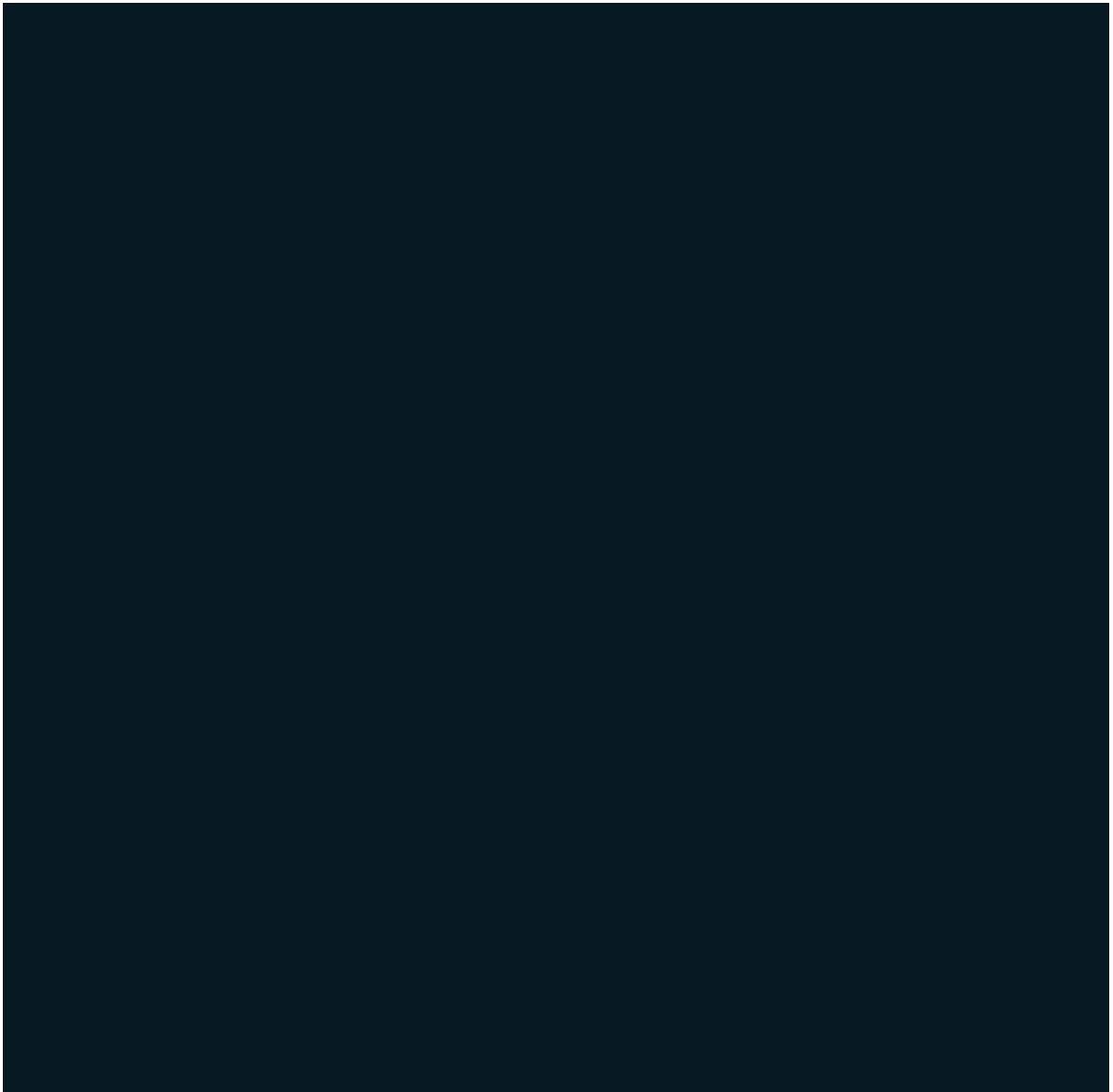


Sustainability Report 2006

MANGO



1. LETTER FROM THE MANAGING DIRECTOR
2. SCOPE AND PROFILE OF THE REPORT
3. DESCRIPTION OF MAIN SUSTAINABILITY IMPACTS, RISKS AND OPPORTUNITIES
4. PARTICIPATION AND COMMITMENTS OF INTEREST GROUPS
5. THE MANGO GROUP
 - Presentation
 - Brief historical review
 - Business activity and basic characteristics
 - Organisation
 - Product and the production system
6. CORPORATE SOCIAL RESPONSIBILITY (CSR) IN THE MANGO GROUP
 - Our sustainability model
 - Timeline and stages of the process
 - The Mango Group Code of Ethics
7. ECONOMIC DIMENSION AND INDICATORS
 - Preparation of Annual Accounts and external audit
 - Basic figures
 - National and international expansion
 - Economic performance indicators
8. WORK AND SOCIAL DIMENSION AND INDICATORS
 - Management areas and activities
 - Internal sphere
 - External sphere
9. ENVIRONMENTAL DIMENSION AND INDICATORS
 - Environmental impact
 - Management areas and activities
 - Internal sphere
 - External sphere
 - Environmental performance indicators
10. SOCIAL COOPERATION DIMENSION AND INDICATORS
 - Customer service
 - Human resources
 - Communication
 - Policy on use of animal skins
 - Social action

11. QUALITY AND SAFETY OF GARMENTS AND ACCESSORIES DIMENSION AND INDICATORS

Quality management systems
Control of harmful or hazardous substances

12. CORPORATE GOVERNANCE

Shareholders and governing bodies
Executive committee
Internal audits

13. CONTACT DETAILS

14. VERIFICATION

15. INDEX OF GRI CONTENTS

1. LETTER FROM THE MANAGING DIRECTOR

1. LETTER FROM THE MANAGING DIRECTOR



This third sustainability report has been drawn up in accordance with the "G3 Guidelines" of the Global Reporting Initiative (GRI) and offers a reasonable and balanced presentation of our organisation's economic, environmental and social awareness policy for this year.

Like the previous years, it has been drafted internally by our Corporate Social Responsibility (CSR) auditing department, whose role in our organisation has been consolidated and is vital to our company's success. It is encouraging to see how a group that is quite distant from our commercial activity has become fully integrated and appraised by the other departments, establishing close cooperation and interaction within the entire sphere of CSR, thanks to the excitement and enthusiasm they drive into their every day work. When I see the spontaneous involvement of departmental managers such as Purchasing and Quality departments, becoming promoters of CSR, I feel we are moving on the right path.

Looking back at 2006, perhaps the most significant and exciting event has been the establishment of our new design centre, located in an independent building measuring 12,000m² close to our central offices, which incorporates the latest technologies for our creative team to develop its full potential. We call it "The Hangar" and its role is to develop the design and styling that has always represented the essence of our company. Along these lines, we have also created the international fashion awards "El Botón – MANGO Fashion Awards" in collaboration with five of the most prestigious fashion design schools in Europe, in order to provide opportunities and stimulate creativity. We are also starting work on the creation of a new fully automated logistics centre, with a surface area of 24,000m², which will allow us to triple our current distribution capacity.

We are convinced that cooperation, dialogue and transparency with our stakeholders are the best way to progress in the various aspects of CSR. Thus, working in collaboration with the academic world, we have created a CSR chair in order to promote research, create and spread knowledge.

We live in an international environment full of risks and opportunities. In order to meet such challenges, in our organisation we foster human values and respect for nature and the environment. We promote innovation and pragmatic performance in a spirit of cooperation with society.

I would like to thank the entire MANGO team, collaborators and suppliers for all their efforts in making us a more socially responsible company and for making the impact of our activity as positive as possible. We should assume this responsibility in our private lives as well as at work. In the end, we will only succeed in making progress with the accumulated effort of each and every one of us.

Enric Casi
Managing Director

2. SCOPE AND PROFILE OF THE REPORT

2. SCOPE AND PROFILE OF THE REPORT

The scope of this sustainability report covers the consolidated group Mango, which is formed by MANGO MNG HOLDING S.L. and its subsidiary companies. The report will duly note if any information included in it does not fall within this scope.

This report corresponds to the 2006 financial year and has been prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines and, specifically, the updated G3 version.

The principles, guidelines and basic content established in these new Guidelines make particular reference to aspects such as: the principle of materialism, the participation of interest groups, the context of sustainability and exhaustability. Furthermore, it is also based on the inclusion and application of a balanced approach, comparability, periodicity and clarity. The structure and content of our sustainability reports of previous years (June 2004 and June 2005) was also based on this philosophy of simplicity and conciseness, thoroughness and participation. In this respect, the present report does not present significant changes with regard to previous ones in terms of approach and content, and instead is an adaptation of the same as far as its presentation and references are concerned.

We have continued to structure this report on the basis of our Code of Ethics, since we believe that this way of explaining the various aspects of sustainability makes it easier to understand our organisation and its philosophy. We have also adapted the report to our own format, developing in each sphere aspects that are grouped together in the new version, referencing each idea or grouping with a general comment in each of these points.

In accordance with our sustainability model, we have carried out an external verification on the format, content and procedures contained in this report in order to continue to provide transparency and make progress in RSC aspects. For this reason, and in accordance with the content and scope specified above, our level of application for the present report is: A+.

All aspects that affect the sustainability of our organisation are reflected in this report, in addition to any information and relevant aspects along these lines, having been selected by adopting the criteria established in the aforementioned Guidelines, the specific nature of our organisation and the expectations of interest groups. In cases where complementary information for a certain aspect is not available, this will be specified in the corresponding point.

The information on our staff is supplied by dividing them into two main groups for the purposes of simplification and standardisation: on the one hand, we have store staff and, on the other, the rest of the staff, whom we refer to as structural staff.

All information originates from the annual accounts and the various accounting and management records of the company. Whenever estimates are made, these are calculated on the sound and reasonable bases indicated in the corresponding point.

All pictures of production centres in this report were taken during inspection and monitoring visits to our suppliers' installations.

All amounts unless stated otherwise are in thousands of euros.

3. DESCRIPTION OF MAIN SUSTAINABILITY IMPACTS, RISKS AND OPPORTUNITIES

3. DESCRIPTION OF MAIN SUSTAINABILITY IMPACTS, RISKS AND OPPORTUNITIES

Sustainability aspects

The main aspects of the organisation with regard to sustainability are contained in the different agreements established in our Code of Ethics, which constitutes our framework of reference in this respect. Although aspects such as risk, opportunity and performance relating to such impact is set out in detail in each point in this report we set out below an overview of the most significant ones:

Financial aspects

From a financial and social perspective, it is worth noting that the main risks of the same are inherent to the activity and the sector in which the company operates. However, the figures and results, described in this report and in the company's Annual Accounts confirm its sound financial-economic position and future projection.

The Executive Committee periodically reviews such risks, determining the most appropriate strategy for the company at all times, deciding upon investments based on the criteria of profitability and opportunity, adapting these to the present and future needs of the company. It is worth noting that control mechanisms have been established for such risks, including the aforementioned Committee in addition to the Internal Control department, which continually evaluates and monitors them.

The forecast evolution of the company is based on awareness of the action plan, its own economic and financial conditions, and the environment in which the company finds itself. In our view, the forecasts made in accordance with said parameters presents a highly favourable outlook that forecast the continuance of an increased presence in the market, in addition to the economic and financial equilibrium of the company with good profitability.

Social and employment aspects

Our main risks in terms of sustainability lie in possible non-compliance with our Code of Ethics, principally with regard to spheres external to the same, in particular compliance with the Code of Conduct established for our suppliers. In this regard, the actual system of production and quality determines a specific profile of supplier and certain plant characteristics imply a more controlled level of risk. Furthermore, we have progressively established procedures, both internal and external, to control and monitor these risks both directly by our organisation and jointly with our interested parties, which are described in the corresponding section of this sustainability report.

Environmental aspects

The main environmental impact of our company is external given that all the transport and production activities are carried out by companies external to our organisation. The monitoring of environmental aspects in production plants, undertaken in both internal and external audits, together with a rationalisation of goods deliveries makes this impact, and the risks derived from it, identifiable and controllable. From an internal perspective our main aim focuses on obtaining ISO 14001 certification for all our offices and distribution centres, in order to subsequently extend this to all areas of the organisation.

Aspects of cooperation with the society

Our activity gives rise to different impacts, in the countries in which we manufacture our products and in the countries in which we market them, on aspects such as the generation of economic activity and employment and, consequently, the quality of life and conditions of our employees, the employees of franchisees and those of the various manufacturing organisations that work for our company. The main risk that is derived from this activity is failing to meet the expectations that different interest groups have placed upon our organisation. This is why we believe that cooperation and working alongside our interested parties, as we are doing at the moment, is fundamental for evaluating and monitoring said risk.

Quality and safety aspects

The possible presence of hazardous substances in our garments and accessories is a risk inherent to the manufacturing sector. Notwithstanding the above, our policy in this sphere, the instructions to our suppliers and the continual monitoring of the same by specialised laboratories means that this risk is controlled in a reasonable way at all times, detecting and eliminating from our collection any garments or accessories that do not comply with our standards. We are currently working on the application of the principle of precaution in all areas.

Risk Control, Executive Committee, CSR Department and Internal Control

As described in financial aspects, the Executive Committee continually evaluates the risks to our organisation derived from sustainability, taking whatever measures are necessary for their monitoring and control. Said monitoring and control is carried out jointly with the Internal Control and Corporate Social Responsibility departments.

Furthermore the aforementioned departments and Committee analyse the possible risks relating to corruption, taking whatever steps are necessary to ensure such types of situation do not occur. The personnel that make up these departments are specially trained to monitor and control such aspects.

4. PARTICIPATION AND COMMITMENTS OF INTEREST GROUPS

4. PARTICIPATION AND COMMITMENTS OF INTEREST GROUPS

At the MANGO organisation we have always tried to meet the expectations of our interest groups, by taking their concerns and initiatives on board and working together with them. For this reason, the participation of each of these groups is achieved in a natural way in each applicable aspect or sphere.

With regard to the commitment and communication procedures with the interest groups that have been adopted by the organisation (MANGO) during the period covered by the report, it is worth highlighting the following aspects:

NGOs, trade unions and other organisations

This fact has been reflected and is contained in the present sustainability report and in several previous reports. It is worth noting that this commitment has a key impact on our supply chain, (2004-2005). Relations with such organisations over the last year have been fluid and permanent due to constant communication and updating of information. It is also worth mentioning that some of them participate directly in the monitoring of said production chain by contributing their experience and vision in this area.

Suppliers

The relationship and work system with our suppliers is described in detail in the sections: *product and the production system* and *characteristics of our suppliers*. As described in the aforementioned points, the relationship with our suppliers is a long-term one based on a system of joint planning and implementation. In addition, we provide them with direct technical support in their manufacturing plants in every country in which we manufacture.

We are currently putting into operation a programme of production control, monitoring and support in which our suppliers will dispose of an IT tool that will provide them with constant information on general processes such as the season planning and the specifications of all the models. This tool is interactive and bidirectional, and therefore allows the supplier to make any type of query or comment.

On a periodic basis suppliers visit our central offices, which enables us to maintain more direct and personal contact with each one, and consequently study various aspects of production and their business in more detail.

Franchisees

The relationship with and participation of franchisees in various management areas of the company is continuous. Our company has specialised departments to provide support to franchisees in all management areas. Furthermore, a team made up of our supervisors and coordinators visit their stores on a continual basis, offering them advice on all necessary aspects.

We also work together on the trends and specific characteristics of their country or region in order to offer a better service in each store and for each business. In each new season, work sessions are held at our offices in order to analyse and decide together which garments and accessories are most suitable for their store, in accordance with its characteristics and location.

The guarantee of specific margins in their business, MANGO's ownership of the stock until it is sold and the transfer of stock between stores whenever necessary, among other management support aspects, (*merchandising, window displays, etc.*) are elements on which this relationship is based.

Customers

The satisfaction and loyalty of final customers is one of the main reasons our organisation exists. Well designed, large stores stocked with goods selected to allow customers to choose and combine garments with ease, in addition to specialised service makes purchasing our products a pleasant experience. Exhaustive quality control at all stages of the production chain ensures that our garments and accessories are suitable for any occasion. We also have permanent channels of communication with our customers through our stores and a department that offers permanent and specialised customer service.

Communities and society

We participate with society on a constant basis through various mechanisms. At our organisation we attend to all the requests to participate at various national and international conference days, seminars and congresses promoted by different organisations: NGOs, public administrations, enterprises, universities, etc. We also provide support to all the projects we consider to be appropriate and in accordance with our philosophy.

Shareholders

As described in the section on corporate governance, MANGO is a family group with two shareholders who control and participate directly in the administration and management of the company. Consequently, communication with regard to the various areas, situations and decisions of the company is total and continuous at all levels.

Employees

The group of employees and collaborators is one of the foundations that has made the growth and activity of the our organisation possible. The mechanisms of communication and participation are diverse. It is worth noting that in April 2007 a survey on the work climate of our organisation, addressed to all our employees, was conducted in order to broaden such communication channels and encourage our employees to participate in the day to day running of our business.

5. THE MANGO GROUP

5. THE MANGO GROUP

INTRODUCTION

MANGO MNG HOLDING, S.L. is the head of a group of companies dedicated to the design, manufacture, distribution and marketing of garments and accessories for women through the fashion distribution chain MANGO/MNG.

At the end of the 2006 financial year, the group was represented in 89 countries with 995 stores. Of these, 313 were the company's own and 682 were franchises.

The consolidated turnover for the 2006 financial year amounted to 942,355 thousand euros, while the consolidated profit for the same period reached 124,039 thousand euros. It is particularly worth noting that 74% of the total turnover corresponds to sales to foreign markets.

As at 31st December 2006, the group employed a total of 6,454 staff.

The most significant business figures for recent financial years are as follows:

DESCRIPTION	2006 (1)	2005 (1)	2004	2003	2002
Net turnover	942,355	888,260	831,679	779,814	744,997
Net profit	124,039	103,217	73,129	64,791	60,629
Number of stores	995	866	768	704	629
Number of countries	89	83	75	72	69
Sales to foreign countries (%)	74%	72.6%	71.44%	71.58%	69.43%
Average number of employees	5,901	5,414	5,453	4,862	4,729

(1) As with those for the 2005 financial year, the annual accounts for the year 2006 have been prepared in line with International Financial Reporting Standards (IFRS), pursuant to the legislation in force for this year.

BRIEF HISTORICAL REVIEW

In 1984 MANGO opened its first shop on the Paseo de Gracia (Barcelona). A year later, the company had five outlets in Barcelona and from this point on, with the opening of a shop in Valencia, it began its expansion in the domestic market. What was initially a small team had begun to grow: by 1988, the company had 13 sales outlets in Spain.

In 1992, the company took its first steps outside the domestic market with the inauguration of two stores in Portugal. The following year, the company opened its 100th store in Spain and, two years later, the business management system, based on specialised and co-ordinated teams, was successfully introduced – and is still in place today.

We can differentiate between two stages in the history of our company:

In the first, from 1984 to 1995, we gradually gained a greater knowledge of the business and consolidated our product and store concept, and implemented the Just In Time philosophy in the distribution area, obtaining a certain critical mass on the Spanish market.

In the second stage – from 1996 to the present, we have reinforced the values of our team and increased our investment in a new concept of complete logistics based on speed, information, and technology. During this stage, we have opened bigger stores and increased the rate of store openings in other countries.

We are now opening stores at a rate of over two per week and, as at 31st December 2006, we have 995 stores around the world.

New technologies allow greater integration and collaboration between suppliers, manufacturers, platforms and logistics operators, sales outlets, and our central offices. They have also allowed us to set ourselves the target of having 3,000 stores around the world.

BUSINESS ACTIVITY AND BASIC CHARACTERISTICS

Diverse factors influence and explain the business and growth of our organisation. However, it is based on the following three basic points:

The people

Staff with human warmth and a motivated team with a solid, open and flexible attitude.

The concept

A well-defined product arising from the relationship between our own design, styling, and quality, a specific target – to dress women in the latest trends, both for their day-to-day and occasional needs – and a coherent and unified brand image.

Our own technology

As a basis for logistics, for improving all company processes and information systems, developed a team of engineers, analysts, etc.

All of this in order to achieve:

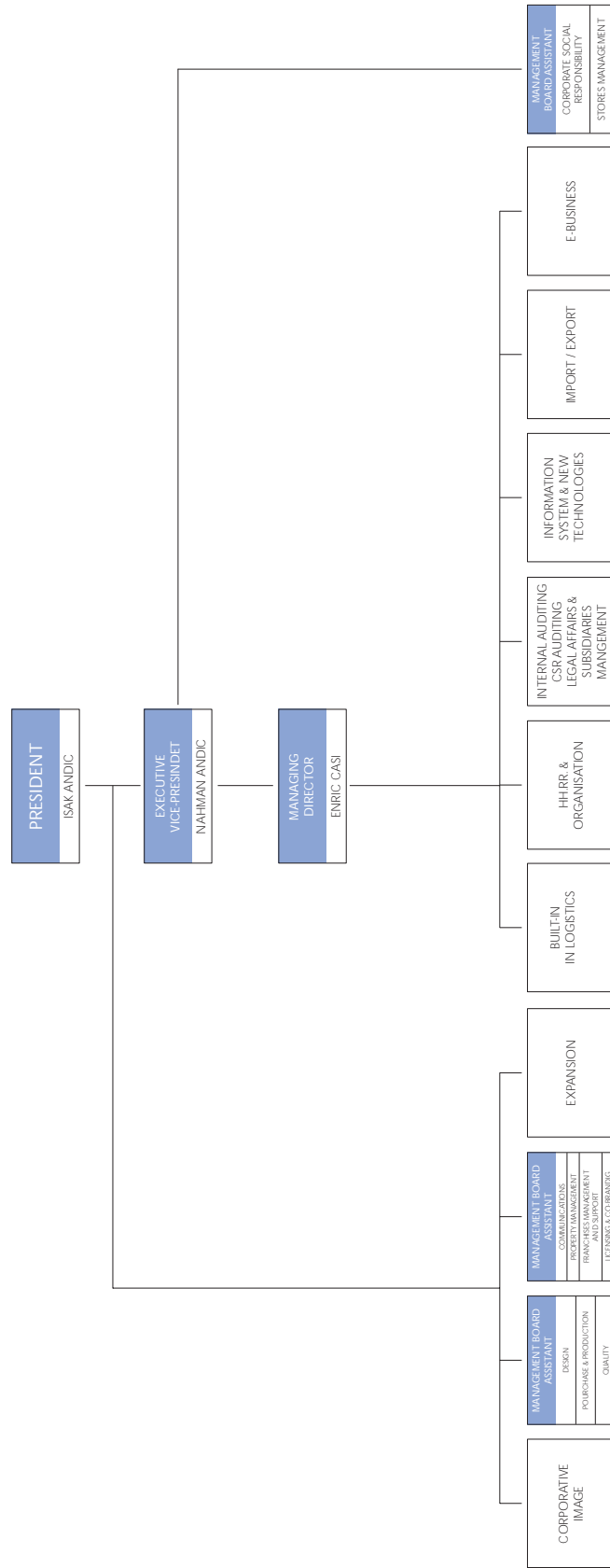
Our business dream

“To be present in every city in the world”, aware that we are competing at the highest level and without ever losing the values that are a basic part of Mango: humility, harmony and human warmth.



ORGANISATION

The operational structure of the organisation is shown in the following organisation chart:



■ Management board

CHARACTERISTICS OF THE PRODUCT AND PRODUCTION SYSTEM

The main characteristics of our product and our production system are the following:

Production system

There are two different production systems in our organisation:

The first of these consists of designing a product, outsourcing its manufacture and acquiring it when it is complete. In this case, suppliers are in charge of buying all the primary materials for production. Internally, we refer to this type of supplier as manufacturers.

In the second system we also design the garment but, in contrast to the first, our organisation purchases all the primary materials used to make the garment, and later sends it to the supplier to be made up. Internally, we refer to this type of supplier as production workshops.

These names are exclusively for internal use, since the suppliers have exactly the same characteristics. The decision to use one system or the other depends on geographical factors (proximity) and technical factors (specialisation of production).

The production percentages for each of the systems in the 2006 financial year were approximately:

Production by manufacturers: 76%

Production by workshops: 24%

The number of garments and accessories produced during the last year 2006 was around eighty million units.

Control and monitoring

All of the above manufacturers and production workshops follow and sign our Code of Conduct and are subject to quality control inspections.

Ownership and exclusivity

The Mango organisation does not have direct or indirect shareholdings in any garment or accessory manufacturer, or production workshop. Likewise, none of these works exclusively for our organisation.

Characteristics of the product

All of the garments and accessories are designed around the idea of collections and matching items, so a planning procedure taking into account production and distribution is an essential part of the process, together with high standards of quality at all stages, from controls at source to the final point of sale.

Our garments and accessories are high-to-medium quality and always seek to maintain the same manufacturing standard (a constant level of quality, the same characteristics, etc.), which means that a single model is only ever produced by one manufacturer or one production workshop, except in very specific cases where the legislation limits production due to the source and quotas.

Manufacturing time

For the reasons indicated above, our manufacturing period lasts for an average of three to four months: from order placement to receipt of the merchandise.

Scheduling

Before each season, we plan what will be sent to each store and order production based on this criterion. If finally there is a difference with the sales forecast, the regulation of the deliveries or exchanges between stores is carried out from our warehouse and central services. If there are surpluses in stores at the end of a season, these are sold with discounts and promotions.

Number of suppliers

For the purposes of providing more up to date information on this aspect, we have included the number of garment suppliers at the date of this report: 140 garment suppliers around the world.

Technology and direct shipments

Direct shipments sent directly from our suppliers to stores increased during 2006 and accounted for approximately 35% of total production. To use this system, close communication and collaboration is required with our suppliers, logistics operators, and stores. Therefore, we have developed a computer platform allowing individual users to send and receive information based on their needs. This also allows us to carry out full monitoring of our supply chain.

Subcontracting

Our control policy and production characteristics ensure that the manufacture of garments is not subcontracted by manufacturers and production workshops.

By subcontracting, we mean a commissioned supplier's use of a third company without Mango's knowledge or certification.

Although our suppliers generally cover the entire production process (cutting, producing, ironing, packaging, etc.), on occasion there are special processes that a supplier may not do, and which are carried out by other specialist companies, such as embroidery. In these cases, Mango is aware of the production and certifies it. When this production begins to take on a certain importance, these suppliers come to form part of our control and monitoring system.

6. CORPORATE SOCIAL RESPONSIBILITY (CSR) IN THE MANGO GROUP

6. CORPORATE SOCIAL RESPONSIBILITY (CSR) IN THE MANGO GROUP

OUR SUSTAINABILITY MODEL

The ethical and sustainable behaviour of any organisation is the product of the human qualities of the people that form part of it at every level. This is why the values of our team are very important. Therefore, our Code of Ethics is based on certain fundamental values established in our organisation and on other principles of reference.

We also want to develop and implement this set of values in all of our fields of influence, both internal and external, because we believe that our responsibility extends to our entire supply chain. Therefore, we have steadily developed instructions, policies, and action codes related to social, work and environmental aspects, all with the desire to improve and move forward.

We also believe that such policies, codes and actions have to be supported by efficient management systems and finally verified internally and externally, and all information about the results and objectives achieved made available.

Finally we are convinced that we are acting as responsibly as we can in order to meet the expectations of our main interest groups: employees, shareholders, suppliers, customers and society as a whole. Our desire is to work together with all of them in the establishment and implementation of our CSR policies.

STAGES AND TIMELINE OF THE PROCESS

Our organisation has basically moved through two different stages:

First stage (1984-2000)

During this initial period, we obtained a written commitment from our manufacturers and producers to observe a series of social, work and environmental aspects. These aspects were collected in a document that specified some general instructions for compliance. These instructions were broadened in the second step to make up the current Code of Conduct.

During this stage we also began to collaborate on a series of social action projects. These projects basically consisted of providing assistance in one-off international crisis situations by working with different organisations to deliver clothes and on campaigns for different causes (health, welfare, etc.). These actions are still carried out today, along with developmental projects in different areas and countries of the world.

In relation to the environment, during the 1999 financial year we set up a good practice program. In the 2001 financial year, an environmental diagnosis study was carried out, which became the starting point for all later developments in these areas.

Second stage (2001- Present)

Since 2001, we have been strengthening all aspects of CSR in our organisation.

In November 2001, we negotiated an agreement so that a single top-level European laboratory, the Textile Technology Institute, AITEX, would guarantee that our garments and accessories do not contain substances that are harmful for health.

In 2002, we initiated contact and discussion with the interested parties. In February of the same year, we signed an agreement with the NGO SETEM (which is the coordinator of the Clean Clothes Campaign in Spain), with the aim of establishing a framework of mutual cooperation and openness that has allowed us to move forward and consolidate different aspects of CSR.

In March 2002, we created the Department of Corporate Social Responsibility, whose aim is to establish and coordinate CSR policies and actions within our organisation.

In April 2002, we signed the United Nations' Global Compact agreement. This agreement - announced by the Secretary General of the United Nations, Kofi Annan, at the World Economic Forum in Davos (Switzerland) in January 1999 - called on companies to adopt ten universal principles in the fields of human rights, labour laws, the environment and corruption.

The agreement brings together companies, international workers' associations and NGOs with United Nations organisations and other bodies in order to encourage collaboration and create a fairer global framework with room for everybody.

The principles established by the agreement are as follows:

Human rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. avoid getting involved in human rights abuses.

Labour standards

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. adopt initiatives to encourage greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

Corruption

10. Businesses should fight corruption in all forms, including extortion and bribery.

In June 2002, we created a Code of Ethics to express our organisation's policies and objectives, as well as international law and the principles and philosophy of the Global Compact in relation to aspects of CSR. In this Code, we establish five major commitments in the economic, social, work, environmental, social cooperation, and product quality and safety spheres.

The Code of Ethics was the point of reference used for developing, writing and introducing the Code of Conduct in June 2002, compliance with which is mandatory by our suppliers. This Code includes the applicable agreements and recommendations of the International Labour Organisation (ILO).

In June 2002, internal audits began for checking supplier (manufacturers and production workshops) compliance with the Code of Conduct, and external audits began in December 2003.

During 2004, we began to collaborate with the organisation INTERMON OXFAM. This collaboration consisted mainly in participating in diverse studies and seminars on the textiles sector and in contributing information on the Group's corporate social responsibility policies.

In August 2004, we began our collaboration with People for the Ethical Treatment of Animals (PETA), which consists mainly of explaining our organization's policy, procedures, and commitments in these areas.

In June 2005, we drafted the Group's first sustainability report.

During 2006, we have strengthened our collaboration with the trade union organisation Comisiones Obreras (CCOO), specifically with the Textile and Chemical Federation (FITEQA), principally on aspects such as the structure and content of our sustainability report and on the monitoring and verification, occasionally, of the production plants we work with. Said monitoring and verification is carried out directly at the production plants by FITEQA (CCOO) in collaboration with our external auditors.

In July 2006 we signed an agreement with the GREENPEACE organisation in order to work together on aspects relating to hazardous substances and on the principle of precaution. This agreement sets out the policies for the monitoring and diffusion of said practices and systems in order to inform other interested organisations and encourage advances in legislation until the highest levels of protection for persons and the environment are obtained.

We also gave our support to the among organisation in defence of stricter demands in the European REACH regulations. This support took the form, among some other actions, of the design and manufacture of a silk handkerchief, which was offered as a gift by GREENPEACE to all members of the European Parliament.

In September 2006, we signed an agreement with the College of International Business (ESCI), part of the Pompeu Fabra University (UPF), through which the MANGO Chair for Corporate Social Responsibility was created, its aim being encourage research in various aspects of Corporate Social Responsibility at international level.

At the end of 2006, we started the contact with the Ministerio de Sanidad y Consumo (through the Instituto Nacional de Consumo) together with some other companies, organisms and representants of fashion designers, in order to reflect on the creation of some guidelines to homogenise the information about the sizes of the garments in Spain.

THE MANGO GROUP'S CODE OF ETHICS

THE MANGO GROUP'S CODE OF ETHICS

As mentioned above, our Group's Code of Ethics is based on a series of essential values and policies set down in our organization, together with other aspects and principles of reference. The contents of the code are set out below:

Values and policy

In order to achieve our company's objectives, we must combine enthusiasm, creativity and continuous education with the organisation's established values:

- Harmony (as the opposite of conflict, etc.)
- Humility (as the opposite of high-handedness, arrogance, pride, etc.)
- Human warmth (as the opposite of indifference, bitterness, etc.)

These values are displayed in all our facilities as a reflection of our commitment to them.

In order for our work to be successful at the heart of our organisation, we must also observe the following aspects, which complement the values set out above:

- Honesty and mutual respect..
- Perseverance, responsibility and spirit of cooperation.
- Curiosity to learn and continually improve.
- Innovation and creativity.
- Teamwork and common purpose.
- Satisfaction and enthusiasm for a job well done.
- To see change as opportunity rather than danger.
- To simplify tasks and minimise bureaucracy.
- To practice what one preaches.

Ethical principles of the Mango Group

1.- The Mango Group makes a commitment to develop all business operations and activities within an ethical framework. We understand business ethics to refer to a moral, correct and reasonable attitude to all business decisions or actions, always within the applicable legal framework.

2.- The Mango Group makes a commitment to carry out all of its working relationship within a framework of fairness, and to defend, at all times, the basic rights and principles of individuals. Therefore, the Mango organisation:

- Will not employ anybody who is below the legal working age and will not use any type of forced or compulsory labour.
- Will guarantee that its employees carry out their work in safe, healthy environments.
- The employees will have the right to association and recognition of collective bargaining.
- Will not permit any type of discrimination of its employees for reasons of race, nationality, religion, disability, sex, sexual orientation, political association, or affiliation.
- Will not permit any type of physical or psychic disciplinary methods as well as any form of harassment or physical or psychological abuse.
- Will ensure that the salary received by the employees complies with the job carried out and current legislation as well as with the hours worked.

3.- The Mango Group undertakes to respect the environment while it conducts all of its business.

4.- The Mango Group undertakes to offer all its customers a standard of excellence in all its products, and ensure that they do not involve risks for their health or safety.

5.- The Mango Group undertakes to collaborate, promote and work with all social groups, at local, national and international levels, in the societies in which its business is conducted.

Relationship between franchisees and the Mango Group's Code of Ethics

- Franchisees must observe the Code of Ethics of the Mango organisation.
- The Mango organisation undertakes to ensure mandatory compliance by all franchisees with the code of practice.

Relationship between manufacturers and production workshops and the Mango Group's Code of Ethics

- The Mango organisation will draw up a specific Code of Conduct, compliance with which will be mandatory for manufacturers and production workshops, based on its Code of Ethics.
- Observance of the Mango organisation's Code of Conduct by manufacturers and production workshops.
- The Mango organisation undertakes to ensure mandatory compliance with this Code of Conduct by all manufacturers and production workshops that supply it with garments and accessories.

Framework of corporate social responsibility

All aspects mentioned in this Code of Ethics, which the Mango Group commits to and acts on, make up the framework of the Group's Corporate Social Responsibility.



7. ECONOMIC DIMENSION AND INDICATORS

7. ECONOMIC DIMENSION AND INDICATORS

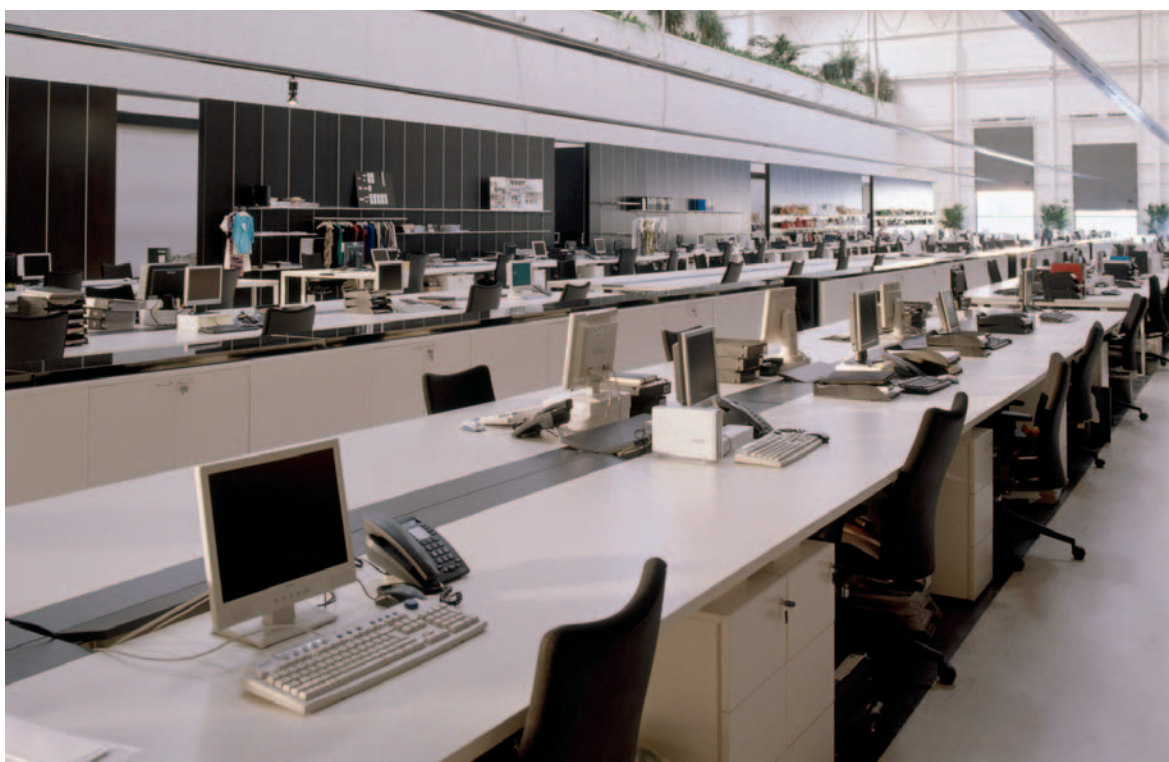
PREPARATION OF ANNUAL ACCOUNTS AND EXTERNAL AUDITS

The annual accounts of the individual Companies and the Mango Group have been prepared in accordance with the Generally Accepted Accountancy Principles, with the aim of providing a faithful representation of these.

The Annual Accounts for the year 2006 have been prepared in line with International Financial Reporting Standards (IFRS), pursuant to the legislation in force for this year.

All companies that fall within the legal requirements have been checked through an external audit.

The group of companies made up of MANGO MNG HOLDING, S.L. and subsidiary companies has also been co-audited by two independent auditing companies, for greater transparency. The companies that have carried out this co-audit are: PriceWaterhouseCoopers Auditores S.L. and AUREN AUDITORS-CONSULTORS BARCELONA S.A.



BASIC FIGURES

The main economic figures relating to the development of our group are set out below, together with the main economic performance indicators. This information is taken from the consolidated financial registers and other accounting and management records.

Results

Description	2006 (1)	2005 (1)	2004	2003	2002
Net turnover	942,355	888,260	831,679	779,814	744,997
Interannual variation (%)	6.09%	6.8%	6.65%	4.67%	10.93%
EBITDA	197,052	140,468	158,967	147,489	124,292
Interannual variation (%)	40.28%	(11.64%)	7.78%	18.66%	10.67%
EBIT	165,156	114,202	124,228	115,897	93,280
Interannual variation (%)	44.62%	(8.07%)	7.19%	24.25%	14.32%
Net profit	124,039	103,217	73,129	64,791	60,629
Interannual variation (%)	20.17%	41.14%	12.87%	6.86%	7.48%

Balance

Description	2006 (1)	2005 (1)	2004	2003	2002
Net worth	506,940	560,824	432,877	373,729	336,705
Interannual variation (%)	(9.6%)	29.56%	15.83%	11.00%	20.50%
Total balance	1,419,034	1,125,547	906,152	873,152	684,821
Interannual variation (%)	26.07%	24.21%	3.78%	27.50%	2.36%
Net worth percentage of total balance	35.72%	49.83%	47.77%	42.80%	49.17%

Stores

Description	2006	2005	2004	2003	2002
Total number of stores at the end of the financial year	995	866	768	704	629
Number of own stores	313	261	246	242	237
Number of franchises	682	605	522	462	392
Number of countries with stores open	89	83	75	72	69

Other information

Description	2006	2005	2004	2003	2002
Percentage of sales in international stores	74%	72.6%	71.44%	71.58%	69.43%
Number of employees as at 31/12	6,454	5,847	5,566	5,608	4,924

(1) Elaborated as per IFRS criteria.

NATIONAL AND INTERNATIONAL EXPANSION

The expansion of the Mango Group continued during the 2006 financial year with the opening of 129 new stores throughout the world. Fifteen of these were opened in six new countries: United States, Libya, Montenegro, Syria, South Africa and Uzbekistan. At the end of the 2006 financial year, we were represented in 89 countries.

As at 31st December 2006, the group had 313 own stores and 682 franchises.

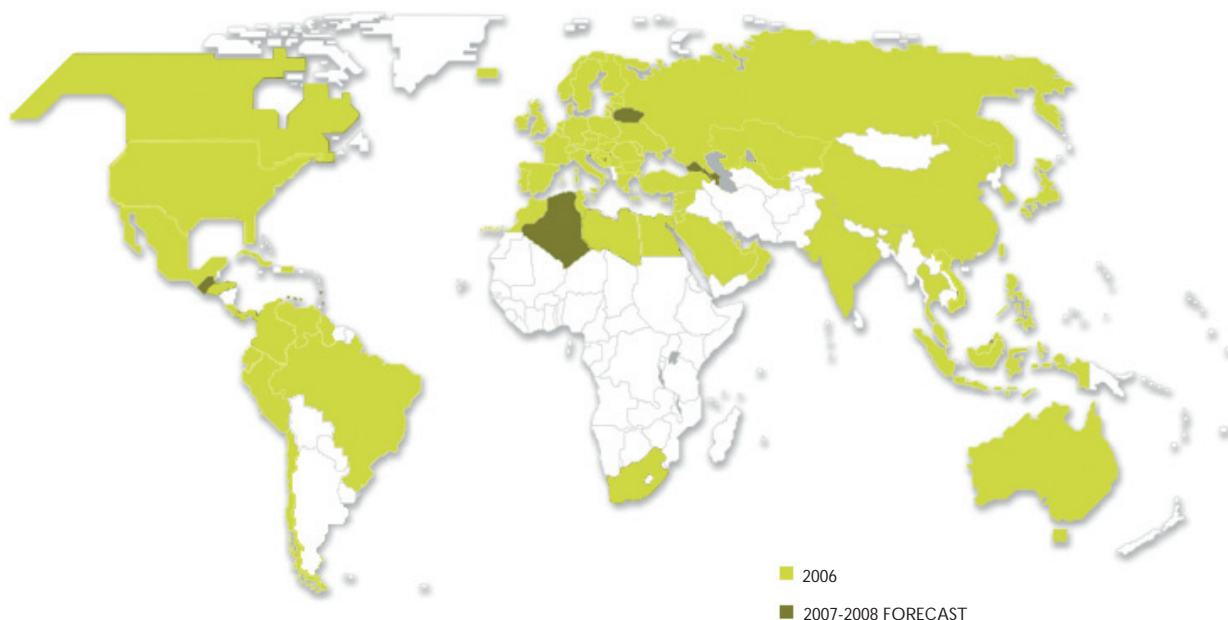
The franchise system is used in countries where the cultural and administrative characteristics are different to ours and it is therefore more appropriate that people in their own country manage the stores. This management system is also used where there is a good location and when the characteristics of the market make it more appropriate.

As at 31st December 2006, own stores currently account for 42% of the chain's sales floor.

Below are shown the most relevant data to our expansion in recent years:

Mango in the world

The following chart shows the countries where we are currently represented, together with the planned openings in new countries for 2007-2008.



Countries of exports

The main foreign countries in which we have sold during the 2006 financial year (with their export quotas indicated as a percentage of turnover) are as follows:

	COUNTRY	PERCENTAGE
1	FRANCE	8.90%
2	TURKEY	7.21%
3	GERMANY	6.30%
4	UNITED KINGDOM	6.29%
5	PORTUGAL	4.17%
6	RUSSIA	2.87%
7	BELGIUM	2.15%
8	SAUDI ARABIA	2.02%
9	AUSTRIA	1.99%
10	HOLLAND	1.85%
11	SWITZERLAND	1.57%
12	SINGAPORE	1.33%
13	UNITED ARABIC EMIRATES	1.32%
14	ITALY	1.26%
15	MEXICO	1.16%
16	HUNGARY	1.12%
17	POPULAR REPUBLIC OF CHINA	1.07%
18	MALAYSIA	1.00%
19	GREECE	0.99%
20	TAIWAN	0.88%
21	HONG KONG (CHINA)	0.82%
22	UKRAINE	0.80%
23	KUWAIT	0.66%
24	ISRAEL	0.64%
25	CZECH REPUBLIC	0.64%
26	INDONESIA	0.63%
27	POLAND	0.61%
28	ANDORRA	0.57%
29	CROATIA	0.57%
30	SOUTH KOREA	0.57%
31	PHILIPPINES	0.57%
32	BRAZIL	0.54%
33	IRELAND	0.51%
34	THAILAND	0.51%
35	LEBANON	0.49%
36	NORWAY	0.47%
37	JAPAN	0.46%
38	SWEDEN	0.44%
39	DENMARK	0.40%
40	SERBIA	0.40%
41	BULGARIA	0.36%
42	QATAR	0.33%
43	KAZAKHSTAN	0.31%
44	COLOMBIA	0.30%
45	CYPRUS	0.30%

	COUNTRY	PERCENTAGE
46	AUSTRALIA	0.30%
47	CHILE	0.30%
48	UNITED STATES	0.26%
49	SLOVAKIA	0.24%
50	EGYPT	0.24%
51	INDIA	0.22%
52	FINLANDIA	0.22%
53	LITHUANIA	0.22%
54	CANADA	0.21%
55	MALTA	0.20%
56	ECUADOR	0.20%
57	BAHRAIN	0.19%
58	AZERBAIJAN	0.19%
59	LUXEMBOURG	0.17%
60	COSTA RICA	0.16%
61	JORDAN	0.15%
62	MOROCCO	0.15%
63	VENEZUELA	0.15%
64	PERU	0.14%
65	ESTONIA	0.14%
66	ARUBA	0.13%
67	ARMENIA	0.11%
68	SLOVENIA	0.11%
69	MACEDONIA	0.10%
70	MONTENEGRO	0.10%
71	TUNISIA	0.10%
72	VIETNAM	0.09%
73	ROMANIA	0.09%
74	BOSNIA & HERZEGOVINA	0.09%
75	DOMINICAN REPUBLIC	0.08%
76	SYRIA	0.08%
77	HONDURAS	0.08%
78	MACAO (CHINA)	0.07%
79	OMAN	0.07%
80	SOUTH AFRICA	0.06%
81	ALBANIA	0.05%
82	MOLDOVA	0.05%
83	PANAMA	0.04%
84	LATVIA	0.03%
85	EL SALVADOR	0.03%
86	UZBEKISTAN	0.02%
87	LIBYA	0.01%
88	CUBA	0.01%
	TOTAL	74.00%

Time frame and development of exports by country.

The Mango Group is currently represented in 89 countries, including Spain. The following table illustrates the development of its presence in different

	COUNTRIES	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
1	Albania										
2	Andorra										
3	Argentina										
4	Armenia										
5	Aruba										
6	Australia										
7	Austria										
8	Azerbaijan										
9	Bahrain										
10	Belgium										
11	Bosnia & Herzegovina										
12	Brazil										
13	Bulgaria										
14	Canada										
15	Czech Republic										
16	Chile										
17	Cyprus										
18	Colombia										
19	Costa Rica										
20	Croatia										
21	Cuba										
22	Denmark										
23	Dominican Republic										
24	Ecuador										
25	Egypt										
26	Estonia										
27	Finland										
28	France										
29	Germany										
30	Greece										
31	Holland										
32	Honduras										
33	Hong Kong (China)										
34	Hungary										
35	India										
36	Indonesia										
37	Ireland										
38	Iceland										
39	Israel										
40	Italy										
41	Japan										
42	Jordan										
43	Kazakhstan										
44	Kuwait										
45	Latvia										

	COUNTRIES	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
46	Lebanon										
47	Libya										
48	Lithuania										
49	Luxembourg										
50	Macao (China)										
51	Macedonia										
52	Malaysia										
53	Malta										
54	Morocco										
55	Mexico										
56	Moldava										
57	Montenegro										
58	Norway										
59	Omán										
60	Panama										
61	Peru										
62	Philippines										
63	Poland										
64	Popular Republic of China										
65	Portugal										
66	Qatar										
67	Romania										
68	Russia										
69	El Salvador										
70	Saudi Arabia										
71	Serbia										
72	Singapore										
73	Syria										
74	Slovakia										
75	Slovenia										
76	Spain										
77	South Africa										
78	South Korea										
79	Sweden										
80	Switzerland										
81	Thailand										
82	Taiwan										
83	Tunisia										
84	Turkey										
85	United Arab Emirates										
86	United Kingdom										
87	United States										
88	Ukraine										
89	Uzbekistan										
90	Venezuela										
91	Vietnam										

Information about branches and offices abroad

As at 31st December 2006, the company structure (foreign branches), which supports the Mango Group's sales network, is as described below:

Subsidiary company	Date established/ acquired	Business activity	Country	% share
MANGO FRANCE S.A.R.L.	15/11/1995	Sale of clothing	FRANCE	100
MANGO DEUTSCHLAND GMBH	13/09/1996	Sale of clothing	GERMANY	100
MNG MANGO UK LTD	22/04/1997	Sale of clothing	UNITED KINGDOM	100
MANGO TR.TEKSTILTIC LTD.STI.	21/07/1997	Sale of clothing	TURKEY	100
MANGO NEDERLAND B.V.	13/11/1997	Sale of clothing	HOLLAND	100
MANGO BRASIL COMERCIAL LTD.	16/12/1997	Sale of clothing	BRAZIL	100
MANGO MERITXELL S.A.	19/06/1998	Sale of clothing	ANDORRA	32
MNG MANGO BELGIQUE SPRL	29/01/1999	Sale of clothing	BELGIUM	100
MANGO SUISSE S.A.	10/06/1999	Sale of clothing	SWITZERLAND	100
MANGO HANDELS GMBH	31/08/1999	Sale of clothing	AUSTRIA	100
MANGO HUNGARY KFT	11/10/1999	Sale of clothing	HUNGARY	100
MANGO POLSKA Sp.z.o.o.	08/11/1999	Sale of clothing	POLAND	100
MANGO (CZ) S.R.O.	29/12/1999	Sale of clothing	CZECH REP.	99,91
MANGO DANMARK APS	28/02/2000	Sale of clothing	DENMARK	100
MANGO NORGE	11/05/2000	Sale of clothing	NORWAY	100
PUNTO FA COMERCIO VESTUARIO LTD	2/07/2001	Sale of clothing	PORTUGAL	99,98
MANGO HONG KONG LIMITED	29/10/2003	Logistics	HONG KONG (CHINA)	99
MANGO SVERIGE AB	02/07/2004	Sale of clothing	SWEDEN	100
SHARPE KNIGHT (MANCHESTER) LTD.	19/11/2004	Sale of clothing	UNITED KINGDOM	100
MANGO NY INC.	9/03/2005	Sale of clothing	USA	100
MANGO ITALIA	26/09/2005	Sale of clothing	ITALY	100
MANGO ONLINE INC.	20/10/2005	Sale of clothing	USA	100
MANGO GARMENTS AND ACCESSORIES TRADING SHENZHEN	29/06/2006	Logistics	CHINA	100
MANGO JAPAN LTD	27/07/2006	Sale of clothing	JAPAN	100
MNG MANGO CANADA	11/09/2006	Sale of clothing	CANADA	100

Sales network (by country)

The foreign sales network consists of our own stores (through the branches) and franchises. As at 31st December 2006, the Mango Group had 995 stores, 743 of which were located abroad.

The growth of the number of stores by country over the last ten years, broken down into Mango's own stores and franchises, is set out in the following tables:

	OWN SHOPS	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
1	Andorra			2	2	2	1	1	1	1	1
2	Argentina			6	8	6	4				
3	Austria			1	4	5	5	7	7	7	9
4	Belgium			5	6	9	9	9	8	8	9
5	Brazil		2	5	5	5	4	4	3	3	3
6	Canada										6
7	Czech Republic					1	2	3	3	3	3
8	Chile		1	1	4	4	4	4			
9	Denmark				1	1	1	1	2	2	2
10	France	5	9	11	19	21	23	25	26	30	34
11	Germany	2	6	13	17	19	18	18	17	18	25
12	Holland		1	4	4	6	6	6	6	10	11
13	Hungary				4	4	4	4	4	5	5
14	Israel		5	9	10	10	9	9	9	1	1
15	Italy										2
16	Japan										9
17	Norway				3	3	3	3	3	3	3
18	Poland				1	1	1	1	1	1	3
19	Portugal					1	1	2	4	5	5
20	Spain	68	84	98	113	120	116	117	120	127	137
21	Sweden								1	2	2
22	Switzerland			1	1	1	1	1	1	1	1
23	Turkey	2	10	14	14	14	14	14	15	17	23
24	United Kingdom		1	5	9	12	11	13	15	17	19
	TOTAL OWN	77	119	175	225	245	237	242	246	261	313

FRANCHISES		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
1	Albania									1	1
2	Andorra	1	1	1	1	2	2	2	2	2	2
3	Armenia									1	1
4	Aruba	1	1	1	1	1	1	1	1	1	1
5	Australia						2	4	9	9	10
6	Austria		2	4	4	5	6	6	5	5	4
7	Azerbaijan								1	1	1
8	Bahrain	1	1	1	1	1	1	1	1	1	2
9	Belgium	5	5			1	2	4	4	5	10
10	Bosnia Herzegovina									1	1
11	Brazil		2	2	2						
12	Bulgaria						1	1	2	2	3
13	Canada									6	0
14	Czech Republic						1	1	1	2	2
15	Chile	1							5	6	6
16	Cyprus	2	3	3	4	4	4	4	4	4	4
17	Colombia									1	3
18	Costa Rica					1	1	2	2	2	2
19	Croatia						1	3	4	5	7
20	Cuba	2	2	2	2	2	2	2	2	2	2
21	Denmark						1	1			
22	Dominican Republic					1	1	1	1	1	1
23	Ecuador						1	2	2	2	2
24	Egypt									1	2
25	Estonia								1	1	1
26	Finland									1	4
27	France	20	22	22	20	21	25	29	36	40	43
28	Germany	2	4	4	4	4	10	22	28	31	26
29	Greece	4	5	7	7	8	9	9	8	9	13
30	Holland	5	5	2	2	4	9	9	8	4	4
31	Honduras							1	1	1	1
32	Hong Kong (China)				2	3	4	7	7	8	9
33	Hungary		2	2					1	1	2
34	India					1	1	2	2	3	5
35	Indonesia				1	3	4	4	5	7	7
36	Ireland		2	2	2	3	4	4	5	7	6
37	Iceland					1	1				
38	Israel	9	7	5	3	5	5	1	1	9	11
39	Italy					1	2	9	11	12	11
40	Japan	17	25	19	16	15	18	20	22	19	8
41	Jordan					1	1	2	2	2	2
42	Kazakhstan							1	1	2	2
43	Kuwait	1	2	2	3	4	4	4	4	4	5
44	Latvia					1	1	1	1	1	1
45	Lebanon	1	2	2	3	4	4	4	4	5	5
46	Libya										1
47	Lithuania				1	1	2	2	3	3	3
48	Luxembourg	1	1	1	1	1	2	2	2	2	2
49	Macao(China)								1	1	2

	FRANCHISES	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
50	Macedonia					1	1	1	1	1	1
51	Malaysia	1	2	2	4	4	6	6	7	12	16
52	Malta	2	2	2	2	2	3	3	3	3	2
53	Morocco					1	1	2	2	2	2
54	Mexico	6	7	8	8	9	11	11	11	17	26
55	Moldava						1	1	1	1	1
56	Montenegro										1
57	Norway		1	3							
58	Oman					1	1	1	1	1	1
59	Panama									1	1
60	Peru	1	1	1	2	2	2	2	2	3	3
61	Philippines			1	2	3	4	4	4	5	9
62	Poland					1	1	1	3	5	8
63	Portugal	28	38	43	45	49	48	48	46	51	51
64	Qatar	1	1	1	2	2	2	2	2	2	2
65	Popular Republic of China						3	10	17	19	30
66	Romania			1	1	1	1	1	2	3	3
67	Russia			1	1	2	9	16	20	28	44
68	El Salvador								1	1	1
69	Saudi Arabia		2	4	9	11	14	15	18	24	24
70	Serbia							1	2	3	4
71	Singapore	4	4	5	6	8	9	9	9	9	10
72	Siria										2
73	Slovakia					1	1	3	3	3	3
74	Slovenia			1	1	2	2	1	1	1	3
75	Spain	105	107	108	104	101	96	98	108	113	115
76	South Africa										1
77	South Korea					2	4	7	10	12	14
78	Sweden	1	1	1	1	1	1	2	1		
79	Switzerland	3	2	2	3	5	6	10	10	10	9
80	Thailand	1	1	1	1	3	4	4	5	5	6
81	Taiwan	12	14	14	7	6	10	12	12	14	19
82	Tunisia						1	1	1	2	2
83	Turkey	1	3	3	3	1	1				
84	United Arab Emirates	1	2	3	4	6	7	7	6	6	7
85	United Kingdom						2	8	5	6	2
86	United States										9
87	Ukraine				2	3	4	5	5	5	5
88	Uzbekistan										1
89	Venezuela		1	1	2	3	3	2	2	2	2
90	Vietnam								1	1	1
	TOTAL FRANCHISES	240	283	288	290	330	392	462	522	605	682
	TOTAL SHOPS(Own + franchises)	317	402	463	515	575	629	704	768	866	995

Agreements with foreign companies

Our policy has always been to remain independent in terms of decision-making. We do not therefore have local partners in any of the countries in which we operate.

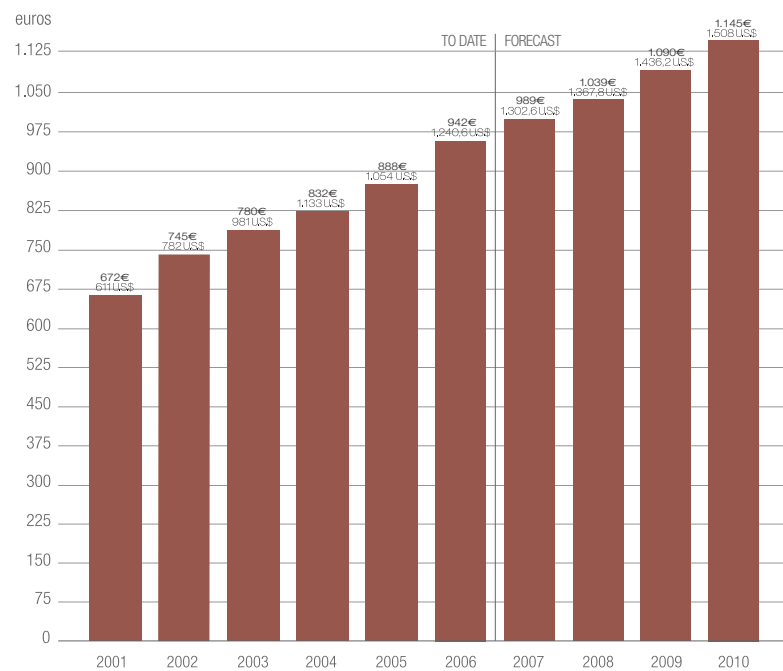
ECONOMIC PERFORMANCE INDICATORS

The main economic performance indicators for the last financial years are set out below:

Consolidated group MANGO MNG HOLDING, S.L. and subsidiary companies

Turnover (1) (2)

The sales turnover for the MANGO MNG HOLDING, S.L. consolidated group and subsidiary companies, and the forecast for the coming financial years is as follows:



(1) Figures in millions of euros and millions of dollars USA.

(2) The figures correspond to retail sales minus VAT for Mango's own stores, plus the wholesale sales to franchises.

Sales by geographic area

The breakdown of sales by geographical area over the last financial years is as follows:

Geographical area	2006	2005	2004	2003	2002
Spain	272,937	254,681	250,155	233,176	237,797
Rest of EU	353,343	349,297	321,047	291,411	284,885
Rest of the world	316,075	284,282	260,477	255,227	222,315
Net turnover	942,355	888,260	831,679	779,814	744,997

Sales by business type

The breakdown of sales by business type over the last financial years is as follows:

Sales by business type	2006	2005	2004	2003	2002
Sales in own stores	485,759	459,167	459,298	432,836	449,620
Sales to franchises	456,596	429,093	372,381	346,978	295,377
Net turnover	942,355	888,260	831,679	779,814	744,997

Cost of sales and gross margin

The gross margin over the last financial years is as follows:

Description	2006	2005	2004	2003	2002
Gross margin (%)	57.5%	54.2%	53.2%	47.6%	46.7%

The percentage of purchases made on the local Spanish market has accounted for approximately 15% of all purchases, including production (raw materials, fittings, etc).

Staff costs

Staff costs over the last financial years are as follows:

Description	2006	2005	2004	2003	2002
Salaries	117,119	104,047	100,421	86,084	83,040
Social Security	32,733	29,478	27,302	23,400	19,648
Total	149,852	133,525	127,723	109,484	102,688

Geographical distribution of staff costs

The geographical distribution of staff costs over the last financial years is as follows:

Geographical area	2006	2005	2004	2003	2002
Spain	91,412	80,383	73,102	60,394	54,858
Rest of EU	46,722	44,946	42,709	37,895	36,302
Rest of the world	11,718	8,196	11,912	11,195	11,528
Total	149,852	133,525	127,723	109,484	102,688

Equity providers

The evolution of debts acquired with outside equity providers over the last few financial years and their relation to the total balance is as follows:

Item	2006	2005	2004	2003	2002
Short-term debts with banks	276,566	30,790	61,517	64,009	45,523
Long-term debts with banks	439,651	381,750	283,367	314,522	212,293
Total debt	716,217	412,540	344,884	378,531	257,816
Cash and banks and short-term financial investments	625,056	524,718	314,851	277,257	113,034
Total net debt	91,161	(112,178)	30,033	101,274	144,782
Total balance	1,419,034	1,125,547	906,152	873,152	684,821
Net debt / balance (%)	6.42%	(9.97%)	3.31%	11.60%	21.14%

Variations in reserves

The variation in reserves produced in the 2006 financial year is as follows:

Status of Own Funds	Share capital	Share premium	Parent company reserves	Reserves in companies in consolidation	Conversion differences	Year results	Total
Opening balance 2006	25,853	140,246	4,707	293,021	(6,220)	103,217	560,824
Distribution year 2006	0	0	3	103,214	0	(103,217)	0
Result year 2006	0	0	0	0	0	124,039	124,039
Variation due to changes in the scope of consolidation	0	0	0	(3,797)	0	0	(3,797)
Others	0	0	0	0	(10,172)	0	(10,172)
Capital reductions	(2,301)	(282)	0	(157,887)	0	0	(160,470)
Recognised revenue for the tax year	0	0	0	(3,484)	0	0	(3,484)
Closing Balance 2006	23,552	139,964	4,710	231,067	(16,392)	124,039	506,940

Tax on profits

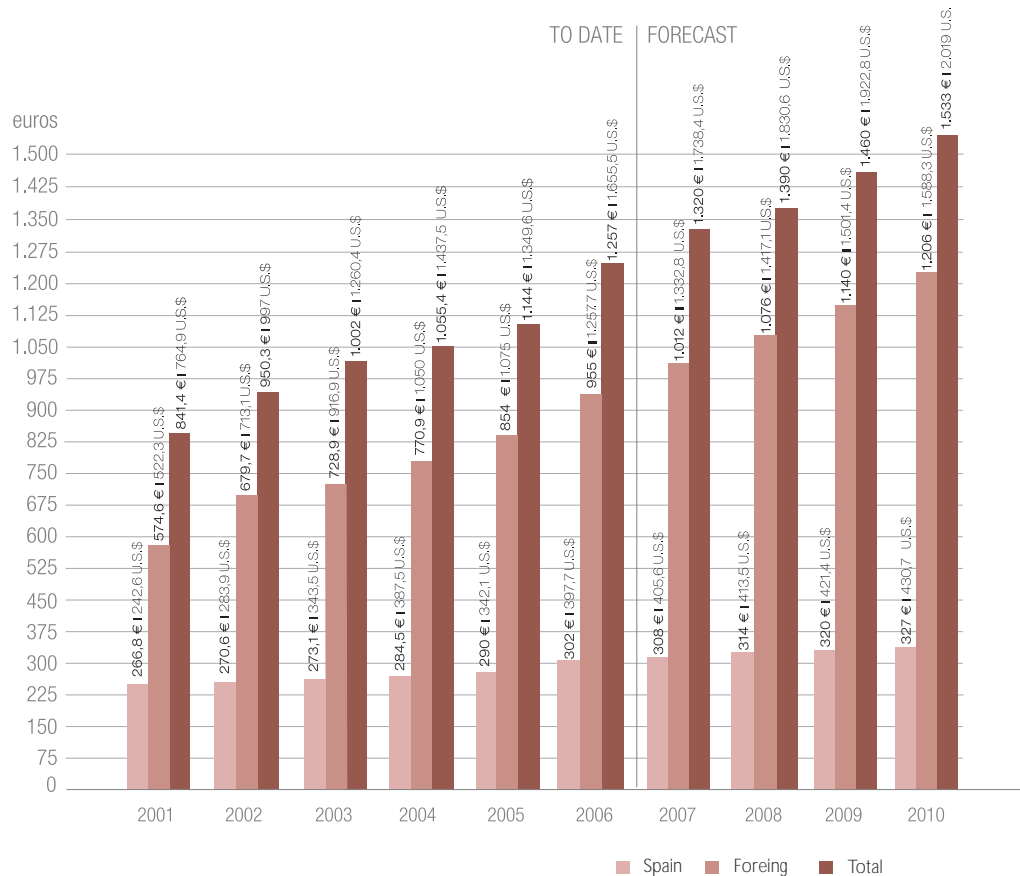
The breakdown of tax on profits over the last financial years is as follows:

Geographical area	2006	2005	2004	2003	2002
Spain	20,016	14,603	24,914	22,006	8,639
Rest of EU	1,515	2,529	3,199	1,350	964
Rest of the world	436	334	344	539	112
Total	21,967	17,466	28,457	23,895	9,715

Mango chain

Turnover (1) (2)

Lhe turnover for Mango chain stores together with the forecast for the coming financial years is as follows:

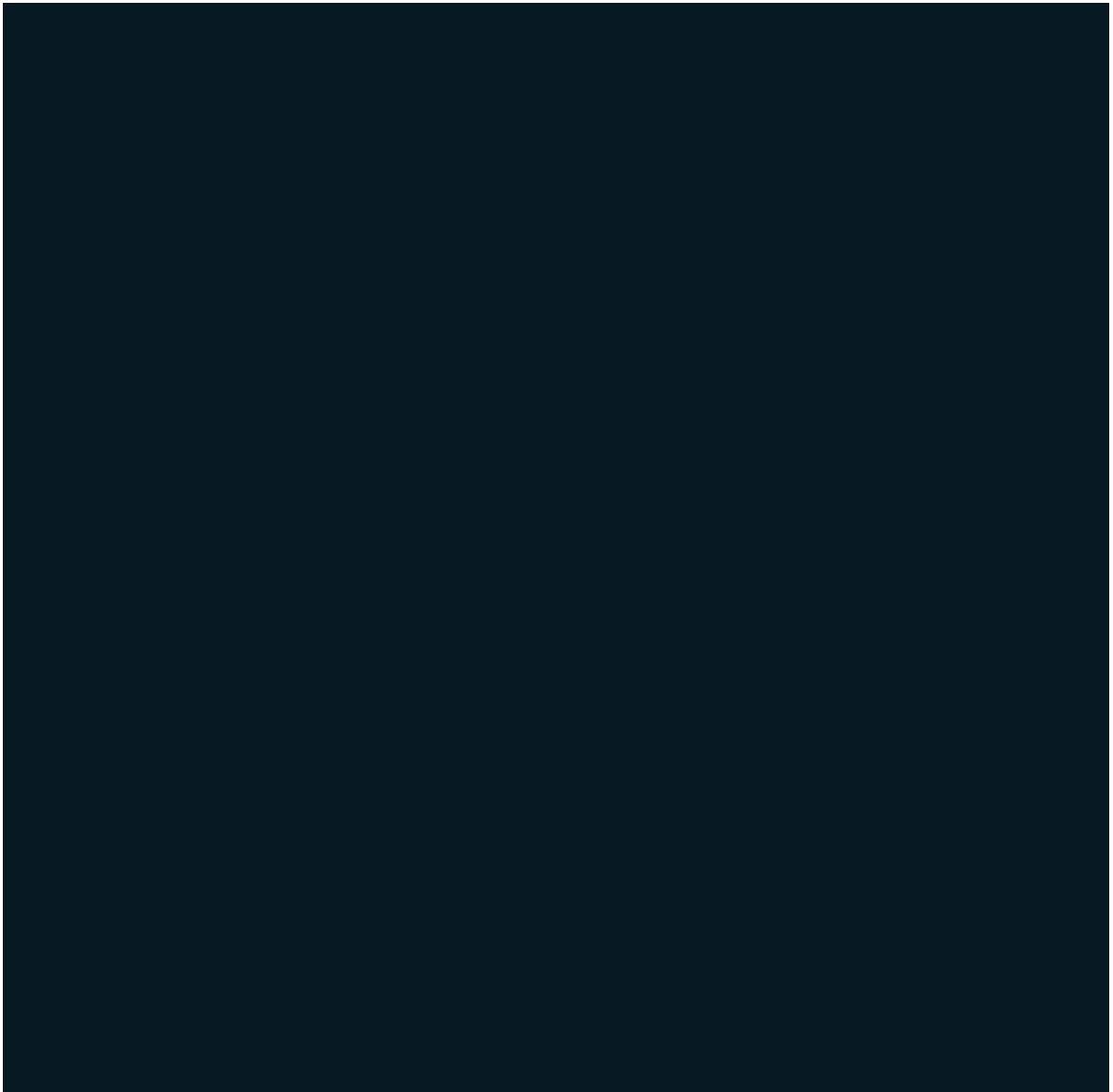


(1) Figure in millions of euros and millions of dollars USA.
(2) The figures correspond to retail sales minus VAT for Mango's own stores and in franchises.

Chain export figure

The chain's export figure and the percentage of sales over the latest financial years is as follows:

Description	2006	2005	2004	2003	2002
Net turnover	1,257,344	1,143,762	1,055,400	1,002,000	950,300
Sales in foreign markets	952,407	853,818	770,900	728,900	679,700
Sales in foreign markets (%)	75.74%	74.65%	73.04 %	72.74 %	71.52 %



8. WORK AND SOCIAL DIMENSION AND INDICATORS

8. WORK AND SOCIAL DIMENSION AND INDICATORS

MANAGEMENT AREAS AND ACTIVITIES

As specified in our sustainability model, we understand that our responsibility goes beyond just our relationship with our employees, and includes our whole production chain. For this reason, we make a clear distinction between two areas of responsibility: an internal and an external sphere.

INTERNAL SPHERE

Mango's good working environment is partly due to the opportunities generated by the company's considerable growth and partly to a team made up of employees with human qualities, who are motivated, flexible, and capable of adapting to changes and making the most of them.

The main social and work aspects carried out inside our organisation that also help to create this atmosphere are as follows:

ONGOING DIALOGUE

Ongoing dialogue is maintained between our employees and the shareholders and administrators, along with the organisation's management, through meetings called "If I were President".

These work like so:

- Employees from each department elect a representative by secret ballot. This representative cannot be a team leader or manager of the same department.
- The elected person calls all the employees of the department to a meeting in which he or she collects all the ideas, suggestions, changes or improvements, in order to present them at the meeting.
- Finally, these representatives meet with the management, shareholders and administrators to present and discuss the different proposals.

The conclusions, changes and improvements that are agreed on are published and communicated to all employees through the company's internal newsletters.

It is worth noting that 95% of the proposals discussed in these meetings become actual changes (timetable changes, holiday calculations, broadening and improvement of services, safety improvements, ergonomics, and comfort at the workplace, etc.).

In order to encourage participation in this dialogue, it is worth noting that during April 2007, a survey on the work climate of our organisation was conducted by an external organisation. 2,380 people responded to the survey (69% of the workforce), which provides us with a solid and accurate base for implementing improvement measures that will contribute to the success of our organisation.

Furthermore, during 2006 the so-called "employee's portal" was made available to employees via the intranet. This aims to provide a service to internal Mango personnel (currently at the central offices), by supplying them with detailed and up to date information on human resources administration, recruitment and training. Employees are able to manage various tasks from this portal: personal data, holiday calendar, salary queries, applications and queries regarding training course, information on vacant posts, etc.

ONGOING CONTRIBUTION OF IDEAS AND SUGGESTIONS

Initiatives called "brainstorming" and "the suggestion box" are in place to enable all employees to contribute their ideas and proposals in order to generate a more efficient organisation.

POLICY OF REMUNERATION ACCORDING TO SITUATION

In the case of structural staff (approximately 1,600 employees), salaries are evaluated, adapted and incentivised according to the circumstances of each employee at least twice a year. The system for the sales team in stores is based on a fixed wage plus a variable depending on the store turnover.

It is worth noting that the salaries paid by our organisation for the various categories of employees are generally above the average basic salaries for the sector. Specifically, the relationship between the starting standard salary established by Mango and the minimum salary according to the collective agreement is 45% higher for Spain. Besides, the salaries are increased with incentives and promotions.

All employees, whether part-time or full-time have the same rights and social benefits. Furthermore, there is no type of difference or salary discrimination between men and women.

All Mango employees are covered by a collective agreement or the corresponding employment legislation. Any type of organisational change is notified to employees with a notice period of at least one month.

PROMOTING AND SIMPLIFYING THE RECONCILING OF FAMILY LIFE WITH WORK

There is a strong focus on this area and a series of added advantages:

Maternity/Paternity

- After maternity leave and for one year, the company allows parents to change their working hours without having to request a reduction in working hours.
- Maternity benefit during leave of absence is also complemented to ensure that employees continue to earn 100% of their wage. The company also pays out supplementary wages in full while the employee is on maternity leave.
- For structural staff, the mother can choose between reducing her working day by one hour during the lactation period or save these hours and use them after maternity leave, giving her an additional 19 days' leave.
- The organisation applies reductions of working hours and leaves of absence in accordance with the legislation.

Working flexibility

- Flexibility of working hours is allowed for employee personal reasons, as are temporary suspensions of contract for these same reasons. The employee's position is maintained in all of these cases. The organisation also extends the time allowed for necessary doctor's visits.
- By mutual agreement with structural staff, these employees work half an hour extra each day so that they can finish at midday on Friday and have a longer weekend.
- Employees also work continuous shifts on the day before certain public holidays. In departments or sections where operations allow, continuous shifts are worked the whole year round.

Financial contributions

- The company gives out a personal special occasion card and financial gift to all employees who marry, become a common-law couple, or have a child.

FREE GROUP TRANSPORT

A transport system is in place covering the main cities and routes from which our staff travel to work. This system covers different arrival and departure times, with the added advantage of avoiding the need for private vehicles.

SUBSIDISING OF DINING ROOMS

The company's central offices have several dining rooms with all the services to cover different options: bringing in food prepared at home or using the catering service provided by the company. This is a quality service prepared in our own kitchens. Employees pay 30% of the cost. Approximately 540 meals are served every day. Employees can also purchase food in the dining rooms and take it home with them, in which case, it is supplied in appropriate plastic packaging.

WORK STABILITY

At the end of the 2006 financial year, 65.35% of the organisation's total employees (on average) were on permanent contracts, as broken down below:

Item	Structural staff	Store staff
Temporary	16.25%	40.65%
Permanent	83.75%	59.35%

Furthermore, full-time employees make up 56.21% of the workforce and part-time employees 43.79%. In the case of foreign subsidiaries, these percentages are 90.83 and 19.17 respectively.

EQUALITY OF OPPORTUNITIES

This is promoted because of our strong belief in the abilities of our employees. There are two relevant aspects in the profile of our team:

- 55.47% of management positions in our organisation are held by women. The percentage of employees by sex is as follows:

	Structural staff	Store staff
Men	37.75%	9.30%
Women	62.25%	90.70%

- The average age of our employees is as follows ⁽¹⁾:

Structural staff	Store staff	Company total
33.08	26.00	29.28

(1) Spain data

- The division by groups of age of the workers is as follows:

Intervale	Spain	Abroad
[16-25]	27.62 %	47.78 %
[26-35]	56.75 %	46.94 %
[36-45]	11.75 %	4.68 %
[46-55]	3.10 %	0.60 %
[56 and forward]	0.78 %	-

The average not-desired rotation for 2006 has increased 11% approximately for the central offices staff, 19% for logistics staff and 63% for store personnel. The rotation in store personnel we understand it is high considering the present economical cycle of full employment.

CULTURAL DIVERSITY

Our organisation is characterised by cultural diversity due to the globalisation of our business. People of different nationalities work together at our central offices and in the stores and offices of different countries. The nationalities of the employees at our central offices are as follows (51): Andorra, Algeria, Argentina, Australia, Belgium, Bosnia-Herzegovina, Bolivia, Brazil, Canada, Chile, China, Colombia, Costa Rica, Cuba, Czech Republic, Denmark, Dominican Republic, Ecuador, France, Gambia, Germany, Greece, Guinea, Hungary, Iceland, Italy, Japan, Malaysia, Mauritania, Mexico, Morocco, Netherlands, Norway, South Korea, Pakistan, Paraguay, Peru, Poland, Portugal, Russia, Senegal, Slovakia, Spain, Sweden, Switzerland, Turkey, Ukraine, Uruguay, United Kingdom, USA and Venezuela.

WORKPLACE MOBILITY

The international nature of our organisation also allows for the geographical mobility of employees who request this. In addition, when new internal positions arise, staff are offered the possibility of requesting a change of department.

INTERNAL PROMOTION

Almost all of the organisation's managers and team leaders have been promoted internally as part of a firm commitment in this direction and as a result of a motivated and flexible team that is able to take on new responsibilities.

It should be pointed out that 2.88% of the employees at the central offices have opted for a position in a higher category during the past year. The figure for internal promotions of store staff is 28.77%.

ACTIVE POLICY AND ONGOING DIALOGUE IN HEALTH AND SAFETY AT WORK

The development and promotion of strategies and actions that improve work conditions through the physical, psychiatric and social well-being of employees is an objective sought within the sphere of health and safety at work. In order to achieve this, we have a multidisciplinary team made up of technical and medical personnel specialised in health monitoring, safety, ergonomics and psychosociology.

Management of the prevention of risks in the workplace is established in the Prevention Plan and forms part of the general management system of the company. This Prevention Plan sets out the company's commitment to provide a safe and healthy working environment for employees and collaborators and defines the objectives, responsibilities, resources and procedures required to achieve this. Said Prevention Plan is produced by planning the annual prevention activity, supervised every quarter in order to ensure its compliance.

Some of the activities implemented during 2006 in Spain were as follows:

Risk Prevention Training during 2006 for structural staff

Training on risk prevention 2006 for the staff	No. of people trained
Training for users of data screens	57
Initial information for logistics personnel	694
Forklift truck training	40
Fire fighting training	46
Emergency plan training	46
Training on implantation of RP manual	13
Ergonomics training for logistics personnel	84
Ergonomics training for patternmaking personnel	11
Ergonomics training for sewing machine operators	6
Ergonomics training for cutting personnel	3
Total number of people trained	1,000

Training in Risk Prevention for store personnel in Spain is performed via the Intranet. In order to ensure training is carried out, it is monitored by requesting the resulting certificates of said training. In 2006 a selection of stores was made, and a total of 950 certificates were requested.

Evaluation of risks

The identification and evaluation of the risks associated with employment positions is part of the cycle of continuous improvement in the company management.

In order to prevent such risks, or, where this is not possible, minimise them, evaluations are made for new work positions, while the evaluations of existing work positions are kept up to date.

This allows us to fulfil our aim to continue improving the health and safety conditions of employees.

During 2006, a total of 23 work positions of data screen users were evaluated, 14 work positions in the Logistics department were evaluated and 23 stores in Spain were visited.

Evaluations of the acoustic conditions in 5 sections of the Logistics department and of the lighting conditions in 575 work positions were also carried out.

Risk notifications

Adopting the policy of the active employee participation, a system exists allowing employees to notify any situation that represents a risk or any proposal that improves working conditions.

	2006	2005
Risk notifications received	73	53
Risk Notifications resolved	63	45

Safety visits and work inspections

Every quarter safety visits are made to all sections of the Logistics department in order to check and guarantee the existence of optimal working conditions and to encourage safe conduct.

The aim of such visits focuses on identifying new risks associated with the work position, determining specific needs relating to the training of employees in risk prevention, reinforcing efficient and safe conduct and improving work procedures in collaboration with managers.

Safety visits are performed using a checklist that gives a % compliance score.

Below we provide comparative information on the % compliance scores for 2005 and 2006.

	2006	2005
Average % compliance	88.26%	83.71%

Development of the prevention of risks in the workplace manual

The Prevention of Risks in the Workplace manual contains procedures that are designed and implemented in order to manage risk prevention within the company.

In order to guarantee the optimal management of risk prevention, these procedures are reviewed continuously and regenerated in accordance with any new requirements that arise.

Health monitoring

The company's Medical Service carries out periodic monitoring of the state of health of our employees. Guaranteeing confidentiality of personal data, the conclusions derived from medical check-ups are provided with regard to the suitability of an employee for his/her work position. Thus, wherever necessary, improvements are made to the means of protection or working conditions in order for such workers to carry out their duties in a satisfactory manner.

During 2006, in accordance with our commitment towards the healthcare of our employees, the number of medical check-ups was increased to 882 for structural staff and 251 for store personnel in Spain.

Other actions carried by the Medical Service include the tetanus and flu vaccination campaigns (101 and 225 people respectively) and the promotion of healthcare by carrying out specific checks.

Furthermore, an epidemiological study was carried out in order to determine the causes of illnesses and establish the lines of action in order to improve the health of all of our employees.

Analysis of accidents in the workplace

ANALYSIS OF ACCIDENTS IN THE WORKPLACE	2006	2005	2004
Nº Accidents / Nº Employees	0.055	0.048	0.056
Hours lost / Hours worked	0.00337	0.00234	0.00368
Average duration of sick leave (days)	15.78	12.24	14.15

SPANISH STORE STAFF ACCIDENTS	2006	2005	2004
Nº Accidents / Nº Employees	0.043	0.045	0.048
Hours lost / Hours worked	0.00299	0.00254	0.0033
Average duration of sick leave (days)	16.19	13.36	13.92

Our subsidiaries adopt the same objectives and strategies as for Spain, however the prevention activity is carried by consultants in the country and coordinated by the Prevention Department.

Absences of structural and store staff in Spain for common illness, accident, maternity, marriage, and other reasons (medical visits, personal matters, etc.) in 2005 and 2006 are as follows:

Structural staff

Type	2006	2005
Sick leave	2.71%	3.42%
Absent due to IA	0.29%	0.25%
Maternity leave	0.95%	1%
Leave authorisations for marriage	0.10%	0.11%
Other reasons	1.14%	1.01%
TOTAL	5.19%	5.79%

Store staff in Spain

Type	2006	2005
Sick leave	2.88%	3.08%
Absent due to IA	0.27%	0.29%
Maternity leave	1.07%	0.84%
Leave authorisations for marriage	0.10%	0.09%
Other reasons	0.63%	0.5%
TOTAL	4.94%	4.79%

Of the total absences for common illnesses, those related to maternity/paternity accounted for 37%.

The total absences for 2006 in own stores abroad amounted to 3.75%.

ONGOING TRAINING

We have established a broad policy of ongoing training in our organisation. To achieve this, we have a training department that promotes the aspects needed to ensure the smooth running of the organisation, covering both technical needs (language, office automation, merchandising, etc.) and human needs (personal growth, values, team management, etc.). Most of this training is carried out in classrooms at the central offices. This team collaborates with the various heads of department to deal with and encourage requests to undertake professional, university, and similar studies.

A total of 83,393 hours' training was carried out in 2006 and attended by 4,318 individuals.

Professional category	Training hours	No. of trained people
Head of department	10,750	378
Administratives	16,125	567
Technicians	20,903	735
Operatives	5,922	160
Logistics personnel	6,022	259
Store personnel	23,671	2,219
TOTAL	83,393	4,318

ADDITIONAL ADVANTAGES FOR OUR EMPLOYEES

The most important aspects of these are:

- A discounts policy in our stores and through agreements with a range of companies for all our employees (sales of cars, trips, gyms, etc.).
- The organisation of various markets for our employees where garments, accessories, furniture, and home decor objects are sold at symbolic prices once the season has ended.
- Through the granting of interest-free loans in certain personal circumstances.
- By allowing the use of installations for diverse activities, such as courses to obtain driving licenses, etc.

THE PRACTICE OF THE CULTURE OF MISTAKES

Our organisation encourages a climate of trust and communication, working in teams, and learning from our mistakes.

This, combined with an informal relationship (at our central offices, nobody uses formal address) and lack of hierarchical treatment, has allowed us to obtain high levels of satisfaction in the workplace. Together with the human qualities of our employees, this has made Mango's staff one of the three basic pillars of the success and growth of our organisation.

EXTERNAL SPHERE

Characteristics of our suppliers (manufacturers and production workshops)

As explained above, the nature of our products and our production system largely determine the characteristics of our manufacturers and production workshops, and the relationship we have with these in certain aspects, such as: manufacturing time, price of garments, technology, capacity, quality, organisation, professionalism, international experience, etc.

New suppliers are incorporated every new season to cover the new technical needs and increases in production: number of items and amounts per item.

We have established a long-term collaboration with our suppliers (we have suppliers who have been working with us for over seventeen years), and there is ongoing communication, analysis and joint planning of all aspects of production as well as quality control, carried out by our technicians on-site at the factory or production workshop.

Geographical distribution

The number of garment suppliers is increasing, and at the date of this report stands at 140. The purchase quota by country is as follows:

COUNTRY	Purchase quota
China	54.95%
Morocco	19.49%
Turkey	6.66%
India	6.14%
Vietnam	3.83%
Bulgaria	3.49%
Spain	1.65%
Pakistan	1.40%
Sri Lanka	0.63%
Cambodia	0.44%
Bangladesh	0.35%
Others	0.97%
Total	100%

Labelling

All our garments and accessories, without exception, are labelled indicating the country in which they have been made.

CODE OF PRACTICE FOR MANUFACTURERS AND PRODUCTION WORKSHOPS

Code of practice for manufacturers and production workshops

To ensure that all our manufacturers and production workshops fully comply with labour and social standards, the Mango Group has established a compulsory Code of Conduct for them.

A copy of this code, signed by each supplier, is available at our offices.

The Code is based on the guidelines and recommendations of the ILO and is set out below:

CODE OF SOCIAL AND WORK CONDUCT FOR MANUFACTURERS (SUPPLIERS OF FINISHED ITEMS: GARMENTS AND ACCESSORIES. HEREAFTER MANUFACTURERS) AND PRODUCTION WORKSHOPS (HEREAFTER WORKSHOPS) OF GARMENTS AND ACCESSORIES FOR THE MANGO GROUP

0.- INTRODUCTION

This code of working practices is based on the fundamental guidelines of the agreements of the ILO, as well as on other values and principles of the MANGO GROUP itself.

1.- CHILD LABOUR

The manufacturers and producers will neither use nor support the use of child labour, according to the definition set out in ILO agreements.

2.- FORCED AND COMPULSORY LABOUR

The manufacturers and producers will not use any type of forced or compulsory labour.

3.- HEALTH AND SAFETY IN THE WORKPLACE

The manufacturers and workshops, keeping in mind the current knowledge on the general risks in their industry as well as any other risk specific to their business, will establish a safe and healthy working environment, and will take appropriate measures to prevent risks, accidents and injuries from occurring during business or associated with it by limiting as far as is reasonably practical the causes of risks inherent in the said working environment.

4.- FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING

Manufacturers and workshops will respect the rights of employees to associate, organize or negotiate collectively in a lawful and peaceful manner, without penalty or interference.

5.- NON-DISCRIMINATION

Manufacturers and workshops will not discriminate in their hiring or recruitment processes, including salary, benefits, training, advancement, termination or retirement, on the basis of race, nationality, religion, disability, gender, sexual orientation, political association or opinion.

6.- DISCIPLINARY MEASURES, COERCION AND HARRASSMENT

Manufacturers and workshops will not use or support corporal punishment, mental or physical coercion, or other forms of physical or psychological abuse or any other type of harassment.

7.- WORKING HOURS

Manufacturers and workshops will comply with the applicable laws as well as with the specific industry guidelines in relation to working hours.

8.- COMPENSATION

Manufacturers and workshops will guarantee that the wages paid to employees strictly comply with all applicable laws.

9.- ENVIRONMENT

Manufacturers and workshops will carry out all their activities in the most environmentally friendly way possible.

10.- COMPLIANCE WITH APPLICABLE LAWS

Manufacturers and workshops will comply with current legislation applicable to the different areas of activity.

11.- AREAS OF APPLICABILITY OF THE CODE

Manufacturers and workshops working with the MANGO GROUP are obliged to comply with all the provisions stated herewith.

In order to achieve this objective, the manufacturers and workshops authorize the MANGO GROUP to carry out audits, by itself or through a third party, for the purposes of monitoring the implementation of this code. In addition, they will facilitate the auditors' access to any documentation or means they require to ensure the viability of this process.

12.- IMPLEMENTATION AND ENFORCEMENT OF THE CODE

The MANGO GROUP agrees to take any positive steps required to implement the Code, as well as incorporating it into all its operations, with the goal of making it an integral part of its global philosophy and general policies.

The MANGO GROUP will adapt the agreements reached with manufacturers and workshops in accordance with said code.

13.- ACCEPTANCE AND COMMITMENT ON THE PART OF MANUFACTURERS AND WORKSHOPS

All the manufacturers and workshops accept and commit themselves to comply with all the provisions set out in this code via their signature and company code on each page of said document. A signed original will always be available at the MANGO organisation offices.

14.- AMENDMENTS AND FUTURE UPDATES

Any amendment or update to this code of practice will take place on documents attached to the same, in accordance with the procedure set out in the above point.

15.- MONITORING IMPLEMENTATION OF THE CODE

The Department of Corporate Social Responsibility will, in conjunction with the departments involved in contracting and managing manufacturers and workshops, carry out regular monitoring visits on the basis of an annual schedule and following previously established criteria.

A successful monitoring process requires the manufacturers (considering their production characteristics) to release information, at any time, about the factories where the garments or accessories are manufactured in order to enable the MANGO organisation to verify compliance with this code as established in this point. Equally, these entities (manufacturers) are required to communicate to the different factories, at the start of their activities, the need to observe this code of practice and to adhere to it, and confirm this by signing it.

16.- COLLABORATION WITH NON-GOVERNMENTAL ORGANISATIONS (NGOs) AND OTHER BODIES:

The MANGO GROUP will reach mutual collaboration agreements with different NGOs with the aim of consolidating and making progress in these areas. With this goal in mind, joint visits to the manufacturers' and suppliers' installations will be carried out with the NGOs in order to collaborate in those areas, which, as far as possible and in accordance with each country's applicable legislation, are accessible within the framework of mutual collaboration. Said visits may coincide with the supervision and monitoring visits. On the other hand, these visits also have the objective of providing transparency and information about our corporate responsibility policies in the different manufacturers and workshops.

17.- CORRECTIVE ACTIONS

Any situation that does not comply with the above mentioned provisions will require immediate correction by the manufacturer or workshop. In the event that these corrective actions need to be implemented and monitored, they will be specified and a schedule agreed in conjunction with the manufacturers and workshops (1).

If a case of serious social emergency (child labour, forced labour, etc.) or other significant aspect related to the manufacturers and workshop were to arise, and no necessary measures are taken for their immediate correction, the MANGO GROUP will cancel all relations with the relevant manufacturer or workshop.

(1) Clarification: Mango will participate by offering its technical support.

Monitoring the code

To monitor our Code of Conduct, we carry out a series of actions and controls at different times in the factories and garment production workshops to ensure full compliance:

Prior selection of suppliers, taking into account different aspects of CSR

Before we begin business with the suppliers, an initial analysis and check are carried out to ensure that they meet all of the points on our Code of Conduct in all their workplaces.

Quality control

Additionally, because of the characteristics of our production system, we have quality-control teams (technical specialists hired by Mango on a full-time basis), who live in the production areas themselves. Each day, these teams visit different factories and workshops (the system is already operating in Morocco and South-East Asia, and is being introduced and adapted in the other countries).

The main task of these teams is to carry out controls not only on the quality and number of items produced, but also on any other production-related aspect.

While they are monitoring production, since 100% of their time is spent with the suppliers, the teams can also continuously observe that our Code of Conduct is being met.

Training

The internal training on the Code of Conduct and its spreading, information, control and implementation to the other departments (quality control department, buying department, etc.) rose to 1,200 hours. This training is directly given by CSR department.

Internal audits

The Internal Control Department (Social audits) also carries out controls and audits to verify supplier compliance with the code of conduct. These audits include the following steps:

- Meeting with the owners and/or managers of factories and workshops to obtain the necessary information on labour, social and environmental aspects.
- A comprehensive review including a photographic and film record of the factory's installations.
- Selection of a sample group of employees from the supplier's personnel lists and/or directly from the production line, and subsequent interview covering all aspects of our codes of conduct and procedures, particularly those affecting the review of wages (minimum wages, payment of extra hours, etc.).
- If there are any unions, the abovementioned procedures will be carried out in conjunction with the respective representatives.
- The process ends with a report on compliance with our Code of Practice and a document specifying recommendations for any applicable measures. If the audit results in the specification of any corrective measures, a schedule for their implementation will be drafted.

External audits

The external auditing of our suppliers are carried out by AUREN AUDITORS-CONSULTORS BARCELONA, S.A., a company recommended to us by the non-governmental organization SETEM. The external audit uses the procedure set out below:

- Meeting with the owners and/or managers of factories and workshops to obtain the necessary information about labour, social and environmental aspects, and their procedures.
- A comprehensive review including a photographic and film record of the factory's installations.
- Selection of a sample group of employees from the supplier's personnel lists and/or directly from the production line, and subsequent interview covering all aspects of our codes of conduct and procedures, particularly those affecting the review of wages (minimum wages, payment of extra hours, etc.).
- If there are any unions, the aforementioned procedures will be carried out in conjunction with the respective representatives.
- The process concludes with issue by the external auditor of a certificate of compliance with our Code of Practice on the part of the supplier, as well as a document specifying recommendations for any applicable measures. If the audit results in the specification of any corrective measures, a schedule for their implementation will be drafted.

Location of internal and external auditors

At the date of this report, the location of these auditors is as follows:

COUNTRY	On-site quality control	Internal audits	External audits
China	✓	✓	✓
Morocco	✓	✓	✓
Turkey	✓	2nd semester 2007	2nd semester 2007
India	✓	✓	✓
Vietnam	✓	✓	✓
Bulgary	✓	2nd semester 2007	2nd semester 2007
Spain	✓	2nd semester 2007	2nd semester 2007
Pakistan	✓	✓	✓
Sri-Lanka	✓	✓	✓
Cambodia	✓	✓	✓
Bangla-Desh	✓	✓	✓
Others	✓	2nd semester 2007	2nd semester 2007

Accessories

From 2006, audit controls have been progressively extended to accessories.

Objectives

With regard to the internal and external auditing of production plants, we forecast that these will have been completed by September or October 2007. From this moment onwards, the audits will focus on verifying the new manufacturers for each season and the external and internal system of maintenance of control of the ones already audited.

What is more, during 2007 we shall also gradually increase the process of auditing accessories production plants, which got underway during the 2006 financial year.

The percentage of production plants and workshops that had been verified at 31/12/2006 was 87%. Furthermore, no significant incidents occurred with regard to compliance with the Code of Conduct.



9. ENVIRONMENTAL DIMENSION AND INDICATORS

9. ENVIRONMENTAL DIMENSION AND INDICATORS

ENVIRONMENTAL IMPACT

The starting point of our organisation's development in this area was in 1999, when we installed a programme of best environmental practice.

During the 2001 financial year, a complete environmental diagnostic study was carried out as part of this program. This study was carried out by PriceWaterhouseCoopers and was used to ratify compliance with the appropriate legislation and to reinforce the organisation's sustainability strategy.

MANAGEMENT AREAS AND ACTIVITIES

The nature of our business activity implies two clearly differentiated areas in relation to environmental management: an internal and an external sphere.

From the point of view of the internal sphere, essentially this activity is carried out at our installations, in the products and in the stores; from the point of view of the external sphere, the activity is carried out by our manufacturers and in the areas of distribution and supply, since our production and logistics are handled by third party companies.

We consider stores to be part of internal management, whether they be Mango own stores or franchises, because the systems, materials and operating procedures are the same.

INTERNAL SPHERE

Due to its nature, the environmental impact of our internal activities is almost insignificant. Notwithstanding the above, we have put in place a series of best environmental practices in accordance with our programme. The most significant of these are as follows:

Product, containers and packaging

Our organisation has a container and packaging waste prevention plan in place, which has been approved by the company administration. The following actions have taken place so far within the framework of this plan:

We have minimised the thickness of the boxes down to the technical limit that prevents breakage and crushing.

We have also minimised the individual packages for garments and accessories in terms of dimensions and density, while retaining their capacity to avoid breakage and to be processed by the distribution machinery.

We have minimized the size of the labels, to just the size that allows them to be read correctly.

It is worth noting that all internal shipments are made using reused boxes.

It is also worth pointing out that all the boxes used are made with 100% recycled material. To facilitate recycling, all the seals are paper-based, eliminating any metallic elements (staples, etc.)

Finally, our organization adheres to the waste and packaging management systems established in the different countries in which we operate (green point systems and others).

• Direct shipments and reduction of containers and packaging

In recent years, there has been a significant reduction in packaging as a result of using direct shipments in the distribution of garments, which currently account for approximately 35% of production - that is, almost all of a season's first batch of deliveries to stores.

In this direct shipment system, suppliers prepare and pack a specific range of garments and accessories according to our instructions. This eliminates the need to send the merchandise to our central stores prior to its shipment to the respective stores. This system provides a number of indirect advantages:

- This system reduces packaging used in direct shipments to almost half.
- This also produces less pollution as a result of reduced transportation, as well as a reduction in the consumption of energy by avoiding the need to sort goods again at our installations.

Currently, this method is only applicable to the first batch of deliveries of a given season to the stores. This is because restocking is done from the central warehouses. For technical reasons, this type of distribution applies only to folded garments, representing approximately 80% of the collection.

Own installations and logistics centres

• Business activity

The organisation of the business activity is done at a number of in-house installations, located at the head office at Palau-solità i Plegamans in the province of Barcelona (warehouse and offices) and in two warehouses located near the head office: Montcada i Reixac and Terrassa, as well as via Mango's own stores and franchises. There are also four rented warehouses located in Sallent and Sabadell (Barcelona) and Shenzhen (China) and New Jersey (USA).

Currently work is being carried out on a new logistics centre in the Parets del Vallès (Barcelona) totally automated, which is planned to come into operation in 2007. This new logistics centre will have 24,000 m² which means to treble the present distribution capacity. The design of the installation has been adapted to the surrounding environment with the aim of minimising its visual impact. The roof of the installation will also be covered with photo-voltaic solar panels connected to a network, with the aim of producing renewable energy.

A 12,000 m² design centre called the HANGAR – is also being developed near to the current central installations. This building will be operational in 2006 and has been designed according to eco-efficiency criteria, including the following: electronic temperature control, closed refrigeration circuit, optimisation of natural light.

Since we meet all necessary compliance conditions, we are currently in the process of obtaining ISO 14001 certification for all our central locations (offices and warehouses). We forecast that this will be approved by the end of 2007.

All our installations have a selection and collection system, via authorised managers, of different materials: paper, cardboard, batteries, toners, organic materials, fluorescents etc. Campaigns are periodically developed with the training department on the correct use of these materials.

• Classification, packaging and distribution

Our picking and packing system uses a software system that enables us to optimise the contents of the boxes that are sent to the shops from the distribution centres, so that they are sent as full as possible.

No boxes are used to transport garments on clothes hangers between the supplier and our centres. This practice applies to all the means of transport used. The same technique is used for road transport between our distribution centres and the nearest stores.

Stores

This is a sector where the characteristics of the point of sale and product presentation are crucial. Aspects such as illumination, space, climate control, etc. are basic elements involved in the adequate management of our business.

Our organization commits itself to managing this area with the highest possible balance with the least possible environmental impact. To achieve this, we have carried out a series of steps aimed fundamentally at reducing consumption and the sustainable use of materials in stores, as well as store maintenance. The main measures introduced in the various areas include:

• Lighting

We continue to put special emphasis on reducing electricity consumption, and on the durability of materials and their impact, both during their stage of usage and when they are withdrawn from the stores.

Since 2004, we have been replacing lighting based on halogen spot lights with brighter and more energy-efficient metal halide lamps. The variation in consumption associated with this change of system was estimated to be a reduction of approximately 30% between 2003 and 2006.

The change to less powerful lighting has had led to a direct and linear reduction in the heat accumulated in stores. As a consequence, the cooling requirements have decreased by the same proportion.

Equally, the estimated life of this material is four times greater than with the previous system and offers a similar proportion in the reduction of waste.

• Materials used in the construction of the stores

We continue to insist on the use of natural materials.

The floors of our stores are made mainly out of natural stone, currently basalt. It is not necessary to use any aggressive treatment to clean this stone, which can be cleaned simply using water with a minimum concentration of neutral soap.

Maintaining them gives a further advantage, as the designs and ridges on the surface hides possible stains, such that they naturally blur with time.

Finally, it is worth noting that the "anti-graffiti" liquid protection used on the store facades is made of 100% natural wax.

• Construction details and adaptations to specific features of the stores

Electrified rails are no longer used in the stores due to the elimination of the halogen lamps. These rails necessitated creating construction details (cavities) which themselves implied an increase in cooling power. Since April 2004, this system has not been used, resulting in an additional reduction in the heating and cooling power required.

• Adaptation to the local regulations

Until 2004, the technical specifications of materials used in our stores had to be the same everywhere, which created problems with adapting to local conditions. Specifically, lighting to be used had to be 220v-50Hz voltage (Europe), which forced shops in certain countries or areas to have electricity stations to adapt local voltage where necessary, doubling the consumption.

During 2004, this policy was changed, and all lighting is now adapted according to local voltages. For the year 2006, this represented a saving in consumption of 15% in affected stores.

- **Re-use**

Regarding to re-using materials it is worth noting that the end-of-season returns of garments and accessories from the stores to our warehouses take place in re-used boxes. This same practice is applied to all the shipments of seasonal textiles between the different stores.

All our stores located in Spain and Portugal collect the coat hangers which they receive. These are subsequently sent to an operator to be re-used in production.

Similarly, approximately 60% of furniture used in stores that sell stock from previous seasons (outlets) comes from other stores and installations.

- **Selective collection**

In all our stores, selective collection of materials is carried out, and they are subsequently placed in the corresponding containers. As previously specified, we adhere to waste and packaging management systems in the different countries where we operate (Green Point and other systems).

EXTERNAL SPHERE

The greatest environmental impact can be achieved in the external sphere.

Distribution and supply

Our organisation does not have a transport fleet for distribution; all logistics activities are contracted out to third parties.

Currently, we are working together with our transportation partners to achieve better transport co-ordination and efficiency, with the goal of optimising freight and means of transportation so that pollution is reduced.

As mentioned previously, direct shipments result in a significant reduction in environmental impact.

Manufacturers, suppliers and product

All clothes-making activity is done via third parties, which are not owned by the organisation, and which are located in different countries.

One priority in this area is the implementation of environmentally friendly practices in all our areas of influence. These practices are related to two fundamental aspects of the manufacturers and factories:

- Directly checking the correctness of their different production phases when the internal and external inspections of suppliers are carried out (treatment of water used in their processes, textile remainders, boxes, etc.).
- Prohibition of dangerous and noxious substances, and verification that they are not used, as specified in our manufacturing instructions, which also set out the applicable international legislation, as specified in point 11 of this report.

ENVIRONMENTAL PERFORMANCE INDICATORS

The main environmental performance indicators are described below:

Greenhouse gas emissions

• Boilers

Due to the nature of our business activity, we generate practically no greenhouse effect gases. The only emissions of this kind are limited to the gases produced in the combustion of natural gas in heating boilers.

We currently have seven boilers in our installations at Palau, "El Hangar", Terrassa and Montcada. Their emissions are constantly checked in order to always maintain them within the legally established limits. The consumption of gas in 2006 was 2.03 GWh/year.

• Transport

Externally our biggest impact is centred on employee journeys to and from our premises and on the transport of goods by road, air and water.

As regards our staff commuting to the different installations, we have a free shared transport system from the main nearby cities, covering the different workday start and finish times.

The introduction of direct shipments (see distribution) has allowed us to reduce the number of transport journeys required and, with it, the emissions in the proportions detailed above. The main transport system used consists of shipping large concentrations of products by sea.

Waste indicators

• Paper

The type of waste product of which we generate most is paper and cardboard, which is used mainly for transport packaging of our clothing. In 2006, consumption and recycling in our head office and in the other distribution centres stood at 1,641.95 tonnes.

• Other waste

Due to the nature of our business we generate virtually no special waste. The most significant is: toners, batteries and fluorescents. They all follow established checks and monitoring procedures, managed by authorized organizations.

For the financial year 2006, in our head office and other distribution centres, the volumes of waste of these products stood at:

Toners	Batteries	Fluorescents
1,641 units	69.5 kg	1.280 kg

Energy consumption indicators

Below, we detail the consumption of electricity and water at our head office and other distribution centres. The increase that can be seen in the table corresponds to the increase in the activity with respect to the previous year, as well as the steady expansion of the areas of work.

• Electricity

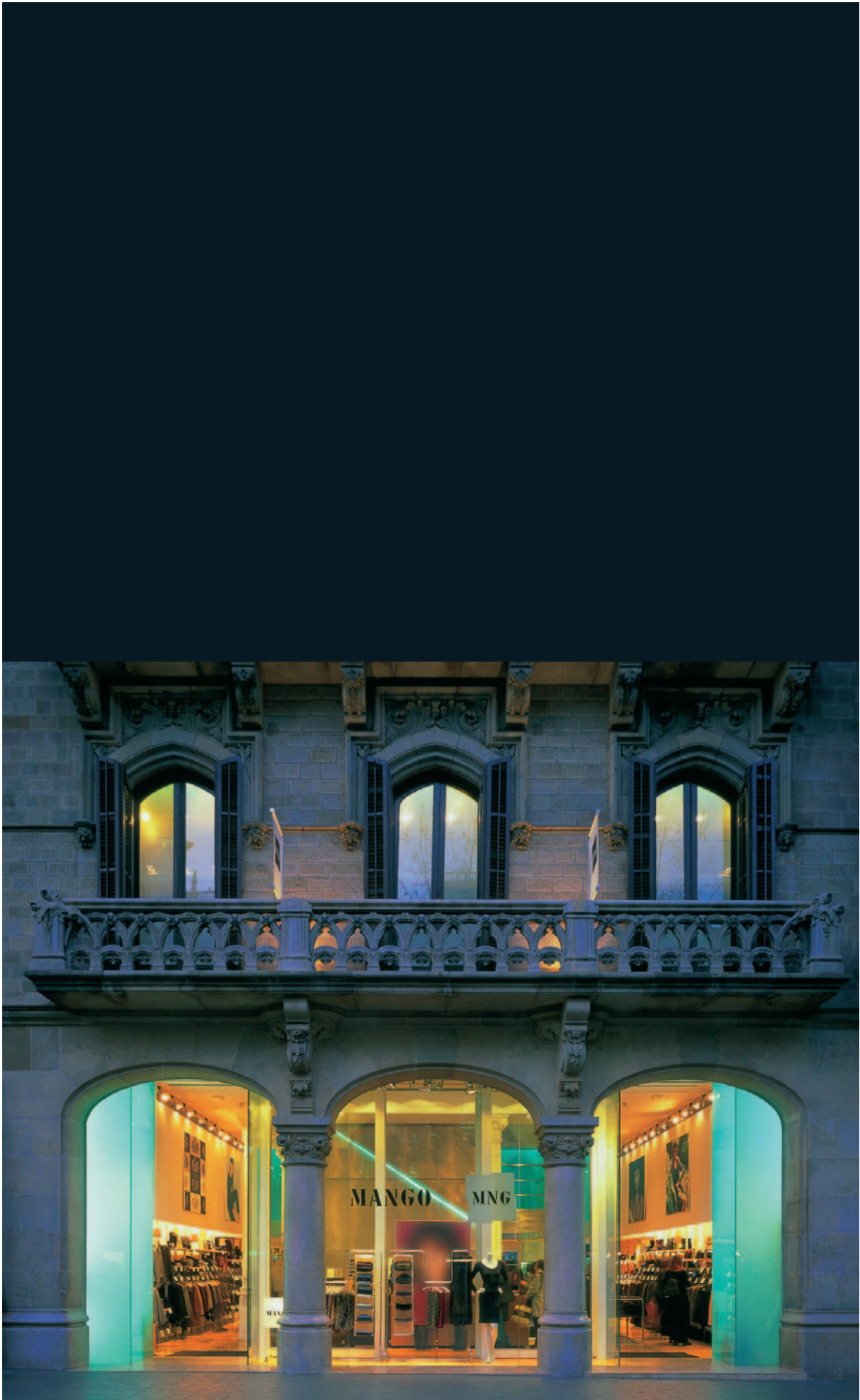
	2006	2005
Electricity consumption (GWh/year)	9.30	7.94

Electricity consumption for 2006 in our own stores in Spain stood at 28.06 GWh. Similarly, consumption in our stores outside Spain rose to 34.72 GWh.

Estimated consumption in 2006 for franchised stores in Spain and outside Spain rose to 10.44 GWh and 55.54 GWh respectively.

• Water (Palau offices and Hangar)

	2006	2005
Consumption of water (m3)	18,134	15,158



10. SOCIAL COOPERATION DIMENSION AND INDICATORS

10. SOCIAL COOPERATION DIMENSION AND INDICATORS

CUSTOMER SERVICE

One of our fundamental commitments is to provide a service to society as a whole, in the following areas:

Stores

One of our organisation's priorities is service to our customers, including advice, suggestions, complaints etc and also obtaining customers' opinions on our offer so that we can adapt to their tastes and requirements.

Customer service is provided in the stores directly through our specially trained personnel. This training (theoretical-practical) is focused on the areas of customer service policy, the offer, merchandising, trends, the company's philosophy etc. The training is always adapted to the employee's role.

We are very aware of the fact that our store personnel have to face the daily challenge of offering an excellent service to our clients and to find a solution to their needs.

Central offices

Our central offices include a specialized customer service department to respond to any enquiry, problem or suggestion. Requests are dealt within Mango's five official languages: Spanish, English, French, German and Catalan.

In 2006, a total of 58,800 requests were handled. The main means of communication used were as follows:

Fax / letter	Via chat	Telephone calls	E-mails/Websites
4%	15%	38%	43%

The source of these enquiries varied: direct from customers, from stores, from head office staff, etc. The main themes were as follows:

Suggestions	Congratulations	Complaints	Request for information
1%	2%	20%	77%

In addition, numerous calls were received from students: 377 in the year 2006, requesting information about Mango for research projects. Mainly these were design, marketing, advertising, economic science and business students.

Store design

Our stores are designed with comfort and enjoyment in mind. Mango stores project the spirit of our people and our clients: a dynamic environment resulting in a harmonious space, a selected product, displayed in small collections so that they can be easily appreciated, selected and tried. Comfortable stores, spacious and luminous, with a spirit of boutique rather than that of a chain, to make shopping a real experience.

HUMAN RESOURCES

Conscious that Mango's greatest asset is its people, we promote continuous improvement as the basis of daily management. We want our professionals to develop within the company and to take on increasing responsibility with time. By doing this, we achieve greater professional and personal satisfaction as well as greater motivation in day-to-day work.

The growth of the Mango organisation has made it possible to create a large number of positions across the world in recent years.

Job applications at our head office have been received via the following means:

Mango website	Other websites	E-Mail	Post/ other
28.99%	59.74%	6.82%	4.45%

We also support students from different centres and universities, completing their training via work experience in the different departments of our organisation.

COMMUNICATION

Publicity

The Communications Department renews our image every season, as well as planning our media globally, adapting the global strategy to the characteristics of each country and with a focus on building the loyalty of our clients.

In our publicity, we communicate the values that differentiate our brand: the latest trends, quality and style.

Communication through different media

Our press office maintains a constant flow of communication with different media, supplying any information that they need. In the financial year 2006, a total of 45 press communications were carried out, and around 65 media interviews.

Also, during that same financial year, a total of 90 institutions and schools visited our installations.

Seminars and conferences

Our involvement with society is also carried out through the communication of our business philosophy and our experience. We participate in different conferences and seminars (35 in 2006), organised at the various universities and institutions that request our presence. The topics covered are varied, but the most frequent are those related to our corporate social responsibility policies, our logistics system, etc.

Hits at our websites

We have three websites presenting different company information:

www.company.mango.com, where information is offered mainly for franchisees, students and journalists. There were 474,862 visits in 2006.

www.mango.com, aimed at the end customers, where they can see the catalogue with the full collection and photos. There were 9,455,106 visits in 2006.

www.mangoshop.com and www.mangooutlet.com, (since May 2006) relating to our virtual stores, covering all European Union countries. The number of visits in 2006 were 5,842,475 and 551,964 respectively.

ANIMAL FUR POLICY (FUR FREE)

All skins used in our clothing and accessories come from animals that form part of the human food chain.

In the 2007 financial year, our organisation will not use rabbit skin even if it is classified as part of the human food chain. This is to take account of the special sensitivity that exists in certain countries and areas.

AWARD RECEIVED IN 2006

In 2006 our President had received an award for best enterpreiner of the year by the old Students Association of ESADE.

EL BOTÓN – MANGO FASHION AWARDS FOR YOUNG DESIGNERS

Last November Mango communicated the creation of the first Spanish award for the young international fashion designers, called “EL BOTÓN – MANGO FASHION AWARDS”. This prize is supported by five of the most prestigious European schools of design such as Central Saint Martins School of Art and Design in London, Institut Français de la Mode in Paris, Istituto Marangoni in Milan, Royal Academy of Fine Arts in Antwerp and Escola Superior de Disseny in Barcelona, apart from the support of the Generalitat de Catalunya.

With this award, MANGO wants to do a project in order to give oppor tunities, stimulate the creativity and support and promote to the young fashion talents in the world.

PERSONAL DATA PROTECTION

All information concerning personal data, both internal and external, used in our organisation is protected in accordance with the provisions of the different applicable regulations and legislation. No incidents in this nature occurred during the period of reference.

SOCIAL ACTION

Our commitment to society means that we actively participate in different social projects, directly, or via specialist organisations.

We have funded projects in underdeveloped and other countries through non-economic initiatives such as garments donations and collaborations with central offices staff, etc.

In the financial year 2004, we specified our policy for future collaboration. In this area, our activity is aimed mainly at supporting basic training in underdeveloped countries, because we believe that progress in these countries must necessarily be founded on this. We will also continue to work on projects with which we identify or which have a special sensibility within our organisation.

Below, we highlight the most important projects in which we collaborated in the financial year 2006:

Financial collaboration

• FUNDACIÓN VICENTE FERRER

Mango continues its collaboration with this foundation constructing 175 homes in Gooty, one of the neediest areas in India. Work commenced in 2005 and is forecast to be completed by 2007. Through the same foundation, Mango is building 13 classrooms in the Tamaría state school, in the Kothachevuru region (India) and purchasing a special ambulance for the IVH/AIDS centre, in order to provide support the healthcare network of Bathalapalli, also located in India.

• SSIM (United Service and Missionary of the Capuchins of Catalonia and the Balearics)

Mango continues to provide support to this organisation through the building of a shelter centre for children at risk of social exclusion in Cartago, Valle del Cauca, Colombia. The aim of this centre is to provide nutritional, health and education assistance to children affected by violence or those displaced by armed conflict between guerrillas and the Colombian army.

- **FUNDACIÓN NATURA**

Mango continues its collaboration with this Foundation by financing the construction of 5 wells in Munbuluma (Zambia), which will be used to supply water to the community all year round.

- **ACTIVE AFRICA**

Mango is participating the redevelopment of an education centre in the Dowa district, in Malawi. The redevelopment project involves the construction of two new classrooms, the installation of an electricity supply throughout the school, resurfacing the playground and refurbishing the classrooms in a poor state of repair.

- **SOCIAL PROJECT OF THE HERMANOS DE SAN JUAN DE DIOS**

Mango is participating in the social solidarity project of the Hermanos de San Juan de Dios in Sierra Leone. This donation will make it possible to purchase some of the medical equipment, which will help improve healthcare in the region.

- **FUNDACIÓN ARED**

Mango is co-financing a dressmaking workshop. This workshop offers training and the opportunity to acquire work experience for women prisoners, in order for them to subsequently enter the employment market.

- **ORPHANAGE AFRICA**

Mango is collaborating in the funding of a self-sufficient farm in an orphanage in Dodoma (Ghana), which is forecast to house 200 children. The object of the farm is to create an independent system able to offer immediate solution to the nutritional needs of the children over the long term.

- **MÉDICOS SIN FRONTERAS**

Mango is collaborating with this organisation in order to set up a centre to treat cholera and provide water for 10,000 people in Luanda (Angola). Mango has also collaborated with this organisation by collecting funds from employees and the Mango organisation in order to alleviate the effects of the earthquake that occurred on the island of Java.

- **FUNDACIÓN SI D MOSKITIA**

Mango is continuing to collaborate with this Foundation on the financing of a water supply service and an electrical energy supply for the natives of the municipality of Kraosirpi in the Honduran Moskitia. This jungle area located in the west of Honduras has numerous economic and infrastructure problems which cause its inhabitants to live practically isolated.

- **MANOS UNIDAS**

Mango is participating in a project involving the building of three new classrooms in the Comunidad de Ravine school (Haiti), in order to attend to 100 extra students, for which three new teachers will be recruited.

- **FUNDACIÓN INTERNACIONAL JOSEP CARRERAS**

Mango continues to collaborate in the programmes of this Foundation aimed at financing the Spanish Register of Bone Marrow Donors (REDMO).

- **FUNDACIÓN INTEGRA**

Mango has contributed to the financing of integration programmes. The objective of Fundación Integra is to find work for excluded groups, or those at risk of exclusion, and then accompany them through a process of professional normalisation.

- **FUNDACIÓN CANINA K9**

Mango has collaborated with this dog rescue group by funding part of the team that worked in the recent earthquake in Java.

- **ASOCIACIÓN CONTRA LA ANOREXIA Y LA BULIMIA (ACAB)**

In 2006, we increased our collaboration with the Spanish Association against Anorexia and Bulimia (ACAB), which specifically involved Mango support for a project of social reinser tion for suffers of this type of illness, in addition to the inclusion of the association logo and telephone number in our catalogues.

Voluntary collaboration

- **FUNDACIÓ N FORMACIÓ I TREBALL**

Mango has collaborated with this work and training Foundation, by offering skills and materials for the design of a Parcels store in the Raval district of Barcelona. This store will form part of a network of Roba Amiga establishments (stores aimed at getting people back into employment), being promoted by the charities AIRES, Càritas and Fundació Un Sol Món of the Caixa de Catalunya.

- **FUNDACIÓ N EXIT**

Continuing with the collaboration that began in 2005, Mango continues to support the work of this Foundation for guidance and information on employment aimed at young people without resources, with few academic qualifications and at risk of social exclusion; information is provided on vacancies in the employment market and the basic requirements a person should satisfy in order to enter the job market.

Solidarity sales

- **FUNDACIÓ N VICENTE FERRER**

Mango has designed a keyring, sold in our stores, all the profits of which shall go towards a house building project for women being carried out by the Fundació N Vicente Ferrer in Anantapur, India

- **ASOCIACIÓ N ESPAÑOLA CONTRA EL CÁNCER**

During the Autumn-Winter 2005 season, Mango, in collaboration with the AECC (Spanish Association against Cancer) and the magazine GLAMOUR, initiated a campaign against cancer, which continued throughout the first few months of 2006. Said collaboration consisted of the design of a t-shirt, sold in our stores, all of the profits of which were donated to this Foundation.

- **RAVALTEX EMPRESA D'INSERCIÓ**

Mango collaborated with this organisation by making it responsible for all garment alterations requested by customers of our Barcelona stores. This organisation also produces certain samples for the Public Relations department.

Non-financial collaboration projects

- **Garment donations**

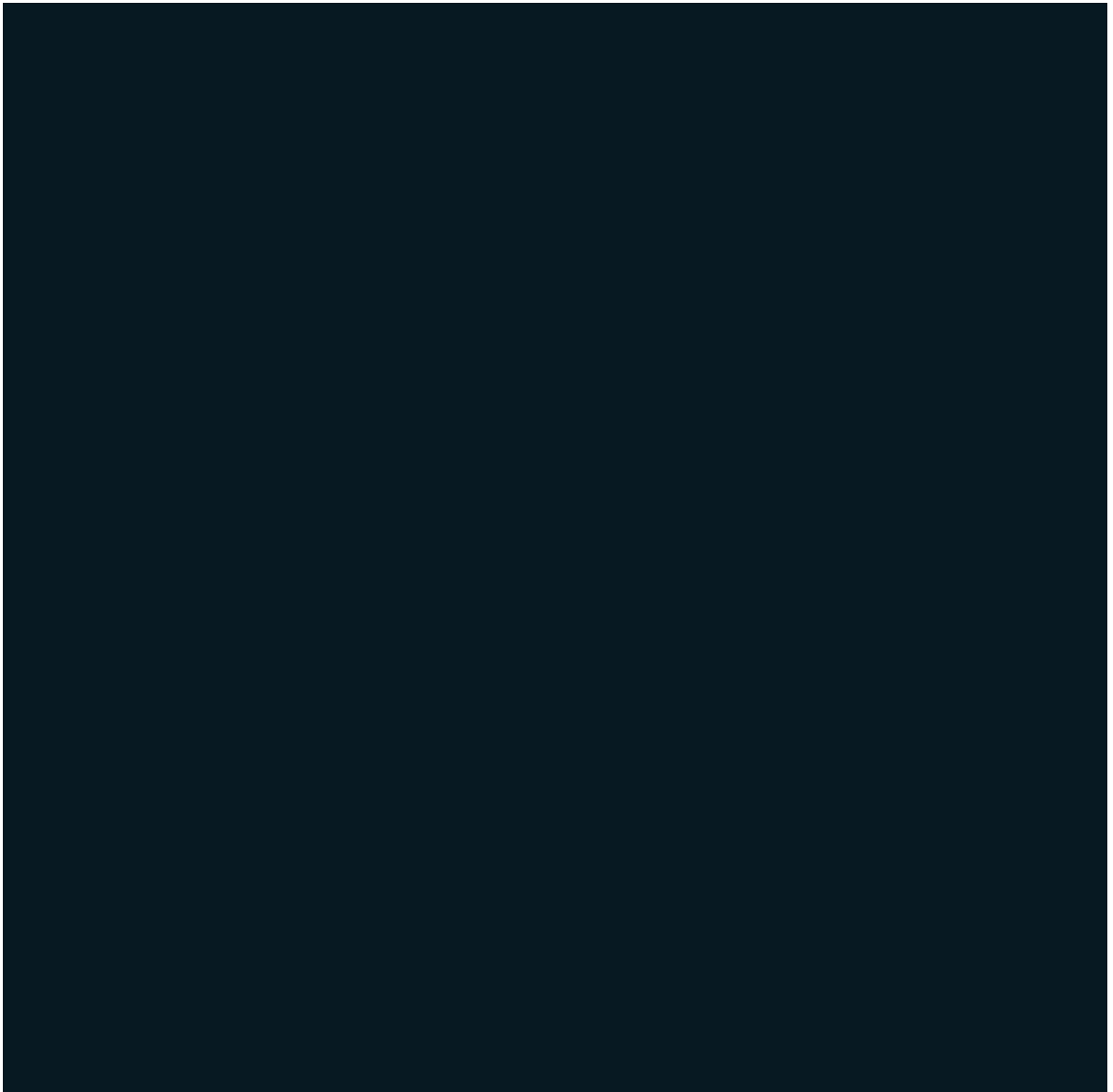
In the financial year 2006, Mango donated clothing to different organisations with common objectives. During the financial year 2006, the total number of items reached approximately 1,928,000.

- **Delivery of computer and other materials**

In the financial year 2006, computers and IT materials were donated to different organisations, as well as other goods and materials (furniture, etc).

- **Other collaborations**

During the 2006 financial year, Mango supported various information and Christmas campaigns.



11. QUALITY AND SAFETY OF GARMENTS AND ACCESSORIES DIMENSION AND INDICATORS

11. QUALITY AND SAFETY OF GARMENTS AND ACCESSORIES DIMENSION AND INDICATORS

QUALITY MANAGEMENT SYSTEMS/RELATIONSHIP WITH CSR

Since 2001 we have operated under a quality system, in accordance with International Standard ISO 9001:2000, which affects all the departments that come into direct contact with the product during any of its stages.

This system is also based on certain aspects that are now strong points of our management system, and which we consider fundamental for the future development of the system. These include:

- Certain quality control equipment which monitor and provide support to suppliers, both from our central offices and directly in the production plants. It is worth noting that such direct monitoring is carried out by teams that live and work in the main production areas through displaced technical offices.
- Continuous homologation and verification of supplier production plants, in accordance with the provisions established by our quality management system: Quality Mango System (QMS), carried out directly by the aforementioned teams
- Updating, issuing instructions to and constantly monitoring our suppliers with regard to the physical characteristics (compositions, shrinkage, etc.) of the fabrics used in our garments and accessories.
- Continuous updating and optimisation of the procedures, for the purposes of continuous.

It is also worth noting that we are currently putting into operation an interactive and bidirectional IT application between suppliers and our design, purchasing and quality control teams that will make it possible to manage all information relating to general procedures, specific procedures relative to the season and all aspects relating to each model ordered (pricings, patternmaking, technical supervision, comments, timing, etc.). This tool, which is at the final testing stage, will provide considerable support to management tasks already implemented in the aforementioned spheres, to both suppliers and our organisation.

This system, together with the aspects set out in the sections relating to the characteristics of our product, establishes high standards of quality among our suppliers and their production plants (capacity, experience, internationalisation, organisation, etc.), which is reflected in all areas and in CSR also, an area in which the aforementioned teams offer their continual support.

CONTROL OF HARMFUL OR HAZARDOUS SUBSTANCES

Applicable legislation

At the MANGO organisation we have always ensured compliance with all the legislation on hazardous substances that is applicable in the different countries in which we market our products.

However, beyond the legislation, protecting the environment and the health of individuals are commitments we identify with and are committed to; for this reason, since the commencement of this project, we have implemented other actions that go beyond strict compliance with the legislation.

Area of Application

This area includes all hazardous substances, identified as being harmful above certain levels, on which the MANGO organisation carries out monitoring and control. It is worth noting that specifications in certain physical characteristics of fabrics (shrinking, decolorations, etc.) also exist, and are determined by and form part of other monitoring and control areas.

Production systems

As specified in the group's sustainability report, there are two different production systems involving different management and substance control and analysis procedures:

Manufacturers

The first consists of designing the product, ordering its manufacture and purchasing it once finished. In this case it is the supplier itself which acquires all the raw materials for its process. Internally, we refer to these suppliers as manufacturers, which principally come from south east Asian countries such as the Indian region, as do the raw materials used for their manufacture (yarn, fabrics, etc.).

Production workshops

The second system also involves designing the garment, however, unlike the first, all the raw materials used in it are acquired by our organisation and later sent to these suppliers for their manufacture. Internally, these suppliers are referred to as production workshops, which principally come from countries in North Africa and Eastern Europe. Unlike the previous system, the origin of the raw materials is not these countries, instead they are mainly of European origin since our organisation acquires them from markets close to the countries/regions of manufacture.

MONITORING AND CONTROL OF SUBSTANCES IN THE VARIOUS PRODUCTION SYSTEMS

Manufacturers' raw materials

All suppliers of finished products receive written instructions from MANGO on the legislation with regard to the use of products and substances in the manufacture of the raw materials that they acquire. Once production is underway, we monitor these substances by means of exhaustive control of the same in all our articles.

This verification process is carried out through the selection, on the part of our organisation, of certain garments and/or accessories from each reference, in accordance with established statistical criteria, and sending these to the laboratory for comprehensive analysis. This laboratory issues a certificate for all our articles (1).

In this system, the selection of references for analysis is always carried on final production garments and accessories, since changes in the fabrics and their components and the materials acquired by the supplier can occur during the design process and initial production trials.

The aforementioned instructions for suppliers include substances that are both regulated and unregulated by the laws of the various countries. The latter are included as recommendations, given that reports and specialised studies have classified them as being potentially hazardous under certain conditions. Monitoring and control is also carried out on such substances, in the same way as with regulated substances, in accordance with specific statistical criteria.

(1) AITEX (which is the only laboratory in Spain certified by the Swiss organisation Oeko-Tex).

During the 2006 financial year, of the garment and accessory collections manufactured, the following incidents were detected:

Azoic dyes (arylamines) - 12 cases
Formaldehyde - 4 cases
Phenolic compounds - 4 cases

In 100% of cases the garment or accessory was withdrawn from the collection and no longer sold.

In cases where manufacturers provide Oeko-Tex certification for certain garments or accessories, the analysis described for this type of production is not carried out according to the information below:

Raw materials in production workshops

Unlike the previous system, since our organisation acquires the raw material directly, we ask our suppliers for Oeko-Tex certification for all textiles. Said certification is issued by laboratories in each country authorised by the Swiss organisation Oeko-Tex. Once said certification has been obtained, we send the raw materials to suppliers for manufacture.

It is worth noting that Oeko-Tex involves a much more extensive control than the one envisaged in the legislation of the various countries, since monitoring is carried out on a greater number of substances identified by this organisation and because of the application of lower tolerance limits than those envisaged in the legislation in certain substances. It should also be pointed out that Oeko-Tex is the most prestigious and demanding international reference in the research, identification, evaluation of tolerances and control of hazardous substances in textiles (further information is available at www.oeko-tex.org).

No incident has been detected in 2006 with this system since we do not accept any raw material without this certificate.

REASON FOR USING TWO DIFFERENT SYSTEMS

The reason for applying different management systems, depending on the system of manufacture described above, is simply for operational purposes:

When we started our business activity, we only used one method of manufacture: the direct purchase of raw materials and their subsequent dispatch to workshops for their manufacture. When we asked ourselves which would be the best system of controlling such substances, we discovered that many of our suppliers already possessed these certificates, since the raw materials principally originated from Europe and this was a widely known and used system of certification. Consequently we extended this requirement to all suppliers that did not possess them.

Subsequently, in parallel to the previous system, we began to purchase finished products, in which the supplier was directly responsible for the acquisition of raw materials. When we considered the system for controlling substances we found that the application of the Oeko-Tex certification represented a major difficulty, fundamentally for the following reasons:

- The system may be based on certification of any of the different production stages (spinning, dyeing, etc.) prior to manufacture and without the need to certify the final garment. The characteristics of the suppliers (basically garment manufacturers) and their geographical location makes this very difficult from an administrative and information gathering perspective.
- The above, together with the initial absence of laboratories in our production areas considerably increased the time period for obtaining the final certificate (all monitoring had to be carried out at laboratories in Europe).

For such reasons, with this system of production, we opted for direct control on the finished garment, monitoring the substances contained in the legislation of the various countries and additional ones without obtaining, in this system, the aforementioned certification. This process is much more operative, in this case, both for the final supplier of the garment and for our organisation.

NEW AIMS

Throughout this time we have gained more experience and improved our monitoring and control systems. However, the most important factor has been the collaboration and participation of our suppliers of both raw materials and finished goods, which in the end has been one of the driving forces behind this entire joint project.

We now have new European Union legislation with regard to the regulation of toxic substances: the REACH (registration, evaluation and authorisation of chemical substances) programme; notwithstanding this and irrespective of any agreements of final progress this may incorporate, the aim of the MANGO organisation is to achieve higher levels of protection in this area. For this reason we aim once again to extend the monitoring to a greater number of substances (which in our opinion, although not regulated, could under certain conditions have implications for the environment and for human health) and to reduce their limits.

Extended number of substances

Many of these were already included in the instructions to our suppliers as recommendations, even though analytical control is carried out on them; with effect from this proposal the recommendation will become an obligation. Other substances will be included with immediate effect as a result of information and studies we have obtained throughout this period.

OSPAR+ List

It is worth noting that extending the monitoring and control carried out on certain substances, as described above, together with the non-application of others owing to the technical characteristics of our products, has also, in part, been implemented in order to achieve the monitoring and control of all the substances included in the OSPAR+ list. However, our controls also include other substances in addition to the ones contained in this list.

Reduction of tolerance limits

Since the beginning of this project we have worked together, and have managed to control the presence of the substances in our garments and accessories, with a Spanish laboratory of renowned international prestige: AITEX (Textile Technology Institute), which is also the only laboratory in Spain certified by and which forms part of the prestigious Swiss organisation Oeko-Tex (more information at www.aitex.org).

As already mentioned in other sections, said organisation is the international reference in the identification of substances and in the determination of their hazard limits, at all times applying the strictest demands and highest standards of rigour. For this reason, and based upon this experience, we have decided that the limits established by this organisation (more demanding for certain substances than those contained in various laws) shall be the ones we apply from now on. Thus, in the relevant aspects, we shall treat the two management and substance control systems described above in the same way.

In the event that any legislation, present or future, states a limit lower than the quoted standard, we will apply the latter.

Ultimate aim: the non-presence of certain substances

Until now our system has been based on instructions and controls focusing on not exceeding the limits that we have progressively established. In part, this has been an approach based on complying with the legislation.

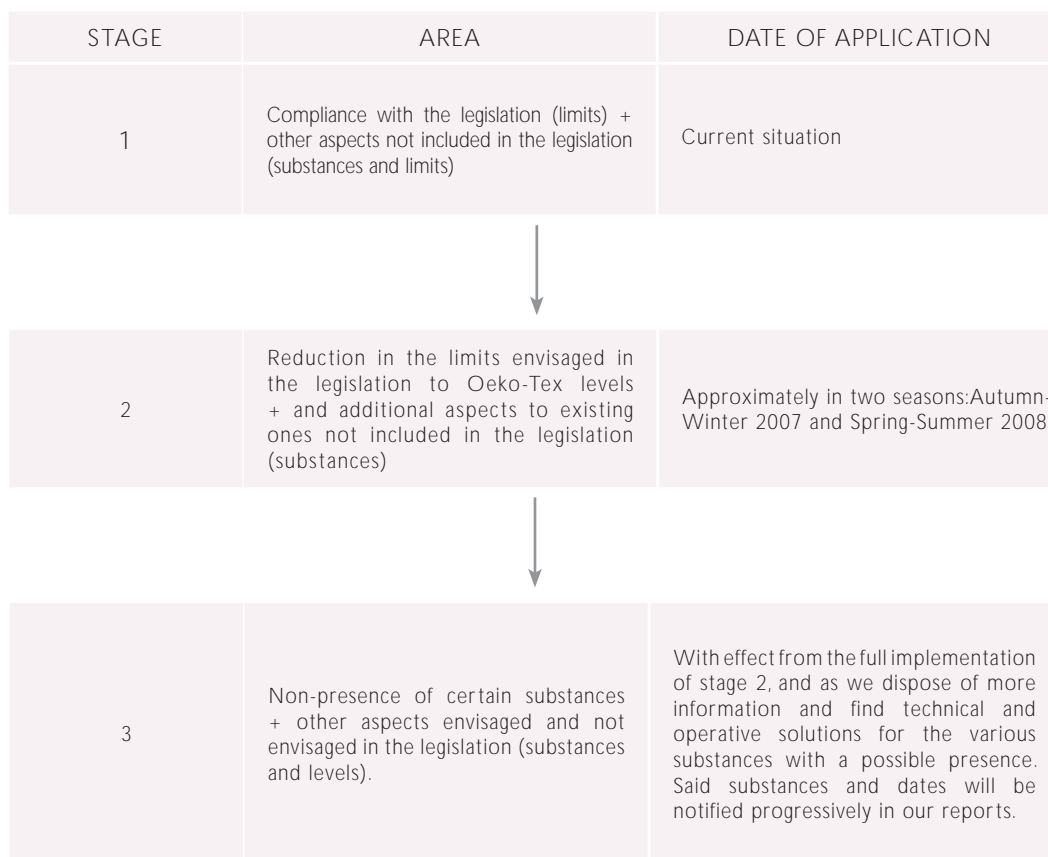
However, with experience and observation of the results obtained over these years we have confirmed that in virtually all the control analyses carried out that such substances were not detected in our garments and accessories. Only on very specific occasions have we observed the presence of some of these: in some cases within the tolerance limits envisaged in the legislation or our own standards for non-legislated substances, and in others above such limits, which has resulted in the non-commercialisation of the article in accordance with the specifications of this report.

Since it is our intention to advance progressively in such aspects, we have also decided to completely eliminate certain substances from our production processes, focusing our system more on elimination and substitution, and consequently on the principle of precaution. We will achieve this progressively, since we need to obtain all the historic information in this respect and to inform our suppliers in an appropriate manner.

Starting

In our organisation there are two seasons each year: Spring-Summer and Autumn-Winter. On the date of this report, June 2007, we were finishing the season production Autumn-Winter 2007 and working on the designs of Spring-Summer season 2008.

The different stages mentioned before are detailed as follows:



LIST OF SUBSTANCES ON WHICH MONITORING AND CONTROL IS CARRIED OUT BY THE MANGO ORGANISATION

Raw materials in production workshops

As mentioned before, the Oeko-Tex certificate is requested in this case. The verified substances are the ones included in this system (more information available at www.oeko-tex.org). The internal coding for this system is MANGO STANDAR: RSC/2007/CONSUBSTAN/MP/01.

Manufacturers' raw materials

In this case, the verified substances as per Standard RSC/2007/CONSUBSTAN/PA/01, are detailed as follows:

No.	PARAMETERS	APPLIED LIMIT VALUES	AREA OF APPLICATION	TESTING METHOD
1	Antimony trioxide	30 ppm	In polyester textiles	Oeko-Tex Method: 30 ppm
2	Arsenic	No detection (1)	In textiles/leather and metal trimmings/accessories	Oeko-Tex Method: 0.06 ppm (quantification limit)
3	Azoic dyes (arylamines)	No detection (1)	In textiles/leather	Oeko-Tex Method: 20 ppm (quantification limit)
4	Biocides (2)	1.0 ppm	In textiles/leather	Oeko-Tex Method: 1.0 ppm
5	Cadmium	0.1 ppm	In textiles/leather and metal and plastic trimmings/accessories	Oeko-Tex Method: 0.1 ppm
6	Cr (VI)	3 ppm	In textiles/leather	Oeko-Tex Method: 3 ppm
7	Disperse dye allergens	50 ppm	In polyester, acetate and triacetate textiles	Oeko-Tex Method: 50 ppm
8	Formaldehyde	75 ppm	In textiles/leather	Oeko-Tex Method: 75 ppm
9	Lead	1.0 ppm	In textiles/leather and metal trimmings/accessories	Oeko-Tex Method: 1.0 ppm
10	Mercury	No detection (1)	In textiles/leather	Oeko-Tex Method: 0.006 ppm (quantification limit)
11	Nickel	0.5 µg/cm ² /week	In metal trimmings/accessories	Directive 94/27/CEE Method: 0.5 µg/cm ² /week (quantification limit)
12	Nonylphenoethoxylates (3)	No detection	In textiles/leather	Own method (Chromatography)
13	Organic tin compounds	1.0 ppm	In textiles/leather	Oeko-Tex Method: 1.0 ppm
14	Organochlorinated compounds	1.0 ppm	In polyester textiles, silk and wool	Oeko-Tex Method: 1.0 ppm
15	pH (4)	Between 4 –7.5	In textiles/leather	Oeko-Tex Method: 4–7.5
16	Phenolic compounds	No detection (1)	In textiles/leather	Oeko-Tex Method: 0.02 ppm (quantification limit)
17	Pesticides (5)	No detection (1)	In natural fibre textiles	Oeko-Tex Method: 0.05 ppm (quantification limit)
18	Short chain chlorinated paraffins	10,000 ppm	In textiles/leather	Own method (Chromatography)

(1) In all cases the detection limit envisaged in the Testing Method we currently apply (the one determined by the Oeko-Tex organisation) coincides with the limit and type of Testing Method envisaged in the laws of the various applicable countries.

(2) According to list, includes: triclosan, BIT, Kathon, IPBC, DTTB.

(3) These soaps cannot be used in the production process (washing) of the garments.

(4) Despite the fact that this is not a substance in itself, and that it corresponds more to the characteristics of the fabric, its control was finally included in this category of chemicals. This requirement will also be included in the specifications of the technical sheet.

(5) According to list, includes: 2,4,5-T, 2,4-D, Azinophosmethyl, Azinophosethyl, Aldrine, Bromophos-ethyl, Captafol, Carbaryl, Chlordane, Chlordimeform, Chlorfenvinphos, Coumaphos, Cyfluthrin, Cyhalothrin, Cypermethrin, DEF, Deltamethrin, DDD, DDE, DDT, Diazinon, Dichlorprop, Dicrotophos, Dieldrine, Dimethoate, Dinoseb and salts, Endosulfan, Endosulfan, Endrine, Esfenvalerate, Fenvalerate, Heptachlor, Heptachloroepoxide, Hexachlorobenzene, Hexachlorocyclohexane, Hexachlorocyclohexane, Lindane, Malathion, MCPA, MCPB, Mecoprop, Metamidophos, Methoxychlor, Mirex, Monocrotophos, Parathion, Parathion-methyl, Phosdrin/Mevinphos, Propethamphos, Profenophos, Quinalphos, Toxaphene, Trifluralin.

It should be noted that the list and systems described above may be modified in the future, owing to amendments to legislation or the inclusion of new countries, or changes to the internal policy of the organisation.

Various substances exist in the Ospar+ list which, because of their characteristics and the characteristics of MANGO production are not included in our garments or accessories. These unused substances, together with those specified in the above table make up the total of the aforementioned list.

PVC

All our fabrics are PVC free. However a percentage of accessories (certain bags, purses and belts) that are still manufactured in this material, owing to fashion trends. Furthermore, certain garment prints, for technical reasons, are also manufactured in this material.

In spite of the fact that this material is not currently legislated for in textiles, we believe it appropriate to continue reducing its use and replacing it with other materials or other types of plastic with production processes that are less harmful to the environment.

The process will be implemented by product families progressively over the coming seasons, as we encounter technical solutions that adapt to the characteristics of our designs.

PVC in stores and general materials

Although its present use is negligible it will also be replaced in all interior design and window display materials in stores and in purchases of general materials for the organisation (stationery, etc.), in which the present situation is as before.

AGREEMENT WITH THE GREENPEACE ORGANISATION

Furthermore, in order to make progress in all these aspects, and also in the principle of precaution, we have collaborated with the Greenpeace organisation and reached an agreement to support and publicise all these aspects. This agreement was reached in July 2006 by means of a public presentation. Said agreement sets out the commitments of MANGO in this respect and will create a platform to monitor and spread these practices and systems in order to inform other interested organisations and encourage advances in legislation until the highest levels of protection for persons and the environment are obtained.

We also gave our support to the aforementioned organisation in defence of stricter demands in the future European REACH regulations. This support took the form, among some other actions, of the design and manufacture of a silk handkerchief, which was offered as a gift by Greenpeace to all members of the European Parliament.

MONITORING AND CONTROL SYSTEMS

The monitoring and control of compliance of these requirements will be implemented in different stages:

- Awareness and written declaration, on the part of suppliers, of compliance with the specified standards in all fabrics and materials that are supplied to us directly or form part of garments and accessories.
- Selection of a sample of each production and verification of the standard by the TEXTILE TECHNOLOGY INSTITUTE (AITEX) + issue of the certificate for the garment or accessory once it has been analysed and approved. Such samples will be taken in a managed and random manner in accordance with the following criteria:

- a) Substances covered by the legislation: one sample per composition type and per colour type.
 - b) Substances not covered by the legislation but included in the MANGO standards: random sample in accordance with pre-established selection criteria.
- However, within the same fabric production other production batches with slightly different characteristics may exist. This sampling system aims to defend the suitability of the system, with all its inherent limitations.
 - Furthermore, with effect from 2007, our external auditors will certify both the analysis of samples and the validity of the established system.

SPECIFICATIONS MANUAL OF HAZARDOUS SUBSTANCES

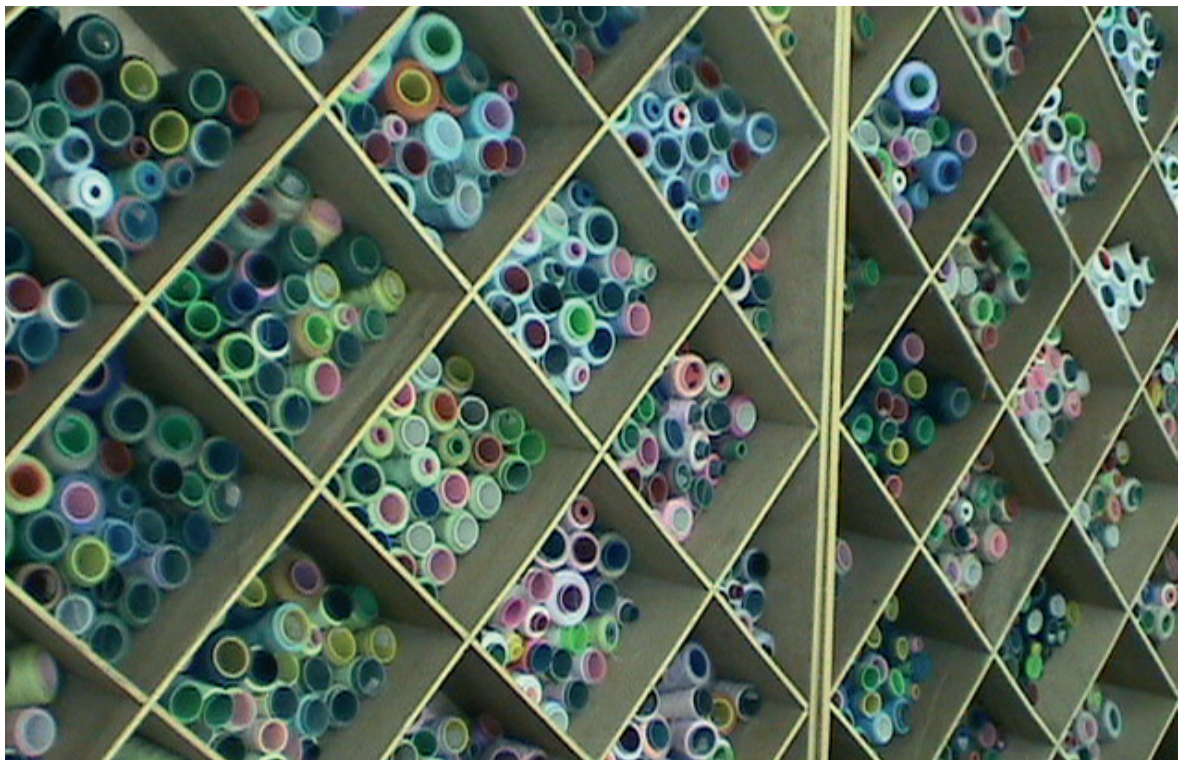
We are currently developing a specifications manual of these substances, which will continue additional information with regard to their characteristics.

CONDITIONS AND ACCEPTANCE

Compliance with this regulation is an essential condition in order to work with the MANGO Group as a supplier. All our suppliers sign a document in this respect setting out the entire regulation and the process to be followed.

FUTURE COMMITMENT

The MANGO organisation will continue to operate with the aforementioned policy within the ambit of controlling and monitoring hazardous substances, improving safety conditions and environmental impact, making progress on all aspects wherever this is possible and at all times providing information on the results obtained and the actions taken.



12. CORPORATE GOVERNANCE

12. CORPORATE GOVERNANCE

SHAREHOLDERS AND GOVERNING BODIES

MANGO GROUP activities consist of the design and distribution of women's garments and accessories for said garments. This activity is undertaken through a series of companies directly, and by working with other companies that provide support in other areas of management: property, logistics, etc.

This group of companies is the sole property, directly or indirectly, of two individual partners: Isak Andic Ermay and Nahman Andic Ermay.

Said individual partners, apart from being the group owners, are directly and personally involved in its daily management. We can therefore say that the Mango organisation is a multinational group but that it has characteristics of a family-owned and managed business.

Due to the capital and management structure, there is a system of joint administration in which both partners having equal responsibility and on which the highest responsibility falls.

These shareholders and managers direct and manage the Group companies together with the Managing Director, Enric Casi.

EXECUTIVE COMMITTEE

There is an executive committee consisting of the Chairman, Vice-Chairman, Managing Director and three members of the management team: Nicolás Olivé (Corporate Social Responsibility and Store Management), Salvador Vallés (Purchasing and Quality) and Daniel López (Licences & Co-branding Communication, Property Management, and Franchise Management and Service).

This executive committee meets periodically. All members of the Executive Committee are individuals with responsibilities within the structure of the organisation, and with high experience on their own tasks as reflected by the organisational chart found in the Organisation section of this report.

The retributions of the executive committee have one fixed part and another variable in accordance with the objectives achieved.

INTERNAL AUDIT

Mango Group has an Internal Audit Department which carries out continual evaluation of all areas of the organisation. Said department reports directly to the Executive Director and the Partners.

13. CONTACT DETAILS

13. CONTACT DETAILS

We believe that the information collected and presented in this report will meet the expectations of our organisation's different interest groups.

The current sustainability report is available at the Mango website (www.mango.com).

Any suggestions, contributions or comments by Mango users and interest groups on the contents of the report, or aspects relating to our Corporate Social Responsibility can be sent using the appropriate section of the website, via rsc@mango.com or directly to our head office.

MANGO MNG HOLDING, S.L.
c/ Mercaders 9-11,
Polígono Industrial Riera de Caldes
Apartado de correos 280
E- 08184 Palau-solità i Plegamans
Barcelona, Spain

14. VERIFICATION

**INDEPENDENT REVIEW REPORT TO MANGO MNG HOLDING, S.L. AND
SUBSIDIARY UNDERTAKINGS (MANGO GROUP) ON ITS
SUSTAINABILITY REPORT 2006**

To the Management of MANGO MNG HOLDING, S.L and its subsidiary undertakings (Mango Group):

Dear Sirs,

This document is the result of the review conducted by AUREN in relation to the information disclosed in the Sustainability Report of MANGO MNG HOLDING, S.L. and its subsidiary undertakings (Mango Group). This report does not, strictly speaking, constitute an audit. Rather, it is a review report within the scope defined in the GRI Guidelines, based on the procedures laid down in the GRI 3 Framework.

AUREN has carried out a detailed analysis of the information contained in the report. We have verified the accuracy of the data and its compliance with the GRI 3 indicators. We have conducted our review based on the following standards with respect to the audit and verification of reporting and management systems:

- International Standard on Assurance Engagements (ISAE 3000)
- International Auditing and Assurance Standard Board (IAASB)
- Accountability 1000 Assurance Standard (AA1000)
- AUREN Auditores's own internal methods

In conducting our review, we focused on the following aspects:

- Compliance of the contents of the Report with the GRI 3.0 Framework and verification of the accuracy of the indicators contained in the Report with respect to the activity of MANGO MNG HOLDING, S.L. and its subsidiary undertakings (Mango Group) in 2006.
- The information and results produced by MANGO MNG HOLDING, S.L. and its subsidiary undertakings (Mango Group) for the current year in accordance with its objectives as reported in the 2005 Report.

Our review consisted of:

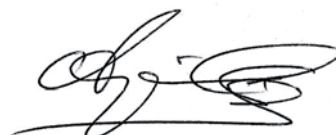
- Conducting interviews with the Corporate Social Responsibility Department of MANGO MNG HOLDING, S.L. and its subsidiary undertakings (Mango Group) to obtain an understanding of the company's scope of activity in this area, of the details of its Corporate Responsibility Plan and its implementation across the whole structure of the company.
- Interviewing employees to obtain an understanding of their awareness of the actions undertaken by the company in terms of Corporate Social Responsibility and of the management systems in place for implementing such actions. Special attention was paid to the company's treatment of its employees and to their degree of involvement in the company's CRS activities.
- Verifying the materiality and completeness of the information used in preparing the Report with respect to the company's data management, analysis, gathering and assessment systems. This included reviewing the company's documents and internal policies and comparing them with the standards and guidelines contained therein for accuracy.
- Analysing the initiatives undertaken by MANGO MNG HOLDING, S.L. and its subsidiary undertakings (Mango Group) with respect to stakeholders, assessing whether the stakeholder mapping is up to date, and verifying the methods used for communicating with stakeholders along with any specific activities undertaken in relation to stakeholders. In our analysis, we took into account both the information reported by the company and the stakeholders' opinions as assessed through the interviews conducted by our auditors.
- Conducting site visits, with special attention being paid to the sites that concentrate the majority of the company's employees, to assess whether the company meets the requirements relating to the safety and welfare of its employees, based on the indicators contained in the Report.
- Assessing the accuracy and completeness of the information contained in the Report.
- Carrying out an exhaustive review of the information contained in the Report in relation to each of the GRI indicators by utilising samples analysed through statistical tools, for the purpose of performing qualitative and quantitative analysis.

Based on the work described above, we have reached the following conclusions:

- The 2006 Sustainability Report of MANGO MNG HOLDING, S.L. and its subsidiary undertakings (Mango Group) includes the basic information recommended in the Sustainability Reporting Framework of the Global Reporting Initiative v3.0. It reached an A+ level of application in accordance with the self-declaration issued by the company in line with GRI requirements.
- The internal systems, procedures and processes in place in the company for preparing, gathering and drawing up the information contained in the Report based on the indicators set out in the GRI Framework have been reviewed and found to be compliant and suitable for such purposes.
- The indicators have been prepared in accordance with the principles and guidelines provided in the GRI Framework. The information supporting each of the indicators is reliable and fairly stated.

Barcelona, 26 June 2007

AUREN AUDITORS
CONSULTORS DE BARCELONA, S.A



Antoni Gómez Valverde
Partner

15. INDEX OF GRI CONTENTS

CONTENTS AND GRI INDICATORS	PAGE
1. VISION AND STRATEGY	
1.1 Declaration by the main decision maker of the organisation on the importance of sustainability to the organisation and its strategy.	9
1.2 Description of the main impacts, risks and opportunities.	17-18
2. PROFILE	
Organisational Profile	
2.1 Name of the organisation.	25
2.2 Major brands, products and/or services.	25
2.3 Operational structure of the organisation, including the main departments, operating companies, subsidiaries and group companies.	27, 45-54
2.4 Location of the organisation's central offices.	117
2.5 N° of countries in which the organisation operates and names of countries in which it carries out significant business activities or those which are important with regard to the sustainability aspects dealt with in the Report.	45-54
2.6 Nature of ownership; legal form.	25
2.7 Markets served.	25, 45-54
2.8 Scale of the reporting organisation.	25, 45-54
2.9 Significant changes in size, structure and ownership of the during the period covered by the Report.	13
2.10 Awards and distinctions received during the reporting period.	93
3. REPORT PARAMETERS	
Report Profile	
3.1 Reporting period for information provided.	13
3.2 Date of most recent previous Report.	13
3.3 Frequency of Report presentation.	13
3.4 Contact person for Report or its contents.	117
Report Scope	
3.5 Process of defining Report contents.	13
3.6 Scope of the Report.	13
3.7 Indicate the existence of any limitations to the scope of the Report.	13
3.8 Basis for including information in the case of joint enterprises, subsidiaries, let premises, subcontracted activities and other organisations that could affect comparability between periods and/or organisations.	13
3.9 Data measurement techniques and basis for making calculations, including hypotheses and underlying estimation techniques applied in the compiling of indicators and other Report information.	13
3.10 Description of probable effect of any reformulation of information contained in previous reports, together with reasons justifying said reformulation.	13
3.11 Significant changes relative to previous periods in the scope, coverage or valuation methods applied in the Report.	13
Index of GRI Contents	
3.12 Table indicating location of basic contents in the Report.	127-132

Verification

- | | | |
|------|--|-------------|
| 3.13 | Current policy and practice with regard to request for external verification of the Report. If the Verification Report is not included in the Sustainability Report, the scope and basis of any other existing verification must be explained. The relationship between the reporting organisation and the supplier or suppliers of the verification must also be explained. | 13, 121-123 |
|------|--|-------------|

4. GOVERNANCE, COMMITMENTS AND PARTICIPATION WITH INTEREST GROUPS

Governance

- | | | |
|------|--|--------------|
| 4.1 | Governance structure of the organisation, including the committees of the maximum governing body responsible for tasks such as defining the strategy or supervision of the organisation. | 27, 113 |
| 4.2 | Indicate whether the president of the maximum governing body also occupies an executive position. | 113 |
| 4.3 | In organisations with a unitary management structure, indicate the number of members of the maximum governing body who are independent or non-executive. | 113 |
| 4.4 | Mechanisms through which shareholders and employees may communicate suggestions or recommendations to the maximum governing body. | 21-22, 113 |
| 4.5 | Link between the remuneration of the members of the maximum governing body, top managers and executives and company performance. | 113 |
| 4.6 | Established procedures for avoiding conflicts of interest in the maximum governing body. | 21-22, 113 |
| 4.7 | Procedure for determining the skills and experience demanded of members of the maximum governing body in order to guide the organisation's strategy in social, environmental and economic aspects. | 113 |
| 4.8 | Declaration of mission and values, internal code of conduct and principles relating to economic, environmental and social performance and its implementation status. | 33-40, 71-77 |
| 4.9 | Management processes to supervise the identification and management of economic, environmental and social policies, including the related risks and opportunities, and compliance with internationally agreed standards codes of conduct and principles. | 21-22, 113 |
| 4.10 | Procedures to evaluate performance of maximum governing body itself, with particular regard to economic, environmental and social performance. | 21-22, 113 |

Participation of interest groups

- | | | |
|------|---|---------------------|
| 4.11 | Description of how the organisation has adopted the precaution principle or approach. | 17-18 |
| 4.12 | Social, environmental or economic principles or programmes developed externally, in addition to any other initiative that the organisation subscribes to or approves. | 21-22, 33-35, 93-95 |
| 4.13 | Principal associations in belongs to and/or national and international organisations the organisation supports. | 33-35 |

Commitments with existing initiatives

- | | | |
|------|--|------------------|
| 4.14 | Relationship with interest groups included by the organisation. | 21-22 |
| 4.15 | Basis for identification and selection of interest groups the organisation makes commitments with. | 13, 21-22, 33-35 |
| 4.16 | Approaches adopted for the inclusion of interest groups, including the frequency of its participation by types and categories of interest groups. | 13, 21-22, 33-35 |
| 4.17 | Principle concerns and aspects of interest that have arisen through the participation of interest groups and the manner in which the organisation has responded to them in the drafting of the Report. | 13, 21-22, 33-35 |

ECONOMIC PERFORMANCE INDICATORS

Management Approach

Aspect: Economic Performance

- | | | |
|----------|--|-----------|
| EC.1 (P) | Direct generated and distributed economic value, including income, operating costs, employee remuneration, donations and other investments in the community, non-distributed profits and payments to providers of capital and governments. | 25, 43-57 |
| EC.2 (P) | Financial consequences and other risks and opportunities for the activities of the organisation due to climatic change. | 17-18 |
| EC.3 (P) | Coverage of obligations of the organisation owing to social benefit programmes. | N/A |
| EC.4 (P) | Major financial assistance received from governments. | N/A |

Aspect: Presence in the market

EC.5 (P)	Range of relations between standard initial salary and the minimum wage in locations where significant operations are carried out	64
EC.6 (P)	Policy, practices and proportion of expenditure with regard to local suppliers in locations where significant operations are carried out.	28-29, 70
EC.7 (P)	Procedures for local recruitment and proportion of top managers from the local community in locations where significant operations are carried out.	66

Aspect: Indirect economic impact

EC.8 (P)	Making and impact of investments in infrastructure and services provided primarily for the benefit of the public by means of commercial, pro bono or in-kind agreements.	N/A
EC.9 (A)	Understanding and description of significant indirect economic impact, including scope of said impact	9, 17-18

ENVIRONMENTAL PERFORMANCE INDICATORS

Management Approach

Aspect: Materials

EN.1 (P)	Materials used, by weight or volume.	28-29, 55, 70
EN.2 (P)	Percentage of materials used that are valued materials.	83-84

Aspect: Energy

EN.3 (P)	Direct consumption of energy broken down into primary sources.	81-86
EN.4 (P)	Indirect consumption of energy broken down into primary sources.	81-86
EN.5 (A)	Energy savings due to conservation and efficiency improvements.	81-86
EN.6 (A)	Initiatives to produce products and services which are energy efficient or based on renewable energies, and the reductions in energy consumption as a result of said initiatives.	81-86
EN.7 (A)	Initiatives to reduce the indirect consumption of energy and the reductions achieved from such initiatives.	81-86

Aspect: Water

EN.8 (P)	Total water capture by source.	81-86
EN.9 (A)	Sources of water that have been significantly affected by the capture of water.	81-86
EN.10 (A)	Percentage and total volume of recycled and reused water.	81-86

Aspect: Biodiversity

EN.11 (P)	Description of adjacent land or land located within protected natural spaces or unprotected areas of high biodiversity. Indicate the location and size of owned, leased or managed land with a high biodiversity in areas outside protected areas.	N/A
EN.12 (P)	Description of most significant impact on biodiversity in protected natural spaces or areas or unprotected areas of high biodiversity resulting from activities, products and services in protected areas and in areas of high biodiversity in areas outside protected areas.	N/A
EN.13 (A)	Protected or restored habitats.	N/A
EN.14 (A)	Established and planned strategies and actions for managing the impact on biodiversity.	N/A
EN.15 (A)	Nº of species, broken down according to their risk of extinction, included in the Red List of the IUCN and in national lists and whose habitats are affected by operations, according to level of threat to the species.	N/A

Aspect: Emissions, dumping and waste

EN.16 (P)	Total emissions, direct or indirect, of greenhouse gases, by weight.	81-86
EN.17 (P)	Other indirect effects of greenhouse gases, by weight.	81-86
EN.18 (A)	Initiatives for reducing greenhouse gases and reductions obtained.	81-86
EN.19 (P)	Emissions of substances harmful to the ozone layer, by weight.	81-86
EN.20 (P)	NO, SO and other significant emissions to the air, by type and weight.	81-86
EN.21 (P)	Total dumping of waste water, according to its nature and destination.	81-86
EN.22 (P)	Total weight of managed waste, according to type and treatment method.	81-86
EN.23 (P)	Total nº and volume of most significant accidental spillages.	N/A

EN.24 (A)	Weight of waste transported, imported, exported or treated and considered hazardous in accordance with the classification of the Basel Convention, annexes I, II, III and VIII and percentage of waste transported internationally.	81-86
EN.25 (A)	Identification, size, protection status and value of biodiversity of hydric resources and related habitats significantly affected by the dumping of water and the run-off waters of the reporting organisation.	81-86

Aspect: Products and services

EN.26 (P)	Initiatives to mitigate the environmental effects of the products and services, and level of reduction of said impact.	81-86
EN.27 (P)	Percentage of products sold, and their packaging materials, that are reclaimed at the end of their useful life, by product categories.	81-86

Aspect: Legal compliance

EN.28 (P)	Cost of significant fines and number of non-financial penalties for breach of environmental regulations.	N/A
EN.29 (A)	Significant environmental impact of transport of products and other goods and materials used for the activities of the organisation, such as staff transport.	81-86

Aspect: General

EN.30 (A)	Breakdown by type of total environmental expenditure and investment.	81-86
-----------	--	-------

SOCIAL PERFORMANCE INDICATORS: DIGNIFIED WORKING PRACTICES AND EMPLOYMENT

Management Approach

Aspect: Employment

LA.1 (P)	Breakdown of employees by type of employment, contract and region.	65-66
LA.2 (P)	Total n° of employees and average employee rotation, broken down into age group, gender and region.	65-66
LA.3 (A)	Social benefits for full-time workers, not offered to temporary or part-time workers, broken down into main activity.	64

Aspect: Company/Employee Relations

LA.4 (P)	Percentage of employees covered by a collective agreement.	64
LA.5 (P)	Minimum period(s) of advance notice relating to organisational change stating whether such notifications are specified in the collective agreements.	64

Aspect: Health and Safety

LA.6 (A)	Total percentage of employees represented on joint company/employee health and safety committees established in order To help monitor and provide advice on health and safety at work programmes.	N/A
LA.7 (P)	Absenteeism rates, occupational sickness, days lost and n° of fatal victims related to work or region.	69
LA.8 (P)	Programmes on education, training, advice and risk prevention and control aimed at employees, their families or community members in relation to serious illnesses.	66-68
LA.9 (A)	Health and safety aspects covered in official agreements with trade unions.	66-68

Aspect: Education and Training

LA.10 (P)	Average training hours per employee per year, broken down into employee category.	69, 66-68
LA.11 (A)	Skills management and continuous training programmes that promote the employability of workers and support them in managing the end of their professional careers.	66-69
LA.12 (A)	Percentage of employees that receive regular performance and professional development appraisals.	64

Aspect: Diversity and Opportunity

LA.13 (P)	Composition of corporate governing bodies and workforce, broken down by gender, age group, ethnic minorities and other diversity indicators.	65-66, 113
LA.14 (P)	Relationship between basic male and female salaries, broken down into professional category.	64

SOCIAL PERFORMANCE INDICATORS: HUMAN RIGHTS

Management Approach

Aspect: Investment and provision

HR.1 (P)	Percentage and n° of major investment agreements that include human rights clauses or which have been analysed with regard to human rights.	73-77
HR.2 (P)	Percentage of principal distributors and subcontractors that have been analysed with regard to human rights, and measures taken as a consequence.	73-77
HR.3 (A)	Total employee training hours on policies and procedures relating to aspects of human rights relevant to their activities, including the percentage of trained employees.	75

Aspect: Non-discrimination

HR.4 (P)	Total number of discrimination incidents and measures taken.	73-77
----------	--	-------

Aspect: Freedom of association and collective agreements

HR.5 (P)	Company activities in which the freedom of association and forming part of collective agreements could suppose significant risks, and measures taken to support such rights.	73-77
----------	--	-------

Aspect: Child labour

HR.6 (P)	Activities identified that represent the potential risk of incidents of child exploitation, and measures adopted to eliminate them.	73-77
----------	---	-------

Aspect: Forced labours

HR.7 (P)	Operations identified as a significant risk of originating from episodes of forced or unconsented labour, and measures adopted to help eliminate them.	73-77
----------	--	-------

Aspect: Safety practices

HR.8 (A)	Percentage of safety personnel that have been trained in the human rights policies or procedures of the organisation applicable to its activities.	75
----------	--	----

Aspect: Rights of indigenous peoples

HR.9 (A)	Total number of incidents relating to human rights violations of Indigenous peoples and measures taken.	73-77
----------	---	-------

SOCIAL PERFORMANCE INDICATORS: SOCIETY

Management Approach

Aspect: Community

SO.1 (P)	Nature, scope and effectiveness of programmes and practices for evaluating and managing the impact of operations in communities, including the entry, operation and exit of the company.	73-77
----------	--	-------

Aspect: Corruption

SO.2 (P)	Percentage and total number of business units analysed with regard to risks related to corruption.	17-18, 73-77
SO.3 (P)	Percentage of employees trained in the anti-corruption policies and procedures of the organisation.	17-18
SO.4 (P)	Measures taken in response to corruption incidents.	17-18

Aspect: Public policy

SO.5 (P)	Position in public policies and participation in the implementation of the same and in lobbying activities.	N/A
SO.6 (A)	Total value of the financial contributions and contributions in kind to political parties or to related institutions, by country.	N/A

Aspect: Unfair competition

SO.7 (A)	Total n° of actions owing to causes related to monopolistic practices and those counter to free competition and their results.	N/A
----------	--	-----

Aspect: Lawful conduct

SO.8 (P)	Financial value of significant penalties and fines and total n° of non-financial penalties derived from non-compliance of laws and regulations.	N/A
----------	---	-----

SOCIAL PERFORMANCE INDICATORS: PRODUCT RESPONSIBILITY**Management Approach****Aspect: Customer health and safety**

PR.1 (P)	Life cycle stages of products and services in which, for the purposes of improvement, the impact of the same on the health and safety of customers is evaluated, and percentage of product categories and major services subject to such evaluation procedures.	101-108
PR.2 (A)	Total n° of incidents derived from non-compliance of legislation or voluntary codes relative to the impact of products on the health and safety during their life cycle, distributed in accordance with the type of result of such incidents.	101-108

Aspect: Labelling of products and services

PR.3 (P)	Types of information on products and services that are demanded by currently applicable procedures and legislation, and percentage of products and services subject to such information requirements.	70, 73-77, 101-108
PR.4 (A)	Total n° of breaches of the legislation and voluntary codes relative to information on and labelling of products and services, distributed in accordance with the results of such incidents.	70, 73-77, 101-108
PR.5 (A)	Practices relating to customer satisfaction, and the result of customer satisfaction studies.	21-22, 91-92

Aspect: Marketing communication

PR.6 (P)	Programmes of compliance with legislation or standards and signing up to standards and voluntary codes mentioned in marketing communications, including advertising, promotion and sponsorship activities.	73-77, 101-108
PR.7 (A)	Total of n° of incidents resulting from breaches of regulations relative to marketing communications, including advertising, promotion and sponsorship, distributed in accordance with the results of such incidents.	N/A

Aspect: Customer confidentiality

PR.8 (A)	Total n° of justified complaints in relation to respect for confidentiality and leaking of personal data of customers.	93
----------	--	----

Aspect: Legal compliance

PR.9 (P)	Cost of significant fines resulting from breaches of legislation in Relation to supply and use of the organisation's products and services.	N/A
----------	---	-----

(P) Principal.
(A) Additional