

ANNUAL REPORT 2005

Fullfilment of the 10 Principles of the Global Pact



2005



M&M

Development of the Ten Principles

Global Pact

Of the United
Nations



Our
Pledge

Economic, Social and
Environmental



Panama, January 6, 2006
Kofi Annan
Secretary General
United Nations, New York, NY 10017
United States of America

Dear Secretary General:

Our 2005 Corporate Social Responsibility Annual Report reaffirms our continued commitment to the responsibilities we assumed in 2001, as we became signatories of the United Nations Global Pact Network.

Following the Ten Principles of the Global Pact all along year 2005, we succeeded in the consolidation of our corporate responsibility by conducting ourselves in a correct manner under ethic norms, keeping in sight all human, social and environmental aspects of society, and by being efficient on all the dimensions covered by our activities in the practice of the Law,.

This document reflects a full new way of understanding the corporate activity, under the new values generated to be sustainable in time. It should, also, demonstrate how we have actually fulfilled our vision of being leaders on legal solutions in Panama, and internationally acknowledged for our excellency.

The contribution of the **MORGAN & MORGAN GROUP** to the welfare and the social development emanates, basically, from its daily activities under parameters of integrity, transparency and levels of quality. In this sense, it is importante to point out that our Code of Ethics was developed and January 2006 marked as the initial date of its enforcement.

The Ten Principles, milestones of the Global Pact of the United Nations, and our will, constancy and convictions, will help improve the conditions created by social inequity so our commitment to Corporate Social Responsibility is projected on a broader range. As our goals, achievements and values come closer to the creation of socially conscious corporate citizenship, we will honor our pledge to the United Nations Global Pact.

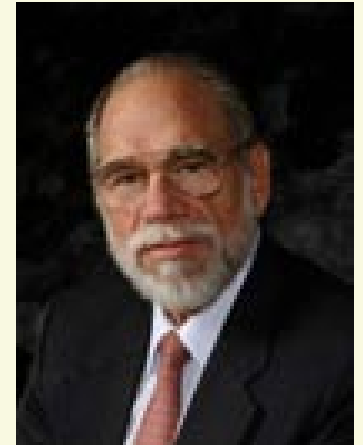
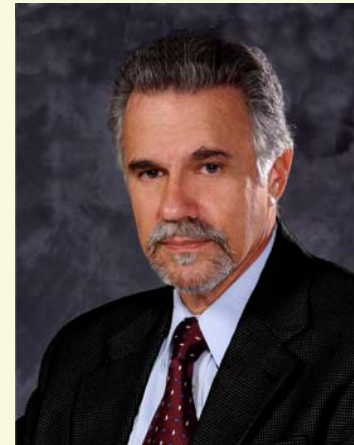
Sincerely yours,



Eduardo Morgan Jr.
Chairman of the Board

Juan David Morgan G. and Eduardo Morgan Jr.

CEO & COB Morgan & Morgan Group





Profile

The origins of the Morgan & Morgan Group date back to 1923 when Dr. Eduardo Morgan Sr. (1902-1988) began his law practice in the Republic of Panama.

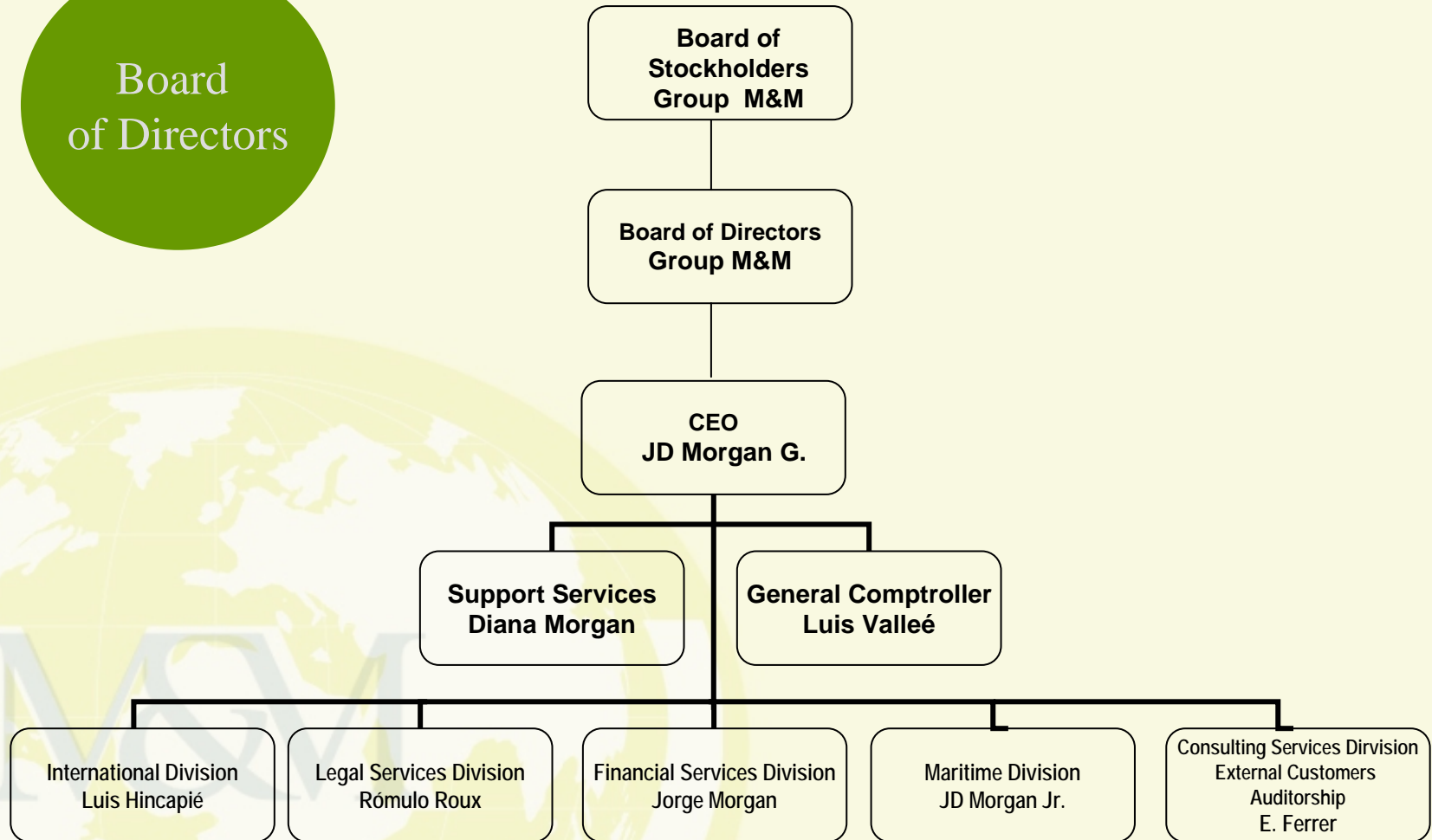
As its professional activities grew, Morgan & Morgan incorporated new partners and other specialized professionals. Our firm is, at present, the largest law firm in Panamá and Central America. In December 1996 the Group established a bank of international license in The Bahamas. In November 2002 a bank of general license started operations in Panama; the firm also provides, through its own enterprise, fiduciary and trust services. In addition it offers, through companies of the Group, secretarial and back office services; management and operations support; financial leasing and consultancy

The diversification into new areas of service, together with the successful international expansion, through a network of offices in important financial and shipping centers around the world, transformed the former law firm into a fully integrated international group of companies known today as the **Morgan & Morgan Group**.

At present, the network of fully-staffed international offices includes law offices in Panama, Londres, Madrid, The British Virgin Islands (B.V.I.) and Belize; also, off-shore offices with expertise in international taxation, asset protection, fiduciary services, and fiduciary services which include worldwide incorporation services, and tax and estate planning in Panama, Geneva, Zurich, The Bahamas, Lugano, Luxembourg, Beijing, Shanghai and Ecuador; and representatives in Piraeus, Hong Kong, Singapur, Argentine and Brazil. The Group is represented in New York through an affiliate office.



Board of Directors



To become acknowledged as leaders on legal solutions in Panamá and internationally recognized for our excellency in fiduciary services, with an important regional presence in the area of consultancy.

Vision





To provide integral solutions through legal, fiduciary and consultancy services, based on our principles and values.

Mission





Values

Personal Integrity. To conduct our actions with the company, the clients, providers, family and the community, based on moral principles of honesty, respect, personal and professional ethic, humility, frankness and loyalty.

Integral Development. To create the proper atmosphere for the continued qualification and improvement; to offer the members of the firm the opportunities to grow and to become self assured and independent on their management.

Equity. To reward efforts with fairness and sense of solidarity.

Comradeship/Cooperation. To provide a pleasant atmosphere at work to provide the sense of identity, belonging and mutual support which contributes to the integration of the personnel.



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Values

Transcendence. To express interest toward others in order to contribute to their positive professional and personal betterment, as well as in family and community life. To promote and preserve the high principles and examples set by the founder of the firm, which have transcended from generation to generation and have become permanent values.

Quality. To exert ourselves to provide services of excellence to equal or surpass the expectations of our internal and external clients.

Trustworthiness. To fulfill with responsibility our commitments before our clients, providers, co-workers, the family and the community. To honor our word.

Belonging. To feel pride for belonging to the organization and for being identified as member of the team.

Administration of the knowledge about the organization. To promote, in a consistent manner, studies on specific fields of our professional activities and other related fields pertaining to our business that could, somehow, affect our performance.

Values

Administration of the knowledge about the organization

To promote studies and the knowledge of the organization; the individual knowledge of all our partners and co-workers; to promote the cognitive capacity of our organization.

To keep our products, services and procedures as updated, efficient and reliable as possible, as well as flexible and highly competitive; to practice, as management regular procedure, studies of the market in order to contribute to the maximum strategic positioning of our enterprise.

To promote management creativity as well as attitudes of innovation and diversification on each one of the partners and co-workers of the Group, to improve our capability of identifying new business opportunities before our competitors do.

To promote, with the participation of all the personnel of our Group, the incorporation of the 10 Principles of the Global Pact into all our actions and decisions in benefit of society and ourselves.

To use all the knowledge of the organization on behalf of a better quality of life for our partners, co-workers, clients, the community and the country.

Economic Performance

The globalization of our office network and the knowledge about our organization has broadened the knowledge about our Group and a stronger conscience about the importance of our values in the practice of our relations with our clients. The international performance of our partners and associates have strengthened long term relations with our clients. New administrative and marketing strategies have been developed; also, new automated systems, and the training and qualification of our personnel in order to raise the quality and service standards by which our organization is oriented.

The results of our operations show an increase on our yield and earning; this fact allows us to maintain the benefits for our co-workers, the annual issue of 66% of the profit on earnings as extra incentive, and our contribution of 33% to the retirement private fund.



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Welfare Organization

Adding value to the community



The Eduardo Morgan Foundation. The Foundation is a non-profit organization, constituted through Public Deed 3,911 of June 14, 2000, registered at Notary 1st of the Circuit in the Province of Panama, and registered in the Commercial Department of the Public Registry, Entry FIP-3699 document 144077 of August 2000.

This document constitutes the means through which the **Morgan & Morgan Group**, integrated in its majority by professionals of the Law channels its actions of Social Responsibility Management.

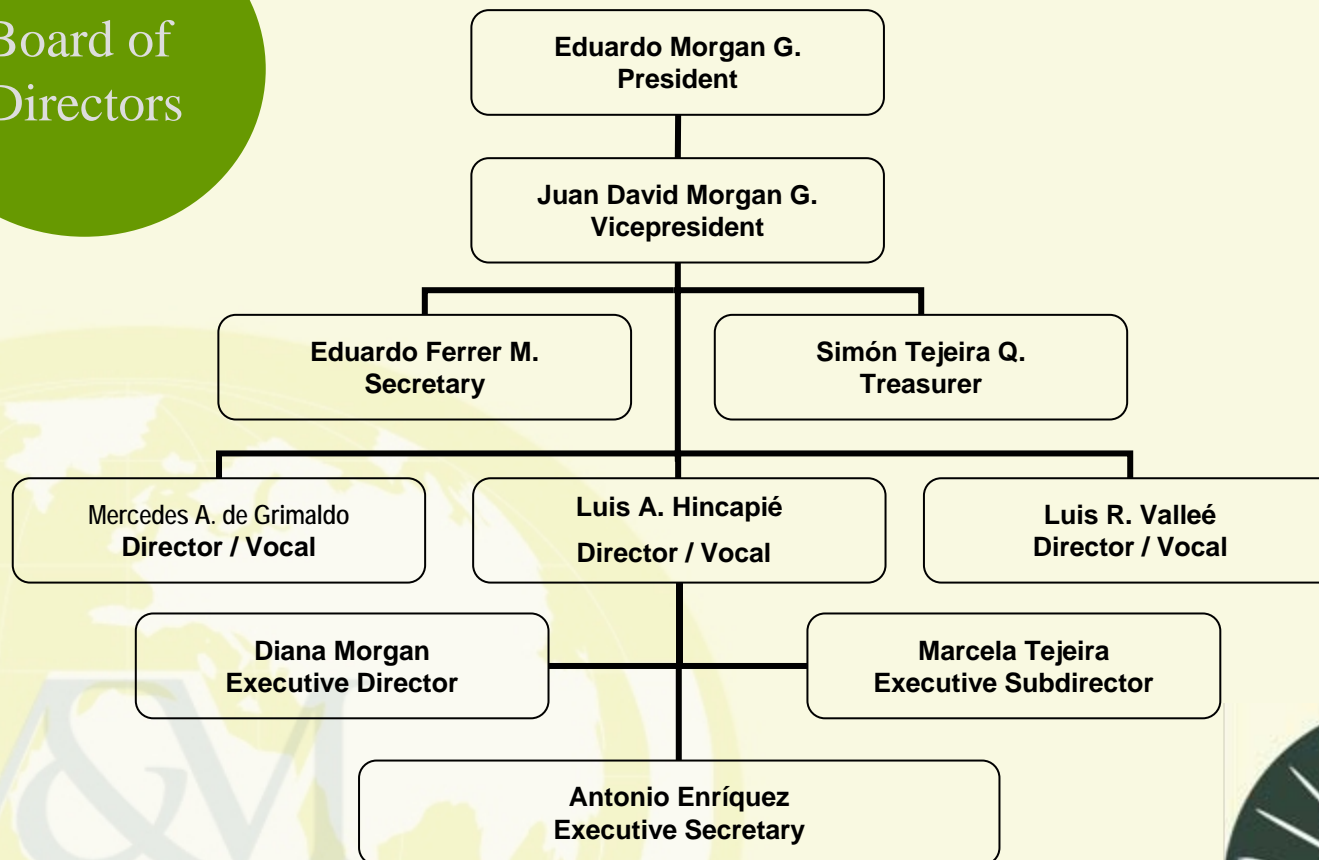
Corporative Volunteering Group

Thanks to the cooperation of the Eduardo Morgan Foundation and the Corporative Volunteering Group, “Luces de Esperanza” (Lights of Hope), the development of social projects has been successful. Permanent committees for helping the community have been created; also, for the recollection of funds to be used on self-sustained activities and programs.

Luces de
Esperanza



Board of
Directors





Objectives

*To promote, through the **Eduardo Morgan A.**, Scholarship, studies in Law School and Political Sciences, at national level, granted to students of high academic level and low economic resources.

*To create and support juridical bureaus to assist individuals of low income who are not able to defray the cost of lawyers. To promote, juridical investigations for the creation of laws of social interest in benefit of the society.

*To contribute legal and economic assistance, with other non-profit foundations dedicated to serve the community.

*To support and cooperate with activities of the Global Pact Network and to promote, within the organization, the Corporate Social Responsibility through our program of Corporate Volunteering.



Objective

*To help improve the quality of life through seminars addressed to create Social Rights awareness.

*To provide assistance and economic support to organizations dedicated to research, education, the promotion of culture and the arts, all of which contribute to adds values to the community.

*To cooperate with other actions that propitiate the fulfillment of the proposed objectives or help on their achievement.

Scholarship Programs

Scholarship Students



<u>Name</u>	<u>Year</u>
Julia Aideé	1999 and 2000
Lexa Guerrero	2000 and 2001
Vivian Estela Prieto	2000 and 2001
Jheisy Vásquez	2002 and 2003
Esilda González	2002 and 2003
Carmen Valdez	2004 and 2005
Dayra Hidalgo	2004 and 2005



Achievements



Important educational agreements are signed. Through the “Agreement of Cooperation Alliance School-Enterprise” the Ministry of Education and the Eduardo Morgan Foundation agree to support and develop efforts and to create alliances with international organizations in order to obtain donations for schools in distant rural areas of difficult access.

Some of the schools beneficiaries of this project were:

- Escuela Sofía Quirós de Tejeira
- Escuela Primaria El Entradero, de Antón, Provincia de Coclé.
- Primer Ciclo San Juan de Dios , Antón, Provincia de Coclé.
- Escuela Las Guías, Provincia de Coclé



Achievement

Delivery of donations of educational and school supplies





Achievement



Alliances with foreign organizations such as the Renewed Hope Foundation, the American Cancer Society and national entities, like The Panama Canal Authority and the Ministry of Health, for the planning and distribution of donations of medical supplies to health centers in the country, with an intangible value of several thousands of dollars.

Some of the hospital and health centers beneficiaries are:

- Centro de Salud de La Pintada
- Hospital Aquilino Tejeira
- Centro de Salud San Juan de Dios

In order to see complete listing of organizations and benefited Health centers, go at the end of the document.



Achievements

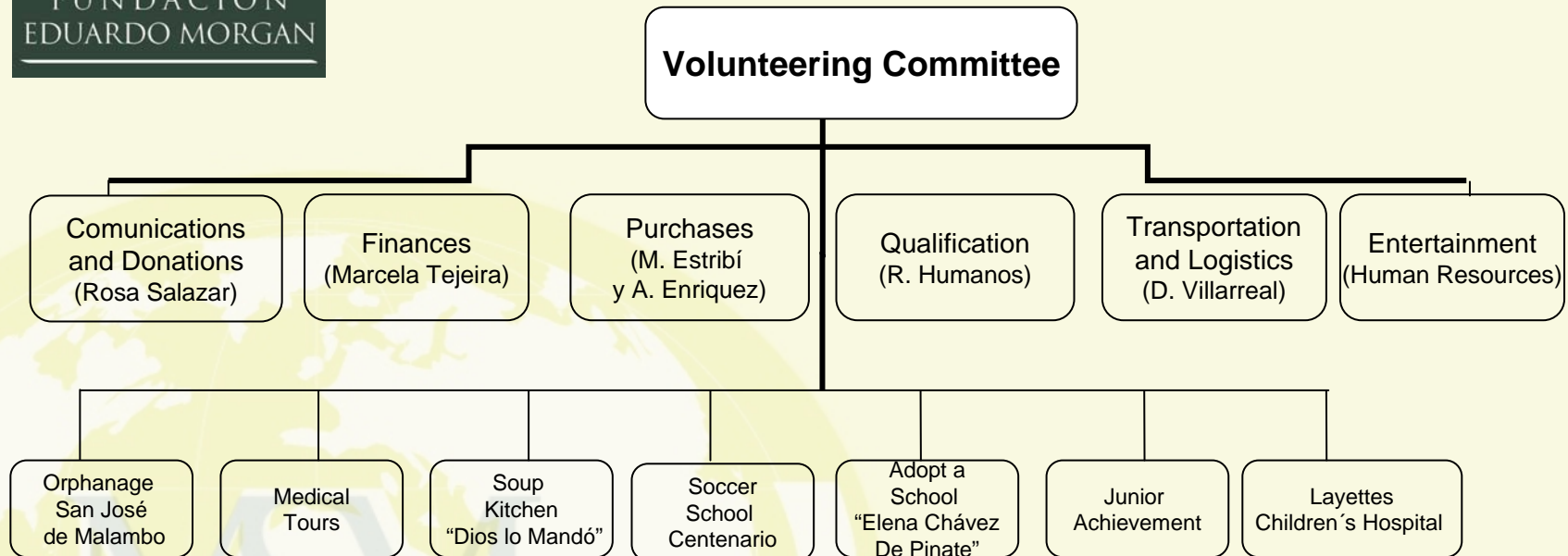
Delivery of donations to hospitals and health centers





Corporate Volunteering Group

“Luces de Esperanza”



Orphanage San José de Malambo



The orphanage is a religious institution which tends the basic needs of newborns and pre-school children who lack the protection of their parents. To cooperate with the institution, and to honor our social commitment, within the company, we organize activities for the recollection of funds and goods.

As we offer the children the opportunity of a more stable and healthy development, our work with the orphanage also promotes on our co-workers team work and the sense of solidarity that contributes to reaffirm our values.

Medical Tours and Social Assistance



The self-sustained farms were an initiative of the Patronato Nacional de Nutrición. Four years ago the Morgan & Morgan Group started participating in this program, by providing direct support to Los Yerbos, a small community integrated by approximately 12-15 families, 5 of which work in the farm. The tours contribute to bring the community together; also, to provide, knowledge and advice on matters of health and sanitary standards. Professors and students of medicine and odontology School of the University of Panama and Universidad Latina, participated on two assistance tours. The members of the farm are given advise on the better management of their resources. Through this project we promote one of our values: the positive effect of our presence in the community to help its members attain a better quality of life.

Soup Kitchen “Dios lo Mandó”



This soup kitchen started operation approximately three years ago. It offers lunch three days a week to children of the San Miguelito area. The number of children being served, ages 2-12 years, have increased up to approximately 120, many of which lack the protection of their parents; in other cases the parents do not have the necessary income to provide food for their children.

“Dios lo Mandó” receives donations in money and food; the domestic work is performed by residents in the area. The Eduardo Morgan Foundation participates actively to help with the needs of the soup kitchen and to secure its operation for the sake of the healthy physical and intellectual development of the children.

Centenario Soccer School



The school was founded in 2003. Its registration before the Instituto Nacional de Deportes (INDE) and as juridical person is being processed. Once the school is granted recognition as a sport organization, it will be authorized to receive support and donations from other organizations, such as the Eduardo Morgan Foundation.

Unlike most sports schools, this is one for children and young people of low income; the inability to pay the low fees, does not prevent the participation of the children. One of the purposes of the school is to improve self-esteem and the interest in excelling; in finishing school and to keep good grades. Programs for academic reinforcement and family counseling are being planned.

“Adopt a School” Project



The Eduardo Morgan Foundation and the Rotary Foundation of Panama (Fundación Rotaria de Panamá) agree to sponsor workshops and lectures in Colegio Fermín Naudeau during school year 2005, on the following subjects: How to obtain success; Responsible Sexuality; Culture of Peace; Professional Orientation; Youth and Addiction; Self-esteem on young people; Emotional Intelligence and Enterprising Spirit.

This initiative arises from the need to instill ethic and moral values and useful social attitudes. This training contributes to form better citizens while an integral education broadens their opportunities of work. Under this program our corporation becomes part of a aspect of vital importance for the country: education.

Junior Achievement program



Morgan & Morgan Personnel in the Junior Achievement program.

Junior Achievement is a non-profit organization; its purpose is to promote and educate young students on basic concepts of business administration. The Junior Achievement Program sponsored by the Eduardo Morgan Foundation, interacts with children during 7 weeks, in 1 hour periods during which they offer counseling; tours and games are also organized and occasionally, outstanding members on different branches (business, politics, education) are invited to share their experience with the students.

The program addressed to graduate students is both, practical and formative, for the knowledge of fundamental principles of administration and production and about the process of creating a company.

Donation of Layettes



This annual project was created to honor the memory of two extraordinary women of the Morgan family. The activity takes place in the maternity ward of Hospital Santo Tomas. The experience serves as a means to come closer to the reality of one of our social problems; to identify them more clearly and, at the same time, as part of our social commitment and consistent with our principles and values, it represents a means to offer the mother a less difficult beginning in motherhood and better conditions for the newborn.

The personnel participates all along the process; this activity serves the purpose of promoting comradeship and mutual support; it also offers the satisfaction of the fulfillment of our social commitment and contributes to our personal improvement.



Implemented Actions



The Morgan & Morgan Group, and the Eduardo Morgan Foundation honors its commitment to the Global Pact Network-Panama, by actively participating as member of the Board of Directors, of which we have been part since its beginnings.

In year 2005 through the Ministry of Finances we obtained approval to receive tax free donations.

We participate, as well, in all activities of the local network. With the financial aid of the Inter-American Development Bank (IDB), the first steps toward the promotion and development of ISO 600 regulations within the network frame is being undertaken.

Communicating
Progress

Members of the Global Pact Network



PACTO GLOBAL PANAMA

The 10 Principles of the Global Pact



Businesses should:

1. Support and respect the protection of internationally proclaimed human rights.
2. Make sure they are not complicit in human rights abuses;
3. Uphold freedom of association and the effective recognition of the right to collective negotiation;
4. Uphold the elimination of all forms of forced and compulsory labor;
5. Uphold the effective abolition of child labor;.
6. Uphold the elimination of discrimination in respect of employment and occupation;
7. Support a precautionary approach to environmental challenges;
8. Undertake initiatives to promote greater environmental responsibility;
9. Encourage the development and diffusion of environmental friendly technologies.
10. Work against corruption in all its forms, including extortion and bribery.

Principles #1,2,4 and 5

Support and Respect to the Protection of Human Rights.



Annual corporate donation to Casa Esperanza.

We carry out activities addressed to diminish extreme poverty and to improve the quality of life of citizens of lower income.

We also contribute with groups and institutions for the protection of children who fight against child labor. We promote and support programs against domestic violence and discrimination against women at home and at work, as stated in points 4, 5 and 2 of the Principles of the Global Pact.

Principles #1,2,4 and 5

Support and respect to the Protection of Human Rights.

Organizations beneficiaries of our support:

Fundación Operación Sonrisa
Junior Achievement
Fundamujer
Casa Esperanza
Probidsida
Fundacáncer
Fundación de Arte y Cultura
Universidad de Panamá, Scholarship program
Fundación Mi inmenso Valor



Principles #3 and 6

Freedom of Association and Elimination of labor discrimination

The personnel of the Morgan & Morgan Group is free to hold meetings to find solutions to their immediate problems; to group in cooperatives and to undertake activities for the welfare of common interest. The Group supports this initiatives and to facilitate their execution, allows the use of its premises for these purposes. No discrimination is allowed against women, or for reasons of social condition, race, age, or religion.



Principles #3 and 6

Freedom of Association and Elimination of labor discrimination.

Based on the Panamanian laws and the principles adopted, the Group states its commitment against discrimination at the work place, or in respect to occupation.

To enforce this and other aspects, a Code of Ethics for our personnel was developed, and put into practice.

The ethical professional conduct based on high ethical principles wins respect, trustworthiness and consideration. The practice of ethical principles lays the foundations, and strengthens the basis of our organizations and society in general.

In accordance with our corporate polestar, we support all actions that sustains these principles. Through the Code of Ethics we emphasize the importance the Group attach to the application of these principles on all acts of its members.

Principles #7, 8 and 9

Responsibility and Preventive Criteria on challenges of the Environment

We are a socially responsible organization, fully committed to the protection of the environment. Thanks to Morgan & Morgan pro bono legal services, the environmental organization, Asociación Nacional para la Conservación de la Naturaleza (ANCON) submitted before the Supreme Court three lawsuits against the so-called “Camino Ecológico” (Ecological Way) at the National Park Volcán Barú, a project that represented a threat to the biodiversity of the park. In this area, of more than 14 thousand hectares, seven types of Pacific mountain forest and cloudy forest vegetation have been identified. This park is a forest reservation of invaluable importance for the country.

The lawsuits submitted by Morgan & Morgan at the beginning of year 2005 resulted in the annulment of the construction contract, in 2006, ending, thus, a controversial project.



Principle #10

Against all forms of Corruption, Extortion and Bribery

Through the permanent participation of some of its most outstanding members, the firm maintains an active presence in important national and international forums on the subject of corruption; on matters of political, public and private interest, and to support and counsel social initiatives. Following the principles of our Code of Ethics, we maintain excellent relationships with governmental entities, ministers, diplomats and high-level Panamanian and foreign executives. This practice allows the integration of ideas and opinions in harmony with our mission.



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Impact of our actions

- The impact of the actions of the Morgan & Morgan Group, in society, is measured in proportion to the fulfillment of its goals. Considered of great relevance are:
- The annual grant, since 1999, of scholarships for studies of Laws to students of low income students and high academic grades.
- The donation of medical equipment and supplies to public hospitals and health centers with inadequate budget to provide health services which would guarantee the most vulnerable sector of the population a better quality of life.
- The donation of supplies to public schools short of the proper conditions to offer the students a better quality of education. To offer better opportunities of education falls within our goals.
- The incorporation of more members to our Corporate Volunteering group, “Luces de Esperanza”, to activities of Corporate Social Responsibility. This represents a valuable impact for the promotion of solidarity, comradeship and sense of belonging, within the Morgan & Morgan Group.
- The positive effect of our actions to imprint legal force to measures for the protection of the environment. Among them, to prevent the construction of a road in protected areas of a national park in Volcan Baru. Our involvement on the protection of nature promotes environmental-conscious citizens and awareness over the importance of protecting the environment.
- The ethical beliefs of our co-workers, reflected on the faithful fulfillment of our vision: to be recognized for the excellence of our services.

Contact

at Morgan & Morgan

Antonio Enríquez, Secretary- The Eduardo Morgan Foundation

Liaison with the Global Pact Network- Panama.



M&M

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fundamorgan@morimor.com

Annexed

**Health Centers, Hospitals and schools in rural areas of difficult access
and communities of the Panama Canal watershed.**

Contributions donated by the Eduardo Morgan Foundation through non profit
organizations of United States.

Centro de Educación Básica SanJuan de Dios en Coclé y el Centro de Salud.
Centro de Salud de Buena Vista, Chorrera Panamá.
Centro de Salud de Paraíso, Panamá.
Centro de Salud de Mendoza, Chorrera Panamá.
Centro de Salud de Alcalde Díaz, Panamá.
Centro de Salud de El Cacao, Capira Panamá.
Centro de Salud de El Escobal, y puestos de salud de El Cuipo y Escobal.
Centro de Salud de Sardinilla, Colon.
Centro de Salud de El Espino y puestos de salud de Cerro Cama, Las Pavas , Llanito Verde, La Arenosa,
Arosemena y La Humildad, Panamá y Coclé.
Hospital Dr. Sergio Nuñez, de Océ, Herrera.
Centro de Salud Los Llanos y sub-centro Cerro Largo, Herrera.
Centro de Salud de El Valle de Antón, Coclé.
Hospital Aquilino Tejeira en Penonome, Coclé.
Centro de Salud de Buena Vista, Sub-centros de salud de Limón y Nuevo Vigía en Colon.
Hospital Amador en Colón
Alcaldía de Antón y Centro de Salud de Antón, Coclé.
Centro de Salud de Alcalde Díaz, Panamá.
Puesto de Salud de Limón, Coclé.
Puesto de Salud de Cascajal, Coclé.
Puesto de Salud de Arenal Grande, Coclé.

Annexed

Health Centers, Hospitals and schools in rural areas of difficult access and communities of the Panama Canal watershed.

Contributions donated by the Eduardo Morgan Foundation through non profit organizations of United States.

Puesto de Salud Molejón, Coclé.
Puesto de Salud de Cutevilla, Coclé.
Puesto de Salud de Platanal, Coclé.
Puesto de Salud de Lajas, Coclé.
Puesto de Salud de San Miguel Centro, Coclé.
Centro de Salud de Chiguiri Arriba, Coclé.
Puesto de Salud de Boca de Uracillo, Coclé.
Puesto de Salud de El Jobo, Coclé.
Puesto de Salud de Las Marías, Coclé.
Puesto de Salud de San Cristóbal, Coclé.
Puesto de Salud de Palma Real, Coclé.
Puesto de Salud de U Centro, Coclé.
Puesto de Salud de El Guayabo, Coclé.
Puesto de Salud de Tucué, Coclé.
Centro de Salud Toabré, Coclé.
Puesto de Salud El Bajito, Coclé.
Puesto de Salud de Tulú Centro, Coclé.
Puesto de Salud de Lurá Centro, Coclé.
Puesto de Salud de San Isidro, Coclé.
Hospital Materno Infantil Coclesito, Coclé

Centro de Salud de San Francisco, Veraguas.
Hospital Oncológico Nacional, Panamá.
Hospital Santo Tomas, Panamá.
Hospital Nicolás Solano, La Chorrera Panamá.
Centros de Salud Magali Ruiz, Puestos de Salud de Río
Congo, Las Yayas, La Represa, Chorrera, Panamá.
Fundación Xavier Gorrotxategui para los Ostomizados
de Panamá.
Hogar Orfanato de Malambo, Arraijan Panamá.
Asilo de Ancianos Bolívar, Panamá.