GARRIGUES

CSR06

corporate social
responsibility report

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CSR06

corporate social responsibility report

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1 Message from the Chairman

1 Message from the Chairman

In its endeavor to remain one step ahead of the times, ours is a firm which has always been guided by a pioneering spirit. That same spirit, together with our obsession with quality, has been the real driving force behind our growth, and has been rewarded with the unequivocal, constant support of the market, in other words, the trust of our clients. In response, we have turned our attention to three of our profession's core duties: diligence, loyalty and ethical conduct.

Indeed, for a firm such as Garrigues, our responsibility goes far beyond strict compliance with our legal obligations (be they of a tax, labor, environmental or other nature). A new vision of social responsibility towards stakeholders has led to a broadening of our sphere of action, no longer confined merely to accountability to shareholders and clients, but rather now taking on an increasingly social and environmental dimension.

With this in mind, we invite the public to examine our inaugural Corporate Social Responsibility Report, which takes as its frame of reference the international recommendations published by the Global Reporting Initiative in 2006. The aim of our Report is to provide a balanced and fair insight into the work done by Garrigues in relation to its commitments to a range of stakeholders. Care has been taken to describe in detail the Firm's structure and internal management systems, as well as the ways in which we meet our obligations to society.

Garrigues is today one of Continental Europe's largest tax and legal service providers. Virtually all the rankings that are published, no matter where they may be from or what their area of specialty may be, place us among the foremost law firms in both Spain and Europe. This strong, commanding position is by no means the fruit of mere chance, and maintaining it would not be possible without constantly striving to exceed expectations and a clear commitment to our social responsibility to the various stakeholders. In recent years, Garrigues has shown its ability to stay on track with sustained growth, with billings in 2006 hitting the €223 million mark, up 16% on the previous year.

In turn, this growth has been accompanied by a significant increase in employee numbers (with the headcount set to rise above 2000 in 2007) and in the number of offices (we are now present in 27 cities in Spain and Portugal, as well as in New York, Brussels, Casablanca, Shanghai and Warsaw). The forthcoming opening of our London office, towards the end of 2007, will be the latest addition to our international network.

In terms of facilities, 2006 was a landmark year for Garrigues with the move to our new corporate headquarters at calle Hermosilla 3, in Madrid, a cornerstone of the future complex of buildings on the "Garrigues Campus", which includes a building at Paseo de la Castellana 10, and will provide us with plenty of room for the new hires expected from the Firm's imminent recruitment drive. This year has also seen further progress achieved in the process of technological change started by the Firm, which has already borne fruit with the rollout of new applications and systems, not only in the administration and accounting areas, but also in the area of knowledge management and virtual communication with clients.

In all of this, the strategic role played by our human resources in ensuring that client expectations of quality service are met cannot be overlooked. To this end, we are striving

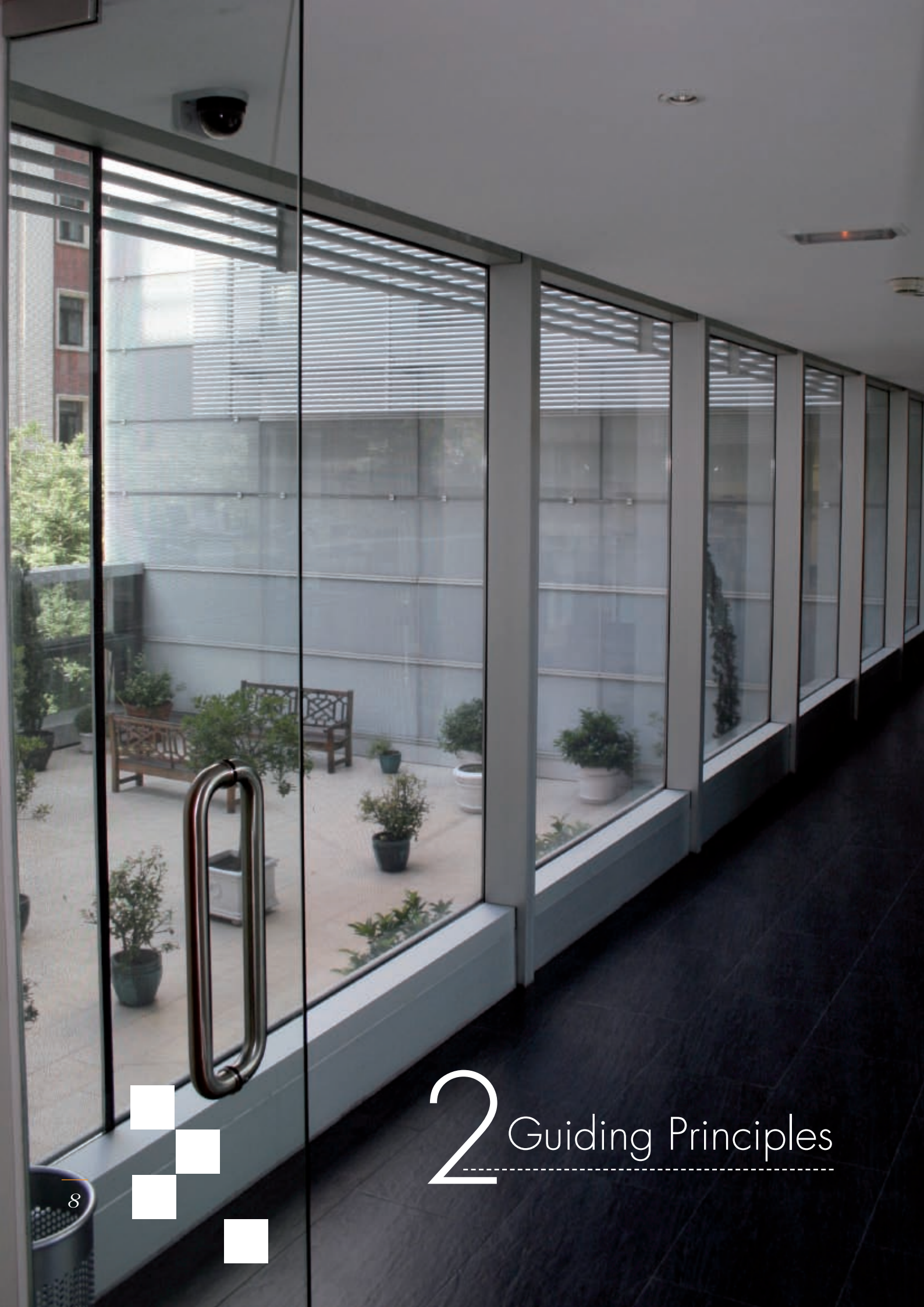
particularly hard to constantly improve the training programs in place for new hires, and Centro de Estudios Garrigues plays a highly significant part in this process. As a result of a collaboration agreement between Centro de Estudios Garrigues and Harvard University, 2007 will see the beginning of a two-year training program for newcomers to the Firm. Similarly, specific training programs have been designed for all of our people, taking into account their specialty and level of experience. The sum total of these training initiatives form an integral part and the core of the career plan on offer to professionals from the moment they join the Firm, a plan which serves to provide a clear and transparent guide to what they can expect from our organization. We also aim to reward their efforts in the best possible way, without neglecting the search for ways in which to strike a better work/life balance.

On another note, we are looking to give a significant boost to the activities of the Garrigues Foundation. This is where our commitment to legal research (through the Garrigues Chair in Global Law) and the recognition of excellence (through the Young Lawyers Awards and the Environmental Awards) must go hand in hand with a greater presence in other research fields (such as bioethics or the information society), pro bono work, and community outreach initiatives, focusing mainly on underprivileged students with professional ambition.

Lastly, on the international front, 2007 is shaping up to be a key year for the Firm. We remain wholeheartedly committed to our strategy of making Garrigues a truly global firm, with a particular emphasis on the Spanish- and Portuguese-speaking world. With this in mind, through the Affinitas alliance, our aim is to contribute towards consolidating the position of the world's first Latin American organization of tax and legal advisers.

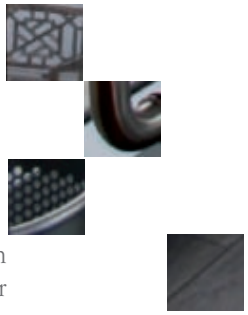
While this may be our first-ever report on the subject, we are by no means new to the field of corporate social responsibility. Quite the opposite. Indeed, if anything has set the Firm apart throughout its history, it has been our conviction that what we do and the aims we pursue go far beyond mere professional practice and modern management techniques. This Report offers further proof of just how seriously we take our responsibilities and how committed we are, in a wide variety of areas, to society and to the environment.

Antonio Garrigues
Chairman



2 Guiding Principles

2 Guiding Principles



This Report on Corporate Social Responsibility[1] (hereinafter, "CSR") by the Garrigues Group (hereinafter, "Garrigues" or the "Firm") describes in detail our organization's commitments under the three pillars (economic, social and environmental) constituting sustainable development, for the stakeholders listed in section 4.4 of the report.

Scope and frequency of reporting

The information contained in this Report refers to Garrigues' principal activities worldwide. The relevant facts and figures quoted are for 2006, while most of the quantitative indicators are for a period going back over the last 3 years.

The first of its kind from Garrigues, the publication of the Report (on an annual basis) will be timed to coincide with the end of the Firm's fiscal year (from September 1 to August 31). Thus, unless circumstances require figures to be expressed in calendar year terms (as will be indicated in the text), the figures quoted will be at fiscal year-end.

The entities referred to in this Report are J&A Garrigues, S.L., the Garrigues Foundation, and any other wholly-owned investees of J&A Garrigues S.L.:

- Garrigues Norte, S.L.
- Garrigues Agencia de la Propiedad Industrial e Intelectual, S.L.
- Rino Gestión, S.L.
- Centro Europeo de Estudios y Formación Empresarial Garrigues, S.L.
- Ribalta Abogados, S.L.
- Garrigues Medio Ambiente Consultoría Técnica y de Gestión Integrada del Medio Ambiente, S.L.
- Garrigues Human Capital Services, S.L.
- Garrigues Sports & Entertainment, S.L.
- Garrigues, LLP (US)
- Garrigues Maroc SARLAU (Morocco)
- Centro de Estudios Jurídicos Financieros y Empresariales, S. A.
- Gestores Fiscales, S.L.
- Garrigues Empresa Familiar, S.L.
- Garrigues Nuevas Tecnologías, S.L.
- PostalTrust, S.L.

However, entities that have cooperation agreements with Garrigues, such as the member firms of the Affinitas or Taxand networks, are not included in this Report.

Accuracy of information

The information in this Report was compiled from the Firm's information systems and from its business lines.

The methodology used to compile the information needed to prepare the CSR Report was based essentially on the version 3.0 guidelines published in 2006 by the "Global Reporting Initiative" (GRI), an institution that sets guidelines for preparing this type of report. The draft report, "Making the Connection", was also borne in mind as a means of cross-referencing the guidelines with the principles of the United Nations Global Compact on human, labor and environmental rights, of which Garrigues is a signatory. Thus, to a large extent, we have been able to combine the approaches in the CSR Report with the "Communication on Progress" required to provide evidence of compliance with the Global Compact, taking advantage of the complementary nature of the two documents.

Other international benchmarks were also taken into consideration by Garrigues, such as the Greenhouse Gas Protocol (WRI/WBCSD) and the UNE-EN ISO 14000 family of standards.

Materiality of the topics analyzed

The contents of this Report have been selected according to the materiality principle, and only CSR-related aspects which have a significant or relevant impact on the business have been included.

The factors taken into account when defining the materiality of topics included the following:

- Significant CSR-related interests and topics raised by stakeholders.
- The main topics and future challenges facing the sector.

1- In view of the variety of names used for this type of report (Corporate Social Responsibility, Sustainability, Corporate Responsibility, etc.) we have opted for the term coined by the Subcommittee for enhancing and promoting corporate social responsibility (Official Gazette of the Lower House of the Spanish Parliament dated August 4, 2006) and in the Green Paper Promoting a European Framework for Corporate Social Responsibility (July 18, 2001).

2 Guiding Principles

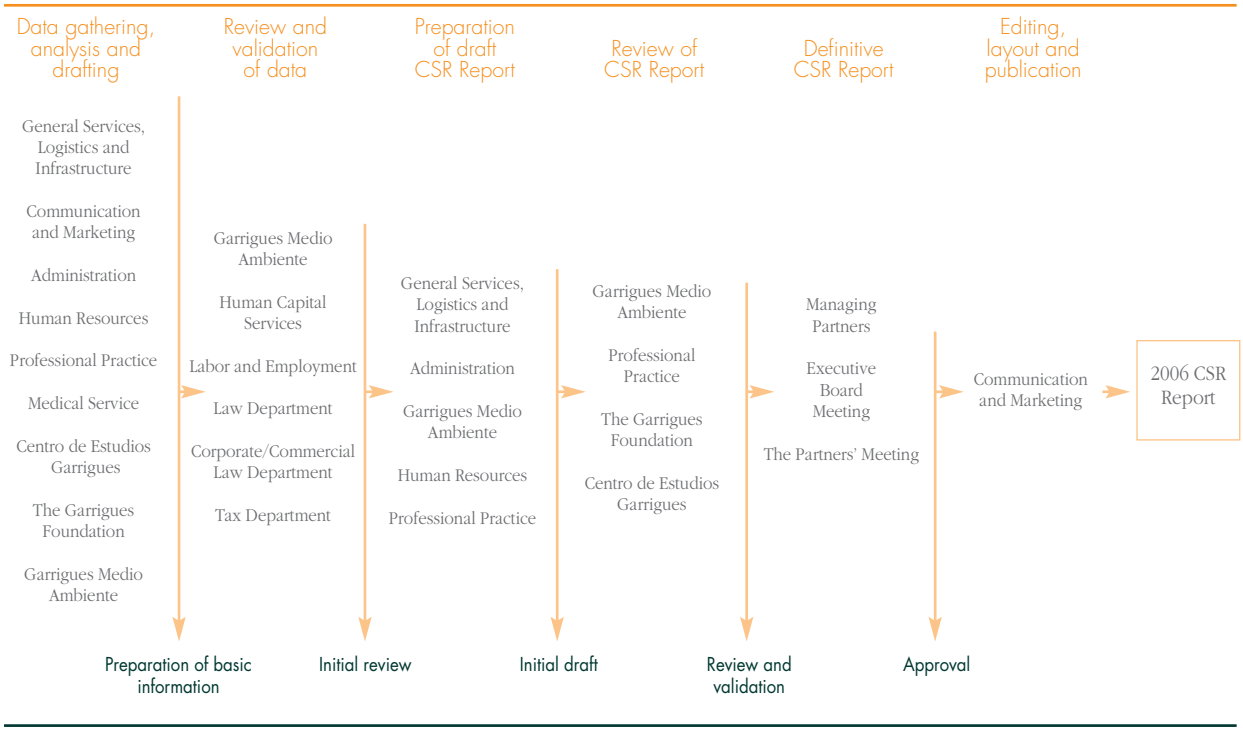
- Local, regional, national and international laws, regulations and agreements, including any voluntary agreements with strategic significance to the organization and its stakeholders.
- Any reasonably estimable risks, impacts or opportunities affecting CSR.

Information consolidation criteria

The information in this Report has been internally validated by the Firm using the process described in the following diagram:

Application Level

The latest GRI Guidelines require report preparers to declare the level to which they have applied the GRI Reporting Framework[2]. It is worth noting that in this Report, the Reporting Framework has been applied to the most exacting of all possible levels and that the application level of this Report is A+, as confirmed by the external verification given by AENOR (see Exhibit III).



2 - The new GRI Guidelines set application levels ranging from C to A+ (C, C+, B, B+, A and A+).

3 Firm profile

3 Firm profile

3.1 Our activities

3.1.1 The History of Garrigues

With a history stretching back over more than six decades, Garrigues is today one of Spain's longest-standing and most prestigious law firms.

The origins of the Firm can be traced back to 1941, the year in which brothers Joaquín and Antonio Garrigues Díaz-Cañabate, both lawyers, founded J&A Garrigues.

Born in 1899 and a professor of commercial law by the time he turned 29, Joaquín is still regarded today as a true mentor to an entire generation of Spanish corporate/commercial lawyers. Antonio, born in 1904 and widely recognized as a pioneer in raising the international profile of the Spanish legal profession, practiced law before his appointment as Director-General for Registries and the Notarial Profession in 1931. He then went on to serve as Spanish ambassador to the U.S. from 1962 to 1964 and to the Vatican from 1964 to 1972, before becoming Minister of Justice from 1975 to 1976 in the first government following the restoration of the Spanish monarchy.

In the second half of the 20th century, J&A Garrigues played an active role in the Spanish legal community and in all of the country's ongoing reforms, particularly during the transition to democracy, enabling the Firm to gain a privileged position in the legal services market.

The merger with Arthur Andersen, Asesores Legales y Tributarios ("ALT") in 1997 led to the creation of Garrigues & Andersen, which, with a team of 500 professionals, was ranked among Europe's largest law firms. A fixture in the Spanish professional services market since 1960, ALT was acknowledged as Spain's top tax firm, as well as the leader in certain of the fields of law most closely linked with the business world.

With the demise of the Andersen Worldwide network in March 2002, the Firm opted to stand alone and today operates under the name of Garrigues, Abogados y Asesores Tributarios. 2007 marks the 10th anniversary of the merger between the two firms.

The Firm's business entails providing its clients with services of the highest quality, while offering its employees a rich and rewarding professional career, crowned by the prospect of possibly becoming partner one day.

3.1.2 Products and services

The Firm provides legal advice in all fields of business law and, throughout the years, has assisted countless enterprises and public authorities in the pursuit of their activities.

Garrigues' modus operandi is based on specialist groups organized by legal field and by industry. Garrigues has therefore earned a reputation for being a firm with well-established and highly competent practices in the following areas:

- Corporate and Commercial
- M&A
- Securities Markets
- Banking and Finance
- Insurance
- Real Estate
- Planning and Zoning
- Energy
- Telecommunications
- EU and Antitrust
- Tax
- Accounting Law
- Human Capital Services
- Labor Law
- Litigation and Arbitration
- Restructuring and Insolvency work
- Criminal Law
- Intellectual Property
- Information Technology
- Administrative Law
- Environmental
- Maritime and Transportation
- Pharmaceutical and Biotechnology
- Sports & Entertainment

1941	1960	1997	2002
J&A Garrigues	Arthur Andersen Asesores Legales y Tributarios	Garrigues & Andersen Asesores Legales y Tributarios	Garrigues Abogados y Asesores Tributarios

3.1.3 Geographical location: Garrigues network, Affinitas and Taxand

In 2006, Garrigues operated out of a total of 25 offices located throughout Spain: La Coruña, Alicante, Almería, Badajoz, Barcelona, Bilbao, Burgos, Cáceres, Granada, Las Palmas de Gran Canaria, León, Madrid, Málaga, Murcia, Oviedo, Palma de Mallorca, Pamplona, San Sebastián, Santa Cruz de Tenerife, Seville, Valencia, Valladolid, Vigo, Vitoria and Zaragoza. The Firm also has offices further afield, in New York, Lisbon, Oporto, Brussels, Shanghai, Casablanca and Warsaw. Its headquarters are currently at Garrigues' business campus in Madrid (Calle Hermosilla, 3).

AFFINITAS

ALLIANCE PROMOTED BY GARRIGUES

GARRIGUES is also the promoter of Affinitas, a Latin American alliance of the most prestigious law firms in Argentina (Bruchou, Fernández Madero & Lombardi), Brazil (Barbosa, Müssnich & Aragão Advogados), Mexico (Mijares, Angoitia, Cortés y Fuentes S.C.), Chile (Barros & Errázuriz), Colombia (Gómez-Pinzón), and Peru (Miranda & Amado Abogados).

The search for firms with a culture and philosophy of professional rigor and excellence comparable to our own lies at the heart of our commitment to building and spearheading this alliance. Indeed, the member firms' level of commitment is such that a far-reaching agreement has been signed to pave the way for potential integration in the future.

Unlike traditional models based on opening offices, on "best friend" agreements or on diverse professional services networks, Affinitas was created with a new approach in mind: to be able to offer our mutual clients a high-quality, yet, above all, highly-uniform service. Clients thus receive identical legal assistance and advice in any of the different countries in the Alliance seamlessly, as if they were provided by one firm.

2006 saw the first ever Garrigues-Affinitas Awards for Good Corporate Governance in Latin America, set to be held annually as part of the LATIBEX Forum.

PREMIOS
BUEN GOBIERNO CORPORATIVO EN LATINOAMÉRICA
BGCL
MADRID, 16 DE NOVIEMBRE DE 2006

Garrigues is also a member of Taxand, an independent global alliance exclusively dedicated to providing tax services. Created in March 2005, Taxand now boasts 39 member firms across Europe, the Americas and Asia.

In short, our Firm's widespread presence in Spain, coupled with our wealth of international experience in providing tax and legal advice,

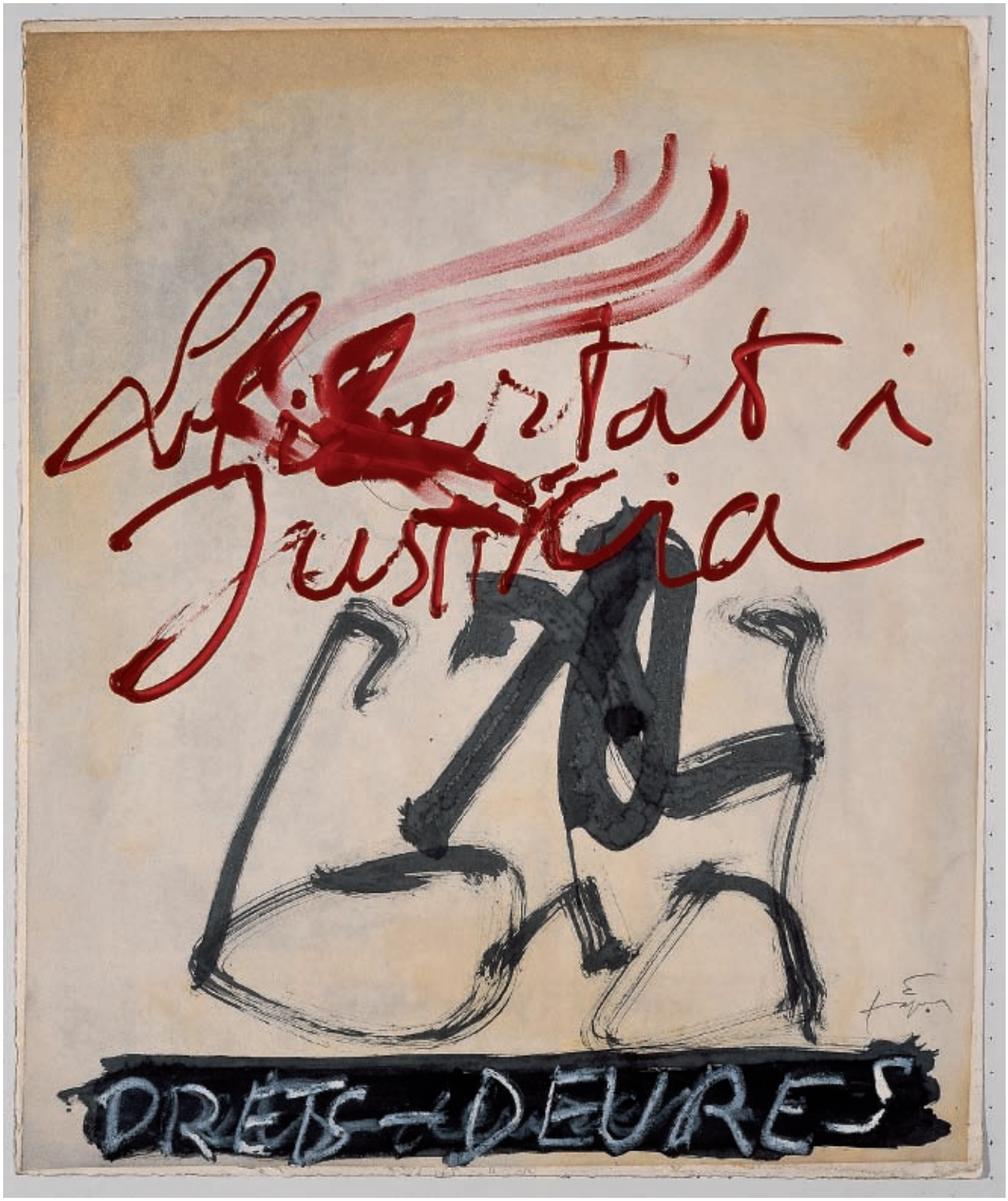
leaves us extremely well-placed to offer our clients an all-embracing specialist service, catering to their local and international operations and needs. Moreover, Garrigues' holistic approach enables us to provide professional services characterized by a global vision of transactions.

While the Firm does not have an express policy in this regard, it is worth mentioning that the Firm's partners, almost without exception, come from the geographical area where they practice.

3.2 Awards and accolades

There follows a summary of the main awards and accolades received by Garrigues in the past three years (2004-2006)

Awards/Accolades	Year	Awarder
• Ranked in tier 1 in eight of the twelve practice areas analyzed: telecommunications, real estate, project finance, private equity, public law, labor and employment, tax, and litigation and arbitration. • Forty of Garrigues' professionals received recommendations in the various practice areas under analysis.	2006	Chambers & Partners *The World´s Leading Lawyers 2006*
• Ranked Leading Firm in Continental Europe, as well as the highest placed of all Spanish firms.	2006	Chambers & Partners - Euro 100 Survey
• Tax Firm of the Year in Spain and Portugal. • Largest number of professionals mentioned in the various areas profiled in the report.	2006	World Tax
• Leading firm in: corporate/commercial law, M&A, litigation and arbitration, labor and employment, environmental law, project finance and tax. • Highly recommended in: banking and finance, securities markets, EU and competition, new technologies and telecommunications, insurance, intellectual property, real estate and shipping.	2006	The European Legal 500 *Law Firms in Europe and the Middle East*
• Leading Firm in Spain for six years running. • Named "Tax Firm of the Year" in Spain. • Award for "Transfer Pricing Firm of the Year" in Spain.	2005 and 2006	International Tax Review
• Leading firm in insolvency and restructuring and in project finance. • Noteworthy performance in the other areas analyzed: M&A, securities markets and banking law. • Several of the Firm's professionals were mentioned in the "leading lawyers" sections. • IFLR Award for "Law Firm of the Year in Spain".	2006	International Financial Law Review (IFLR 1000) *The Guide to The World´s Leading Business Law Firms*
• Leading firm in: corporate, M&A, litigation and arbitration, energy, banking, securities markets, debt markets, financial services, capital markets, information technology and e-commerce, tax, insolvency and business restructuring. • Highly recommended: competition law, real estate, project finance, labor and employee benefits, life sciences, antitrust, media, and private equity. • Recommended in: intellectual property and telecommunications law.	2006	Practical Law Company (PLC) *PLC Which Lawyer*
• Rated best firm to work for in Spain in 2004. • Top of the rankings for companies in the training category in 2005.	2004 and 2005	Actualidad Económica
• "2004 Renowned Brand" (the first Spanish law firm to receive this award). • Special mention as "a Spanish brand in which you can always trust".	2004	The Brand Council in Spain



4 Governance, commitments and management systems

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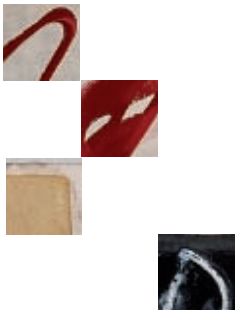


4.1 Our core values

Quality service: client satisfaction

At Garrigues, we see each engagement or assignment as a challenge to exceed client expectations. Consequently, we view excellence from two angles:

- As services of the utmost quality, based on sound expertise, extensive experience, and stringent control of the services provided and of the procedures we follow in performing our work.

- As the satisfaction of our clients, with whom we seek to forge a relationship built on trust and mutual understanding. Our professionals consider that the key is listening to clients, gaining a deep insight into their business, understanding their needs and proposing suitable, tailor-made solutions. In short, to meet our commitments to them at all times.

Ethical conduct: premise and commitment

Our business conduct, and the guidelines in this area followed by each and every one of our professionals, are based on strict ethical principles that go above and beyond the legal profession's code of ethics. It is our belief that only in this way can an organization such as ours continue to grow and build on its position in the future, as it has done until now.

Integral advisory services as the best solution for clients

Both our professional team -the largest and most multidisciplinary of its kind in Spain- and the Firm's office network -the most extensive in the country- mean we can offer our clients a perfectly coordinated integral advisory service, whatever the case or circumstances, and for all business-related tax and legal matters.

Furthermore, where clients so require, our independent status allows us to work in tandem with other law firms, auditors, accountants, investment banks, financial institutions and other professional advisers.

A commitment to our professionals

All Garrigues professionals recognize the Firm's value as a collective institution.

In practice, this signifies and requires Garrigues' personnel to be unselfish in sharing their professional knowledge and experience with their fellow colleagues, and to avoid competing with each other, at all times placing the interests of all ahead of their own personal interests or those of the group to which they belong.

In turn, from the standpoint of the Firm, the essence of the commitment to its professionals involves:

a) Offering both present and future generations the resources and the opportunities necessary to allow them to pursue a rich and rewarding career at the Firm, as well as the chance to reach the position of partner.

b) Establishing suitable channels of communication as a means to facilitate constant access to training, good relations with colleagues, and the ongoing, fair and balanced evaluation of the merits of all the Firm's professionals.

Garrigues' firm commitment to its professionals is one of its defining characteristics and a hallmark of the Firm's culture.

In this regard, the Firm exists and pursues its activities with the intention of still being there in the years to come. With this in mind, each and every one of the partners is conscious of their duty and commitment to safeguard and build on the legacy handed down by previous generations, so that they too can pass it on -enriched and improved- to their successors.

In short, Garrigues is not conceived as the exclusive preserve of a chosen few (those who work at the Firm or are partners at any given time), nor is it merely a transient entity, but rather it is a firm with its sights trained permanently on the future and, as such, a firm open to and focused on new generations of professionals.

A solid business approach and professional renown: foundations for sustained growth

Having achieved sustained, lasting growth in recent years and built up a formidable client portfolio, Garrigues is today much more than just a large law firm. Based on our unique organizational model and backed by one of the most widely recognized and prestigious brands in the international legal community, our competent professional and business approach has placed us in a commanding position.

4.2 Governance mechanisms and bodies

4.2.1 Governance and management structure and bodies

Formed as a multidisciplinary limited liability company providing tax and legal advisory services, J&A Garrigues, S.L. belongs to the partners who practice at the Firm. Their stake in the Firm does, however, carry with it certain ancillary obligations as regards their professional practice at Garrigues.

Partners' compensation depends on their level of professional experience, as well as their contribution to the sound running of the Firm. All of Garrigues' partners form part of the Partners' Meeting, which appoints the members of the Firm's managing body every 4 years. The managing body currently takes the form of two Managing Partners.

The Managing Partners are the joint directors of the Firm, and are obliged to account for their work to the Partners' Meeting at least once a year. They are supported in their work by the bodies provided for in the Firm's Bylaws, namely, the Board of Managing Partners and the Professional Standards and Ethics Committee.

Apart from the Firms' Managing Partners themselves, the Executive Board also comprises the Firm's various Offices Director Partners and the partners in charge of the main Departments. The Board is tasked with advising the Managing Partners on any matters it may see fit, or on any of the matters envisaged in the Bylaws.

Coordinated by the partner in charge of Professional Practice, the Professional Standards and Ethics Committee is in charge of ensuring strict compliance with professional and ethical rules and standards, as well as drawing up as many additional professional standards or guidelines as may be required to bring the Firm into line with the ever-changing regulatory environment, and to make it possible for our people to conduct themselves professionally at all times.

The Managing Partners are further supported by other committees, each of which is assigned functions specific to its particular remit, i.e., the Strategy, International, Human Resources, Appointments, Institutional Relations, and Publications Committees.

Garrigues also has an Internal Control and Analysis Committee, entrusted with the anti-money laundering functions established for bodies of this kind in current legislation.

4.2.2 Ethical and professional standards

The Professional Standards and Ethics Committee has drawn up a Code of Professional Conduct, the most noteworthy core values of which are: a commitment to client service, a commitment to quality, a commitment to the Firm and its professionals, and a commitment to ethical conduct.

All of the Firm's professionals are duty bound to uphold these values and to put them into practice in their day-to-day work. In practice, these values are further supplemented by ethical standards and principles which are necessary not only as regards the duty to defend and serve the client's interests, but also to protect the interests of the Firm and its employees, as well as those of society at large. Among the fundamental ethical principles

applicable to Garrigues and included in its Code of Professional Conduct are: integrity, loyalty, independence, dignity, respect and the duty of professional secrecy. Informed by the principles of good governance, the Code of Professional Conduct and the internal procedures developed for such purpose set forth the rules to safeguard against practices such as money laundering or the misuse of information for personal purposes.

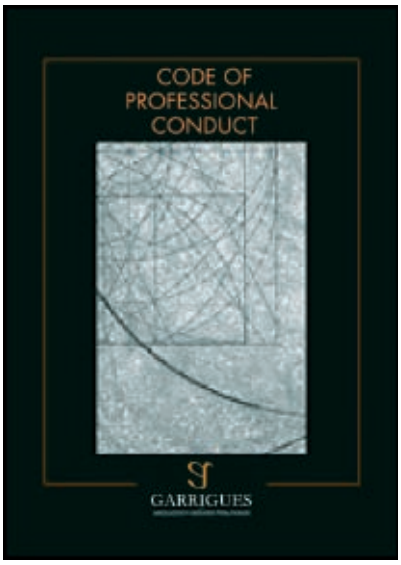
The documents available to the Firm's professionals and posted on the Intranet include the following:

- Garrigues' Code of Professional Conduct
- General Charter governing the Legal Profession
- The Codes of Ethics for the Spanish and European Legal Professions
- Professional Charter governing Economists
- The Code of Ethics for Economists
- Garrigues' internal procedures and bodies on the prevention of money laundering, the prevention and blocking of financing for terrorism, checks for and the resolution of conflicts of interest, etc.
- Circulars from the Professional Standards and Ethics Committee

Rigorous, strict compliance with the Ethical Standards and Bylaw Rules that govern our professional practice is an absolute requirement for working at Garrigues and it must be said that not a single case of corruption has ever occurred or been detected inside the Firm.

Garrigues' partners are required to fill in a form each year to formally and expressly confirm and declare their compliance with such standards and rules and with the policies on investment set forth in the Firm's Bylaws.

Moreover, with a view to ensuring compliance with such standards and rules, regular training is given at all professional levels. All employees have the chance to ask questions or make suggestions or give feedback on internal procedures by e-mail. New initiatives in 2006 included the translation of the Firm's Code of Professional Conduct into Portuguese for circulation among personnel from other offices.



Through all these measures, Garrigues ensures that the applicable professional and ethical rules and regulations are strictly adhered to. On occasion, this has led the Firm to refuse to act for major clients or in certain high-profile cases so as to safeguard the strict application of, and compliance with, such rules and regulations. To date, Garrigues has not been fined or brought to book in this connection.

4.3 How we view CSR

The Firm places particular importance on the creation of value for future generations, through sustained growth of our local and international office network, the creation of safe environments for community development, and the active promotion of the efficient use of resources both within and outside the Firm.

Here at Garrigues, we are aware that what we do has not only an economic, but also a social and environmental impact. This is why the Firm has taken the decision to include the analysis of risks and opportunities potentially flowing from its operations into its business model.

Garrigues takes a long-term view of all these factors, as it can thereby generate greater added value and be more competitive. This approach means that we are able not only to safeguard our own personal interests, but also those of our stakeholders, such as clients, suppliers, employees, etc. From where we stand, a sustainable firm is one that creates economic,

social and environmental value, thus playing its part in improving the welfare and furthering the progress of present and future generations, not only in the short term, but also, and as the overriding objective, in the long term.

The source of our pride lies not so much in our impressive figures, but rather in having achieved an enormously robust business model and internal organization of work, allowing us to create wealth and added value for a whole variety of stakeholders. Garrigues thus generates direct value both in tangible ways, such as the wealth created by our business, and in intangible ways, such as the reputation, transparency and intellectual capital showed by our multidisciplinary team. The Firm also generates wealth indirectly, by contributing to a stable and ethical economy and political system, combating corruption and fraud, and advancing the cause of an innovative and just legal system for all sectors of society.

In meeting its social and environmental commitments, Garrigues maintains open channels of communication with its stakeholders (see section 4.4), so as to be able to understand the expectations they have of our professional practice. With this aim, as can be seen in the following chart, an analysis has been made of Garrigues' stakeholders, as well as of the goals to be set for each of them. This information has served as the starting point for this Report, taking into account the three main pillars of corporate social responsibility, namely, economic, social and environmental responsibility.

As a direct outcome of such concerns, Garrigues has dedicated considerable efforts to following through on its commitments, signing up to the UN Global Compact in March 2002 as a means of promoting the application of ten principles in the areas of human rights, labor standards and environmental protection, within both its own sphere of influence and that of the stakeholders who have dealings with the Firm.

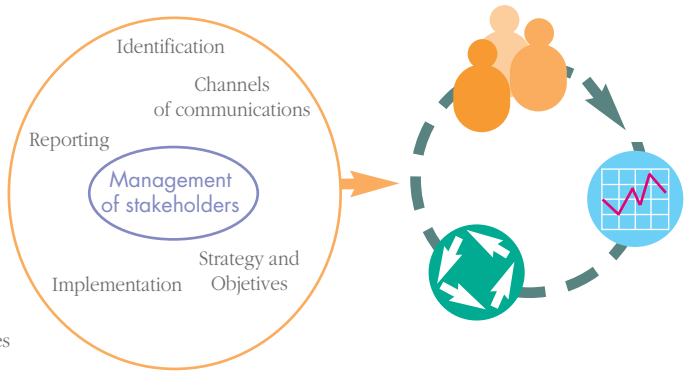
The stance taken by the Firm on CSR has led to the identification of the following general goals, which are further developed on throughout this Report:

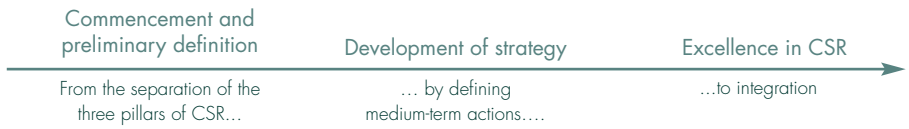
- To maintain our commanding position as the largest tax and legal services provider in Continental Europe and to consolidate the Affinitas alliance as the largest Latin American network of tax and legal advisers worldwide.
- To continue to grow the Firm in terms of both billings and number of employees and offices.
- To provide the new generations of professionals with the resources and the opportunities necessary to reach the position of partner, as the case may be.
- To work towards striking a better work/life balance for all of our people in a bid to enhance their quality of life.
- To continue developing Garrigues' business campus in Madrid, with the inauguration of the third building on the campus.

Economic
- Business ethics
- Generation of profit
- Compliance
- Good governance
- Transparency of information

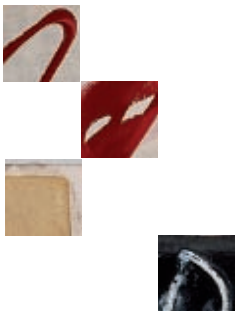
Social
- Respect for human rights
- Labor practices and ethics in the workplace
- Relations with stakeholders
- Ethical responsibility for our services

Environmental
- Compliance
- Strategic planning and policies
- Environmental monitoring
- Anticipation of trends
- Communication and transparency





THE GLOBAL COMPACT



- To give further impetus to the activities of The Garrigues Foundation in order to promote new fields of research, such as bioethics and the information society, as well as to implement community outreach initiatives through the Foundation.

- To encourage a continuous exchange of views with all of our stakeholders, looking in particular to engage them in the preparation of future CSR reports.

- To start up a Postgraduate Course in Business Law, designed by Centro de Estudios Garrigues and Harvard University, for the benefit of all our new hires.

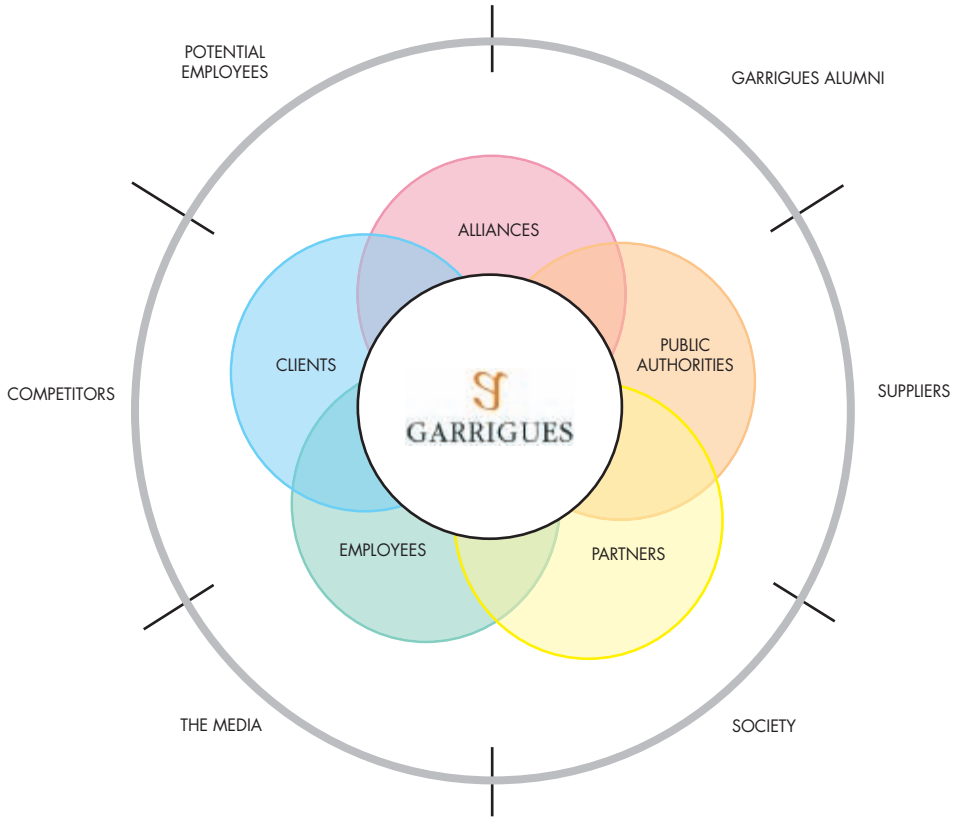
- To take into account social and environmental concerns in dealings and transactions with our suppliers and others.

4.4 Our commitments to our stakeholders

At Garrigues, we are conscious that the impact of our activity is not confined merely to our clients: our actions and the practice of our profession have consequences for other sectors of society.

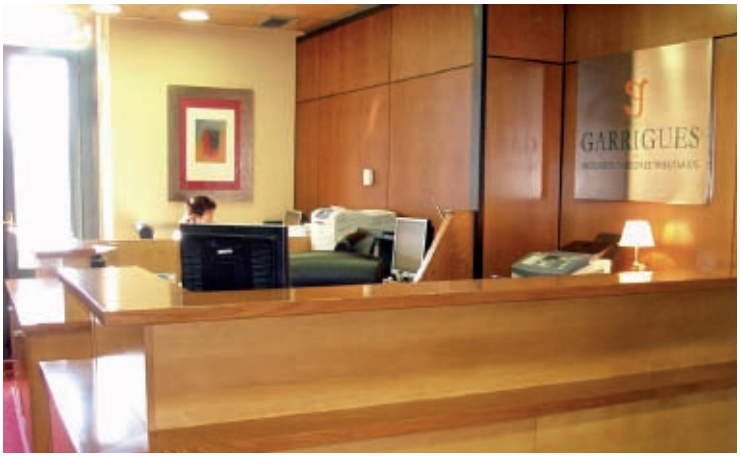
With this in mind, the Firm has identified its stakeholders and assessed how they are affected by our professional practice. For each of these groups, the Firm aims to act in the interests of their social welfare and improve the channels of communication, thus enabling us to understand their needs at all times and meet them as best we can.

Given the range of industries and the overall environment in which we operate, Garrigues has identified several groups of stakeholders over which it exerts varying degrees of influence. Appropriate channels of communication have been established for each of the groups on the below diagram to enable the Firm to keep in constant contact with them, and regularly assess the impact of our activities on them, with a view to engaging them all.



Garrigues stakeholders

Groups	Sub - groups	Main channels of communication between Garrigues and its stakeholderss	Objectives
Partners	• Chairman • Managing Partners • Partners	• CSR Report • Partners' Meeting • Direct communication with all of the Firm's offices and departments • Information for partners on the Garrigues Intranet • E-mails from Managing Partners with information of interest to partners • Financial statements and strategic plans • Daily roundup of press features and news items on the Firm • Regular e-newsletters on the Firm's various practice areas • Training	To strengthen internal cohesion in order to enhance an integral service for clients, to transfer knowledge and to avoid conflicts of interest. To act ethically and with integrity at all times in their work. To ensure that the work is done by the optimum team of professionals, to make it possible to provide an excellent client service and offer cutting-edge services of the highest quality.
Employees	• Associates • Senior lawyers • Junior lawyers • Administration and support personnel	• CSR Report • Direct communication with managing and governing bodies and with the partners • Intranet site (news, forums, databases, information, etc.) • Inter-Nos weekly e-newsletter • Daily roundup of press features and news items on the Firm • Regular e-newsletters on the Firm's various practice areas • Garrigues Style Manual • Regular internal progress meetings on fulfillment of objectives • Half-yearly employee performance evaluations • Offsite seminars and conferences • Escuela Garrigues for the various professional categories • Corporate fun days • Meetings with workers' representatives • Training	To pursue a promising professional career, ongoing training and a better work-life balance. To act ethically and with integrity at all times in their work.



Garrigues stakeholders

Groups	Sub - groups	Main channels of communication between Garrigues and its stakeholderss	Objectives
Clients	• Private enterprises • Public authorities • Foundations and organizations • Industry associations • Individuals	• CSR Report • Direct communication with the Firm's partners and personnel • Newsletters updates and alerts on the latest legislative developments and breaking news of interest to our clients • Training courses tailored to our clients' needs • Seminars and working breakfasts on current issues, hosted by the Firm's professionals • Dealsight, the online communication tool • Connect, the online communication tool • Client satisfaction questionnaire • Awards granted by the Firm	To achieve excellence in our services, to be in constant communication with clients, understanding their needs and exceeding their expectations of Garrigues.
Alliances	• Affinitas • Taxand • Membership of over 90 associations, professional groupings and the like, at local and international level, in the public and private sectors	• CSR Report • Direct communication and constant exchange of information • Executive committees • Reports on the activities of associations • Online communication via specific association websites • Intranet-based forums	To improve the services provided to our clients by taking part in and working alongside institutions that help enhance our work capabilities.
Public Authorities	• Local, regional government, central government and international institutions and organizations	• CSR Report • Direct cooperation to implement new legislation and advise on the application of legislation in force • Participation in work groups with the public authorities	To efficiently meet all of the Firm's commitments to public authorities and cooperate on all matters on which Garrigues can add value to institutional activities, without engaging in lobbying.
Society	• People from the personal circles of our employees • Society's more disadvantaged groups • NGOs • Other professional circles • Other social groups	• CSR Report • HR Department • Marketing and Communication Department • The Garrigues Foundation • Centro de Estudios Garrigues • The Garrigues Chair • Website • Garrigues mailbox • Participation in trade fairs, seminars and conferences, etc. • Press features and other publications • The Garrigues Collection • The Garrigues Style Manual • Awards organized by the Firm • Leisure activities for employees' families	To do our work with the utmost respect for the social and environmental aspects of our surroundings, promoting good practices in all our work and contributing towards the sustainable development of the Spanish economy.

Garrigues stakeholders

Groups	Sub - groups	Main channels of communication between Garrigues and its stakeholderss	Objectives
Competitors	• Other law firms or competitors from other industries in which Garrigues operates	• CSR Report • Direct communication through the Firm's personnel • Professional associations • Participation in legal seminars • Participation in work groups, industry associations, etc.	Professional ethics and fair trading.
Garrigues Alumni	• Former Garrigues employees	• CSR Report • Annual meeting of Garrigues alumni • Alumni website • Direct communication through the Firm's personnel • Participation in technical seminars organized by the Firm • Regular communications on relevant Garrigues issues	To keep in touch as closely and as regularly as possible with Garrigues alumni, ensuring their continued progress and achievement outside the Firm.
Potential employees	• People interested in forming part of our professional team	• CSR Report • HR Department • Garrigues website: Garrigues mailbox and online CV application form • Participation in university employment forums and milk rounds, master's degrees, business schools, etc. • Collaboration as teaching staff at universities and on master's degree courses and other training programs • Internships • Open days at our offices	To implement an equal-opportunity transparent recruitment process with objective requirements and open to society as a whole.
Suppliers	• Suppliers of office material, food, etc. • Cleaning services • Courier services • Security services	• CSR Report • Permanent contact via general, logistics and infrastructure services • Regular meetings with suppliers • Regular evaluation of suppliers	To enhance the loyalty of our suppliers and seek long-term collaboration agreements.

Garrigues stakeholders

Groups	Sub - groups	Main channels of communication between Garrigues and its stakeholderss	Objectives
The Media	• Press, reviews and journals, and other publications, television, radio and Internet	• CSR Report • Internet • Marketing and Communications Department • Regular contributions of articles for press, reviews, journals, and other publications • Television, radio and press interviews • Press conferences to present new services	To present rigorously accurate and true information on the Firm and to contribute articles on the Firm's practice areas.

5 Our economic commitment

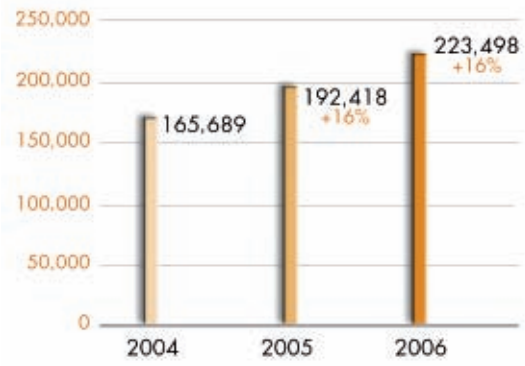
5 Our economic commitment

5.1 Main financial aggregates

With revenues topping €223 million in 2006, Garrigues remains in its currently commanding position as one of Continental Europe's foremost tax and legal advisory services providers. The financial value generated by Garrigues has continued to grow, with the past two years seeing a year-on-year increase of over 16%.

There follows a breakdown of the Firm's main financial aggregates per the consolidated financial statements of J&A Garrigues S.L. and its subsidiaries for the last three years.

Development in generated economic value (€ thousand)



(€ thousand)	2004	2005	2006
Direct economic value generated	**165,689**	**192,418**	**223,498**
a) Revenues	**165,689**	**192,418**	**223,498**
Net revenues	168,029	188,490	209,718
Variation in inventories	-2,579	2,349	13,005
Other operating revenues	139	16	701
Financial revenues	98	163	74
Extraordinary revenues	2	1,400	0
Economic value distributed	**165,387**	**192,176**	**222,987**
b) Operating Costs	**46,387**	**56,914**	**67,020**
Depreciation and amortization expense	2,374	2,826	3,642
Variation in working capital provisions	28	2,808	7,206
Outside services	43,651	49,944	55,048
Amortization of goodwill	121	121	121
Extraordinary expenses	213	1,215	1,003
c) Employee and professional expenses	**107,470**	**122,700**	**141,203**
d) Payments to capital providers	**1,516**	**1,132**	**1,687**
e) Payments to public authorities	**9,878**	**11,274**	**12,898**
f) Donations and other community investments	**136**	**156**	**179**
Economic value not distributed	**302**	**242**	**511**

Caption e) of the above table ("payments to public authorities") includes social security payments (employer contributions), and payments of corporate income tax and of the tax on economic activities. The caption does not cover other social security payments in respect of employee contributions, which totaled €6,683,348 in the last three years and which are included in caption c) of the table.

Furthermore, Garrigues has made other payments to public authorities (in respect of personal income tax withholdings on the compensation paid to partners and employees) as well as for VAT (on the services provided by the Firm and its partners), per the following breakdown for the last three years:

(€ thousand)	2004	2005	2006
Personal income tax of employees and professionals*	19,289	20,960	25,580
VAT relating to the Firm and to its partners	18,942	20,556	23,011

** Personal income tax data are for calendar years.*

In 2006, as a result of its training work, the Firm received €128,095 in aid from FORCEM (the Foundation for Ongoing Training), and corporate income tax credits (for investments, R&D&I activities, exports, etc.) were also taken.

5.2 The client: our commitment from the outset

Garrigues is a professional services firm that provides tax and legal advisory services and, as such, has in place exhaustive quality control systems.

In addition, the Firm keeps open various channels of communication with clients, at all times in strict compliance with the legislation in force on confidentiality and disclosure. Accordingly, to date, the Firm has not been the subject of any complaint or claim in this regard. The Firm's website has a regularly updated client-specific area in which clients can consult news, the latest legislative developments, professional publications and other matters.

Furthermore, the Garrigues Extranet boasts cutting-edge technological tools such as Connect and Dealsight, which allow workspaces and libraries to be shared with clients.

At all times, we strive and give our wholehearted commitment to assisting our clients with their transactions in the most suitable manner from a tax and legal standpoint. A specific engagement team is assembled under the management of one partner to match the specific needs of each client and the scope of each case. Our experience over the years has taught us that by taking this approach, we can offer advisory services of a highly practical and pragmatic nature, designed to anticipate events and tailored to each client's needs, taking into account the legal specialties required to resolve each matter on a case-by-case basis.

The Firm also has a partner in charge of Professional Practice, tasked with handling any claims, complaints or suggestions from clients. It is worth noting here that the Firm has yet to receive any client claims or complaints resulting in a fine or penalty for Garrigues.

Furthermore, the Firm regularly monitors and measures (through personal interviews and surveys) levels of client satisfaction. The outcome of such measurement and monitoring is subsequently discussed with the Firm's partners and other professionals.

5.3 Our suppliers

Garrigues' suppliers are mostly enterprises that supply office materials and, in certain cases, provide outsourcing services. Given the characteristics of the Firm, our suppliers are highly skilled in their specialist fields, and we give preference to enterprises that hold quality and environmental certifications (UNE-EN ISO 9001:2000 and UNE-EN ISO 14001). Quality of product or service and price are other factors borne in mind when engaging suppliers.

While Garrigues has no fixed policy on hiring local suppliers, it can be confirmed that, wherever possible, we give priority to engaging local suppliers. Most of the Firm's suppliers are Spanish.

6 Our commitment to society

6 Our commitment to society

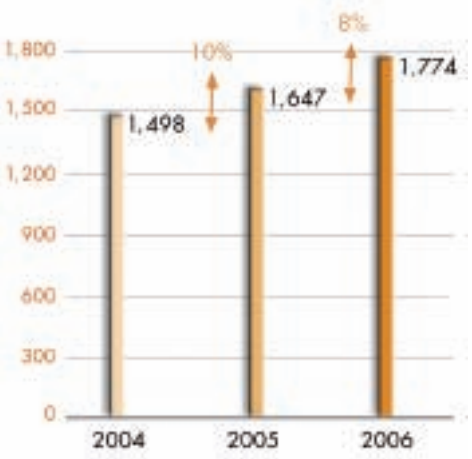
6.1 Our people: our main asset

6.1.1 Our personnel

Managing our people and ensuring we have the optimum human resources policies are a top priority for Garrigues. As a professional services firm in a fiercely competitive market, we are convinced that our human capital is our greatest asset.

Our human resources policy is managed and generally coordinated by the Human Resources (HR) Committee, comprising representatives from the Firm's various practice areas and members of the HR Department. The HR Committee is charged with drafting, analyzing and discussing HR proposals, which are subsequently submitted to the Executive Board for approval and then implemented by the HR Department.

Headcount by year



The Firm's total headcount has risen progressively in recent years, reaching 1,774 workers in 2006. Line personnel numbers at our offices abroad have also grown since 2004 (21 professionals in 2006).

Our basic HR structure sorts all personnel into the various professional and functional categories set forth below and listed in greater detail in section 6.1.2. All professional categories have experienced an increase in headcount in recent years and this trend looks set to continue in the future.

Headcount by category

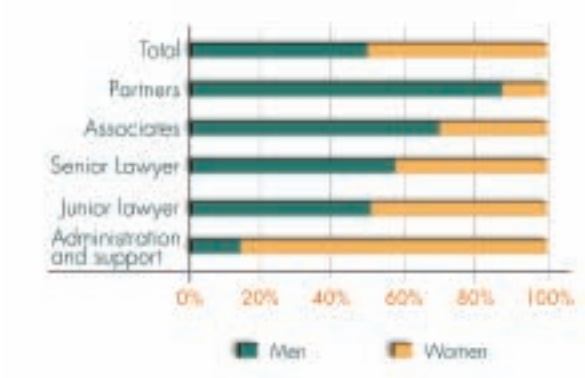
	2004	2005	2006	Age
Partners	145	166	188	34 to 62
Associates	308	352	373	Approx. 29 and over
Senior Lawyers	286	293	294	Approx. 26 and over
Junior Lawyers	426	486	518	Approx. 23 and over
Admin. and Support	333	350	401	18 to 65
TOTAL	1,498	1,647	1,774	

Headcount by region

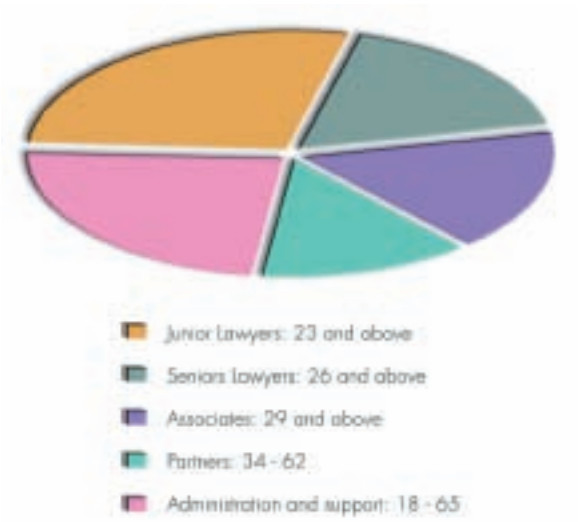
	2004	2005	2006
Spain	1,492	1,637	1,753
Abroad	6	10	21

Breakdown of personnel by category

Breakdown of personnel by category and gender



Breakdown of personnel by age and gender



Personnel at Garrigues are employed on a predominantly full time basis, except for cases where the Firm's HR policies reflect or even improve on the possibilities for flexible working arrangements in the various situations provided for in labor legislation. For some years now, Garrigues has also had in place a variety of measures designed to strike a better work-life balance, such as additional rest days at Christmas and Easter, or an intensive working schedule on Fridays (thus allowing employees the afternoon off).

In line with current legislation, our Firm offers permanent employment to all new hires. Our employees are registered under the General Social Security Program as soon as they join the Firm. We currently use indefinite-term contracts from the outset and the Firm does not hire temporary employees. By offering permanent employment to everyone who joins Garrigues, we wish to give them the opportunity to build a successful professional career at our Firm.

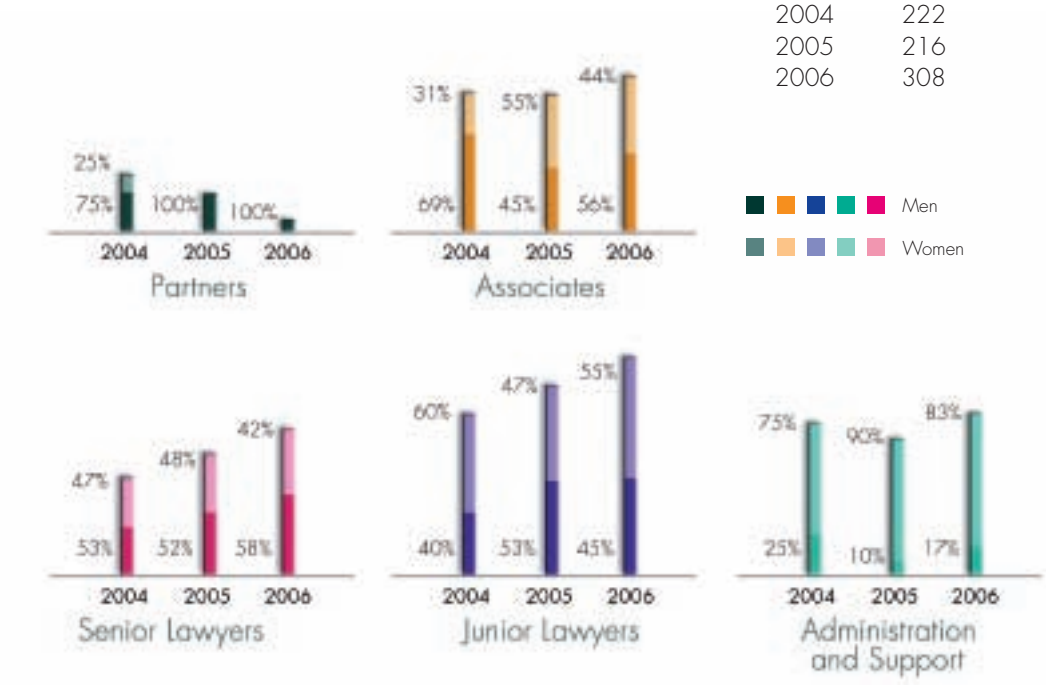
In spite of the stability and long-term prospects on offer to our professionals, at a certain time in their professional lives, some of them decide to seek new challenges outside Garrigues, as they are highly coveted in the marketplace. In such cases, no obstacles to leaving the Firm are placed in their way and every effort is made to maintain as close a relationship as possible with the Firm once they leave. Keeping in regular contact with Garrigues alumni is clearly one of our vital objectives.

As part of our HR management policy, we seek to gain first-hand knowledge of the concerns and reasons that lead employees to make the decision to leave our organization. Only then are we able to identify the areas for improvement and attempt to find a solution. It is a source of considerable satisfaction for our Firm that, in virtually all cases, the reasons for leaving are purely professional. Our people take with them a strong sense of pride in belonging to the Firm and keep in regular touch with their ex-colleagues. Moreover, they take part in events specifically organized for former Garrigues members.

6 Our commitment to society

There follows a breakdown of the personnel turnover figures for recent years by category and gender:

Employee turnover by category and gender



Total personnel turnover

2004	222
2005	216
2006	308

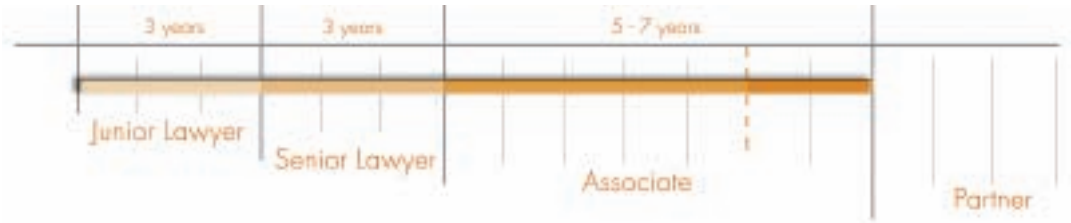
6.1.2 Professional development

From the very moment they join the Firm, all Garrigues employees are aware that a highly attractive professional career with outstanding prospects for personal and professional growth awaits them. General information on this subject can be found on the Firm's website at http://www.garrigues.com. Garrigues has a career plan divided into clearly identified professional categories, including the estimated average time spent in each, as can be seen in the following diagram.

There are two particularly significant milestones along this career path: first, promotion to the category of associate, marking widespread public recognition of a job well done during the initial years of their career and, second, promotion to partner.

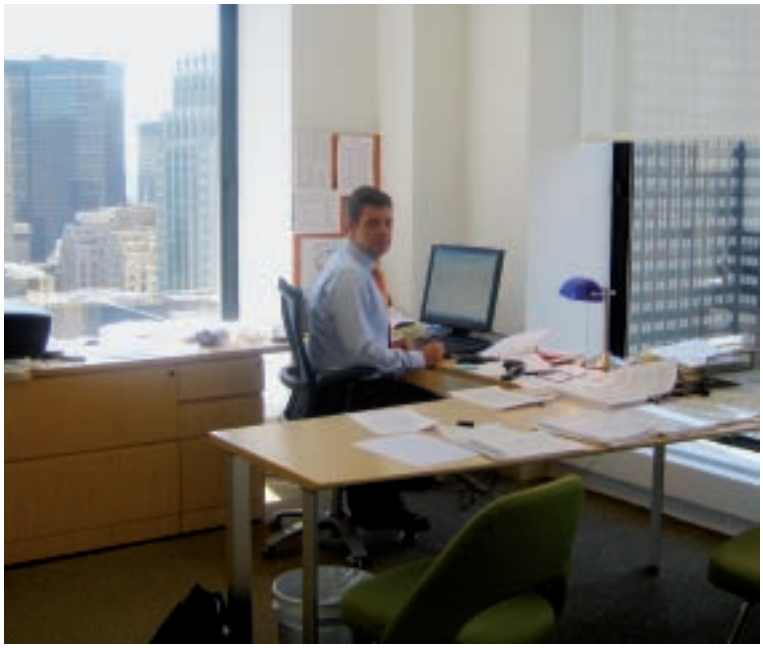
In any event, as explained earlier in greater detail, Garrigues remains committed to ensuring that new generations of professionals have access to all necessary resources and suitable opportunities allowing them to pursue a rich and rewarding career at our Firm and, where appropriate, the chance to eventually become a partner.

Professional career path



Years of professional career

Throughout their time at the Firm, all professionals undergo six-monthly evaluations, both written and in the form of face-to-face interviews with their line manager. The performance of each individual is analyzed, and they are offered guidance on their career and are given personal and professional encouragement. In turn, their feedback is obtained and assessed. The evaluations then serve as the basis for shaping and defining the individual's professional career path, promotion prospects and compensation.



Promotion to partner level is a milestone to which great value and prestige is attached, both within the Firm and outside, in the market where the professional works. Promotion by no means marks the end of a professional's career. Indeed, nothing could be further from the truth. It represents the beginning of a stage of professional maturity, in which the technical expertise amassed is placed at the service of clients, the market in general, and engagement teams, through training and the passing on of know-how.

At Garrigues, we take the view that partner promotions should be a process of the utmost objectivity and fairness. With this aim in mind, an Appointments Committee has been set up to monitor professionals' performance after a certain degree of experience has been gained, with a view to identifying the profile of potential candidates and the extent to which they fulfill the requirements to be a partner. In order to ensure as broad as possible a range of opinions when analyzing potential candidates, in an objective and democratic election process, the Committee draws on members from all areas of the Firm. The final decision on each promotion rests with the Partners' Meeting, guided by the analysis and recommendations of the Committee on the performance and merits of potential candidates.

There are also specific career and professional promotion plans in place for individuals working in internal departments or support services for the legal and advisory practice areas.

Our people enjoy equal opportunities wherever they work, and there has not been one single case of discrimination on any grounds (sex, race, religion, origin, or otherwise) at the Firm. Thus, the opportunities for professional development are based on the strictly objective criteria of merit and professional ability, and no distinction is made as regards compensation for any reason other than professional considerations. As proof, it is worth pointing out that, in recent years, a very substantial number of women have been promoted to associate or partner category. Similarly, an equal number of men and women are taken on as new hires, with absolute equality of treatment and conditions.

Garrigues' selection process is exhaustive and rigorous. The Firm is looking for candidates who not only have an excellent academic record, but also possess excellent technical and personal skills oriented to the excellence of service to clients. To this end, it runs a highly ambitious program of tests and personal interviews in which a large number of candidates take part. The Firm is also an active participant in events organized by Spanish and foreign universities and training institutions, as well as employment forums and presentations. Garrigues sets great store by this process and dedicates its resources accordingly, with a view to attracting and recruiting the finest professionals.

6.1.3 Training

Garrigues makes a range of resources available to its employees to help them acquire the know-how and skills required to perform to a high standard and provide a quality service, including on-site and online training, residential courses, seminars and numerous knowledge-sharing tools.

The training on offer encompasses all of the Firm's competency areas. In most cases, training is managed and provided internally by the partners and associates, taking advantage of their vast experience both as practitioners and, in many cases, as academics. On other occasions, we work with a variety of external specialist training service providers.

The training process is structured as follows:

- ***Initial training cycle***: on-site training given to new hires, totalling 160 hours and divided into various units.

  Work is currently under way with Centro de Estudios Garrigues, in association with Harvard University, on the preparation of a Postgraduate Course in Business Law for our new hires. Set to begin in September 2007, the aim of the course is to ensure that our professionals have 290 hours of specialist classroom-based training under their belts after the first two years of their professional career at the Firm.

- ***Specific training for each group or specialty***: refresher training courses for all of the Garrigues practice areas in order to keep constantly abreast of the latest developments, as well as to enhance our professionals' technical ability to identify risks and opportunities in each particular area.

- ***Technical training:*** sessions aimed at raising awareness of the latest new developments in legislation, recent court decisions, and sharing practical experience, etc.

- ***Escuelas Garrigues:*** 3 or 4-day residential courses on both technical subjects and on inter-personal skills and fostering good relations between professionals from different offices and countries. The average course attendance is 70 people.

- ***Training in ethics and in good professional practice***: periodic training sessions given at all professional levels, with the aim of ensuring compliance with the Firm's ethical and professional standards.

- ***Language training:*** considerable efforts are made to organize one-to-one or group language training courses. Generally speaking, free language training in English, French and German is offered to all of our employees. Spanish classes are also provided to professionals at our foreign offices.

- ***Personal skills training:*** training sessions aimed at developing a range of abilities, skills and aptitudes to supplement technical training, both at a personal and management level (teamwork, leadership, time management, negotiating skills, etc.). These courses are usually offered by external service providers.

- ***Technology training:*** training courses for all practice areas and offices with a view to ensuring that across the Firm there is a proper level of skill in using Firm technology (which aims at all times to be the most cutting-edge and advanced technology available on the market).

- ***Knowledge management training:*** in-depth training courses on the Firm's Intranet and legal databases, thus enabling personnel to use and take maximum advantage of the Firm's resources and tools.

We evaluate and measure the efficacy of all of our training initiatives by using questionnaires to obtain feedback on satisfaction with courses.

Each year sees an ever greater amount of time spent on training our personnel, as can be seen from the hours of training by professional category in the table below. In 2006, the time spent on personnel training was up 10% on the previous year and up 29% on 2004. Note that the training hours reflected in the table relate to the Firm's general training programs. Moreover, a very substantial amount of time is spent on further training in the various practice areas (technical meetings, meetings on the latest

legislative developments, etc.), although it was not possible to quantify the exact number of hours devoted to this type of training.

Training hours by person and professional category

	2004	2005	2006
Junior Lawyers	200	220	230
Senior Lawyers	100	130	150
Associates	80	100	110
Administrative Personnel	55	60	70

We also encourage organizational learning and the sharing of knowledge and experience though the numerous channels of communication available to facilitate this process: sharing "best practices", promoting the use of new technologies in the delivery of courses (videoconferences, DVD recordings, etc); updating our Intranet on a daily basis with numerous databases on legislation, case law, breaking news, academic articles, etc. and, crucially, developing and promoting on-the-job training and teamwork skills, the last of which lies at the heart of Garrigues' philosophy (which is why the onus is on the most seasoned professionals with the highest standing in the market to train their more junior colleagues by delegating and supervising matters).

Apart from our in-house training, Garrigues also finances up to 100% of the cost of outside training requested by employees in areas related to the Firm's business, even where courses take place outside the Firm.

Lastly, with a view to furthering the professional skills of our administrative personnel, the Firm offers a program of grants for official, university or other studies in areas related to the Firm's business, as well as a program (open to all personnel) of grants for language training courses abroad.

6.1.4 Labor relations and union representation

With respect to contractual and working conditions, it is worth noting that our Firm generally offers indefinite-term employment and registers new hires under the General Social Security Program. This has been standard practice at Garrigues from the outset, in marked contrast to other law firms until the recent legislative amendment in this regard (Royal Decree 1331/2006, of November 17, 2006, regulating the special labor relationship of lawyers working at law firms, whether taking the form of sole practitioners or partnerships). With respect to its entire workforce, Garrigues observes the applicable legislation and collective labor agreements in all of the geographical areas in which it operates.

Moreover, Garrigues fully applies the legislation in force on labor rights, meaning that it respects its workers' freedom of association and right to join a union. In this connection, there have been no contingencies affecting workers' freedom of association or their right to elect representatives at Garrigues.

Lastly, attention should be drawn to the fact that Garrigues has not imposed any material modifications to working conditions, including a change in location for any of its personnel. Accordingly, it has not been necessary to apply the provisions of Article 40 or 41 of the Workers' Statute as regards the requirement to serve prior notice or to provide justification for any measures introduced. Any occasional changes arising in the future will be analyzed on a case-by-case basis in order to avoid or minimize any adverse consequences for employees, while observing the procedures established in labor legislation.

6.1.5 Employee welfare benefits

For some years now, the Firm has operated compensation policies aimed at meeting the needs and demands of all of our professionals. We have therefore gone beyond the traditional approach to compensation, and focused on a new and more comprehensive approach known internally as the "compensation package." This package consists of the following items:

Garrigues compensation package

- Professional career
- Belonging to a top-tier firm
- Competitive contractual terms and conditions
- Excellent working atmosphere
- Fixed and variable compensation
- Flexible compensation
- Training
- International secondments
- Other welfare benefits (health, life and accident insurance)

We believe that the salary-based compensation on offer meets the demands of our professionals at each level of experience and is, without doubt, well above the market average. The compensation of all of our professionals is reviewed on an annual basis, and very substantial pay raises are offered as they progress along their professional career path. Apart from fixed compensation, certain categories at the Firm may also receive variable compensation, ranging between 10 and 25% of the fixed compensation.

In addition to salary-based compensation, the Firm also offers a wide range of welfare benefits, such as payment of 100% of an accident insurance premium for all employees, 50% of the premium for optional life insurance for employees, and 50% of the premium for optional health insurance, both for employees and their families. The optional health insurance allows employees and their families to use a wide range of approved medical services or to freely choose other healthcare centers in Spain or abroad, under an expense reimbursement arrangement, which is subject to generous limits and coverage.

Garrigues also has an in-house medical service at its Madrid and Barcelona offices, which also offers physiotherapy services.

The Firm's employees can choose between various personalized, flexible compensation arrangements, allowing them to optimize their net income using certain products: luncheon vouchers, kindergarten vouchers, computer hardware buyers' program, etc.

Furthermore, Garrigues' employees enjoy special deals with leading brands and retailers in the form of better conditions or discounts on a wide range of goods and services. All of our professionals can find out about these deals in the e-Bazaar section of our Intranet.

Attention should also be drawn to the excellent working atmosphere, which is undoubtedly one of the aspects most highly rated by our professionals. Relations among colleagues, teamwork and the spirit fostered in each work group at Garrigues are, needless to say, among our greatest assets.

As far as the sharing of experience is concerned (which in turn has a positive knock-on effect on training), Garrigues looks favorably on and encourages employees to volunteer for secondments to other offices outside Spain. This initiative is further enhanced by the chance to spend time at other law firms, mainly based in the English-speaking world, with which we have cooperation agreements. There is also an exchange program for professionals with Latin American firms belonging to the Affinitas network.

Lastly, our HR Department provides an outplacement service to help professionals realign their career paths outside the Firm should the need arise. Our professionals are highly valued in the industry and, given their experience, excellent level of technical expertise, training, etc., they are eminently employable.

Employee Premium Payments (€)

	2004	2005	2006
50% of life insurance premium	11,010	9,530	13,156
100% of accident insurance premium	97,994	75,297	94,894
50% of health insurance premium	344,063	419,890	484,081

Note: All figures are for calendar years

6.1.6 Health and safety at work

In 1997, Garrigues set up its own In-house Workplace Medicine and Occupational Risk Prevention Service. This Service operates as an internal department within Garrigues and works to care for the day-to-day health of our employees and to implement occupational risk prevention measures. The Service is staffed by a team of occupational doctors, nurses and graduate risk prevention experts, all of whom are at the disposal of our personnel on a full-time basis. Their work revolves around the four existing preventative disciplines: Occupational Medicine, Safety, Health and Ergonomics, and Occupational Psychology.

Our professionals are equipped with all of the material resources currently required by the occupational risk prevention (ORP) legislation in force, thus ensuring optimal working conditions at our offices.

- ***Occupational Medicine***

The In-house Occupational Medicine and ORP Service, which caters for all of Garrigues' employees, not only offers healthcare assistance and advice, but also specializes in preventive medicine.

In this connection, all employees are entitled to periodic health check-ups. In addition, all new hires undergo a thorough medical check-up. In 2006, 286 check-ups were made using our own resources.

The Service also engages in initiatives to promote the health of our employees, including vaccinations, encouraging a healthy lifestyle, and providing health education by means of personal appointments and the publication of guides on our Intranet (Health for travelers, Dieting and specific advice, safety at client facilities, etc.).

With respect to on-site medical services, it is worth noting that a doctors' surgery is organized at our Madrid and Barcelona offices on a daily basis. The surgery services include making personalized diagnoses and offering the treatment required for the symptoms shown.

Number of appointments and blood tests performed by the Occupational Medicine and ORP Service (2006)

Doctor appointments	3,806
Nurse appointments	391
Blood tests	833

According to these figures, each employee paid more than two visits to the doctor in 2006 and approximately half of our personnel received a detailed analytical report from our Medical Service.

Absenteeism at Garrigues, understood to mean leave taken from work due to a non-occupational illness lasting more than three working days, amounted to a mere 1.85%.

- ***Safety***

The Firm's graduate occupational risk prevention experts periodically conduct health and safety audits at all of Garrigues' offices. Our experts upgrade the safety equipment at each office and prepare a basic safety report for each of them in line with the current legislation.

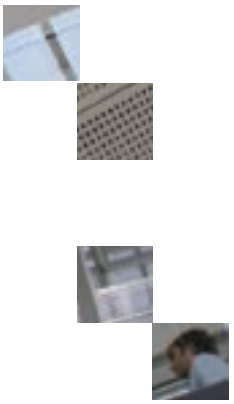
Occupational accidents at Garrigues are negligible. Nevertheless, in line with our procedures, where an accident does occur in the workplace, an investigation of the possible causes is carried out and, where appropriate, the relevant measures are taken.

In the past three years, there have been no instances of occupational illness suffered by any of Garrigues' employees. The variation in accident rates over the same period was as follows:

	2004	2005	2006
No. of cases of occupational accidents with sick leave (1)	5	5	4
No. of cases of occupational illness	0	0	0
No. of days' sick leave due to occupational accidents (2)	89	160	37

(1) Accidents at work, on the daily journey to work, or on work trips (en route)

(2) Figures are for calendar years



Safety goes hand in hand with the availability of suitable material resources, as well as good training and the preparedness of our employees. With this in mind, in 2006 ORP training courses were given to all new employees, as well as to Garrigues personnel forming part of First Aid Teams (FATs) and to designated Alarm and Evacuation Personnel (AEP). In total, 200 new hires and a further 100 employees (among FATs and AEP) received training.

- ***Hygiene and Ergonomics***

Our new offices are equipped with brand new furniture specially handpicked for the comfort and safety of our employees. Furthermore, the In-house Occupational Medicine and ORP Service provides workers with equipment to improve their workstation posture (footrests, copyholders, rests for laptop stands, etc.), as well as a manual on the ideal workstation posture.

Our In-house Occupational Medicine and ORP Service performs regular ergonomic studies and makes personalized recommendations to improve workstation conditions.

With respect to hygiene in our offices, indoor air quality analyses are carried out on a quarterly basis by taking specific environmental samples and microbiological cultures. Garrigues is also compliant with current legislation on the prevention and control of legionnaires' disease.

6.2 Garrigues and the community

6.2.1 The Garrigues Foundation

Applied legal research, a program of prizes and scholarships, and community outreach initiatives constitute the three basic pillars of the Garrigues Foundation, which aims to serve the general interests of civil society.

- ***Research***

Collaborating with Spanish and foreign research institutions and teams, the Foundation's priority research areas are global law (through the Garrigues Chair in Global Law at the University of Navarra) and new fields of law (such as bioethics), as well as the promotion and development of the information society.

- ***Training***

The program of prizes and scholarships has been set up as a means of encouraging excellence among young lawyers in the study of the law and the skillful application of their knowledge in practice.

- ***Community Outreach***

Most of Garrigues' community outreach initiatives are channeled through the Foundation, which has set itself the goal of applying operational principles in order to define and bolster its work. To this end, it focuses on small groups, thus avoiding a piecemeal and disjointed approach to its projects and ensuring a more direct impact.

The Foundation therefore pays particular attention to research into the values that must underpin legal practice in the 21st century and the training of young lawyers, while making an active contribution to the social welfare of society's most disadvantaged groups.

Noteworthy among the Foundation's initiatives is the Garrigues Chair in Global Law (based at the University of Navarra and with offices in China and the US), a key vehicle for the Foundation to engage in its legal research work.

In conjunction with Thomson Aranzadi under the title The Global Law Collection, the Chair publishes the research findings of its international team of over 50 researchers. The Collection comprises four series: Legal research, Manuals, Reference works and Garrigues Lectures. 47 titles have been published since the Collection was first launched.

Furthermore, the Garrigues Chair has set up four international legal training programs which are organized at the Faculty of Law of the University of Navarra: The Visiting Scholar Program, The Anglo-American Program, The International Business Law Program, and The Global Law Program.

To this end, the Garrigues Chair has entered into agreements with a number of international universities, including the All China Lawyers Association, East China University of Politics and Law, the European Legal Studies Center at Columbia University, Washington University in Saint Louis School of Law, the Pan-American

University in Mexico, the Portuguese Catholic University of Lisbon, Government Law College in Mumbai (India), and Chonnam National University in Kwangju (South Korea).

As for research on biotech-related areas, the Foundation has worked alongside the Sanitas Foundation on the start-up of the "Biomed Seminars", the aims of which include raising awareness of the latest scientific developments in the field of biotechnology, stimulating debate on the ethical and legal ramifications, and generating business initiatives.

The Biomed Seminars aim to publicize, in a rigorous way, the progress made in the field of biomedical research (such as cell therapy and regenerative medicine), without raising false expectations among the public and with the utmost respect for society's ethical and legal values.

Lastly, as regards the information society, the Foundation's efforts have borne fruit with a collaboration agreement with FUNDETEC to engage in initiatives for the advancement of the information society in Spain, with particular emphasis on initiatives to raise awareness of the advantages of Internet-Connected Home (ICH) programs.

Under this agreement, the two foundations will work together to organize working breakfasts, seminars and roundtables with enterprises and employees from various autonomous communities in order to inform them of what ICH programs involve and of the tax benefits that can be gained from their implementation. They will also collaborate on raising awareness of the legislation giving rise to this initiative and on the preparation, printing and distribution of informational and explanatory reader-friendly materials aimed at potentially interested parties.

6.2.2 Centro de Estudios Garrigues

Set up in 1994, Centro de Estudios Garrigues is an institution affiliated with the Firm and aims to provide quality training in areas related to the Firm's professional work. The Center reflects Garrigues' commitment to society, and therefore welcomes the input of the most prestigious professionals, whatever their background or field of work.

The link with Garrigues enables the Center to maintain in constant touch with professional practice, providing a means through which to apply the knowledge, methods and experience gained from professional practice to the field of education. However, this relationship is by no means exclusive in nature. Indeed, the Center is conceived as an open forum for participation, with the involvement of around 300 professionals hailing from highly diverse backgrounds, as can be seen from the following table:

Teaching staff	Number	Percentage
Public authorities	44	14 %
The judiciary	14	5 %
Higher education	19	6 %
Business	121	39 %
Garrigues	60	19 %
Firms/consultants	51	17 %
TOTAL	309	100 %

Centro de Estudios Garrigues specializes in business law (in its manifold forms), human resources and finance, and offers the following training programs:

- Master's Programs: requiring full-time dedication and aimed at recent graduates.
- Executive Programs: compatible with work and aimed at experienced professionals.
- In-company Training Programs: tailored to the needs of each company, and placing particular emphasis on training in competencies requiring a mix of technical know-how and practical skills.

The Center has seen a total of 2,218 students up to date successfully complete their studies, and remains in touch with them through its website (with information on relevant events and job opportunities), as well as ASOCIA (a magazine aimed at the Center's alumni).

Current student numbers (in the 2006/2007 intake) on the programs offered by the Center throughout the academic year are as follows:

Program	Students
Master's Degree in Taxation	29
Master's Degree in Banking and Finance	20
Master's Degree in Business Law	47
Master's Degree in Labor and Employment Law	18
Master's Degree in Human Resources	31
Executive Program in Zoning	34
Executive Program in Human Resources	37
Executive Program in Labor Relations	15
Executive Program in Business and Finance for Lawyers	21
Total	252

Centro de Estudios has signed collaboration agreements with most of the leading law firms and enterprises, as well as agreements with foundations and other academic institutions in order to promote study and research in the field of law. At present, the Center has agreements to award grants with the following:

- ***Universities***: Universidad de Navarra, Universidad Autónoma de Madrid, Universidad de Deusto, Universidad Antonio de Nebrija, Colegio Universitario de Estudios Financieros (CUNEF) and the Universidade Católica Portuguesa.

- ***Other institutions***: Fundación Euro-América and Fundación Carolina.

The Center has also collaborated with the Garrigues Foundation and the Garrigues Chair on the organization and publicizing of the Young Lawyers Awards.

Lastly, it is worth highlighting the Center's Garrigues Style Manual (published by Thomson-Aranzadi), which tackles the most common linguistic and format-related doubts that arise when drafting legal documents. With this publication, the Center aims not only to

enhance the quality of the documents produced within the Firm, but also to contribute towards the training of the Firm's professionals as regards their written communication skills.

Noteworthy among the Center's projects for the forthcoming 2007-2008 academic year is the two-year Postgraduate Course in Business Law, aimed at new hires joining the Firm from September 2007 onwards. The Center has signed a cooperation agreement with the Faculty of Law at Harvard University with a view to enhancing the course with a more international perspective.

6.2.3 The Garrigues Collection

The Firm's commitment to outstanding legal practice, and its profound concern for teaching, training, and research on legal matters, are the rationale behind "The Garrigues Collection," which was launched in 1999 with the publication of "Corporate Governance of Listed Companies" (El Gobierno de las Sociedades Cotizadas), and has continued to expand, with the addition of 13 titles, of which the latest is "Comments on and Concordance of the Law on Safeguards for and the Rational Use of Medicinal and Health Products" ("Comentarios y Concordancias a la Ley de Garantías y Uso racional de los Medicamentos y Productos Sanitarios").

6.2.4 Garrigues Community Outreach Initiatives

In late 2004, the Firm's Community Outreach Initiatives were officially unveiled with the formation of a 12-member Community Outreach Committee, representing all of the Firm's groups and geographical areas.

The Community Outreach Committee analyzed the findings of a survey carried out among all Garrigues employees in order to identify the issues and groups to be given priority. Three major areas of action were thus established: pro bono work, voluntary work and projects.

The Firm has set itself the goal of applying the principle of efficiency in its work to the field of social welfare in order to define and bolster its activities. To this end, it focuses on small groups, thus avoiding a piecemeal and disjointed approach to its projects and ensuring a more direct impact.

Most of Garrigues' community outreach initiatives are channeled through the Garrigues Foundation, which supports and works together with other foundations and not-for-profit entities, including Ayuda en Acción and the Business and Disability Program of Fundación Empresa y Sociedad (an organization which addresses the issues of the day in the area of outreach initiatives by the business community to help the disadvantaged to fully integrate into society).

Garrigues signed up to the United Nations Global Compact in March 2002, since when we have devoted our utmost efforts to making our commitment a reality. A series of specific actions have been taken which testify to our adherence to the underlying principles of the Global Compact. A summary of these actions can be found in the "Progress Report" released annually by Garrigues.

7 Our commitment to the environment

7 Our commitment to the environment

7.1 Environmental management of, and communication by, the Firm

Garrigues' operations do not have a significant impact on the environment in comparison to other sectors of activity, since they consist mainly of work performed at our offices. Nevertheless, Garrigues Medio Ambiente, which provides environmental consulting services to our clients, also advises the Firm as a whole on environmental management matters, assesses the environmental impact generated by our services, and sets improvement targets to ensure strict compliance with environmental legislation. To date, no penalties have been imposed on the Firm on environmental grounds.

Garrigues Medio Ambiente has had a certified Environmental Management System in place pursuant to the UNE-EN ISO 14001:2004 standard and the EMAS[3] Regulation, since 2001. As required by the EMAS Regulation, we regularly publish an Environmental Statement and give environmental awareness courses to our employees.

We also devote considerable efforts to communicating and raising awareness of environmental issues outside the Firm. Since 2001 we have published a fortnightly Environmental Newsletter, containing the latest developments in environmental legislation, in Spain and in the EU. The Newsletter is emailed to interested parties and can also be read by our employees on the Garrigues Intranet.

Our professionals actively participate in outside seminars on raising environmental awareness and other current environmental issues organized by various business schools and institutions, and the Firm also organizes its own environmental seminars. In recent years, Garrigues has organized seminars on Integrated Pollution Prevention and Control (IPPC) legislation, climate change, new obligations for enterprises regarding contaminated soil, the REACH Regulation in relation to the creation of a single integrated system for the registration, evaluation, authorization and restriction of chemicals, and so on. These open-door seminars have been held at Garrigues' offices in various Spanish cities (Madrid, Barcelona, Bilbao, Pamplona, Zaragoza, etc.)

The highlight of Garrigues' environmental communication policy is the staging of the already highly acclaimed Environmental Awards. The annual event is organized by Garrigues Medio Ambiente and the financial daily Expansión, in conjunction with Wolters Kluwer Spain. The 9th Environmental Awards ceremony was held in 2006, at which the Minister for the Environment presented accolades to private enterprises and public authorities excelling in their environmental efforts in the past year.

After nine years, the Awards have become one of the most prominent events promoted by the private sector to reward and encourage the pursuit of production-related activities and development strategies that are compatible with the environment, the fight against climate change, the promotion of renewable energy sources and the development of eco-efficient products.

7.2 Consumption of resources

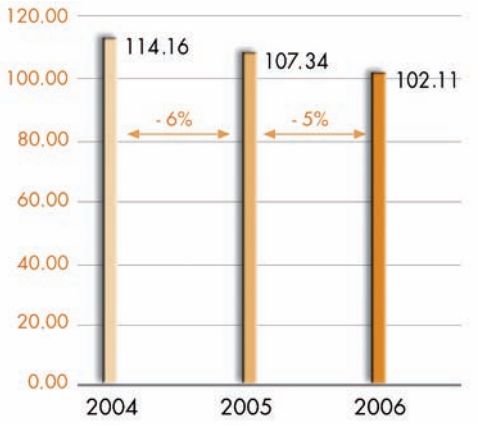
Given the operations engaged in by Garrigues, direct consumption of resources is limited to paper, water and power. Garrigues periodically measures the consumption of these resources by its offices, with a view to setting targets for continuous improvement in this area.

The paper consumed at Garrigues offices comes from virgin fiber. Consumption has fallen 5% in the last year, down 11% in total on 2004. Such reductions are directly associated with increased

3 - *Regulation (EC) No. 761/2001 of the European Parliament and of the Council of March 19, 2001, allowing voluntary participation by organizations in a Community eco-management and audit scheme (EMAS).*

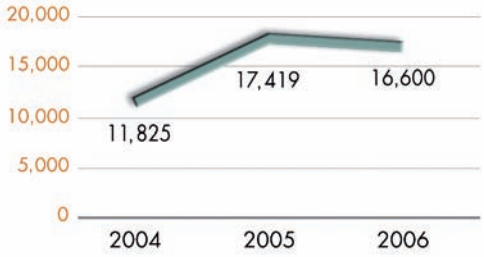
awareness of the amount of paper we use and the implementation of new technologies by the Firm. Our printers are being progressively replaced at all our offices by new models with lower paper, ink and power consumption. For example, all of the printers at our new headquarters on calle Hermosilla have double-sided printing and two sheets to one page set as the default option, as well as having standard modes for the reduction of ink and power consumption. Furthermore, all internal communications within Garrigues are made electronically, and we have a computerized document management system that allows all kinds of documents to be filed and circulated, without the need to print them.

Paper cosumption (kg) per employee



All of the energy consumed at our offices is intermediate energy acquired from outside sources. Heating and hot water boilers have not been taken into account, as they are controlled exclusively by the owners of the buildings where our offices are based. Electricity consumption in our offices in the last three years, as well as consumption of the primary energy sources from which the electricity came in 2006, are set forth in the following charts and tables.

Annual electricity consumption at Garrigues (MJ)

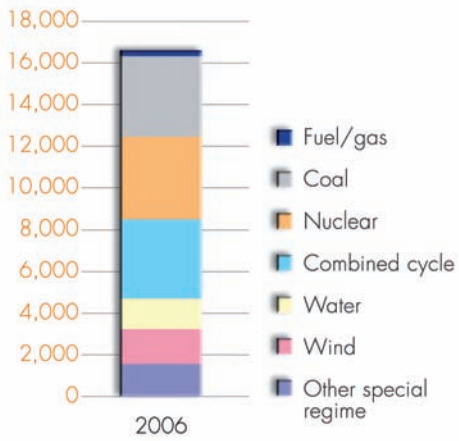


Source: data based on electricity consumption at Garrigues' offices in Madrid

(MJ)	2006	(%)
Fuel/gas	332	2 %
Coal	3,984	24 %
Nuclear	3,652	22 %
Combined cycle	3,984	24 %
Water	1,494	9 %
Wind	1,494	9 %
Other special regime	1,660	10 %
TOTAL	16,600	100 %

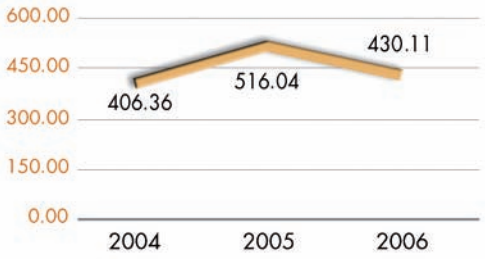
Source: data based on primary energy sources of the Spanish electricity system belonging to Red Eléctrica de España

Indirect energy consumption by primary source (MJ)



Total electricity consumption in 2006 was down 4% on 2005, a significant achievement bearing in mind that Garrigues' office space increased by more than 5,000 m² in the same year. If we analyze the data per square meter, it can be seen that Garrigues reduced its electricity consumption per square meter in 2006 by 21% compared with 2005. Over the past year, our Firm has introduced energy efficiency improvements that have managed to not only halt, but even reduce, the increase in consumption registered in 2005. The basic improvements introduced to reduce our energy consumption include the new internal layout of our offices in Madrid, based on energy efficiency considerations (such as making the most of natural daylight by using glass walls or the use of efficient lighting systems), and the acquisition of new energy-efficient qualified electronic equipment in all of our offices.

Annual energy consumption per square meter at Garrigues (MJ/m²)



The water supply at all of our offices comes from the municipal water system. Total annual consumption has risen in recent years and its reduction is currently one of the Firm's targets for environmental improvement. Only sanitary wastewater is produced at our offices and it is discharged via the municipal sewer system.

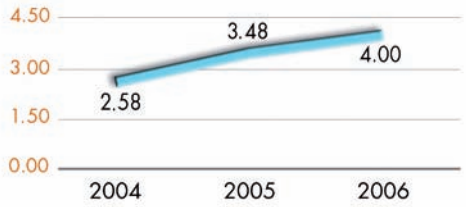
Water consumption (m³) Garrigues

2004	2005	2006
3,868.03	5,734.42	7,098.86

Source: data based on water consumption at Garrigues' offices in Madrid

Water consumption per Garrigues employee

(m³/employee)

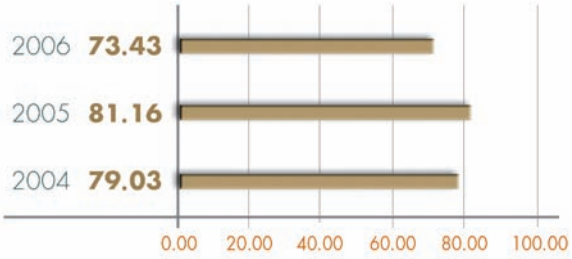


7.3 Waste management

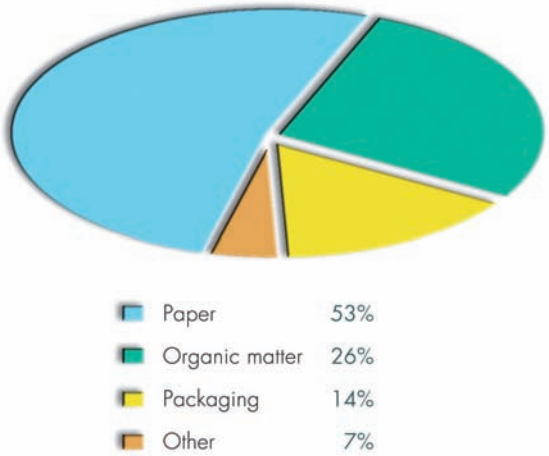
Given the nature of our activity, which is essentially office-based, the urban waste generated is paper, packaging and organic waste, each of which has its own bin for waste separation at source. The total amount of urban waste generated per employee at our offices, based on a data sample, is illustrated in the charts below.

Urban waste

(kg/employee per year)

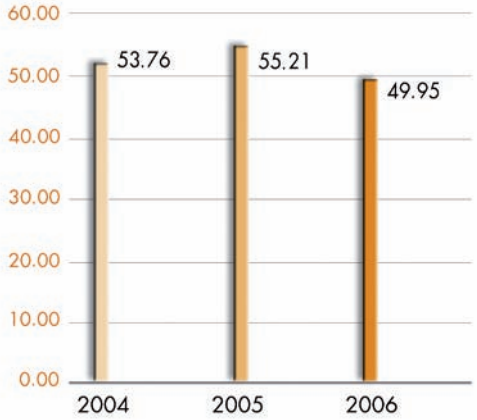


Breakdown of urban waste by weight



As all paper waste is managed by a confidential document destruction firm, 100% of the waste managed is therefore recycled. Equally, 100% of packaging waste (plastics, cartons and metal) is recycled by selective collection at all offices where permitted by the municipal services.

Recycled paper waste
(kg/employee)

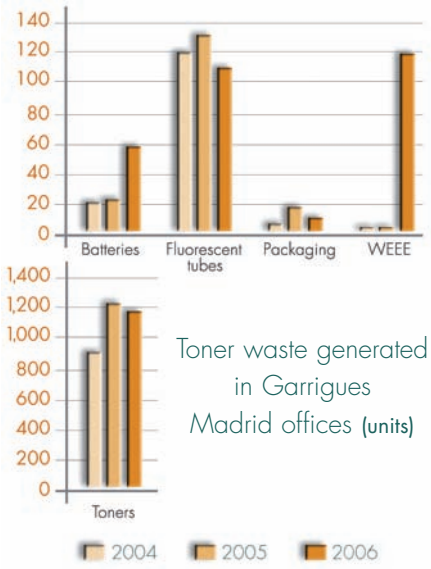


Some hazardous waste is also generated at our offices and is managed in accordance with the environmental legislation in force: we control its generation and manage its collection and treatment by carriers and managers authorized to handle hazardous waste. This waste is in line with that normally generated by offices: fluorescent tubes, toner cartridges, batteries and cleaning product containers which contain hazardous substances.

The Waste Electrical and Electronic Equipment (WEEE) generated in 2006 relates to old electronic equipment which we took advantage of replacing with new hardware at the time of the office move in Madrid, and which was managed as hazardous waste by an authorized waste manager.

The breakdown of hazardous waste generated at Garrigues' Madrid office in the last three years is as follows:

Hazardous waste generated in Garrigues Madrid offices (kg)



Toner waste generated in Garrigues Madrid offices (units)

With the move to our new headquarters in Madrid, we tried to make the best possible use of the office furniture from our former offices. To this end, Garrigues offered all of its used office furniture to various NGOs, having made sure that the furniture donated was in good condition.

7.4 Climate change and air pollution

Garrigues generates greenhouse gases (GHGs) directly and indirectly.

Direct GHG emissions are generated from building climate control systems powered by boilers. However, such emissions have not been included in the GHG emissions inventory below, since boiler fuel consumption is controlled by the owners of the buildings.

Indirect GHG emissions are generated by electricity consumption, employee transportation (either due to business trips or daily commuting to and from home) and paper consumption at our offices.

The following table contains the Garrigues GHG inventory, produced pursuant to the Greenhouse Gas Protocol developed by the World Business Council for Sustainable Development, in conjunction with the World Resources Institute (http://www.ghgprotocol.org). With respect to the scope of our organization, the entities listed in section 2 of this Report were taken into account.

CO_2 emissions (tons)	2004	2005	2006
Electricity (1)	**1,497.79**	**2,206.40**	**2,102.77**
Commuting (2) (3)	**753.87**	**828.86**	**892.77**
Private vehicle	489.94	538.67	580.21
Bus	169.35	186.20	200.56
Metro/train	94.58	103.98	112.00
Business travel (3)	**1,555.60**	**1,622.37**	**1,410.45**
Plane	1,416.80	1,472.65	1,249.20
Train	67.22	80.02	92.27
Car	70.97	69.04	68.32
Boat	0.62	0.67	0.67
Paper consumption (4)	**441.94**	**456.87**	**468.12**
Total CO_2 emissions (tons)	**4,249.21**	**5,114.50**	**4,874.11**
CO_2 emissions per employee (tons/employee)	**2.84**	**3.11**	**2.75**

(1) Data based on electricity consumption at the Madrid offices, extrapolated to all Garrigues offices. The average emission factor of the electricity industry in Spain is used.

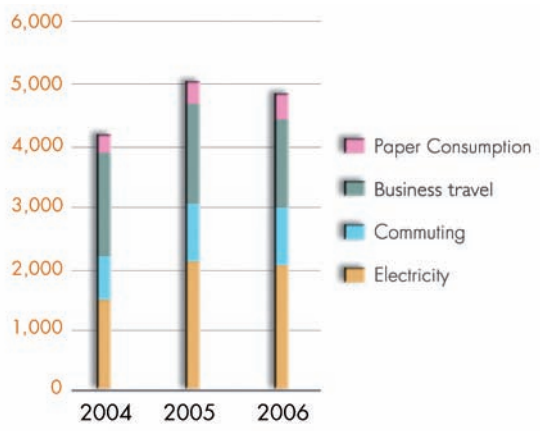
(2) Data based on an estimate from using work mobility percentages of Fundación Movilidad of the Madrid Municipal Council.

(3) Based on emission factors established by the Greenhouse Gas Protocol for all forms of transportation.

(4) Based on the emission factor established by the Environmental Defense Fund.

With a view to reducing GHGs, Garrigues has acquired low energy consumption equipment in all of its offices with automatic switch-off and energy-saving options. Using procedures to raise awareness among employees encourages a consideration of energy efficiency criteria in our daily work and the rational use of energy. A particularly noteworthy example is the use of the videoconferencing equipment installed at all of our offices, which significantly cuts down on business travel, with the consequent reduction in GHG emissions.

Garrigues CO_2e emissions (tons)



Moreover, the following section describes the energy-saving and efficiency measures in place at Garrigues' headquarters in Madrid.

As shown by the above chart, all of these measures help to reduce GHG emissions in absolute terms and per employee.

Garrigues does not generate significant emissions of other non-GHG gases. Emissions of ozone-depleting substances take the form of leaks during air conditioning maintenance works but, since they are a negligible amount and the air-conditioning units do not belong to Garrigues, there is no system in place for measuring them. The same holds true for other emissions relating to the use of fossil fuels in boilers (NOx, SOx, particulates, etc.). However, it should be noted that all of the pertinent equipment and machinery is subject to preventive maintenance, as well as the periodic servicing and measurements established by the legislation in force.

Garrigues also seeks to seize market opportunities and is actively involved in initiatives related to climate change, emissions trading and air quality. In particular, Garrigues Medio Ambiente offers, in conjunction with various legal departments of Garrigues, integral technical and legal advisory services in this area (www.garriguesmedioambiente.com).

Garrigues has also organized and participated in numerous events and presentations with public and private players committed to these issues.

7.5 Our new headquarters: a commitment to sustainable construction

In February 2006, Garrigues began to move its headquarters to two centrally-located buildings on the future Garrigues business campus in Madrid. The rapid growth of our Firm in recent years had meant that many departments were housed in separate buildings spread out across the city. The new headquarters are the first step towards integrating all of our departments in Madrid to one central site.

The future Garrigues business campus will comprise four buildings connected by an open-air interior patio, and will enable all of our Madrid departments to be housed together on the same site. The two core buildings on the campus (located at Calle Hermosilla, 3) were occupied in early 2006 and the completion of the refurbishment work on the other two buildings and the relocation of all Madrid professionals to the business campus are scheduled for 2007 and 2008.

The building of a central business campus will improve accessibility and the service offered to our clients, as well as ensuring greater coordination and communication between all of the Firm's professionals based in Madrid.

In light of the Firm's sustainable growth objective, we have taken advantage of the refurbishment work to fit out the buildings in accordance with the new needs of our professionals, offering them a comfortable working environment which, naturally, minimizes the consumption of natural resources and reduces the environmental impact as far as possible.

Bioclimatic criteria and sustainability good practices with respect to the fitting out of the buildings were adopted even in the design and planning phases. Accordingly, the optimization of energy consumption, the exploitation of natural daylight, the rationalization of work areas, comfort, ergonomics and environmental protection have been the cornerstones of the project, while the functional and modern design reflects our trademark quality services.

Sustainability measures at our new headquarters

Lighting	Natural lighting: advantage taken of natural daylight for all workstations using area layouts and internal and external glass dividers. Artificial lighting: use of high-performance lighting, with a uniform layout and a lighting control system to ensure optimum lighting levels throughout the office. These measures ensure a high level of comfort for all our personnel, while optimizing the energy consumed for lighting.
Climate control	Adaptation of the climate control system to the internal spaces of the building, with a view to meeting the specific needs of each worker and achieving a high level of comfort. Installation of a centralized temperature control system to regulate the climate control system according to the needs and use of the building.
Renewable energy sources	Thermal solar panels, used to heat water and in the building heating systems.
Acoustics	Exterior and interior sound insulation of our offices, using curtain wall façades with a high level of acoustic insulation and sound-absorbent materials and textile finishings.
Separation of waste at source	All floors have waste collection bins for the sorting of paper, packaging and organic matter. There is also a special hazardous waste store, and special bins for the collection of such waste.
Water saving	The building water systems, water fountains, toilets and washbasins and sinks all have water-saving systems. Specifically, the restrooms have water-saving taps and dual cistern tanks. All floors have a coffee area with drinking water fountains, which have a flow limiter to minimize water loss.
New technologies	Use of the latest audiovisual and communication technologies to avoid unnecessary trips. Wireless LAN network, video-conferencing systems, multifunctional equipment, etc.
Energy-efficient equipment	The electronic equipment used incorporates energy efficiency systems and has an Energy Star or equivalent rating. All equipment is programmed to hibernate or switch off automatically when not in use.
Rational use of space	The size and layout of the different areas are in keeping with each type of work, with a view to optimizing the area needed for each workstation and for worker comfort.
Ergonomics	Use of office furniture in strict compliance with optimum ergonomic conditions as regards size, materials and user adaptability.

8 Exhibits

Exhibit I. Table of Global Reporting Initiative contents and performance indicators

Set forth below are the contents required by Global Reporting Initiative 3.0, as well as the location of each of them in our CSR Report:

CSR Contents

GRI Section	Content	Location in Report	
		Section	Page
	STRATEGY AND ANALYSIS		
1.1	Statement by the Chairman	1	4-6
1.2	Description of key impacts, risks, and opportunities	1 & 4.3	4-6 & 19-21
	ORGANIZATIONAL PROFILE		
2.1	Name of the organization	2	8-10
2.2	Primary brands, products, and/or services	3.1.2.	13
2.3	Operational structure of the organization	2 & 3.1.3	8-10 & 14
2.4	Location of organization's headquarters	3.1.3. & 7.5	14 & 50-51
2.5	Number of countries where the organization operates	3.1.3	14
2.6	Nature of ownership and legal form	2	8-10
2.7	Markets served	3.1.2. y 3.1.3	13-14
2.8	Scale of the reporting organization	1, 3.1., 5.1. & 6.1	4-6, 13-15,27-28 & 31-39
2.9	Significant changes during the reporting period	1	4-6
2.10	Awards received in the reporting period	3.2	15
	REPORT PARAMETERS		
	REPORT PROFILE		
3.1	Reporting period for information provided	2	8-10
3.2	Date of most recent previous report	2	8-10
3.3	Reporting cycle	2	8-10
3.4	Contact point for questions regarding the report or its contents	"Contact us" section of www.garrigues.com	
	REPORT SCOPE AND BOUNDARY		
3.5	Process for defining report content	2	8-10
3.6	Boundary of the report	2	8-10
3.7	State any specific limitations on the scope or boundary of the report	2	8-10
3.8	Basis for reporting on joint ventures, subsidiaries, etc.	2	8-10

CSR Contents

GRI Section	Content	Location in Report	
		Section	Page
3.9	Data measurement techniques and the bases of calculations	2	8-10
3.10	Explanation of the effect of any re-statements of information provided in earlier reports	2	8-10
3.11	Significant changes from previous reporting periods in the scope	2	8-10
	GRI CONTENT INDEX		
3.12	Table identifying the location of the Standard Disclosures in the report	Exhibit I	53-59
	ASSURANCE		
3.13	Policy and current practice with regard to seeking external assurance for the report	2	8-10
	GOVERNANCE, COMMITMENTS, AND ENGAGEMENT		
	GOVERNANCE		
4.1	Governance structure of the organization	4.2.1	18
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	4.2.1	18
4.3	State the number of members of the highest governance body that are independent and/or non-executive members	4.2.1	18
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	4.4	21-25
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives and the organization's performance	4.2.1	18
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	4.2.2	18-19
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics	4.2.1 & 6.1.2	18 & 33-34
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance	1, 4.1 & 4.2.2	4-6 & 17-19
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance	4.2.1	18
4.10	Processes for evaluating the highest governance body's own performance	4.2.1	18
	COMMITMENTS TO EXTERNAL INITIATIVES		
4.11	Explanation of how the precautionary approach or principle is addressed by the organization	4.2.2	18 & 19

CSR Contents

GRI Section	Content	Location in Report Section	Page
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	4.3	19-21
4.13	Memberships of or support for associations	Exhibit II	60 & 61
	STAKEHOLDER ENGAGEMENT		
4.14	List of stakeholder groups engaged by the organization	4.4	21-25
4.15	Basis for identification and selection of stakeholders with whom to engage	4.3 & 4.4	19-25
4.16	Approaches to stakeholder engagement	4.4	21-25
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	4.4	21-25

Performance indicators

GRI numbering	Type indicator	Name of indicator	Location Section	Page
		ECONOMIC PERFORMANCE INDICATORS		
EC1	CORE	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	5.1	27
EC2	CORE	Financial implications and other risks and opportunities for the organization's activities due to climate change	7.4	49 & 50
EC3	CORE	Coverage of the organization's defined benefit plan obligations	6.1.5	37
EC4	CORE	Significant financial assistance received from government	5.1	27 & 28
EC5	ADDITIONAL	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	N. A.	N. A.
EC6	CORE	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	5.3	29
EC7	CORE	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	3.1.3	15
EC8	CORE	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind or pro bono engagement	6.2.4	42
EC9	ADDITIONAL	Understanding and describing significant indirect economic impacts, including the extent of impacts	N. A.	N. A.

Performance indicators

GRI numbering	Type indicator	Name of indicator	Location Section	Page
		ENVIRONMENTAL PERFORMANCE INDICATORS		
EN1	CORE	Materials used by weight or volume	7.2	45-47
EN2	CORE	Percentage of materials used that are recycled input materials	7.2	45
EN3	CORE	Direct energy consumption by primary energy source	7.2	46 & 47
EN4	CORE	Indirect energy consumption by primary source	7.2	46 & 47
EN5	ADDITIONAL	Energy saved due to conservation and efficiency improvements	7.2 & 7.5	46, 47 & 51
EN6	ADDITIONAL	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	7.2, 7,4 & 7.5	46, 47 ,49 & 51
EN7	ADDITIONAL	Initiatives to reduce indirect energy consumption and reductions achieved	7.2, 7,4 & 7.5	46, 47 ,49 & 51
EN8	CORE	Total water withdrawal by source	7.2	47
EN9	ADDITIONAL	Water sources significantly affected by withdrawal of water	n/a	n/a
EN10	ADDITIONAL	Percentage and total volume of water recycled and reused	n/a	n/a
EN11	CORE	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	n/a (1)	n/a (1)
EN12	CORE	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	n/a (1)	n/a (1)
EN13	ADDITIONAL	Habitats protected or restored	n/a	n/a
EN14	ADDITIONAL	Strategies, current actions, and future plans for managing impacts on biodiversity	n/a	n/a
EN15	ADDITIONAL	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	n/a	n/a
EN16	CORE	Total direct and indirect greenhouse gas emissions by weight	7.4	48 & 49
EN17	CORE	Other relevant indirect greenhouse gas emissions by weight	7.4	49
EN18	ADDITIONAL	Initiatives to reduce greenhouse gas emissions and reductions achieved	7.1, 7.4 & 7.5	45, 49 & 51
EN19	CORE	Emissions of ozone-depleting substances by weight	7.4	49
EN20	CORE	NO, SO, and other significant air emissions by type and weight	7.4	49
EN21	CORE	Total water discharge by quality and destination	7.2	47
EN22	CORE	Total weight of waste by type and disposal method	7.3	47 & 48
EN23	CORE	Total number and volume of significant spills	n/a (2)	n/a (2)
EN24	ADDITIONAL	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	7.3	47 & 48
EN25	ADDITIONAL	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	n/a	n/a

Performance indicators

GRI numbering	Type indicator	Name of indicator	Location Section	Page
EN26	CORE	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	7	45-51
EN27	CORE	Percentage of products sold and their packaging materials that are reclaimed by category	n/a (3)	n/a (3)
EN28	CORE	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	7.1	45
EN29	ADDITIONAL	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	7.4	49
EN30	ADDITIONAL	Total environmental protection expenditures and investments by type	N. A.	N. A.
		LABOR PRACTICES AND DECENT WORK PERFORMANCE INDICATORS		
LA1	CORE	Total workforce by employment type, employment contract, and region	6.1.1	31
LA2	CORE	Total number and rate of employee turnover by age group, gender, and region	6.1.1 (4)	33 (4)
LA3	ADDITIONAL	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	6.1.5	36 & 37
LA4	CORE	Percentage of employees covered by collective bargaining agreements	6.1.4	36
LA5	CORE	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	6.1.4	36
LA6	ADDITIONAL	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs	N. A.	N. A.
LA7	CORE	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	6.1.6	38 y 39
LA8	CORE	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	6.1.6	38 & 39
LA9	ADDITIONAL	Health and safety topics covered in formal agreements with trade unions	N. A.	N. A.
LA10	CORE	Average hours of training per year per employee by employee category	6.1.3	35 & 36
LA11	ADDITIONAL	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	6.1.3	35 & 36
LA12	ADDITIONAL	Percentage of employees receiving regular performance and career development reviews	6.1.2	34
LA13	CORE	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	6.1.1	31 & 32
LA14	CORE	Ratio of basic salary of men to women by employee category	6.1.2	34

Performance indicators

GRI numbering	Type indicator	Name of indicator	Location Section	Page
		HUMAN RIGHTS PERFORMANCE INDICATORS		
HR1	CORE	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	n/a (5)	n/a (5)
HR2	CORE	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	n/a (6)	n/a (6)
HR3	ADDITIONAL	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	4.2.2	18 & 19
HR4	CORE	Total number of incidents of discrimination and actions taken	6.1.2	34
HR5	CORE	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	6.1.4	36
HR6	CORE	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	6.1.4	36
HR7	CORE	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	4.2.2 (7)	18 & 19 (7)
HR8	CORE	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	N. A.	N. A.
HR9	ADDITIONAL	Total number of incidents of violations involving rights of indigenous people and actions taken	n/a	n/a
		SOCIETY PERFORMANCE INDICATORS		
SO1	CORE	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting	n/a (8)	n/a (8)
SO2	CORE	Percentage and total number of business units analyzed for risks related to corruption	4.2	18 & 19
SO3	CORE	Percentage of employees trained in organization's anti-corruption policies and procedures	4.2	18 & 19
SO4	CORE	Actions taken in response to incidents of corruption	4.2.2	18 & 19
SO5	CORE	Public policy positions and participation in public policy development and lobbying	4.4	23
SO6	ADDITIONAL	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	n/a	n/a
SO7	ADDITIONAL	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes	n/a	n/a
SO8	CORE	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	4.2.2	18 & 19

Performance indicators

GRI numbering	Type indicator	Name of indicator	Location Section	Page
		PRODUCT RESPONSIBILITY PERFORMANCE INDICATORS		
PR1	CORE	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	5.2 & 6.1.6 (9)	28, 38 & 39 (9)
PR2	ADDITIONAL	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	6.1.6 (9)	38 & 39 (9)
PR3	CORE	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	n/a (10)	n/a (10)
PR4	ADDITIONAL	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	n/a	n/a
PR5	ADDITIONAL	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	5.2	28
PR6	CORE	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	5.2	28
PR7	ADDITIONAL	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	5.2	28
PR8	ADDITIONAL	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	5.2	28
PR9	CORE	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	4.2.2 & 5.2	18, 19 & 28

Notes:
n/a = Not applicable
N. A. = Not available

(1) All Garrigues offices are built on urban land. There is no protected natural area adjacent to our offices or any environmental impact on biodiversity.

(2) Given the operations engaged in at our offices, only sanitary waste water is generated, which is discharged via the municipal sewer system.

(3) Given Garrigues' operations, no recoverable packaging waste is generated by our services.

(4) Our Firm has not undergone any process in its history as a result of which jobs were lost (collective layoff procedures, etc.).

(5) Garrigues has not implemented any significant agreements in this respect.

(6) Given that practically all of Garrigues' suppliers are from Spain, a country that respects the human and labor rights of its workers, and they supply office materials, an analysis of human rights issues was not deemed necessary.

(7) Garrigues does not engage in operations in which work is produced as a result of child labor, whether forced or involuntary. The Firm scrupulously complies with the labor legislation in force and has signed up to the United Nations Global Compact.

(8) The Garrigues' activities pursued by do not pose any risk to the local communities in which it operates. Notwithstanding, the Report describes the social and environmental measures taken to improve the local communities in which it operates.

(9) Garrigues complies with legislation and regulations regarding the health and safety of clients. There are no known infringements or breaches in this respect.

(10) The services provided by Garrigues do not generate any social or environmental impact that must be disclosed to our clients or end users. Garrigues scrupulously complies with the legislation applicable to it and has signed up to the United Nations Global Compact.

Exhibit II. List of associations to which Garrigues and the Garrigues Foundation belong or with which they have collaboration agreements

Garrigues

- Asociación Amigos de Arco
- Asociación Amigos de la Residencia de Estudiantes
- Asociación Andaluza de la Empresa Familiar
- Asociación de Antiguos Estudiantes en Bélgica y Amigos de Bélgica
- Asociación para la Cooperación Española en el Exterior
- Asociación de Derecho Ambiental Español
- Asociación para el Desarrollo de la Empresa Familiar de Madrid
- Asociación para el Desarrollo Estratégico de Zaragoza y su Área de Influencia
- Asociación de los Empresarios Japoneses en Madrid
- Asociación Española de Asesores Fiscales
- Asociación Española de Centros Comerciales
- Asociación Española de Comercio Electrónico
- Asociación Española de Derecho de la Propiedad Intelectual
- Asociación Española de Dirección y Desarrollo de Personas
- Asociación Española de Directivos
- Asociación Española de Entidades de Capital-Riesgo
- Asociación Española de Usuarios de Telecomunicaciones
- Asociación Hispano-Alemana de Juristas
- Asociación de Marcas Renombradas Españolas
- Asociación para el Progreso de la Dirección
- Asociación para la Promoción Deportiva de Sevilla
- Asociación Pro Deficientes Psíquicos de Alicante
- Asociación Pro Discapacitados Psíquicos de Alicante
- Association Suisse de Arbitrage
- Cámara de Comercio Alemana
- Cámara de Comercio de Bélgica y Luxemburgo en España
- Cámara de Comercio Británica en España
- Cámara de Comercio Hispano-Danesa
- Cámara de Comercio Hispano-Noruega
- Cámara de Comercio Hispano-Sueca
- Camera di Commercio Italiana Barcelona
- Cámara Franco-Española de Comercio e Industria
- Capítulo Español del Club de Roma
- Círculo de Economía
- Círculo de Economía de Mallorca
- Círculo Ecuestre
- Círculo de Empresarios
- Círculo de Empresarios Cartuja 93
- Círculo Hispano-Alemán de Jóvenes Directivos
- Círculo Internacional Técnico Expat
- Club Asturiano de la Innovación
- Club Empresarial ICADE
- Club Español de Arbitraje
- Club de Exportadores e Inversores Españoles
- Club Financiero Atlántico
- Club Financiero Vigo
- Comisión Interamericana de Arbitraje Comercial
- Confederación Española de Directivos y Ejecutivos
- Confederación Española de Organizaciones Empresariales
- Corte Civil y Mercantil de Arbitraje
- CPR Institute for Dispute Resolution
- Enerclub
- Euroforum Escorial

- European Employment Lawyers
- Fundación Antares Foro
- Fundación CODESPA
- Fundación Consejo España-China
- Fundación Empresa y Sociedad
- Fundación de Estudios Financieros
- Fundación San Telmo
- Fundación Universidad Empresa de León
- Instituto de Consejeros-Administradores
- Instituto de Estudios Superiores de la Empresa
- Instituto de Fiscalidad Internacional
- International Arbitration Institute
- International Bar Association
- International Fiscal Association. Sucursal española: Asociación Española de Derecho Financiero
- International TradeMark Association
- Grupo Español de la Comisión Trilateral
- Sociedad de Estudios Internacionales
- The Center for American and International Law (Institute for Transnational Arbitration)
- The Chartered Institute of Arbitrators
- The Urban Land Institute
- World Services Group

The Garrigues Foundation

- Asociación Española de Fundaciones
- Ayuda en Acción
- Fundación Empresa y Sociedad
- Fundación Europea Sociedad y Educación
- Fundación Pro Real Academia Española
- Fundación Sanitas
- Fundación para el Desarrollo Infotecnológico de Empresas y Sociedad
- Universidad Carlos III
- Universidad Complutense de Madrid
- Universidad de Navarra: Cátedra Garrigues

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Exhibit III. Verification Report

AENOR Asociación Española de Normalización y Certificación

SUSTAINABLE VERIFICATION REPORT

VMS-Nº 014/07

The Spanish Association for Standardisation and Certification (AENOR) has verified that the Report of the following firm:

GARRIGUES

Entitled: ***2006 GARRIGUES CORPORATE SOCIAL RESPONSIBILITY REPORT***

Legal deposit number: M-29609-2007

Provides a reasonable image and a balanced view of its performance, taking into account not only the data veracity but also the general content of the report, being its application level: **A+**

This external assurance is in accordance with the requirements of the G3 Guide developed by the Global Reporting Initiative (GRI). The verification has been fulfilled on 7th June and no subsequent performances can be considered.

The present verification will be in force, unless it is cancelled or withdrawn upon AENOR's written notification and according to specific terms of the contract – application nº GRI – 017/2007 of 1st June and to the General Regulation of January 2007, which require, amongst other commitments, the permission to visit the installations by the technical services of AENOR to verify the veracity of stated data.

This declaration does not condition the decision that Global Reporting Initiative can adopt to incorporate to GARRIGUES, in the in accordance GRI Guidelines list and that GRI publishes in its Web http://www.globalreporting.org/ReportsDatabase/SearchTheDatabase/.

Issued on: 11 June 2007

AENOR

General Manager of AENOR

Exhibit IV. Offices

Offices in Spain and Portugal

A CORUÑA - 15003
Cantón Grande, 4
Tel. +34 981 12 46 30
Fax +34 981 12 46 36

ALICANTE - 03001
San Fernando, 57
Tel. +34 96 598 22 01
Fax +34 96 598 24 94

ALMERÍA - 04003
Plaza Puerta de Purchena, 2
Tel. +34 950 62 07 89
Fax +34 950 62 08 09

BADAJOZ - 06002
Zurbarán, 23
Tel. +34 924 20 78 46
Fax +34 924 20 79 97

BARCELONA - 08034
Avinguda Diagonal, 654
Tel. +34 93 253 37 00
Fax +34 93 253 37 50

BILBAO - 48008
Rodríguez Arias, 15
Tel. +34 94 470 06 99
Fax +34 94 444 79 98

BURGOS - 09004
Avda. de la Paz, 25
Tel. +34 947 27 30 19
Fax +34 947 24 54 35

CÁCERES - 10001
San Pedro Alcántara, 14
Tel. +34 927 62 67 77
Fax +34 927 24 21 23

GRANADA - 18001
Pl. de Campo Verde, 3
Tel. +34 958 80 56 80
Fax +34 958 80 56 85

LAS PALMAS DE
G. CANARIA - 35002
Triana, 120
Tel. +34 928 22 94 79
Fax +34 928 26 55 59

LEÓN - 24008
Avda. Reyes Leoneses, 14
Ed. Europa
Tel. +34 987 26 40 52
Fax +34 987 25 60 05

LISBON - (PORTUGAL)
Av. Eng.° Duarte Pacheco
Amoreiras, Torre 1
1070-101 Lisbon
Tel. +351 213 821 200
Fax +351 213 821 290

MADRID - 28001
Hermosilla, 3
Tel. +34 91 514 52 00
Fax +34 91 399 24 08

MÁLAGA - 29007
Don Cristián, 2
Ed. Málaga Plaza
Tel. +34 95 207 55 25
Fax +34 95 207 55 35

MURCIA - 30005
Portillo de San Antonio, 8
Tel. +34 968 27 47 27
Fax +34 968 27 45 78

OPORTO (PORTUGAL)
Av. da Boavista, 3523 - Ed. Aviz
4100-139 Porto
Tel. +351 226 158 860
Fax +351 226 158 888

OVIEDO - 33003
Pl. de la Escandalera, 3
Tel. +34 98 520 86 00
Fax +34 98 520 12 52

PALMA DE MALLORCA - 07003
Avda. Conde de Sallent, 23
Tel. +34 971 21 34 84
Fax +34 971 21 31 50

PAMPLONA - 31008
Avda. Pío XII, 22
Tel. +34 948 17 59 37
Fax +34 948 17 59 04

SAN SEBASTIÁN - 20018
Pl. de Julio Caro Baroja, 2-2
Tel. +34 943 26 78 20
Fax +34 943 26 78 21

SANTA CRUZ DE
TENERIFE - 38003
Leoncio Rodríguez, 3 - Ed. El Cabo
Tel. +34 922 20 55 67
Fax +34 922 22 68 13

SEVILLE - 41092
Américo Vespucio, 13
Isla de la Cartuja
Tel. +34 95 448 93 48
Fax +34 95 448 93 49

VALENCIA - 46002
Pl. del Ayuntamiento, 29
Tel. +34 96 353 66 11
Fax +34 96 394 47 34

VALLADOLID - 47001
Pl. de la Rinconada, 9
Tel. +34 983 36 14 75
Fax +34 983 36 14 76

VIGO - 36201
Rua Areal, 6
Tel. +34 986 81 55 25
Fax +34 986 81 55 35

VITORIA - 01005
Dato, 4
Tel. +34 945 14 51 18
Fax +34 945 14 51 91

ZARAGOZA - 50004
Pl. de Aragón, 10
Tel. +34 976 46 89 46
Fax +34 976 46 89 50

Exhibit IV. Offices

International Offices

Own Network

BRUSSELS
Avenue d'Auderghem, 22-28
Brussels -1040 (BELGIUM)
Tel. +32 2 545 37 00
Fax +32 2 545 37 99

CASABLANCA
3. Boulevard Massira Al Khadra
20100 (MOROCCO)
Tel. +212 22 77 72 40
Fax. +212 22 77 72 59

NEW YORK
780 Third Avenue, 40th Floor
N.Y., N.Y. 10017 (USA)
Tel. +1 212 751 92 33
Fax +1 212 355 35 94

SHANGHAI
3205 West Gate Mall
1038 Nanjing Xi Lu
Shanghai 200041 (CHINA)
Tel. +86 2 152 281 122
Fax +86 2 162 726 125

WARSAW
Warsaw Financial Center
Emilii Plater 53
00-113 Warszawa (POLAND)
Tels. +48 22 540 6100 /
+48 22 463 6100
Fax +48 22 540 6101 /
+48 22 463 6101

Affinitas Network

BRUCHOU, FERNÁNDEZ MADERO & LOMBARDI
Argentina
Ing. Enrique Butty 275 - 12°
C1001AFA – Buenos Aires
Tel. +54 11 5288 2300
Fax +54 11 5288 2430

BARBOSA, MÜSSNICH & ARAGÃO
Brazil
Río de Janeiro
Av. Almirante Barroso, 52
32° andar 20031 - 000
Tel. +55 21 3824 5800
Fax +55 21 2262 5536

Brasilia
SCS Quadra 01 Bloque F, 30 - 7°
70397 - 900
Tel. +55 61 3218 0300
Fax +55 61 3218 0315

São Paulo
Av. Pres. Juscelino Kubitschek, 50
4° andar 04543-000
Tel. +55 11 3365 4600
Fax +55 11 3365 4597

MIJARES ANGOITIA CORTES Y FUENTES, S.C.
Mexico
Montes Urales 505 - 3°
Lomas de Chapultepec - 11000
México DF
Tel. +52 55 5201 7400
Fax +52 55 5520 1065 / 1075

MIRANDA & AMADO ABOGADOS
Peru
Av. Larco 1301, Piso 20
Torre Parque Mar
Miraflores, Lima 18
Telf.: +51 1 610 - 4747
Fax.: +51 1 610 - 4748

BARROS & ERRÁZURIZ
Chile
Isidora Goyenechea 2939, piso 11
Las Condes - Santiago de Chile
Tel: +56 2 378 89 00
Fax: +56 2 362 03 87

GÓMEZ-PINZÓN
Colombia
Bogotá
Carrera 9 No. 73-24
Bogotá
Tel: +57-1- 310 2900
Fax: +57-1- 310 6646

Medellín
Carrera 43A No. 9 Sur - 91
Of. 504 Torre Norte.
Medellín
Tel: +57-4 - 313 22 11
Fax: +57-4 - 313 5851

GARRIGUES

GARRIGUES

Hermosilla, 3 - 28001 Madrid
Tel. +34 91 514 52 00
Fax +34 91 399 24 08

www.garrigues.com