



**2010–2011**  
Sustainability Progress Report

**GRANITE™**



# Our vision of sustainability is to safely and responsibly operate our business today while advancing the interests of future generations.

We are publishing this report to communicate to our stakeholders the progress we have made in executing our Sustainability Plan. In 2010 we developed the plan, "The Road Ahead," which provided direction to our operations on sustainability. It was developed through a collaborative effort by representatives from different parts of our company and was designed to build an organization that stands the test of time. We also formed a Sustainability Council to shepherd the plan forward.

In 2012 we revised our Sustainability Plan based on what we learned. We have now developed our "Sustainability Plan—The Road Ahead 2012," in which we share with our stakeholders our progress in a manner that aligns with our Sustainability Plan and six areas of focus.

## Six Pillars of Sustainability

Our business provides a vital service to the country, and we have a responsibility to deliver that service by operating sustainably and integrating economic, social, and environmental considerations into our business practices. Granite's focus on sustainability encompasses many aspects of how we conduct ourselves and apply our Core Values. We have identified six key areas for our sustainability efforts: safety and health, compliance and ethics, environment, quality, community, and infrastructure investment.





# SAFETY AND HEALTH

**Overarching Aspiration:** To protect the well-being of our employees and the public

**Aspirational Goal:** Zero injuries

Key Initiatives	Progress
We will continuously improve to reduce accidents through our Accident Prevention Program and safety culture.	We have continuously reduced our injuries. In 2011 we achieved an OSHA recordable incident rate of 1.9 (see chart on page 5).
Our employees will actively participate in our core safety systems (inspections and tailgate meetings), and we will maintain processes to track participation.	We set targets for participation by employees and management personnel in safety meetings and inspections. We track participation rates through our Field Information System. In 2011 the average participation rate achieved our expectations.
We will maintain programs to ensure compliance with applicable occupational and mine safety regulations.	Each of our regions has dedicated safety professionals who support the organization in maintaining compliance with applicable safety standards. We have been successful in improving our compliance with safety regulations.
We will routinely evaluate our plant and project sites through an inspection and internal audit process.	We routinely evaluate our plant and job sites so that Operations personnel are able to identify possible unsafe conditions during normal work practices. Through this business we have been successful in improving our compliance with safety regulations. In 2012 we are testing a system for maintaining and tracking the results of our workplace evaluations.

### Safety Awards

Here are just a few of the many safety awards we received in 2010 and 2011:

#### American Road & Transportation Builders Association (ARTBA)

- 2011 Safety Excellence Award
- 2010 Safety Excellence Award

#### International Risk Management Institute

- 2011 Gary E. Bird Award for Innovation and Excellence in Risk Management

#### Associated General Contractors of America

- 2010 Safety Excellence Award Finalist
- 2010 State Awards:
  - Arizona
  - California
  - Nevada
  - Utah

### Testimony to Our Commitment

#### Granite's Alaska Office Admitted into the Construction Health and Safety Excellence Program

Alaska Labor and Workforce Development Commissioner Click Bishop recently approved Granite for the Construction Health and Safety Excellence Program (CHASE) in Alaska.

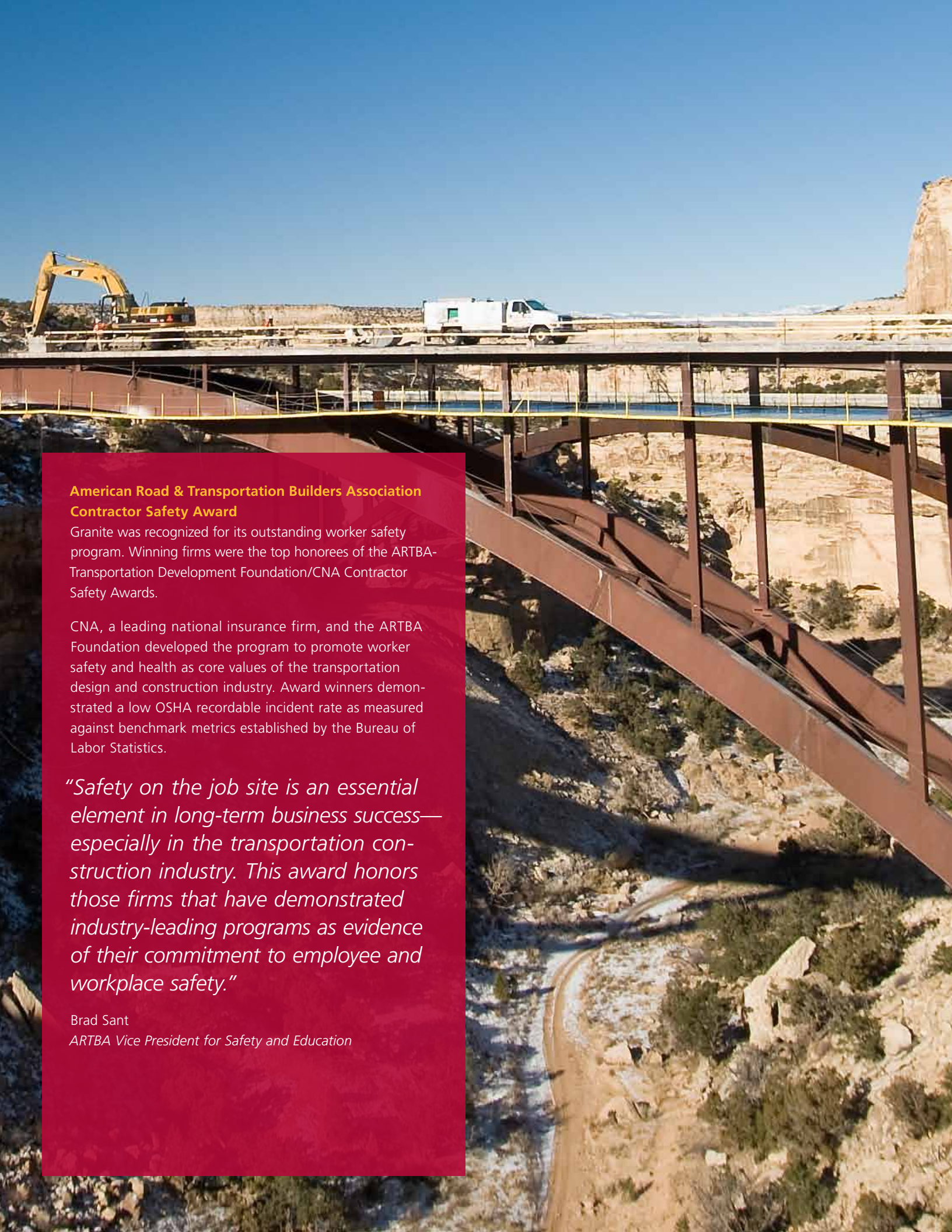
Tailored for Alaska's construction industry, CHASE provides a partnership between licensed contractors and Alaska Occupational Safety and Health (OSHA) to take a proactive approach to reducing injuries, illnesses, and fatalities. As a CHASE participant, Granite will implement a comprehensive health and safety management program and work as a mentor with contractors on its projects.

Granite safety meeting at jobsite ▶









### **American Road & Transportation Builders Association Contractor Safety Award**

Granite was recognized for its outstanding worker safety program. Winning firms were the top honorees of the ARTBA-Transportation Development Foundation/CNA Contractor Safety Awards.

CNA, a leading national insurance firm, and the ARTBA Foundation developed the program to promote worker safety and health as core values of the transportation design and construction industry. Award winners demonstrated a low OSHA recordable incident rate as measured against benchmark metrics established by the Bureau of Labor Statistics.

*“Safety on the job site is an essential element in long-term business success—especially in the transportation construction industry. This award honors those firms that have demonstrated industry-leading programs as evidence of their commitment to employee and workplace safety.”*

Brad Sant  
ARTBA Vice President for Safety and Education





## Case Study

### I-70 Bridge over Eagle Canyon | Utah

The I-70 Bridge over Eagle Canyon was a Construction Manager/General Contractor project for the Utah Department of Transportation (UDOT). It is located between Salina and Green River in southern Utah at milepost 118, more than 200 miles from Salt Lake City. The bridge crosses a 480-foot-wide canyon and is 289 feet high. Safety was a major component in the preplanning and design phases. Our core safety process was the foundation of our safety effort. The management and the crews worked together using the Granite safety tools. Take 5's were used to communicate the daily plan each morning. Our crews also used lean construction techniques to plan and stage the work. This project was a great collaborative success among owner, designer, and contractor. The team was faced with many difficult decisions along the way and delivered the project within the allotted time established by UDOT. Successful partnering and collaboration during the design and estimating portion of the project trickled down to field crews, who assembled the new deck structure safely. UDOT conducted two safety audits during construction, and on each occasion the project received perfect scores. There were *zero injuries* and third-party incidents on the project. The I-70 Bridge over Eagle Canyon was recognized in 2010 by the Associated General Contractors of America as Rural Highway Project of the Year.

## Example: Workplace Culture

Every year in August, our busiest time of the year, we conduct our annual safety week. We start each day with a special safety topic, including home safety. "Safety Stand Downs" are attended by all employees, local management, and our company Executive Team. Everyone enjoys the interaction, and this event demonstrates our company's commitment to employees.

Our employees, including management, conduct routine safety inspections to identify workplace conditions that could lead to an injury.

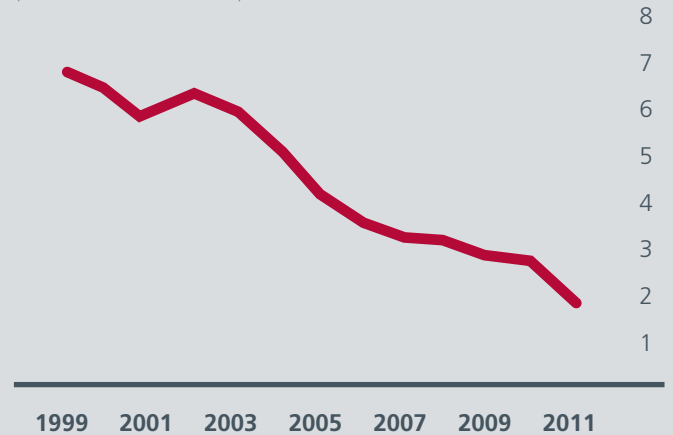
**Associated General Contractors of America** ▶  
 2010 Rural Highway Project of the Year  
 I-70 Bridge over Eagle Canyon, Utah

◀ I-70 Bridge over Eagle Canyon  
 Green River, Utah

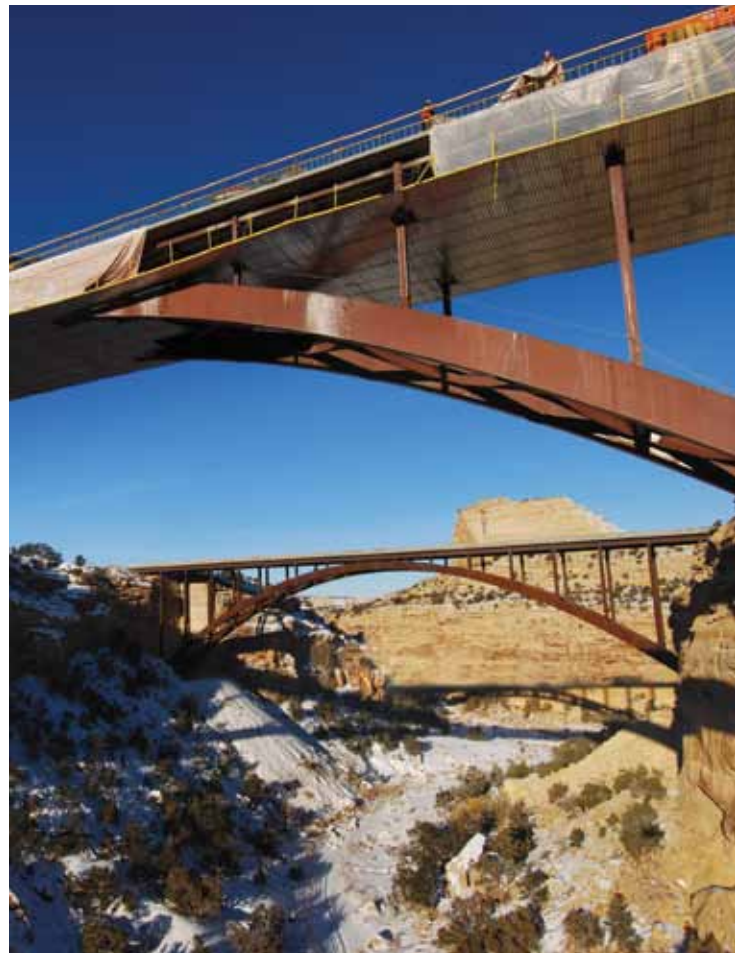
## Key Data

### Steady Safety Performance Improvement over the Past 11 Years

(OSHA recordable incident rate)



We have lowered our recordable incident rate through the implementation of our Safety Program and the building of a safety culture. We continue our relentless march to zero injuries.





# COMPLIANCE AND ETHICS

**Overarching Aspiration:** To lead by example in ethical business practices

**Aspirational Goal:** Zero ethical compromises

## Key Initiatives

## Progress

We will regularly provide compliance training to all management personnel.

We conducted routine compliance training at different locations in the company, using internal and outside trainers. The compliance training focused on such key areas as government contracting, anti-trust, disadvantaged business enterprise compliance, and environmental compliance. In 2011 approximately 93 percent of our management personnel had completed compliance training within the cycle.

We will maintain a Corporate Compliance and Ethics Program that leads the industry, and we will monitor our progress through a list of significant actions, significant changes to the program, survey results, and participation in relevant industry compliance and ethics organizations.

In 2011 Granite hired a full-time compliance manager. In addition, the program remained active in the Society of Corporate Compliance and Ethics and the Construction Industry Ethics & Compliance Initiative. Also developed in 2011 for use in 2012 was a comprehensive Code of Conduct certification to query management employees and proactively detect possible violations of the Code of Conduct.

We will routinely identify and evaluate Granite's legal and compliance risks and our programs in place to manage those risks.

In 2011 program participants were engaged in the planning process for the execution of a legal risk and compliance assessment in 2012.

We will maintain an anonymous hotline that employees can call to report concerns.

Our anonymous hotline remained in place.

## Compliance Committee

We maintain a corporate Compliance Committee with members from Operations, Legal, Internal Audits, Safety, Human Resources, Investor Relations, Finance, and Environmental, who represent various interests in the organization. Under the leadership of the corporate compliance officer, the Compliance Committee is responsible for the implementation, organization, and direction of the Corporate Compliance and Ethics Program, which includes the following:

- ▶ Participating in the implementation of the program by representing their fields of expertise in all corporate Compliance Committee meetings
- ▶ Assisting with Code of Conduct distribution, training, interpretation of questions, and conflicts of interest
- ▶ Overseeing anonymous hotline calls, tracking trends, and follow-ups
- ▶ Preparing compliance risk area reports
- ▶ Considering discipline cases involving the Code of Conduct and compliance
- ▶ Overseeing compliance audits: targets and schedule, status of audits, and follow-ups from audit findings
- ▶ Providing training programs in each of the compliance risk areas
- ▶ Ensuring that concerns are addressed, including enhancements to the Corporate Compliance and Ethics Program

Granite employee Cooper Bringhurst ▶





*"Boldly contending for that which is right and firmly rejecting that which is wrong."*

Walter Wilkinson  
Granite Founder, circa 1940s

**NITE™**









## Ethisphere Institute Award

In 2010 and 2011, Granite was recognized by the Ethisphere Institute as one of the World's Most Ethical Companies. Granite made the coveted list by setting the industry standard for our commitment to improving the communities in which we work, promoting sustainable business practices, and setting the highest levels of ethical behavior in the workplace.

"Granite places a strong value on corporate responsibility. Being named to Ethisphere's 2011 World's Most Ethical Companies list is a testament to the solid foundation we have in place," said James H. Roberts, president and chief executive officer of Granite Construction Incorporated. "Our Code of Conduct has guided our actions for generations and is embedded in our everyday decisions as a trusted employer, partner, and corporate citizen."



*"As companies strive to maintain a competitive advantage, good ethics translate into better business, and better business means better bottom lines. Granite recognizes the important role that principled practices play in brand reputation, which ultimately is the most valuable asset of a corporation. Each year the competition for the World's Most Ethical Companies gets more intense, and this year was no exception, with a record number of organizations vying for this distinguished honor. Ethisphere congratulates Granite on being one of the World's Most Ethical Companies for 2011."*

Alex Brigham  
Executive Director of the Ethisphere Institute





**Overarching Aspiration:** To continually lead in environmentally responsible operations and sustainable construction practices

**Aspirational Goal:** Zero environmental incidents or infractions

Key Initiatives	Progress
We will maintain an effective Environmental Management System (EMS) and routinely perform internal EMS audits.	In 2011 we conducted Environmental Management System audits on 100 percent of our business units.
We will comply with applicable environmental regulations by maintaining environmental expertise and compliance systems and by conducting employee training.	The number of formal enforcement actions by a regulatory agency in 2011 was nine compared with 14 in 2010.
We will routinely conduct internal evaluations of our plant and project sites.	In 2011 each plant site and large project was inspected at least once by internal Environmental staff.
We will operate energy-efficient asphalt production facilities on a per-unit consumption basis.	In 2011 we developed an energy conservation plan coined the 10-1-1 Plan to reduce energy consumption at 10 asphalt concrete plants.
We will increase the sale and the use of warm-mix asphalt consistent with our quality objectives.	In 2011 warm-mix asphalt production was 8 percent of total asphalt produced, which is up considerably from 2.3 percent in 2009. Our interim goal is for warm-mix to be 20 percent of all the asphalt we produce.
We will increase the use of recycled asphalt pavement.	In 2011 our recycled asphalt content of all asphalt produced averaged 11 percent. Our interim goal is to achieve an average recycled asphalt content of 15 percent.
We will support our customers and project owners in meeting their sustainability goals.	We have increased our internal awareness of sustainable construction practices. We have a representative on the Board of the Greenroads Foundation and a representative on the Sustainable Infrastructure Advisory Board, which works in partnership with the Institute for Sustainable Infrastructure.

## Sustainable Infrastructure

We recently joined the Sustainable Infrastructure Advisory Board (SIAB) at Harvard University’s Graduate School of Design to assist in developing and promoting a rating system to measure the sustainability of infrastructure projects nationwide. This rating system will provide valuable insight to Granite’s customers and project teams by providing a method for evaluating the viability and the longevity of the sustainable infrastructure projects. The SIAB is a part of the Zofnass Program for Sustainable Infrastructure.

The Zofnass Program was founded in 2008 and is housed at Harvard University’s Graduate School of Design. Its mission is to research, develop, and promote methods, processes, and tools that define and quantify sustainability for infrastructure projects. Visit:

[www.gsd.harvard.edu/research/research\\_centers/zofnass/index.html](http://www.gsd.harvard.edu/research/research_centers/zofnass/index.html)

Granite is a charter member of the Institute for Sustainable Infrastructure. For more information visit:

[www.sustainableinfrastructure.org](http://www.sustainableinfrastructure.org)

A cornerstone of our efforts is the use of recycled materials in the construction materials that we produce. To learn more about our “green” construction capabilities, visit:

[www.graniteconstruction.com/sustainability](http://www.graniteconstruction.com/sustainability)





*"As a leading infrastructure contractor, Granite is a valuable member of our advisory board. We are thrilled to have them as a member of our organization."*

Andreas Georgoulas, PhD  
Harvard University Faculty





## Case Study

### State Road 520 | Washington

The State Road (SR) 520 design/build project began in 2011 and includes reconstruction of the existing roadway with the inclusion of a high-occupancy vehicle lane to increase traffic efficiency and movement through the corridor. Key improvements for the project include widening, realignment, construction of overpass lids, stormwater management improvements, and stream and culvert crossing improvements to fish-bearing habitat areas.

Major goals for the project proposal included contractor evaluations with a focus on environmental stewardship and sustainable construction practices. The project design deliverables resulted in fish passage and riparian improvements for streams and culverts, increased open-channel areas to promote salmon spawning, and a reduction in wetlands disturbance from the conceptual design. Construction goals for the project included recycling and reuse of materials throughout the project and to meet or exceed specific community commitments associated with the project's construction.

The resulting work product at completion will clearly demonstrate that the long-term success of infrastructure improvements relies on balancing community, environmental, and financial considerations.

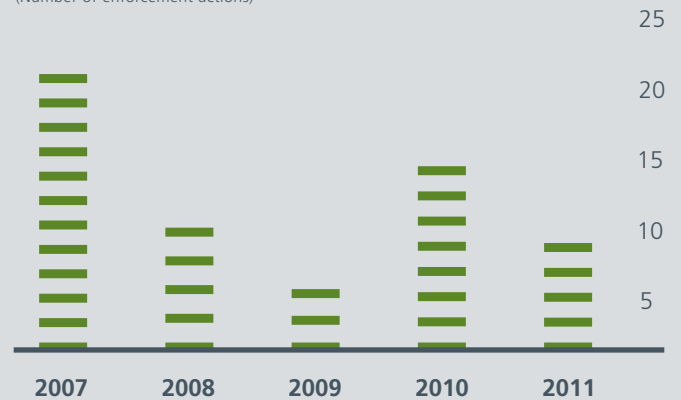
SR 520 is scheduled for completion in 2013.



## Key Data

### Environmental Enforcement Actions over the Past 5 Years

(Number of enforcement actions)



Note: In prior reports only enforcement actions against Granite Construction Company were included. This report includes enforcement actions against Granite Construction Incorporated (parent company), subsidiaries, and sponsored joint ventures.

The consistency with which we meet environmental laws and regulations has improved through the implementation of the Granite Environmental Management System, the environmental expertise we have imbedded in the organization, and our training programs. In 2010 our performance was affected by our reorganization efforts to adapt to the economic downturn. In 2011 the fines associated with the enforcement actions ranged from \$0 to \$25,000. A root cause analysis is performed on all enforcement actions and preventive measures implemented. Our objective is full compliance at all times, and we are working hard to achieve this. The challenges we face in achieving this are increasing regulatory complexity, geographically dispersed operations, and varying site conditions.

### Environmental Awards

Here are just a few of the many Environmental awards we received in 2010 and 2011:

#### National Stone, Sand & Gravel Association

2010 and 2011 Environmental Excellence:  
Southern California and Utah Operations

#### National Asphalt Pavement Association

2010 Ecological Award:  
Southern California and Utah Operations

#### Northwest Clean Air Agency

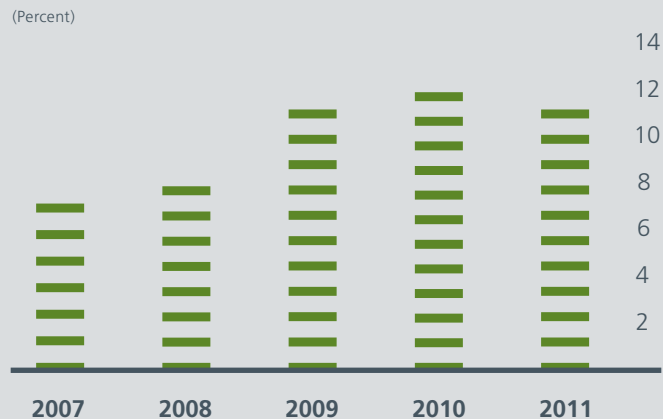
2011 Clean Air Platinum Award:  
Western Washington Operations





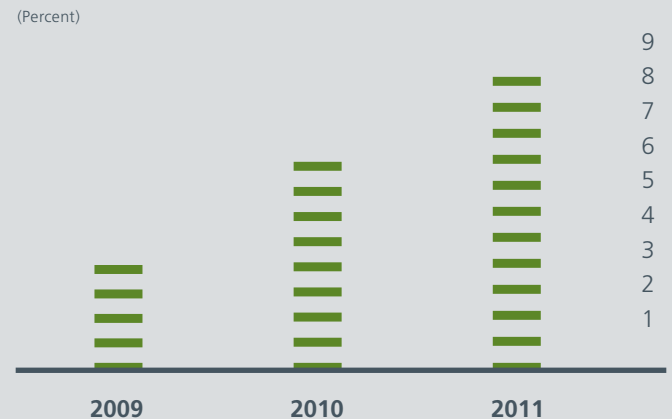
## Key Data

### Recycled Asphalt as a Percentage of Total Asphalt



Since 2007 we have been successful in increasing the recycled asphalt content of the asphalt we produce. In the past few years, the average content has leveled out. One of the challenges we face is customers and government agencies allowing an increased percentage of recycled asphalt content in asphalt pavement.

### Warm Mix Asphalt as a Percentage of Total Asphalt



Over the past three years, the amount of warm-mix asphalt as a percentage of total asphalt produced has more than tripled. Challenges we face in increasing the amount of warm-mix we produce include its acceptance by customers and public agencies.

## Warm-Mix Asphalt Benefits

Warm-mix asphalt is a viable alternative to traditional hot-mix asphalt. It reduces air emissions and fuel consumption and provides other benefits to our clients and the communities in which we work. Warm-mix asphalt is typically produced at temperatures that are 50 to 100 degrees lower than those used for traditional hot-mix asphalt. The benefits include:

- ▶ Increased time to complete compaction
- ▶ Ability to pave in cooler ambient temperatures
- ▶ Extended paving season
- ▶ Asphalt pavement mixtures can be hauled longer distances
- ▶ Higher percentages of recycled asphalt may be used while maintaining lower temperatures than would be used with hot-mix asphalt
- ▶ Faster release of pavement to traffic
- ▶ Lower emissions
- ▶ Reduction in fuel consumption

Warm-mix asphalt test site ▶







## Energy Conservation Plan

In keeping with our objective to improve our energy efficiency, we developed and implemented the 10-1-1 Plan. By investing \$1 million in energy conservation measures at 10 asphalt plants, we estimate that we will save \$1 million per year in energy costs. The conservation measures include insulating 10 dryer drums, installing variable-frequency drives on exhaust fan motors, and installing energy conservation devices. The plan was developed through internal partnerships and contributes to reducing energy resource consumption and the use of fossil fuels.

### Granite Commissions One of the Nation's First Solar-Powered Construction Materials Facilities

Located in Coalinga, California, Granite's new 1-megawatt (MW) solar power plant is our largest net metering system constructed to date. Built using innovative technologies from Solar Frontier, eIQ Energy, Siemens, and Unirac, the 8-acre system comprises one of the most advanced thin-film net metering projects in the country today. Combined, the copper, indium, and selenium thin-film solar panels, power management processes, and inverter controls are expected to reduce operational expenditures and increase overall efficiency. The solar power plant generates enough power to run the asphalt plant facilities, making it the first solar-powered asphalt plant in the nation.

To date, Granite has built two other net metering facilities in the West, including a 318-kilowatt (kW) system in Indio, California, and a 159 kW system in Tucson, Arizona. These projects provide Granite with valuable experience as a constructor of renewable-energy facilities as well as a developer and an ultimate end user.



### Granite's Indio and Tucson Facilities Use Innovative Technology to Generate Renewable Energy

Our asphalt concrete and aggregate facilities in Indio, California, and Tucson, Arizona, are among the first in the nation to use innovative solar technology to generate power.

The Indio and Tucson installations are representative of Granite's initiative to reduce energy emissions at its construction materials facilities.

*"The commissioning of this site [Indio, California] is significant not only for Granite and the Coachella Valley but also for the state of California. This installation helps the state achieve its goal of reducing greenhouse gas emissions and signifies Granite's environmental commitment to reducing consumption of traditional forms of power at our materials facilities."*

James H. Roberts  
Granite President and Chief Executive Officer

◀ Solar power plant  
Coalinga, California



**Overarching Aspiration:** To have customers who are 100 percent satisfied

**Aspirational Goal:** Zero materials or workmanship defects

Key Initiatives	Progress
We will measure rework and use it to improve future materials and construction quality.	In 2012 we implemented a method of measuring rework.
We will maintain a quality management system for quality control and will routinely perform internal quality management system audits.	All business units with construction materials facilities were audited in 2011.
We will earn quality bonuses on eligible projects.	A bonus measurement metric was established and communicated to Operations for 2011, with an improvement goal set for 2012.
We will responsibly implement the use of sustainable-materials technologies so that the quality of end-product materials is not compromised.	Extensive internal and external training on the benefits, responsible use, and successful experience with warm-mix asphalt and recycled materials in hot-mix asphalt has been conducted over the past 10 years.
We will provide industry-leading technical training for quality staff.	A multiyear Pavement/Materials Program has been established with the University of Nevada, Reno. The program provides annual training that includes both classroom and laboratory time.
We will manage materials plant quality performance through our Plant Quality Performance Indicator.	A Plant Quality Performance Indicator has been established and communicated to all Operations for 2011, with an improvement goal set for 2012.
We will maintain a quality control database for construction materials testing and real-time dissemination of quality reporting.	We have established and maintained the quality control database in 2011, with an improvement goal set for 2012.



Adam Hand, PhD, director of quality management at Granite Construction Incorporated, was named to the Board of Directors of the Greenroads Foundation.

Greenroads is a collection of sustainability practices, called credits, that relate to roadway design and construction. Achieving these credits can earn points toward a total score for the project; in general, this Greenroads™ score can be used as an indicator of sustainability for the roadway. Four different certification levels (ratings) are available on a voluntary basis and depend on total score.

The Greenroads Foundation is a nonprofit, third-party corporation established in summer 2010 to manage certification reviews for roadway and bridge projects using the Greenroads Rating System.





### **Quality Awards**

Here are just a few of the many Quality awards we received in 2010 and 2011:

#### **American Concrete Pavement Association**

2010 Quality in Construction:

I-80 project, Rainbow, California

2010 Excellence in Paving:

New I-64 project, Missouri

International Airport Bus Lanes Phase VI, Utah

De-icing Pad Taxiway L, Phase I, Utah

2010 Best Portland Concrete for Urban Divided Highway Project:

I-64 project, Missouri

#### **National Asphalt Pavement Association**

2009, 2010, 2011 Diamond Quality Commendation:

California, Nevada, Washington, and Utah Operations

2011 Quality in Construction:

5th and Ralston Street Reconstruction project, Nevada

2010 Quality in Construction:

BIA PIR Route 15 project, Arizona

#### **American Public Works Association**

2010 Public Works Project of the Year:

I-64 project, Missouri

#### **Midwest Construction**

2010 Best of Award:

I-64 project, Missouri

#### **St. Louis Concrete Council**

2010 Quality Award:

I-64 project, Missouri

#### **American Association of State Highway and Transportation Officials**

2010 America's Transportation Award:

I-64 project, Missouri

2011 National Partnership for Highway Quality Award:

I-64 project, Missouri

#### **California Department of Transportation**

2011 Quality in Construction General Paving:

I-15 Median project, Southern California





**GRANITE**





## Quality Management

The implementation of quality control (QC) procedures along with a companywide QC database has improved data integrity and reliability, significantly improving operational efficiency. Technology has eliminated the need for many raw data sheets and paper-based reports and has enabled electronic tracking of samples and results. This is an example of providing Operations with tools to truly do more with less!

## Industry-leading Technical Training

Granite leverages internal and external resources to keep our quality professionals well educated about the latest materials technologies. Doing so makes it possible for us to optimize the use of sustainable materials, materials quality, and materials costs. Training forums for Granite's quality staff range from multiday formal classes and lab courses developed and delivered on campus by the University of Nevada, Reno (UNR) Pavement/Materials Program specifically for Granite; to attendance at national industry conferences and workshops; to technical training delivered by industry and subject-matter experts. The most recent training at UNR focused on superpave mix design and the best technical approaches to using recycled materials, such as recycled asphalt pavement and shingles.



## Star Performance Process

The Star Performance Process was developed to support achievement of operational excellence throughout Granite operations by continuously focusing on five key operational areas. This process leverages the successful Granite Safety Program. The Star Card was created to focus attention on safety, productivity, quality, Code of Conduct, and environment during daily Take 5 meetings. Site supervisors use the Star Card in reviewing specific aspects of the day's work.



◀ SR 201 project  
Utah

**Overarching Aspiration:** To have a positive effect on the communities in which we work

**Aspirational Goal:** Zero negative impacts on community members

Key Initiatives	Progress
<p>We will maintain a communications protocol for handling community complaints.</p>	<p>Each region has a protocol for handling external communications, including complaints. In 2012 we will be reviewing our process for handling complaints and making improvements. During 2011 we received one formal complaint about odor that was reviewed, identified, and corrected in 2012.</p>
<p>We will engage with our communities through a variety of activities and community events.</p>	<p>Each region with fixed construction materials facilities engages in sponsorship of community events both on the premises of our operations and off. These include actively partnering with local nonprofits, hosting local academic competitions, and conducting plant tours. Our Large Project Construction employees work with their joint-venture partners to host tours and engage the communities in which they work.</p>
<p>We will support community and national nonprofit associations consistent with the company's charitable contributions strategy.</p>	<p>In 2011 we supported more than 300 nonprofit organizations.</p>
<p>We will publicly report to stakeholders about our sustainability efforts.</p>	<p>We have published two reports and provide sustainability information and data on our website:  <a href="http://www.graniteconstruction.com/sustainability">www.graniteconstruction.com/sustainability</a></p>


## Sustainable Infrastructure

We view our community broadly to include all stakeholders of the company. A stakeholder is an organization, an individual, or a group of people who can be affected by the company or could affect the company. We consider all of our stakeholders in the conduct of our business.

Just a few of the nonprofit organizations we support:

- The Leukemia & Lymphoma Society**
- Big Brothers Big Sisters**
- United Way**
- Save Our Shores**
- Alzheimer's Association of Northern California**
- Diabetic Youth Foundation**
- Meals On Wheels**
- The Salvation Army**
- Ronald McDonald House**



Get Out and Live Foundation kids   
Utah





*"We take our responsibility to be a constructive part of the communities in which we work in seriously. As such, we support hundreds of community-based organizations with both resources and employee volunteers."*

Robert Dugan  
Director of Government Affairs





## Community Involvement

We are committed to the communities in which our employees live and work. From participating in cleanups to hosting blood drives to funding scholarships, we consistently support local and national charities. Here are some examples of how Granite gives back.

### Spring Field Trip | Alaska, 2010

In the spring of 2010, Granite's Alaska Region worked with the Ignite gifted program at the elementary schools on the Elmendorf-Fort Richardson joint military base. A group of Granite employees visited two of the Ignite classrooms to talk to the students about various careers with Granite and the importance of getting an education. The Construction Materials team showed the class how they used the sieves to sort the gravel size.



### Save Our Shores Beach Cleanup | California, 2010 and 2011

Many of our employees participate in one of the largest volunteer events nationwide, called Coastal Cleanup Day, held each September. Every year beach, waterway, and inland cleanups take place up and down the West Coast. Past research data reveals that 85 percent of the debris on our beaches and shorelines comes from inland sources through storm drains or creeks. In 2010, 99 volunteers from Granite's corporate and local regional offices visited nearby beaches to participate in the cleanup event. In 2011 more than 200 people volunteered at just one local beach in California, including Granite employees and a Boy Scouts troop. Volunteering demonstrates community support for our shared natural resources and is a great way to have fun.

### Community Awards

Here are just a few of the many Community awards we received in 2010 and 2011:

#### National Asphalt Pavement Association

2010 Community Involvement:  
Southern California and Utah Operations

2010 Diamond Commendation Good Neighbor:  
Nevada Operations

#### PR News

2011 Platinum Award for Community Relations:  
I-64 project, Missouri

#### National Stone, Sand & Gravel Association

2011 Excellence in Community Relations:  
Nevada Operations



### Japan Tsunami Relief Efforts | 2011

On March 11, 2011, we all watched the news unfold about the devastation caused in Japan by a massive earthquake and tsunami. The death toll exceeded 20,000. In addition, news sources estimated that 768,000 buildings were damaged or destroyed; more than 700 roads, bridges, and railways were damaged, causing transportation paralysis; and more than 370,000 people were housed in temporary shelters. Granite employees stepped up to help through donations with matching contributions to the following organizations:

- ▶ American Red Cross International
- ▶ AmeriCares
- ▶ Save the Children
- ▶ International Medical Corps
- ▶ World Vision
- ▶ Mercy Corps



### Annual Food Drive | Washington, 2011

Granite offices in Yakima and eastern Washington recently conducted their fourth annual food drive, collecting 2,720 pounds of food and \$1,040 in cash. The event was a team effort by Granite employees, area vendors, and the local community. All of the proceeds were donated to the local St. Vincent de Paul Center.

### Red Cross Blood Drives | 2010–2011

Granite participates in an annual “bleed green” blood drive event across its business units. Offices in Arizona, California, Nevada, Washington, and Utah contributed more than 180 units of blood in 2010 alone. Given that one unit of blood has the potential to save up to three lives, Granite teams made a difference!





# INFRASTRUCTURE INVESTMENT

**Overarching Aspiration:** That America continually invests in infrastructure that meets the needs of the next generation

**Aspirational Goal:** To achieve a sustainable increase in public infrastructure investment

## Key Initiatives

We will be actively engaged in and provide support to associations that promote infrastructure funding. We will coordinate the number and the level of Granite's leaders and employees involved with local industry advocacy organizations.

We will provide leadership in concert with our primary advocacy organizations in Washington, DC, and at the state level. We will coordinate the number of state and national organizations sponsored by senior Granite executives in support of advocacy.

We will have active, local grassroots advocacy programs. Each business unit will have designated champions who maintain active contacts and communication with local public officials.

## Progress

We are active in a leadership and advocacy role with all of the national organizations in which we hold memberships. These include the the American Road & Transportation Builders Association; the Associated General Contractors of America; the National Asphalt Pavement Association; the National Stone, Sand & Gravel Association; and the US Chamber of Commerce.

Each regional office is engaged with state and local organizations that represent its interests. As an example, in our Northern and Southern California Regions, these include the California Construction and Industrial Materials Association, the California Chamber of Commerce, the Sacramento Metropolitan Chamber, and the Associated General Contractors of America chapters. Each year representatives from Northern California also participate as delegates in the Sacramento Metropolitan Chamber's annual Capitol-to-Capitol trip, the largest regional advocacy trip of its kind in the United States. Other regions support the American Public Works Association, the American Society of Civil Engineers, and the local Transportation Foundation.

We have a public affairs presence with each state in which we have physical offices. These include California, Nevada, Utah, Arizona, Texas, Washington, New York, Florida, and Alaska.

## America's Infrastructure Report Card

Sufficient public and private funding of our nation's infrastructure is critical to improving the quality of life and the economic prosperity in the country. In 2009 the American Society of Civil Engineers published a report card on America's infrastructure, giving it a grade of D, showing no significant improvement since the 2005 report. Grades ranged from a high of C+ for solid waste to a low of D- for drinking water, inland waterways, levees, roads, and wastewater. Surface transportation and aviation systems in the United States declined over the past four years, with aviation and transit dropping from a D+ to a D and roads dropping from a D to a nearly failing D-. Just one category—energy—improved since 2005, with a raise from D to D+. For more information visit:

[www.infrastructurereportcard.org](http://www.infrastructurereportcard.org)

In 2010, according to *Engineering News-Record* Sourcebook rankings, Granite was named:

**4th** among the Top 20 Contractors in Transportation

**4th** among the Top 50 Domestic Contractors

**28th** among the Top 400 Contractors

Norman Y. Mineta San Jose International Airport ►  
San Jose, California







## Case Studies



### Mountain View Corridor | Utah

The Mountain View Corridor project began construction during 2010 and includes the development and the construction of approximately 16 miles of new highway alignment in the western portion of the Salt Lake City valley. The project includes the development of signalized intersections, bridge structures, and significant drainage improvements along the alignment. Secondary improvements include the construction of a bicycle path network that promotes roadway safety and recreational use of the transportation corridor.

The project represents a major endeavor and a long-term vision and plan to improve and sustain safe regional transportation access to multiple rapidly growing communities along the corridor. As part of sustainable planning and a commitment to supporting infrastructure investment, 25 percent of the pavement used for the project is recycled asphalt pavement.

Execution of the project in the face of challenging economic times demonstrates the proactive commitment by the state of Utah to addressing long-term planning and development of current projects, for both current and future transportation access, and to meeting the needs of growing communities. Such vision and courage ultimately support and sustain economic growth and quality of life for citizens of and visitors to the entire state.

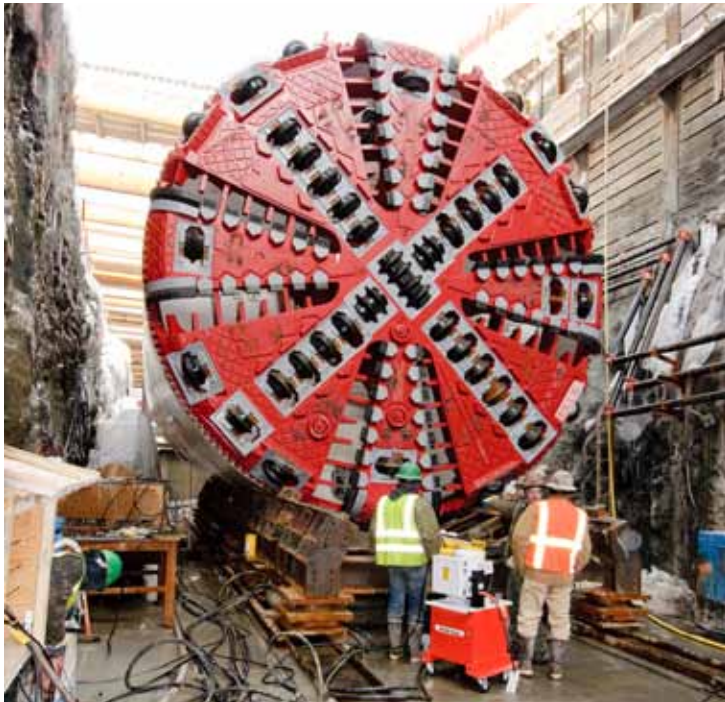
The project is scheduled for completion at the end of 2012.



### Intercounty Connector | Maryland

The Intercounty Connector (ICC) project scope included the construction of approximately 7 miles of a six-lane divided highway, the relocation of 5 local roadways, and the construction or reconstruction of 3 interchanges, 7 dual bridges, 11 single bridges, 4 bridge widenings, and a 610-foot deck-over structure. The work incorporated approximately 650,000 square yards of paving and 2.4 million cubic yards of earthwork, plus drainage, structures, signage, lighting, signalization, striping, electronic toll collection, an intelligent transportation system, fencing, barriers, guardrails, landscaping, utility relocations, and the maintenance and the protection of traffic.

Granite was selected for this project in part because of our focus on the critical ecological and community factors that influence this environmentally sensitive setting, which includes a portion of Rock Creek State Park. The joint venture constructed the westernmost 7.2 miles of the ICC, which opened on February 22, 2011. The ICC is Maryland's first electronic toll road; it connects I-370 at Shady Grove and MD 97 (Georgia Avenue) in Rockville/Olney to I-95. The ICC project was featured by *Engineering News-Record* as the Northeast Region Best Project of 2011.



### **Queens Bored Tunnel | Queens, New York**

This project involves the construction of four soft-ground transit tunnels using slurry shield technology. The joint-venture team will bore three out of four tunnels lined with precast concrete segments under the Sunnyside Yard in Queens. The project scope also includes the construction of emergency exit structures, a large open-cut launch structure, three reception pits, building demolition, jet grouting, ground freezing, underpinning of bridges, and utility relocation. The project is a critical element of the East Side Access program, which, when completed, will connect the Long Island Railroad to New York's Grand Central Station.

The Sunnyside Yard is situated partially in an old deactivated waste disposal dump site for the City of New York dating from the 1920s to the 1950s. A large and vigorous due-diligence effort was expended on this project prior to approvals, award of contracts, and commencement of construction. An environmental monitoring process is in place for the duration of the project, along with very close scrutiny placed on numerous groundwater-monitoring wells. Reports are submitted to the New York City Department of Environmental Protection and to the project owner, the Metropolitan Transportation Authority. Work on the project began in late fall 2009 and is estimated to be completed by 2013.

### **Construction and Partnering Awards**

Here are just a few of the many Construction and Partnering awards we received in 2010 and 2011:

#### **Associated General Contractors of America**

2011 Marvin M. Black Excellence in Partnering Award:  
Silverbell Road Sanitary Sewer Interceptor Project, Arizona

2011 Meeting the Challenge of the Difficult Job—  
Heavy Engineering:  
Canyon/I-80 Truckee River Bridge to Nevada State Line

2010 Urban Highway Project of the Year:  
Riverdale Road Reconstruction 550 West to Washington  
Boulevard, Utah

2010 Pinnacle Award Excellent Client Service:  
City of Reno Street Rehabilitation, Nevada

2010 Pinnacle Award People's Choice:  
Carson City Airport, Nevada

#### **Utah Department of Transportation**

2011 Large Contractor of the Year:  
Foothill Boulevard  
SR-201 Auxiliary Lane  
SR-171; I-215 at 3500S  
Bangerter Highway  
Various Bridges

#### **International Partnering Institute**

2010 Diamond Partnered Project of the Year:  
Silverbell Road, Arizona

#### **American Association of State Highway and Transportation Officials**

2010 Missouri Valley Transportation Award:  
I-64 project, Missouri

#### **Engineering News Record**

2011 Northeast Region Best Project:  
Intercounty Connector, Maryland



## About Our Data

Sustainability data can be challenging to measure accurately. We work to continuously improve our data measurement, gathering, and reporting processes to increase the integrity of the information presented. This report contains the best data available at the time of publication.

## Future Outlook

Granite strives to incorporate social, economic, and environmental considerations in everything we do. We continuously explore new ways to integrate our strategies across our business units and culture, instill sustainable practices in our employee experience, and learn from a broad group of stakeholder perspectives. Granite is committed to improving operating efficiency in every aspect of our business and reducing our environmental footprint.

We look forward to sharing our progress and announcing new goals in future reports.

## Contact Us

We hope you enjoyed reading this report. Please forward your feedback to:

### Mail

Granite Construction Incorporated  
PO Box 50085  
Watsonville, CA 95077

### Phone

(831) 724-1011

### Fax

(831) 728-7513

More information on Granite and its services can be found at:  
[www.graniteconstruction.com](http://www.graniteconstruction.com)

For more information about this report, please e-mail  
[environmental@gcinc.com](mailto:environmental@gcinc.com)



## Sustainability Council

We manage and lead our sustainability efforts through our Sustainability Council. The role of the council is to shepherd our Sustainability Plan forward and make periodic updates to ensure that it is current and takes into consideration input from internal and external stakeholders. Each member of the council represents a particular aspect of our sustainability focus areas and champions its implementation throughout the organization.

### Member

#### Geoff Boraston (Chair)

*Director of Environmental Affairs*

#### Bob Johnson

*Director of Safety*

#### Adam Hand

*Director of Quality Management*

#### Michael Green

*Compliance Manager and Counsel*

#### Robert Dugan

*Director of Government and Public Affairs*

#### Jacque Fourchy

*Director of Investor Relations and Communications*

#### Bill McGowan

*Large Projects Regional Manager*

#### Gary Cusumano

*Director*

### Representing

**Environment**

**Safety and Health**

**Quality**

**Compliance and Ethics**

**Infrastructure Investment and Community**

**Community**

**Community**

**Board of Directors Liaison**







**GRANITE**<sup>™</sup>

[www.graniteconstruction.com](http://www.graniteconstruction.com)