2011 Corporate Social Responsibility Report
About Saunders

Established in 1972, Saunders Construction, Inc. is an employee-owned S corporation headquartered in Centennial, Colorado performing work primarily in the Rocky Mountain region. We are managed by a board of directors and a management team that focuses on operational functions. Saunders is one of the largest and most stable companies in the industry, consistently ranking in the top three general contractors in Colorado. From well-known education, mixed-use, healthcare, industrial, municipal, residential, recreation and office buildings to major retail centers, we bring the value, reliability and integrity that comes with a company based on a tradition of excellence and dedication to the community. As a true builder, Saunders employs more than 300 skilled field and office personnel including foremen, carpenters, and laborers.

Our markets include:

- Arts & Entertainment
- Aviation
- Concrete
- Education
- Healthcare
- Industrial
- Interiors
- Mixed-use
- Municipal
- Office
- Parking
- Religious
- Residential & Hospitality
- Retail
- Technology
- Site Development
- Sports & Recreation
- Sustainability

Our Values:
Our Reputation and Relationships are built upon the principles of Care, Collaboration, Commitment, and Community.

Our Mission:
We create extraordinary partnerships to build places for our rapidly-changing world.

For more information or to comment on this Corporate Social Responsibility Report, write to us at: frontdesk@saundersci.com. This document is optimized for on-screen viewing. When producing a hard copy, please utilize the two-sided.duplex function of your printer.
# Table of Contents

1. **Environment** ................................................................. 5  
   A. Materials ........................................................................ 6  
   B. Water ............................................................................. 6  
   C. Energy ............................................................................ 7  
   D. Reducing Waste ............................................................... 8  
   E. Compliance: Environmental Laws & Regulations ............... 10  

2. **Economics** ................................................................. 11  
   A. Revenue and Tax Payments ........................................... 12  
   B. Community Donations .................................................. 13  
   C. Employee Benefits Contributions .................................. 14  
   D. Risks and Opportunities Due to Climate Change ............ 16  
   E. Utilization of Diverse and Small Businesses .................... 17  
   F. Value In Kind .................................................................. 18  

3. **Human Rights** ............................................................. 19  
   A. Nondiscrimination in Hiring ........................................... 20  
   B. Workforce Training and Development ............................ 22  
   C. Employee Health and Wellness ...................................... 23  

4. **Product Responsibility** ............................................... 25  
   A. Construction Health and Safety ..................................... 26  
   B. Construction Quality Control ........................................ 27  
   C. Products and Services ................................................... 28  

5. **Society** ................................................................. 29  
   A. Community Impact ........................................................ 30  
   B. Business Corruption ..................................................... 31  
   C. Compliance Laws and Regulations .................................. 31
We find ourselves on worksites, in board rooms, sponsoring charitable organizations and even in the classroom. At Saunders Construction we have truly established ourselves as a collaborative partner in the game of life. No longer can a business remain distant and narrowly confined to the task at hand. As we move from project to project we find ourselves becoming more integrated into each and every community we’ve touched and more invested in the relationships we have built. Saunders Construction proudly maintains a dedication to excellence which exceeds the operational platform and permeates the realm of life. We feel an obligation to build a foundation for strong community and a strong economy. From the utilization of cost effective green building materials to job creation and safety, I am proud to be a member of a leadership team that believes in and practices what will take this company forward on the right path.

“Building Confidence” is a motto we hold dearly at Saunders Construction and the concept of Corporate Social Responsibility is how we will continue to do this. CSR is not only about achieving set goals, it is about the journey our employees continue to navigate and the lessons learned from the journey itself. As we embark on the next stage of our journey we foresee significant changes while maintaining a focus on a quality driven, client focused vision for the future. In this rapidly advancing industry we have set goals to stay in stride with sustainable design and construction best practices, find innovative energy efficient solutions to address the challenges of each client, and to increase awareness of the environmental impact of the construction industry worldwide. In 2011 the leadership team of Saunders Construction made a conscious decision to set manageable but impactful goals for the company. Because of the significant impact the construction industry has on the environment one facet of our overall goal setting was to be a visible steward of the environment, to be virtually zero waste by 2016, to move toward paperless processes and to recycle and redirect waste from job sites.

As an industry representing 10% Global GDP and generating $5 trillion in economic activity globally, the construction industry is positioned to make a significant impact on the economic and social condition of our world. The overall business and cultural strategy of Saunders Construction is to be an industry leader in this change. As our mission states “we create extraordinary partnerships to build places for our rapidly changing world” and we feel stronger now than ever before that we can accomplish more together than alone. The collaborative/ multi-partner approach to project facilitation opens doors and presents opportunities that benefit everyone involved, from on-site staff to charitable organizations working to serve the marginalized citizens in each community.

The investment we make in our communities ensures the long term success of the company as we succeed in practicing effective corporate social responsibility and truly “build confidence”.

Industry-wide we are moving away from the use of traditional resources toward more sustainable, renewable building practices to achieve a low carbon economy. Historically the culture established by our founder Dick Saunders has been to give from within, to offer time, talent and ingenuity to those we serve. Dick instilled a deep dedication of giving back to the community long before CSR was in focus. In 2009 Saunders launched our Building Confidence in Kids program designed to establish long term partnerships with local nonprofits dedicated to meeting the needs of disadvantaged children. This investment is two-fold in that it assists organizations in meeting their goals and provides Saunders’ employees the opportunity to take ownership of not only a job well done, but service to one’s neighbor. Over 100 staff members of the company participated in our Building Confidence in Kids program in 2011 serving countless children and families.

As the economy fluctuates and we find ourselves making the difficult decisions regarding project commitment, risk for ourselves and our stakeholders and maintaining a profitable bottom line, we believe job creation will continue to fuel innovation both in the workplace and the community. In seeking industry changing innovative solutions, empowering our staff to create a strong safety culture and in working steadfastly toward an unmatched level of excellence in preconstruction and construction services Saunders Construction has moved into 2012 with heads held high as we continue the journey in this game of life.

The investment we make in our communities ensures the long term success of the company as we succeed in practicing effective corporate social responsibility and truly “build confidence”.

Industry-wide we are moving away from the use of traditional resources toward more sustainable, renewable building practices to achieve a low carbon economy. Historically the culture established by our founder Dick Saunders has been to give from within, to offer time, talent and ingenuity to those we serve. Dick instilled a deep dedication of giving back to the community long before CSR was in focus. In 2009 Saunders launched our Building Confidence in Kids program designed to establish long term partnerships with local nonprofits dedicated to meeting the needs of disadvantaged children. This investment is two-fold in that it assists organizations in meeting their goals and provides Saunders’ employees the opportunity to take ownership of not only a job well done, but service to one’s neighbor. Over 100 staff members of the company participated in our Building Confidence in Kids program in 2011 serving countless children and families.

As the economy fluctuates and we find ourselves making the difficult decisions regarding project commitment, risk for ourselves and our stakeholders and maintaining a profitable bottom line, we believe job creation will continue to fuel innovation both in the workplace and the community. In seeking industry changing innovative solutions, empowering our staff to create a strong safety culture and in working steadfastly toward an unmatched level of excellence in preconstruction and construction services Saunders Construction has moved into 2012 with heads held high as we continue the journey in this game of life.

The investment we make in our communities ensures the long term success of the company as we succeed in practicing effective corporate social responsibility and truly “build confidence”.

Industry-wide we are moving away from the use of traditional resources toward more sustainable, renewable building practices to achieve a low carbon economy. Historically the culture established by our founder Dick Saunders has been to give from within, to offer time, talent and ingenuity to those we serve. Dick instilled a deep dedication of giving back to the community long before CSR was in focus. In 2009 Saunders launched our Building Confidence in Kids program designed to establish long term partnerships with local nonprofits dedicated to meeting the needs of disadvantaged children. This investment is two-fold in that it assists organizations in meeting their goals and provides Saunders’ employees the opportunity to take ownership of not only a job well done, but service to one’s neighbor. Over 100 staff members of the company participated in our Building Confidence in Kids program in 2011 serving countless children and families.

As the economy fluctuates and we find ourselves making the difficult decisions regarding project commitment, risk for ourselves and our stakeholders and maintaining a profitable bottom line, we believe job creation will continue to fuel innovation both in the workplace and the community. In seeking industry changing innovative solutions, empowering our staff to create a strong safety culture and in working steadfastly toward an unmatched level of excellence in preconstruction and construction services Saunders Construction has moved into 2012 with heads held high as we continue the journey in this game of life.
The building industry has an enormous impact on the environment. At Saunders, we’re taking our responsibility personally. We’re measuring our total carbon footprint, tallying everything from employees’ airplane travel to energy use on our project sites – and we’re taking steps toward reducing it.
A. Materials

Saunders actively promotes the use of alternate materials when available and/or appropriate for a specific job. We also understand the importance of using local sources to procure these materials. This has and will always be an integral part of our business.

As new materials and technologies continue to be developed in our industry, Saunders remains focused on collaborating with our entire supply chain to ensure that all involved partners share a like-minded and responsible approach to the use of materials.

Working with our Supply Chain
Saunders’ commitment to reducing our environmental impact extends beyond our company to include the entire supply chain. We simply can’t function without our suppliers, our subcontractors - even other general contractors. It’s our responsibility, therefore, to work with these partners to help them understand how they can improve their own operations, making them more environmentally sound and sustainable.

In 2012, Saunders will create a consortium of companies representing all facets of the construction industry. The ultimate goal of this major initiative is to positively influence the construction industry as a whole by educating and training our partners in the use of alternate materials from local sources and reducing waste.

B. Water

In the United States, buildings account for roughly 12% of total water consumption. Furthermore, in Colorado, water is one of our most valued natural resources.

The greater the involvement from everyone, the less impact we will have on the environment overall.

As part of this initiative, during the project bidding process, in addition to our subcontractor pre-qualification questionnaire, we’ll ask our subcontractors about their use of alternate and locally-sourced materials, as well as their own CSR initiatives. The information received from this survey will not be used to eliminate subcontractors from the bidding process, but rather, to help us establish a baseline of their knowledge and use of sustainable practices, and to identify training and education we can offer to help them in their efforts.
Our climate is serially dry – typical of other high desert or mountainous regions, and water conservation is a statewide priority for all businesses residing in Colorado. At Saunders, we continue to look for ways to keep our water usage as minimal as possible.

We’re proud to have surpassed our 2011 goal of a 7% reduction of water use in our corporate office and warehouse. To do this, we installed various low-flow fixtures in the corporate office, including water faucets, toilets and urinals. These simple actions led to an 18% total savings in water usage at our corporate office from 2010 to 2011.

2012 Water Goals:

In 2012, we’ll continue to actively track our water usage. We’ll also seek out additional ways that we can reduce our usage of one of Colorado’s most precious natural resources.

C. Energy

Even with efforts to implement more “green” practices in our industry, energy consumption remains high – with roughly 39% of all usage coming from buildings in the United States. At Saunders, we strive to keep our portion of that statistic as low as possible.

Measuring Our True Carbon Footprint
In 2011, we conducted an energy audit of our corporate headquarters building to determine our baseline usage and identify potential areas of energy savings, with the eventual goal of reducing our primary carbon footprint. The audit was completed successfully and the baseline figures from Xcel Energy are being monitored on a continual basis.

Some of the actions taken in 2011 to further reduce our energy usage include:

- Replacing traditional light bulbs with compact fluorescent bulbs
- Using video conferencing technology to replace selected in-person meetings requiring automobile or airplane travel
- Eliminating personal space heaters

One of our paperless jobsites that utilizes tablet computers, large high-definition monitors, and smart boards.
The Xcel figures tell only part of the story, however – reflecting only the energy consumption of our corporate office and yard, and ignoring project sites, where much of our energy usage actually occurs. To more accurately assess our total energy usage, including jobsites, we are currently working with MBA students at the University of Colorado to measure our total carbon footprint. This program is facilitated through CORE Colorado’s Catalyst Program. Saunders is a member of CORE Colorado; a non-partisan non-profit organization, dedicated to promoting sustainable business practices and a more responsible economy. By accounting for everything from travel to energy use in our office and on our project sites, this new baseline will provide a snapshot of our current footprint and valuable input for our plan to reduce it. An obvious challenge to measurement - and to reduction - is that every project site has different energy demands. However, with 6,600 metric tons as our current baseline, we can now measure the impact of our combined efforts to reduce our overall carbon footprint.

### 2012 Energy Goals:

1. Determine carbon footprint baseline including field use.
2. Continue to reduce energy use in office, review energy audit with executive management and evaluate additional ways to conserve, and track water and energy usage.
3. Identify field use and areas for reduction, noting that temporary heat at project sites is the largest contributor of carbon and biggest energy cost.

### D. Reducing Waste

#### Decreasing Paper Usage

Beginning in 2010, Saunders made some substantial efforts to reduce waste. To reduce paper usage, we implemented a comprehensive electronic document management system to minimize the amount of paper used in printing contracts and related documents. By doing this, we were able to increase job site collaboration while also lessening the amount of paper used to complete a job. For example, we have replaced use of paper with tablet computers. These systems have become an extremely efficient and cost-effective way to manage and review plans at any location on the jobsite.

#### Increasing Recycling at Jobsites

In 2011, our waste reduction plan extended beyond our offices – when Saunders pledged to reduce waste at 100% of our construction project sites. We also committed to ongoing education for our employees, vendors and subcontractors on the topic of recycling practices – both in the office and on the jobsite.

#### Jobsite Recycling Participation

<table>
<thead>
<tr>
<th>Percent of Projects by Revenue with Recycling Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
</tr>
<tr>
<td>51%</td>
</tr>
</tbody>
</table>

These small movements toward becoming a ‘paperless’ company are now used with our subcontractors on several of our jobs, which has resulted in extensive savings on both paper (trees) and CO2 emissions (fuel for travel).
In the realm of waste reduction, Saunders has been successful at:

- Increasing the number of our jobsites that have recycling programs from 70% in 2010 to 92% in 2011.
- Diverting more of the waste produced in our corporate offices and on our jobsites from landfill.

**2012 Waste Reduction Goals:**

Waste reduction at Saunders will continue to remain a primary focus through 2016, when we aim to recycle almost all of the waste produced at each jobsite.

We also plan to continue this trajectory as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2014</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>75%</td>
<td>85%</td>
<td>95%</td>
</tr>
</tbody>
</table>

of all waste will be diverted

“By Saunders Construction teaming with Republic Services, we together look to implement the impact on the land uses of our operations or the water, fuel, energy or other resources we rely on to serve our customers, we are keenly aware that the decisions we make have an impact on the environment. We work hard to ensure that the impact is a positive one”

- Bob Husum, LEED Consultant - Conservation Specialist
  Allied Waste - Republic Services
Saunders is committed to environmentally safe and sustainable business practices, including compliance with all applicable environmental laws and regulations, providing training and support to key personnel, and monitoring worksites and practices to ensure compliance.

Our Stormwater Pollution Prevention and Management effort is but one example of this wide-ranging commitment.

**Stormwater Pollution Prevention and Management**

Construction projects involve pollutants such as oil, fuel, and sediment that can reach waterways and be linked to the impairment of local and regional lakes and streams. As part of the Clean Water Act, all construction sites disturbing one acre or more are required to minimize pollutants associated with stormwater discharge.

To ensure we meet this requirement, our personnel are trained in stormwater management through programs such as Certified Inspector of Stormwater and Erosion Control (CISEC) and Colorado Department of Transportation Stormwater Supervisor trainings.

In 2011, we stepped into the vanguard of Stormwater Pollution prevention by bringing the effort in-house. We now have a full-time position dedicated to the oversight of the stormwater management program; we evaluate all sites for potential discharges of pollution and regulatory compliance; and we continue to educate our field personnel on the importance of stormwater pollution prevention and management.

Federal and State regulators routinely audit our compliance with environmental regulations and have not issued any enforcement actions for illegal discharges resulting from our operations.

**2012 Compliance Goal:**

In addition to remaining compliant with all applicable environmental laws and regulations, Saunders will investigate and determine secondary uses for post construction stormwater management materials.

“Working with Saunders on numerous projects, it is apparent that their dedication to not only LEED, but every day environmental concerns is an important corporate philosophy. Saunders example of making their projects 100% paperless by integrating new technologies such as tablets, has changed our company philosophy to integrate this as well. Saunders has proven to be a leader in the industry and with each project continually looks for ways to not only better themselves, but to assist others moving forward.”

- David Taylor, Project Engineer
Lakewood Electric
When someone steps inside a Saunders building or onto a Saunders job site, we want them to recognize it by the quality of the work and the people. Our culture encourages all Saunders employees to operate more efficiently, give better service, identify ways to give back, and create opportunities for a diverse workforce.
A. Revenue and Tax Payments

In 2011, Saunders achieved $327 million in gross revenue. We have always been a company with good financial stability and a solid reputation as one of Colorado’s largest contractors.

We also acknowledge that our success as a company simply cannot be achieved without the support of our community. We are a member of the community and believe we have a responsibility to make it better.

In addition to continuing our economic growth, giving back will remain an integral part of our identity in 2012 and beyond.

Business Improvement Practice Program

In 2011, Saunders set a goal to evaluate and implement 15 specific business improvement processes, such as formalized documentation and training. The hoped-for results were a 5% increase in productivity, as well as overall better client experience and satisfaction. Of the 15 processes originally identified, five have currently been implemented, leading to improvements in safety, time sheets, daily reports, and project planning.

For 2012, our goal has morphed into the “Lean Business Practice Initiative.” This will involve major efforts to innovate around both project planning and execution in order to create efficiencies and reduce overhead costs.

Saunders is creating a company-wide culture that encourages everyone to continually look for more efficient ways to operate and give better service to our clients, and to do so more consistently – so that when someone is on a Saunders jobsite, they know it.

One phase of this initiative includes working with our top subcontractors to encourage their participation. We’re asking them to subscribe to the idea of Corporate Social Responsibility and evaluate their own supply chains to determine current sources and total energy expended in procuring materials, to identify and take advantage of opportunities for using local sources and cutting down on our carbon footprint associated with obtaining construction materials, while also improving their (and our) bottom line.

Payroll Taxes

Total payroll taxes paid in 2011 = $7,645,107

Saunders complies fully with all tax laws each year.
B. Community Donations

We understand that the needs of our community do not decrease as the economy slows down and the belt tightens. Instead, these needs increase because funding dries up from other sources. Saunders is proud to have provided consistent financial support to our community throughout our history, continuing through the recession. In 2011, we exceeded our goal of 10% charitable giving of net profit.

2012 Community Donations Goal:

Maintain charitable giving at 10% of net profit.

The recipients of Saunders’ charitable gifts in 2011 include:

- Boy Scouts of America
- Bridge of Life
- Colorado Uplift
- Craig Hospital Foundation
- Denver Center for the Performing Arts
- Denver Health Foundation
- Kemp Child Foundation
- National Jewish Hospital Foundation
- National Sports Center for the Disabled
- Saint Joseph’s Hospital Foundation
- The Wildlife Experience
C. Employee Benefit Contributions

Saunders offers a very generous benefits package to all full-time personnel. Below is a summary of this plan.

Health Insurance
The health insurance is a High Deductible Health Plan working in conjunction with a Health Savings Account (HSA). The company pays 100% of the insurance premiums for the employee and their dependents. The employee is responsible for the annual deductible.

Employees are encouraged to fund the amount of their annual deductible to their HSA through pre-taxed payroll deductions. Any unused funds can be used to offset future years’ medical costs or to build towards a medical retirement account with pre-tax dollars.

Dental & Vision Insurance
Dental and vision insurance premiums are shared expenses between the employee and the company with 80% of the premium paid by Saunders.

Employee Assistance Program
An EAP is a solution-focused program for personal and professional issues. The EAP assists organizations in addressing productivity issues, helps employees identify and resolve personal concerns, and enables employers and employees to take a pro-active approach in managing wellness.
Section 125 Plan
This is an employer-sponsored benefit plan, which allows an employee to select from a list of available benefits, those benefits needed by the employee. This program means that current after-tax expenditures for items such as insurance premiums, dependent care costs, and some vision and dental expenses not covered by insurance, can now be paid for with pre-tax dollars. The bottom line is that employees may have increased take-home pay or more dollars available to purchase other benefits they may need.

Retirement
The Saunders Profit Sharing 401(k) Plan, while one plan, currently has three funding components. The first is a nondiscretionary match of 100% of your combined elective deferral to a maximum of 2%. The second method of funding is the nondiscretionary 3% “Safe Harbor” 401(k) contribution. The third funding component is a discretionary Profit Sharing contribution.

401(k)/Safe Harbor Plan
The eligibility period for the 401(k) employer contribution component is 6 months. That means following an employee’s 6-month anniversary, they will begin receiving a Safe Harbor contribution of three percent (3%) of their total compensation from the company and are eligible to begin contributing their wages into a retirement account and receive a matching contribution for the first two percent (2%) of their deferred compensation from the company. The 401(k) Plan also includes a Roth 401(k) feature. Under the Roth 401(k), employees can elect to contribute funds on a post-tax basis in addition to or instead of pre-tax elective deferrals under the traditional 401(k) plan.

Profit Sharing Plan
To be eligible for the discretionary Profit Sharing contribution, employees must have completed two years of service. The Company targets a 10% Profit Sharing contribution annually. Assuming employees have met the eligibility requirements (pro-rated for the portion of your first year of eligibility) and have deferred at least 2% of their wages, Saunders could contribute an amount equal to 15% of their wages annually into the Profit Sharing 401(k) Plan, with no vesting schedule associated with any of the contributions.

Vacation
Saunders offers a generous paid time off program. Employees are eligible for 10 days of vacation during the first year of employment; 15 days of vacation annually in years 2–4; 20 days annually in years 5–9 and 26 days after 10 years.

Holiday
Saunders offers six paid holidays throughout the year.

Sick
Employees are given six paid sick days each year.
Section 2. Economics

D. Risks and Opportunities Due to Climate Change

Construction is always at the mercy of the weather. Utilization of temporary heat and cooling demands a significant amount of energy and money. In addition, adverse weather conditions can delay the ability to complete a project on schedule, draining economic resources and delay the facility’s final benefits to the community it will serve. Another concern is the health and well-being of our construction workers. Extreme heat and cold can take its toll on human health and can lead to lower productivity.

That said, Saunders works to mitigate these risks as much as possible by establishing plans and processes that address them. We have a 10-member committee dedicated to addressing the risks resulting from climate changes. We also use third-party consultants and experts to guide us and provide vital research to support these efforts.

This team meets on a bi-weekly basis to discuss the status of current goals, potential future goals, and brainstorm other risks and challenges that climate change has on our company and the industry as a whole. Additionally, Saunders’ executive management has established a long-term goal to address and minimize our overall environmental impact and has issued a challenge that all employees do their part in this effort.

Regulatory Risks

Building codes are continuously evolving and changing. Sustainable building practices are now required on local and Federal construction projects. Saunders expects that the general building codes will eventually require sustainable construction practices on all projects. We have worked diligently to train our employees, focus on procuring sustainable projects, and research new trends in construction practices in order to be “ahead of the curve.”

New Technologies and Services to Address Climate Change

With challenge comes opportunity. Saunders has an opportunity to be a leader in the sustainable construction practices arena. Whether by using building information modeling or reducing our carbon footprint, we see that our communities are asking for us to lessen our impact on the environment. The opportunities for new services and product offerings will be a direction that Saunders is actively pursuing. In the past few years, we have been awarded projects partly due to our efforts in Corporate Social Responsibility. Customers see the value in what we are doing for the environment and for the community.

We want our brand to represent our values — and CSR is part of this. We continue to do extensive work to communicate publicly who we are to ensure that our CSR efforts are a significant part of that message.

Bonus Program

Contingent upon the profitability for the year and after consideration for the long-term viability of the company, a percentage of the profit may be made available to pay employees a merit bonus.

Life Insurance, Short Term Disability Insurance, & Long Term Disability Insurance

Saunders Construction provides life insurance, STD, and LTD insurance on behalf of its employees. The life insurance will provide a lump-sum payment to the employee’s designated beneficiaries. Short-term disability coverage replaces a portion of lost income for a specified period of time for employees who are ill or have non-work-related injuries. The long-term disability insurance replaces a portion of the employee’s lost income after short-term disability coverage ends.

*All benefits listed above are for non-signatory, full-time personnel.

Additional Benefits

Other benefits include service awards, tuition assistance, a fitness program, work-out facility, and casual Fridays.

Life Insurance, Short Term Disability Insurance, & Long Term Disability Insurance

Saunders Construction provides life insurance, STD, and LTD insurance on behalf of its employees. The life insurance will provide a lump-sum payment to the employee’s designated beneficiaries. Short-term disability coverage replaces a portion of lost income for a specified period of time for employees who are ill or have non-work-related injuries. The long-term disability insurance replaces a portion of the employee’s lost income after short-term disability coverage ends.

*All benefits listed above are for non-signatory, full-time personnel.

Additional Benefits

Other benefits include service awards, tuition assistance, a fitness program, work-out facility, and casual Fridays.
E. Utilization of Diverse and Small Businesses

Diverse Business Participation
As a good corporate citizen, we believe that continuing to optimize opportunities for small business, minority and disadvantaged (M/WBE) companies is an important investment in the community. In addition, Saunders partnered with Sky Blue Builders, LLC and has established a Mentor Protégée Agreement through the Small Business Administration’s 8a program. Sky Blue Builders, a certified small, minority-owned business, will receive mentoring support as well as gain economic benefits through the ability to procure set-aside projects for government entities.

We are purposefully working toward the standard participation from small business and M/WBE community on all Saunders projects. There are five key elements to this effort:

1. Create an environment where subcontractors are actively encouraged to partner with or mentor small business and M/WBE firms.

2. Present opportunities to customers to include small business and M/WBE firms in their projects regardless of whether it is a contractual obligation.

3. Prioritize cultivating long-term relationships with organizations such as African-American Construction Council, Hispanic Contractors Association, Hispanic Chamber of Commerce, Colorado Black Chamber of Commerce, Mi Casa Resource Center, and Denver Green Jobs.

4. Provide education and training to various workforce agencies in areas related to construction, interviewing skills, resume writing, blueprint reading, and basic computer skills through the organizations listed in 3.

5. Continue to track actual participation of M/WBE firms on projects.

2012 Small Business and M/WBE Goal:
Attain a minimum of 5% small business and M/WBE participation on all projects.
F. Value In Kind

Saunders encourages and provides opportunities for employees and their families to volunteer in the community. These opportunities support worthy, charitable causes through hands-on and financial participation.

2012 Value In Kind Goal:

We will continue to promote and encourage volunteering for all employees.

Outside of Saunders-sponsored events, Saunders employees contribute to the following organizations:

4-H Youth Development Organization
AIDS Coalition for Education
American Cancer Society
American Heart Association
American Lung Association
Arapahoe & Douglas County Libraries
ARC Thrift Stores
Baby Haven Mother’s Recovery Center
Big Brothers Big Sisters
Boy Scouts of America
Broomfield FISH
Children’s Make-A-Wish Foundation
Colorado UpLift
Compassion International
Craig Hospital
Crossroads Church
Dare 2 Share
Denver Curling Club
Denver Dumb Friends League
Denver Food Bank
Denver Green Jobs
Denver Rescue Mission
Elizabeth Stampede
Exempla Saint Joseph Hospital
Families First
Family Homestead
Food for the Poor
Girls, Inc.
Giving Tree
Good Samaritan Medical Center Foundation
Goodwill
Griffith Centers
Harvest Fellowship
High Plains Horse Club
Hispanic Contractors of Colorado
Hope Community Church
Horizons International
Jeffco Youth & Families
Jefferson County
Kaiser Permanente
Kids Uganda & Global Orphan Relief
Loveland Ski Patrol
Mi Casa Resource Center
Mount St. Vincent Home
National Kidney Foundation
National Sports Center for the Disabled
Nature Conservancy
Outward Bound
Parker Task Force
Partners International
Project Safeguard
RamRide Carpool Program
Red Cross
Samaritan House
Senior Support Services
Special Olympics
St. Andrew’s Methodist Church
St. Jude Children’s Research Hospital
Susan G. Komen Foundation
Taste of God’s Love
Teaching Tree
The Catholic Church
The Children’s Hospital Foundation
The Church of Jesus Christ of Latter Day Saints
The Delores Project
The National Multiple Sclerosis Society
The Navigators
The University of Denver Bridge Project
The Wildlife Experience
Tom McMahon Construction Scholarship Fund
Toys for Tots
United States Green Building Council
United Way
Urban Peak
USO
Veteran’s Hospital
Winter Park Ski Patrol
YMCA
Employees are the key to Saunders’ success. We support them in being their best with dignified and fair treatment, equal opportunity for training and advancement, and events that encourage health and wellness.
Our approach to human rights – how we see and treat ourselves, our employees, clients, subcontractors, industry partners, and the people in our communities – arises from our core values of integrity, care, and open communication. The content of this section demonstrates our commitment to these values, and the actions we are taking as a company to promote respect, health and well-being, and the betterment of ourselves and our communities.

A. Nondiscrimination in Hiring

Saunders is committed to a workplace where all employees are treated with dignity and respect and we share a work environment that is free of disruptive behavior.
Saunders will recruit, hire, train, promote, and compensate its employees based upon factors such as work quality, behavior, training, and experience. In compliance with local, state, and federal laws, we provide equal employment opportunity regardless of an individual’s race, color, creed, national origin, protected age category, gender, religion, marital status, sexual orientation, military status, genetic information, physical or mental disability of any individual who is otherwise qualified, or any other class protected by law.

All employees who become aware of violations of this policy have the affirmative obligation to report the conduct to their immediate supervisor, or if the supervisor is involved in the conduct, to another supervisor or a member of the Management Team.

Harassment
The Company seeks to provide a workplace free from disruptive behavior. A tense atmosphere created by non-work-related conduct, including ethnic, racial, sexual or gender-related remarks; unwelcome sexual advances; or other such conduct does not belong in the workplace. The Company will not tolerate any form of unlawful harassment. It will not tolerate retaliation for refusing unwelcome or harassing overtures, for reporting instances of harassment, or for providing statements or evidence related to alleged harassment.

Harassment may be verbal (epithets, derogatory statements, slurs, innuendo), written (faxes, e-mail), physical (unwelcome touching, assault, gestures, physical interference with one’s work), or visual (posters, drawings). It may involve, but is not limited to, unwelcome sexual advances or unwelcome invitations to participate in offensive conduct. Harassment may originate from employees, supervisors, subcontractors, owners, or others visiting the Company or the worksite. In whatever form and from whatever source, harassment is prohibited.

In some situations, a person may not realize that his or her behavior is offensive or unwelcome. Employees who consider any person’s behavior to be offensive or unwelcome are encouraged (but not required) to tell that person and request that the conduct stop. Persons so told should promptly and graciously comply with such requests or seek direction from their supervisor. Saunders encourages the person who is offended to inform management immediately of the situation rather than waiting until they determine whether the offender will comply with their request.

However, every employee who reasonably suspects that harassment has occurred, including everyone who believes that he or she is a victim of harassment, must immediately report the circumstances to their immediate supervisor, to a member of senior management, or to the Human Resources Manager. Employees should never assume that management is already aware of the situation.

They should never assume that it is someone else’s duty to report.

The Company will investigate all complaints. Those alleging or aware of harassment may be required to provide a written statement regarding their allegations. Although those who report harassment should not expect anonymity, the identity of any individual making a complaint or participating in an investigation will be handled discreetly.

Saunders prohibits any retaliation against a victim, reporter, or witness of harassment because of his or her report. Any employee or agent of Saunders Construction who has been found by the Company, after an appropriate investigation, to have engaged in discrimination, harassment, or retaliation in violation of this policy will be subject to appropriate sanctions up to and including termination.
B. Workforce Training and Development

At Saunders, we strive to be a learning organization; we recognize that investing time and resources toward increasing the knowledge, skills, and understanding of our personnel improves their efficiency, performance, and job satisfaction, which benefits each person and our company as a whole, enabling us to better meet our goals.

Learning is accomplished through several means:

- **iLearning Online School**
  We provide access for employees to over 600 online classes covering a broad range of topics, through the company intranet. This method of education allows employees to take classes at their own pace and tailor their learning to best fit their schedules and needs.

- **Peer-to-Peer Learning**
  This program offers monthly training sessions required for specific work groups, geared to teaching the art of building and the technical skills necessary to keep up with industry changes. Senior-level employees teach these classes for superintendents and foremen. The curriculum is guided by employee training commitments.

- **In-Classroom Instruction**
  We offer varied educational opportunities through the Organizational Development Department for employees, and/or outside consultants. These classes focus on interpersonal, leadership, and management skills. The set of courses offered in this corporate-wide training is identified by our annual company-wide survey of employees and the annual performance evaluation process.

- **Learner-Centered Mentoring**
  This program focuses on mutual learning. Each partner sets personal learning goals while the mentor serves as a resource, rather than a subject-matter expert or teacher.

- **Specialized Training**
  Infection control, protocol, and procedure training is provided for all employees, clients, subcontractors and industry partners who work on our healthcare projects.

**Participation in Employee Training Opportunities**

<table>
<thead>
<tr>
<th>Year</th>
<th>Base</th>
<th>Goal</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>140</td>
<td>170</td>
<td>197</td>
</tr>
<tr>
<td>2011</td>
<td>4,755hrs</td>
<td>5,069hrs</td>
<td>4,069hrs</td>
</tr>
</tbody>
</table>

Healthcare Construction Training Class
Future Workforce Development
We believe in preparing the future working generation with hands-on experience. The goal of the Future Workforce Development Program is for interns to experience the construction industry beyond the classroom and textbook. Our college internship program includes internships of three or six months, providing hands-on experience in construction and business to future graduates. In the field, Project Engineers provide daily supervision for the intern program, and Preconstruction Managers offer the same oversight in the office. The Department of Organization Development manages these intern programs in partnership with the supervisors. During each school year, we participate in four to five college or university career programs; in 2011, Saunders employed 3 college interns and 1 high school intern. Saunders has worked with the following institutions: University of Colorado, Colorado State University, California Polytechnic University at San Luis Obispo, Montana State University, Purdue University, and Warren Technical School.

2012 Workforce Training Goals:

Increase participation in training opportunities so that every salaried employee completes 40 hours of training/learning sessions per year. To do this, we will

1. Continue to market classes and training opportunities internally, communicating this goal.

2. Complete and implement the individual employee participation tracking system that is currently in development.

3. Continue to conduct learning needs assessments through company-wide employee surveys and performance evaluations.

4. Offer subject matter-focused classes that are most in demand as identified by our learning needs assessments, including communication, leadership, and teamwork skills, and training in new processes arising from the Lean Business Practices Initiative (see section 2.A. for more information on this initiative).

C. Employee Health and Wellness
Saunders understands that the health of our business depends on the health of our people. Our goal in 2011 was a 10% participation rate in our Fitness Program, but overwhelming interest resulted in 21% of Saunders employees participating in the program, more than double our goal. In addition to sponsoring employees and business partners to participate in local community fund-raising athletic events and providing continuing nutritional and health education to ensure a holistic approach to employees’ well being.
In 2011, Employees young and old (and often, their families) participated in a huge range of community events that promoted fun, fitness, and overall health. Below is the upcoming schedule of 2012 Fitness Events, showing the variety of activities offered to employees and their families.

"The Saunders fitness program is a benefit because not only is it good for you physically and mentally; but it brings you together with your co-workers and you create a different kind of relationship with the people you work with in a different atmosphere."

-Stacy Shapiro, Employee
Saunders has always been an industry leader in Safety and Sustainability — two of the highest priorities for our employees, clients and people who will ultimately thrive within our creations.
We build the spaces where people work, play, heal, shop, learn and worship. This engenders a deep responsibility to ourselves and our communities, to ensure that the buildings we create – and the processes through which we create them – are safe, reliable, efficient and sustainable. This section addresses our strong commitment to these qualities in all that we do.

### A. Construction Health and Safety

Construction presents considerable risks to the safety of employees, clients, end users, subcontractors, and vendors. For over 20 years, Saunders has been dedicated to safety on the jobsite and in the office. This dedication, as well as our comprehensive safety program, has provided us with one of the best safety records in the industry, and Saunders’ 2011 safety performance continues that tradition of excellence.

Our safety goal was to perform at least ten percent better than the national average, but our performance far exceeded this: Saunders performed 49% better than the national average on our recordable incident rate (TCIR) and 77% better on our Lost Work Day Injury Illness (LWDII) rate.

<table>
<thead>
<tr>
<th></th>
<th>National Average</th>
<th>2011 Goal</th>
<th>2011 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incident Rate: 4.3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>74% Incident Rate: 3.2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>51% Lost Time Rate: 0.8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lost Time Rate (LDWII)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>50% Lost Time Rate: 0.8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23% Lost Time Rate: 0.375</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Saunders has received numerous industry Safety Awards and is a Blue Level participant of the Associated General Contractors (AGC) & OSHA’s Construction Health and Safety Excellence Program (CHASE). The CHASE program recognizes Saunders’ commitment to safety on all projects and acknowledges that our safety record and written policies are at least 10% better than industry standards. In order to maintain certification, this program requires voluntary safety audits of jobsites conducted by OSHA on an annual basis. In addition, no severe safety violations must have occurred in the past year in order to maintain certification. In 2011, we maintained our good standing with the CHASE program for the fifth consecutive year, and our three OSHA inspections were completed with zero citations.

In 2011, we began conducting quarterly comprehensive leading indicator audits that looked at regulatory compliance, safe behaviors, and compliance with internal safety management protocol. **Our sites averaged scores better than 90% in each of these three key categories.**

Many factors contributed to this success:

- We switched to the new quarterly internal Safety Project Audit Score Index System mentioned above.
- Appropriate resources were allocated and all projects safety management efforts were adequately supported.
- We increased our safety training to all employees, with our personnel logging a total of 2,053 training hours.
- We implemented a Personal Safety Analysis process to further engage employees in the safety management process.
- We expanded our safety rewards program to all employees of Saunders to promote working as a team to achieve our safety goals.

**2012 Safety Goals:**

Continuous (10%) improvement in both our leading and lagging indicator scores and qualification for 2013 CHASE participation for the 6th straight year. In addition to continuing all effective current programs, we will implement an initiative to conduct fleet risk management training.

**B. Construction Quality Control**

We stand behind our work. As a general contractor, we are responsible for the quality of our projects and ultimately, for the safety of those who use and occupy them. Throughout each project’s duration, and continuing through the warranty period, Saunders maintains an effective quality management program based on exceptional attention to detail and a Quality Management Plan that complements our construction efforts by adhering to the contract documents and our own high expectations.

Saunders is committed to producing clean, safe, and error-free projects, EVERY time. We ensure that sufficient inspections of all items of work, including the work of subcontractors, are performed to guarantee that a project is safe to occupy – including quality of materials, workmanship, functional performance, and conformance to the specifications and drawings. Any aspect of the project that does not meet Saunders’ complete satisfaction is corrected before the project owner and architect are invited to inspect the project.
C. Products and Services

With our first LEED (Leadership in Energy and Environmental Design) project in 2001, we made a commitment to build and actively pursue sustainable building projects. In 2011, Saunders is proud to report that we have built more sustainable and LEED certified projects (40 total, with 25 certified, 8 in design or construction, 7 in the spirit of LEED) in Colorado than any other contractor. This equals over 9.4 million square feet of sustainable construction. To keep abreast of current trends, standards, and certifications, we’re a member of the USGBC (United States Green Building Council) and we currently employ 60 LEED Accredited Professionals.

Long before ground is broken on a project, Saunders contributes to work on sustainable projects by performing document reviews to ensure that drawings and specifications are clear and in conformance with sustainability goals.

We also check for availability of materials and subcontractors that best meet a project’s sustainability specifications and coordinate with the designers to make a project more buildable and LEED-compliant. We’ve even developed proprietary templates, checklists, and feature-specific instructions to help administer sustainability goals throughout a project.

Saunders was recently featured on Biography highlighting our innovation around sustainability. Copy the below link to your browser to view the short clip.

http://youtu.be/ZxjOcN_MwZM

<table>
<thead>
<tr>
<th>Total LEED Projects</th>
<th>35</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Size (square feet)</td>
<td>8,267,229</td>
</tr>
<tr>
<td>Dollars (millions)</td>
<td>$1,191.60</td>
</tr>
</tbody>
</table>

**LEED-Compliant Projects at Saunders**

- 21 Gold (60%)
- 8 Silver (23%)
- 3 Platinum (9%)
- Other (8%)

**Total Sustainable Square Feet**

(includes energy efficient, non-LEED projects)

9,439,908

**2012 Sustainable Building Goal:**

We will continue to focus on procuring sustainable and LEED projects. We will also remain a member of the USGBC and continue training employees for LEED Accreditation as well as their required continuing education.
We understand the importance of giving back and are committed to helping our community through things such as ethical conduct, volunteerism, and mentoring. We’ve even created our own program for underprivileged children.
A. Programs That Make a Significant Community Impact

Building Strong Communities
Saunders has a distinguished history of giving back to its community by supporting several local non-profits. Our business model was created to give us the freedom to support worthy charitable causes through hands-on participation and financial contributions. Giving back to the community has been a core value of the company since its inception. This takes many forms, like performing volunteer service, supporting a co-worker’s fundraiser, or participating in a cycling or foot race. A community is only as strong as the people who live, work, and play in it, and we are committed to both participating and giving back.

Building Confidence in Kids®: An Employee-Driven Program
In 2009, Saunders launched the Building Confidence in Kids (BCiK) Program. This initiative, initially conceived in 2007, is designed to involve employees from all levels of the company while creating an outlet for volunteerism and community impact. Managed by a 10-member committee, the program creates a one-year partnership with a non-profit organization centered on children, families, and/or education. The partnering non-profit, chosen through a two-year selection process, identifies volunteer opportunities for Saunders employees. In addition to volunteer hours donated by Saunders employees, the non-profit receives monetary and in-kind donations.
Warren Village – Our Newest Partner

Warren Village was selected by Saunders in 2011 as the nonprofit partner of its Building Confidence in Kids. This two-year partnership includes financial contributions and in-kind donations as well as volunteer opportunities for Saunders employees.

Saunders employees have:

- Painted the entire third floor of the Ray Cushman Family Center;
- Collected children’s books to distribute to the children in the learning center during a Jungle Book Fair;
- Hosted several Family Nights which entails planning an activity and providing food for 20 Warren Village families;
- Installed new age-appropriate play equipment for the infants on the playground at the learning center;
- Coordinated a private tour for Warren Village residents and teens of the Student Success Building on the Metropolitan State University of Denver campus which included a behind the scenes look at the state of the art facility, an overview of commercial construction, testimony from a female architect, a tutorial on blueprint reading, and a pizza dinner.

“We are incredibly grateful for all the sweat equity and generosity we’ve already seen from Saunders Construction,” said Sharon Knight, President & CEO of Warren Village. “We look forward to the future of this partnership.”

2012 Community Program Goal:

A continued dedication to BCiK on behalf of our employees. In addition, we strive to grow the participation rate (number of participating employees) of our field crews and reach a 25% volunteer participation from the current rate of 10%.

B. Business Corruption – Policies and Training to Mitigate

Saunders maintains a corporate culture of responsibility, where personnel are expected to act ethically, corruption is not tolerated, and any incident that arises is dealt with timely and strictly. To further promote this culture, in 2011, Saunders began offering an online ethics class. Our goal for 2012 is for all employees to complete this important class.

C. Compliance and General Business Laws and Regulations

Saunders has always practiced under a strict code of ethics. We have never gone to court for any business felonies or corruption.
All financial and project data is based on information available on March 30, 2012.

Saunders’s tagline, “Building Confidence” and “Building Confidence in Kids” are registered trademarks of Saunders Construction, Inc.