



## A Commitment to Corporate Responsibility

2009 CORPORATE RESPONSIBILITY REPORT

## Executive Introduction [1.1–1.2]

**Four years ago, we published our first Sustainability Report, solidifying our commitment to what we believe is the right thing to do—minimizing our environmental impact and supporting local communities, all while being a good steward of capital.**

[1.1, 1.2] You may have noticed that we've recently altered the way in which we refer to our program, from Sustainability to Corporate Responsibility. We found that the term "sustainability" was increasingly being used to refer to environmental stewardship initiatives, and while our environmental efforts are a cornerstone of our strategy, we wanted to ensure our stakeholders understand that our approach to being a good corporate citizen is broader than that.

This year's report focuses on our corporate responsibility efforts during 2009, and you'll notice that we've continued to increase the depth and breadth of our commitment to environmental stewardship, social responsibility and ethical business practices.

With that in mind, I believe it is important to recognize that 2009 was one of the most difficult years in the history of commercial real estate. The slowdown in global economies caused a chain reaction of events across the industry that included a lack of financing, lower valuations, decreasing occupancies and declining rents.

[ECO] During 2009, companies had to adapt to survive. At ProLogis, that meant reducing debt and modifying our business to mitigate risk. We had to make some very tough decisions related to the structure and operations of our company, including redefining our approach to development and reducing our workforce. Our actions and achievements in 2009 positioned us to address the continuing challenges in market conditions and to capitalize on the opportunities that lie ahead.

[ECO] Despite these challenging times, corporate responsibility is an initiative to which ProLogis remains fully committed. In 2009, our employees donated time to serve countless charities and local organizations on a global scale—amounting to an average of 3.6 volunteer hours given per employee. Research by the Boston College Center for Corporate Citizenship shows the average among Fortune 500 companies is just under three hours of volunteer time per employee per year. We are pleased of our efforts in 2009 and have established a goal to increase this number to an average of four hours of charitable service per employee in 2010.

[ECO] Recognizing we are in a prime position to support our communities by donating warehouse space and making it available at a reduced cost to not-for-profit groups in need, we increased our efforts in this area in 2009. An example of this is in South Florida where we gave warehouse space to the Salvation Army to support the organization's relief efforts following the destructive earthquake in Haiti. Please find more information on this and other charitable efforts in our community engagement section.

Our unwavering commitment to green building practices continued in 2009. And even though our development activity decreased last year, we never lessened our focus on providing high-quality and best-in-class distribution facilities. For example, ProLogis received an exceptional green building certification in Japan for a new development, ProLogis Parc Zama I. The building was certified CASBEE Class S, the highest possible ranking under the CASBEE rating system.



**Walter C. Rakowich**  
Chief Executive Officer

In fact, this building is only the second building in Japan to have ever achieved this outstanding designation.

And, our sustainable building efforts have not gone unnoticed in the United States. In 2009, NAIOP named ProLogis' 432,000-square-foot distribution facility constructed for SC Johnson in Sturtevant, Wisconsin the 2009 Sustainable Development of the Year. Moving forward, we will continue to look for ways that we can raise the bar in our industry with regard to ingenuity and sustainable design.

We understand that being a good company means encouraging and responding to feedback from all of our stakeholders. Along this vein in 2009, we established a Customer Advisory Board to engage and align with our customers on a more strategic level. For more on this group, please see our Stakeholder Engagement section.

ProLogis remains committed to maintaining high ethical and corporate governance standards. To further enhance our efforts in this regard, we engaged with the RiskMetrics Group in 2009 to assist us in ensuring our governance policies are in line with industry best practices.

We are very proud of our accomplishments and hope you enjoy reading about our ongoing progress. If you have any feedback, we welcome your comments.



Walter C. Rakowich  
Chief Executive Officer

## Company Overview

[2.1–2.3] ProLogis is a leading global provider of distribution facilities, with more than 475 million square feet of industrial space (44 million square meters) in markets across North America, Europe and Asia. We lease our industrial facilities to more than 4,400 customers, including manufacturers, retailers, transportation companies, third-party logistics providers and other enterprises with large-scale distribution needs.

[2.4, 2.5, 2.7] ProLogis is a global company with world headquarters located in Denver, Colorado, U.S.A. Our European headquarters is located in the Grand Duchy of Luxembourg with our European customer service headquarters located in Amsterdam, the Netherlands. Our primary office in Asia is located in Tokyo, Japan. We have a presence in 18 countries and have more than 1,100 employees worldwide.



**Our Global Presence** [2.5, 2.7]

[2.8, EC1] Information on the company's financial performance, dividend and market capitalization can be found by visiting <http://ir.prologis.com>.

[2.9] In response to the seismic shifts in global capital markets and economies during the second half of 2008, ProLogis developed an action plan to de-leverage and de-risk the company. One of our key priorities for navigating through this environment was to enhance liquidity by reducing debt. We began 2009 with this action plan and aggressive goals related to asset dispositions, debt reduction and development portfolio leasing.

[2.9] Among ProLogis' specific goals for 2009 were to reduce debt by \$2 billion and complete \$1.5 to \$1.7 billion of asset dispositions and contributions to property funds (exclusive of the sale of certain Asian operations). At year end 2009, we had reduced debt by \$2.7 billion and had completed \$1.53 billion of property dispositions and contributions.

[2.9] In addition, one major transaction included the sale of ProLogis' assets in China, as well as our 20 percent interest in Japanese property funds. The decision to sell these assets in Asia was driven by our ability to accomplish a significant portfolio sale quickly. Upon closing, the transaction generated \$1.35 billion.

[2.9] We also undertook a comprehensive effort to retain capital by reducing spending as well as general and administrative expenses. As a result, we



**ProLogis Parc Narashino**  
Chiba, Japan

undertook a significant reduction in our workforce in 2009. Details on this reduction in force can be found in our section on Employee Engagement [LA2].

[2.9] We are pleased to have accomplished our goals, putting the company on firm financial footing and positioning us to take advantage of opportunities as market conditions improve. While most of these adjustments were not easy, with this substantial de-leveraging and de-risking progress under our belts, we are now focused on building our business for the future.

[2.6] ProLogis is a Maryland real estate investment trust, and we have elected to be taxed as such under the Internal Revenue Code of 1986, as amended. We were formed in 1991, primarily as a long-term owner of industrial distribution space operating in the United States. Over time, our business strategy evolved to include the development of properties for contribution to property funds in which we maintain an ownership interest, and the management of those property funds and the properties they own. Currently, our business is organized into two reportable business segments: direct-owned and investment management.

### DIRECT-OWNED ASSETS

[2.3] Our direct-owned segment represents the long-term ownership of industrial properties. Our investment strategy in this segment focuses primarily on the ownership and leasing of industrial and retail properties in key distribution markets. We consider these properties to be our Core Properties and refer to them as Completed Development Properties. We also have industrial properties that are currently under development and land available for development, the majority of which we plan to hold and use in this segment.

By retaining more of our development assets, we will improve the geographic diversification of our direct owned properties, as most of our planned development is in international markets. We expect to resume approximately \$700 to \$800 million of new development activity in 2010 primarily related to build-to-suit opportunities for customers whose needs are not met by the existing inventory of distribution space. We plan to fund this development activity by generating proceeds through selective sales of primarily US real estate properties and land.

### INVESTMENT MANAGEMENT

[2.3] ProLogis is more than a developer of distribution warehouses. It is also a strategic partner to some of the world's largest and most sophisticated real estate investment companies.

ProLogis manages 14 private funds composed of high-quality industrial real estate assets all over the world. ProLogis aligns its interests with those of its property fund partners by holding a significant equity stake in all of its funds, in addition to managing properties on each fund's behalf. Major investors in our private fund entities include pension funds, insurance companies and other large institutional investors.

ProLogis also manages one publicly traded fund, ProLogis European Properties (Euronext: PEPR).

For additional information about the company's property funds, please visit our website: <http://www.prologis.com/en/funds/default.aspx>.

### CATELLUS

[2.3] Catellus Development Group is a business unit of ProLogis focused on mixed-use and retail development and management in North America. In 2005, Catellus merged with ProLogis; today, Catellus continues to manage its portfolio of mixed-use and retail properties under the umbrella of ProLogis.

## Independent Assurance Statement Supplement

[3.13] This report has been subjected to an independent assurance by Two Tomorrows, which also provided assurance for our 2008 report. In 2009, Two Tomorrows merged with **csrnetwork**, the firm that provided assurance for our two previous reports corresponding to activity in 2007 and 2006. In conducting the assurance, Two Tomorrows evaluated the Materiality, Completeness and Responsiveness in the report related to the B+ level for the Global Reporting Initiative G3 guidelines.

## Two Tomorrows' Independent Assurance Statement

### SCOPE AND OBJECTIVES

**Two Tomorrows (North America) Inc** has undertaken independent assurance of the ProLogis 2009 Corporate Responsibility Report (the Report). We conducted our assurance against the Global Reporting Initiative (GRI) principles for successful reporting. Specifically, these are the Report Content Principles (Materiality, Stakeholder Inclusiveness, Sustainability Context, and Completeness) and the Report Quality Principles (Balance, Comparability, Accuracy, Timeliness, Reliability, and Clarity). We were engaged to assess adherence of the Report to these principles for all data and key claims with the exception of:

- Financial performance and any information contained in the annual financial filings
- Specific case studies

### RESPONSIBILITIES OF THE DIRECTORS OF PROLOGIS AND OF THE ASSURANCE PROVIDERS

The directors of ProLogis have sole responsibility for the preparation of the Report. We were not involved in the preparation of any part of the Report. This is the fourth year that we have provided assurance. We provide recommendations on reporting and stakeholder engagement to ProLogis through the assurance process as well as through separate workshops for management.

Our statement represents our independent opinion and is intended to inform all of ProLogis' stakeholders including management. We adopt a balanced approach towards all ProLogis stakeholders.

Our team comprised Todd Cort, Alex Nichols and Jennifer Rosenberg. Further information, including individual competencies relating to the team can be found at: [www.twotomorrows.com](http://www.twotomorrows.com)

### BASIS OF OUR OPINION

In order to form our opinion, we undertook the following activities:

- We conducted interviews with a selection of senior managers responsible for areas of management and stakeholder relationships covered by the Report in Denver, CO. The objective of these discussions was to understand ProLogis' governance arrangements, stakeholder engagement process, management priorities and systems;
- We attended a meeting of the Sustainability Management Committee to assess the process for identifying and acting on material issues;
- We conducted a general review of issues raised by external parties that could be relevant to ProLogis' policies, to provide a check on the appropriateness of statements made in the Report;
- We visited one construction site in Oosterhout, Netherlands. During the site visit, we interviewed local management and the contractor company

responsible for project management. Site-level sustainability data for January through December 2009 was reviewed during the site visit;

- We reviewed full 12-month sustainability data collated at the corporate level, and claims made in the Report. We interviewed managers responsible for internal data validation, reviewed their work processes and undertook sample checks on consolidated sustainability data and also sustainability data submitted by the Oosterhout project site;
- We assessed the company claims with regard to reporting against the GRI G3 voluntary standard for application level B.

## FINDINGS

We reviewed and provided feedback on drafts of the Report and where necessary changes were made. On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly adhere to the GRI Principles.

## OBSERVATIONS

Without affecting our assurance opinion we also provide the following observations.

### Report Content Principles

*Materiality*—The information in a report should cover topics and indicators that reflect the organization's significant economic, environmental, and social impacts, or that would substantively influence the assessments and decisions of stakeholders

- ProLogis provides information against a wide range of material issues and it is notable that the ProLogis Report includes discussion of social, environmental and economic corporate responsibility aspects. We also note that ProLogis has undertaken a systematic process to assess materiality for the company—although this is not described in great detail within the Report. In the future, we recommend that ProLogis assess the materiality of lobbying practices of the trade groups in which the company is a member as well as topics around employee health, safety and well-being.

*Stakeholder Inclusiveness*—The reporting organization should identify its stakeholders and explain in the report how it has responded to their reasonable expectations and interests

- ProLogis effectively aligns its corporate responsibility performance against the expectations of stakeholders. Of particular note are efforts to understand and make effective decisions from employee and customer feedback. We also note the positive movement to develop a Community Engagement Strategy in 2009, with implementation in 2010. We look forward to the implementation of the strategy, specifically the challenge of creating engagement mechanisms that are more effective in promoting open dialogue between ProLogis and its communities.

*Sustainability Context*—The report should present the organization's performance in the wider context of sustainability

- We have no reason to believe that the ProLogis Report does not present proper context of sustainability. However, we recommend that the discussion of risk management processes in future reports makes a more explicit link to corporate responsibility decision-making criteria (e.g. the criteria incorporated into the ProLogis materiality process).

*Completeness*—Coverage of the material topics and indicators and definition of the report boundary should be sufficient to reflect significant economic, environmental, and social impacts and enable stakeholders to assess the reporting organization's performance in the reporting period.

- Nothing came to our attention to indicate that the Report is not a complete reflection of the material corporate responsibility aspects faced by ProLogis.

#### Report Quality Principles

Against the Report Quality Principles of Reliability, Accuracy, Clarity, Balance, Comparability and Timeliness, we offer the following observations and recommendations:

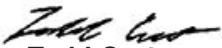
(definitions available at <http://www.globalreporting.org/ReportingFramework/G3Online/DefiningReportQuality/>)

- In terms of Comparability, ProLogis shows strong year on year reporting of key performance indicators including explanations of significant changes in performance and trends. To provide better context, we recommend that more systematic benchmarks be reported along with performance data.
- To better meet the Clarity Principle, ProLogis might consider means to improving the accessibility of corporate responsibility (e.g. multiple languages, stakeholders without internet access).

**Two Tomorrows (North America) Inc**

**San Francisco, California**

**March 17, 2010**



Todd Cort

President

**Two Tomorrows (North America) Inc** trading as Two Tomorrows is the North and South America Operating Company of the Two Tomorrows Group. The Two Tomorrows Group was formed from the merger of Csrnetwork and Sd3 in January 2009, Two Tomorrows is an international consultancy that helps companies to perform better and create value by doing business in a sustainable way. [www.twotomorrows.com](http://www.twotomorrows.com)

## Report Guide

[3.1–3.3] This is ProLogis' fourth corporate responsibility report structured around the GRI guidelines, which is global in scope and covers our activities in North America, Europe and Asia during Fiscal Year 2009, except when otherwise noted. ProLogis publishes its report on an annual basis; the last report was published in April 2009 and covered Fiscal Year 2008. Continuing on our commitment to reducing energy consumption and use of natural resources, this year's report will be published only in an electronic format.

[3.10–3.11] Since our last report, there have been no re-statements of information provided in the corporate responsibility-related disclosure. However, the seminal events that led to one of the worst financial meltdowns in history have led to significant changes at ProLogis. The structure and operations of our company have changed over the past 18 months, and as a result, our new construction activity has been very limited. And after selling our assets in China, as well as 20 percent interest in Japanese property funds [2.9], we recalculated our carbon footprint for 2007 and 2008 (the first two years we calculated a global footprint) given our new operational structure in Asia.

[3.5–3.8] The basis for reporting on other matters specific to the operations of our business, including joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can affect comparability from period to period, can be found in ProLogis' Annual Report on Form 10-K, which is filed with the Securities and Exchange Commission and also is available in the SEC Filings section of ProLogis' website at: <http://ir.prologis.com/sec.cfm>.

[3.9] This report is intended to provide information about the most significant corporate responsibility-related impacts that arise from our business activities and is focused on those over which we have the greatest degree of control or influence.

To the extent possible, we have included data from internal resources or with the help of our business partners. When original data was not available, we relied on third-party sources for estimates.

[3.13] This report incorporates the most recent G3 Guidelines as released by the Global Reporting Initiative (GRI) as a general framework for this report. GRI is an international, multi-stakeholder network through which a recognized sustainability reporting framework has been developed. This report has been externally assured and GRI-checked as meeting the requirements for GRI's Application Level "B+".



[3.4] Questions or feedback? Please contact ProLogis' Investor Relations department at +1 800-820-0181.

## Methodology for Calculations and Measurements

### ENERGY AND CARBON

*Energy*—Our preferred approach to understanding our energy consumption is to obtain utility bills from our offices' local utility company. If the utility account is specific to our office, then these bills allow us to understand energy consumption without any estimation.

If our office is part of a larger building and we do not have our own energy meters, then we try to obtain energy bills for the entire building (typically from a third-party landlord). We assume our energy consumption is proportional to the amount of square footage we occupy. For example, if we occupy 10 percent of a building, we assume 10 percent of the building's energy consumption is associated with our operations.

If we cannot obtain any utility data for an office, we estimate energy consumption based on the square footage. For U.S. offices, we use data from the Chicago Climate Exchange on average energy consumption per square foot of office by state. For international offices, we use data from the Department of Energy on average office energy consumption per square foot.

*Travel*—We prefer to measure our business travel by reports from third-party travel agencies and service providers. For reimbursed use of personal vehicles for business purposes, our Finance departments provide reports of reimbursed mileage, based on data submitted via employee expense reports. If third-party or Finance department reports are not available, we estimate travel based on our understanding of employee travel. The latter is done for a small portion of our travel.

*Carbon*—To translate energy consumption and travel activity into carbon, we multiply our data by conversion factors provided in GHG Protocol tools provided by the World Resources Institute and the World Business Council for Sustainable Development. Sources of these factors include the U.S. Environmental Protection Agency; the UK Department for Environment, Food, and Rural Affairs; IPCC Guidelines for National Greenhouse Gas Inventories; International Energy Data Services and others.

#### HR DATA

Our HR data is extracted from an internal PeopleSoft data management system. This system includes data on full-time employees, part-time employees and contractors. When an employee or contractor begins to work for ProLogis, information about this employee is entered into PeopleSoft, such as their employment status, geographic location, age and sex.

#### RENEWABLE ENERGY

*Capacity of renewable energy projects*—The project designer will state the energy capacity of the project on the as-built drawings. This information is broken down to show the generation capacity per panel, which is provided by the panel manufacturer.

*Estimated power generation of renewable energy projects*—This data is provided to ProLogis by the project designer and in some cases is confirmed by a third-party consultant specializing in the practice of estimating the generation of renewable energy projects. In some instances, the third-party provides their professional stamp.

#### COMMUNITY DONATIONS AND VOLUNTEER HOURS

*Community Donations*—Foundation disbursements are tracked in Microsoft Excel by our Legal department, which provides the annual total of disbursements made to non-profit organizations. Donations from our corporate budget are tracked using an internal website, populated by Corporate Responsibility Champions and others involved in volunteer activities. This is verified against a report run by Accounting for all expenses coded to “Contributions.” The value of donated space is tracked by property management. When entering into a new contract with a charity, ProLogis property managers enter into PeopleSoft the market value of the rented space and also the rent we actually charged. The difference (i.e., our donation) is calculated by PeopleSoft and we run a report to show this activity for the previous year. In-kind donations are estimated by the manager of the donation and reported through Corporate Responsibility Champions.

*Volunteer Hours*—Employees who coordinate volunteer activity enter information to an internal website that tracks the activity details—benefiting organization, date of activity, description of event, etc. This includes the number of ProLogis employees that participated and the number of hours volunteered in total by ProLogis employees.

## SPENDING ON LOCAL CONTRACTORS

For each of our global regions, we separated development costs by hard costs, soft costs and land costs. This data was provided by our Development Accounting department. Our hard costs are spent on contractors, allowing us to calculate the percentage of total development costs spent on this group. We then asked project management leadership in our global regions what percentage of their contractors are locally based. We applied this percentage to the total contractor expenditure to estimate the amount spent on local contractors. By adding global contractor expenditures and global local contractor expenditures, we calculated the percentage of corporate contractor expenditures that were spent locally.

## GRI Indicators

### ENVIRONMENTAL

EN0	Management Approach Disclosure
EN1	Materials used by weight or volume
EN3	Direct energy consumption by primary energy source
EN4	Indirect energy consumption by primary source
EN5	Energy saved due to conservation and efficiency improvements
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives
EN7	Initiatives to reduce indirect energy consumption and reductions achieved
EN13	Habitats protected or restored
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity
EN16	Total direct and indirect greenhouse gas emissions by weight
EN17	Other relevant indirect green-house gas emissions by weight
EN18	Initiatives to reduce green-house gas emissions and reductions achieved
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations

### SOCIAL

HR0	Management Approach Disclosure
HR4	Total number of incidents of discrimination and actions taken
LA0	Management Approach Disclosure
LA1	Total workforce by employment type, employment contract, and region
LA2	Total number and rate of employee turnover by age group, gender and region
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations
LA4	Percentage of employees covered by collective bargaining agreements
LA10	Average hours of training per year per employee by employee category
LA12	Percentage of employees receiving regular performance and career development reviews
PR0	Management Approach Disclosure
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction
PR6	Programs for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship by type of outcomes
SO0	Management Approach Disclosure
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting
SO3	Percentage of employees trained in organization's anticorruption policies and procedures

SO4	Actions taken in response to incidents of corruption
SO7	Total number of legal actions for anti-competitive behavior, anti-trust and monopoly practices and their outcomes
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations

## ECONOMIC INDICATORS

EC0	Management Approach Disclosure
EC1	Economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change
EC6	Policy, practices and proportion of spending on locally based suppliers at significant locations of operation
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement

## GRI PROFILE INDICATORS

1.1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy. Statement should present the overall vision and strategy for short-, medium- and long-term
1.2	Description of the organization's key impacts, risks and opportunities
2.1	Name of organization
2.2	Primary brands, products and/or services
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries and joint ventures
2.4	Location of organization's headquarters
2.5	Number of countries where the organization operates and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in this report
2.6	Nature of ownership and legal form
2.7	Markets served, including geographic breakdown, sectors served, and types of customers/beneficiaries
2.8	Scale of organization: employees, net sales, capitalization (debt and equity), quantity of products or services provided
2.9	Significant changes during reporting period regarding size, structure or ownership, including location of operations, facility openings/closings, changes in share capital structure, other capital maintenance and formation
2.10	Awards received during reporting period
3.1	Reporting period
3.2	Date of most recent previous report
3.3	Reporting cycle
3.4	Contact point for questions regarding report
3.5	Process for defining report content, including materiality, prioritizing topics within report and identifying stakeholders expected to use the report
3.6	Boundary of the report
3.7	Specific limitations on the scope or boundary
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can significantly affect comparability from period to period

3.9	Data measurement techniques and the bases of calculations, including assumptions underlining information in the report
3.10	Explanation of the effect of any re-statements of information provided in earlier reports and the reasons for such restatements
3.11	Significant changes from previous reporting periods in scope, boundary or measurement methods
3.12	Table identifying location of Standard Disclosures of the report
3.13	Policy and practice with regard to seeking external assurance for report
4.1	Governance structure of the organization, including committees under the highest governance body
4.2	Indicate whether the Chair for the highest governance body is also an executive officer
4.3	For organizations with a unitary board structure, state the number of members of the highest governance body that are independent and/or non—executive members
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body
4.5	Linkage between compensation and organizational performance for members of the highest governance body, senior managers and executives
4.6	Processes in place for highest governance body to avoid conflicts of interest
4.7	Processes for determining the highest governance body's qualifications and expertise on economic, environmental and social topics
4.8	Internal mission statements, codes of conduct, principles related to economic, environmental and social performance; status of implementation
4.9	Processes for the highest governance body to oversee the identification and management of economic, environmental and social performance, including risks, opportunities and compliance; state frequency with which senior management assesses sustainability
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance
4.11	Explanation of whether/how the “precautionary approach” is addressed
4.12	Externally developed economic, environmental or social charters, principles or other initiatives to which the organization subscribes/endorses
4.13	Membership in associations and/or national/international advocacy organizations
4.14	List of stakeholder groups engaged by the organization
4.15	Basis for identification and selection of stakeholders with whom to engage
4.16	Approaches to stakeholder engagement, including frequency and type of engagement
4.17	Key topics and concerns raised during stakeholder engagement and how the organization has responded, including through reporting



## Stakeholder Engagement [PRO]

Our approach to stakeholder engagement is to communicate openly and to utilize actionable, meaningful feedback from our stakeholders as a basis for business decisions. Because we recognize that our operations both impact and are impacted by others, working effectively with our stakeholders is of vital importance to ProLogis.

## Framework & Approach

[4.14, 4.15] ProLogis defines its stakeholders as any person or group of persons who may affect or be affected by ProLogis' business operations. This includes associations, brokers, communities, customers, employees, governments, investors, media, non-governmental organizations and suppliers.

[4.16] We use a variety of means to communicate with our stakeholders. Some of our most significant mechanisms include: customer satisfaction surveys, group and one-on-one investor meetings, investor perception surveys, industry forums, media interviews, quarterly earnings calls, employee "town hall" meetings and webcasts, public planning meetings and meetings with vendors and suppliers. Additionally, we provide departmental contact information on our corporate website, [www.prologis.com](http://www.prologis.com).

We also respond to incoming inquiries. They can originate from local communities seeking volunteers, from third-party organizations looking for information about ProLogis' plans to address climate change, such as the Carbon Disclosure Project and KLD Analytics, and from individual or institutional investors trying to better understand our business operations.

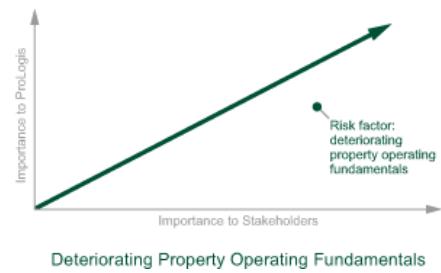
In 2009, we made progress formalizing our approach to stakeholder engagement and augmented both the frequency and depth of the two-way communications with our stakeholder groups, some of which is described in case studies in this report. We hired an external consultant to help add structure to our program, and we also began development of a new model to assess issues identified by stakeholder groups in the context of importance to the stakeholder and importance to ProLogis.

In analyzing issues important to stakeholders, we assess factors such as: level of stakeholder priority; impact on core activities; scope of stakeholder significance on local, regional and global levels; and degree of measurability. For ProLogis, importance is measured by factors such as: financial impact; legal/compliance impact; associate impact; reputation impact; and operational impact.

Please see the graph for a visual representation of our approach. The higher an issue is placed on both the X and Y axis, the more proactive ProLogis is in addressing the issue. Our performance relative to issues that are of the highest importance to our stakeholders and to the company will be managed by the most proactive management and communication mechanisms. This includes reporting such issues to senior management, discussion in our CR report or other documented communication mechanisms and monitoring to encourage improvement.

In this example, our Investor Relations (IR) department plotted the issue of "deteriorating property operating fundamentals." Equity investors are a key stakeholder group for ProLogis, and the IR department defined this issue as being material for equity investors based on feedback from one-on-one meetings, quarterly conference calls, research reports published by this group and perception studies. The issue was scored and weighted by previously defined risk factors, then placed on the graph according to its overall score. Because this issue was rated to be high on the importance scale for both ProLogis and equity investors, the IR department made certain to address deteriorating property operating fundamentals, and how they relate to ProLogis' business, in all different types of investor communications, including press releases, investor presentations and one-on-one meetings. The IR department continues to monitor investor feedback to determine if issue persists.

[4.17] Both the IR and HR departments conducted this exercise in 2009, analyzing issues that are potentially material to their key stakeholders. We used the exercise to further refine the framework for assessing materiality, and are taking the



lessons learned into account as we continue to refine the model and increase the value of our stakeholder relations.

## STAKEHOLDER ENGAGEMENT MECHANISMS

STAKEHOLDER	ENGAGEMENT MECHANISMS
Customers	<ul style="list-style-type: none"><li>• Semi-annual customer advisory board meetings and annual customer surveys for key customers</li><li>• Bi-annual customer satisfaction surveys at the property level</li><li>• Dedicated ProLogis associates to respond to needs and requests</li><li>• One-on-one meetings to discuss ProLogis support of customer sustainability efforts</li><li>• Customer-focused marketing materials about sustainability and other topics</li><li>• Speaking engagements at customer-attended conferences and events</li></ul>
Investors—Public	<ul style="list-style-type: none"><li>• Quarterly earnings calls including Q&amp;A with senior management</li><li>• Dedicated ProLogis associates to respond to investor needs and requests</li><li>• Perception study to gauge investor priorities</li><li>• Annual Investor Day, one-on-one investor meetings and brokerage conferences to gather real-time feedback</li><li>• Surveys from socially responsible investment funds and indexes, such as KLD Analytics</li><li>• Investor database utilized to track FAQs, which is utilized to prepare presentations, enhance disclosure and identify perception gaps</li></ul>
Investors—Fund	<ul style="list-style-type: none"><li>• Quarterly report on fund performance</li><li>• Annual in-person meetings on fund performance</li><li>• Regular written correspondence on issues such as contribution agreements and distribution notices of return on capital</li></ul>
Employees	<ul style="list-style-type: none"><li>• Regular global employee survey</li><li>• Quarterly worldwide, all-hands meeting and global webcast with CEO and senior management; includes Q&amp;A</li><li>• Employee satisfaction survey during first year of employment</li><li>• Training programs and support</li><li>• Annual performance reviews</li><li>• Corporate Responsibility Champion program to engage employees in sustainability efforts</li><li>• Intranet site to enhance internal communications</li></ul>

Brokers	<ul style="list-style-type: none"> <li>• Quarterly Broker Update publication with relevant broker news</li> <li>• Attendance and sponsorship of national broker conferences</li> <li>• Attendance and hosting of various broker meetings at the market level</li> <li>• Broker satisfaction surveys related to specific broker events</li> </ul>
Nongovernmental Organizations	<ul style="list-style-type: none"> <li>• Attendance at conferences and meetings</li> <li>• Participation in committees, such as US Green Building Council, to develop a LEED rating system for distribution centers</li> <li>• NGO information requests and surveys, such as the Carbon Disclosure Project</li> </ul>
Government	<ul style="list-style-type: none"> <li>• Close collaboration during entitlement process</li> <li>• Engage on relevant issues via industry associations</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Contract development and interaction throughout term of contract</li> <li>• One-on-one meetings and calls</li> <li>• Preferred vendor list</li> </ul>
Industry Associations	<ul style="list-style-type: none"> <li>• Participation on various committees and leadership teams, such as NAIOP's Sustainable Development Committee</li> <li>• Active participation and frequent presenters at conferences and meetings</li> </ul>
Communities	<ul style="list-style-type: none"> <li>• Input from, dialog with, and response to communities before, during, and after development</li> <li>• Employee volunteerism</li> <li>• ProLogis donations, including warehouse space to organizations in need</li> </ul>
Media	<ul style="list-style-type: none"> <li>• Press releases distributed regularly announcing significant business activity</li> <li>• Proactive engagement on topics important to certain media groups, including ProLogis' approach to sustainability</li> <li>• Press events hosted to engage with media on significant announcements</li> <li>• Interviews conducted regularly with a variety of appropriate ProLogis spokespersons</li> <li>• Dedicated ProLogis associates to respond to needs and requests on a daily basis</li> </ul>

## Case Study: Customers

[4.16, 4.17] Our customers are integral to our business. We serve more than 4,400 customers globally, including manufacturers, retailers, transportation companies, third-party logistics providers and other enterprises with large-scale distribution needs, and we are continually seeking ways to better meet their needs.

In 1999 we began conducting bi-annual surveys with our customers at the property level. We will conduct this survey again in 2010 and report our results in next year's corporate responsibility report. While these surveys are invaluable, we recognized another opportunity to better engage and align with our customers on a more strategic level and formed a Customer Advisory Board in 2009.

Establishing the Customer Advisory Board involved multiple steps. We first conducted both telephonic and web-based surveys with a large cross section of our global customers to receive feedback on our company. We then scheduled semi-annual, in-person meetings with representatives from approximately one dozen customers that represent a diverse mix of industries.

The meetings are led by a third-party consultant to solicit objective feedback. In fact, an hour and a half of every meeting is conducted without any ProLogis presence and covers challenges customers face as corporate real estate managers as well as ways ProLogis can improve its service level and product delivery system. Comments are then provided to us anonymously, which increases the legitimacy and objectivity of feedback received.

[PR5] As a result of initial meetings in 2009, we have gathered important feedback from our customers, and we have committed to address this feedback with modifications to the way in which we interact and engage with our customers.

We started the Advisory Board with customers based in North America, and are currently planning to expand the program to Europe and Asia.



**BMW is one of ProLogis' key customers.**

Pictured in Pennsylvania, U.S.A at ProLogis Park 33, a BMW-occupied facility that ProLogis constructed for the customer in December 2008 (L to R): Wes Neal, manager, logistics network development at BMW; Paul Loosman, ProLogis regional director; Greg Arnold, ProLogis senior vice president; and Meg Buffington, ProLogis vice president and market officer.

## Case Study: Employees

[4.16, 4.17] Our employees are a critical part of our business—they sustain day-to-day operations, generate new business, maintain existing relationships and are most often the face of the company to our external stakeholders.

To enhance two-way communication between management and employees and ultimately create an enhanced working environment, we introduced our first Global Employee Survey in October of 2009. The survey was conducted in six languages and achieved a greater than 90 percent participation rate.

During our first all-associates meeting of 2010, we communicated a global overview of the findings from this survey to all employees. Our CEO addressed the high level of associate participation as well as communicated goals and aspirations for 2010 and beyond.

In addition, we plan to form internal, cross-functional teams to assess the survey results and create measurable recommendations for key areas of improvement.

Engagement with our employees also was enhanced through our Corporate Responsibility Champions. At the end of 2009, we conducted a survey of this group to learn how to improve the program. The results were positive and will help us better engage employees.



Walt Rakowich and ProLogis executives address employees during one of four quarterly all-associate meetings in 2009.



Len Sahling, a ProLogis employee, asks a question of the executive team during one of the company's all-associate meetings in 2009.

## Case Study: Investors

[4.16, 4.17] Our investor audience regularly analyzes ProLogis' financial and operating results, generally resulting in recommendations for buying and selling shares of ProLogis common stock.

2009 was a year of transition for ProLogis. As we worked to pay down debt, right-size the company for the current environment and establish a firmer financial footing, it was critically important that we communicated our efforts to our investment community both consistently and effectively.

We increased the number of face-to-face meetings between investors and our executive team and enhanced our disclosure to address some of the investment community's common questions and concerns. This helped to encourage dialogue and increase transparency. We also published an electronic mid-year shareholder report, which updated progress toward our de-leveraging and de-risking goals.

To assist in the review of messaging, we engaged an external investor relations advisory firm experienced in crisis situations. And, we analyzed investor feedback to determine most frequently asked questions, incorporating messaging to address those questions in our quarterly results conference calls and investor presentations.

Our efforts resulted in increased visibility for our progress and helped to establish better feedback mechanisms. We were listed by Institutional Investor Magazine as the number two ranked IR team and the number one ranked IR professional in the REIT sector, as voted by sell-side research analysts. We also were nominated as having one of the best crisis communication programs in 2009 by Investor Relations Magazine. External recognition of our efforts validates that we were successful in maintaining our strong relationships with this key stakeholder group despite very challenging capital market conditions.

## Third-party Validation

### CHARTERS, PRINCIPLES, INITIATIVES [4.12]

- Carbon Disclosure Project
- Institutional Shareholder Services—Corporate Governance Quotient of 89.3
- Socially Responsible Investment Index: Canaccord Adams Green Building Index
- SRI Index: Domini 400 Social Index
- SRI Index: Dow Jones Sustainability Indexes—North America and World
- SRI Index: FTSE4Good Index
- SRI Index: NASDAQ OMX CRD Global Sustainability 50 Index
- SRI Index: Maplecroft Climate Innovation Index Leaders
- SRI Index: S&P U.S. Carbon Efficient Index

### AWARDS [2.10]

- 2009 Daily Real Estate Logistics and Industrial Award—MIPM
- 2009 *Fortune Magazine* World's Most Admired Companies
- 2009 Green Guru
- 2009 Industrial Development of the Year—NAIOP Denver
- Best Building—NAIOP Las Vegas Spotlight Awards
- Best Real Estate Industrial Project in Southeastern Europe Award for 2008
- Denver *Business Journal* 40 Under 40
- Euromoney—Global—Best Industrial/Warehouse Developer
- Euromoney—Global—Best Industrial/Warehouse Investment Manager
- Euromoney—Best Industrial/Warehouse Developer in Western Europe
- Euromoney—Best Industrial/Warehouse Investment Manager in Western Europe
- Euromoney—Best Industrial/Warehouse Developer in Emerging Europe
- Euromoney—Best Industrial/Warehouse Developer in the UK
- Euromoney—Best Industrial/Warehouse Developer in the Netherlands
- Global 100 Most Sustainable Corporations in the World
- Golden Broom Award
- NAIOP Sustainable Development Award
- NAREIT Leader in Light—Honorable Mention
- Ranking: F&C's Sustainable Real Estate Securities Risk Assessment
- Renewable Energy World Excellence Awards—Finalist
- Waste Reduction Excellence Certificate 2009

### MEMBERSHIPS [4.13]

- AmCham Germany—American Chamber of Commerce in Germany e.V.
- American Chamber of Commerce in Korea
- American Planning Association
- BASE—Business and a Sustainable Environment
- BME—German Association Materials Management Purchasing and Logistics e.V.
- BOMA—Building Owners and Managers Association
- Business in the Community
- BVL—German Logistics Association

- Chicago Climate Exchange
- CIASF—Commerical Industrial Association of South Florida
- Conference on Green Logistics in Japan (Japan Institute of Logistics Systems)
- Congress for the New Urbanism
- EPA's ENERGY STAR
- European Chamber of Commerce in Korea
- GEFMA—German Facility Management Association
- Gwinnett CID (Community Improvement District)
- ICSC—International Council of Shopping Centers
- Industrial Developers Sustainability Forum
- Investor Relations Roundtable
- Japan Federation of Freight Industries
- Japan Institution of Logistics Systems
- Korea Integrated Logistics Association
- Korea International Trade Association
- Korea Third Party Logistics Association
- Korean CEOs Association of Multinational Corporation
- NAIOP—National Association of Industrial and Office Properties
- NAREIT—National Association of Real Estate Investment Trusts
- National Brownfield Association
- National Investor Relations Institute
- Nippon Keidanren
- Public Relations Society of America
- Real Estate Roundtable
- Responsible Business Forum (Poland)
- Romania Green Building Council
- SIOR—Society of Industrial and Office Realtors
- Staffordshire Wildlife Trust
- Thames Gateway Institute for Sustainability
- The Association for Real Estate Securitization
- The Institute of Logistics and Warehousing
- UK Green Building Council
- Urban Land Institute
- US Green Building Council
- VDI—Association German Engineers
- VDKL—Association German Refrigerated Warehouses and Logistics Companies
- Washington Board of Trade



## Environmental Stewardship [ENO]

As an industry leader in environmental stewardship, we see it as our duty to address two major global challenges confronting humankind—climate change and overburdened ecosystems.

Our objectives:

- **Minimize carbon emissions** for our customers by providing energy-efficient buildings and a geographically diverse platform that minimizes fuel consumption.
- **Minimize the ecological impact of our developments** by meeting or exceeding local or regional sustainable development standards worldwide.
- **Minimize the impact** of our own operations by engaging associates in every office to reduce our environmental footprint in areas such as energy, waste, procurement and water.

## LEED/BREEAM/CASBEE

[EN26, EN6] Our commitment to environmental stewardship and corporate responsibility originated in reducing the environmental impact of our warehouses. Through the years, we have maintained and expanded our commitment to developing our facilities to the highest environmental standards, including the U.S. Green Building Council's LEED (Leadership in Energy and Environmental Design) program, BREEAM (Building Research Establishment Environmental Assessment Method) in the U.K. and CASBEE (Comprehensive Assessment System for Building Environmental Efficiency) in Japan.

[EN26, EN6] As of 2008, ProLogis develops all new facilities in the U.S. and U.K. according to LEED and BREEAM standards. In addition, we strive to build in accordance with the accepted green building rating systems in all of our regions of operation and are currently exploring other rating systems to adopt.

Where regional rating systems do not exist, we implement best practices learned from developing sustainable buildings across our global portfolio. Environmental features commonly found in our certified and newer buildings include:

- Skylights and clerestory windows—Using natural light lowers electricity usage and operational carbon and improves indoor environmental quality for warehouse personnel.
- High-reflectance roof membranes—Traditionally, warehouses have black EPDM rubber roofing membranes, which absorb heat from sunlight. White thermoplastic polyolefin roofing offers the same performance at essentially the same cost while reducing urban heat island effect and often providing a more comfortable work environment.
- Bicycle, hybrid and carpool vehicle parking—Offering space for alternative modes of transportation encourages employees to make lifestyle choices that reduce carbon emissions.
- Recycled and locally sourced construction materials—Using recycled concrete, steel, asphalt and other materials in new warehouse construction delivers significant environmental benefits, as does recycling a major percentage of construction waste.
- Area for onsite recycling—Every measure used to make employee participation in recycling easier does that much more to reduce landfill waste and use of virgin resources.
- Energy-efficient lighting systems—Warehouses traditionally use metal halide lighting, but commercially available T5 and T8 fluorescent lights last longer and significantly reduce electricity usage, especially when used in combination with photoelectric cells and motion sensors.
- Exterior landscaping—Appropriate landscaping can minimize water consumption and also help to mitigate a property's overall net carbon emissions.
- Water conservation measures—Motion-activated faucets, low-flow toilets, waterless urinals and captured rainwater for irrigation all reduce the use of fresh water.
- Low-emitting sealants, adhesives and carpet systems—Compounds and chemicals with non-petroleum bases conserve non-renewable resources and provide a more pleasant air quality and more healthful working environment for employees.



ProLogis Park Duck Creek, Stockton, CA



ProLogis Park Pineham, North Hampton, UK



ProLogis Parc Centrair, Nagoya, Japan

[EN26, PR1] At the end of the year, ProLogis had 55 buildings registered or certified worldwide, totaling 23 million square feet, including:

- LEED in North America: 40 buildings registered or certified, totaling 13.8 million square feet
- LEED in Europe: One building registered, totaling 130,000 square feet
- BREEAM: 11 buildings certified, totaling 3.9 million square feet
- CASBEE: Four buildings registered, totaling 5.8 million square feet

[EN1] Some of the most common materials used in ProLogis' distribution centers include concrete, structural steel, rebar, sprinkler pipe, roof deck, roof insulation, roofing and asphalt paving. In 2009, ProLogis used 964,000 cubic yards of concrete; 48,204 tons of concrete, 27,000 tons of rebar; 2.4 million linear feet of pipe; 21.4 million square feet of roof material and 508,000 tons of asphalt. We report this information to help demonstrate the environmental impact of our development activities.

It is important to note that, for 2009, we experienced a significant decrease in new development activity in response to the global recession [3.11]. In 2010, we expect to resume approximately \$700 to \$800 million of new development activity related to build-to-suit opportunities [2.3]. As such, our figures for 2010 materials usage are expected to increase.

## Energy-Efficient Buildings

[EN5, EN6] Sustainably developed buildings typically benefit from reduced energy consumption and carbon emissions. Listed below are a few methods we use to help increase the energy efficiency of our buildings.

### ENERGY PERFORMANCE CERTIFICATES

[EN6] The Europe Union (EU) is now requiring buildings to receive an Energy Performance Certificate (EPC). This is a public rating indicating a building's energy efficiency. Each country in the EU has developed its own rating system, but in all cases the EPC rating compares building energy efficiency to a government-defined baseline. Thus far, our buildings are rating 25 to 50 percent more efficient than national baselines, significantly reducing our customers' energy costs and consumption. This government verification of efficiency clearly demonstrates the financial and environmental benefits of our buildings.

At year end, we had 72 buildings totaling 17.9 million square feet with an EPC rating. The estimated carbon savings achieved with these facilities is more than 210,000 metric tons of CO<sub>2</sub> equivalent. This is equal to the emissions annually generated by more than 62,000 American homes.

### DOE PROGRAM

[EN6] In the fall of 2008, the U.S. Department of Energy (DOE) awarded approximately \$15 million for a new, national study to speed market adoption of current technologies and design solutions that yield significant, measurable energy savings for commercial buildings.

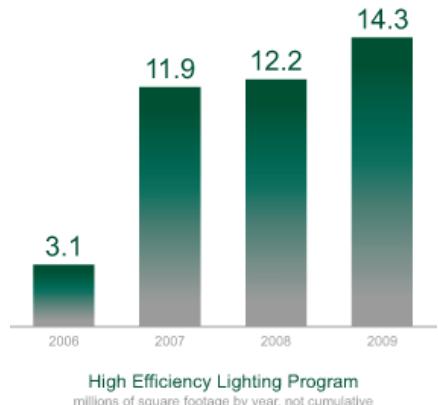
The DOE solicited proposals from national laboratories to work with private companies, together aiming to achieve cost-effective energy savings of 50 percent above ASHRAE Standard 90.1-2004 for new commercial building designs and 30 percent for retrofits of existing buildings. The labs targeted major retailers, financial institutions and real estate firms as partners in the study; ProLogis was included in a proposal from the National Renewable Energy Laboratory (NREL), one of the nation's leading laboratories for renewable energy and energy efficiency research and development.

As part of the study, we committed to working with NREL to review typical warehouse design specifications and enhancements using computer-run simulations that identify the impacts of design and technology changes on energy use. We have shared building designs with NREL for analysis and to increase the organization's understanding of our standard building design. We are also in active discussions with customers to identify a suitable facility, especially because this project would entail their participation and willingness to provide energy data and access to the building.

From this project, we hope to gain knowledge of cost-effective upgrades we can use to greatly improve the energy performance of our existing portfolio, while also helping to improve the energy efficiency of the commercial building stock as a whole.

### LIGHTING RETROFIT PROGRAM

[EN6] We are focused on improving the energy efficiency of the existing facilities in our portfolio. In 2006, we initiated a lighting program to install or upgrade the lighting systems in our North American portfolio with energy-efficient T5 and T8 fluorescent lighting.



ProLogis Park Teresin, Warsaw, Poland

<b>TOTAL SQUARE FOOTAGE WITH HIGH EFFICIENCY LIGHTING, AS OF 12/31/09:</b>		<b>41,500,000 sq ft</b>
Estimated electricity saved:	46,000,000 kWh	
Estimated carbon emissions saved:	33,500	metric tons of CO <sub>2</sub> equivalent
Energy consumption equivalent:	3,000	U.S. homes

As of the end of 2009, high-efficiency lighting had been installed in approximately 41.5 million square feet of warehouse space. Compared to standard warehouse lighting systems, this translates into a savings of more than 46 million kilowatt hours (kWh) of electricity per year, enough energy to power nearly 3,000 Americans' homes for one year or produce more than 33,500 metric tons of carbon dioxide emissions.

Below is a table demonstrating the total number of high-efficiency lighting systems year-over-year since we first started the program. Despite challenges presented by the economy in 2009, we installed more high-efficiency lighting last year than in 2008.

#### **ISO 14001**

[EN26] ISO (International Organization for Standardization) is a non-governmental organization that forms a bridge between the public and private sectors to create standards for products and systems. ISO 14001 standards provide guidelines for environmental management systems (EMS), which serve as management tools for companies to identify and control the environmental impact of their activities, products or services; continually improve environmental performance; and implement a systematic approach to setting and achieving environmental objectives and targets.

In September of 2008, ProLogis received ISO 14001 certification for all of its U.K. project management activities. And, in December 2009, ProLogis obtained the ISO 14001 certification for its European project management activities.

Our ISO EMS requires that, when we begin development, we assess all environmental issues associated with the land. We incorporate recommendations for addressing these environmental issues into our contracts with development contractors, then monitor contractor compliance with these requirements. Currently, we are working to expand our ISO certification to our North American development activities by the end of 2010, and to Asian development activities by the end of 2011.

## Multi-Year Goals

[EN26] In 2006, ProLogis adopted a series of multi-year, quantifiable goals to be achieved by the end of 2010. Waste goals were established for all new development in our global portfolio, in addition to goals related to our renewable energy program. They are as follows:

- Utilization of 20% recycled content, based on cost, in all new warehouse developments.
- Diversion of 75% of construction debris from disposal in landfills and incinerators on all new projects.
- Reduction of potable water usage for landscape irrigation in all new warehouse developments by 50 percent.
- Installation of renewable energy sources that have a combined generation capacity of over 25 million kilowatt hours per year across the company's global property portfolio. (Information on this goal can be found [here](#).)

Over the years, ProLogis has made progress toward reaching its goals. However, we are not progressing as fast as originally expected due to the global recession and the resultant impact on our business operations and development pipeline.

We are working to expand our systems for achieving and tracking these goals. Specifically, in 2009, we increased our focus on working with contractors in Mexico and Asia to improve our systems for gathering all information necessary for tracking our progress. Due to our limited construction activity in 2009, it will be a challenge to achieve all goals in all global regions by the end of 2010. However, we expect to make significant progress throughout the year and look forward to reporting our accomplishments in next year's report.

## Biodiversity

[EN13] ProLogis completes an Environmental Impact Assessment (EIA) for every project we undertake to determine whether our plans for the site will impact or threaten any species or habitats. This assessment is conducted during the land procurement and entitlement process; we will work in partnership with relevant agencies and organizations to sufficiently mitigate any impacts and go above and beyond where possible.

[EN28] We strongly believe it is because of our approach to environmental stewardship that ProLogis has never been fined for non-compliance with environmental laws and regulations.

A recent example of our efforts is at ProLogis Park Bradford in the UK, where we have agreed with the Bradford Metropolitan District Council to maintain two balancing ponds located in the southeast corner of the site. While the primary function of the ponds is to store excess water during periods of heavy rain, they have also been designed to complement the surrounding ecology and to help develop local biodiversity. We have also provided public footpaths to the ponds and are working with the Council to mitigate the impact of the development on the neighboring Bierley Hall Woods, a protected wooded area that includes fishing ponds. ProLogis has already built a new footbridge over one of the fishing ponds and we are working with local community groups to explore further opportunities for both the ponds and the woodlands.



**ProLogis Park Bradford** in the United Kingdom and the neighboring Bierley Hall Woods (top left corner).

## Case Study: NAIOP Sustainable Development Award—SC Johnson

ProLogis is an active member of NAIOP (National Association of Industrial and Office Properties), the United States' commercial real estate development association. Each year, NAIOP selects two development companies as the recipients of its annual Sustainable Development Award—one in the office category, and one in the industrial category.

NAIOP established the Award in 2005 to recognize the growing number of firms engaged in sustainable development. Applicants were judged on a number of criteria, including company commitment to sustainability, site sustainability and materials use, innovation, water efficiency, energy efficiency, economic viability, innovation and other sustainable attributes. Entries for the award were reviewed by industry leaders, including members of the U.S. Green Building Council.

In 2009, ProLogis was honored for its SC Johnson building in Sturtevant, Wisconsin, which was named the 2009 Industrial Sustainable Development of the Year.

In early 2008, we responded to a proposal request issued by SC Johnson, one of the world's leading manufacturers of household cleaning products and products for home storage, air care, and insect control. The company is headquartered in southeast Wisconsin and required distribution space near its business and manufacturing operations in order to increase supply chain efficiencies. ProLogis was ultimately selected for our knowledge of the market and our ability to provide quality space on a quick timeframe and in a sustainable manner.

During ProLogis' planning discussions with SC Johnson, we completed a cost analysis that indicated differences in price and benefits incurred with sustainable features compared with standard features. We also compiled information that analyzed costs and benefits received with a higher level of LEED certification, which showed a return on investment for all lighting and HVAC upgrades. After looking at this data, SC Johnson realized that it would be most prudent to construct a sustainable facility because of the potential energy savings and overall better design.

The end result is a state-of-the-art, 432,000-square-foot distribution center in a location that is less than a mile from SC Johnson's manufacturing facility, as well as two miles from Interstate 94, 17 miles south of Milwaukee and 16 miles north of the Wisconsin/Illinois border. The facility is certified LEED-NC Gold® and features a host of sustainable features and showcases exceptional achievements in water efficiency, open space, recycled content and use of recycled materials.

"SC Johnson is an environmentally conscious company and we make a concerted effort to promote sustainability in all that we do," said Susan Sparks, logistics network manager at SC Johnson. "That is why we are very proud to operate at ProLogis' building in Sturtevant. The facility is the epitome of a modern, sustainable distribution center. We save considerably on operational expenses and are able to better serve our customers. This distribution center has become a key part of our business."



**ProLogis's SC Johnson building in Sturtevant, Wisconsin, U.S.A., was named the 2009 Industrial Sustainable Development of the Year.**

## Case Study: Exceptional Certification in Japan

In 2009, ProLogis received an exceptional green building certification in Japan for a new development, entitled ProLogis Parc Zama I. The building was certified CASBEE Class S, the highest possible ranking under the CASBEE rating system. This building is only the second building in Japan to achieve this exceptional designation.

CASBEE stands for Comprehensive Assessment System for Building Environmental Efficiency and is the most commonly used green building rating system in Japan. In addition to the two facilities certified as CASBEE Class S in Japan, there are eight Class-A certified distribution facilities, three of which are ProLogis warehouses.

ProLogis Parc Zama I is a 1.2-million-square-foot distribution facility located 25 miles from downtown Tokyo and has many advanced systems including a one-megawatt solar installation and a seismic isolation structure. These green features go beyond many of the more “standard” green features included in distribution centers, thus contributing to the CASBEE Class S certification.

This is ProLogis’ fourth CASBEE-certified distribution center, bringing our CASBEE-certified portfolio to 5.8 million square feet. On a national level, both ProLogis Parc Ichikawa I and ProLogis Parc Centrair are certified CASBEE Class A. At a local level, ProLogis Parc Osaka II is also CASBEE-Osaka Class A certified.



**ProLogis Parc Zama I** is the second building in Japan to be certified CASBEE Class S.

## Climate Change

[EN16, EN17] We believe our leadership in actively addressing the carbon impacts of our operations and products will be recognized and rewarded through increased customer loyalty and enhanced community relations.

### RISKS AND OPPORTUNITIES RELATED TO CLIMATE CHANGE

[EC2] We believe in being transparent to our stakeholders about our risks and opportunities related to climate change. That is why 2010 will be our fifth year responding to the Carbon Disclosure Project. In addition to the information provided in this report, you can find additional detail about our climate change strategies in our CDP response.

## Carbon Footprint

### MEASURING AND OFFSETTING CARBON

ProLogis continues to work with the Chicago Climate Exchange (CCX), the world's first voluntary, legally binding greenhouse gas emissions reduction, registry and trading program. As an Associate Member in CCX, we have committed to annually measuring and offsetting 100 percent of our U.S. operational carbon footprint. We have taken our commitment to the next level by measuring and offsetting 100 percent of our global operational carbon footprint. Below is a table that details ProLogis' total direct, indirect, and other relevant greenhouse gas emission by weight.

In 2009, we took a more proactive approach to offsetting our 2008 carbon footprint by researching the many CCX offsets that were available, and carefully selected a project that aligned with our operations and sustainability goals.

The project selected was the Cape May, New Jersey, municipal landfill in the United States. Decomposing trash at the landfill releases methane, a greenhouse gas that is much more potent than carbon dioxide. The landfill captures this gas so that it is not released into the environment, creating carbon offsets available for purchase that are additional, permanent and verified.

The main purpose for collecting methane from its operations is for the landfill is to supply and sell it, at a reduced rate, as fuel to the nearby Woodbine Developmental Center, a State-run facility for the handicapped. The gas is then burned in the center's steam boilers to produce heat and air conditioning. Over one million gallons of fuel oil would have to be burned annually if not for utilizing the landfill gas.

In addition, the landfill's operations run off three electrical generation units, which turn the methane gas into a fuel for electricity. Therefore, the facility has become self-sufficient. Excess generation not sold to WDC or used on site is flared and methane destroyed, thus eliminating the risk the gas would have otherwise contributed to the environment.

The landfill is in the design phase to build a two-megawatt electrical station that would enable it to sell electricity directly to the grid. This is scheduled to be completed in December 2010.

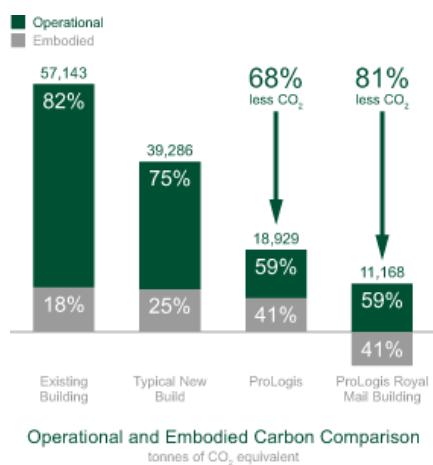
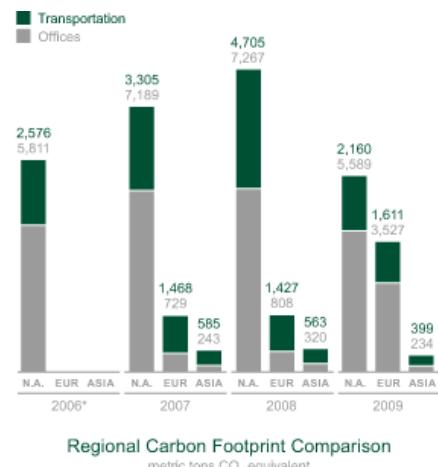
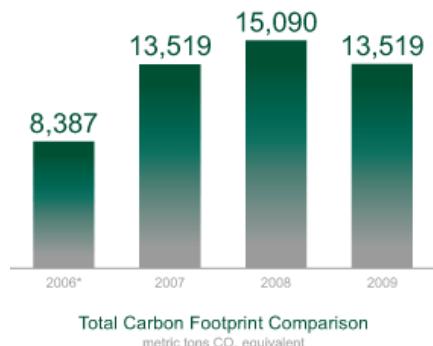
We picked the Cape May landfill because we have a presence in New Jersey and because Cape May's approach to mitigating emissions aligns well with our corporate responsibility priorities. Although the landfill is necessary to dispose of waste, the programs established at the Cape May facility have minimized waste emissions as much as possible, turning it into productive contributions for the community. Because the revenue Cape May receives from these offsets is vital to the financing and continued operation of its projects, we are proud that our purchase from the facility has helped it to continue this environmentally and socially beneficial project.

We plan to take a similar approach to offsetting our 2009 carbon footprint.

### CARBON FOOTPRINT REDUCTION

#### Operational Carbon

[EN5] While purchasing carbon offsets is one way to mitigate our impact on climate change, we also believe it is important to directly reduce our emissions as much as possible. That is why, in 2009, we established a goal for reducing our operational carbon emissions: 10 percent reduction per million square feet of global real estate portfolio by 2012, from our 2007 baseline.



[EN5] We have made progress in increasing our efficiency and we plan to continue along the same path in 2010. For example, throughout 2009, we continued to fine-tune our headquarters building (nearly 30 percent of our global operational footprint) to maximize efficiency through practices such as adjusting our HVAC schedule and investing in additional controls for lighting.

### Embodied Carbon

[EN5, EN7] We also recognize that our carbon emissions result not only from our operations, but also from our supply chain. That is why we continue to study the embodied carbon that is captured in our development projects. Embodied carbon is the carbon associated with the life-cycle of warehouse development, beginning with extraction of raw materials to make building components, the manufacturing of the materials and their transport to the site, the energy consumed during construction, and finally, the demolition and waste management at the end of the building's life. By partnering with our suppliers on select projects, we have been able to reduce a percentage of the building's embodied carbon footprint. And in cases where our customers share a commitment to mitigating climate change, we are able to deliver our customer a carbon-neutral building shell from the start.

For example, in 2009 we completed a build-to-suit project in the U.K. for Royal Mail, a 213,000-square-foot mail sorting and distribution facility.

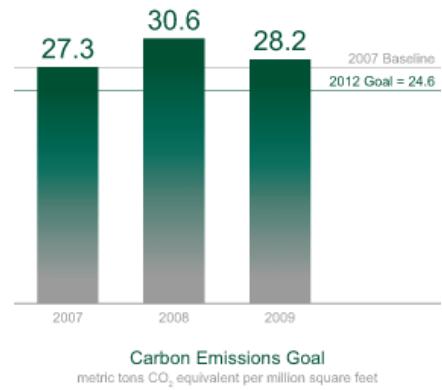
Separate from taking many steps to minimize the facility's operational energy consumption, we also conducted a life-cycle study to manage the carbon emissions associated with building construction, maintenance and demolition. We call this "embodied carbon" since these emissions are embodied in the structure itself, before a light switch is even turned on.

Our approach included working with suppliers that provided low-carbon products by minimizing the emissions during product manufacturing. Our contractors used fuel-efficient construction equipment, and we used locally sourced materials to minimize transportation and fuel consumption. These efforts lowered the embodied carbon of the building by approximately 25 percent.

The remaining embodied carbon was offset with carbon credits (i.e., a reduction in emissions achieved elsewhere) generated by ProLogis. Several years ago, we capped a sewage treatment area that was producing methane—a potent greenhouse gas emitted by decomposing waste. This capping prevented the methane from being released into the atmosphere. A third-party consultant measured and verified the quantity of emissions avoided, thus generating carbon credits we could use to offset the emissions of the Royal Mail project.

We retired enough carbon credits to cover the embodied carbon of the Royal Mail facility. As a result of this effort, we were able to provide the customer with a carbon neutral shell. To see a time-lapse video of the construction of this facility, please click [here](#).

By addressing not only our direct emissions but also the emissions over which we have less control, we believe we are taking a comprehensive approach to addressing carbon and the impacts of our development business on climate change. We look forward to continuing to focus on reducing both our operational and our embodied carbon emissions.



A distribution facility built by ProLogis for Royal Mail in the United Kingdom; we delivered a carbon-neutral shell to the customer.

## Renewable Energy

[EN6] ProLogis' renewable energy program allows us to generate additional value for our shareholders and investment partners from our existing assets. In 2005, ProLogis completed its first solar installation in France and has since made tremendous strides in developing its renewable energy platform.

ProLogis announced in the fall of 2009 the formation of a Renewable Energy group to procure new business, manage installations and provide development management services for renewable energy projects globally.

Headed by ProLogis' chief sustainability officer and vice presidents of renewable energy, ProLogis Renewable Energy gives ProLogis' program executive leadership, local presence and a dedicated team across the globe.

We believe ProLogis is the first and only US-based real estate company to have an established renewable energy program.

ProLogis has an unprecedented opportunity to create additional value for our buildings and generate an additional source of income. Typically with each solar installation, we receive annual roof rent based on the amount of power generated by the panels, in addition to construction management fees to manage the design and installation of the panels.

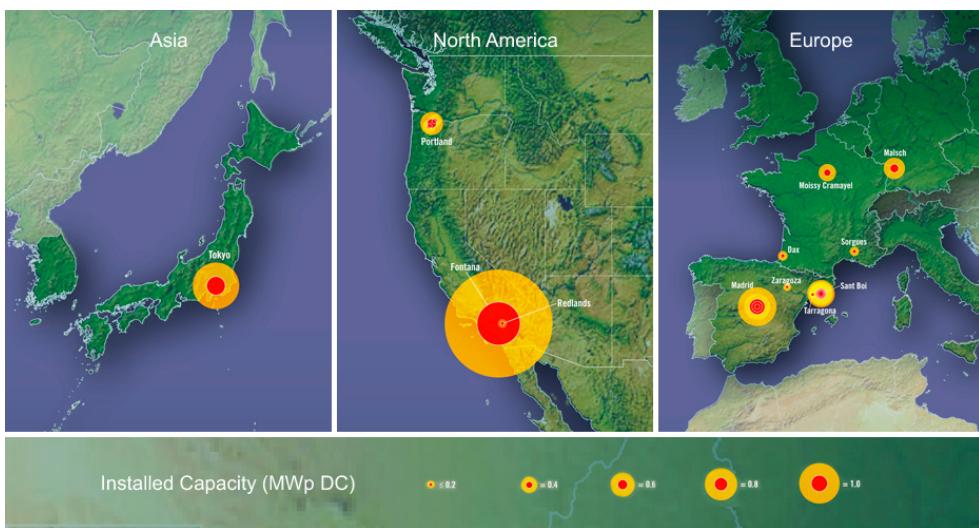
At the end of the year, we had completed or were currently installing solar panels on rooftops of 20 of our buildings worldwide, for a combined total of 11 megawatts (MW) of solar energy capacity. We estimate the energy generated by these projects is saving almost 9,300 metric tons of carbon dioxide equivalent per year, which is equal to the emissions from 1,777 passenger cars and nearly 830 homes. These installations cover approximately seven million square feet of space, which is only about two percent of our existing rooftops, leaving a lot of potential for new projects.



ProLogis Parc Zama in Japan,



ProLogis Park PDX in the United States



**As of December 31, 2009, ProLogis had solar installations on 20 buildings worldwide.**



ProLogis Park Chanteloup in France

## Case Study: New Solar Project in Spain

In September of 2009, ProLogis announced a new, 4.8-megawatt solar project to be installed on eight of its rooftops at ProLogis Park Sant Boi in Barcelona and ProLogis Park Alcalá in Madrid, Spain.

Part of the project included signing a roof lease agreement with Recurrent Energy, a distributed power company and a leading provider of solar energy, for two million square feet of roof space in Spain. Recurrent Energy, the owner and operator of the system, will use the roof space to host the 4.8-MW solar installation, and will sell the energy produced to the local utility company through a feed-in tariff. ProLogis will provide development management services in addition to receiving roof rental fees. Construction commenced in October 2009 and is expected to be completed in June 2010.

Drew Torbin, vice president of renewable energy said: “Our industrial rooftops create a unique host-site opportunity for utilities as well as private groups like Recurrent that invest in clean energy. With this space, we are able to solve one of the most basic issues involved in developing large-scale solar projects—the question of appropriate host sites—while also providing the project management experience to get solar installations on the fast-track to completion.”

The installation was ProLogis’ third solar project in Spain; we also have installations in Tarragona and Zaragoza. Worldwide, ProLogis has additional projects located in the United States, Japan, France and Germany.

“This project is a strong example of the value of rooftop-focused incentives provided by the Spanish government,” said Karl Knight, managing director of international development at Recurrent Energy. “By utilizing existing rooftops in the ProLogis portfolio, we are able to deliver a large amount of solar energy right where it’s needed most without using limited urban open space.”



A rendering of a portion of the 4.8-MW project at ProLogis Park Sant Boi in Spain.

## Corporate Responsibility Champions

Our Corporate Responsibility Champions (or “CR Champions”) help further our corporate responsibility efforts on a local level by creating a network with the following objectives:

- Elevate awareness of corporate responsibility within the company.
- Improve corporate responsibility-related communication and data sharing.
- Reduce the impact of our operations on the environment and enhance our communities.

In 2009, the group's focus was on minimizing each individual field office's impact on the environment and contributing to the local communities in which we operate.

## Green Path

[EN5, EN7, EN18] In 2008, ProLogis' CR Champions helped create the "ProLogis Green Path," which is our company's roadmap for reducing the environmental impact of our internal operations. It addresses four specific Environmental Impact Areas—Energy, Waste, Procurement and Water—and the various steps each office can take to reduce its impact in each of them. And in Europe, our employees also address Transportation.

The Green Path outlines steps toward environmental stewardship, which serves as a guide for continuous improvement in our day-to-day practices. All told, the Green Path outlines 25 individual steps toward environmental stewardship.

Each quarter throughout North America and Europe, we highlighted one Environmental Impact Area that our offices should target. For example, during the first quarter of 2009 our focus was on Energy. At the end of each quarter, the CR Champions provide an update on the progress each office has made, which is compiled and communicated internally.

Some of our accomplishments include:

- **Increasing recycling**—More than 90 percent of our offices in the U.S., Canada, and Europe have a recycling program in place. In Mexico, every office has an extensive recycling program.
- **Switching from disposable cups and utensils to reusable kitchenware**—This has reduced cost and waste in over half of our European and North American offices.
- **Sending reminders to turn off computer monitors and other environmental efforts**—To encourage everyone to participate in our corporate responsibility efforts.
- **Installing motion sensors on lighting**—In Europe, motion sensors were recently installed in Dusseldorf, Amsterdam, the UK and Roissy, France. They are present in many U.S. offices, including Orlando and Tampa where they calculated their savings from these devices and estimated a return on investment of only one year.
- **Replacing disposable bottled water with water filters or water coolers**—As a result, we estimate we are saving nearly \$35,000 annually in North America and Europe.
- **Using environmentally preferable janitorial products** or asking our cleaning service companies to use such products, thereby improving the conditions in our work environment.

We expanded the Green Path program to Asia in late 2009 and look forward to replicating the success we've achieved in other regions.



ProLogis' Finance team in Poland demonstrates their enhanced recycling efforts as a part of the Green Path program.

## Carbon Contest

[EN5, EN7, EN18] In 2009, we held our first-ever carbon contest to reduce greenhouse gas emissions. The contest generated friendly competition amongst all offices while helping reduce ProLogis' environmental impact. It also helped encourage company-wide participation in ProLogis' corporate responsibility efforts, including the Green Path.

Each office in North America was measured head-to-head on the following:

- Energy used in vacant facilities
- Miles driven by maintenance vehicles
- Miles driven for marketing purposes
- Miles driven for property management purposes
- Energy used in ProLogis offices

Carbon emissions from the above sources were calculated for the previous year (2008) before the contest started, so each market could establish a baseline from which to measure progress. The market that improved the most on a percentage basis wins the contest.

At the end of 2009, we collected all data and are currently determining the results. We hope to update the results and any relevant findings in our 2010 corporate responsibility report.

## CR Champion Survey

At the end of 2009, we surveyed our CR Champions and asked them about the program. We wanted to learn what about the program was working, what improvements could be made and what focus areas should be for 2010.

After surveying approximately 50 employees that serve as Champions, we received a 70 percent response rate as well as some great feedback. Here are some specific results:

- 94 percent feel the CR Champion effort is worthwhile
- 97 percent now have a better understanding of what corporate responsibility means to ProLogis as a result of being a Champion
- 91 percent said their office has reduced its environmental impact as a result of the program
- No one felt being a champion required too much time; in fact, nine percent stated they could spend more time on it
- Several commented that they appreciated interaction with other departments and offices

Several offices experienced initial resistance in implementing the program and several expressed the desire for greater management support and recognition.

As a result, we are working on enhancing the 2010 CR Champion program. We plan to incorporate the opportunity for more management support and recognition of the Champions' efforts.

After receiving feedback from the CR Champions it is clear that the program is making a difference at ProLogis while helping us to achieve our corporate responsibility goals.



## Social Responsibility [HRO]

At ProLogis, social responsibility means setting expectations of excellence in how we interact with our associates, suppliers and local communities.

Our objectives:

- **Engage with our associates** to provide a challenging, dynamic and diverse work environment that supports their professional development.
- **Engage with our suppliers** to discuss and address relevant social issues pertaining to the health, safety and welfare of those working in our supply chain.
- **Engage with our communities** to support initiatives that improve education and human welfare where there is need.

## Community Engagement

We believe in being a good corporate citizen, and that supporting social causes not only benefits our communities, but also enhances our business. That is why, over the last year, we have placed an increased focus on developing a more strategic approach to community engagement. [SOO, EC1]

After meeting with leaders in corporate giving throughout the business community in 2009, and becoming a member of the Boston College Center for Corporate Citizenship in early 2010, we developed a strategy to more closely align and leverage our assets for becoming a better corporate citizen.

This strategy will be implemented in 2010 and will include corporate partnerships, enhanced foundation management practices, mechanisms for supporting employee volunteering and giving and increased coordination of our global activities.

## Strategy

[SO1, EN14] We place a high importance on developing strong relationships with the communities in which we operate. When ProLogis enters a community, we often take part in studies and engagement mechanisms with the communities. As part of our analysis and due diligence, we complete development and environmental impact analyses that enable us to do some or all the following:

- Estimate the total number of jobs to be created and new tax revenues to be generated as a result of the development.
- Conduct traffic studies to estimate the total number of vehicle and truck trips for each development.
- Develop traffic plans in conjunction with municipalities to efficiently manage traffic flows in order to minimize impact to the surrounding community.
- Minimize any adverse impacts from light or glare.
- Attend community planning meetings to address and respond to citizen and government questions and concerns.
- Develop storm water management plans to properly control runoff quality and quantity, which includes treating run-off from impervious surfaces such as parking lots prior to discharge.
- Determine whether the development will impact any wetlands and if so, apply appropriate mitigation efforts so there is no net decrease in wetland quality or quantity.
- Verify whether any endangered plant and animal species will be impacted by our development and adjust development plans when possible find an alternative habitat for endangered species.

[EC8] In addition, when we develop, we often improve infrastructure in our communities, such as expanding access to utilities and building roads to improve traffic flow.

## Providing Value

[EC8] Understanding that the community plays a vital role in local, national and global economies, we consciously engage with local groups through volunteer work, infrastructure improvements and in-kind donations.

Regarding our 2009 achievements, our employees offered their time, expertise and financial support across the globe with the goal of making a positive impact on the communities in which the company operates. In support of their efforts, ProLogis provides every employee with two paid days each year to be used for community service.

In 2009, ProLogis and its employees donated approximately 4,500 hours of time and approximately \$1.1 million to charities and organizations in need. Some of the organizations we helped include:

- The Ackers Trust
- Boys and Girls Clubs
- Feeding the Children Foundation
- Habitat for Humanity
- Junior Achievement
- Mercy Corps
- Multiple schools, hospitals and food banks worldwide
- Office National des Forêts (ONF)
- Ronald McDonald House
- The Salvation Army
- Tokyo Museum of Logistics
- Toys for Tots Foundation

[EC1] Almost \$439,000 of the money donated came from the ProLogis Foundation, which was established in 2001 with the goal of providing financial support to institutions of higher education and charitable organizations across North America. To maximize the value of our foundation, we established an internal committee for managing its operations. This group will set corporate giving guidelines and regularly review donation requests in 2010.

For example, in locations throughout the **United States**, employees regularly volunteer with Junior Achievement (JA), the world's largest organization dedicated to educating students about workforce readiness, entrepreneurship and financial literacy through experiential, hands-on programs. JA programs help prepare young people for the real world by showing them how to generate wealth and effectively manage it, how to create jobs that make their communities more robust and how to apply entrepreneurial thinking to the workplace. In 2009, 56 ProLogis employees gave nearly 350 hours of volunteer time to teach classes with JA.

More than 20 of our offices throughout the United States rallied together to give gifts of hope to children, mainly through the Toys For Tots program sponsored by the U. S. Marine Corps Reserve. Our employees organized toy drives, encouraging customer and vendor participation. Some of our customers went above and beyond to supply pallets to help Toys For Tots with their toy distribution and even trucks to deliver some large donations. Together with our customers and vendors, we donated more than 12,000 toys and \$4,000 in 2009. Besides giving gifts, ProLogis donated warehouse space to the U.S. Marine Corps Reserve in multiple locations throughout the United States to help the organization store, sort and distribute toys to the local communities.

In **Toronto, Canada**, we hosted an annual charity event benefitting the Second



The Great Dig Fundraising Event in Canada



Neighborhood Clean Up in Japan



Space Donation To Salvation Army



Space Donation To Salvation Army

Base organization, a 56-bed emergency shelter serving youth between the ages of 16 and 21. Organized by Second Base, the Great Dig fundraising event is a day for families and community members to experience hands-on some of the world's largest machines in a massive playground of dirt. Visitors interact with machine operators of bulldozers, excavators, backhoes, front-loaders and other large dirt-diggers as they share their expertise, knowledge and provide demonstrations. Second Base needed several acres of flat and clear land to hold the event, and ProLogis responded with approximately four acres of land we own at the future site of ProLogis Park Tapscott, near downtown Toronto. As ProLogis nears completion of its site work, the land was in ideal condition to host such an event.

In **Mexico**, we made a donation to help sponsor the Mexican Girls Softball Team's trip to the IX Latin American Little League Softball Championship. Normally, the team is sponsored solely by the families of the girls, with no financing sourced from the Mexican government or other businesses. Because they had no other means of sponsorship, in 2009 they were having trouble outfitting all members of the team properly and getting all the members of the team to Puerto Rico. Our donations made it possible for the team to attend the championship games.

More than 80 employees from our offices in **Tokyo, Osaka and Fukuoka**, Japan completed a neighborhood clean-up event in the areas surrounding ProLogis Park Ichikawa I, one of our industrial facilities. The clean-up efforts incorporated removing clovers and weeds that had grown haphazardly, as well as waste removal. The amount of trash collected totaled more than 850 gallons.

In **Poland**, the ProLogis team held its third annual basketball tournament to benefit students from primary and junior secondary schools. Called the City of Chorzów Mayor Cup, the event gave students the opportunity to compete for sports equipment for their institutions. It was organized by ProLogis and the Chorzów City Council, and attracted approximately 120 students from schools throughout the city of Chorzów. Three schools won in each category—primary schools and junior secondary schools. First place teams received a charitable donation of \$1,750 to be spent on sports equipment for their school; second place received \$1,050 and third place, \$700. In addition, individuals on the top three teams in each category each received backpacks and basketballs.

In the **U.K.**, ProLogis volunteers gave their time over a number of days at Ackers Adventure Ground in Birmingham. The team worked tirelessly to tidy up and maintain the grounds, construct gates and fences and build a concrete base for a zip wire tower. Ackers is a registered charity with a focus on helping disadvantaged youth and the disabled. It's a well established center for outdoor pursuits, where groups gather for retreats and other programs. As with many charities, Ackers struggled to receive support over the past year and was very pleased to have a team of volunteers ready for action.

### STRATEGIC GIVING

[EC1] Given our role as the leading global provider of distribution space, we are well suited to provide warehouse space on a temporary basis to organizations in need of such space for achieving their mission.

Currently, in South Florida, we are providing space to non-profit organizations that are supporting relief efforts after the recent, devastating earthquake in Haiti. For example, we began working with the Salvation Army immediately after the crisis and have donated 40,000 square feet (3,700 square meters) to the organization at ProLogis Park Dade.

The Salvation Army has used this warehouse as its base of operations, acting as a supply line to the country in order to help ship out supplies and personnel as



Clean Up at Ackers Adventure Ground in the United Kingdom



Toys For Tots in the United States



Softball Team Sponsorship in Mexico



Junior Achievement in the United States

quickly as possible. Food, water, medical equipment and fuel are an example of the goods that have come through the distribution center for this purpose.

"The use of the ProLogis warehouse has been extremely helpful and important to The Salvation Army's entire Haiti relief operation," said Lt. Col. Dan Starrett, executive director of The Salvation Army's World Services office. "It has been among our most crucial tools in this effort. We have shipped more than 4.7 million meals to Haiti, as well as countless other forms of relief. Without this space, it would have been nearly impossible for us to get staged for aircraft or sea containers. I would like to express our continued appreciation to everyone at ProLogis, a key player in our continued efforts to support the people of Haiti."

In total, ProLogis donated approximately 830,000 square feet of space to organizations in need during the year, a \$460,000 value. We believe this is an example of aligning our business with our community engagement practices, and we look forward to building on this success moving forward.



Charitable Basketball Tournament in Poland

## Employee Engagement

**Realizing that our success is dependent upon the integrity of our employees and that much of the economic value we generate is in what we provide to employees, ProLogis is dedicated to attracting exceptional talent and compensating its associates competitively.**

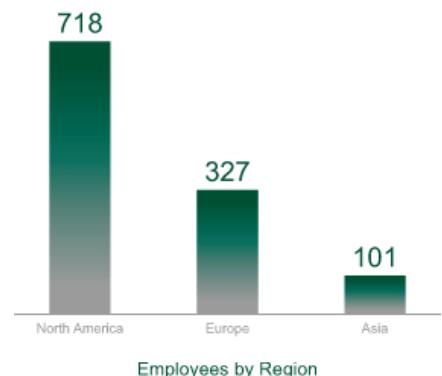
[LA0] We affirm our commitment to treating employees fairly and consistently, in addition to providing an equal employment opportunity. We believe that our employees are our most important assets and seek to hire and retain superior employees by committing to excellent employment standards. We recruit, hire, train, promote and compensate without regard to race, color, age, religion, gender, national origin, disability or sexual orientation. All other personnel actions including, but not limited to, disciplinary action and fringe benefit programs, are based on the same principles. ProLogis follows all relevant local and national laws applicable to treatment of employees.

[HR4] ProLogis did not have any cases of discrimination raised during 2009.

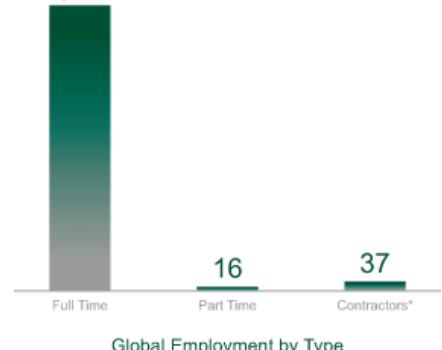
[EC7] We believe attracting local talent best serves our business operations. More than 99 percent of our employees are local nationals; at the end of the year, we had only one expatriate companywide working in a market other than his/her home country. Of the 237 employees ProLogis had working at the vice president level or above in 2009, this was the only ProLogis expatriate working in another country.

[LA4] Our employees are not represented by collective bargaining agreements with the exception of Europe, where we have employees who are represented by works councils, which are required by law. These individuals make up less than three percent of our total headcount.

[LA1, LA2]



1,130



\*Contractors are not ProLogis employees

## Training and Development

### [REDUCTION IN FORCE

[LA12] ProLogis is dedicated to the continual improvement of its training and education programs for its employees. In 2009, we expanded our global training and development team, which was formed in 2007. This group has made substantial progress formalizing and enforcing training programs.

The group is in the process of creating programs and courses to support our day-to-day operations; their main initiative currently is to build a curriculum to support our Market Officers and Representatives working in our field offices. Using a blended learning strategy by providing on-demand self study courses along with instructor led courses, this program is intended to provide job-specific training, define and reinforce core competencies while accelerating the learning process for new and existing employees. The curriculum will also prepare employees for future roles.

Several additional courses were launched in 2009 including Credit Training, Lease Training and a case study about our Fund Management model, with more courses planned in 2010.

[LA10] ProLogis tracks its investment in its employee training in terms of dollars spent. In total, ProLogis invested nearly \$950,000 in training and development for its employees during 2009, which averages to more than \$825 per employee.

ProLogis is also committed to improving its approach to professional development. At the end of the year, more than 75 percent of ProLogis employees had received a performance and career development review. Our performance review process is a combination of performance and development training.

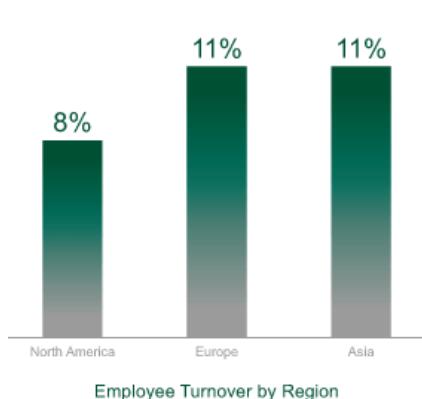
## Turnover

[LA2] ProLogis was impacted by challenging market conditions in 2009 and had to take several significant steps to address the situation. A part of the effort included evaluating our overhead structure and right-sizing our company for the environment. Unfortunately, we had to reduce our workforce in order to achieve our objective of a 20-25% decrease in general and administrative expenses. This was in no way a reflection of the work done by our employees.

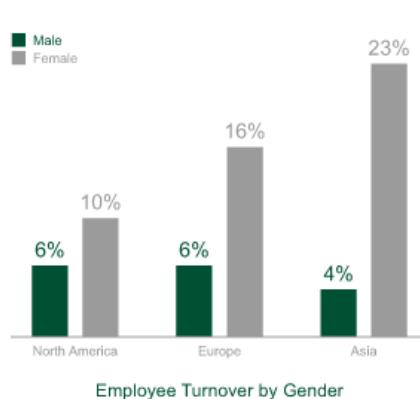
ProLogis provided severance benefits to eligible full-time and part-time employees whose employment was terminated due to the restructuring. In the United States, this included a minimum amount of severance pay plus additional base pay for each year of continuous service; COBRA premium healthcare coverage for three calendar months; immediate, full vesting in the ProLogis 401K Savings Plan; and outplacement and career counseling services.

\*In Asia, a group of our employees were impacted by the sale of our operations in China and part of our operations in Japan. As a result, they were offered and accepted positions with the new employer. We included this group in the graphical representations below.

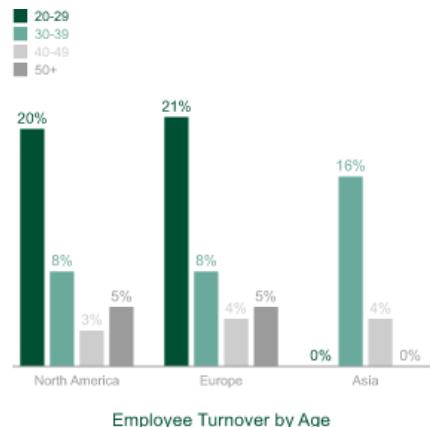
[LA1, LA2]



Employee Turnover by Region



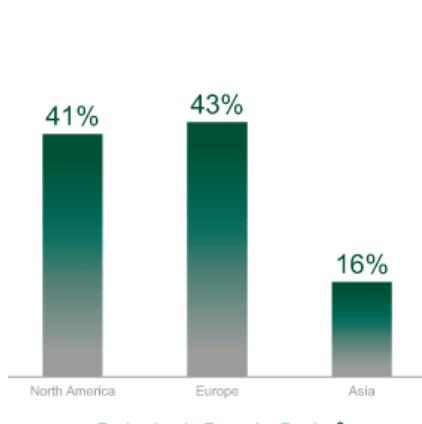
Employee Turnover by Gender



Employee Turnover by Age

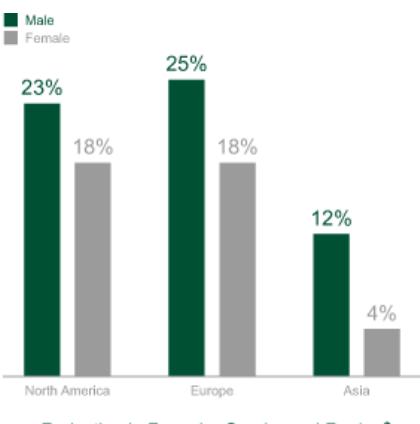
*Note: Employees who terminated employment as a percentage of gender by region, not total headcount.*

*Note: Employees who terminated employment as a percentage of age group by region, not total headcount.*



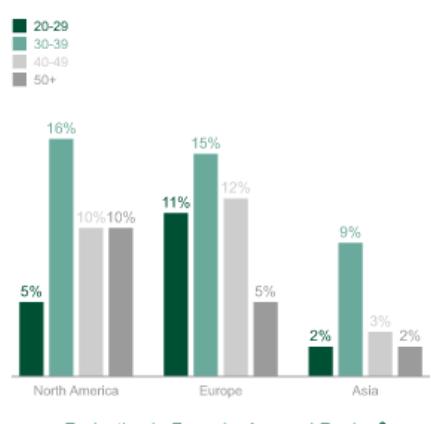
Reduction in Force by Region\*

*Note: The percentages in this graph show the regional breakdown of employees impacted by the RIF. They do not refer to percentage of total headcount.*



Reduction in Force by Gender and Region\*

*Note: Employees affected by RIF, broken down by region and gender.*



Reduction in Force by Age and Region\*

*Note: Employees affected by RIF, broken down by age and gender.*

## Providing Value

[LA3] We recognize that a significant part of the economic value we generate as a company is in the form of the wages and benefits provided to employees. ProLogis employees who work more than 30 hours per week are considered full-time employees and can choose to participate in ProLogis' full benefits offering. Based on location, this offering can include, but isn't limited to: medical and dental coverage, matching 401K plans, employee stock purchase plans (ESPP), multiple insurance coverage options (including supplemental life, accidental death and dismemberment, dependent life, short-term disability, long-term disability, labor, unemployment, directors and officers, etc.), academic support, fitness allowances, travel allowances, child care allowances and meal subsidies.

[EC1] In total, the value of benefits provided globally to employees amounted to \$25.5 million in 2009. Because different regions provide different benefit packages based on local standards, regulations and culture, the value we report is the value of benefits as defined by each region and/or country in which we operate.

In 2009, the value provided to employees via wages amounted to approximately \$190 million globally. In addition, approximately 34 percent of eligible employees participated in the employee stock purchase program last year. The value of our 401k company match was approximately \$1.3 million (only applicable to employees in the U.S.).

## Supplier Engagement

We fully understand that, as a company that develops new buildings, the overall impact of our business is heavily influenced by third-party contractors, vendors and suppliers. That is why we take a critical approach in how we contract and interact with these groups.

### HEALTH & SAFETY

[PR1] In 2009, we updated our vendor prequalification process for U.S. development activity to include health and safety issues. Our general contractors in the U.S. are now required to provide accident and incident data along with their business information when proposing to work with ProLogis. This data will be collected on an annual basis and taken into full consideration—along with factors such as cost and prior project experience—as we assess contractor performance in our procurement and contracting decisions.

### PROVIDING VALUE

[EC6] In an effort to spread economic value to the economies in which we operate, we utilize local construction materials and suppliers when possible.

The two largest components of our buildings, concrete and steel, are procured from local suppliers. In addition, we use local or regional contracting for the construction of our buildings 90 to 95 percent of the time. This effort supports local businesses, providing employment and business development opportunities. In addition to supporting communities in a financial sense, utilizing local suppliers also often reduces shipping and transportation of goods and people, thus reducing greenhouse gas emissions and conserving fossil fuels.



In an effort to spread economic value, ProLogis utilizes local construction materials and suppliers when possible.



## Ethics & Corporate Governance [EC0]

For us, ethics and governance means working with integrity and ensuring effective oversight and accountability—two factors that are critical to our long-term success as a company.

Our objectives:

- **Maintain high corporate governance practices** through exemplary board stewardship, management accountability and proactive risk management.
- **Maintain world-class ethical standards** through a strong ethics policy, ongoing ethics training for all associates and executive leadership that promotes a culture of integrity.
- **Maintain strong stakeholder relationships** through open communications and by using stakeholder input to respond appropriately to our constituencies.

## Ethics

Trust and business integrity are critical to the long-term health of any public company. At ProLogis, we recognize and value this fundamental principle and have formally incorporated it into our corporate governance and our day-to-day business operations.

The ProLogis Board of Trustees has adopted a Code of Ethics and Business Conduct, applicable to all employees and the Board of Trustees, that affirms the importance of ethical behavior in all business dealings. Employees are responsible for abiding by the Code in the performance of their jobs and in their interactions with each other and those outside the company, including customers, investors, suppliers, government officials and local communities.

ProLogis believes that to be successful and establish a culture of the highest ethical standards, our employees, officers and Board Members must receive regular training to stay abreast of ethical issues and ProLogis beliefs and values. At the start of their employment and at regular intervals during their tenure with ProLogis, all employees participate in an Ethics Challenge training session. The Challenge is communicated by our CEO to convey our commitment to ethics. In 2009, 100 percent of employees completed two separate Ethics Challenges.

### ACCOUNTABILITY

[4.6] Several provisions of our Code of Ethics and Business Conduct are intended to help us and our Board avoid the conflicts and other issues that may arise in transactions between us and all stakeholders. Our code of ethics and business conduct applies to all employees and trustees and can be viewed, together with any future changes, on our website at <http://ir.prologis.com/governance.cfm>.

ProLogis' General Counsel serves as ProLogis' Ethics Administrator. The responsibilities of this position include setting and updating the ethics policy, overseeing employee ethics training, providing guidance and advice to employees and investigating reported incidents of ethics non-compliance.

We have also established formal institutional processes for reporting any incident or situation that may be in violation of the Code of Ethics and Business Conduct. These include independent telephone hotlines and an anonymous form available from our web site and our Intranet. All reported incidents are formally recorded, investigated and appropriate management action is taken when necessary. Our Internal Audit department ensures all reports are investigated appropriately. Periodic reports are made to the Audit Committee of the Board.

[S04, S07, S08] In 2009, ProLogis did not experience any incidents of exposure to corruption. We did not take any legal actions for anti-competitive behavior, anti-trust or monopoly practices, and we did not have any fines or non-monetary sanctions for non-compliance with laws and regulations.

[PR6, PR7] We also place a high importance on maintaining consistent messaging when marketing our business. Every public-facing employee adheres to a detailed disclosure policy, and we follow all NYSE guidelines regarding press release announcements and other marketing collateral. The majority of our senior marketing staff belongs to one or more professional organizations, such as the Business Marketing Association and the American Marketing Association, and adheres to guidelines established by these groups. We are in full compliance with our marketing communications regulations and do not have any violations to report for 2009.

### FCPA

ProLogis fully complies with the U.S. Foreign Corrupt Practices Act (FCPA),

which forbids bribery of foreign officials and the concealment of such bribery in a company's accounting records. All ProLogis employees strictly adhere to the requirements of the FCPA. Employees in international locations receive periodic and specific training on FCPA requirements and compliance.

In addition, ProLogis' vendors and contractors are bound by contractual specifications to abide by the regulations of FCPA internationally.

[SO3] To ensure FCPA compliance, ProLogis developed an FCPA policy, training program, and sample FCPA contract language to be included in contracts with non-U.S. entities. All employees have access to ProLogis' FCPA policy via our intranet and in the Code of Ethics and Business Conduct, and are required to alert ProLogis' Legal Department if they have reason to know of any possible violations. In addition, one of our 2009 Ethics Challenges was dedicated to FCPA awareness, and 100 percent of our employees completed this training.

## Corporate Governance

We are committed to maintaining corporate governance practices that uphold a business environment of uncompromising integrity. We reinforce this objective through our governance policies and compliance with the Sarbanes-Oxley Act of 2002, FCPA, the U.S Securities and Exchange Commission and the rules of the New York Stock Exchange (NYSE).

## Corporate Responsibility Board Committee

Corporate Responsibility is integrated into every level at ProLogis. It is part of our culture and is reflected in our business decisions and negotiations. Our governance structure helps to enforce the culture of corporate responsibility that has been fostered at ProLogis.

Our Board of Trustees contains a Corporate Responsibility Committee. Three members preside on this committee and take an active role in considering how the company deploys and reacts to varying opportunities regarding ProLogis' corporate responsibility program.

## Executive Officer, Dedicated Staff

We also have a Chief Sustainability Officer (CSO), who, at the executive level, makes decisions related to our day-to-day corporate responsibility programs and manages our in-house corporate responsibility team.

This team comprises dedicated associates whose primary focus is on furthering ProLogis' corporate responsibility efforts. For example, the Vice Presidents of Renewable Energy serve as the leads for solar, wind and all other renewable energy projects that ProLogis pursues. We also have a Vice President of Corporate Responsibility who manages other aspects of our CR program, including tracking and managing ProLogis' carbon footprint, coordinating our community engagement efforts and managing our Corporate Responsibility Champion program, described below.

ProLogis has identified one person in every office worldwide assigned to help further the company's corporate responsibility efforts on a local level. Specifically, this includes minimizing each individual field office's impact on the environment and contributing to the local communities in which we operate. These "CR Champions" create a network with the following objectives:

- Elevate awareness of corporate responsibility within the company.
- Improve corporate responsibility-related communication and data sharing.
- Reduce the impact of our operations on the environment and enhance our communities.

By addressing corporate responsibility at all levels of the organization, this approach helps to integrate a corporate responsibility ethic into all that we do. For more information on our CR Champions, please see our our Corporate Responsibility Champions page.



**Jack Rizzo**  
Chief Sustainability Officer, ProLogis

## Board Practices

[4.1, 4.2, 4.6] Our highest governance body is the Board of Trustees, followed by our executive committee. Stephen L. Feinberg is the Chairman of the Board and Walter C. Rakowich is the Chief Executive Officer. The ProLogis Board is responsible for reviewing and approving strategic plans, corporate actions and financial objectives and adheres to a well-defined code of ethics. In addition, the Board participates in a company-wide ethics challenge conducted twice a year by our Legal Department.

[4.1] Our Board Committee Charters include:

- Audit Committee Charter
- Board Governance and Nomination Committee Charter
- Investment and Finance Committee Charter
- Management Development and Compensation Committee Charter
- Corporate Responsibility Committee Charter

[4.3, 4.7] Our Board comprises 11 members who are elected annually, 10 of whom are independent. We require that a majority of our Board be independent in accordance with the applicable provisions of the Securities Act of 1934 and the rules standards adopted by the NYSE. With two women and one African-American, 27 percent of our Board seats are diverse.

Prior to the election of any member of the Board, the Board Governance and Nomination Committee screens all potential candidates with a biographical profile, conducts interviews and retains executive search firms as necessary.

[4.8] At regular meetings, the Board reviews and evaluates internal mission statements, codes of conduct and principles related to economic, environmental and social performance. The Board has approved a mission statement, which is as follows: “Our mission is to be the leading global provider of sustainable distribution facilities to the world’s largest users of distribution space and to maximize shareholder value through customer service, organizational excellence and our commitment to corporate responsibility.”

[4.9] The Board receives an official update on all of ProLogis’ strategic initiatives, including corporate responsibility initiatives, during Board meetings. The Chief Sustainability Officer reports directly to the CEO and acts as the liaison between the Board and senior management on all environmental and social responsibility objectives.

[4.10] The Board conducts an annual self-evaluation of its performance and the performance of each Board committee to determine whether the Board and committees are functioning effectively. This evaluation includes the Board Corporate Responsibility Committee. The results are discussed by the full Board with any agreed changes incorporated in policies and procedures as applicable.

[4.10] Historically, ProLogis has provided RiskMetrics Group’s Corporate Governance Quotient (CGQ) as a part of this report. RiskMetrics Group provides the most widely recognized third-party measure of corporate governance and has recently replaced its annual CGQ (Corporate Governance Quotient) with a new GRI<sup>d</sup> system, which assess the company along four dimensions of corporate governance: board structure, compensation/remuneration, shareholder rights and audit issues. At the time this report was published, however, RiskMetrics had not released ProLogis’ Governance Risk Indicators (GRI<sup>d</sup>).

[4.5] Our compensation philosophy is to reward superior company and executive

performance and to attract and retain highly competent executives upon whose judgment, initiative and leadership our success depends.

[4.5] ProLogis' Management Development and Compensation Committee administers our executive compensation program. On an annual basis, the compensation committee reviews the elements of compensation for our executive officers, which includes an evaluation of the program's effectiveness with respect to our ability to hire, retain, and motivate key employees, as well as through our ability to create long-term shareholder value.

[4.5] The compensation structure is straightforward and primarily consists of a cash component (base salary and target cash bonus) and a long-term equity component. For more on our compensation structure, please refer to our Definitive Proxy Statement, filed most recently on March 30, 2010: 2010 Proxy Statement.

[4.4] You may communicate with any of the trustees, individually or as a group, by writing to them c/o Edward S. Nekritz, General Counsel and Secretary, ProLogis, 4545 Airport Way, Denver, Colorado 80239. All communications should prominently indicate on the outside of the envelope that they are intended for the full Board, for outside trustees only or for any particular group or member of the Board.

For a complete description of ProLogis' corporate governance practices, please visit: <http://ir.prologis.com/governance.cfm>.

## Risk Management

ProLogis takes a holistic approach to managing risk throughout our company, not limited to familiar or quantifiable risk. Our approach includes: understanding and managing risk and risk-reward relationships for corporate strategic objectives; establishing appropriate mitigation and management practices; and empowering leaders to identify functional risks.

Our approach builds upon traditional risk management functions such as the Legal, Investment Services and Insurance/Risk Management departments. However, the concept of risk avoidance is woven into every function at ProLogis, from the Treasury and Finance departments to the Corporate Communications, Corporate Responsibility and Human Resource departments.

The scope of risk within our business includes, but is not limited to: external risks (hazards caused by fires, natural disasters or geopolitical factors), financial risks (fluctuations in stock price, liquidity/debt ratings, customer credit, taxes or currency-related risks), operational risks (human capital, processes, technology or disaster recovery), organizational risks (reputation, competition, culture or governance) and macro-economic factors (gross domestic product, supply and demand, etc.).

[4.9] We are committed to risk analysis at the Board level. The Board Corporate Responsibility Committee analyzes the company's environmental stewardship and social responsibility efforts on a regular basis, with the full Board responsible for evaluating the company's business performance. To address and review risk metrics associated with investments, the Investment and Finance Committee regularly monitors and analyzes investment and finance activity. The Board Audit Committee is charged with monitoring the quality and integrity of the accounting and reporting practices as well as addressing all other forms of risk to the company. And regarding corporate governance matters and principles, the Board Governance and Nomination Committee regularly assesses and develops recommendations to the Board.

[4.11] We take precautionary measures to address risk in operational planning and with new investments. We have operational controls in place for emergency management, carry comprehensive insurance coverage, maintain dedicated personnel to manage our assets, conduct both standardized and consistent leasing practices and conduct a thorough underwriting process. In addition, through our Internal Audit department we perform regular independent assessments of our systems to ensure we are performing according to ProLogis' objectives.

[4.11] Before any capital is committed to a new investment, we perform thorough due diligence and present investment memos based on the findings to ProLogis' internal investment committee. The committee reviews investment memos, conducts an economic analysis and considers the social and environmental impacts of the investment. Depending on the level of investment, the Board Investment and Finance Committee will review and approve investment memos.

## GLOBAL COMPLIANCE OFFICER AND DISCLOSURE COMMITTEE

[4.9] Internal positions and committees help to further our risk management efforts.

The Global Compliance Officer, a full-time position formed in 2009, reviews and oversees all issues related to global compliance. For example, last year the Officer conducted a corporate simplification process and identified a number of corporate entities with duplicative purposes and eliminated the unneeded entities.

The Disclosure Committee is made up of senior members of various ProLogis departments and helps to identify risk in any company activities that relate to ProLogis controls as well as the integrity of financial reporting. A questionnaire is circulated regularly to selected employees who impact financial and operational controls to determine whether controls are working properly and enable us to be in compliance with Sarbanes Oxley issues. The committee reports to the Chief Executive Officer and the Chief Financial Officer to make any needed recommendations prior to filing financial statements.

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