Triodos Investment Management

JONES LANG LASALLE INC

MEETING DATE	Wed, 31 May 2017 17:30 pm	TYPE	AGM	ISSUE DATE	Wed, 17 May 2017
MEETING LOCATION	330 Madison Avenue, 4th Floor, New York, New York 10017				
CURRENT INDICES	PIRC Global				
SECTOR	Real estate agents and managers				

	PROPOSALS	ADVICE
1a	**Elect Hugo Bague** Independent Non-Executive Director.	**For**
1b	**Elect Samuel A. Di Piazza, Jr.** Independent Non-Executive Director.	**For**
1c	**Elect Dame DeAnne Julius** Independent Non-Executive Director.	**For**
1d	**Elect Ming Lu** Independent Non-Executive Director. He is chair of the Remuneration committee which is not fully independent which Triodos does not support.	**Oppose**
1e	**Elect Bridget Macaskill** Independent Non-Executive Director.	**For**
1f	**Elect Martin H. Nesbitt** Independent Non-Executive Director.	**For**
1g	**Elect Sheila A. Penrose** Non-Executive Chairman. Not considered independent owing to a tenure of over nine years. However, there is sufficient independent representation on the Board.	**For**
1h	**Elect Ann Marie Petach** Independent Non-Executive Director. He is chair of the Audit committee which is not fully independent which Triodos does not support.	**Oppose**
1i	**Elect Shailesh Rao** Independent Non-Executive Director.	**For**
1j	**Elect Christian Ulbrich** Chief Executive Officer.	**For**
2	**Advisory Vote on Executive Compensation** The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. Executive compensation was aligned with peer group averages, but not with companies of a similar market capitalisation. Both annual and long-term incentives are considered excessive. The Company does not grant retention awards, which is welcomed. However, granted stock units vest ratably over three years, rather than being subject to a full three-year performance period. Further, the Company uses adjusted EBITDA as a metric for both types of incentives. This is not considered best practice as the Executives are rewarded twice for achieving the same goal. Potential cash severance payouts are considered excessive The compensation rating is: BCC. Based on these concerns, Triodos abstains.	**Abstain**

3 Approve the Frequency of Future Advisory Votes on Executive Compensation **1**

The Company is providing shareholders with an advisory vote on whether the advisory vote on executive compensation should be held every one, two or three years. The Board is required by Section 951 of The Dodd-Frank Wall Street Reform and Consumer Protection Act to offer this vote on the frequency of a say-on-pay proposal not less than every six years, although they have the option to offer this proposal more often.

The Board of Directors recommends an annual vote. It is considered that an annual vote on executive compensation is best practice for companies. Executive compensation comprises both fixed and variable pay elements, with the variable including share based incentive awards and cash bonuses over which the compensation committee have discretion. Decisions affecting the quantum and design of variable pay are made annually by the committee and it is therefore appropriate that shareholder approval is sought at the maximum frequency permitted by the new legislation. Contentious compensation payments and issues could occur in the intervening years between votes, if the frequency is less than annually. Triodos recommends a one year frequency.

4 Approve 2017 Stock Award and Incentive Plan **Oppose**

Shareholders are asked to approve the 2017 Stock Award and Incentive Plan. The number of shares authorised for issuance under the Plan is 1,100,000, which will be added to the number of shares available for award under the Previous Plan as of immediately prior to the Effective Date. There is a maximum of 15,110,000 shares of Common Stock reserved for issuance. As of March 30, 2017, 13,923,955 shares had been issued and 744,010 shares of Common Stock were outstanding. The maximum amount that can be paid to any single Participant in any one calendar year pursuant to a cash compensation opportunity Award of the Plan shall be $15,000,000. The Plan provides for the granting of restricted stock and restricted stock units (RSUs), performance compensation awards, deferred stock awards, stock options and other stock-based awards. Triodos considers the Plan potentially excessive with maximum cash compensation of USD 15 mln for a participant in any one calender year and therefore opposes this resolution.

5 Appoint the Auditors **Oppose**

KPMG proposed. Non-audit fees represented 7.35% of audit fees during the year under review and 6.67% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor. The current auditor has been in place for more than seven years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor.

Triodos opposes this resolution.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 2 - Advisory Vote on Executive Compensation

Disclosure: B- Annual incentives are initially established by adjusted earnings before interest, tax, depreciation and amortization (EBITDA) performance, which is then adjusted based on individual performance and financial results. For evaluating financial performance, the Compensation Committee used adjusted EBIDTA for the CEO, and two-thirds adjusted EBIDTA and one-third operating income of each business segment for business segment heads. Long-term incentive metrics used to fund the GEB (Global Executive Board) long-term incentive plan are presented as adjusted EBITDA, relative total shareholder return and 2020 objectives. Mr Jacobs also participates in LaSalle long-term incentive plan. This plan appears to operate as a profit pool funded by 15% of the gross incentive fees earned by LaSalle and 5% of LaSalle's global pre-bonus EBITDA.

Balance: C- Executive compensation was aligned with peer group averages, but not with companies of a similar market capitalisation. Both annual and long-term incentives are considered excessive. The Company does not grant retention awards, which is welcomed. However, granted stock units vest ratably over three years, rather than being subject to a full three-year performance period. Further, the Company uses adjusted EBITDA as a metric for both types of incentives. This is not considered best practice as the Executives are rewarded twice for achieving the same goal.

Contract: C- Potential cash severance payouts are considered excessive. Double-trigger provisions and a clawback policy is in place.

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