

**CH2MHILL®**

Sustainability Report 2011



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## About This Report

As a leader in the industry and one of the first engineering and construction companies to publish a sustainability report in 2005, CH2M HILL continues a tradition of excellence and transparency in reporting on internal operations related to sustainability. Our goal is to both manage the impacts of our own operations and apply our company's portfolio of services to help our clients' organizations become more sustainable — whether dealing in master planning, program management, facilities and land development, sustainable cities, water, waste, transportation, energy and carbon management, environmental work, site revitalization, industrial systems, or long-term operations and maintenance (O&M).



"I cannot emphasize enough the importance of diversity in creating sustainable solutions. It's absolutely critical that, when we're coming up with sustainable solutions, we include the complete spectrum of diversity."

—Joseph Danko, Director for Sustainable Solutions

### Commitment to the United Nations Global Compact

As a signatory to the United Nations (UN) Global Compact, the firm ensures that our business policies incorporate and support the 10 Global Compact Principles. CH2M HILL's board supports our actions to uphold sustainability goals and endorses the plans described in this report. This report also serves as our 2011 UN Global Compact Communication on Progress report. As part of our firm's commitment to the UN Global Compact, CH2M HILL's CEO Lee McIntire endorses the CEO Water Mandate. Under his leadership, CH2M HILL has adopted the mandate into our corporate policies and—together with a growing number of international companies—we are implementing strategies to help address the global water crisis. For more information about the UN Global Compact and the CEO Water Mandate, visit [www.unglobalcompact.org](http://www.unglobalcompact.org).

### Conformance with the Global Reporting Initiative

We continue to use the Global Reporting Initiative™ (GRI) indicators because they constitute a familiar, globally accepted standard for reporting to our stakeholders. In some cases, we have adjusted our reporting approach to better reflect CH2M HILL's business model and the way we work. In all cases, we respond to the spirit of the GRI indicators and provide a transparent view of both our achievements and our shortcomings. The indicators were selected because they apply to our business in a meaningful and challenging way and represent areas where we have an effect on the world. For a full explanation of the GRI guidelines, visit [www.globalreporting.org](http://www.globalreporting.org).

### Scope

CH2M HILL is composed of multiple legal entities around the globe. This report covers the business operations and activities of CH2M HILL Companies, Ltd. and its subsidiaries, minus joint ventures, unless otherwise noted. The primary subsidiaries of CH2M HILL Companies, Ltd. contributing to the content reported within the 2011 Sustainability Report are:

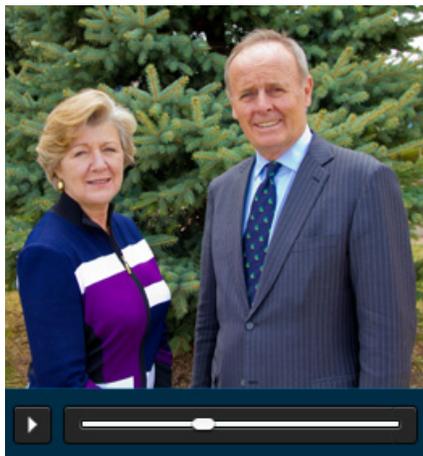
- ◆ CH2M HILL International Services, Inc.
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- ◆ CH2M HILL Constructors, Inc.
- ◆ CH2M HILL Inc.
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- ◆ CH2M HILL Energy, Ltd.
- ◆ NORCON, Inc.
- ◆ CH2M HILL Engineers, Inc.
- ◆ CH2M HILL International BV

This 2011 Sustainability Report focuses on activities and performance from the calendar years 2009 and 2010. Additional, historical data for the past 4 years are included as appropriate and available to demonstrate trends. As reflected in previous sustainability reports, tracking for some of our sustainability metrics extends back as early as 2003. Forward-looking statements for 2011 and beyond are provided to indicate our goals in helping create a sustainable future.

Unless otherwise noted, all monetary references are in United States dollars (US\$). Throughout the report, "tonne" refers to metric tons.

## Message from Senior Leadership



*Nancy Tuor*  
*Group President,*  
*Executive Sponsor*  
*for Sustainability*  
*CH2M HILL*

*Lee McIntire*  
*Chief Executive*  
*Officer*  
*CH2M HILL*

As accelerated population growth drives up demands for energy and water, the world's finite natural resources are being stressed more than ever. Our clients are being forced to set aggressive goals for how they use and manage these increasingly scarce natural resources. Achieving these goals requires innovation and systems thinking to develop sustainable solutions that are viable today and for the longer term. To address the interconnected challenges of climate variation, energy, water, and land development, in addition to social and economic considerations, we call on our wide array of technical disciplines to develop comprehensive sustainable solutions for our clients. CH2M HILL builds sustainability into the way we do business, applying a whole systems approach and technical expertise to turn sustainability strategy into action.

In the past 2 years, we have evolved our sustainability approach as described below.

## Planning

More clients want to convert sustainability concepts into business accountability. We have launched two new programs to assist them:

- ◆ **Land Use and Urban Planning:** CH2M HILL catalyzed the energy of the firm's planners by uniting them in a common Land Use and Urban Planning practice to create innovative land use solutions. This team incorporates a full understanding of a site's or urban area's natural capital and economic services to increase the sustainable business value. As a result, projects can realize benefits such as efficient heating and cooling, decreased civil site work,

use of local materials and other resources, better transport options, green energy sources, and social benefits.

- ◆ **Sustainable Framework Planning:** By developing sustainable solutions with client stakeholder groups, we help clients to convert their sustainability aspirations into goals, objectives, key performance indicators (KPIs), and strategies to achieve these KPIs. This process provides accountability to clients' shareholders, and in the case of governmental clients, the public they serve.

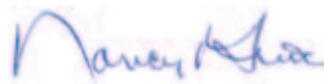
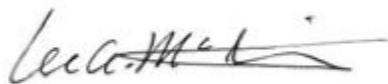
## Climate Change Modeling

Whether a city is installing water utilities or a manufacturer is constructing a new facility in India, climate change impacts must be considered to make the best investment for the future. Temperature, precipitation, and sea level increases need to factor into infrastructure decision-making, design, and operations. To assist our clients with this process, CH2M HILL has partnered with CLIMsystems, a global leader in modeling climate change impacts. The SimCLIM modeling system, which assesses climate change impacts on potential projects, enables us to plan, design, and implement climate adaptation solutions for clients with current and future infrastructure needs.

## Partnership Approach

Most of our large, complex sustainability projects involve partnering with other firms, universities, institutes, nongovernmental organizations, and equipment suppliers. This allows us to create and lead the best team of partners to provide innovative, customized sustainable solutions for our clients. Our diverse technical skills and niche expertise focused in a programmatic approach helps us create the most robust solutions. We have used this approach in the major programs we have led, including our work with the London 2012 Olympic and Paralympic Games, Panama Canal expansion, and Masdar Sustainable City in the United Arab Emirates.

We help our clients implement leading-edge sustainable solutions around the world, while doing everything in our power to reduce our own environmental footprint. We do this by integrating sustainability principles into each step of the project life cycle—from planning, design, construction, and operations to sustaining the project or program over time. Some of our most rewarding projects involve helping distressed communities work through conflicting agendas and bewildering technical options. Our solutions range from integrating sustainability principles into local park designs, to restoring wetlands and blighted habitats, to developing master plans for new sustainable cities. We promote sustainability as part of our choice to do business differently, which has long been CH2M HILL's approach in our own operations and in finding and delivering solutions for our clients.



## Improving Company Effects on Sustainability

Our company's effects on the environment, people, and the economy result from two distinctly separate spheres of activity: the conduct of our internal operations (facilities, procurement, and other functions) and the delivery of client projects.

### Internal Operations

The environmental effects of our internal operations are managed primarily through EMS programs based on ISO 14001 guidelines. Currently, CH2M HILL has established formal EMS programs in North America, England, Australia, and our Middle East—North Africa region. The North American EMS serves as the focal point of this report, because it encompasses our corporate headquarters in Denver, Colorado, USA, 123 offices, and approximately 80 percent of our employees. The North American EMS team includes members from each major administrative unit within the company and reports to an executive sponsor.

Since 2007, we have significantly reduced paper use and progressed on many other sustainability goals. The process is collaborative, based on the premise that sustainability is an integrated activity, rather than a separate function. The EMS team uses the ISO 14001 process to set goals at the beginning of the year, document progress, and assess performance at regular intervals. One continuing challenge is to manage our environmental impacts within the context of leased office spaces, where direct measurement is difficult and improvement depends on the cooperation of property managers. Meeting these challenges in a collaborative way—within CH2M HILL, with our vendors, and in the communities where we work—fosters lively discussions and helps create new agreements that further the sustainability of our operations.

### Client Project Delivery

Since 1995, CH2M HILL has pursued the sustainable solutions market through our corporate Sustainability Collaborative Working Group, whose mission is to facilitate the integration of sustainability into business strategy and project solutions. The team includes representatives from all business units and operates under the executive operations and governance councils of the company. This collaborative approach enables us to deliver truly integrated sustainable solutions for our clients.

While improving the sustainability of our own operations expresses our values, improving the sustainability of the projects we deliver for clients offers the potential to address global sustainability issues in a much more powerful way. In partnership with our clients, we can help reduce the energy and fuel consumption of major civil works and industrial facilities, curtail greenhouse gas (GHG) emissions, optimize efficiency in manufacturing and other processes to reduce material resource consumption, redesign processes to eliminate the use of toxic or hazardous substances, restore damaged lands and ecosystems, find beneficial uses for waste, and revitalize urban areas. Using proven practices and innovative technology, we're also helping our clients plan, design, and build sustainable cities and manage their operations over time.

In delivering these sustainable solutions, we also help generate positive financial metrics for our clients, provide social benefits for the long run, and act in accordance with the precautionary principle, which means that when confronted with a choice that affects the environment, we choose that which carries the lesser impact. Our people are energized by these opportunities to make the world a better place. In the last decade, we have attracted and trained talented people who can

offer expertise along the full spectrum of sustainable solutions – from organizational sustainability strategy and planning to natural water treatment, from energy and carbon management to climate adaptation, from lean manufacturing to solar energy, and from green buildings to social impact analysis.

One of the primary challenges associated with the rapidly evolving sustainability market is staying at the forefront of technical developments. We therefore invest in our people to attend courses, present papers, and participate in technical forums and professional committees such as the United States (U.S.) Environmental Protection Agency's (EPA's) Sustainable Remediation Forum, and the U.S. Green Building Council (which oversees Leadership in Energy and Environmental Design [LEED®] accreditation), the United Kingdom's Sustainable Remediation Forum (SuRF-UK), and the Business Council for Sustainable Development United Kingdom. In addition, we collaborate with our clients to work within challenging design constraints and develop specialized technical solutions.

## Future Outlook

Businesses and organizations need abundant water and plentiful raw materials to flourish. Business leaders and other decision makers face complex interconnected issues, often on a global scale. Many are recognizing the need to conserve and manage resources in order to thrive going forward. It's becoming increasingly clear that the way we operate affects the well being of people, economies, and our planet.

As thought leaders in sustainability, CH2M HILL strives to integrate social, economic, and environmental considerations in everything we do. In our own operations, we monitor and improve our environmental performance every year through our EMS. In our project work, we start by listening to our clients to understand their vision and sustainability aspirations. Then we help them plan, design, construct, operate, and maintain their projects or programs over time.

We have found that the best way to implement truly integrated solutions is to work across technical disciplines in our firm and our clients' organizations. By engaging expert planners, architects, scientists, economists, engineers, constructors, operators, financial organizations, business leaders, and others, we facilitate diversity of thought, science, style, culture, and engineering. The collaboration of these diverse resources results in highly creative and sustainable solutions for our clients and our world.

Our industry plays a critical role in helping businesses and communities around the world operate more efficiently, with fewer natural resources and greater contributions to the triple bottom line, an accounting approach that measures environmental and social performance over time in addition to traditional financial performance. The world's expanding middle class strongly increases the need for resources. When income levels rise, people purchase more consumer goods and protein-based food, requiring more water and energy to produce them. As we assist clients with the challenges and opportunities associated with increasing demand for resources, the people of CH2M HILL will create solutions we cannot even envision today. These solutions will address the needs of a thriving global community that relies on renewable resources from a healthy planet.

## Profiles

The people of CH2M HILL help our clients to imagine, design, and build a better world, while living that vision in our offices and on our project sites. CH2M HILL's people are the firm. They demonstrate a personal commitment to sustainability every day, and are dedicated to solving environmental, social, and economic challenges at work, in service to our clients, and outside of the office. A few examples follow.

### Lee McIntire



Mr. McIntire has more than 35 years of international engineering and construction experience. He has the operations and leadership responsibility for the CH2M HILL enterprise. Mr. McIntire's priorities for the firm are the highest standards of ethical behavior, safety, quality, and a positive client experience. The firm is frequently recognized for its focus on sustainability and work–place satisfaction.

Before being appointed to CEO in January 2009, Mr. McIntire had served as President and Chief Operating Officer, President and Group Chief Executive for the Energy Client Group, and the Group Chief Executive for the Industrial Client Group. Under his leadership, CH2M HILL has expanded its global operations, now serving clients on six continents.

Prior to joining CH2M HILL, Mr. McIntire was a partner at Bechtel Group, served on the Board and led multiple businesses.

Mr. McIntire lends his leadership to a number of organizations around the world: Business Roundtable; World Economic Forum and the Engineering Construction Partnership of the World Economic Forum; World Business Council on Sustainable Development; U.S.–Brazil CEO Forum; National Petroleum Council; Council on Competitiveness; Aspen Institute's Commission on the Arctic, and the National Academy of Construction. He also serves on the Board of Trustees of the Thunderbird School for Global Management.

### Nancy Tuor



As Group President and Executive Sponsor for Sustainability, Nancy Tuor has made many lasting contributions to CH2M HILL's sustainability practices. During her 30 years with the firm, Nancy has served in many leadership roles. These have included leading large, complex projects pioneering CH2M HILL's approaches to delivering sustainable solutions. She recently served as Program Manager for the Masdar City development in the United Arab Emirates, where CH2M HILL is the delivery partner for the first phase of development of a carbon-neutral, zero-waste sustainable city. Nancy has served as Group Chief Executive for CH2M HILL's Federal Client Group, where she oversaw 3,000 staff and US\$1.5 billion in annual revenue. She also was President and Project Chief Executive for the Rocky Flats Closure Project, the first large nuclear weapons facility to be cleaned up and closed anywhere in the world, converting an environmental liability into a community asset.

"As a global engineering firm, we have a tremendous opportunity to bring sustainability principles to our work with clients. Some of our most rewarding projects involve helping communities work through conflicting agendas and bewildering technical options. Achieving these goals requires innovation and systems thinking to develop sustainable solutions that are viable today and into the future. Most of our large, complex sustainability projects involve partnerships...this fosters a

creative environment for innovation and breaks down the barriers between technical disciplines. We've used this approach in our major programs."

## Joseph Danko



As Global Director for Sustainable Solutions, Jo Danko is instrumental in assuring that CH2M HILL remains committed to sustainability. Jo helps the firm develop goals, strategies, key performance indicators, and targets for sustainability and measures our performance against those goals. Jo is leading the charge to have sustainability built into all of the firm's business processes, making sustainability "just like safety is to the firm: embedded in everything we do."

In his role, Jo leads the Sustainability Collaborative Working Group that provides a mechanism to leverage CH2M HILL's people, knowledge, and systems. The group includes representation from all of the firm's business groups and includes planners, scientists, architects, engineers, technologists, economists, business leaders, and others. It brings together people representing diverse experience and approaches, a diversity that has proven critical to delivering creative, sustainable solutions that benefit our clients, communities, and the environment.

"I cannot emphasize enough the importance of diversity in creating sustainable solutions. It's absolutely critical that, when we're coming up with sustainable solutions, we include the complete spectrum of diversity – in our own company and in the communities we're working in. To me, that is a requirement to develop and implement robust sustainable solutions."

Like many CH2M HILL leaders, Jo knows that good leadership is essential to good sustainability practices. As a leader, Jo actively engages in educating employees and raising awareness of sustainability issues. In 2011, Jo and his team will be responsible for training more than 500 CH2M HILL employees on how to engage clients in discussing sustainability from a business perspective and integrating sustainability into their projects. He also volunteers annually to educate students about environmental issues and sustainability.

## Brandy Wilson



Brandy Wilson truly embraces environmental stewardship and knows, firsthand, that there's an art to sustainability. Since joining the firm 15 years ago, Brandy has witnessed the evolution of sustainable engineering at CH2M HILL and has been instrumental in the adoption of sustainability practices in daily operations. Today, Brandy serves as the Manager for our ISO 14001-conformant EMS for the U.S. and Canada, which monitors the firm's performance against sustainable business criteria. This role, and many others that she has served in, grew out of Brandy's natural interest in sustainability and environmental preservation, along with support from colleagues who share her passion. She was instrumental in piloting the company's EMS program and helping to make CH2M HILL the first in our industry to establish such a program. She helped start one of the firm's first "Green Teams" in 1995, raising awareness of sustainability issues and encouraging environmental stewardship in our offices. Brandy continues to provide sustainability framework consulting and environmental communication services for CH2M HILL clients and regularly publishes sustainability articles on behalf of the firm.

Like many of her cohorts, Brandy considers sustainability more than a professional responsibility; it's a personal commitment. "I am truly passionate about growing opportunities that let our people

shine for the environment, every day in the office," Brandy notes. "My job, more broadly, is to make the complicated, interconnected, often highly scientific concepts around sustainability clear so that we, as a society, can make better decisions. I love to work with people from all backgrounds and political viewpoints to create a more sustainable world." Brandy serves on her city's Planning and Zoning Commission and participates in local, grassroots environmental preservation initiatives like the Foothills serial levy, which helped the City of Boise protect 10,300 acres of sensitive and undeveloped open space and celebrated its 10th anniversary in May 2011.

## Patty Keck



As Community Investment Director, Patty Keck connects CH2M HILL's culture of service with its commitment to sustainability. For most of her 15 years with the firm, Patty has helped to build enthusiasm about community service at CH2M HILL. She has secured leadership support and participation, at all levels of the organization, to assure that community partners experience the same level of respect and delivery excellence indicative of CH2M HILL's professional projects. Towards this end, Patty regularly engages employees in dialogue that helps continuously improve the firm's community investment efforts. As Patty notes, "It's our expertise, our passion, our technical skill that's an important part of our investment back into our communities. Our employees and how they think we can best do that is critical. So much of service is in the hearts and hands of our people."

During the past 2 years, Patty has been instrumental in focusing CH2M HILL's community investment efforts in the areas of environmental sustainability; diversity and inclusion; and science, technology, engineering and math (STEM) education – areas that align with the nature and concerns of our business.

"In 2009, we re-evaluated our charitable giving priorities, which resulted in a thoughtful, deliberate strategy that focuses on areas where we believe we can make the biggest difference. In 2010, we began implementing the strategy," Patty says.

"I'm always looking for the best way for our company to give back and to contribute, not just through financial contributions, but also through meaningful volunteer opportunities with organizations like Engineers Without Borders-USA and Water For People. Personally, I'm passionate about education and environmental issues, so it's easy to translate that commitment into my work."

## Ed Pieterick



As Sustainable Practice Leader for CH2M HILL's Government Facilities & Infrastructure group, Ed Pieterick is intimately familiar with the full spectrum of sustainable services offered by the firm. A LEED® accredited architect with more than 25 years of experience in facility design, Ed also knows that LEED design is often at the forefront of our minds when it comes to sustainable design, but it's only a small fraction of what sustainability means for a firm like CH2M HILL, which has been recognized as a global leader in sustainability.

Ed has been instrumental in sharing innovations in sustainable design practices throughout the design industry, where he frequently lectures and writes about sustainable design. Ed leverages lessons learned and best practices from his own award-winning and LEED-certified buildings to improve the quality of sustainable design at CH2M HILL. In 2009, Ed helped pioneer the firm's Green

Building Database that currently houses nearly 150 green building projects as a resource for the internal CH2M HILL design community. Since then, he has helped to expand the contents of the database and make it an even more valuable resource in the future delivery of green buildings.

"Sustainable design has become mainstream and third-party certification, like LEED, has been instrumental with that. However, it is important to understand that sustainable design practice means more than just LEED certification. We have people out there doing everything from marshland waste treatment, to biofuel production, to environmental cleanup – those things aren't addressed by LEED. But these are all significant contributions to making our world livable," Ed says.

"Within CH2M HILL there has always been a proud commitment to sustainability but a modest record of our achievements. Hopefully, the new green building database provides an opportunity for everyone to see the extent of our achievement with information we can easily share with others."

## Elisa Speranza



All over the world, people are taking notice that water scarcity is a universal issue impacting all societies, at all levels. Elisa Speranza is no stranger to global water challenges. As President of CH2M HILL's Operations & Maintenance Business Group and Board Chair for Water For People, Elisa has been on the frontline of developing solutions for clean and safe water and sanitation access for communities everywhere from North America to Africa. For more than 25 years, Elisa has helped clients address issues affecting water and wastewater utilities challenged with aging infrastructure and on the road to sustainable asset management. Since joining the

Water For People Board, she has traveled to 4 of the 11 developing countries that the global non-governmental organization assists with creating sustainable water and sanitation solutions. When asked about the differences between her professional work and her community service efforts, Elisa says there is no difference, citing her passion for service and the core values shared between CH2M HILL and organizations like Water For People.

"Water and sanitation are universal needs and the problems are solvable. My passion for helping communities with water and sanitation challenges is universal. At CH2M HILL, we help a lot of clients meet their needs 24/7; we call it 'everyday excellence.' The principles we use to run our water and wastewater utilities in North America are the same approaches developing countries are using through Water For People. Whether it's in the U.S. or communities we've helped in Guatemala, Honduras, or Malawi, people are people. We all want our children to be healthy and we all want a better life for our families and communities. And whatever we do, wherever we do it, the work must be locally sustainable so everyone is covered—every house, every school, every clinic—for generations to come."

## Gary Fortenberry



In addition to serving as a Principal Design Specialist in CH2M HILL's Energy & Chemicals group, Gary Fortenberry serves as the President and is a founding member of the Northwest Washington (NWW) Chapter of Engineers Without Borders-USA (EWB-USA). Under Gary's leadership, members of CH2M HILL's Bellingham, Washington office are making lasting contributions to the sustainability of communities in Axim, Ghana and Mae RaMat, Thailand. Members of the NWW chapter traveled to Ghana and Thailand with help from grants from The CH2M HILL Foundation.

In Ghana, the CH2M HILL team is working on a project to construct school toilet facilities for 750 students. The Ghana project will help the water challenged community of Axim to build dry composting toilets. The dry composting system, unlike water intensive Western toilets, will offer the community a sustainable, low maintenance system that can be expanded to the remaining 12 schools. The NWW EWB-USA team has also made critical connections with an international EWB team based in Ghana. Through this connection, lessons learned from the pilot can benefit overall sanitation in Axim's community of more than 33,000 people.

In Thailand, the CH2M HILL team is restoring three fish ponds at the Mae RaMat orphanage that will allow the 30 resident children and approximately 130 additional displaced orphans in the nearby children's homes to sustainably feed themselves. The project gives the kids an independent means of providing for themselves, as well as a reliable source of protein as it helps to greatly improve their quality of life. When asked to explain the context of the projects and their importance, Gary emphasizes the sustainability features and the contributions of CH2M HILL colleagues and other NWW chapter members that make the projects possible.

"What we consider 'sustainable' has to be appropriate for the level of understanding in the local communities. That includes using a very low technology, a simple structure, and requires almost no mechanical maintenance," Gary says. "In Thailand, we're using a local, sustainable fish that feeds off algae, a low maintenance and self-regulating system, and no sophisticated mechanisms for harvesting the fish. The kids are involved in the process. The intent is to help introduce them to how to maintain and operate a fish farm so that later they'll be able to work in the local commercial fishing industry."

"In Ghana, there's a local polytechnic school. We've gotten those young adults involved, helped them to start a EWB chapter in the school, and also to help us develop the technology that we're using. Ultimately, we want to get things to the place where they're completely self-sustaining, where we're not providing the money or the technology. The community has a need for public toilets. So, there's room for expanding this to a capital project to build more toilets," explained Gary. "We can mention the frustration, but the reason we all do this is because we enjoy it. We know we're making a difference and that's part of the enjoyment."

CH2M HILL employees participating in the NWW chapter and helping to deliver these projects include Gary Fortenberry, Gail Fortenberry, Bob Wagner, Paris Whitford, and Becky Williams.

## Lindsay Ritter



As Sustainability Manager for the Operations & Maintenance Business Group (O&MBG), Lindsay Ritter has helped take sustainability initiatives to new heights in the operations segment of our business. Together with members of the O&MBG leadership team, Lindsay developed a sustainability pilot program focused on environmental enhancements, empowering employees, and improving the quality of life in the communities where CH2M HILL operates and maintains facilities. The program worked with 45 project teams throughout the U.S. Western Region. Each project team had a volunteer sustainability champion who led their project in the development of three goals that could be implemented within a year's time to either establish stewardship practices or support clients in meeting goals relevant to environmental, economic, or social issues affecting their communities. The projects have ranged from ecosystem enhancement, such as wildlife preserves, to water stewardship education activities for local schools.

As Lindsay notes, the compounding value of improvements on the O&M side to long-term environmental health is a significant component in delivering on CH2M HILL's commitment to sustainability. "When we talk about sustainability, we automatically go to the built environment, and we generally focus on new construction," she says. "By expanding our focus on operations and maintenance, we can greatly reduce our impact through better management of existing resources. When you examine a facility's full lifecycle, the operational practices and behavior choices of the occupants greatly influence the amount of energy, water, and material consumption. A strong focus on sustainable operations and maintenance can yield great results with little investment."



## Environment

### Environment Overview

With climate change, population growth, and water and energy supply issues, the environmental effects of unsustainable practices are now a part of the day-to-day global dialogue.

Sustainability has become an integral part of many of our clients' operations and decision-making processes.

CH2M HILL is working with our clients to find simple, elegant solutions amidst complex issues. While water supply, energy needs, climate change, and land development are each leverage points in themselves, solutions that address all four aspects in tandem have the potential to create a multiplier effect, with greater sustainable returns over the long term.

In addressing the environmental impacts of our own operations, we are working towards continuous improvement in our materials use and services, facilities management, carbon footprint, and water use. Within these broad categories, we address a range of day-to-day activities in our service-oriented business around the world.

### Environmental Compliance

As an industry-leading environmental company, CH2M HILL takes the protection of the environment seriously. Our environmental compliance program allows us to anticipate and mitigate risks to people and the environment. Through our Project Delivery System, the Health, Safety, Security, and Environment (HSSE) program, and other tools, we implement systematic environmental risk management practices that are integral to our project delivery system—and do so in a manner that adds value to our clients, firm, staff, and projects. Our "Target Zero" philosophy includes a target of zero environmental compliance violations from CH2M HILL operations.

Given the variety and complexity of the projects CH2M HILL delivers, our environmental performance has been exceptional. CH2M HILL has continued to decrease its environmental fines and penalties for noncompliance, from two fines in 2007 and 2008 (US\$3,600 and US\$960), to one fine in 2009 (US\$200), and one fine in 2010 (US\$240), out of US\$6.3 billion in revenue.

Our rigorous environmental program provides tools, training, and resources to help projects and operations understand and comply with applicable environmental laws and regulations wherever we work around the world. Although environmental compliance liability is usually associated with field and construction projects, other types of projects and operations also can present environmental risks. A successful environmental program is not only essential in managing these risks, but it is also critical to the firm's reputation and ability to win work.

Each project's environmental manager evaluates environmental risks early during project delivery by identifying applicable environmental regulations and permits. This is essential because permitting may require months, even years, to obtain. CH2M HILL requires field projects to have an environmental plan, which addresses legal requirements and permit conditions and establishes minimum project expectations. Project staff use an online tool, the Field Project Start-up Form, to generate the draft environmental plan.

## Environmental Spills

CH2M HILL uses an online tool called the Hours and Incident Tracking System (HITS) for internally reporting, tracking, and trending spills and near-misses. Spills occurring from our subcontractor activities are also reported in HITS. Most of the releases documented in HITS are small in volume and occur on impervious surfaces and within containment systems. Root causes and contributing factors are noted in the HITS database and discussed by the project teams. For significant spills, our environmental managers investigate the cause and issue formal lessons learned statements to educate staff and prevent further incidents.

CH2M HILL did not have any significant spills from 2007 to 2009. Significant spills are defined as those that exceed regulatory reporting thresholds as established by the U.S. Comprehensive Environmental Response, Compensation, and Liability Act. In 2010, we had three separate significant spills (gasoline, creosote, and 12.5 percent solution sodium hypochlorite), which totaled 1,075 liters (284 gallons). Although classified as "significant" under regulations, the spills were contained and had no critical impact to the environment.

## Environmental Management

CH2M HILL's environmental performance in North America, the United Kingdom, the Middle East-North Africa region, and Australia is managed, monitored, and improved through our formal EMS programs, guided by the ISO 14001 Standard. Throughout the world, environmental stewardship is encouraged and championed by informal green teams that address sustainability issues in their offices and communities.



**North American EMS:** Since 2005, the North American EMS team has worked toward continuous improvement throughout our operations. The North American office EMS includes annual targets for performance, as well as procedures for day-to-day operations, such as decreasing the amount of materials we use and reducing our environmental footprint and that of our clients. Most of our reporting data is from the ISO 14001 conformant North American EMS, and presents the company's performance against targets set for the EMS through 2010. Our 2011 targets are presented to illustrate how we plan to manage our environmental program in the future.



"My job is to make the complicated, interconnected, often highly scientific concepts around sustainability clear to people so that we can make better decisions."

—Brandy Wilson, North America EMS Manager

**Australia EMS:** The ISO 14001 compliant Australian EMS (certified September 2007) implements policies to reduce and recycle paper and electronic waste, reduce energy use, and identify and manage project environmental impacts. In 2010, Australia extended its certification to include the Australian construction entity, CH2M HILL Australia Constructors Pty Ltd. The system addresses the environmental management requirements for both offices and projects, with project implementation through the project delivery system. The GHG impacts of nonproject site activities continue to be mapped, with the main contributors being air travel, electricity consumption, and hire and lease vehicles.

**United Kingdom EMS:** The United Kingdom EMS achieved ISO 14001 certification in November 2010. The EMS will measure electricity use, air and rail travel, paper consumption, and occupancy rates. The EMS team held a competition in September 2010 to solicit employees' suggestions to reduce the impact of our activities on the planet. The competition resulted in creative ways to reduce paper consumption and improve communication about environmental issues. The competition resulted in more than 50 environmental improvement suggestions, which will be considered by the EMS team as possible targets for 2011 and beyond. The United Kingdom EMS team has successfully implemented a full waste recycling program that includes cardboard, mobile phones, plastics, paper, glass, and printer toners.

**Middle East-North Africa EMS:** CH2M HILL's Dubai office launched its EMS in March 2010, followed

## 2011 EMS Targets: CH2M HILL North American Office Operations

### Service and Materials

- ◆ Reduce paper use by 6% compared to revenue over 2010 use
- ◆ Conduct environmental performance surveys and verify performance for six suppliers in a cross-section of services; supplier ratings should exceed 80%
- ◆ Establish an asset disposal program for electronic waste by year-end 2011
- ◆ Increase recycled paper purchasing rate to 85%
- ◆ Build and implement Direct Procurement Sustainability Tool
- ◆ Capture more than 80% of the Green Building Certifiable work contracted in 2011

### Facilities Management

- ◆ Increase the overall number of teleworkers by 20% over 2010, targeting offices with reconfigurations and moves

### Carbon Footprint

- ◆ Complete a GHG inventory for Scope 1, 2, and selected Scope 3 emissions by January 2012 for our 2011 emissions
- ◆ Offset 30% of direct and indirect GHG emissions of North American facilities by purchase of carbon offsets and renewable energy products
- ◆ Create 10 training modules for improving collaboration tool skills and use
- ◆ Provide loaner web cams for 95% of North American area offices
- ◆ Reduce vehicle average miles traveled in two offices by 5% with a focus on PDX and SCO

### Water Use

- ◆ Increase the effluent reused in U.S. Western Region by 50% beyond 2010 reuse levels
- ◆ Establish recordkeeping and best practices for capturing water reuse, discharge, and destination across the nation

by initiation in Abu Dhabi on April 22 (World Earth Day). The Dubai EMS is tracking waste collection/recycling data, paper consumption, and business travel details, while the Abu Dhabi EMS action plan is being finalized. In the first year, the EMS team purchased reusable stainless-steel water bottles for all Dubai employees, installed recycling bins and began recycling, set up printers for default double-sided printing, began pursuing vendors for Forest Stewardship Council-certified and recycled paper, purchased and began using durable kitchen items in lieu of disposables, began recycling electronic waste (e-waste), and instituted a "switch-it-off" campaign to conserve energy. In the first several months of the program, the Dubai office reduced its plastic waste by 65 percent, decreased paper consumption by 50 percent, and recycled 71 percent of its paper. The Abu Dhabi office decreased paper consumption by 12 percent in the fourth quarter (after launching the EMS) and recycled 57 percent of its paper. The EMS will continue to be rolled out across the Middle East-North Africa region in 2011.

## Water Use

As part of our firm's commitment to the UN Global Compact, CH2M HILL's CEO Lee McIntire endorses the CEO Water Mandate. Under his leadership, CH2M HILL has adopted the mandate into our corporate policies and — together with a growing number of international companies — we are implementing strategies to help address the global water crisis. These strategies align with the six CEO Water Mandate Elements, and involve tracking and reporting on environmental metrics, such as how much water is used, reused, and discharged directly in our business operations or indirectly through our related business (CEO Water Mandate elements 1, 2, and 6). We also transparently report on social metrics, such as community action and water policy partnerships (CEO Water Mandate elements 3, 4, and 5). The environmental metrics are addressed below, and the social metrics are addressed under Community Water Preservation and Policy. Our company history is built around clean water. The business started with clean water projects, and it continues to provide clean water in many communities across the globe. Given this history, our water use, reuse, and discharge reporting falls into two spheres of activity: facilities that we manage ourselves for our own business needs, and water treatment or supply facilities that we operate on behalf of our clients.

### Direct Water Use at CH2M HILL Facilities

As a service provider, CH2M HILL's direct water use comprises the water consumed in our corporate headquarters and the 170 area offices from which we operate worldwide. Our ability to monitor and report our water use depends on the location. In the majority of our leased space, for example, we do not directly pay water bills, so it is difficult to quantify the results of water conservation efforts. We do, however, directly measure water use when we can. This includes at our corporate headquarters in Denver, Colorado, where we operate our facilities, and at facilities that we manage in Alaska and Canada.

CH2M HILL views conservation as an ongoing process. We will continue to invest in new technologies to achieve our water conservation goals, as well as incorporate advancements in water-efficient technology in decision-making for our direct operations. We operate the buildings at our LEED®-certified headquarters and all of the campus buildings feature water-efficient fixtures and green features that minimize the overall water required for our firm's daily operations. CH2M HILL also incorporates sustainability criteria as part of its procurement standards outlined in our EMS programs, although we do not specifically require water use reporting by our vendors at this time. CH2M HILL staff is encouraged to select and occupy office spaces that are LEED certified or

offer other environmentally-preferable building features and operating practices, as well as use vendors that meet sustainability standards in all areas of our operations.

Through our North American EMS, CH2M HILL has long encouraged practices to use water wisely in alignment with company values. As part of our environmental policies, we purchase water- and energy-saving appliances for our kitchen areas. Additionally, we eliminated bottled water in vending machines at our corporate headquarters, and we do not serve bottled water at meetings in our offices. We seek to avoid the additional environmental footprint needed to package and transport water, and instead use safe and healthy municipal water systems that do not require the use of additional resources. In 2011, we took our policies further by establishing a procedure within the EMS to monitor and reduce water use in owned or operated facilities. As the first step, we conducted a baseline inventory of water use in these facilities for 2008 through 2010.

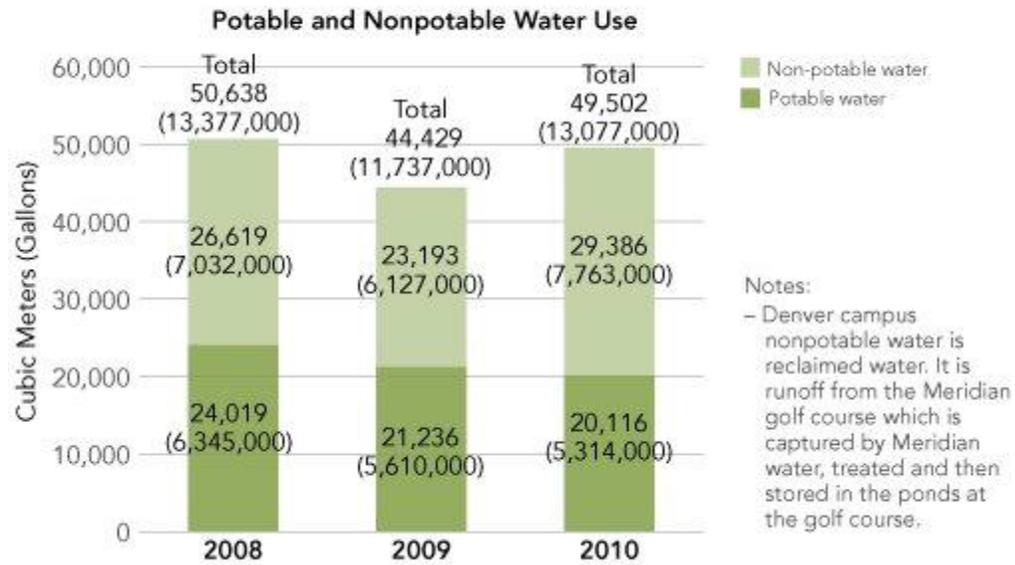
### Corporate Headquarters

CH2M HILL uses both potable and reclaimed, non-potable water to support the water needs of our corporate headquarters. Potable water is used to meet human needs, while non-potable water is used for irrigation and landscaping.

At our corporate headquarters, our per capita and total potable water use has decreased as a result of facility improvements that we have implemented. These improvements include promoting responsible water use as part of our corporate culture, installing low flow fixtures, and equipping the restrooms in all buildings with dual flush toilets to reduce the amount of water used for sanitation. In contrast, our non-potable water usage increased in 2010, after a significant decrease the previous year. Changes in weather conditions and landscaping practices are major determinants of fluctuations in non-potable water use. CH2M HILL's landscaping practices are in accordance with the requirements of the corporate business park where we lease space. While we will continue with the innovative use of non-potable water for landscaping, we are continually working with business park management to assess opportunities for reducing overall water use, even amid changing weather conditions.

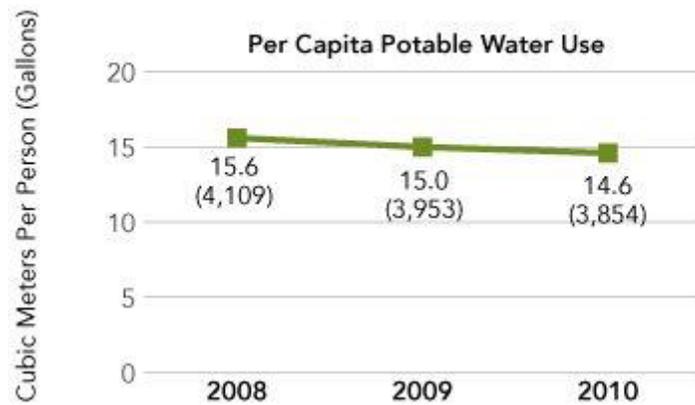
Water Use on CH2M HILL's Denver Campus

EN8, EN10



Water Use on CH2M HILL's Denver Campus

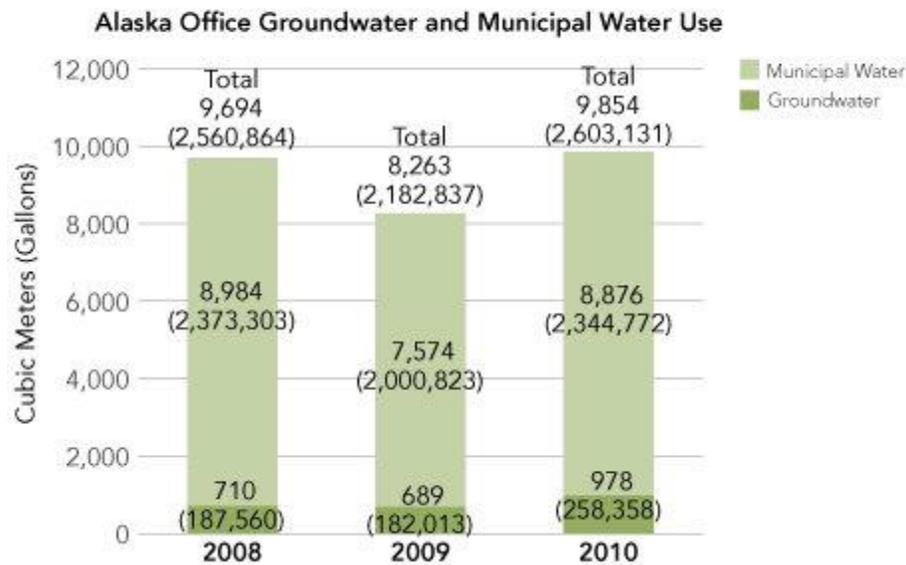
EN8, EN10



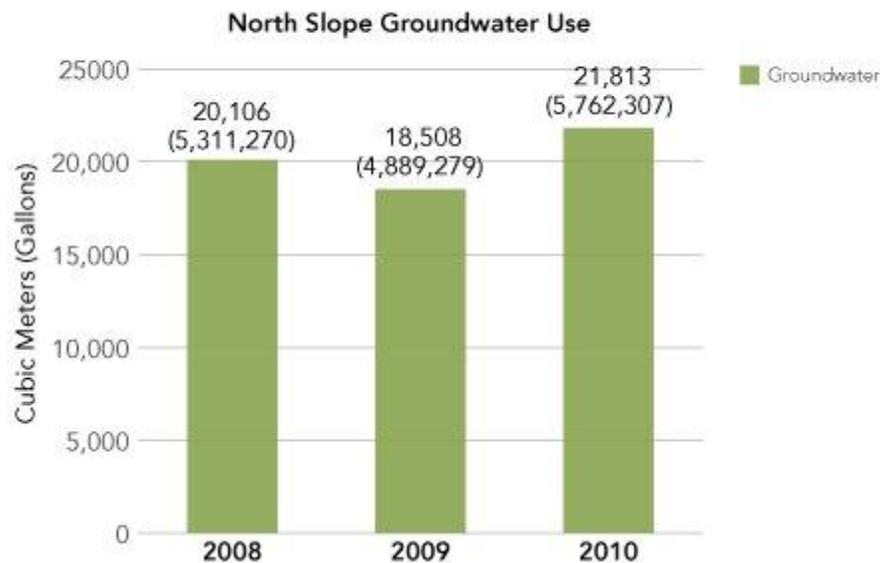
**Operated Facilities**

In Alaska and Canada, CH2M HILL operates facilities at client sites, primarily related to the oil and gas industry sectors. For these facilities, the water source may be either from a municipal supply or groundwater, depending upon location.

Water Use at CH2M HILL's Alaska Office and North Slope **EN8, EN10**

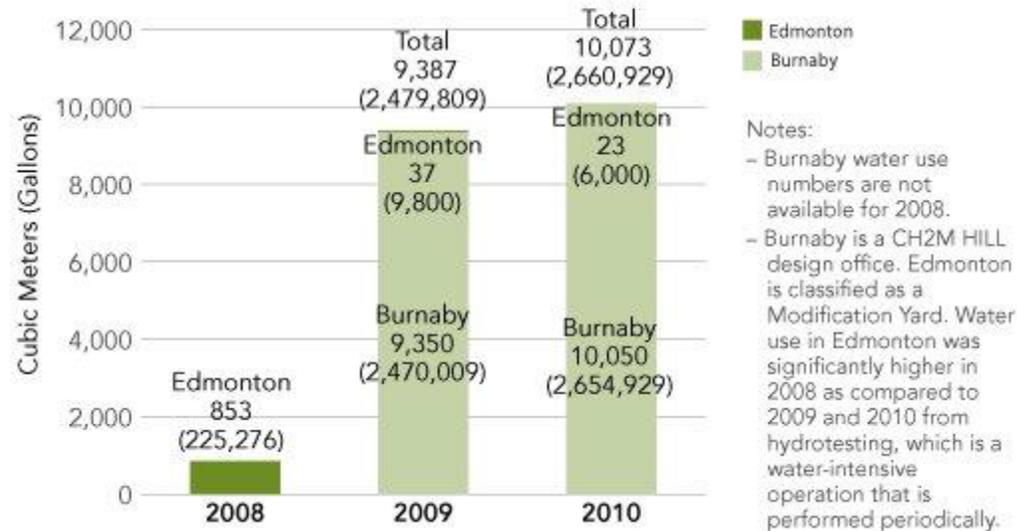


Water Use at CH2M HILL's Alaska Office and North Slope **EN8, EN10**



In Alaska, our facilities on the North Slope offer unique challenges, as we house our employees onsite and use groundwater to supply domestic water needs on a 24-hour, 7 days a week basis. Our water use fluctuates depending on employee population. During the past 3 years, we have employed from approximately 280 to 350 employees onsite at any given time. In 2010, we saw an increase in groundwater use at our North Slope site, after a previous decrease in 2009. Our employee count decreased in 2009 in tandem with the overall groundwater use and continued to decline in 2010, despite increases in groundwater use. Water usage in our Alaska office followed a similar pattern during the same time period. In 2010, we increased our total water use (municipal and groundwater) at our Alaska office, after a previous decrease in 2009.

## Water Use at CH2M HILL's Edmonton and Burnaby, Canada, Facilities

**EN8, EN10**


In Canada, CH2M HILL tracks water use at our Edmonton and Burnaby offices. A unique feature of our firm's Canadian water use is the nature of operations in our Edmonton facility. Whereas our Burnaby location is a design office and has water use purposes typical of most of CH2M HILL facilities, our Edmonton facility is classified as a Modification Yard. Its most significant source of water use comes from operations supporting water testing and hydrotesting, which is reflected in our water reporting. While Burnaby water use numbers were not available for 2008, our Burnaby water use increased between 2009 and 2010. In contrast, water use at our Edmonton facility was significantly higher because of hydrotesting, a water-intensive operation that is performed periodically. As a result, CH2M HILL's total water use in Canada has increased over the past 3 years.

### Water Conservation Strategies for Clients

Beyond our office facilities, CH2M HILL's culture of sustainability also informs our approaches to delivering consulting, program management, design, construction, and operations solutions for our clients. Our water experts work with clients to develop proactive strategies for sustainable water management, including water supply, stormwater management, and sanitation. In partnership with our clients, we help optimize efficiencies in their processes to reduce material consumption and generate positive financial metrics as well as social benefits.

CH2M HILL provides full service operation, maintenance, and management to 172 municipal and industrial sites, treating more than 1 billion gallons (3.8 million cubic meters) of water and wastewater every day. Recognizing the importance of developing best management practices for sustainable operations, CH2M HILL developed a project-based sustainability pilot program for our U.S. Western Region client facilities in 2010 to mitigate the environmental impacts of our services. We partner with 51 clients in the Western Region by operating and maintaining 78 water and wastewater facilities, representing a little more than half of CH2M HILL's total daily water and wastewater treatment.

The sustainability pilot program identified individuals at each client site who serve as passionate volunteers, leading the sustainability efforts at their projects. These sustainability champions, who are CH2M HILL volunteers, engaged with their clients and the onsite CH2M HILL operations team early in 2010 to identify three goals they could implement within a year's time to either establish stewardship practices or support their clients goals related to environmental, economic, and social issues. Goals ranged from waste reduction to more advanced activities such as innovations in ecosystem enhancements and effluent reuse. We engaged in ecosystem protection activities in Fayetteville, partnered with clients to organize water stewardship education activities like at Rio Rancho, and participated in watershed protection efforts at Coos Bay. The Coos Bay and Fayetteville projects are examples of steps we take to protect the biodiversity value of water bodies and related habitats that are affected by discharge from treatment plants.



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"A strong focus on sustainable operations and maintenance can yield great results with little investment."

—Lindsay Ritter, Sustainability Manager, Operations & Maintenance Business Group

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The collective efforts of the champions' leadership, their teams' collaboration, and client input led to substantially decreased impacts, including 2.1 billion gallons (7.9 million cubic meters) of effluent reuse; 12,000 gallons (45.4 cubic meters) of chemical reduction; and 5,600 tons (5,080 tonnes) of waste diversion. In a survey conducted at the end of 2010, 83 percent of respondents indicated that the sustainability efforts implemented were recognized and valued by their clients. This proves our success in helping deliver best management practices that support our clients' goals and values relevant to environmental stewardship and sustainable practices. Based on the positive results from 2010, the pilot program will be expanded and established as a more formal program for all our client facilities to help identify and track sustainability performance in alignment with our clients' goals.

### Water Reuse, Discharge, and Quality

With our new commitment to the CEO Water Mandate within the UN Global Compact, we established 2010 as our baseline reporting year. We took a comprehensive look at the overall quantity and quality of wastewater in the 78 water and wastewater facilities we manage in the U.S. Western Region. These facilities, included in the sustainability pilot program, treated 786.0 million cubic meters (207.6 billion gallons) of wastewater for the entire year. Of this total, 7.9 million cubic meters (2.1 billion gallons) of effluent was reused and 99 percent of the water was returned to the environment (rivers, lakes, or other water bodies) in a carefully monitored and controlled manner consistent with federal, state, and local regulations. National Pollutant Discharge Elimination System (NPDES) permits for site-specific discharge units vary across our portfolio of facilities. Standard NPDES permits require that 85 percent of all biochemical oxygen demand (BOD, or organic matter) is removed in the treatment to prevent oxygen depletion in the streams. The average BOD process removal for our Western Region client facilities in 2010 was 96.7 percent, benchmarking our treatment process at 11.7 percent above the NPDES national average.

## Water Discharge and Reuse, U.S. Western Region

**EN10, EN21**

<b>Water Reused: 1%</b>	<b>Total Water Discharge: 99%</b>
<b>7.9 million cubic meters</b>	<b>786.0 million cubic meters</b>
<b>(2.1 billion gallons)</b>	<b>(207.6 billion gallons)</b>

### Notes:

- These data are collected from the wastewater treatment facilities managed by CH2M HILL's Operations and Maintenance business group.
- The U.S. Western Region includes 78 facilities that discharge to a variety of water bodies.

Regulatory requirements for wastewater process treatment include effluent quality; therefore, our broad compliance program ensures quality throughout all of our processes. Our goal for operational excellence is perfect compliance and perfect reporting of noncompliance. In the spirit of continuous improvement, the compliance team established a new process for tracking compliance violations in 2010. This new procedure mandates that all compliance incidents and excursions are assessed by the compliance team, rated for severity, and reviewed for lessons learned and opportunities for improvement so we can minimize the likelihood of future incidents. Focusing on prevention, we also have a strong program dedicated to compliance training. When new associates are hired, their manager provides them with our DVD training, which helps ensure consistency across our projects.

Looking forward, we plan to expand our reporting to all our wastewater projects as part of the sustainability program, as well as refine our indicators and develop key performance targets relevant to the intent of the CEO Water Mandate. Day-to-day treatment plant operation is conducted in collaboration with our clients, and we respond to their management and budget directives. In this shared operational control environment, we have rich opportunities to bring local innovations to a broader group of facilities across the U.S., where these innovations fit with our clients and their communities.

## Paper Consumption

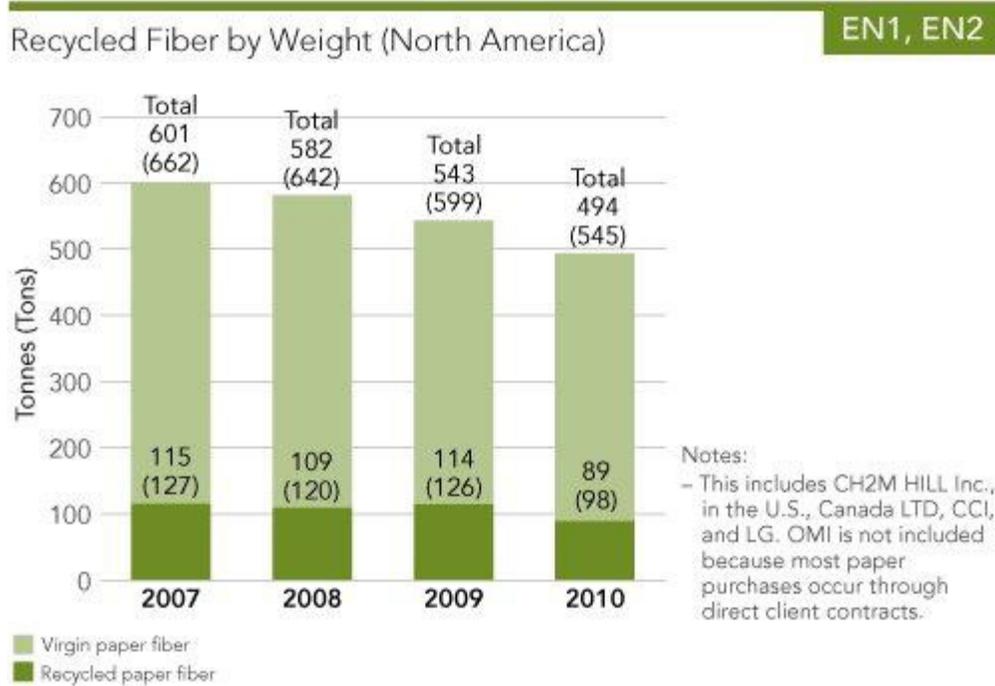
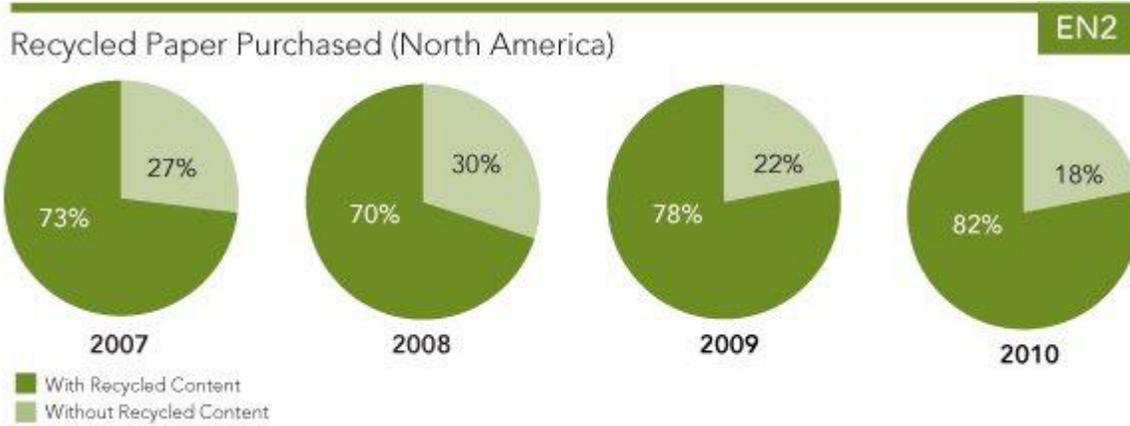
As a service-based business that depends on paper for countless communications, business proposals, and client deliverables, paper is a fitting symbol for CH2M HILL's materials consumption. Paper consumption includes primarily white paper for use in copiers and printers.

### North America

#### Paper Purchasing

In North America, we purchase approximately 80 percent of our paper through a firmwide master contract. The remaining 20 percent is obtained from a myriad of regional and local vendors and is not tracked systematically for reporting. In 2010, we achieved a recycled paper purchasing rate of 82 percent by focusing on education and by requiring offices to purchase recycled paper as the standard for copiers and printers. Of the recycled paper purchased, the content of recycled fiber in the paper varies from 30 percent to 100 percent.

We purchased a total of 494 tonnes (545 tons) of paper in 2010, which contained 89 tonnes (98 tons) of recycled fiber by weight.

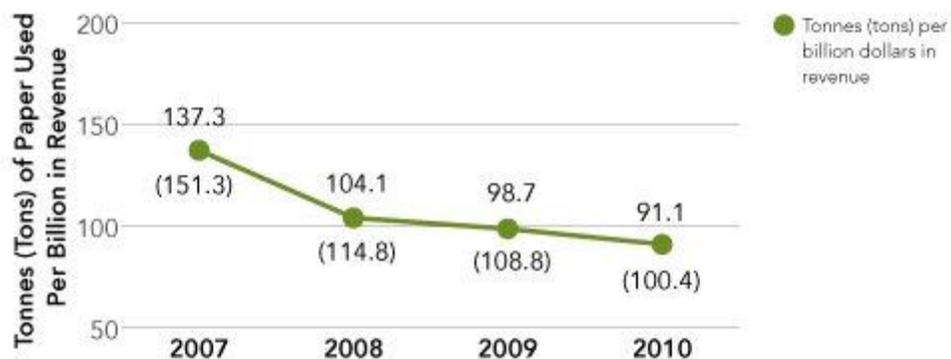


## Paper Consumption

The 2010 goal for our North American operations was to decrease paper use, as compared to gross revenue, by 10 percent compared to 2009. We reduced our consumption by 49 tonnes (53 tons) in 2010, which equates to a decrease of 8.4 percent. This reduction in paper purchased means that we are doing more work with less paper, and provided a cost savings despite an increase in paper prices, resulting in business and environmental benefits.

## CH2M HILL Paper Use Trend (North America)

EN1



We achieved these paper reductions through the following strategies:

- ◆ **Education:** With a combination of catchy posters, intranet news stories, facts, and figures, we clearly communicated the need for reducing paper usage. We also offered more technology training to our staff so that they can promote electronic alternatives to paper copies.
- ◆ **Duplexing:** We aggressively pursued double-sided printing for internal documents and client deliverables. Most of our printers are set up to default to duplex printing.
- ◆ **Personal printing:** This feature enables a printer to store documents until the user requests the job from the printer's control panel. Personal printing helps reduce unclaimed print jobs, re-prints, and uncleared or unreported paper jams. We also disabled the ability to print banner pages on 98 percent of our printers, because personal printing automatically provides security for sensitive print jobs.

## Middle East-North Africa

The Middle East-North Africa EMS team is implementing several initiatives to promote paper recycling and reuse:

- ◆ Purchased and installed recycling bins for the Dubai office, sending the waste to recycling companies
- ◆ Set printer default settings to duplex
- ◆ Began pursuing options to purchase Forest Stewardship Council (FSC)-approved and recycled paper

In the first year of the Middle East-North Africa EMS, the program saw a 50 percent decrease in paper consumption in Dubai and a 12 percent decrease in Abu Dhabi. The Dubai office purchased 14 percent of its paper with recycled content and 50 percent with FSC-approved fibers. The Dubai office recycled 71 percent of its paper (623 kilograms [1,374 pounds] of paper), and the Abu Dhabi office recycled 57 percent of its paper (14,431 kilograms [31,815 pounds] of paper).

## Recycling

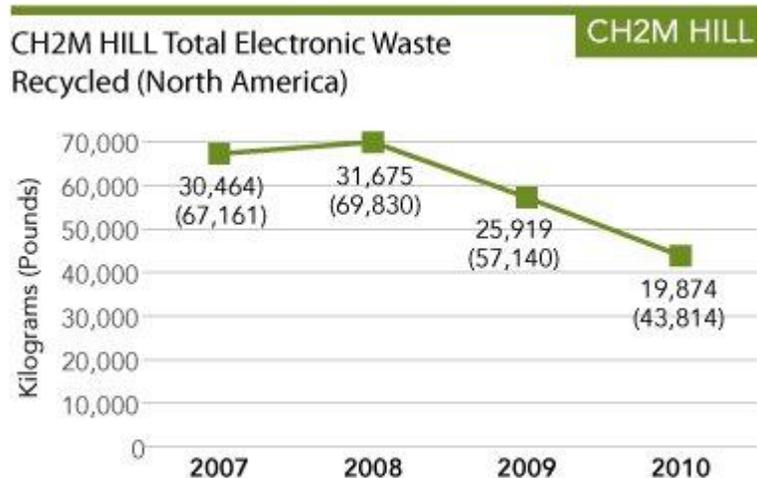
Recycling is a key element of our corporate culture: nearly all of our offices have formal recycling programs for general items such as paper, aluminum, and glass, and 100 percent have materials reuse programs. Our offices and employees are all aware of our goal to expand our "Reduce, Recycle, and Reuse" program wherever possible.

Outstanding recycling success stories in 2010:

- ◆ Corvallis, OR: In 2010, CH2M HILL moved its Corvallis office (over 300 employees). During the move, we repurposed or recycled nearly everything. We donated 217 Herman Miller cubicles to local government and United Way; recycled approximately 120,202 kilograms (265,000 pounds) of paper; donated 15,000 binders to schools; and donated other furniture and supplies to the City of Corvallis, Habitat for Humanity, schools, and other organizations.
- ◆ Dubai, United Arab Emirates: The Dubai office purchased and installed recycling bins and began sending waste to recycling companies, in addition to initiating an e-waste recycling program.

## Electronics Recycling

Electronics waste recycling presents a large problem on a global level and a business concern from a security perspective. We began an electronics recycling program in North America in 2007 to capture compact discs, cords, cell phones, and other small devices that were not included in our corporate computer leasing programs. During the first 2 years of the program, we collected a backlog of equipment and devices that had been stored in anticipation of establishing a secure recycling program; therefore, recycling rates have been lower during the past 2 years. In 2011, we will seek to establish a comprehensive "one stop" electronics waste recycling program to make it easier for staff to recycle and increase the capture of electronic waste in our offices.



## Recycling on our Corporate Campus in Denver

With more than 1,375 employees and an onsite cafeteria, our corporate campus has a unique opportunity to implement larger-scale recycling programs. For example, we instituted closed-loop recycling for white paper in partnership with Boise, Inc., our paper supplier. Enough white paper is collected in separate bins to be transported directly to a recycled paper production mill, instead of

grouped with other municipal recyclables. This closed-loop recycling program ensures that Boise, Inc., can retain high-quality white paper fiber for recycled paper manufactured in the U.S., which reduces the paper's carbon footprint for transportation, is much more resource efficient, and preserves local economies. Although closed-loop recycling does not have any immediate monetary savings, we expect the price of recycled paper to decrease as white paper fiber becomes more readily available locally.

In cooperation with food vendor Sodexo, the Denver campus hired a local food recycling company to collect its compost and food oil waste each week. Waste Farmers picks up compostables and recyclables and returns them to the community in the forms of renewable energy, vermicompost, and raw materials. CH2M HILL's partnership with Waste Farmers not only represents a new sustainable solution, but it also offers a chance to support an emerging small business, which has attracted local and national attention as an exciting green company.

### Recycling Office Supplies

In 2010, CH2M HILL began a new partnership with OfficeMax and TerraCycle in North America to recycle pens, mechanical pencils, and markers. TerraCycle re-manufactures these discarded pens into trash cans. For each item recycled, CH2M HILL receives US\$0.02, which will be donated to one of our strategic nonprofit partners, Engineers Without Borders-USA.

## Procurement

Procurement provides a valuable leverage point for CH2M HILL to lessen its environmental impact and influence supplier behavior. Our starting point, in a global supply chain consisting of thousands of supplier relationships, is to focus on those suppliers who are willing to partner with us to reduce our environmental impact. These suppliers work with us to establish meaningful, effective, and industry-relevant, contractual metrics that define specific sustainability objectives.

In 2010, CH2M HILL's North American procurement organization segregated oversight and administration of direct (client) project enterprise agreements from indirect (overhead) procurement enterprise agreements. Segregating these functions has offered the opportunity to more robustly assess the environmental performance of our key suppliers, and improve our sustainability decision-making for the goods and services that we purchase for ourselves (indirect).

Indirect Procurement classifies suppliers into four tiers:

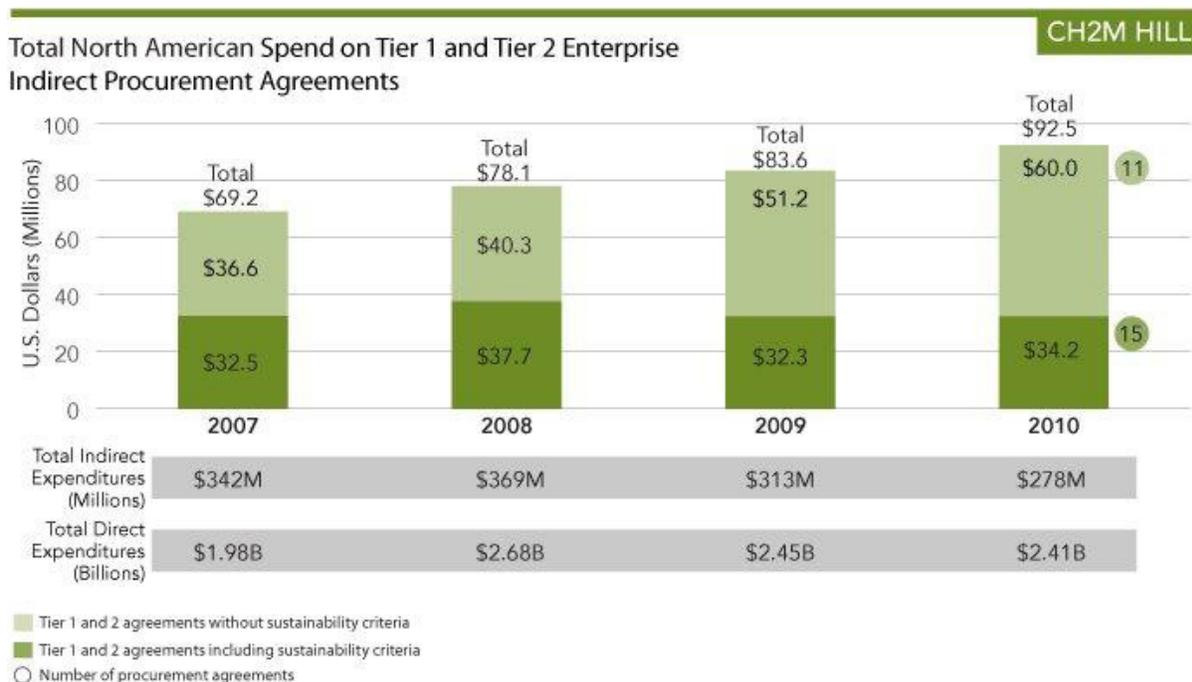
- ◆ Tier 1 – Strategic: Long-term, high-volume contracts
- ◆ Tier 2 – Preferred: Long-term, but lower-volume, contracts
- ◆ Tier 3 – Value Add: Short-term, low-volume contracts with infrequently used suppliers
- ◆ Tier 4 – Tactical: Typically a one-time purchase order with no ongoing relationships or expenditures

Tier 1 and Tier 2 agreements reflect those supplier relationships that comprise significant spend, transaction volume, and business impact. Accordingly, these are CH2M HILL's most important indirect supply chain relationships. Tier 3 and Tier 4 supplier agreements are characterized by relatively less spend and business impact, and therefore represent reduced opportunity to positively affect sustainability initiatives.

These Tier 1 and Tier 2 suppliers have thus become the focus of Indirect Procurement's sustainability program. In previous years, environmental criteria were only added to national agreements (U.S.) within a subset of contracts. Accordingly, it was necessary to establish a baseline for indirect procurement enterprise agreements with sustainability requirements and their associated spend for 2010, and then back-calculate the spend for 3 years prior, using our new definition for Tier 1 and Tier 2 suppliers, to assess our performance to date. We've learned that the growth in spending has been slower with our green suppliers, which means that the total dollar volume spent with sustainable suppliers has decreased. The path to correcting this trend will be to focus on adding sustainability criteria to contracts that currently carry no such requirements.

From 2010 forward, suppliers are now required to respond to questions about their sustainability programs and demonstrate continuous improvement. Sustainability criteria will be added to all new and renewing Tier 1 and Tier 2 contracts. Questions about sustainability and environmental management performance are also integrated into our supplier selection and contracting software.

Beyond meeting the requirements established within specific agreements, suppliers will be asked to demonstrate continuous improvement in their programs. We now classify our suppliers into four categories for environmental performance, and their performance against contracted metrics will be measured as part of our supplier performance management system, incorporating a specific key performance indicator for sustainability.



## Facilities Energy Use

Like most service-based businesses that occupy leased offices and do not manage their buildings, we face challenges in reporting and reducing our energy use and related GHG emissions. As a matter of policy, CH2M HILL purchases Energy Star certified equipment and electronics for our offices. We operate the buildings at our LEED-certified headquarters campus, which houses approximately 7 percent of all CH2M HILL employees, and we regularly assess our energy conservation practices.

In all locations where CH2M HILL has EMS in place, we implement procedures to reduce energy used in offices, even though we cannot directly measure the results. We also have active "Turn It Off" campaigns in the North America, Australia, and Middle East-North Africa regions as part of our environmental programs.

## North American Facilities

In our North American offices, energy-conscious employees, managers, and landlords are taking steps to reduce our carbon footprint. In 2010, 23 percent of our leased offices are located in Energy Star-certified buildings.

We calculate our carbon footprint for our offices based on occupied square footage, since data on actual energy usage are unavailable for many of our leases, and use that information to set targets for purchase of carbon offsets and renewable energy credits (RECs). Specifically, we used data from the U.S. Energy Information Administration Commercial Buildings Energy Consumption Survey (CBECS) to estimate average office space electricity and natural gas usage for each of the five climate zones provided for North America. The CBECS program collects data on actual energy consumption of buildings across the entire nation and economy, and reports averages by a number of factors including building type, size, and climate zone. We then calculated GHG emissions based on the specifications of the General Reporting Protocol of The Climate Registry.

In 2010, the GHG impacts from energy use in our North American leased office facilities (including our Denver campus) were estimated as follows:

- ◆ Scope 1 (Fuel Consumption): 10,150 tonnes carbon dioxide equivalent (CO<sub>2</sub>e) (11,188 tons)
- ◆ Scope 2 (Electricity Consumption): 31,350 tonnes CO<sub>2</sub>e (34,557 tons)
- ◆ Total Scope 1 and 2: 41,500 tonnes CO<sub>2</sub>e (45,746 tons)

In 2010, we increased our purchase of carbon offsets and RECs in order to reduce the net Scope 1 and Scope 2 impacts of our total North American facilities energy consumption by 20 percent. Carbon offsets were purchased from a Climate Action Reserve certified Improved Forest Management (IFM) project in the van Eck forest of California. This project promoted sustainable forestry practices in an area that would otherwise have been extensively logged. The IFM resulted in increased sequestration of carbon in the forest while maintaining sensitive wildlife habitat.

We purchased RECs from Green-E certified wind energy projects from the upper Midwest U.S. Carbon benefits of RECs are evaluated based on the carbon intensity of grid power in the region that the renewable energy was generated (that is, based on the carbon intensity of the power that the renewable generation is theoretically displacing). The region from which these RECs were sourced has a high grid emission intensity.

## Corporate Headquarters Campus

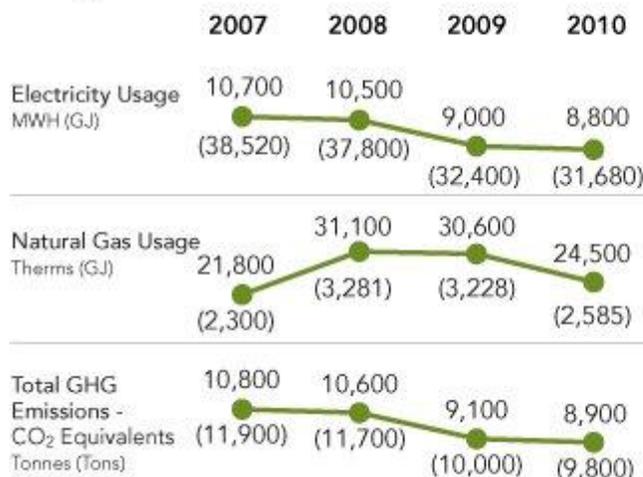
All the campus buildings feature water-efficient fixtures, motion sensors to control lighting, comprehensive recycling options, and use of recycled and local building materials. In 2010, we earned Energy Star ratings on three of our four Denver campus buildings. We now track our energy usage monthly in Energy Star's Portfolio Manager System.

We view energy conservation as an ongoing process. We reduced energy use at our Denver headquarters by 11 percent in 2009 (through relamping, motion sensors, standardized

temperatures, and energy-efficient equipment). Energy use continued to decrease slightly in 2010, by 2 percent, reflecting the additional conversion to more efficient lamps as replacement is needed.

Headquarters Campus, Denver, CO —  
Energy Use and Carbon Emissions

EN4-5, EN7,  
EN16-18



Notes:  
 - Headquarters campus has a total of 44,419 square meters (478,123 square feet).  
 - GHG emissions are calculated in accordance with The Climate Registry General Reporting Protocol, <http://www.theclimateregistry.org>.

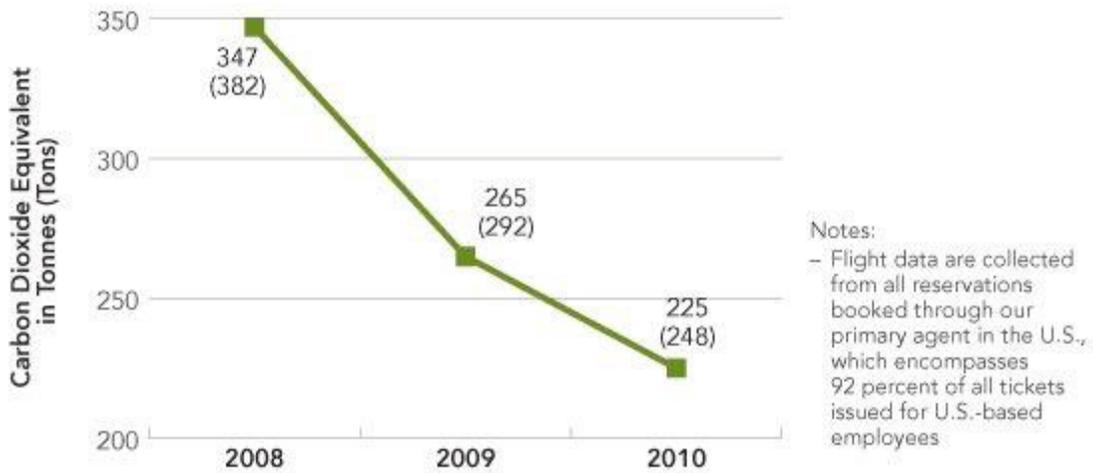
## Business Travel

As our business expands every year, so does our travel footprint. CH2M HILL employees commute to work and travel to conduct both client and internal business—by personal vehicle, fleet and project vehicle, rental car, airplane, bus, ferry, rail, bicycle, and on foot. With all of the project and community variables, it is difficult for us to measure the effectiveness of our efforts to reduce business travel. However, we can track our air miles traveled, and promote awareness of the environmental impact of air travel by displaying the emissions associated with each flight when U.S. employees book travel online with our travel service provider. Since we began tracking air miles traveled in 2008, we learned that discretionary (indirect) travel conducted for internal CH2M HILL business makes up about half of the total miles. By using videoconferencing and new virtual meeting tools, we are seeking to reduce this travel and find ways to build effective teams while controlling travel costs, as well as improve work-life balance by allowing employees to travel less. We also collaborate with clients to cost-effectively manage meetings by evaluating together when face-to-face meetings are needed, and when technology tools could meet the same need.

As a result of cost-cutting measures and the recession, indirect travel has dropped 24 percent since 2008. However, indirect miles traveled increased in 2010. From the high of 90 million kilometers (56 million miles) in 2008, travel dropped to 61 million kilometers (38 million miles) in 2009, and then increased by 7 million kilometers (4 million miles) in 2010 to 68 million kilometers (42 million miles). Flight data are collected from all reservations booked through our primary agent, which encompass 92 percent of tickets issued to U.S. employees. Travel by employees may be U.S. only or to international destinations.

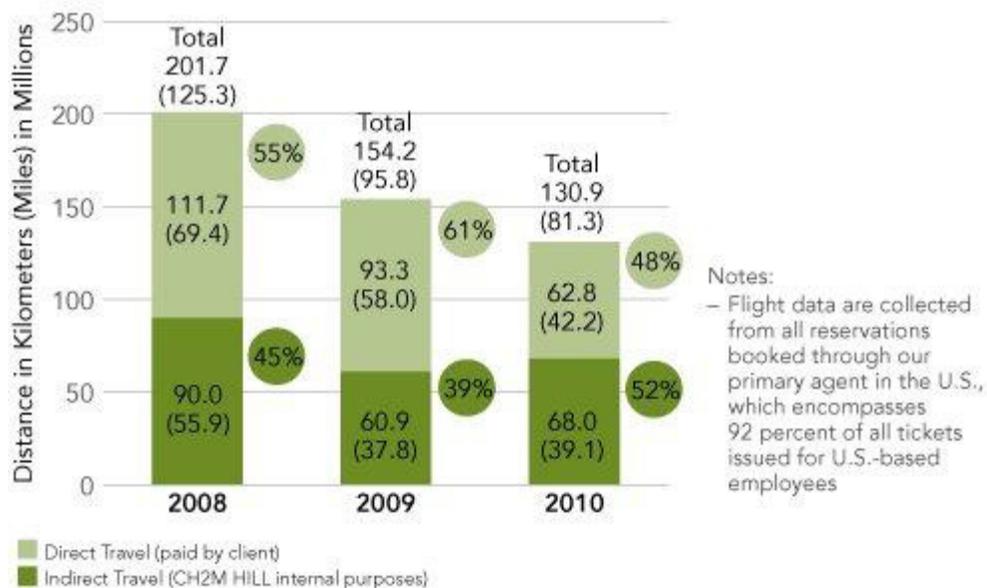
### Carbon Emissions from U.S.-based Air Travel

EN17, EN29



### Total Distance Flown for U.S.-based Business Travel

EN17, EN29



## Alternative Transportation

CH2M HILL conducted a commuting survey of the 10 largest offices in North America that are located in areas with impaired air quality, plus 5 additional offices that either have a current survey requirement by the state or have commute alternatives programs in place. In the 15 offices surveyed in 2010, we found that only 69 percent of the weekly commute trips by employees are in a single-occupancy vehicle. The top three alternative forms of transportation are public transit, teleworking, and carpools. We also surveyed employees about what things would most encourage them to try alternatives to driving alone, and they responded with enthusiasm about the opportunity to work at home.

In some offices, employee transportation coordinators work with local transportation management associations to create alternative transportation programs. CH2M HILL holds an alternative transportation "Try It" week to encourage employees to experiment with different commuting modes, which culminates in Bike to Work Day. All U.S. employees have access to a program to use pre-tax dollars to pay for transit passes.

## Teleworking and Flexible Work Schedules

CH2M HILL has strongly promoted full-time and part-time teleworking as a method to reduce our environmental impact. We dramatically increased our number of full-time teleworkers by 36 percent in 2009 and 29 percent in 2010, reducing our leased footprint and saving energy. In 2010, emissions of CO<sub>2</sub>e avoided through teleworking totaled 1,249 tonnes (1,377 tons). CH2M HILL also offers flexible work schedules, allowing employees to work full-time hours in fewer days and reduce the amount of commuting.

Some offices are designed to exclusively support teleworkers and a mobile workforce. Several offices now adopt the "touch-down" model, whereby employees do not have assigned work spaces. They work from home part of the time and come into the office occasionally for meetings.

## Virtual Meetings

CH2M HILL offers a full suite of videoconferencing and collaborative tools for internal meetings and work with customers. In 2010, CH2M HILL executives began using LiveMeeting on a regular basis after executive administrative assistants received training in LiveMeeting and Microsoft Communicator. CEO Lee McIntire began offering quarterly updates using video conferencing. CH2M HILL's Information Technology team created a comprehensive "Presenter's Companion" presentation to assist employees with conducting LiveMeeting sessions.

## Virtual Meeting Success

The North American EMS team held virtual videoconference meetings in 2010 and 2011. Three of the EMS leaders traveled to Denver (where more than half of the team sits), but the remaining team members (in 13 locations throughout North America) participated virtually. In 2011, this virtual meeting method saved more than US\$6,000 in airfare and hotel rooms, and 14,061 tonnes (15,500 tons) of CO<sub>2</sub> in travel impacts. The team held its day-and-a-half planning session via LiveMeeting, Roundtables, and webcams. Participants ranged from 22 people in a conference room in Denver, and smaller groups of three or four people in Washington and Idaho, and single teleworkers in their own homes across the country.

## Client Services Footprint

### Mitigating the Environmental Impacts of Our Services

In collaboration with our clients, CH2M HILL offers sustainable design services that help to improve our built environment. For more information about these services, projects where we have actively helped our clients reduce their impacts on the built environment, and the people who make it possible, visit Sustainable Solutions. In 2010, we began to identify the impacts of these services by first looking at the green buildings we design or construct.

## Documenting Green Building Projects

After nearly 10 years of successful green building design, we established a database in 2010 to document our green building projects. We include projects certified through green building certifications such as LEED, BREEAM, Green Roads, and Estidama, or projects that conform to these standards but may not have achieved certification. Early results are encouraging. From the initial input of data from a small number of projects, we have documented savings of more than 8.3 million kilowatt-hours of electricity, 310,000 therms of gas, and 136 million liters (36.3 million gallons) of water annually. In collaboration with our clients, we can demonstrate that we build more with less waste and effectively use recycled materials.




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"It is important to understand that sustainable design practice means more than just LEED certification. We do a lot of LEED certified design work, but that's a small part of the sustainable work we do."

—Ed Pieterick, Sustainable Practice Leader, Government Facilities & Infrastructure

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Our Sustainable Solutions Web site provides more information and examples of how CH2M HILL implements sustainable solutions on projects every day.

## Assisting Clients with Facility Operations and Maintenance

In 2009 and 2010, CH2M HILL implemented a sustainability program with our western U.S. municipal O&M clients to reduce operational impacts at water treatment plants and other facilities, separate from our North American EMS. Local facilities choose site-specific goals such as efficiency improvements, community projects, and wildlife habitat improvements. Strong triple bottom line achievements included 5,111 tonnes (5,634 tons) of waste diversion, 7.9 million kiloliters (2.1 billion gallons) of effluent reuse, and US\$1.2 million in documented savings. These efforts have saved 8.3 million kilowatt-hours of electricity and 309,343 therms of gas per year.

After seeing the outstanding results of the pilot program with 45 projects in the western U.S., the CH2M HILL O&MBG decided to make this program standard practice at all locations in 2011, representing more than 150 projects.

Water Conservation Strategies for Clients provides more information about the significant steps CH2M HILL has taken to conserve and reuse water in our western U.S. operations in 2010.

## Greenroads™ to the Future

As one way to measure and mitigate the impacts of one our primary service areas (transportation infrastructure), CH2M HILL developed the Greenroads™ rating system, in partnership with the University of Washington. Greenroads™ quantifies sustainable practices associated with the design and construction of roads. A Greenroad is defined as roadway project that has been designed and constructed to a level of sustainability that is substantially higher than current common practice. The Greenroads™ system can be used by anyone to:

- ◆ Define what project attributes contribute to roadway sustainability
- ◆ Provide a sustainability accounting tool for roadway projects
- ◆ Communicate sustainable project attributes to stakeholders
- ◆ Manage and improve roadway sustainability

- ◆ Grant "certification" based on achieving a minimum number of points

Greenroads™ is managed by the Greenroads™ Foundation, a non-profit organization whose mission is to further best practices in sustainable roadways. Modeled conceptually on the LEED system, Greenroads™ is not meant to dictate design or trade-off decisions. Rather it provides a tool to help with such decisions. In 2011 the Foundation has undertaken its first set of project reviews, aimed at certifications. Projects have been selected for review in both the U.S. and Canada, and substantial interest is developing for further international and domestic use. For more information, see <http://www.greenroads.us/>.

## Green Supplier of the Year Award



In 2011, Pacific Gas and Electric Company (PG&E) named CH2M HILL "Green Supplier of the Year," an annual award presented to a supplier that demonstrates exemplary environmental leadership.

"CH2M HILL continually demonstrates its environmental commitment in support of PG&E's environmental goals and vision in our supply chains," said Steve Kline, PG&E's vice president of corporate environmental and federal affairs and chief sustainability officer. "Their efforts are a great example to other suppliers interested in taking voluntary action to reduce their climate impact."

CH2M HILL was recognized for its environmental leadership and practices in 2010 in several areas:

- ◆ Green Strategic Procurement Agreements: spent US\$31 million last year on green procurement agreements for materials used internally such as office furniture, and developing a similar strategy for project materials such as concrete and steel.
- ◆ Supplier Engagement: worked with PG&E to modify the Electric Utility Industry Sustainable Supply Chain Alliance survey to better capture sustainability efforts and achievements of service providers.
- ◆ Industry Engagement: participated in the Sustainable Remediation Forum to promote the use of sustainable practices during remedial action activities.
- ◆ Sustainable Remediation Pilot: incorporated sustainability principles into remedy selection and implementation at a former manufactured gas plant site.
- ◆ Business Mentorship: mentored Bay Area businesses on topic of climate change through active participation and leadership in the Business Council on Climate Change, an organization sponsored by the City of San Francisco, the UN Global Compact Cities Program, and the Bay Area Council.



## Society

### Society Overview

If the goal of sustainability is to deliver a healthy planet into the hands of future generations, the social aspect of sustainability is an essential dimension for action. At the global level, increased population growth and urbanization are putting added pressure on the environment. At the same time, heightened public awareness has led to a proliferation of sustainability organizations that address climate change and other sustainability issues. We are seeing unprecedented levels of volunteerism and personal engagement with the issues, both within our own ranks and in the communities where we work.

As a corporation, we support the social well-being of communities in developing parts of the world through nonprofit organizations such as Water For People and Engineers Without Borders-USA. As part of our consulting work, we are helping communities (and companies) around the globe identify forward-looking, low-impact ways to plan and construct infrastructure and meet natural resource needs. Some of our most rewarding projects are in helping communities work through conflicting agendas and bewildering technical options to plan a path to the future. As a leading, ethical employer, we put a strong emphasis on health, safety, and wellness, and we encourage diversity and equal opportunity for all staff throughout the enterprise in their career development.

### Health and Safety

CH2M HILL is committed to promoting a culture of safety throughout our firm. We expect employees to protect the safety and health of themselves, their coworkers, and others in our offices and on client job sites. We monitor progress through monthly compliance checks and emergency response actions that are tracked and verified for completion.

Our formal HSE management system is integrated into our business and project delivery processes. Our "Target Zero" culture is found throughout all levels of CH2M HILL: everyone strives for zero injuries and illnesses, security issues, and adverse environmental impacts. All employees are empowered and expected to provide feedback on our health and safety program.

In each North American office, trained office safety coordinators are responsible for conducting a comprehensive audit at each facility and verifying that approximately 10 percent of office personnel are trained in frontline safety measures. These safety team members serve as office emergency responders and fire wardens and are trained in first aid, cardiopulmonary resuscitation, and the use of automated external defibrillators. The safety teams also conduct severe weather drills, ensure that offices are prepared for emergency situations, and make safety information and personal protective equipment available to employees and guests.

Ergonomics is another important aspect of our health and safety efforts. An ergonomics call center is staffed at all times to meet workstation configuration needs and respond to ergonomic issues before they result in injuries.

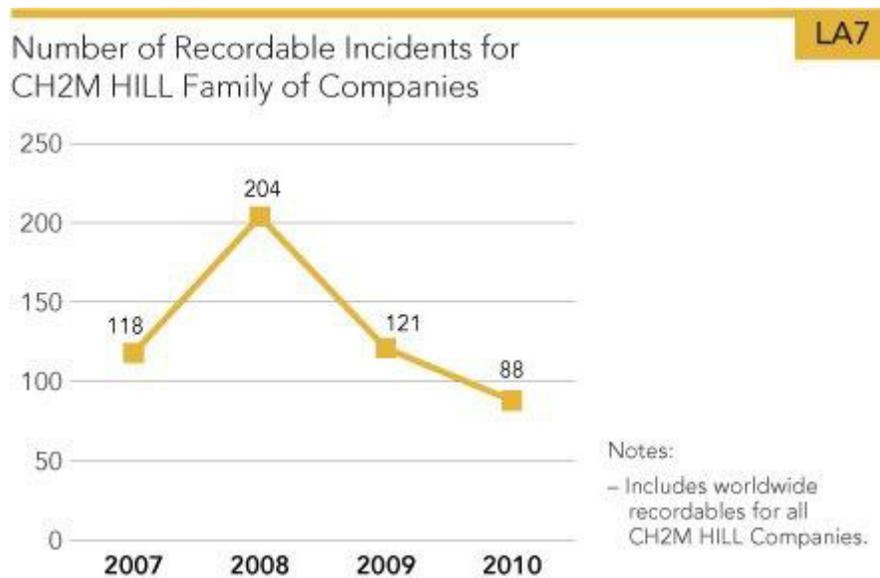
## Injury Rates

Our recordable and lost-time incident rates continue to decline. The 2010 employee recordable incident rate for

CH2M HILL's global family of companies was 0.44 incident per 200,000 hours worked, 63 percent lower than the U.S. industry average of 1.2 (based on the 2009 data published by the U.S. Department of Labor, Bureau of Labor Statistics for Engineering Services North American Industry Classification System code 541330, which includes the majority of CH2M HILL companies).

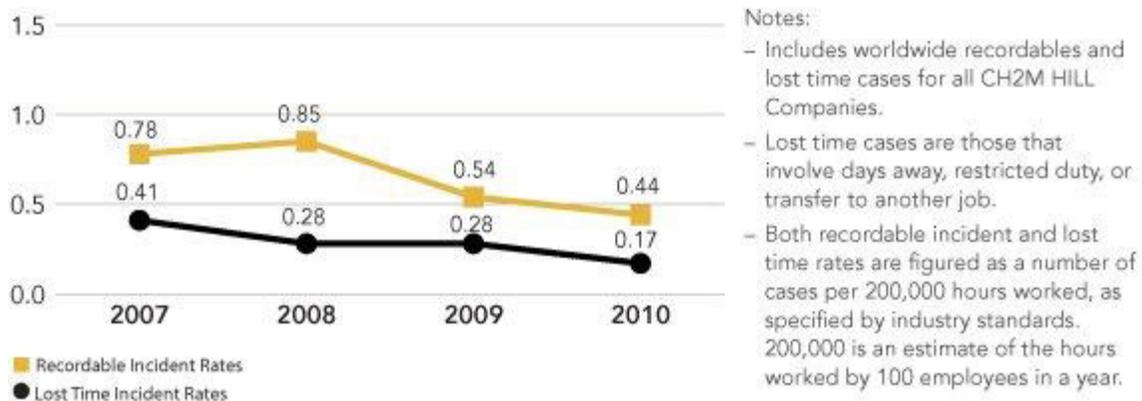
The 2010 employee lost-time incident rate for CH2M HILL's family of companies worldwide was 0.17 incident per 200,000 hours worked, 66 percent lower than the U.S. industry average of 0.5. No CH2M HILL company had any occupational fatalities to employees or subcontractors in 2010.

CH2M HILL applies Occupational Safety and Health Administration standards and best safe work practices (as well as local required standards) in all countries where we do business, even though they are only required in the U.S.



## Recordable and Lost Time Incident Rates

LA7



## Ethics

CH2M HILL was founded by remarkable professionals who put honesty and integrity above all else. Each generation since has built on that solid footing. CH2M HILL's unwavering commitment to management with integrity and corporate responsibility dates back to the early days in our history, when the company's co-founder, Jim Howland, authored the *Little Yellow Book*. The *Little Yellow Book*, known and beloved throughout the organization for its common-sense advice and simplicity, is legendary among CH2M HILL's current and former employees. It's simple wisdom is often quoted in company meetings and casual conversations as a way to confirm the core values of how CH2M HILL does business.

As a companion to the *Little Yellow Book*, we developed our *Employee Ethics and Business Conduct Principles* (our employee code of conduct). Our Employee Ethics and Business Conduct Principles build on simple and lasting concepts of the *Little Yellow Book* and translate them into clear policies and aspirational value-based guidance for behavior that is expected from those who work for CH2M HILL. The Principles guide our employees through complex ethical decisions that must be made every day in the ever-changing global marketplace. *The Employee Ethics and Business Conduct Principles* (a living document periodically updated to reflect our changing business and evolving regulatory environment) combine all CH2M HILL ethics and compliance policies. Our employees, new and seasoned wherever they are based, are required to review the Principles annually, take a training course and a quiz on the key components embedded in the document, and to affirmatively attest their commitment to follow these requirements. The standards encompassed in the *Employee Ethics and Business Conduct Principles* are published in seven primary world languages and are available throughout our intranet and on our website.

Knowing that vigilance, transparency and oversight are imperative to ensuring that our employees around the world have the information, tools and support they need to make difficult ethical decisions, we have instituted a variety of educational and awareness programs as well as a multifaceted phone- and web-based *GuideLine* (a confidential hotline). Employees and subcontractors can use *The Guideline* to seek guidance, discuss concerns, or to report potential ethics and legal violations. They can do so confidentially without fear of reprisals. The web-based

version of the hotline is available via internet and in a smart-phone app version. It allows our employees to contact *The Guideline* anywhere in the world, any time of the day, in any language.

Regular messaging from senior leaders in the firm — including featured news stories, reminders, links, in-house social media, as well as face-to-face and e-mail-direct communications — keep our ethics program highly visible every day. In addition, CH2M HILL has declared May as Ethics Month, and we take the opportunity through increased communication to heighten awareness among our employees about our expectations on how CH2M HILL business is done. Locally, in more than 90 locations throughout our vast international footprint, we launched the Ethics Ambassador program that provides employees direct access to local senior leaders who understand how the business is done in local geographies and are able to translate our expectations about business with integrity into local commercial context. The Ethics Ambassadors (who are respected by their local peers and are perceived as a safe and reliable source of information) are additional resources for ethics questions and concerns and a good way to connect our employees in the field to the home office where ethics policies are set and preventive measures are enforced to assure compliance.



To further expand ethics as a business imperative within our organization and to provide industry leadership on this important issue, CH2M HILL became a founding signatory of the World Economic Forum's Partnership Against Corruption Initiative (PACI), an endorser of the UN Global Compact Working Group on the 10th Principle, and a proud member of the Construction Industry Ethics and Compliance Initiative. Recently, we expanded our accountability for ethics and business with integrity by joining more than 480 other leading multi-national companies that are evaluated by a Swiss-based Covalence, an independent ethics and reputation analyst.

As a result of these proactive measures and the quality and ethical commitment of our dedicated employees, Ethisphere Institute has recognized CH2M HILL as one of the World's Most Ethical Companies for the past 3 years.

CH2M HILL has operations in more than 50 countries on five continents. We support private and public clients and do considerable work for U.S. and other national and local governments. As a result, in our work we place and added emphasis on our anti-corruption, government engagement and human rights obligations.

## Anti-Corruption Policies and Procedures

Wherever we work, we always follow our company's core values for ethics and integrity. As a matter of principle, we neither seek nor are interested in attracting business through corrupt means. CH2M HILL conducts rigorous legal, ethical, and value-based assessments as part of our standard procurement participation process and supply-chain risk assessment. Our Procurement Process and Procedures Manual, as well our policies on gifts and entertainment and hiring political consultants, govern how we engage with anyone who potentially could provide access or influence in helping us secure work. Before a political consultant is hired, we require thorough due diligence and senior executive review.

As part of our risk management process, we engage with each of our business units to keep them aware about risks of corruption in jurisdictions where they work. This includes training and easy access to tools and advice. For those business units that have extensive project commitments in countries known for high corruption risk, we perform specialized training and periodic audits. We routinely engage with our business units in open and frank communication about risk of corruption,

how to recognize red flags that might be evidence of possible corrupt business activities, and what to do when employees become aware of corruption risk. CH2M HILL's anti-corruption policies are reviewed and updated periodically to reflect the latest developments in laws and best practices on the subject. This is particularly important in countries that rank high on the Transparency International Corruption Index.

We provide training on issues raised in the Foreign Corrupt Practices Act, UK Anti-Bribery Act and other similar anti-corruption mandates as part of the company's Employee Ethics & Business Conduct Principles annual recertification process. Additional anti-corruption training is provided as part of our project specific risk management and mitigation planning. All senior employees also receive training focused specifically on corruption, conflicts of interest, and ethics and compliance in general.

When a corruption-related allegation is reported, it is investigated by a multi-disciplinary team that includes representatives of legal, internal controls, and, when necessary, forensic accounting staff. The investigation team obtains the relevant facts through document review, in-person interviews, and review of available computer data and arrives at an independent unbiased conclusion regarding the veracity of the complaint. Disciplinary and re-training actions are taken quickly by management, if necessary, based on the recommendations made by this specialist team.

## Government Participation and Lobbying

Public policy creates business opportunities and challenges that affect CH2M HILL and our clients. Our Government Affairs staff promotes the business and professional interests of CH2M HILL and its employees and clients at national (including U.S. federal), state, provincial and local levels. They promote our business interests, important issues to the engineering and construction industry, and issues that affect the general quality of our communities. These government affairs professionals are responsible for managing firm-wide legislative initiatives, educating our employees about our ethics and compliance programs associated with political advocacy, supporting business development, managing the company's political action committees, and working with leading professional societies and relevant nongovernmental organizations.

CH2M HILL is actively engaged in staff-level briefings and consultations in the U.S. Congress, executive branch agencies, and state and local governments that address the realities of resource limitations and sustainable solutions to our communities' needs. Our Government Affairs group actively tracks key legislation and regulatory efforts in the areas of water, wastewater, and water resources, and our staff serves in leadership positions in professional organizations that take positions on these issues, as described in Public Water Policy.

## Human Rights

CH2M HILL monitors engagement of suppliers, contractors, and labor brokers who are from or use labor from countries identified by the United Nations and the U.S. State Department as high risk for human rights abuses, including, but not limited to, the use of forced or child labor. We have identified the Middle East, central and southwest Asia, and certain countries in Central Europe as areas with higher risk of human rights and trafficking in labor violations.

Therefore, we have developed special protocols to screen our labor brokers and vet our contractors and suppliers to reduce our risks of inadvertently enabling human rights violations or child or forced labor situations. Our screening protocols are designed to encourage our business partners to treat

their employees with dignity. If a CH2M HILL business unit contemplates the engagement of a supplier, contractor, or labor broker in high-risk geographic locations, we communicate our expectations on acceptable labor practices and mandate that these organizations acknowledge their acceptance of our requirements.

Our Employee Ethics & Business Conduct Principles include specific policies about fair labor practices and against the practice of trafficking in persons. We work only with those suppliers, contractors, and labor brokers who understand and are prepared to endorse our stance on fair labor practices and trafficking in persons.

In 2011, in furtherance of our human rights and labor practices expectations, we will also provide our suppliers with the updated CH2M HILL Supplier Ethics & Business Conduct Principles (a companion document to our Employee Ethics and Business Conduct Principles).

Upon joining CH2M HILL, all new employees receive a copy of our Employee Ethics & Business Conduct Principles, which contain clear provisions about fair labor practices, trafficking in persons and other key ethics principles of how CH2M HILL does business. All employees are asked to review the Employee Ethics & Business Conduct Principles annually and recommit themselves to agree and abide by the principles presented by taking an ethics quiz and to re-signing such acknowledgements. The signing of the Principles is a formal acknowledgement of the employees' commitment to our core values of ethics and integrity. The annual signing of the Principles is the condition of employment at CH2M HILL. As part of our training we empower staff at all levels to seek guidance from senior management directly or through a confidential hotline and to report any suspected human rights violations without fear of retaliation. CH2M HILL empowers staff at all levels to report any suspected human rights violations.

CH2M HILL does not retaliate against those who report ethics violations.

## Community Partnerships and Outreach

### Corporate Philanthropy

Executing projects to improve quality of life is only part of CH2M HILL's commitment to build and improve our communities. The other part, not seen in technical reports or engineering drawings, takes shape in the hands and hearts of our employees. We volunteer time, donate funds, and contribute in-kind gifts to support worthy causes in the communities where we live and work.

During the past 5 years, the firm has donated nearly US\$23 million to support educational, environmental, health and human service, and cultural organizations in our global communities. Guided by company values and goals, CH2M HILL encourages employees to support programs that promote environmental sustainability and the development of a diverse and inclusive future workforce. Along these lines, we have sustained partnerships with organizations that provide opportunities for our employees to volunteer their expertise, including Water For People, Engineers Without Borders-USA, the Engineers Week Foundation, and the Women's Transportation Seminar.

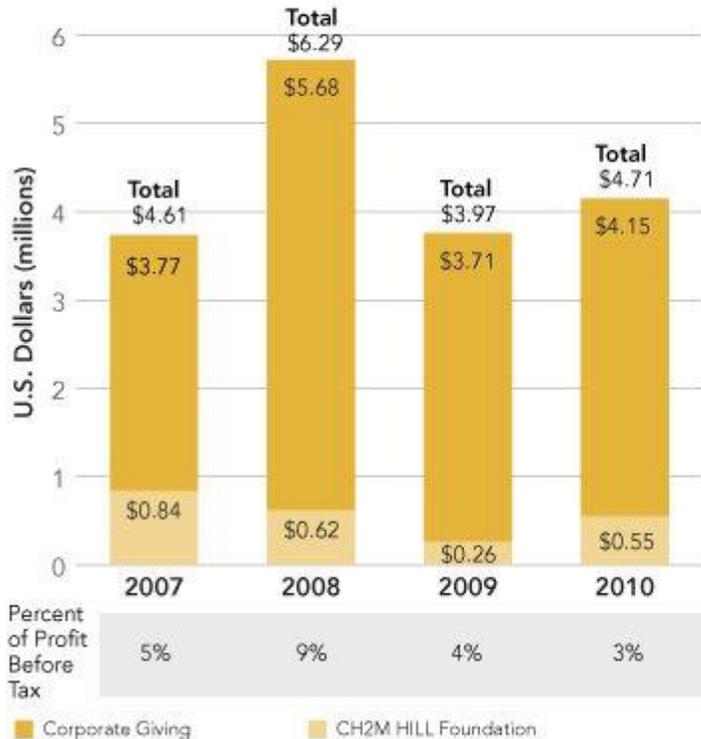


"I'm always looking for the best way for our company to give back and to contribute, not just through financial contributions, but also through meaningful volunteer opportunities."

–Patty Keck, Community Investment Director

Total Philanthropic Contributions

EC1



- Notes:
- This information represents spending by the company codes as charitable contributions in CH2M HILL's accounting system. The figures do not include contributions made by employees.
  - Profit before tax decreased \$18 million between 2007 and 2008 due in large part to the increase in amortization of intangible assets and interest expense in 2008 as a result of the VECO acquisition in late 2007.
  - The CH2M HILL Foundation is a 501(c)3 nonprofit organization.

Engineers Without Borders – USA

Engineers Without Borders-USA (EWB-USA) is a nonprofit organization helping build sustainable infrastructure and improve the lives of people in developing communities around the world, while training future engineers to be socially responsible and culturally aware. CH2M HILL has supported EWB-USA since 2003 and supports EWB-USA as one of our four strategic community investment programs.

CH2M HILL and EWB-USA maintain a shared commitment to deliver sustainable solutions while training a new breed of socially responsible and globally aware engineers. CH2M HILL is a founding sponsor of EWB-USA, and we take an integrated approach to our partnership by providing financial, in-kind, and leadership support. Since 2003, CH2M HILL's financial support has totaled more than US\$732,000 to help implement water, sanitation, energy, transportation, and other basic engineering projects.

More than 100 CH2M HILL employees volunteer with local student and professional chapters and participate in CH2M HILL's internal EWB-USA community of practice, which provides a forum to share ideas and lessons learned on projects. These individuals contribute countless hours to help

grow the EWB-USA organization, mentor students, serve as public speakers and ambassadors, and bring sustainable engineering projects to life in countries such as Guatemala, Honduras, Mali, and Rwanda.

In addition to EWB-USA, CH2M HILL is forging partnerships with Engineers Without Borders organizations in other countries as well, including Canada and Brazil.




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"The reason we all do this is because we enjoy it. We know we're making a difference and that's part of the enjoyment."

—Gary Fortenberry, Principal Design Specialist, Energy & Chemicals

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## Dollars for Doers

CH2M HILL promotes a culture of service that encourages employees to become active members in the communities where they live and work. To recognize and thank our professionals for their outstanding commitment to community service, we developed a program to directly support the nonprofit organizations our employees volunteer their time to support. The Dollars for Doers Program matches an employee's volunteer time with a financial contribution from the company to the organization that the employee supports.

Through Dollars for Doers, CH2M HILL contributed US\$197,000 in 2010 to charitable organizations globally. Dollars for Doers grants were awarded on behalf of employees in the U.S., Canada, Ireland, Italy, Panama, and Mexico City.

Each of our local offices has its own unique culture, community needs, and employee interests. As a result, CH2M HILL professionals in local offices support environmental, educational and select other causes that are important to clients, employees and local communities. In addition, CH2M HILL supports the personal volunteer passions of employees through our Dollars for Doers Program, which offers grants to fund employees' volunteer initiatives with nonprofit and non-governmental organizations across the globe.

## A Sampling of Projects

- ◆ **Nature Consortium, Seattle, Washington.** CH2M HILL supported Nature Consortium, a nonprofit, community-based organization aimed at connecting people, art, and nature for the purpose of building community and modeling environmentally responsible behavior. CH2M HILL employee Elizabeth Hill helped the organization develop an interactive exhibit that showcased the history of the organization's Art in Nature Festival, which was founded on teaching environmental lessons through creative arts and hands-on conservation work. Ms. Hill's efforts included outreach to the community about nature and sustainability – an essential component of the Nature Consortium's mission.
- ◆ **Chattahoochee Nature Center, Atlanta, Georgia.** The Chattahoochee Nature Center promotes active awareness and understanding of the Chattahoochee River by welcoming visitors to explore the watershed through interactive exhibits, live animal and garden habitats, and recreational activities. The Center provides a local place for learning and volunteering as it engages the community in environmental stewardship. CH2M HILL employee Lillian Furlow, from our Atlanta office, serves on the Center's Board of Trustees.

Ms. Furlow has coordinated CH2M HILL's participation in volunteer activities, annual festivals, like Earth Day Kids' Fest; and fundraising activities.

- ◆ **Chester Ridley Crum Watershed Association, Philadelphia, Pennsylvania.** The Chester Ridley Crum Watershed Association (CRCWA) is devoted to the protection of water resources and the natural environment of the Chester, Ridley, and Crum Creek Valleys, and the health, recreational, and quality of life benefits they afford the watershed residents. In honor of Earth Day, CRCWA leads the community in annual creek clean-ups for each of the watersheds near Philadelphia. CH2M HILL employee Courtney Finneran serves as the site clean-up coordinator for Goose Creek, an urbanized waterway that flows through commercial, industrial and residential areas of West Chester. Thanks to Ms. Finneran's leadership, more than 110 volunteers removed 5 tons of trash during the 2010 clean-up. Additionally, Ms. Finneran helped CRCWA update their maps, identifying key features of the area, to assist in exploring the watershed and future volunteer cleanup efforts.

## STEM Educational Outreach

CH2M HILL partners with local K-12 schools and universities as part of our year-round educational outreach in the areas of science, technology, engineering, and math (STEM). Through our STEM outreach efforts, CH2M HILL works with local schools to foster interest in engineering careers and promote environmental sustainability by addressing critical issues, like access to clean, safe, drinking water.

## Geography Awareness Week 2010: Freshwater!

In 2010, CH2M HILL partnered with National Geographic Education to promote water resources education through Geography Awareness Week. The program raised awareness of water scarcity as a defining issue of the 21st century. As presenting sponsor, CH2M HILL helped National Geographic Education achieve its goal of drawing attention to geo-literacy and the importance of geographic understanding in ensuring environmental sustainability and the livability of our communities.

The 2010 theme focused on freshwater, so CH2M HILL helped National Geographic Education develop curriculum for school outreach, including detailing several CH2M HILL projects and technologies being used to treat water in differing geographic circumstances around the world. CH2M HILL professionals got involved by visiting classrooms and leveraging existing school partnerships to share information about freshwater resources, water conservation, and the role of engineers in addressing global water issues of the future. CH2M HILL employees also shared information about the partnership with clients and community partners and encouraged their involvement and support.

## Engineers Week

Engineers Week (EWeek) aims to increase public understanding of engineering as well as boost pre-college interest and enthusiasm in the profession. Founded by the National Society of Professional Engineers in 1951, the program is now governed by a steering committee of more than 20 professional engineering societies and sponsored by more than 50 corporations.

CH2M HILL has supported EWeek since 1997 as the firm's flagship STEM educational outreach program. Each February hundreds of employees from CH2M HILL offices across North America volunteer their time to serve as mentors, teachers, and judges in a variety of activities, including engineering competitions, technology and science fairs, classroom presentations, and project site

visits. By engaging students in activities that help them understand how science, math, and technology can be used to solve real- world problems and make a difference in society, CH2M HILL is helping to inspire the next generation of engineers.

## Community Water Preservation and Policy

CH2M HILL endorses the CEO Water Mandate, a part of the UN Global Compact. Community action and water policy partnerships, representing CEO Water Mandate elements 3, 4, and 5, are addressed in this section, while the environmental metrics for the mandate are addressed under Water Use.

Through frameworks such as the UN Global Compact, our client projects, and the participation of our employees in civil society organizations, CH2M HILL contributes our expertise and resources to collective efforts that address global water challenges. Our employees participate in more than 35 different professional, civic, and social organizations that address water issues. These include the American Water Works Association (AWWA), Water Environment Federation (WEF), Water For People (and its World Water Corps), World Economic Forum's Water Initiative, International Water Association (IWA), Clean Water America Alliance, WateReuse Foundation and Association, RedR, WaterAid, and others. CH2M HILL employees also serve in industry leadership positions in these and other organizations that encourage development and use of innovations in water technologies, raise awareness of water challenges, and positively impact change.

## Community Engagement

We believe in investing professional expertise, volunteer time, and financial resources to address environmental and social issues that affect our communities. Community investment activities are as diverse as our employees, both within and beyond the water resources realm. Activities that extend beyond water issues are described in Community Partnerships and Outreach.

## Water For People

CH2M HILL has supported the international nonprofit organization Water For People since its founding in 1991. Water For People helps the most impoverished people in the world improve the quality of their lives by supporting locally sustainable drinking water, sanitation, and health and hygiene projects. Water For People's mission echoes CH2M HILL's commitment to building a better world.



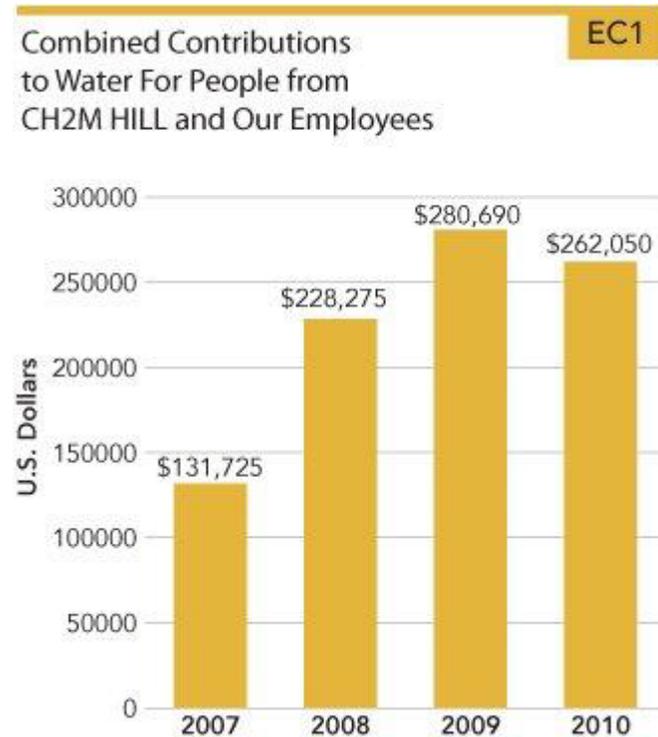
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"Water and sanitation are universal needs and the problems are solvable. My passion for helping communities with water and sanitation challenges is universal."

—Elisa Speranza, President, Operations & Maintenance Business Group

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CH2M HILL has hosted an annual giving campaign benefitting Water For People since 2003 and has raised more than US\$647,000 to date – including nearly US\$200,000 in 2010. The company also provides funding through corporate sponsorships. CH2M HILL employees participate in local Water For People committees, supporting a variety of public awareness and fundraising events throughout the year.



Elisa Speranza, President of CH2M HILL's O&MBG, serves as Board Chair for Water For People and has helped the organization evolve into a global thought leader on water and sanitation development. The organization was recently recognized with grants from the Bill & Melinda Gates Foundation in 2010 and the Skoll Foundation in 2011.

CH2M HILL employees also volunteer as members of Water For People's World Water Corps. The World Water Corps program matches the specific needs and requirements of Water For People's 11 country programs in Central and South America, Africa, and India with the skills and passion of individuals who want to enhance the impact of the organization's work. CH2M HILL employees have assisted with projects such as mapping to provide baseline data for development, monitoring the functionality of past projects, and evaluating overall program effectiveness.

### World Water Day

Since 1993, March 22 has been designated by the UN as International World Water Day, a day designed to focus attention on the importance of freshwater and advocate for the sustainable management of freshwater resources. In 2011, CH2M HILL launched a social media campaign to raise awareness of freshwater issues and sustainable water management. Using platforms like our corporate Web site, online newsletters, Facebook, Twitter, and LinkedIn, CH2M HILL encourages our employees, clients, and social networks to better understand challenges facing the world's water. Employees were also encouraged to enter a photo contest and share details of their project or community service efforts surrounding this year's theme "Water for Cities: Responding to the Urban

Challenge." From volunteer events in Santa Fe, New Mexico, to Barranquilla, Colombia, and Malawi and Rwanda, Africa, CH2M HILL employees shared details of their community service efforts to raise awareness and address water issues around the world. As part of the effort, the firm made a donation to Water For People in the names of photo contest winners.

### World Water Monitoring Day

World Water Monitoring Day™ (WWMD) is an international education and outreach program that builds public awareness and involvement in protecting water resources around the world by engaging citizens to help monitor local water bodies. Hosted by the Water Environment Federation and the International Water Association, WWMD offers a fun and engaging way to educate students about our water resources and the role they play as environmental stewards. Monitoring kits test four basic parameters of water quality: pH, temperature, turbidity, and dissolved oxygen.

CH2M HILL has supported WWMD since 2003. We support WWMD because we share a common mission to preserve and enhance the global water environment. As an international partner of WWMD, CH2M HILL engages our employees worldwide in educational outreach. Each year, employees partner with clients, local officials, and other community groups and schools to monitor the water quality of local watersheds and to become increasingly responsible water stewards.

### Public Water Policy

CH2M HILL recognizes the importance of public policy in the ongoing dialogue about water sustainability. Whether through our direct support on projects for international governmental organizations or the grassroots participation of our employees in professional and civic organizations, CH2M HILL actively seeks to advance the existing body of knowledge and supports a framework for sustainable water management.

CH2M HILL's U.S. Government Affairs group actively tracks key legislation and regulatory efforts that impact our business segments, including the areas of water, wastewater, and water resources. The group maintains bipartisan relationships with leading stakeholder interests that include the federal government, state and local governments, trade associations, advocacy groups, coalitions and think tanks. It also engages in advocacy and lobbying campaigns to support water infrastructure funding and development. More information on CH2M HILL's activities related to public policy can be found in this report under Government Participation and Lobbying.

CH2M HILL employees also serve in positions of leadership in water industry organizations and contribute to the development and implementation of sustainable water policy through these organizations. A sampling of relevant organizations and our staff involvement follows.

### World Economic Forum

CH2M HILL's Bob Bailey serves on the Water Steering Board for the World Economic Forum. The World Economic Forum is an independent international organization committed to improving the state of the world by encouraging businesses, governments, and leaders to work together on global, regional and industry agendas. As part of his role on the board, Mr. Bailey is working with nations such as India, Jordan, and Mexico on water policy frameworks and subsequent capital plans on a regional scale.

## Clean Water America Alliance

CH2M HILL's Pat Karney serves on the Board of Directors for the Clean Water America Alliance, an organization established by the National Association for Clean Water Agencies to influence U.S. water policy.

## International Water Association

CH2M HILL's Glen Daigger is the new president of the IWA, a global research and networking organization with an active program in policy influence around UN Global Compact goals for developing nations, like the recent Vienna Charter on urban sanitation. In this role, Dr. Daigger has participated in global water initiatives like the World Bank's Water Days 2011. Dr. Daigger prepared a video for Water Days 2011 that addressed issues of population growth, urban living intensification, outdated infrastructure systems, and the need for a new urban water paradigm. The video was shared with the World Bank's invited clients, donor organizations, nongovernmental organizations, and private sector representatives that attended the conference in Washington, DC. Linda Macpherson of CH2M HILL is Chair of IWA's Women In Water Committee and is also active in IWA, advancing awareness and opportunity for women in the water industry around the world. More than a dozen other CH2M HILL employees serve in leadership positions with IWA, lending expertise to various technology task groups and the IWA Journal.

## Water Environment Federation

CH2M HILL's Bob Bailey serves on the Global Water Strategies Council and Terry Krause and Scott Cummings serve on the Board of Trustees WEF, a nonprofit technical and educational organization aimed at preserving and enhancing the global water environment. WEF regularly tracks, monitors, and actively comments on legislative, regulatory, and compliance issues that impact our water resources. WEF organizes and sponsors congressional briefings and outreach activities to help educate the U.S. Congress and elected officials about pressing water issues and develops position and policy statements on timely water quality topics. Nearly 50 CH2M HILL employees actively participate in these initiatives and serve in leadership roles on other committees.

## National Climate Assessment Development and Advisory Committee

Jan Dell, CH2M HILL Vice President, Energy & Water Division, has been appointed by the U.S. Secretary of Commerce Gary Locke to serve a 3-year term as a member of the National Climate Assessment Development and Advisory Committee. One specific objective of the committee is to produce a National Climate Assessment, a status report on climate change science and impacts to water and other systems. The Global Change Research Act (established in 1990) requires the National Climate Assessment report to be submitted to the U.S. President and Congress every 4 years. The purpose of the report is to inform the understanding of and ability to adapt to the changing climate system. Members of the committee include preeminent scientists and engineers along with regional and sector experts.

## WaterReuse

WaterReuse is a nonprofit trade organization focused on improving the quality of and increasing local water supplies. The organization works on an international level and in tandem with other organizations to promote beneficial and efficient use of water resources through water reuse and desalination. In addition to offering technical resources and expertise to the water industry, WaterReuse is also instrumental in tracking and influencing legislative and regulatory issues that

impact sustainable water resources. CH2M HILL's Linda Macpherson serves on the Board of Directors and is instrumental in many of the organization's committees, including public education, research advisory, and international and executive committees.

### **American Water Works Association**

CH2M HILL employees have served in leadership roles with AWWA since our company's founding in 1946. AWWA is an international, nonprofit scientific and educational society that focuses on safeguarding water through improvement of drinking water quality and water supply. Currently, CH2M HILL has more than 40 individuals in the U.S. and Canada serving in leadership roles with AWWA.

### **American Membrane Technology Association**

The American Membrane Technology Association (AMTA) serves as the leading advocate of membrane processes in the U.S. AMTA advocates for and advances the understanding and application of membrane technology for creating safe, affordable, and reliable water supplies. This includes serving as a voice for regulatory and legislative reforms essential to sustainable water management practices. Our employees work actively with the organization in its mission to improve water technology, including CH2M HILL's Rob Huehmer, who sits on the Board of Directors and serves as Chair of the Regulatory and Legislative Affairs Committee.

### **Environmental and Water Resources Institute of the American Society of Civil Engineers**

The Environmental & Water Resources Institute (EWRI) is a specialty institute of the American Society of Civil Engineers (ASCE). EWRI brings technical expertise to influence public policy towards achieving its mission of promoting environmentally sound and sustainable infrastructure to minimize impacts on air, land, and water resources. CH2M HILL employee Udai Singh serves as President of EWRI and other CH2M HILL employees serve on technology and special topic committees, including water management, emerging and innovative technologies, and urban water resources research committees.

### **International UV Association**

The International UV Association provides a forum for all scientific and technological issues that relate to the use of ultraviolet (UV) light, including the regulatory issues and application of UV disinfection for drinking water, water reuse, and wastewater applications. Paul Swaim has been active in the organization for several years and currently serves as President-Elect.

### **Water Design-Build Council**

The Water Design-Build Council (WDBC) advances the development and rehabilitation of the municipal water and wastewater systems in the U.S., as it promotes the use of design-build and construction management at-risk methods of project delivery to do so. The WDBC shares best practices and facilitates collaborative relationships between service providers and owners. CH2M HILL's Mark Alpert is a Past President of the organization and currently serves as a Board Member.

## U.S. Environmental Protection Agency Science Advisory Board

U.S. Congress established the EPA Science Advisory Board (SAB) in 1978 with the broad mission of advising EPA and Congress on technical matters. In the 33 years since, the SAB has several standing committees, ad hoc committees, and panels on diverse environmental science topics affecting the world's populations. These include committees for drinking water, ecological processes and effects, environmental economics, environmental engineering, exposure and human health, and radiation advisory, among others. CH2M HILL's Bill Bellamy currently serves on the SAB as part of the Homeland Security Advisory Committee, which advises EPA in protecting against the environmental and health consequences of terrorism.

## Singapore Water Association and SgSTT

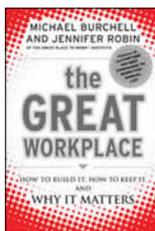
NC Tan was elected in September 2010 as vice president (finance) for Singapore Water Association, and Chee Yon Ho was elected in 2010 as vice chairman of the board of directors for the Singapore Society for Trenchless Technology (SgSTT).

## Workforce Distribution

The scope of this report includes the entire CH2M HILL family of companies, as shown in the total employee distribution numbers. Our workforce decreased in 2009 and 2010 as a result of the global recession. By the end of 2010, employees in the U.S. and Canada accounted for just over 80 percent of our total global staff.

Employee ownership is the cornerstone of our company culture. It helps sustain the company by providing financial strength to achieve long-range goals, rather than focusing on quarterly earnings and the demands of outside investors. But more important, through a strong sense of ownership, the program fosters employee creativity, collaboration, and an unwavering focus on meeting—and exceeding—customer expectations. Today, the majority of our employees worldwide have access to ownership.

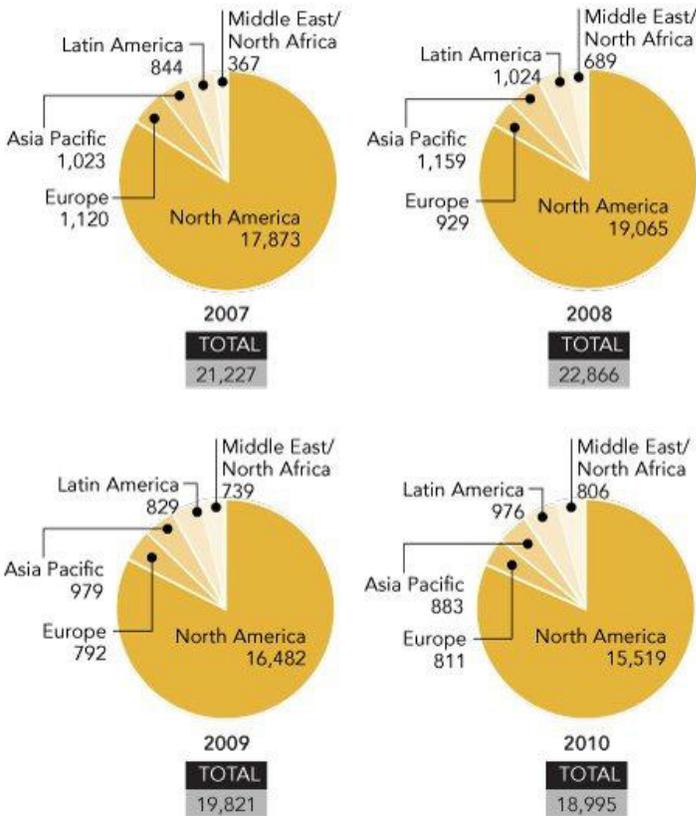
## CH2M HILL Featured in The Great Workplace book



*"The Great Workplace: How to Build It, How to Keep It, and Why It Matters"* features CH2M HILL and 11 other companies that are considered the "best of the best companies." After reviewing more than 25 years of research comprising surveys from more than 2 million people and 6,000 companies, co-authors Michael Burchell and Jennifer Robin chose CH2M HILL because our unique employee ownership culture, values, and collaborative work approach differentiated us from other organizations.

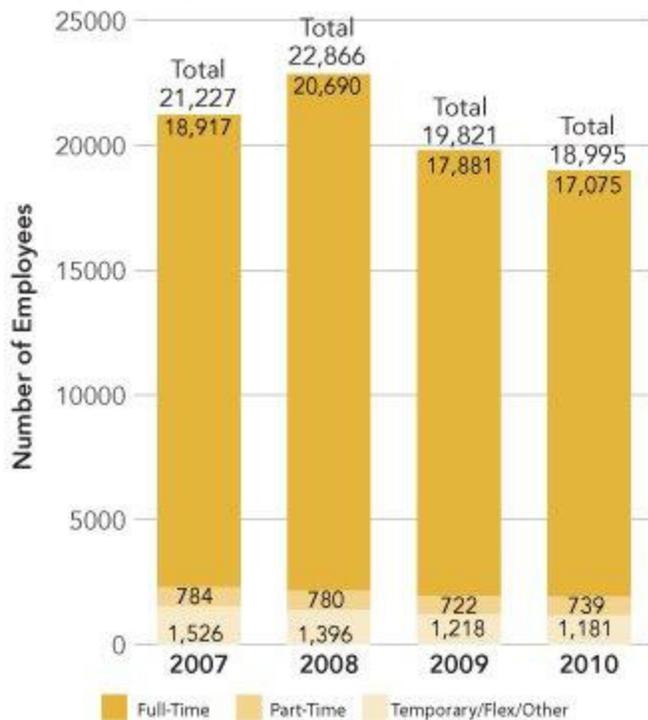
Total Number of Employees by Region

LA1



Total Number of Employees by Employment Type and Contract

LA1



## Workforce Diversity

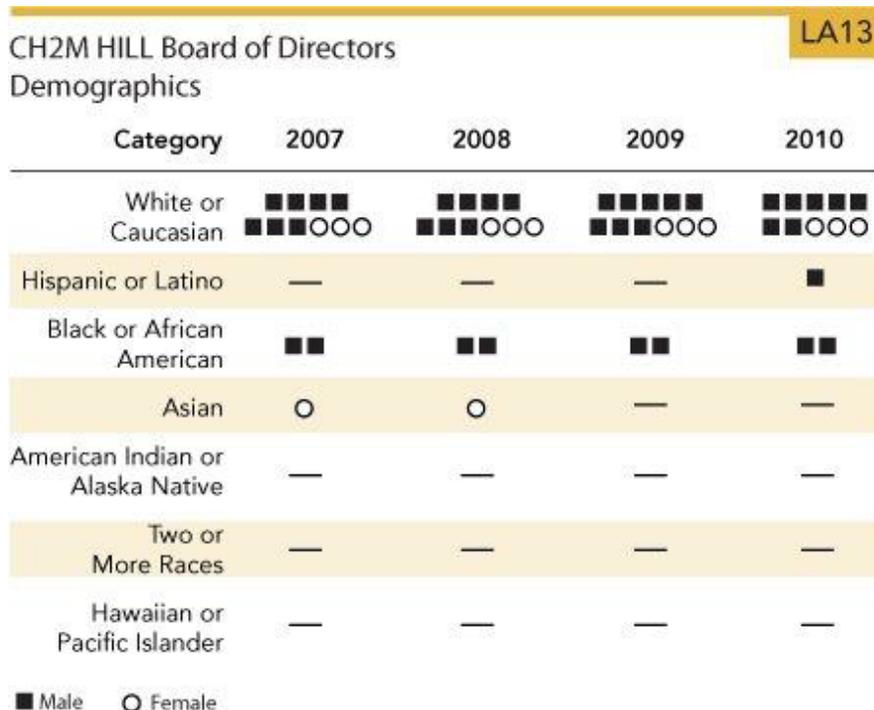
CH2M HILL's diversity vision is to foster fairness and respect for all employees, value the differences and similarities in employees' backgrounds and skills, and maximize each individual's potential.

Diversity statistics are available only for CH2M HILL, Inc., in the U.S. and for the board of directors. U.S. employees represent 76 percent of our global staff. We track diversity metrics of gender, age, and race for hiring and attrition. By understanding these metrics, we can more effectively attract, engage, and retain women, people of color, and individuals of many ages and life experiences.

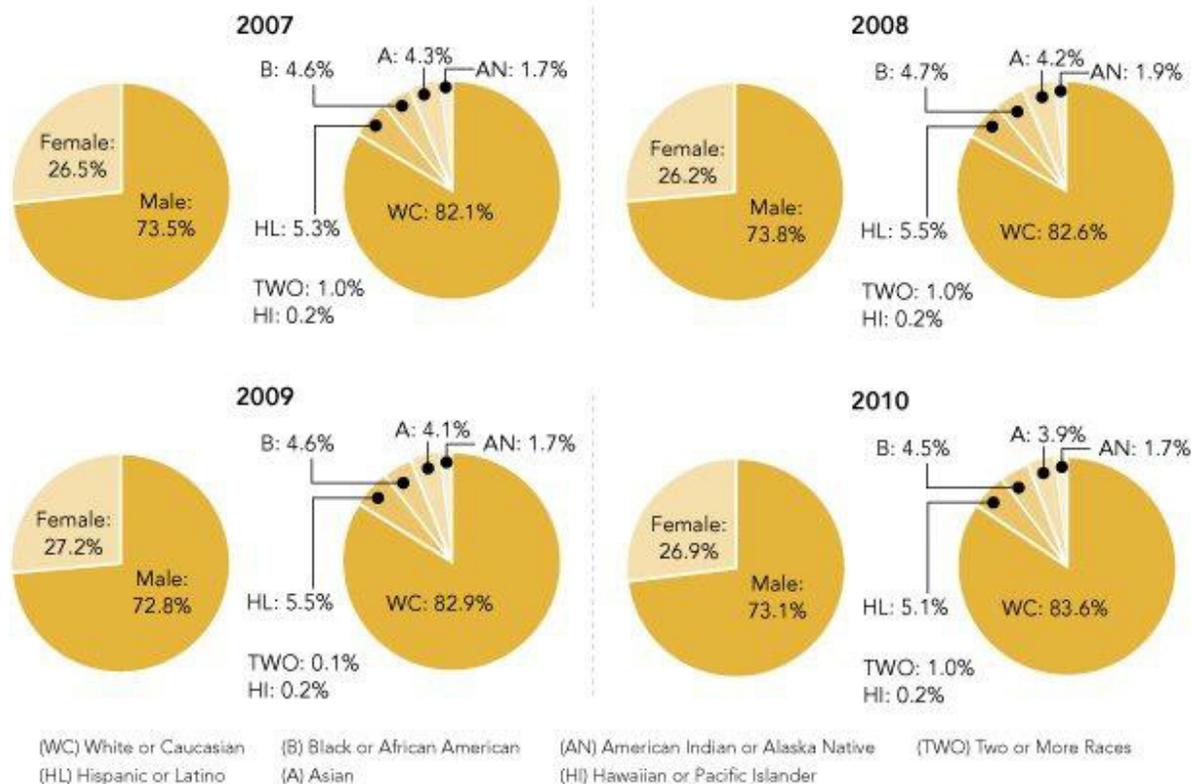
Several employee network groups share information, ideas, experiences, and resources. These groups provide peer support, career development, and mentoring, and raise awareness through a variety of discussion groups and activities that are open to all:

- ◆ African American Professional Network
- ◆ Hispanic Employee Network
- ◆ LIFE – Leadership Inspiring Full Equality (Gay, Lesbian, Bisexual, and Transgender Employee Network)
- ◆ SHARE – Sharing Across Respective Ethnicities (for employees of all ethnicities to collaborate and learn from one another)
- ◆ Women's Network

Each of these groups has a senior executive sponsor to guide and reinforce the importance of these efforts and provide mentoring to staff who may not otherwise have access to senior leadership. CH2M HILL is also actively involved with the Hispanic Engineer National Achievement Awards Corporation, the National Society of Black Engineers, the Society for Hispanic Professional Engineers, the Women's Transportation Seminar, and the Society of Women Engineers.



## Percent of U.S. Employees by Demographics



## Employee Turnover

Because of the economic pressures facing our clients across the globe, CH2M HILL's turnover rates were higher from 2008 to 2010 than in previous years, with a high of 31 percent turnover (22.7 percent involuntary and 8.7 percent voluntary) in 2009. However, we are seeing signs of improvement. Although turnover in 2010 was still higher than experienced in pre-recession years, it was less than turnover during 2008, the first year of the Great Recession.

Our turnover rate numbers are on par with or lower than other companies in our industry. Interestingly, Middle East-North Africa was the only region in which we experienced a decrease in both voluntary and involuntary turnover, likely because of accelerated growth of engineering-procurement-construction business opportunities in the Middle East. Not surprisingly, our greatest generational turnover rate occurs among Millennials (Generation Y). Similar to companies across a wide range of industries, we face challenges in attracting and retaining Millennials.

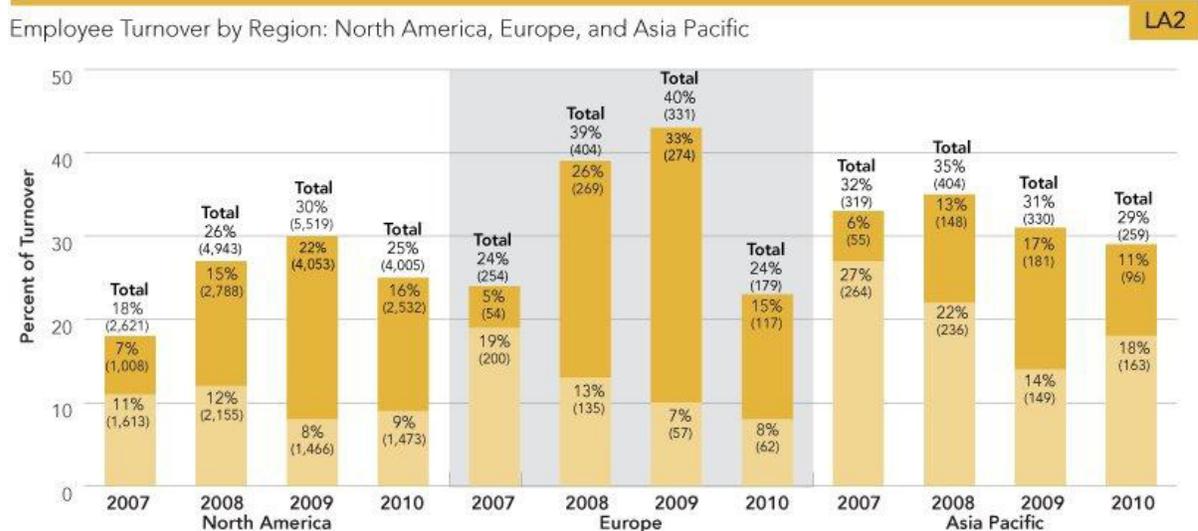
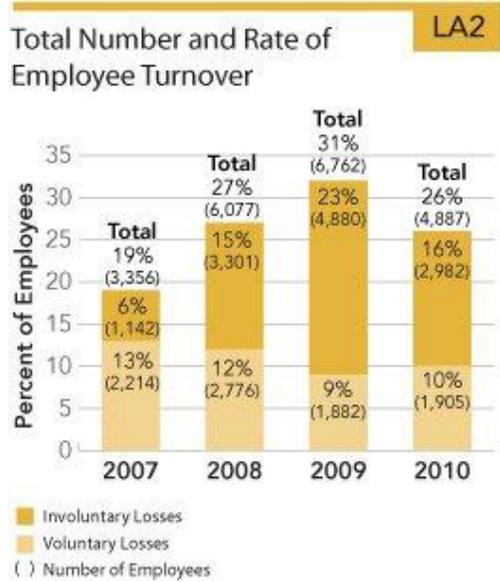
## Emeritus Program

In 2009 we instituted an Emeritus Program, which allows older employees to phase into retirement while mentoring the younger generations and continuing to contribute in their areas of expertise. Since the program began, 685 employees at all levels have enrolled, including receptionists, reprographics specialists, facilities staff, major project/program managers, chief financial officers, and business group presidents. Phased retirement is especially important in CH2M HILL's industry, as highly specialized jobs are harder to fill and the number of engineering, math, and science graduates has decreased significantly in recent years. The Emeritus Program gives employees who

are nearing traditional retirement age more control over their work-life balance and additional time to invest in community activities, hobbies, and families—while still adding value to the firm.

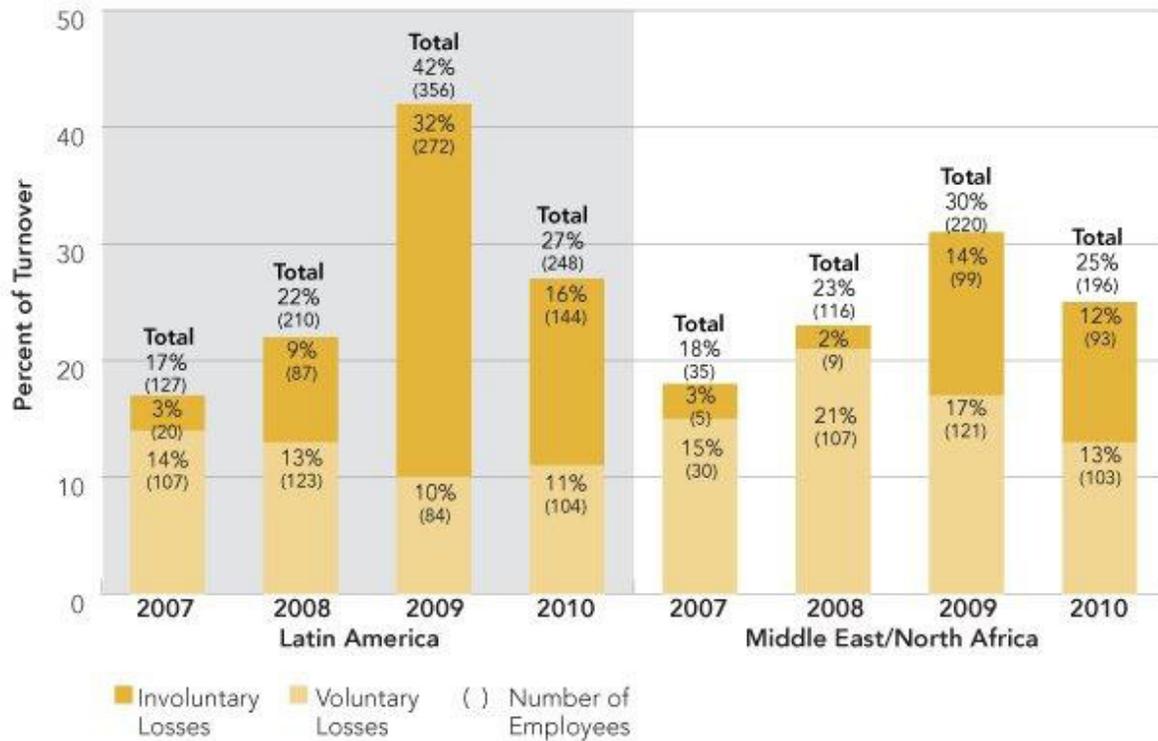
### AlumniConnect

CH2M HILL has implemented an Alumni and Retiree Relations Program to keep in contact with its retirees, Emeritus employees, and alumni employees. Alumni are defined as nonretired former CH2M HILL employees. The program's new social networking site, AlumniConnect, has attracted attention worldwide, with 16,880 visits to the site, including visitors from 65 countries and territories. Almost 60 percent of our alumni employees are actively engaged with the online community. We have found that rehiring alumni improves our efficiency and reduces costs. They are easily integrated back into the organization and bring knowledge, skills, and abilities already tailored to the organization's workplace. They also offer additional insights from their work outside of the firm. Many of our top executives have been rehired after periods away from the firm. These rehired employees tend to be strong performers and are likely to stay at CH2M HILL longer. AlumniConnect provides an excellent source of high-quality candidates and referrals.



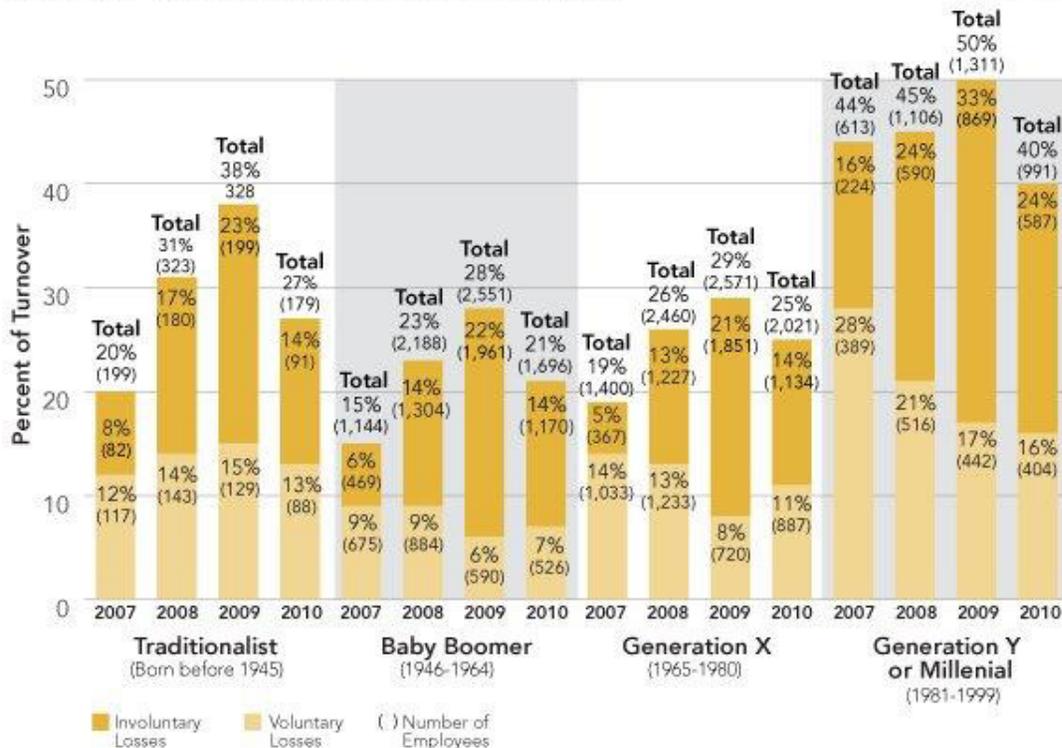
Employee Turnover by Region: Latin America and Middle East/North Africa

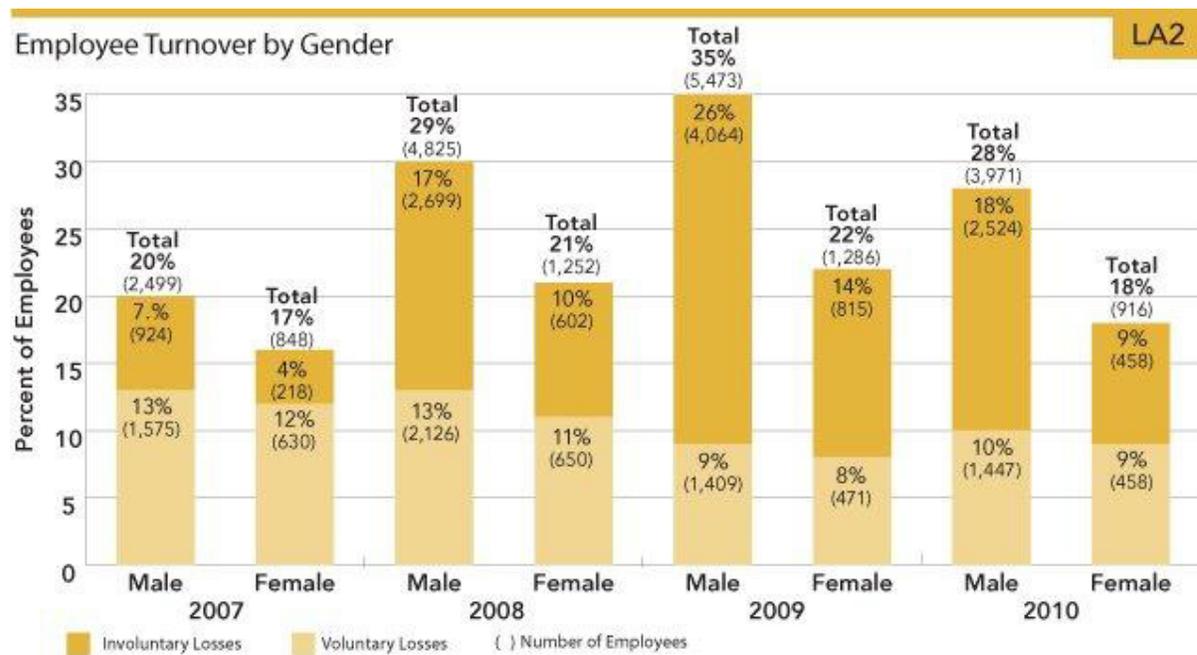
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Employee Turnover by Age Group/Generation

LA2





## Training and Development

CH2M HILL believes in growing our employees both professionally and personally through continual development, a positive work-life balance, and challenging projects. Our employees have access to on-the-job learning opportunities, eLearning, and virtual classrooms, as well as traditional, instructor-led classes and seminars. We use our online Performance Enhancement Process (PEP) tool to track career development through goal setting and year-round performance measurement. Employees are encouraged to complete an Individual Development Plan (IDP) to help identify learning and development needs and opportunities specific to their long-term career goals.

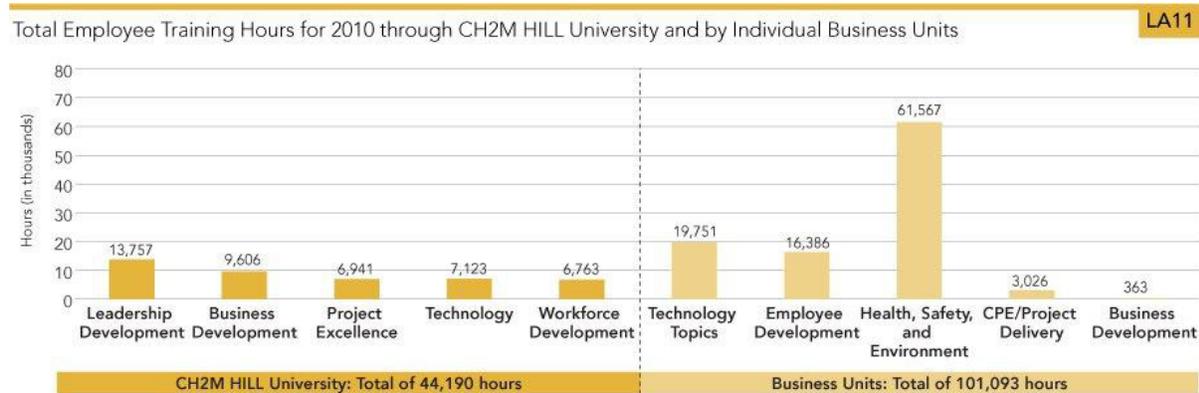
### Training

CH2M HILL continues to expand its enterprise learning program using CH2M HILL University, a single point of access to hundreds of technical and professional development courses. The Electronic Performance Support "Automation Design Library" runs on Microsoft® SharePoint® and hosts more than 6,000 separate video clips. This system provides just-in-time learning and support to design engineers who use a wide variety of complex, automated engineering design tools. We have increased resources to develop the CH2M HILL Leadership Pipeline. These efforts include advanced leadership and management development courses for each level of leadership in the firm. More training is now delivered outside of traditional classroom sessions. This strategy uses time more effectively and increases learning effectiveness so that all employees are helped to learn on a daily basis. CH2M HILL also conducts regular health, safety, and environmental training. Some courses are mandated by regulation while others exceed compliance, resulting in increased benefit for our employees.

Our environmental training program includes courses related to field and construction services and courses in management of stormwater, chemicals, waste, air, wetlands, and natural and cultural resources. Field project managers are required to take the CH2M HILL environmental program

awareness course at a minimum, and our office employees are encouraged to take EMS awareness training. Our health and safety training program offers numerous courses ranging from construction site safety to ergonomics and behavior-based loss prevention.

In 2010, CH2M HILL employees received an average of 7.5 hours or more of training, representing more than 44,190 hours logged through our CH2M HILL University courses and 101,093 hours through business unit courses. This average has remained steady over the past 2 years.



Notes:

- Anti-corruption training is provided as part of the "Workforce Development" and "Employee Development" training.
- Training hours shown are firmwide.

### Career Development Reviews

CH2M HILL has a goal for 100 percent participation in the online PEP tool. In 2010, fully 87 percent of employees completed their PEP evaluations with their supervisors, representing all of our divisions or business groups. Approximately 6 percent of PEPs did not receive a final signature to

complete the process, so participation is estimated to be over 90 percent. We continually strive to improve participation by our staff and managers. Given the diversity of our organization, there are some categories of workers—such as craft workers—for whom it makes sense to use a more condensed version of the tool. Soft copy and PEP–Condensed (PEP–C) forms are provided as an alternative to those who do not have access to the online PEP or require a condensed version.

## Employee Reporting

CH2M HILL welcomes reporting from vigilant and engaged employees who care that the company does the right thing in how we treat our clients, our colleagues, and the environment.

In 2010, we received 175 calls on our confidential hotline, The GuideLine, and 56 percent of the calls were human resources issues. Of those calls, 4 percent alleged discrimination. The topics for the rest of the calls (44 percent) varied greatly, ranging from reports of potential violations of law and company policies to claims of retaliation, fraud, waste, ethics and compliance abuses, and concerns about safety. The split between calls related to human resources and ethics and policy compliance held steady from 2009 to 2010.

All calls were investigated in a timely manner and handled in accordance with CH2M HILL policies and relevant law. The number of calls alleging ethics violations increased from 3 in 2009 (2 percent) to 17 in 2010 (9 percent). We are encouraged by this considerable increase, as it speaks to greater awareness among our employees about CH2M HILL's expectations in the ethics and compliance arena, and the confidence they have in our confidential reporting system. Moreover, the rise in contacts to The GuideLine gives us an opportunity to assist our employees in making sound decisions before the decisions are made.

We also attribute the increased usage of The GuideLine to the availability of our Web-based tool, which permits our employees to ask for assistance anywhere in the world, any time of the day and in any language. In 2010, the first full year that the Web-based tool was available, 36 percent of all contacts were online, 35 percent of the contacts were by telephone, 18 percent of the contacts came through our human resources organization, and 11 percent came through other avenues, including in person through other employees or in writing.

Employees who bring potential violations or concerns to The GuideLine are encouraged to follow up on how the situation was handled.



# Economy

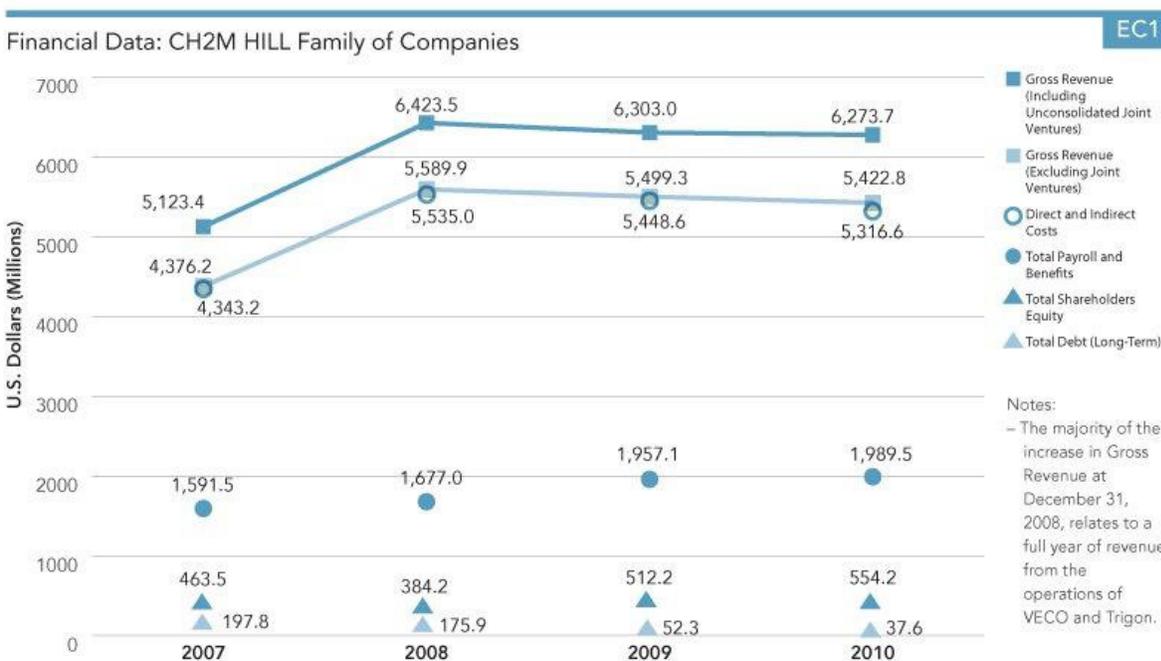
## Economy Overview

While people have been harvesting the resources of the natural environment since the dawn of humankind, we are just beginning to recognize that "ecosystem services" have a quantifiable value. The growing focus on sustainability is reshaping our understanding of economics, revealing how value flows between natural systems and infrastructure, describing new opportunities for business and redefining how value is measured.

CH2M HILL's work encounters all of these changes. We are helping clients to factor the value of natural resources into business, industrial, and community planning to find exciting solutions that support the environment, the social fabric, and the bottom line. As we work in this dynamic space, we consciously distribute economic value through donations and community investments, as well as through subcontracting arrangements and partnerships that support emerging businesses.

## Economic Performance

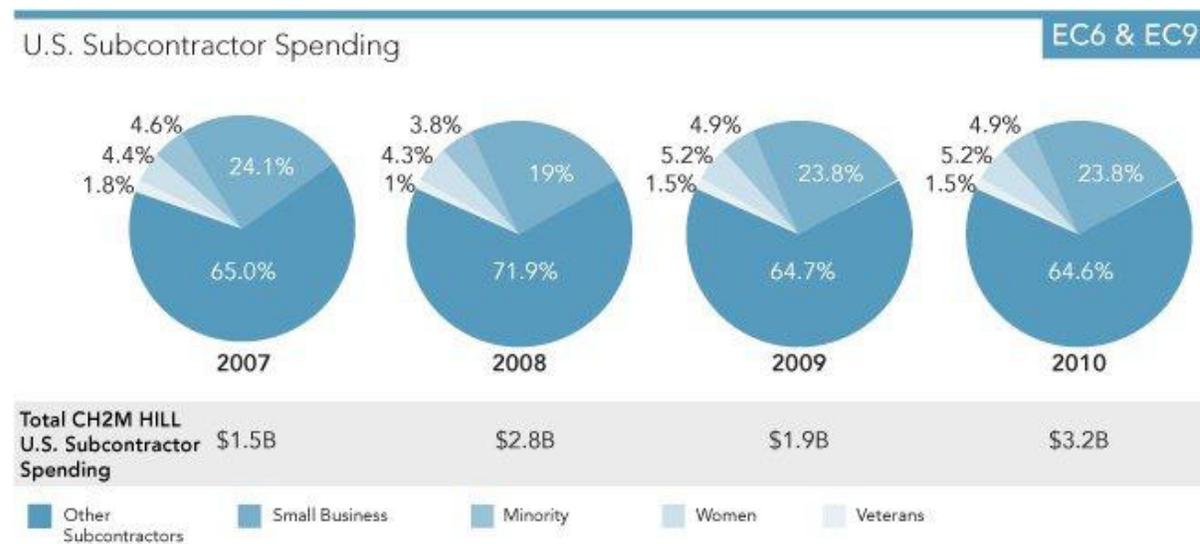
In 2010, the gross revenue of all CH2M HILL companies was US\$5.4 billion, excluding joint ventures. Including prorated revenues from joint ventures, the total gross revenue in 2010 was US\$6.3 billion, an increase of US\$8 million over the total gross revenue in 2009. After debuting on the FORTUNE 500 list at 436 in 2009, CH2M HILL ranked 381 in 2010. Information on charitable giving is contained in Corporate Philanthropy.



## Business Partnerships

The CH2M HILL family of companies has a long-standing commitment to fostering relationships with small businesses. We promote participation by partnering with local small business firms and providing business opportunities, training, mentoring, and other resources to help them develop and grow. We make inquiries with local chambers of commerce and minority, women, and small business professional organizations to increase the number of small businesses in our supplier database. Numbers and percentages fluctuate from year to year because of our acquisition of other companies, the nature and amount of work that can be subcontracted, and the fact that some businesses "grow up" and no longer qualify as small businesses according to the U.S. Small Business Administration definition.

Overall, CH2M HILL pursues subcontracting opportunities with small, disadvantaged, minority, veteran-owned, and woman-owned enterprises for our commercial, industrial, U.S. federal, and municipal contracts.



## Strengthening Local Communities

CH2M HILL works to build local economies by strengthening small or minority-owned companies. For example, the Office of the Mayor-President, the Department of Public Works, and the SSO Program Management Team (CH2M HILL, Sigma Consulting, and ILSI Engineering) are working in partnership to strengthen local business capacity and encourage minority-owned business participation on Baton Rouge SSO Program projects through three supporting programs:

- ◆ **Mentor-Protégé Program.** CH2M HILL entered into the first Mentor-Protégé relationship in Louisiana state history. As such, CH2M HILL and Parms Construction, a Baton Rouge based minority business enterprise, signed an agreement to provide assistance in strengthening the construction firm's management and technical capacity. As part of this mentoring program, Parms Construction staff are receiving training in construction administration (including contracting, scheduling, contract document preparation, construction administration, measurement and payment, and field safety) and field observation (including construction methodology, field problem solving, construction communications, and construction reporting).

- ◆ **Apprentice Land Acquisition Agent Program.** To strengthen the capacity of local and minority businesses to provide land acquisition services, the SSO program team with support from the mayor's office developed an acquisition agent apprentice program. Under this initiative, nine local minority/disadvantaged businesses have been trained in procedures and practices for land acquisition related to infrastructure projects and are completing a two-part training program that provides initial close supervision of apprentices through completion of easement acquisition followed by agents managing the process of subsequent parcels with limited supervision. This program has been extremely successful.
- ◆ **Outreach to Local Small/Disadvantaged Businesses.** In addition to the formal initiatives, CH2M HILL's Disadvantaged Business Enterprise Coordinator monitors Minority or Disadvantaged Business Enterprise and local business participation on SSO program projects and provide support to small and disadvantaged businesses in Baton Rouge that are interested in providing services and participating on the program. Business owners are provided information on program contractors, upcoming projects, registering with the City-Parish's database, and available support and resources. Program team members also assist business owners in developing capabilities statements and provide instructions on how to access solicitations for services.

## Sharing the Wealth

CH2M HILL has been recognized for our commitment and contributions to the small business community. Our recent awards include:

- ◆ **U.S. Environmental Protection Agency's Administrator's Award for Outstanding Accomplishments by a Prime Contractor for Fiscal Year 2010 and Fiscal Year 2008** (awarded December 2009). CH2M HILL received these awards for its mentoring and utilization of small businesses. CH2M HILL is instrumental in awarding more than 86.0 percent of subcontracting dollars to small businesses in support of our efforts on this project. The team also is mentoring a woman/minority owned small business (Environmental Design International, Inc.) in areas such as site investigations and characterizations; remedial design remedial construction; and surveying and mapping.
- ◆ **U.S. Department of State, Small Business Subcontracting Award, September 2010.** CH2M HILL was recognized for exceeding the contractual small business subcontracting goal of 40 percent and for achieving 50.6 percent small business subcontracting performance. We also were recognized for exceeding our small disadvantaged business, woman-owned small business, and service-disabled veteran-owned small business goals.



## Sustainability Performance Indicators

Our company's effects on the environment, people, and the economy result from two distinctly separate spheres of activity: the conduct of our internal operations (facilities, procurement, and other functions) and the delivery of client projects. In both arenas, and as a signatory to the U.N. Global

Compact, our executive leadership is fully committed to ensuring that our business policies incorporate and support sustainability goals for environment, people, and economy.

As a leader in the industry and one of the first engineering and construction companies to publish a sustainability report in 2005, CH2M HILL continues a tradition of excellence and transparency in reporting on internal operations related to sustainability.

This summary index contains a list of Global Reporting Initiative indicators and additional, industry-specific indicators that we measure (labeled "CH2M HILL"), followed by the section where you can find more information, in italics. While some of our metrics extend back to 2003, others are new this year. Our Web site lists performance for the past 4 years, where available, and is updated annually.

Following are CH2M HILL Sustainability Reports available for download on our web site at [www.ch2mhill.com/sd](http://www.ch2mhill.com/sd):

- ◆ CH2M HILL Sustainability Report 2011, text version
  - CH2M HILL Sustainability Report 2011 Brochure (US)
  - CH2M HILL Sustainability Report 2011 Brochure (A4)
- ◆ CH2M HILL Sustainability Report 2009
- ◆ A World of Ingenuity: 2007 Sustainability Report
- ◆ Engineering a Sustainable Future: 2005 Sustainability Report

### Environment

GRI No.	Indicator
EN2, EN1	Materials used by weight or volume and percentage of materials used that are recycled input materials <i>Paper Consumption</i>
EN4, EN5, EN7	Indirect energy consumption by primary source, energy saved through conservation and efficiency improvements, and initiatives to reduce indirect energy consumption <i>Facilities Energy Use</i>
EN16, EN17, EN18	Total direct and indirect greenhouse gas emissions, other relevant indirect greenhouse gas emissions, and initiatives to reduce emissions <i>Facilities Energy Use and Business Travel</i>
EN10, EN21, EN25	Percentage and total volume of water recycled and reused, total water discharge by quality and destination, and water bodies and habitats affected by water discharge and runoff <i>Water Use: Water Reuse, Discharge, and Quality</i>
EN23, EN28	Compliance with environmental laws and regulations, and total number and volume of significant spills <i>Environmental Compliance</i>
EN29	Significant environmental impacts of transporting products and other goods, and transporting members of the workforce <i>Business Travel</i>

## Environment

GRI No.	Indicator
CH2M HILL	Environmental management of our internal operations and projects <i>Environmental Management</i>
CH2M HILL	Recycling a wide variety of materials, including electronic waste <i>Recycling</i>
CH2M HILL	Expanding relationships with sustainable suppliers through purchasing agreements <i>Procurement</i>

## Society

GRI No.	Indicator
HR2, HR3, HR6, HR7	Human rights screening on suppliers and contractors, operations identified as having significant risk for incidents of child labor violations, operations identified as having significant risk for incidents of forced or compulsory labor, and human rights training for employees <i>Human Rights</i>
HR4	Incidents of discrimination and actions taken <i>Employee Reporting</i>
LA1	Total workforce by employment type, employment contract, and region <i>Workforce Distribution</i>
LA2	Employee turnover rates by region and according to indicators of diversity <i>Employee Turnover</i>
LA6, LA7	Workforce representation in health and safety committees and injury rates <i>Health and Safety</i>
LA10, LA11, LA12	Employee training, programs for skills management and lifelong learning, and percentage of employees receiving regular performance and career development reviews <i>Training and Development</i>
LA13	Composition of governance bodies and employees according to indicators of diversity <i>Workforce Diversity</i>
SO2, SO3	Business units analyzed for risks related to corruption and training for employees in anti-corruption policies and procedures <i>Ethics</i>
SO4	Actions taken in response to incidents of corruption <i>Employee Reporting</i>
SO5	Participation in public policy development and lobbying <i>Ethics: Government Participation and Lobbying</i>
CH2M HILL	Participation in international organizations to improve conditions for people, as well as local community partnerships <i>Community Partnerships and Outreach</i>

## Economy

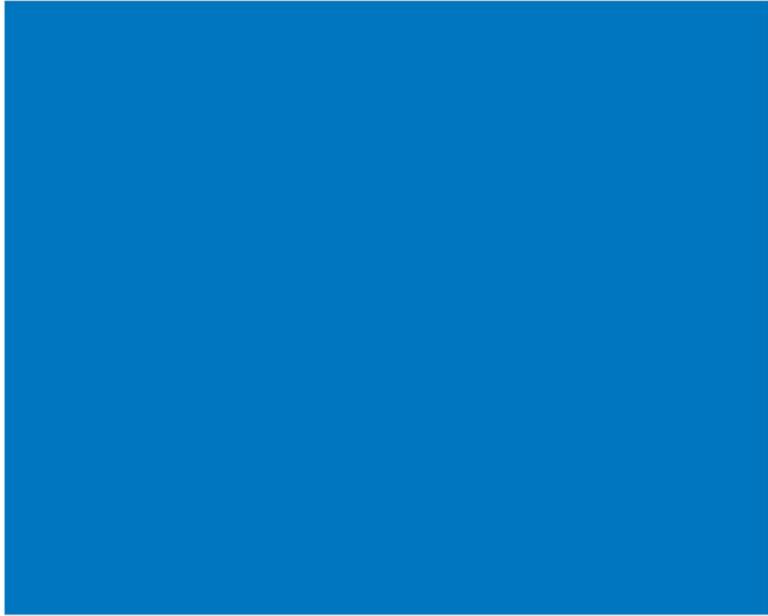
GRI No.	Indicator
EC1	Economic value distributed, revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments <i>Economic Performance</i> <i>Community Partnerships and Outreach: Corporate Philanthropy</i>
EC6, EC9	Policy, practices, and proportion of spending on locally-based suppliers, and description of significant indirect economic impacts <i>Business Partnerships</i>

## UN Global Compact Principles

No.	UN Global Compact Principles/CH2M HILL Commitment
1 – 5	Businesses should support and respect the protection of internationally proclaimed human rights; and make sure that they are not complicit in human rights abuses. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labor; the effective abolition of child labor. <i>Human Rights</i>
6	The elimination of discrimination in respect of employment and occupation. <i>Workforce Diversity and Employee Reporting</i>
7	Businesses should support a precautionary approach to environmental challenges. <i>Improving Company Effects on Sustainability and Client Services Footprint</i>
8	Undertake initiatives to promote greater responsibility. <i>Environmental Management</i>
9	Encourage the development and diffusion of environmentally friendly technologies. <i>Improving Company Effects on Sustainability and Client Services Footprint</i>
10	Businesses should work against all forms of corruption, including extortion and bribery. <i>Ethics</i>

## CEO Water Mandate Elements

No.	Water Mandate Elements/CH2M HILL Commitment
1	<p>In our <b>Direct Operations</b>, we pledge to assess our water use, set targets related to water conservation and wastewater treatment, seek and invest in new technologies, raise awareness of water sustainability within our corporate culture, and include water sustainability considerations in business decision-making.</p> <p><i>Water Use: Direct Use at CH2M HILL Facilities and Water Conservation Strategies for Clients</i></p>
2	<p>Where appropriate, over time, we pledge to address <b>Supply Chain and Watershed Management</b>, by encouraging major suppliers to report regularly on progress achieved related to goals, and to improve their water conservation, quality monitoring, waste-water treatment, and recycling practices.</p> <p><i>Procurement</i></p>
3	<p>We pledge to take <b>Collective Action</b> in addressing water sustainability issues and policies by working with national, regional and local governments and public authorities, as well as civil society organizations. We encourage and develop new technologies and support the work of existing water initiatives involving the private sector and other intergovernmental organizations.</p> <p><i>Community Water Preservation and Policy</i></p>
4	<p>We pledge to be advocates for water sustainability in global and local <b>Public Policy</b> discussions by clearly presenting the role and responsibility of the private sector in supporting integrated water resource management and partnering with governments, businesses, civil society and other stakeholders.</p> <p><i>Community Water Preservation and Policy: Public Water Policy</i></p>
5	<p>In our <b>Community Engagement</b>, we pledge be active members of the local community, and encourage or provide support to local government, groups and initiatives seeking to advance the water and sanitation agendas. We will also undertake water-resource education and awareness campaigns in partnership with local stakeholders and work with public authorities to support water infrastructure development.</p> <p><i>Community Water Preservation and Policy: Community Engagement</i></p>
6	<p>Our continuing commitment to <b>Transparency</b> is reflected in our reporting as part of CH2M HILL's annual Communications on Progress for the UN Global Compact, and includes the water indicators found in the Global Reporting Initiative™ (GRI) Guidelines. We pledge to publish and share water strategies in our reporting, and to be transparent in dealings and conversations with governments and other public authorities on water issues.</p> <p><i>Water Use: Direct Water Use at CH2M HILL Facilities and Water Reuse, Discharge, and Quality</i></p>

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**CH2MHILL®**

[www.ch2m.com](http://www.ch2m.com)