

### MANGO SUSTAINABILITY REPORT

2014

	LETTER FROM THE CHAIRMAN AND VICE-CHAIRMEN	04
1>	INTRODUCTION	
01	KEY DATA 2014	06
02	CORPORATE GOVERNANCE	07
03	HISTORY	08
04	ABOUT THE REPORT	09
05	ABOUT MANGO	10
•	SUSTAINABILITY MODEL AND POLICIES	
06	THE SUSTAINABILITY MODEL	14
07	RELATIONS WITH SOCIETY AND CUSTOMERS	22
08	EMPLOYEES	32
09	THE SUPPLY CHAIN	42
10	ENVIRONMENTAL ASPECTS	50
11	QUALITY AND SAFETY IN OUR PRODUCTS	61
12	ECONOMIC DATA	65
+	OTHER INFORMATION OF INTEREST	
13	AUDITING OF THE REPORT	74
14	CONTACT DETAIL	76
15	INDEX OF GRI CONTENT	77

# LETTER FROM THE CHAIRMAN AND VICE-CHAIRMEN







2014 was a year of major changes and above all one of full national and international expansion, not only through our new store concept, but also through the commitment to new collections, innovation/technology and logistics.

All of this is reflected in the present sustainability report, drafted by our CSR department in accordance with the G4 Global Reporting Initiative (GRI) Guidelines. The G4 Guidelines represent a change in the focus of the reports drafted to date by the group, since on this occasion the main focus is on all the aspects that have been relevant in terms of the economic, social and environmental impact on our value chain.

We believe that, in order to continue making progress and meet the expectations of all those who trust in MANGO, we have to continue to support initiatives like the United Nations Global Compact by continuing to work according to its 10 Universal Principles. Furthermore, we have collaborated with various non-governmental organisations, while promoting voluntary action in order to fulfil our social action and company sustainability goals.

I would particularly like to mention Enric Casi, who was our General Manager for 19 years, for his dedication, loyalty and hard work throughout this period. He has played a fundamental supporting role and we continue to count on him as a Board member.

I would like to finish by thanking all our employees whose continued hard work has helped make MANGO a better company that is working to fulfil its objectives in a satisfactory manner on all levels.



Without doubt, a key factor that has contributed to the growth of MANGO over the last year has been our "megastore" concept which we launched in 2013 and which we are continuing to expand, both nationally and internationally. We have to continue working to consolidate and expand our new stores and the new lines. We have enlarged the product range, improved customer service, speeded up procedures and committed to a logistics system equipped with the latest technologies in order to provide a quick and effective response to stores (both company stores and franchises).

In order to achieve this, a major investment has been made in the construction of the new Logistics Park in Lliçà d'Amunt, with a total surface area of 330,000m², the first phase of which will go into operation in early 2016. In addition, the building works at our design centre in Palau-solità i Plegamans are already underway, which will triple the space dedicated to the new lines, together with their teams and the pilot stores.

We are also continuing to invest in improving our online shopping service. The development of Apps (scane-shop) and the MANGO Online website, more attractive and dynamic, have made online shopping available in 76 countries. Our goal for 2015 is to enlarge our services and the number of countries, either directly or through partners.

And of course, we are also committed to our employees, by promoting the talent of people and offering them opportunities to continue developing as professionals. For this reason, internal promotion is always our first option, with 232 promotions at our headquarters and 447 in stores. In parallel, in 2014 we created 2,331 new employment positions worldwide, 28% of them in Spain.

MANGO currently has over 15,700 employees worldwide. The hard work and effort of all of them has resulted in achieving a turnover for the MANGO MNH Holding Consolidated Group of 2,017 million euros at the close of the 2014 financial year, representing an increase of 9.3% compared to the previous year.

We trust in our teams and we are convinced that with the day-to-day work and enthusiasm of all of us that make up MANGO we will achieve our aim to continue growing.



The change required for the new MANGO concept has been and remains a major challenge for the company. During the last financial year we opened 43 new stores under this new model, with a more varied product offer, a more attractive and more sustainable interior design, and a total space of 47,301m<sup>2</sup> to house all our lines. MANGO currently has over 2,700 stores in 107 countries for all the designer lines, including the addition of the new Baby line in 2015.

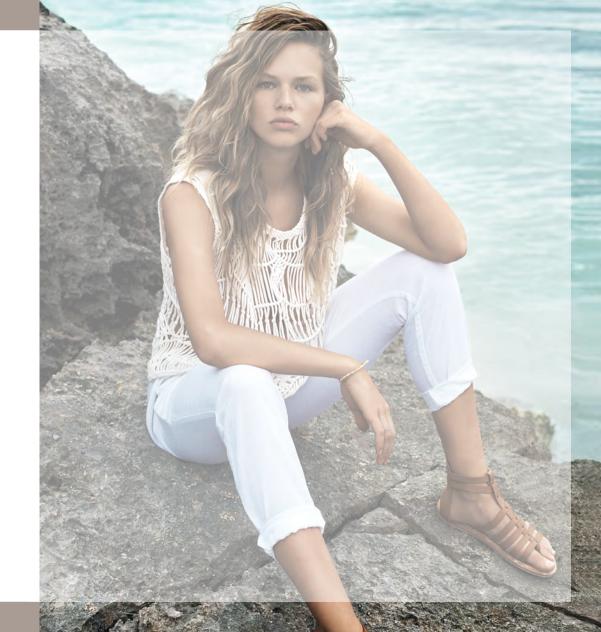
A key factor in this growth has been the result of the huge effort we have made to create "the new MANGO": an overall change in the entire chain, principally by enlarging our stores, from 300m² to over 1000m², which has helped improve the shopping experience of our customers. We have also focused our efforts on providing a better service to our customers and on giving them the best possible advice in order for them to feel more at ease in our stores. The new "megastore" concept now covers the Woman, MANGO Man, Kids, Accessories and Sports&Intimates and although some of them are still young lines, we have learned how to improve and mature them in order to consolidate them as new MANGO brands.

Beyond strictly financial aspects, the present report carries out an exhaustive analysis of our social, employment and environmental performance, principally focusing on our supply chains and on stakeholders who add value to our company (employees, suppliers, franchisees, society, etc.). In this regard, we continue to operate with very strict procedures to improve and supervise the working conditions in the production centres that manufacture the MANGO collections. We are continuing to adopt our health and safety policy for finished goods through one of the most stringent systems of analysis that exists within the sector today, while continuing our commitment towards eco-efficiency criteria in our stores and facilities in order to reduce our environmental impact.

We have made considerable progress in these aspects thanks to the efforts of our employees, although we must not become complacent. We have a commitment to fulfil the expectations our customers have in us and we have to continue working with enthusiasm to achieve this.

# **INTRODUCTION**





### 01 KEY DATA 2014



**76** 

COUNTRIES WITH ONLINE STORES

702,429m<sup>2</sup>

OF SELLING SPACE

+ 5,500

STYLES DESIGNED EACH SEASON



2,017

MILLION EUROS OF TURNOVER

81%

OF SALES IN FOREIGN MARKETS

9.1%

OF TURNOVER IN ONLINE SALES



+ 134

MILLIONS OF UNITS PRODUCED

853

**FACTORIES USED** 

459

GARMENT AND ACCESSORIES SUPPLIERS



15,793

EMPLOYEES

2,337

NET EMPLOYMENT POSITIONS

+ 99,000

TRAINING HOURS



PRESENT IN

109

COUNTRIES

2,741

**STORES** 

143

NET NEW STORES



17,619tn

OF OFFSET CO, EMISSIONS

38%

OF WET PROCESSES ANALYSED

17%

OF ENERGY SAVINGS IN SPANISH STORES PER M<sup>2</sup>

# 02 CORPORATE GOVERNANCE

MANGO is a family business whose owners are directly responsible for the day-to-day management of the organisation, therefore communication with the different spheres of the company is total and permanent.

Both the Board members and those of the Executive Committee occupy executive positions within the organisational structure and have a wealth of experience in their respective fields. The remuneration of the two management bodies has a fixed component and a variable component based on targets reached.

The MANGO group has an internal auditing department which continually evaluates all spheres of the organisation. Said department reports directly to the Directors of the group.

### **BOARD OF DIRECTORS**

### **ISAK ANDIC**

Business lines, Accessories, Interior Design, e-business,

Executive

### JONATHAN ANDIC

Product, Image, Graphic Design, PMD, Hangar Development, Materials, Technology and Services Purchasing, Maintenance and Works

Executive vice-chairman

### DANIEL LÓPEZ GARCÍA

Expansion 1, Retail Coordination, Franchise Management, Merchandising, International Retail

Directors

Board Member

### **ENRIC CASI BRUNSO**

Financia Directo

### **TONI RUIZ TUBAU**

Banking Relations, Internal Auditing, Financia Planning, Management Control, Administratio

Director of Operations and Strategy

### **CARLOS COSTA ROVIRA**

Import/Export, Logistics, People, Technology, CSR,

Strategy

### **EXECUTIVE COMMITTEE**

**VIOLETA ANDIC MAYTEK** 

**CRISTINA BELIL ROGER** 

ANTONIO BATLLÓ BUXE DULCE

PURIFICACIÓN CAMPOS MÁRMOL

ELENA CARASSO BATLLE

### MIGUEL DE LA CAPILLA BRUSTENGA

Internal Control, Administration, Legal Managemen Insurance, Inventory Control, Risk Prevention, Security and Maintenance LUIS CASACUBERTA BAUSILI

JORGE CORBELLA SIMÓN

IT Systems

GUILLERMO COROMINAS
PALOMAR

**SEZAI EREN**CEO Turkey Subsidiary

MARÍA JESÚS GARCÍA LECUMBERRI

CECILIO LOZANO ÁLVAREZ

SERGIO ODRIOZOLA LÓPEZ
Woman. Product Identification. CMT

**EVANGELINA RELLO YUBERO**Production Fabrics and Fittings

DAVID SANCHO GRAU

ARIF ZURNACI

### 03 HISTORY



1984

Opening of first store in Passeig de Gràcia (Barcelona)



1992

Initial expansion outside Spanish market with the opening of two stores in Portugal



1993

Store number 100 opens in Spain



1995

International expansion in Asia begins with stores in Singapore and Taiwan



2000

2007

for the first time

2006

2002

Store number 1000 opens

Turnover exceeds 1000 million euros

MANGO enters the US for the first time

MANGO enters China for the first time

By entering Australia, MANGO is

present in all five continents

The 12,000m2 "EL HANGAR" design

centre goes into operation

The online selling portal is launched





2008

The Dynamic Distribution Centre (CDD) in Parets del Vallés (Barcelona) goes into operation

MANGO adds the Barcelona brand to its image

MANGO opens its first H.E. by MANGO menswear store



2010

Presence in over 100 countries



2011

The corporate image is renewed with a new logo

The site works of the future Logistics Park in Lliçà d'Amunt (Barcelona) begin



2012

Start-up of the first phase of our logistics centre in Lliça d'Amunt, which will occupy a total surface area of 330.000m2



2015

The works to enlarge the facilities of the new design centre at Palau-Solità i Plegamans (24,000m2) are advancing



2014

Expansion of e-commerce: 12 new countries are added to bring the total number of countries with online selling to 76



2013

MANGO launches the new MANGO Kids and MANGO Sport & Intimates lines and prepares the launch of the Violeta by MANGO line for 2014





For the first time, turnover in foreign markets exceeds turnover in Spain





### 04 ABOUT THE REPORT

The present sustainability report corresponds to the MANGO consolidated group made up of MANGO MNG HOLDING, S.L.U. and subsidiary companies.





The document for the 2014 financial year was drafted in accordance with the version G4 of the Guidelines for drafting sustainability reports of the Global Reporting Initiative (GRI) of mandatory compliance and also includes aspects of the sectorial supplement, the Apparel and Footwear Sector Supplement, still at the pilot stage. Furthermore, it provides a response to the principles of the United Nations Global Compact.

In order to determine which aspects are relevant to Mango, a multi-stage process was carried out, in accordance with the AA1000SES Accountability and the G4 Guide itself. This report contains all material aspects/issues for the sustainability of our organisations, in addition to the indicators established in the aforementioned guide and others that have been developed given the nature of our organisation and the expectations of stakeholders.

The report has been externally verified in accordance with its contents and in accordance with the procedures in the GRI G4 Guide, by Auren Auditors BCN, S.L.P. The Verification Report may be consulted in chapter 13 of the present document.

Furthermore, for greater consistency and credibility, the contents of the present report has been satisfactorily reviewed by the team of analysts of the Spanish Network of the Global Compact. The report complies with the requirements of the Communication on Progress (COP) Policy of the Global Compact and with the criteria to obtain the Advanced Level, the highest reporting classification granted by the Global Compact.

The date of the most recent previous report is May 2014, corresponding to the 2013 financial year. Reports are presented annually.

### ABOUT **MANGO**

### THE GROUP

MANGO MNG HOLDING, S.L.U. is the parent company of a group of companies whose principal corporate purpose is the design, manufacture, distribution and marketing of clothing garments and accessories through the MANGO/MNG fashion distribution chain. It is a family company and a sole trader.

MANGO	MANGO	Violeto
MANGO Baby	MANGO	MANGO sport&intimates

MANGO COM

Since 2008, the group has had a menswear collection under the MANGO Man brand. In 2013 it launched two new lines: MANGO Kids and MANGO Sports&Intimates and in 2014 it launched VIOLETA by MANGO with a broader patternmaking and a range of larger sizes. In early 2015, it launched the BABY line from 0-3 years. In addition, Mango markets its products through Mango Online and its network of Mango Outlet stores.

For the 2014 financial year, turnover rose to 2,017,131 thousand euros, 81% of which corresponds to sales in foreign markets. The profit for the same period was 107,648 thousand euros. At 31 December 2014. MANGO was present in 109 countries through 2,741 stores, of which 1,103 were company stores and 1,638 franchises, with a total selling space of 702,429m<sup>2</sup>. The brand created 2,337 jobs worldwide, 28% of them in the Spanish market. Mango currently has 15,793 employees worldwide.

During 2014, a net total of 143 retail outlets were opened, with an average of three openings per week, entering the markets of Bulgaria, Ghana and Equatorial Guinea for the first time.

MANGO is Spain's most international textile exporter and the second-largest exporter in the sector, creating more than 5,500 styles per season and producing over 134 million articles a year.

In addition to the commercial activity in stores, there is a complex logistics activity for the distribution of our articles and materials, as well as the inverse logistics and e-commerce activities. The facilities from which this activity is carried out are mainly located in the surrounding area of Barcelona: the Mango headquarters and the CDD distribution centres in Parets del Vallés and Palau, in addition to the warehouses in Montcada, Zona Franca, Terrassa, Sabadell and another one in A Coruña.

We also have other warehouses to cover for the distributions needs in various geographical regions abroad: in Shenzhen and Shanghai (China), Istanbul (Turkey), New Jersey (USA) and in Germany and Russia. There are also administrative support and quality control at source offices in China and Turkey.

During 2013, works to enlarge the Hangar II design centre got underway and in early 2016 it is expected that the first phase of our new Logistics Park in Lliçà d'Amunt will go into operation.

### THE MANGO CONCEPT

MANGO dresses those who wish to follow the latest fashion trends for all types of occasions with design and style at an affordable price, presented in stores whose characteristics offer a unique shopping experience.

With the company dream: "to be present in every city in the world", conscious that we are competing at the highest level. With a positive attitude, continual self-criticism, continuous improvement and without losing sight of the professional values that prevail in the MANGO environment:



702,429 m<sup>2</sup>

**TOTAL SELLING SPACE** 

2,741 STORES





### **OUR STAKEHOLDERS**

### **CUSTOMERS**

Our customers are the raison d'être of our organisation and their satisfaction is our main goal, by offering them a quality product, with safety and guarantees in all aspects of its production and seeking excellence in service at all times.

### **FRANCHISEES**

The trust and contribution of franchisees is key to our organisation's success, and we have different departments to attend to them. The guarantee of specific margins, as well as the ownership of stock by MANGO until the franchisee makes the sale, together with other aspects of support (merchandising, window dressing, etc.), are also key elements in this relationship

### **EMPLOYEES**

Growth like the one we have experience would not have been possible without the unconditional support of a team with human qualities and with a solid, open and flexible mentality. There are many channels of communication and dialogue which encourage their participation in the day-to-day running of the business.

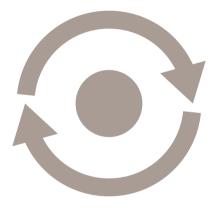
### **SUPPLIERS**

The relationship with suppliers is a longterm relationship based on mutual trust. Suitable programming, exchange of ideas and technical support make this relationship strengthen over time and creates synergies throughout the value chain.

## SOCIETY AND OTHER SOCIAL AGENTS

MANGO's relationship with society is based on responsibility and committed collaboration with all social groups. The relationships with all these groups run smoothly thanks to regular contact, exchange of information and cooperation projects.

# SUSTAINABILITY MODEL AND POLICIES





# 06 THE SUSTAINABILITY MODEL

At MANGO we are convinced that we act responsibly insofar as we are able to satisfy the expectations of our stakeholders: customers, employees, suppliers, society, franchisees and shareholders; working jointly with all of them to define and implement our policies.



### **ANALYSIS OF MATERIAL ASPECTS**

The MANGO 2014 Sustainability Report aims to provide a response to issues of interest to groups and individuals it has relations with and which are a priority for the company.

For this reason we have carried out an analysis of the material aspects, in order to comply with the GRI G4 Guidelines. The process has been managed by the Corporate Social Responsibility Department.

In order to determine which issues are important for the stakeholders, a multi-stage process was carried out in accordance with Accountability Standard AA1000SES, taking the principles of the GRI G4 Guidelines into account.

### Identification

In order to determine the strategic issues of the company as well as those of general interest, the relevant aspects and issues for the sector in which MANGO operates were identified.

This exercise was carried out by conducting a sectorial benchmarking study, as well as an analysis of the reference standards drafted by the Global Reporting Initiative and Governance & Accountability.

### Prioritisation

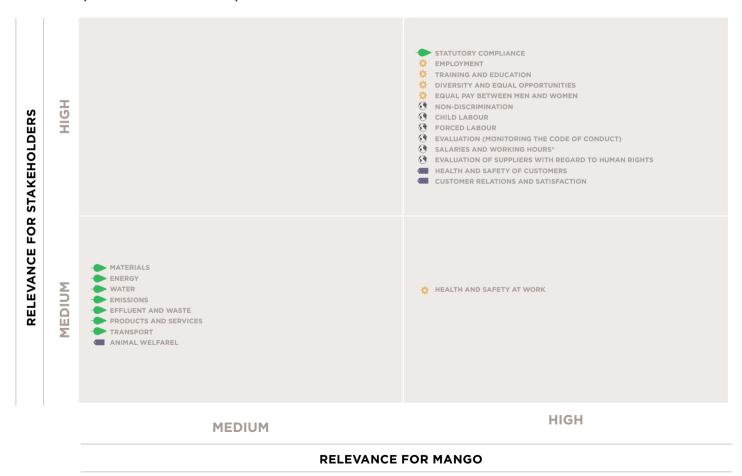
To prioritise the issues identified, a specific consultation was carried out through an online survey among our stakeholders. For the internal evaluation, we counted on the participation of the managers of MANGO and for the external evaluation we consulted the employees of MANGO, suppliers and other social agents (third sector organisations, the academic world, the media and other organisations). With the responses received, we consider that the results obtained are representative of MANGO stakeholders. For the statistical analysis, the responses we weighted according to the stakeholder group in order to produce a coherent overview and one that relates to the situation of MANGO, so that the weighting of each group is in direct proportion to its degree of importance to the company.

### Validation

To ensure that the analysis of material aspects reflects in a reasonable and balanced way the issues relevant to the context and sustainable performance of MANGO and its added value proposal, the results obtained were analysed in detail, and it was considered important to add the following aspects and issues: "Competitiveness in the market," "Expansion in new markets and consolidation in existing markets," "Customer confidentiality," "Economic performance," "Evaluation of employment practices of suppliers" and "Social action and CSR chair".

### MATRIX OF MATERIAL ASPECTS

The material aspects and issues for MANGO are represented below:



Aspects of employment practices

Aspects of society

Financial aspects

Aspects of human rights

Aspects of product responsibility

Environmental aspects

\*Material issue



### **MANGO'S**

### SUSTAINABILITY COMMITMENTS

Our goal is to act in a sustainable way in all our areas of influence, both internal and external. In order to achieve this, our organisation has established a series of commitments in financial, social and employment aspects and in those relating to cooperation with society and the safety of our articles.

All these policies and procedures are based on simple and effective management systems, which are independently audited both internally and externally. Said policies and systems are explained in our sustainability reports in all their relevant aspects.

The commitments of the MANGO group focus on the following aspects:

### 1. ECONOMIC

Our business operations and activities are developed within an ethical framework, with a correct and reasonable attitude.

### 2. SOCIAL AND EMPLOYMENT

Our employment relations concentrate on equality, defending the basic rights and principles of people.

### 3. ENVIRONMENTAL

Our business activity is carried out respecting the environment.

### 4. QUALITY AND SAFETY IN PRODUCTS

Customers are offered a quality product, also guaranteeing that it does not entail risks to their health and safety.

### 5. COLLABORATION WITH SOCIETY

Collaborations are carried with society in the different spheres in which we carry out our business activity.

All MANGO franchisees and manufacturers also commit to these values, which are extended to all their employees.

## DESCRIPTION OF THE MAIN IMPACTS, RISKS AND OPPORTUNITIES OF SUSTAINABILITY

### **ECONOMIC SPHERE**

The main risks of our company are those inherent to its business activity and the sector in which we operate. These risks are continually evaluated by the company management, which establishes the most suitable strategy at any given moment. However, the figures and results of the group assure a sound position and future outlook.

### SOCIAL AND EMPLOYMENT SPHERE

The environment and characteristics of some of the manufacturing countries mean that one of the most significant risks in this aspect lies in the production line. For this reason, we established a code of conduct, which must be complied with by suppliers, as well as a series of additional procedures which ensure that said risk is controlled. Control systems exist to monitor said code, both directly by our organisation and jointly with our stakeholders and external auditors.

### **ENVIRONMENTAL SPHERE**

The environmental impact we generate and the potential association risks are diverse. The emission of greenhouse gases derived from our business activity, and the use of chemical products and in the manufacturing and production and distribution process are the main impacts we generate. The control of environmental aspects in factories, the energy adaptation in facilities and in stores and the optimisation of goods transport are some of the actions which have served to identify and control the impacts and risks.

### **COOPERATION WITH SOCIETY**

Our activity, both in the countries in which we manufacture our products and in the countries in which we market them, causes different impacts on aspects, such as the generation of economic activity and employment and, consequently, on the quality of life and the conditions of our employees, franchisees, manufacturers and other collaborators. The main risk derived from this activity is that of not fulfilling expectations, our own or those of various stakeholders, in such aspects. For this reason, we believe that cooperation and working alongside our stakeholders is fundamental.

### **QUALITY AND SAFETY SPHERE**

In certain manufacturing processes chemical products whose use and presence limits are regulated according to the legislation of each country. Our policy in this area appropriately controls this risk through providing training to our suppliers, constant updating in accordance with the MANGO Chemical Standard and controls carried out by specialised laboratories. These actions allow us to detect and eliminate from our collection any garments or accessories that do not comply with the established standard.

### RISK CONTROL, BOARD OF DIRECTORS, EXECUTIVE COMMITTEE, INTERNAL CONTROL DEPARTMENT AND CSR DEPARTMENT

The Board of Directors and the Executive Committee also continuously evaluate the risks derived from various aspects of sustainability in our organisations by taking all the necessary measures for their follow-up and control, which it does jointly with the Internal Control and CSR departments.

### **CORRUPTION**

The aforementioned departments and management bodies analyse the potential risks of corruption by taking the necessary measures to prevent these types of situations from occurring.



OUR DESIRE IS TO ACT IN A SUSTAINABLE MANNER IN ALL OUR SPHERES OF INFLUENCE



THE RISKS ARE EVALUATED
BY THE COMPANY MANAGEMENT
WHICH ESTABLISHES
THE MOST SUITABLE STRATEGY
AT ANY GIVEN MOMENT



The key CSR actions are set out in chronological order below:

### 2001

Agreement for the Textile Technology Institute-Aitex to guarantee that our garments and accessories do not contain substances harmful to health.

### 2002

Creation of the Corporate Social Responsibility Department.

Signing up to the Global Compact promoted by the United Nations. (www.pactomundial.org).

Drafting of the Mango Code of Ethics and the Code of Conduct for our suppliers.

Start of internal verification audits to ensure compliance with the Code of Conduct on the part of our suppliers and subsequently the external audits.

### 2005

First Sustainability Report of the group, drawn up in accordance with the guidelines for the drafting of sustainability reports of the Global Reporting Initiative (GRI) organisation.

### 2006

Collaboration with the Comisiones Obreras trade union (CC.OO.), specifically with the Textile and Chemical Federation (FITEQA), in aspects such as the structure and content of our Sustainability Report and on the regular monitoring and auditing of the factories we work with.

Creation of the MANGO Chair for Corporate Social Responsibility with the Higher School of International Trade (ESCI) of the Pompeu Fabra University (Barcelona), (mango.esci.es).

### 2007

Participation, since 2007 and 2008, in two masters courses: a course in retail with the Higher School of International Trade (ESCI), and a course in fashion and design industry management with the Higher School of Design (ESDI).

### 2008

Cooperation agreement with the Foundation for adoption, sponsorship and defence of animals (FAADA), part of the Fur Free Alliance international coalition (FFA).

### 2009

Cooperation agreement with the Ecodes Foundation for auditing of our greenhouse gas emissions.

#### 2011

In 2011 we signed up to the Transparency
Programme, which encourages the involvement of
small and medium-sized companies, supporting
them so that they can incorporate CSR in their
company management. The programme was
headed by the Council of Chambers and the
Catalan Regional Government and collaborates
with the Global Reporting Initiative (GRI).

Signing up to the *Acords Voluntaris* initiative of the Catalan Office for Climate Change of the Catalan Regional Government. This initiative contains the commitment to carry out an annual inventory of greenhouse gas emissions and establishes measures that will help reduce such emissions.

#### 2012

We participated in the United Nations Rio+20 conference in Sustainable Development in Rio de Janeiro, which was attended by several world leaders, together with representatives from the private sector, NGOs and other groups. Its aim was to agree a series of measures to reduce poverty, promote social equality and protect the environment.

Signing up to the Detox initiative being promoted by Greenpeace to achieve the zero dumping of chemical products in the supply chain by 2020.

Members of the Executive Committee of the Spanish Network of the United Nations Global Compact.

### **2013**

Signing of the Accord on Fire and Building Safety in Bangladesh, in order to improve the safety conditions of workers in clothing factories in this country. (www. bangladeshaccord.org)

### 2014

Participation in the Companies and Human Rights Working Group of the Spanish Network of the Global Compact, which has developed some innovative tools to help organisations establish human rights in their value chain. The basis for the creation of such tools are the Ten Principles of the Global Compact, the United Nations Charter of Human Rights and, principle, the Guiding Principles of John Ruggie on companies and human rights ("protect, respect and remedy").

Sign up to the respon.cat company initiative for the development of social responsibility in Catalonia as members of the Motor Group, an executive body whose aim is to develop a plan of action that will help share knowledge and good practices among member companies representing diverse sectors of the Catalan economy. (www.respon.cat)

# 07 RELATIONS WITH SOCIETY AND CUSTOMERS

12

NEW COUNTRIES WITH ONLINE SELLING 2,741

**STORES** 

43

NEW MEGASTORES



Our customers are the raison d'être of our organisation and their satisfaction is our main goal, by offering them a quality product, with safety and guarantees in all aspects of its production and seeking excellence in service at all times, through all their design lines.

Our stores are located in prime shopping streets and locations and have been specially designed for the enjoyment and comfort of our customers, with clothing selected to allow simple comparison and matching. This is in addition to a specialised service which makes shopping for our products a pleasant experience. We also have permanent communication channels with our customers, in stores, on social networks and through specialised departments.

Exhaustive quality control of our entire production chain ensures the adequate performance and response of our garments and accessories in any situation. Furthermore, our systems guarantee that our articles do not contain chemical substances hazardous to the health, in accordance with internationally-established standards and limits.





### **CUSTOMER SERVICE**

This service is provided by specially-trained staff in our stores, since we are very much aware of the daily challenge of offering our customers an excellent service. Said training focuses on customer service, the product, merchandising, trends, etc.

We also seek our customers' opinions on our garments and accessories in order to adapt to their tastes and requirements, translating their suggestions into the designs of our collections. As well as our stores, customers have various channels of communication. At our headquarters we have we have a specialised department to deal with any query or suggestion. The requests are attended to in 19 languages: Catalan, Chinese, Czech, Dutch, French, German, Hungarian, English, Italian, Japanese, Korean, Norwegian, Polish, Portuguese, Romanian, Russian, Spanish, Swedish and Turkish.

There were also numerous requests from students requesting information for research projects, particularly for design, marketing, advertising, economics and business studies

In 2014 a total of 607,713 requests were attended to. The main communication channels are listed below:

2% SOCIAL NETWORKS

1% FAX AND LETTERS

1% VIA CHAT

53% TELEPHONE CALLS

43% E-MAILS AND FORMS

The main aspects consulted were the following:

1% SUGGESTIONS

1% CONGRATULATIONS

34% COMPLAINTS

64% REQUESTS FOR INFORMATION

### **SELLING CHANNELS**

Our stores are designed for the comfort and enjoyment of people in a dynamic atmosphere resulting from the harmonisation of space.

In recent years, with the megastore concept, the image of our stores has changed considerably in order to make the shopping experience even more rewarding: larger and brighter stores, so that collections can be seen, chosen and tried on more easily.

In 2014, 43 stores under this new concept of MANGO megastore were opened.

### **VISITS TO THE WEBSITE**

The MANGO website continues to consolidate itself as the preferred means of contact among customers, with a sustained growth of over 30% in visits compared to the last year. Traffic via mobile devices accounted for over 40% of total traffic last year, doubling the number of visits. In 2014 a new record of almost 2 billion viewed web pages was achieved. Changes to the website include new content, a photo highlighting the naturalness and luminosity of models by offering an optimal image of the garments. At the beginning of 2014, the new VIOLETA by MANGO concept was incorporated and transferred to the digital environment in accordance with the values of the brand.

### **ONLINE SALES**

MANGO's online sales have continued the trend in recent years, with sales totalling 183 million euros, 48% more than last year. We have continued with its international expansion, with the opening of 12 new markets, including the commencement of online selling in key markets such as Australia, Indonesia and Colombia, among others in Central and South America. Like visits to the website, sales via mobile devices have doubled and MANGO has adapted to this trend with the launch of a new App which incorporates the latest browsing trends, in addition to the redesign of its mobile web site, placing it at the cutting edge of innovation within international retail. Another noteworthy aspect are the developments in the integration and adaptation between different devices, incorporating technology which makes it possible to maintain the shopping basket of each customer, irrespective of the device they use to connect to mango.com.

## MULTI-CHANNEL SHOPPING AND INTEGRATION

The integration among channels in order to offer our customers the best service remains important MANGO's strategy during 2014. Initiatives like the one launched in 2012 allowing customers to purchase items not available in the physical stores by using tablets are evolving and growing significantly. As a result, selected MANGO stores have started to introduce smartphones to complement the existing tablets and allow proximity and a speedy response by offering this service to customers. This service was used by almost half a million customers in 2014, a 9% increase on last year.

### **MANGO CARD**

MANGO has a store card that can be used to make purchases in establishments throughout Spain. The use of this card offers numerous advantages, most notably the postponement and payment in instalments, promotions, discounts on trips, hotels and other exclusive services.

### **GIFT VOUCHERS**

MANGO offers its customers two different ways of giving fashion as a gift: through MANGO gift vouchers, which may be purchased at any store for the desired amount, and through virtual gift vouchers for different amounts, for use at our online store.

### **JOB CREATION**

The growth of the MANGO organisation has enabled the creation of numerous employment positions in recent years, 2,337 in 2014, providing opportunities and contributing to economic development. Job applications are received at our organisations via different channels:

42%	MANGO WEBSITE
51%	OTHER WEBSITES
5%	COMPANY PERSONNEL
1%	SCHOOLS AND UNIVERSITIESS
1%	JOB FAIRS

In this regard, we also support student completing their studies by offering them work experience in our organisation. In 2014 we welcomed 252 interns to our headquarters and to various retail outlets throughout Spain, in collaboration with various colleges and universities, 12% of whom were finally recruited.



THE GROWTH OF THE MANGO ORGANISATION HAS ENABLED THE CREATION OF NUMEROUS EMPLOYMENT POSITIONS IN RECENT YEARS



MANGO WAS A PIONEER IN SPAIN IN ONLINE SELLING AND CURRENTLY OPERATES IN 76 COUNTRIES



OVER 250 INTERNS HAVE CARRIED OUT WORK EXPERIENCE AT MANGO



### COMMUNICATION

### **ADVERTISING**

The Advertising Department renews our image every season and plans the worldwide media, adapting its overall strategy to the characteristics of each country. The models, both men's and women's, which appear in our different campaigns are chosen on the basis of being fashion models with an appropriate and healthy image.

In our brand image, we transmit a series of values that set us apart: the latest trends in fashion, design and style. All of this is reinforced with the presence of famous faces from the world of fashion and sport in our campaigns. The latter include Daria Werbowy, Mathias Lauridsen, Cedric Bhir, Marc Van der Loo, Clement Chabernaud, Vicky Martin Berrocal and Robin Lawley.

### **COMMUNICATION WITH THE MEDIA**

Our press office is in constant contact with the various media, informing them of the latest company news through press releases, interviews, etc. In addition, MANGO participates in numerous seminars or conferences organised by universities and other organisations, in which we offer our experience on issues principally relating to the company's social responsibility policy, its logistics system, growth and expansion.

### MANGO ON SOCIAL NETWORKS

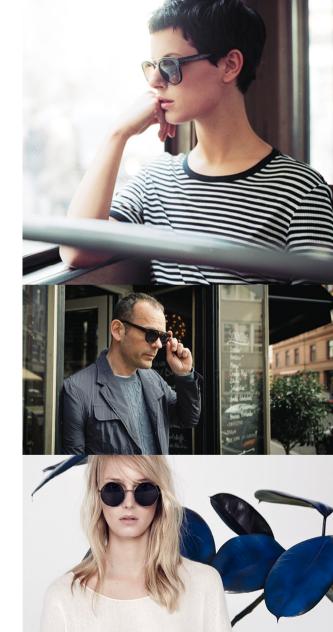
Social networks are also an important channel of communication for MANGO and the company has numerous followers on the main social networks worldwide: Facebook, Twitter, Instagram, Pinterest, Google+, YouTube, Tumblr, Foursquare, as well as on Weibo, Meilishuo and Wechat in China and on VKontakte in Russia.

### AWARDS AND DISTINCTIONS RECEIVED DURING THE REPORTING PERIOD

In 2014 MANGO received recognition from the Spanish Network of the United Nations Global Compact for the ten years it has been a member of the Network.

### PERSONAL DATA PROTECTION

All the information relating to personal data used in our organisation is protected in accordance with the requirements of the different applicable legislation and regulations.



### **SOCIAL ACTION**

MANGO, as part of its commitment to society, collaborated with various foundations and NGOs throughout 2014, basically offering financial support, but also through non-financial collaborations, voluntary work and donations of clothing. In the main, these have been initiatives linked to the spheres of development, education, health and integration.

### **FINANCIAL COLLABORATIONS**

### Vicente Ferrer Foundation

MANGO financed the construction of homes for families and a school in Anantapur, India. Housing is fundamental in the work of this Foundation: it returns dignity, offers security and basic health conditions in this case to families of Dalits, the most marginalised caste in the country. The school is part of a project to support children in their future integration in state education.

### Juan Bonal Foundation

MANGO purchased a bus to support a women's empowerment programme which will be used to maintain a shelter for the mentally ill in Kanyakumari, India. It also collaborated in the minor refurbishment of an orphanage in Mumbai.

### **Doctors without borders**

MANGO is a strategic emergency partner of this NGO. The funds donated are allocated entirely to financing the Emergencies Unit, their physical premises, materials, transfers, human teams, etc.

### **Active Africa**

MANGO entirely financed three nutritional support projects in two orphanages and four schools in Malawi, Africa, for the entire year.

#### Homac Foundation

MANGO collaborated in two projects in Ethiopia, on the one hand financing the construction of latrines in a school in Alamata and on the other, the overall maintenance of a nursery in Dodola.

### A.G.H. Humanitarian Foundation

MANGO financed the refurbishment of two primary schools and a nursery in Mang'ola, Tanzania.

### Ared Foundation

MANGO contributed to the financing of skills scholarships in dressmaking for persons at risk of social exclusion, principally for women from prisons and referred by social services in Barcelona.

### Barcelona Food Bank

MANGO collaborates with this organisation, which fights against hunger in Barcelona by purchasing children's formula milk.

### **Roure Foundation**

MANGO collaborates with this organisation, which fights against hunger in Barcelona by purchasing children's formula milk.



### Sant Joan de Déu Social Action

MANGO funded two boxes at the new day centre of the Sant Joan de Déu Children's Hospital in Barcelona.

### **ALPAN Project**

MANGO financed the purchase of an isothermic van for the distribution of ready meals to social canteens in Barcelona.

### **Barraquer Foundation**

MANGO participated in the financing of disposable medical material for the foundation's eyecare expeditions in order to carry out cataract operations in countries in the south.

### Josep Carreras International Foundation

Mango supported the foundation's programme by funding the Spanish Register of Bone Marrow Donors (REDMO), which aims to create a database of donors and patients. The Foundation allocates 40% of its resources to a scholarship programme for researchers and to funding transplant units and umbilical cord banks.

### Fero Foundation

MANGO participated in a charity dinner organised in Barcelona to support the financing of a research scholarship.

### **CASIP COJASOR Foundation**

MANGO collaborated with this French organisation by supporting its foundation activities. The organisation principally defends the civil and social rights of individuals.

### Öğrencilere Yardim Derneği

MANGO financed educational scholarships for marginalised young people, offering them the opportunity to access education in Istanbul.







### **CHARITY ITEMS**

### Mensajeros de la Paz

MANGO put on sale in its VIOLETA stores throughout Spain a sweatshirt in order to support a programme for children and families at risk of social exclusion in Madrid

### **NON-FINANCIAL COLLABORATIONS**

During 2014, MANGO donated unsaleable clothing to various organisations for charity. Throughout the year, it also gave MANGO employees the opportunity to participate actively in various social campaigns, charity events and other forms of collaborations for charity, such as charity market stalls, blood donation campaigns, campaigns to collect food and toys and Christmas, etc.

### **VOLUNTARY WORK**

### **Dreaming Awake Foundation**

MANGO employees participated in a voluntary day out with the children cared for by this foundation, who live in shelters subsidised by the Catalan Regional Government.

### Exit Foundation

MANGO, through its Human Resources Department, collaborated with this foundation, offering advice and information to young people about to enter the employment market on the requirements and nature of the different employment positions available in the market.

### Casal dels Infants

MANGO collaborates with this organisation by offering advice and information to young people at the risk of social exclusion through training visits held on its premises.



## MANGO CORPORATE SOCIAL RESPONSIBILITY CHAIR

The Mango Corporate Social Responsibility Chair was created in September 2006, by signing a collaboration agreement with the Higher School of International Trade (ESCI-UPF), in association with Universidad Pompeu Fabra (Barcelona). This initiative is in accordance with the values of both institutions in relation to sustainability and ethical commitment aspects.

Its main goal is to increase the knowledge of corporate social responsibility (RSC) and analyse the sustainability of our economic and business activity, combining academic rigour and practical application. These aims also include generating knowledge, analysis and debate on such issues and, at the same time, translating these considerations to society.

### Working documents

The research projects consist of analysing key aspects of sustainability and are the principal activity of the Chair. These are carried out by teams specialising in each area and are published in the form of work documents. Those produced during 2014 include guidance on the integration of sustainable development practices by small and medium-sized companies Catalan companies (SMES), which was carried out jointly with various universities, such as the University of Montpellier (France), the University of Quebec at Trois-Rivières (Quebec) and the University of Ottawa (Canada).

### CSR case studies of international companies

In parallel to the research projects, every year a case study is conducted on a company and on its sector within the sphere of CSR. Its purpose is to reveal its policy and activities in relation to such aspects, both on an internal and external level, in order to offer its experience and for this to be useful for other organisations too. In 2014 a case study was conducted on AGBAR, a companied dedicated to the integral water cycle with a presence in 22 countries.

## New activities: Training course and laboratory on social innovation

Last year the Chair extended its activities and organised the first course, called CSR promoters, aimed at CSR managers in public and private organisations. It also commenced a social innovation laboratory, in which social and environmental challenges are launched by various organisations, in which students offer ideas and solutions to such challenges.

### **ADVISORY COUNCIL**

To advise the Mango Chair in its activities, an Advisory Council was recently created. This Council is made up of key individuals within the sphere of CSR linked to organisations which represent the business, administrative, social and academic world. The main role of the Council is to identify relevant issues and current trends in order to feed the work areas promoted by the Chair.

The projects, activities and other details may be consulted on its webpage (mango.esci.es).

### **08 EMPLOYEES**

15,793

EMPLOYEES 31/12/2014

2,337

NET EMPLOYMENT POSTS +99,000

HOURS OF TRAINING



The excellent working environment at MANGO is the result of having a workforce with human qualities, motivation and flexibility which is able to adapt to changes within the context of the company's significant growth. The main aspects that also contribute to establishing this working environment are specified below.

#### PERMANENT DIALOGUE

Employees maintain permanent dialogue with the management, principally through a series of meetings called "If I were Chairman" with chosen representatives from each department. The conclusions, changes and improvements agreed are published and communicated to all employees on the company's internal bulletins.

Other channels that contribute to encouraging communication include questionnaires, the employee website, the suggestions box, etc.

In 2008 the Conflict Resolution Service was set up. The aim of this service is to guarantee an independent mechanism to identify, mediate in and resolve interpersonal conflicts wherever necessary.

#### REMUNERATION POLICY

For the different employee categories, the salaries paid are, on average, above those of the sector. In 2014 the proportion between the initial starting salary established by MANGO and the wage agreement was 53.18% for Spain. In the case of structural personnel, salaries are reviewed according to the performance and personal development of each employee twice a year. In stores, the system is based on a fixed salary and a variable component in accordance with the turnover of the store.

All employees, both full-time and part-time, have the same rights and company benefits. In addition, there is no difference or wage discrimination between men and women.

All MANGO employees are covered by a collective bargaining agreement and the corresponding employment legislation. The minimum notice period in relation to organisational changes, including notifications specified in the collective bargaining agreement, is fifteen days.

## PROMOTING AND FACILITATING THE BALANCE OF WORK AND FAMILY LIFE

### Maternity/Paternity

The company pays full bonuses during maternity leave. The degree of returning to work after maternity/paternity leave has been 100% in all cases.

### Work flexibility

Flexible working hours owing to personal reasons on the part of employees are permitted, in addition to temporary contract suspensions for such reasons, with the employment post being reserved in all such cases. In addition, the length of time to attend to necessary medical visits has been extended.

In the case of structural personnel, it should be noted that, with the mutual agreement of employees, all working days are extended by half an hour in order to finish at midday on Fridays and enjoy a longer weekend. Employees also enjoy intensive working days on the eves of major public holidays.

Other services for employees exist, such as free group transport, which covers different routes and working hours, subsidised canteens, special agreements, discounts, etc.

### Workplace stability

At the close of the 2014 financial year, 69% of company employees in Spain were permanent, as illustrated below:

	TEMPORARY	PERMANENT
STRUCTURAL PERSONNEL	15.79%	84.21%
STORE PERSONNEL	34.33%	65.67%

In addition, full-time employees in Spain represented 64.2% and part-time employees 35.8%. In the case of foreign employees, these percentages were 65.8% and 34.2% respectively.

Our organisation is characterised by the cultural diversity that results from the international nature of our business. People of 55 different nationalities work at our headquarters and stores in Spain.

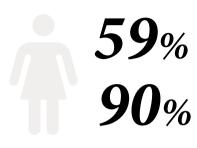
### PROFILE OF OUR WORKFORCE

Below are the main aspects of the profile of our workforce, made up of 15,793 employees as at 31 December 2014, of which 79.6% are female, and 20.4% male, broken down by gender as follows:

	STRUCTURAL PERSONNEL		STO PERSO			
	NUMBER	%	NUMBER	%	NUMBER	%
MEN	1,148	37.81	2,078	16.29	3,226	20.43
WOMEN	1,888	62.19	10,679	83.71	12,567	79.57

29.40

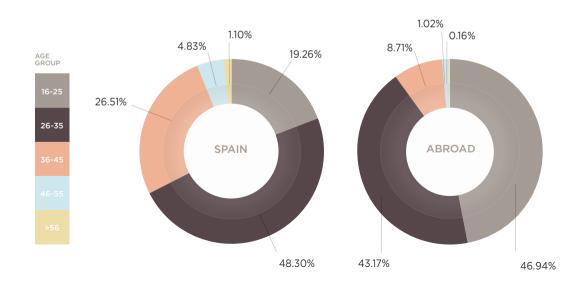
IS THE AVERAGE AGE OF OUR WORKFORCE



OF MANAGEMENT AND MIDDLE-MANAGEMENT POSITIONS

OF MANAGEMENT AND MIDDLE-MANAGEMENT POSITIONS IN STORE

### OVERALL BREAKDOWN OF EMPLOYEES BY AGE GROUP





### SIZE OF THE WORKFORCE

EQUIVALENT AVERAGE	MEN	2,150	
WORKFORCE	WOMEN	7,750	
WORKFORCE AT	MEN	3,226	
31/12/14	WOMEN	12,567	
EMPLOYEES BY CONTRACT TYPE AND GENDER			
TEMPORARY	MEN	986	
	WOMEN	3,917	
PERMANENT	MEN	2,240	

### SIZE OF THE WORKFORCE BY COUNTRY

SPAIN	MEN	1,386
SPAIN	WOMEN	3,930
CHINA	MEN	64
	WOMEN	237
TURKEY	MEN	617
TORKET	WOMEN	1,352
UNITED STATES	MEN	32
UNITED STATES	WOMEN	73
OTHER COUNTRIES	MEN	1,127
OTHER COUNTRIES		

### EMPLOYEES BY WORKING DAY AND GENDER

FULL-TIME	MEN	2,485
FOLL-TIME	WOMEN	7,820
PARCIAL	MEN	741
FARCIAL	WOMEN	4,747





#### **MOBILITY IN EMPLOYMENT POSITIONS**

The international nature of our organisation facilitates the geographical mobility of any employees who request it. In addition, when new positions to be covered become available, staff are offered the opportunity to request a change of department.

#### **ABSENTEEISM**

Absenteeism for Spain is described below:

#### STRUCTURAL PERSONNEL

#### STORE PERSONNEL

	2013	2014		2013	2014
Sick leave	1.68%	1.62%	Sick leave	1.49%	1.70%
Leave owing to industrial accidents	0.10%	0.07%	Leave owing to industrial accidents	0.10%	0.14%
Maternity/paternity leave	1.33%	1.23%	Maternity/paternity leave	2.92%	2.60%
Marriage leave	0.07%	0.07%	Marriage leave	0.06%	0.07%
Other leave	0.60%	0.70%	Other leave	0.23%	0.20%
TOTAL	3.78%	3.69%	TOTAL	4.80%	4.71%

Total absenteeism during 2014 in company stores outside Spain totalled 4.32%.

#### **INTERNAL PROMOTION**

The vast majority of managers and heads of departments are the result of internal promotion, thanks to a clear policy in this regard and a workforce that is motivated, flexible and able to take on new responsibilities.

Throughout 2014, 232 employees from our headquarters and 447 store employees were offered the chance of promotion.

#### **HEALTH AND SAFETY AT WORK**

The aims sought in relation to health and safety at work, in accordance with the MANGO Health and Safety Policy, are the development and promotion of strategies to improve the working conditions for the physical, mental and social health of employees, and to encourage and consolidate good working habits.

The management of occupational risk prevention at MANGO are established in the Risk Prevention Plan and form part of the overall system of company management.

This plan contains the company's commitment to provide a secure and healthy working environment for employees and collaborators and defines the goals and procedures in order to achieve this. Listed below are the main activities carried out during 2014.

## TRAINING IN OCCUPATIONAL RISK PREVENTION

The number of people trained in occupational risk prevention during 2014 totalled 1,160 for structural personnel and 7,210 for store personnel.

#### **RISK ASSESSMENT**

The company identifies and assesses the risks associated with employment positions as a part of the cycle of continuous improvement in the management of the company, making progress in all aspects of the health and safety of employees.

Such assessments are made in offices and warehouses at headquarters and in stores. Similarly, actions plans are drawn up with preventive and/or measures and work inspections, emergency plans and other procedures are managed.

MANGO also seeks to ensure that the services carried out by external companies or personnel, contracted or subcontracted, are executed in accordance with the safety measures established by the legislation and/or our internal regulations.

On a periodic basis, safety visits are carried out at sites to monitor and guarantee optimal working conditions and to encourage safe working practices.

#### **RISK NOTIFICATIONS**

In accordance with the policy of active participation among employees, there is a produced whereby they can report any risky situation or make any proposal that improves working conditions. An internal document exists to allow any such incident to the Risk Prevention Department for the same to be eliminated or minimised.

#### **HEALTH MONITORING**

Health monitoring is carried out by the company's Medical Service, part of the Occupational Risk Prevention department of MANGO, in accordance with the goals established by said department. In stores they are carried out through a network of healthcare centres. In addition to the required medical care, period check-ups, vaccination campaigns, etc., they carry out personalised activities to promote health, such as the monitoring of chronic symptoms and advice on healthy habits. Company personnel also receive First Aid training.

#### **ACCIDENT RATES**

The accident rates during 2014 for structural and store personnel in Spain is as follows:

		TURAL	STO PERS	ORE ONNE
	2013	2014	2013	2014
NO. OF ACCIDENTES / NO. OF EMPLOYEES	0.007	0.007	0.015	0.015
AVERAGE DURATIONOF SICK LEAVE (DAYS)	31.13	13.44	11.94	12.88

#### TRAINING AND DEVELOPMENT

In our organisation we have established a policy of continuous training and development in order to achieve the strategic goals of the business. To achieve this we have a Training and Development Department which promotes these essential aspects, both in terms of technical knowledge and professional skills.

Such training actions are carried out worldwide in the Retail and Training area at the company headquarters, which is equipped with several multipurpose training rooms. The "on-the-job" induction plan "Design your future at MANGO" and annual Appraisal and Development Interviews help managers to appraise and mentor each member of their team on a constant basis.

The role of leaders was consolidated further during 2014 with an Executive Development Plan for promotions to positions of responsibility. In this manner, the company recognises the importance of roles of responsibility as key to professional excellence and to the development of employees. Training events and personalised and mentoring were key to adapting to this new situation.

During 2014, 8,332 participants in training actions received a total of 99,251 training hours, broken down as follows:

PROFESSIONAL	TRAINING	
CATEGORY	HOURS	PARTICIPANTS
Heads of Department	8,785	461
Administrative employees	14,641	768
Technicians	17,569	1,076
Operators and Skilled Employees	7,028	369
Warehouse personnel	10,542	399
Store personnel	40,686	5,259
TOTAL	99,251	8,332

Noteworthy among the projects aimed at MANGO personnel during 2014 was "Headquarters at the service of stores", an initiative in which heads of department/section spent a one-week total immersion in a store to detect improvement action that will simplify the work of store personnel; and the "Develop your potential" workshop, which helps employees discover their conduct through an analysis of their personal profiles and to focus this in a positive way on the workplace and professional environment.

#### **DEVELOPMENT OF INTERNAL TALENT**

During 2014, the Programme for Identifying Internal Talent was created, in which employees with the potential to occupy key roles for the company are identified and trained in order to take on these new roles in the short term.

#### YOUNG TALENTS

The Young Talents Programme aims to develop managers within MANGO. The candidates participating in the project are MBA students from the top international business schools

The selected candidates take part in a four-month development course focusing on the stores. This allows them to experience the business from the front line before joining different areas of the organisation. Once in their new employment positions, they continue to work on their development through tailor-made courses and mentoring with the management team.

#### ADDITIONAL BENEFITS FOR OUR EMPLOYEES

Through a policy of discounts, for both clothing and accessories in our stores, and through agreements with various companies (car sales, medical insurance, travel agencies, gyms, shows, etc.).

With the organisation of various markets for our employees where garments, accessories, furniture and decorative items are sold, with the granting of interest-free loans subject to personal status and the loan of venues for various activities.



DURING 2014 A TOTAL OF 8,332 EMPLOYEES RECEIVED TRAINING



THE YOUNG TALENTS PROGRAMME AIMS TO DEVELOP FUTURE MANAGERS WITHIN MANGO



## O9 THE SUPPLY CHAIN PRODUCTION SYSTEMS AND SUPPLIERS

459

SUPPLIERS OF GARMENTS AND ACCESSORIES 853

FACTORIES USED

+134

MILLION UNITS PRODUCED



#### PRODUCTION SYSTEMS

There are two differentiated production systems in our organisation:

The first consists of designing the product, ordering its manufacture and purchasing it once finished. In this case, the supplier is responsible for purchasing all the raw materials for production. The purchasing percentage in 2014 through this system accounted for 69.23% of the total.

In the second system, unlike the first, all the raw materials used in the garment are purchased by our organisation and subsequently sent to the suppliers for manufacture. The purchasing percentage in 2014 through this system accounted for 30.77% of the total.

The characteristics of the suppliers are exactly the same in both systems. The use of one system or the other basically depends on geographical factors (proximity) and technical factors (specialisation in manufacture).

The volume of garments and accessories manufactured for MANGO during 2014 totalled 134,319,895 units.

#### PRODUCTION PROGRAMMING

Prior to each season we programme the dispatches to the stores, requesting the production accordingly. If finally there is a difference with regard to the sales forecast, at the end of the season the surplus is sold through discounting, promotions and our network of Outlet stores.

#### **SUPPLY CHAIN**

Throughout 2014 we have made a major effort to improve the internal management tools in relation to the information concerning factories and by providing training to suppliers to continue to improve the traceability of the MANGO supply chain. The effective management of the supply chain is a priority for MANGO and a key factor in being able to offer not only a quality product but guarantees that it meets the ethical standards demanded from suppliers.

Collaboration with suppliers is on a long-term basis, with continuous dialogue and joint analysis and planning of all production aspects, in addition to quality control inspections at all factories carried out by our experts. During 2014, the number of suppliers and factories producing garments and accessories was 459 suppliers in 853 factories. 25% of the total units manufactured originated from countries in close proximity to Spain. It should be noted that suppliers may work with more than one factory for the manufacture of their different collections. Equally, some of them may be used in different ways at different points in time, depending on the characteristics of the product.

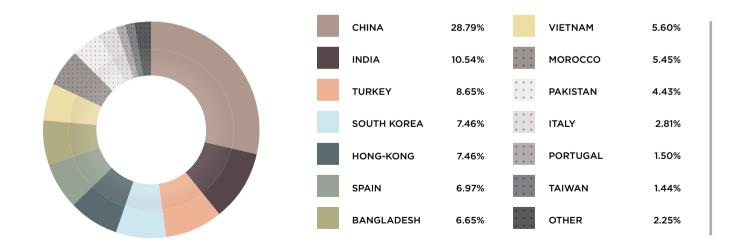
MANGO does not have any direct or indirect shareholding in any manufacturer of garments or accessories. Furthermore, none of them works exclusively for our organisation.

Every year, MANGO supplies the organisations it collaborates with in the supply chain the list of garment and accessories factories it works with.

#### **GEOGRAPHICAL DISTRIBUTION IN 2014**

The purchasing percentage by country is as follows\*:

\*includes raw materials





#### **SUBCONTRACTING**

Our policy of control and the characteristics of production mean that manufacturers cannot subcontract the manufacture of garments and accessories.

By subcontracting we mean the assignment to a third party company, by the supplier, of all or part of the production ordered from it without the knowledge or authorisation of MANGO. All our suppliers have unified the manufacturing process, at times there are special processes which some suppliers cannot carry out and which are carried out by other specialist companies, such as embroidery, printing, washing, etc. In such cases, MANGO is aware of these productions and authorises them.

All our garments and accessories are labelled, stating the country in which they have been manufactured.

#### CODE OF CONDUCT FOR SUPPLIERS

In order to guarantee appropriate compliance with all employment, social and environmental standards by our manufacturers of garments and accessories, the MANGO Group has established the present Code of Conduct for suppliers. This code is an essential and mandatory requirement, given that it is included in the commercial contract they sign with MANGO.

# SOCIAL, EMPLOYMENT AND ENVIRONMENTAL CODE OF CONDUCT FOR MANUFACTURERS OF GARMENTS AND ACCESSORIES FOR THE MANGO GROUP

This code is based on the principles and philosophy of the United Nations Global Compact, as well as the principles established in the Universal Declaration of Human Rights and Convention on the Rights of the Child of the United Nations.

It also includes all the applicable conventions and recommendations of the International Labour Organisation (ILO) are included (in particular conventions 1, 29, 75, 81, 87, 98, 100, 105, 111, 122, 131, 135, 138, 154, 155, 159, 177, 182 and 183, and recommendations 35, 90, 111, 143, 146, 164, 168, 184 and 190).

#### 1. CHILD LABOUR

Adopting the criteria established in the ILO conventions, manufacturers shall not use child labour. In addition, our policy on child labour is based on the United Nations Convention on the Rights of the Child.

#### 2. FORCED AND OBLIGATORY LABOUR

Manufacturers shall not use any form of forced or obligatory labour.

#### 3. HEALTH AND SAFETY AT WORK

Manufacturers shall guarantee their employees a working environment which is secure (fire prevention, machinery, etc.) and healthy (lighting, ventilation, hygienic conditions, etc.) and also comply with all the provisions stipulated in the application legislation in this regard. In addition, they shall guarantee that said conditions are extended, wherever applicable, to all the facilities allocated to their employees. Furthermore, in the case of denim manufacturers, they shall not use the fading technique known as sandblasting, which consists of the use of pressurised sand, given the risk on the health of the employees who perform this process.

#### 4. FREEDOM OF ASSOCIATION

Manufacturers will respect the rights of their employees to associate, organise themselves or negotiate collectively without incurring any form of sanction as a result.

#### 5. DISCRIMINATION

Manufacturers shall not discriminate in employment and recruitment practices based on the grounds of race, nationality, religion, disability, gender, age, sexual orientation, political association or affiliation or any other situation.

### 6. DISCIPLINARY MEASURES, HARASSMENT AND ABUSE

Manufacturers shall not use corporal punishment, physical or psychological abuse and/or any other type of harassment.

#### 7. WORKING HOURS

Manufacturers shall comply with the applicable legislation and industry regulations with regard to hours worked. Overtime will always be voluntary and appropriately remunerated.

If overtime is worked, a maximum of two hours per day will be accepted. In exceptional circumstances this limit may be modified in the aforementioned situations if reasonable and logical, and at all times with the mutual agreement of the employee, provided the annual total does not exceed the maximum of two hours of overtime per week envisaged in the legislation.

#### 8. REMUNERATION

Manufacturers will guarantee that salaries strictly comply with the legislation. In addition, the statutory minimum wage will be interpreted as said minimum, and not the recommended level.

#### 9. SUBCONTRACTING

Manufacturers may only carry out production in factories authorised and audited by MANGO.

#### **10. ENVIRONMENT**

All manufacturing activity shall be carried out respecting the environment and, at all times, complying with the envisaged legislation and regulations. All manufacturers shall sign the MANGO document committing to restrictions on chemical products.

## 11. COMPLIANCE WITH THE CURRENT LEGISLATION

Manufacturers must also comply with the applicable legislation for all matters not envisaged in the above points.

#### **OTHER ASPECTS**

#### COMMUNICATION

A copy of the present code must be displayed in the main personnel entrances and exits at the manufacturer's facilities, both in English and in the local language. The aforementioned copy must contain a contact e-mail address of the MANGO CSR department in case any employee requires or wishes to make use of the same.

#### AREA OF APPLICATION

All the above points are of mandatory compliance for all manufacturers who work with the MANGO Group. In order to achieve this goal, manufacturers shall authorise the MANGO group to carry out, either itself of via third parties, inspections to ensure the application of the present code. In addition, they shall allow the supervisors access to the documentation and all means necessary to achieve said goal. Such audits may be carried out according to schedule or without prior notice.

## ACCEPTANCE AND COMMITMENT ON THE PART OF MANUFACTURERS

All manufacturers accept and undertake to comply with all the points specified in the present Code, and any possible subsequent modifications to the same, by signing and stamping all the pages of one copy, which shall always be available at the MANGO organisation.

#### AUDITING

The Code will be periodically audited at the different factories and facilities of the suppliers, both internally and externally. Said auditing may be carried out jointly with other organisations (NGOs, etc.).

#### CORRECTIVE ACTION

Any situation which implies non-compliance with the above points shall require corrective action by the manufacturer, within an established period not exceeding six months. It should be noted that MANGO will participate in said corrective action by providing technical support. In cases where the corrective action has not been applied within the aforementioned period or in the event of serious social emergencies or other significant events and the manufacturers have not taken the required corrective measures immediately, the MANGO group will proceed to cancel any relationship with said manufacturer.

**CONTACT E-MAIL:** lg\_rsc@mango.com

#### PRIOR SELECTION OF SUPPLIERS

The departments responsible for the selection of suppliers carry out prior analysis and auditing of factories in order to ensure compliance with the MANGO requirements in all aspects prior to the confirmation of orders.

#### **TRAINING**

New supplies visit the MANGO headquarters where they receive training from all the departments involved in the manufacturing process of collections. The CSR department offers direct training on the implementation and monitoring of the Code. Throughout last year, a total of 80 new suppliers received various training courses at the company headquarters. In addition, every two years a congress is organised of the external auditors responsible for carrying out the social audits of factories in the different countries in which MANGO garments are produced.

#### **QUALITY CONTROL**

Given the nature of our production system, we have quality control teams which periodically visit the different factories, carrying out both quality control and any other aspect related to production. While carrying out said monitoring, our experts check whether any aspect of our Code of Conduct is being breached.

#### **AUDITING PROCESS**

As explained in the training, there are certain internal management tools which allow quick and up-to-date access to the database of the suppliers' factories. All of them must assign to each confirmed collection the complete list of the factories at which the collection will be produced. This way, all the departments involved in the process have access to this information: Purchasing teams, Quality and CSR, among others. Once the factory has been declared, the social auditing procedure will be carried out by the external auditors.

The procedure for the initial social audits is as follows:

- Interview with the managers and/or owners of the factory to gather all the necessary information on employment, social and environmental aspects, and their procedures and corresponding auditing.
- Exhaustive inspection of the factory installations, taking photographs of aspects which may provide evidence of any non-conformity or good practices.

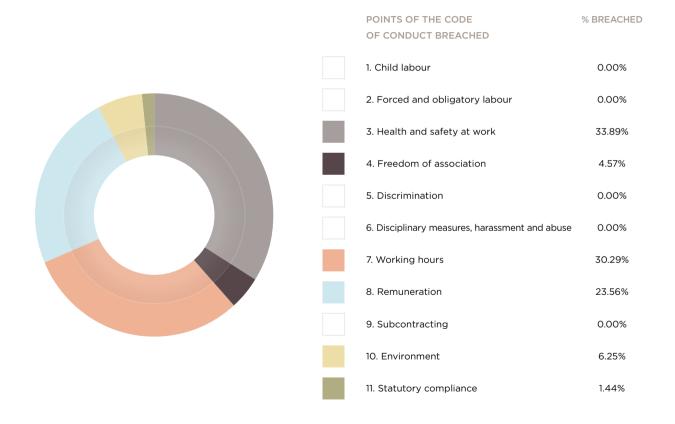
- Selection of a sample of employees included on the personnel lists who work directly on the production line, who will be interviewed on all aspects of our Code of Conduct.
- Finally, after inspecting the pertinent documents, during the closing meeting, the main aspects observed will be commented on, in addition to the conclusions, which will subsequently appear in the audit report. In cases where breach of the Code of Conduct is detected, a plan of action and a calendar will be drawn up for the subsequent inspections in the follow-up audits of the non-conformities. If the appropriate corrective action is not taken for their resolution, MANGO will take the appropriate action in each case with the supplier. It is worth noting that in virtually all cases, suppliers cooperate fully and are totally willing to improve.

Wherever trade union representatives exist in factories, the entire process is carried out jointly with them.

Maintenance audits are also carried out every one or two years.

Throughout 2014 over 350 external audits were carried out, some of which we carried out without prior notice. The breaches of the MANGO Code of Conduct detected during the audits carried out during 2014 are described below:

COUNTRY	NO. OF FACTORIES WITH BREACHES	POINTS OF THE CODE BREACHED
Bangladesh	19	3, 7, 8, 10, 11
Cambodia	2	3, 4, 10
China	17	3, 7, 8
Spain	1	7
India	7	3, 7, 8, 11
Indonesia	2	7, 8
Morocco	5	3, 4, 7, 8
Pakistan	5	3, 7, 8, 10, 11
Turkey	61	3, 4, 7, 8, 10
Vietnam	15	3, 7, 8, 10





THE SYSTEM OF AUDITS ESTABLISHED AT MANGO IS THE BASIS FOR THE IMPLEMENTATION OF THE GUIDING PRINCIPLES OF THE UN ON COMPANIES AND HUMAN RIGHTS IN THE SUPPLY CHAIN

In the case of incidents notified by a local trade union, the analysis and resolution of the same was carried out jointly with the union and with the organisations involved with whom we have signed a CSR agreement.

On occasions, the CSR internal auditing team joins forces with the external auditors or makes its own follow-up of a specific aspect of the code. As in previous years, representatives of the International Industrial Division of the CC.OO trade union make joint visits to some factories in Asia. The main aim of such visits is to check the progression of the employees' situation in textile factories and to learn at first hand about the role of the trade union representation in the same.

#### **HUMAN RIGHTS AND GUIDING PRINCIPLES**

The Ruggie Framework to protect, respect and remedy provides practical recommendations to implement this approach to the human rights that apply within the company. At MANGO we are developing internal management mechanisms that will serve as tools to measure and evaluate the application of human rights in all our spheres of activity, both internal and external. We are also working to improve the channels of communication with our stakeholders.

As part of MANGO's commitment to work towards the defence and observance of universal human rights, MANGO joined the Companies and Human Rights Working Group of the Spanish Network of the Global Compact.

#### ACCORD ON FIRE AND BUILDING SAFETY IN BANGLADESH

MANGO signed up to this accord, which was established in May 2013 for a term of five years and which has been established by numerous textile brands worldwide, trade unions and NGOs. The aim is to join forces and open the way to effective communication with the local government and trade unions in Bangladesh, in order to help improve the working conditions of employees in clothing factories in this country. Representatives of the International Labour Organisation (ILO) are also actively working towards making the agreed aims a reality. Currently, nearly 200 brands have signed up, involving a total of 1,600 factories subject to the inspection procedure and affecting over two million workers in Bangladesh.

# 10 ENVIRONMENTAL ASPECTS

Since it was founded, MANGO has been aware of the importance of conducting its business activities while adopting environmentally-friendly and sustainable development policies in all its areas of influence. MANGO establishes a series of basic principles that make up its environmental policy and framework of action for the management of all environmental aspects within the organisation. Targets are periodically reviewed to adapt them to changes in the environmental legislation and improve their impact.





#### **INTERNAL SPHERE**

#### PRODUCT, CONTAINERS AND PACKAGING

Within our organisation we have a Packaging Waste Prevention Business Plan (PEP), approved by the management, which provides a framework within which certain policies are established for the reduction and optimal use of product packaging.

In addition, MANGO uses 100% recycle materials in its boxes, with paper sealing tape and no metal components. This ensures the correct and complete recycling of boxes once they are no longer fit to be reused.

For the initial deliveries to stores, a cross-docking system is used, which consists of pre-established assortments prepared by the supplier. Consequently boxes do not need to be handled when they arrive at the warehouse and are dispatched directly to their destination. This system offers a series of advantages, such as the reduced use of packaging and lower energy consumption. In 2014, approximately 26% of initial deliveries to stores used this system.

#### **ACTIVITY CENTRES**

Our organisation's business activities are carried out at various facilities and stores, which are optimised in terms of energy consumption and efficiency. All of them are equipped with selective waste collection systems to ensure correct and efficient recycling.



#### Logistics centres

Our goods distribution facilities are equipped with classification and packing systems that use specific software to optimise the contents of the boxes dispatched to stores. Optimising the contents of the boxes results in the reduced used of packaging and the consequent reduction in waste production.

Hung garments are distributed on coat hangers from the supplier and therefore no boxes are used when they are dispatched to our distribution centres, since they are hung directly in the lorries. This not only results to and optimised use of packaging, but the optimised use of space, allowing fewer transport vehicles to be used, in turn leading to a reduction in emissions. The same system is also used for distribution from these centres to local stores.

Since the commencement of the building works of the new MANGO logistics centre in Lliçà d'Amunt, Barcelona, energy efficiency policies have been taken into consideration. These include: the internal reclaiming of all excavation soil, a landscaping design incorporating local Mediterranean plants which require low water consumption, the use of rainwater for the sustainable watering of the site and its fire-fighting system, and a low-energy lighting system, with the installation of LED lighting throughout the facility.

#### **Stores**

We are part of a sector in which the characteristics of the store and the presentation of the product are key: lighting, space and climatisation are essential for the sound management of the business. As regards franchise stores, these are considered to be within the internal sphere, given that the management system and operation is carried out in a centralised manner from our company headquarters. We are committed to managing this sphere in a balanced way and with the lowest possible environmental impact.

#### Lighting

For some years now, we have been illuminating all our stores with halide lights, which offer an energy saving of over 45%, last longer than alternative technologies and reduce residual heat, making it easier to regulate the store's climatisation system.

Furthermore, lighting using Light-emitting Diodes (LEDs) is being installed in all new stores and progressively installed in all other stores.

#### Materials

In stores, we are committed to using materials which are less harmful to the environment, last longer and require lower maintenance. Whenever parquet flooring is used, certification awarded by the Programme for the Endorsement of Forest Certification Schemes (PEFC) is requested, which guarantees the sustainable management of silviculture. In addition, the coat hangers used in stores are made of high quality and durable wood.

#### Reuse

All transfers of products between stores, as well as returns to central warehouses, are made using re-used cardboard boxes. In addition, part of the furniture used in outlet stores is re-used from other facilities, while the plastic coat hangers used in store deliveries are re-used during the sale period.

#### Bags

All our stores issue customers with bags made of recycled paper or paper certified by the Programme for the Endorsement of Forest Certification Schemes (PEFC). Plastic bags are used in outlet stores and during the sale period. During 2014 conventional plastic bags were replaced with oxo-biodegradable bags as an intermediate measure prior to their elimination in accordance with European Directive 94/63/EC. Currently, 60% of MANGO carrier bags placed on the market are made of paper.



#### SUSTAINABLE STORES

The energy consumption of stores is one of the areas with the most potential for making energy savings that will lead to reduced emissions.

In 2014, as the initial phase towards a new energy efficiency target in stores, MANGO has implemented a pilot project for energy efficiency in 25 stores located in 8 countries (Austria, Belgium, France, Germany, Italy, Netherlands and Norway).

The aim of this project is to define the consumption profiles of each store in order to identify and audit its energy consumption and potential energy savings. This will provide us with a platform to monitor and analyse the energy consumption of stores in accordance with their characteristics. To conduct this analysis, Smartmeters were installed and alarms were fitted to report peaks of energy consumption or consumption in excess of the established ranges, according to the store's energy consumption profile. Groups of condensers were also installed in 16 selected stores to reduce reactive demand in the energy system.

The actions included in the pilot phase of this project have made it possible to identify areas for improvements in energy consumption, taking into account the specific conditions of each store, including the control of nighttime consumption and changing the required voltage, in accordance with the profile of each store.



IN 2014, AS THE INITIAL PHASE TOWARDS A NEW ENERGY EFFICIENCY TARGET IN STORES, MANGO HAS IMPLEMENTED A PILOT PROJECT FOR ENERGY EFFICIENCY

#### **INTERNAL TRANSPORT**

Regarding the transfer of employees to the different sites of the central headquarters, MANGO offers them a free transport service from the main nearby towns which covers all work shifts and working hours.

From an environmental perspective, this service results in reduced indirect emissions associated with employee transfers. By means of internal questionnaires, MANGO consults the routes and areas with the greatest demand in order to adapt its transport service to the requirements of its employees. 27% of headquarters employees use this service and another 5% use car sharing to come to work.

#### **EXTERNAL SPHERE**

#### TRANSPORT AND DISTRIBUTION

All logistics operations in our organisation are outsourced to thirdparty companies and are supervised and monitored from our company headquarters.

All points in the distribution chain are optimised in terms of delivery times and loads, to ensure the lowest possible environmental impact.

Whenever possible single carriers deliver to the greatest number possible of destinations, in order to optimise the deliveries. It should be noted that all the transport companies we use are leading companies with established environmental policies.

#### **DELIVERIES FROM SUPPLIERS**

For finished garments and accessories delivered from suppliers, the principal means of transport used, and the one with the lowest environmental impact, is by sea. However, in certain regions and specific cases, road transport and occasionally air freight is used, as described below:

Maritime Transport	Road Transport	Air Transport
66.90%	24.36%	8.74%

#### **DELIVERIES TO STORES**

MANGO has strategic warehouses to cover all its distribution requirements to stores in the different geographic regions, as specified in chapter 5. This allows us to optimise the distance each order has to cover until it reaches its final destination. In addition, restocking is performed on a periodic basis according to sales.

The transport of garments from the warehouse to stores is described below:

Maritime Transport	Road Transport	Road Transport
7.27%	76.15%	16.58%

#### MANUFACTURERS, SUPPLIERS AND PRODUCT

All MANGO's manufacturing activity is carried out by third-party companies located in different countries. One of the priorities in this area is the implementation of environmentally-friendly practices, through different types of actions:

- Compliance with our Code of Conduct on environmental issues on the part of all suppliers.
- Auditing compliance with these environmental commitments using environmental management systems and their correction implementation through external audits in factories.
- The creation of a chemical substances standard, of mandatory compliance by suppliers, during the manufacture of different products and the external auditing of their implementation through a leading laboratory.

#### **DETOX AGREEMENT**

In line with our long-term sustainability programme, in December 2012 MANGO signed up to Greenpeace and its DETOX initiative. MANGO not only recognises the importance of guaranteeing that its garments are 100% free of hazardous substances, but also recognises the urgent need to control industrial discharge and eliminate all chemicals hazardous to the environment throughout the supply chain.

The aim of the DETOX initiative is to challenge the leading clothing brands to make the required changes, together with their suppliers, to eliminate hazardous substances throughout the supply chain of products by 1 January 2020. MANGO's commitment and dedication to the DETOX project has been positively evaluated by Greenpeace, which considers MANGO one of the leading 16 clothing companies in the project.

MANGO is aware that, in order to achieve this aim, the relevance and transparency of information is both important and necessary, in accordance with the "Right to know". To fulfil this aim, MANGO makes available to the general public on its website follow-up and progress reports on the project, lists of banned substances, both in products and manufacture, and the detection methodology.

For the initial phase of the project, MANGO informed all its suppliers of its commitment to reducing hazardous substances belonging to 11 chemical groups and the need to work progressively towards using alternatives, establishing the elimination of APEOs and PFCs as a priority.

In order to take a sample of discharge water, a criteria was established based on the total volume of production and the presence of processes which involve the intensive use of water, such as dyeing and washing processes. Adopting these two criteria, in 2014 MANGO analysed the factories of suppliers in China, India, Turkey and Morocco, which in total accounted for 38.53% of the production of wet processes.

In the second phase of the project, MANGO will analyse the water in factories of suppliers in Bangladesh and Vietnam, adopting the same guidelines and criteria as in the first phase.

For more information on the project and its progress: www.mango.com/web/oi/servicios/company/rsc/detox.php



#### **GREENHOUSE GAS EMISSIONS**

#### **CALCULATION OF EMISSIONS**

For the last five years, a comprehensive study and calculation of greenhouse gas emissions has been carried out. MANGO conducted the study internally using a calculation tool designed in-house to consider all the key factors associated with the company's emissions. This study includes all the categories of emissions and has been produced in accordance with international protocols, namely: scope 1 (direct emissions), scope 2 (indirect emissions associated with electricity) and scope 3 (other indirect emissions such as employee travel). The calculation includes direct logistics, covering associated emissions from the manufacture of garments to their final destination in the store.

This study has two aims: the first, to show the impact of  ${\rm CO_2}$  emissions and identify possible measures and actions for improvement, and secondly, what reductions would result from such improvements.

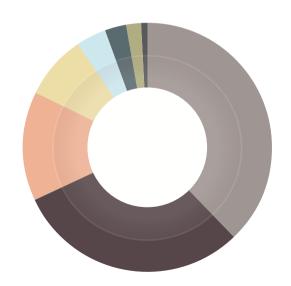
The Ecology and Development Foundation (Ecodes) annually audits these studies and awards MANGO the ZeroCO<sub>2</sub> label for production and logistics (calculated and audited).

Since 2010, MANGO has also signed up to the *AcordsVoluntaris* scheme, promoted by the Catalan Regional Government, as part of its greenhouse gas emissions policy. These scheme involves the establishment of an annual inventory of greenhouse gases emitted at national level, and having a policy to reduce and, wherever applicable, offset emissions.

#### **RESULTS OF THE STUDY**

The updating of the electricity factors applied has had a greater impact on the reduction of the emissions recorded. Consequently, the total greenhouse gas emissions for 2014 is 286,430.95 Tn CO<sub>2</sub> eq.

The distribution of these emissions is as follows:





#### THE ECODES FOUNDATION HAS AWARDED MANGO THE ZEROCO<sub>2</sub> LABEL FOR PRODUCTION AND LOGISTICS



Electricity in stores	37.82%
Transport of goods	30.32%
Production of raw materials	14.29%
Electricity in production of goods	8.33%
Employee transport	3.93%
Electricity in offices and warehouses	2.66%
Transport of raw materials	1.87%
Natural gas in offices in Spanish offices and warehouses	0.78%

#### OFFSETTING OF EMISSIONS

In addition, since 2009 MANGO has also offset the emissions of its offices and employee transport. MANGO selects offsetting projects close to its manufacturing regions in order to stimulate sustainable development in its areas of influence. The latest offset emissions correspond to 2013 and total 17,618 Tn  $\rm CO_2$  eq. These offsets were achieved by collaborating in the following projects:

#### Project 1 · Wind Power Project in Turkey

The project involves the installation of 10 2.5 MW wind turbines in the Badirma region in north-western Turkey, which helped reduce  $\mathrm{CO}_2$  emissions by replacing the consumption of electricity from non-renewable energy sources, principally fossil fuels, with clean and renewable wind power. It is certified by the "Gold Standard", a certificate which accredits not only the positive environmental impact of the project, but also its social benefits for the local communities close to the region in which the project was executed.

## Project 2 · Mini-hydroelectric power stations in rural areas of Vietnam

The project, located in Kon Plong (Vietnam), consists of two small hydroelectric power stations which provide the region with clean, sustainable and stable energy, replacing the use of diesel generators and the burning of firewood for heating and lighting. By reducing the burning of fossil fuels and firewood, the project improves the air quality both in the region and inside homes. Furthermore, the promoters of the project allocate part of the funding obtained for carbon credits to support sustainable development in communities in the region through projects such as the building of canals for water, roads and bridges and the construction of a school.

#### **REDUCTION IN EMISSIONS**

In the refurbishments and openings of new company and franchise stores, a series of policies and actions are taken into account, which updated, in order to reduce energy consumption. Although the overall consumption of stores has increased owing to the opening of new stores, we can observe greater energy efficiency in stores in terms of average consumption per square metre. The summary of this is as follows:

	AVERAGE CONSUMPTION FOR STORES IN SPAIN			
2013 407.54 kWh/m²	2014 337.80 kWh/m²	saving per m <sup>2</sup>		

MANGO supported the decision of the Spanish Government to align itself with the package of measures proposed by the European Commission defining the climate and energy targets for 2030 in favour of a competitive, secure and low-carbon economy within the EU. The reduction target for greenhouse gas emissions is at least 40% for 2030

#### STATUTORY COMPLIANCE

At the date of the present report, MANGO has not been identified or penalised for breach of the environmental legislation and regulations.

#### **WASTE INDICATORS**

All MANGO sites carry out selective collection of waste generated in order for it to be evaluated and recycled (cardboard, plastic, wood, glass, benign, etc.).

The waste generated by the company is treated by specialised external companies. MANGO does generate hazardous waste. The only special waste products are those associated with technology and office maintenance (toner, fluorescent lamps, batteries, aerosols, halide-free solvent), which account for less than 1% of the total waste generated by the company. These special waste products are correctly treated according to the characteristics. It is also worth noting that MANGO is signed up to the comprehensive waste management systems established in certain countries (green point systems).

The quantities of waste generated at our company headquarters during 2014 is described below:



#### **ENERGY CONSUMPTION INDICATORS**

#### **ENERGY CONSUMPTION IN STORES**

The energy consumption in company stores and the estimate for franchises in Spain in 2014 totalled 32,984 GWh and 6,714 GWh respectively. In addition, the estimated consumption for company and franchise stores outside Spain totalled 88,510 GWh and 79,977 GWh respectively.

## ENERGY CONSUMPTION IN OFFICES AND DISTRIBUTION CENTRES

During 2014 a study was conducted on the electricity supply loads of some of the main warehouses in order to optimise the power loads in accordance with what is strictly necessary in order to ensure maximum energy savings.

Below, we set out the electricity, water, gas and fossil fuel consumption of the headquarters and distribution centres:

#### Electricity

The electricity consumption of our offices and distribution centres worldwide totalled 18,385 GWh.

#### Gas

We currently have seventeen gas boilers at our El Hangar, Montcada, Palau, Parets and Terrassa facilities, whose gas consumption in 2014 was 3,181.40 GWh.

#### Water

The consumption of running water for non-industrial use at our headquarters and warehouses in Spain totals  $20.685 \text{ m}^3$ .

#### Fossil fuels

1.619 litres of diesel are consumed annually to maintain the generating equipment of our facilities.

#### **CONSUMPTION OF MATERIALS: FABRICS**

The consumption of fibres used in our fabrics for garments for 2014 totalled  $151,621,905 \text{ m}^2$ .

42.8% of these fibres were of natural origin, and 57.2% were synthetic fibres.



# 11 QUALITY AND SAFETY IN OUR PRODUCTS

Our commitment to our customers requires maximum rigour in terms of the health and safety of our products.

Since 2001, we have implanted a system of controlling hazardous substances which places high quality standards on our suppliers and their factories, which is reflected in the final product.



#### PROCEDURES FOR CONTROLLING

#### **HAZARDOUS SUBSTANCES**

At the MANGO organisation we have always ensured compliance with all legislation which, with regard to hazardous substances, is applicable in the different countries in which we market our products: garments, footwear and all types of accessories.

This sphere includes all the substances identified as hazardous and which are monitored and controlled by the MANGO organisation.

All suppliers sign a document, as part of the commercial contract, on the MANGO regulation concerning the use of hazardous products and substances during manufacture. Once production has begun and prior to its shipment, a sample of each model/colour is taken in accordance with established criteria and sent to a laboratory for exhaustive analysis.

Since the commencement of this project, we have used an internationally-acclaimed Spanish laboratory, the Textile Technology Institute – Aitex (www.aitex.org), which is the only laboratory in Spain that is part of the Swiss Oeko-Tex organisation. Analysing all our production in a single laboratory guarantees the uniformity of testing methods and permits the supervision and management of the results.

Compliance with all of the above requirements is a pre-requisite in order to be able to work with the MANGO group as a supplier.

#### MANGO HEALTH AND SAFETY STANDARD

#### IN PRODUCTS

The MANGO product health and safety standard is reviewed twice-yearly and updated in accordance with changes in the legislation and other MANGO recommendations concerning chemical substances. The applied limits are the strictest within current legislation.

It is drawn up by the CSR team in collaboration with Aitex experts in the field and is published on the company website. The aforementioned document is a detailed manual on every substance analysed in the product, in addition to the applicable legislation, testing methods, toxicology, etc.

Prior to commencement of a new season, all our suppliers receive an updated version of the standard to take into consideration when purchasing the materials for the final production, therefore guaranteeing the product at source. There is also a training plan for new suppliers on the key aspects of this policy.

#### MANGO PRODUCT SAFETY STANDARD

PARAMETERS	APPLICABLE LIMITS	AREA OF APPLICATION
Alkylphenols (1)	100 ppm	Textiles and leather
Antimony	5 ppm	Polyester textiles
Arsenic	Not detected (0.06 ppm)	All products
Benzenes and toluenes-carriers (2)	1.0 ppm	Polyester textiles, silk and wool
Biocides (3)	Not detected (1.0 ppm)	Natural fibres
Cadmium	5 ppm   75 ppm	Textiles   Synthetic and natural leather, metal fittings
Azoic dyes (Arylamines) (4)	20 ppm	All products
Allergenic dispersed dyes (5)	50 ppm	Synthetic fibres
Phenols (PCP, TeCP)	0.05 ppm   0.5 ppm	Textiles and leather for babies   Textiles and leather > 3 years
Organic tin compounds (TBT , DBT , TPhT, DOT)	Not detected (0.5 ppm)	Textiles
Chrome (VI)	3 ppm	Leather products
Dimethylfumarate (DMFU)	Not detected (0.1 ppm)	Textiles and leather
Formaldehyde	16 ppm 75 ppm 300 ppm	All textiles and leather for babies All textile products that come into direct contact with the skin All textile and leather products that come into direct contact with the skin
Phthalates (6)	Not detected (0.3 ppm) One: 500 ppm Sum" 1000 ppm	PVC, flexible plastic and plastisol prints
Mercury	Not detected (0.006 ppm)	All products
Nickel	Not detected (0.2 µg/cm2/week) 0.5 µg/cm2/week	Metals which may pierce in the human body Other metal items
Short-chain chlorinated paraffin	Not detected (100 ppm)	Textiles and leather
Pesticides (7)	Not detected (0.05 ppm)	Natural fibres and leather
PFCs (8) (Perfluorocarbons)	1 μg/m2 PFOS Other: 0.1 ppm	Textile products

- OP, NP, OP(EO)1-2, NP(EO)1-9.
- $(2) \hspace{0.5cm} \hbox{Chlorotoluenes, Dichlorotoluenes, Trichlorotoluenes, Tetrachlorotoluenes, Pentachlorotoluenes.}$
- (3) Includes: triclosan, BIT, Kathon, IPBC, DTTB.
- (4) 4-Aminobiphenyl, Benzidine, 4-Chlor-o-toluidine, 2-Naphthylamine, o-Aminoazotoluene, 2-Amino-4-nitrotoluene,

p-Chloraniline, 2, 4-Diaminoanisole, o-Anisidine, 3, 3'-Dichlorobenzidine, 2, 4, 5-Trimethylaniline, 3, 3'-Dimethoxybenzidine, 2, 4-Toluylenediamine, 3, 3'-Dimethylbenzidine, 3, 3'-Dimethyl-4, 4'-diaminodiphenylmethane, p-Cresidine, 4, 4'-Methylene-bis-formula and the state of t

- 2-chloraniline, 4,4'-Oxydianiline, 4,4'-Thiodianiline, o-Toluidine, 2,4-Xilidine, 2,6-Xilidine, 4,4'-Diaminodiphenylmethane, 4-Aminoazobenzen.
- (5) Dispersed: Blue1, Blue3, Blue7, Blue26, Blue35, Blue102, Blue104, Brown1, Orange1, Orange3, Orange37, Orange76, Red1, Red11, Red17, Yellow1, Yellow3, Yellow9, Yellow39, Yellow49.
- (6) DEHP, BBP, DBP, DIBP, DNOP, DINP.
- $(7) \hspace{0.5cm} Includes: 2, 4, 5-T, 2, 4-D, Azinophosmethyl, Azinophosethyl, Aldrine, Bromophos-ethyl, Captafol, Carbaryl, Chlordane, Azinophosethyl, Azinopho$

Chlordimeform, Chlorfenvinphos, Coumaphos, Cyfluthrin, Cyhalothrin, Cypermethrin, DEF, Deltamethrin, DDD, DDE, DDT, Diazinon, Dichlorprop, Dicrotophos, Dieldrine, Dimethoate, Dinoseb and salts. Endosulfan, Endrine, Esfemvalerate, Fenvalerate, Heptachlor, Heptachloroepoxide, Hexachlorobenzene, Hexachlorcyclohexane, Lindane, Malathion, MCPA, MCPB, Mecoprop, Metamidophos, Methoxychlor, Mirex, Monocrotophos, Parathion. Parathion-methyl, Phosdrin/Mevinphos,

 $(8) \qquad \text{PFOA, PFNA, PFBS, PFOS, 4:2 FTOH, 6:2 FTOH, 8:2 FTOH, 10:2 FTOH, POSF, FOSA, PFHxS, PFHxA.}$ 

Propethamphos, Profenophos, Quinalphos, Toxaphene, Trifluralin.

Brominated and chlorinated flame retardants and chlorinated solvents cannot be used during the production process.

During 2014, from the total collections of garments and accessories produced, the following incidents were detected:

TYPE OF SUBSTANCE	NO. OF CASES
ARYLAMINES	10
CADMIUM	12
PHENOLS	7
CHROME (VI)	1
FORMALDEHYDE	17
PHTHALATES	7
NICKEL	7
LEAD	149

All of them were managed individually, taking the appropriate measures in each case.

We are aware that the use of chemical substances begins in the production of raw materials and continues throughout the production process, which is why supervision from source is essential. For this reason, in December 2012 MANGO signed a collaboration agreement with the Greenpeace organisation in its DETOX project, which aims to eliminate all hazardous substances used in manufacturing processes until achieving the "zero discharge" of hazardous substances by 2020. From this moment, we established a plan of action and a series of very ambitious measures in order to comply with the established targets. (More information in chapter 10, Environmental aspects).

#### PVC

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

#### **ANIMAL WELFARE**

All the leather we use in our garments and accessories are sourced from animals destined for the human food chain.

For several years now, our organisation has not used rabbit fur either, even if sourced as stated above, or that of any type of exotic animal, or angora wool.

#### SANDBLASTING

As stated in the MANGO Code of Conduct, sandblasting, a practice used to produce a used look in denim garments, is banned, owing to the risk it entails to the health of workers performing this task.

#### **FUTURE COMMITMENT**

The MANGO organisation will continue to work in accordance with the aforementioned sphere of controlling and monitoring hazardous substances and on improving safety conditions, as well as on our environmental impact, making progress wherever possible and reporting the results obtained and the action taken at all times

# 12 ECONOMIC DATA

143

NET NEW STORES 2,017

MILLION EUROS OF TURNOVER 81%

OF SALES IN FOREIGN MARKETS



#### **KEY FIGURES**

The annual accounts of the different individual companies and of the MANGO group have been drafted in accordance with Generally Accepted Accounting Principles and have been drafted in accordance with the regulations stipulated in the International Financial Reporting Standards (IFRS), pursuant to the current legislation.

All companies subject to the requirements in the legislation have been externally audited.

In addition, the group of companies that make up MANGO MNG HOLDING, S.L.U. and subsidiary companies have been jointly audited by two auditing companies, for the purpose of providing greater transparency. The companies which conducted said joint auditing were: PricewaterhouseCoopers Auditores, S.L. and Auren Consultors-auditors Barcelona S.L.P.

Below we set out the key figures and indicators of our economic performance. The figures shown are taken from consolidated financial statements and other accounting registers and the group management.

All amounts, unless otherwise stated, are expressed in thousands of euros.

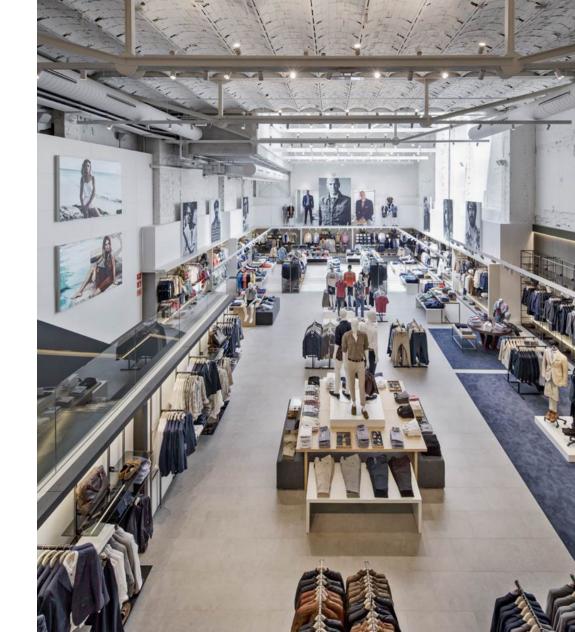
RESULTS	2011	2012	2013	2014
Net turnover	1,408,414	1,690,982	1,845,782	2,017,131
EBITDA	148,382	209,192	229,939	223,255
Profit	64,874	110,490	120,598	107,648
Net profit	62,403	113,447	91,181	77,876
BALANCE	2011	2012	2013	2014
Net worth	706,958	718,377	740,266	754,814
Total balance	2,169,220	2,117,795	2,110,758	2,367,198
Percentage of net worth out of total balance	32.59%	33.92%	35.07%	31.88%
STORES	2011	2012	2013	2014
Total number of stores at end of financial year	2,401	2,598	2,731	2,741
Number of company-owned stores	851	902	993	1,103
Number of franchises	1,550	1,696	1,738	1,638
Number of countries with opened stores	107	109	105	109

#### NATIONAL AND INTERNATIONAL EXPANSION

The MANGO group has continued to expand during the 2014 financial year with the net opening of 143 new stores, with a presence in 109 countries and a total of 2,741 stores with a total surface area of 702,429m<sup>2</sup>: 405,571m<sup>2</sup> correspond to company stores (57.74%) and 296,858m<sup>2</sup> to franchises (49.67%).

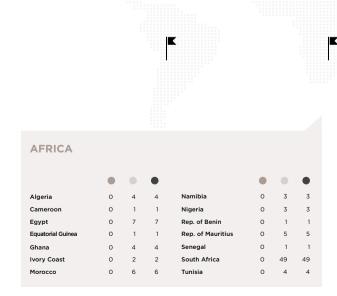
It is also worth noting that the percentage of sale in foreign markets was 81%.

The franchise system is operated in countries where the cultural and administrative characteristics are different to our own and for this reason it is more convenient for the management to be carried out in the same country. In addition, this management system is applied in cases where there is a prime location and when the nature of market makes it more appropriate.



## MANGO WORLDWIDE BY GEOGRAPHICAL REGIONS

AMERICA				
Arg	entina	0	3	3
Arul	ba	0	1	1
Berr	muda	0	1	1
Can	ada	0	1	1
Chil	e	0	37	37
Cold	ombia	0	24	24
Cos	ta Rica	0	2	2
Cub	a	0	1	1
Don	ninican Republic	0	3	3
Duto	ch Antilles	0	1	1
Ecu	ador	0	8	8
EI S	alvador	0	1	1
Gua	temala	0	2	2
Hon	duras	0	3	3
Mex	ico	3	17	20
Nica	aragua	0	1	1
Pan	ama	0	1	1
Para	iguay	0	4	4
Peru	1	0	29	29
Unit	ed States	4	441	445
Ven	ezuela	0	5	5



EUROPE				•				•				•
	Albania	0	2	2	France	132	64	196	Netherlands	47	10	57
	Andorra	3	3	6	Georgia	0	2	2	Northern Cyprus	0	1	1
	Armenia	0	3	3	Germany	93	46	139	Norway	9	13	22
	Austria	15	6	21	Gibraltar (RU)	0	1	1	Poland	31	1	32
	Azerbaijan	0	5	5	Greece	6	8	14	Portugal	32	27	59
	Belarus	0	6	6	Hungary	9	1	10	Romania	9	0	9
	Belgium	15	17	32	Ireland	7	0	7	Russia	85	75	160
	Bosnia & Herz.	0	3	3	Italy	67	16	83	Serbia	4	0	4
	Bulgaria	2	0	2	Kosovo	0	2	2	Slovakia	4	5	9
	Croatia	11	1	12	Latvia	0	4	4	Spain	250	105	355
	Cyprus	0	7	7	Lithuania	0	5	5	Sweden	5	0	5
	Czech Rep.	10	0	10	Luxembourg	1	1	2	Switzerland	10	28	38
	Denmark	1	0	1	Macedonia	0	2	2	Turkey	116	0	116
	Estonia	0	3	3	Malta	0	3	3	Ukraine	2	16	18
	Finland	7	0	7	Moldova	0	1	1	United Kingdom	58	22	80



ASIA			•				
Australia	0	11	11	Malaysia	0	30	30
Bahrain	0	4	4	Mongolia	0	2	2
Cambodia	0	3	3	Myanmar	0	1	1
Hong Kong (China)	7	0	7	Oman	0	2	2
India	0	19	19	Pakistan	0	3	3
Indonesia	0	19	19	People's Rep. of China	30	51	81
Iran	0	7	7	Qatar	0	8	8
Iraq	0	1	1	Saudi Arabia	0	62	62
Israel	0	28	28	Singapore	0	19	19
Japan	8	0	8	South Korea	9	0	9
Jordan	0	4	4	Sri Lanka	0	1	1
Kazakhstan	0	21	21	Syria	0	2	2
Kuwait	0	7	7	Taiwan	0	27	27
Kyrgyzstan	0	2	2	Thailand	0	30	30
Lebanon	0	8	8	The Philippines	0	35	35
Libya	0	3	3	United Arab Emirates	0	22	22
Macau (China)	1	0	1	Vietnam	0	14	14

#### **INFORMATION ON**

#### **FOREIGN SUBSIDIARIES**

The company structure (foreign subsidiaries) at 31 December 2014 which supported the commercial and logistics network of the MANGO group is described below:

## AGREEMENTS WITH FOREIGN COMPANIES

Our policy has always been to maintain an independent decision making capacity, which is why we do not have local partners in any country in which we operate.

SUBSIDIARY COMPANY	DATE OF CONSTITUTION	ACTIVITY	COUNTRY	% HOLDING
MANGO France S.A.R.L.	15/11/1995	Fashion Trade	France	99.99
MANGO Deutschland Gmbh	13/09/1996	Fashion Trade	Germany	100
Mng MANGO Uk Ltd.	22/04/1997	Fashion Trade	United Kingdon	100
MANGO Tr. Tekstiltic Lt. Sti.	21/07/1997	Fashion Trade	Turkey	99.91
MANGO Nederland B. V.	13/11/1997	Fashion Trade	The Netherland	s 100
MANGO Brasil Comercial Ltd.	16/12/1997	Fashion Trade	Brazil	99.99
MANGO Meritxell S.L.	19/06/1998	Fashion Trade	Andorra	100
Mng MANGO Belgique Sprl	29/01/1999	Fashion Trade	Belgium	99.99
MANGO Suisse S.A.	10/06/1999	Fashion Trade	Switzerland	100
MANGO Österreich Handels Gmbh	31/08/1999	Fashion Trade	Austria	100
MANGO Hungary Ktf	11/10/1999	Fashion Trade	Hungary	100
MANGO Polska Sp. Z.O.O.	08/11/1999	Fashion Trade	Poland	100
MANGO (Cz) S.R.O.	29/12/1999	Fashion Trade	Czech Rep.	99.91
MANGO Danmark Aps	28/02/2000	Fashion Trade	Denmark	100
MANGO Norge, As	11/05/2000	Fashion Trade	Norway	100
MANGO Hong Kong Limited	29/10/2003	Fashion Trade	Hong Kong (China)	99
MANGO Sverige Ab	02/07/2004	Fashion Trade	Sweden	100
Distex Inc.	03/03/2005	Fashion Trade	United States	100
MANGO Ny Inc.	09/03/2005	Fashion Trade	United States	100
MANGO Italia S.R.L.	26/09/2005	Fashion Trade	Italy	100
MANGO Online Inc.	25/10/2005	Fashion Trade	United States	100
MANGO Garments and Accessories Trading Ltd.	29/06/2006	Fashion Trade	China	100
MNG Japan Ltd.	27/07/2006	Fashion Trade	Japan	100

SUBSIDIARY COMPANY	DATE OF CONSTITUTION	ACTIVITY	COUNTRY	% HOLDING
Mng MANGO Canada Corporation	11/09/2006	Fashion Trade	Canada	100
MANGOnor Comercio De Vestuario S.A	a. 20/12/2007	Fashion Trade	Portugal	100
MANGO Slovensko S.R.O.	26/02/2007	Fashion Trade	Slovakia	99.91
MANGO Garments Hellas, S.A.	28/02/2007	Fashion Trade	Greece	100
MANGO Russia	15/03/2007	Fashion Trade	Russia	100
S.A.S. MANGO Haussman	23/03/2007	Fashion Trade	France	100
MANGO Suomy Oy	25/04/2007	Fashion Trade	Finland	100
Mng MANGO Ireland, Ltd.	26/11/2007	Fashion Trade	Ireland	100
MANGO Garments Rumania S.R.L.	17/07/2008	Fashion Trade	Romania	100
MANGO Garments and Accessory (China) Ltd.	12/01/2011	Fashion Trade	China	100
MANGO (Macau) Limitada	13/05/2011	Fashion Trade	Macau (China)	99.98
MANGO Korea Ltd.	03/04/2012	Fashion Trade	South Korea	100
MANGO Moda D.O.O.	24/01/2013	Fashion Trade	Croatia	100
MANGO SRB D.O.O. Beograd	30/04/2013	Fashion Trade	Serbia	100
MANGO Luxembourg S.A.R.L.	13/05/2013	Fashion Trade	Luxembourg	100
MANGO Ukraine TOV	06/08/2013	Fashion Trade	Ukraine	100
Laura Filia M Moda d.o.o.	08/01/2014	Fashion Trade	Croatia	100
MANGO Operaciones Mexico S de RL de CV	06/02/2014	Fashion Trade	Mexico	99.99
VLT Moda Tekstil IC VE DIS TIC	10/02/2014	Fashion Trade	Turkey	100
MANGO Bulgaria EOOD	19/02/2014	Fashion Trade	Bulgaria	100
MEXDIC Servicios de gestión de RL de CV	26/02/2014	Fashion Trade	Mexico	99.99

## ECONOMIC PERFORMANCE INDICATORS

The main economic performance indicators of the consolidated group MANGO MNG HOLDING, S.L.U. and subsidiary companies for the last few financial years is described below:

#### **SALES PER TYPE OF BUSINESS**

The breakdown of the sales by type of business in the last few financial years is described below:

	2011	2012	2013	2014
Sales in company- owned stores	885,518	1,088,249	1,234,574	1,438,647
Sales to franchises	522,896	602,732	611,208	578,484
Net turnover	1,408,414	1,690,981	1,845,782	2,017,131

#### STAFF COSTS

The staff costs for the last few years is described below:

	2011	2012	2013	2014
Salaries	226,440	252,174	270,288	304,649
Social Security and other social costs	52,351	58,252	62,587	72,162
TOTAL	278,791	310,426	332,875	376,811

#### SALES BY GEOGRAPHICAL REGIONS

The breakdown of the sales by geographical regions in the last few financial years is described below:

GEOGRAPHICAL REGION	2011	2012	2013	2014
Spain	270,402	291,604	323,285	375,716
EU	628,646	766,738	812,148	843,924
Rest of the World	509,366	632,639	710,349	797,489
Net turnover	1,408,414	1,690,981	1,845,782	2,017,131

#### **COST OF SALES AND GROSS PROFIT MARGIN**

The gross profit margin for the last few financial years is described below:

	2011	2012	2013	2014
Gross profit margin (%)	57.2%	56.4%	58.4%	59.4%

#### **GEOGRAPHICAL DISTRIBUTION OF STAFF COSTS**

The geographical distribution of staff costs for the last few years is as follows:

GEOGRAPHICAL REGION	2011	2012	2013	2014
Spain	138,540	142,436	153,359	169,338
EU	93,114	106,930	115,899	141,277
Rest of the World	47,137	61,060	63,581	66,197
TOTAL	278,791	310,426	332,839	376,811



#### **CAPITAL PROVIDERS**

The evolution of the debts with providers of external capital and their relationship with the total balance for the last few years is described below:

Short-term debts with financial entities         (414,495)         (298,989)         (260,742)         (355,787)           Long-term debts with financial entities         (713,686)         (769,208)         (708,112)         (809,991)           TOTAL debt         (1,128,181)         (1,068,197)         (968,854)         (1,165,778)           Treasury and short-term fanancial investments         763,610         648,490         560,319         733,27           TOTAL Net Debt         (364,571)         (419,707)         (408,535)         (432,507)           TOTAL Balance         2,169,220         2,117,795         2,110,758         2,367,198					
financial entities         (414,495)         (298,989)         (260,742)         (355,787)           Long-term debts with financial entities         (713,686)         (769,208)         (708,112)         (809,991)           TOTAL debt         (1,128,181)         (1,068,197)         (968,854)         (1,165,778)           Treasury and short-term fanancial investments         763,610         648,490         560,319         733,27           TOTAL Net Debt         (364,571)         (419,707)         (408,535)         (432,507)           TOTAL Balance         2,169,220         2,117,795         2,110,758         2,367,196		2011	2012	2013	2014
financial entities         (715,686)         (769,208)         (708,112)         (809,991)           TOTAL debt         (1,128,181)         (1,068,197)         (968,854)         (1,165,778)           Treasury and short-term fanancial investments         763,610         648,490         560,319         733,27           TOTAL Net Debt         (364,571)         (419,707)         (408,535)         (432,507)           TOTAL Balance         2,169,220         2,117,795         2,110,758         2,367,196		(414,495)	(298,989)	(260,742)	(355,787)
Treasury and short-term fanancial investments         763,610         648,490         560,319         733,27           TOTAL Net Debt         (364,571)         (419,707)         (408,535)         (432,507)           TOTAL Balance         2,169,220         2,117,795         2,110,758         2,367,198		(713,686)	(769,208)	(708,112)	(809,991)
TOTAL Net Debt         (364,571)         (419,707)         (408,535)         (432,507)           TOTAL Balance         2,169,220         2,117,795         2,110,758         2,367,196	TOTAL debt	(1,128,181)	(1,068,197)	(968,854)	(1,165,778)
TOTAL Balance 2,169,220 2,117,795 2,110,758 <b>2,367,19</b> 6		763,610	648,490	560,319	733,271
	TOTAL Net Debt	(364,571)	(419,707)	(408,535)	(432,507)
Net Debt/Balance (%) (16.81%) (19.82%) (19.35%) (18.27%)	TOTAL Balance	2,169,220	2,117,795	2,110,758	2,367,198
	Net Debt/Balance (%)	(16.81%)	(19.82%)	(19.35%)	(18.27%)

#### **VARIATIONS IN RESERVES**

The variations in reserves for the 2014 financial year is set out below:

Balance at close of 2014 financial year	22,233	139,778	564,927	77,876	(50,000)	o	754,814
Variation due to changes in consolidation perimeter	0	0	(697)	0	0	0	(697)
Other overall resolt for financial year	0	0	(12,631)	0	0	0	(12,631)
Dividends	0	0	0	0	(50,000)	0	(50,000)
Result of 2014	0	0	0	77,876	0	0	77,876
Distribution 2014	0	0	13,181	(91,181)	78,000	0	0
Balance at start of year	22,233	139,778	565,074	91,181	(78,000)	0	740,266
STATUS OF CHANGES IN EQUITY	SHARE CAPITAL	SHARE PREMIUM	OTHER RESERVES	FINANCIAL YEAR RESOLT	DIVIDENDS	MINORITY INTERESTS	TOTAL

#### **TAXES ON PROFITS**

The breakdown of the taxes on profits for the last few financial years is set out below:

GEOGRAPHICAL REGION	2011	2012	2013	2014
Spain	2,601	(6,355)	28,947	29,525
EU	(1,328)	(946)	945	(1,373)
Rest of the World	248	4,344	(475)	1,620
TOTAL	1,521	(2,957)	29,417	29,772



OTHER INFORMATION OF INTEREST





### 13 AUDITING OF THE REPORT



INFORME DE VERIFICACIÓN INDEPENDIENTE DE LA MEMORIA DE SOSTENIBILIDAD DE MANGO MNG HOLDING, S.L.U. Y SOCIEDADES **DEPENDIENTES (GRUPO MANGO) 2014** 

A la Dirección de MANGO MNG HOLDING S.L.U. v sociedades dependientes (Grupo Mango):

El presente documento constituve el resultado de la revisión llevada a cabo por AUREN sobre la información contenida en la Memoria de Sostenibilidad de MANGO MNG HOLDING S.L.U. v sociedades dependientes (Grupo Mango) para el año 2014. Este informe es un informe de verificación con el alcance detallado por GRI versión 4.0 (en adelante G4) y basado en los procedimientos establecidos por G4.

#### ALCANCE.

La verificación efectuada ha tenido en cuenta los siguientes aspectos:

- La adecuación del contenido de la Memoria a la Guía G4 y la realidad de los indicadores en la Memoria correspondientes a la actividad de MANGO MNG HOLDING S.L.U. y sociedades dependientes (Grupo Mango) durante al año 2014.
- Que las informaciones de carácter cualitativo relativas a los indicadores G4 se encuentran adecuadamente corroboradas por información interna o de terceros.
- La información y resultados producidos por MANGO MNG HOLDING S.L.U. y sociedades dependientes (Grupo Mango) en cumplimiento de sus objetivos contenidos en la Memoria 2013, para el año vigente.

La elaboración de la Memoria de Sostenibilidad de MANGO y el contenido de la misma es responsabilidad de MANGO MNG HOLDING S.L.U. v sociedades dependientes (Grupo Mango) así como el mantenimiento y adaptación de los sistemas de gestión y control interno de los que se obtiene la información contenida en la Memoria. La responsabilidad de AUREN es la emisión de un informe independiente, basado en los estándares y procesos de verificación definidos de acuerdo con los criterios especificados en este informe.

El informe ha sido realizado exclusivamente en interés de MANGO MNG HOLDING S.L.U. y sociedades dependientes (Grupo Mango) de acuerdo con nuestra carta de encargo.



Mallorca 260 6è 1°, 08008 Barcelona Tel +34 932 155 989 AUDITORIA I ASSURANCE



#### ESTÁNDARES Y PROCESOS DE VERIFICACIÓN

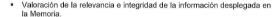
AUREN ha llevado a cabo el estudio y análisis detallado de toda la información contenida en el mismo comprobando su realidad y su adecuación a los indicadores del G4. El análisis de datos realizado ha tomado como referencia las siguientes normas en el ámbito de la auditoria y verificación de informes y sistemas de gestión: International Standard on Assurance Engagements (ISAE 3000), Accountability 1000 Assurance Standard (AA1000), Metodología propia establecida por AUREN y la Guía de Actuaciones sobre trabajos de Revisión de Informes de Responsabilidad Corporativa emitido por el Instituto de Censores Jurados de España

La metodología aplicada ha incluido las siguientes actuaciones:

- Reunión con el Departamento de Responsabilidad Social Corporativa de MANGO MNG HOLDING S.L.U. v sociedades dependientes (Grupo Mango) para conocer el alcance de la actividad de la empresa en la materia, el detalle del Plan de Responsabilidad Social de la entidad y la ejecución del mismo en toda la estructura de la entidad.
- Reuniones realizadas con las personas de la empresa que aportan información fundamental para verificar el cumplimiento de los indicadores.
- Revisión documental sobre los sistemas de gestión, análisis, recogida y valoración de la información en términos de materialidad y relevancia para la elaboración de la Memoria. Esta ha incluido la revisión de los documentos y políticas internas de la empresa y su comparación con la realidad de su aplicación.
- Análisis de las actuaciones llevadas a cabo por MANGO MNG HOLDING S.L.U. v sociedades dependientes (Grupo Mango) con respecto a sus grupos de interés, vigencia de mapas de la relación mantenida con los mismos, medios de comunicación empleados en el diálogo con aquellos y actividades concretas desarrolladas con respecto a los mismos. Se tuvieron en cuenta tanto los datos conservados por la propia empresa, como los puntos de vista de los propios grupos de interés recogidos a través de conversaciones mantenidas con nuestros
- · Auditoria presencial de los centros de trabajo de la empresa con especial atención a aquellos que agrupan a la mayoría de los empleados de la misma, para comprobar el cumplimiento de las normas laborales que afectan a su seguridad y bienestar, vinculadas a los indicadores incluidos en la Memoria.







 Comprobación exhaustiva de la información contemplada en la Memoria con relación con una selección de los indicadores G4, a través de muestras analizadas a través de herramientas estadísticas para el análisis cualitativo y cuantitativo de la información. Esta selección se ha realizado partiendo del análisis de materialidad que Mango ha realizado con alguno de sus grupos de interés.

#### INDEPENDENCIA

El informe ha sido realizado de acuerdo con las normas de independencia establecidas por el Código Ético de la International Federation of Accountants (IFAC).

#### CONCLUSIONES

Con base en todo ello, se ha llegado a las siguientes conclusiones:

- La Memoria de Sostenibilidad 2014 de MANGO MNG HOLDING S.L.U. y sociedades dependientes (Grupo Mango) incluye los contenidos básicos recomendados por la Guía para la elaboración de Memorias de Sostenibilidad del Global Reporting Initiative G4.
- · Los sistemas, procedimientos y procesos internos dirigidos a la preparación, recogida y redacción de la Memoria completando los indicadores establecidos por G4, han sido revisados y son conformes y adecuados para tal finalidad.
- Los indicadores de referencia seleccionados, se han preparado de acuerdo con las bases y criterios establecidos en la Guía. La información que respalda cada indicador es fidedigna y no existen desviaciones en cuanto a su realidad y consistencia.
- El resultado de las verificaciones corrobora que el nivel de aplicación de la guía GRI (G4) declarado (De Conformidad - Opción Esencial) es apropiado.



No se ha puesto de manifiesto ningún indicio que nos haga creer que la Memoria contiene errores o no haya sido preparada, en todos sus aspectos significativos, de acuerdo con la guía G4. De haber aplicado otros procedimientos adicionales a los descritos en el informe, se podrían haber puesto de manifiesto otros asuntos sobre los cuales les habríamos informado.

Barcelona, 24 de julio de 2015

AUREN

Antoni Gómez Valverde Socio

## 14 CONTACT DETAILS

We hope the information contained in the report meets the expectations of the various stakeholders of our organisation.

The present sustainability report is available on the MANGO website (www.mango.com).

Any suggestion, contribution or comment by users or stakeholders of MANGO on the content of the same, or on aspects relating to our corporate social responsibility, can be made at lg\_rsc@mango.com or directly at our company headquarters:

MANGO MNG HOLDING, S.L.U.

c/ Mercaders 9-11, Polígono Industrial Riera de Caldes E- 08184 Palau-solità i Plegamans, Barcelona (Spain)

June 2015, MANGO group



# 15 INDEX OF GRI CONTENT



BASIC GENERAL CONTENTS	INDICATORS	DESCRIPTION	PAGE	EXTERNAL AUDITING
STRATEGY AND ANALYSIS	G4-1	Declaration of the principal decision maker of the organisation on the importance of sustainability for the organisation and its strategy.	4	✓
	G4-2	Main impacts, risks and opportunities of the organisation.	18-19	V
PROFILE OF THE ORGANISATION	G4-3	Name of the organisation.	9	<b>✓</b>
	G4-4	Main brands, products and services.	10	<b>V</b>
	G4-5	Location of the headquarters of the organisation.	10, 76	V
	G4-6	Number of countries in which the organisation operates and number of countries in which it carries out significant activities.	6, 68	<b>V</b>
	G4-7	Nature of ownership and legal form.	7	<b>V</b>
	G4-8	Markets served.	68	<b>V</b>
	G4-9	Size of the organisation.	6, 66-72	<b>V</b>
	G4-10	Profile of the workforce of the organisation.	6, 35-36	<b>V</b>
	G4-11	Percentage of employees covered by collective bargaining agreements.	33	<b>V</b>
	G4-12	Description of the supply chain of the organisation.	42-44	<b>V</b>
	G4-13	Significant changes during the period covered by the report on the size, structure and ownership of the organisation.	8, 10, 43-44, 69	<b>✓</b>
	G4-14	Description of how the organisation has adopted a precautionary approach or principle.	18, 55	<b>V</b>
	G4-15	Social, environmental and economic principles or programmes conducted externally, in addition to any other initiative which the organisation has signed up to or approved.	4, 49	~
	G4-16	Main associations the organisation belongs to and/or national and international bodies it supports.	20-21, 28-30	V
MATERIAL ASPECTS AND COVERAGE	G4-17	Organisations which figure in the consolidated financial statements of the organisation.	66, 70	<b>V</b>
	G4-18	Description of the process to determine the Content of the report and the Coverage of each Aspect.	9, 15-16	<b>V</b>
	G4-19	Material aspects identified.	15-16	V
	G4-20	Coverage of each material aspect within the organisation.	15-16	V
	G4-21	Scope of each material aspect outside the organisation.	15-16	<b>V</b>
	G4-22	Consequences of the re-expression of information of previous reports and their causes.	9	V
	G4-23	Significant changes to the scope of the Coverage of each Aspect with regard to previous reports.	9	<b>V</b>

BASIC GENERAL CONTENTS	INDICATORS	DESCRIPTION	PAGE	EXTERNAL AUDITING
PARTICIPATION OF STAKEHOLDERS	G4-24	List of stakeholders associated with the organisation.	12	<b>V</b>
	G4-25	Basis for the selection of stakeholders the organisation works with.	15	<b>✓</b>
	G4-26	Approach of the organisation to the Participation of stakeholders.	12	<b>V</b>
	G4-27	Key issues and problems arising from the Participation of stakeholders and an evaluation carried out by the organisation among other aspects, in its report. Specify which stakeholder group raised each key issue and problem.	<sup>1,</sup> 15	<b>V</b>
PROFILE OF THE REPORT	G4-28	Reporting period of the report.	9	V
	G4-29	Date of the last report.	9	V
	G4-30	Frequency of presentation of reports.	9	V
	G4-31	Point of contact to resolve any queries that may arise from the content of the report.	76	<b>V</b>
	G4-32	Conformity option of the Guide chosen and its GRI Index.	9, 77-83	<b>V</b>
	G4-33	Policies and practices regarding the external auditing of the report.	9, 74-75	<b>V</b>
GOVERNANCE	G4-34	Structure of the governance of the organisation.	7	<b>V</b>
ETHICS AND INTEGRITY	G4-56	Values, principles, standards and regulations of the organisation, such as codes of conduct or ethical codes.	11, 45-46, 63	<b>✓</b>

BASIC GENERAL CONTENTS	INDICATORS	DESCRIPTION	PAGE OMISSIONS	EXTERNAL AUDITING
CATEGORY: ECONOMY				
ECONOMIC PERFORMANCE	EDG	Management approach.	65-72	<b>V</b>
	G4-EC1	Economic value generated.	65-72	<b>V</b>
CATEGORY: ENVIRONMENT				
MATERIALS	EDG	Management approach.	51, 60	<b>V</b>
	G4-EN2	Percentage of recyclable materials used.	51	<b>V</b>
ENERGY	EDG	Management approach.	51-53, 57, 59	<b>V</b>
	G4-EN3	Energy consumed within the organisation.	59	V
	G4-EN4	Energy consumed outside the organisation.	59	<b>V</b>
	G4-EN6	Reduction in energy consumption.	57	V

BASIC GENERAL CONTENTS	INDICATORS	DESCRIPTION	PAGE	OMISSIONS	EXTERNAL AUDITING
CATEGORY: ENVIRONMENT					
WATER	EDG	Management approach.	59		<b>V</b>
	G4-EN8	Water consumption.	59		<b>~</b>
EMISSIONS	EDG	Management approach.	56-57		V
	G4-EN15	Direct greenhouse gas emissions (Scope 1).	56-57		<b>V</b>
	G4-EN16	Direct greenhouse gas emissions (Scope 2).	56-57		<b>~</b>
	G4-EN17	Direct greenhouse gas emissions (Scope 3).	56-57		V
	G4-EN19	Reduction in greenhouse gas emissions.	56-57		V
EFFLUENT AND WASTE	EDG	Management approach.	51-52, 58		<b>V</b>
	G4-EN23	Total proportion of waste generated by type.	58		<b>~</b>
PRODUCTS AND SERVICES	EDG	Management approach.	52-53		V
	G4-EN27	Initiatives to mitigate the environmental impact of products and services.	53		<b>~</b>
STATUTORY COMPLIANCE	EDG	Management approach.	57		V
	G4-EN29	Fines and breaches of environmental legislation.	57		<b>V</b>
TRANSPORT	EDG	Management approach.	53-54		· ·
	G4-EN30	Environmental impact of the transport of products, activities of the organisation and personnel.	53		V
CATEGORY: SOCIAL					
SUBCATEGORY: EMPLOYMENT	PRACTICES AND	HUMANE EMPLOYMENT			
EMPLOYMENT	EDG	Management approach.	33		<b>~</b>
	G4-LA1	Total number of employees, new recruits and average employee rotation.	34-36		~
	G4-LA2	Social benefits for employees.	33		V
	G4-LA3	Levels of returning to the workplace following maternity or paternity leave.	37		V
	AF22	Policies and practices regarding temporary and part-time workers.	33-34		V
	AF24	Policy relating to the use and selection of recruitment agencies.	26		V
HEALTH AND SAFETY AT WORK	EDG	Management approach.	33, 37-38		<b>V</b>
	G4-LA6	Rates of absenteeism, professional illness and days lost.	37		<b>V</b>
	AF31	Initiatives and programmes to respond to, reduce and prevent muscular and spinal complaints.	38		V

BASIC GENERAL CONTENTS	INDICATORS	DESCRIPTION	PAGE	OMISSIONS	EXTERNAL AUDITING
TRAINING AND EDUCATION	EDG	Management approach.	39-40		V
	G4-LA9	Average number of training hours per year.	32, 38-39		V
	G4-LA10	Skills management and continuous training courses.	38-40		<b>V</b>
	G4-LA11	Number of employees receiving regular performance and professional development appraisals.	39		<b>V</b>
	AF5	Strategy and scope of efforts the increase the skills of managers, employees and other members of the workforce in order to improve social and environmental performance.	47		V
DIVERSITY AND EQUAL OPPORTUNITIES	EDG	Management approach.	33-37		<b>~</b>
	G4-LA12	Composition of management bodies and breakdown of workforce by professional category, gender and age.	7, 35-36		V
	AF32	Actions to tackle gender-based discrimination.	33-34		V
EQUAL PAY BETWEEN MEN AND WOMEN	EDG	Management approach.	33		V
	G4-LA13	Relationship between the basic salary for men and the one for women.	33		V
EVALUATION OF THE EMPLOYMENT PRACTICES OF SUPPLIERS	EDG	Management approach.	47		<b>~</b>
	G4-LA14	New suppliers that were analysed in accordance with policies relating to employment practices.	47		<b>V</b>
	G4-LA15	Significant impacts of employment practices on the supply chain and measures to address this.	45-46, 48		V
SUBCATEGORY: HUMAN RIGHTS					
NON-DISCRIMINATION	EDG	Management approach.	43, 45-46		V
	G4-HR3	Number of cases of discrimination and corrective measures adopted.	45-46, 48		V
CHILD LABOUR	EDG	Management approach.	43, 45-46		V
	G4-HR5	Identification of suppliers at risk of cases of child labour, and measures adopted to address this.	45-46, 48		V
FORCED LABOUR	EDG	Management approach.	43, 45-46		V
	G4-HR6	Identification of suppliers at risk of cases of child labour, and measures adopted to address this.	45-46, 48		V
EVALUATION	EDG	Management approach.	43, 48		V
	G4-HR9	Number of sites that have been subjected to inspections or impact evaluations in relation to human rights.	48		V

BASIC GENERAL CONTENTS	INDICATORS	DESCRIPTION	PAGE	OMISSIONS	EXTERNAL AUDITING
EVALUATION OF SUPPLIERS WITH REGARD TO HUMAN RIGHTS	EDG	Management approach.	43, 45-47		V
	G4-HR10	Percentage of suppliers analysed in terms of human rights policies.	48		V
	G4-HR11	Significant negative impact in terms of human rights, real or potential, on the supply chain and measures adopted to address this.	48		<b>V</b>
SALARIES AND WORKING HOURS	EDG	Management approach.	33-34, 45-46		<b>~</b>
	AF26	Policy relating to working hours.	45-46		V
	AF27	Policy and actions to protect the human rights of employees relating to pregnancy and maternity.	34		V
SUBCATEGORY: PRODUCT RESP	ONSIBILITY				
HEALTH AND SAFETY OF CUSTOMERS	EDG	Management approach.	61-64		V
	G4-PR1	Percentage of significant products and service categories for which the impact on the health and safety of customers is evaluated.	61-64		<b>~</b>
	G4-PR2	Total number of incidents derived from breach of the statutory regulations or voluntary codes relating to the impact of products and services on health and safety during their life cycle.	64		<b>V</b>
	G40-PR8	Number of complaints on the violation of privacy and the leak of customer data.	27		V
OTHER MATERIAL ISSUES					
CATEGORY: ECONOMY					
COMPETITIVENESS IN THE MARKET	EDG	Management approach.	65-72		<b>V</b>
	OWN INDICATOR	Key figures.	66		<b>V</b>
EXPANSION TO NEW MARKETS AND CONSOLIDATION IN EXISTING MARKETS	EDG	Management approach.	67		V
	OWN INDICATOR	Geographical distribution 2014.	68		<b>V</b>

BASIC GENERAL CONTENTS	INDICATORS	DESCI	RIPTION	PAGE	OMISSIONS	EXTERNAL AUDITING
CATEGORY: SOCIAL						
SUBCATEGORY: SOCIETY						
SOCIAL ACTION AND CSR CHAIR	EDG	Management approach.		28-31		V
	OWN INDICATOR	Economic collaborations and publication.		28-31		
SUBCATEGORY: PRODUCT RE	ESPONSIBILITY					
CUSTOMER RELATIONS AND SATISFACTION	EDG	Management report.		23-26		V
	OWN INDICATOR	Aspects consulted by customers.		24		<b>V</b>
ANIMAL WELFARE	EDG	Management report.		74		<b>~</b>
	OWN INDICATOR	Fur policy.		74		V

MANGO
REPORTIA

## MANGO