The construction industry sure has changed in the past 40 years.

Two things that haven’t changed are Saunders’ dedication to our clients, and our core values of care, collaboration, commitment, and community.

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 10-person management team that focuses solely on daily operations. Saunders is one of the largest and most stable companies in the industry, consistently ranking as one of the top 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 400 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
- 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.
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Mayor Hancock knocking in the pin at the DIA south terminal redevelopment project.  
- Denver, Colorado
Message From the Chairman & CEO

It is with great pleasure that I introduce the 2013 Corporate Responsibility (CSR) Report for Saunders Construction – our third such report, and one that marks a special anniversary: our 40th year in business.

The past year had its challenges, as it did for many of our peers. Despite – or perhaps because of its financial challenges – 2012 caused us to reflect on just how thankful we are for our many loyal clients and partners. We had time to reflect, too, on just how much construction activity impacts the community, the environment, and the local economy.

When Dick Saunders founded the company in 1972, he created a culture of personal integrity and open communication. As we’ve grown, and the world has changed, we have never wavered from these values – or our commitment to being an excellent contractor, employer, community partner, and corporate citizen. We have a responsibility to not only be aware of our corporate waste, energy, water, and social impacts, but to strive for a positive impact by every employee, every day.

A new generation of clients and potential employees are asking tough questions about carbon footprint, waste management, community stewardship, and more – and rightfully so. In response, we continue to strive to improve our environmental record. Unfortunately, in 2012 we did not meet all of our environmental goals. For example, we reached only 59% of total waste diverted from landfills - short of our goal of 75%. Currently, we’re renewing our waste goals for 2013 and adding more resources to ensure that we meet them. A healthy future demands that we continually improve our sustainable practices, finding new ways to reuse and recycle construction and office waste until we reach our ultimate goal: zero waste.

The environment is also made up of people, and Saunders is equally committed to retaining and supporting a healthy workforce and supporting a vibrant community. Even during a year where profits were significantly down, we maintained our 10% of net profits contribution to charities. We continued our very successful Building Confidence in Kids program by supporting our 2011/2012 program partner, Warren Village, with donations and activities. In addition, on October 24, we threw ourselves a 40th Birthday Party called “Build-A-Box,” inviting clients and friends to help us celebrate by making contributions that were “boxed up” for favorite non-profits. That event alone raised nearly $15,000 in cash and donated goods for 68 organizations!

Yes, the recession that started in 2008 and so impacted the building industry made itself felt at Saunders Construction in 2012. We endured a significant decline in our work program (nearly 25 percent) that necessitated a reduction in our workforce. Through diligent cost reductions and process efficiencies, we ended the year with a profit, albeit a small one, but the downturn had many consequences, including less focus on the goals set out in the 2011 Corporate Social Responsibility report.

Looking ahead, however, we are grateful to see a strong backlog of work in place for 2013. We have hired more technical professionals, carpenters, and laborers to reach the same size as 2011 – and we’re expecting revenues to hover around $350 million, a return to normalcy and a vast improvement over this past year.

We are humbled by the trust that our clients continue to place in us, and honored by the relationships that we’ve built over 40 years in business. Thank you for your interest in this report, and in Saunders Construction. Here’s to the NEXT 40 years!

John P. Beeble
Chairman & CEO
The building industry has an enormous impact on the environment. At Saunders, we take 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 active steps toward reducing it.
Saunders actively promotes the use of sustainable and ecological materials when available and/or appropriate for a specific job. We also understand the importance of using local sourcing. 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 will remain focused on collaborating with our entire supply chain to ensure that all partners share a like-minded, responsible approach to the production, procurement, and use of materials.

Working with our Supply Chain
In 2012, Saunders created a focus group of those subcontractors that we work with on a daily basis. The ultimate goal of this initiative was 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. The greater the involvement from everyone, the less impact we collectively have on the environment.

As part of this initiative, during the project bidding process, in addition to our subcontractor prequalification questionnaire, we asked subcontractors about their use of alternate and locally sourced materials, as well as about 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.

Out of 341 respondents, the survey provided us with the following results:

- 8.1% Report on Corporate Social Responsibility
- 53.7% Recycle on the jobsite
- 18.7% Work to reduce their carbon footprint
- 13.7% Manage their supply chain for sustainability
- 65.7% Work on LEED projects

We were excited to find that our subcontractors are similarly dedicated to sustainable construction practices and aligned with our own overall goals.

Below are just two examples of subcontractors that are actively working towards more sustainable construction practices.

Shamrock Painting, Inc., a commercial painting contractor, donates hundreds of gallons of paint to charitable, non-profit foundations including Habitat for Humanity, which uses the paint for affordable housing projects throughout the Denver metropolitan area. Additionally, in July 2012, Shamrock donated 370 gallons of paint to be recycled by Denver Wholesale Paint Source, an organization which fully recycles, repackages, and sells quality paint at a lower tax rate to people and projects in need.
example, instead of $27.00/gallon with 7.72% tax, the recycled paint is sold for $6.99/gallon with 4.3% tax.)

Douglass Colony Group, a commercial roofing, exterior systems, and solar subcontractor, recycles paper products at all four office locations and recycles jobsite materials such as EPDM (ethylene propylene diene monomer) membrane, insulation, and scrap metal at all jobsite locations. Douglass Colony’s headquarters in Commerce City, Colorado, is a testament to their commitment to sustainability. The LEED Silver certified building features white roofing, sunscreens and three different rooftop solar technologies (crystalline, thin film and solyndra), each monitored by separate invertors for accuracy. Douglass Colony conducts frequent rooftop tours to educate and inform interested solar buyers by allowing them to see the different technologies and monitoring systems firsthand. In 2012, they installed a new 100 kW solar system recognized as the second largest system in Commerce City.

2013 Materials Goals:

In 2013, we’ll further develop our sustainable supply chain initiative by conducting training courses and developing a way to recognize our subcontractors and suppliers that lead the industry in innovation and sustainability initiatives.

B. Water

In 2012, Colorado endured a devastating drought that caused wide-spread, extraordinarily damaging wildfires. In our arid climate, water is one of our most valued natural resources and its conservation is a statewide priority.

As a general contractor, minimizing or reducing water usage is one of the most challenging aspects of our work.

In 2011, we installed low-flow fixtures in the corporate office, including water faucets, toilets, and urinals. This resulted in a significant reduction in water utilization.

In addition, however, large quantities of water are required for construction tasks such as structural soil compaction, dust suppression, concrete washouts, general cleaning and commissioning of systems. Though annual consumption of water fluctuates with the types of projects (e.g., new construction or renovation) that comprise our work program, we are trending toward less water usage overall.

2013 Water Goals:

In 2013, 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. At Saunders, we strive to keep that number as low as possible.

Measuring Our True Carbon Footprint

In 2011, we completed a baseline measurement of our carbon footprint and established a system for annual measurement. 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 (2011), we can now measure the impact of our combined efforts to reduce our overall carbon footprint. Our carbon output in 2012 was 3,900 metric tons.

As we did in 2011, we commissioned a group of graduate students (from the University of Denver Daniels College of Business) to develop a plan for reducing our carbon output. Because the baseline data from 2011 highlighted temporary heat at projects sites as one of the primary culprits, the students’ plan provided some construction site management guidelines designed to reduce our need for use of temporary heat. Some of the actions taken in 2012 to further reduce our energy usage include:

- We developed a “lights off” policy encouraging all employees to turn off the lights at their workspaces when not in use, even during normal working hours.
- We increased the use of video conferencing technology to replace selected in-person meetings, thus reducing automobile and airplane travel.
- We continued our company-wide paperless process that significantly reduces paper use and the need for vehicle couriers to deliver paper documents.
2013 Energy Goals:

- Continue to measure our carbon output on an annual basis.
- Continue to reduce energy use in our corporate office.
- Educate our construction professionals and crews on construction project management practices that reduce the need for temporary heat, we will provide rewards to jobsite teams who implement these practices.

D. Reducing Waste

Decreasing Paper Usage
Beginning in 2010, Saunders made substantial efforts to reduce waste. To reduce paper usage, we implemented a comprehensive electronic document management system to minimize the amount of paper used for printing contracts and related documents. By doing this, we increased job site collaboration while lessening the amount of paper used to complete a job. For example, we replaced use of plan paper with tablet computers. Surprisingly, the cost of a tablet computer is lower than paper, making the devices an extremely efficient and cost-effective way to manage and review plans at any location.

These small movements toward becoming a ‘paperless’ company are now used with our subcontractors on 100% of our jobs, resulting in significant reductions in use of paper (saving
trees) and couriers (saving fuel).

**Increasing Recycling at Jobsites**

In 2010, 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 employees, vendors, and subcontractors on the topic of recycling practices—both in the office and on the job site. We are pleased to report that 100% of our project sites implemented some sort of recycling program in 2012. Construction is an incredibly dynamic industry, with different types of waste created by each individual project. In 2012, we elevated our recycling goals to include the percent of all waste diverted from landfills. We discovered that recycling materials is now a substantial submarket that follows a natural supply and demand cycle. Our initial goal was to divert 75% of all construction waste from landfill. We fell short, diverting only 59% of construction waste. The primary reasons for not meeting this goal include:

- A recycled concrete oversupply—recyclers stopped accepting cured concrete waste.
- Our work program primarily consisted of projects that did not have large volumes of construction materials that are currently recyclable.

**In the realm of waste reduction, Saunders has been successful at:**

- Increased number of Saunders jobsites with recycling programs from 70% in 2010 to 100% in 2012.
- Diverted more of the waste produced in our corporate offices and on our jobsites from landfills
- Identified and implemented test programs for recycling ceiling tile and flooring materials.

**2013 Waste Reduction Goals:**

Waste reduction at Saunders will remain a primary focus through 2018, when we aim to divert almost all of the waste produced at each jobsite. We will be focused on finding a consistent destination and reducing our overall concrete waste. We are also looking to recycle materials that have not been recycled to date.

| Percent of all waste recycled/diverted from landfills |
|-----------------|-----------------|-----------------|
| 2014            | 2016            | 2018            |
| 75%             | 85%             | 95%             |
E. Compliance: Environmental Laws and Regulations

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.

In particular, Saunders remains committed to stormwater pollution prevention and management, constantly striving to improve our performance in this crucial realm, as described in the next section.

Stormwater Pollution Prevention & 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 that we meet this requirement, Saunders 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 field personnel on the importance of stormwater pollution, prevention and management.

In 2012, we expanded our commitment by investigating feasible alternatives, or secondary uses, for common stormwater BMP (best management practice) materials such as straw wattle. We have not yet found a satisfactory answer, but will continue to pursue a solution for 2013.

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

2013 Compliance Goal:

Remain compliant with all applicable environmental laws and regulations by continuing to conduct internal audit of our jobsites and training our personnel on the requirements and regulations.
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 2012, Saunders achieved $181.6 million in gross revenue, a drop from $327 million in 2011, and short of our goal of $350 million for 2012. Like many in the building industry, we continue to feel the effects of the recent recession and slower-than-anticipated economic recovery. Saunders is in a good position thanks to our long history of strong revenues, financial stability, and a solid reputation as one of Colorado’s largest contractors. Based on our belief that 2013 will bring continued industry recovery, we have set a revenue goal of $350 million.

We acknowledge that our success as a company simply cannot be achieved without the support of our community. And with that, we are obligated to show our appreciation through our support of community programs. Giving back will remain an integral part of our identity in 2013 and beyond.

Business Improvement Practice Program
In 2012, our goal morphed into, what we call, the Trajectory Business Plan, with 3 themes of: Work Procurement, Quality Project Execution and Business Innovation. This involved major efforts to innovate around both project planning and execution in order to create efficiencies and reduce overhead costs. As a result, we created 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 ongoing 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 2012
Saunders complies fully with all tax laws each year.

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<thead>
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<th>Tax Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
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<td>Federal</td>
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<tr>
<td>Other State Withholding</td>
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</tr>
</tbody>
</table>
2013 Economic Goal:

Saunders’ economic goal for 2012 is to remain financially viable by continuing our Trajectory Business Plan, researching expansion into different markets, and procuring more work within our current market segments.

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 2012, we met our goal of 10% charitable giving of net profit.

The recipients of Saunders’ charitable gifts in 2012 include:

- Boy Scouts of America
- Boys & Girls Clubs of Metro Denver
- Bridge of Life
- City Year Denver
- Children’s Diabetes Foundation
- Children’s Hospital Colorado Foundation
- Colorado Uplift
- Colorado Symphony Association
- Craig Hospital Foundation
- Denver Center for the Performing Arts
- Denver Health Foundation
- Girls Inc. of Metro Denver
- HomeAid Colorado
- I Have a Dream Foundation - Colorado
- Kempe Children’s Foundation
- Latin American Educational Foundation
- Mile High United Way, Inc.
- Military Family Lifestyle Charitable Foundation
- National Jewish Hospital Foundation
- National Sports Center for the Disabled
- Saint Joseph’s Hospital Foundation
- The Wildlife Experience

2013 Community Donations Goal:

Maintain charitable giving at 10% of net profit. Identify ways to manage charitable giving more efficiently so that we can give more effectively.
C. Employee Benefit Contributions

Saunders offers a very generous benefits package to all full-time personnel, as summarized below.

**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 premium expenses are shared 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 proactive approach to managing wellness.

Section 125 Plan
This is an employer-sponsored benefit plan that allows each employee to select from a list of available benefits, those needed by the employee. This 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 the employee’s 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 that, 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 to a retirement account and receiving 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 2 years of service.

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 Construction offers six paid holidays throughout the year.

Sick
Employees are given six paid sick days each year.

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, salaried, full-time personnel.
Additional Benefits
Other benefits include service awards, tuition assistance, a fitness program, work-out facility, casual Fridays.

D. Risks and Opportunities Due to Climate Change

Construction is always at the mercy of the weather. Temporary heat and cooling each demand a significant amount of energy and money. In addition, adverse weather conditions may affect the ability to complete a project on schedule, draining economic resources and delaying 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 also lead to lower productivity.

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.

Our committee meets on a bi-weekly basis to discuss the status of current goals, potential future goals, and to brainstorm other risks and challenges that climate change presents to 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 charge to all employees on 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 sustainable projects, and research new trends in construction practices in order to be “ahead of the curve.”

New Technologies and New 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 - and we’re responding.

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.

E. Utilization of Diverse and Small Businesses

Diverse Business Participation
Saunders involves small and minority-owned businesses to achieve diversity on contracts whenever possible. In 2012, for the second year in a row, we exceeded our goal of 5% participation with a rate of 8.3% (based on direct cost of work). In 2013, we again hope to exceed our goal, which is set at a minimum of 5%. By developing a network of qualified diverse subcontractors, Saunders is deliberately diversifying our subcontractor network and investing in the communities that we serve.

To put our beliefs into action and give diverse firms a fair opportunity to grow, we’ve created our Community Outreach program - which, in 2012, grew by leaps and bounds. We mentored small businesses, provided business tools and instruction on best practices, and even assisted the City and County of Denver in creating a new mentoring program.

Below are some of our Community Outreach program efforts for last year.

- We supplied a small, growing business that is pursuing Building Information Modeling training with a computer they’ll pay for when funds are available.
• We employed three construction workers from the poverty-stricken area where we’re constructing a new Boys & Girls Club.
• We hosted events at the Boys & Girls Club project site, including a celebration of local art and an open house tour with a BBQ lunch.
• As part of the Denver International Airport South Terminal Expansion Project Team, Saunders worked closely with Program Manager Parsons on the ASEND Program (Accelerating Success through Communication, Education, Networking and Business Development). Developed for the project subcontractors, ASEND helps foster continued growth of minority and women owned businesses certified with the City and County of Denver.
• We continued our Small Business Administration Mentor-Protégé program with partner Sky Blue Builders, LLC.
• We assisted individual subcontractors to pre-qualify with Saunders and bid on our projects.
• We hosted several small and minority businesses to participate in our OSHA 10 Hour training and Stormwater certificate training.
• We worked with The Colorado Association of Black Professional Engineers and Scientists (CABPES) and Colorado State University to present the construction industry as a career path to inner city kids.

Relevant Organizational Memberships & Roles:

• Hispanic Contractors Council, Board of Directors

2013 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.
Outside of Saunders-sponsored events, Saunders employees contribute to the following organizations:

- ACE Scholarships
- Adams County
- Adams County Education Consortium
- Associated General Contractors of Colorado
- American Institute of Architects
- Arapahoe Library Friends Foundation, Inc.
- Associated Schools of Construction
- Aurora Economic Development Council, Inc.
- Boys & Girls Clubs of Metro Denver
- Bridge of Life DaVita Medical
- Cathleen’s Cause
- Centennial Institute
- Cherry Creek School District
- Cherry Creek Schools Foundation
- Children’s Diabetes Foundation
- Children’s Hospital Colorado Foundation
- City Year Denver
- College Invest Direct Portfolio CSP
- Colorado Black Chamber Of Commerce
- Colorado Business Hall of Fame
- Colorado Christian University
- Colorado Lungs4Life
- Colorado State University
- Colorado State University Foundation
- Colorado Symphony Association
- Colorado Uplift
- Craig Hospital Foundation
- Denver Area Council, Boy Scouts of America
- Denver Center for the Performing Arts
- Denver Metro Chamber Leadership Foundation
- Denver Metro Chamber of Commerce
- Denver Public Schools Foundation
- Downtown Denver Partnership, Inc.
- Exempla Good Samaritan Medical Center Foundation
- Englewood Education Foundation
- Family Homestead
- Girls Inc. of Metro Denver
- Greater Brighton Economic Development Corporation
- Highlands Ranch Rotary Foundation Inc.
- Hispanic Chamber of Commerce of Metro Denver
- HomeAid Colorado
- I Have a Dream Foundation
- International Facility Management Association
- Kempe Children’s Foundation
- Latin American Educational Foundation
- Littleton Hospital Foundation
- Littleton Rotary Foundation
- Metro Denver Economic Development Corp.
- Metropolitan State University of Denver Foundation
- Metropolitan State University of Denver
- Mile High United Way, Inc.
- Military Family Lifestyle Charitable Foundation
- Mizel Museum
- NAIOP Colorado Chapter
- National Multiple Sclerosis Society
- National Sports Center for the Disabled
- National Western Stock Show/Citizen of the West
- Warren Village, Inc.
- University of Colorado Foundation

2013 Value In Kind Goal:

We will continue to promote and encourage a range of community-based volunteering for all employees.
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.
Section 3
Human Rights

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 Construction Inc. is committed to a workplace where all employees are treated with dignity and respect and a work environment that is free of disruptive behavior. Our EEO policy, described below, helps keep everyone properly informed of these commitments.

Our Equal Employment Opportunity Policy
Saunders Construction is committed to a field and office work environment in which all individuals are treated with respect and dignity. Each individual has the right to work in a professional atmosphere that promotes equal employment opportunities and prohibits discrimination. Therefore, the Company expects that all relationships among employees will be business-like and free from bias, prejudice, and harassment.
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 the Management Team, 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 discretely.

Saunders Construction 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. Even in lean years such as 2012, we continue to invest in our employees’ training and professional development.

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.

<table>
<thead>
<tr>
<th>Participation in Employee Training Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>* Note: In 2012 and previous years, only training for professional salaried employees was tracked. Starting in 2013, training for all employees will be tracked, including salaried professionals, hourly field supervisors, and hourly carpenters and laborers.</td>
</tr>
<tr>
<td>Number of Training Hours</td>
</tr>
<tr>
<td>2011</td>
</tr>
<tr>
<td>5,000 hrs</td>
</tr>
<tr>
<td>681 office employees</td>
</tr>
<tr>
<td>170 office employees</td>
</tr>
</tbody>
</table>
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. In 2012, our college internship program provided two college students with internships over winter holidays entailing hands-on experience in construction and business. 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. We also participated in five college or university career programs including those at University of Colorado, Colorado State University, Kansas State University, Purdue University, and Warren Technical School.

2013 Workforce Training Goals:
In 2012, our training goals were trimmed along with staff and budget. Our goal was simply to invest in our people, keep them engaged, and maintain Saunders’ position at the forefront of the industry. We provided 962 hours of training to 284 employees, a number which reflects both a lower overall employee count and the fact that only the participation of salaried office workers was tracked.

For 2013, our goal is ambitious: a total of 4,566 hours of training, equating to about 15 hours per professional employee and 8 hours for field labor - whose participation in training programs will be tracked. Hours logged in 2013 will include both training on new systems such as our new project scheduling software, updating OSHA and Stormwater Management certifications, and programs on safe driving and harassment prevention.
C. Employee Health and Wellness

Saunders understands that the health of our business depends on the health of our people. In 2009, we began our very popular Employee Fitness Program. That first year, we exceeded our goal of a 10% participation rate with 21% of Saunders employees taking part. At this point, our goal is to maintain a consistent 20% participation rate.

In addition, we will continue to sponsor employees and business partners who participate in local community fund-raising athletic events, and to provide continuing nutritional and health education to support a holistic approach to employees’ well being.

In 2012, employees young and old (and often, their families) participated in a huge range of community events that promoted fun, fitness, and overall health. The schedule of upcoming 2013 Fitness Events (shown at right) reveals the variety of activities offered to employees and their families.

<table>
<thead>
<tr>
<th>Event</th>
<th>Description</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>FORZAbility</td>
<td>Spinning</td>
<td>March 14th</td>
</tr>
<tr>
<td>Wells Fargo Cup</td>
<td>Skiing</td>
<td>March 1st, 2nd, and 3rd</td>
</tr>
<tr>
<td>Lungs 4 Life</td>
<td>5k/10k Walk/Run</td>
<td>April 20th</td>
</tr>
<tr>
<td>Colfax Marathon</td>
<td>Relay/Half/Full Marathon</td>
<td>May 19th</td>
</tr>
<tr>
<td>Denver Heart Walk</td>
<td>5k Fun Walk</td>
<td>June 1st</td>
</tr>
<tr>
<td>Color Run</td>
<td>5k Walk/Run</td>
<td>June 16th</td>
</tr>
<tr>
<td>Stadium Stampede</td>
<td>5k Walk/Run</td>
<td>June 22nd</td>
</tr>
<tr>
<td>NSCD Mnt. Bike</td>
<td>Mountain Biking</td>
<td>June 22nd</td>
</tr>
<tr>
<td>Bike to Work Day</td>
<td>Biking of any kind</td>
<td>June 26th</td>
</tr>
<tr>
<td>Bike MS</td>
<td>Road Biking</td>
<td>June 29th and 30th</td>
</tr>
<tr>
<td>Courage Classic</td>
<td>Road Biking</td>
<td>July 20th, 21st, and 22nd</td>
</tr>
<tr>
<td>Blue Shoe Run</td>
<td>5k Walk/Run</td>
<td>September 14th</td>
</tr>
<tr>
<td>Good Sam Bike Jam</td>
<td>Road Biking</td>
<td>September 15th</td>
</tr>
<tr>
<td>Fans on the Field</td>
<td>5k/10k Walk/Run</td>
<td>Fall</td>
</tr>
</tbody>
</table>
Saunders has always been an industry leader in Safety and Sustainability – two of the highest priorities for our employees, our clients, and the people who will ultimately use our built projects.
Section 4
Product Responsibility

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, 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 is dedicated to safety on the job site and in the office. This dedication, as well as our comprehensive safety program, has enabled us to build one of the best safety records in the industry. Saunders’ 2012 safety performance continues that tradition of excellence, with a recordable incident rate (TCIR) of 2.6 (national average is 3.9*) and a remarkable Zero Lost Time rating for our Lost Work Day Injury Illness (LWDII) rate (national average is 1.5*).


Our safety goal was to perform at least ten percent better than the national average, and our goals were met. Saunders performed 33% better than the national average on our Lost Time Rate (LDWII).
recordable incident rate (TCIR) and achieved the best record possible for our Lost Work Day Injury Illness (LWDII) rate: Zero Lost Time. Our success in achieving this is due to several factors, such as conducting a very thorough post-job offer physical screening and background check to ensure an employees can safely perform any assigned task; and implementing a focused initiative on hand safety that reduced manual material handling injuries.

Saunders has received numerous industry Safety Awards and is a Blue Level participant in the Associated General Contractors (AGC) & in 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. To maintain certification, this program requires voluntary safety audits of job sites conducted by OSHA on an annual basis. In addition, no severe safety violations must have occurred in the past year. In 2012, we maintained our good standing with the CHASE program for the sixth consecutive year, and our three OSHA inspections were completed with no citations.

Also in 2011 we began conducting quarterly comprehensive leading indicator audits that looked at regulatory compliance, safe behaviors, and compliance with internal safety management protocol. In 2012, our sites averaged scores better than 90% in each of these three key categories. The results of these audits were distributed to senior and executive management to ensure that appropriate resources were allocated and project’s safety management efforts were in place and adequately supported.

Many factors contributed to this success:

- We switched to the new quarterly internal Safety Project Audit Score Index System mentioned above
- We increased our safety training to all employees, with our personnel logging a total of 2,065 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 Construction to promote working as a team to achieve our safety goals.

2013 Safety Goals:

Continuous improvement in both our leading and lagging indicator metrics and qualification for 2014 CHASE participation for the 7th straight year. We will also open our safety and environmental training classes to our MWBE subcontractor partners.

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. The Plan delineates individual quality management responsibilities and instills the attitude that attention to quality
and “right the first time” is the only acceptable level of performance. Personal accountability at every step is vital.

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 2012, Saunders is proud to report that we have built more sustainable and LEED certified projects (47 total, with 32 LEED certified, 8 in design or construction, 7 in the spirit of LEED) in Colorado than any other contractor. This equals nearly 10.8 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.

LEED-Compliant Projects at Saunders

<table>
<thead>
<tr>
<th>Total LEED/GGHC Projects</th>
<th>47</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Size</td>
<td>9,914,366</td>
</tr>
<tr>
<td>Dollars (Million)</td>
<td>1,345.70</td>
</tr>
</tbody>
</table>

Total Sustainable Square Feet

10,757,341

We will continue to focus in 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.

Below we’ve included information on two programs created by Saunders employees, and implemented with very successful results: Building Confidence in Kids and Build-A-Box.

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 employee committee and senior management, 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.
Our Newest BCIK Partner: Warren Village
Warren Village was selected in 2011 as Saunders’ BCIK nonprofit partner. This partnership is in its second year renewal and includes financial contributions and in-kind donations, as well as volunteer opportunities for Saunders employees.

Since the partnership began, 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 one of our projects, the Student Success Building on the Metropolitan State University of Denver campus. The tour included a behind-the-scenes look at this state-of-the-art facility, an overview of commercial construction, testimony from a female architect, a tutorial on blueprint reading, and a pizza dinner.

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bridge Project Garden Planting</td>
<td>April/May</td>
</tr>
<tr>
<td>Warren Village Rockies Game</td>
<td>May</td>
</tr>
<tr>
<td>Colfax Marathon</td>
<td>May</td>
</tr>
<tr>
<td>Warren Village Family Night</td>
<td>June</td>
</tr>
<tr>
<td>Warren Village Office Remodel</td>
<td>July</td>
</tr>
<tr>
<td>School Supplies/Book Drive</td>
<td>July</td>
</tr>
<tr>
<td>Picnic/Field Day</td>
<td>August</td>
</tr>
<tr>
<td>Warren Village Family Night</td>
<td>August</td>
</tr>
<tr>
<td>Hiking Day</td>
<td>August</td>
</tr>
<tr>
<td>Warren Village Family Night</td>
<td>September</td>
</tr>
<tr>
<td>Fans on the Field</td>
<td>September</td>
</tr>
<tr>
<td>Warren Village Family Night</td>
<td>November</td>
</tr>
<tr>
<td>Bridge Project Holiday Party</td>
<td>December</td>
</tr>
</tbody>
</table>

Saunders hosted several events at the Boys & Girls Club project site including the “Art on Holly” celebration and an open house tour with a BBQ lunch.
“Saunders’ Build-a-Box event was like nothing I have ever attended. The spirit of giving was outstanding, the camaraderie among colleagues inspiring, and the networking and overall energy of the event was exceptional. I continue to talk about the event and the meaning behind this thoughtful anniversary celebration. I am pleased the Denver Metro Chamber of Commerce was part of this event.”

- Kelly J. Brough, President and CEO

Build-A-Box: Celebrating 40 Years in Business By Giving Back to the Community

On October 24, 2012, inspired by guerilla marketing and corporate flash mobs, we hosted the “Build-a-Box” event to celebrate Saunders’ 40th anniversary in the spirit of our core values: care, collaboration, commitment and community. We invited approximately 1,500 business partners to sponsor a box on behalf of their charity of choice and then join us at Skyline Park in downtown Denver to fill boxes with necessities for that charity and enjoy a celebration lunch.

More than 400 people joined the party and helped us fill 68 sponsored boxes benefitting 52 individual charities. In total, $14,852 in cash donations were received and a big rig tractor-trailer was packed to the gills with boxes filled with goods including: 10,350 diapers, 5 bikes, 3 coffee makers, school supplies, clothing, a flat screen TV, hundreds of pounds of non-perishable food and pet food, and much, much more! In addition, a visiting businessman from Montana spotted the event, reviewed the charity list, and donated cash to two that supported children. A woman on her way to work made a spontaneous donation of $500.

Our goal for the event was to virtually take over the park while giving back to 100 charitable organizations and celebrating our birthday with our valued business partners. Thanks to the generosity of our clients and partners, Build-a-Box was a huge success and the perfect way to say “Thanks for 40 years!”

2013 Community Programs Goal:

A continued dedication to BCIK on behalf of our employees, plus reaching a 25% volunteer participation from field crews.
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 swiftly and strictly. To further promote this culture, in 2011, Saunders began offering an online ethics class. Starting in 2013, all employees will take mandatory classes in harassment awareness and prevention training.

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. Nor has there ever been any violation of any law.
All financial and project data is based on information available on July 24, 2013.

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