

# 3

## **Our organisation**

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# Our organisation

We are a general consumer products and services distribution group and we aim for our products to be of top quality when they reach Spanish homes. We therefore guarantee the customer satisfaction commitment at all our centres.

Our ethical management requires measurement, control and continuous improvement through indicators establishing our relationship with all the groups of interest. This Ethical Management Principle is inspired on our values, which are set out in the **Code of Ethics** and common to the whole of our organisation:

## **COOPERATION**

The workers are the owners and key figures, and we consider Eroski as something belonging to us. We therefore feel directly responsible for its problems and successes, and they affect us in an immediate, personal way.

## **SOCIAL RESPONSIBILITY**

At Eroski we aim to encourage development, not merely professional development but personal development as a whole, because if a person develops they are also developing the organisation at the same time, and this expanding spiral of evolution results in social advancement. Our activity extends to the group of people who carry it out, and it has a major influence on both our immediate environment - which we have a commitment to improving - and on the development of the Community.

## **CONSUMER VALUE**

Eroski's genuine consumer service vocation means the consumer is the most important aspect of our business project, and we adopt a policy of transparent, two-way communication, with a commitment to defending the consumers' rights and interests and with the provision of safe, healthy, environmentally friendly products.

## **PARTICIPATION**

The active involvement of the workers in the project is the factor behind the origin and growth of our organisation. People are a guarantee of success for those to whom we gear our results and goals for improvement and advancement.

## **INNOVATION**

We consider that constant renewal and the continuous search for new options in all our spheres of action is an essential condition for both our progress as a business and for adequately responding to the expectations our activity generates in society and for our consumers.

The Eroski Group therefore defines the lines of action for its mission for the reference period of this 2003-2004 Sustainability Report as follows:

- Providing solutions to meet the needs of the different consumers through constant innovation.
- Creating a project and business model that will integrate people and encourage their personal and professional development.
- Attaining leadership positions on the Spanish market.



- Obtaining profits that will enable us to grow and generate wealth, and distributing them within a framework of cooperation and involvement in society.

- Contributing to an improvement in the quality of life of the community in which we work, committing ourselves to the defence of consumers' rights, concern for the environment and promotion of economic and human development.

In line with our main strategic ideas, the entire organisation is involved in a philosophy whose guideline for the decision-making process is Social Responsibility.

The entire organisation's commitment to making ethical management part of the Management's goals, including continuous improvement within the principles of Social Responsibility and checking it by means of indicators, has enabled us to obtain and maintain the **SA 8000:2001 Standard** certification. We are the first distribution company in Spain and the second in Europe to obtain this certification.

Our activity as a socially responsible company develops our sustained commitment to respecting human rights and working with respect for the basic rights of the consumers, workers, suppliers and community. This commitment extends throughout the whole of



our chain of values, bringing the entire organisation together in the application of Social Responsibility policies in all its areas and business lines, in order to contribute to the sustainability of the society of which we form a part.

**The Eroski Group Management.  
Our progress in fulfilling our sustainable development goals.**

		<b>2002</b>	<b>2003</b>	<b>2004</b>	
<b>Consumer vocation</b>	<b>What we do</b>	<b>How we do it</b>			
	<b>Innovative offer</b>	Growth	5,121,582.12	5,203,771.86*	5,582,124.53
		Differentiation	89,387.23	108,394.48*	129,920.00
		Commercial network	1,955	1,556*	1,790
		Investment (thousands of euros)	271,815.06	509,304.56*	357,193.51
	<b>Customer loyalty</b>	Customer loyalty	875,000	945,947	1,006,526
		Communication	9,854	99,854	137,396
	<b>Commitments</b>	Guarantees	18	18*	19
		Confidence	5,379	7,374	8,824
		No of Certifications and acknowledgements			
<b>Healthy consumption</b>	Improving the quality of life	334,000	580,540	1,181,499	
	No of participants in the Idea Sana EROSKI activities (Courses, counsellors, etc)				
	No of issues of Idea Sana EROSKI each year		900,000	1,400,000	
<b>A driving force in development</b>	<b>Agreements with suppliers</b>	Stable relationships	9,074	10,785	9,789*
		No of local products			
	<b>Promotion of local products and culture</b>	Proximity and development	36	41	48
Individual regional campaigns		13	13	13	
<b>A group geared towards people</b>	<b>Company life</b>	Management participation	13,079	10,868*	12,298
		No worker members	516,675	341,333*	356,590
		Level of participation on boards:			
		consumer members	9,793	7,419	6,864*
	worker members	7,985	7,297	7,727	

## Eroski Group Management. Our progress in fulfilling our sustainable development goals

	What we do	How we do it	2002	2003	2004	
<b>A group geared towards people</b>	<b>Quality of work</b>	Satisfaction	Twice-yearly people satisfaction survey	3.27	3.34	
		Belonging	Hours of training	153,000	159,124*	246,390
<b>Commitment to the Environment</b>	<b>Environmental management</b>	Recognition	% Eroski Natur products with environmental criteria			
			Fruit and vegetables	12.2	20.2	23.6
			Meat	15.2	24.5	33.8
			Hypermarket energy consumption (Joules per m <sup>2</sup> and hour)	15,086,614	8,748,000	7,488,000
		Packaging consumption (packaging/fresh sales)	162.58	134.74	128.57	
		Waste recycled (kilograms)	598,540	543,211	569,097	
<b>Encouraging healthy habits</b>	Consumer awareness-raising	Participants in environmental campaigns	32,500	85,560	211,200	
		Participants in solidarity campaigns	121,250	240,000	345,500	
<b>Social action and solidarity</b>	Social action	Involvement in product life cycle	No of suppliers in e+5 programme	50	100	135
		Solidarity	Social Action donations (thousands of euros)	2,083,47	1,526,20	1,706,44
			Consumer-orientated campaigns (thousands of euros)	4,485,73	5,138,47	6,021.18
<b>Activities with workers and consumers</b>	Experiencing values	Product donation programme	480,809	802,311	1,187,543	
		Fair Trade sales	120,200	180,303	101,779*	

\* Data affected by Consum S.Coop. leaving the sphere of action of the Eroski Group.

## 3.1 An organisation for all of us

The legal nature of the Eroski Group has marked our philosophy and identity since we first started out, setting us apart from the rest. Based on a cooperative model, it is structured on a peer-to-peer basis and has the following characteristics:

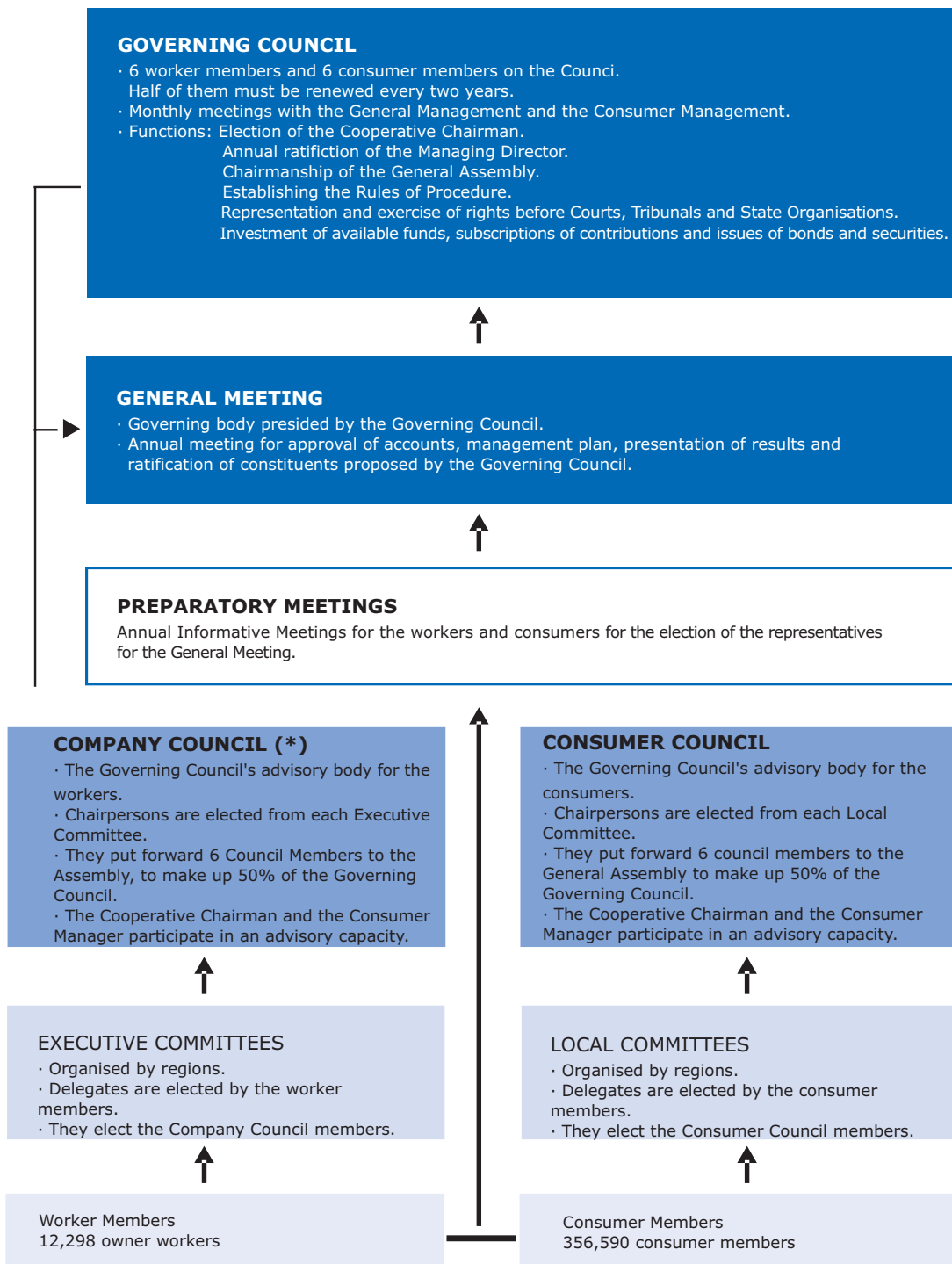
- **Owner/workers and key figures:** The Eroski Group is owned by its 12,298 workers, and we are also the key figures in its management. Our share in the Group's capital, management and profits means we have a share in the project as a whole and are involved in running the organisation, receiving all the necessary in-company communication and training to be able to take part in the decision-making processes and perform our duties, always acknowledging each person's degree of autonomy and responsibility.
- **The consumer members:** 493,986 people are Member Friends of the Eroski Foundation and they participate in education and information activities for encouraging a healthy, environmentally friendly and solidarity-minded lifestyle. They are independently involved in managing the organisation, and can take part in the decision-making processes and in gearing the business to meet their needs and expectations, receiving to this end periodical, accurate and transparent information on how all the areas and business activities are progressing.
- **Peer-to-peer running:** The Administration Council is the ultimate management authority, and it is made up of workers and consumers, which guarantees compliance →

with the company's needs and expectations in the decision-making process. The participation of workers and consumers enables the sensitivities of both of these groups to be combined, and brings the group's strategy closer to its surroundings, including them for greater satisfaction.

- **Re-investment of surplus:** We dedicate 10% of the profit obtained each year to social action and to activities for the defence of consumer interests and promotion of consumer rights, with a view to healthy, quality consumption.

At the same time, social awareness and commitment to society have added a sense of responsibility to our relationships with our interested parties, which means establishing continuous communication channels and integrating their needs and expectations within our organisation's goals, in order to satisfy them and generate sustainable value.

To guarantee its transparency and management ethics, the Eroski Group's **Corporate Government** is based on three **Codes of Good Government**, known by and accessible to the entire organisation via the intranet. These are the The Statute of Directors and Council Members, the Internal Rules of Procedure and the Internal Rules for the Administration Council and Governing Council.



(\*) As stipulated in Art. 59 of the Statutes, the Company Council is a competent body that can contribute to the suitable management of matters regarding worker members. Its work includes:

1. Drawing up the annual labour regulations
2. Presiding the Preparatory Meeting of the worker members
3. Carrying out the counselling and informative functions of the Governing Council

## 3.2 Our interested parties

<b>What we do</b>	<b>How we do it</b>	<b>PEOPLE</b>	<b>CONSUMERS</b>	<b>SUPPLIERS</b>	<b>ALLIANCES</b>	<b>SOCIETY</b>	<b>CUSTOMERS</b>	<b>INSTITUTIONS</b>	<b>OPINION LEADERS</b>	<b>FUTURE GENERATIONS</b>	<b>FAMILY</b>
Offering innovating products	Growth / Differentiation Communication / Customer loyalty	■	■	■	■	■	■	■	■	■	■
Commitments	Guarantees and Confidence	■	■	■	■	■	■	■	■	■	■
Healthy consumption	Improving quality of life	■	■	■	■	■	■	■	■	■	■
Agreements with suppliers	Stable relationships	■	■	■	■	■	■	■	■	■	■
Promoting local products and culture	Proximity and development	■	■	■	■	■	■	■	■	■	■
Life in society	Participation in management	■	■	■	■	■	■	■	■	■	■
Quality of working life	Satisfaction / Belonging	■	■	■	■	■	■	■	■	■	■
Environmental management	Eco-efficiency	■	■	■	■	■	■	■	■	■	■
Encouraging healthy habits	Customer awareness-raising	■	■	■	■	■	■	■	■	■	■
	Involvement in product life cycle	■	■	■	■	■	■	■	■	■	■
Social action	Feeling of solidarity	■	■	■	■	■	■	■	■	■	■
Activities with workers and consumers	Living out values	■	■	■	■	■	■	■	■	■	■



## We are people

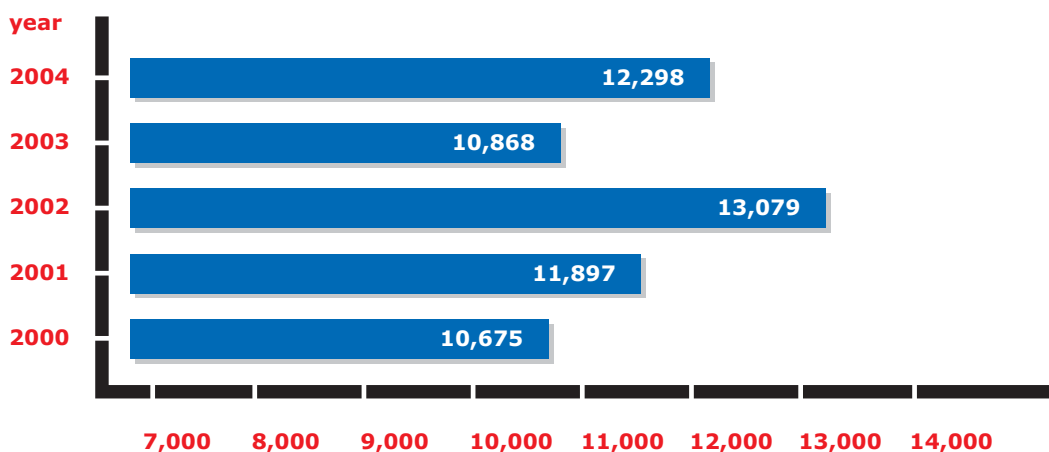
At Eroski, people are an end, not a means. We form the base that withstands the organisation, as owners and key figures. Our degree of participation, the result of our commitment and our two-way internal communication all form part of:

- Our management and objectives.
- Our company capital and our profits.
- Our prominence in the company and business life, via the company authorities. →

Day by day, Eroski's aim is to increase the participation and involvement of the owner members, and to increase our commitment through systems of evaluation, communication and empowerment geared towards encouraging management collaboration.

The owner worker growth tendency is counteracted in relative terms by the absolute reduction occurring in 2003 after Consum S.Coop. left the sphere of the Eroski Group.

Evolution of owner workers 2000 - 2004



## The consumers

We are the result of nine consumer cooperatives having joined together, and we have maintained this close relationship with the consumers, earmarking 10% of our annual profit to our commitment to them and to our surrounding environment.

The consumers are key figures: they take part in the decision-making process within the Governing Council, and they are informed of the results of the measures taken. We study how we can satisfy their needs and expectations through efficient personalised attention, establishing various channels of communication.

Our commitment is in the provision of guaranteed →

healthy consumer articles at competitive prices and in an education and information programme to help them develop healthy, environmentally friendly, solidarity-minded habits. We share these interests with the **Eroski Foundation Member/Friend**, a figure who represents the cooperative's consumer members, those who participate in the business management and decision-making processes, and with the friends of the Foundation who are interested in collaborating with Eroski's educational and solidarity-orientated initiatives.

The Member Friends are key figures in the **Idea Sana EROSKI** programme, and they are regularly sent information on the Eroski Foundation's activities and programmes for environmental and solidarity awareness-raising.

### The Eroski Foundation

This is a participative, constantly evolving organisation which furthers the development of Eroski's values in the community. It is particularly committed to guaranteeing the ethics and transparency of all matters affecting the consumers. There are three main parts to its mission: informing consumers, promoting sustainable development, and solidarity actions.

Financial contributions to the Foundation enable us to carry out consumer-orientated action, conduct information campaigns, publish magazines and guides, provide grants and subsidies, collaborate with Third World aid organisations and stage solidarity campaigns for the donation of food, toys, school books, etc. The people mainly involved in this action are the consumers, and the aim is to provide a better quality of life for everyone.

The Foundation is run by a Board of Trustees with representatives from the companies making up the Eroski Group, the consumers, and a group of experts who provide knowledge on matters such as health, the environment, solidarity and new technologies. It also has a large cross-disciplinary technical team who remain close to the consumers, developing a social and human project always mindful of their needs.

This project consists of designing and drawing up an annual Management Plan with proposals for the members and friends, **Consumer Information** campaigns, informative products, solidarity, international cooperation and sustainability initiatives, **Research Grants and Subsidies**, an annual call for backing involvement in **International Cooperation**, Sponsorships and the **Product Donation Programme**.

### Our Suppliers

Our suppliers are directly involved in the value chain, making our joint action programmes an essential tool for cooperation. Eroski particularly favours trade of fresh produce, entering into agreements with local manufacturers and trade unions who guarantee the sufficient financial stability to maximise the quality of their products.

Our collaboration affects the design and setting of product standards, subsequently controlled by the laboratory and the Quality System department, and internal management policies geared towards achieving social responsibility, with the cross-integration of all our Social Responsibility policies. This aspect is of particular importance since we obtained the **SA 8000:2001 Standard**.



We work together and also form a business relationship for defending workers' rights and practicing solidarity and protection of the Environment. In the same line, in 1999 we initiated a project for the diagnosis and gradual implementation of environmental management systems with the aid of the **e+5 Programme**, organised by Fundación Entorno in collaboration with the Ministry of Science and Technology, with the participation of over a hundred of our own brand suppliers.

### **Strategic alliances**

Aware of the needs and expectations of our consumers, we form alliances with experts in the design and creation of products and services, and this is fundamental for innovation and continuous improvement of an offering which will provide maximum satisfaction for all our customers.

This collaboration must tend towards extending our corporate principles and values, in addition to the main models, management processes and best practices. The organisation's Management Forum and Functional Committees play an essential role here in the diffusion of our philosophy and our allies' participation in its practical development.

### **Our society**

Our influence on society goes beyond people's contribution as a vehicle for ethics. With 10% of our annual profits set aside for societal concerns, we contribute to the sustainable development and welfare of our environment.

Within this endeavour, the Eroski Foundation is a point of encounter for citizens aware of consumer rights, the protection of the environment and the nurturing of solidarity. It is an organisation that assumes society's objectives as its own and works to see them fulfilled, establishing channels for communication and dialogue with the various interested parties.

Eroski is a strategic ally of certain **non-governmental organisations**, collaborating with human and financial resources and as a communication channel by means of social and environmental awareness campaigns, designing and defining solidarity-minded codes of conduct.

### **Our customers**

For Eroski, concern for our customers goes above and beyond the purchasing process whereby we offer them products and services of guaranteed quality. We also offer them the all-round **Idea Sana EROSKI** ("EROSKI Healthy Idea") education and information programme to enable them to practice responsible consumption and develop healthy, environment-friendly and solidarity-minded habits.

For those who wish to further their relationship with Eroski, we offer the possibility of contributing to our endeavour as **Member Friends** of the Eroski Foundation. We send them the latest information on our activities and encourage them to take part in the various environmental awareness and solidarity programmes.

### **Institutions and Public Administration**

Compliance with legislation and our commitment to human rights and safeguarding the environment brings us closer to the business fabric and public administrations, as we are working with a common goal.

We work on a permanent basis with the various administrations, local, regional and national, providing solutions, collaborating on the creation of laws and actively participating in improving the work standards of companies in different areas. This involves taking part in debate and opinion forums for awareness raising and nurturing of Social Responsibility policies geared towards welfare and sustainable development, as is described below in the section on our external commitments.



### **Opinion leaders**

Our endeavour to satisfy society's needs and the integration of this within our objectives, which we achieve by listening open-mindedly to all the interested parties, enables us to take our place alongside opinion leaders on an international level.

Our participation in business, sector, consumer, social and Social Responsibility forums enriches our culture while enabling us to exchange know-how and experience.

### **Future generations**

Our human rights defence policies, protection of the environment and solidarity with the community all testify to our concern for meeting the basic needs of future generations.

We are developing innovating policies with the aim of going beyond legal requirements and benefiting and safeguarding the present and future community.

In this way we are integrating the concept of sustainable development described in the United Nations Bruntland Report.

### **Family**

We commit ourselves to Eroski as people, with a view to becoming key figures and co-participants, as the integration of our own personal objectives is also one of the organisation's concerns. Policies for conciliating work and personal life (flexi-time, voluntary leave, etc.), equality of rights of common-law and marital unions, sex equality, and our participation in the decision-making process is the guarantee of our welfare, as defined by the World Health Organisation.



Eroski's rapport with its interested parties, groups with whom it maintains channels of communication, has varied to adapt to the evolution of the organisations themselves and of the environment in which they work. The high degree of commitment we have attained over the years has been maintained over time as a result of our excellent rapport and close communication and collaboration. Consumers and people are the first agents to whom we gear our search for solutions.

This change in our rapport concerns the expectations placed in us by society, the local community, our suppliers, our team of professionals, investors, governments and society in general, and it is therefore of great importance to establish two-way channels of communication that will guarantee a sincere and enriching dialogue with each of the parties involved.

<b>MEANS</b>	<b>What are our aims?</b>	<b>Frequency</b>	<b>For</b>
<b>NEXO magazine</b>	An in-company magazine covering all areas of the company, with particular attention given to financial and company data.	Twice-monthly	Prominent members
<b>ADUNA magazine</b>	An in-company magazine with information on the cooperative, start-ups, profits, goals, projects, acknowledgements and occupational safety.	Twice-monthly	Eroski S.Coop. members
<b>SEDE magazine</b>	Information on projects, good practices, interviews and news from the Eroski Group's central offices.		Central office workers
<b>INTERLOG</b>	Magazine with news exclusively affecting the platforms.	Quarterly	Platform workers
<b>MEJORANDO</b>	Publication geared towards hypermarket managers giving information on good practices and interesting business improvement initiatives.	Twice-monthly	Hypermarket managers.
<b>Idea Sana EROSKI magazine</b>	Consumer information magazine that aims to make people's lives easier, with suggestions, advice, ideas and information on food and nutrition, sport and health, the environment and solidarity, with the aim of promoting a healthy, environment-friendly lifestyle.	Twice-monthly	Customers Society Consumers Opinion Leaders
<b>Idea Sana EROSKI schools</b>	Meetings held at EROSKI establishments where information is provided on food and nutrition, food handling, leisure and free time, sport and health, the environment, domestic matters, etc.	Weekly	Customers Society Consumers Opinion Leaders
<b>Idea Sana EROSKI forums</b>	Conferences given by specialist consumer motivators who inform the consumers on issues of interest such as "Television and well-being", "New technologies in the home", "The importance of music", "Lifestyle and happiness", etc.	Monthly	Customers Society Consumers Opinion Leaders
<b>Idea Sana EROSKI stands</b>	A point of encounter in our commercial network for supporting environmental and social awareness-raising campaigns and personally communicating our initiatives.	Permanent	Customers Society Consumers Opinion Leaders
<b>EROSKI Idea Sana collectables</b>	Comprehensive leaflets which customers and consumers can take away with them, containing the information provided in our campaigns and with a summary of the content of all the information activities.	Quarterly	Customers Society Consumers Opinion Leaders
<b>Idea Sana EROSKI campaigns</b>	Information and awareness-raising activities at our points of sale regarding environmental and solidarity issues encouraging consumers to adopt lifestyles that are beneficial to society and their environment.		Customers Society Consumers Opinion Leaders

## TOP-DOWN COMMUNICATION

TOP-DOWN COMMUNICATION			
MEANS	What are our aims?	Frequency	For
<b>Consumer EROSKI magazine</b>	Leading publication with rigorous and very useful information on our daily lives, dealing with important issues such as health, well-being, food, home economics, the environment, new technologies, leisure, culture, etc. It includes comparative analyses of both food and non-food products.	11 issues per year	Consumers
<b>Consumer EROSKI practical guides</b>	Special issues on well-being, food, sport, education and health, amongst many other subjects. (Past issues: Fruit, All about Baby, Vegetables, the Route of Santiago de Compostela and Taking better Care of Older People.)	2 per year	Consumers
<b>www.consumer.es EROSKI</b>	Internet newssheet, updated daily, with items of day-to-day interest and three channels on "Home Economics", "Nutrition" and "D.I.Y."	20 news items daily	Consumers Society Opinion Leaders
	Information channels on Food, Property, Your Rights, Travel, Technology, Economy, D.I.Y., Motoring, Education, Science, the Environment, Health, Solidarity and Food Safety.	Daily	Consumers Society Opinion Leaders
	Special features on Food, Property, Your Rights, Travel, Technology, Economy, D.I.Y., Motoring, Education, Science, the Environment, Health, Solidarity and Food Safety.	Daily	Consumers Society Opinion Leaders
	The digital Consumer EROSKI magazine is an electronic version of the printed magazine, supplemented with extended data and information and updated daily.	11 issues per year	Consumers Society Opinion Leaders
	Practical Guides in digital version to correspond to those published in printed format.	2 per year	Consumers Society Opinion Leaders
	On-line courses developing themes of general interest for consumers (Past issues: "Stopping smoking", "Buying a home" and "Learning to learn?")	1 or 2 per year	Consumers Society Opinion Leaders
	The web platform www.consumasegurad.com deals with food safety from a rigorous and informative scientific and technical perspective.	Permanent	Consumers Society Opinion Leaders
<b>Welcome manual</b>	A guide for new members, detailing our organisation's values, mission statement and basis for management.	Each recruitment	Team of people
<b>Waste collection centres</b>	For reinforcing environmental awareness and encouraging environmentally friendly consumption and waste disposal.	Occasional	Consumers



TOP-DOWN COM.		BOTTOM-UP COMMUNICATION	
MEANS	What are our aims?	Frequency	For
<b>Noticeboards</b>	A space where information of interest to the people of our organisation is posted.	Constantly used	Team of people
<b>Assessment interviews</b>	System for assessing work through a personal interview enabling us to evaluate people's personal and professional achievements, to establish and agree on work areas and objectives and to gather contributions from the person assessed. It is a quantitative and qualitative measurement for a better evaluation of work.	Yearly	Team of people
<b>Suggestion box</b>	Permanent channel for gathering a variety of information and requests from both workers and customers, enabling us to detect opportunities and threats and work towards continuous improvement.	Permanent	Team of people Consumers
<b>Local committees</b>	Monthly meetings at which consumers assigned to the different shops carry out monitoring and control of how the Education and Promotion Fund (EPF) is being managed as part of the 10% of our profit earmarked for society.	Monthly	Prominent members
<b>Executive committees</b>	Company body in which all the cooperative's workers are represented through a delegate elected from the members of each work area, shop or business. These are bottom-up and top-down communication channels.	Monthly	Prominent members
<b>Satisfaction survey</b>	Main mechanism for measuring the company atmosphere of the Group.	Twice-yearly	Team of people
<b>"Freshometer"</b>	Measurement of customer satisfaction with the fresh products on offer at the hypermarkets.	Yearly	Consumers
<b>Consumer barometer</b>	This is an Eroski Foundation initiative consisting of a macro opinion poll for measuring consumer attitudes and perceptions regarding issues of consumption, confidence in foods, prices, etc.	Yearly	Consumers
<b>Consumer value survey</b>	A study whose first results were obtained in 2003 and which aims to measure customers' perception and confidence with regard to our guarantee commitment and inform of product health and safety and personal attention. The survey is made by signs, evaluating aspects such as price, range, services, fresh produce (variety and quality), commitment to the environment and overall evaluation of our own brands.	Yearly	Consumers
<b>Preparatory meetings before General Meeting*</b>	Preparatory Meetings are held once a year to attend to and comply with the worker members' and consumer members' right to information. The General Management inform of the profits, data, initiatives and rulings for each financial year, thus providing the members with direct, clear, dynamic information and enabling them to participate.	Yearly	Consumer Members Prominent Members
<b>Eroski Foundation Member-Friend Meetings</b>	Point of encounter with the participants on the education and information programme Idea Sana EROSKI. They are organised with a view to our customers being able to actively participate in our organisation.	Yearly	Consumer Members Prominent Members

BOTTOM-UP COM.		HORIZONTAL COMMUNICATION	
MEANS	What are our aims?	Frequency	For
<b>Cooperative activity</b>	Approaching and getting to know the consumers in order to protect their rights. We are attached to the Consumer Arbitration Boards of the Community of Madrid, the Regional Community of Navarre (as a distribution company and consumer association), the Valencian Community, the Region of Murcia and the Basque Country. We also contribute to defining and executing the management plans of the Senior Council of Cooperatives of the Basque Country, the Consumer Consultative Commission of the Basque Country, the Board of Consumers of Madrid and the Confederation of Cooperatives of the Valencian Community.	Periodically, depending on the Arbitration Board	Opinion creators Consumers
<b>Customer service line</b>	An information service and channel of communication with consumers, through which Eroski receives concerns, complaints and suggestions.	Permanent	Consumers
<b>PRISIO</b>	Eroski's institutional rapport plan for optimising negotiation with institutional leaders with a strategic decision-making capacity, in order to strengthen the Group's corporate image and its contribution to socio-economic development, so that decisions made by institutions which could affect the Group are known about in advance, and to transmit the values and virtues of our company model.	Permanent	Opinion creators, Public Admin., Allied investors and Strategic Members
<b>Minutes of the meetings</b>	Report drawn up after a meeting, to include the agreements concluded in the meeting, the names of the participants and the date and place it was held.	Each meeting	Team of people
<b>Social and Labour Report</b>	Report analysing the major aspects and variables relating to the people in the company.	Yearly	Team of people
<b>Statistical staff report</b>	Report analysing people-related aspects and variables through the use of indicators and significant data, periodically processed and evaluated.	Yearly	Team of people
<b>Company Council Report</b>	Periodical report published by the ultimate representative body of the worker members of the Eroski Cooperative Society, and describing its work throughout the year.	Yearly	Team of people
<b>Environmental Report</b>	Contains the Eroski Group's environmental action principles, and the results implemented with their different scopes and management systems.	Yearly	Team of people
<b>Eroski Foundation Report</b>	Annual report summarising developments in the Eroski Group Foundation's three areas of action: protection and defence of consumer rights, defence of sustainable development and solidarity commitment.	Yearly	Prominent members Consumer members
<b>Information bulletins</b>	Information of general interest made available to the members of the organisation through the channels established to this effect (e-mail, notice boards, Intranet, etc.), as frequently as required.	Permanent	Team of people
<b>PRISMA (Intranet)</b>	Internal information channel providing the workers with access to a large amount of information and utilities via the private network, with a simple, dynamic and attractive layout.	Permanent	Team of people
<b>www.fundacioneroski.es</b>	Web Platform where the activities of the Eroski Foundation are described and the Friends of the Foundation can access specially reserved information. This is information of general interest regarding health, safety, solidarity and the environment, as well as exclusive services regarding education, forums and consultations.	Permanent	Team of people
<b>www.eroski.es</b>	Website for notifying of the organisation's activities as a distribution group and informing of specific business actions geared towards satisfying consumer needs, offering products and services which assure healthy, guaranteed consumption.	Permanent	Team of people Consumers Society Opinion leaders



## 3.3 Company **structure**

We are a distribution group for general consumer products and services. The group was created in 1990 when nine consumer cooperatives joined forces. Through our different alliances with other companies, we have become a major distribution group bringing together companies from a variety of origins and conditions and which has achieved great expansion throughout Spain, sharing corporate values.

Today, other companies such as Supera, Udama, Vegalsa and Mercat have also joined our group, working in the supermarket format, and EROSKI is now the brand with the most centres in Spain.

### **UDAMA**

Udama, a company totally incorporated to the Eroski Group, is the leading supermarket chain in the Aragón region, with over 54 supermarkets and 12 franchise establishments under the name of Aliprox.

It has also consolidated its position in Andalucía with more than 72 shops, including supermarkets and franchise establishments, making it a reference brand for the consumer in this region.

### **SUPERA**

Supera, a subsidiary of the Unión de Detallistas Españoles S.Coop. (the Unide Group), has become incorporated to the group on a large scale with 49 supermarkets, enabling the expansion of our commercial network in the Community of Madrid and the regions of Extremadura, Castilla-León and Castilla-La Mancha. →

### **VEGALSA**

Vegalsa, a family supermarket group with 182 establishments in the Galicia region, now bears the Eroski insign with a participation of 50%.

### **MERCAT**

Mercat, a leading name in the Balearic islands, heads the commercial offer in this area with 129 supermarkets, giving it a major share of the market.

In the international sphere in 2004 we consolidated an alliance with the French group Les Mousquetaires, thus taking our first step towards international expansion by becoming integrated with a joint purchase management platform with a view to the future joint development of skills and businesses. The Mousquetaires group has a network of 4,000 establishments in different European countries, positioning it as the second biggest distributor in France and the fifth in Europe. It is an outstanding negotiator with international producers, and has some 112,000 collaborators at present.

At the same time, we have been managing strategic alliances with a view to facilitating the integration of new members and thus consolidating our top world distribution ranking over the next few years.

## 3.4 Business areas and ensigns

During 2004 we made the decision to provide our visual identity and brand design with a new look, with a design based on the brand name EROSKI, in the interests of a more standardised image that will be more readily identified by the interested parties.

As a result, the internal structuring of the management and operation of each division is no longer significant for the consumers who already know us by our trademark: EROSKI.

→ The series of Eroski Group brand names is structured as follows :



Under the umbrella of the Eroski Group, well-established and expanding throughout Spain, we operate in different business areas that have been created on the basis of our knowledge of the food area and our close relationship with our consumers. We wish to satisfy their needs to the full, and with this in mind we have diversified our activities, both functionally and geographically, to include other complementary services. →

The Eroski Group is also present in France with a total of 38 establishments. Our geographical distribution, which can be consulted on our website [www.eroski.es](http://www.eroski.es), is growing for all our lines of business and has reached the figures described in the summary of our commercial network:

COMMERCIAL NETWORK TABLE 2004

	Start-ups	Total
<b>Spain</b>		
EROSKI	8	74
EROSKI/Center	20	489
EROSKI/City		157
EROSKI Service Stations	7	38
EROSKI Travel Agencies	32	208
FORUM-SPORTLAND Sports Shop	8	31
IF Perfumeries	26	172
ABAC Leisure and Culture	1	2
CASH RECORD		22
Food Service	1	6
<b>Total Spain</b>	<b>103</b>	<b>1,199</b>
<b>France</b>		
Hypermarkets		3
Supermarkets		18
Service Stations		17
<b>Total Own network</b>		<b>1,237</b>
Aliprox and other franchises	19	553
<b>TOTAL GROUP</b>	<b>122</b>	<b>1,790</b>

### Food distribution

This is the Group's main and most traditional activity. Our establishments cover a full range of shopping centres, hypermarkets, supermarkets and self-service franchises.

Our leadership as regards fresh produce, consumer information and value for money, together with the promotion of regional products, are some of the characteristics of →

our establishments which we nurture.

Also during 2004 we have made major investment in infrastructure and improvement of the services we provide, consolidating the process of development begun in previous years, particularly as regards IT systems and the logistics chain. The aim of this is to contribute to improving the satisfaction of our now over 200 million customers.

## Branching out

The Eroski Group has successfully keyed in to the consumers' new trends and requirements, and we now also run a thriving line in travel agencies, perfumeries, sports shops, leisure →

and culture, real estate, service stations, opticians and stand solutions. All these services aim to complete our already wide distribution service in the food domain.



**Viajes Eroski** travel agencies are much more than just good prices. Our line of leisure and relaxation holiday travel agencies, with 207 establishments functioning in 2004, focuses its efforts on increasing the number of offices and restructuring its commercial model with a view to directly involving its customers in designing their own holidays. In this way we continue to offer a high quality product, recognised by the ISO 9000 and Spanish tourism Quality Q certifications.

**Travel Air** specialises in business travel and is characterised by its high degree of specialisation, transparent management and full international cover.



**Perfumeries.** At present the chain includes 172 points of sale, following the acquisition of the Aragon chain Dyper and Brisas, the leading perfumery chain in the Asturias region, and the great expansion effort that has given rise to the In Faradis chain. In 2003 this chain standardised its image and brand all over Spain.



**Leisure and sport.** We have a total of 31 shops plus a virtual establishment, whose shareholders include 56 sports professionals from different areas. Under the name of Forum and Sportland, located in shopping centres and city high streets respectively, these establishments offer multi-specialist sports products classified into 18 different departments.



**Leisure and culture.** A new style of shop specialising in leisure and culture, under the name of Abac and created as an appealing space with a non-sexist and non-violent recreational/educational and cultural offer for free time. It contains bookshops, stationers, educational toys, handicrafts, fine arts, music, multimedia and an activities workshop.

## Services for the customers at our centres

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**Opticians.** We now have five opticians providing personalised advice and eye tests for all our customers.



**Service stations.** We have 38 service stations in 11 Autonomous Communities, providing a quality product at more competitive prices. Their motto is fill up, pay and get on the road as quickly and as comfortably as possible.



**Online purchases:** Eroski is now offering its food customers in Vitoria, Greater Bilbao and Pamplona the possibility of acquiring all the products normally on sale in a supermarket (over 6000 different products) through an online service at competitive prices and with a quality guarantee on both products and service.



**Real Estate:** This is a comprehensive service including notary transaction, registration and property structuring, an improved commercial service and a better purchase guarantee, with a wide range of possibilities as regards places, location and property format. Our real estate sales include promotions on the Andalusian coast, the Mediterranean coast, La Rioja, Cantabria, Burgos and the Costa Daurada, with a maximum guarantee of quality and professionalism at a very competitive price.



**Soluciones** is the commercial space located within the Eroski hypermarkets of Artea, Pamplona, Abadiano and El Boulevard, offering contract products and services:

- **Financial products:** Mortgage loans and Personal loans.
- **Insurance:** Car, Home, Health, Life, Accident and Temporary Disability.
- **Real Estate:** Private promotions and housing developments both on the coast and inland.
- Issue of **Eroski-Red** cards.

## Own brands

The guarantee of food quality and safety for our own brand products, in addition to each particular product's compliance with intrinsic standards of composition and characteristics, is our philosophy for guaranteeing the consumers' rights and offering reliable, objective information for healthy, solidarity-minded and →

environmentally friendly consumption. The specific characteristics of our own brand products are listed on the packaging and labels and in information leaflets, aiding consumers to decide what to buy:



**Eroski:** Our own brand products include double-checked food quality and a safety guarantee as part of their characteristics. They also include our commitment to the environment and adapt to different situations, as we have expanded the general range to respond to society's requirements: non-animal tested personal hygiene products, eggs with Omega 3, special milk, Delta del Ebro rice, designation of origin wine, organic nougat, eco vegetable preserves, etc. So, we are working to cater for the basic needs of all types of customer with the guarantee and competitiveness that are our trademark, satisfying 6 million homes and deepening our commitment to top quality, health, useful information and unbeatable prices.



**Eroski NATUR:** This category offers consumers high quality meat, fruit and vegetables, guaranteeing an optimum product selection and striving for excellence of origin and taste. We offer 100% Spanish **meat** from farms with whom we permanently collaborate and with strict control of rearing conditions, and **fruit and vegetables** from the best integrated production cultivation areas, harvested at optimum ripeness and with rigorous monitoring of key standards to guarantee excellent taste. We also guarantee total traceability from origin right to the point of sale.

**The brands Romester** for sports material, **Visto bueno** for textile products and **Ecron** for domestic appliances and image and sound equipment complete the range exclusively sold in our establishments and for which we guarantee compliance with all the specific UNE standards.