



2019 Sustainability Progress Report

BUILDING...





A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

Social

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment

COLLABORATIVE PARTNERSHIPS.

We value the benefits that come from collaborative partnerships. We believe working together toward a common goal generates value at every level by creating smarter ways to work. All our stakeholders—employees, clients, investors, and suppliers—are welcome partners in our efforts to evolve our sustainability program and build a better world for everyone.





A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

Social

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment

MEANINGFUL ENGAGEMENT.

Meaningful engagement with our stakeholders is critical to the success of our projects and our company. Engaging with a variety of constituents gives us the benefit of learning from their different perspectives. In 2019, we took meaningful engagement a step further by completing our first materiality assessment, gaining input from key stakeholder groups.





A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

Social

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment

A BETTER FUTURE TODAY.

A better future starts today. It starts when different people unite to meet new challenges. It starts when we work to create a more sustainable society by building the infrastructure that is the very foundation of the future. It starts with collaborative partnerships and meaningful engagement. It starts with Granite.





> **A Message from our CEO**

About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

Social

- Safety
- Community
- Our People
- Compliance & Ethics

Environmental

- Water Conservation
- Reducing Emissions
- Sustainable Practices
- Sustainable Solutions

Economic

- Operational Excellence
- Client Alignment
- Innovation
- Infrastructure Investment



Granite has a long, proud history of building infrastructure with honesty, integrity, and a keen awareness that what we build impacts generations to come. Through our enduring commitment to ethical and sustainable business operations, we continue to grow that legacy today.

We made progress on our 2020 Sustainability Objectives this year and built a stronger foundation to evolve our approach to sustainability. Our stakeholders are welcome partners in this journey, so we engaged them directly in a sustainability materiality assessment to learn more about their perspectives on Granite’s impacts and priorities for improvement on

environmental, social, and governance (ESG) issues. This foundation enables us to build a better understanding of what our stakeholders value into our sustainability strategic plan.

In 2019, Granite’s operations were safer than any time in our 98-year history, as measured by our overall safety incident rate. We trace this improvement directly to the steadfast

dedication of our employees. During the year, we launched a new safety branding campaign to unify our teams around a single message: Safety by Choice. This message emphasizes that we are all responsible for making safe choices, not only for ourselves, but also for those around us. We are committed to elevating our safety program—our goal is zero injuries.

Our greatest partnership is the one we have with our employees, so we continuously strive to provide excellent working environments and career development opportunities. Valuing and appreciating individual differences improves our performance and enriches our communities. That is why we are dedicated to fostering a work culture of inclusive diversity—where everyone feels fully engaged in a belonging environment. To that end, in 2019 we added a Vice President of Diversity and Inclusion who will help Granite better address the needs of our ever-changing workforce, workplace, and marketplace.

In this rapidly evolving space, we continue to learn more about the role Granite can play in improving sustainability practices in the

infrastructure industry. Granite sponsored the American Society of Civil Engineers’ 2019 International Conference on Sustainable Infrastructure, where a key focus was the challenges cities face when building and rebuilding for increased resiliency. We are looking to established frameworks such as Envision™—a framework that encourages systemic changes in the planning, design, and delivery of sustainable and resilient infrastructure—to guide efforts to improve sustainability in our operations.

Granite is dedicated to finding the best solutions for our people, clients, and communities as we face the challenges of the new decade. Our goal is to be the partner of choice for clients seeking to build infrastructure with improved sustainability and resiliency.

James H. Roberts
President and Chief Executive Officer



A Message from our CEO

> **About Granite Construction**

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

Social

- Safety
- Community
- Our People
- Compliance & Ethics

Environmental

- Water Conservation
- Reducing Emissions
- Sustainable Practices
- Sustainable Solutions

Economic

- Operational Excellence
- Client Alignment
- Innovation
- Infrastructure Investment

GRANITE IS AMERICA'S INFRASTRUCTURE COMPANY™

We are focused on delivering infrastructure solutions for public and private clients in the Americas. We exist to satisfy society's need for mobility, power, water, and essential services that sustain living conditions and improve quality of life.



Our [Code of Conduct](#) and [Core Values](#) guide our company to uphold the highest ethical standards. These values mandate that we do what is right for future generations.





A Message from our CEO

> About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

Social

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment

EST. IN 1922 ENR TOP 400 LIST #1 HIGHWAYS #1 MINING

We recognize that reliable infrastructure is a critical component of a sustainable society as it allows the movement of people, flow of commerce, supply of energy, and availability of critical residential and commercial utilities. We also understand the importance of sustainability in the context of communities facing extreme weather events and the need to build or rebuild with increased resiliency. Our in-house expertise supports our clients in meeting their own sustainability goals.



World's Most Ethical
Companies® 11 Years in
a Row (2010-2020)



Fortune Magazine's
World's Most Admired
Companies (2020)



Forbes Magazine, one of
America's Best Mid-Size
Employers (2019)



Certified Great Place to
Work® (2019-2020)



Engineering News Record
(2019)

- | | |
|--------------------------|-----------------------|
| #24 Top 400 | #6 Dams/Reservoirs |
| #1 Highways | #6 Transportation |
| #1 Mining | #8 Water Supply |
| #2 Sanitary/Storm Sewers | #9 Transmission/Dist. |
| #2 Water Transmission | #14 Solar |
| #5 Bridges | #16 Airports |
| | #18 Mass Transit/Rail |



A Message from our CEO

> About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

Social

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment

OUR MARKETS

Granite offers diverse capabilities across geographies and end-markets. We focus on nine markets:



TRANSPORTATION

Infrastructure that drives the movement of goods and people.



FEDERAL

Projects for those that protect and serve our country.



PAVEMENT PRESERVATION

Roadway solutions for residential street, highway, and commercial clients that enhance mobility.



POWER

Traditional and renewable projects that provide reliable power to communities.



INDUSTRIAL

Scalable solutions for mechanical, mining, and manufacturing.



WATER & WASTEWATER

Systems to clean and conserve water resources.



COMMERCIAL & RESIDENTIAL

Work that improves where we live, work, and play.



ENVIRONMENTAL

Remediation services to sustain our planet and safeguard its people.



TUNNELING

Intricate tunneling systems and drilling services that provide critical transportation avenues and raw materials.



A Message from our CEO

> About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

Social

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment

OUR COMMITMENT TO SUSTAINABILITY

Sustainability is about people and their quality of life. Sustainable development “meets the needs of the present without compromising the ability of future generations to meet their own needs.” (Report of the World Commission on Environment and Development: Our Common Future, 1987.)

Sustainability in infrastructure refers to designing, building, and operating structural elements in ways that do not diminish the social, economic, and ecological processes required to maintain human equity, diversity, and the functionality of natural systems.

Our commitment to sustainability adds value to Granite by attracting top talent, investors, clients, and new opportunities.

In practice, sustainability is Granite’s strategic approach to managing business with the future in mind by integrating values of dependable governance, social responsibility, environmental stewardship, and sustainable economics into our operations.

As one of the largest diversified infrastructure providers and construction material producers in the U.S., Granite is committed to building a better future by doing the right thing the right way. To meet this commitment, we will:

- Promote the safety, health, and vitality of our people
- Perform work with honesty, integrity, and ethics
- Consider and champion current and future needs of communities we serve

- Recognize our impact on the environment and duty to protect it
- Manage operations, produce material, and deliver construction projects using sustainable practices
- Preserve the company for generations to come by delivering long-term performance

Sustainability is our strategic approach to managing business with the future in mind.





A Message from our CEO

About Granite Construction

> **About This Report**

Overview of 2020 Objectives

Governance

Materiality Assessment

Social

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment



ABOUT THIS REPORT

We use the term “sustainability” for this report because it encompasses the comprehensive set of goals we aspire to achieve, including corporate social responsibility, environmental stewardship, and responsible governance. We have adopted an annual sustainability report cycle to report publicly on progress related to sustainability initiatives. This report represents Granite and its subsidiaries in 2019.

In our most recent report, published in June 2019, we shared our 2020 Sustainability Objectives. This report includes brief updates on our progress toward achieving those objectives by the end of this year. We also provide updates on other efforts to strengthen our sustainability program.

In 2019, we evaluated our current program with an eye toward improvement and drafted an updated strategic plan for sustainability. Our Sustainability Council and leadership teams are reviewing this plan to vet it from different perspectives. Based on this examination, we will then improve our sustainability efforts at the regional level by engaging our business units to build increased commitment into their operations.

One of our goals is to align our reporting with metrics from established frameworks. We are currently assessing our capability to provide disclosures on relevant metrics outlined by the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB). We have also developed sustainability data dashboards that provide real-time progress on our initiatives. This is part of our effort to be data-informed as we evolve our approach to sustainability. When we identify new opportunities for improvements, we will implement methods to measure performance, gather baseline information, and set meaningful targets for improvement.

Because we are still in the process of developing an updated strategic plan for sustainability, this report includes brief updates in key areas, but not new targets. New targets will be released in our next annual Sustainability Progress Report.



Governance



Social



Environmental



Economic

< This report is organized around Governance, Social, Environmental, and Economic issues.

OVERVIEW OF 2020 OBJECTIVES

✓ Completed → In Progress

→ **Safety**
Reduce our OSHA safety incident rate to 0.90.

✓ **Community**
Further engage employees with volunteering for charitable organizations by establishing a method to track employee volunteer time.

→ **Our People**
Increase women and minorities in management and leadership positions.

✓ **Our People**
Be recognized as a “Great Place to Work.”

→ **Compliance & Ethics**
Provide basic compliance training to more than 99% of employees company-wide.

✓ **Compliance & Ethics**
Adopt an Anti-Bribery Compliance Program modeled on ISO 37000.

→ **Environmental**
Achieve an average client satisfaction score of 4.5 out of 5.0 for environmental performance.

→ **Environmental**
Reduce greenhouse gas emissions/fuel consumption associated with mobile fleet and asphalt plant operations by 2% year-over-year.

→ **Operational Excellence**
Establish a baseline for measuring first-time quality with a long-term goal to achieve greater than 98% of work installed right the first time.

→ **Client Alignment**
Achieve a client satisfaction score of 4.5 out of 5.0 for 75% of our total clients.

→ **Client Alignment**
Increase the capture of private construction work to 30% of our total construction portfolio revenue.

✓ **Innovation**
Through our Continuous Improvement initiative, complete at least 50 improvement projects per year that support innovation and creativity.

✓ **Infrastructure Investment**
Participate in the advancement of industry-wide sustainable construction practices.

✓ **Infrastructure Investment**
Our leaders across the country continue to be actively engaged in industry, grassroots, and direct efforts at the local, state, and federal levels to advocate for adequate and sustainable public infrastructure funding.



A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

> **Governance**

Materiality Assessment

Social

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment

CREATING ACCOUNTABILITY

Governance

In our last report, we acknowledged that as expectations for sustainability reporting have evolved, so have our responsibilities. With investors seeking more information about ESG, we intend to increase transparency in reporting these issues. To expand on the information we make available, we will now include additional information on governance issues in our annual Sustainability Progress Reports.

In 2019, we made changes to our organizational structure that will strengthen our business by better leveraging expertise across our company while creating a more efficient and effective management structure.

You can find information on our corporate governance—including executive compensation and details about our Board of Directors—on our [website](#) and in our [Annual Reports and Proxy Statements](#).



A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

> **Governance**

Materiality Assessment

Social

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment

BUSINESS STRATEGY

Our business strategy is to consistently deliver ideas, innovations, products, and services to our clients to power today's mobile society by executing entrepreneurial market strategies that leverage the benefits of our company-wide resources and our core values. More information about the key factors in achieving this objective is available in our [Annual Reports](#).

Our Strategic Plan establishes three business themes:

Developing our People

We focus on our employees by providing the safest work environment in our industry, opportunities for growth, and sustainable career development.

Executing our Work Safely, Efficiently, and Profitably

This part of our Strategic Plan focuses on the execution of our work by building superior projects, minimizing environmental impacts, and providing best-value delivery to our clients and communities.

Diversifying our Business

We accomplish this through a combination of organic growth and acquisitions.

Our sustainability plans align with our business strategy and integrate initiatives that complement each of its themes.





A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

> **Governance**

Materiality Assessment

Social

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment

SUSTAINABILITY GOVERNANCE

Our Sustainability Center of Excellence and Sustainability Council continue to guide our sustainability efforts with representation from Safety, Operations, Quality, Human Resources, Business Development, Legal, Environmental, Finance, Equipment, Communications, and Investor Relations. A full-time Sustainability Specialist works with the Council to help direct strategy and reporting. Executive and Operational leadership teams review and approve sustainability action plans.

Our CEO receives monthly updates on sustainability and passes on significant updates to our Board of Directors. Quarterly Board meetings also include sustainability updates.

All our stakeholders are welcome partners in our sustainability journey—learn more about how we engage them in the [Materiality Assessment](#) section of this report.

Stakeholder Engagement

We use multiple processes for engaging with stakeholders regarding sustainability and social responsibility. The most important of these is direct communication and open dialogue. Business development is a key priority in our sustainability efforts, so our process for receiving client feedback involves conducting one-on-one interviews.



A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

> Governance

Materiality Assessment

Social

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment



Respect for Standards

The GMS was originally developed to conform with:
Occupational Health and Safety Assessment Series (OHSAS) 18001:2007, Occupational Health and Safety Management Systems
International Organization for Standards (ISO) 14001:2004, Environmental Management Systems (now conforms with 14001:2015)
ISO 9001:2008, Quality Management Systems
ISO 21500:2012, Guidance on Project Management

MANAGEMENT SYSTEM

We use the Granite Management System (GMS), an integrated management system, to organize policies and procedures and hold people accountable to them. In practice, the GMS is the collective policies, procedures, practices, and supporting infrastructure we use to support consistency across all functional areas of our business and to fulfill our Safety & Health, Environmental, and Quality requirements with the goal of satisfying specifications, standards, regulations, and client expectations in the most effective and efficient manner.

The GMS also affords the opportunity to set clear expectations and accountability for how we operate our business. The management processes established by the GMS support consistent and efficient operating practices that are safe, environmentally responsible, and achieve client satisfaction.

The GMS provides us with:

- A clear set of management expectations in one place that is common for all of Granite
- Common format, organization, and communication for all policies and procedures to provide clarity and better access
- A process for formatting and rewriting existing policies that allows them to be updated to reflect the current organizational structure



Granite is committed to continually reviewing, improving, and communicating the way in which we manage our Safety & Health, Environmental, and Quality responsibilities.



A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

> **Materiality Assessment**

Social

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment

DEFINING WHAT MATTERS: SUSTAINABILITY MATERIALITY ASSESSMENT

In 2019, we partnered with experts from Presidio Graduate School's PGS Consults team to conduct a structured sustainability materiality assessment. Our goals were to engage our stakeholders and get their feedback, deepen our understanding of their concerns, and help define the sustainability elements that are most material to Granite's business.

This process marked the first time Granite has engaged directly with our stakeholders specifically to better understand their priorities for environmental, social, and governance issues. We will keep this dialogue open so we can continue to develop sustainability programs to meet evolving expectations. We welcome all stakeholders as partners in our sustainability efforts.

Social

Safety
Community
Our People
Compliance & Ethics

Environmental

Water Conservation
Reducing Emissions
Sustainable Practices
Sustainable Solutions

Economic

Operational Excellence
Client Alignment
Innovation
Infrastructure Investment

MATERIALITY ASSESSMENT

Materiality assessment is the process of identifying, refining, and assessing numerous potential environmental, social, and governance issues that could affect a business and its stakeholders, and prioritizing them to inform company strategy, targets, and reporting.

Granite’s materiality assessment was guided by the GRI Standards. Question sets were developed and specifically tailored to elicit feedback from the following stakeholder groups:



Employees



Executives



Board of Directors



Investors



Clients



Academics and non-profits relevant to the built environment

Social

- Safety
- Community
- Our People
- Compliance & Ethics

Environmental

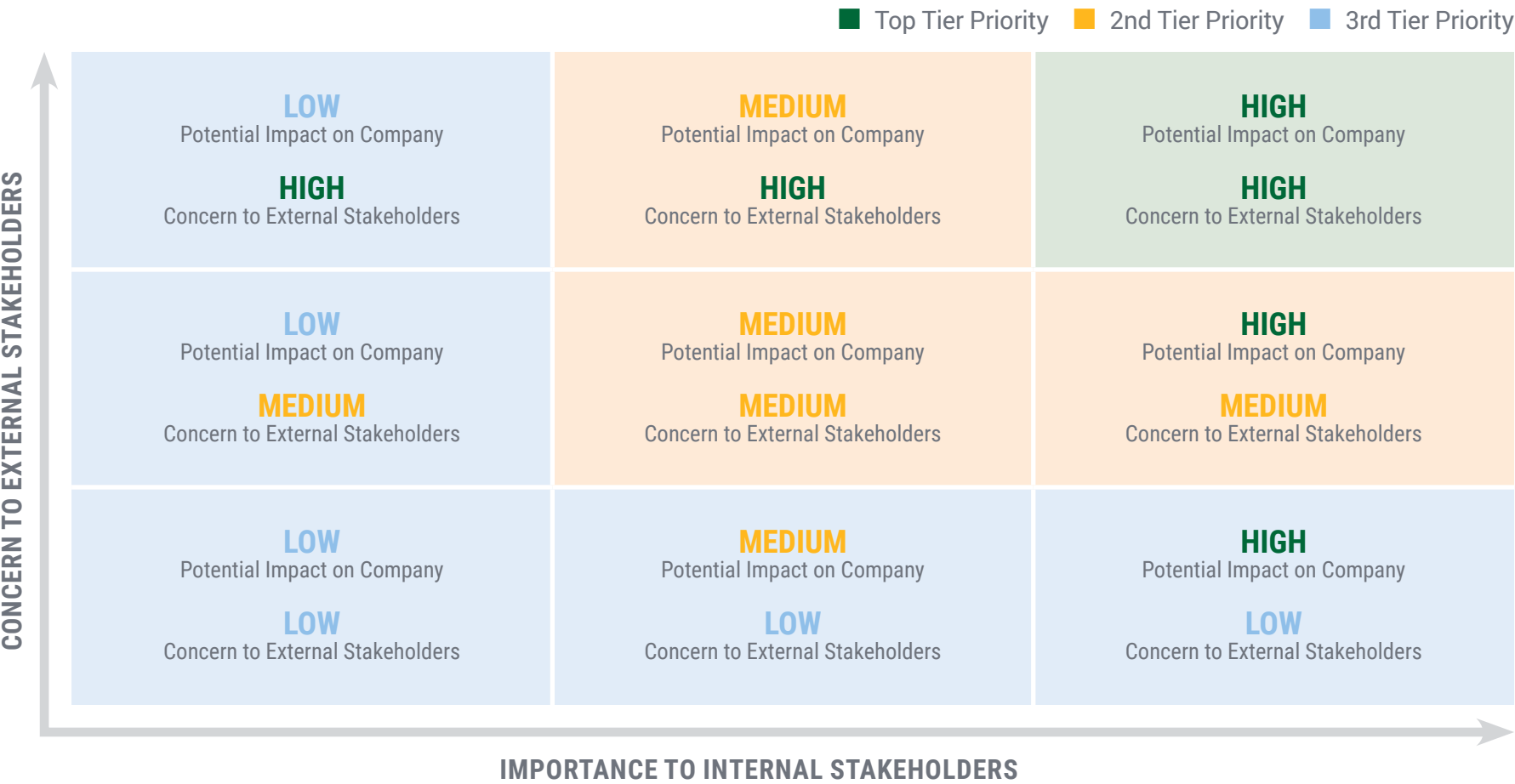
- Water Conservation
- Reducing Emissions
- Sustainable Practices
- Sustainable Solutions

Economic

- Operational Excellence
- Client Alignment
- Innovation
- Infrastructure Investment

MATERIALITY ASSESSMENT (CONT'D)

Stakeholders provided their feedback through surveys and individual interviews. This feedback was then analyzed to weigh the relative importance of different issues. The result is a materiality matrix that reflects the importance stakeholders place on various sustainability issues:



Social

Safety
Community
Our People
Compliance & Ethics

Environmental

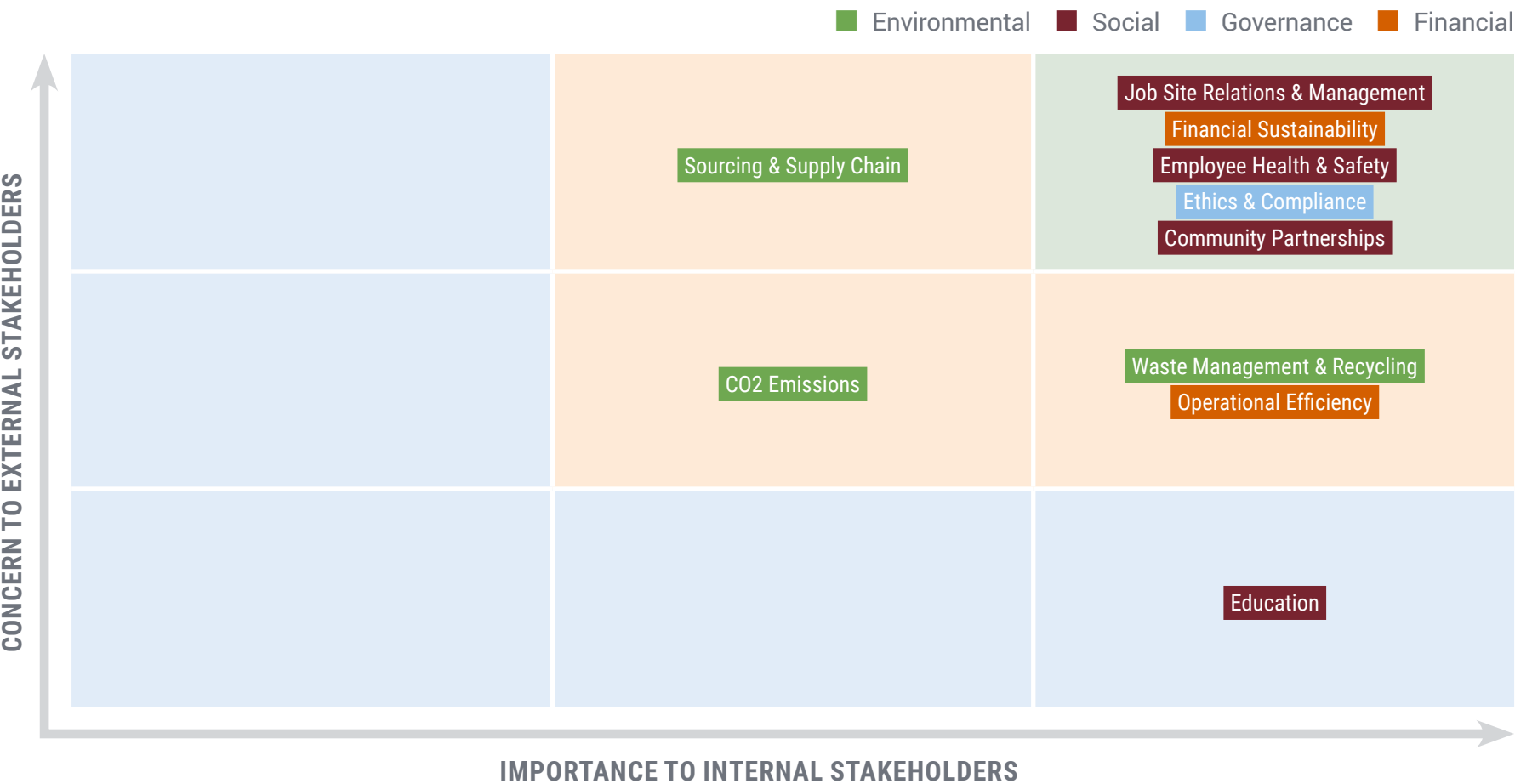
Water Conservation
Reducing Emissions
Sustainable Practices
Sustainable Solutions

Economic

Operational Excellence
Client Alignment
Innovation
Infrastructure Investment

MATERIALITY ASSESSMENT (CONT'D)

Feedback from our stakeholders resulted in this materiality matrix, showing the overall importance of key sustainability issues:



Social

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment

MATERIALITY ASSESSMENT (CONT'D)

Seeing our sustainability efforts through the lens of these priorities helps us evolve our efforts in ways that address stakeholder concerns.

Next steps:

Building on our current materiality assessment, we have established objectives for future efforts, including:

- Setting specific goals in areas where our business has the most impact and greatest opportunities for improvement
- Updating our sustainability strategic plan to leverage these opportunities and address stakeholder priorities





A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

> Social

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment



FOCUSED ON PEOPLE

Social

Social is the people part of sustainability. From seeking ways to reduce on-the-job injuries to supporting our communities, we emphasize the social aspects of everything we do. And we are pleased that our efforts are paying off. For example, Granite was certified as a “Great Place to Work” in 2019-2020, with 84% of surveyed employees saying it is a great place to work.



> **Social**

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment

PROMOTING AN ATTITUDE OF SAFETY

In 2019, we implemented the Craft Safety Connection (CSC), and it has already had a significant positive impact on the health and safety of our employees.

CSC members are selected directly by the management team in each business unit.

CSC members are:

- Knowledgeable in their trade
- Positive and influential leaders with a natural desire to watch out for their team
- Easily identified by their coworkers based on a specific green hardhat and logoed vest
- Not currently in supervisory positions
- Implemented in every business unit

These new CSC teams create a culture where everyone has a voice. Craft are taking care of craft—in a partnership with management—through ownership, communication, and prevention to achieve our goal of getting our people and project partners home safely each day.



23%

reduction in total injuries in
2019 from 2018.



Our new safety branding reflects a single cohesive message and helps us integrate new businesses into our safety culture.



A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

> **Social**

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment



BUILDING A SAFETY CULTURE

Recruiting and retaining qualified safety professionals is critical to supporting the health and safety of our people and ensuring regulatory compliance. To promote recruitment, Granite has established a safety internship program that embeds at least one safety intern in every business unit each season. Safety internships introduce students to our safety culture while giving them an opportunity to gain field-specific knowledge and experience.

Operations receive tremendous value in having added safety support each season and we offer many interns full-time positions upon completion of their degree. Individuals who accept these positions after an internship are more successful upon their return because they are familiar with Granite's operations, safety procedures, and culture.

In 2019, Granite received first place in the heavy civil/highway category of the Associated General Contractors (AGC) of California's Construction Safety Awards for over three million worker hours. This is the second consecutive year that Granite has been recognized with this prestigious award.

2020
OBJECTIVE

Reduce our OSHA safety incident rate to 0.90.

Our OSHA recordable incident rate for 2019 was 0.94.



A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

> **Social**

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment

IMPROVING THE SAFETY OF ROUTINE TASKS

During 2019, we partnered with Continuous Improvement and operational teams to complete “Motion Matters” studies in several business units. These studies are focused on the repetitive and often wasteful motions used to complete routine tasks.

Minimizing unnecessary body motions such as bending, twisting, pushing, pulling, and carrying reduces stress on the body as well as the potential of injury due to strains and sprains. In addition, reducing unnecessary repetitive movements improves production and lowers job costs.

The Motion Matters team films routine tasks and studies the videos to show the number of motions that each employee uses over the course of a day to determine which movements could be reduced or removed.

Once the study is completed, the results are reviewed with the region and shared throughout Granite to ensure the improvements are implemented company-wide.





A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

> **Social**

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment



When a safety analysis revealed that 30% of its injuries were related to drilling rod handling, Layne Christensen Company (Layne), which became part of Granite in 2018, began looking for a safer alternative.

After several years of testing and development, Layne created a patented hands-free Automated Rod Manipulator (ARM) system. The way the rods are stored and managed allows for zero rod handling by employees, a significant improvement over other types of systems. This safety innovation is helping reduce injuries.



A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

> **Social**

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment



**2020
OBJECTIVE**

Further engage employees with volunteering for charitable organizations by establishing a method to track employee volunteer time.

In 2019, we began implementing a new volunteering platform for rollout in 2020 that:

- Empowers employees to find local opportunities to engage in and recruit others to join volunteer activities
- Provides employees with a tool to keep track of time spent volunteering
- Enables individuals to share volunteer experiences
- Allows Granite to organize company-sponsored events and recruit participants for them

MAKING A DIFFERENCE IN OUR OWN BACKYARDS

As part of our mission to make a lasting difference in the places we live and work, we give back to our communities through donations and by volunteering our services, supplies, and people power. Granite supports charitable organizations nationwide through financial contributions, and we support our employees in their individual quests to better their communities.

Charitable Giving

Our core value of Citizenship—which states that we will “cultivate an organization that actively encourages us to be the best of who we are and continuously strives to make a difference in our communities and the world”—is brought to life through our charitable giving efforts.

Each year, we make funds available to all our business units for charitable contributions to local non-profit organizations. The funds for our corporate headquarters in Watsonville, California, are managed by Granite’s Corporate Charitable Contributions Committee.

Granite employees can request contributions for non-profit organizations they are actively engaged with and passionate about. This approach encourages employee engagement in the community while serving our corporate social responsibility.

The Power of Volunteering

We believe that the strongest way to express our commitment to our local neighborhoods is through our employees volunteering their time and effort. We encourage employees to volunteer for charitable causes and support their efforts. To further empower our employees to volunteer, Granite has launched a new volunteering platform where employees can easily find opportunities and create company-sponsored events.

Our Corporate Charitable Contributions Committee has four primary focus areas of giving:

- K-12 education
- Youth
- The environment
- People in need



A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

> **Social**

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment

PARTNERING FOR PLAYGROUNDS

The Tanaina Child Development Center, a non-profit daycare center at Alaska Regional Hospital, had a playground that was bare dirt and in dire need of upgrades—so they reached out to local contractors, including Granite, for help.

We helped put together a construction plan, based on a design idea from a parent, and a cost budget for the project. Granite donated the materials, labor, and equipment to install the bike path.

A group of Granite's employees and parent volunteers came together to organize a work party to roll out 600 square yards of geotextile fabric, spread 138 tons of pea gravel, and pave an asphalt pathway for scooters and bikes. The kids now have a safe, usable play surface.

A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

> **Social**

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment

SPOTLIGHT ON COMMUNITY GIVING

South Capitol Bridge Builders (SCB), a joint venture made up of Granite Construction and Archer Western Contractors, in Washington, D.C., partnered with Cedar Tree Academy to give back and show appreciation for the cooperation of the community.

Cedar Tree Academy is a local school adjacent to SCB's South Capitol Bridge Project. SCB approached the school in search of an opportunity to help the community and show distinct appreciation for our neighbors' patience during the ongoing construction. The school needed updated playground equipment, landscaping, and planter boxes in its yard.

With generous donations from project vendors and project staff labor, SCB constructed six new planter boxes that will be used to teach students about nature and gardening, cleaned and disposed of excess materials and outdated equipment from various classrooms, donated a new playground to support the needs of some of the youngest attendees at the school, and provided and placed mulch to improve the safety and appearance of the facility.



> Social

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment

REACHING OUT TO LOCAL COMMUNITIES ACROSS THE COUNTRY

In October 2019, the Vice President of Granite Inliner, a wholly-owned subsidiary of Granite Construction, challenged area managers to reach out to their local communities. The goal: highlight the importance of putting others first and connecting with those in need. Here is how Granite Inliner teams accepted the challenge:

Florida

The Sanford, Florida, office collected toys to donate to Baby DJ, a program begun more than 25 years ago when its founder, radio morning-show host Johnny Magic, was inspired to aid families of economic disadvantage in the Central Florida area. The community donates toys, money, and time to stock a local warehouse where families can come “shop” for Christmas presents.

Georgia

The Tucker and Atlanta, Georgia, campuses teamed up to volunteer their services for the Ronald McDonald House, a facility that offers short-term housing for families of children being treated at Egleston and Scottish Rite Children’s Hospitals. The team served lunch and baked goods to the resident families.

Great Lakes

Granite Inliner employees showed their compassion to families in need in Chicago, Illinois, by raising funds for the Greater Chicago Food Depository, which provides fresh food to 812,000 neighbors in Cook County, including one in six children. Thanks to the Food Depository’s buying power, \$1 can help provide three meals, so the funds Inliner raised provided more than 3,800 meals for the local community.

Hamilton

The Hamilton, Ontario, shop collected funds to purchase items for the local Salvation Army.

Indiana

The Orleans and Paoli, Indiana, offices donated to the Orange County Christmas Round-Up, a program that provides new items to families in Orange County who are referred through schools or other government agencies. Families select donated toys at scheduled

times in early December. Children attend a Christmas party while their parents “shop” for gifts. At the party the children visit Santa, listen to a Christmas story, decorate cookies, and select and wrap a gift for their parents from among the donated items. All participating families get a bag filled with assorted household products such as soap, shampoo, and laundry detergent.

Maine

The Fairfield, Maine, office and crew collected funds for the Wright Family Farm, a local farm that raises money for the Make-A-Wish Foundation, whose vision is to grant a wish to every child diagnosed with a critical illness.

Maryland

The Elkridge, Maryland, office collected food items for the Howard County Food Bank.



A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

> Social

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment

SUPPORTING THE ACADEMIC COMMUNITY

In 2019, Granite partnered with California Polytechnic State University (Cal Poly) in San Luis Obispo, California, to create a unique program. With major support from Granite, Cal Poly's College of Architecture and Environmental Design (CAED) and College of Engineering (COE) created an interdisciplinary minor that combines construction management and civil engineering, giving graduates unique hands-on experience in the heavy civil sector of the construction industry.

Cal Poly's CAED and COE launched a unique partnership with Granite to create a more robust pipeline of diverse Cal Poly graduates skilled in both construction management and civil engineering.

Our \$3 million donation established the Granite Heavy Civil Engineering and Construction Program, which is designed to bridge the two departments and attract more graduates to this expanding field.

"This new partnership creates a path forward for talented and motivated students by helping them overcome financial barriers with the support of industry leaders and future thinkers," said James Meagher, interim dean of the COE. "It will also bring together two of our most reputable programs in a way that will supply distinctively skilled graduates to the industry."



"Granite is passionate about creating a program where we partner with Cal Poly," explained Philip DeCocco, Senior Vice President of Human Resources at Granite. "We want to ensure that students who mirror the many communities we serve across the country have an opportunity to succeed in our industry."



A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

> **Social**

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment



WE VALUE EACH PERSON AND THEIR CONTRIBUTIONS

At Granite, we believe that by valuing and appreciating individual differences, we improve our performance and enrich the lives of our employees and communities. We are dedicated to creating a work culture that encourages “Inclusive Diversity,” which actively includes an infinite range of an individual’s unique characteristics, experiences, backgrounds, and perspectives. It allows us to be inclusive of all the diversity we have today, tomorrow, and into the future.

We believe that our differences enhance creativity and innovation while giving us the ability to develop cutting-edge working solutions that ultimately have a positive impact on how we achieve our business goals and objectives.

Three of our [Core Values](#)—Citizenship, Consideration of Others, and Fairness—demonstrate our company’s commitment to treating everyone with respect. We expect each employee to value and treat each Granite stakeholder with dignity while promoting an environment of inclusion that invites and welcomes ideas and contributions from everyone.

2020
OBJECTIVE

Increase women and minorities in management and leadership positions.

2019: 13.8%* women and minorities in leadership positions.

*Inclusive of 2018 acquisitions



A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

> **Social**

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment

NEW DIVERSITY AND INCLUSION LEADERSHIP

In 2019, Jorge Quezada joined Granite as our Vice President of Diversity and Inclusion. In this newly created role, Quezada reports to Philip DeCocco, Senior Vice President of Human Resources.

Quezada is responsible for implementing strategies that address Granite's guiding belief that diverse backgrounds, perspectives, and experiences enhance creativity and innovation.

"While we are in the early stages of our journey, I am excited about the positive impact that our diversity and inclusion efforts will have on the evolution of Granite's culture and future success," said DeCocco.





A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

> **Social**

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment



When surveyed, employees responded:

94%

"People here are treated fairly regardless of their race or sexual orientation."

90%

"When I look at what we accomplish, I feel a sense of pride."

90%

"I'm proud to tell others I work here."

89%

"People here are given a lot of responsibility."

88%

"I can be myself around here."

A GREAT PLACE TO WORK

Granite was certified as a "Great Place to Work" in 2019-2020, with 84% of surveyed employees saying it is a great place to work.



We expect each employee to value and treat each Granite stakeholder with dignity and promote an environment of inclusion that invites and welcomes ideas and contributions from everyone.

2020
OBJECTIVE

Be recognized as a
"Great Place to Work."

> **Social**

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment

LEARNING AND DEVELOPMENT

We believe the ongoing development of our employees is critical to our company's success. Our people are a key competitive advantage and we know that to grow as an organization we need every employee to actively participate in their own career growth and development. Through our training programs, we create great career opportunities while ensuring that our teams are informed and trained to uphold our policies.



Educational Resources

Granite offers a wide variety of training opportunities to ensure our employees are supplementing their on-the-job learning with classroom, online, and hands-on courses to accelerate performance and growth. These training topics range from soft skills to job-specific technical skills, and from formal instructor-led programs to self-guided online learning. Employees can visit Granite University's online system (Bridge) to explore and enroll in training and access required materials and transcripts.



Learning on the Job

Learning while doing is very effective and, in some cases, the only way to learn certain skills. At Granite, we encourage all employees to seek out on-the-job learning opportunities that are aligned with their career interests. Some opportunities to consider when exploring experience-based learning at Granite are: Job Shadowing, Cross-Training, Stretch Assignments, Project Teams, Lean Projects, and Community Involvement Opportunities.



Networking

Getting exposure to different people and different areas of the business is critical to every employee's growth and development. At Granite, we strive to create a learning environment where employees can network and connect with one another to share business knowledge and best practices. Examples of networking opportunities include mentoring, cross-regional meetings, and industry conferences.



Leadership Training

Granite has a four-level program for leadership training for current and future leaders. Comprising classroom, group projects, and individual study, Granite's leadership training covers 52 days of leadership training annually for 250 leaders, with more than 650 leaders trained to date.



A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

> **Social**

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment

SUPPORTING HIGHER EDUCATION

Character Matters Scholarship Fund

Since 2000, our Character Matters Scholarship Fund has provided college financial assistance to our employees' children and grandchildren. Granite has awarded over \$525,000 in scholarships to more than 365 students in the extended Granite family. In 2019, \$24,500 was provided to 19 students.

Employee Tuition Reimbursement

Employees who wish to pursue higher education or obtain a degree are eligible for Granite's Tuition Reimbursement Program. Since the program started in 2011, 124 employees have been awarded over \$647,000. In 2019, 31 employees received tuition reimbursements totaling over \$105,000.



A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

> **Social**

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment



INCREASING COLLABORATION ACROSS TEAMS

Within the last year, Granite has increased collaboration across teams with the use of Yammer, an enterprise social networking service used for private communication within organizations.

Yammer not only boosts morale by connecting employees, but also educates them on aspects of the business outside of their focus. The result: we are cultivating a close-knit culture and creating a fully engaged workforce.

> Social

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment

2019 EMPLOYEE DEMOGRAPHICS

Demographic Information for U.S. Employees	%
Women Employees	14.06%
Men Employees	85.94%
Unspecified Gender Employees	0%
African-American and Black Employees	3.74%
American Indian and Alaska Native Employees	1.53%
Asian Employees	1.64%
Caucasian and White Employees	66.31%
Hispanic and Latino Employees	24.04%
Native Hawaiian and Other Pacific Islander Employees	0.44%
Employees of Two or More Races	2.29%
Employees of Unknown Ethnicities	0%
Employees who are Silent Generation (born 1945 or earlier)	0.26%
Employees who are Baby Boomers (born 1946 to 1964)	20.37%
Employees who are GenXers (born 1965 to 1980)	38.15%
Employees who are Millennials (born 1981 to 1997)	39.29%
Employees who are GenZers/Post-Millennials (born 1998 or later)	1.96%

This chart represents the total population of Granite employees in the U.S. (including both salaried and craft employees) paid on August 9, 2019.



A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

> Social

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

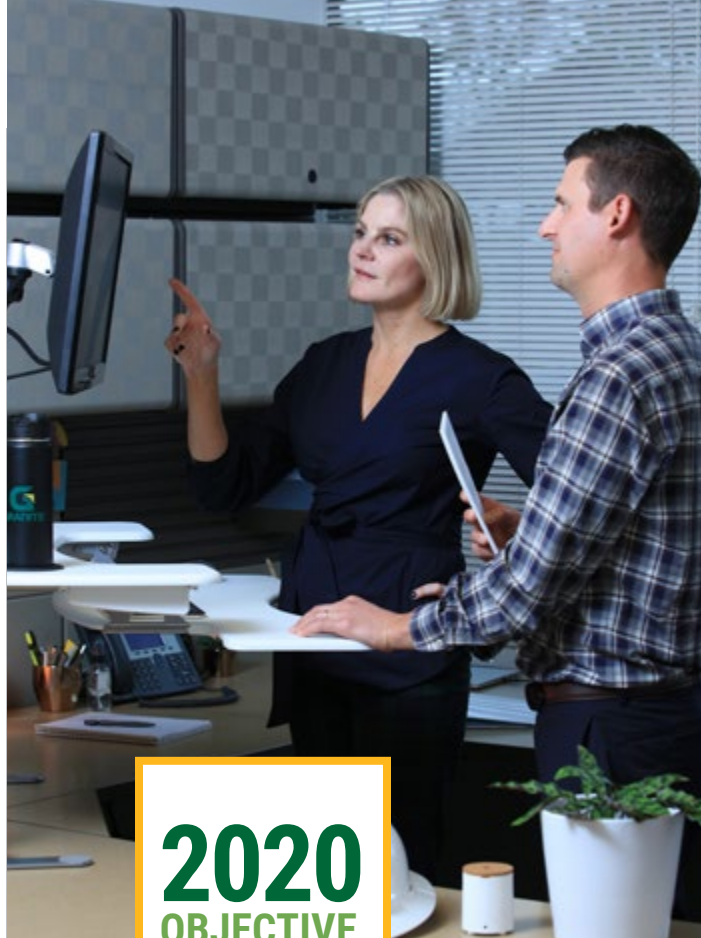
Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment



2020
OBJECTIVE

Adopt an Anti-Bribery Compliance Program modeled on ISO 37000.

Provide basic compliance training to more than 99% of employees company-wide.

98% of employees eligible for compliance training in 2019 completed training.

COMPLIANCE & ETHICS

As described in our [Code of Conduct](#), we are committed to defining, improving, and upholding the highest ethical values and responsible business practices.

Adopting an Anti-Corruption Compliance Framework

Our Legal & Compliance department has implemented procedures across the company that directly address Anti-Bribery and Anti-Corruption efforts similar to ISO 37000 in our international operations. These procedures include:

- Risk-Based assessment of international third parties, including vendors, affiliate entities, and joint venture and distributorship partners
- Revision of Anti-Bribery and Foreign Corrupt Practices Act Policy to include financial controls and guidance for high-risk payments to foreign government officials
- Audit and remediation of international transactions involving compliance-sensitive accounts
- Disciplinary action for violation of financial controls associated with international operations
- Annual training on U.S. Foreign Corrupt Practices Act for employees in international locations and those with exposure to international products, either exported or imported
- Annual training on Mexican Anti-Corruption laws for employees in Mexico
- One-on-one training, consultation, and guidance with international business partners based on corruption risk assessment analysis



For the 11th consecutive year, Granite was recognized by the Ethisphere Institute as one of the World's Most Ethical Companies in 2020.



A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

> **Social**

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment

PROTECTING HUMAN RIGHTS

We are committed to upholding ethical and sustainable business operations, and at the center of this commitment is respect for people and their human rights. In furtherance of this commitment, Granite established a new [Human Rights Statement](#) and [Supplier Code of Conduct](#). With these documents, Granite established:

- A commitment to respecting human rights and upholding the principles of the United Nations Universal Declaration of Human Rights
- A zero-tolerance policy for human trafficking, child labor, and forced labor
- That Granite applies our human rights policy to all company operations, as well as to all partners and suppliers
- A policy for the responsible sourcing of minerals, such that suppliers must take reasonable steps to ensure that the products they provide to Granite do not contain conflict minerals





A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

Social

Safety

Community

Our People

Compliance & Ethics

> Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment

REDUCING REUSING RECYCLING

Environmental

As we work to continuously improve our environmental stewardship, we seek to identify best practices across our company and expand our knowledge to increase operational excellence in all our businesses. One of our priorities is incorporating best practices for natural resource management, such as increasing energy and water efficiency. One way we increase awareness of best practices is through the annual presentation of an Environmental Excellence Award.





A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

Social

Safety

Community

Our People

Compliance & Ethics

> Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment

WATER CONSERVATION: COTTONWOOD FACILITY'S WATER REUSE TEAM

Resource conservation is a priority for our operations—and for our future. The water reuse team at our Cottonwood aggregate and asphalt facility in Cottonwood Heights, Utah, has taken this to heart by assembling and operating a water recycle facility. Since 2009, the facility has reused more than 50 million gallons of water in a state where the average rainfall is the second lowest in the nation.

The water reuse plant uses a series of clarifiers, holding tanks, and a belt press to reuse the wash water in the washed aggregate process. Unlike many washed aggregate plants, the Cottonwood facility only utilizes lined ponds in the water reuse process, significantly improving the system's water retention and recovery capabilities.

The water reuse team takes exceptional pride in its work and has improved the percentage of recycled content every year the water recycle facility has been operating. Before the system was in place, the plant used more than 40 gallons of fresh water per ton of washed product. Now it is consistently at or below 20 gallons.





A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

Social

Safety

Community

Our People

Compliance & Ethics

> Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment

ENVIRONMENTAL EXCELLENCE AWARD FOR STAR PERFORMANCE

The Cottonwood facility earned recognition through Granite’s annual Environmental Excellence Award. This operation has exemplified all aspects of Star Performance by not having a recordable safety incident or an environmental notice of violation in over five years. The team also produces the highest quality washed aggregate in the Salt Lake Valley (~600,000 tons in washed aggregate in 2019). For these reasons and more, the team at Cottonwood is a shining star of performance.

Leadership in Environmental Performance

The Cottonwood facility has one of the most efficient water reuse systems within Granite, which has helped the Utah Region to become a Partner Level member (highest level) in the Utah Department of Environmental Protection-sponsored Clean Utah program.

Utilization of Fundamentals and Best Practices

The water reuse team has taken standard dewatering practices and fundamentals and applied monitoring and measurement of the system performance through annual calculations of water savings and use of water per washed product to track and improve the process. It is through this tracking and measurement that the team has become so efficient at water reuse.

Sets an Example and Influences Others

The Cottonwood facility and reuse plant has been a place of learning for many of the materials group staff (both inside and outside of the Utah region) on how a large aggregate facility and asphalt plant can operate efficiently.

Develops Innovative and Cost-Effective Solutions

The development of the water reuse system has saved money and man hours by removing the double handling of material and the loss of useable water.

No Notice of Violations

Granite’s Utah Region and Cottonwood facility have not received an environmental notice of violation for over 10 years.



Client Satisfaction for Environmental Performance

In 2019, responses from 335 clients showed an average client satisfaction score for environmental performance of 4.4 out of 5.0, which nearly met our 2020 objective. In this scale, 4.0 meets client expectations and 5.0 exceeds expectations.

2020
OBJECTIVE

**Achieve an average client
satisfaction score of 4.5 out of 5.0
for environmental performance.**



A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

Social

Safety

Community

Our People

Compliance & Ethics

> **Environmental**

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment



2020
OBJECTIVE

Reduce greenhouse gas emissions/fuel consumption associated with mobile fleet and asphalt plant operations by 2% year-over-year.

REDUCING OUR CARBON FOOTPRINT

By calculating Granite's Scope 1 carbon footprint assessment (published in our [2016 Sustainability Progress Report](#)), we determined that most of our direct carbon emissions come from our mobile fleet and plant operations. That is why our current reduction goal focuses on those two aspects of our operations.

One of the challenges of reducing the carbon footprint in our fleet is accurately quantifying the amount of fuel used by all owned and rented equipment. We are continuing efforts to develop an efficient and accurate data gathering solution to track and evaluate this objective.

Granite has launched a new Climate Awareness Task Force in order to further integrate climate awareness into our operations. Our initial priorities include assessing our capability to provide disclosures on metrics outlined by SASB and CDP (formerly Carbon Disclosure Project), as well as information on climate-related risks in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).



A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

Social

Safety

Community

Our People

Compliance & Ethics

> Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment

USING TELEMATICS TO CONSERVE FUEL

Telematics installed in our fleet equipment provides valuable information from a sustainability and safety perspective, including fuel consumption, driving habits, and proper operation and use of equipment. We began this effort in 2015 and have since increased the number of equipment and vehicle assets using telematics to 3,000. From an environmental perspective, we are seeing positive results that are contributing to improved fuel consumption reductions, in addition to improving safe driving and the care of our equipment.

Telematics: data from 1,205 vehicles with Verizon telematics	2019 Total	% Change 2018-2019
Vehicle Miles Travelled (distance in miles) Average daily mileage: 40 miles/day/vehicle	17,688,143	0
Reduction of Hard Acceleration and Braking (events/miles)	20/1,000	0
Improvement of Overall Fuel Economy (miles per gallon) 2018 MPG: 14.0	13.7	2
Speeding over the Posted Speed Limit (events/miles) 2018 Number of Events: 30/1,000	20/1,000	33





A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

Social

Safety

Community

Our People

Compliance & Ethics

> **Environmental**

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment

UPDATING EQUIPMENT FOR CLEANER AIR

Over the past two years, Granite's Valley Region in California successfully pursued Carl Moyer Program funding under the Sacramento Metropolitan Air Quality Management District's Construction Equipment Repower and Replacement Programs to repower one Caterpillar 615 scraper and replace four lower-tier heavy duty off-road equipment units. These five units represent Granite's maximum off-road horsepower eligible for funding under a five-year Carl Moyer Program contract. The funding received—approximately \$815,000—helped offset the cost of the equipment repower and replacement with efficient state-of-the-art equipment units, including two hybrid-electric loaders that will result in an emissions reduction of approximately 2.6 tons of nitrogen oxide per year.

SUSTAINABLE PRACTICES AT OUR PLANTS

Granite’s aggregate reserves increased in 2019 by 56.6 million tons, which is approximately 4.5 years’ worth of aggregate. This ensures a sustainable supply for our aggregate business.

In 2019, 23 Granite asphalt plants earned the National Asphalt Pavement Association (NAPA) Diamond Achievement Sustainable Commendation, which assesses the social, economic, and environmental efforts of facilities to gauge how well they put the principles of sustainability and community engagement into action.

One of our goals is to increase the use of recycled materials. At our asphalt plants, this includes increasing the use of Reclaimed Asphalt Pavement/Product (RAP) and Reclaimed Asphalt Shingles (RAS). Through innovations in technology, balanced mix design, and performance testing, asphalt can be produced with a higher percentage (over 40%) of recycled content while improving its long-term performance. This reduces waste, use of virgin aggregate and asphalt binder, and cost—all while maintaining high quality and performance. In 2019, Granite produced 5.9 million tons of asphalt. Use of recycled content increased by 103,000 tons from the previous year, for a total of 1.02 million tons (reducing our waste stream by the same amount).

1.02
million tons

We diverted 1.02 million tons of waste from landfills by incorporating recycled content in our hot-mix asphalt production in 2019.

Granite’s Sustainable Construction Capabilities

We are always seeking new and innovative ways to use products, processes, and methodologies that save energy, conserve natural resources, and accomplish more with fewer environmental impacts. A cornerstone of our efforts is the use of recycled materials in the construction materials that we produce. Effective alternative recycling options include:

- Central Asphalt Recycling (with RAP)
- Cold In-Place Recycling
- Full Depth Reclamation
- Rubberized Asphalt
- Recycled Base
- Warm-Mix Asphalt
- Low Permeability Asphalt
- Porous Asphalt

Quantifying Water Usage

Starting in 2018, our California Materials Group began installing water meters so we can quantify water usage and look for increased opportunities to conserve water. Installation was completed in 2019. All Granite quarries in California will be able to produce their first water budget in 2020, which will be used to unlock additional water efficiencies.



A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

Social

Safety

Community

Our People

Compliance & Ethics

> **Environmental**

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment



ENVIRONMENTAL RECOGNITION

We are proud that our efforts in environmental stewardship are being recognized. In 2019:

23

Granite plants received NAPA Diamond Achievement Sustainable Commendations.

Lockwood

Our Lockwood Facility in Lockwood, Nevada, received the National Stone, Sand & Gravel Association Silver Award in Environmental Excellence. Our Capay Facility in Esparto, California, and Singer Facility in Everson, Washington, received Bronze Awards.

Santa Clara

Our Santa Clara Asphalt Facility, in Santa Clara, California, was recognized as a California Green Business. It is the first asphalt plant to receive this designation in California.

SUSTAINABLE SOLUTIONS FOR WATER INFRASTRUCTURE

Through acquisitions in 2018, Granite expanded its capabilities in the water and wastewater markets. We provide products and services that give people access to safe, clean water for generations to come. Water infrastructure is intimately tied to many sustainability issues including maintaining clean drinking water, stormwater management, and wastewater treatment.

Product lines that we deem to be “sustainable solutions” help our clients manage their environmental and social impacts. These engineered solutions contribute to structural and environmental sustainability by extending an existing structure’s life cycle or reducing the amount of energy used to achieve the same level of productivity. Specifically, these sustainable products and services reduce water, energy, and chemical use; reduce waste; extend the lifespan of existing infrastructure; or conserve water resources. The result is a lower impact on communities and the environment, as well as long-term cost savings that allow our clients to invest in other projects.

Cured-In-Place Pipe (CIPP) Renews and Repairs Aging Sewer Infrastructure

Traditional methods of pipe repair require digging trenches to gain access to pipes, then using heavy excavating equipment to open and refill the work area, disrupting the surrounding environment and community. Granite Inliner is a U.S. market leader in CIPP, a technology that allows for the rehabilitation of damaged underground wastewater and storm sewer pipes without excavation. The process minimizes disruption to the public by reducing noise, traffic disturbance, and road damage—and can be done within a far shorter time frame, and usually at a lower cost than replacement. With CIPP, a felt tube saturated with resin is inserted into the pipe and then cured. Granite Inliner offers three CIPP installation methods—water curing, steam curing, and ultraviolet light curing—each using progressively less water. We strive to use the least water-intensive process possible based on project parameters and client needs.

Rehabilitating Water Wells

We offer complete diagnostic and rehabilitation services for existing wells, pumps, and related equipment. As part of our commitment to sustainability, we go beyond industry standards to diagnose and engineer solutions that address root

causes of decline. Over time, wells can develop issues that reduce their capacity and efficiency. As a result, additional energy is required for pumping, increasing environmental impacts and costs. We determine the root cause and then engineer a targeted solution from our industry-leading portfolio of well rehabilitation techniques. By designing a solution specific to each well, we can cost-effectively return the well as close to its original capacity as possible.

Reducing Impacts with Ranney® Collector Wells

Ranney Collector Wells are customized municipal and industrial systems that can supply water from most available sources such as groundwater, surface water, seawater, infiltrated water, and consolidated (rock) aquifers. These high-capacity water supply systems can be installed and operated without disturbing sensitive environments like riverbanks and shorelines, minimizing impacts to wildlife and vegetation. Typically, they also have lower costs for operations and maintenance.



GRANITE

A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

Social

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

> **Economic**

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment

THE PURSUIT OF EXCELLENCE

Economic

At Granite, our team members work together every day to plan and execute work productively without compromising safety, quality, the environment, productivity, or our [Code of Conduct](#). When we say “without compromising,” that is exactly what we mean. The bar is high: we seek to get it right the first time, every time, and we are continuously improving in every aspect of our company.



A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

Social

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

> **Economic**

Operational Excellence

Client Alignment


Innovation

Infrastructure Investment

A RELENTLESS PURSUIT OF EXCELLENCE

We have a clear understanding that sustaining long-term performance at the highest levels requires a constant pursuit of excellence. We define Operational Excellence as:

- Getting our people home safely
- Getting it right the first time
- Maintaining fiscal responsibility by meeting budgets and schedules
- Earning our reputation as one of the World's Most Ethical Companies
- Protecting the environment and using resources responsibly
- Continuously improving

A low-angle photograph of a tall, blue drilling rig against a cloudy sky. The rig's lattice structure is prominent, and it extends from the bottom right towards the top left of the frame. A yellow piece of equipment is visible at the base of the rig.

"You have to be good to be around for 98 years,
but even better to be around for 98 more."

—Scott West, Vice President, Quality Management



A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

Social

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

> Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment



2020
OBJECTIVE

2019 Material First-Time Quality

81%

Aggregates

82%

Hot-Mix Asphalt

Establish a baseline for measuring first-time quality with a long-term goal to achieve greater than 98% of work produced and installed right the first time.

28

Granite asphalt plants received 2019 NAPA Diamond Achievement Quality Commendations

26

Granite construction projects won NAPA Quality in Construction Awards in 2019

A COMMITMENT TO QUALITY

Granite is committed to understanding and satisfying our clients' expectations, earning trust, and providing best-in-class design, products, and services that add value to their operations. We strive to "get it right the first time" to satisfy clients, mitigate risk, and drive continuous improvement throughout our operations.

In 2019, we began tracking material first-time quality for each aggregate and asphalt product made throughout our construction materials operations. Based on tens of thousands of inspections and tests in our laboratories and in the field, we measured how often critical client requirements were met without rework or adjustment on over 18 million tons of product produced at 45 plants. This information will enable us to drive improvements in product consistency and productivity while reducing risk and rework in our plant, quarry, paving, and earthwork operations.

In 2019, we also piloted methods to measure first-time quality for construction work in the field. We used Inspection & Test Plans to establish client acceptance criteria and electronic checklists in the field to measure conformance. On our I-64 High Rise Bridge pilot project in Virginia, we used checklists for 1,816 inspections, resulting in 21,631 of 24,027 attributes passing, for a 90% construction first-time quality score. In addition, all checklists and non-conformances were tracked through corrective action in an electronic document management system. We plan to expand this method of measuring and managing first-time quality in construction to more operations in 2020.



A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

Social

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

> Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment

INSIDE OUR QUALITY RISK PREVENTION AND PRODUCT SAFETY STRATEGY

The processes we define in our Granite Management System are the cornerstone of our quality risk prevention and product safety strategy. Our quality system was developed to be ISO 9001-compliant while promoting best practices and assuring consistency of products and services throughout the company. Internal audits are conducted on a rotating schedule, where selected groups are measured for compliance against a standardized audit question set that evaluates the level of compliance against critical processes based on key outcomes. In 2019, internal audits of our vertically integrated businesses showed 92% compliance against a goal of 85% and resulted in 139 opportunities for improvement.

Reporting quality incidents and rework in construction is a very difficult process. In 2019, we piloted reporting and captured 286 quality incidents estimated at \$4.1 million. We also developed and tested tools and methods for incentivizing foremen to report rework delay in the field, which captured \$395,090 in one region alone.

Incident and rework information provides extremely powerful business intelligence and identifies continuous improvement opportunities for improving our bottom line.





A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

Social

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

> Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment

CLIENT ALIGNMENT

Granite’s Client Alignment Model (CAM) is designed to deliver value for our clients, resulting in a profitable and sustainable business. Processes include competitor analysis, identification of key differentiators, and client value creation.

Our Client Satisfaction Program is called “eCAM,” standing for our Client Alignment Model with a focus on *execution* from the start of construction through completion. We collect client feedback throughout the course of the project as opposed to just at the end. eCAM is designed to create complete alignment with our clients through continuous feedback and performance improvement with a focus on operational excellence and client delight. In 2019, we successfully integrated all of our business units into our Client Satisfaction Program.

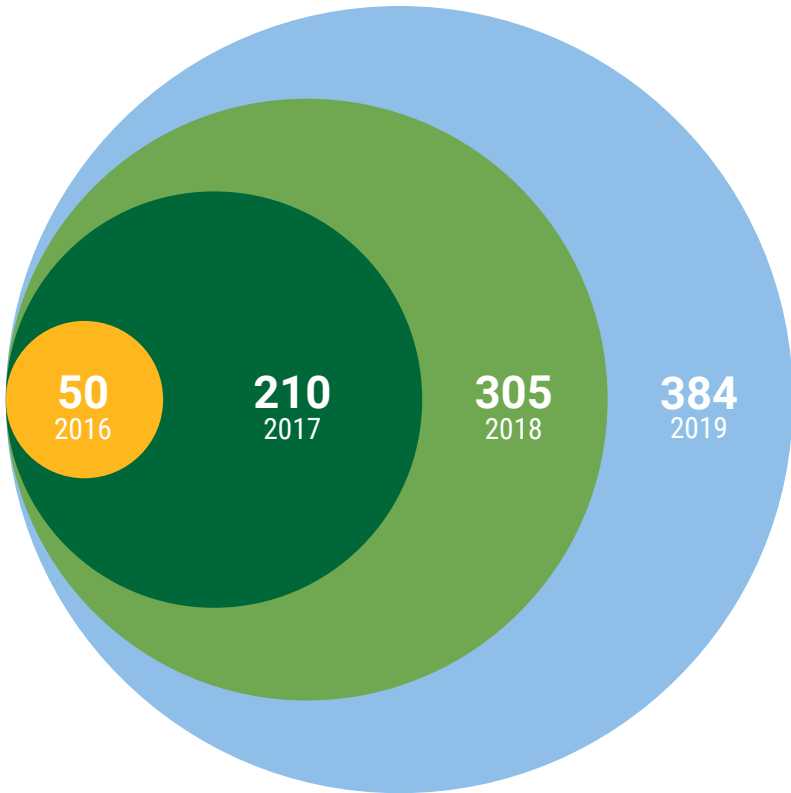
2020
OBJECTIVE

Increase the capture of private construction work to 30% of our total construction portfolio revenue.

Revenue from private clients in 2019 is expected to be consistent with historical results at approximately 25%.

We have increased our focus on capturing negotiated, qualification-based work, which is based on client relationships and high-value solutions as opposed to the lowest bid. With these types of projects, we are often able to engage the client earlier in the procurement process with high-value project solutions and more sustainable options. As of December 31, 2019, Granite had captured approximately \$1 billion in best-value procurement work, which includes private work.

Achieve a client satisfaction score of 4.5 out of 5.0 for 75% of our total clients.



Client Surveys Completed Each Year (Above): We continue to expand the amount of client feedback we collect throughout the course of a project. This information helps us continually improve the service we deliver to our clients, increasing client satisfaction. In 2019, we achieved an average eCAM score of 4.3 out of 5.0.

Scoring Scale:
5 = Exceeds Client Expectations
4 = Achieves Client Expectations
3 = Typical of Industry
2 = Below Expectations
1 = Unacceptable Performance

INNOVATION: FUELING OUR PROGRESS

Our ongoing Continuous Improvement (CI) efforts position us to drive innovation to new levels. At the same time, we are supporting a sustainable business by devoting emerging Lean Construction practices to reducing waste and increasing value. Our amplified emphasis on Lean Construction practices touches all levels of our people, from managers to craft. This approach means that everyone, everywhere has Lean in mind to reduce non-value-add activities, freeing up capacity for innovation.

The mainstay of our CI program is Black Belt training that provides key employees with specialized training in both Lean and Six Sigma tools, structured problem-solving, team facilitation, and data analysis to address challenges important to our leaders. This year, we opened Black Belt training to people who continue to perform their current roles, enabling them to apply what they learn to their everyday responsibilities.

In 2019, we expanded our CI training program with Leading Lean to provide our managers with an increased ability to coach their teams in Lean thinking and practice. In addition, to develop an effective Lean program fit-for-purpose to Granite, we began experimenting in the Arizona Region with innovative approaches to Lean Construction that will help us develop our Lean foundations and messaging for the entire company.

Our vision is that all employees are engaged in Lean, improving our business and finding new and innovative ways to solve problems. By embracing core Lean principles, we support an innovative and enduring business that continues to deliver important infrastructure solutions to our clients.

In 2020, we plan to greatly expand our Lean reach by rolling out our new Lean Tailgate Talks to teach our field operations employees about everyday Lean. We see Lean as an important way to build upon our innovative culture by providing additional skills to employees and creating a mindset where every employee feels empowered to innovate and make improvements.

2020 OBJECTIVE

Through our CI initiative, complete at least 50 improvement projects per year that support innovation and creativity.

78 CI projects completed in 2019

58

Black Belts trained since program inception in May 2014

3

New Leading Lean training sessions directed toward managers being Lean coaches

17

Black Belts trained in 2019, our largest group ever

11

Training sessions of Lean Practitioner completed, with over 200 people attending

253

Discrete improvement projects completed

A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

Social

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

> Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment

HARBORTON SUBSTATION NAIL GUN

Motion Matters is a partnership between our CI and Safety departments to bring awareness to—and reduce the waste of motion in—our field operations work, all while improving overall safety. One study was done at our Harborton Substation project in Portland, Oregon.

Problem:

Workers were driving duplex (two-headed) nails into concrete formwork by hammer, exposing their hands to impact injuries.

Solution:

Through a collaborative effort with the people who performed the work (a key tenet of Lean), a crew member made a suggestion: exchange the hammer for a new type of powered nail gun that could drive duplex nails.

Impact:

- Implementing the use of a nail gun improved formwork production by 47%, while reducing the potential for injury
- This small, but innovative improvement provided the team with annual savings of approximately \$85,000
- The nail gun has been adopted for use throughout all projects in the vertically integrated regions, so the savings will be multiplied many times over





A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

Social

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

> Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment



IMPLEMENTING AUGMENTED REALITY

Our Vertically Integrated Technology Committee has been experimenting with Augmented Reality (AR) applications that can be used in the field in conjunction with 3D plans. The impact of our use of AR includes:

- Targets innovative solutions not currently used within our business
- Improves and digitalizes our construction execution processes
- Uncovers potential safety issues when used in Job Hazard Analysis
- Helps with maintenance of our materials plants and equipment through 3D modeling
- Moves us forward in utilizing new and emerging digital technology within our industry
- Creates a culture that encourages people to broadly share innovation and knowledge throughout the business
- Attracts innovative-minded talent to our company



A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

Social

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

> Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment

IMPLEMENTING EXOSKELETONS

Granite's Safety and Continuous Improvement departments, along with the Alaska Region, collaborated with our insurer and professors from Iowa State University to conduct a study on the effectiveness of exoskeletons in overhead work. Exoskeletons are metal frameworks that utilize a complex pulley system to reduce joint stress and fatigue for the user.

Problem:

Construction work routinely requires workers to perform tasks at and above head level. These tasks significantly impact cycle time efficiencies and also pose a risk of shoulder and back injuries. The team hypothesized that the use of exoskeletons would improve both factors.

Solution:

Through data collection and observation, the use of exoskeletons was shown to significantly reduce stress to our employees' bodies and increase productivity due to a reduction in overall fatigue.

Impact:

- The Alaska Region has purchased and is using exoskeletons in appropriate work
- The CI and Safety teams are actively promoting the extended use of exoskeletons throughout the company
- Granite provided data that can be used to improve overall worker experience throughout the greater construction industry





A Message from our CEO

About Granite Construction

About This Report

Overview of 2020 Objectives

Governance

Materiality Assessment

Social

Safety

Community

Our People

Compliance & Ethics

Environmental

Water Conservation

Reducing Emissions

Sustainable Practices

Sustainable Solutions

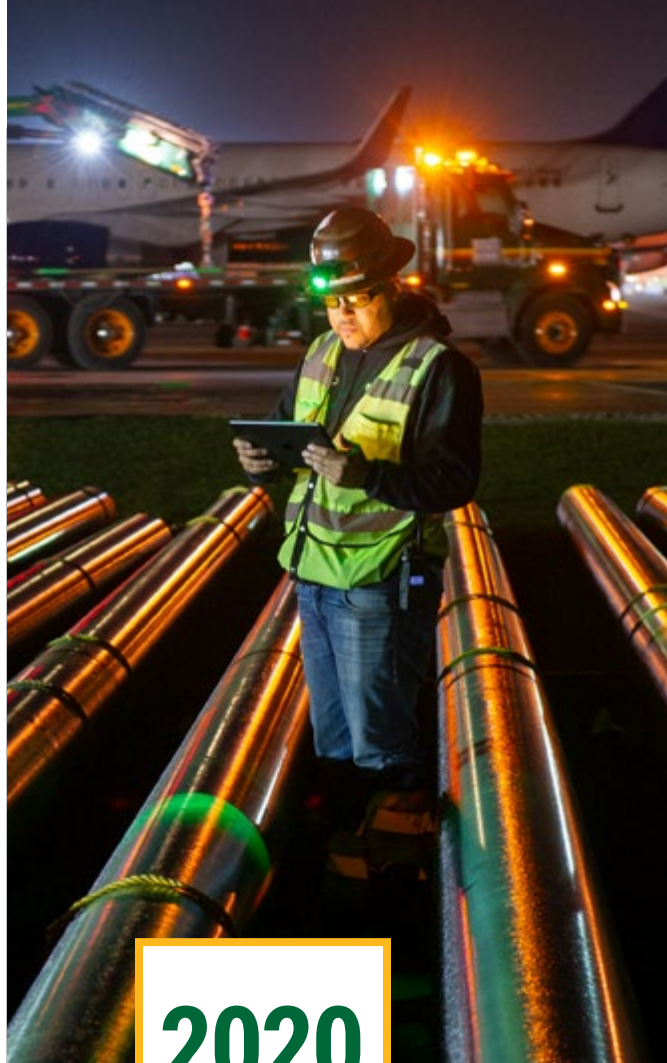
> Economic

Operational Excellence

Client Alignment

Innovation

Infrastructure Investment



2020 OBJECTIVE

Participate in the advancement
of industry-wide sustainable
construction practices.

INFRASTRUCTURE INVESTMENT: ENVISIONING A SUSTAINABLE FUTURE

Granite has historically supported industry-wide efforts to advance sustainable practices, and we continue that commitment today. Granite was a founding sponsor of Greenroads, a non-profit organization advancing sustainability education and initiatives for transportation infrastructure. Granite was also a charter member of the Institute for Sustainable Infrastructure, the non-profit that created Envision, a sustainability rating system for all civil infrastructure. We will continue to seek out opportunities to collaborate with other organizations to advance sustainability in our industry.

We are looking to established frameworks like Greenroads and Envision to help establish processes for assessing sustainability in our projects and integrating more sustainable practices into our operations. We are also working to improve in-house capacity to provide clients the expertise needed to implement rating frameworks such as Leadership in Energy and Environmental Design (LEED), Greenroads, and Envision. To that end, in 2019, we trained four new in-house Envision Sustainability Professionals, who are equipped to utilize Envision on projects and submit them for verification.

In 2019, Granite was a Gold level sponsor of the American Society of Civil Engineers' International Conference on Sustainable Infrastructure.

WORKING TOGETHER FOR THE BETTERMENT OF BOTH

We seek to positively impact the construction industry by working with other organizations to improve and implement best practices. In 2019:

- We piloted the National Asphalt and Pavement Association’s (NAPA) Environmental Product Declaration (EPD) tool, and helped with the accuracy and efficiency of the tool in assessing life cycle environmental impacts associated with asphalt mixtures.
- We worked with the National Stone Sand & Gravel Association (NSSGA) to advocate for federal legislation that protects aggregate resources by recognizing their limited nature, and the need to sustain the ability of companies and local governments to utilize these resources through mining and processing.
- We partnered with the California Construction and Industrial Materials Association (CalCIMA) to advocate for California legislation that protects aggregate resources in California from non-aggregate-type development.
- We teamed up with CalCIMA to advocate for California legislation requiring all jobs funded with SB1 funding to allow up to 25% recycled asphalt in asphalt mix design. Higher recycling rates mean lower costs, fewer air emissions, less oil use, and reduced virgin aggregate use.
- Granite was one of four infrastructure contractors to represent the industry and work with the American Society of Civil Engineers to draft an International Standard for Sustainable Infrastructure.

*American Society of Civil Engineers, [America’s Infrastructure Grades Remain Near Failing \(2017\)](#)



Our leaders across the country continue to be actively engaged in industry, grassroots, and direct efforts at the local, state, and federal levels to advocate for adequate and sustainable public infrastructure funding.

America’s infrastructure is in critical need of being addressed. According to the American Society of Civil Engineers, fixing the country’s roads, bridges, tunnels, dams, and airports will take an investment of \$4.5 trillion*. That is why we make it a priority to advocate for the protection of sustainable infrastructure funding.

Granite has a key executive assigned to each of our four national trade associations to align Granite’s interests in the areas of increasing federal infrastructure funding. These associations include:

- NAPA
- NSSGA
- Associated General Contractors of America (AGC)
- American Road & Transportation Builders Association (ARTBA)

In 2019, we also participated in state associations to advocate for reauthorization of the Fixing America’s Surface Transportation (FAST) Act in Washington, Arizona, California, and Nevada.

Granite also has members involved in:

- Society of American Military Engineers (SAME)
- National Association of Sewer Service Companies (NASSCO)



Granite Construction Incorporated
PO Box 50085
Watsonville, CA 95077
831.724.1011
graniteconstruction.com

Sustainability data can be challenging to measure accurately. We work continuously to 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.

All of us at Granite are deeply committed to improving the way we share information with our stakeholders about our sustainability efforts. We welcome your feedback and comments.