

# **2016** INTEGRATED REPORT



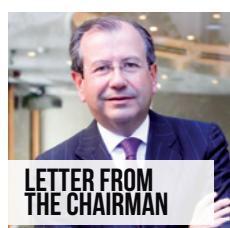
**GARRIGUES**

# CONTENTS

**PAGE 03**



**05**



**06**



**PAGE 07**



**11**



**13**



**16**



**18**



**PAGE 21**



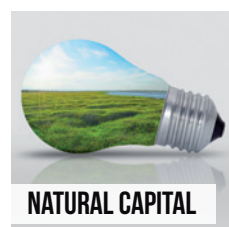
**28**



**34**



**46**



**50**



**PAGE 52**



**53**



**56**



**65**





Garrigues is an innovative, international and independent law firm. With **offices in 13 countries** across Europe, Africa, Asia and the Americas, the firm advises clients in the main economic arenas of the global marketplace, where it has always been noted for its innovative approach. This is what makes Garrigues a market leader in Spain and one of the major law firms in Europe.

Here is a summary of the firm's activities in 2016, the 75th anniversary of its foundation:

3,188

CLIENTS

Who have been with us on an ongoing basis for 5 years

32

OFFICES

The Santiago de Chile office opened in 2016.

€349.4

MILLION IN REVENUES

3.1% annual growth

2,015

PEOPLE

24 different nationalities and 283 new hires during the year

53% / 47%

GENDER SPLIT  
(WOMEN/ MEN)

New hires in 2016: 59% / 41%

295

PARTNERS

12 internal promotions and 14 new hires

58

BENEFICIARIES

Pro bono program

304

PUBLICATIONS

161 alerts, 102 newsletters, 41 commentaries

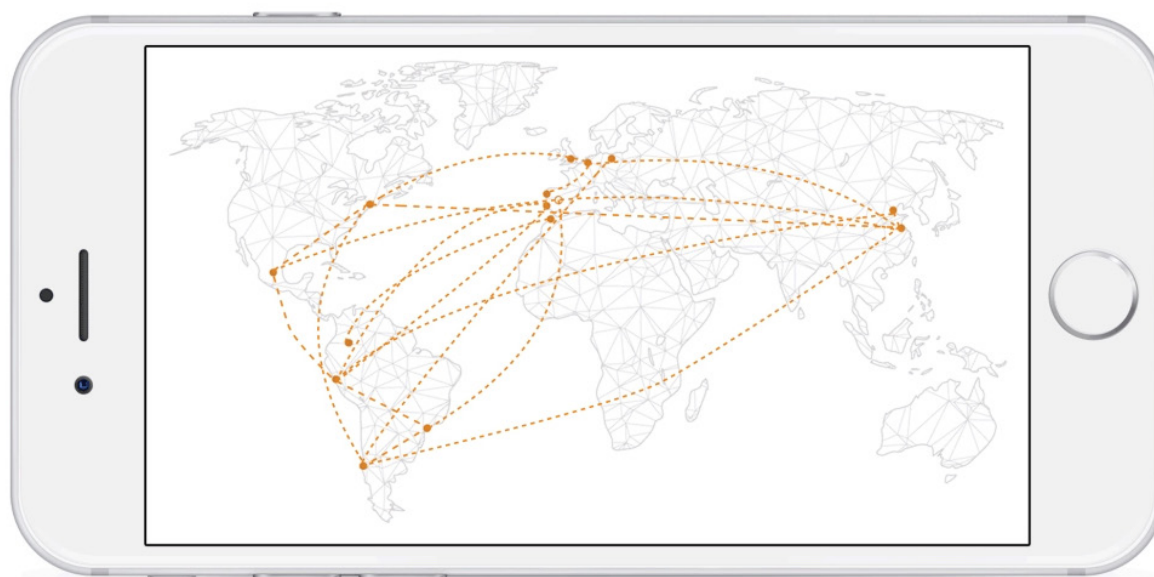
▼ 10%

PAPER CONSUMPTION

With respect to 2015



## OUR STRATEGY



**AMERICA** - BOGOTÁ - LIMA - MEXICO CITY - NEW YORK - SANTIAGO DE CHILE - SÃO PAULO - **AFRICA** - CASABLANCA - **ASIA** - BEIJING - SHANGHAI -  
**EUROPE** - BRUSSELS - LISBON - LONDON - OPORTO - WARSAW - SPAIN  
**SPAIN** - A CORUÑA - ALICANTE - BARCELONA - BILBAO - LAS PALMAS DE GRAN CANARIA - MADRID - MÁLAGA - MURCIA - OVIEDO - PALMA - PAMPLONA - SAN SEBASTIÁN - SANTA CRUZ DE TENERIFE -  
SEVILLE - VALENCIA - VALLADOLID - VIGO - ZARAGOZA

### CLIENT SERVICE

#### AREAS OF EXPERTISE

Corporate Law and Commercial Contracts  
Administrative Law  
Banking and Finance  
Accounting Law  
Securities Market Law  
E.U. and Antitrust  
Tax  
Real Estate  
Labor and Employment Law  
Planning and Zoning  
Mergers and Acquisitions  
Human Capital Services  
Litigation and Arbitration  
Environmental  
Intellectual Property  
Restructuring and Insolvency

#### INDUSTRIES

Automotive  
Financial Institutions  
Private Equity  
Family Business  
Energy  
Life Sciences & Healthcare  
Corporate Governance &  
Corporate Social Responsibility  
Technology & Outsourcing  
Real Estate  
Insurance  
Smart Cities  
Sports & Entertainment  
Telecommunications & Media  
Transport & Shipping  
Tourism & Hotels  
Fashion Law

#### DESKS

Asia-Pacific  
French  
German  
Indian  
Italian  
US



We are pleased to present Garrigues' 2016 Integrated Report, which provides information on the economic, social and environmental aspects of the firm's activities. I think it accurately represents who we are.

We celebrated our 75th anniversary in 2016 and it has been an important year for Garrigues. We have accomplished our goals of consolidating our presence abroad, in line with our business model of opening own offices, and of attracting and integrating the best professionals and best firms in each country in which we are present.

A total of 283 people joined the firm during the year. Our team now numbers more than 2,000 people of 24 nationalities, and we feel very proud to have been able to attract so much talent and combine the forces of professionals from such diverse backgrounds. We work out of 32 offices in 13 countries under a single brand: Garrigues. To us, this means the same culture of value creation for clients, the same goals and a single professional vision.

The incorporation of new technologies in all of our activities and our determination to remain at the cutting edge in the services we provide to clients was another fundamental goal in 2016. We are also satisfied with what we have accomplished, particularly because we have done so with the enthusiasm and participation of our professionals.

During the year, we also devoted time to enhancing relations with all of our stakeholders, in order to understand their goals and make them compatible. We know that, without them, Garrigues could not continue to fulfill its function.

Our strategy in 2017 will be centered on four different areas:

- Clients: we are determined to ensure our services offer them increasing added value.
- Latin American practice: we aim to consolidate our leading position in Latin America.
- Innovation and technology: we will continue with our strategy of incorporating technology into all of our processes as a key means of improving efficiency and client service.
- Our people: their professional development and training are vital to us. We have to continue to attract and retain the best talent.

We invite you to read this Integrated Report, which will undoubtedly help you to get to know us better. We would also ask you to continue sending us your suggestions and ideas to help us move forward.

The accomplishment of these ambitious goals and our ongoing contribution to sustainable development in the different regions in which we operate would not be possible without the help and support of all of our stakeholders.

Many thanks for your trust.

Fernando Vives  
Executive Chairman



## ABOUT THIS REPORT



This is the eleventh consecutive year that Garrigues has published an Integrated Report (known up to three years ago as the Corporate Social Responsibility Report). This Report corresponds to the Garrigues 2016 fiscal year (January 1, 2016 through December 31, 2016).

In 2016, we have once again taken into account the guidelines and recommendations of the integrated reporting framework published by the International Integrated Reporting Council (IIRC) in December 2013, adapting them to the degree of advancement of the issue in question and to the activity and reality of Garrigues. In particular, pages 21-51 provide detailed information on our capital: human, intellectual, social and relationship, natural and financial.

We have also taken the October 2016 GRI Standards into account for the first time. The relevant standard is identified in each section of the Report, using the icons indicated below. The Index of GRI Standards on pages 56-64 includes links and further details.

Garrigues adhered to the United Nations Global Compact in 2002. This Report constitutes our Communication on Progress as regards the implementation of the 10 principles in the areas of human rights, labor, the environment and anti-corruption.

Garrigues has assessed and defined its contribution to the Sustainable Development Goals (SDGs) approved by the United Nations. This series of 17 goals and 169 targets aims to solve the social, economic and environmental problems afflicting the world and covers the period 2016-2030. Pages 7-10 sets out our contribution to the Sustainable Development Goals.

In addition, and for greater clarity, pages 56-59 of the Index of GRI Standards list the GRI disclosures alongside each of the principles of the Global Compact and the UN Sustainable Development Goals.

This Report has been prepared and verified in accordance with the core option of the GRI Standards by an independent external entity.

For more information, see the assurance letter on page 65 of this Report.

For more information on Garrigues' activities:  
[www.garrigues.com](http://www.garrigues.com)

Please address any queries to:  
[comunicaciones@garrigues.com](mailto:comunicaciones@garrigues.com)  
**Contact Us** section of [www.garrigues.com](http://www.garrigues.com)

Foundation

GRI  
101

General disclosures

GRI  
102

Management Approach

GRI  
103

Economic

GRI  
200

Environmental

GRI  
300

Social

GRI  
400



## Garrigues is a responsible law firm that is committed to global social, environmental and governance challenges

- We strive to provide the best service to our clients all over the world, placing particular emphasis on professional ethics and innovation.
- We consider all of our people to be our principal asset.
- We are closely committed to society at large.

As an international law firm, we have pledged to pursue our activities while at the same time advancing the UN Sustainable Development Goals (SDGs). Accordingly, we seek to promote the conservation and improvement of economic, social and environmental assets. Our work is guided by the United Nations Global Compact, to which Garrigues signed up in 2002.

Garrigues has defined four levels of contribution to the SDGs in light of the nature of its activity and we have prioritized our efforts in this area on promoting the Rule of Law (Goal 16) and Partnerships (Goal 17).

Garrigues also fosters learning opportunities (Goal 4), contributes to gender equality (Goal 5) and economic growth (Goal 8), drives innovation (Goal 9), ensures equal opportunities (Goal 10) and adopts sustainability practices (Goal 12).



## Garrigues' contribution to the Sustainable Development Goals

### HIGH



### MODERATE



### LOW



### VERY LOW





## HOW DO WE CONTRIBUTE TO THE SDGs?



### Client solutions and economic development

We provide our clients with business solutions that comply with the law and with best practices, avoiding risks that could have a legal, economic or reputational impact.

Proximity to our clients and an ongoing commitment to understanding their needs have always been our hallmarks. We strive to offer value by providing a quality service, both in terms of technical advice and of the standard of conduct required of our professionals, fully respecting the principles and ethical values of the legal profession.

We will continue to invest in innovation and digital transformation initiatives in order to streamline the business and enhance our client relationship model. We will also continue to build up our office network, particularly in Latin America.

### Rule of law and combatting corruption

A rigorous, responsible, principled and independent legal profession is one of the cornerstones of the rule of law. We are firmly committed to strict compliance with the law and ethical and responsible conduct in the provision of our services, as well as transparency in all areas of our activity. We strive to maintain good business practices at the firm and to promote these practices among our stakeholders. We therefore reject any reprehensible or questionable behavior, from both a legal and ethical standpoint. In particular, among other types of conduct, we reject any form of corruption, bribery or influence peddling and we defend the need to protect free and fair competition in the marketplace.

Our commitment to ethical, principled and responsible conduct is duly reflected in the Garrigues Code of Ethics, which sets out the values and principles of



the firm, as well the standards and rules of conduct applying to all members of Garrigues in their dealings with the firm itself, with other members of the firm and with third parties in general. Compliance with the Code of Ethics is understood to be without prejudice to strict observance of the applicable legislation, the ethical standards and other applicable provisions of Garrigues' Internal Regulations.

### **Future opportunities and learning environment for lawyers**

We will continue to hire professionals and maintain our commitment to nondiscrimination, equal opportunities, the integration of people with disabilities and respect for diversity.

We offer our professionals all means and opportunities to enable them to enjoy a full and fulfilling career at the firm.

We are firmly committed to ongoing, specialized collaborative training, tailored to the global reach of our professionals. We also offer internships to university students from different countries, with a special focus on Latin America.

We will continue with global training programs for our professionals.

### **Labor relations and human rights**

We have pledged to safeguard and reinforce labor and human rights, to promote health and safety at work and to provide our people with genuine learning opportunities.

We fight all forms of discrimination. Success can only be achieved with individuals representing the widest spectrum of diversity. Our Equality Plan has been in place since 2008, reflecting the firm's solid commitment to incorporating the key principles of equality in all of its policies.

Since implementing the Equality Plan, we have worked meticulously, with ongoing supervision by the Equality Committee, to consolidate existing policies and create new measures to encourage joint responsibility between men and women and to promote and maintain the principles of equal treatment and equal opportunities.

Garrigues has set itself the goal of continued advancement towards equality between men and women. To mark this pledge, it has prepared a Second Equality Plan, which enters into force in 2017 and contains new measures aimed at greater retention of talent and professional development.

We are also determined to continue to embrace diversity, strengthening our commitment to people with disabilities.

### **Digital infrastructure**

We seek greater efficiency and novel solutions in legal practice through technological modernization and innovation. The firm has launched a series of digital transformation initiatives aimed at enhancing our client relations model, giving us a competitive edge and streamlining our business processes.

We have renewed our knowledge management systems by focusing on their collaborative elements; we have set up Proces@, a robotization system for the majority of the firm's document management processes; and we have implemented a Security Master Plan to improve digital security.

### **Sustainable and healthy workplaces**

We work to ensure our offices are sustainable, healthy, efficient and environmentally friendly. In recent years, we have concentrated our efforts on creating sustainable workplaces, using more efficient equipment, reducing energy and water consumption, using environmentally-friendly materials and recycling, as well as raising awareness among firm personnel of the importance of environmental conservation.

The buildings currently housing our head office in Madrid and our offices in London and Mexico carry the LEED (Leadership in Energy and Environmental Design) certification, an international verification standard developed by the US Green Building Council to promote the development of buildings on the basis of sustainable and high efficiency criteria. The Bogotá office has also been recognized as a sustainable building and our office in Mexico has obtained the Socially Responsible Firm (*Empresa Socialmente Responsable*, ESR) mark.



## Dialog, information and accountability

We are committed to providing information on our sustainability policies, goals and progress and to maintaining dialog with our stakeholders to continue improving our performance in this area.

We use a variety of channels for communication and dialog: events, information sessions, websites, blogs, corporate social networks, alerts and commentaries on the latest legal developments, among others.

Eleven years ago we began to publish an annual sustainability report in a pioneering attempt to provide detailed information on our commitment to all of our stakeholders. We have also broken new ground in the legal profession by publishing an integrated report, by using the G4 GRI standards and, from this year onwards, by using the 2016 GRI standards.

## Collaboration and partnership model

We are committed to collaboration and to creating effective partnerships in civil society:

- Fundación Garrigues contributes to social welfare and to the development and promotion of science, education and legal culture.
- Centro de Estudios Garrigues offers quality training in areas related to the firm's professional activity.
- With *Colección Garrigues*, we seek to actively participate in legal debate, to help to rethink the institutions and concepts of traditional law and to contribute to the definition of new legal ideas.
- The Garrigues Chairs in Law foster the research and dissemination of legal knowledge.
- The Young Lawyers Awards encourage excellence in the study and practice of business law.
- We contribute to the training of young lawyers and their incorporation into the profession through educational cooperation agreements (127 agreements in force in 2016) and the participation by our professionals as teaching staff (over 250 professionals currently teach courses).
- We take part in expert groups, advisory boards and associations relating to the law.
- We collaborate with associations, professional organizations and similar bodies in the jurisdictions in which we operate.
- Under our pro bono program, we provide legal services to 58 not-for-profit entities.
- We take part in charity campaigns.

## Financial soundness

Garrigues has a high degree of financial stability and uses its financial resources mainly to ensure the continuity and sustainability of the business to invest in innovation and in the talent of its professionals, to open new offices, to maintain and create employment of the best quality, and to contribute to the societies in which it operates.

This financial soundness is shown in aspects such as:

- Positive working capital, which has been around 70 million in recent years.
- Partner contributions to the financing of the firm make up approximately 50% of the balance sheet, with the firm relying on external financing on very specific occasions and for very reasonable amounts in line with the firm's business volume.
- The firm has a very large and representative client base in all sectors of activity and strictly observes fundamental ethical principles (integrity, independence and professional secrecy) in our dealings with clients.
- The multidisciplinary nature of the firm and its international presence ensures its stability in all economic cycles.
- We maintain our leading position among tax and legal advisory firms in the main markets in which we operate.



Santiago de Chile: Garrigues office opened in 2016

These adjectives are and have been the hallmarks of Garrigues throughout its 75-year history. We led the way in 1973 by being the first Spanish law firm to open offices in New York and, forty years later, we are once again breaking new ground with our strategic plan for Latin America, the focus of our international expansion. Remaining true to our principles, we have opted to gradually open own offices. We are a unique firm with an integrated management model and a solid team of professionals who all share the same business culture. We believe that this is the best way to offer our clients a quality service that exceeds their expectations anywhere in the world.

### Paving the way

Our initial international expansion took us to the US. Four decades later, the Americas have become the mainstay of our internationalization strategy, thanks to our commitment to Latin America. Between opening the New York and Santiago de Chile offices, the first and the latest members of our international network, Garrigues boasts a long tradition as a pioneering firm that has led the way in emerging markets and positioned itself in the major financial centers worldwide. In addition to a strong presence in Spain, the firm has own offices in a further 12 countries across four continents.



\* Year office opened



## LATIN AMERICA: a growing reality

In the last year, our expansion into the region has continued with the opening of a new office in Santiago de Chile, following the integration in 2016 of Chilean firm Avendaño Merino, one of the most innovative and respected firms in the country. Eminent Latin American professionals have joined the professional teams at all of our offices in the region, enabling us to continue growing and expanding the services we offer. Since opening the Bogotá office, the starting point of our new strategy in Latin America, the firm has built a team in the region of more than one hundred and forty professionals, spanning five countries.

## Evolution of the Latin American practice



### Revenues

Garrigues' international expansion is reflected in the year's results. In the foreign markets in which we are present, overall revenues grew 19.8%. Last year, Garrigues posted international revenues of €41.3 million, almost half of which came from Latin America (€18.6 million), where the firm has seen revenues soar 81.4%.

### Clients

The number of clients from Latin America has risen 23.1%.

### Next steps



In the coming years, we will continue the journey begun 3 years ago, working to strengthen our position in countries where we already have own offices. To do so, we will study new growth opportunities (hiring teams or specific lawyers), provided they are in keeping with the firm's culture and strategy and consolidate our presence in the region. At the same time, we will look at expanding into other Latin American countries: Argentina is already in our sights but we are also looking at other markets.

All our steps in Latin America have a common goal in mind: to be the leading firm while remaining true to our identity.

## Headcount of Garrigues' Latin American team (number of people)

### TEAM



### PARTNERS



### Recognition:





Garrigues remains a benchmark in the legal services industry in Spain (*Expansión*, May 31, 2016) and has garnered recognition from the leading international publications. This year we have particularly received plaudits for our work in Latin America.



**Mergermarket European M&A Awards**

M&A Legal Adviser of the Year: Spain

December 2016



**The 2016 Project & Infrastructure Finance Awards**

Best Infrastructure Law Firm: Andes

September 2016



**International Tax Review 2016**

Best Newcomer in the Americas: Garrigues Colombia

September 2016



**1st Expansión Legal Awards for Excellence in Business Law Practice, 2016**

Best Tax Firm; Lawyer of the Year: Fernando Vives; and Deal of the Year: Coca-Cola

July 2016



**The American Lawyer Transatlantic Legal Awards**

European Law Firm of the Year: Spain

June 2016



**Chambers Europe Awards**

Client Service Award for Spain

April 2016



**The Lawyer European Awards 2016**

Law Firm of the Year: Iberia

March 2016



In addition to these prestigious awards from specialist legal publications, Garrigues also received recognition for its work in other areas, such as:

### INNOVATION

#### **Financial Times Innovative Lawyer Awards Europe**

October 2016

Innovation in navigating regulation: commended firm

«The firm devised and drafted the Andorran personal income tax system and related management processes»

Innovation in restructuring and re-organisation: commended firm

«The Firm restructured Jofel Industries during insolvency proceedings combining restructuring tools meant for different scenarios and new to Spain»

### TECHNOLOGY

#### **The Lawyer: Business Leadership Summit & Awards**

September 2016

Best firm-wide use of technology

### KNOWLEDGE MANAGEMENT

#### **Managing Partners Forum Awards**

March 2016

Best Provision of Know-How

### HUMAN RESOURCES

#### **Universum Awards**

May 2016

Spain: Most Attractive Employers

#### **Merco Talento**

November 2016

Garrigues placed 29th in the general ranking and was the only law firm ranked.

### CORPORATE REPUTATION

#### **Merco Empresas**

June 2016

The only law firm on the list of the top 100 companies with the best corporate reputation in all industries (ranked 64th).

### CORPORATE SOCIAL RESPONSIBILITY

#### **Socially Responsible Enterprise (ESR) mark**

March 2016

Centro Mexicano para la Filantropía, A. C. and Alianza por la Responsabilidad Social Empresarial en México (AliaRSE) awarded Garrigues México, S.C. the Socially Responsible Enterprise or ESR® Mark in 2016 as a result of its public and voluntary commitment to implementing socially responsible management.



In 2016, Garrigues' practice areas were ranked as Band 1 or Tier 1 by the main international directories in their respective chapters on Spain:

## Chambers Global 2016

---

### Band 1

- *Corporate/M&A*
- *Dispute Resolution*
- *Energy & Natural Resources*

### Band 2

- *Banking & Finance*
- *Capital Markets*
- *Intellectual Property*
- *Project Finance*

## The Legal 500 2016

---

### Tier 1

- *Banking and Finance*
- *Capital Markets*
- *Commercial, Corporate and M&A*
- *Dispute Resolution*
- *EU and Competition*
- *Employment*
- *Environment*
- *Insurance*
- *Projects and Energy*
- *Public Law*
- *Real Estate and Construction*
- *Restructuring and Insolvency*
- *Tax*
- *Industry Focus: Food*
- *Industry Focus: Manufacturing*
- *Industry Focus: Retail*

### Tier 2

- *Industry Focus: Healthcare and Life Sciences*
- *Industry Focus: TMT*
- *Intellectual Property: Trade Marks and Copyright*

## Chambers Europe 2016

---

### Band 1

- *Competition/European Law*
- *Corporate/M&A*
- *Corporate Compliance*
- *Dispute Resolution*
- *Employment*
- *Energy & Natural Resources*
- *Environment*
- *Insurance*
- *Planning*
- *Private Equity*
- *Project Finance*
- *Public Law*
- *Real Estate*
- *Restructuring/Insolvency: Insolvency*
- *Sports*
- *Tax*
- *TMT: Information Technology*

### Band 2

- *Banking & Finance*
- *Capital Markets*
- *Dispute Resolution: Corporate Crime*
- *Intellectual Property*
- *Investment Funds*
- *Restructuring/Insolvency: Restructuring*
- *Shipping*
- *TMT: Telecommunications*
- *Wealth Management*

## IFLR1000 2017

---

### Tier 1

- *Banking*
- *Project Finance*
- *Capital Markets: Equity*
- *Capital Markets: Structured Finance and Securitisation*
- *M&A*
- *Restructuring and Insolvency*

### Tier 2

- *Capital Markets: Debt*

As regards specialist directories, Garrigues' tax practice was ranked Tier 1 by World Tax 2017 (International Tax Review).



# TRUST, CREDIBILITY AND CLIENT SATISFACTION

General  
disclosures

GRI  
102

One of the keys to our business is the trust placed in us by our clients to help them resolve their issues as effectively as possible. Trust and credibility form the foundation of stable client relations and must be safeguarded and nurtured every day to ensure we remain the law firm of choice.

This is why we conduct an annual client satisfaction survey, which gives us direct feedback on the preferences and concerns of our clients. The survey was redesigned in 2015 with a view to gaining greater insight into the parameters that shape the legal services we provide to our clients, and enabling us to make comparisons with the results obtained in previous years.

The survey is made up of twelve basic questions, although some questions (two) evaluate up to ten different aspects of our activity, meaning that the overall results offer a broader and more in-depth view from a quantitative and qualitative standpoint. The overall final grade given by clients was 8.76, continuing the positive trend of previous years.

When choosing Garrigues as a law firm, clients placed a high value (9.9 out of 10) on aspects such as trust, the talent of our professionals, ethics and the firm's solid reputation. When it comes to assessing client expectations and measuring the quality of our services, the highest ranked aspects were rapport and dedication (9.21), the technical know-how of our professionals (9.18), empathy and the ability to adapt (9.01), the ability to resolve setbacks (8.90) and meet established deadlines (8.79).

When asked to directly rate their degree of satisfaction with Garrigues on a scale of 1 to 10, clients gave the firm an 8.93, in line with previous years' results, showing that we consistently offer high quality client service.

The information garnered from the survey by our partners (who carry out the survey) is also used to identify those areas for improvement on which we need to focus and which will shape the future direction of the firm. Greater internationalization, emphasis on the use of new technologies and better channels for communication with our clients in order to meet their increasing demands and new needs, are potential areas for improvement.

## Origin of clients by region and industry

The location of our office network has a clear bearing on where our clients come from. We currently have an extensive network of own offices outside the Iberian Peninsula and have earned the trust of a great many international clients. In 2016, 15.5% of Garrigues' clients were based outside Spain and Portugal.

The following chart shows the origin of our clients based outside the Iberian Peninsula:

Origin by region	%
Africa	5.1
Asia	5.8
Central America and Caribbean	5.8
Europe	48.4
North America	10.2
Oceania	0.5
South America	24.2
<b>Total</b>	<b>100</b>



The diverse origin of our clients is first of all down to the vocation and experience of our professionals, accustomed as they are to working on international projects, and, secondly, to our extensive office network.

Garrigues is also a founding member of Taxand, a global network of more than 2,000 tax advisers hailing from over 50 firms from five continents, who provide tax advisory services to multinational clients. (further information at [www.taxand.com](http://www.taxand.com)).

The following chart shows the industries our clients come from:

Industry	%
Services	26.7
Construction & infrastructure	11.2
Individuals	16.8
Industrial manufacturing	10.0
Consumption & distribution	9.0
Energy	4.2
Financial services	6.4
Tourism	2.8
TMT	2.6
Public authorities	1.3
Transport	2.1
Life sciences & healthcare	1.7
Other	5.2
<b>Total</b>	<b>100</b>

## Types of clients

Generally speaking, our clients hail from medium-sized and large private sector companies.

As many as 82.9% of IBEX 35 listed companies as of December 31, 2016 have been clients of Garrigues in the course of the year, as have 60% of the companies listed on the Continuous Market of the Madrid Stock Exchange on the same date. Furthermore, 23.7% of the companies making up the MAB Alternative Stock Exchange at December 31, 2016 have been clients of Garrigues during the year. In Portugal, 41.2% of the PSI-20 companies on the Lisbon Stock Exchange as of December 31, 2016 were clients of the firm in 2016.

These figures testify to the high standard of the services we offer to the leading and most demanding companies in the countries in which we operate.



# Ethics [eth'iks] n.

## ETHICS AND GOVERNANCE

Management  
Approach

GRI  
103



### GOAL

To offer the best advice to our clients wherever they pursue their business activities, as one of the world's leading providers of legal and tax services.



### VISION

In order to be a leading international provider of legal and tax advice, we need to:

- offer our clients a service characterized by the highest ethical and quality standards;
- have the best professionals, able to constantly innovate and adapt to change: our people constitute our main draw;
- be aware of the need to make a commitment to society and contribute to sustainable development.



### VALUES

#### Unshakeable values:

- Commitment to client service
- Commitment to quality
- Commitment to the firm and its members
- Commitment to ethical conduct

#### Core ethical principles:

- Integrity
- Loyalty
- Independence
- Ongoing training
- Dignity and respect
- Professional secrecy



Garrigues has a clear, well-established identity both internally among those who make up the firm and in its dealings with clients and society at large.

Our hallmarks have always been our proximity to our clients and our ongoing commitment to understanding their needs and offering them added value by providing services of the highest quality, both in terms of technical expertise and the standard of conduct required of our professionals, fully respecting the principles and ethical values of the legal profession.

The values that underpin our identity are a commitment to client service, a commitment to quality, a commitment to the firm and its members, and a commitment to ethical conduct. Garrigues' identity is further shaped by the observance of fundamental ethical principles, such as integrity, loyalty, independence, ongoing training, dignity and respect, and professional secrecy.

These values and principles, and the standards and rules of conduct applying to the firm, are contained in Garrigues' internal regulations, comprising the Code of Ethics, the internal anti-money laundering and counter terrorist financing regulations, the Corporate Compliance Program and internal policies.

The mainstay of our internal regulations is the Garrigues Code of Ethics, which contains the ethical model of behavior that must inspire and govern the conduct of the firm's members at all times, aimed at fostering ethical and responsible behavior by all of them, and Garrigues' commitment to the principles of business ethics and transparency in all of its dealings. Compliance with the Code of Ethics is understood to be without prejudice to strict observance of the applicable legislation, the ethical standards and other applicable provisions of Garrigues' internal regulations.

With a view to reinforcing awareness and observance of the Code of Ethics by all members of the firm, our people are asked each year to confirm their commitment to familiarize themselves and comply with the provisions of the Code. All new hires take a specific course on the Code of Ethics via the e-learning platform and are asked to confirm their commitment to comply with the Code.

Moreover, in order to strengthen proper and effective compliance with the Code of Ethics and the internal regulations by all of the firm's members, the Garrigues Ethics Channel is a private and strictly confidential internal communication channel through which all of the firm's members can report, subject to the limits established by the legislation in force in each country,

conduct by any member of the firm that may be irregular or contrary to the law, ethical standards, the rules of conduct or the Code of Ethics, or any other provisions of Garrigues' internal regulations.

## **The Garrigues Code of Ethics is published on the firm website**

---

Given the importance of the Code of Ethics to the firm, it is published on the Garrigues website and can be consulted by any third party.

Another core component of our internal regulations are the regulations on anti-money laundering and counter-terrorist financing, comprising the policies and procedures established by the firm in the areas of due diligence, reporting, recordkeeping, internal control, risk assessment and management, client acceptance, internal control bodies and fulfillment of reporting and notification requirements, in order to comply with the anti-money laundering and counter-terrorist financing legislation in force.

With a view to ensuring proper performance of the resulting obligations, a more comprehensive and dynamic IT tool has been launched to facilitate the management of documentation and information collected in compliance with due diligence measures. Furthermore, this year the team of professionals dedicated exclusively to compliance matters and, in particular, anti-money laundering and counter-terrorist financing, has been reinforced to support the work carried out by Garrigues' Information Processing and Analysis Unit and the rest of the firm's internal control bodies.

2016 also saw the review of the Garrigues Anti-Money Laundering and Counter-Terrorist Financing Manual and its Schedules, with a view to updating some sections, reinforcing a number of procedures and facilitating compliance with existing procedures. Training initiatives aimed at providing information and training to Garrigues professionals on their prevention obligations in this area have also been stepped up.

The review and update of our internal regulations also included the firm's Corporate Compliance Program, which is designed to prevent and avoid conduct by firm members that could lead to criminal liability for the firm and potential repercussions.



The Corporate Compliance Program is made up of prevention management elements (based on an analysis and assessment of criminal risks) and enforceable elements (such as general and specific preventative measures, to prevent criminal risks from arising).

During the year, documents containing the specific prevention measures for each practice area have been drawn up, tailored to the special characteristics of each field, and a dedicated IT tool has been launched to facilitate the application of these measures and their proper documentation, overseen by the managers of the Corporate Compliance Program.

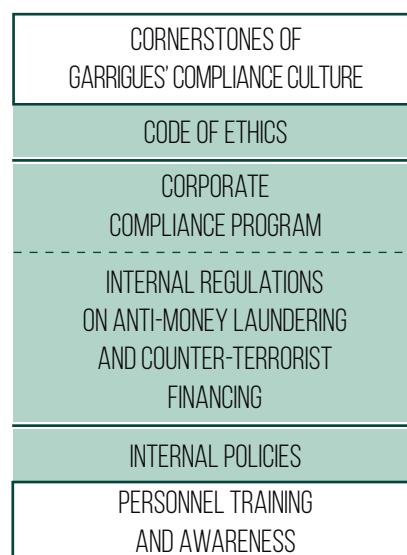
The last element of the Garrigues internal regulations are the internal policies. These notably include the policy on conflicts of interest since, given the firm's substantial client portfolio, the diversity of its practice areas and the large number of offices and countries from which we operate, it is particularly important for us to ensure that any potential conflicts of interest that may arise (and do in fact arise with increasing frequency) in the firm's professional practice are properly identified, prevented, managed and resolved.

This is a very important issue, not only from an ethical standpoint, but also given its impact on the firm's relationship with its clients. Accordingly, under the supervision and coordination of the Professional Practice Committee, Garrigues has put in place extremely stringent internal procedures aimed at managing and resolving these cases as expediently as possible, whether the potential conflict of interest involves a new client or matter for the firm or arises from unforeseen circumstances in the course of an engagement already in progress.

In addition to the policy on conflicts of interest, a range of other policies regulate matters affecting the pursuit of Garrigues' professional activity. Some of these policies have been updated during the year with a view to enhancing existing management and control procedures in specific areas or spheres.

In order to continue promoting and encouraging responsible conduct by all, a number of training and educational programs aimed at firm personnel have been organized to provide information on new developments during the year as a result of the review and update of Garrigues' internal regulations.

Over the next year, Garrigues will continue to work on reviewing, improving and updating the components of the internal regulations, focusing on the implementation of new initiatives designed to provide comprehensive information and training and raise awareness among all personnel.



A professional limited liability company, Garrigues is owned by all of the firm's practicing partners. The management, administration and representation of the Company falls to executive chairman, Fernando Vives, following the resolution adopted by the Partners' Meeting.

In the course of his activities, the executive chairman has the support of the senior partner, the Partners' Meeting and the Professional Practice Committee, in addition to other advisory committees, each with their own respective supervision, control and advisory functions.

[More information](#)



# HUMAN CAPITAL

## 2016 ACCOMPLISHMENTS

- Progress in our commitment to diversity through the implementation of the Garrigues Optimum plan, which allows for a reduction in working hours for a period of one year following the end of maternity or paternity leave, with no reduction or decrease in pay, and programs particularly designed to foster female talent.
- Launch of two global training programs: Introduction to International Business Law Practice and International Training Program.
- Launch of Global Department Conferences for the different practice areas.
- Review of the variable component of the compensation system for various professional profiles.
- Redefinition of the appraisal process for the administration and support areas.
- New collaborations with prestigious Latin American universities.
- Consolidation of our teams in Asia and Latin America.
- Preparation of a new introductory firm video and brochure aimed at university presentations.
- Creation and application of a new numerical test as part of the selection process and computerization of selection tests.

## Championing talent

The recognition, attraction and retention of talent will shape the firm's future development. That's why talent management is a priority for Garrigues.

## Human capital

Our professionals come from a wide range of nationalities, bringing a variety of perspectives which enrich our culture, enhance our work and make us stronger and wiser as a firm.

We have a team of over 2,015 people working out of 32 offices across the world.



Our professionals have the opportunity to work in international destinations, both at Garrigues' own offices and at reputable and prestigious foreign law firms with which we have a close professional relationship.

With respect to its entire workforce, Garrigues observes the applicable legislation and collective labor agreements in all regions in which it operates.



## Professional development

All of our professionals are aware of the professional career plan on joining the firm: a defined career path with high expectations for personal and professional development.

The different categories below reflect each professional's expertise and make them recognizable in the market in general, and among professionals in the legal and tax services industry in particular.



PARTNER • COUNSEL • PRINCIPAL ASSOCIATE • SENIOR ASSOCIATE • ASSOCIATE • JUNIOR

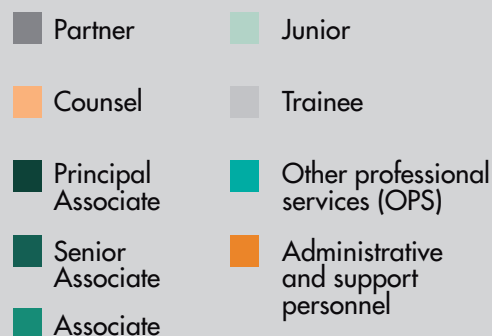
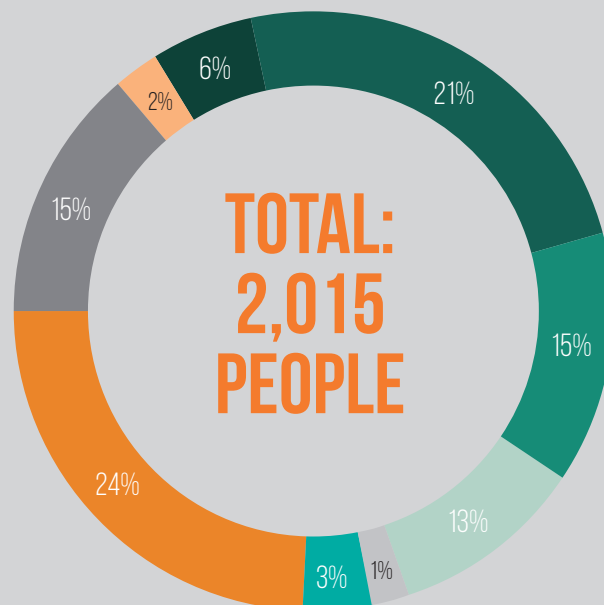
Internal promotions are based on a rigorous competency-based performance appraisal carried out each year. During the appraisal process, each individual's performance and career prospects are analyzed and discussed, personal and professional encouragement is given, and feedback is obtained and assessed. It is an entirely merit-based system.

The appraisal process includes a self-appraisal to give appraisees a chance to reflect on their performance beforehand. Additionally, in order to ensure greater objectivity and rigor in the analysis of information and appraisals carried out by managers of their appraisees, we have "external" appraisal teams made up of seasoned professionals whose mission is to analyze the procedures followed by practice areas other than their own, evaluating the process and making any observations and comments on the appraisee results of each department.

**12**  
PROMOTIONS  
TO PARTNER

**58**  
PROMOTIONS TO  
SENIOR ASSOCIATE

## 2016 headcount by professional category



## A commitment to diversity and equal opportunities

To respond to the challenges facing the firm, we need to have a broad range of talent, ideas and perspectives at our disposal. From the very outset of our professional activity, Garrigues has been committed to nondiscrimination, equal opportunities, the integration of people with disabilities and respect for diversity.

Success at internal level can only be achieved by building up a broadly diverse personnel base, including diversity of gender, age, ethnicity, nationality, culture, marital status and physical capacity, among others.



Garrigues has had an Equality Plan in place since 2008, as part of our continuing and unerring commitment to our most valuable asset, our people, and our conscientious efforts to retain talent and strive for excellence.

Since implementing the Equality Plan, we have worked meticulously with an ongoing focus on consolidating the measures set out in the Plan and creating new measures to encourage and maintain absolute equality of treatment and opportunities between men and women. Specifically, the Garrigues Optimum plan was launched this year, which enables professionals who have recently become parents and need to adapt to their child's needs to reduce their working hours for a period of one year after the end of their maternity or paternity leave, with no reduction or decrease in pay.

The firm was notably named a "Business in feminine plural" at the 6th MDE Solidarity Awards for Equality organized by Mujeres para el Diálogo y la Educación (MDE – Women for Dialogue and Education).

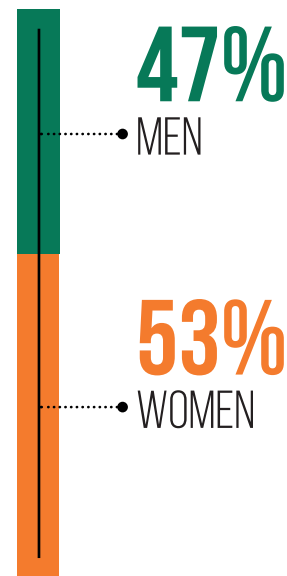
Various generations work together at Garrigues, as shown in the following table, and the relationship between them is smooth, natural and one of respect and mutual learning:

Age range (%)	M	W	Total
Baby boomers (born before 1964)	4	4	8
Generation X (born between 1965 and 1979)	19	20	39
Generation Y (born between 1980 and 1984)	9	11	20
Millennials (born after 1985)	15	18	33
<b>Total</b>	<b>47</b>	<b>53</b>	<b>100</b>

(M) men and (W) women.

We have pledged to create a working environment that respects and embraces this broad diversity.

## 2016 headcount by gender



## Disability initiatives

In addition to complying with legislation on integration of people with disabilities into the labor market, Garrigues is also involved in various disability initiatives. The firm takes part in and promotes pro bono work, provides training and participates in programs to raise awareness through volunteering, grants scholarships, acquires goods and services from special employment centers, takes part in charity races and projects, and collaborates with organizations, not to mention publishing legal articles on disability by its professionals. All of these initiatives are aimed at raising awareness and promoting diversity, and working on legal innovation to create the necessary environment for the social integration of people with disabilities.

## Talent: the foundation of our excellence

At Garrigues, attracting talent is key and this is why we work closely with universities year after year.

Approximately 4,500 new graduates sent their CVs to Garrigues in 2016. After closely assessing all applications in search of the best talent, we took on:





One of the reasons for students' interest in the firm is their positive impression of Garrigues.



## **Universities once again named Garrigues the best law firm to work for in 2016**

For the third year running, Garrigues has been voted the number one law firm to work for in Spain. The study published in April 2016 by Universum in collaboration with PeopleMatters (specialist people management consultants) ranked Garrigues as the most attractive employer among law students.

This recognition, together with the accolade from Merco Talento, is due, among other considerations, to our unerring commitment to young graduates, to whom we offer the chance to pursue an attractive professional career, taking part in a broad program of tax and legal training and continuing education and the opportunity to grow as professionals in a dynamic environment characterized by a meticulous approach, quality, ethical integrity and an excellent working atmosphere.

In order to provide detailed information on the firm to students and maintain our leading position, we designed a new corporate brochure and video in 2016 for university presentations.

We have attended 93 presentations and employment forums at universities across the world and we continue to strengthen our ties with prestigious universities in Latin America through collaboration agreements and the internship programs in place at our Latin American offices.

### **Training**

Garrigues places the utmost importance on the ongoing training of its people, not only as an essential strategy to ensure that our professionals possess the necessary technical expertise to provide the best legal and tax advice and continue to be recognized for their excellence and client service, but also as a necessary tool for their professional development.

With this in mind, training constitutes a basic principle of the management and organization of the firm, in which our professionals play a decisive role. The HR Department works towards achieving the firm's goals and improving the efficiency of the organization, equipping our professionals with the skills and abilities necessary to enable them to efficiently perform their work and preparing them to take on greater responsibilities and challenges in a constantly changing profession.

To facilitate these goals, Garrigues regularly organizes training, refresher and specialist courses and seminars, publishes updates on new noteworthy legislative, scientific and case law developments as they arise, and places state-of-the-art technologies at the disposal of its professionals in the various areas in which they work.

In the last year, in light of the increasing globalization of the legal profession, we have placed particular emphasis on developing specific training programs tailored to the global market, to cater to the needs of our business and of our professionals. Specifically, the following programs were launched in 2016:

- **Introduction to International Business Law Practice:** This program, aimed at young professionals from all offices, is designed to provide them with comprehensive training on the provision of international legal advisory services. It also aims to foster networking among professionals from different practice areas, offices and countries and enhance cultural diversity, facilitating the sharing and pooling of knowledge and affording a global perspective of professional practice.

The bilingual course, taught in Spanish and English at the firm's head office in Madrid, combines the transfer of technical know-how with the conduct of a real case study encompassing various legal disciplines, with the aim of ensuring that our professionals are able to deliver global and innovative solutions in any jurisdiction.

The program also teaches the management skills required by lawyers to practice in a global context.



## University students gain insight into the legal profession through training at our offices

- **International Training Program:** this program provides our professionals with a unique development opportunity, enabling them to gain experience at law firms in other countries and extend their academic training at an international level. The program offers a secondment at one of the foreign law firms with which Garrigues works on a regular basis or a temporary transfer to one of our international offices. If students prefer to study abroad, the firm offers the possibility of studying for a Master of Laws (LL.M.) at a prestigious foreign university or a Master of Laws in International Transactions at Centro de Estudios Garrigues in collaboration with Fordham University.

In 2016 we also launched Global Department Conferences for the different practice areas, principally aimed at providing an opportunity for professionals from different offices to share and discuss matters that directly affect each department. These Conferences, attended by a highly diverse cultural and generational mix of individuals from different professional categories and offices, facilitate and strengthen professional and personal relationships within the team and allow attendees to draw on each other's professional experience in different areas.

With a view to fostering the continued presence of women at the highest levels, this year we launched two training programs specifically aimed at nurturing female talent at different stages of their professional development.

In order to encourage proper management of the risks inherent in our profession, special emphasis was placed on educating our professionals on the Corporate Compliance Program and the specific measures to be adopted in each department. A total of 1,134 professionals received this training.

Training programs are aimed at all personnel, irrespective of gender, and are personalized according to the level of experience of each professional.

88% of our people took part in our training programs in 2016.

**848**  
MEN

**917**  
WOMEN



Main indicators of our training plan (number of people trained):

### Technical training

**1,315**

Technical courses and meetings held at different departments/offices

people trained

**1,422**

Ethics and good professional practice

**644**

Management skills

**658**

Languages

**586**

Technology

**646**

Knowledge management

**316**

Outside training

### Compensation system

Garrigues rewards the accomplishments of its people using a compensation system linked to professional performance. This compensation policy is applied consistently and uniformly to all Garrigues personnel and is based on:

- Fixed compensation: in the form of salary bands linked to the various internal organization levels and to professional category.
- Variable compensation: generally speaking, calculated on the basis of Garrigues' overall results and in conjunction with the results of the different regions. Garrigues has also sought to bring the variable compensation of its professionals more into line with profitable management objectives.

Our compensation schemes are periodically reviewed for each level of experience, taking into consideration the different national markets and practices in which we provide professional services.

As a result of this review, the compensation structure was modified in 2016 for a large number of the professionals providing legal and tax advice in Spain. Specifically, less experienced professionals saw the maximum amount of their variable compensation in 2015 added to their fixed salary in 2016. A review of the new fixed compensation was also carried out in application of the general compensation policies, as indicated below.

Our compensation systems are reviewed on an annual basis with respect to both their fixed and variable components (more experienced professionals have a variable component in their compensation structure).

As part of the general HR policy, we ensure absolute equality in compensation, ensuring no gender discrimination in this regard.

On top of salary-based compensation, the firm also offers a wide range of employee welfare benefits, such as payment of 100% of an accident insurance premium for all personnel, 50% of the premium for optional life insurance, and 50% of the premium for optional health insurance, both for employees and their families, should they choose to take up this offer.

Garrigues also gives its employees in Spain the option to sign up to flexible compensation programs that allow them to optimize their net income using certain products: luncheon vouchers, kindergarten vouchers, transport vouchers, training programs and medical insurance (50% of the premium for the employee and their family).

In cases of absence due to temporary incapacity, maternity or paternity leave, the firm tops up employee social security benefits to 100% of their salary from the very first day of absence, paying the necessary supplement (even where their salary is higher than the maximum social security contribution base).

### Other employee benefits

The HR Department continuously seeks to reach new agreements with companies offering services that can be used by firm personnel during their free time and vacation periods (hotel chains, airlines, etc.). A growing range of agreements are in place with companies that offer their products and services to firm employees at special and discounted rates (e.g. cars, gyms, leisure activities, language courses, etc.) which, apart from the economic benefits, make it easier for employees to locate certain products or services, with the consequent time savings. These benefits are offered to employees via the e-Bazar platform on the firm's intranet. We currently have over 130 special agreements with more beneficial terms for Garrigues employees and their families.

We also have a virtual notice board on the intranet, on which individuals can advertise items for sale or rent.



## Workplace medicine and occupational risk prevention

Garrigues' internal policies include the Policy on Quality, Risk Prevention, the Environment and Corporate Social Responsibility, which ensures compliance with occupational risk prevention and health & safety legislation in all countries in which the firm operates.

To this end, Garrigues has had its own joint Workplace Medicine and Occupational Risk Prevention Service since 1997, staffed by a team of occupational doctors, nurses and graduate risk prevention experts.

The aim of the Service is to achieve the best quality of life for Garrigues employees and partners through the integral management of their health. It also promotes a culture of prevention, both among Garrigues employees and at subcontractors. With this in mind, the different components of the Service coordinate and collaborate with other departments related to occupational risk prevention at the firm and at suppliers.

Firm personnel received occupational risk prevention training in 2016 via the online training platform. Further occupational risk prevention training was provided for certain positions which, due to their special characteristics, require more specific and detailed training and information.

The Workplace Medicine and Occupational Risk Prevention service advises all our professionals on issues in this area, playing an important role in campaigns to raise awareness of primary and secondary prevention of the most important illnesses. It has also broken new ground in the practice of predictive medicine by applying findings from the study of DNA variables that condition responses to certain drugs to patients with tumors and cardiovascular problems. The service also does an important job in providing health monitoring and on-site medical services.

No occupational diseases were recorded at the firm in 2016. However, the rise in accidents on the way to and from work in 2015 led to an increased number of sick days in 2016, since the recovery periods for some of these accidents extended well into 2016.

A study into how sleep disturbance affects the accident rate was carried out in 2016 and the results are currently being analyzed.

The firm plans to set up a Runners Club in 2017. The Medical Service is currently drawing up a procedure to confirm that employees are medically fit to join and to ensure that this activity is beneficial to their health and does not lead to medical problems.

## FUTURE GOALS

- To disseminate the second Garrigues Equality Plan.
- To strengthen Garrigues' commitment to people with disabilities.
- To replace the Fórmate e-learning platform with a more innovative model.
- To consolidate the training programs implemented in 2016.
- To launch an upward feedback pilot program.
- To complete the redefinition of the appraisal process in the administration and support areas.
- To raise awareness among firm personnel of the content of the e-Bazar platform and virtual notice board on the intranet.
- To implement an online program to make it faster and easier for employees to manage kindergarten vouchers.
- To complete the computerization of selection tests.
- To update the content of the "Join Us" section of the corporate website.



# INTELLECTUAL CAPITAL AND INNOVATION

## 2016 ACCOMPLISHMENTS

- Implementation of a semiautomatic system to glean “key” documents for the knowledge management system.
- Launch of an automatic anonymization procedure for the firm’s electronic documents.
- Completion of a document assembly pilot.
- Establishment of a specific dissemination system for online resources (InFórmate).
- Cataloguing and incorporation of the audiovisual archive of courses for the Virtual Library.
- Implementation of a tool for the semiautomatic review of legal texts.
- Continued rollout of IP telephony at planned offices.
- Completion of desktop empowerment milestones set for the year.
- Implementation of the Security Master Plan.
- Performance of a security audit.
- Update of audiovisual equipment at the Madrid office with improved functionalities (touchscreens and wireless projection).
- Continuation of digital transformation initiatives.

### **An ongoing, horizontal approach to innovation**

Innovation continues to be one of the major challenges of the future and should be a constant in all activities pursued by the firm rather than the implementation of isolated initiatives. Innovation forms part of and permeates everything we do, with new elements that make each year different, new and more promising. We consider that there is always room for improvement.

Our horizontal approach to innovation at Garrigues was demonstrated over the year in three main directions:

- Improvement and modernization of our relationship with clients and the services we offer to them.
- Opening up of new alternatives for the internal management of the firm, through the automation and robotization of work processes.
- Search for new solutions in legal practice to resolve complex problems.

After consolidating the use of the Collaborate platform and DMS+, significant progress was made in 2016 as regards communications between the firm and its clients and the public in general through the different digital channels. More than 100 newsletters were published and 161 legal alerts sent (one every two days), with new designs and layouts using the latest systems to make them more user friendly for the thousands of clients that use them each year.

At the end of 2016 we had 12,700 followers on Twitter, three times as many as two years ago. Our followers on LinkedIn, the quintessential professional network, number almost 25,000, while we have around 4,300 followers on the newer social network Facebook. These figures are borne out of natural and organic growth, based on the selection and management of the best content, rather than a simple desire to generate traffic for traffic’s sake.



These platforms enable us to multiply the reach of our messages and can be utilized by all Garrigues professionals, at any office and in any country. In parallel, the constant increase in subscribers and the interest shown in the matters addressed (76 posts in 2016) generated more than 104,991 visits to the blog.

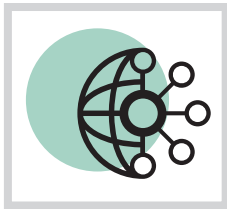
The new and improved hosting infrastructure for the website allows for better website performance, faster browsing and a greatly enhanced user experience.

As regards internal technological innovation, the launch of Proces@, a new automated document management system, was an unparalleled step in the Spanish legal services industry, which will now be supplemented with the application, where useful, of other cutting-edge worldwide platforms.

Innovation and improvements to client communication channels and services enable us to make the most effective alternatives available to our professionals in order to resolve the legal issues they face on a daily basis. The practice areas, industry groups and offices of Garrigues are the drivers of the innovation on which Garrigues' intellectual capital is founded.

In addition to helping companies to instill a culture of compliance, in 2016 we once again received international recognition at the Financial Times Innovative Lawyer Awards Europe (October 2016) for our innovative work in the areas of international taxation and business restructuring.

## Knowledge Management



### •..... Big data

The Knowledge Management Department took charge of actively incorporating the contents of a well-known Spanish legal platform into DMS+. The DMS+ tool has been developed in-house to provide lawyers with access to internal and external information that is pertinent to their work. The Knowledge Management Department has configured the search criteria sent to the supplier's database in order to obtain suggestions of case law, administrative rulings and expert commentary associated with the type of transaction being performed by the lawyer for the client.

During the year and in conjunction with the Technology Department we have implemented a piece of software (Anonymizer) that automatically deletes and replaces the data of individuals or legal entities, as well as other specific data, from private documents shared in DMS+ by lawyers and which can be searched for using the corporate search engine DMS+ Search, thereby allowing documents to be shared while preserving the confidentiality of the data they contain. The anonymizer acts on documents written in Spanish, English, Portuguese and Catalan. It also fosters internal collaboration, by encouraging lawyers to add relevant documents and precedents to the knowledge management system while at the same time complying with the privacy and secrecy obligations inherent in the legal profession.



### •..... Digital transformation

Garrigues reached agreements in 2015 and 2016 with the main Spanish platforms of electronic legal texts, providing access to electronic journals and ebooks from the main legal publishers. Books are available 24/7 on the virtual bookshelf, avoiding trips to the library or lengthy waits to consult books on loan, thereby saving time and inconvenience. In turn, it also makes it faster and easier to locate books and journals, to offer new titles to lawyers and to provide remote access (mobility), not to mention the fact it takes up less physical space and is more environmentally friendly, since it replaces interlibrary loans sent by courier or mail. As regards the process for acquiring new titles, it facilitates the centralization of acquisitions and the coordinated selection of resources among all documentation centers.

In 2016, there was a sharp increase in the number of electronic titles available on these platforms, leaping from 730 in December 2015 to 4,308 in December 2016.



### •..... Internationalization

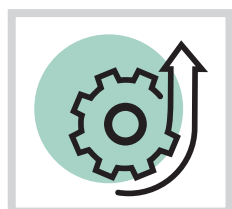
The following internationalization initiatives are worthy of mention: the training plan for non-Spanish speaking offices, the creation of the Latam catalog and the addition of reference materials from the Warsaw office to the Virtual Library.

One of the priorities in 2016 as part of the training plan was the design of the InFórmate e-newsletters in English. Aimed at keeping lawyers and support staff at non-Spanish speaking offices abreast of services of specific interest to their regions, these newsletters include training pills and information on databases and their functionalities, public websites, new books and journals specific to their offices, and tips and tricks on how to configure daily alerts, how to search the Garrigues Virtual Library, etc.

The Latam Catalog was also added to the Virtual Library in 2016, comprising more than 2,000 titles among books, journals and academic articles from the Brazil, Chile, Mexico and Peru offices. In addition, the personnel responsible for their respective library collections received training on how to catalog new acquisitions.

The Documentation Center also added the reference materials of the Warsaw office to the Virtual Library, numbering a total of 874 titles between books and journals.

The Garrigues Virtual Library now provides our professionals with tools and information on how to use the reference materials and resources of the firm's 27 offices worldwide, from a single platform.



### •..... Productivity

Software was launched during the year at Garrigues to help lawyers with the final review of contracts, agreements and other documents, leading to time savings for lawyers and greater quality of written materials.

A document assembly pilot was run in 2016 to allow specimen contracts and documents to be drawn up, thereby speeding up the document creation process and helping improve document quality.

We are also working on Garrigues Collaborate with a view to enhancing some aspects of professional practice (such as, for example, the coordination and management of due diligence processes), establishing collaborative dynamics between lawyers and clients.



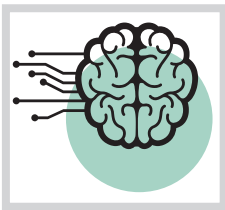
## Information technologies

During the year, Garrigues remained strongly committed to technology as a means of setting ourselves apart and creating added value for our clients and professionals.

The Technology Department provides services to users from all offices. The team works independently but in close conjunction with other internal departments, such as the Knowledge Management, Human Resources, Intangibles and General Services (SGLEI) Departments, with which it develops joint projects. The Technology Department provides technical support for all IT-related tools and initiatives.

### Department remit

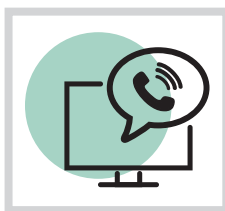
- To manage the firm's technology initiatives.
- To serve as a link between the firm and other external IT providers.
- To supervise the technology budget.
- To research and develop new technologies that may be of use to firm professionals.
- To horizontally manage all of the firm's hardware and software.
- To implement new tools in the least aggressive way possible, facilitating the integration of technology into the processes inherent in our work.
- To ensure the correct functioning of all systems.



#### Artificial intelligence and process automation: Proces@

The main innovation prepared during the second half of 2016 was the establishment of a system to automate the majority of the firm's document management processes, known as Proces@. Under an agreement signed between the firm and Instituto de Ingeniería del Conocimiento (IIC) attached to Universidad Autónoma de Madrid (UAM), a new platform has been created to enable the legal documentation received each day to be managed and analyzed more quickly and reliably. This is the first system of its kind to be implemented in Spain in Spanish, since all initiatives implemented to date by major international law firms were mainly in English.

This initiative forms part of Garrigues' ongoing innovation in the areas of technology and knowledge management, and sits side by side with other pilot programs, such as the study of a contract analysis tool to automate manual reviews or the inclusion of Portuguese judgments and legal commentary in DMS+.



#### Unified communications

In 2016, we continued to roll out IP technology and Jabber at the planned offices: A Coruña, Alicante, Barcelona, Bilbao, Murcia, Oviedo, San Sebastián, Seville, Tenerife, Valencia, Vigo, Santiago de Chile, Bogotá, London, Lisbon, Oporto and Shanghai.

Jabber is a tool that enables us to use our telephone extension directly through our PC so that we can communicate with Garrigues users using audio, video, desktop-sharing and presence technology.



•..... Launch of a new e-learning tool with gamification elements

We are in the process of launching a new e-learning platform which not only incorporates gamification elements but also new and more powerful spaces for sharing documents via streaming. This project is being jointly developed by the HR and Knowledge Management Departments.



•..... Desktop empowerment

Initiatives have been run to improve workstations, providing dual screens, headphones and the option of lighter, more portable laptops, in conjunction with the enhanced productivity tools implemented last year.



•..... Cybersecurity

A Security Master Plan has been put in place to improve the level of digital security.

A biennial security audit has also been completed.

A cybersecurity information campaign was run to raise awareness of the importance of this issue among firm personnel.



•..... Update of audiovisual equipment at the Madrid office

The audiovisual equipment of all meeting rooms at the Madrid office was updated, installing larger and more functional screens: wireless projection capability, touch screen, multimedia, high definition, etc.



## Recognition

Garrigues was singled out once again in the Most Admired Knowledge Enterprise (MAKE) study, being shortlisted as a finalist in the 2016 Global MAKE Study and the 2016 European MAKE Study. The firm's Virtual Knowledge Classroom initiative was one of the 10 finalists of the 2016 KM Reality Awards run by US journal KM World.

In the area of information technologies, Garrigues won the 2016 award for Best Firm-Wide Use of Technology awarded by UK publication The Lawyer. The panel commended the big data strategy implemented by the firm in order to develop applications which enhance our lawyers' productivity and improve security when working with document filing systems.

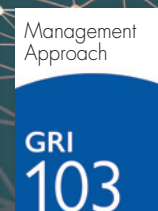
## FUTURE GOALS

- Artificial intelligence and process automation:
  - To select and implement a document assembly tool.
  - To install a robot to automate certain tasks in the criminal law, litigation, and labor and employment departments.
  - To expedite due diligence processes.
  - To study, using concept tests, a contract analysis tool that automates manual revisions.
  - To add Portuguese judgments and legal commentary to DMS+.
- Unified communications:
  - To complete the rollout of IP telephony at all of Garrigues' offices.
  - To replace current audio-conferencing systems with a single system for all offices with improved functionality: WebEx. WebEx is a tool that will enable us to communicate with clients and suppliers via audio, video and desktop sharing.

- Cybersecurity:
  - To draw up an action plan from the Security Master Plan, as well as recommended steps in light of the security audit carried out.
  - To implement dual layer firewall protection.
  - To implement endpoint protection systems on individual users' devices to better protect our existing infrastructure.
- Enhanced user experience:
  - To conduct a global satisfaction survey.
  - To implement a new and simplified system for remote access.
  - To migrate to new operating system Windows 10 with Office 2016.
- To continue with digital transformation initiatives.



## SOCIAL AND RELATIONSHIP CAPITAL



### 2016 ACCOMPLISHMENTS

- Provision of pro bono tax and legal services to 58 entities.
- 106 Garrigues lawyers took part in the pro bono program in its various forms.
- 30 new projects commenced over the course of 2016.
- Dissemination of corporate outreach projects and initiatives by Garrigues personnel in the "Social Corner/Rincón Social" section of the intranet.
- Further consolidation of the Master's Degree for Access to the Legal Profession, with the intake rising from 79 students (2014/2015 academic year) to 120 students (2015/2016 academic year) to 139 students (2016/2017 academic year).
- Teaching of new editions of existing international programs (International Business Law, with students from Universidad de Cali, and the "Training the Global Lawyer" program with students from Instituto Tecnológico de Monterrey) and brand new programs (Legal Aspects of Sports Management, with students from Instituto Tecnológico de Monterrey)
- Consolidation of the Executive Program in Sports Management, with the intake rising from 14 students in the inaugural year (2015/2016) to 16 students in the 2016/2017 academic year.
- Establishment, in the 2016/2017 academic year, of a new private Master of Laws in International Transactions, with a blended format and a total of 16 students in the first intake.
- Implementation in 2016 of a new program aimed at professionals: the Executive Program in Fashion Law, with a total of 21 students.
- Holding of the 16th Young Lawyers Awards.
- Participation in the Code for Foreign Investments in Spain, published by the Official State Gazette (BOE).

Garrigues is committed to serving the general interests of society through applied legal research, internship programs and awards, community outreach initiatives, the provision of pro bono tax and legal advice to charitable, welfare, cultural and educational organizations that do not have

the resources to access high quality legal services, and the quality training programs offered by Centro de Estudios Garrigues in areas related to the firm's professional activity. Garrigues also puts stock in its relationships with stakeholders.



## Pro bono program

Garrigues has always demonstrated a firm commitment to social responsibility and, within this area, the provision of pro bono services takes on particular importance. The firm has a pro bono program in place which covers the main characteristics of the pro bono legal and tax advisory services provided by the firm free of charge to not-for-profit entities for charitable, welfare, cultural and educational purposes and activities.

The pro bono program was set up in 2012 in order to formalize the pro bono activity that the firm had been performing for years and to provide all professionals with the tools to carry out this initiative. According to the results of the latest in-house CSR survey, almost all firm personnel consider it appropriate to offer pro bono services.

General coordination of the pro bono program lies with the Pro Bono Committee, made up of professionals from various offices and departments. The committee's duties include approving new projects and seeking to ensure compliance with the mechanisms in place to guarantee the quality of the services provided.

Over the year, we have provided pro bono legal advice to 58 not-for-profit entities (a 15% increase on the number of beneficiaries in 2015) on subjects as diverse as: the formation of companies, bylaw amendments, contracts, recurring advice on commercial, tax and labor matters, advice on subsidies from public entities, advice on real estate matters, and integral advice to companies supporting enterprise. In a first this year, we have also advised local and international not-for-profit entities on the defense of human rights. 106 Garrigues lawyers participated in the pro bono program.

The firm was proud to receive the Continued Cooperation Award from the Spanish Federation of Food Banks (FESBAL), which celebrated its 20th anniversary in 2016, in recognition of the collaboration and advice provided by Garrigues as part of its pro bono program.

## Legal clinics

In collaboration with various legal clinics, this year we continued to assist Universidad Pontificia Comillas and IE University by supervising and mentoring students who combine their specific training with social commitment and provide legal assistance to not-for-profit entities that request their help.

## Fundación Garrigues: Corporate outreach

Our corporate outreach initiatives are fully aligned with the strategic objectives of the firm and are carried out through Fundación Garrigues and the Human Resources Department. The foundation, set up and funded entirely by the firm, was set up on April 1, 1997 and plays a pivotal role in the implementation of the firm's corporate social responsibility policy.

Corporate outreach initiatives at the firm take the form of awards and scholarships, volunteering, charity campaigns, events and programs, as detailed below.

## The Young Lawyers Awards

In order to foster excellence in knowledge and the practice of business law, Fundación Garrigues, together with publishing house Thomson Reuters Aranzadi and Centro de Estudios Garrigues, held the 16th edition of the Young Lawyer Awards, which were presided over by the Minister of Justice.

## Scholarship program

As in previous years, scholarships were awarded, targeted at higher education and, specifically, the field of law, for young students approaching the end of their studies at various universities in the different cities where Garrigues has an office.

## Rincón Social/Social Corner

Our internal communication channel, Rincón Social/Social Corner, located on the intranet, shares news of the charitable exploits of colleagues with links to various charities and worthy causes, proposes initiatives our people can participate in and explains the projects on which the firm collaborates.



## Science and Law Symposiums

During 2016, Fundación Garrigues and Fundación para la Investigación sobre el Derecho y la Empresa (FIDE) organized several symposiums analyzing the role of law and jurists in today's society, particularly with regard to scientific and technological developments. The matters addressed during the year or scheduled for 2017 include: assisted reproduction, drug trials involving children, nanotechnology, the application of new materials such as graphene, advances in neuroscience and the study of the brain, genomics, demographic challenges and the application of new technologies.

## Notable outreach initiatives

- Corporate volunteering
  - A team of eleven volunteers participated in the Escuela de Fortalecimiento project run by Fundación Integra, which works with groups at risk of social exclusion. The initiative involves providing empowerment training to disadvantaged groups who face great difficulties in accessing the job market. The training gives candidates the tools to improve their chances of finding employment.
  - Collaboration through training sessions as part of the educational programs of Progama Campus run by Fundación Carmen Pardo Valcarce and Programa Empresa run by Fundación Prodis.
  - Participation in the development of a training program on constitutional values for immigrants, to be taught in 2017 at immigrant participation and integration centers (CEPI) in Madrid.
- Charity events
  - Rock&Law Lisbon. The Walkers from the Lisbon office took part in the eighth edition of this charity concert. The initiative, which has been supported by Garrigues since the very first concert in 2009, brought together 15 Portuguese law firms in support of this year's worthy cause: associação BIPP - Inclusão para a Deficiência, which works to promote inclusion for people with special needs. The proceeds from the concert will go towards the launch of an agricultural unit of the SEMEAR project to help with the integration into work of 15 young people with intellectual and developmental disabilities.
  - Rock&Law Madrid. Punto G from the Madrid office took part in the sixth Spanish edition of this charity concert. This year the proceeds went to the Lydia project of the CRIS Cancer Foundation, an independent non-profit organization, fully dedicated to cancer research and funded by private and corporate donations.
  - Charity runs and sporting events. Throughout the year, our people took part in numerous charity runs coordinated by organizations such as the Spanish Cancer Association, Fundación Adecco, Fundación Create, among others. We also participated in charity sporting events run by organizations such as Prodean and Cooperación Internacional ONG.
  - Our Mexican office took part in the Lawyers' Day run, aimed at promoting pro bono work. The funds raised from race subscriptions were donated to Fundación Appleseed, which works to facilitate access to justice to the most vulnerable sectors of society.
  - Screening of the documentary "El hombre que comenzó a correr": the firm collaborated on this humanitarian project to build wells in Ethiopia by screening the documentary in collaboration with Fundación Emalaikat.
- Campaigns run
  - Operation Kilo food drive. The firm has coordinated food drive campaigns for the Spanish Federation of Food Banks (FESBAL) since 2012. Over the years we have collected more than 15,000 kilos of food, with Garrigues then matching the number of kilos donated each year, doubling the effect.
  - Charity book drive. The firm once again participated in the book drive for the online charity bookstore run by the NGO AIDA (Ayuda, Intercambio y Desarrollo), with excellent results. This year more than 700 books were donated during the drive held in April.
  - Fundraising, purchase of food and recycled products. The Mexican office has taken part in several campaigns in support of the following institutions: Ministerios de Amor, Alianza Anticáncer Infantil and Asociación Pro Personas con Parálisis Cerebral.



Ecorun environmental race, Madrid



Spanish Cancer Association charity run, Palma



Rock&Law Lisbon (left) and Rock&Law Madrid (center and right)



Business outreach day, Vigo



## Garrigues and education: Centro de Estudios Garrigues

Centro de Estudios Garrigues (CEG), a subsidiary of the law firm Garrigues, was set up in 1994 in order to provide quality training in areas related to the firm's professional work.

The link with Garrigues enables CEG to keep in constant touch with professional practice, providing a way in which to apply the knowledge, methods and experience gained from professional practice to the field of education. This is not, by any means, an exclusive relationship, however, as CEG is conceived as an open forum for participation, with the involvement of professionals hailing from highly diverse backgrounds: the public authorities, the judiciary, academic circles, private enterprise, and other firms and consulting practices.

The range of training programs on offer includes:

- Master's Degree Programs: requiring fulltime study 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.
- Ad hoc programs for foreign university students, particularly from Latin America.
- Other open-access courses and seminars: looking at new developments and matters of particular interest in the legal and business community.

The following long-term programs were taught in the 2015/2016 academic year (which began in October 2015):

Program	First intake	Total students
<b>Master's Degree programs</b>		
Master's Degree in Taxation	1994/1995	217
Master's Degree in Business Law	1996/1997	
Master's Degree in Human Resources	1997/1998	
Master's Degree in Labor Law Counseling	1999/2000	
Master's Degree in Banking and Finance	2000/2001	
Master's Degree in Legal Practice (Entry to the Legal Profession)	2013/2014	
<b>Executive programs</b>		
Executive Master's Degree in Human Resources (and specialization modules)	2004/2005	154
Executive Program in Labor Relations	2004/2005	
Executive Master's Degree in Tax Counseling	2007/2008	
Executive Master's Degree in International Taxation	2009/2010	
Executive Master's Degree in Business Law	2013/2014	
Executive Program in Sports Management	2015/2016	
<b>Total students 2015/2016</b>		<b>371</b>



Variations in total student numbers over the last three academic years were as follows:



The slight reduction in student numbers in the 2015/2016 academic year was solely with respect to the Executive programs (aimed at practicing professionals) and is due to the cancellation of the Executive Master's Degree in Business Law, aimed at Garrigues professionals, which had 80 students in the 2014/2015 academic year and ceased to be offered in the 2015/2016 academic year. The program has been replaced by a shorter course, the Introduction to International Business Law Practice, since the majority of new hires already hold (as a legal requirement) a specific master's degree for access to the legal profession.

Excluding this effect, student numbers on the remaining Executive programs rose from 106 in 2014/2015 to 154 students in the 2015/2016 intake, while master's degree students climbed from 203 to 217 over the same period.

At October 2016, a total of 195 students were enrolled in the 2016/2017 Master's Degree programs. The definitive data for the Executive programs is not yet available, as the registration period runs through April 2017.

The success of our Master's programs is borne out by various indices and figures, as shown below:

Program	% Placement		
	2013/2014 (october 2014)	2014/2015 (october 2015)	2015/2016 (october 2016)
Master's Degree in Taxation	88.9	97.2	97.0
Master's Degree in Business Law	82.5	88.6	97.3
Master's Degree in Human Resources	85.3	94.6	100
Master's Degree in Labor Law Counseling	95.7	92.9	96.9
Master's Degree in Banking and Finance	90.9	62.5	85.7
Master's Degree in International Law	90.9	93.8	100
<b>Average placement %</b>	<b>89.0</b>	<b>90.1</b>	<b>97.2</b>

Includes students in employment and students in internships

**1<sup>ST</sup> Position of our programs in the ranking of Master's Degree programs drawn up by *El Mundo***

2015/2016 Programs:

- Master's Degree in Taxation
- Master's Degree in Business Law Practice
- Master's Degree in Labor Law Counseling
- Master's Degree in Banking and Finance
- Master's Degree in Human Resources



CEG has signed collaboration agreements with most of the leading law firms and enterprises for professional practice management, as well as agreements with foundations and other academic institutions in order to promote study and research in the field of tax and law.

In this regard, it is worth noting the agreements the Center has executed with Fundación Universia to secure grants for students with disabilities, whereby a total of 5 students received a grant in the 2015/2016 academic year. These students had their fees reduced for the relevant programs by 25% in relation to the usual fees.

With respect to Latin America, the Center has signed collaboration agreements with Instituto Tecnológico de Monterrey (Mexico), Universidad Austral (Argentina), Universidad de los Andes (Chile), Universidad Javeriana de Cali (Colombia) and Universidad San Ignacio de Loyola (Peru), and with Fundación Euroamérica, Fundación Carolina and Funglode (Dominican Republic).

Since October 2009, CEG has been authorized to deliver training programs as a center attached to Universidad Antonio de Nebrija, and is thus entitled to offer official master's degree programs that are fully recognized within the European Higher Education Area.

In addition, since 2012 CEG has had the necessary administrative clearance to be able to deliver the Master's Degree in Legal Practice for access to the legal profession, which was taught for the first time in the 2013/2014 academic year, with the following four specialties: tax law, corporate/commercial law, labor and employment law and international business law. In 2016, the center applied for renewal of its accreditation in order to continue offering this master's degree, which it obtained in January 2017.

With this master's program, CEG's goal is to become a center of choice for quality legal training.

In the 2015/2016 academic year, CEG continued with its volunteer program, offering students the possibility of participating in several activities on a Saturday. Four NGOs collaborated with this program (Banco de Alimentos, Desarrollo y Asistencia, Pueblos Unidos and Accem Madrid).

Moreover, in conjunction with Fundación Garrigues and the publishing house Thompson Reuters Aranzadi, CEG once again organized and publicized the annual Young Lawyers Awards. In 2016 the award ceremony was held at CEG's headquarters and attended by the Spanish Justice Minister.

### More information

#### **Garrigues publications: Colección Garrigues and electronic codes**

Our commitment to impeccable legal practice and the firm's deep-seated interest in legal training and research gave rise to the Garrigues Collection, launched in 1999 with the publication *El gobierno de las sociedades cotizadas* (Governance of Listed Companies). It contains works of considerable legal interest such as *La sociedad cotizada* (Listed companies), *El derecho español en el siglo XX* (Spanish law in the 20th Century), *La licencia de marca* (Trademark Licenses) or *Comentarios a la Ley Concursal* (Commentary on the Insolvency Law), among others. That "Garrigues spirit", halfway between tradition and reform, remains intact and is faithfully reflected in the Collection. With the Collection we seek to actively participate in legal debate, to help to rethink the institutions and concepts of traditional law and to contribute to the definition of new legal ideas.

Garrigues also collaborates with the Official State Gazette State Agency in selecting, ordering and reviewing the provisions of electronic codes. These codes, a compilation of the main provisions in force in the Spanish legal system, are constantly updated and are offered for free download in electronic pdf and ePub formats to facilitate their storage and reading on various electronic devices. The following codes were published in 2014 and 2015: *Derecho Farmacéutico* (Pharmaceutical Law), *Derecho Concursal* (Insolvency Law), *Propiedad Intelectual* (Intellectual Property) and *Derecho Deportivo* (Sports Law). *The Código de Inversiones Extranjeras en España* (Code for Foreign Investments in Spain) was published in 2016.



### **Garrigues Chair on the Modernization of Company Law, Universidad Pontificia Comillas, ICADE**

Garrigues and the Faculty of Law of Universidad Pontificia Comillas created the Garrigues Chair on the Modernization of Company Law in 2011 with the aim of promoting research into company law and examining the best ways to update Spanish corporate legislation in the European and global context of legal and economic operators.

The Chair aims to become a benchmark in Spain for public and private debate and for research into company law, a major component of the Spanish legal system.

The main seminars held in 2016 were as follows:

- Company law and corporate social responsibility.
- Current issues relating to the creditor's right to object in structural modifications and capital reductions.
- Current issues relating to the contribution of businesses and carve-outs under Spanish company law.
- Conflicts of interest and shareholder rights.

In addition, the 6th volume of the *Cuadernos de la Cátedra* collection was published in March 2016, including the following articles, among others:

- Current CSR issues from a company law perspective and how they can be resolved. Author: José María de la Cuesta Rute.
- Corporate interest, a "third way" and CSR: latest developments. Author: Juan Sánchez-Calero Guilarte.
- CSR from the corporate governance perspective. Author: Jesús Alfaro Águila-Real.
- Social responsibility of capital companies: legal positions and clarification of principles. Author: Javier Ibáñez Jiménez.

### **Garrigues Chair in Law and Business, Universidad de Zaragoza**

As part of the institutional collaboration between the Faculty of Law and the Faculty of Economics and Business Studies, Garrigues and Universidad de Zaragoza created the Garrigues Chair in Law and Business in 2011. This is the first Chair in Spain to consider legal and business concepts to be inextricably linked, with the fundamental aim of encouraging research and development of the law and its connection to the business community, by generating knowledge in the legal and economic areas most closely linked to business activity.

In 2016, the Garrigues Chair in Law and Business Studies promoted the following initiatives aimed at fostering academic excellence:

- Debating League. Faculty of Economics and Business Studies, Universidad de Zaragoza. February 2016.
- 8th Economic Olympics of the Autonomous Community of Aragón. April 2016.
- 2nd Garrigues Award for students at Universidad de Zaragoza. July 2016.
- 4th seminar entitled "Law and business: a view from the professional practice perspective". November 2016.
- International congress entitled "Limits on the freedom of contract". September 2016.
- Congress entitled "Changes in civil procedure". October 2016.



## Dissemination

Garrigues actively disseminates information to clients, contacts and its target public through the publication of newsletters, alerts and commentaries on the latest legal developments. Emails are sent out to contacts in the firm's database in a variety of formats (pdf, eMag, html, etc.) and are freely available for consultation at [www.garrigues.com](http://www.garrigues.com).



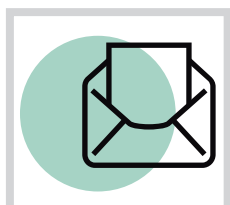
### Legislation alerts

These contain selected information from official bulletins and the main legal sources. The different departments briefly outline the most significant legislative developments, ensuring that the information is delivered to recipients quickly. A total of 161 alerts were published in 2016.



### Commentaries

These are specific publications in which each department carries out an in-depth analysis of recently published legislative and case law developments that, due to their impact on business and society, require a more detailed explanation. A total of 41 commentaries were published in 2016.



### Newsletters

Garrigues offices and practices publish newsletters containing the latest legislative developments, commentaries and case law, as well as industry news. Our newsletters are sent to clients and contacts on a regular basis, enabling them to stay abreast of key industry developments. A total of 102 newsletters were published in 2016.



### InHouse

InHouse is Garrigues' web 2.0 internal communication channel. Members of the firm can stay informed by consulting the intranet homepage, where current news items are published daily. Over 750 news items were published in 2016 on the six different sections of the platform: News, Social Corner, Credentials, Gente G, Occupational Health and Diary. Over 1300 items of multimedia content have also been generated (including images, pdf files and videos).

Moreover, each Thursday employees are sent a round-up of the week's most important articles by email. 45 InHouse newsletters were sent out in 2016.

Garrigues professionals also regularly publish articles in specialist newspapers, journals and other media, adding to Garrigues' in-house archive of academic articles year on year.



## Social networks and blog

Social networks have become an essential part of the corporate communication strategy and reputation of an entity, enabling them to convey the messages they consider most appropriate as regards their activity and to ascertain how they are viewed and establish their digital identity on social media.

The firm's activity on social networks (primarily Twitter, Facebook and LinkedIn) has grown tremendously in the three years since the firm began using them. This activity is based on the principles of objective and transparent communication and on the dissemination of legal commentary and information regarding the activity of our professionals in their various areas of practice. Rigor and excellence in client service take precedence over seeking an increase in traffic which exceeds the organic growth naturally occurring on each network.

At the end of 2016 we had 12,700 followers on Twitter, three times as many as two years ago. Our followers on LinkedIn, the quintessential professional network, number almost 25,000, while we have around 4,300 followers on the newer social network Facebook. These platforms enable us to multiply the reach of our messages and can be used by Garrigues professionals from any office and in any country.

Our digital strategy on social networks is combined with the Garrigues blog, a space where short articles (posts) and the firm's knowledge on issues of current interest can be shared. The constant increase in subscribers and the interest shown in the matters addressed (76 posts in 2016) generated more than 105,000 visits to the blog.

In addition to the firm's general blog, there is a good deal of activity on our other specialist blogs: *Nuestra Fiscalidad*, run by the Garrigues Tax Department and the newspaper *Expansion*, *Fiscalidad Foral* (Basque Country and Navarre), and the new Labor and Employment department blog, which was launched in late 2016 and is already showing some very promising results in terms of subscriber numbers and traffic.

## Website

The website [www.garrigues.com](http://www.garrigues.com) is the firm's main communication tool, containing all corporate information on Garrigues and its professional activity and providing a communication hub. The website's global positioning has risen over the last year and it ranks among the leading legal industry websites in terms of volume of traffic. The time spent by users on the website has increased, as has the number of pages visited.

Various Search Engine Optimization (SEO) strategies have been implemented, with search engines (Google, Bing) being informed to ensure that we remain high on their lists of search results. This area is under constant review and offers major opportunities for improvement.

From a technical standpoint, the new hosting infrastructure for the website allows for much improved website performance, faster browsing and a greatly enhanced user experience.

## Events

The organization of events, seminars, working breakfasts and training workshops by each of the firm's practice areas or in the course of its institutional relations is ongoing throughout the year. Speakers are experts in their respective fields, whether from within the firm or from other entities and organizations, the aim being to address the subject matter thoroughly and in a manner which will be of use to the clients or guests in attendance.

In addition to ad hoc events organized to discuss current legislative issues in a highly practical way, various departments hold annual seminars to analyze legislative developments, such as the tax and legal updates for businesses, employment forums or HR directors' forums.

Garrigues frequently lends its meeting spaces and joins together with various foundations, institutions, businesses and associations to organize key events. The firm notably hosts events held from time to time by major international legal organizations in different fields, such as tax law and corporate law.

A total of 840 events were held at Garrigues' offices last year, most of them being organized by the different practice areas and by Fundación Garrigues, although this number also includes events for which the firm lent out its facilities to other companies or institutions.



## Collaboration with associations

Garrigues is a member of more than 90 domestic and international associations, professional groups and similar entities in the public and private arenas (business associations, chambers of commerce, etc.)

In particular, during the year we formed part of the Asociación Española de Contabilidad y Administración de Empresas (AECA) working group which drafted the document entitled "Internal corporate social responsibility. Definition of concepts and reporting", and participated in the study entitled "The power of collaboration. SERES, social value 2016" (Fundación Sociedad y Empresa Responsable). We also continue to collaborate with Fundación Derecho y Discapacidad, with Asociación Española de Fundaciones, and with Club de Excelencia en Sostenibilidad.

## Dialog with stakeholders

Garrigues defines its stakeholders as individuals or organizations in society that significantly affect, or can significantly contribute to, its activities or decisions, or that are, or can be, significantly affected by the firm's actions and its professional practice.

The stakeholders identified by Garrigues are indicated in the Code of Ethics and are its clients, personnel, partners, alliances, entities (other firms, suppliers, the media and other organizations), authorities, regulatory bodies and public authorities, and society.

Garrigues has identified its stakeholders and makes a special effort to encourage and ensure constant communication with them, and to continually identify new channels of communication, while taking on board their expectations and defining what courses of action to take in this connection.

To this end Garrigues periodically reviews its stakeholder groups and completes this review with an analysis of relevance and materiality in order to identify key aspects. The pertinent information associated with material aspects is notified to the relevant stakeholders in different ways, usually through the Integrated Report.

The following table shows Garrigues stakeholders and the main channels of communication in place:

### Clients

- Integrated Report
- Client experience and satisfaction
- Direct comments / informal meetings
- Reports by specifiers and specialized media
- Client and ethical requirements
- Meetings, committees and external working groups

### Partners

- Integrated Report
- Client experience and satisfaction
- Direct comments / informal meetings
- Formal meetings and internal committees

### Personnel

- Integrated Report
- Client experience and satisfaction
- Direct comments / informal meetings

### Regulatory Bodies and Public Authorities

- Integrated Report
- Reports by specifiers and specialized media
- Client and ethical requirements
- Press and media (including social networks)
- Meetings, committees and external working groups
- Legislation

### Alliances

- Integrated Report
- Direct comments / informal meetings
- Meetings, committees and external working groups

### Entities (suppliers, the media, etc.)

- Integrated Report
- Direct comments / informal meetings
- Reports by specifiers and specialized media
- Meetings, committees and external working groups
- Formal meetings and internal committees

### Society

- Integrated Report
- Reports by specifiers and specialized media
- Press and media (including social networks)
- Meetings, committees and external working groups
- Legislation
- Formal meetings and internal committees



The firm's most important stakeholders are addressed through the most direct channels of communication (surveys, meetings, direct dialog), in addition to the indirect channels used for the majority of stakeholders (Integrated Report or CSR Report, reports by specifiers and specialized or general media, requirements, external working groups, regulations, etc.). One of the firm's main stakeholders groups are its employees. Garrigues conducts an internal CSR survey in order to identify employee expectations.

In addition to the above channels, other means of communication are used with stakeholders, such as training and information sessions, the website and blogs, and corporate social networks. The value of the latter as an institutional communication channel for the promotion of Garrigues' identity and corporate culture has been clearly established.

## FUTURE GOALS

- To increase the number of entities benefitting from pro bono services.
- To increase the number of lawyers participating in the pro bono program.
- To strengthen collaborations relating to the protection of human rights.
- To strengthen our collaboration with legal clinics.
- To continue to enhance the international dimension of Centro de Estudios Garrigues.
- To continue to garner recognition of the Master's Program for Access to the Legal Profession as a benchmark master's program in the market.
- To consolidate the Executive Program in Fashion & Law and the Master of Laws in International Transactions, both of which were launched in 2016.
- To launch a new Executive Master's Degree in Entrepreneurship.
- To hold the 16th Young Lawyers Awards.
- To publish a new work in the Garrigues Collection entitled "A practical approach to restructuring and insolvency law".
- To remain committed to our community outreach initiatives and increase the number of campaigns in which Garrigues employees take part in collaboration with various charities, with a particular focus on entities that work towards the integration of people with disabilities and respect for diversity.
- To continue to provide information on new corporate outreach projects and initiatives in the "Social Corner" section of the intranet.



# NATURAL CAPITAL

Environmental

GRI  
300

Management  
Approach

GRI  
103

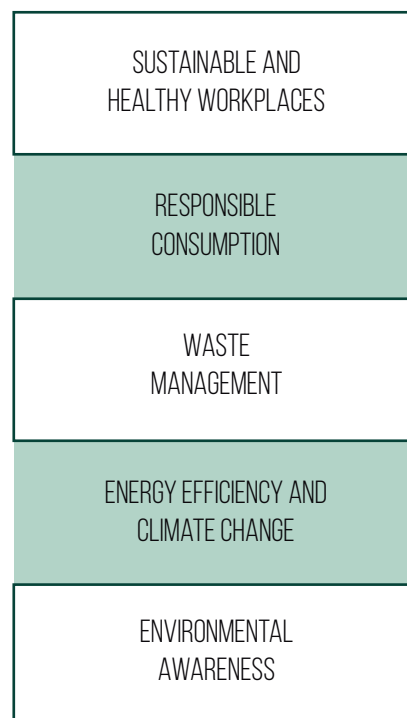
## 2016 ACCOMPLISHMENTS

- Creation of the *Garrigues en Verde/* GoGreen Garrigues newsletter to replace the Sustainable Garrigues newsletter. The newsletter is sent to the entire organization and is published in Spanish and English. More visually appealing than its predecessor, it offers more content and clearer information and is designed to educate users in order to achieve better results.
- Regularization of agreements and addenda held steady.
- New premises for the Bogotá office, with motion-activated LED lighting throughout, smart taps and toilets with flushometers and presence sensors. Partial inclusion of LED technology in areas of the Bilbao, Madrid, Shanghai, Valencia and Zaragoza offices.
- Replacement of 5 multifunctional printers.
- Implementation of 3,234 m<sup>2</sup> of sustainable office space (making the most of natural light, recycled materials and recyclables, FSC, LED or energy-saving systems and systems to reduce water consumption).
- Maintenance and inclusion of new data on the Eco-efficiency portal on the Garrigues intranet. Data on electricity and water consumption broken down by office, as well as paper destruction and recycling. The portal can be used to consult any of the past newsletters sent to firm personnel.
- Performance of energy audits at 10 offices in 7 locations which make up 85% of Garrigues' entire energy consumption nationwide (Spain), in compliance with domestic and European legislation.

Environmental sustainability is an issue close to Garrigues' heart and is therefore something we work to improve in all aspects of our activity.

We endeavor to ensure we have an environmentally responsible business model, ensuring compliance with environmental legislation while at the same time eliminating and mitigating all of the impacts of our business.

The main environmental initiatives implemented by the firm and which form part of Garrigues' Eco-efficiency Program are:





## Sustainable and healthy workplaces

Since moving to our new headquarters in 2006, one of the most important decisions taken has been to standardize the infrastructure of all offices, giving precedence to environmental aspects that make our personnel more comfortable and reduce consumption, both in terms of resources and costs.

At our new offices, and when refurbishing existing offices, we try to separate areas using glass wherever possible in order to make the most of natural light. A large part of our office fronts and partitions are made entirely of glass, which greatly improves the amount of light that reaches interior areas.

The interior materials used are as ecological as possible. This is the case of our furniture, where we favor wood from sustainably-managed forests (FSC). A very large percentage of metals, both from furniture and chairs are recycled. All vinyl wallpaper can also be recycled.

Almost 50% of our carpets' components are made from recycled materials.

More and more of our office space has lighting that complies with the energy efficiency standards recommended by the Greenlight Program promoted

by the European Commission, and new infrastructure and refurbishments use LED or low-energy lighting wherever possible.

Both in new construction and refurbishments, we try to ensure restrooms have intelligent taps and dual flush toilets, whether or not they are found within our own office space or in shared areas, helping to save natural resources as far as possible. This year exceptionally includes our new offices in Bogotá, where we have also installed toilets with flushometers and presence sensors.

We have currently implemented our philosophy of a sustainable, efficient environmentally-friendly office in more than 72.5% of the total surface area occupied by our facilities worldwide.

The buildings currently housing our head office in Madrid and our offices in London and Mexico carry the LEED (Leadership in Energy and Environmental Design) certification, an international verification standard developed by the US Green Building Council to promote the development of buildings on the basis of sustainable and high efficiency criteria. Our Bogotá office is also recognized as a sustainable building.

## Responsible consumption of resources and waste management

Initiatives continued during the year aimed at minimizing both the consumption of natural resources and the amount of waste generated.



### Energy

The principal type of energy we consume is electricity and all of our electricity is obtained from outside sources. The boilers for heating and sanitary hot water at some of our offices use fossil fuels. No data are available on the consumption of these fuels since almost all of these boilers are controlled by the owners of the buildings housing our offices. Notably in 2016, energy audits were carried out, in accordance with Spanish and European legislation, at 10 locations in Spain that make up 85% of our electricity consumption in Spanish, with positive results. The audits gave rise to a series of recommendations the feasibility of which will now be studied.

Thanks to the combination of awareness-raising initiatives and the installation of efficient lighting systems and energy-saving computers and printers, we have been able to maintain electricity consumption at our offices at last year's levels.



### Water

At Garrigues we run initiatives to raise awareness among our people of the importance of using water efficiently and saving water and we believe in the importance of installing (or having the owners of our buildings install) mechanisms which, together with the use of new technologies, help to reduce consumption.

The General Services, Logistics and Infrastructure Department (SGLEI) monitors electricity and water consumption using a platform on which each offices inputs, on a monthly basis, the data contained in their invoices. This system enables us not only to obtain consumption figures on a global and itemized basis, but also to make comparisons among the various offices, observe progress or setbacks, detect anomalies, and establish corrective measures. The resulting information is housed on the SGLEI portal and can be accessed by all Garrigues personnel. The people in charge of compiling data draw up comparative charts on consumption by office.

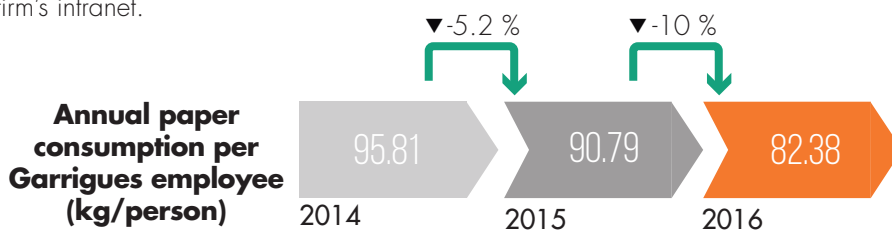


### Paper

We use multifunctional printers with state-of-the-art technology that helps reduce paper consumption (default double-sided, locked printing, using equipment with energy saving systems that can also send and receive faxes) and this equipment is also constantly being upgraded.

In addition, the majority of the paper consumed at our offices comes from sustainably managed forests, and any used paper is destroyed and recycled by authorized managers.

Thanks to these measures, total paper consumption at Garrigues offices in Spain during 2016 was 82.38 kg/person, down 10% on 2015. A table containing historic data on paper destruction and recycling by office can be consulted on the firm's intranet.



Paper consumption is one of the key environmental aspects for Garrigues, since it is directly related to the pursuit of our professional activity.



### Waste management

The waste generated at Garrigues is mostly domestic and non-hazardous in nature. Garrigues' offices have specific containers for the selective collection of lightweight packaging, paper and organic material.

In addition, some hazardous waste is generated, such as fluorescent light bulbs, toner cartridges, batteries and end-of-life IT equipment that cannot be donated to NGOs. This waste is stored and delivered to authorized waste managers to be transported and treated as required.



### Energy efficiency and climate change

Garrigues strives to keep moving towards a more sustainable world, developing projects aimed at reducing CO2 emissions. The firm actively participates in initiatives to raise awareness of energy sustainability and the fight against climate change. It also prepares an annual inventory of the GHG emissions produced directly or indirectly by our business.

The main sources of indirect GHG emissions at Garrigues are from electricity consumption at our offices and business trips by our professionals. Emissions from these sources are quantified according to the **Greenhouse Gas Protocol**.



### Environmental awareness

Environmental awareness is another of the firm's biggest commitments. We believe that the best way to raise environmental awareness is to educate our people, by explaining what can be done and why and by encouraging everyone to contribute and feel part of the project. To do this, we develop initiatives aimed at environmental training and awareness-raising, both internally, by providing information on procedures at our offices (posters detailing good practices in specific areas and sending our new quarterly *Garrigues en Verde/GoGreen* Garrigues newsletter to all members of the firm), and externally, by organizing training sessions and free informative sessions on the latest developments in this area, aimed at clients and firm collaborators.

## FUTURE GOALS

- To implement some of the measures recommended by the energy audits carried out at our offices, in order to optimize electricity consumption.
- To maintain the inclusion of environmental clauses in new contracts and addenda.
- To promote the introduction of advanced technologies in order to reduce consumption and emissions. To replace all conventional halogen lighting with LED technology.
- To continue improving awareness campaigns in order to reduce electricity, water and paper consumption and to make progress in the area of proper waste management.
- To endeavor to include more information on the Eco-efficiency portal.



## 2016 ACCOMPLISHMENTS

- Increased revenues with respect to last year.

After two years of more modest results, Garrigues has seen brisk growth in 2016, posting revenues of €349.4 million, up a significant 3.1% on the aggregate revenues achieved in 2015 (€338.9 million).

One of the main drivers of this growth has been the strategy adopted by the firm in 2013 to open own offices as part of its international expansion.

This has enabled us to maintain our leading position among tax and legal advisory firms in the main markets in which we operate and to consolidate our reputation as one of the leading international firms of lawyers and tax advisers.

The key financial aggregates relating to Garrigues' group of companies for the last two years are as follows:

KEY FINANCIAL AGGREGATES Garrigues group aggregates (thousands of euros)	2015	2016
<b>Direct economic value generated</b>	<b>340,002</b>	<b>351,520</b>
Income	340,002	351,520
• Revenues	338,939	349,445
• Other operating revenues	418	1,264
• Financial revenues	645	811
<b>Economic value distributed</b>	<b>336,335</b>	<b>345,997</b>
Operating costs	89,415	76,540
• Depreciation and amortization expense	5,931	5,949
• Variation in working capital provisions	666	115
• Outside services	82,770	70,476
• Extraordinary expenses	48	
Personnel and professional expenses	222,300	246,648
Payments to capital providers	4,856	3,600
Payments to public authorities	19,459	18,904
• Tax on economic activities and other non-income taxes	738	553
• Corporate income tax	2,468	2,011
• Social security	16,253	16,340
Donations and other community investments	305	305
<b>Income for the year</b>	<b>3,667</b>	<b>5,523</b>



The "Payments to Public Authorities" caption includes payments made in connection with social security taxes, corporate income tax, tax on economic activities and other taxes and levies.

Garrigues and its partners make other payments to public authorities such as those made in respect of employees' and partners' social security contributions, personal income tax withholdings, and the corporate income tax and VAT on the activities of the firms and their partners. The following table shows the figures for the above-mentioned items in Spain and Portugal, as these are the most significant.

**Personal income tax, VAT, social security contributions, and corporate income tax for Spain and Portugal (thousands of euros)**

	Spain		Portugal	
	2015	2016	2015	2016
Personal income tax of partners, professionals and employees	67,901	79,988	2,110	2,387
VAT for the companies and the partners	44,033	44,102	1,446	1,326
Social security contributions of the companies, partners, employees and professionals	20,751	20,839	1,056	1,104
Corporate income tax	828	2,740	10	99
<b>Total</b>	<b>133,513</b>	<b>147,669</b>	<b>4,622</b>	<b>4,916</b>

## FUTURE GOALS

- To ensure that revenues from operations and productivity perform consistently with market and economic conditions and with the firm's past record.



## SUPPLIERS

General disclosures

GRI  
102

Garrigues has a goods and services procurement model whereby each department or practice area manages its own procurement, characterized by the professionalization of the function, transparency and the equal opportunities afforded to all suppliers.

In order to enhance the quality of our services and improve the efficiency and competitiveness of the firm, at Garrigues we require that all of our suppliers pursue their activities in keeping with principles similar to our own and which respect the laws and regulations of the country or countries in which they operate. Quality, excellence in service, innovation and flexibility are parameters taken into account in our selection process.

Garrigues is firmly committed to working with suppliers who meet, or are willing to take on board, the quality, safety and social responsibility standards and commitments assumed by the firm.

Garrigues' supply chain is typical of the legal advisory services industry and among professional services firms, and mainly consists of suppliers of:

- General logistics and infrastructure services: suppliers of rental properties, works, office and printing materials, maintenance services, cleaning services, printing equipment and travel agency services.
- Knowledge management: suppliers of legal, industry and economic databases, publications of all kinds (books, journals, reports, bulletins, press articles, etc.), as well as an increasing number of online information services. They include domestic and international publishing houses, information and media groups and others.
- Knowledge management technologies: library management software, internal and client collaboration platforms, systems for document management, document review, creation of specimen documents, erasure of data, etc.
- IT systems and technology: Our digital infrastructure encompasses a broad spectrum and is supported by a large number of hardware, software and services suppliers, all of whom are leaders in their respective sectors. We use computers, multifunctional printers, servers, routers, switches, load balancers, cables, storage arrays, firewalls, antispam filters, IP telephony and many more. We also use a wide range of software.
- The Intangibles Department uses digital marketing and communications consultants in order to ascertain the metrics and impact of all brand messaging on social channels, as well as for SEO management. A software company has been hired to maintain the website and we lease hosting services for websites and blogs.
- Suppliers of professional ancillary and support services for the practice areas of the firm.



# GUIDING PRINCIPLES



## International standards

This Report, for the Garrigues 2016 fiscal year (January 1, 2016 through December 31, 2016), has been prepared in accordance with the following international reporting standards:

- **GRI Sustainability Reporting Standards (GRI Standards)**

Garrigues has prepared its 2016 Integrated Report in accordance with the GRI Standards published on October 19, 2016. Preparing the Integrated Report in line with GRI Standards enables us to obtain a true and fair view of the material aspects of Garrigues, their impact and how they are managed.

The GRI Standards represent the latest worldwide practices for disclosure of information on the economic, environmental and social impacts of an organization.

- **The International IR Framework published by the International Integrated Reporting Council (IIRC)**

This Report takes into account the guidelines and recommendations of the integrated reporting framework published by the IIRC in December 2013, adapting them to the degree of advancement of the issue in question and to the activity and reality of Garrigues. In addition to reporting to the stakeholders on economic, social and environmental performance, this Report identifies and describes its main assets: human capital, intellectual capital and innovation, natural capital, social and relationship capital, and financial capital. We have also taken into account the principles of strategic focus and future orientation, connectivity of information, stakeholder relationships, materiality, conciseness, reliability and completeness, and consistency and comparability.

- **The United Nations Global Compact**

Garrigues adhered to the Global Compact in 2002. The Global Compact contains 10 principles in the areas of human rights, labor, the environment and anti-corruption.

- **United Nations Sustainable Development Goals**

The Sustainable Development Goals (SDGs) were approved by the United Nations in September 2015. This series of 17 goals and 169 targets aims to solve the social, economic and environmental problems afflicting the world and covers the period 2016-2030. For each of the 13 markets in which it operates, Garrigues has analyzed the risks and business opportunities deriving from the SDGs and has studied and defined its direct and indirect contribution to the SDGs and to the rule of law. To do so it has used a variety of tools, such as the SDG Compass developed by the Global Reporting Initiative, the United Nations Global Compact and the World Business Council for Sustainability Development.

## Materiality analysis

In the context of this Integrated Report, "material aspect" means an aspect that may substantively influence a stakeholder's opinion in relation to Garrigues and that may also result in a decision that could significantly affect Garrigues' results and objectives as a business group.

A new materiality analysis was carried out in 2016, in line with the GRI Standards. The material aspects are listed in a separate column in the 2016 GRI Standards index.



## Management approach

Economic aspects have been material in preparing this Report mainly due to the expectation that the personnel and the partners of the firm have in relation to certain issues addressed by the GRI Standards (value generated and distributed, entry-level wages and pro bono work). This information is described in the sections of the Report dedicated to pro bono work, personnel and economic aspects.

With respect to aspects included under the "Anti-corruption" and "Anti-competitive behavior" subgroups, their inclusion stems from the relevance that ethical and compliance issues have for Garrigues, and for practically all of its stakeholders. The indicators chosen for these aspects are the ones where the GRI Standards describe these kinds of concerns. The chapter on ethics and governance at Garrigues provides detailed information on the organization and the steps taken by the firm in this respect, with the exception of the "product/service labeling" aspect, the inclusion of which is solely due to the importance of the client satisfaction survey for the firm, its personnel and its clients, a matter addressed by the GRI Standards under this aspect. It is a key issue for the firm, and our operating and organizational structure seeks to ensure the highest levels of client satisfaction.

The environmental aspects identified as material in the Report reflect the expectations that exist for the firm in this respect, although in a less intense manner than the previous aspects. The impetus behind these expectations varies depending on the stakeholder, spanning from legal compliance and cost cutting as a part of appropriate environmental management to the sensitivity of partners, clients, society and personnel to certain issues (e.g., CO<sub>2</sub> emissions, recycling, etc.).

In short, at Garrigues we expressly recognize environmental management as an activity for which we are all responsible, coordinated by a specific department that carries out periodic reviews and proposes environment-related goals depending on the results achieved.

Lastly, with respect to the labor aspects indicated above, their materiality mainly stems from the importance of human capital at professional services firms, especially in the legal field. Accordingly, all aspects of the GRI Standards that result in improvements for personnel have been material. At Garrigues we have a specific department and committee to manage these aspects. The information relating to these aspects is set out in detail throughout this Report.

## Measurement and assessment of management approach

At Garrigues, we measure the performance, effective management and impact of economic, social and environmental aspects using a series of instruments, including:

- Client satisfaction survey.
- Biennial internal corporate social responsibility survey.
- Consultation of corporate social responsibility experts and other stakeholders.
- Internal and external audits.
- Internal assessment mechanisms and KPIs.
- Project budgets and deadlines.
- Committees specializing in different aspects, for example: the Equality Committee, the Pro Bono Committee, the Professional Practice Committee and the Information Processing and Analysis Unit.
- Annual reports and internal reporting mechanisms.
- Garrigues Ethics Channel.

## Frequency

The Integrated Report is published annually. This is the third report published by Garrigues on the basis of the integrated reporting framework developed by the International Integrated Reporting Council (IIRC), and the eleventh edition of our CSR Report. The first Report, referring to fiscal year 2006, was released in 2007.

## Scope, period and limits

The information supplied in the Integrated Report in relation to material aspects includes the Garrigues companies and excludes the impact on the upstream and downstream value chain, unless expressly indicated otherwise in each aspect. The impacts on the value chain are described (where appropriate as a result of the materiality analysis) in the relevant section on each aspect. Unless otherwise indicated, the information supplied relates to the Garrigues 2016 fiscal year: January 1, 2016 through December 31, 2016.

Garrigues resolved to change its fiscal year to coincide with the calendar year from January 1, 2015 onwards. This Report is the second to correspond to the calendar year, meaning it is not possible to include comparable information for calendar years prior to 2015. Information from previous years can be found on the [Garrigues website](#).

With a view to reporting on the performance of certain indicators, the aggregate data for the 2014 calendar year are presented in the case of the medical service and environmental data. The average



activity covered in terms of headcount is included in the section on natural capital. The reason why 100% of the activity is not covered in some cases is due to a lack of availability of data.

The entities referred to in this Report are:

- J & A Garrigues, S. L. P.
- Garrigues Portugal, S. L. P.
- Garrigues, LLP (USA) (\*)
- Garrigues UK, LLP
- Garrigues Maroc SARL AU (\*)
- Garrigues Human Capital Services, S. L. P. (\*)
- Garrigues Polska Pablo Olabarri Gortázar, Spolka Komandytowa
- Rino Asesores, S. L. P. (\*)
- G-Advisory Consultoría Técnica, Económica y Estratégica, S. L. P.
- Centro Europeo de Estudios y Formación Empresarial Garrigues, S. L. P. (\*)
- Garrigues I P, S. L. P.
- Garrigues I P, L. D. A. (\*)
- Garrigues Sports & Entertainment, S. L. P. (\*)
- Garrigues Consultoría de Empresa Familiar, S. L. P.
- J&A Garrigues Consultores em Direito Estrangeiro/Direito Espanhol
- Garrigues Colombia SAS (\*)
- J&A Garrigues Perú Sociedad Civil de Responsabilidad Limitada
- Garrigues México, S.C.
- Garrigues Consultores Tributarios Ltda.
- Garrigues Chile SpA.
- G-Advisory México S.C.
- G-Advisory Chile SpA

(\*) Sole-shareholder companies.

## Accuracy

The information in this Report is taken from data available on Garrigues' information systems.

Garrigues also considers other international standards such as the Greenhouse Gas Protocol (GHG Protocol WRI/WBCSD), the UNE-ISO 26000 Standard (2012), the OECD Guidelines for Multinational Enterprises (revised in 2011), the UN Guiding Principles on Business and Human Rights (2011), and the Sustainability Accounting Standards for professional services (industry standard published in December 2014).

In addition, in drafting this Report, we took into account the guidelines set out in Garrigues' Style Manual (Centro de Estudios Garrigues; publisher Thomson Reuters Aranzadi), which tackles the most common linguistic and format-related doubts that arise when drafting legal documents. The *Llibre d'estil jurídic* was also published in Catalan in 2010, with its own specific identity and contents.

Garrigues has in place the means to ensure the quality and accuracy of the information included in this Report. Processes were adapted to the change in fiscal year in 2015.

The process for preparation of the Integrated Report is coordinated by Garrigues' CSR department, in accordance with the applicable legislation and international benchmarks. The areas that participate in its preparation have information systems in place that provide a solid source of content. All of the above is completed with the work performed by an external assurance provider.

This Report was verified in accordance with the core option of the GRI Standards by the independent entity AENOR on May 30, 2017.

## Phases

Consultation with stakeholders

Preparation of drafts

Review and consolidation

Content and style review

Final approval

Layout and distribution

## Persons in charge

- Internal agents
- External agents (CSR experts)

- Human Resources
- General Services, Logistics and Infrastructure
- Intangibles
- Knowledge Management
- Technology
- Administration and Finance
- Professional Practice
- Medical Service
- Centro de Estudios Garrigues
- Fundación Garrigues
- G-advisory

- CSR

- Centro de Estudios Garrigues
- Fundación Garrigues
- Professional Practice
- Human Resources

- Executive Chairman
- Partners' Meeting

- Intangibles



GRI Standard	Disclosure number	Material issue	Disclosure title	SDG	Global Compact	Page	Notes
General disclosures							
GRI 102	102-1		Name of the organization			3 - 4	
GRI 102	102-2		Activities, brands, products, and services			4	
GRI 102	102-3		Location of headquarters	Hermosilla, 3 - 28001 Madrid (Spain)			
GRI 102	102-4		Location of operations			4, 11 - 12	
GRI 102	102-5		Ownership and legal form			3-4, 18-20	
GRI 102	102-6		Markets served			2 and 10	
GRI 102	102-7		Scale of the organization			3-4, 11 - 15	1
GRI 102	102-8		Information on employees and other workers	8		21 - 27	6, 7, 8, 9, 10
GRI 102	102-9		Supply chain			52	20
GRI 102	102-10		Significant changes to the organization and its supply chain			3, 11 - 12	
GRI 102	102-11		Precautionary Principle or approach			18 - 20	
GRI 102	102-12		External initiatives			34 - 45	
GRI 102	102-13		Membership of associations	17		44	
GRI 102	102-14		Statement from senior decision-maker			5	
GRI 102	102-16		Values, principles, standards, and norms of behavior	16		18 - 20	
GRI 102	102-18		Governance structure			20	
GRI 102	102-40		List of stakeholder groups	17		44	
GRI 102	102-41		Collective bargaining agreements	8			19
GRI 102	102-42		Identifying and selecting stakeholders	17		44	
GRI 102	102-43		Approach to stakeholder engagement	17		34 - 45	
GRI 102	102-44		Key topics and concerns raised			18 - 20	



GRI Standard	Disclosure number	Material issue	Disclosure title	SDG	Global Compact	Page	Notes
General disclosures							
GRI 102	102-45		Entities included in the consolidated financial statements			55	
GRI 102	102-46		Defining report content and topic Boundaries			53 - 56	
GRI 102	102-47		List of material topics			53	
GRI 102	102-48		Restatements of information			53 - 56	
GRI 102	102-49		Changes in reporting			53 - 56	
GRI 102	102-50		Reporting period			53 - 56	
GRI 102	102-51		Date of most recent report			53 - 56	
GRI 102	102-52		Reporting cycle			53 - 56	
GRI 102	102-53		Contact point for questions regarding the report			6	
GRI 102	102-54		Claims of reporting in accordance with the GRI Standards			6, 52 - 54	
GRI 102	102-55		GRI content index			56 - 64	
GRI 102	102-56		External assurance			65	
Management approach							
GRI 103	103-1		Explanation of the material topic and its Boundary	1 - 17		53 - 56	
GRI 103	103-2		The management approach and its components	1 - 17		3, 6 - 10, 53 - 56	
GRI 103	103-3		Evaluation of the management approach	1 - 17		53 - 56	
GRI 201	201-1	✓	Direct economic value generated and distributed	2, 5, 7, 8, 9		50 and 51	
Market presence							
GRI 202	202-2	✓	Proportion of senior management hired from the local community			12	
Indirect economic impacts							
GRI 203	203-01	✓	Infrastructure investments and services supported	2, 5, 7, 9, 11		50 and 51	
Anti-corruption							
GRI 205	205-01	✓	Operations assessed for risks related to corruption	16	10	All of Garrigues members are obliged to comply with the anti-corruption policies. Garrigues also subscribes to the principles of the Global Compact.	
GRI 205	205-02	✓	Communication and training about anti-corruption policies and procedures	16	10	18 - 20, 26	
GRI 205	205-03	✓	Confirmed incidents of corruption and actions taken	16	10	None	



GRI Standard	Disclosure number	Material issue	Disclosure title	SDG	Global Compact	Page	Notes
<b>Anti-competitive behavior</b>							
GRI 206	206-1	✓	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	16	10	None	
<b>Materials</b>							
GRI 301	301-1		Materials used by weight or volume	8, 12	7 - 9	46 - 49	4
GRI 301	301-2		Recycled input materials used	8, 12	7 - 9	46 - 49	2
<b>Energy</b>							
GRI 302	302-1		Energy consumption within the organization	7,8,12,13	7 - 9	46 - 49	3
GRI 302	302-4		Reduction of energy consumption	7,8,12,13	7 - 9	46 - 49	5
<b>Water</b>							
GRI 303	303-1		Water withdrawal by source	6	7 - 9	46 - 49	2
<b>Emissions</b>							
GRI 305	305-1		Direct (Scope 1) GHG emissions	3, 12, 13, 14, 15	7 - 9	46 - 49	
GRI 305	305-2		Energy indirect (Scope 2) GHG emissions	3, 12, 13, 14, 15	7 - 9	46 - 49	5
GRI 305	305-3		Other indirect (Scope 3) GHG emissions	3, 12, 13, 14, 15	7 - 9	46 - 49	5
<b>Effluents and Waste</b>							
GRI 306	306-1		Water discharge by quality and destination		7 - 9	46 - 49	2
GRI 306	306-2		Waste by type and disposal method		7 - 9	46 - 49	4
<b>Environmental Compliance</b>							
GRI 307	307-1		Non-compliance with environmental laws and regulations	16	7 - 9	None	
<b>Employment</b>							
GRI 401	401-1	✓	New employee hires and employee turnover	5	3 - 6	21 - 27	9, 10
GRI 401	401-2	✓	Benefits provided to fulltime employees that are not provided to temporary or parttime employees	8	3 - 6	21 - 27	
GRI 401	401-3	✓	Parental leave	5, 8	3 - 6	21 - 27	14



GRI Standard	Disclosure number	Material issue	Disclosure title	SDG	Global Compact	Page	Notes
<b>Labor/Management Relations</b>							
GRI 402	402-1	✓	Minimum notice periods regarding operational changes	8	3		19
<b>Occupational Health and Safety</b>							
GRI 403	403-2	✓	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	3, 8	3 - 6	27	13
<b>Training and Education</b>							
GRI 404	404-1	✓	Average hours of training per year per employee	4, 5, 8	3 - 6	21 - 27	16
GRI 404	404-2	✓	Programs for upgrading employee skills and transition assistance programs	4, 5, 8	3 - 6	21 - 27	
GRI 404	404-3	✓	Percentage of employees receiving regular performance and career development reviews	4, 5, 8	3 - 6	21 - 27	
<b>Diversity and Equal Opportunity</b>							
GRI 405	405-1	✓	Diversity of governance bodies and employees	5, 8	1 - 2	21 - 27	7
GRI 405	405-2	✓	Ratio of basic salary and remuneration of women to men	5, 8, 10	1 - 2	21 - 27	
<b>Non-discrimination</b>							
GRI 406	406-1	✓	Incidents of discrimination and corrective actions taken	5, 8, 16	1 - 2	None	
<b>Public Policy</b>							
GRI 415	415-1		Political contributions			0	
<b>Marketing and Labeling</b>							
GRI 417	417-3		Incidents of non-compliance concerning marketing communications			None	
<b>Customer Privacy</b>							
GRI 418	418-1	✓	Substantiated complaints concerning breaches of customer privacy and losses of customer data	16		None	
<b>Socioeconomic Compliance</b>							
GRI 419	419-1	✓	Non-compliance with laws and regulations in the social and economic area	16		0	



Notes:

(1) By industry type and type of company ownership, the indicators that best reflect the firm's size are: number of persons, number of partners and revenues.

(2) The water supply at all our offices comes from the municipal water supply network and is only used for office purposes. Accordingly, the only waste water we generate is sewage water, which is channeled via the municipal treatment network. No accidental spillages have occurred. In 2016 water consumption at our offices was as follows:

Water consumption (m <sup>3</sup> / person)		
2014	2015	2016
<b>7.24</b>	<b>7.11</b>	<b>8.17</b>

Note: Water consumed to cover 95% in 2014, 89% in 2015 and 86% in 2016 of Garrigues' activity (average coverage in terms of headcount).

(3) Electricity consumption.

Electricity consumption (MJ / m <sup>2</sup> )		
2014	2015	2016
<b>422.39</b>	<b>418.22</b>	<b>422.63</b>

Note: Energy consumed to cover 100% in 2014 and 2015 and 97% in 2016 of Garrigues' activity (average coverage in terms of headcount).

(4) The waste generated at Garrigues is mostly domestic and non-hazardous in nature (184 tons in 2016). The hazardous waste generated at Garrigues offices in the last three years is summarized below:

Hazardous waste generated by Garrigues offices (kg)		
2014	2015	2016
<b>1,008</b>	<b>892</b>	<b>597</b>

Note: Hazardous waste consumed to cover 33% in 2014, 34% in 2015 and 33% in 2016 of Garrigues' activity (average coverage in terms of headcount).

(5) In recent years, the main efforts to reduce GHG emissions at our offices have targeted energy consumption (discussed in the "Responsible consumption of resources and waste management" section) and business trips (encouragement of the use of videoconferencing).

Garrigues does not generate significant emissions of non-GHG gases. The Garrigues GHG Inventory for the last three years is set out below.

### Greenhouse gas emissions inventory (Tons CO<sub>2</sub>e)

	2014	2015	2016
Electricity (scope 2)	2,910.95	2,805.65	2,799.70
Travel (scope 3)			1,605.93

Note: GHG emissions (Scope 2) to cover 100% in 2014 and 2015 and 97% in 2016 of Garrigues' activity (average coverage in terms of headcount). Travel (Scope 3): these emissions have been calculated directly by our travel agency, according to the methodology established by DEFRA, to cover 96% (average coverage in terms of headcount). An error was detected in the calculation of emissions (scope 2) in 2015 which has now been rectified.

(6) Variation in personnel numbers by professional category and region (2015 and 2016 year-end figures):

### Headcount by professional category

Category	2015	2016
Partner	285	295
Counsel	29	32
Principal associate	112	121
Senior associate	405	407
Associate	288	267
Junior	277	296
Trainee	28	33
OPS	76	78
Administrative and support personnel	476	486
<b>Total</b>	<b>1,976</b>	<b>2,015</b>

### Headcount by region

Region	2015	2016
Spain	1,714	1,696
Portugal	107	114
Rest of offices	155	205
<b>Total</b>	<b>1,976</b>	<b>2,015</b>



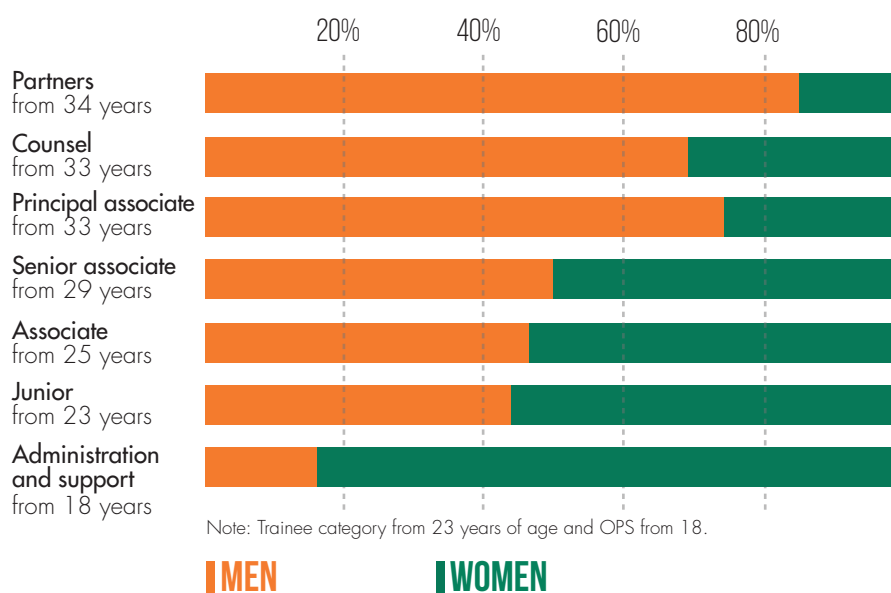
(7) Data on headcount by professional category, gender and age at 2015 and 2016 year-end:

### Headcount by professional category and gender

Category	2015			2016		
	M	W	Total	M	W	Total
Partner	246	39	285	251	44	295
Counsel	21	8	29	22	10	32
Principal associate	80	32	112	88	33	121
Senior associate	206	199	405	205	202	407
Associate	136	152	288	127	140	267
Junior	131	146	277	124	172	296
Trainee	19	9	28	19	14	33
OPS	23	53	76	26	52	78
Administrative and support personnel	74	402	476	77	409	486
<b>Total</b>	<b>936</b>	<b>1,040</b>	<b>1,976</b>	<b>939</b>	<b>1,076</b>	<b>2,015</b>

(M) men and (W) women

### Employees by category, gender and age



(8) Our philosophy is to sign indefinite-term employment contracts with our professionals. At international offices, Garrigues follows standard contractual practices in line with the local legislation in force.



(9) New hires by gender, professional category and region at 2015 and 2016 year-end:

New hires						
By professional category	2015			2016		
	Men	Women	Total	Men	Women	Total
Partner	100%	0%	4	93%	7%	14
Counsel	0%	0%	0	67%	33%	3
Principal associate	100%	0%	3	50%	50%	4
Senior associate	64%	36%	22	67%	33%	21
Associate	59%	41%	17	33%	67%	27
Junior	49%	51%	114	38%	62%	125
Trainee	67%	33%	27	53%	47%	30
OPS	39%	61%	18	50%	50%	12
Administrative and support personnel	10%	90%	41	13%	87%	47
<b>Total</b>	<b>47%</b>	<b>53%</b>	<b>246</b>	<b>41%</b>	<b>59%</b>	<b>283</b>

By region	Men	Women	Total	Men	Women	Total
Spain	84	87	171	67	108	175
Portugal	6	12	18	10	9	19
Rest of offices	26	31	57	39	50	89
<b>Total</b>	<b>116</b>	<b>130</b>	<b>246</b>	<b>116</b>	<b>167</b>	<b>283</b>

(10) Total employee turnover, by professional category, gender and region in 2015 and 2016:

Employee turnover						
By category	2015			2016		
	Men	Women	Total	Men	Women	Total
Partner	5	1	6	15	0	15
Counsel	0	1	1	5	1	6
Principal associate	10	2	12	5	1	6
Senior associate	33	26	59	21	27	48
Associate	39	45	84	29	43	72
Junior	25	24	49	30	20	50
Trainee	3	1	4	2	1	3
OPS	3	8	11	3	5	8
Administrative and support personnel	2	33	35	3	34	37
<b>Total</b>	<b>120</b>	<b>141</b>	<b>261</b>	<b>113</b>	<b>132</b>	<b>245</b>

By region	Men	Women	Total	Men	Women	Total
Spain	103	114	217	92	103	195
Portugal	4	12	16	11	1	12
Rest of offices	26	30	56	10	28	38
<b>Total</b>	<b>133</b>	<b>156</b>	<b>289</b>	<b>113</b>	<b>132</b>	<b>245</b>



(11) Our firm has not undergone any process in its history that has resulted in job losses (collective layoff procedures, etc.).

(12) Absentee rate:

### Absentee rate by gender (%)

Year	Men	Women	Total
2015	0.23	1.89	2.12
2016	0.17	2.31	2.48

Note: The absentee rate calculated refers only to Spain.

(13) Medical service indicators. Note that there have been no fatal accidents.

### Medical service indicators

Indicators	2014	2015	2016
Doctor appointments	5,307	5,598	5,775
Nurse appointments	3,003	2,660	2,428
Health check-ups	770	935	875
Lab tests	1,102	1,076	807
Ergonomics-related queries	127	222	225
Health-related queries and reports	172	226	229
Safety-related reports	7	23	22
Training (attendees)	672	902	548
<b>Accidents with sick leave</b>			
Total number of accidents	8	12	10
Accidents on the way to/from work	6	11	9
Workplace accidents	2	1	1
<b>Distribution by gender</b>			
Number of women	5	9	8
Number of men	3	3	2
No. of days' sick leave	108	510	564

Note: Data refer solely to Spain.

(14) In 2016, 62 employees out of a total of 72 who took maternity leave were still at the firm 12 months after coming back to work, that is, 86.11% of all women taking maternity leave. As for new fathers, 19 employees out of a total of 25 employees who took paternity leave were still at the firm 12 months after coming back to work, representing 76% of the total.

Staff returning after maternity/paternity leave	2015				2016			
	Women		Men		Women		Men	
	No.	%	No.	%	No.	%	No.	%
Left within 12 months of returning from maternity/paternity leave	12	17	6	23	10	14	6	24
Left before returning from maternity/paternity leave	0	0	0	0	0	0	0	0
Still at the firm 12 months after returning from maternity/paternity leave	57	83	20	77	62	86	19	76
<b>Total</b>	<b>69</b>	<b>100</b>	<b>26</b>	<b>100</b>	<b>72</b>	<b>100</b>	<b>25</b>	<b>100</b>

Note: Data refer solely to Spain.



(15) Total headcount by type of contract, gender, region and working hours. Data refer solely to Spain.

Headcount by type of contract and gender		
By type of contract and gender	Men	Women
Permanent	530	857
Temporary	26	27
By working hours and gender		
Full-time	553	848
Part-time	3	36
<b>Total</b>	<b>556</b>	<b>884</b>

Headcount by type of contract		
	Permanent	Temporary
<b>Total</b>	<b>1,388</b>	<b>53</b>

(16) Variation in average number of training hours in 2015 and 2016:

Average number of training hours						
	2015			2016		
	Men	Women	Total	Men	Women	Total
Partner	58	62	58	58	75	60
Counsel	54	145	79	62	88	70
Principal associate	55	67	58	46	54	50
Senior associate	66	63	65	69	71	70
Associate	101	100	101	165	144	154
Junior	124	133	129	167	178	173
Trainee	94	112	100	113	133	121
OPS	56	36	42	58	32	40
Administrative and support personnel	36	41	40	30	31	31

(17) Garrigues' employees are paid over and above the statutory minimum salary set for every region where the firm operates and for every professional category.

(18) In light of the nature and volume of the services obtained by Garrigues, there is not considered to be any direct risk of violation of human rights in the supply chain, and the firm is not considered even to have a significant influence on it. To date, there have been no complaints or claims in this regard.

(19) Garrigues respects the right of its employees to be represented by labor unions and other legitimate representatives, as well as to participate with them in negotiations to reach agreements on their working conditions. All of the individual and collective rights of our people are respected.

In this connection, there have been no contingencies relating to the exercise by Garrigues personnel of their right to freedom of association or to elect representatives.

Furthermore, Garrigues has not imposed any material modifications to working conditions, including the relocation of any of its personnel. Any changes arising in the future will be analyzed on a case-by-case basis in order to avoid or mitigate any adverse consequences for employees, while observing the procedures established in the legislation of each jurisdiction.

(20) Number of suppliers.

Number of suppliers		
	2015	2016
Spanish suppliers	3,178	2,717
International suppliers	388	402
<b>Total suppliers</b>	<b>3,566</b>	<b>3,119</b>

Note: Data referring solely to Spain.



# ASSURANCE REPORT

# AENOR

## VERIFICATION OF SUSTAINABILITY REPORT

VMS-2017/0009

AENOR has verified the Report by the organization

## GARRIGUES

TITLE: 2016 INTEGRATED REPORT

In accordance with: GRI Standards of the Global Reporting Initiative

GRI option applied: Essential

Verification Process: To grant this Verification Document, AENOR has verified that the report complies with GRI requirements and has checked the data and information contained in the report.

Issue date: 2017-05-29

Avelino BRITO MARQUINA  
Chief Executive Officer

Original Electrónico

AENOR INTERNACIONAL, SAU  
Génova, 6. 28004 Madrid. España  
Tel. 91 432 60 00.- [www.aenor.com](http://www.aenor.com)



**GARRIGUES**

[www.garrigues.com](http://www.garrigues.com)