



THE UNITED NATION GLOBAL COMPACT
COMMUNICATION ON PROGRESS 2015



Communication on Progress (COP) to the Global Compact

January 2015 - January 2016

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,

A handwritten signature in black ink, appearing to read "Walter Vernon".

Walter Vernon
Chief Executive Officer

HUMAN RIGHTS

Assessment, policy and goals

Mazzetti's policy is to strive to maintain a work environment free from intimidation, threats, or violent acts. Employees must not engage in intimidation, threats or hostile behaviors, physical abuse, vandalism, arson, sabotage, use of weapons, carrying weapons onto company or client property, or any other act, which, in management's opinion, is inappropriate to the workplace. In addition, employees must refrain from making bizarre or offensive comments regarding violent events and/or behavior. Employees are expected to report any prohibited conduct to the Human Resources Manager or a member of management. Employees should directly contact proper law enforcement authorities if they believe there is a serious threat to the safety and health of themselves or others.

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. All employees have access to the Human Resources Manager with whom they can talk about workplace issues. Additionally, all supervisors and non-supervisory members of leadership take a harassment training course every two years.

Mazzetti is committed to providing a safe, professional workplace that is pleasant, healthful, 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.

Additionally, we regularly offer employees mindfulness practice, to help ease stress and improve interactions among Mazzetti employees and with 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. Since 2013, we have focused on creating a "Culture of Continuous Improvement", which includes consistent learning and growth through LEAN systems and processes, team building, and professional development. In 2015, we facilitated A3 Continuous Improvement training to employees from a cross-section of the company. Several A3 initiatives were identified and deployed, including: "Best Place to Work" and "Women @ Mazzetti".

The "Best Place to Work" A3 initiative started preliminary research regarding how we measure success. We have historically used the industry-accepted Gallop 12 Survey to measure progress around employee engagement and a healthy company culture. We improved on 10 of the 12 indicators in 2015. The group will continue to explore other options and experimentation for improving and measuring success.

"The Women @ Mazzetti" A3 initiative rolled into two distinct initiatives to be further developed in 2016: Women Mentoring Program and Inclusivity.

In 2015, we continued and expanded upon our wellness initiatives. Mazzetti's commitment to making the world a better place by creating better environments includes the "betterment" of our employees. We are honored to be among an elite group of Healthiest Employers in the San Francisco Bay Area for 2015.

We continue to invest in our people to help motivate and inform healthy behavior and ultimately help create a healthier culture and environment. All employees are equipped with the following tools and resources: Jawbone A wearable activity tracker, tracking sleep, movement, and nutrition; also includes social interaction and gamification elements for further engagement. Mindfulness Based Stress Reduction (MBSR) training based on Dr. Jon Kabat-Zinn's programming, which was created in 1979, and since then, adopted and adapted for a corporate setting; access to a library of recorded mindfulness classes from the UCSD Center for Mindfulness, in addition to, weekly live group meditations. Grokker Online Videos At-home and at-work fitness, yoga, meditation, and healthy cooking classes. We also offer a variety of gym discounts for employees and their families.

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 with organizations that support the same core principles as we do.

In 2015, our company values evolved to: earn trust, team first, innovate, inspire. Our people are first. We are, and inspire our partners to be, inventive, always looking for a better way. And we create pride in our people and our partners and friends; that they could be part of what we jointly create. 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 California is one of the few states that mandate equality in relationship to the provision of benefits to domestic partnerships, Mazzetti provides 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 “Society of Women Engineers”. 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 labour commitments is to expand the diversity of our workforce. Historically the engineering sector has lacked diversity, particularly in leadership positions, and 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.

Last year, we started specifically tracking our female diversity—current staff, promotions, retentions, compensation, etc.—compared to that of our male staff. Though we’ve had minimal female turnover, we are growing at a moderate rate. Progress is slow, but it is progress. At the end of 2015, our engineering teams were staffed about 16 – 33% women. We will continue to track progress and report both internally and externally.

ENVIRONMENT

Assessment, policy and goals

Mazzetti is changing the status quo of Corporate America’s ambivalence to environmental protection and leading by example 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

Communicating the importance of adopting sound environmental policies to our employees is important to our company. That is why we have developed a Corporate Sustainability Plan. 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 company environmental goals and guidelines for internal sustainability efforts. 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 to design energy efficient buildings. All offices are committed to participating in and continuously improving our sustainability efforts.

B. Encouragement of LEED Accreditation & Education

As a consulting and design firm, focused on engineered building systems, our employees have a first-hand impact in working to build more environmentally sound buildings. That is why we support our staff in becoming Leader in Energy and Environmental Design (LEED) accredited professionals. We encourage all staff to pursue LEED accreditation and subsidize preparations courses in addition to exam fees.

Our company-wide goals for 2016, established in 2015, include pursuing internal education initiatives so that every employee understands and can speak to clients about our internal sustainability efforts and strategies for sustainability in the work we produce. We encourage staff to take advantage of professional development opportunities and will continue to expand educational opportunities for staff.

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 our “emerging services”, many of which are crafted 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.

2016 will see Mazzetti launching a new website, where external messaging around our sustainability goals and efforts will be made more visible. In April, we produced an annual “Benefit Corporation” report commenting on our progress meeting social and environmental goals. Reporting will continue to be an annual effort, as we aim to improve our internal tracking and measurement of sustainability efforts to better mark progress in each initiative.

D. Water Conservation Efforts

Mazzetti recognizes the importance of effective water resource management as a core piece of our sustainability policy. In 2015, Mazzetti experimented with an internal competition to reduce water usage in each of our offices. Through education strategies, offices reduced their overall water usage on average between 2% and 5%. We also embarked on a goal to install meters in each of our offices to directly monitor water use. Installation will be complete and monitoring will commence in 2016.

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.

In 2015 we expanded our international efforts, working with the Sextant Foundation, to reach several additional resource-constrained countries including Rwanda, Philippines, and Honduras.

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. The Challenge coupled with the Commitment demonstrates our pledge 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 work to create efficiency strategies for each client regardless of their starting point.

We help clients meet their sustainability goals; working directly with the client's sustainability staff, helps us achieve this. There is also a high degree of collaboration required to successfully qualify for energy efficiency incentives, and we work diligently on behalf of our clients to ensure we get as much funding assistance for energy efficiency as possible. We partner with the Energy Trust of Oregon to assist clients in pursuing energy efficiency efforts and position ourselves as a knowledgeable partner in the industry. We regularly initiate and receive work from them.

We are regular participants in Kaiser's monthly Sustainable Resource Council Meeting (nationally) to offer assistance/strategies on energy and water conservation initiatives.

C. 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. 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.

D. 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 (ASHE), 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.

More recently, Mazzetti has worked with ASHE to expand the solutions offered and enroll hospitals across the country 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. In 2015, participation in Energy to Care increased more than 88%.

E. Volunteer Efforts & Sextant Foundation

In 2015, 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. We partner around the globe to provide sustainable healthcare through clean energy and water solutions.

In 2015, we began developing a relationship with Pan American Health Services (PAHS) in Honduras. PAHS provides health, nutrition, support, and developmental services to the children in the jungles of Honduras. Honduras is second only to Haiti in this hemisphere in terms of economic struggles. PAHS works to provide a nutritional rehab program that feeds starving children; a home that provides shelter and guidance to children whose families are unable to take care of them; a health outreach program that matches medical professionals to impoverished patients; and an education program that breaks the cycle of poverty and builds a brighter future. In recent years, among rising maintenance costs, PAHS has seen a decline in funding and a rise a need. Mazzetti volunteers worked through the Sextant Foundation to organize a solar installation, to provide more affordable energy. The project was completed in April of 2016.

In addition, we partner with companies, working to bring renewable energy to those most in need. E.g. We participate with GRID Alternatives, enlisting staff to assist in solar panel installation for low-income home owners. We participate in two - four installations per year. In 2015, our partnership with GRID Alternatives provided 176 employee volunteer hours, 11.36kw of solar power installed, and \$94,691 in savings for four families.

Measurement of outcomes

Mazzetti creates a firm-wide culture of raising awareness 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 aims to reduce the impacts of daily employee commuting. We allow employees to purchase public transit passes pre-tax and aim to complete a yearly survey of employee transit activities and practices. We purchase carbon offsets on an annual basis to offset our internal operations (not including employee commuting). In 2016, we will see improved measurement of our internal efforts.

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 by all anti-bribery laws and anticorruption laws anywhere where the company does business.

Implementation

We communicate our anticorruption commitment to our employees via the 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 ensure 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 in this 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 no incidents go unreported.