

THE UNITED NATION GLOBAL COMPACT
COMMUNICATION ON PROGRESS 2014



Communication on Progress (COP) to the Global Compact

January 2014-Janurary 2015

LETTER FROM WALT

To our stakeholders:

I am pleased to confirm that Mazzetti reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment and Anti-Corruption. In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Walter Vernon
Chief Executive Officer

HUMAN RIGHTS

Assessment, policy and goals

Mazzetti's commitment to protecting and respecting human rights is upheld by our support for the Universal Declaration of Human Rights as stated in our written company employment manual. We believe that increasing opportunities for all promotes community stability and well-being, and attributes to economic success. As part of our diversity efforts, we strive toward diversity and inclusion in race, gender, age, color, creed, national origin, sexual orientation, religious persuasion, marital status, political belief, and disability. Beyond our employees and our operations, our commitment to protecting human rights is also rooted in the expectations we have of our suppliers and clients.

Implementation

Mazzetti continues to uphold the United Global Compact human rights principles by striving to be one of the best companies to work for and educating our employees in the principles of diversity in the workforce and the protection of human rights within our sphere of influence. Every employee has access to an employee advocate beyond their immediate supervisor, with whom, he or she can talk about workplace issues. Additionally, all supervisors take a harassment training course every two years.

Mazzetti is committed to providing a safe, professional workplace that is pleasant, healthy comfortable, and free from intimidation, hostility, discrimination, or other offensive behavior that might negatively impact our employees. We have developed a grievance mechanism allowing employees to report any incidents that might harm the human rights of any employee and have taken many steps to ensure that all incidents are investigated and appropriate action is taken to correct any violations.

In a proactive approach, we also have an emotional intelligence program to actively engage Mazzetti leadership in improving their interactions with staff, colleagues and clients.

Measurement of outcomes

Mazzetti is committed to making the world a better place by creating better environments, which includes the "betterment" of our employees. We are now focusing on creating a "Culture of Continuous Improvement", which includes consistent learning and growth through LEAN systems and processes, team building and professional development.

We are in the process of launching multiple wellness initiatives with a holistic focus on mindfulness, fitness, nutrition and lifestyle, and personal development. This year we have improved our professional development program to better monitor fund allocation and to focus more on the professional goals of our staff. We're also continuously striving to improve our employee review process and employee development tracking.

Additionally, we've invested in tools to help motivate, inform and measure healthy behavior – and ultimately help create a healthier culture and environment. These tools include a Jawbone bracelet – which tracks sleep, movement and nutrition – and the UP wellness platform to provide context for the data. As a part of this program we offer discounted gym memberships, stress management classes, community support and encouragement, and a variety of other opportunities to improve personal wellness.

We believe that small, healthy changes over time will pay huge dividends for both individuals and the company as a whole. We'll continue to strive to create a culture of wellness with future employee programs and benefits.

LABOUR

Assessment, policy and goals

As an employee-owned benefit corporation, Mazzetti seeks not only to comply with labor laws but to significantly exceed those requirements. Our commitment is articulated in our company employee manual: specifically we are advocates for diversity, inclusion, wellness and professional development in the workforce and strive to provide a safe, professional and enjoyable working environment. And just as we hold our organization accountable to high standards of business conduct, we demand the same of our clients and suppliers. We align ourselves only with organizations that support the same core principles as we do.

This year we further clarified our values as an organization to be to: Earn Trust, Team First, Innovate, and Inspire. We are, and inspire our partners to be, inventive, always looking for a better way to solve problems. We commit ourselves to developing new knowledge and to moving policies in ways that allow our clients to create better human experiences and improve their impact on our environment.

Implementation

Mazzetti is committed to upholding labor rights, including freedom of association and collective bargaining and the elimination of forced labor, child labor and employment discrimination. We comply with all local and national labor laws and promote high standards for equality and fair labor practices in the workforce. Even though in 2014, California was one of the few states that mandated equality in relationship to the provision of benefits to domestic partnerships, Mazzetti provided equal health benefits for domestic partnerships across all offices throughout the country. We also offer a flexible work schedule to our employees, paid bereavement leave, opportunities for sabbatical, and a generous paid time off allotment to support employees and their families.

Mazzetti has pursued many efforts to diversify the workplace. For instance, we have committed to supporting and targeting various engineering programs that have a diverse student population. We also are continuing to support and provide scholarships to Cal Poly's "Women Engineers in the Industry". Our efforts to diversify the workforce have continued to gain recognition by many universities and colleges across the United States. We will continue to leverage our knowledge and resources to ensure our ongoing commitment to the labor standards principles.

Measurement of outcomes

One of our labor commitments is to expand the diversity of our workforce. Historically the engineering sector has lacked diversity, particularly in leadership positions. Mazzetti is taking strides to exceed the industry status quo in terms of race, gender, age, color, creed, national origin, sexual orientation, religious persuasion, marital status, political belief, and disability. We are actively working to improve our workplace culture and recruiting efforts for women and minorities. Additionally, we are beginning to develop comprehensive mentorship and internship programs to increase age, gender and racial diversity and promote a culture of inclusion. With these recent efforts we expect to see a significant increase in diversity compared to others in our industry.

Every year Mazzetti deploys a Gallup 12 Employee Survey to measure job satisfaction. We are now aligning our previously mentioned Emotional Intelligence program with this survey to measure and directly improve outcomes.

ENVIRONMENT

Assessment, policy and goals

Mazzetti is changing the status quo of Corporate America's ambivalence to environmental protection and leading by example in how to create, implement and deliver sustainable and environmentally sound practices both in-house and to our clients.

Description of Policies

A. Corporate Sustainability Action Plan & Environmental Purchasing Plan

Communicating the importance of adopting sound environmental policies to our employees is important to our company. That is why in the past we developed and implemented an Environmental Purchasing Plan as well as an overarching Corporate Sustainability Plan. This document is introduced to all new employees during their onboarding process. This 16-page document highlights how environmental protection is at the core of our vision, values and mission. In this document, Mazzetti communicates its commitment to environmental protection and sustainability by setting forth guidelines for employees to follow for internal sustainability within the office. These guidelines include criteria for internal sustainability aspects such as purchasing consumables and equipment, as well as operational improvement--energy efficiency, water reduction, and transportation. This document formalizes our commitment to the AIA 2030 Challenge. Eighty percent of the business of our firm is in the design and construction of buildings, 90% of which are healthcare facilities. Employees are required to pledge support to our Sustainability Principles as part of this procedure.

B. Encouragement of LEED Accreditation & Education

As a consulting and design firm which is focused on the engineered building systems, our employees have a first-hand impact in working to build more environmentally sound buildings. That is why we promote our staff in becoming a Leader in Energy and Environmental Design (LEED) accredited engineer by subsidizing the cost of their LEED exam. For more information on LEED Accreditation, please see:

<http://www.greenedu.com/>.

We are founding members of the USGBC Northern California Chapter's Building Health Initiative and also co-chair of the Cascadia Portland Branch Collaborative (Portland, Oregon chapter of the Cascadia Green Building Council), both of which promote the phasing out of problematic chemicals, incentives for the creation and adoption of safer chemicals, and requirements for the full disclosure and toxicity testing of chemical ingredients. In addition, our organization regularly provides education on LEED version 4 and the Living

Building Challenge to our clients and colleagues, both of which seek to promote full disclosure through the Declare, Environmental Product Declarations (EPDs) and Health Product Declaration (HPDs) initiatives.

C. Written (External) Company Influence Promoting Environmental Principles to Our Business Partners and Suppliers

We regularly work with our clients to help them define and articulate their environmental goals and then help achieve them. We have recently grown what we call our “emerging services”, many of which work to help healthcare organizations to improve their environmental performance. These services include building system commissioning and retro-commissioning, medical equipment planning (with an emphasis on end of life, energy consumption, and consumables for the various pieces), technology (including a nascent smart buildings service aimed specifically at improving overall performance and reducing consumption of non-renewables), long-term energy, water and waste planning, and behavior and culture change around sustainability. We also now offer energy modeling as a standard part of any project delivery. In addition to these services, we have engaged in broader efforts that should help widen swathes of our market sectors to improve environmental performance.

D. Company Water Management Policy

Mazzetti recognizes the importance of effective water resource management as a core piece of our sustainability policy. As such, we are in the midst of developing a Company Water Management Policy that will serve to do several things including 1) minimizing our water use throughout our business functions, 2) inculcating awareness of the importance of water resources as part of our company culture, 3) be on the forefront of setting the regulations regarding water resources, and 4) openly report our policies and activities on water management. We expect the implementation of this policy in the latter half of 2015.

Description of Public Commitments

A. Commitment to Improving Resilience of Hospitals in the Developing World

For years, Mazzetti has been an active supporter of the redevelopment effort in disaster-struck nations. Recently we officially partnered with Project HOPE to work together to improve the resilience of communities in areas struck by disasters. Together with the help of volunteers from the US NGO Project HOPE, we have been able to make a significant contribution to the renovation of healthcare facilities in Haiti, Dominican Republic, and the Philippines.

Mazzetti worked with Project HOPE to install portable prosthetics labs throughout Haiti after the devastating earthquake in 2010. In addition, Mazzetti identified a need for serious electrical infrastructure upgrades at the Hôpital Sacré Coeur in Milot, Haiti and worked to alleviate safety issues, install stable conventional systems, and then install sustainable and renewable power systems for long-term usage.

In 2014 we expanded our international efforts to reach several additional resource constrained countries including Rwanda and India.

B. Commitment to Architecture 2030 (AIA 2030 Challenge)

Mazzetti is committed to realizing energy, water, waste, and other resource reductions in the built environment. We have formalized this goal by both adopting the 2030 Challenge and signing on to the AIA 2030 Commitment. The AIA 2030 Commitment requires submission of design data on all projects. Combined, the Challenge and the Commitment demonstrate our pledge to strive toward accomplishing the objectives of both programs.

However, signing the 2030 Challenge and AIA 2030 Commitment is just a start. We believe strongly in emissions reduction and create tailored resource reduction plans for each client regardless of their starting point. We also take the 2030 Challenge beyond the individual building or specific project level.

We also understand that great engineering and architectural design alone is not enough to achieve tangible savings. We constantly search for alternative funding mechanisms. In the case of Kaiser Permanente, our

work has led to the third party financing and installation of 11 MW of solar photovoltaic and 4 MW of Bloom Energy fuel cells across Kaiser Permanente's existing building stock.

C. Commitment to World Health Organization (WHO) Health in the Green Economy Initiative

Mazzetti has worked with the WHO to publish materials to help healthcare industries around the world identify ways to lower their climate change impact and improve human health and well-being.

D. Mazzetti's Green Business Certification

The ability to test, implement and fine-tune internal processes is critical to our ability to walk the talk and engage in sustainable office practices. This includes completing an annual GHG inventory verified by The Climate Registry to understand the impact our business has on the environment. The Scope 1 and 2 emissions are annually offset through the purchase of carbon offsets. In addition, we have implemented transit incentives and subsidies which encourage more environmentally friendly transit options. Moreover, we track office purchases which allow us to measure reduction. Our work has been recognized through awards at the corporate level as well as the office level for Portland, San Francisco, Denver, Sacramento, Nashville, and Houston. Additionally many of our offices are certified by local green programs.

E. Partner and Fiscal Contributor of Practice Greenhealth Programs

Mazzetti is currently working with Healthcare Without Harm on a publication to help healthcare industries around the world to raise awareness and promote reduction of waste and consumption of resources. We are a fiscal contributor to Practice Greenhealth (PGH), Healthcare Without Harm (HCWH) and their programs. We also provide many in-kind services to these organizations to further contribute. In addition we have provided significant support to the Healthy Hospitals Initiative program at no cost to the partner agencies, as well as heavily subsidized staff for the Chicago Energy Audits.

F. Sustainability Roadmap for Hospitals and Energy to Care

For several years, Mazzetti has worked with the American Hospital Association and its Personal Membership Groups (PMGs) – American Society for Healthcare Engineering, Association for the Healthcare Environment, and Association for Healthcare Resource and Materials Management – to create an online Sustainability Roadmap for Hospitals. Developed by leaders in healthcare facility operations and maintenance, design and construction, supply chain, and environmental services, the Roadmap offers free technical tools and resources specifically designed to reduce energy, water, and waste, and maximize supply chain efficiency.

In 2014, Mazzetti worked with these PMGs to expand the solutions offered and enroll all the nations hospitals in Energy to Care, a program that includes a free energy benchmarking tool, competitions and industry awards. Together, these two programs provide a free, comprehensive solution for helping hospitals reach their efficiency and sustainability goals. Mazzetti continues to invest heavily in these industry-changing programs.

G. Sextant Foundation

The Sextant Foundation was founded to explore and develop strategies connecting engineering and innovation at the intersection of human and environmental health. Mazzetti launched Sextant, a US-based 501(c)3 organization, in 2014. Its purpose is the pursuit of funding and performing non-profit sustainable development projects, primarily in healthcare facilities in the developing world. Its mission is also research-driven, particularly in the application of Reverse Innovation to explore and disseminate a new paradigm for

International Best Practice in facility design coming, not necessarily from abundance, but often, from scarcity.

Measurement of outcomes

Mazzetti creates a firm-wide culture of raising awareness of employees on environmental protection. Aside from the Sustainability Action Plan, we support the AIA 2030 challenge.

Mazzetti has a comprehensive plan that calls for buying products in accordance with Environmentally Preferable Purchasing (EPP). This includes buying paper with recycled content and process chlorine-free. We set up our office printers for double-sided copying and printing and recycle paper that has been used on BOTH sides. Mazzetti also donates all one-sided paper to local schools.

Mazzetti aims to reduce the impacts of daily employee commuting through the following programs, including: (1) Allowing employees to purchase public transit passes pre-tax (2) Provide employees who bike to work with a subsidy for bicycle maintenance and gear (3) Providing employees with a monthly public transit subsidy to encourage the use of public transportation (4) Complete a yearly survey of employee transit activities and practices (5) Implementing a Carbon Footprint Tracker System measuring an employee's carbon footprint yearly during air travel.

In 2015, we are creating an official sustainability team with at least one representative from each office, to better support our office initiatives. The team's responsibility will be to engage their office in energy, waste and water management strategies, and report them quarterly in one standardized, accessible document.

ANTI-CORRUPTION

Assessment, policy and goals

Mazzetti is a proud supporter of the U.S. Foreign Corrupt Practices Act, the Organization of Economic Cooperation and Development Convention on Combating Bribery of Public Officials in International Business Transactions, the UN Convention against Corruption, and similar laws in many countries that prohibit bribery and corruption. Our employee manual clearly communicates our commitment to abide all anti-bribery laws and anticorruption laws anywhere where the company does business.

Implementation

We communicate our anticorruption commitment to our employees via company employee manual which is available on our corporate intranet. All of our engineers are governed by local laws to maintain continued education in Ethics and Compliance. We have developed a grievance mechanism allowing employees to report any suspected ethics violations including anti-compliance corruption incidents without retaliation. We have taken many steps to insure that all incidents are investigated and appropriate disciplinary action including termination of employment is taken to correct all violations.

Measurement of outcomes

We have taken many measures to maintain transparency within our organization and to enforce training and communication at all levels. We continue to monitor our progress by conducting anonymous surveys on a yearly basis to ensure that no incidents go unreported.