



Arthur J. Gallagher & Co.
BUSINESS WITHOUT BARRIERS™

Corporate Social Responsibility

2014–2015





Arthur J. Gallagher & Co.

J. Patrick Gallagher, Jr.
Chairman, President and
Chief Executive Officer

February 4, 2014

H.E. Ban Ki-moon
Secretary-General
United Nations
New York, NY 10017
USA

Dear Mr. Secretary-General,

I am pleased to confirm that, once again in 2014, Arthur J. Gallagher & Co. supports the ten principles of the Global Compact with respect to human rights, labour, environment and anti-corruption. With this communication, we express our intent to advance those principles within our sphere of influence. We are committed to making the Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engaging in collaborative projects which advance the broader development goals of the United Nations, particularly the Millennium Development Goals. Arthur J. Gallagher & Co. will make a clear statement of this commitment to our stakeholders and the general public.

We recognize that a key requirement for participation in the Global Compact is the annual submission of a Communication on Progress (COP) that describes our company's efforts to implement the ten principles. We will be submitting our 2014 COP during the Second Quarter of the year; it will be prepared in accordance with Global Reporting Initiative standards. We support public accountability and transparency, and therefore commit to report on progress within one year of joining the Global Compact, and annually thereafter according to the Global Compact COP policy.

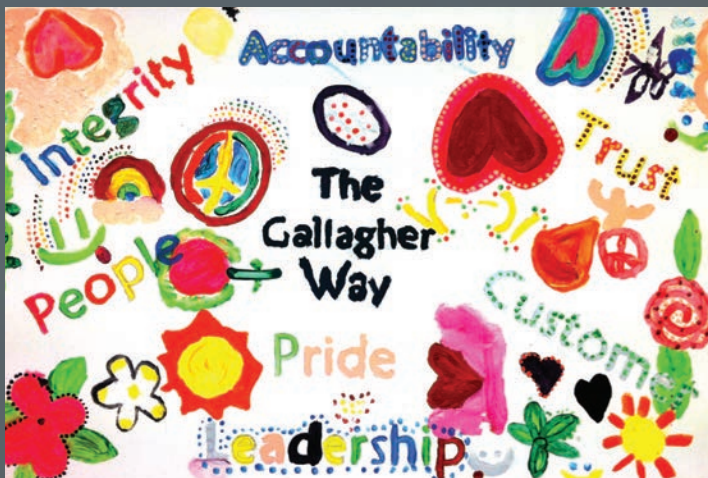
Sincerely yours,

J. Patrick Gallagher, Jr.
Chairman, President and Chief Executive Officer

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The painting here and on the front cover is the artwork of children from Sydney, New South Wales. They participated in “Take Your Child To Work Day” and spent the entire time working on this piece. It now hangs on the conference room wall in our Sydney office. This is just one example of how *The Gallagher Way* has impacted not only our employees but their families too.

RECENT AWARDS & RECOGNITIONS

In 2012, 2013, and 2014, The Ethisphere Institute named Arthur J. Gallagher & Co. one of the World's Most Ethical Companies®.

AJG International/OIM received the E-Business Award at the British Insurance Awards.

Chief Executive magazine named Gallagher one of the Best Companies for Leaders.

Gallagher Bassett Services, Inc. received the Buyers Choice Award for Best Commercial TPA-Overall from *Business Insurance* magazine.

Arthur J. Gallagher Risk Management Services, Inc. was named Risk Management Provider of the Year by the Midcontinent Oil & Gas Awards judging panel.

Gallagher was named Best Latin America/Caribbean Insurance Broker by *Global Finance* magazine.

Reactions magazine named Gallagher Best Mid-sized Insurance Broking Company for U.S. Business.

Reactions magazine recognized Gallagher for Best Broker M&A Deal – Arthur J. Gallagher buys Barbon's commercial and property interests.

Pat Gallagher was named Insurance Broking CEO of the Year by *Reactions* magazine.

Gallagher's UK retail operation was named Commercial Lines Broker of the Year by *Insurance Times*.



OUR HERITAGE

Social responsibility and a sound commitment to ethical behavior have been cornerstones of our operating philosophy ever since my grandfather, Arthur J. Gallagher, founded this company in 1927. We have always believed in running our business with integrity and strong values.

In good times and in challenging times, we have focused on maintaining our team's moral compass and continuing the course set by our founder. And, in 2014, we were delighted to receive word that our company had been named to the Ethisphere Institute's list of the World's Most Ethical Companies for the third consecutive year.

Our position on Social Responsibility is best shared in a document that we call *The Gallagher Way*, which was written in 1984 by my uncle, Bob Gallagher, then promoted throughout our organization by my father, John P. Gallagher. Today, it remains the most important document that we have in our company. You will find *The Gallagher Way* at the end of this report and I invite you to read it in its entirety; it will help you to understand who we are and why we choose to work at Gallagher.

Several times over the years people have suggested to me that we rewrite *The Gallagher Way* to make it more relevant to the 21st Century. Quite frankly, no better words come to me. It is true that the document was not composed by a professional writer and that is clear when you read it. But the message is timeless and I see no reason to make a change. The values expressed by my uncle in 1984 are the same as those established by my grandfather in 1927 and they will carry us through this century as well. Just consider the following tenets:

- "We support one another. We believe in one another. We acknowledge and respect the ability of one another."
- "Loyalty and respect are earned—not dictated."
- "We are a warm, close company. This is a strength—not a weakness."

I invite you to read this Corporate Social Responsibility report in the spirit in which it was written. This is not a story about our company as much as it is a story about our people. When you stop to think about it, the greatest asset our company has is our people: They do the work, they control the relationships and they build our reputation. It is my honor to share with you some of the great things that they are doing.



J. Patrick Gallagher, Jr.
Chairman, President and CEO



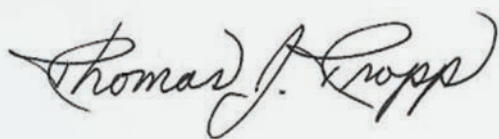
HOW ARE WE DOING?

Each year, I have the opportunity to visit well over 100 of our company's branch offices around the world to meet with, on average, more than 6,000 of our employees. These visits have confirmed to me that Arthur J. Gallagher & Co.'s shared values are understood and in practice in all of our offices around the world. I have seen those values demonstrated from the most isolated city in the world, Perth, Australia; to one of our smallest branch offices in Roosevelt, Utah; to our bustling London operations. Our people live these values every day and take pride in being a part of the Gallagher family.

Our company is growing significantly, particularly as we establish sizable footprints in the United Kingdom, Canada, Australia, New Zealand, India, and other regions of the world. As we grow, our biggest challenge is to maintain our unique culture. We are acutely aware of the importance of our values and beliefs, and we strive to protect our culture in two primary ways:

- First, we continually remind our people of our guiding tenets and their importance to our organization. *The Gallagher Way* is a document that succinctly states our values. You can find it prominently displayed in every Gallagher office around the world, and we refer to it constantly in our discussions and written communications. We also try to recognize the social responsibility efforts of our more than 19,000 employees around the world, many of whom enthusiastically accept that challenge.
- Second, we are cautious, as we bring individuals and organizations into the company, in ensuring that their values are not in conflict with our values. We probably spend more time and effort evaluating the cultural atmosphere of a potential merger partner than we do its financial success. As Pat Gallagher is fond of saying, "We can tell within a few weeks if a group of people can be financially successful in our business. We may spend months determining whether they share our same values."

We recognize that humans are not perfect and that occasionally issues will arise. But when they do we work quickly to address them. Overwhelmingly, our people embrace and demonstrate the Arthur J. Gallagher & Co. shared values each and every day. We are proud to share some of their stories with you on the following pages.



Tom Tropp
Corporate Vice President
Ethics and Sustainability



A background graphic featuring stylized human figures in various colors (red, orange, yellow, green, blue) holding hands in a circular formation, symbolizing unity and community.

ETHICAL CONDUCT

Each year every Gallagher employee reviews and commits to a *Code of Conduct and Ethics*, a document that describes our obligation to conduct ourselves in accordance with legal and ethical guidelines. But we view that document as setting just a minimum standard of behavior.

We call upon our employees to embody ethical behaviors that go beyond legal compliance. In our view, ethics is all about values; it is what we as a group of people have agreed that we *should do*. Those values are spelled out in *The Gallagher Way*, and we witness them in the actions of our employees each and every day. We also remind our employees on a regular basis of the commitment we have made to live by those values. Here are some of the things that we do in that regard.

- *The Gallagher Way* hangs in a prominent place on the wall of every office within our company all over the world, and it is also posted prominently on our website and on our intranet. Employees are encouraged to take time on a regular basis to read this document and recommit to its principles.
- If our employees witness potential lapses in ethical conduct, we encourage them to share their concerns with their managers or with any other person of authority within the company. In the event that an employee is uncomfortable communicating his or her concerns in person, an anonymous reporting system is in place via a toll-free hotline. The information is then routed to our legal department and directed to the most appropriate department within the company for investigation and action.
- We employ a highly skilled team of professionals within each of our operating divisions who are responsible for monitoring and assessing Professional Standards. They help to ensure that all insurance activities are completed in accordance with our corporate guidelines to protect our clients and our business partners.
- Each year, our Corporate Vice President of Ethics and Sustainability visits approximately 100 of our domestic and international offices to hold small group meetings with employees to discuss Gallagher's shared values and to listen to their hopes and concerns. Although the identities of these individuals are kept confidential, their feedback is communicated directly to Gallagher's senior management team. These meetings provide valuable information regarding the morale of our employees and the effectiveness of our programs.

As it says in *The Gallagher Way*, "Shared values at Arthur J. Gallagher & Co. are the rock foundation of the company and our culture."

SUSTAINABILITY

Gallagher is committed to protecting and even improving the environment for the benefit of current and future generations. Environmental protection and preservation makes sound business sense. It not only enriches the lives of our employees, our clients and their loved ones, it can also reduce our expenses and improve our bottom line.

Although our company chooses to lease rather than purchase office space, wherever possible we look for energy-efficient properties. We have implemented various other environmental initiatives, such as reducing our reliance on paper through online document management systems and working with certified, environmentally friendly furniture vendors. Where feasible, we also support employee telecommuting arrangements, which can improve morale, increase productivity and reduce fuel consumption.

Over the last two decades, we have also provided substantial funding for research and commercialization of new and innovative clean-air technologies. Our pioneering efforts have led to industry-leading commercial installations at a significant portion of power plants in the United States, and we are now dramatically reducing emissions of mercury, sulfur dioxide and other heavy metals. In addition, we are funding the development of technologies that aid in the safe elimination of carbon dioxide from power plants. These investments directly improve our environment and demonstrate Gallagher's commitment to environmental protection.

Over the years, we have actively sought out opportunities to preserve and protect the environment, and we will continue to explore and pursue new and creative ways to make positive impacts in this area.





COMMUNITY SERVICE

At Gallagher, we understand the importance of giving back to our communities. We are committed to promoting environmental, social and economic benefits in the communities in which we live and work.

We believe in running our business with integrity and strong values, and take pride in a culture that embodies both. That is why we recognize the thousands of hours of community service our employees undertake around the world every year. These charitable activities give testament to the compassion and generosity of our workforce, and the strength of our company culture.

In 2013, The Gallagher Foundation also authorized a special match to aid victims of Typhoon Haiyan in the Philippines. The Foundation matched more than \$25,000 of employee donations, with a total of nearly \$55,000 going to various organizations supporting the recovery efforts.

In addition to monetary donations, many of our employees and teams around the world volunteer their time and efforts in support of a wide range of charitable activities, including:

- Schools, day care and after-school programs, ranging from teaching classes to tutoring to coaching to donating supplies and recreational equipment
- Habitat for Humanity and a broad range of other building and rebuilding projects to benefit individuals, families and entire communities
- Environmental cleanup, protection and preservation projects
- Food, clothing and gift drives to assist the disadvantaged
- Programs and activities to assist youth, the elderly, the sick and the physically or mentally impaired
- Servicemen and servicewomen.

Whether we are working to help our communities and the environment, or striving to always be an ethical company, Gallagher's employees are making a difference around the world. And those efforts are being recognized. We are very proud that, for the third year in a row, Gallagher was named one of the World's Most Ethical Companies® in 2014 by the Ethisphere Institute.

\$6 MILLION

CONTRIBUTIONS MATCHED 2009–2013



EXAMPLES OF GALLAGHER'S COMMUNITY INVOLVEMENT

COMMUNITY FOOD BANK

In May 2014, members of the Human Resources and Compensation Consulting Practice in Lafayette, California, logged off their laptops and rolled up their sleeves to help the Alameda County Community Food Bank in Oakland. The group joined other volunteers in processing nearly 3,000 pounds of corn for distribution to local charities.

BRITISH HEART FOUNDATION

In March 2014, the team at our London brokerage operations participated in a 10K run in London's Regents Park for the British Heart Foundation. The sponsorship and fundraising events that took place in the Sevenoaks office helped the team to raise more than £3,000.

PARKS & RECREATION DEPARTMENT

In May 2014, 14 employees from the employee benefits team in Indianapolis volunteered their time to the Hamilton County Parks & Recreation Department to better their local park. Despite morning rain, the team worked together to remove an estimated 500 pounds of invasive garlic mustard to improve the ecology of Cool Creek Park.

BEACH CLEANUP

In September 2013, the team at CGM Gallagher Insurance Brokers Jamaica Limited took part in the Jamaica Environment Trust's (JET) awareness, education and advocacy activities, as part of the 20th annual International Coastal Cleanup Day. The team participates annually in this worldwide event committed to the preservation of the environment.

SPINAL CURE

In October 2013, employees from our Sydney, Australia brokerage office held their first-ever charity golf day at the Killara Golf Club. The event raised \$24,000 (AUD) for Spinal Cure Australia, the team's charity of choice for this year's tournament.

THE STROKE ASSOCIATION

In April 2013, Compliance Assistant Jessica Belfield-Waters of our London brokerage operations skydived to raise money for The Stroke Association. On a fortunately bright and sunny day, with the help of her coworkers, she raised nearly £960 to donate to this charity.

\$12 MILLION

2009–2013 TOTAL IMPACT

THE GALLAGHER WAY



Shared values at Arthur J. Gallagher & Co. are the rock foundation of the Company and our Culture. What is a Shared Value? These are concepts that the vast majority of the movers and shakers in the Company passionately adhere to. What are some of Arthur J. Gallagher & Co.'s Shared Values?

1.

We are a Sales and Marketing Company dedicated to providing excellence in Risk Management Services to our clients.

8.

Suspicion breeds more suspicion. To trust and be trusted is vital.

2.

We support one another. We believe in one another. We acknowledge and respect the ability of one another.

9.

Leaders need followers. How leaders treat followers has a direct impact on the effectiveness of the leader.

3.

We push for professional excellence.

10.

Interpersonal business relationships should be built.

4.

We can all improve and learn from one another.

11.

We all need one another. We are all cogs in a wheel.

5.

There are no second-class citizens—everyone is important and everyone's job is important.

12.

No department or person is an island.

6.

We're an open society.

13.

Professional courtesy is expected.

7.

Empathy for the other person is not a weakness.

14.

Never ask someone to do something you wouldn't do yourself.

(LEFT)

Founder Arthur J. Gallagher

(RIGHT)

Former Executive Vice President John P. Gallagher;
current Chairman, President and CEO J. Patrick
Gallagher, Jr.; and former Chairman, President and
CEO Robert E. Gallagher



15. I consider myself support for our Sales and Marketing. We can't make things happen without each other. We are a team.

16. Loyalty and respect are earned—not dictated.

17. Fear is a turnoff.

18. People skills are very important at Arthur J. Gallagher & Co.

19. We're a very competitive and aggressive Company.

20. We run to problems—not away from them.

21. We adhere to the highest standards of moral and ethical behavior.

22. People work harder and are more effective when they're turned on—not turned off.

23. We are a warm, close Company. This is a strength—not a weakness.

24. We must continue building a professional Company—together—as a team.

25. Shared values can be altered with circumstances—but carefully and with tact and consideration for one another's needs.

When accepted Shared Values are changed or challenged, the emotional impact and negative feelings can damage the Company.

Robert E. Gallagher – May 1984

*We adhere to the highest standards
of moral and ethical behavior.*

— Tenet 21



Arthur J. Gallagher & Co.

CORPORATE HEADQUARTERS

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