

A photograph of construction workers inside a large tunnel. The workers are wearing orange high-visibility safety gear and hard hats. They are surrounded by a complex network of steel reinforcement bars (rebar) that form the structure of the tunnel. The lighting is bright, highlighting the metallic surfaces and the workers' safety equipment.

# RESPECT RESPONSIBILITY RESILIENCE

**GRANITE**<sup>®</sup>

2020 SUSTAINABILITY REPORT



# RESPECT

We respect all people equally and recognize the value in considering different perspectives and embracing a culture of inclusive diversity. We respect our stakeholders and their increasing expectations for sustainability.



# RESPONSIBILITY

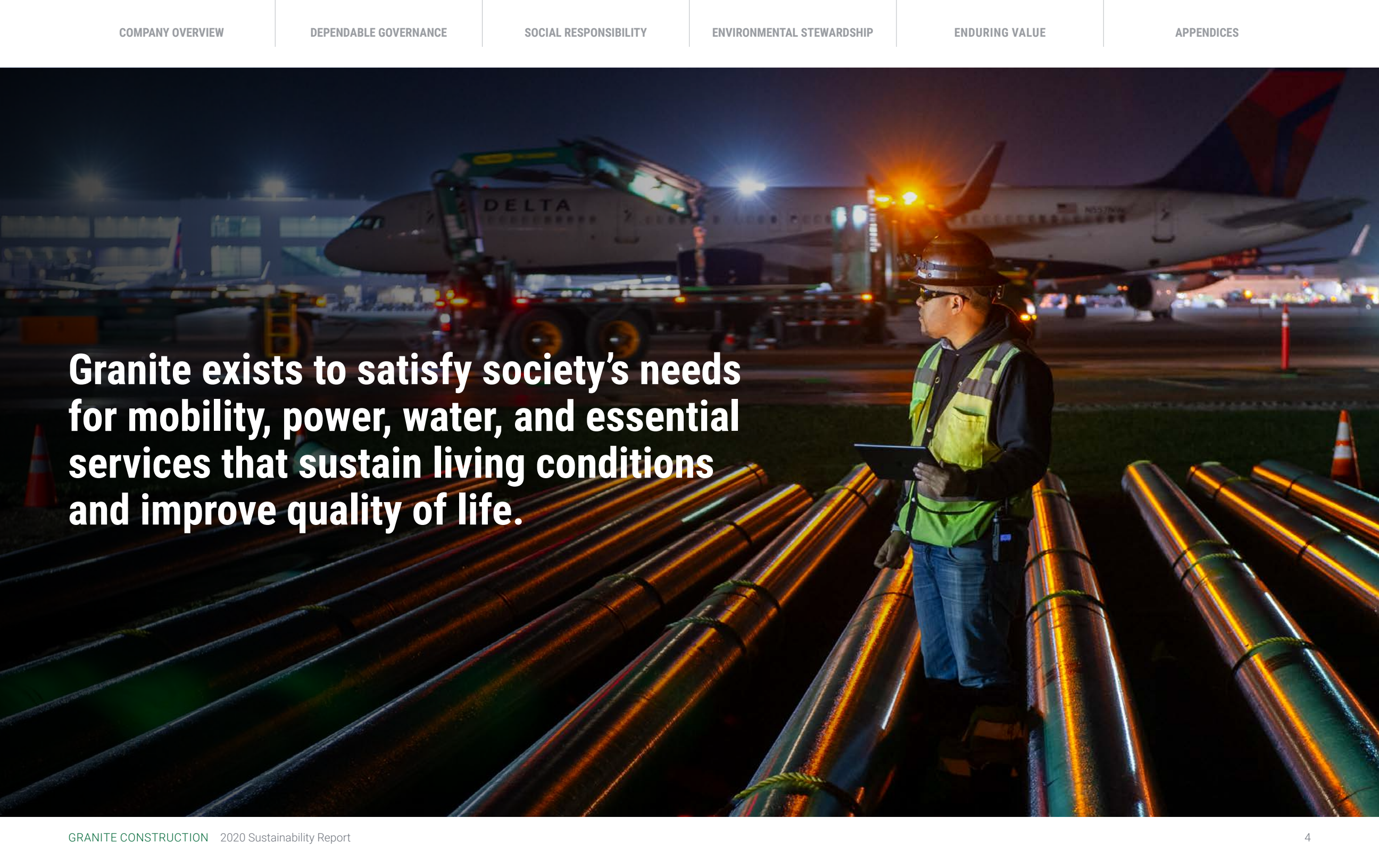
We take responsibility for engaging with our stakeholders, managing the social and environmental impacts of our business operations, and improving our sustainability performance. We take responsibility for tackling the challenges of climate change head on, adapting our business strategy, and contributing to a more sustainable future.



# RESILIENCE

We build resilience by adapting to changing circumstances and striving to continuously improve. We recognize the importance of building resilient infrastructure to support more sustainable cities and communities in the future.





**Granite exists to satisfy society's needs for mobility, power, water, and essential services that sustain living conditions and improve quality of life.**



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**Kyle Larkin**  
President and  
Chief Executive Officer

# A MESSAGE FROM OUR CEO

We used to refer to sustainability as a mandate of our core values and Code of Conduct—we have now elevated sustainability to *be* one of our core values.



We used to refer to sustainability as a mandate of our core values and Code of Conduct—we have now elevated sustainability to be one of our core values. Brought to life through our revitalized sustainability program, this core value aligns with the desires of our team members for greater purpose and social engagement. Granite has listened as the world has recognized the pressing need for all segments of society to transform to sustainable principles. We understand the importance of aligning with our stakeholders’ expectations, particularly the investment community’s focus on environmental, social, and governance (ESG) issues. We are now using standard reporting frameworks, including GRI, SASB, and TCFD, to meet ESG disclosures.

Granite has joined the United Nations (UN) Global Compact, the world’s largest corporate sustainability initiative. With this external commitment, we confirm that Granite supports the Sustainable Development Goals and the Ten Principles of the Global Compact on human rights, labor, environment, and anti-corruption. We recognize our responsibility to contribute to developing a more sustainable future for all people.

Our theme for this 2020 report—Respect, Responsibility, Resilience—reflects our perspective on a year that challenged the world. The pandemic reinforced the importance of agility, efficiency, and perseverance. In some cases, it accelerated innovation. The pandemic highlighted the importance of integrating sustainability into business strategy to enhance agility and resilience in the face of complex challenges. The theme for this report also emphasizes our enhanced focus on inclusion, also now a Granite core value.

Having developed a better understanding of our stakeholders’ priorities through our first materiality assessment, our focus in 2020 shifted to building new strategic foundations for

sustainability at Granite. Our new sustainability strategic plan establishes our vision, mission, strategic objectives, focus areas, and targets for improvement. We envision Granite as the leading provider of sustainable infrastructure solutions, differentiated by our pursuit of social, environmental, and financial excellence. Our new sustainability strategy focuses on being a business leader in four strategic objective areas: social responsibility, environmental stewardship, dependable governance, and enduring economic value.

We have established a new governance framework for sustainability, which will provide a clearer organizational structure for sustainability roles, responsibilities, and lines of communication to support more effective implementation of our efforts. We are focusing on climate risks and opportunities to ensure they are fully considered as part of our strategic planning process. We have set a new greenhouse gas (GHG) emissions reduction target and are taking steps to reduce our carbon footprint.

Going forward, we are integrating new sustainability goals and targets into our company strategy to ensure effective implementation throughout our organization. With these goals, we will reduce our carbon footprint, enhance positive social impacts in the communities where we work, and strengthen our position as a leading provider of sustainable infrastructure solutions.

**KYLE LARKIN**  
President and Chief Executive Officer



**New Strategic Plan**  
Learn more about the new strategic foundations for sustainability at Granite.  
**FIND OUT MORE →**



**New Governance Framework**  
Learn how Granite’s new governance framework will support more effective implementation of our sustainability efforts.  
**FIND OUT MORE →**



# ABOUT GRANITE

Granite Construction Incorporated (Granite; NYSE: GVA) is focused on delivering infrastructure solutions for public and private clients. Granite exists to satisfy society’s needs for mobility, power, water, and essential services that sustain living conditions and improve quality of life.

## Granite is America’s Infrastructure Company™

Incorporated since 1922, Granite is one of the largest diversified construction and construction materials companies in the United States (US) as well as a full-suite provider in the transportation, water infrastructure, and mineral exploration markets. Granite’s Code of Conduct and core values guide the company to uphold the highest ethical standards. Granite is an industry leader in safety and an award-winning firm in quality and sustainability.

Granite is committed to upholding dependable governance structures and reflecting diversity within all levels of the company. In 2020, Granite’s Board of Directors was 20% diverse with respect to racial and ethnic diversity and 30% diverse with respect to gender. Granite is committed to reflecting a diverse workforce and continues to enhance our culture of inclusion and increase diverse representation.

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.

America’s infrastructure is in critical need of repair. According to the American Society of Civil Engineers (ASCE), fixing the country’s roads, bridges, tunnels, dams, and airports will take an investment of nearly \$6 trillion (American Society of Civil Engineers, [ASCE 2021 Infrastructure Report Card Gives U.S. ‘C-’ Grade](#), 2021). America’s infrastructure needs to be built with increased sustainability and resiliency—we are here to build it.

## EXTERNAL COMMITMENTS



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

UN Global Compact



Mogul



CATALYST  
Catalyst

CEO Action for  
Diversity and Inclusion

## COMPANY AWARDS



Forbes America’s Best Midsize Employers (2021)



Fortune World’s Most Admired Companies (2020)



Certified Great Place to Work (2020-2021)

Solar Power World 2020 Top Solar Contractors List (Ranked 8 of 407)

ENR: #24 Top 400 Contractors (2021)

Mogul Top 100 Workplace with the Greatest Diversity & Inclusion Initiatives (2020)

Mogul Top 100 Workplaces with the Most Innovative Cultures (2020)



# SUSTAINABILITY IS NOW A GRANITE CORE VALUE

Our five core values are the cornerstone of our Code of Conduct: how we treat one another, operate with safety and integrity, provide value to our stakeholders, and incorporate sustainability into all that we do to make a difference in our communities and the world.

## SUSTAINABILITY to ensure enduring value

Together we build a better future by integrating values of social responsibility, environmental stewardship, and dependable governance to deliver enduring economic value.

## SAFETY for all

The safety and well-being of our people, our partners, and the public is our greatest responsibility. Every level of our organization is engaged in our safety culture.

## INTEGRITY always

We operate with integrity and the highest ethical standards. We know and do what is right, and we are expected to speak up when something is not right.

## EXCELLENCE for our stakeholders

We strive for a high-performance culture of continuous improvement, innovation, and quality in all aspects of our work. We always perform and deliver our work the right way for our stakeholders.

## INCLUSION where everyone is valued

We value and respect a workforce diverse in perspective, experience, knowledge, and culture. We are committed to an inclusive environment in which everyone feels a sense of belonging and can grow.














# OUR MARKETS & CUSTOMERS

Granite serves customers in both the public and private sectors. Within the public sector, we primarily concentrate on infrastructure projects, including the construction of streets, roads, highways, mass transit facilities, airport infrastructure, bridges, trenchless and underground utilities, power-related facilities, water-related facilities, well drilling, utilities, tunnels, and dams. Within the private sector, we perform site preparation, mining services, and infrastructure services for residential development, energy development, commercial and industrial sites, and other facilities, as well as provide construction management professional services. Our reportable business segments are: Transportation, Water, Specialty, and Materials.

Customers in our Transportation, Water, and Specialty segments are predominantly in the public sector and include certain federal agencies, state departments of transportation, local transit authorities, county and city public works departments, school districts and developers, utilities, and private owners of industrial, commercial, and residential sites. Materials sales include internal usage by our own construction projects, as well as third-party customers. Our third-party customers include, but are not limited to, contractors, landscapers, manufacturers of products requiring aggregate materials, retailers, homeowners, farmers, and brokers. The majority of both our public and private customers are in the US. A directory of our locations is available [here](#) on our website.

 <b>TRANSPORTATION</b> Infrastructure that drives the movement of goods and people	 <b>FEDERAL</b> Projects built for those who protect and serve our country	 <b>PAVEMENT PRESERVATION</b> Roadway solutions for residential street, highway, and commercial clients
 <b>POWER</b> Traditional and renewable projects that empower and energize communities	 <b>INDUSTRIAL</b> Scalable solutions for mechanical, mining, and manufacturing	 <b>WATER AND WASTEWATER</b> Systems to clean and conserve water resources
 <b>COMMERCIAL AND RESIDENTIAL</b> Work that improves where we live, work, and play	 <b>ENVIRONMENTAL</b> Remediation services to sustain our planet and safeguard its people	 <b>TUNNELING</b> Intricate tunneling systems and drilling services



# 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 dependable governance. Additional information about corporate governance and financial performance is available on our [investor website](#) and in our [financial filings](#).

## REPORTING PERIOD:

January 1, 2020–December 31, 2020

## REPORT CYCLE:

Issued annually

## REPORT BOUNDARIES:

Company-wide operations



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

## REPORTING FRAMEWORKS:



Global Reporting Initiative (GRI), Core Option (Appendix A)



Sustainability Accounting Standards Board (SASB), Infrastructure—Engineering and Construction Services, and Extractives and Minerals Processing—Construction Materials Standards (Appendix B)



Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) (Appendix C)

## Report Overview

This report represents Granite and its subsidiaries in 2020. This report serves as Granite’s first Communication on Progress as a participant in the UN Global Compact. In this report, we provide an assessment of progress on our 2020 Sustainability Objectives and updates on our evolving sustainability program. Due to the complex nature of how the COVID-19 pandemic impacted our efforts in social responsibility, we include a separate section on Granite’s response to the pandemic.

In this report, we present our new sustainability strategic plan. This strategy establishes our vision for the future, mission for achieving that vision, focus areas for strategic programmatic development, and priority targets to measure progress.

This report is organized around our strategic objective areas:



Dependable Governance



Social Responsibility



Environmental Stewardship



Enduring Value

Each section features **project highlights** to demonstrate the social, environmental, and economic benefits of the infrastructure projects we build.

## Aligning to Standard Reporting Frameworks

As stated in our previous report, one of our goals is to align Granite’s sustainability reporting with metrics from established frameworks—this was a major strategic focus in 2020. Having developed new strategic foundations and key focus areas for sustainability, Granite is now utilizing GRI and SASB as guiding frameworks to support performance, tracking and reporting, and responsible business behavior. This report has been prepared using GRI Sustainability Reporting Standards as guidance, as well as SASB criteria. Within these frameworks, Granite has selected industry-specific metrics that align with stakeholder expectations and reflect material impacts relevant to our business. In addition to GRI and SASB standards, Granite also utilizes the Sustainable Development Goals (SDGs) prescribed by the UN and the recommendations from TCFD as guidance for indicators related to climate risk and overall impact, and to inform sustainability initiatives.





SASB's industry-specific standards identify the subset of sustainability-related risks and opportunities most likely to affect a company's financial condition, operating performance, and risk profile. Its sector-specific reporting standards are based on expert input and designed to allow businesses to identify the sustainability issues of highest importance to investors and most relevant in their industry. This report was prepared using the SASB standards most significant to our operations: Infrastructure—Engineering and Construction Services, and Extractives and Minerals Processing—Construction Materials.

The GRI standards focus on the economic, environmental, and social impacts of a company and its contributions (both positive and negative) towards sustainable development. GRI standards include issues that are of primary importance to stakeholders and may also be financially material to the business. This report was prepared in accordance with the core option of the GRI G4 Sustainability Reporting Guidelines. In selecting the content for inclusion in our 2020 report, Granite looked to the GRI reporting principles of materiality, sustainability context, stakeholder inclusiveness, and completeness.

Materiality was determined through a [materiality analysis conducted in 2019](#), which resulted in a materiality matrix identifying the top priority sustainability topics, risks, and opportunities for our business and Granite's key stakeholders, including employees, investors, clients, and community members. The materiality assessment revealed that job site

relations and management, financial sustainability, employee health and safety, ethics and compliance, and community partnerships are currently the most material items for Granite, while sourcing and supply chain management, carbon dioxide emissions, waste management, and operational efficiency are also materially significant. The 2019 materiality assessment has shaped the target areas for Granite's sustainability strategy and will continue to be updated in the coming years with regular stakeholder engagement.

The final pages of this report include appendices with disclosures according to these reporting frameworks, with references to other pages and resources that contain additional information. The appendices also show where reporting frameworks overlap, and where impact areas align with the global framework of the SDGs to show alignment with potential real-world impacts.

Granite's approach to sustainability strategy and reporting is evolving. While Granite does not currently track to all the metrics within these standards, we are working to improve our data collection and reporting systems to support additional disclosures in the future. Granite is committed to continually improving sustainability in our business and working towards greater rigor, transparency, and increasing alignment to industry frameworks that are relevant to our business.

# RESPONDING TO THE PANDEMIC

During the pandemic, “we learned that we are adaptable, **resilient**, and can react with expedience. Our collaborative efforts made the difference between Granite being able to continue work or having to shut down,” explained Group Safety Director Doug Donegan.

Granite’s designation as an essential business meant that most of our operations were able to continue through the pandemic, keeping our people employed during a time of profound economic stress. Granite responded quickly to keep our teams safe and informed during the pandemic, while the rapid implementation of safety controls, training, and distribution of personal protective equipment allowed work to continue safely.

## Pandemic Response Team & Plan

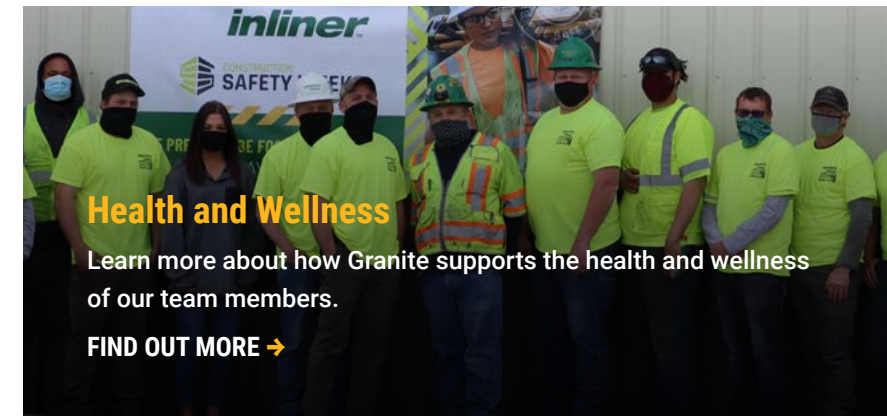
Granite implemented a COVID-19 response team, led by our senior vice president of human resources, to assess rapidly evolving guidelines from the Centers for Disease Control and Prevention (CDC), state, and local authorities, and develop related procedures and protocols. This team, composed of key functional and regional leaders, quickly developed [Granite’s COVID-19 Response Plan](#) and continued to adapt it as needed during the pandemic. Site-specific safety plans were implemented at all our facilities and project sites. Ongoing communications plans, including live webinars and question and answer sessions, helped ensure understanding and compliance among our teams. To keep employees apprised of

up-to-date information about the pandemic, Granite developed both internal and [external websites](#) to house information, resources, and updates.

## Implementing Safety Practices

Our safety focus is also evident in our response to the COVID-19 pandemic around the country. We have:

- Implemented a COVID-19 task force that provides updates specific to local, state, and federal guidelines
- Added work from home flexibility
- Increased cleaning protocols across all locations
- Initiated regular communication regarding impacts of the COVID-19 pandemic, including health and safety protocols
- Developed a COVID-19 tracking tool that allows tracking of positive test results, close contact by region, division, group, and company
- Established physical distancing procedures
- Implemented a policy that masks must be worn in all locations as required by CDC, state, tribal, local, and client regulations
- Adjusted attendance and sick leave policies to encourage those who are sick to stay home
- Implemented protocols to address actual and suspected COVID-19 cases
- Prohibited non-essential travel for all employees including conferences, training events, leadership meetings, etc.
- Translated key materials into Spanish to ensure COVID-19 protocols were understood by workers who speak English as a second language



## Health and Wellness

Learn more about how Granite supports the health and wellness of our team members.

**FIND OUT MORE →**

## Supporting Mental Health

Granite implemented a new resiliency program to give employees resources to manage stress and anxiety during the pandemic.

## Tracking Cases

Granite quickly implemented a case tracker that allowed monitoring of close contacts, test results, and symptoms to prevent virus spread. The case tracker helped with contact tracing and enabled us to respond rapidly to areas of concern by alerting management to potential or active cases, so that they could modify schedules and behavior as appropriate. When necessary, employees were asked to quarantine or isolate at home to limit exposure or potential exposure to other employees.

## When Challenges Lead to Innovation

During the pandemic, the adoption of social distancing and limited shared touchpoints drove some of our aggregate and asphalt materials plants to adopt eTicketing. The use of paperless and contactless eTicketing aids in the prevention of the spread of illness by eliminating shared touch points, protecting not only our employees, but also subcontractors and truck drivers.



The eTicketing system allows our materials plants to leverage technology to support new safety standards while improving operational efficiency. Digital tickets for materials are created automatically, then shared through computer and phone applications, negating the need to transfer paper tickets back and forth when weighing and receiving material.

Capturing transactions digitally also provides broader visibility to the teams on both sides of the interaction, from real-time visibility into the purchase to long-range trends and inventory availability. The eTicketing system provides Granite better visibility into haul costs and ensures timely delivery of material. This means that with a few clicks anyone on a job can see current and historical haul status and plan their operations accordingly.

Community Outreach

Granite team members demonstrated empathy and creativity during the pandemic with extensive and inspired volunteer efforts:

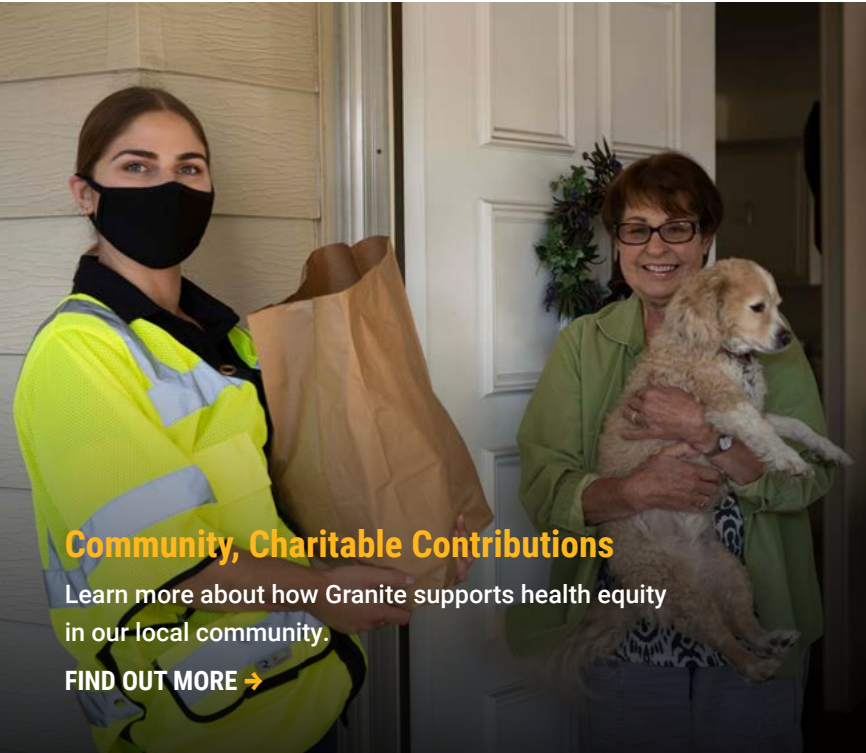
- In March and April 2020, when personal protective equipment (PPE) shortages were impacting hospitals and first responders, Granite teams leveraged their supplies to donate PPE to first responders and healthcare providers, including over 2,500 masks and over 2,000 other items (e.g., gloves, goggles, and protective suits).
- Team members at our corporate headquarters in Watsonville, California, formed the Granite Gives Committee to mobilize efforts to support our community. The Committee organized the donation and delivery of meals to first responders along with other donations (totaling over \$30,000) from March through May 2020.

- Granite Gives organized teams and trucks to deliver food directly to those in need. Teams volunteered for Project Elderly Care from March through September 2020, to deliver approximately one hundred meals each week to the elderly in Watsonville.
- From March through the end of 2020, volunteers teamed with the California National Guard to support the Food Bank of Monterey County by delivering meals weekly to people in need throughout the county (serving over 140 households each week).

Building Resilience

Responding to the pandemic required our teams to work collaboratively to protect the health and safety of our employees and allow our company to continue to operate—rising to this challenge has left a lasting impact on our teams. As Safety Systems and Compliance Specialist Wendy Warner expressed, “I feel like our teams developed better relationships, understanding, and trust working so closely to support our employees’ health and ensure they could continue to work. These relationships will continue to be strong after the pandemic is over.”

The pandemic emphasized the interconnected nature of many social, environmental, and economic factors, along with the importance of building resilient systems in our business to adapt to these changing factors. With continuous improvement in mind, we took lessons from our experiences in adapting to the pandemic and applied them to our business. For example, we have implemented flexible work guidelines that provide remote work options going forward after the pandemic for some of our workforce. Supporting flexible work schedules can provide environmental benefits like reducing waste, water use, energy use, paper use, and vehicle emissions during commutes.



Community, Charitable Contributions

Learn more about how Granite supports health equity in our local community.

FIND OUT MORE →



DEPENDABLE GOVERNANCE

# ESTABLISHING ACCOUNTABILITY FOR DELIVERING SUSTAINABLE PERFORMANCE

## Stakeholder Engagement

Learn about how we engage with our stakeholders on sustainability.

[FIND OUT MORE →](#)

## Climate Risk Assessment

Learn about the results of Granite's first climate risk assessment.

[FIND OUT MORE →](#)



# NEW SUSTAINABILITY STRATEGIC PLAN

## Our Commitment to Sustainability

Granite is committed to contributing to the development of a more sustainable future. To meet this commitment, we will:

- Promote the safety, health, and vitality of our people
- Perform work ethically, with honesty and integrity
- Champion the current and future needs of the communities we serve
- Recognize our impact on the environment and duty to protect it
- Manage operations, produce materials, and deliver construction projects using sustainable practices
- Preserve the company for generations to come by delivering long-term economic performance

## Strategic Vision

We envision Granite as the leading provider of sustainable infrastructure solutions, differentiated by our pursuit of social, environmental, and financial excellence.

## Strategic Mission

To create enduring value and address relevant societal needs, Granite will leverage best practices in corporate social responsibility, environmental stewardship, and corporate governance to integrate sustainable practices into operations and drive accountability for social, environmental, and economic performance.

### Defining 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 “projects that are planned, designed, constructed, operated, and decommissioned in a manner to ensure economic and financial, social, environmental (including climate resilience), and institutional sustainability over the entire life cycle of the project.” (Inter-American Development Bank, What is Sustainable Infrastructure?, IDB-TN-1388, 2018.)

Sustainable infrastructure solutions positively impact the environmental, social, and economic sustainability of the communities they serve.

Functionally in the context of our business, sustainability is Granite’s strategic approach to managing business with the future in mind by integrating values of social responsibility, environmental stewardship, and dependable governance to deliver enduring economic value.

## Strategic Objectives

Granite’s Sustainability Objectives: to be a business leader in four key areas:






-  **SOCIAL RESPONSIBILITY:** Participate meaningfully in the communities in which we operate by implementing socially responsible business practices, actively managing our social impacts, and engaging in charitable activities
-  **ENVIRONMENTAL STEWARDSHIP:** Act as responsible environmental stewards by actively managing our environmental impacts, preserving resources, and improving the positive while reducing the negative
-  **DEPENDABLE GOVERNANCE:** Uphold dependable governance structures that effectively create accountability for delivering sustainable performance, build in-house capacity to serve the current and future needs of our clients, and communicate our sustainability efforts through transparent reporting
-  **ENDURING VALUE:** Use the growth of the sustainable economy as an opportunity to grow new markets and commercial opportunities, to become a leader in providing sustainable infrastructure solutions

# ADDRESSING GLOBAL CHALLENGES






Granite’s sustainability efforts align with the [Sustainable Development Goals](#), which provide a blueprint for peace and prosperity for people and the planet. We analyzed goal alignment with reporting metrics and strategic objectives to determine primary goals where our business can have the most direct impact, and secondary goals where we also seek to have a positive impact.



PRIMARY GOALS:

-  **8** DECENT WORK AND ECONOMIC GROWTH  
Decent Work & Economic Growth
-  **9** INDUSTRY, INNOVATION AND INFRASTRUCTURE  
Industry, Innovation, & Infrastructure
-  **11** SUSTAINABLE CITIES AND COMMUNITIES  
Sustainable Cities & Communities
-  **12** RESPONSIBLE CONSUMPTION AND PRODUCTION  
Responsible Consumption & Production
-  **13** CLIMATE ACTION  
Climate Action

SECONDARY GOALS:

-  **3** GOOD HEALTH AND WELL-BEING  
Good Health & Well-being
-  **5** GENDER EQUALITY  
Gender Equality
-  **6** CLEAN WATER AND SANITATION  
Clean Water & Sanitation
-  **7** AFFORDABLE AND CLEAN ENERGY  
Affordable & Clean Energy
-  **10** REDUCED INEQUALITIES  
Reduced Inequalities



# STRATEGIC FOCUS AREAS & PRIORITY TARGETS

The following table presents our strategic focus areas, long-term ambitions, and priority targets. In order to focus our efforts and resources, priority targets are set only for certain focus areas. These priority targets for sustainability are integrated into our company strategic plan.

## Social Responsibility

FOCUS AREAS	LONG-TERM AMBITIONS	PRIORITY TARGETS
Safety	Zero injuries; Support an industry-leading culture of safety	Reduce our OSHA recordable incident rate from 1.07 in 2020 to 0.75 by 2023
Inclusive Diversity	Have a workforce that reflects the diversity of the communities where we work; Foster a culture of inclusive diversity where everyone feels fully engaged in an accepting environment	<ul style="list-style-type: none"><li>• Increase female representation throughout the entire organization from 12.5% in 2020 to 18% by 2025</li><li>• Increase women in leadership* from 14% in 2020 to 20% by 2025</li><li>• Increase persons of color in leadership* from 14.7% in 2020 to 20% by 2025</li><li>• Increase Great Places to Work Inclusion Index from 71% in 2020 to 80% by 2025</li></ul>
Community Engagement	Engage meaningfully in the communities where we work; Empower our employees to volunteer and support charitable organizations	
Employee Engagement	Actively engage our employees with our company purpose and mission for sustainability	
Project Site Relations	Employ best practices at construction sites to avoid, minimize, and mitigate disruptions to surrounding communities	
Human Rights	Uphold ethical business operations that ensure the protection of human rights in our operations and provide safeguards for our supply chain and business partners	

\*For these targets, "leadership" is defined as having direct reports or position title of supervisor or above.

Environmental Stewardship

FOCUS AREAS	LONG-TERM AMBITIONS	PRIORITY TARGETS
Climate & Emissions	Minimize GHG emissions as much as possible, to industry-leading levels	Reduce total Scope 1 GHG emissions by 25% by 2030 from 2020 baseline
Water	Protect water resources in all areas of our influence	
Air	Reduce air emissions at all plants, insofar as is possible, to industry-leading levels	
Waste & Recycled Content	Minimize waste and optimize the use of recycled content in asphalt production	
Sustainable Operational Practices	Employ industry-leading sustainability practices at our plants; Leverage alternative procurement to reduce environmental impacts of construction projects through innovation	Earn recognition by the National Asphalt Pavement Association (NAPA) Diamond Sustainable Commendation for 75% of our asphalt plants by 2025
Land & Biodiversity	Protect and enhance biodiversity within our sphere of influence	
Environmental Impacts of Products	Capture the environmental impacts of our products and contribute to industry understanding of the environmental impacts of construction materials	Have Environmental Product Declarations (EPDs) available for 50% of our materials facilities by 2025



Dependable Governance

FOCUS AREAS	LONG-TERM AMBITIONS
Reporting	Communicate our sustainability efforts to the public in a manner consistent with evolving industry standards and requirements
Stakeholder Engagement	Effectively engage our stakeholders regularly to validate and refresh the sustainability topics we manage and report
Business Ethics & Anti-Corruption	Emphasize an ethical culture and create commitment through training that empowers all employees to uphold the highest ethical, legal, and moral standards
Supply Chain	Go beyond our own operations and positively influence our supply chain to transition to more sustainable resource management

Enduring Value

FOCUS AREAS	LONG-TERM AMBITIONS	PRIORITY TARGETS
Infrastructure Investment	Participate in the advancement of industry-wide sustainable construction practices; 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	
First-Time Quality (and Rework)	Get it right the first time; Achieve leading levels of first-time quality and product safety for construction and materials; Track and prevent rework	Improve our first-time quality rate for production of construction materials from 85% in 2020 to 95% by 2025
Client Alignment & Satisfaction	Client delight; Effectively engage our clients regularly on sustainability topics to understand their current and future needs	
Market Presence (Type of Work and End-Markets)	Become a leader in providing sustainable infrastructure solutions; Use the growth of the sustainable economy as an opportunity to grow new markets and commercial opportunities	
Climate Resilience	Implement systems to manage readiness to respond to new markets in the transition to a low carbon economy; Support the longevity of the company by monitoring the company’s ability to be resilient and adapt to changing climate conditions	

For our strategic focus areas, we will continue developing internal goals, action plans for improvement, and specific targets to measure our progress. Our primary focus for reporting is to improve our data collection and reporting systems, particularly around areas of environmental impact, to support reporting in alignment with standard reporting frameworks.



# SUSTAINABILITY GOVERNANCE & RISK MANAGEMENT

In 2020-2021, 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. These changes included the creation of a chief strategy officer position and related departmental changes to support an increased focus on strategic planning. **The Board of Directors also formed a Risk Committee.**

In this report, we focus on the governance issues most relevant to sustainability—namely, governance around improving our sustainability program, managing our social and environmental impacts, and integrating opportunities and risks posed by climate change into our business strategy. More information about our corporate governance—including details about our Board of Directors, Board governance documents, executive compensation, company strategy, and risk analysis—is available on our [investor website](#) and in our [financial filings](#).



## Management System

We use the Granite Management System (GMS) to organize policies and procedures and hold people accountable. In practice, 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 and health, environmental, and quality requirements. Our goals are to satisfy specifications, standards, regulations, and client expectations in the most effective and efficient manner possible and share knowledge and lessons learned throughout the organization. More details about GMS are available in our [2019 Sustainability Progress Report](#).

## Enterprise Risk Management

Granite maintains a robust Enterprise Risk Management (ERM) practice informed and guided by our Board of Directors and in consultation with third-party risk advisors. The program, which was initially formalized in 2009, continues to evolve and expand to better incorporate emerging risks or areas of increased focus, including sustainability. Granite's practice aligns with the Committee of Sponsoring Organizations of the Treadway Commission framework and has been fully embedded into strategic and operational planning.



Risk Management Structure

**PROJECT RISK MANAGEMENT:** Every project is evaluated for risks and opportunities, which are captured on a risk register. Each project is then reviewed and approved at the appropriate level within the organization, or the Board of Directors, according to defined risk criteria. This is done with the goal of selecting opportunities which optimize the use of company resources, including capital and personnel, while providing the highest risk-adjusted return within stated risk tolerances.

**RISK AGGREGATION** is monitored by senior leadership and reported to the Board of Directors. Relevant data is efficiently managed and accessed through connected digital platforms and data warehousing.

**ENTERPRISE RISK** is defined by Granite as a risk, or aggregation of risks, that may affect the achievement of the company’s core objectives or viability. Granite’s ERM framework informs strategic planning and decision making.

Sustainability Risk Impact Areas

**UNFAVORABLE ECONOMIC CONDITIONS** may affect federal, state, and local government infrastructure spending, or private market demand for commercial and residential construction projects. Through organic expansion and strategic acquisitions, Granite has diversified its funding sources to better manage this risk.

**CHANGES IN COSTS OR AVAILABILITY OF LABOR AND/OR MATERIALS** may affect profitability. Granite employs various strategies to insulate against downside risks and capitalize on opportunities.

**EMPLOYEE RECRUITMENT AND RETENTION** that aligns with inclusive diversity and brings the capabilities necessary to execute along the company’s strategic plan depends on a variety of factors, including profitability and reputation. Strategic initiatives include the development of employee resource groups and an extensive array of skills and leadership development programs.

**SAFETY** continually poses a challenge given inherent risks in construction worksites. Granite’s ability to ensure the safety of our employees, subcontractors, and third parties is critical to our ability to win work, and attract and retain employees and business partners. Granite has prioritized this risk above all others and has embedded it into our core values. While the risk is well managed, Granite continues to strive for improvements, in part through implementation of new technologies.

**ENVIRONMENTAL:** From regulatory compliance to reducing emissions and decarbonizing, Granite’s obligations and opportunities have inspired innovation and a wide array of strategic initiatives.

**CLIMATE CHANGE** impacts in the form of increased natural disasters have disrupted Granite’s operations, primarily as project delays, however, they have also provided opportunities for the company to deploy its vast resources to cleanup efforts in established geographies. Granite is focused on identifying and strategizing around the myriad of future impacts from continued climate change. More information is included below in the Climate Risk Assessment section of this report.



# STAKEHOLDER ENGAGEMENT

We welcome all our stakeholders as partners in our sustainability journey. We conducted our first materiality assessment in 2019 to better understand our stakeholders’ concerns and priorities around sustainability (learn more in the Materiality Assessment section of our [2019 Sustainability Progress Report](#)).

We engage with our stakeholders in a variety of ways, including by publishing annual sustainability reports. We also maintain other information about our program on our website. As part of our communications plan, we have increased our focus on sustainability in our external communications. For example, in press releases about projects, we highlight their social, environmental, and economic benefits. In our social media posts, we highlight sustainability by promoting progress in specific focus areas such as safety, inclusive diversity, and reducing environmental impacts.

## Materiality Assessment

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

● Environmental ● Social ● Governance ● Financial



# STAKEHOLDER ENGAGEMENT (CONTINUED)

Here is a summary of the ways in which we engage our stakeholders:

Stakeholder Group	Employees	Investors	Clients	Community	Suppliers
Engagement Methods	<ul style="list-style-type: none"><li>• Surveyed in 2019 Materiality Assessment</li><li>• Sustainability Center of Excellence discussion forums</li><li>• Internal website and resources (with materiality survey)</li><li>• Yammer page</li><li>• Engagement surveys</li><li>• Direct engagement</li><li>• Quarterly webinars</li><li>• Town Halls</li></ul>	<ul style="list-style-type: none"><li>• Surveyed in 2019 Materiality Assessment</li><li>• Quarterly investor calls</li><li>• Direct engagement</li></ul>	<ul style="list-style-type: none"><li>• Surveyed in 2019 Materiality Assessment</li><li>• Client alignment meetings</li><li>• Client satisfaction surveys</li><li>• Supplier questionnaires</li><li>• Direct engagement</li></ul>	<ul style="list-style-type: none"><li>• Direct engagement with public representatives and organizations</li><li>• Press releases</li><li>• Social media posts highlighting sustainability issues</li></ul>	<ul style="list-style-type: none"><li>• Direct engagement related to sustainability initiatives</li></ul>
Key Topics of Interest	<ul style="list-style-type: none"><li>• Employee Health &amp; Safety</li><li>• Ethics &amp; Compliance</li></ul>	<ul style="list-style-type: none"><li>• Employee Health &amp; Safety</li><li>• Financial Sustainability</li><li>• Climate Change &amp; Carbon Emissions</li></ul>	<ul style="list-style-type: none"><li>• Job Site Relations &amp; Management</li><li>• Employee Health &amp; Safety</li></ul>	<ul style="list-style-type: none"><li>• Job Site Relations &amp; Management</li><li>• Community Partnerships</li></ul>	<ul style="list-style-type: none"><li>• Climate Change &amp; Carbon Emissions</li></ul>

In 2020, our primary focus for stakeholder engagement was internal—to educate our teams about our mission for sustainability and engage them in discussions for the development of our new sustainability strategic plan. We leveraged communication platforms to engage employees, including:

- A new internal website for our sustainability program, including a library of resources, where employees can take our sustainability materiality survey at any time to share insights on their priorities
- An interactive Yammer page where teams can recognize sustainability accomplishments and share stories, resources, and best practices
- Virtual meetings with teams of experts in our Sustainability Center of Excellence to collaborate on developing our strategy, setting goals, and planning initiatives to improve our efforts



# A NEW FRAMEWORK FOR SUSTAINABILITY GOVERNANCE

We have established a new governance framework for sustainability to clarify sustainability/ESG roles, responsibilities, and lines of communication. The goal of this framework is to support more effective implementation of our sustainability efforts. This new framework clarifies that the Board of Directors is ultimately responsible for overseeing our sustainability program and how we manage sustainability and ESG-related risks, including those posed by climate change. In developing our approach and providing the following information, our efforts have been guided by TCFD recommendations.

## Overview: Roles & Responsibilities

- **THE BOARD OF DIRECTORS** is responsible for overseeing company performance. The Board of Directors receives updates on sustainability/ESG performance and related risks at a minimum frequency of twice per year and provides final approval for sustainability strategic plans and sustainability reports.
- **THE BOARD RISK COMMITTEE** is responsible for overseeing the company's strategic, operational, health, safety, and environmental compliance risks. The Risk Committee provides oversight of sustainability strategic planning and program performance. The Risk Committee also provides oversight of sustainability/ESG-related risks, including those posed by climate change, which are integrated into the ERM system. The Board Risk Committee receives updates on sustainability/ESG performance and related risks at a minimum frequency of twice per year.

- **THE BOARD NOMINATING & CORPORATE GOVERNANCE COMMITTEE (NCGC)** recommends and nominates persons to serve on the Board, develops and recommends corporate governance principles and practices to the Board, and oversees risks associated with our Corporate Governance Guidelines and Policies and Code of Conduct. With respect to sustainability/ESG, the NCGC provides oversight of social and inclusive diversity issues and risks relevant to corporate governance. The NCGC receives updates on relevant sustainability/ESG issues at a minimum frequency of twice per year.
- **THE EXECUTIVE COMMITTEE (EC)** provides executive direction and resourcing for the sustainability program. The EC receives updates on sustainability/ESG at least quarterly. The EC communicates ESG issues and risks to the Board of Directors and its Committees either directly or as delegated to other subject matter experts such as the Sustainability Lead.
- **THE SUSTAINABILITY LEAD (SL)** serves as the functional lead for the sustainability program to engage stakeholders, develop strategic plans, implement programs, and communicate progress. The SL reports to the chief strategy officer. The SL provides updates to the EC at least quarterly and, as delegated by the EC, to the Board of Directors and its Committees.

- **GROUP OPERATIONAL LEADERS** are charged with implementing sustainability programs at the business unit level, supporting data collection from operations, and reporting their progress. Group leaders are responsible for managing operational ESG risks and communicating emerging issues and risks with the SL.
- **FUNCTIONAL LEADERS** are charged with implementing sustainability programs at the level of their functional business units, supporting data collection, and reporting their progress. Functional leaders are responsible for managing ESG risks in their functional area and communicating emerging risks with the SL.
- **THE SUSTAINABILITY CENTER OF EXCELLENCE** is a forum for engagement and the sharing of best practices, open to all Granite team members—a key to effectively leveraging sustainability to create value.
- **THE SUSTAINABILITY COUNCIL** (within the Sustainability Center of Excellence) is a forum of engagement for key functional and operational leaders to collaborate and support planning and implementation of sustainability strategy and programs. The SL serves as Chair of the Sustainability Council.
- **THE CLIMATE AWARENESS TASK FORCE** (within the Sustainability Center of Excellence) is tasked with creating and implementing a strategic approach to integrating climate awareness into Granite's operations.

# SIMPLIFIED ORGANIZATIONAL CHART





# STRATEGIZING FOR CLIMATE RISKS & OPPORTUNITIES

As stated in our [2019 Sustainability Progress Report](#), Granite's Sustainability Center of Excellence launched a Climate Awareness Task Force to further integrate climate awareness into our operations. In 2020, the task force continued developing improved strategies for measuring, reporting, and reducing our carbon footprint. The results of these efforts included a new governance framework for considering climate risks and opportunities in our business strategy, our first climate risk assessment, and new initiatives that reduce our carbon footprint.



Climate Risk Assessment

As a foundational step, Granite established a new governance framework for sustainability and ESG risks, including those associated with climate change. Granite then performed its first climate risk assessment in partnership with experts from Presidio Graduate School's PGS Consults program. Working with external experts helped us ensure greater objectivity and reliability of the results. The purpose of this assessment was to deliver a high-level picture of the potential risks and opportunities Granite may face with a changing climate, and to begin the process of integrating climate risks into Granite's ERM strategies.

The process for the climate risk assessment involved conducting interviews with Granite employees representing various departments, including Supply Chain, Legal, Equipment, Environmental Management, ERM, and other relevant subject matter experts. Industry insights were collected through research papers, webinars, interviews, and reporting standard guidelines. Interviews and external research were analyzed in parallel and synthesized into a final comprehensive report.

In summary, our climate assessment identified the following risks specific to our business:

RISK TYPE	RISK AREA	POTENTIAL IMPACTS	TIMEFRAME
Physical Risk	Chronic physical risks	Flooding risk to offices, plants, and facilities	Medium Term
	(i.e., rising sea levels, increasing mean temperatures, changing wind and precipitation patterns)	Cost and availability of insurance	Medium Term
		Construction timelines extended or disrupted due to increased frequency of extreme heat or precipitation	Short Term
		Increased energy demand	Medium Term
		Limited water availability	Short Term
		Changes in zoning and development code	Long Term
		Decreased demand for projects in particular markets and locations	Long Term



RISK TYPE	RISK AREA	POTENTIAL IMPACTS	TIMEFRAME
Physical Risk (continued)	Acute physical risks  (i.e., increased severity and frequency of extreme events)	Delays in projects	Short Term
		Disruptions in supply and distribution routes	Medium Term
		Disruptions in operations	Medium Term
		Damaged infrastructure	Medium Term
		Cost and availability of insurance	Medium Term
Transition Risk	Policy  (i.e., regulatory changes, pricing of GHG emissions, enhanced emissions reporting obligations)	Increased spend on reporting activities	Short Term
		Increased scrutiny from investors and other stakeholders on emissions reporting	Short Term
		Compliance risks become more material	Medium Term
		Higher carbon taxes or limited emissions allowances raise operation costs	Medium Term
		Increased competition from imported materials that are not subject to the same carbon taxes or emissions allowances	Medium Term
	Market  (i.e., increased cost of raw materials, shift in consumer preferences)	Increased energy, water, and raw material prices affect operational costs	Short Term
		Demand for lower carbon services and products, particularly if a carbon tax increases the cost of high-carbon products	Medium Term
	Reputation  (i.e., changing public perceptions of the sector)	Negative ESG-related public image of the sector and/or Granite reduces demand for products and services, the interest of potential employees, and investments from investors	Short Term

RISK TYPE	RISK AREA	POTENTIAL IMPACTS	TIMEFRAME
Legal Risk	Litigation risks (i.e., climate change litigation)	Litigation related to ESG disclosures	Short Term
		Increased exposure to damages claims	Long Term
		Financial and reputational costs of defending litigation	Long Term
		Reputational damage caused by legal action against the company	Long Term

Our strategy is to first leverage the results of this assessment to address the risks it identifies, and then progress toward more detailed planning for different climate scenarios. Our next steps will involve further analysis of the specific climate change-related opportunities and risks identified in the assessment. We will assess the relevant priorities of these risks, establish a process for identifying and managing them as they evolve, and implement key metrics and targets for improvement in risk management.





### Emissions Reduction

Learn more about Granite’s strategy to reduce our carbon footprint, along with metrics and targets, in the Environmental section.

**FIND OUT MORE →**

# RESULTS OF 2020 OBJECTIVES



As we close out the objectives we set to accomplish by the end of 2020, this scorecard provides an overview of our performance. The sections that follow provide more details on our progress and continuous improvement in each strategic focus area.

-  Accomplished
-  In Progress

COMMUNITY:

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



OUR PEOPLE:

-  Be recognized as a “Great Place to Work.”
-  Increase women and minorities in management and leadership positions.



SAFETY:

-  Reduce our OSHA safety incident rate to 0.90.


COMPLIANCE & ETHICS:

-  Provide basic compliance training to more than 99% of employees company-wide.
-  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.
-  Reduce GHG emissions/fuel consumption associated with mobile fleet and asphalt plant operations by 2% year-over-year.


QUALITY:

-  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.
-  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.
-  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.





SOCIAL RESPONSIBILITY

# CREATING POSITIVE CHANGE FOR COMMUNITIES

## Safety

Learn about our safety strategic plan and safety performance.

[FIND OUT MORE →](#)

## Inclusive Diversity

Learn how Granite is improving diversity and creating a more inclusive culture.

[FIND OUT MORE →](#)

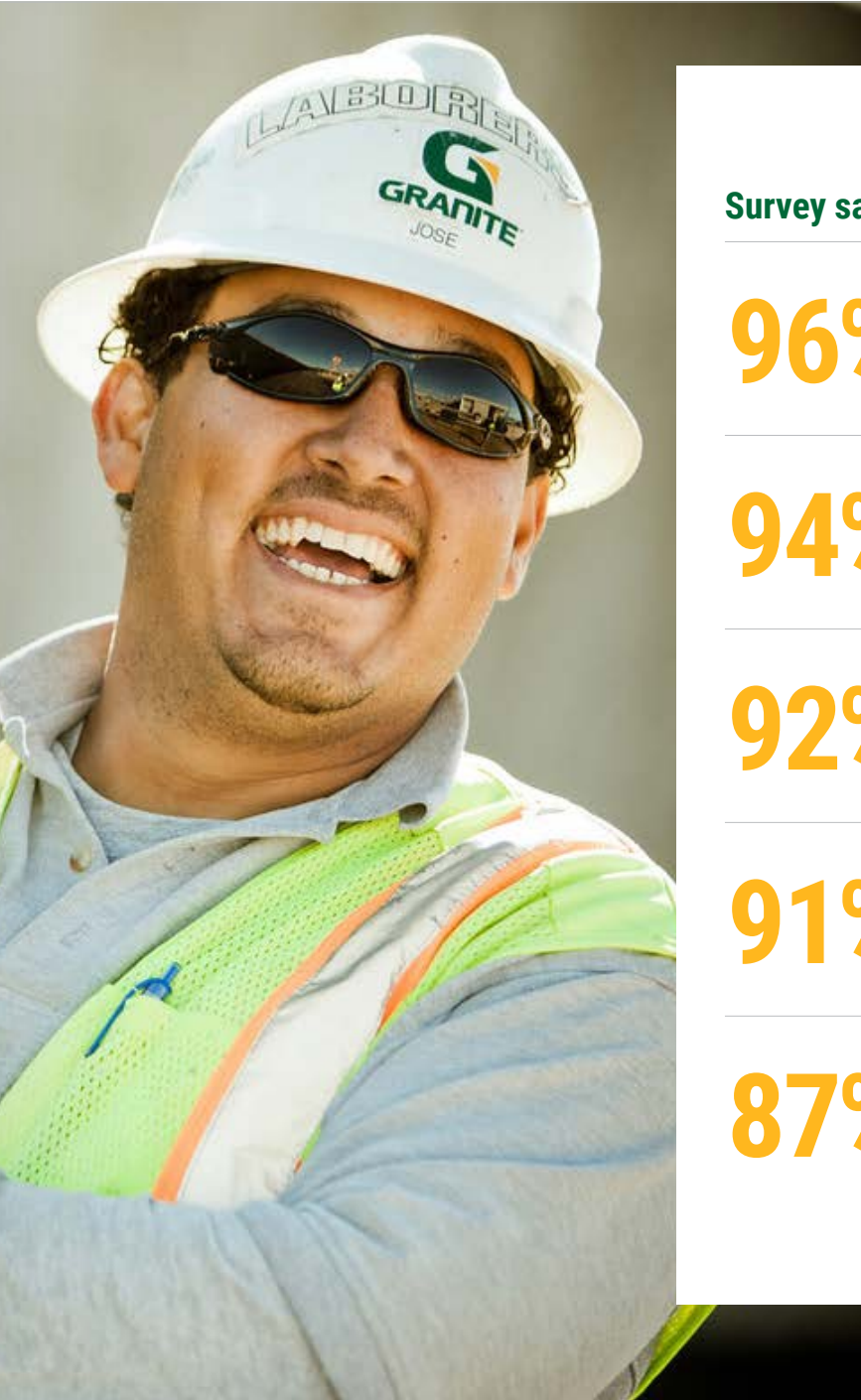


# OUR PEOPLE

Our most powerful partnership is the one we have with our employees. We value our inclusive culture in which excellence is rewarded and diversity is respected and valued. We strive to attract top industry talent, create a fully engaged workforce, and create growth opportunities to retain the talent we have developed.

2020 Objective:  
**Be recognized as a “Great Place to Work.”**

**We met this goal.** Granite was certified as a Great Place to Work™ again in 2020-2021, with 86% of surveyed employees saying it is a great place to work.



## Survey says . . .

**96%** “This is a physically safe place to work.”

**94%** “People here are treated fairly regardless of their race.”

**92%** “People here are treated fairly regardless of their sexual orientation.”

**91%** “When I look at what we accomplish, I feel a sense of pride.”

**87%** “I can be myself around here.”



# COMPENSATION, BENEFITS, & WELL-BEING

Granite's compensation programs are designed to align the compensation of our employees with Granite's performance and to provide incentives to attract, retain, and motivate employees to achieve superior results. The structure of our compensation programs balances guaranteed base pay with incentive compensation opportunities. Specifically:

- We provide employee wages that are competitive and consistent with employee positions, skill levels, experience, knowledge, and geographic location.
- We engage nationally recognized outside compensation and benefits consulting firms to independently evaluate the effectiveness of our executive compensation and benefit programs and to provide benchmarking against our peers within the industry.
- We align our executives' long-term equity compensation with our shareholders' interests by linking realizable pay and stock performance.
- Annual increases are based on performance and are communicated to employees at the time of hiring and documented through our talent management process as part of our annual review procedures or upon internal transfer and/or promotion.
- Employees are eligible to participate in various incentive compensation programs dependent upon their role within the company.
- All employees are eligible for health and wellness insurance, paid and unpaid leave, a retirement plan, and life and disability/accident coverage.
- We also offer a variety of voluntary benefits that allow employees to select the options that meet their needs, including telemedicine, a personalized health wellness program, pet insurance, and a financial wellness program.





# HEALTH & WELLNESS

Granite's Vitality Wellness program provides Granite employees and spouses access to a user-friendly wellness program. The program uses points-based incentives that can be used for gift cards and other rewards, and people can join teams for seasonal physical activity challenges. Since implementing the Vitality Wellness program in 2017, we have continued investing in the health and wellness of our employees. In 2020, availability of the wellness program expanded from just salaried employees to also include hourly employees.

In 2020, we increased our focus on mental health and resilience by promoting a new resilience tool to our employees: myStrength. This app-based tool provides resources to help people manage stress and anxiety. As part of the promotion of this tool, Granite used an awareness campaign with messages acknowledging that it is normal to feel stress and anxiety, especially during times of social strife, and encouraging employees to take time to assess their well-being and use the simple tools in myStrength to help them feel better.







# LEARNING & DEVELOPMENT

We believe the ongoing development of our employees is critical to our company’s success. Through our training and development programs, we create great career opportunities while ensuring that our teams are informed and trained to uphold our policies. Our people are a key competitive advantage and we encourage every employee to actively participate in their own career growth and development. Granite offers a wide variety of training opportunities to ensure our employees are supplementing their on-the-job learning with classroom and online courses needed to promote performance and growth. Through Granite University, these training topics range from soft skills to job-specific technical skills and from self-guided online learning to formal instructor-led programs. The programs target specific employee populations including new employees, new engineers, managers, and leaders.

The pandemic has required Granite to convert many live programs to a virtual instructor-led format. In 2020, we successfully delivered over 100 classes in this virtual format including the graduation of 96 employees from our multi-level leadership development suite that ranges from emerging leaders through senior leaders, and 112 graduating from our 12-week Foundations for Engineers program.

We have a robust talent and succession planning process and have established specialized programs to support the development of our talent pipeline for critical roles in general management, engineering, project management, and operations. On an annual basis, we conduct group succession planning reviews with senior leaders, including our president, focusing on our high-performing and high-potential talent, diverse talent, and the succession for our most critical roles.

## Performance Reviews for Career Growth

All salaried employees participate in an ongoing performance review and development program: G3. The name represents the three components of the program—objectives, development, and progress—which are reviewed in two meetings throughout the year. The G3 program is an opportunity for employees and managers to step back from the day-to-day tasks to review progress, set clear objectives, and discuss their future.

## 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, over 140 employees have been awarded over \$660,000. In 2020, 11 employees received tuition reimbursements totaling over \$19,000.

# INCLUSIVE DIVERSITY

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 a broad range of an individual’s unique characteristics, experiences, backgrounds, and perspectives. It allows us to be inclusive of all the diversity we have today 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.

In 2019, Granite brought on a vice president of inclusive diversity to develop a strategy for improving our culture of inclusion. In 2020, we launched our inclusive diversity program, our overarching initiative to go beyond legal compliance and support a more inclusive and diverse workforce. With stakeholder engagement as a key focus, we developed a communication and engagement portfolio reaching all levels of the organization. Granite is committed to pay equity, regardless of race, gender, ethnicity, or sexual orientation, and annually conducts a pay equity analysis.

## 2020 Objective:

**Increase women and minorities in management and leadership positions.**

**We met this goal.** Diverse representation in leadership positions (salary grade 17+) increased from 15.5% in 2018 to 15.8% in 2020.





# NEW STRATEGY FOR INCLUSIVE DIVERSITY



## Vision

To “build” inclusive diversity into all aspects of Granite so that individual employee differences and similarities can be leveraged as drivers of employee engagement and a mechanism for attracting, retaining, and developing diverse talent.



## Mission

At Granite, inclusive diversity is more than a concept. We embrace individual differences and are committed to our inclusive environment where everyone is welcomed. We value, respect, and rely on the uniqueness of our employees, clients, and the communities where we live and work. Granite’s culture is inclusive of the diversity we enjoy today and into the future. We believe in diversity and inclusion; we act on inclusive diversity.



## Strategic Objectives

Our efforts are centered around three strategic objective areas:

- **CREATE CLARITY:** Build internal and external understanding of inclusive diversity
- **DEVELOP TALENT:** Strengthen our talent pipeline with a focus on women and people of color
- **BUILD CAPACITY:** Train leaders and employees on inclusive diversity



## Goals & Targets

- Our path to a more inclusive culture involves four key steps:
- **COMMIT TO THE MIX** (2020-2023): Focus on developing leaders as role models, achieve organizational understanding and inclusive diversity education. Reach out and engage new talent pools to attract and retain the best diverse talent.
  - **IMPROVE THE MIX** (2021-2024): Focus on leaders as mentors and sponsors to accelerate representation of women and persons of color on all leadership levels.
  - **OPTIMIZE THE MIX** (2023-2025): Be recognized as an industry leader in diversity and inclusion to positively impact our communities and influence the marketplace.
  - **MAXIMIZE THE MIX** (2025 & on): Consistently achieve top-tier brand distinction on key diversity metrics.

# EXTERNAL PARTNERSHIPS & RECRUITING



## Catalyst: Workplaces that Work for Women

In 2020, Granite joined the Catalyst CEO Champions for Change Gender Equality Initiative. By joining, Granite pledged to advance more women into all levels of leadership. This external pledge emphasizes Granite's commitment to continue making diversity, inclusion, and gender equality priorities in the workplace.



## Mogul

In 2020, Granite joined Mogul, a technology platform that connects women with career-related content and opportunities with the goal of empowering young women to realize their full potential.

Granite is leveraging these external partnerships to support our recruiting efforts—we are targeting recruitment of more women and persons of color to reach our 2025 targets. We have also established relationships with historically black colleges and universities with targeted talent acquisition plans for these educational institutions. In 2020, 54 percent of our interns were diverse.



# ENGAGEMENT FOR INCLUSIVE DIVERSITY

**Engaging employees with our mission of inclusive diversity was a foundational step in 2020. Our integrated inclusive diversity engagement portfolio aims to ultimately strengthen our ability to be the company of choice, the employer of choice, and the investment of choice.**

## Engagement Portfolio

We developed an extensive engagement portfolio to support communication and engagement with team members at all levels of our organization. Key inclusive diversity initiatives in the portfolio include micro-learnings, an intranet site, quarterly leadership conversations, all-employee engagement calls, and Granite's original Inclusive Conversations Podcast. This engagement portfolio was instrumental in creating the right forum to discuss race, social unrest, and employee perspectives during the summer of 2020.

To ensure consistent communication with leadership, our vice president of inclusive diversity hosts monthly calls with Granite leaders to discuss progress on inclusive diversity. The executive team holds quarterly meetings to discuss and review progress on our inclusive diversity initiatives.

To engage with the community, we host "Inclusive Engagements" which are quarterly calls with schools, organizations, and students aimed at supporting inclusion.

## Training for Inclusive Diversity

As part of initial onboarding, and then on an ongoing basis, all Granite employees are required to complete training on our Code of Conduct. Our Code of Conduct training provides guidance on our policies to prevent discrimination and harassment, as well as methods to report misconduct. It also conveys the message that inclusion is a priority at Granite.

We have also developed new training programs on inclusive diversity and integrated them into our leadership training courses. Through these programs, leaders learn about the different dimensions of diversity, as well as the cognitive neuroscience behind bias and how to mitigate biased reactions. Session objectives for our leadership training series on inclusive diversity include:

- Developing greater awareness about the evolution of diversity and inclusion work at the company level, local level, and as an individual
- Exploring how personal behavior and leadership style impact office culture and growth
- Studying inclusion through reflection on personal experiences and culture, while gaining an understanding and appreciation for colleagues' journeys both personally and professionally
- Learning how to recognize and leverage differences to positively impact work with clients, colleagues, and joint venture partner work engagements
- Introducing tools to build skills and prepare action plans to apply learning individually





# EXPANDING EMPLOYEE RESOURCE GROUPS

Granite created its first employee resource group in 2018 with Granite Resources & Opportunities for Women (GROW). In 2020, Granite launched a new employee resource group: Supporting & Recognizing the Veteran Community (SRVC). Next, we plan to develop additional employee resource groups, including multicultural and generational groups.

## Granite Resources & Opportunities for Women

GROW is a forum to advocate for and support women through mentoring, networking, and career development, while establishing Granite as an employer of choice for women. Each year during Women in Construction Week, GROW participates and leads a communication campaign highlighting women in construction. GROW also sponsors quarterly events where speakers share success stories and insights about career opportunities for women. In 2020, in pursuit of our goal to provide networking opportunities for women across the organization for mutual support and peer-to-peer development opportunities, GROW leveraged electronic platforms to network and host events.

GROW collected feedback from participants and identified the need to offer additional programs and opportunities. Two new initiatives are planned to launch in 2021: GROW's Development Coaching Program and the GROW Virtual Chapter.

## New Mentoring Program

Granite launched a new mentoring program, a joint venture of GROW and the Learning and Development Department, at the end of 2019. While sponsored by GROW, the program is open to all employees. The initial participants, 50 mentor-mentee pairs, followed a structured mentoring program (designed to last at least six months). Despite the numerous challenges of 2020, participants found ways to make the program work. From regularly scheduled one-on-one meetings to virtual networking opportunities, program participants developed their strategies for follow-through during difficult times. According to the program close-out survey, mentees found the most value in networking, career coaching, and personal empowerment. Mentors found value in the opportunity to develop their coaching skills. After a successful first season, Granite is continuing the mentoring program with new participants in 2021.

One mentor commented on his positive experience with the new program: "The aspect that offered me the greatest opportunity for growth was getting to know Dina, who works in a Granite business I knew very little about. During our conversations, I sometimes wondered if I wasn't getting more benefit than Dina," explained California Human Resources Director Chris Ferguson.

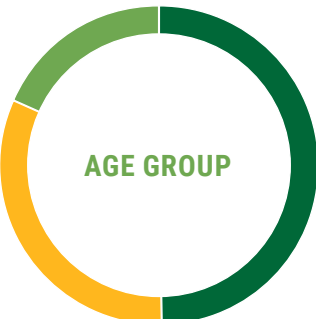
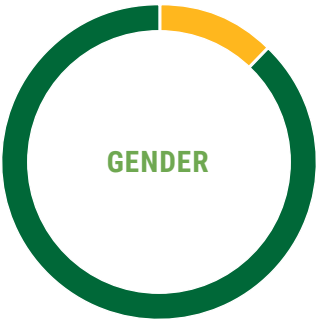
## Supporting & Recognizing the Veteran Community

The mission of SRVC is to be a strategic partner with Granite to promote a culture of diversity and inclusion through continuous learning, employee development, and employee engagement. SRVC will promote a greater understanding of inclusion of employees that have served, and friends and family members of employees that served in all branches of the military.

### SRVC'S PURPOSE:

- Support Granite's commitment to diversity and inclusion—create a military/veteran-friendly environment
- Promote a greater understanding of the sacrifices and contributions made by veterans and give recognition to important dates in history
- Serve as an information and support platform, providing resources for Granite employees that served, or who have family and friends that served or are currently serving
- Participate in and manage community outreach events
- Raise morale and increase camaraderie by offering a space for veterans to network
- Raise retention rates by engaging veteran employees and providing support, networking, and career development opportunities
- Enhance recruitment of candidates with military experience—be a vital part of Granite's upcoming military hiring strategy and program

# 2020 EMPLOYEE DEMOGRAPHICS\*



GENDER**	COUNT	%
● Female	1,015	12.35%
● Male	7,202	87.65%
ETHNICITY**	COUNT	%
● American Indian/Alaskan Native	148	1.80%
● Asian	205	2.49%
● Black or African-American	330	4.02%
● Hawaiian or Pacific Islander	144	1.76%
● Hispanic or Latino	2,271	27.64%
● Two or More Races	235	2.86%
● White	4,884	59.44%
AGE GROUP**	COUNT	%
● 30-50	4,106	49.97%
● Over 50	2,613	31.80%
● Under 30	1,498	18.23%

\* US Employees active in Human Resources system on December 31, 2020  
 \*\* Total Employees: 8,217

# SAFETY & HEALTH

Our Safety core value means that the safety and well-being of our people, our partners, and the public is our greatest responsibility. Every level of our organization is engaged in our safety culture. We approach every task with safety planned into the process and we do not sacrifice anyone's safety to get the job done.

## SAFETY IS ABOUT PEOPLE, NOT PROJECTS.

Safety is about stories, not statistics. Our safety culture is underpinned with relationship-based training, shared knowledge, and engagement at every level of our organization.

## SAFETY IS ABOUT CONNECTING PEOPLE.

An authentic commitment from all will elevate our program, achieving safety success and ultimately—achieving zero injuries.

## SAFETY IS DEEPLY PERSONAL.

At Granite, we are responsible for making safe choices not only for ourselves, but for those around us. We must take care of each other.





# SAFETY PROGRAM & MANAGEMENT SYSTEM

Granite's Safety Department develops and advances company-wide safety strategies, initiatives, and programs to manage our overall safety performance. Granite's vice president of safety leads this department and reports to the chief executive officer. Our professional safety staff members are embedded directly into our local operations and provide support and expertise associated with implementing our safety program.

Granite's Safety and Health Management System (SHMS) procedures provide a consistent framework that supports efficient and effective management across the company in a manner that is verifiable and supports continuous improvement. The SHMS procedures incorporate our safety and health management system, which is built on the foundation of Occupational Health and Safety Assessment Series (OHSAS) 18001:2007 Standard for Occupational Health and Safety Management System. The SHMS procedures are structured in a manner that creates a consistent approach throughout the company and includes processes that address planning, implementation, checking, and corrective action

(i.e., plan, do, check, act, and review). The SHMS procedures cover all employees and company activities—all employees are responsible for following the policies, procedures, laws, rules, regulations, and other requirements applicable to their activities.

Granite uses multiple mechanisms through which competency and awareness of the provisions of its safety and health policies and procedures are communicated, which include but are not limited to: description documents; e-learning modules; webinars; company internal publications; and company meetings and conference presentations.

## Hazard Identification & Risk Assessment

Granite's Hazard Identification, Risk Assessment, and Determining Controls procedure establishes a process to proactively identify occupational safety or health hazards employees could be exposed to, assess and prioritize the risks associated with those hazards, and identify the controls necessary to eliminate or mitigate those hazards.

## Participation & Consultation

Granite maintains procedures for employee participation and consultation with respect to safety and health in its standard operating procedure for Safety Communication, Participation, and Consultation. Employees actively participate in the company's safety and health management efforts.

More information about our safety program and management system, including policies on hazard identification and risk assessment, and participation and consultation, is available in [Safety by Choice: Safety Program](#).



# SAFETY STRATEGY

Our safety strategic plan centers around three pillars of safety success:

- Peer-to-peer accountability and ownership
- Consistent, integrated approach
- Value creation at the project level

Nothing is more important than the safety of our people. While risks are inherent on every construction project, leveraging the three pillars of safety success—holding each other accountable by peer-to-peer accountability and ownership, through a consistent, integrated approach, and infusing value creation at the front line, at the project level, ensures that safety is a part of our everyday life. These behaviors have field-proven success in reducing safety-related incidents.

Our core safety commitments center on three pillars:





# SAFETY STRATEGIC PLAN INITIATIVES

- **CRAFT SAFETY CONNECTION**—to create a culture where everyone has a voice and support collaborative partnerships between management and craft workers to prevent injuries (learn more in our [2019 Sustainability Progress Report](#))
- **SAFETY ONBOARDING & ORIENTATION**—to execute practical and hands-on training focusing on the skills each team member must develop to be successful and safe to achieve our goal of getting our employees and partners home safely each day
- **SPEAK UP/LISTEN UP**—to provide teams at all levels with the simple tools to deliver and receive safety-related feedback, so all employees feel empowered to confidently speak up, and listen up, about safety
- **MOTION MATTERS**—to minimize repetitive body motions and reduce physical stress and increase efficiency (learn more in our [2019 Sustainability Progress Report](#))
- **SAFETY DASHBOARDS & REPORTING**—to track performance on key safety metrics (including leading indicators such as near misses), support improved data analytics, and provide monthly communications on safety performance



Our safety strategic plan identifies six key results areas:

- At-risk behavior prevention
- Planning and program management
- Performance monitoring and analysis
- Company-wide training and communication
- Safety professional recruiting and development
- Citation prevention

Our safety strategic plan sets goals in these key results areas. Key performance indicators (KPIs) are identified to serve as metrics to measure performance, with OSHA recordable incident rates being the KPI for overall safety program performance. Granite also tracks several other leading indicators for safety. Objectives are set for KPIs with specific, measurable, time-bound targets for certain key metrics.



# SAFETY PERFORMANCE

Granite has made significant improvement in our safety performance over the last 15 years. We have reduced our OSHA recordable incident rate from 4.16 in 2005 to a company best of 0.94 in 2019. While this rate has plateaued recently, Granite has maintained an average OSHA recordable incident rate of 1.13 over the last 6 years (below the industry average of 3.0). One reason for this plateau is that acquisitions in 2018 significantly increased our employee population and annual work hours, and new businesses needed to be integrated into our safety culture to improve their performance. The main causes of safety incidents are hand injuries, soft tissue strains, and sprains.

2020 Objective:  
**Reduce our OSHA safety incident rate to 0.90.**

**We fell short of this goal at 1.07 in 2020.** Our new priority target is to reduce our OSHA recordable incident rate to 0.75 by 2023.

Achieving our goal of zero injuries and fatalities is an ongoing challenge, despite experiencing zero fatalities in 2019. In 2020, we deeply regret to report that two Granite Construction Company employees and one employee of Layne Christensen Company lost their lives in construction-related incidents. We extend our sincere sympathies to their families. Preventing any further loss of life is our top priority.

We independently investigate all fatalities to understand the events involved and identify ways to prevent future occurrences of such incidents. The findings of these investigations are communicated across our organization with the goal of preventing future accidents through lessons learned.

In support of our priority to protect the health and well-being of every team member, our investigations and assessment of preventative measures are ongoing. Immediate actions to prevent reoccurrence involved mandatory education for affected team members as well as company-wide communication and guidance.

One of the incidents was caused by a third-party intrusion into a work zone. Following this tragic event, Granite began leading the American Road & Transportation Builders Association (ARTBA) work zone safety committee and the Associated General Contractors of America (AGC) Highway and Transportation Subcommittee in efforts to improve roadway safety for all contractors throughout the US.



Our strategic plan for safety has been updated and aims to improve our safety performance, with a specific focus on reducing severe and life-threatening injuries. Key strategic objectives in this area include reducing new hire recordable injuries, because we recognized that 50% of our injuries occurred with employees who had been with Granite for one year or less. Our safety strategy also aims to leverage the value of leading indicators and improve near-miss reporting.



# FOCUS ON REDUCING SEVERE & LIFE-THREATENING INJURIES

As we work to reduce serious and potentially life-threatening injuries year-over-year, we are adjusting our focus when it comes to incident review and communication. In the fall of 2020, we began work on an initiative to address the risk of severe injuries: Stuff That Can Kill You (STCKY). The STCKY approach will help us carefully dissect the more serious incidents and curtail this unfavorable trend.

STCKY is simply a different way to focus on identifying, learning about, and preventing all serious, life-altering, disabling, and fatal incidents. STCKY will enhance our orientations, task training, Craft Safety Connection teams, Speak Up/Listen Up meetings, pre-construction meetings, job hazard analysis development/training, incident reviews, and workplace assessments. While STCKY is geared towards the prevention of life-altering and fatal incidents, the ripple effects of a successful STCKY initiative will give us the tools to better prevent minor incidents as well.

This initiative will give us the tools and processes to better focus on those scopes of work or tasks that, if not properly controlled, could cause life-altering or fatal incidents. We established the framework for the initiative in 2020 and are in the process of piloting it in seven regions. The pilot regions will work to build STCKY and our intent is to roll it out company-wide in the second half of 2021.

Looking forward, we plan to continue with a relentless focus on safety as a top priority. We also plan to increase our focus on mental health and well-being by providing additional resources to our employees.



# COMMUNITY

## Leveraging our Capabilities to Provide Emergency Services

Granite is always looking for ways to leverage our resources to support and give back to the communities surrounding our businesses. We maintain strong, close relationships with local emergency officials and agencies, and respond as a team to assist wherever possible. Examples of recent responses to local disasters in California include:

- Our Coalinga plant provided a water source to helicopters fighting the fires off nearby Highway 198.
- Our Oroville operation assisted in cleanup efforts after the Paradise fire.
- Our Gardner facility assisted recovery efforts when powerful storms caused flooding on Highway 101 in Santa Barbara County.

As Granite’s Vice President of Construction Materials Brad Estes explains, “We want to use our resources to respond to local emergencies. Because we have the ability and capacity to do this, we encourage all our sites to help out whenever possible. This includes taking in debris like concrete to recycle, and clean fill materials after a fire or other disaster. It also means providing aggregate materials to armor slopes to prevent erosion from heavy rains and mudslides. There is so much we can do, and we want to be part of the solution in our local communities.”

## Charitable Donations & Volunteering

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. Each year, we make funds available to all our business units for charitable contributions to local nonprofit organizations.

## Partnership with Habitat for Humanity

Granite formed its first charitable national partnership with Habitat for Humanity in 2020. The initial plan for this partnership was to support the building of homes with families in need of affordable shelter with direct volunteering through build days with Habitat for Humanity in local communities near our businesses across the country. However, the pandemic shut down in-person volunteering in 2020. In collaboration with Habitat for Humanity, we shifted the focus of our partnership to make funds available for Habitat for Humanity’s response to the pandemic. By supporting their Homes, Community, Hope + You campaign, Granite helped Habitat for Humanity weather the economic storm of the pandemic and continue to work with families in need of affordable shelter.





Supporting Communities in Need:  
Youth, Health, & Heritage

Granite’s charitable contributions provided support to several causes in the local community of our headquarters in Watsonville, California, including:

SUPPORTING YOUTH EDUCATION PROGRAMS

- Youth N.O.W. provides educational programs for youth in need, providing a safe environment with resources students need to succeed. Learning centers, available for both middle and high school students, offer individualized contracted tutoring, homework help, independent study, school project resources, and computer labs. During the summer, full-day programs are available with free food thanks to community partners.
- Two Granite team members support Youth N.O.W by serving on their Board of Directors. Granite also provided financial support with \$10,000 donations each year in 2018-2020.

SUPPORTING HEALTH EQUITY

- Community Health Trust of Pajaro Valley: Granite supports the Trust’s vision of a more equitable community where everyone has access to resources that promote wellness and improve quality of life. Granite provided a donation of \$5,000 to support the organization in 2020, and currently has an employee serving on its Board of Directors. Granite also provided full sponsorship (\$5,000) for a bilingual telemedicine program for their diabetes clinic in Watsonville—a critical component of continuing to safely provide care for a high-risk population during the pandemic.

- Salud Para La Gente: A nonprofit clinic, Salud’s mission is to provide high quality, comprehensive, integrated, and cost-effective health care responsive to the needs of the local community. Salud’s reach includes primarily low-income and vulnerable populations that reside in Santa Cruz and Monterey Counties, including those who face language, literacy, and immigration barriers. During the early stages of the pandemic, Granite donated \$5,000 to support Salud’s implementation of a telemedicine program, allowing providers to work from home securely to host virtual patient appointments.

CELEBRATING CULTURAL HERITAGE

- The purpose of the Brillante Mural project is to celebrate labor and Watsonville’s cultural heritage. The City of Watsonville’s Civic Center parking structure will serve as a giant canvas, covered by 12,500 square feet of mosaic murals. The public will select the artistic pieces, with community input gathered in many ways including informational booths at the library, community meetings, and farmers’ markets, and with people representing each community making decisions for cultural pieces.
- To support the mural, Granite’s Coastal Region and Corporate Charitable Contributions Committee combined their resources to provide a total donation of \$50,000 over five years starting in 2020.

Charitable Donations Pilot Matching Program

Over the holiday season in 2020, Granite’s Corporate Charitable Contributions Committee organized a pilot of a charitable donation matching program to match donations up to \$25,000 to employee-nominated nonprofits and charities. The nominated organizations covered a range of causes, from environmental protection to providing resources to young writers. More than 30 employees donated a combined \$24,600 to various organizations, including the American Red Cross, Wounded Warrior Project, Breathe California, Girls, Inc., and local animal rescues. Granite’s match brought the total to \$49,200 in charitable giving.



# SUPPORTING EDUCATIONAL PROGRAMS

Granite has a history of supporting higher education programs, especially those related to construction. We want to help ensure that students in the communities we serve across the country have an opportunity to succeed in our industry. Over the past several years, Granite has sponsored several educational programs in universities where we actively recruit employees, with an increasing focus on places with diverse student populations:

UNIVERSITY SUPPORTED	AMOUNT	PROGRAM DETAILS
California Polytechnic State University (Cal Poly)	\$3 million over 5 years starting in 2018	Established the Granite Heavy Civil Engineering and Construction Program—an interdisciplinary program at Cal Poly’s College of Architecture and Environmental Design (CAED) and College of Engineering (COE)
Oregon State University Foundation	\$100,000 over 3 years starting in 2019	Heavy Civil and Construction Management Program (Engineering)
California Baptist University	\$100,000 over 3 years starting in 2019	College of Civil Engineering building and program sponsorship
California State University Chico	\$100,000 over 3 years from 2017-2019	College of Construction Management and Civil Engineering
California State University Long Beach	\$30,000 over 3 years from 2016-2018	Civil Engineering and Inclusive Diversity sponsorship
Texas A&M Foundation	\$100,000 over 3 years from 2016-2018	Civil and Construction Management sponsorship



Character Matters Scholarship Fund

Since 2000, our Character Matters Scholarship Fund has provided college financial assistance to the children and grandchildren of employees at Granite and its subsidiaries. We partner with a nonprofit third-party administrator for this program to ensure fairness. Granite has awarded over \$525,000 in scholarships to more than 360 students in the extended Granite family. In 2020, \$25,000 was provided to 19 students.

New Community Champions Forum

We encourage employees to volunteer for charitable causes and support their efforts. To further empower our employees to volunteer, in 2019 Granite launched a volunteering platform where employees can easily find opportunities and create company-sponsored events. In 2020, we grew use of the platform by recruiting community champions in different regions to support local volunteering efforts. Within our Sustainability Center of Excellence, we created a Community Champions Forum for teams to connect, collaborate, and share best practices.

2020 Objective:  
Further engage employees with volunteering for charitable organizations by establishing a method to track employee volunteer time.

We met this goal by implementing our new volunteering platform, which allows Granite to create company-sponsored events and allows employees to find opportunities to volunteer, track volunteer time, and share about their experiences.

Volunteering Highlights

The causes we support are as diverse as our employees. In 2020, Granite teams supported many causes, including fundraising efforts for the Leukemia & Lymphoma Society (LLS); participating in the Run/Walk 4 Kids 5K in California; raising funds for the Special Olympics in Alaska through its Polar Plunge event; and supporting Operation Santa in Florida. Here are some highlights of local volunteering activities in 2020:

BOYS AND GIRLS CLUB FANTASY COOK-OFF  
RAISES \$22,000

- For over 20 years, Granite’s Ukiah, California, office has sponsored an annual community-wide chili cook-off to support the Boys and Girls Club of Ukiah. Despite the impacts of the pandemic, the 2020 Fantasy Cook-off highlighted the community’s support by raising over \$22,000 in donations for the organization.

SUPPORTING A DRIVE-IN MOVIE EVENT FOR CHILDREN’S  
CANCER FOUNDATION

- Granite Construction Supply joined other local businesses to sponsor a drive-in movie event for the Northern Nevada Children’s Cancer Foundation. The event featured a movie screening for families affected by childhood cancer, allowing the community to gather safely during a time of isolation.



SECOND HARVEST FOOD BANK GETS A NEW PARKING LOT

- Keeping up with demands to distribute twice as much food to people in need during the pandemic, the food bank’s distribution operation in Watsonville, California, occupied its parking lot. Staff, volunteers, and visitors used a secondary lot that was not in good condition—when a car got stuck in a pit, they decided it needed to be fixed but did not have the funds available, so they reached out to Granite for help. Granite donated \$5,000 worth of recycled asphalt pavement and partnered with another company that performed the grading work free of charge.

# COMPLIANCE & ETHICS

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 has a [Human Rights Statement](#) and [Supplier Code of Conduct](#). We made some improvements to these statements and related policies in 2020 to clarify the standards required and applicability to suppliers.

2020 Objective:  
**Adopt an Anti-Bribery Compliance Program modeled on ISO 37000.**

**We met this goal**—more information about our Anti-bribery and Corruption program, modeled on ISO 37000, is available in our [2019 Sustainability Progress Report](#).

As described in our Code of Conduct, we are committed to defining, improving, and upholding the highest ethical values and responsible business practices. We devote resources to the development, maintenance, communication, and enforcement of our Code of Conduct, our anti-bribery compliance policies, our internal control processes, and compliance-related policies. We strive to conduct timely internal investigations of potential violations and take appropriate action depending upon the outcome of the investigation.

Highlights of efforts to enhance business ethics performance in 2020 include:

- **ENHANCEMENTS TO SUPPLIER CODE OF CONDUCT:** Improvements were made to policies to address reporting of and reacting to supplier misconduct, human rights, environmental and safety compliance, conflicts of interest, and gifts. We built into all Granite contract forms a requirement that suppliers adhere to the [Supplier Code of Conduct](#).
- **LEVERAGING TECHNOLOGICAL SOLUTIONS FOR CONTRACT MANAGEMENT:** Icertis Contracting Management software allows our subcontract administrators to communicate and transmit contracts electronically, instead of printing and mailing paper documents back and forth. This system streamlines contract procedures, saving paper and costs.
- **PROJECT RIGHT START:** This program educates employees on contract change management and avoidance of claims. Our Legal and Business Development teams collaborated to lead employees through training and provide additional resources for improvement.

- **REVISED DISADVANTAGED BUSINESS ENTERPRISE PROGRAM:** Granite revised Disadvantaged Business Enterprise policies, procedures, and forms to align with best practices after interviewing operations personnel. Interviews with employees in the field were necessary to align requirements and best practices with practical applications in the field. Revamped policy documents were rolled out through an employee training campaign through our legal webinar series.

Employee training in ethics and compliance

2020 Objective:  
**Provide basic compliance training to more than 99% of employees company-wide.**

**We fell short of this goal with a completion rate of 91% in 2020.** Going forward, we will continue to work towards this target.





## PROJECT HIGHLIGHTS

# INFRASTRUCTURE FOR OUR COMMUNITIES

The following project highlights provide examples of how infrastructure projects can create social benefits for surrounding communities.



## PROJECT HIGHLIGHT

# AMTRAK STATION ACCESSIBILITY IMPROVEMENT PROJECT

**LOCATION:** National Railroad (Illinois, Montana, and New York)

**PARTNER:** Amtrak

**DATE:** Construction underway in 2020-2021

The National Railroad Passenger Corporation (Amtrak) selected Granite as part of a multiple award construction contract for the Americans with Disabilities Act (ADA) Stations Program. Amtrak's ADA Stations Program is a comprehensive effort to make the Amtrak-served stations ADA-compliant and accessible.

**IMPROVING ACCESSIBILITY:** Granite was awarded ADA compliance upgrade projects as part of this program in Illinois, Montana, and New York. At the Homewood, Illinois, Station, Granite's scope of work includes modifications to the sidewalks, parking lot, restrooms, existing waiting room seating, and wall-mounted accessories. Other improvements include replacement of doors and ramps at both station entrances and landings. Additional renovations include signage, replacement of the boarding platform, construction of a weather-protected ramp from the station level to the existing tunnel, and modernization of the platform elevator. All these infrastructure improvements make stations more accessible to people who need to travel.





## PROJECT HIGHLIGHT

# CHANTICLEER PARK PROJECT

**LOCATION:** Santa Cruz, CA

**PARTNER:** Santa Cruz County Parks

**DATE:** Construction completed in 2020

**INCLUSIVE PLAYGROUND:** Leo's Haven in Chanticleer Park is Santa Cruz County's first inclusive playground for children of all abilities. Granite's scope of work included grading the project site and installing concrete work—the playground foundation, walkways throughout the park, and a new parking lot.

**USING LOCAL MATERIALS:** Materials for drainage and walkways were sourced locally from Granite's Felton Quarry, just miles away from the park. From the start, the Granite project team established a strong working relationship with the Santa Cruz County Parks team, allowing them all to create something that neighbors were excited and proud to have in their community.





PROJECT HIGHLIGHT

# HOSPITAL ROAD BRIDGE PROJECT

**LOCATION:** Hollister, CA  
**PARTNER:** County of San Benito; Caltrans  
**DATE:** Construction underway in 2020-2021

The Hospital Road Bridge Project will build new local infrastructure and expand community access for the City of Hollister and the County of San Benito.

**BUILT FOR RESILIENCE:** This 580-foot long, 37-foot wide six-span bridge is specially designed for public safety, accounting for local hazards and proximity to the San Andreas Fault zone. The entire box girder rests on secondary drop caps, which allow the structure to accommodate stresses across the bridge deck and "float" during a seismic event, increasing resilience.

**REDUCING ENVIRONMENTAL IMPACTS:** Construction will also mitigate impacts to waterways and sensitive plant and wildlife communities. The new bridge will replace an existing seasonal low-water crossing, reducing vehicle traffic through the sensitive riparian habitat of the San Benito River and improving water quality.

**CONNECTING COMMUNITIES:** This new route will provide year-round access and vital connection to communities, reducing critical emergency response time for first responders in the fast-growing communities of Hollister and San Benito County. It will relieve some of the congestion pressures caused by more residential developments and facilitate future local infrastructure improvements spanning the San Benito River.







## ENVIRONMENTAL STEWARDSHIP

# PROTECTING THE PLANET THROUGH SUSTAINABLE PRACTICES

## Carbon Footprint

Learn about Granite's carbon footprint and our strategy to reduce it.

[FIND OUT MORE →](#)

## Maximizing Recycling

Learn about balanced mix design and how we are increasing the use of recycled content in asphalt.

[FIND OUT MORE →](#)



# ENVIRONMENTAL COMMITMENT

A core component of Granite’s commitment to sustainability is our focus on environmental stewardship—we recognize our duty to protect the environment and our responsibility to manage the environmental impacts of our operations. We are committed to creating a culture of environmental awareness, so that our teams are mindful of our environmental responsibilities and empowered to meet them. We strive to be an industry leader where our focus on environmentally responsible construction operations provides a competitive advantage.

We also recognize the importance of engaging on environmental issues with all communities where we work and being transparent about our operations. We are committed to being a business that is a true example of a good neighbor and community partner. Granite is committed to consulting with stakeholders on environmental issues through our sustainability stakeholder engagement efforts. Individual construction projects also involve stakeholder consultation on environmental issues as appropriate for the specific project and client. Granite is committed to reporting regularly on environmental issues and our successes through our annual sustainability reports.

## Awards & Recognition

Granite facilities won three Bronze Awards as part of the 2020 National Sand & Stone Gravel Association’s (NSSGA) Awards of Excellence:

- Community Relations - Rowley Quarry (Yakima, Washington)
- Environmental Excellence - Palmer Facility (Palmer, Alaska) and Lockwood Quarry (Lockwood, Nevada)



## 23 Diamond Achievement Sustainable Commendations

Granite received recognition from the National Asphalt Pavement Association (NAPA) Diamond Commendation Program, a nationally recognized program that outlines best practices for asphalt plant operations, asphalt production, paving, and asphalt terminal operations. In 2020, a total of 34 Granite plants received the Diamond Achievement Commendation, which emphasizes continuous improvement and covers operations in a manufacturing plant including its appearance, operations, environmental practices, safety, permitting and regulatory compliance, and community relations. Of these 34 plants, 23 received the Diamond Achievement Sustainable Commendation—an expanded level of the Diamond Achievement Commendation which evaluates the social, economic, and environmental efforts of an asphalt facility and how it puts sustainability and community engagement principles into action.



## Clean Air Award

Granite’s Singer Asphalt Plant in Everson, Washington, received a 2020 Silver Award from the Northwest Clean Air Agency. The Silver Award is presented to registered businesses that demonstrate 100 percent compliance with air quality regulations for at least three consecutive years. Of the more than 490 businesses registered with the Northwest Clean Air Agency, only 40 received the Silver Award this year.



# STRATEGIC MISSION

**The primary mission of our environmental program is to manage our commitments of environmental responsibility while controlling and reducing environmental impacts associated with our work.**

Granite is committed to operating responsibly, managing our environmental risks, and continuously improving our practices. We are focused on the following objectives:

- Meet or exceed our clients' environmental goals
- Meet or exceed requirements of applicable environmental laws and regulations
- Reduce our environmental impacts
- Protect habitat and wildlife
- Conserve natural resources
- Prevent pollution
- Reduce our carbon footprint

We achieve these objectives by retaining in-house expertise to analyze the regulatory framework around our projects and to engage with clients to gain a comprehensive understanding of their environmental goals. Using best practices, innovation, and value engineering, Granite provides solutions that meet—and often exceed—these goals. We recognize that effectively managing our environmental responsibilities provides a direct benefit to our clients, as it helps build confidence and trust with local communities and regulatory agencies—being a good neighbor is just good business.





# ENVIRONMENTAL PROGRAM & MANAGEMENT SYSTEM

The Environmental Services Department develops and advances company-wide environmental strategies, initiatives, and programs to manage our overall environmental performance. Granite's environmental director leads this department and reports to the senior vice president of group operations, who reports to the chief operating officer.

Our professional environmental staff members are embedded directly into our local operations and provide support and technical expertise associated with all environmental aspects of our diversified business operations. Expert knowledge of federal, state, and local requirements is key to the successful execution and completion of projects, especially those where elevated environmental sensitivity and risk are present. Our experienced environmental teams provide direct support to our construction and material production operations to successfully manage environmental impacts including air quality, water quality, waste management, and any other unique environmental components of a project.

Granite's Environmental Management System (EMS) is modeled after the internationally recognized environmental management standards of ISO 14001. This approach focuses on a systematic process of "plan, do, check, act" that supports consistency of process and procedure while advancing continuous improvement in how we manage the environmental requirements of our work. More information about our environmental program and management system is available in [Keeping Granite Green: Environmental Program](#).

In 2020, we conducted over 400 client satisfaction surveys and achieved an average client satisfaction score of 4.4 out of 5.0 for environmental performance—falling just short of our target. Client satisfaction with all aspects of our performance is key to long-term success and we will maintain this as an ongoing goal for performance.



## Client Satisfaction Survey

Learn more about the process underlying Granite's client satisfaction surveys.

**FIND OUT MORE →**

**2020 Objective:**  
**Achieve an average client satisfaction score of 4.5 out of 5.0 for environmental performance.**

**We fell just short of this goal at 4.4 in 2020.**



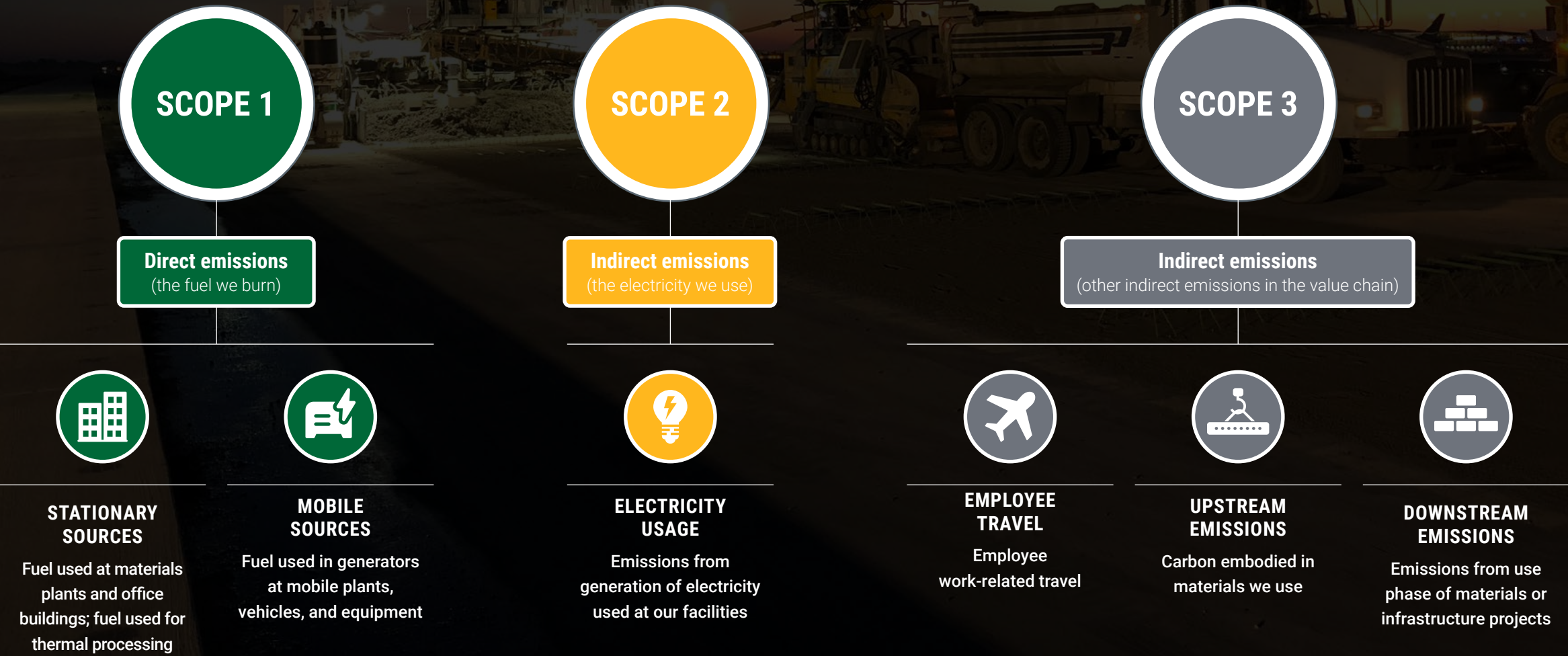
# REDUCING EMISSIONS (CLIMATE & ENERGY)

The infrastructure construction industry currently relies on fossil fuels which directly contribute to pollution and greenhouse gas (GHG) emissions. Granite recognizes that our industry must adapt and change with the evolving needs of society and intends to drive that change by advancing more sustainable construction practices, reducing emissions, and reducing our reliance on fossil fuels.





# WHAT IS IN OUR CARBON FOOTPRINT?





# CLIMATE STRATEGY

Granite's approach to reducing our emissions and carbon footprint is two-fold:

1. Improving data collection and reporting systems to quantify GHG emissions more accurately
2. Investing in technologies and practices that directly and immediately reduce our emissions in Scopes 1 and 2

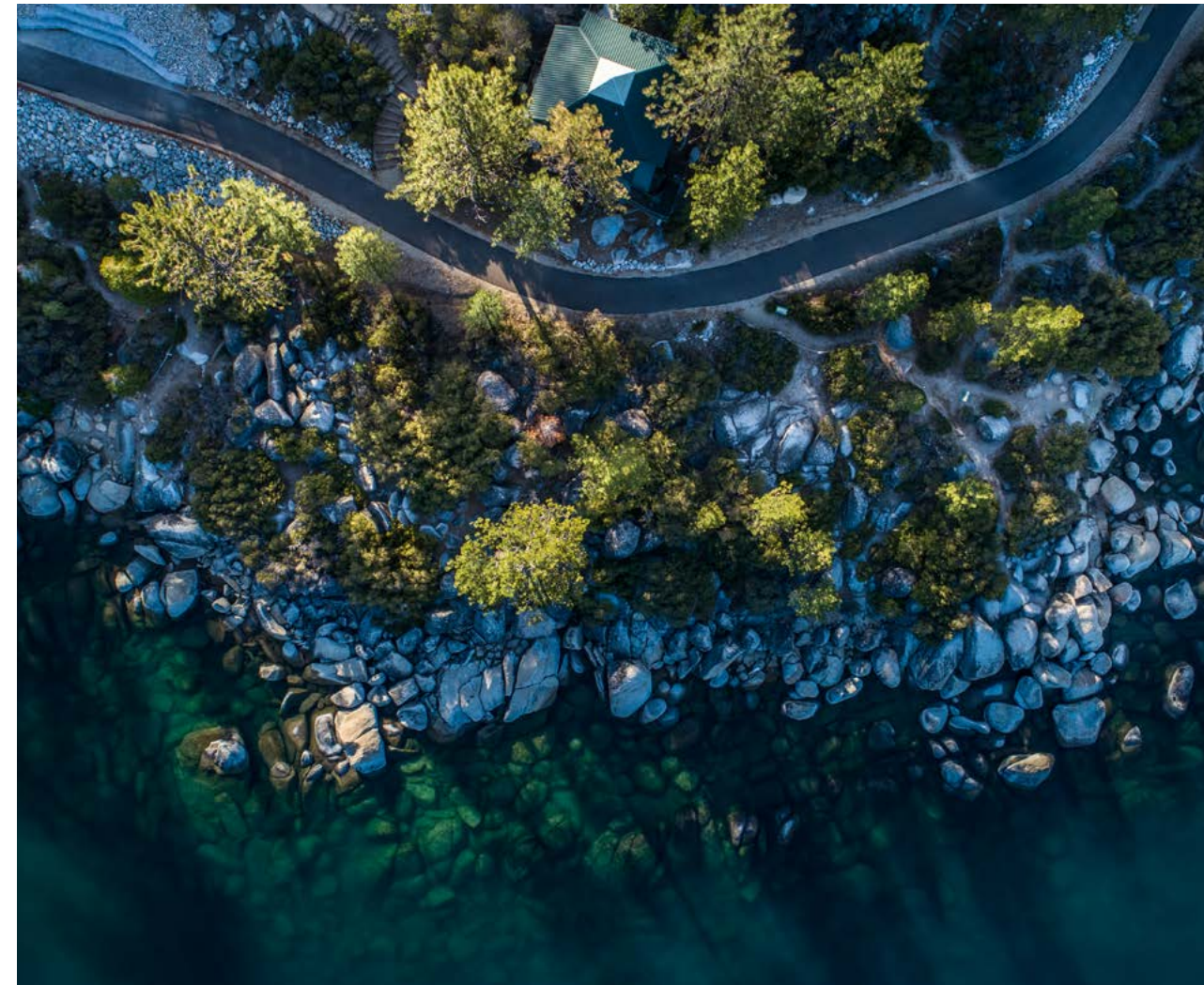
We are working on these two priorities simultaneously because we recognize the importance of minimizing our impacts as much as possible as quickly as possible.

As an overview, Granite's current investments in technologies and practices that directly and immediately reduce our emissions include:

- Investing in fuel- and emissions-efficient equipment, including transitioning to hybrid technology construction equipment
- Participating in equipment upgrade programs allowing retirement of older and less efficient equipment
- Transitioning to the use of alternative fuels, resulting in immediate and direct air pollutant reductions

- Implementing the use of telematics in our vehicle and equipment fleet to improve fuel efficiency
- Using solar power at three of our construction materials facilities
- Utilizing lower impact processes at our asphaltic concrete plants, such as warm-mix asphalt production, which allows asphalt production at lower temperatures and consequently reduces fuel consumption
- Incorporating recycled products, such as recycled asphalt pavement and reclaimed asphalt shingles, in the production of construction materials (as permitted by specifications and product quality)

More information, including details on investments made and plant locations, is available in our [Supplemental Sustainability Update](#).



# CARBON FOOTPRINT ASSESSMENT

## Scope 1

### 2020 OBJECTIVE ASSESSMENT:

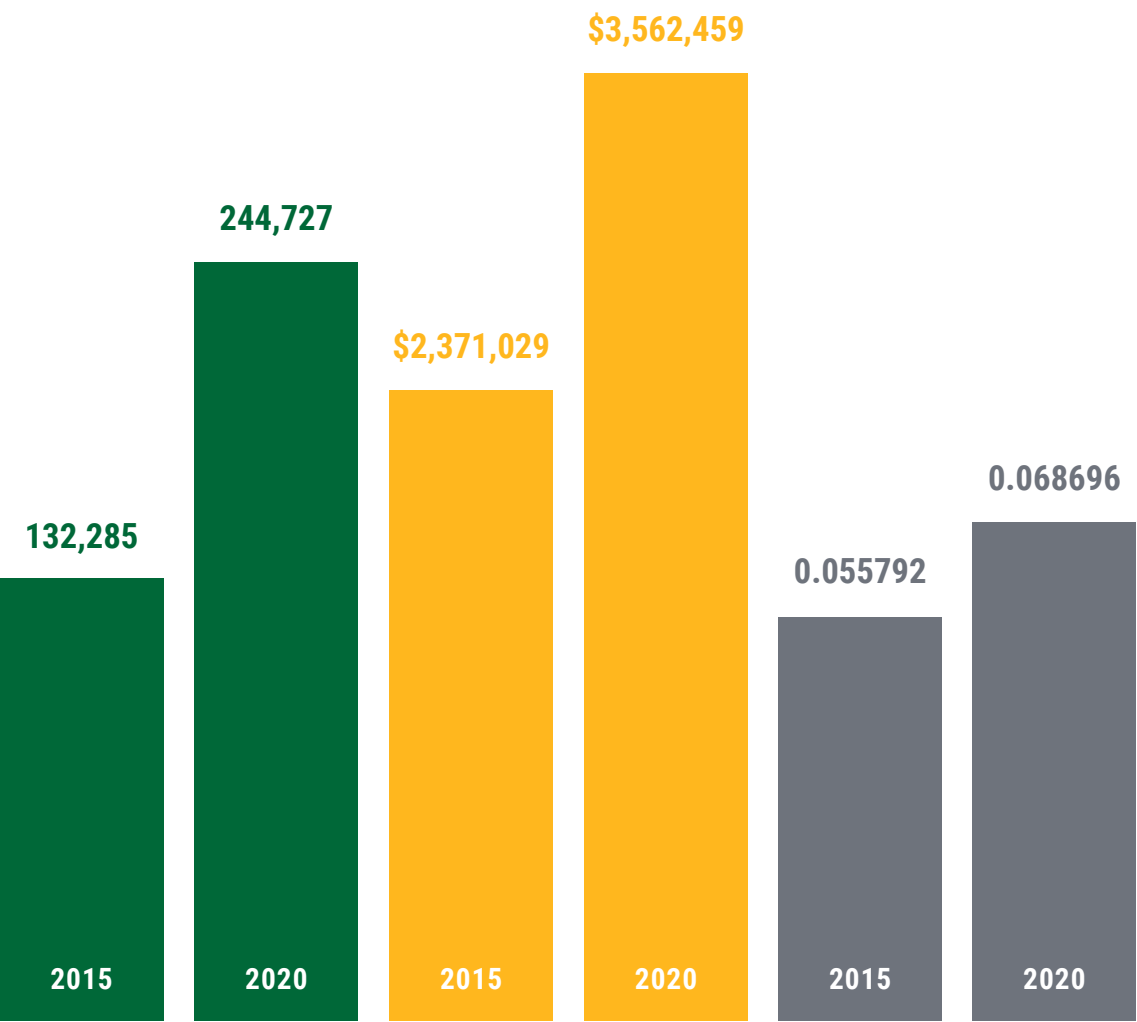
Our emissions are directly correlated to business volumes and fluctuations in each year, so our approach is to compare emissions as they relate to annual revenues. We shared our first Scope 1 assessment in our [2016 Sustainability Progress Report](#) and use the 2015 baseline therein to assess our progress. We did not meet our 2020 objective to reduce GHG emissions/fuel consumption associated with mobile fleet and asphalt plant operations by two percent year-over-year. Emissions increased in total and as normalized per revenue. This increase is primarily due to growth through acquisition, which increased the size of our fleet and shifted the balance of emissions as normalized by revenue in new markets.

Our Scope 1 assessment follows the Greenhouse Gas Protocol principles and methodologies established by the World Business Council for Sustainable Development, and includes carbon dioxide, methane, and nitrous oxide, reported in equivalent CO<sub>2</sub> (US tons) where available. The following emissions sources were included:

- Mobile sources (light-duty and heavy-duty vehicles/equipment and corporate jet)
  - Rental equipment is not included; however, some fuel consumption from rental equipment is included (dependent on agreements)
  - Calculations are based on bulk fuel combustion for CO<sub>2</sub> only; methane and nitrous oxide emissions factors for mobile equipment are not included due to data gaps; we are currently implementing a solution to address these gaps
- Inliner thermal processing (fuel used to heat water for liner curing process; includes CO<sub>2</sub> only)
- Asphalt plant production (includes CO<sub>2</sub> Equivalents)
- Granite-owned diesel generators (includes CO<sub>2</sub> Equivalents)
- Indoor heating of Granite-owned facilities where provided by fuel combustion (primarily natural gas; CO<sub>2</sub> only)

## Baseline 2015 vs. 2020

● Total Scope 1 CO<sub>2</sub> Equivalents (US Tons) ● Revenue (\$ Thousand) ● CO<sub>2</sub> Equivalents/\$ Thousand

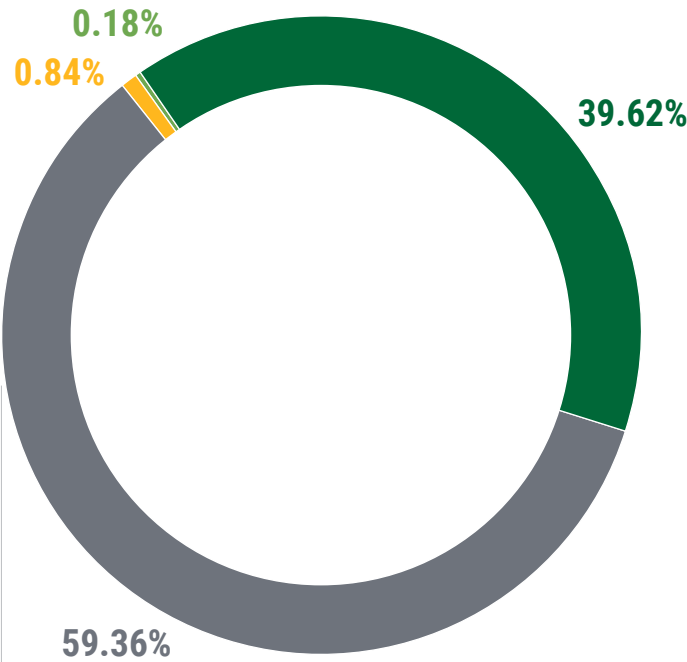




Scope 1: Breakdown by Source

Scope 1 CO<sub>2</sub> Equivalents (US Tons) with % by Source

- Asphalt Plants: 96,953
- Equipment Fleet: 145,281.81
- Heating: 2,057.80
- Inliner Processing: 435



244,727.61

Total Scope 1

New Priority Target for GHG Reduction:  
**Reduce total Scope 1 GHG emissions by 25% by 2030 from 2020 baseline.**

We intend to add Scope 2 to this target once we collect baseline data (for which a solution is currently being implemented). We also recognize that we may need to revise this target as we continue to develop our road map for emissions reduction.

Scope 2:

Scope 2 data on electricity use is not yet available. We are currently implementing a solution that will capture this information.

Scope 3:

Emissions from employee business travel (not including standard commuting) was calculated from data gathered from a company travel platform and then extrapolated to other travel based on purchasing card data. This information is based on estimates and includes CO<sub>2</sub> only (not equivalents).

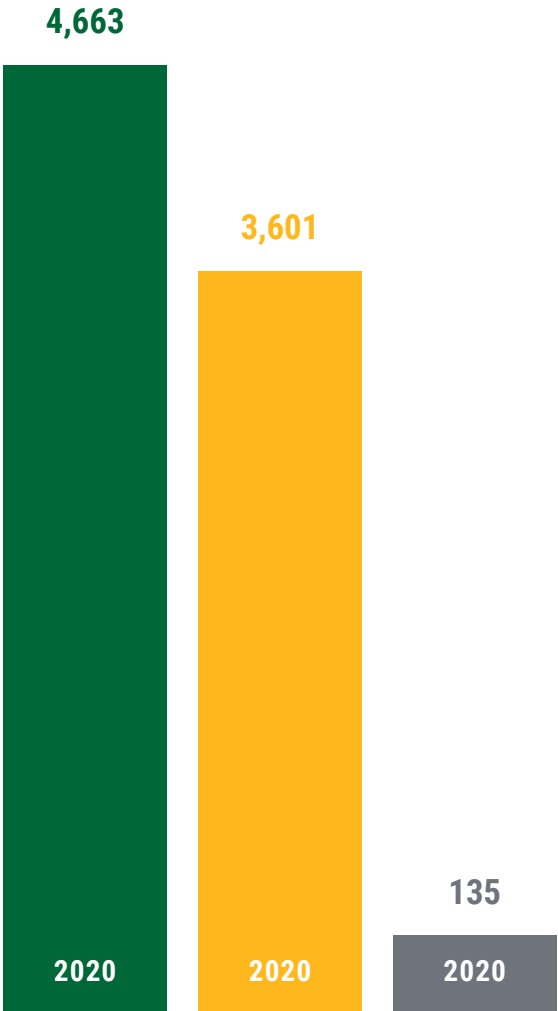
8,399

Travel: Total Estimated CO<sub>2</sub> Emissions

Scope 3: 2020 Employee Travel

Estimated CO<sub>2</sub> Emissions (US Tons)

- Air travel
- Hotel
- Car





Learn more about [sustainable practices](#) at our plants.

# INVESTING IN CLEANER TECHNOLOGIES AT OUR PLANTS

## Energy Efficiency

Since 2012, Granite has invested substantially in energy conservation technologies at our construction materials facilities. Key examples of such energy conservation improvements include:

- Installing on-site solar power at three plant locations
- Insulating piping and drums to prevent loss of energy, reducing fuel consumption and emissions
- Installing variable frequency drive technology to increase efficiency in plant operation, reducing electric power demand
- Replacing parallel flow drum plants with counterflow drum plants—counterflow plants allow more heat to be transferred from the burner to the finished asphalt product, increasing efficiency in heating and thus lowering fuel consumption
- Installing warm-mix asphalt systems to allow asphalt production at lower temperatures to reduce energy use—Granite was an early adaptor to drive this innovation and currently has 28 asphalt plants that have been retrofitted to produce warm-mix asphalt

- Optimizing recycled asphalt product content based upon finished product quality to reduce consumption of natural resources—all of Granite’s asphaltic concrete plants have recycled asphalt product systems

## Battery Demand Management Systems

Battery demand management systems at Granite materials facilities reduce electrical costs and make the electrical grid more resilient by shifting demand from peak periods to periods with additional capacity. These systems charge a battery during periods of low demand (when power is cheaper). The power is stored on-site in batteries, and later consumed during periods of peak demand, reducing power drawn from the grid during peak demand. Software determines when to charge the batteries and when to use the power for plant equipment. Granite has five battery backup systems currently operating at materials facilities. Granite is currently planning to deploy battery systems in two additional facilities in 2021.

California has suffered major rolling blackouts, causing Pacific Gas & Electric (PG&E) to request more of their customers install these battery power-packs. In 2020, PG&E increased the incentives to install batteries by lowering power rates for customers with battery power-packs. Plants therefore benefit from a reduction in energy bills—allowing them to contribute to the resilience of the power grid while continuing to provide competitive pricing to our customers.



SPOTLIGHT

# SANTA CLARA ASPHALT PLANT

Serving the development needs of Silicon Valley, the Santa Clara Asphalt Plant has been producing asphalt since the 1940s. Granite acquired the operation in 2008 and focuses on safely delivering products that meet our clients' quality expectations without harm to the environment. A plant upgrade project was conceptualized in 2010, permitting and engineering design began in 2015, and then equipment was installed in phases between 2017 and 2019. Using best available control technologies, the rotary drum dryer, baghouse abatement system, liquid asphaltic concrete pump system, asphalt oil heater, ductwork, insulation systems, recycled asphalt product feeders, low NOx burner, drag slat conveyor, computer controls, and aggregate unloading system were all upgraded. In addition to the equipment, site improvements were made by installing a more robust track-out reduction grate and enhancing the stormwater drainage systems.

This overhaul allows for higher production volumes, higher recycled asphalt product content, and greater production efficiency. We now operate 45 percent faster relative to the old plant, consume five percent less fuel, and produce fewer emissions. Estimates based on Air Board emissions testing predict the facility will emit 94 percent less carbon monoxide, 68 percent fewer nitrous oxides, and 98 percent less particulate matter per year. The Santa Clara facility was the first asphalt plant in California to achieve a Green Business Certification. The facility was also named as a Finalist for the 2021 Spare the Air Leadership Award.



Learn more about the [Santa Clara Plant](#) in this video.



94%  
less carbon monoxide

68%  
fewer nitrous oxides

98%  
less particulate matter

# REDUCING EMISSIONS IN OUR FLEET

Our strategy for reducing emissions in our fleet includes:

- Transitioning to the use of alternative fuels
- Investing in fuel- and emissions-efficient off-road equipment, including transitioning to hybrid technology
- Investing in more fuel-efficient on-road vehicles and trucks, including electric pickup trucks when they become available
- Managing the telematics data in our vehicle and equipment fleet to improve fuel efficiency

During 2020, our purchases of property and equipment in California included approximately \$3.8 million in off-road construction equipment with emission reduction improvements.

## Inter-Region Mobile Equipment Sharing Initiative

We launched an initiative in California for sharing equipment across our operating regions—by increasing efficiency of equipment utilization, we are better able to manage the overall size of our equipment fleet. This initiative has both economic and environmental benefits because it reduces the need for new equipment.

## Renewable Diesel Initiative in California

In late 2020, we launched an initiative to transition from petroleum diesel fuel to renewable diesel in our California fleet. Renewable diesel is not a fossil fuel—like biodiesel, it is made from nonpetroleum renewable resources derived from waste agricultural products such as waste vegetable oil. Renewable diesel differs from biodiesel in how it is processed, which makes it chemically similar to petroleum diesel. Typically blended with biodiesel, renewable diesel fuel reduces GHG emissions compared to petroleum diesel. The product we are targeting is 80 percent renewable diesel blended with 20 percent biodiesel.

Granite’s California operations annually consume about 2 million gallons of diesel fuel (of which 1.75 million gallons is purchased in bulk and stored in tanks). We found renewable diesel to be readily available throughout all regions of California. It is also less expensive than petroleum diesel because of subsidies funded by California’s GHG Cap and Trade program. In 2020, Granite purchased 27,662 gallons of renewable diesel blends in place of previously used petroleum diesel.

## Using Telematics to Drive Improvement

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 4,946, representing 77 percent of our total fleet.





# UNDERSTANDING THE IMPACTS OF OUR PRODUCTS: ENVIRONMENTAL PRODUCT DECLARATIONS

An Environmental Product Declaration (EPD) is a declaration that “quantifies environmental information on the life cycle of a product to enable comparisons between products fulfilling the same function” (ISO 14025). An EPD is like a nutrition label, but instead of providing nutritional content, it provides the environmental impacts of the life cycle of a product.

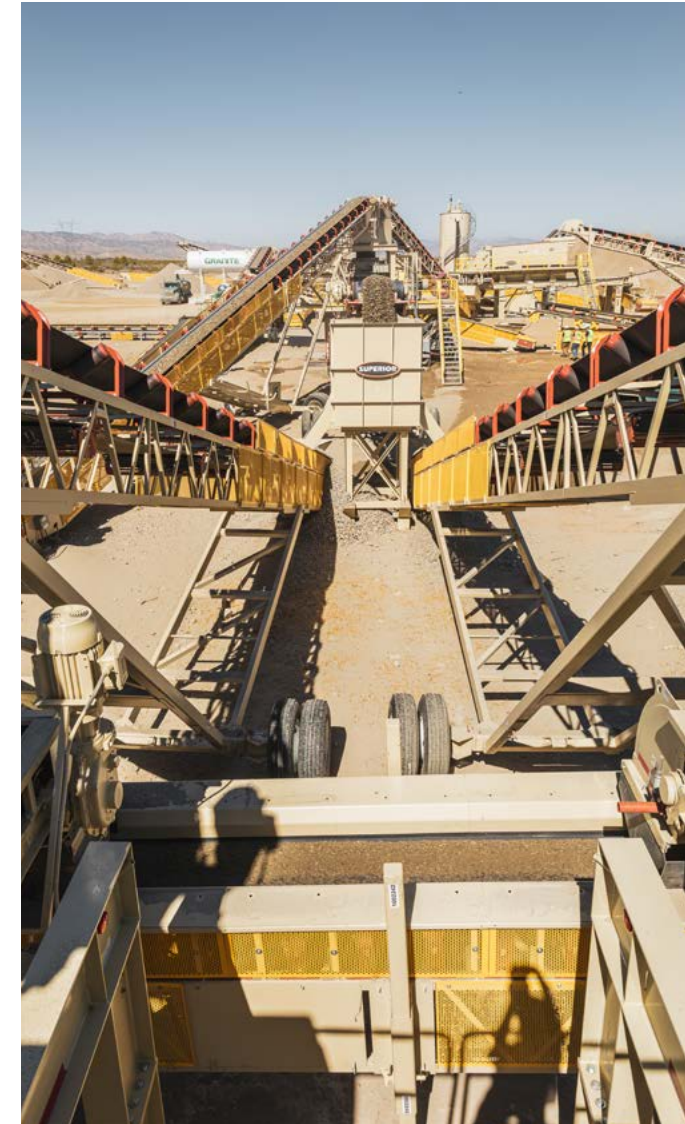
From a producer perspective, EPDs can be used to improve Granite’s sustainability goals because they help us understand the environmental impacts of the materials we produce, including their carbon footprint. Evolving requirements for EPDs also have significant implications for Granite’s operations, both in terms of producing construction materials and being qualified to win construction work.

From a client perspective, EPDs allow customers to compare and select products based on the evaluation of environmental performance characteristics including GHG emissions, electrical power consumption, and water use. In some communities, agencies responsible for building public infrastructure are trying to build more sustainable and resilient projects—having EPDs available helps them make more informed choices about the life cycle impacts of their projects. California has developed new requirements for EPDs for certain construction materials (including concrete, asphalt, and aggregate) and had pilot projects active in 2020.

Granite provided our first EPD for asphalt on a pilot program in California. To create an EPD, the producer must answer questions designed to evaluate the environmental impact of the material being produced. While there are numerous inputs, they fall into three main categories: water use, electrical use, and GHG emissions.

For asphalt mixes, Granite is utilizing the Emerald Eco-Label, a verified EPD tool provided by NAPA. This tool provides a cradle-to-gate analysis, covering the raw material supply, transport, and production life cycle phases. Granite team members have also assisted NAPA in efforts to improve the tool and build new capabilities to compare the environmental impacts of different mixes.

We are currently in the process of building solutions to provide EPDs for aggregate materials. While we build our in-house solution for short-term needs, we are also collaborating with the NSSGA to support development of long-term solutions for the industry.



# WATER

Granite’s primary consumptive water uses are related to construction activities at project sites (such as dust suppression and grading activities) and construction material production activities (such as aggregate washing and dust control).

## Water in Construction Activities

Granite’s construction activities seek to acquire required water supplies near the project site via surface delivery systems or wells. Because potable water is not required for most construction activities, Granite commonly partners with local water suppliers to use reclaimed or recycled gray water, reducing impacts on potable water supplies. Our project teams aim to protect regional water quality and avoid negative water resource impacts by using best management practices. Examples of best practices include implementing stormwater management plans, deploying spill prevention plans, and scheduling work processes and activities to protect regional water resources.

## Water Conservation & Reuse in Construction Materials Production

Granite operates construction materials facilities in the western US, which produce a wide range of construction sand, gravel, and crushed stone in addition to asphaltic concrete for use in local construction projects. Many of the aggregate operations rely on self-extracted groundwater as their primary water source and implement strategies to maximize operational water efficiency. Our aggregate operations capture stormwater to the extent feasible and recapture processed water from our aggregate operations. We use settling ponds, clarifiers, and filter presses to separate the rinsed sediment fines from slurry before recirculating the reclaimed water back into the aggregate washing operations. Utilizing water reclamation and recycling significantly reduces consumptive use of water resources (generally by 70 percent or more). Operational water recycling rates vary throughout our operations based on aggregate material quality, regional climate conditions, and pond loss resulting in groundwater recharge.

Nine of Granite’s construction materials facilities are equipped with water recycling technology in addition to settling ponds. Below is a summary of these facilities with approximate figures for water recycling rates:

FACILITY LOCATION	WATER CLARIFIER(S)	FILTER PRESS	WATER RECYCLING VOLUMES (Approximate Gallons/Minute)
Cottonwood Heights, UT	●	●	2,500
Sacramento, CA	●		10,000
Tracy, CA	●		12,000
Esparto, CA	●		10,000
Felton, CA	●	●	5,000
Llano, CA	●		5,000
Marana, AZ	●		5,000
Lakeport, CA	●		5,000
Gonzalez, CA	●		5,000



# MINIMIZING WASTE & MAXIMIZING RECYCLING

**Conservation of natural resources is one of our priorities for responsibly managing environmental impacts associated with our work. The heavy civil construction industry by its very nature is resource intensive—this provides an opportunity to generate positive and large-scale contributions that support reduction, reuse, and recycling of materials and waste that have historically been diverted to landfills.**

Reducing, reusing, and recycling natural resources generated throughout the entire life cycle of construction projects represents a tremendous opportunity to bolster worldwide conservation progress and reduce negative environmental impacts from waste—an opportunity that is also good for business. Granite's primary purpose is to build infrastructure that supports societal needs. Our services assist our clients in meeting waste management goals for their projects, and we support them with the means and methods to reduce waste and divert useable resources for beneficial reuse.

Granite's business operations do not generate large volumes of regulated or hazardous waste. Our equipment maintenance shops generate typical wastes including used oil, used antifreeze, paint waste, batteries, light bulbs, and electronic equipment waste. All our shop facilities located throughout the nation are categorized by the Environmental Protection Agency (EPA) as very small or small quantity generators of hazardous waste under the Resource Conservation and Recovery Act (RCRA).

Examples of continuous improvement in our operational waste management:

- Our equipment fleet requires the use of oils and other petroleum products. Granite's standard procedure is to recycle all used oil in operations across the US.
- All our shop facilities have made progress in phasing out potentially harmful chemical products and transitioning to alternatives that are safer and more environmentally friendly. Key examples include replacing chlorinated solvents and degreasers (such as carburetor cleaners, brake cleaners, and shop solvents).
- Granite is actively involved in the development of asphalt mix designs allowing for the increased use of recycled materials.



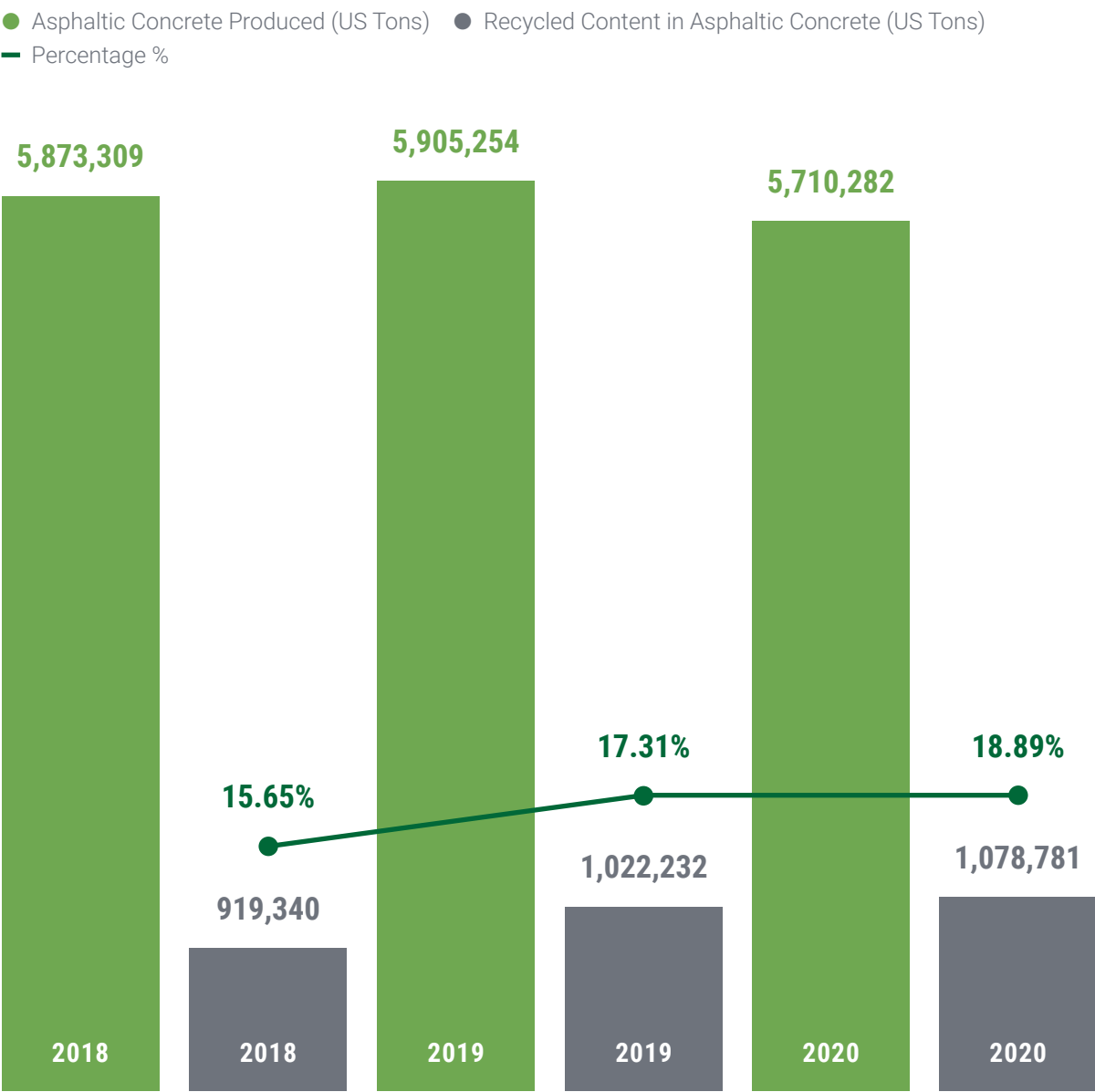
# BALANCED MIX DESIGN & INCREASING THE USE OF RECYCLED MATERIALS

Balanced mix design is an alternative method of designing asphalt mixes using performance tests on appropriately conditioned specimens to address multiple modes of distress while considering mix aging, traffic, climate, and location within the pavement structure. A mix design that develops a balance between rutting and cracking while considering moisture sensitivity performance of asphalt pavements can provide the following:

- Conservation of natural resources
- Reduced maintenance costs
- Reduced materials costs
- Increased service life
- Improved durability

One of our goals is to increase the use of recycled materials. At our asphalt plants, this includes increasing the use of recycled asphalt product. Through innovations in technology, balanced mix design, and performance testing, asphalt can be produced with a higher percentage (over 40 percent) 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.

## Recycled Content





# HABITAT & WILDLIFE

Granite maintains standard operating procedures and processes for managing environmental responsibilities and objectives. Through operationally embedded environmental professionals, Granite evaluates projects for all environmental requirements through a pre-construction process, which includes evaluation of critical or sensitive habitat as identified by the project owner and regulatory agencies. All construction methods include standard procedures for ensuring compliance with legal and other requirements, including Granite's commitment to the protection of all resources identified through the local, state, and federal requirements impacting both Granite projects and facilities.

For construction projects, clients are generally responsible for conducting Environmental Impact Assessments (through which the project owner and regulatory agencies identify critical or sensitive habitat and other environmental concerns) prior to engaging with Granite. Through the pre-construction process, Granite develops project-specific construction methods to protect identified resources,

embeds environmental professionals within the operation, and actively monitors site activities to ensure resources are protected at the project location. Alternative procurement methods allow Granite to engage with the client's design and management team to collaborate for improved sustainability prior to a finalized design. Through value engineering, Granite can often provide additional opportunities to reduce environmental impacts beyond those originally anticipated by the client.

When designing construction material operations, Granite focuses on minimizing development and operational impacts, and designs an end-of-life reclamation plan based on local environmental resources and community needs. Reclamation plans outline reclamation or restoration of impacted areas with a focus on developing a beneficial reuse of disturbed lands, habitat restoration, or future wildlife reintroduction. Granite Regional Park in California provides one example—after completing mining, Granite partnered with the City of Sacramento to redevelop previously mined areas into a mixed-use area with community park improvements and a habitat preserve. For construction material operations, Granite focuses on sustainable development, operation, and full life cycle management of land assets.





## SPOTLIGHT

# SUSTAINABLE PLANNING & RECLAMATION FOR GARDNER QUARRY

Granite's Gardner facility has been an important contributor to infrastructure projects supporting California coastal communities since the 1960s. Over the life of the facility, Granite has incorporated best mining practices to increase the longevity of the mineral deposits on-site and improve sustainable operational practices. The site is located on a river terrace in the Santa Ynez Valley which has been used for agricultural purposes for generations. The mine plan has been designed to accommodate regional topography and historical land uses. In designing the current mine plan, Granite developed an approach which reduces operational impacts and honors the agricultural heritage of the area. The mining process is broken into nine phases, in which the active mine phase separates the desired aggregates from the soils and transfers the separated soil to the previously mined phase. These reclaimed soils are then graded and returned to agricultural production via row crops, ensuring minimal operational disturbance. Once mining has been completed in the last phase, it too will be returned to row crop production resulting in zero long-term land use impacts to the property. Over the years, the Gardner Quarry has produced melons, strawberries, peppers, gerbera daisies, cilantro, and other annual row crops.







## PROJECT HIGHLIGHTS

# PROJECTS FOR THE PLANET

The following projects are highlighted to show how infrastructure projects can provide environmental benefits.





## PROJECT HIGHLIGHT

# DERBY DAM FISH SCREEN PROJECT

**LOCATION:** Sparks, NV

**PARTNER:** Bureau of Reclamation, Farmers Conservation Alliance, McMillen Jacobs Associates (engineering)

**DATE:** Completed Fall 2020

The Derby Dam Fish Screen Project provides safe fish passage and facilitates recovery of Lahontan Cutthroat Trout (LCT) in Pyramid Lake and the Truckee River. The last known historical Truckee River run of LCT from Pyramid Lake was in 1938. The LCT are currently listed as threatened under the Endangered Species Act due to over-harvest, habitat degradation, and physical barriers preventing access to upstream spawning habitat. The LCT is also of cultural significance to the Pyramid Lake Paiute Tribe. The Derby Dam Fish Screen Project protects LCT while providing irrigation water delivery to downstream water users, which will improve river connectivity, increase accessible fish habitat in the Truckee River, and support recreation opportunities in Nevada.

**PROTECTING AN ENDANGERED SPECIES:** The Derby Dam Fish Screen Project will allow LCT to safely navigate past the Derby Dam and access spawning habitat upstream in the Truckee River for the first time in 100 years.

**CREATING COMMUNITY BENEFITS:** The project improved connectivity of the river, enhancing fishing and recreational opportunities. The project fostered stakeholder partnerships between downstream users including farmers, ranchers, the US Fish & Wildlife Service, and the Pyramid Lake Paiute Tribe.



The Associated General Contractors of America's (AGC) awarded this project with the **2020 Projects in Northern Nevada Achieving Construction Leadership Excellence (PINNACLE) Award in Contractor's Excellence – Public Sector Over \$10 Million** and the **AGC PINNACLE Award for Sustainability & Sensitivity to Environment**.

The Derby Dam Fish Screen team earned additional recognition for their partnership and collaboration, receiving an **International Partnering Institute John L. Martin Project of the Year Award**, honoring organizations who have worked to make the construction industry more collaborative.



## PROJECT HIGHLIGHT

# AIRPORT STORM SEWER LINING PROJECT TO PROTECT GROUNDWATER

**LOCATION:** Minneapolis-St. Paul International Airport

**PARTNER:** Minneapolis-St. Paul International Airport; TKDA  
(design/engineering)

**DATE:** Completed in 2020

**PROTECTING GROUNDWATER:** This project at the Minneapolis-St. Paul International (MSP) Airport was designed to prevent the glycol used to deice planes from potentially seeping into groundwater. The Minnesota Pollution Control Agency expressed concerns about potential seepage of glycol from airport storm sewers into groundwater. Such seepage could impact the nearby Minnesota River because glycol consumes oxygen in water as it degrades, which can stress fish and other aquatic wildlife. MSP Airport had an urgent need to meet a tight deadline to line systems to avoid jeopardizing deicing operations.

**AVOIDING DISRUPTION:** By using Granite Inliner's cured-in-place pipe technology to seal select sections of concrete storm sewers with leak-proof liners, the airport avoided the higher cost and disruption associated with excavating and replacing pipes. The project included lining 48 segments of storm sewers totaling 7,288 feet of pipe. Granite Inliner provided and installed the liners using cured-in-place pipe technology. While some of the lining process occurred in gate areas, teams collaborated to minimize disruptions to airlines and the traveling public. Collaboration, communication, and coordination among all stakeholders were critical to the successful execution of this project.

## Granite Inliner Value & Sustainability Proposition to MSP Airport

- To design, develop, and implement a sustainable solution that results in a fully restored multi-use piping system
- To apply the highest environmental standards and safeguards in the execution of the work, ensuring that process water does not reach the adjacent river system
- To maintain an optimized worksite with a minimized construction footprint that does not impede upon airport operations and the movement of aircraft
- To establish and maintain a streamlined worksite process that allows for the immediate temporary demobilization to accommodate airport priorities
- To develop and coordinate with airport authorities the most optimized work schedule that aligns the construction work schedule with low-volume flight periods



PROJECT HIGHLIGHT

# BEALE DAM REMOVAL & CHANNEL RECONSTRUCTION

**LOCATION:** Beale Air Force Base, CA  
**PARTNER:** US Fish & Wildlife Service, US Air Force, EA Engineering, Science, and Technology, Inc., PBC  
**DATE:** Completed in 2020

The Beale Dam Removal & Channel Reconstruction project highlights how infrastructure projects can create environmental benefits. The US Fish & Wildlife Service and US Air Force determined that Beale Dam at Dry Creek, built in the 1940s, served no functional purpose and hindered fish passage. When the agencies decided to combine dam removal with channel reconstruction to create additional fish habitat, Granite was selected as the contractor in a multi-agency cooperative agreement to carry out this project.

**CREATING BENEFITS FOR FISH:** While creating a temporary diversion, teams minimized environmental

impacts by using fish screens and performing frequent turbidity tests (leading to zero turbidity exceedances). The new channel design created fish habitat with areas of riffle and areas of ponding, including logs and root wads installed to create ideal habitat for fish to rest and spawn. A rocky ramp was built to achieve the proper sloping to allow fish to migrate upstream.

**REPLANTING NATIVE VEGETATION:** In the infill area, the new topsoil was hydroseeded with a native upland seed mix to promote growth and add a protective barrier to the topsoil to stabilize it during storm events. Over 4,000 plants were installed in the topsoil to revegetate the project site. The plantings were specifically chosen and strategically placed to simulate the native plant species around the project location.







# CREATING ENDURING VALUE

## Innovation

Learn about Granite's Continuous Improvement efforts and how we leverage innovation to support sustainability.

[FIND OUT MORE →](#)

## Infrastructure Investment

Learn how Granite supports sustainable practices in our industry.

[FIND OUT MORE →](#)



# QUALITY & PRODUCT SAFETY

## Recognition for Quality & Excellence

In 2020, 32 Granite asphalt plants throughout the country earned NAPA Diamond Achievement Quality Commendations in recognition of plant practices that result in excellent product quality. Areas evaluated for the Diamond Quality Commendation are grading quality management, recycled asphalt product and aggregate handling, asphalt storage, drying and mixing, air quality, truck scales, silos, and control rooms.

Three Granite locations were awarded NAPA Diamond Paving Commendations, which extend industry-leading practices to paving operations in the field. Designed to recognize exceptional paving crews, the Diamond Paving Commendation is based on the training of supervisors and crew members, use of best practices in paving, and compliance.

Granite set a new company record in 2020 by winning 33 NAPA Quality in Construction Awards that recognize industry-leading performance for construction projects in the field.

## Quality Approach

Granite is committed to understanding and meeting our client's expectations, earning trust, and providing best-in-class design, products, and services. We hold ourselves accountable for satisfying clients, preventing risk, and driving continuous improvement into our operations.

Building work right and producing materials that meet customer expectations for design and quality is critical to product safety and enduring performance. Every construction project built and construction material produced by Granite requires meticulous planning, coordination, inspection, and testing to ensure that it will perform as intended and prove that it meets client expectations, engineering and design specifications, and regulatory requirements.

## Accountability

The processes defined in our Granite Management System (GMS) are the cornerstone of our quality risk prevention and product safety strategy. Granite's quality system was originally developed to be ISO 9001-compliant and assure consistency of products and services throughout the company. We hold ourselves accountable for following company best practices and quality procedures that are known to achieve excellence and produce consistent results.

Each year Granite performs internal quality audits to evaluate the use of GMS quality processes and best practices. In 2020, Granite assessed performance of 28 quality laboratories and found them to be 93 percent in compliance with required procedures and recommended best practices. Each lab implemented corrective actions that were tracked through completion to assure they achieved full compliance to required procedures and adopted best practices.

In 2020, Granite also selected eight large construction projects to audit for compliance with GMS quality procedures and recommended best practices that support operational excellence. These audits resulted in 87 percent compliance, along with a customized corrective action plan for each project to address customer satisfaction and risk prevention while driving improvement.





## First-Time Quality: Construction Materials

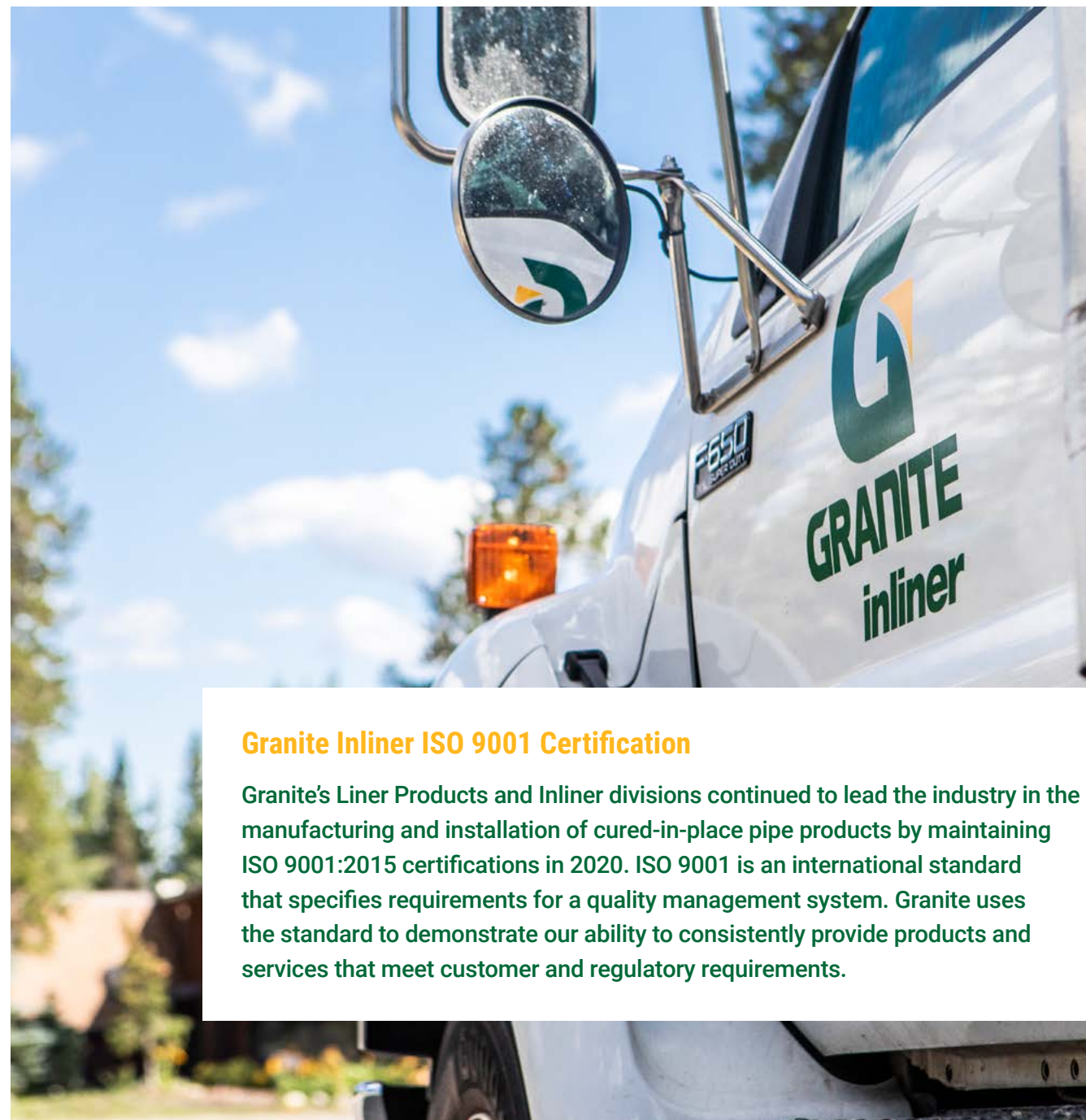
Granite began tracking first-time quality for each aggregate and asphalt product made throughout our construction materials operations in 2019 and continued to improve upon this tracking in 2020. Thousands of inspections and tests conducted in our 41 quality laboratories in the field measured how often critical client requirements were met without rework or adjustment. By focusing on what it takes to get it right the first time, our construction materials leadership teams improved product consistency while reducing risk and rework in plant, quarry, paving, and earthwork operations.

Material first-time quality scores and tons of asphalt/aggregate produced:

- 2019: 81% on 18 million tons of product
- 2020: 85% on 22 million tons of product
- 2025 Goal: 95% on total tons of product

## First-Time Quality: Construction Projects

In 2020, Granite continued to pilot how to measure first-time quality for installed construction work on large infrastructure projects. Using extensive work planning, Granite established client quality acceptance criteria. Electronic checklists were completed by qualified field inspectors to measure conformance of installed work and materials to those acceptance criteria. On our I-64 High Rise Bridge pilot project in Virginia, performance of 54,631 checklist attributes were evaluated and measured a 91 percent construction first-time quality score. All checklists and non-conformances were tracked through corrective action in an electronic document management system to provide assurance to the client that all expectations and requirements were met.



### Granite Inliner ISO 9001 Certification

Granite's Liner Products and Inliner divisions continued to lead the industry in the manufacturing and installation of cured-in-place pipe products by maintaining ISO 9001:2015 certifications in 2020. ISO 9001 is an international standard that specifies requirements for a quality management system. Granite uses the standard to demonstrate our ability to consistently provide products and services that meet customer and regulatory requirements.



**Driving Improvement: Quality Incident & Rework Reporting**

One strategic focus has been accurate accounting for quality incidents and reduction of incidents to avoid rework, reduce cost, and increase efficiency. Quality defects and the resulting cost and schedule impacts are so common in construction that they are routinely included in historical cost and productivity rates. Identifying and reporting larger, more time-consuming, and expensive quality incidents provides information that can drive significant improvements to operations.

In 2020, Granite rolled out an improved reporting system and database for capturing quality incidents in the field. This system captured 171 quality incidents at an estimated total cost of \$4.1 million in 2020. Each incident was analyzed by management teams to identify contributing factors, root causes, and actions to prevent recurrence.

To help identify and eliminate sources of quality defects, Granite also implemented rework reporting by foremen in the field at the end of each day. In 2020, foremen reported 7,902 rework events totaling over \$3 million of crew labor cost impact using daily

timecard reporting. By tying reported rework to specific cost codes used for project accounting, our teams can leverage data to better understand which areas or cost codes contain higher risk and can be targeted for improvement.

In 2020, we updated our approach to planning to improve execution in the field. A work plan committee comprised of Quality, Project Controls, Operations, and Continuous Improvement updated our definition of work planning. Based on best practices developed in the last several years, this update added flexibility and scalability to planning activities and tasks. Our Fundamentals of Engineering training program was also updated to include the new work plan and will be used to train new project and field engineers and project teams in the field. This new approach will begin roll-out in 2021 to projects throughout the company in pursuit of excellence in execution.

**2020 Objective:**  
**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.**

**We met our goal** of establishing a baseline.



# CLIENT ALIGNMENT

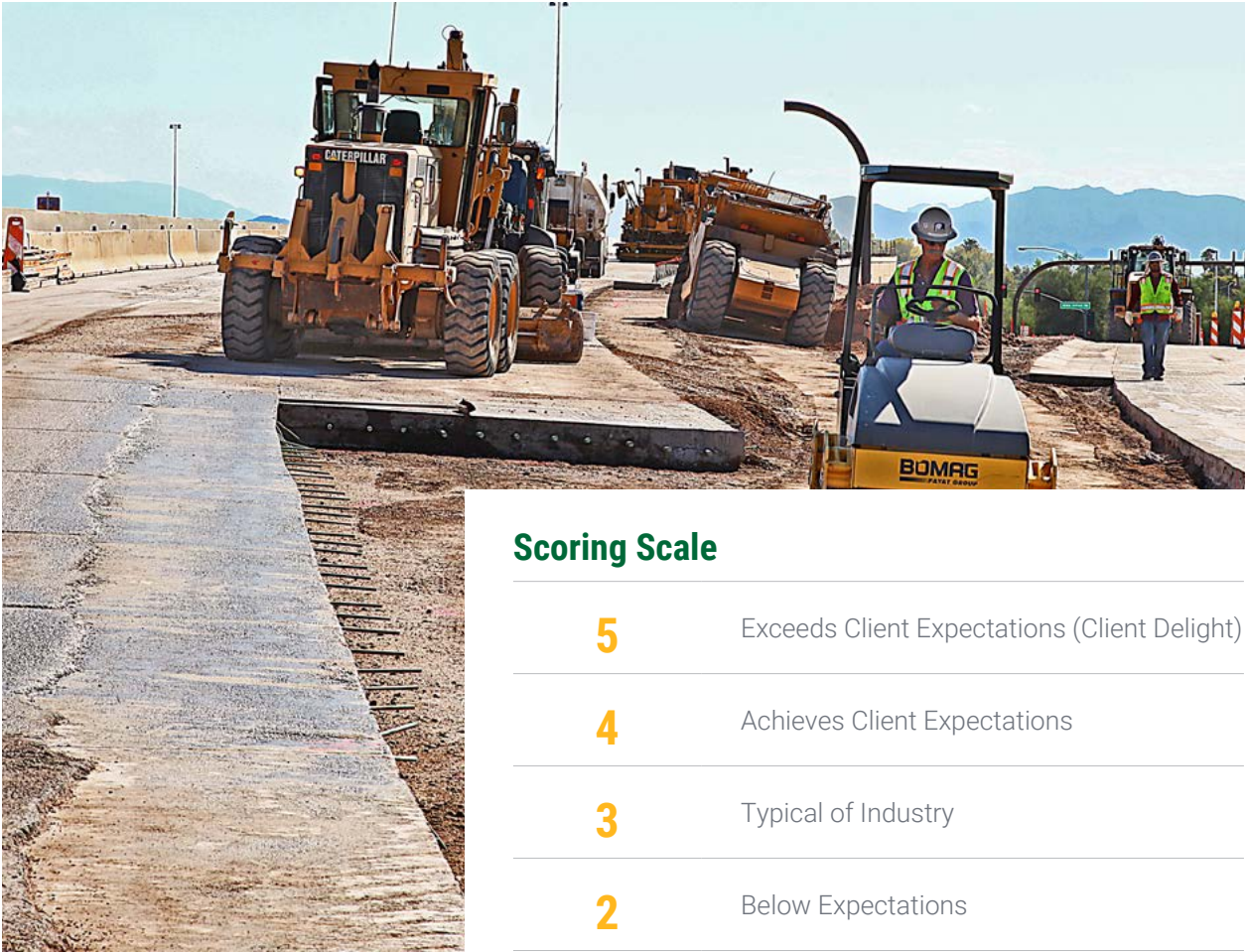
## Client Alignment & Satisfaction Focused on “Client Delight”

Granite’s Client Alignment Model (CAM) is designed to deliver maximum 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 project completion. We collect client feedback throughout the course of the project to support alignment on goals and performance. The program 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 2015, we set a five-year company goal for Client Alignment/Satisfaction to reach an average eCAM score of 4.5 out of 5.0 (where 4 is achieving client expectations and 5 is exceeding them). Since 2016, we have collected over 1,300 surveys from our clients across the business on projects ranging from less than \$1 million to more than \$400 million. In 2019, we achieved an average eCAM score of 4.3 out of 5.0. At the end of 2020, we completed over 400 eCAM surveys and achieved an average score of 4.4—falling just short of our goal. We plan to expand the eCAM program, with a goal of reaching clients from all of our business units with satisfaction surveys in 2021.

2020 Objective:  
**Achieve a client satisfaction score of 4.5 out of 5.0 for 75% of our total clients.**

**We fell just short of this goal** at 4.4 in 2020.



### Scoring Scale

5	Exceeds Client Expectations (Client Delight)
4	Achieves Client Expectations
3	Typical of Industry
2	Below Expectations
1	Unacceptable Performance
n/a	Don't Know



## Engaging Clients on Sustainability

To improve our engagement efforts with clients regarding sustainability, in support of our goal to stay aligned with their evolving needs, we added a new question to our eCAM client satisfaction surveys. We see this as a first step in letting our clients know sustainability is a priority and that we welcome their engagement on these issues in relation to their projects.

**SURVEY QUESTION:** Our definition: Sustainability is performing projects with social responsibility, environmental stewardship, and sustainable economics for our workforce and your community. Question: Did this project reflect Granite's approach and meet your expectations for sustainability?

**OUR PERFORMANCE:** While many client contacts responded (n/a – don't know), for the responses answered, the average score came to 4.1 out of 5.0.

Looking forward, we aim to incorporate additional questions addressing sustainability into the client alignment program so that clients can discuss their specific goals throughout the project. Client discussions around sustainability and project goals might include topics such as:

- How to best minimize project impacts to local communities
- How to enhance community experience
- How to reduce GHG emissions on a project site
- How to incorporate additional recycled materials and other sustainable features into designing and building a project



# GROWING OUR MARKET PRESENCE

At no time during our 2020 work-winning campaign did our business development teams across the company take their eyes off their targets. Best value selection is based on differentiating proposals and value-driven presentations that connect with interview committees—not easy to do virtually. We leveraged our resourcefulness to stay connected with our clients consistently to win work and used a debriefing process to continuously improve our efforts.

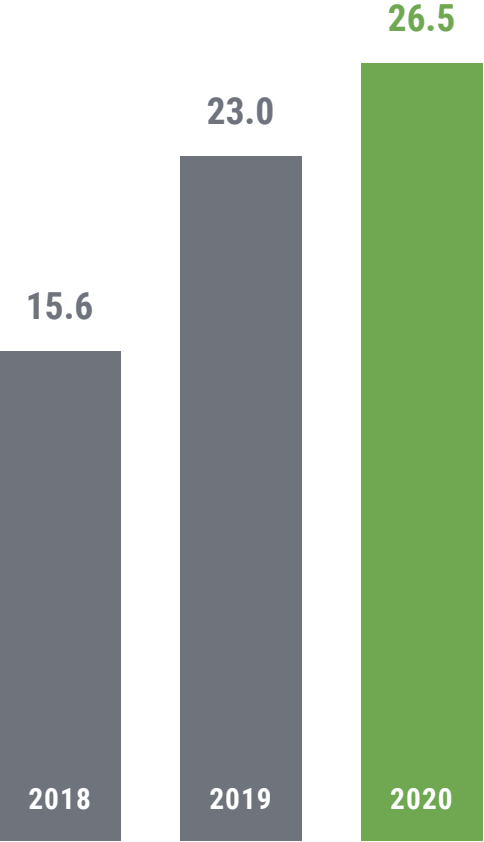
2020 Objective:  
**Increase the capture of private construction work to 30% of our total construction portfolio revenue.**

**We fell just short of this goal** at 26.5% in 2020.

## Granite Growing in Solar Market

We have steadily grown our presence in the solar market—Granite was recognized by Solar Power World on its 2020 Top Solar Contractors list. Granite achieved a rank of 8 out of 407 companies, an improvement compared to a rank of 14 in 2019. This advancement aligns with Granite's mission of sustainability, as it contributes to developing a cleaner energy future.

### % Private Work



### Solar Project

Learn more about the Copper Mountain 5 Solar Project, one of Granite's largest solar projects to date.

**FIND OUT MORE →**

# INNOVATION & CONTINUOUS IMPROVEMENT

## New Organizational Structure & Focus on Technology

Continuing the evolution of innovation at Granite, 2020 brought the formation of a combined organizational group focused upon operational strategy, continuous improvement, and construction technology. Working together, these teams are building the roadmap for continued improvement in our business processes to support the long-term performance of our operations:

- **STRATEGY** provides guidance for a future vision and identifies continuous improvement opportunities to get there
- **CONTINUOUS IMPROVEMENT (CI)** works to improve existing processes and implement new ones that allow us to produce our work faster, easier, and cleaner
- **TECHNOLOGY** takes us to the next step in resourcing existing and emerging technologies that can be applied to our construction operations

As part of our new focus on construction technology, we are investing more in advancing technology to address challenges and enable processes within our operations and materials businesses. With the goal of creating a higher level of future sustainability, some of our current efforts center around:

- Implementing more operations-focused technologies such as machine control, field communications, drones, virtual/augmented reality, and data analytics/machine learning
- Establishing Centers of Excellence and Centers of Interest for many of these fields so that our employees can become more familiar with their application and grow their expertise

## Partnership Between Continuous Improvement & Safety

Respect for our people is strategically at the center of both our safety program and CI's Lean principles. Safety strives to make our workplaces safer for every employee, while CI works to harness the experience and knowledge of everyone in our company. Partnership and collaboration between these teams magnifies the results of our efforts, as Lean improvements often improve safety, while in turn safety improvements often provide Lean improvements.

Through these efforts, we provide a safe work environment where our employees can expect to have long, productive careers at Granite. When we leverage Lean principles to reduce the physical demand on our employees while maintaining production, we allow them to extend their careers. As the construction industry workforce ages, and recruiting becomes more difficult, sustaining these careers is essential to company performance. Granite has a history of long and multi-generational careers—when we focus our efforts on safety and Lean, we help create a sustainable workforce that can expect to contribute to building America's infrastructure for many years.

## Advancing Continuous Improvement Objectives in 2020

Our ongoing CI efforts position us to drive innovation to new levels while 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.

Despite delays posed by the pandemic, our CI teams expanded Lean training through an initiative for Lean Tailgate Talks—short lessons on Lean construction for crews on job sites and in the field. Focusing first in the Heavy Civil Group, teams conducted Lean Tailgate Talks with individual crews, including several in Florida at the Zone 3 Brightline Train Project and at the Honolulu Authority for Rapid Transit (HART) Project in Hawaii. Teams took a unique approach at the Lewisville Dam Project in Texas by hosting a Lean Efficiency Week, where Lean Tailgate Talks covered Lean principles and focused on increasing efficiency for the project.

**2020 Objective:**  
**Through our Continuous Improvement initiative, complete at least 50 improvement projects per year that support innovation and creativity.**

**We met this goal.**





While the pandemic created limitations around our ability to provide classroom training and undertake field operations improvement initiatives, our CI teams were nevertheless able to increase the understanding and practice of Lean within the company and achieve our 2020 objective to complete 50 distinct continuous improvement projects. Notable CI projects facilitated with operational teams include:

- **REVAMP OF MATERIALS TICKET EDITING PROCESS:** This project aimed to increase efficiency in the ticket editing process for materials sales. Improvements reduced time spent editing tickets in the field each day, allowing more timely cost reports on a weekly basis and more efficient financial closings each month. The outcome reduced the time needed to get an invoice out to a customer from five to two days, meaning payments are received faster, which ultimately improves cash flow.
- **CREATION OF MATERIALS MOBILE SALES ANALYSIS TOOLS:** The goal of this project was to implement analysis tools that our materials operations could leverage to facilitate the creation of local sales strategies specific to their markets. The implementation of a mobile sales application for quoting and tracking project quotes, paired with a Microsoft Power BI dashboard, provides operations with real-time visibility into material sales activities, success rates, and evolving market conditions. The next phase of this project will involve documenting sales strategies, reporting progress on the results of tactics implemented, and evaluating the success of different strategies in real-world application.

- **HART OPERATIONS IMPROVEMENTS:** Over two weeks, a group of CI project managers assisted at the HART rail project, conducting several Motion Matters studies at various worksites to improve production and safety. Crews attended Lean workshops and took part in rapid improvement sessions for their discipline.

These projects were accomplished by working in the field, where possible, through our partnership with Safety teams, focusing on optimizing the use of available video meeting technology to conduct our communications, utilizing our new information technology capabilities for data collection and analysis, and focusing efforts on areas of the business that may have historically been missed, such as administrative processes.

## SPOTLIGHT

# CONVEYOR BRIDGE INNOVATION ON PROJECT SITE REDUCES EMISSIONS & TRAFFIC FROM TRUCK HAULING

The Granite team faced a challenge at the Brightline High Speed Rail Project in Florida: they needed to move one million tons of material across the expressway, which would have required 65,000 truckloads and impacted local traffic. The project team came up with an innovative solution. They built one of the longest spanning conveyor bridges in North America to move material over the highway—eliminating the need to use trucks, which reduced air emissions and road congestion around the project site.



Watch a video about this [innovation](#).



# INFRASTRUCTURE INVESTMENT

## Sustainable Infrastructure Funding

America's infrastructure is in critical need of being repaired. According to the ASCE, fixing the country's roads, bridges, tunnels, dams, and airports will take an investment of nearly \$6 trillion. That is why Granite makes 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 investment. These associations include:

- Associated General Contractors of America (AGC)
- American Road & Transportation Builders Association (ARTBA)
- National Asphalt Pavement Association (NAPA)
- National Stone, Sand, & Gravel Association (NSSGA)

Granite also has members involved in other national industry and professional organizations and conferences, including:

- American Society of Civil Engineers (ASCE)
- Society of American Military Engineers (SAME)
- National Association of Sewer Service Companies (NASSCO)
- Society of Women Engineers
- Women of Asphalt
- National Association of Women in Construction
- Women in Construction Conference
- Groundbreaking Women in Construction Conference



### 2020 Objective:

**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.**

**We met this goal.**

In addition, our business units across the country are involved in local, state, and regional associations that advocate for increased sustainable investment in infrastructure.

In 2020, Granite made it a priority to encourage Congress to commit additional investment to state departments of transportation (DOTs) for surface transportation in response to the pandemic. With construction of transportation facilities considered an essential public service in most areas, this provided an opportunity to keep people in high-paying jobs working. Public closures also provided an opportunity to continue building infrastructure because it is less disruptive and safer to perform this type of work when there is less traffic on the roads.

**2020 Objective:**  
**Participate in the advancement of industry-wide sustainable construction practices.**

**We met this goal.**

Granite worked with our federal trade associations (AGC, ARTBA, NAPA, and NSSGA) to educate and advocate for significant, direct funding to state DOTs to keep projects under construction and keep people working. In November 2020, Granite managers had virtual meetings with 123 Congressional offices to discuss this issue as part of the NSSGA-led effort to raise awareness. In December, the pandemic relief bill that was passed and signed into law included \$10 billion of funding to state DOTs, including \$1.6 billion for states where Granite operates vertically integrated businesses.

**Supporting Sustainable Industry Practices**

Granite has historically supported industry-wide efforts to advance sustainable practices, and we continue that commitment today. Granite was a founding sponsor for two nonprofits that created frameworks used to assess the sustainability of infrastructure: Greenroads and the Institute for Sustainable Infrastructure (which created the Envision rating system). In 2020, Granite sponsored the Greenroads 10th Anniversary event. We will continue to seek out opportunities to collaborate with other organizations to advance sustainability in our industry.

We seek to positively impact the construction industry by working with other organizations to improve and implement best practices. In 2020:

- We supported NAPA Sustainability Committee efforts, including efforts to update NAPA's EPD tool, used to calculate the environmental impact of asphalt products, and the underlying Product Category Rules for asphalt EPDs. We also supported development and testing of an impact analysis tool that allows producers to compare the environmental impacts of different asphalt mixes.

- Through NAPA, we participated in a pilot program for the EPA to develop an Energy Star program for the asphalt industry. The goal of the program is to improve energy efficiency in asphalt plants.
- We participated in the ASCE's development of draft Standard Requirements for Sustainable Infrastructure. The standard was developed by a consensus standards development process that has been accredited by the American National Standards Institute. The standard is intended to be used to develop and implement sustainable infrastructure solutions through the entire infrastructure life cycle process.
- We participated in the NSSGA's efforts to assess options for developing EPD programs and tools for aggregates, to better understand and provide data on the environmental impacts of specific aggregate products.
- We advocated for state laws to allow higher percentages of recycled asphalt, concrete, and aggregate in all construction materials used in local and regional transportation projects. This effort is continuing in 2021 due to delays caused by the pandemic in moving the bill through the process. Using higher levels of recycled materials results in lower costs, less oil use, less cement use, less use of virgin aggregate, and lower air emissions.



## SPOTLIGHT

# PARTNERING WITH CALTRANS TO IMPROVE WORKER HEALTH & SAFETY

Granite worked with Caltrans to help revise a material testing requirement to reduce worker exposure to a solvent that poses health and safety risks. Trichloroethylene (TCE) is a common industrial solvent and degreaser utilized in many applications. Caltrans specifications require a TCE solvent extraction method to measure and characterize the asphalt content, gradation, specific gravity, and other essential properties of recycled asphalt product used in hot-mix asphalt.

However, in February 2020, the EPA issued a finding that targets TCE as a source of unreasonable environmental risk for both water quality and toxic air emissions. Caltrans and their industry partners recognized the need for the asphalt pavement industry to take decisive action to eliminate or significantly reduce the use of TCE.

Granite collaborated with Caltrans to revise the specifications for recycled asphalt product testing, leveraging the use of an ignition oven as a process control tool during the production of recycled asphalt product stockpiles. Overall, the revised specification reduces the number of TCE solvent extractions required and minimizes worker exposure. When they are required, the solvent extraction tests are typically performed by a commercial asphalt binder testing lab with state-of-the-art equipment that significantly reduces worker exposure to TCE.







## PROJECT HIGHLIGHTS

# INFRASTRUCTURE FOR THE FUTURE

The following projects highlight how infrastructure projects can provide economic benefits and contribute to a more sustainable future.



## PROJECT HIGHLIGHT

# NEW MATERIALS FACILITIES

**Granite opened two new materials facilities in California in 2020 to replace legacy materials reserves that had been exhausted in key markets. When developing areas do not have access to aggregate reserves nearby, materials must be hauled in over longer distances on trucks, creating a corresponding increase in emissions. Having sustainable local aggregate sources can help communities develop more efficiently. Granite's new materials facilities are designed and built to meet sustainability goals and long-term infrastructure needs while minimizing environmental impact.**

## Solari Aggregate Plant

The Solari Sand and Gravel Plant (pictured top right) in Arvin, California, will supply materials in Bakersfield and throughout the San Joaquin Valley. Designed with efficiency and sustainability in mind, both variable frequency drives and plant automation reduce the facility's power demand.

The plant is also designed for environmental stewardship. Before construction began, a large diversion channel was built on the uphill side of the project to direct flood waters around the site and prevent damage to downstream crops and roads. With water scarce in the valley, the new wash plant is designed to recycle up to 80 percent of the water it uses. The wash plant produces concrete aggregates while minimizing the demand for fresh water with its engineered three-stage water management system. The plant uses high-efficiency, low-volume dust suppression sprays and foggers to further reduce water consumption while controlling and reducing dust. The asphalt plant will include blue smoke collection equipment to reduce asphalt-related emissions. Finally, the mile-long dirt entrance road to the project was paved to nearly eliminate track-out and dust.

## Big Rock Plant

The Big Rock Plant (pictured bottom right) in Llano, California, will provide aggregate, asphalt, and concrete products to customers in the growing communities of northern and western Los Angeles, Ventura, Kern, and San Bernardino counties.

The facility was constructed with safety and sustainability in mind. The state-of-the-art plant can produce 11 high-quality aggregate materials simultaneously. The new plant will also recycle 134,000 gallons of water per hour with a combination of dewatering screens, low-water washers, and water clarifiers. The plant's high-efficiency motors, pumps, and advanced electrical control system take our water recycling efforts to a new level.





## PROJECT HIGHLIGHT

# COPPER MOUNTAIN 5 SOLAR PROJECT

**LOCATION:** Searchlight, NV

**PARTNER:** Rosendin Electric, Inc.

**DATE:** Completed in 2021

At 250 MW, the Copper Mountain 5 Solar Project is one of Granite's largest solar projects built to date. Granite's scope of work included post and tracker installation, with over 100,000 posts installed and over 10,000 tracker rows built. It required over 120,000 combined work hours to complete the post and tracker installation, employing more than 100 people at the height of the project. When completed, the site will provide enough energy to Nevada Energy to power approximately 100,000 homes.

**INNOVATION FOR SAFETY & EFFICIENCY:** A Granite crew member came up with the idea to build a stand to hold the array fan component of the tracker to pre-kit each bottom coupler to the array fan (pictured). This innovative solution improved ergonomic conditions while pre-kitting because the crew members no longer had to bend over while attaching the top coupler to the array fan. A study of the improvement showed that this innovation helped increase production for pre-kitting from 120 to 150 arrays per day.





# APPENDIX A: GLOBAL REPORTING INITIATIVE (GRI) INDEX: DISCLOSURE TOPICS & ACCOUNTING METRICS

GRI CODE	METRIC/DESCRIPTION	RESPONSE/COMMENT	CORRESPONDING SDGS	CORRESPONDING SASB OR TCFD METRICS
<b>GRI 102: Organizational Profile</b>				
102-1	Name of organization	Granite Construction Incorporated		
102-2	Activities, brands, products, and services	p. 8; 10; Brands: <a href="https://www.graniteconstruction.com/company/our-brands">https://www.graniteconstruction.com/company/our-brands</a>		
102-3	Location of headquarters	585 West Beach St., Watsonville, CA 95076		
102-4	Location of operations	p. 10; Locations: <a href="https://www.graniteconstruction.com/company/our-offices">https://www.graniteconstruction.com/company/our-offices</a>		
102-5	Ownership and legal form	Publicly traded corporation (NYSE: GVA)		
102-6	Markets served	Transportation; Water; Specialty; Construction Materials; <a href="https://www.graniteconstruction.com/our-work">https://www.graniteconstruction.com/our-work</a>		
102-7	Scale of organization (1) total number of employees; (2) total revenue	(1) Total US employees on December 31, 2020: 8,217; (2) Total revenue: \$3.6 billion (more details in Form 10-k, <a href="https://investor.graniteconstruction.com/financial-information/sec-filings">https://investor.graniteconstruction.com/financial-information/sec-filings</a> )		

GRI CODE	METRIC/DESCRIPTION	RESPONSE/COMMENT	CORRESPONDING SDGS	CORRESPONDING SASB OR TCFD METRICS																																																												
102-8	Information on employees	<div>Total US employees on December 31, 2020: 2,629 salaried and 5,588 hourly employees (total 8,217). Hourly employee count fluctuates with seasonal construction activity.</div> <table><tr><th>Operating Group</th><th>Female</th><th>Male</th><th>Hourly</th><th>Salaried</th><th>Grand Total</th></tr><tr><td>California</td><td>243</td><td>2,713</td><td>2,336</td><td>620</td><td>2,956</td></tr><tr><td>Corporate</td><td>164</td><td>149</td><td>6</td><td>307</td><td>313</td></tr><tr><td>Federal</td><td>25</td><td>218</td><td>163</td><td>80</td><td>243</td></tr><tr><td>Heavy Civil</td><td>134</td><td>752</td><td>473</td><td>413</td><td>886</td></tr><tr><td>Midwest</td><td>53</td><td>415</td><td>321</td><td>147</td><td>468</td></tr><tr><td>Northwest</td><td>230</td><td>1,739</td><td>1,403</td><td>566</td><td>1,969</td></tr><tr><td>Operations Services</td><td>15</td><td>33</td><td>0</td><td>48</td><td>48</td></tr><tr><td>Water &amp; Mineral Services</td><td>151</td><td>1,183</td><td>886</td><td>448</td><td>1,334</td></tr><tr><td>Grand Total (US)</td><td>1,015</td><td>7,202</td><td>5,588</td><td>2,629</td><td>8,217</td></tr></table>	Operating Group	Female	Male	Hourly	Salaried	Grand Total	California	243	2,713	2,336	620	2,956	Corporate	164	149	6	307	313	Federal	25	218	163	80	243	Heavy Civil	134	752	473	413	886	Midwest	53	415	321	147	468	Northwest	230	1,739	1,403	566	1,969	Operations Services	15	33	0	48	48	Water & Mineral Services	151	1,183	886	448	1,334	Grand Total (US)	1,015	7,202	5,588	2,629	8,217		
Operating Group	Female	Male	Hourly	Salaried	Grand Total																																																											
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Grand Total (US)	1,015	7,202	5,588	2,629	8,217																																																											
102-9	Supply chain	Granite's Supply Chain Department focuses on vendors with large, repetitive spend. We strive to build contracts with these national vendors to enable easy and cost-effective transactions by our field teams. These vendors make up approximately 20% of our annual spend. All purchasing decisions are made in the field under a decentralized approach, where field purchasers can choose to purchase from local or national vendors or other suppliers.																																																														
102-10	Significant changes to the org and its supply chain	Granite closed our Northeast Heavy Civil operations in 2020, resulting in the layoffs of 23 employees. Granite followed New York state and federal protocol in terms of notification along with severance payments to those impacted by the closure. All employees within the operation were offered opportunities to stay with Granite at other locations; however, 23 declined and accepted severance.																																																														
102-12	External initiatives	p. 8; 91-93																																																														
102-13	Membership of associations	p. 91-92; Also: the Conference Board; National Hispanic Corporate Council																																																														



GRI CODE	METRIC/DESCRIPTION	RESPONSE/COMMENT	CORRESPONDING SDGS	CORRESPONDING SASB OR TCFD METRICS
<b>GRI 102: Strategy</b>				
102-14	Statement from most senior decision-maker	p. 7		
102-15	Key impacts, risks, and opportunities	p. 22-23		TCFD Strategy, Risk Management
<b>GRI 102: Ethics &amp; Integrity</b>				
102-16	Values, principles, standards, and norms of behavior	p. 9		
102-17	Mechanisms for advice and concerns about ethics	Granite has two policies that address reporting ethical and/or organizational concerns: Whistleblower Policy and Fraud or Theft Reporting Policy. In addition, the company has a third-party administered Ethics and Compliance Helpline, available 24/7.		
<b>GRI 102: Governance</b>				
102-18	Governance structure	p. 22-23; 26-27; Corporate Governance Guidelines & Policy ( <a href="https://investor.graniteconstruction.com/corporate-governance/board-of-directors">https://investor.graniteconstruction.com/corporate-governance/board-of-directors</a> ); Proxy Statement, Schedule 14A, pages 7-12 ( <a href="https://investor.graniteconstruction.com/financial-reports/annual-reports">https://investor.graniteconstruction.com/financial-reports/annual-reports</a> )		TCFD Governance
102-22	Composition of the highest governance body and its committees	Proxy Statement, Schedule 14A, pages 7-12 ( <a href="https://investor.graniteconstruction.com/financial-reports/annual-reports">https://investor.graniteconstruction.com/financial-reports/annual-reports</a> )	SDG 5.5 SDG 16.7	
102-25	Conflicts of interest	Corporate Governance Guidelines and Policy ( <a href="https://investor.graniteconstruction.com/corporate-governance/board-of-directors">https://investor.graniteconstruction.com/corporate-governance/board-of-directors</a> )		
102-32	Highest governance body's role in sustainability reporting	Report approved by Board of Directors; p. 26-27		TCFD Governance

GRI CODE	METRIC/DESCRIPTION	RESPONSE/COMMENT	CORRESPONDING SDGS	CORRESPONDING SASB OR TCFD METRICS
<b>GRI 102: Stakeholder Engagement</b>				
<b>102-40</b>	List of stakeholder groups	p. 24-25		
<b>102-42</b>	Identifying and selecting stakeholders	p. 24-25		
<b>102-43</b>	Approach to stakeholder engagement	p. 24-25		
<b>102-44</b>	Key topics and concerns raised	p. 24-25		
<b>GRI 102: Reporting Practice</b>				
<b>102-47</b>	List of material topics	p. 24-25; as included in Appendices to this Sustainability Report		
<b>102-50</b>	Reporting period	January 1, 2020-December 31, 2020		
<b>102-53</b>	Contact point for questions regarding the report	(831) 724-1011		
<b>102-55</b>	GRI content index	This Appendix		
<b>GRI 103: For Each Topic</b>				
<b>103-1</b>	Explanation of the material topic and its boundary	p. 11-12		
<b>103-2</b>	The management approach and its components	p. 11-12		
<b>103-3</b>	Evaluation of the management approach	p. 11-12		



GRI CODE	METRIC/DESCRIPTION	RESPONSE/COMMENT	CORRESPONDING SDGS	CORRESPONDING SASB OR TCFD METRICS
<b>GRI 201: Economic Performance</b>				
201-1	Direct economic value generated and distributed	Economic value generated: \$3,562,459,000 Revenue; Economic value distributed: \$3,217,671,000 COGS + \$74,827,000 + \$83,433,000 payments to providers of capital = \$3,375,931,000; Net: \$186,528,000	SDG 8.2	
201-2	Financial implications and other risks and opportunities due to climate change	p. 29-31		TCFD Strategy
<b>GRI 203: Indirect Economic Impacts</b>				
203-1	Infrastructure investments and services support	Not yet available; assessing reporting improvements	SDG 9.1	
203-2	Significant indirect economic impacts	Not yet available; assessing reporting improvements		

GRI CODE	METRIC/DESCRIPTION	RESPONSE/COMMENT	CORRESPONDING SDGS	CORRESPONDING SASB OR TCFD METRICS
<b>GRI 205: Anti-Corruption</b>				
205-2	Communication and training about anti-corruption policies and procedures	(1) All employees are exposed to Anti-Bribery and FCPA Policy and Antitrust Laws and Fair Competition Standards during onboarding and annually through Code of Conduct certification process. Employee count: 2,518 = Anti-Bribery/FCPA Policy; 2,518 = Antitrust and Fair Competition Standards; (2) Non-craft employees situated in foreign countries, or who have been identified as individuals who are regularly exposed or have potential to conduct business on behalf of the company in foreign jurisdictions are given training on Granite's Anti-Bribery and FCPA Policy. All non-craft employees are enrolled at onboarding in Antitrust Laws and Fair Competition Training. Employee count: 427 = Antitrust and Fair Competition Standards (91%); 1 = Anti-Bribery/FCPA Training (100%); 2,838 = Code of Conduct Refresher (90%)	SDG 16.5	SASB: IF-EN-510a.3
205-3	Confirmed incidents of corruption and actions taken	None		SASB: IF-EN-510a.2
<b>GRI 301: Materials</b>				
301-2	Recycled input materials used	Asphaltic concrete production: 18.89%; calculation of (total tons recycled content input)/(total tons asphaltic concrete produced)	SDG 8.4 SDG 12.5	
<b>GRI 302: Energy</b>				
302-1	Energy consumption within the organization	Not yet available; implementing reporting improvements	SDG 7.3 SDG 8.4 SDG 12.2	SASB: EM-CM-130a.1
<b>GRI 303: Water</b>				
303-1	Water withdrawal by source in Megalitres (ML)	Disclosure limited in scope to material facilities in California with metered wells (approximately 15 out of 19 facilities). Withdrawal type: groundwater wells. Approximate water withdrawn: 4,241.6974 ML.		SASB: EM-CM-140a.1



GRI CODE	METRIC/DESCRIPTION	RESPONSE/COMMENT	CORRESPONDING SDGS	CORRESPONDING SASB OR TCFD METRICS
303-3	Water recycled and reused, in Megalitres (ML)	Disclosure limited in scope to material facilities in California with metered wells (approximately 15 out of 19 facilities). Facilities use closed loop systems, whereby all post-processing water is reclaimed and recirculated through the system (meaning the total volume recycled and reused can exceed the total withdrawm). Consumptive use (approximately 25%) is limited to water lost to evaporation, dust control, and product capture (i.e., water absorbed by sand/gravel during washing). Analysis for permitting efforts for Big Rock and Solari Quarry indicate that we reclaim between 75%-85% of water for reuse. A conservative estimate of 75% was applied for this analysis. Estimated water recycled/reused: 101,800.7365 ML.		SASB: EM-CM-140a.1
GRI 304: Biodiversity				
304-3	Habitats protected or restored	p. 75-76; total disclosure not yet available; assessing reporting improvements	SDG 14.5 SDG 15.5	SASB: EM-CM-160a.2
GRI 305: Emissions				
305-1	Direct (Scope 1) GHG emissions	244,727.61 CO <sub>2</sub> equivalent (US tons); p. 66-67	SDG 12.4 SDG 13.2	SASB: EM-CM-110a.1
305-2	Energy indirect (Scope 2) GHG emissions	Not yet available; implementing reporting improvements	SDG 12.4 SDG 13.2	
305-3	Other indirect (Scope 3) GHG emissions	Partial in scope, includes employee travel only: estimated 8,399 CO <sub>2</sub> (US tons); p. 66-67	SDG 12.4 SDG 13.2	
305-4	GHG emissions intensity	0.068696 CO <sub>2</sub> Equivalent (US tons)/Thousand \$	SDG 12.4 SDG 13.2	
305-5	Reduction of GHG emissions	p. 63-70; case study p. 69; assessing reporting improvements	SDG 12.4 SDG 13.2	
305-7	Nitrogen oxides, sulfur oxides, and other significant air emissions	Disclosure limited in scope to 12 plants with readily available data, in tons (t): (1) NOx=23.17 t; (2) SOx=5.08 t; (3) PM=26.54 t; (4) VOCs=11.22 t; (5) CO=112.95 t. Assessing reporting improvements.	SDG 3.9 SDG 12.4 SDG 13.2	SASB: EM-CM-120a.1
GRI 306: Effluents & Waste				
306-2	Waste by type and disposal method	Disclosure limited in scope to hazardous waste in California operations. Total hazardous waste: 119.08 tons; hazardous waste recycled: 58%	SDG 6.3 SDG 12.5	SASB: EM-CM-150a.1

GRI CODE	METRIC/DESCRIPTION	RESPONSE/COMMENT	CORRESPONDING SDGS	CORRESPONDING SASB OR TCFD METRICS
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GRI 307: Environmental Compliance

307-1	Non-compliance with environmental laws and regulations	2 incidents total. (1) Granite self-reported a notice of violation for failure to use a registered hazardous waste transporter to transport hazardous waste; no penalty yet assessed; Granite remediated by providing additional training to crews. (2) Code violation for turbid water discharge into a surface water canal in Florida; fine \$500; Granite implemented Corrective Action Plan including additional best management practices protection and staff training, and required applicable staff to complete Florida Stormwater, Erosion and Sediment Control Inspector's Course.	SDG 16.6	SASB: IF-EN-160a.1
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GRI 401: Employment

401-1	New employee hires and employee turnover	Operating Group	Female	Male	Hourly	Salaried	Total	SDG 5.0 SDG 9.3 SDG 8.5
		California						
		New Hires	88	1199	1170	117	1287	
		Total Turnover	43	341	320	64	384	
		Corporate						
		New Hires	28	27	10	45	55	
		Total Turnover	18	22	9	31	40	
		Federal						
		New Hires	13	129	108	34	142	
		Total Turnover	8	86	70	24	94	
		Heavy Civil						
		New Hires	54	672	640	86	726	
		Total Turnover	76	932	892	116	1008	
		Midwest						
		New Hires	11	240	230	21	251	
		Total Turnover	14	138	103	49	152	



GRI CODE	METRIC/DESCRIPTION	RESPONSE/COMMENT						CORRESPONDING SDGS	CORRESPONDING SASB OR TCFD METRICS
401-1	New employee hires and employee turnover	Operating Group							
		Northwest							
		New Hires	82	638	668	52	720		
		Total Turnover	69	465	473	61	534		
		Operations Services							
		New Hires	1	2	0	3	3		
		Total Turnover	1	3	0	4	4		
		Water & Mineral Services							
		New Hires	32	446	288	190	478		
		Total Turnover	55	710	656	109	765		
		Total Company (US)							
		Total New Hires	309	3353	3114	548	3662		
		Total Turnover	284	2697	2523	458	2981		
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 35							
401-3	Parental leave (1) Total number of employees that took parental leave, by gender; (2) total number of employees that returned to work in the reporting period after parental leave ended, by gender	Took leave: Female=12; Male=44; Returned: Female=11; Male=42							

GRI CODE	METRIC/DESCRIPTION	RESPONSE/COMMENT	CORRESPONDING SDGS	CORRESPONDING SASB OR TCFD METRICS
<b>GRI 402: Labor/Management Relations</b>				
<b>402-1</b>	Minimum notice periods regarding operational changes	It is Granite's practice to provide notice in alignment with state and federal law. Our Union agreements contain language specific to the closure or layoff of employees and our Labor Relations staff negotiates and manages these agreements with our Union partners.		
<b>GRI 403: Occupational Health &amp; Safety</b>				
<b>403-1</b>	Occupational health and safety management system	p. 45; <a href="https://www.graniteconstruction.com/sites/default/files/inline-files/Safety_by_Choice-Safety_Program_1.pdf">https://www.graniteconstruction.com/sites/default/files/inline-files/Safety_by_Choice-Safety_Program_1.pdf</a>	SDG 8.8	
<b>403-2</b>	Hazard identification, risk assessment, and incident investigation	p. 45; <a href="https://www.graniteconstruction.com/sites/default/files/inline-files/Safety_by_Choice-Safety_Program_1.pdf">https://www.graniteconstruction.com/sites/default/files/inline-files/Safety_by_Choice-Safety_Program_1.pdf</a>	SDG 8.8	
<b>403-3</b>	Occupational health services	(1) Describe health service offerings and their functions: Granite engages with a medical direction service provider to ensure employees receive real-time, comprehensive, and convenient care for work-related incidents. (2) How Granite ensures the quality of these services: Consultation with employees and providers during and after assessments. Review of provider policies and notes, ongoing consultation, and review of incident rates. (3) How Granite facilitates workers' access to the services: Communicated through orientation and posters at job sites in addition to Town Halls and on-site training by providers.	SDG 8.8	
<b>403-4</b>	Work participation, consultation, and communication on occupational health and safety	p. 45; <a href="https://www.graniteconstruction.com/sites/default/files/inline-files/Safety_by_Choice-Safety_Program_1.pdf">https://www.graniteconstruction.com/sites/default/files/inline-files/Safety_by_Choice-Safety_Program_1.pdf</a>	SDG 8.8	
<b>403-5</b>	Worker training on occupational health and safety	All employees receive an overview of our Safety and Health Management System during onboarding, in addition to awareness trainings during weekly/monthly safety meetings. Granite has established a training matrix which outlines the training requirements for all employees. Each region conducts a training needs assessment based on the scope and type work to determine which skills and certifications are required.	SDG 8.8	



GRI CODE	METRIC/DESCRIPTION	RESPONSE/COMMENT	CORRESPONDING SDGS	CORRESPONDING SASB OR TCFD METRICS
403-9	Work-related injuries	(1) The number of fatalities: 3 (2 for Granite Construction Company and 1 for Layne Christensen Company). (2) The number/rate of high-consequence injuries: Lost Time Rate: 0.24. (3) The rate of recordable work-related injuries: OSHA recordable incident rate: 1.07. (4) The main types of work-related injuries: hand injuries; strains and sprains. (5) Actions taken or underway to eliminate main hazards and minimize risk: Implemented hand safety awareness campaign, updated onboarding, and safety orientation to communicate hand injury prevention. Implemented Lean operations and ergonomics trainings available throughout the company. More on p. 48-49.	SDG 8.8	SASB: IF-EN-320a.1 SASB: EM-CM-320a.1
403-10	Work-related ill health	(1) The number of cases of work-related ill health (and fatalities if applicable): In 2020, there was one OSHA recordable work-related illness event, due to hearing loss. No fatal events related to work-related illness. (2) The main types of work-related ill health: heat illness and hearing loss. (3) Actions taken or underway to eliminate hazards and minimize risk: Heat illness prevention efforts include hazard identification for heat, acclimatization, provisions, communication, employee monitoring, emergency response, and training. Heat illness training conducted during onboarding orientation and regularly reviewed throughout the year. Job site assessments are conducted prior to the start of work to identify and mitigate heat-related concerns; water, rest, and shade are provided to prevent heat-related illness. Granite conducts noise monitoring at regular intervals and employees exposed to noise above the action level are enrolled in a hearing conservation program.	SDG 8.8	SASB: IF-EN-320a.1 SASB: EM-CM-320a.2
GRI 404: Training & Education				
404-1	Average hours of training per year per employee	Salaried employees: average=11.68 hours per employee. Disclosure limited in scope to salaried employees.		
404-2	Programs for upgrading employee skills and transition assistance programs	p. 37		
GRI 405: Diversity & Equal Opportunity				
405-1	Diversity of governance bodies and employees	US Employees: p. 43; Board of Directors: Proxy Statement, Schedule 14A, p. 2 ( <a href="https://investor.graniteconstruction.com/corporate-governance/annual-meeting">https://investor.graniteconstruction.com/corporate-governance/annual-meeting</a> )	SDG 5.5 SDG 8.5	
405-2	Ratio of basic salary and remuneration of women to men	Not yet available; assessing reporting improvements	SDG 5.0 SDG 8.5 SDG 10.2	

GRI CODE	METRIC/DESCRIPTION	RESPONSE/COMMENT	CORRESPONDING SDGS	CORRESPONDING SASB OR TCFD METRICS
<b>GRI 406: Non-discrimination</b>				
406-1	Incidents of discrimination and corrective actions taken	In 2020, there were 26 ethical compliance hotline calls and all were closed after investigations, with one resulting in termination. The others were not supported by fact after investigations were completed. Of these calls, one alleged discrimination and four alleged harassment. The discrimination investigation concluded inconclusive and none of the claims were supported.	SDG 5.1 SDG 16.0	
<b>GRI 413: Local Communities</b>				
413-1	Operations with local community engagement, impact assessments, and development programs	100%; p. 50-53		
<b>GRI 415: Public Policy</b>				
415-1	Political contributions	Granite (total enterprise contributions): \$126,950; Granite Construction Employee PAC: \$37,000. Granite advocates for and contributes to campaigns that support infrastructure funding; p. 91-92		
<b>GRI 419: Socioeconomic Compliance</b>				
419-1	Non-compliance with laws and regulations in the social and economic area	No significant fines		



# APPENDIX B: SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) INDEX: DISCLOSURE TOPICS & ACCOUNTING METRICS

SASB CODE	TOPIC	METRIC/DESCRIPTION	RESPONSE/COMMENT	CORRESPONDING SDGS	CORRESPONDING GRI OR TCFD METRICS
Engineering & Construction Services Standard					
IF-EN-160a.1	Environmental Impacts of Project Development	Number of incidents of non-compliance with environmental permits, standards, and regulations	2 incidents total: (1) Granite self-reported a failure to use a registered hazardous waste transporter to transport hazardous waste; no penalty yet assessed; Granite remediated by providing additional training to crews. (2) Code violation for turbid water discharge into a surface water canal in Florida; fine \$500; Granite implemented Corrective Action Plan including additional best management practices protection and staff training, and required applicable staff to complete Florida Stormwater, Erosion and Sediment Control Inspector's Course.	SDG 6.0 SDG 14.0 SDG 15.0	GRI 307-1
IF-EN-250a.1	Structural Integrity & Safety	Amount of defect- and safety-related rework costs	Disclosure limited in scope: Granite continues to roll-out implementation of a rework tracking system. In 2020, this system captured \$3,498,628 in approximately 18 out of 28 total regions (not yet reflecting the whole company). We expect this figure to grow as more regions implement the tracking system.	SDG 9.0	
IF-EN-250a.2	Structural Integrity & Safety	Total amount of monetary losses as a result of legal proceedings associated with defect- and safety-related incidents	Not yet available; assessing reporting improvements		

SASB CODE	TOPIC	METRIC/DESCRIPTION	RESPONSE/COMMENT	CORRESPONDING SDGS	CORRESPONDING GRI OR TCFD METRICS
IF-EN-320a.1	Workforce Health & Safety	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	(1) Total recordable incident rate: 1.07. (2) Fatality rate: 0.03. All employee hours and injuries associated with any work directed by our personnel are included in our incident rates (i.e., not tracked separately as direct and contract employees)	SDG 8.0	GRI 403-9 GRI 403-10
IF-EN-410a.1	Life Cycle Impacts of Buildings & Infrastructure	Number of (1) commissioned projects certified to a third-party multi-attribute sustainability standard and (2) active projects seeking such certification	Not yet available; assessing reporting improvements	SDG 9.0 SDG 11.0	
IF-EN-410a.2	Life Cycle Impacts of Buildings & Infrastructure	Discussion of process to incorporate operational-phase energy and water efficiency considerations into project planning and design	p. 68-72	SDG 7.0 SDG 9.0 SDG 11.0 SDG 12.0 SDG 13.0	TCFD Risk
IF-EN-410b.1	Climate Impacts of Business Mix	Amount of backlog for (1) hydrocarbon-related projects and (2) renewable energy projects	Backlog amounts per category (1) Hydrocarbon-related projects: \$1,463,718,940; (2) Renewable energy projects: \$47,098,083; (3) Non-energy projects associated with climate change mitigation: \$2,884,887; (4) Projects outside the scope of these metrics: \$1,793,783,437	SDG 7.0 SDG 9.0 SDG 11.0 SDG 13.0	TCFD Risk
IF-EN-410b.2	Climate Impacts of Business Mix	Amount of backlog cancellations associated with hydrocarbon-related projects	Not yet available; assessing reporting improvements	SDG 7.0 SDG 9.0 SDG 11.0 SDG 13.0	TCFD Risk
IF-EN-410b.3	Climate Impacts of Business Mix	Amount of backlog for non-energy projects associated with climate change mitigation	Backlog for non-energy projects associated with climate change mitigation: \$2,884,887	SDG 7.0 SDG 9.0 SDG 11.0 SDG 13.0	TCFD Risk



SASB CODE	TOPIC	METRIC/DESCRIPTION	RESPONSE/COMMENT	CORRESPONDING SDGS	CORRESPONDING GRI OR TCFD METRICS
<b>IF-EN-510a.1</b>	Business Ethics	(1) Number of active projects and (2) backlog in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	(1) 0; (2) 0	SDG 8.0	
<b>IF-EN-510a.2</b>	Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with charges of (1) bribery or corruption and (2) anticompetitive practices	(1) \$0; (2) \$0	SDG 8.0	GRI 205-3
<b>IF-EN-510a.3</b>	Business Ethics	(1) Total number and/or percentage of employees and governance body members that have received communication around Granite's anti-corruption policies and procedures; (2) Total number and/or percentage of employees and governance body members that have received anti-corruption training	(1) All employees are exposed to Anti-Bribery and FCPA Policy and Antitrust Laws and Fair Competition Standards during onboarding and annually through Code of Conduct certification process. Employee counts: 2,518 = Anti-Bribery/FCPA Policy; 2,518 = Antitrust and Fair Competition Standards; (2) Non-craft employees situated in foreign countries, or who have been identified as individuals who are regularly exposed or have potential to conduct business on behalf of the company in foreign jurisdictions are given training on Granite's Anti-Bribery and FCPA Policy. All non-craft employees are enrolled at onboarding in Antitrust Laws and Fair Competition Training. Employee counts: 427 = Antitrust and Fair Competition Standards (91%); 1 = Anti-Bribery/FCPA Training (100%); 2,838 = Code of Conduct Refresher (90%)	SDG 8.0	GRI 205-2
<b>IF-EN-000.A</b>	Activity Metric	Number of active projects	833 active projects		
<b>IF-EN-000.B</b>	Activity Metric	Number of commissioned projects	967 (backlog contracts at 2020 year end)		
<b>IF-EN-000.C</b>	Activity Metric	Total backlog	\$4,281,754,873		

SASB CODE	TOPIC	METRIC/DESCRIPTION	RESPONSE/COMMENT	CORRESPONDING SDGS	CORRESPONDING GRI OR TCFD METRICS
<b>Construction Materials Standard</b>					
<b>EM-CM-110a.1</b>	GHG Emissions	Gross global Scope 1 emissions, percentage covered under emissions limiting regulations	244,727.61 CO <sub>2</sub> equivalents (US tons); p. 66-67. Approximately 90% company-wide; 100% for construction materials facilities	SDG 7.0 SDG 11.0 SDG 12.0 SDG 13.0	GRI 305-1
<b>EM-CM-110a.2</b>	GHG Emissions	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	p. 28-31; 65-70	SDG 7.0 SDG 11.0 SDG 12.0 SDG 13.0	
<b>EM-CM-120a.1</b>	Air Quality	Air emissions of the following pollutants: (1) NO <sub>x</sub> (excluding N <sub>2</sub> O), (2) SO <sub>x</sub> , (3) particulate matter (PM <sub>10</sub> ), (4) dioxins/furans, (5) volatile organic compounds (VOCs), (6) polycyclic aromatic hydrocarbons (PAHs), and (7) heavy metals	Disclosure limited in scope to 12 plants with readily available data, in tons (t): (1) NO <sub>x</sub> =23.17 t; (2) SO <sub>x</sub> =5.08 t; (3) PM=26.54 t; (4) N/A; (5) VOCs=11.22 t. Assessing reporting improvements.	SDG 15.0	GRI 305-7
<b>EM-CM-130a.1</b>	Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage alternative, (4) percentage renewable	Complete data not yet available; implementing reporting improvements. Total solar power generated at asphalt and aggregate locations: 1,750,000 kwh	SDG 7.0 SDG 11.0 SDG 12.0 SDG 13.0	GRI 302-1



SASB CODE	TOPIC	METRIC/DESCRIPTION	RESPONSE/COMMENT	CORRESPONDING SDGS	CORRESPONDING GRI OR TCFD METRICS
<b>EM-CM-140a.1</b>	Water Management	(1) Total fresh water withdrawn (in thousands of cubic meters), (2) percentage recycled, (3) percentage in regions with High or Extremely High Baseline Water Stress	Disclosure limited in scope to material facilities in California with metered wells (approximately 15 out of 19 facilities). Withdrawal type: groundwater wells. (1) Approximate water withdrawn: 4,241.69 thousand cubic meters. (2) Analysis for permitting efforts for Big Rock and Solari Quarry indicate that we reclaim between 75%-85% of water for reuse. Facilities use closed loop systems, whereby all post-processing water is reclaimed and recirculated through the system (meaning the total volume recycled and reused can exceed the total withdrawn). Consumptive use (approximately 25%) is limited to water lost to evaporation, dust control, and product capture (i.e., water absorbed by sand/gravel during washing). Estimated water recycled/reused: 101,800.73 thousand cubic meters. A conservative estimate of 75% was applied for this analysis.	SDG 6.0 SDG 12.0 SDG 13.0 SDG 14.0	GRI 303-1
<b>EM-CM-150a.1</b>	Waste Management	Amount of waste generated, percentage hazardous, percentage recycled	Disclosure limited in scope to hazardous waste in California operations. Total hazardous waste: 119.08 tons; hazardous waste recycled: 58%	SDG 12.0 SDG 14.0 SDG 15.0	GRI 306-2
<b>EM-CM-160a.1</b>	Biodiversity Impacts	Description of environmental management policies and practices for active sites	p. 75-76	SDG 11.0 SDG 13.0	
<b>EM-CM-160a.2</b>	Biodiversity Impacts	Terrestrial acreage disturbed, percentage of impacted area restored	Not yet available; assessing reporting improvements	SDG 15.0	GRI 304-3
<b>EM-CM-320a.1</b>	Workforce Health & Safety	(1) Total recordable incident rate (TRIR) and (2) near miss frequency rate (NMFR) for (a) fulltime employees and (b) contract employees	(1) The rate of recordable work-related injuries: OSHA recordable incident rate: 1.07. (2) Near miss frequency rate: 10.82. All employee hours and injuries associated with any work directed by our personnel are included in our incident rates (i.e., not tracked separately as direct and contract employees).	SDG 3.0	GRI 403-9

SASB CODE	TOPIC	METRIC/DESCRIPTION	RESPONSE/COMMENT	CORRESPONDING SDGS	CORRESPONDING GRI OR TCFD METRICS
<b>EM-CM-320a.2</b>	Workforce Health & Safety	Number of reported cases of silicosis	0	SDG 3.0	GRI 403-10
<b>EM-CM-410a.1</b>	Product Innovation	Percentage of products that qualify for credits in sustainable building design and construction certifications	Not yet available; assessing reporting improvements	SDG 9.0 SDG 11.0 SDG 12.0	
<b>EM-CM-410a.2</b>	Product Innovation	Total addressable market and share of market for products that reduce energy, water, and/or material impacts during usage and/or production	Not yet available; assessing reporting improvements	SDG 9.0 SDG 11.0 SDG 12.0	
<b>EM-CM-520a.1</b>	Pricing Integrity & Transparency	Total amount of monetary losses as a result of legal proceedings associated with cartel activities, price fixing, and anti-trust activities	\$0	SDG 8.0	
<b>EM-CM-000.A</b>	Activity Metric	Production by major product line	Total asphaltic concrete production: 5,710,282 tons; Total aggregate production: 14,451,567 tons		



# APPENDIX C: TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) INDEX: RECOMMENDED DISCLOSURES

TCFD ISSUE & CODE	RECOMMENDED DISCLOSURE	RESPONSE/COMMENT	CORRESPONDING SDGS	CORRESPONDING SASB OR GRI METRICS
<b>Governance a)</b>	Describe the organization's governance around climate-related risks and opportunities.	p. 22-23; 26-27	SDG 7.0 SDG 11.0 SDG 12.0 SDG 13.0	GRI 102-18, 102-32
<b>Governance b)</b>	Describe management's role in assessing and managing climate-related risks and opportunities.	p. 26-27	SDG 7.0 SDG 11.0 SDG 12.0 SDG 13.0	GRI 102-32
<b>Strategy a)</b>	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	p. 28-31	SDG 7.0 SDG 11.0 SDG 12.0 SDG 13.0	GRI 102-15
<b>Strategy b)</b>	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	p. 28-31	SDG 7.0 SDG 11.0 SDG 12.0 SDG 13.0	GRI 201-2 SASB: IF_EN-401b.1 SASB: IF_EN-401b.2 SASB: IF_EN-401b.3
<b>Strategy c)</b>	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	p. 65; scenario analysis not yet available; assessing improvements	SDG 7.0 SDG 11.0 SDG 12.0 SDG 13.0	

TCFD ISSUE & CODE	RECOMMENDED DISCLOSURE	RESPONSE/COMMENT	CORRESPONDING SDGS	CORRESPONDING SASB OR GRI METRICS
<b>Risk Management a)</b>	Describe the organization's processes for identifying and assessing climate-related risks.	p. 29	SDG 7.0 SDG 11.0 SDG 12.0 SDG 13.0	GRI 102-15 SASB: IF-EN-410a.2
<b>Risk Management b)</b>	Describe the organization's processes for managing climate-related risks.	p. 31	SDG 7.0 SDG 11.0 SDG 12.0 SDG 13.0	
<b>Risk Management c)</b>	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	p. 26	SDG 7.0 SDG 11.0 SDG 12.0 SDG 13.0	
<b>Metrics &amp; Targets a)</b>	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	p. 66-67	SDG 7.0 SDG 11.0 SDG 12.0 SDG 13.0	
<b>Metrics &amp; Targets b)</b>	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks.	p. 66-67	SDG 7.0 SDG 11.0 SDG 12.0 SDG 13.0	GRI 305
<b>Metrics &amp; Targets c)</b>	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	p. 66-67	SDG 7.0 SDG 11.0 SDG 12.0 SDG 13.0	



# CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

From time to time, Granite makes certain comments and disclosures in reports and statements, including in this Sustainability Report, or statements made by its officers or directors, that are not based on historical facts, including statements regarding future events, occurrences, circumstances, strategy, activities, performance, outlook, outcomes, and guidance, that may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are identified by words such as “future,” “outlook,” “assumes,” “believes,” “expects,” “estimates,” “anticipates,” “intends,” “plans,” “appears,” “may,” “will,” “should,” “could,” “would,” “continue,” and the negatives thereof or other comparable terminology or by the context in which they are made. In addition, other written or oral statements that constitute forward-looking statements have been made and may in the future be made by or on behalf of Granite. These forward-looking statements are estimates reflecting the best judgment of senior management and reflect our current expectations regarding future events, occurrences, circumstances, strategy, activities, performance, outlook, outcomes, and guidance. These expectations may or may not be realized. Some of these expectations may be based on beliefs, assumptions or estimates that may prove to be incorrect. In addition, our business and operations involve numerous risks and uncertainties, many of which are beyond our control, which could result in our expectations not being realized or otherwise materially affect our business, financial condition, results of operations, cash flows, and liquidity. Due to the inherent risks and uncertainties associated with our forward-looking statements, the reader is cautioned not to place undue reliance on them. The reader is also cautioned that the forward-looking statements contained herein speak only as of the date of this Sustainability Report, and, except as required by law, we undertake no obligation to revise or update any forward-looking statements for any reason.



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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. Data reporting periods are for calendar year 2020 unless otherwise noted. Governance structures described reflect those in effect at 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.

Published in September 2021.

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