

Ethics Everywhere

Jones Lang LaSalle Incorporated
Annual Report for Calendar Year 2013 Program



Introduction

JLL is committed to a corporate culture that embraces and promotes strong principles of business and professional ethics at every level of our operations. Ethical practices are inherent in our values, mission and strategy, and must guide all of our interactions with clients, customers, vendors and employees. JLL's Ethics Officers believe it is a best practice to disclose a summary of the operation of a company's ethics program. We therefore thought that our stakeholders would be interested to see the data we have collected about our own Ethics Everywhere Program for calendar year 2013. This is an initiative we began nine years ago. The information in this Report includes reflects all of the companies globally in the Jones Lang LaSalle Incorporated group (including LaSalle Investment Management).

The Ethics Everywhere Program establishes the framework for the various activities JLL undertakes in order to maintain compliance with the firm's Code of Business Ethics and to detect any violations of its provisions (to learn more, please see our [Code of Business Ethics](#) and [Vendor Code of Conduct](#)). The Program is designed to make the concept of ethical corporate behavior deep and pervasive within the Company's corporate culture.

For the fourth consecutive year, we will also include information from this Annual Report in our public Sustainability Report. One of the most significant elements of a company's sustainability program is the quality of its culture and the integrity of its people. Accordingly, as we strive to be an increasingly transparent member of the global community, it is also increasingly important to evaluate the ethical culture of our organization and to establish a public framework for measuring our continuing efforts. We seek to make every year better than the previous one.

We also thought you would find it interesting to see comparative data from each of the prior eight years. We believe that transparency enhances the quality of our Program, and everyone's compliance with it, by making you aware of the ethics matters we investigated during 2013 and the actions we took in response. Among other reasons, we hope it demonstrates that we take every integrity allegation seriously and that there will be significant consequences for those who breach the trust we place in each of our colleagues.

We now have more than 52,000 employees world-wide and there are many thousands of additional contractors and suppliers with whom we work. Given this large and growing number of people, as well as the complexity and vast geographical dispersion of our business, we expect to be conducting a number of investigations at any one time.

Indeed, our employees' good faith use of the Ethics Everywhere reporting process to raise compliance questions and concerns is actually the sign of a healthy integrity and compliance culture, since it indicates that we have successfully created an environment that

encourages everyone to come forward with ethics issues without fear of retaliation.

Our view that our organization as a whole demonstrates a high level of ethics awareness is supported by the results of the all-employee survey that was most recently conducted in 2012, in which 94% of the respondents to the survey (and 97% of the most engaged business units) said that they either agreed or strongly agreed with the statement that "I understand my responsibilities under the Code of Business Ethics." This was the highest individual score in the survey, something which is important to each of our colleagues personally.

Why personally? Because a highly ethical company:

1. Attracts top clients and superior talent to the firm: the companies you want to work with, and the people you want to work alongside.
2. Makes it easier for you to win and keep business, and expand existing relationships.
3. Strengthens your personal brand and reputation.
4. Creates a solid platform for pursuing your career goals in a work environment based on mutual respect.
5. Avoids distractions caused by ethical lapses.
6. Saves us money, which we can reinvest in you and in continued growth for JLL.
7. Creates a sense of pride that comes from working for a trustworthy company.



Shanghai Arch, where JLL is the joint leasing agent for the developer, Asia Pulp and Paper Co., Ltd.

Summary of 2013 Experience

No company of our size can expect to be entirely free of ethics investigations or violations. However, we believe that our organization as a whole continues to demonstrate a high level of ethics awareness and communication. Even though the Company continued to grow substantially during 2013, both in terms of revenue and employees, the number of investigations about integrity concerns that we conducted during 2013 was almost identical to 2012, although significantly higher than 2011 and the years before that.

In 73% of our investigations, we determined that something in fact had taken place that deserved follow-up action of some kind. In certain cases, these actions were serious, such as terminations of employment (including reporting criminal acts to the police). In other cases, they were less serious, such as additional training on our ethics policies where we determined there was inadequate awareness of the rules or where there had been misunderstandings. We would not expect to ever substantiate 100% of all allegations since there are typically some situations where we determine that either (1) false allegations were made in bad faith, (2) allegations were made in good faith but were proven untrue due to misunderstandings or (3) anonymous allegations are made for which we are not provided sufficient facts to be able to adequately investigate the claim. We believe, however, that our data indicates the overall effectiveness of our abilities to investigate ethics matters and close them with appropriate actions in response.



JLL Mexico Headquarters

Ethics statistics are inherently difficult to interpret accurately. An increase in the number of allegations could mean that the ethical environment of an organization has deteriorated. But it could also reflect a positive development in terms of our efforts to communicate our ethics policies, or that employees have become more comfortable bringing their concerns to the firm and using the systems we have in place to identify, prevent or manage potential unethical behavior. An increase in the number of allegations may also reflect the continually increasing scrutiny that corporate ethics matters are clearly getting in the media across the globe and the various more assertive compliance and anti-corruption efforts that governments globally are taking, including for example in China and India generally and in the United States and the United Kingdom regarding bribery and money laundering.

Although certainly not high on an absolute basis compared to the increasingly large total number of employees, the number of investigations of inappropriate interpersonal behaviors between managers and employees, or between employees, remained by far the highest category of matters in 2013. The vast majority of those situations occurred on-site at properties we manage rather than at our corporate offices. In many cases, we determined that the situations arose as the result of poor individual judgment or communications. Overall, the data tell us that our people sometimes create problems for themselves and their co-workers through a lack of professionalism or civility in the workplace, lack of respect for others, lack of appreciation for diversity, inappropriate comments of a sexual or racial nature or lack of respect for the organization.

We recognized this last year as a growing problem. We therefore instituted civility training to the targeted population and we have seen a slight reduction in the overall number of substantiated cases relative to our total number of employees. We will continue our efforts with the goal of creating the most positive possible environment where everybody can pursue their careers without being personally offended or bullied. We also hope that our people, whether or not they are managers, will increasingly understand that each of us has a daily responsibility to contribute to an inclusive and inoffensive environment for all fellow employees.

Broadly consistent with the previous two years, in 2013 there were 49 cases where there were sufficiently serious ethics lapses that termination of employment resulted. And 8 people were reported to the police as well as also being terminated. This should serve as an indication of JLL's commitment to take significant action where justified in order to protect and promote an ethical workplace. It should also be a sobering indication to our people of the very real financial and personal risks they take when they engage in unethical behavior, as the firm is able to successfully investigate many complaints and is also willing to take appropriate actions in response. Almost all of these situations could have been avoided with some common sense or personal self-policing (or self-editing) in terms of how someone interacts with his or her fellow employees.

Additionally, although still small as an absolute number, there was a 26% increase in the number of cases of employee theft, which most often represented either (1) taking property from client sites or (2) time card fraud. As a result, we have instituted additional procedures to monitor time reporting on various client accounts and would remind everyone of the importance of honesty when it comes to reporting the time worked since failing to do so equates to theft as much as does stealing property.

2013 Statistics and Comparison to Prior Years

In 2013, the global Ethics Officer team *investigated* a total of 250 integrity concerns, which were raised in the categories shown in the chart below (and compared to prior years):

Type of Concern Investigated	2013	2012	2011	2010	2009	2008	2007	2006	2005
Improper employment practices or behavior, including unprofessional conduct (whether by managers or between employees)	147	155	72	39	43	18	30	14	22
Employee/contractor theft, personal conflicts of interest or other employee fraud (including expense account and time-card fraud)	63	50	31	16	21	15	8	12	7
Improper vendor payments or conflicts of interest, or other improper conduct to or by vendors	7	10	10	6	6	8	4	12	11
Improper client payments or conflicts of interest, or other improper conduct to or by clients	3	4	1	0	0	4	4	8	20
Inappropriate use of the internet or business computer (Including pornographic content or transmission of confidential data)	6	5	4	3	8	3	8	3	5
Inappropriate entertainment	3	0	0	0	0	2	0	2	1
Compliance with competition laws / broker requirements	1	2	5	1	2	0	0	2	3
Falsification of books and records	5	3	2	5	2	1	0	1	0
Illegal drug use at work; inappropriate use of alcohol	6	6	1	1	3	1	2	1	0
Employment health or safety issues from ethics perspective	3	5	0	4	1	0	0	0	5
Privacy issues	3	7	0	0	0	1	0	0	1
Miscellaneous matters (including non-ethics matters referred to HR for resolution)	3	6	7	2	14	10	8	10	6
Total number of investigations	250	253	133	77	100	63	64	65	81
Total number of employees (Approximate, at 31 December)	52,700	48,000	45,000	40,000	37,000	36,000	33,000	25,000	22,000
Number of investigations for each 1,000 employees	4.7	5.3	2.9	1.9	2.7	1.8	1.9	2.6	3.7

Results of Investigations and the Actions We Took

Some reported ethics concerns resulted from unintended mistakes or misunderstandings, and we generally conducted individual or group training to address those situations. Some allegations we determined to be unfounded or not supported by sufficient evidence. In a few cases, we determined that allegations were falsely made in order to get one of our employees in trouble due to personal conflicts or to try to hide or establish an excuse for poor performance. Additionally, some of the allegations in the chart above involved employees of clients or vendors.

In all cases where we were able to determine intentional non-compliance, we took disciplinary action including employment terminations. Where there was possible criminal conduct, we also contacted local law enforcement authorities.

The above investigations we conducted in 2013 resulted in the 183 disciplinary or other actions (some of which were non-disciplinary) that are indicated in the chart below.

The chart also compares our 2013 experience to each of the previous years.

Type of Concern Investigated	2013	2012	2011	2010	2009	2008	2007	2006	2005
Terminations of employment	49	61	50	4	26	8	13	9	8
Job changes or transfers; changes to procedures	11	10	13	8	5	1	2	7	3
Employee/contractor arrests and criminal matters referred to prosecutors (in addition to termination of employment)	8	2	3	1	1	0	6	3	2
Suspensions, formal warnings, deferred promotions and/or reduced bonuses	33	35	15	5	10	4	2	3	8
Matters referred to government agency or other legal actions taken	0	0	0	2	0	1	0	0	1
Either (1) additional ethics awareness training sessions, (2) training on being better managers, (3) training on better communications skills or (4) improved controls	82	86	32	32	23	26	19	16	8
Total number of cases where we determined there was an ethics violation and where we took some kind of action	183	194	113	52	65	40	40	38	30
Total number of cases where we either did not find an ethics violation or where there was not enough information or evidence to make a determination	67	59	20	25	35	23	24	27	44
Percentage of investigations where we substantiated the claim and took some kind of action	73%	77%	77%	68%	65%	63%	63%	58%	37%

*Where multiple actions were taken on one investigation, we counted it as one investigation for purposes of the ratio

Some investigations may be continuing and therefore have not yet been closed or resolved.

Benchmarking

It is difficult to compare the ethics programs of one company to another since few companies publish their data. We were able to compare our 2013 data to that of the General Electric Company (GE), which is a leader in compliance and governance processes and publicly discloses its ethics data. GE had a ratio of total integrity concerns to number of employees that was 112% higher than we did (GE: 1.0%; JLL: 0.47%). JLL took some kind of consequential action at a higher rate than GE did (GE: 31%; JLL: 73%).

Interestingly, GE experienced a 13% increase in total integrity concerns over the prior year while JLL's total number of reported concerns reduced by 1% in 2013 compared to the prior year. Because GE is a very different company from ours, we should not read too much into these comparisons, but they still provide some interesting perspectives on how we perform against another leading global enterprise.

World's Most Ethical Designation

We are also very honored to have been named by the Ethisphere Institute as one of the "World's Most Ethical Companies" for the **seventh** year in a row, in March 2014. The list recognizes over 100 companies from around the world for their commitment to ethical business practices. The list reflects companies in 41 industries and 21 countries. No other real estate services company has been on the list for as long as we have.



Hotline Calls / Messages to Web Site

Of the total number of concerns raised in 2013, 65 (or 26% of the total number of investigations) were made through our global hotline telephone number or the website that our hotline provider also maintains. This represents a continuing increase in the number of calls or emails received compared to earlier years (52 in 2012, 49 in 2011, 30 in 2010). Most of the calls we receive through the hotline are from within the United States, but the calls we receive from other countries are fairly dispersed, indicating that there is general awareness among our colleagues worldwide that the hotline is available to them. In more recent years, we have seen an increased use of the hotline in both China and India.

The hotline is, of course, only one means of communicating concerns, and we always encourage colleagues to be comfortable communicating directly with their managers, one of the Ethics Officers or their Human Resources representative. We actually feel it positively reflects on our program that 74% of the concerns were made directly to one of our people internally, indicating a justified confidence that claims will be handled appropriately without having to be made anonymously.

Informal Inquiries

Our metrics do not include informal inquiries that our Ethics Officers handle from employees who ask how to properly handle an ethics matter before taking action. Those inquiries represented a significant part of the overall portfolio of work for our Ethics Officers in 2013, which we highly encourage since it is always easiest to avoid ethics violations from occurring by discussing with us how best to handle the complicated situations that arise in our business.

Ethics Liaison Program

We made significant progress in continuing to establish our Ethics Liaison Program within many of our largest Corporate Solutions accounts and within a number of our countries. The number of Ethics Liaisons more than doubled from 2011 to 2013, and we now have more than 79 globally.

The Ethics Liaison Program seeks to appoint an employee within adopting business units and client accounts to be the liaison between their co-workers and JLL's Ethics Officers. Ethics Officers hold quarterly calls with Ethics Liaisons, share relevant media and thought leadership content, and advise on engagement strategies for employees who spend most of their time at a client site or in the field. Through this mutual partnership, we believe we can make the principles of our Code of Business Ethics more accessible to all of our colleagues. We also believe that having a "point person" available on a local level will help identify and mitigate any ethical issues or dilemmas that may arise, which will in turn help maintain our global reputation as an ethical organization.

2014 Priorities

Looking forward to 2014, we are implementing additional initiatives to ensure that all our staff have the knowledge, tools and resources to respond to challenging situations. We have created a new role of Global Client Governance Counsel to work directly with our more heavily regulated clients to identify and guide the implementation of their legal and ethics requirements. Additionally, we have appointed a Corporate Investigations Manager to strengthen our ability to monitor and investigate integrity concerns on a global level.



Conclusion

The continued success and excellent reputation of JLL and LaSalle Investment Management depend on the manner in which our employees conduct themselves. Acting with integrity and the highest ethical standards is not only good policy, it is good business. Thank you very much for your continued commitment to Ethics Everywhere.