

## **7,500 hectares of land in the Argentine province of Chubut DONATION BY BENETTON IN FAVOUR OF THE NATIVE COMMUNITIES OF PATAGONIA**

Ponzano, 2<sup>nd</sup> November 2005. In January 2006 the Benetton group will make available to the government of the province of Chubut in Patagonia (Argentina), approximately 7,500 hectares of land to be used for the needs of the indigenous populations. This is a symbolic gesture of social responsibility aimed at encouraging dialogue in the long-standing dispute between the Mapuche people and the Argentine government, in which Benetton, after being involuntarily involved, has chosen to play an active role.

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“We have opted for the policy of possibility”, stated Luciano Benetton, “by making a specific contribution which is a combination of quantity and quality. We are probably the first to do this, but more than setting a record, we are interested in others also contributing to the solution of a historic problem”.

The ample portion of land, 50 kilometres from Gualjaina and 150 from Esquel, is to be destined to the government of the province of Chubut, with the specific commitment of launching investments and projects for development in favour of the local populations. The land, suitable for both livestock breeding and crop cultivation, has a principal water source stretching for 12 kilometres along Rio Chubut. It is also close to provincial road no. 12, a provincial school (no. 86) and a wind energy production field, as a guarantee of primary services.

The donation is the final outcome of a long process relating to ownership of the land in Patagonia, concerning experiences and rights rooted in different periods of history, with complex social, economic and ethical repercussions. The Benetton group, present in Patagonia since 1991 through the activity of Compañía de Tierras Sud Argentino (a subsidiary of the holding of the Benetton family - Edizione Holding), decided in 2004 to back an exchange of ideas on these topics, on the basis of its full legal right to the land and following a sentence in its favour in a legal dispute with a single Mapuche family.

After lengthy correspondence, in July last year, between Luciano Benetton and the Argentine Nobel prize-winner Adolfo Pérez Esquivel –to whose organisation the donation of the land in Patagonia was originally intended but not accepted – the Benetton group took on an active role with the ambitious yet realistically essential aim of initiating a wider process, necessarily involving, in addition to the local authorities, also other businesses in Patagonia and the national Argentine government.

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## **BACKGROUND INFORMATION :**

### **Compañía de Tierras Sud Argentino**

Compañía de Tierras Sud Argentino was acquired by Edizione Holding (financial holding company of the Benetton family) from three Argentine families in 1991, with the aim of transforming a historic company, with a tradition spanning more than 100 years, into a modern farm dedicated in particular to breeding sheep, an activity synergic with the core business of Benetton, representing one of the largest consumers of wool in the world.

Today the Compañía employs 600 people (almost all local and living in Patagonia with their families) and, thanks to major investments aimed at maximising the levels of innovation, productivity and profitability, has achieved excellent results, particularly in sheep breeding, contributing to generating development and work for the Argentine territory and its residents.

During the years it has invested more than 80 million dollars in various production schemes as part of sustainable development on a large scale. According to a plan for vertical integration of the activity, in particular, Compañía is currently building a tannery for sheepskins at Trelew, in the province of Chubut, which is to provide work for 150 people. In early 2007 the plant will be able to produce 700,000 pieces of leather a year. 15% of the investment, totalling more than 10 million dollars, is to be allocated to planning of the environmental impact, and control and management of consumption and emissions. Hazardous residues are to be eliminated by a state-of-the-art double filtering system and above all by the fact that noxious materials are not used, unlike the production of bovine leather.

Compañía de Tierras has for many years been involved in an activity of constant reforestation, which has to date reached a total of 7000 hectares.

On a social level, Compañía is engaged in the area in projects and schemes for assistance, in collaboration with hospitals, schools, parishes, centres for the elderly, craftspeople and municipalities. In early December of this year it is to open a community centre in Cushamen, close to the Patagonian cordillera, which meets social, welfare and medical needs in the area.