shares the Objectives of Dakar

www.unesco.org

To comprehensively extend and improve education in early childhood

1. To ensure that all children, particularly the most disadvantaged, have access to free, compulsory and high quality primary education by 2015

   - Building educational infrastructures for elementary education in Cuzco, Ibi, Tarma and Lima (Peru).
   - Producing bilingual books in Cuzco (Peru).
   - Providing educational spaces —classrooms and libraries— for children and teenagers in different parts of Venezuela.

   2002 Investment by Inditex in Euros: 1,386,204

2. To ensure that all the learning needs of young people and adults are satisfied through equal access to education and training, enabling them to have access to a decent active life

   - Social and educational support for 190 children and teenage workers. Awareness for families and schools on child labour.
   - University education for young Peruvians.
   - Training and support for 100 community organization leaders.

   2003 Investment by Inditex in Euros: 2,139,363

3. To increase by 50% the number of literate adults, particularly women, by 2015

   - Teaching proposals in the rural network in Cuzco (Peru).

4. To remove gender inequalities in primary and secondary education for 2005, achieving gender equality to education by 2015

   - Equal gender opportunities programmes have been included in the social investment programmes that develop the other five objectives of the Dakar Frame work.

5. To improve all qualitative aspects of education in order to achieve recognised and quantifiable results mainly in areas related to reading, writing, arithmetic and practical skills

   - Building and equipping workshops for training young people in Estadio Bolivar and Cumaná (Venezuela).
   - One hundred young people from Natal -Brazil- at social risk take part in educational and cultural activities.
   - Support for more than 200 young people involved in the Community Cultural Centre in Rio de Janeiro (Brazil).

   2004 Investment by Inditex in Euros: 2,301,880

6. To ensure that all children, particularly the most disadvantaged, have access to free, compulsory and high quality primary education by 2015

   - Support for 200 children between 6 and 12 from marginal areas (Formosa, Argentina).
   - Extension of the educational offer for 120 children in marginal areas (Resistencia, Argentina).
   - Financing the AVA TAVA Social Promotion Centre — Programme fighting sexual abuse and violence against children (San Miguel, Argentina).
   - Improving educational conditions for 1,200 children from the district of Nossa Senhora da Vitoria (Ilheus, Brazil). Stage II.
   - Programme for strengthening high social risk sectors (Peru).

   2003 2004

   - Home nursery network in Natal (Brazil).
   - Female educators’ network in the Home Nursery Network (Natal, Rio Grande do Norte, Brazil).

What is Dakar?

UNESCO defined its commitment towards the international community in a document known as the Dakar Framework for Action, aimed at supporting a worldwide educational strategy entitled Education for All.
Throughout 2003, following the serious social and economic crisis suffered in recent years, Argentina has slowly set out on the road to recovery. Within this context, projects financed by Inditex have focused on supporting those groups who have directly suffered the consequences of the situation the country has experienced in the last few years, placing specific emphasis on Objective 2 of the Dakar Framework for Action.

Argentina

Dakar Objectives

To ensure that all children, particularly the most disadvantaged, have access to free, compulsory and high quality primary education by 2015

Beneficiaries: 470 boys and girls
Project duration: 12 months
Provision by Inditex in FY 2004
Used in 2004
Accrued in 2004
2005
212,629
144,437
68,192

Comprehensive mentoring for 200 children of school age (6 to 12) from deprived areas in Formosa
Formosa is Argentina’s poorest and most marginal province. Some 600,000 people live in the capital who feel that their most basic needs have been ignored for years. For more than 10 years a group of nuns known as the ‘Missionaries of Mary’ have worked in the city, setting up a support programme so that children of school age improve their results. To avoid the high percentage of children who drop out of school or repeat academic years. This programme will form part of the ‘Fe y Alegria’ network. Thanks to this project, work will continue offering educational support that will directly benefit 200 children at primary level.

Extending the educational offer for 120 children in deprived areas (Resistencia)
The district of Resistencia (in the city of Buenos Aires) is a clear example of the situation suffered by numerous outlying districts in Argentina. Most of its inhabitants are emigrants who have arrived from the countryside, with 75% living in conditions of poverty. The ‘Fe y Alegria’ school offers quality education to 180 children, although it must be extended to accept all of the children who need to be educated. The project will help construct two new classrooms, offering the possibility for decent basic education to a further 120 children.

Brazil

Dakar Objectives

To ensure that all children, particularly the most disadvantaged, have access to free, compulsory and high quality primary education by 2015

Beneficiaries: 1,899 children, young people, educators and peasant communities from 15 autonomous districts
Project duration: 12 months
Provision by Inditex in FY 2004
Used in 2004
Accrued in 2004-2005
347,441
147,008
200,433

Support for creating community centres (Rio de Janeiro)
Three centres, situated in communities with very low incomes, represent an alternative of leisure and recreational activities in the face of the urban violence ad lack of community areas in the city. For this reason in this financial year Inditex has supported the construction of a new centre in the district of Maranham with a capacity to attend to more than 200 children and young people, together with their families.

Supporting work in defence of native peoples in the Amazon carried out by the ‘Comisión Pastoral de la Tierra’ (CPT)
The CPT has teams who travel the rivers offering support to rural communities cut off from the rest of society, providing legal experts for indigenous communities to help them register land ownership and protect themselves against potential violations of Human Rights.

In Brazil, Inditex has collaborated in financing social investment projects with a strong community bias, related to Objectives 1, 2 and 3 of the Dakar Framework for Action.
In Peru, Inditex has collaborated in financing social investment projects directly related to Objectives 3 and 6 of the Dakar Framework for Action.

### Peru

### Dakar Objectives

To ensure that all the learning needs of young people and adults are satisfied through equal access to education and training, enabling them to have access to a decent active life.

### Programme for creating social capital in the factories of Inditex suppliers and in the communities where their employees and their families live.

‘Entreculturas’ supports the initiative for creating social capital that Inditex has set underway in its production centres in Peru, collaborating through the Peruvian Institute of Human Rights and Peace (IPDEPH) and the Antonio Ruiz de Montoya University in Lima. This Project focused on designing and creating networks is aimed at allowing its beneficiaries to have a say in the development proposals, and to improve the level of compliance with Human Rights in the locations where Inditex is present. The studies currently underway will lead to a diagnosis of requirements that will be of major use in the planning of new joint projects.

**Objectives 3 and 6 of the Dakar Framework for Action.**

**Beneficiaries:** 40,000 people (students and teachers in rural and deprived urban areas)

**Project duration:** 12 months

**Provision by Inditex in 2004:** 1,020,361

**Used in 2004:** 502,585

**Accrued in 2004-2005:** 517,776

**Approximately 40,000 people (students and teachers in rural and deprived urban areas).**

### Programme for strengthening high social risk sectors

The aim of the programme is to improve living conditions for children, teenagers and young adults in Cuzco, Ilo, Tacna and Lima, supporting their educational possibilities and free time activities, through four main activities: building educational infrastructures, buying school materials, offering preventative attention and support, and finally the publication and provision of educational materials. The project also supports the rural educational network in the province of Quispicanchi (Cuzco).

**Support programme for higher education**

This Project includes a grant programme so that 30 students from the poorest areas of Peru who have studied at ‘Fe y Alegría’ centres may receive a total of $650 per term, allowing them to complete degrees at the Antonio Ruiz de Montoya University (UARM). The other part of the project involves setting up a process for ensuring the teaching knowledge of educators at the ‘Fe y Alegría’ centres is brought up to university level. These courses will be designed by the Education faculty of the UARM to be distributed for distance learning. Once validated, a total of 100 teachers at the ‘Fe y Alegría’ centres in Peru will benefit from the programme.

**Objectives 6 of the Dakar Framework for Action.**

**Beneficiaries:** 840 students

**Project duration:** 12 months

**Provision by Inditex in 2004:** 721,449

**Used in 2004:** 376,927

**Accrued in 2004-2005:** 344,522

**Teens and young adults of the poorest areas of Peru who have studied at ‘Fe y Alegría’ centres may receive a total of $650 per term, allowing them to complete degrees at the Antonio Ruiz de Montoya University (UARM).**

### Improving educational quality by building and equipping workshops

Building and equipping didactic workshops in poor communities in eastern Venezuela

This project has been designed to reduce the negative effects on education derived from the serious political and administrative crisis in Venezuela that has mainly affected the poorest districts in the large cities. As a result, the construction and subsequent equipping of didactic workshops means that the educational offer for young people from the poorer neighbourhoods is improved, helping them to find jobs.

**Objectives 3 of the Dakar Framework for Action.**

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### Spain

Unirisco is a Venture Capital Company authorized by the National Stock Market Commission and backed by the three Galician universities (A Coruña, Santiago de Compostela and Vigo) with the support of the region’s main institutions (Carnava, Banco Pastor, the Casa Galicia Corporation, Grupo San José, BPI, the R Foundation, Vigo’s Free Port Consortium and Inditex).

Our internal code of conduct includes in the section entitled ‘Society’ a clear commitment towards the development of those communities that are directly or indirectly affected by our activities, either of production, distribution or sales. Through Unirisco we continue to support and finance projects for creating new businesses with the following aims:

- To facilitate the transfer of ‘know how’ created by universities to Society in general.
- To stimulate the creation and consolidation of jobs for researchers and university graduates.
- To help create an entrepreneurial culture within the universities.

Unirisco operates through temporary and minority capital investments (between 10,000 and 300,000, although there is no fixed minimum), in business initiatives that:

- Are clearly linked to the University, either as a result of their activities being based on knowledge generated within the university, or as a result of the entrepreneurship of the initiative coming from a university background.
- Are backed by people who are wholly committed to their initiative, and with technical and managerial abilities.
- Are generated in any Spanish or Portuguese university, although special attention is paid to projects from Galicia and the north of Portugal.
- Have not yet been formalized or have only been recently created, and which have a high potential for growth and profitability.

www.unirisco.org
08_3 Emergency programmes

Through its Emergency Programmes, Inditex plays an active role in helping the victims of natural disasters, offering immediate aid programmes and sustainability in the short and long term. Our involvement goes far beyond financing. We are directly involved in the supervision and joint control of the projects, which are carried out in the field by NGO’s and other institutions.

We treat these projects as if they were our own, applying the same criteria of stringency and responsibility we apply to any other project within our organization. Our aim is to help those affected by these disasters to gradually recover their former social and economic conditions.

Global provision by Inditex in 2004

<table>
<thead>
<tr>
<th>Programme</th>
<th>Victims of the tsunami</th>
<th>Singra Prestige</th>
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<tr>
<td>Singra Emergency</td>
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<tr>
<td>Prestige</td>
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<td>Victims of the</td>
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<td></td>
</tr>
<tr>
<td>tsunami</td>
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</table>

Inditex has contributed in total to the Singra project

4,000,000

1,000,000

In 2004 we began a new Emergency Programme, this time aimed at providing aid for the victims of the tsunami that devastated south east Asia at the end of 2004.

In the Singra Emergency Programme, planned to help alleviate the consequences of the sinking of the oil tanker ‘Prestige’ off the Galician coast, was our first project. Our work will continue for a number of years, as part of a series of programmes.
The sinking of the oil tanker Prestige in November of 2002 close to the Galician coastline led to an oil slick of several thousand tons of fuel and residues. This disaster has had serious economic, social and environmental consequences for the area.

In March 2004 Inditex established a social intervention plan together with the Red Cross. This was the SINGRA (Singladura) programme, which from October 2003 and until 2007 will work on improving living conditions for the most vulnerable people living in the area of the catastrophe, focusing its activities in three areas: education, society and employment. Our priority is focused on the least attended collectives who are unable to obtain any other types of benefits.

Five priority areas have been established in the most affected areas: Bergantiños, Fisterra, Terra de Soñeira and O Barbanza in the province of La Coruña, and the area of O Morrazo in Pontevedra. The first results have already taken shape in a long list of projects, from the creation of businesses and associations, to direct aid being given to individuals (looking for work, training, support, etc.) Inditex has made 4,000,000 available for this project.

Fisterra
- Adapting houses for the sick and elderly in Fisterra.
- A forestry engineering company in Cee.
- Creating a community radio station in Combarro.
- Supporting the hospitality sector in Combarro.
- Workshops on environment, education of values and study techniques for young people in secondary schools in Cee.
- Radio programmes offering employment openings in stations on the Costa da Morte.
- Adapting houses for the sick or elderly and a bed-lending service.

Terra de Soñeira
- A computer company in Vimianzo.
- Receiving the collective memory of those who work at sea.
- A course to transmit knowledge for craftsmen and women in Vimianzo.
- Supporting the ‘Cherinkas’ youth association.
- Setting up a centre for associations in Camariñas.
- Setting up a centre for social intervention for children in vulnerable situations.
- First aid courses throughout the whole region.

Bergantiños
- ‘Associations of Redeiras’ dedicated to the repair of fishing nets and tackle (Laxe and Porto do Son).
- Searching for new cash crops in the area of Traba and strengthening agricultural resources in Laxe.
- Improving the working conditions of female shellfish gatherers in Baiona.
- Boosting tourism for the port of Laxe.
- School garden project in Laxe.

Sustainable results

**O Barbanza**
- A sculpture company in Ribeira.
- A nursery in Muros.
- Preventive programmes for Alzheimer in Ribeira.
- Work by students in Ribeira with seamen.
- Pedagogical information on fish species with the Mar de Lira association in O Barbanza.
- Child welfare service for the children of shellfish gatherers and women working at sea.
- Support network for immigrants.
- Repairing houses for elderly or disabled people.
- Supporting the Association of Net Repairers of Porto do Son.

**O Morrazo**
- Gas fitting and plumbing course.
- Cognitive stimulation workshops for the elderly.
- Supporting the work of associations in O Morrazo.
- Creation of the Association of Net Repairers of Bueu.
- Programmes for the prevention of Alzheimer in Cangas.
Inditex joined the international aid campaign with a donation of 1,000,000, which the Spanish charity organization Cáritas materialized as technical support to those affected in the region. Cáritas is a recognized NGO with a well-established trajectory in managing emergency projects, and with previous experience in the affected areas. The solidarity of Inditex was especially offered to the families of suppliers with businesses in the affected areas, through a series of specific aid projects that will take shape throughout 2005.

In December 2004 Indonesia, India, Thailand and Sri Lanka suffered the effects of a tsunami that devastated the region, an unprecedented catastrophe that left thousands of dead and missing in its wake, and millions of people homeless and without any type of income.

**Indonesia**

Work is underway on offering primary health care to those who have lost their homes and means of support. Many people were already living in highly precarious situations before the tsunami. The emergency stage will continue for several months.

**India**

During the initial stage of the emergency, Cáritas dealt with some 125,000 people, organizing 100 humanitarian camps and offering temporary accommodations, basic foodstuffs, medical attention, drinking water and sanitary services. The reconstruction plan, which will be rolled out over 30 months, includes offering personalized attention to all those whose basic needs have not been covered, and those who remain in refugee camps, as well as executing programmes for building houses, reconstructing drinking water pipelines and sewage systems, supporting public health projects and distributing school materials to a total of 34,500 families.

**Thailand**

Work is underway to deal with the most vulnerable victims: fishing communities who have lost their source of income. The plan is aimed at guaranteeing the basic and psychological needs of some 3,000 people, and distributing emergency aid for 9 months to some 1,000 people considered at particular risk, while rehabilitation programmes are being organized.

**Sri Lanka**

Once the humanitarian aid effort had been established and all primary needs covered, refugee camps were established for those who had lost everything and who could not demonstrate ownership of their properties. In order to carry out its programmes, Cáritas Sri Lanka has 1,000 community groups. The reconstruction plan has been divided into two stages: the first, lasting throughout 2005, will cover basic needs such as accommodation, drinking water, schools and sanitation for 33,000 families; the second, which will focus on building houses, will directly benefit some 21,000 families.

The emergency programme in South-East-Asia

**Intervention plans: from the emergency to the reconstruction**

In the most affected areas (Indonesia, Thailand, India and Sri Lanka) the regional delegations of Cáritas who were already operating in the region started to offer humanitarian aid immediately, supported on the ground by some 5,000 volunteers. Initial efforts were focused on setting up temporary shelters, distributing essential items, food and drinking water, as well as offering medical and psychological assistance.
08_4 Sponsorship and patronage programmes

Through its Sponsorship and Patronage Programmes, Inditex makes social investments aimed at supporting different initiatives in the field of the innovation and promotion of culture. As in the previous year, the Sponsorship and Patronage Commission comprised of Inditex’s Chairman and General Secretary, the Director of Corporate Social Responsibility and the Director of Corporate Communications, has been responsible for dealing with the different requests for support received at corporate level, and supervising investments made in the selected projects.

Promotional activities
Amount: 75,000

08_5 Platforms for dialogue

Sharing and encouraging activities aimed at promoting Corporate Social Responsibility is also one of our aims. We consider that participating in dialogue, encouraging debate and promoting models of corporate responsibility, their principles, aims and methodology is also a way of contributing towards society. Inditex takes an active role in national and international forums, and is at the forefront of a series of a range of initiatives.

Helping Promote culture and encourage innovation

Platforms for dialogue

Inditex was the first Spanish company to join the United Nations’ Global Compact, and has contributed towards publicising its 10 principles in Spain. We are currently members of the UN Global Compact executive committee in Spain. This platform brings together Spanish multinational companies, SMEs, trade unions, associations, public bodies and institutions. It is an initiative for ethical commitment so that companies throughout the world adopt the 10 principles of conduct and action as an integral part of their strategy and operations, with regard to Human Rights, employment and the environment.

With the aim of sharing our experiences in the field of Corporate Social Responsibility with other organizations and institutions, we have played an active role in numerous forums organized by bodies of recognized prestige:

In Spain: The Business and Society Foundation (Madrid), Esade (Barcelona), Spanish Accountancy and Administration Association, ADECA (Madrid), IESE (Barcelona), the Corporate Reputation Forum (Madrid), the Alternatives Foundation (Madrid), the Tecnomoda Foundation (Madrid), and the European Transatlantic Business Forum (Barcelona)

In Latin America: The Ruiz de Montoya University (Lima, Peru) and the Andrés Bello Catholic University (Caracas, Venezuela)

Art collection founding

In 2004, and as part of our strategy for social investments in this area, a total of 57,070 were dedicated to collaborations with the following institutions:

- Serralves Foundation www.serralves.pt
- Modern Art Collection
- Valladolid Museum of Modern Art www.museopatioherreriano.com
- The Galician Symphony Orchestra www.sinfonicadegalicia.com
- Sala Tívoli www.saltivoli.es
- Prince of Asturias Foundation www.pia.es
- Cantáble Musical and Cultural Association http://cantablia.musica.es/cantablia
- Albéniz Foundation www.fundacionalbeniz.com
- Historical Archive of the Diocese of Santiago de Compostela www.archicompostela.org

Investments in other educational spaces
Investment: 669,726

As part of our collaboration with other cultural institutions, we have financed a wide range of initiatives, the most important of which include:

- Participation in European workgroups and the development of standardisation and verification models
  Amount: 8,000

During this financial year we have played an active role in different activities raising awareness of and promoting the BSCI initiative in Spain, France, Morocco and Peru.

Promoting the UN Global Compact in Spain
www.unglobalcompact.org
Open to Society.

Inditex has made a commitment to transparency when carrying out its activity. This commitment is aimed at transmitting a true external image, not only fulfilling its obligations to market regulations, but also the requirements of its Corporate Liability Policy with all of the interest groups with which it is involved.

The media

The media is the main channel of transmitting information between companies and the general public, and plays a decisive role in developing our transparency policy. Inditex assumes its responsibility with the media as an independent and critical mediator that is also committed to the principle of transparency. Inditex's relations with the media are through its Corporate Communication Department. This corporate department maintains constant and fluid contact with journalists in more than 60 countries.

The UK, Portugal, Germany, France and Italy are the countries that have shown most interest in Inditex, representing 54.6% of all reports in the media outside of Spain.

Visits to our headquarters

<table>
<thead>
<tr>
<th>Companies</th>
<th>Media</th>
<th>Educational institutions</th>
<th>Bodies and institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>68</td>
<td>28</td>
<td>39</td>
<td>20</td>
</tr>
</tbody>
</table>

Inditex opens its doors to society. The policy of approaching and opening up to different target audiences took off in 2004 with more than 150 visits to our sites. Apart from the media, this policy is aimed at national and international educational centres, organizations and all kinds of institutions, and of course the business world.

Visits from educational centres

- Secondary education: 56%
- Higher education / Spain: 18%
- Higher education / International: 7%
- Vocational training: 18%

Visits by the media

Press releases distributed in 2004

<table>
<thead>
<tr>
<th>Corporate information</th>
<th>Financial reports</th>
<th>Expansion and development of business</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>7</td>
<td>15</td>
</tr>
</tbody>
</table>

In 2004, the Corporate Communication Department sent out a total of 42 press releases and other company-related news, and answered more than 5,000 requests for information via media all around the world, more than 70% from international media. In 2004, more than 20,000 press releases on the Group appeared in the press and on the radio and television in the countries where Inditex has the most number of stores.

In 2004, the Corporate Communication Department focused on the development of business. This commitment is aimed at national and international educational centres, organizations and all kinds of institutions, and of course the business world.

Public bodies and institutions

We develop stable links with different non-government organizations who share our objectives for sustainable social, economic and environmental development. We trust in their experience in managing projects in order to bring our support projects to fruition in the field. They serve as objective validators of our social audits, and as collaborating partners in emergency programmes.

Universities and business schools

As far as collaboration with the educational media is concerned, Inditex gives priority to Spanish and foreign universities and business schools. The interest shown by this field in analysing our group's business model has been met by Inditex, which has contributed to preparing educational material and case studies, and has given speeches at conferences and seminars, for example as part of the XX World Garment Industry Convention organized by the Apparel Federation (IAF).

Information about Inditex published in the written press

31% Spain Rest of world 69%

One of the most significant activities in this financial year was the creation of the Inditex Chair at the University of La Coruña. Its purpose is to foster and promote the study and development of Corporate Social Responsibility, viewed as the commitment businesses have to apply criteria of good governance, sustainable social development and protection of the environment.

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Guaranteeing the sustainable growth of our business
reducing to the minimum our environmental impact
by optimizing the consumption of resources and the creation of waste materials.
Development during FY2004 has allowed us to consolidate our sustainable growth strategy in all areas of activity: products, own factories, suppliers, distribution, stores and raising staff awareness. In some of these areas, we have anticipated the goals set for 2005.

In the case of our industrial centres (chain head offices, own factories and logistics centres) we have fully introduced and certified our Environmental Management System, in accordance with the ISO 14001 standard. Consolidating this environmental management and control model has allowed us to achieve an important victory: breaking the link between growth and waste generation, which is without a doubt the basis of sustainable development. We have also made considerable progress in achieving the Deko-tex certificate for our products, which in 2004 reached 24% of clothing for children aged 0 to 16 years. Furthermore, as far as our products are concerned, the foundations have been laid to develop a Life Cycle Assessment program for textiles, as part of a R&D project with the University of Santiago de Compostela. This will enable us in the future to work towards optimising our consumption of resources for each product that we manufacture.

We have also taken an important step forwards as far as raising awareness and management are concerned. Firstly, we have completed direct training (on-line or traditional) of the staff of our chain head offices, logistics centres and factories. Secondly, the joint effort from different departments last year has allowed us to set up an innovative and original training course that will provide traditional training for all the employees of our stores in Spain during the course of 2005. We will base this on using a new sustainable mascot and releasing the company’s magazine.

Important actions taken during the year have included controlling our emissions, especially greenhouse gases. We have made substantial progress on supplier evaluations, and we have continued to increase our energy efficiency. In this respect, we have dedicated 2004 to optimising the use of wind and solar energy, and to planning new facilities for 2005.

Having marked out these paths, our work during 2005 will be focused on completing actions relating to suppliers and stores, and to optimising our consumption of resources and waste generation. This will allow us to consolidate our sustainable growth model, and will be the basis for developing improvement actions over the years to come as far as the international expansion of our activity is concerned.

Environmental policy

We believe that the development of Inditex’s activity should include a set of sustainable development criteria, which guarantee the proper management of resources and environmental protection, as well as meeting society’s needs. In order to put the above into practice, we undertake to fulfil and enforce the following principles, which form our environmental policy:

1. We undertake to consider the environment factor when planning and developing our activities and those of our business partners, encouraging the environmental awareness of our staff, suppliers and society in general.

2. We undertake to fulfill the environmental regulations that apply to our activities, as well as any other obligations laid down. We will endeavour to prevent pollution and reduce the environmental impact of our activities to the minimum.

3. We work towards continuously improving our Management System, thereby increasing its efficiency and ensuring a more efficient consumption of resources.

4. We undertake to inform all of our employees and society about this policy, establishing a fluid communication policy with the authorities, local communities and agencies.

These principles apply to all of Inditex’s companies and work centres, being established under an Environmental Management System in accordance with the ISO 14001 standard at the Inditex’s head office, logistics centre and factory in Arteixo, and in the factories in Narón and Ferrol, all in A Coruña; as well as in the head offices and logistics centres of Zara, Zara Home and Kiddy’s Class chains in Arteixo; Pull and Bear in Narón; Massimo Dutti, Bershka, Oysho and Ketering in Tordera; Stradivarius in Cabriñas and in the Plataforma Europa in Zaragoza, all of which are in Spain.

José María Castellano Rios
Deputy Chairman
We have advanced in standardizing our Environmental Management System, anticipating our objectives for 2005 by incorporating in this financial year all of our industrial centres, company head offices and logistics centres.

We offer training and awareness programmes for all of our working teams at our head offices, logistical centres and factories in environmental issues.

Complying with the goal set in 2003, we have implanted the Sustainable Store Management Model, carrying out internal environmental audits in 40% of our stores in Spain, and a further series of evaluations in all of the countries in which we operate.

Strategies

A. Evaluate, control, and guarantee fulfilment of environmental legislation in all work centres

- Renewable energy plan in Plataforma Europa
- Improved Environmental Management System adapted to new ISO 14001:2004 standard

B. Introduce management practices that allow improved environmental behaviour and increased energy efficiency

- Breaking link between business growth and waste generation
- Oeko-tex certificate for all clothing for children between 0 - 16 years

C. Transmit internally and externally Inditex’s environmental commitment and effort, involving all staff in this commitment

- Audit plan for fulfilment of environmental legislation in all centres
- Meetings with local administrations in towns where Inditex is present

D. Incorporate the environment factor in all strategies and actions

- 2. Develop a plan to control environmental parameters and follow-up indicators
- 2. Encourage external communication with parties involved

- Indicators for all stores in Spain
- Development of Internal Communication Plan with support of Sustainable Mascot

- Lines of action
- Lines of action

- 2. Audit plan for fulfilment of environmental legislation in all centres
- 2. Encourage external communication with parties involved

- Environmental control of all parameters waste, emissions, GHG*, dumping, energy consumption... in all centres (Dec. 2004)
- Environmental control of all parameters waste, emissions, GHG*, dumping, energy consumption... in all centres (Dec. 2004)

- 1. Promote, raise awareness and provide internal training on sustainability
- 1. Implement a global sustainability indicators system

- 1. Assess replacement alternatives for raw energy material. Renewable energy sources
- 1. Assess replacement alternatives for raw energy material. Renewable energy sources

- 1. Integrate environment factor in chain management of logistics suppliers
- 1. Integrate environment factor in chain management of logistics suppliers

- 2. Eco-efficiency studies in processes and work centres
- Software for sustainability indicators management

- 2. Encourage external communication with parties involved
- Product Life Cycle Assessment Plan to integrate the environment factor

- 1. Develop a plan to control environmental parameters and follow-up indicators
- Software for sustainability indicators management

- (* )GHG= Green House Gases

We offer training and awareness programmes for all of our working teams at our head offices, logistical centres and factories in environmental issues.
Anticipating the goal set for 2006, we have integrated all the industrial centres, chain head offices and logistics centres into the Environmental Management System, all of them achieving the ISO 14001 certificate for the Plataforma Europa in Zaragoza and the fashion designer company Kettering in Tordera. This was guaranteed for 24% of our products by the end of 2004. Our aim for 2005 is to adapt the entire System to the ISO 14001:2004 standard. This will guarantee that 100% of our management, manufacturing and distribution processes are carried out with a high level of environmental control.

During 2004 we incorporated the certification system in Plataforma Europa and Kettering offering compliance with the ISO 14001 standard, guaranteeing the sustainable development of our activity in 100% of our working processes.

In line with our commitment to protect the environment and the health of our customers, we have continued to make progress on the Oeko-tex Standard 100 certification program for all clothing worn by children aged 2 to 16 years. It was guaranteed for 24% of our products by the end of 2004.

In product

24% product certified with Oeko-tex (0-16 years)

In sites

In product

24% product certified with Oeko-tex (0-16 years)

training

With the aim of encouraging participation and awareness of employees, we have designed a sustainable mascot that will be used to boost all Inditex's sustainable initiatives, both those that the company promotes and those promoted by the employees. Its name “Grindi” is a combination of green and Inditex, and it was chosen by holding an international competition for all employees through the company’s magazine.

The training programs have continued developing, with the result that 100% of the staff of head offices, logistics centres and factories have been trained on environmental issues.

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In stores

As planned, during 2004 the Sustainable Store Management Model was introduced, which is based on the five lines of action set in 2003 with the following results:

- Logistic evaluation has been established at a local and regional level for 75% of stores in Spain.
- The legal requirements regarding waste, containers and packaging have been evaluated for 100% of the countries in which we have a presence.
- Specific Environmental Management and Occupational Health and Safety training manuals have been developed to train store employees in Spain using the traditional method, which represents 55% of the Group’s stores.
- Internal environmental audits have been conducted on 40% of stores in Spain, assessing energy and water consumption indicators and integrating those into the Sustainability Indicators System.
- A new waste collection program has been introduced in stores, which will improve the control of waste management and generation, previously through municipal collection systems.

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With suppliers

All of our internal and external suppliers have agreed to follow the Code of Conduct that guarantees good environmental practices.

In product

24% product certified with Oeko-tex (0-16 years)

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With suppliers

All of our internal and external suppliers have agreed to follow the Code of Conduct that guarantees good environmental practices.

In stores

All of the store staff working in Spain have received specific training in relation to Environmental Management and Occupational Health and Safety.
We have implanted the Indicators System in all of our stores

09.4 Indicators System

On closing FY2003, the Indicators System has given us data from the past three-year period which show the trends taking place in the field of environmental management.

As in past years, we continue to present the data in relative (*) (the number of items put on the market) and absolute terms, since we believe that this gives a better picture of the real situation. Given the growth in our production, the relative indicators allow us to assess our environmental efficiency, showing whether we reduce our environmental impact for each item put on the market.

The indicators show data that reflect our overall activity (manufacture, distribution and in-store marketing), except where waste is concerned, in which data is only given on waste generated in head offices, logistics centres and factories (what we call industrial centres).

As planned in 2004, the indicators system was introduced in the stores of all our chains. This has given us data on the energy and water consumption of each of these. As far as waste is concerned, the complex nature of controlling it has forced us to conduct a pilot waste management and collection experiment in 50 stores in Spain. The results have been successful. In 2005, this plan will be extended to the 1,349 stores in Spain, which will give us direct waste management data for 55% of Inditex’s stores world-wide.

Air emissions indicators

Air emissions are controlled according to the source (our own or external) and our ability to control generation thereof.

We carry out a thorough control and a mini-sation and energy efficiency plan for our sources (cogeneration plants and boilers for our factories and logistics centres). This includes using renewable energy sources which allow us to considerably reduce our emission levels.

At present, the electricity system does not enable us to control external sources (electricity network). We are therefore channelising all of our efforts into improving the energy efficiency of our facilities, especially our stores.

The energy efficiency and emissions control plan has allowed us to reduce emissions linked to combustion processes, both in absolute and relative terms.

The value used in the ratios are:

\[ \text{Ratio} = \frac{\text{absolute value of the year}}{\text{number of items put on the market during the year}} \times 1000. \]

(*) The ratio has been calculated by using the following formula:

\[ \text{Ratio} = \frac{\text{absolute value of the year}}{\text{number of items put on the market during the year}} \times 1000. \]

Number of garments commercialized

Comparison of annual evolution of air emissions in factories and logistics centres

Greenhouse gas emissions (GGE)

As far as controlling and generating GGEs is concerned, we have made progress on the accurate calculation both of direct and indirect emissions, estimating which are generated by the transport activities of our logistics suppliers. We have included the estimate of the emissions that could be caused by electricity consumption in stores. The reduction of emissions in factories is based on increased energy efficiency and the considerable increase in generating our own renewable energy sources.

<table>
<thead>
<tr>
<th>Concept</th>
<th>T CO₂</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial centres</td>
<td></td>
</tr>
<tr>
<td>Natural gas consumption</td>
<td>15,127</td>
</tr>
<tr>
<td>Propane consumption</td>
<td>26</td>
</tr>
<tr>
<td>Gas-oil consumption</td>
<td>5,677</td>
</tr>
<tr>
<td>Electricity consumption</td>
<td>10,983</td>
</tr>
<tr>
<td>Total for industrial centres</td>
<td>31,753</td>
</tr>
<tr>
<td>Transport</td>
<td></td>
</tr>
<tr>
<td>Emissions caused by transport</td>
<td>13,538</td>
</tr>
<tr>
<td>Total for transport</td>
<td>17,708</td>
</tr>
<tr>
<td>Stores</td>
<td></td>
</tr>
<tr>
<td>Electricity consumption in stores</td>
<td>220,660</td>
</tr>
<tr>
<td>Total for stores</td>
<td>220,660</td>
</tr>
<tr>
<td>TOTAL</td>
<td>220,660</td>
</tr>
</tbody>
</table>


The energy efficiency and emissions control plan has allowed us to reduce emissions linked to combustion processes, both in absolute and relative terms.

Relative data in terms of no. of items manufactured

<table>
<thead>
<tr>
<th>Year</th>
<th>S02</th>
<th>CO</th>
<th>NOx</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>0.00014</td>
<td>0.00004</td>
<td>0.00072</td>
</tr>
<tr>
<td>2002</td>
<td>0.00035</td>
<td>0.00001</td>
<td>0.00035</td>
</tr>
<tr>
<td>2003</td>
<td>0.00003</td>
<td>0.00063</td>
<td>0.00003</td>
</tr>
<tr>
<td>2004</td>
<td>0.00007</td>
<td>0.00004</td>
<td>0.00008</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>T/year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>271,371</td>
</tr>
<tr>
<td>2002</td>
<td>226,660</td>
</tr>
<tr>
<td>2003</td>
<td>13,338</td>
</tr>
<tr>
<td>2004</td>
<td>13,338</td>
</tr>
</tbody>
</table>

System in all of our facilities, especially our stores.

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Despite the growth in the last three years, with the opening of 960 stores and 17 new countries, increasing our number of garments by 72.5%, the creation of industrial waste has increased by 65%.

Waste indicators

The significant increase in waste generation shown by the graphs is explained by Inditex’s considerable growth in 2004 and above all since the Plataforma Europa logistics centre has been working at full capacity. A high volume of products from factories and workshops abroad is received and distributed at this centre, which generates large amounts of cardboard and plastic.

In spite of this growth as a result of increased activity, we have managed to maintain sustained growth over the last three years, which has even allowed us to break the link between business growth and waste generation. This proves a considerable effort in terms of control, efficiency, and recycling, based on a significant reduction in generating other types of waste (hazardous, urban, etc.).

Our work over the years to come will be focussed on maintaining this sustainable growth.

Evolution of industrial waste generation

Comparison of garments put on the market with total industrial waste generated

Comparison of annual hazardous waste generation

Relative data in terms of number of items manufactured

Evolution of industrial waste generation

Composition of annual hazardous waste generation

Destination of waste according to type and treatment type

The last stage of our Waste Plan is recycling, as shown in the following graph.
In the case of factories and logistics centres, the waste consumption data are taken from direct consumption measurements and from supplier bills (public supply networks). In the case of stores, the data is obtained by sampling supplier bills for a group of stores and extrapolating them to the total stores.

Following the considerable effort to optimise consumption in 2003, work in 2004 consisted of consolidating the practices established.

Wastewater from all of our sites is dumped into sewage systems, with the relevant administrative authorisation in all cases. Frequent analyses are conducted to guarantee compliance with applicable legislation, not requiring specific treatment processes in any case due to the low level of pollution.

The analysis of our environmental impact with interest groups has enabled us to identify and meet their main environmental needs.

Official communication channels have been established for all these groups, in order to answer their demands or queries, as shown at the end of this Sustainability Report.

Table I: Environmental aspects according to interest group

<table>
<thead>
<tr>
<th>Interest Group</th>
<th>Shareholders</th>
<th>Administration</th>
<th>Customers</th>
<th>Community</th>
<th>Suppliers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Control of environment risks</td>
<td>Fulfilment of environmental legislation</td>
<td>Lack of local environmental problems</td>
<td>Control and reduction of impacts locally and on nearby towns</td>
<td>Defining environmental criteria</td>
</tr>
<tr>
<td></td>
<td>of the business</td>
<td></td>
<td></td>
<td>Application of environmental criteria to suppliers</td>
<td>Targets for their actions and technical support</td>
</tr>
<tr>
<td></td>
<td>Fulfilment of environmental</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>legislation</td>
<td></td>
<td></td>
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</tbody>
</table>

09.5 Relationships with interest groups
Our activity contributes towards the social-economic development of the communities we interact with. We open new work centres, generate business opportunities and invest in development plans.
In 2004, Inditex kept up the expansion of its sales formats both in terms of the number of establishments and the number of markets in which it is present. At the year-end, Inditex had 2,244 stores in 56 countries, 322 more than a year earlier. The increase in turnover rose to 23% and net profit increased by 41%. Like-for-like sales grew by 9%.

### 10.2 International expansion

During 2004, Inditex’s first stores were opened in Morocco, Hong Kong, Hungary, Romania, Panama, Estonia, Latvia and Lithuania. The proportion of sales in franchised stores stayed at 10%.

### Financial evolution over recent years

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>Internal -</th>
<th>VAT</th>
<th>Expiry -</th>
<th>Internal -</th>
<th>Internal -</th>
<th>Internal -</th>
<th>Internal -</th>
<th>Internal -</th>
<th>Internal -</th>
<th>Internal -</th>
<th>Internal -</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>5,670.4</td>
<td>1,239.7</td>
<td>925.2</td>
<td>628.1</td>
<td>2,300.7</td>
<td>2,988.9</td>
<td>2,502.7</td>
<td>47,046</td>
<td>2,244</td>
<td>1,922</td>
<td>1,558</td>
<td>1,284</td>
</tr>
<tr>
<td>2003</td>
<td>4,598.9</td>
<td>873.5</td>
<td>627.0</td>
<td>446.5</td>
<td>2,105.9</td>
<td>2,409.3</td>
<td>2,105.9</td>
<td>39,760</td>
<td>322</td>
<td>364</td>
<td>274</td>
<td>204</td>
</tr>
<tr>
<td>2002</td>
<td>3,974.0</td>
<td>868.1</td>
<td>659.5</td>
<td>438.1</td>
<td>2,161.3</td>
<td>2,315.0</td>
<td>2,161.3</td>
<td>32,535</td>
<td>48</td>
<td>44</td>
<td>39</td>
<td>33</td>
</tr>
<tr>
<td>2001</td>
<td>3,249.8</td>
<td>704.5</td>
<td>517.5</td>
<td>340.4</td>
<td>1,814.7</td>
<td>2,105.9</td>
<td>1,814.7</td>
<td>26,724</td>
<td>39</td>
<td>274</td>
<td>204</td>
<td>158</td>
</tr>
<tr>
<td>2000</td>
<td>2,614.7</td>
<td>521.5</td>
<td>379.9</td>
<td>259.2</td>
<td>1,239.7</td>
<td>1,814.7</td>
<td>1,239.7</td>
<td>24,004</td>
<td>33</td>
<td>158</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Own and franchised stores

<table>
<thead>
<tr>
<th>Format</th>
<th>Company-managed</th>
<th>Franchised</th>
<th>Total</th>
<th>Company-managed</th>
<th>Franchised</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zara</td>
<td>649</td>
<td>567</td>
<td>59</td>
<td>626</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kiddy’s Class</td>
<td>129</td>
<td>103</td>
<td>–</td>
<td>103</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pull and Bear</td>
<td>333</td>
<td>314</td>
<td>36</td>
<td>350</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stradivarius</td>
<td>183</td>
<td>154</td>
<td>37</td>
<td>191</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oysho</td>
<td>102</td>
<td>74</td>
<td>2</td>
<td>76</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zara Home</td>
<td>62</td>
<td>26</td>
<td>–</td>
<td>26</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1,981</td>
<td>74</td>
<td>–</td>
<td>2,244</td>
<td>1,684</td>
<td>238</td>
</tr>
<tr>
<td></td>
<td>2004</td>
<td>2003</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*millions of euros*
Zara remains the format with the highest international presence, almost 80% of its net openings in 2004 took place outside Spain, and international sales exceeded 65.8% of the total, the highest percentage out of all the chains. The following table shows the markets in which Zara has started its activity over recent years.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Andorra</td>
<td>114</td>
<td>114</td>
<td>114</td>
<td>114</td>
<td>114</td>
</tr>
<tr>
<td>El Salvador</td>
<td>16</td>
<td>16</td>
<td>16</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>Greece</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Belgium</td>
<td>16</td>
<td>16</td>
<td>16</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>Finland</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Italy</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Ireland</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Israel</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Jordan</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Lebanon</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Malta</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Mexico</td>
<td>17</td>
<td>17</td>
<td>17</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Morocco</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Netherlands</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Panama</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Portugal</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Qatar</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Romania</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Russia</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Singapore</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Slovakia</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Slovenia</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

TOTAL: 255

New markets

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Hong Kong</td>
<td>91%</td>
<td>Hungary</td>
<td>100%</td>
<td>Morocco</td>
<td>68%</td>
<td>Finland</td>
<td>98%</td>
<td>Denmark</td>
<td>98%</td>
</tr>
<tr>
<td>Japan</td>
<td>91%</td>
<td>Indonesia</td>
<td>0%</td>
<td>South Africa</td>
<td>91%</td>
<td>Iceland</td>
<td>0%</td>
<td>Austria</td>
<td>91%</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>92%</td>
<td>Russia</td>
<td>0%</td>
<td>Malaysia</td>
<td>99%</td>
<td>Latvia</td>
<td>0%</td>
<td>Qatar</td>
<td>92%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>90%</td>
<td>Slovenia</td>
<td>0%</td>
<td>Malaysia</td>
<td>99%</td>
<td>Poland</td>
<td>0%</td>
<td>Belgium</td>
<td>99%</td>
</tr>
<tr>
<td>Portugal</td>
<td>90%</td>
<td>Slovakia</td>
<td>0%</td>
<td>Portugal</td>
<td>99%</td>
<td>Portugal</td>
<td>0%</td>
<td>Portugal</td>
<td>99%</td>
</tr>
<tr>
<td>TOTAL: 263</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
10_3 Segmented information

The different level of development of each of Inditex’s formats is represented both by their sales volume and their weighting in the Group, and by the level of internationalisation reached, as shown in the following tables and graphs.

Sales by format

<table>
<thead>
<tr>
<th>Format</th>
<th>2004</th>
<th>2003</th>
<th>% Var 04/03</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zara</td>
<td>3,813.0</td>
<td>3,244.5</td>
<td>19%</td>
</tr>
<tr>
<td>Kiddy’s Class</td>
<td>120.6</td>
<td>689.7</td>
<td>35%</td>
</tr>
<tr>
<td>Pull and Bear</td>
<td>378.9</td>
<td>287.9</td>
<td>32%</td>
</tr>
<tr>
<td>Massimo Dutti</td>
<td>48.3</td>
<td>388.9</td>
<td>24%</td>
</tr>
<tr>
<td>Bershka</td>
<td>516.0</td>
<td>396.0</td>
<td>31%</td>
</tr>
<tr>
<td>Stradivarius</td>
<td>241.8</td>
<td>162.0</td>
<td>49%</td>
</tr>
<tr>
<td>Oysho</td>
<td>71.7</td>
<td>45.1</td>
<td>59%</td>
</tr>
<tr>
<td>Zara Home</td>
<td>40.4</td>
<td>10.6</td>
<td>279%</td>
</tr>
<tr>
<td>Total</td>
<td>5,670.4</td>
<td>4,598.9</td>
<td>23%</td>
</tr>
</tbody>
</table>

Specific weighting (%)

<table>
<thead>
<tr>
<th>Format</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zara</td>
<td>65.8</td>
<td>63.5</td>
</tr>
<tr>
<td>Kiddy’s Class</td>
<td>12.8</td>
<td>13.4</td>
</tr>
<tr>
<td>Pull and Bear</td>
<td>30.2</td>
<td>31.0</td>
</tr>
<tr>
<td>Massimo Dutti</td>
<td>41.9</td>
<td>38.1</td>
</tr>
<tr>
<td>Bershka</td>
<td>35.7</td>
<td>40.9</td>
</tr>
<tr>
<td>Stradivarius</td>
<td>15.4</td>
<td>16.6</td>
</tr>
<tr>
<td>Oysho</td>
<td>31.5</td>
<td>39.5</td>
</tr>
<tr>
<td>Zara Home</td>
<td>12.7</td>
<td>8.5</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Importance of each format in terms of turnover

Percentage of sales in international/national stores per chain 2004

10_3.1 Seasonal nature of business in 2004

The percentage of sales and the year’s profit in each quarter of the year is not uniform. The seasonal nature of sales, due to the effect that climate has on sales habits, generates a higher proportion of sales and the majority of the year’s profit during the second half of the year. This second half (from 1 August to 31 January) coincides with the Autumn-Winter Season in the Northern Hemisphere where the vast majority of Inditex’s sales outlets are located.
<table>
<thead>
<tr>
<th>Brand</th>
<th>04</th>
<th>03</th>
<th>Var 04/03</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Zara</strong></td>
<td>3,819.6</td>
<td>3,219.6</td>
<td>19%</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>17.0%</td>
<td>14.8%</td>
<td></td>
</tr>
<tr>
<td>Stores</td>
<td>723</td>
<td>626</td>
<td>97</td>
</tr>
<tr>
<td>ROCE (%)</td>
<td>38%</td>
<td>33%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Pull and Bear</th>
<th>04</th>
<th>03</th>
<th>Var 04/03</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>378.9%</td>
<td>287.9</td>
<td>32%</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>14.8%</td>
<td>6.6%</td>
<td></td>
</tr>
<tr>
<td>Stores</td>
<td>371</td>
<td>360</td>
<td></td>
</tr>
<tr>
<td>ROCE (%)</td>
<td>44%</td>
<td>16%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Massimo Dutti</strong></th>
<th>04</th>
<th>03</th>
<th>Var 04/03</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>481.3</td>
<td>388.9</td>
<td>24%</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>15.6%</td>
<td>15.5%</td>
<td></td>
</tr>
<tr>
<td>Stores</td>
<td>326</td>
<td>297</td>
<td>29</td>
</tr>
<tr>
<td>ROCE (%)</td>
<td>50%</td>
<td>56%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Bershka</strong></th>
<th>04</th>
<th>03</th>
<th>Var 04/03</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>516.0</td>
<td>395.0</td>
<td>31%</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>16.0%</td>
<td>14.5%</td>
<td></td>
</tr>
<tr>
<td>Stores</td>
<td>302</td>
<td>253</td>
<td>49</td>
</tr>
<tr>
<td>ROCE (%)</td>
<td>52%</td>
<td>46%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Oysho</strong></th>
<th>04</th>
<th>03</th>
<th>Var 04/03</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>71.1</td>
<td>45.1</td>
<td>59%</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>15.6</td>
<td>2.1</td>
<td>633%</td>
</tr>
<tr>
<td>Stores</td>
<td>104</td>
<td>76</td>
<td>28</td>
</tr>
<tr>
<td>ROCE (%)</td>
<td>52%</td>
<td>7%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Kiddy’s Class</strong></th>
<th>04</th>
<th>03</th>
<th>Var 04/03</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>120.6</td>
<td>89.7</td>
<td>35%</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>16.0%</td>
<td>20.0%</td>
<td></td>
</tr>
<tr>
<td>Stores</td>
<td>129</td>
<td>103</td>
<td>26</td>
</tr>
<tr>
<td>ROCE (%)</td>
<td>61%</td>
<td>80%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Inditex</strong></th>
<th>04</th>
<th>03</th>
<th>Var 04/03</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>5,670.4</td>
<td>4,598.9</td>
<td>23%</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>16.9%</td>
<td>13.6%</td>
<td></td>
</tr>
<tr>
<td>Stores</td>
<td>2,244</td>
<td>1,902</td>
<td>322</td>
</tr>
<tr>
<td>ROCE (%)</td>
<td>40%</td>
<td>32%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Stradivarius</strong></th>
<th>04</th>
<th>03</th>
<th>Var 04/03</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>241.9</td>
<td>162.0</td>
<td>49%</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>16.1%</td>
<td>2.7%</td>
<td>794%</td>
</tr>
<tr>
<td>Stores</td>
<td>227</td>
<td>191</td>
<td>36</td>
</tr>
<tr>
<td>ROCE (%)</td>
<td>43%</td>
<td>5%</td>
<td></td>
</tr>
</tbody>
</table>

(*) Antes de Fondo de Comercio
10_5 Corporate cash flow

Bearing in mind the targets of the cash flow generated during the year, we have established the company’s cash flow over the last two years, as well as the variation between the two.

<table>
<thead>
<tr>
<th>FY 2004*</th>
<th>FY 2003*</th>
<th>Variation % 04/03</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash received for sale of products and services</td>
<td>5,674.2</td>
<td>4,601.5</td>
</tr>
<tr>
<td>Flow received from investments made</td>
<td>14.4</td>
<td>11.8</td>
</tr>
<tr>
<td>Cash received for sales of assets</td>
<td>18.8</td>
<td>16.3</td>
</tr>
<tr>
<td><strong>Total value-added flow</strong></td>
<td><strong>5,707.4</strong></td>
<td><strong>4,629.6</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Distribution of value-added flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee wages</td>
</tr>
<tr>
<td>Tax payments</td>
</tr>
<tr>
<td>Dividends paid out to shareholders</td>
</tr>
<tr>
<td>External payments made for purchasing goods and raw materials</td>
</tr>
<tr>
<td>External payments made for services rendered and investments</td>
</tr>
<tr>
<td><strong>Total value-added flow</strong></td>
</tr>
</tbody>
</table>

*In million of euros

10_6 Economic indicators

The strategy to strengthen the Group’s commercial presence in European markets has led to an increase in the percentage that this continent represents of the overall sales. This has risen to 82.8% of the total, compared to 81.6% in 2003. The reduction in the percentage of the American continent is due to the weakening of the currencies in these countries during FY2004.

10_6_1 Sales by geographical area

The distribution of sales by geographical area for FY2004 and FY2003 is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Rest of world 6.7%</th>
<th>America 30.5%</th>
<th>Spain 46.5%</th>
<th>Rest of Europe 26.3%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*In million of euros
10.6.2 Cost of sales and gross margin

<table>
<thead>
<tr>
<th>Percentage of consolidated net sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004: 53.5%</td>
</tr>
<tr>
<td>2003: 50.1%</td>
</tr>
<tr>
<td>2002: 51.5%</td>
</tr>
<tr>
<td>2001: 51.9%</td>
</tr>
<tr>
<td>2000: 51.2%</td>
</tr>
</tbody>
</table>

* In million of euros

10.6.3 Collection and payment periods

The following tables show the average period of collection from customers and payment to suppliers. The reduced collection period is due to most of the sales being made in company-managed stores in which customers pay by cash or credit cards. The payment periods are in line with the standards for the industry and have not undergone significant changes over recent years.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Final balance of debtors for sales and services</td>
<td>134.8</td>
<td>129.5</td>
<td>97.7</td>
<td>95.9</td>
<td>71.0</td>
</tr>
<tr>
<td>Turnover</td>
<td>5,670.4</td>
<td>4,598.9</td>
<td>3,974.0</td>
<td>3,249.8</td>
<td>2,614.7</td>
</tr>
<tr>
<td>Debtors turnover from sales</td>
<td>40.0</td>
<td>35.5</td>
<td>40.7</td>
<td>33.9</td>
<td>36.8</td>
</tr>
<tr>
<td><strong>Average collection period (days)</strong></td>
<td>9</td>
<td>10</td>
<td>9</td>
<td>11</td>
<td>10</td>
</tr>
</tbody>
</table>

10.6.4 Geographical distribution of staff in 2004

<table>
<thead>
<tr>
<th>Description</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inditex national insurance contributions</td>
<td>172.3</td>
<td>146.2</td>
</tr>
<tr>
<td>Staff costs total</td>
<td>821.4</td>
<td>678.2</td>
</tr>
</tbody>
</table>

*Million of euros

10.6.5 Providers of capital

At the last two year-ends, Inditex had a positive new cash position, that is, the balance in its favour was higher than the debts held with financial institutions. However, Inditex has credit transactions granted by the financial system, although many of the authorised limits were not available. With regard to the total risk allowed as at 31 January 2005, the main providers of Inditex’s capital are:

<table>
<thead>
<tr>
<th>Institution</th>
<th>Nationality</th>
<th>% of risk allowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>BBVA</td>
<td>SPAIN</td>
<td>25%</td>
</tr>
<tr>
<td>SCH</td>
<td>SPAIN</td>
<td>18%</td>
</tr>
<tr>
<td>BNP</td>
<td>FRANCE</td>
<td>6%</td>
</tr>
<tr>
<td>CAIXA GALICIA</td>
<td>SPAIN</td>
<td>5%</td>
</tr>
<tr>
<td>FORTIS</td>
<td>HOLLAND</td>
<td>6%</td>
</tr>
</tbody>
</table>
In 2004, as in previous years, Inditex had a negative working capital, as a result of the periods of lower sales collections compared to periods of payment to suppliers.

### 10_7 Extra indicators

#### 10_7_1 Like-for-like sales

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>First half</td>
<td>8%</td>
<td>6%</td>
<td>12%</td>
<td>9%</td>
<td>13%</td>
</tr>
<tr>
<td>Second half</td>
<td>10%</td>
<td>(2%)</td>
<td>10%</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>Full year</td>
<td>9%</td>
<td>1%</td>
<td>11%</td>
<td>9%</td>
<td>9%</td>
</tr>
</tbody>
</table>

#### 10_7_2 Stock turnover

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales cost</td>
<td>2,636.2</td>
<td>2,293.0</td>
<td>1,926.2</td>
<td>1,563.1</td>
<td>1,277.0</td>
</tr>
<tr>
<td>Initial stock</td>
<td>486.4</td>
<td>382.4</td>
<td>353.8</td>
<td>245.0</td>
<td>188.5</td>
</tr>
<tr>
<td>Final stock</td>
<td>514.0</td>
<td>486.4</td>
<td>382.4</td>
<td>353.8</td>
<td>245.0</td>
</tr>
<tr>
<td>Average stock</td>
<td>500.2</td>
<td>434.4</td>
<td>368.1</td>
<td>299.4</td>
<td>216.7</td>
</tr>
</tbody>
</table>

| Stock (times) | 5.3 | 5.3 | 5.2 | 5.2 | 5.3 |
| Turnover (days) | 69 | 69 | 70 | 70 | 62 |

#### 10_7_3 Working capital

In 2004, as in previous years, Inditex had a negative working capital, as a result of the periods of lower sales collections compared to periods of payment to suppliers.

<table>
<thead>
<tr>
<th>Description</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock</td>
<td>514.0</td>
<td>486.4</td>
</tr>
<tr>
<td>Debtors</td>
<td>282.5</td>
<td>328.9</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>12.3</td>
<td>9.3</td>
</tr>
<tr>
<td>Short-term creditors</td>
<td>(1,208.1)</td>
<td>(1,011.2)</td>
</tr>
<tr>
<td>Working capital</td>
<td>(1,599.3)</td>
<td>(1,188.0)</td>
</tr>
</tbody>
</table>

#### 10_7_6 Reserve variations

The following table shows the variation of Inditex’s reserves (consolidated group) during FY2004:

<table>
<thead>
<tr>
<th>Item</th>
<th>Balance 31/01/2004</th>
<th>Additions</th>
<th>Reductions</th>
<th>Transfers</th>
<th>Dividends</th>
<th>Balance 31/01/2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid-in capital</td>
<td>20,379</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>20,379</td>
</tr>
<tr>
<td>Unrestricted reserves of parent company</td>
<td>852,582</td>
<td>0</td>
<td>0</td>
<td>(11,550)</td>
<td>0</td>
<td>841,032</td>
</tr>
<tr>
<td>Restricted reserves of parent company</td>
<td>18,945</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>18,945</td>
</tr>
<tr>
<td>Realization reserves</td>
<td>1,692</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1,692</td>
</tr>
<tr>
<td>Reserves in consolidated companies due to global and proportional integration</td>
<td>799,755</td>
<td>4,747</td>
<td>(1,470)</td>
<td>238,999</td>
<td>0</td>
<td>1,042,031</td>
</tr>
<tr>
<td>Reserves in companies accounted for by the equity method</td>
<td>(540)</td>
<td>(129)</td>
<td>0</td>
<td>(75)</td>
<td>0</td>
<td>(446)</td>
</tr>
<tr>
<td>Conversion differences</td>
<td>(126,817)</td>
<td>3,893</td>
<td>(20,518)</td>
<td>0</td>
<td>911</td>
<td>(142,531)</td>
</tr>
<tr>
<td>FY2003 results</td>
<td>446,451</td>
<td>0</td>
<td>0</td>
<td>(238,185)</td>
<td>(218,166)</td>
<td>0</td>
</tr>
<tr>
<td>FY2004 results</td>
<td>0</td>
<td>628,130</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>628,130</td>
</tr>
<tr>
<td>Total</td>
<td>2,012,447</td>
<td>636,899</td>
<td>(21,988)</td>
<td>0</td>
<td>(218,166)</td>
<td>2,409,192</td>
</tr>
</tbody>
</table>
We believe in transparency as a strategic management and good governance tool. We encourage shareholders to take part in the organisation’s decisions, under the one-share one-vote equality principle. The removal of the minimum share requirement to attend General Meetings was approved by Inditex at its General Meeting in 2004.
The Corporate Governance Report, which received Board approval on 9th June 2005, was prepared following the guidelines and requirements contained in the texts gradually introduced by the good governance rulings issued in our legal system and business culture:

- Dirección Comisión y Auditoría Report

The report is being released into the market due to its relevant fact status, following notification to the CNMV in accordance with the provisions of article 82 of Spanish Law 24/1988 of 28 July 1988 on the Securities Market (Ley del Mercado de Valores). The Report may be read on the Inditex corporate website at http://www.inditex.com among other places.

Inditex’s Corporate Governance practices are included and regulated in detail through the company’s various regulatory instruments: the Company’s Articles of Association, Board and General Board of Shareholders’ Regulations, and the Internal Rules of Conduct relating to Securities Markets. In addition, Inditex has created a Social Council which will be the company’s advisory body for Corporate Social Responsibility issues. Its By-Law received Board approval in December 2002. Inditex also has an Ethical Code of Conduct for the Group, which has also received Board approval.

The above company rules have been amended several times to adapt them to corporate governance recommendations and conclusions and to incorporate them into the company’s information and investment protection obligations introduced by the Financial and Transparency Laws and their implementing regulations.

This section summarises the information contained in the Corporate Governance Report, which is published jointly with this Sustainability Report.

11_1 Corporate Governance structure

Board of Directors

9th June 2005

Amancio Ortega Gaona

Chairman

José María Castelano Rico

Executive Director

Carlos Espinosa de los Montes

Bernardo de Quirós

Independent Director

In Irene Ruth Miller

Independent Director

José Luis Vázquez Martín

Independent Director

Irene Ruth Miller

She has been an Independent Director since April 2001. She has a Science Degree and a Master’s Degree in Chemistry. In 1963 she was appointed Financial Director of Barnes & Noble, where she also served as Executive Deputy Chairman and Board Member. She is currently the CEO of Akim, Inc. She is 53 years old.

Juan Manuel Urgoiti López de Ocaña

He has been an Independent Director since January 1993. He has a Degree in Law. He is currently President of the Banco Gallego banks, Deputy Chairman of Acciona, S.A., Board Member of Necto, S.A., and a member of Delgroup Global Markets’ European Advisory Council. He is 65 years old.

José Luis Vázquez Martín

He has been an Independent Director since March 2005. He was appointed director by the Board of Directors, by cooption, to fill the vacancy left by Executive Director Juan Carlos Rodríguez Cabrín, who resigned from his position as Board Member on 11th February 2005. He has a degree in Economics and Business Studies and is currently a Board Member of the Banco Pastor bank and La Voz de Galicia, S.A. He is 60 years old.

Antonio Abril Abadín

Deputy Chairman

Carlos Espinosa de los Montes

La Voz de Galicia

Chief Executive Officer

José María Castelano Rico

Board Member Secretary

José Luis Vázquez Martín

Board Member

José Manuel Urgoiti López de Ocaña

Irene Ruth Miller

Antonio Abril Abadín acts as an Non-Audit and Control Committee Member Secretary.

Antonio Abril Abadín acts as a Non-Audit and Control Committee Member Secretary.

Antonio Abril Abadín acts as a Non-Audit and Control Committee Member Secretary.

Antonio Abril Abadín acts as a Non-Audit and Control Committee Member Secretary.

Duties:
- To prepare appointment proposals for Board Members and to internal offices of the Board of Directors.
- To propose to the Board possible members for each Committee.
- To propose the criteria to be followed in selecting the Company’s senior managers, and to inform of the appointment or removal of such managers.
- To inform the Board, on an annual basis, of the performance assessment and remuneration of the Company’s senior managers and directors, and particularly of the CEO.

Members:
- 10

Meetings 2004:
- 5

Nominations and Remuneration Committee

Audit and Control Committee

Members:
- 8

Meetings 2004:
- 0

Executive Committee

Members:
- 8

Meetings 2004:
- 0

Members of the Committees and their duties

9th June 2005

Members:
- Board Member
-IRC
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Risk management in the Inditex Group is based on the following principles:

- It is an instrument aimed at providing reasonable security in the achievement of the Group’s aims.
- It is the responsibility of each and every one of the Organisation’s members.
- It is an integrated system which focuses on the prevention of relevant risks.

The identification and assessment of the Group’s risks is represented on a “risk map”.

In financial year 2004 we continued making progress in this process. The Inditex “risk map” was updated and a new risk classification system was defined. The distinction between strategic and operational risks has been kept in this new classification system.

11_2 Risk Management

It includes details of the most relevant risks, specifying the assessment and control systems set up to mitigate their potential impact.

**EXTERNAL**

1 Business environment: __________

Risks caused by external factors related to the Group’s activities.

The impact related to the Group’s potential inability to adapt to the environment/market in which it operates, and to the Group’s eventual inability to keep up with, and respond to, the evolution of its objective market. This involves making decisions to enter new markets and countries and to launch new business lines, which helps spread the risk.

Risk is reduced by carrying out a feasibility analysis in each new market. The business model also increases the effectiveness and efficiency of the existing markets and business lines, supplementing growth with the growth of the current business.

2 Regulations: __________

Compliance with the various laws and regulations.

The diversity of existing legal systems and the complexity involved in managing multiple legal realities simultaneously.

The Legal, Tax and Employment departments coordinate with the various managers and external legal advisors of each country or geographic area.

The Corporate Responsibility Department carries out social audits with independent professionals who master the local language and local employment and environmental law.

3 Image and reputation: __________

Direct influence on the way the Group’s customers, employees, shareholders and suppliers, and society in general, see the Group.

Potential breach of Corporate Governance and Social Responsibility issues. Breach of the Group’s ethical code would also involve a breach of Social Responsibility issues.

The Corporate Communication Department is responsible for managing communications with third parties.

**INTERNAL**

4 Human Resources:

Lack of staff motivation and loyalty, or excessive staff turnover.

Risks derived from inappropriate human resource flexibility, an inadequate working environment and excessive reliance on key personnel.

The Human Resources Department is continually selecting and recruiting new staff. It has implemented specific systems to reconcile employee performance quality with job exchangeability.

Loyalty programmes and training are examples of actions which prevent these risks.

5 Operations:

Basic business activities, from designing the idea to selling the finished product in shops. Examples of this include failing to hit the right design in collections, and bad supply management.

Inditex reduces its exposure to this risk by means of a manufacture and supply system which ensures reasonable flexibility of response to unforeseen changes in demand.

This requires a high turnover of the finished product. Before each campaign, the different Departments set the maximum initial supply levels twice a week (in the case of Zara) shop orders.

6 Financial:

Monetary asset management and administration.

7 Decision-making information:

Adequate information at all levels.

Although these risks are relatively insignificant, Inditex regularly reviews the management information provided to the various managers.

8 Technology and information systems:

Technical infrastructure with effective information management.

Risk of inadequate technology infrastructure. Technology system reliability is essential to the Group’s activities.

The IT Department keeps constant control of the systems’ rationalisation and coherence.

9 Governance and management:

This affects the Company’s governance.

This includes significant risks such as the potential lack of adequate management and leadership. The management structure has been redesigned in order to be able to successfully respond to new scenarios. The appointment policy is supervised by the Appointments and Remuneration Commission, which is comprised solely of independent directors.
This Report has been produced according to the Reporting Guide GRI 2002 (www.globalreporting.org), as specified in the Independent Report prepared by SGS, June 2005.
12.1 Summary of GRI Indicators

1. VISION AND STRATEGY
1.1 Statement of the organisation's vision and strategy regarding its contribution to sustainable development
1.2 Chairman's statement

2. PROFILE

ORGANISATION'S PROFILE
2.1 Name of the reporting organisation
12 and 13 02_0
2.2 Main products and/or services
12 and 13 02_0
2.3 Operational structure of the organisation
12 and 13 02_0
2.4 Description of the major divisions, operating companies, subsidiaries and joint ventures
12 and 13 02_0
50 10_2
13 02_0
2.5 Countries in which the organisation's operations are located
50 10_2
2.6 Nature of the business or market
50 10_2
2.7 Nature of executives served
50 10_2
82-89 10_2
2.8 Scale of the reporting organisation
50 10_2
2.9 List of stakeholders, key attributes of each and relationship to the company
4 and 5 01_0
7 02_0
8 and 9 02_0

SCOPE OF THE REPORT
2.10 Contact person(s) for matters related to the Report
Back flat
2.11 Reporting period for information presented
Financial
2.12 Date of most recent previous Report
12_0
2.13 Boundaries of Report and any specific limitations on scope
Financial
2.14 Significant changes in size, structure, ownership, product/services that have occurred since the previous Report
171 N/A
2.15 Basis for reporting on joint Reports, partially owned subsidiaries and other situations that could affect comparability with previous period
102 12_0
2.16 Description of any re-statements of information provided in previous reports reason
N/A

REPORT'S PROFILE
2.17 Disclosure to apply GRI principles in the preparation of the Report
102 12_0
2.18 Criteria used in the accounting of economic, environmental and social costs and benefits
82 10_0
40 and 41 07_2
39 06_1
2.19 Changes with respect to previous years in the measurement methods
N/A
2.20 Policies and internal practices to guarantee the completeness and accuracy of the information presented in the Report
4 01_0
102 12_0
2.21 Policy and current practice with regard to providing independent mechanisms for the verification of the Report
N/A
2.22 Means by which report users can obtain additional information
16 and 17 04_0
24 and 25 08_2
Back flat

3. GOVERNANCE STRUCTURE AND MANAGEMENT SYSTEMS

STRUCTURE AND GOVERNMENT
3.1 Governance structure and management systems
88 and 99 11_1
3.2 Percentage of the board of directors that are independent, executive directors
88 and 99 11_1
3.3 Process for determining the expertise board members need to guide the strategic direction of the organisation in matters such as environmental and social topics
88 and 99 11_1
3.4 Board-level processes for overseeing the identification and management of economic, environmental and social opportunities and risks
88 and 99 11_1
3.5 Linkages between executive compensation and achievement of financial and financial goals
171 N/A
3.6 Organisational structure and key individual responsible for oversight, implementation and audit of economic, environmental and social policies
88 and 99 11_1
3.7 Mission and value statement, internally developed codes of conduct and policies relevant to economic, environmental and social performance and the status of implementation
3 and 7 02_0
30, 40 and 41 07_0
89 06_1
88 11_1
3.8 Mechanisms for shareholders to provide recommendations to the Board of Directors
10 04_0

—

4. INDICATORS OF ECONOMIC PERFORMANCE

CLIENTS
EC.1 Net sales
12 and 13 03_0
82-89 10_1

EC.2 Geographic breakdown of markets
59 10_1
84-86 10_3
91 10_6

EC.3 Costs of all goods, materials and services purchased

EC.4 Percentage of the contracts paid in accordance with agreed terms, excluding agreed penalty arrangements

EC.5 Total salary costs broken down by country or region

EC.6 Distribution to providers of capital

EC.7 Increase / Decrease in retained earnings

EC.8 Total sum of taxes of all types paid, broken down by country

EC.9 Subsidies received, broken down by country

4.20 Status of certification pertaining to economic, environmental management systems

4.21 Programmes and procedures pertaining to economic, environmental and social performance

74-78 09_4
41 07_2

5. INDICATORS OF ENVIRONMENTAL PERFORMANCE

RAW MATERIALS
EN.1 Primary materials used other than water and land
77 and 78 09_4

EN.2 Percentage of renewable and recycled raw materials derived from sources external to the reporting organisation
77 09_4

ENERGY
EN.3 Direct energy use, segmented by primary sources
78 09_4

EN.4 Indirect energy use
78 09_4

WASTES
EN.5 Treated waste
78 09_4

BIO DIVERSITY
EN.6 Location and size of land area, habitat, managed in biodiversity-rich habitats
90 N/A

EN.7 Analysis of the main impacts on biodiversity associated with activities or products in marine, fresh water and marine environments
N/A N/A
6. INDICATORS OF SOCIAL PERFORMANCE

WORK PRACTICES AND DECENT WORK

LA.1 Breakdown of workforce
LA.2 Net employment creation and average turnover broken down by country
LA.3 Percentage of employees represented by trade unions or collective bargaining agreements

Diversity and opportunity

LA.10 Description of equal opportunities policies and programmes
LA.11 Composition of senior management departments and corporate governance bodies including the male/female ratio

Strategy and management

HR.1 List of policies and guidelines as regards human rights relevant to the operations
HR.2 Evidence that impacts on human rights are taken into consideration when investing or choosing suppliers
HR.3 List of policies for evaluating the action on human rights in the supply chain

No discrimination

HR.4 List of the global policies dedicated to preventing all forms of discrimination in operations

Freedom of association and collective bargaining

HR.5 Analysis on the policy of freedom of association and the extent of its application (apart from the local laws)

Child labour

HR.6 Presentation of the policy of rejection of child labour

Forced and compulsory labour

HR.7 Presentation of the policy of rejection of forced and compulsory labour

SOCIETY

Community

SO.1 Description of policies to manage impacts on communities in the regions affected by the activities

Corruption

SO.2 Description of compliance policies as regards corruption and bribery, elected at both the organisation and employee levels

Political contributions

SO.3 Description of policy and management systems, procedures, and compliance mechanisms dedicated to political lobbying and contributions

PRODUCT RESPONSIBILITY

Health and safety of customers

PR.1 Description of the policy on customer health and safety during the use of products/services
PR.2 Description of policies and mechanisms for compliance referring to product information and labelling

Respect for privacy

PR.3 Description of policies and compliance mechanisms concerning customer privacy

EMISSIONS, SPILLAGE AND WASTE

EN.8 Greenhouse gas emissions
EN.9 Use and emission of ozone-depleting substances
EN.10 NOx, SOx and other significant air emissions, by type
EN.12 Total amount of waste, broken down by type and location
EN.12 Significant discharges to water, by type
EN.13 Significant pollution of chemicals, oils and fuels, expressed in total figures and volume

PRODUCTS AND SERVICES

EN.14 Significant environmental impact of principal products and services
EN.15 Percentage of the weight of the products sold that is reclaimable at the end of the products’ useful life and percentage that is actually reclaimed

N/A