



A World of Ingenuity
2007 Sustainability Report

Scope of This Report

CH2M HILL is a global leader in full-service engineering, construction, and operations with more than \$4 billion in revenue and 18,700 employees worldwide. This report describes the sustainability activities of CH2M HILL Companies, Ltd. (the complete enterprise) minus joint ventures. This scope represents a considerable expansion of the previous report published in 2005, which only included CH2M HILL, Inc., and CH2M HILL Canada, Ltd. Unless noted otherwise, “CH2M HILL,” “the company,” and “the firm” are used interchangeably in reference to CH2M HILL Companies, Ltd.

Unless otherwise noted, all data is for calendar years 2005 and 2006, all monetary references are in U.S. dollars, and all measurements are in metric units. Throughout the report, “tonne” refers to metric tons.

Where appropriate, CH2M HILL uses the Global Reporting Initiative (GRI) guidelines as they apply to our professional services company. The indicators shown below were selected because they apply to our business in a meaningful way, represent areas where we seek improvement, and have systems in place to track and report the data. For a full explanation of the GRI guidelines, visit www.globalreporting.org.

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CH2M HILL executive officers (left to right) Ralph R. Peterson, Chairman and Chief Executive Officer; Lee A. McIntire, President and Chief Operating Officer; Nancy R. Tuor, Vice Chair

From the Office of the CEO

Two years ago, who could have predicted what massive changes would be witnessed in the business world with respect to sustainability? Most notably, climate change and energy are squarely in the sights of decision-makers, put there by a range of converging factors—Hurricane Katrina, rising energy prices, heightened instability in the Middle East, and the Intergovernmental Panel on Climate Change’s 2007 summary reports, which turned the global climate change debate toward action and adaptation.

In this same time frame, monumental changes have occurred at CH2M HILL—acquisitions, organizational enhancements, and the deployment of a firmwide program on engineering, procurement, and construction (EPC) to help CH2M HILL deliver full-service projects more efficiently and cost-effectively.

In this landscape of new opportunities and risks, CH2M HILL’s sustainability strategy can be summed up in three themes that permeate the pages of this report:

- First, we know we can successfully navigate the future by harnessing the infinitely renewable supply of human intellect and ingenuity of you—our clients, employees, community and regulatory partners, and industry peers.
- Second, we emphasize project work, because our core competency is mobilizing large-scale, lasting solutions in infrastructure and natural systems, through the projects we deliver around the world.
- The third theme is integration. Not only have we embedded sustainable business practices in our internal operations—but increasingly, our projects reflect all three facets of the sustainability triad: economic development, social well-being, and environmental protection.

In our view, an exciting and promising future lies before us. Please join us in imagining and creating a future that improves the lives and prospects for all.

*Ralph R. Peterson
Chairman and
Chief Executive Officer*

*Lee A. McIntire
President and
Chief Operating Officer*

*Nancy R. Tuor
Vice Chair*



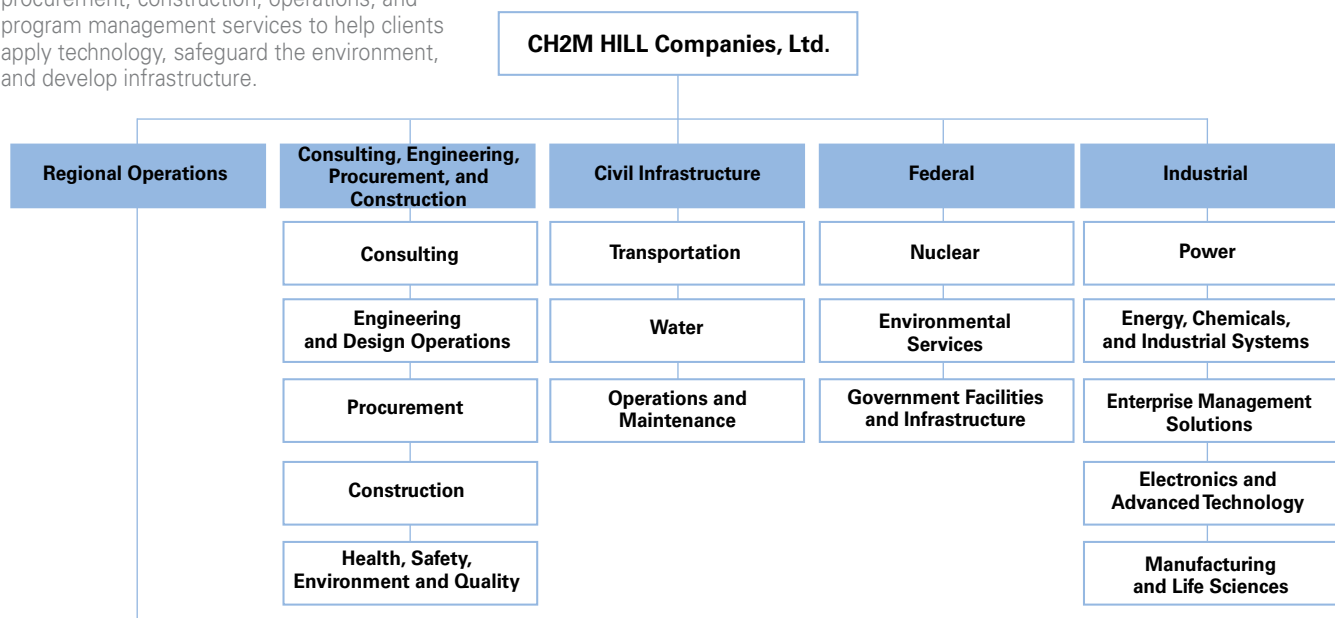
CH2M HILL Companies, Ltd. (CH2M HILL) is a global leader in full-service engineering, construction, and operations for federal, industrial, private, and municipal clients all over the world. Our people focus their ingenuity on a kaleidoscopic array of projects, which we invite you to discover at www.ch2mhill.com.

An employee-owned company, CH2M HILL manages its business according to the operating structure shown in the chart below. This structure enfolds a sizable number of legal entities, including joint ventures. The primary legal entities are listed below the chart. In 2006, employees generated \$4 billion in revenues for the CH2M HILL family of companies. Unconsolidated joint ventures, not part of this report scope, generated an additional pro rata \$0.5 billion in 2006 revenues. Headquartered in Denver, Colorado, CH2M HILL has 18,700 employees in regional offices around the world.

The three primary sections of this report follow a triple bottom line format, in which we address the firm's influence upon the environment, people and community, and economic development.

CH2M HILL Family of Companies

CH2M HILL is a family of companies that provides planning, design, engineering, procurement, construction, operations, and program management services to help clients apply technology, safeguard the environment, and develop infrastructure.



North American and International Regions

These business management units operate within a structure of legal entities that primarily consist of the following:

- CH2M HILL Companies, Ltd. (CH2M HILL)
- CH2M HILL, Inc. (IINC)
- CH2M HILL Canada, Ltd. (Canada LTD)
- CH2M HILL Constructors, Inc. (CCI)
- CH2M HILL Facilities and Infrastructure, Inc. (CF&I)
- CH2M HILL Industrial Design and Construction (IDC)
- CH2M HILL International, Ltd.
- CH2M HILL Lockwood Greene (LG)
- CH2M HILL Operations Management International (OMI)



FORTUNE Magazine Recognizes CH2M HILL

In 2006, *FORTUNE* magazine ranked CH2M HILL among its 100 Best Companies to Work For in America, and for the past five years *FORTUNE* named CH2M HILL one of the nation's "most admired" companies. The firm received top marks in innovation, employee talent, and social responsibility.

CH2M HILL and Sustainability

From a business perspective, sustainability trends present a range of issues and risks, as well as the opportunity to bring new value, services, and improved delivery systems and technologies to our customers.

Our strategy is to infuse CH2M HILL with the sustainability-inspired principles, knowledge, technologies, tools, and methods that will lead to better management of our company and better long-term solutions for our clients—solutions that respond to critical global issues, the business realities of our clients, and the values important to stakeholders.

CH2M HILL's main contributions to sustainability occur through project work such as wastewater treatment plants, power plants, military facility redevelopment, transit system design, solid waste management systems, manufacturing and industrial systems, and major programs such as host-city preparation for the Olympic Games. These undertakings are the core of our business and have substantially greater impacts than those of our internal operations—positive or negative—on resource use, ecosystems, community well being, and other measures of sustainability.

Opportunities

Through client projects, CH2M HILL strives to deliver the inherent benefits of sustainable approaches, as the projects listed throughout this report demonstrate. In addition, the outlook for the future includes some noteworthy areas of growth and contribution:

- **Innovations and Technology.** Our firm is investing in selected technology commercialization pilot projects, including a food waste composting system and a material alternative for cementitious binder. We also incorporate technological innovations in our projects—such as biowalls for groundwater remediation and reverse osmosis desalination described in two of this report's project stories. With new projects on the drawing board—like facilities that produce chemical feedstock from plants, and that make particleboard out of rice hulls—the opportunities for technological innovation are rapidly expanding.
- **Solutions in Energy.** In almost all client sectors, the need for improved energy management solutions and the demand for renewable energy systems create a growth area for CH2M HILL to deliver consulting and technical solutions.
- **Adaptation to Climate Change.** Climate change impacts have natural, political, operational, financial, and regulatory dimensions. Continued focus on this topic at global, national, and local levels raises the need for innovative risk management approaches and technical solutions.
- **Value in Partnerships.** We anticipate forming more innovative partnerships, such as the contract cities approach that CH2M HILL is pioneering in the American city of Sandy Springs, Georgia. This partnership streamlines city operations and optimizes the return on citizen tax dollars.
- **Infrastructure in Global Markets.** Finally, the expansion of our business in China and India cannot be overlooked—there, the opportunities are endless to apply our capabilities to sustainably develop water, wastewater, transportation, power, ecosystem, and building infrastructure in these countries.



Risks and Challenges

A number of sustainability-related trends—such as global water needs, changes in global climate, and energy demands—have created an uncertain business environment in which new issues, legislation, stakeholder expectations, and technologies must be considered. This is true for our clients' organizations as well as for CH2M HILL. For example, climate change is anticipated to alter rainfall patterns and raise the sea level in many parts of the world; yet engineering design standards for stormwater and flood planning are based on historical storm patterns. To help our clients manage these risks, we are devoting significant resources to the task of staying current with these changes and formulating problem-solving strategies.

From a CH2M HILL operations perspective, we are spotlighting two social sustainability risks for greater attention. These are: (1) the day-to-day safety risks that our people face on the job, at project sites, and at home, and (2) our company's exposure to inadvertent violations of human rights. Both of these risks are significantly higher in developing countries, where controls tend to be fewer and local partners may be less informed or less able to recognize problems. We manage health and safety risks through intense safety programs and a "Target Zero" corporate approach—on project sites and in offices. With regard to human rights, we adopted a policy against human trafficking in 2006 and plan to shape a more comprehensive approach to addressing human rights issues in the future.



Andrea Ramage
Director of
Sustainable Solutions

"CH2M HILL's people amaze me with their problem-solving ingenuity. The challenge of sustainability lights a creative spark, and the resulting solutions range from solidly practical to downright phenomenal."

Management

In 2000, CH2M HILL adopted a corporate sustainability policy. As a result, two CH2M HILL programs have explicit mandates to embed sustainability into project delivery and the operations of our overall business:

- Sustainable Solutions is a program that facilitates integration of sustainability into project solutions. It operates under the Office of the CEO and comprises a small team of experts drawn from a cross section of business units. The team participates in annual strategic and business planning efforts, co-manages various sustainable business initiatives with the firm's business units, and contributes to business development and project work. The team also works to expand CH2M HILL's sustainability service offerings by conducting internal training sessions and facilitating a network of sustainability practitioners throughout the firm.
- The mission of the Facilities Environmental Management System (EMS) is to reduce the company's environmental footprint in support of the company's business and client expectations. It currently functions in North America, in more than 100 CH2M HILL offices. The EMS Team is small and integrated, comprising members from each major administrative unit: Facilities and Operations, Procurement, Fleet and Travel, Publications, Information Technology, Real Estate, and Health, Safety, Environment, and Quality. The EMS team reports to the top manager of North American operations, who is a member of the Office of the CEO.



Jacqueline Rast

Senior Vice President, International Development

"The more I travel around the world, the more I see growing global awareness and action to improve sustainability. Great strides are being made toward environmental and ecological sustainability, as well as sustainable communities, economic growth, gender and cultural diversity, and social tolerance. I am inspired when I meet people from diverse cultures and geographies who are dedicated to increasing the sustainability of our planet.

"I am excited about the work we are doing with the Olympic Delivery Authority to deliver the venues and infrastructure for the London Olympic and Paralympic Games in 2012 while supporting the program's themes of climate change, waste, biodiversity, healthy living, and social inclusion. It's also gratifying to see our work with the London community to make the Olympic Park a blueprint for the social and economic regeneration of local communities.

"In programs like the Olympics, sustainability has become an integral part of the overall approach, not just a separate practice."



Introduction

As the fundamental basis of healthy human communities and thriving economies, the environment is a prominent feature of the projects we deliver and a strong aspect of managing our internal operations.

The realm of projects offers endless opportunities to invent new technologies, devise new solutions, and engage new partners. In this section, we focus on five key environmental areas of concern: climate change, energy, water, waste and pollution, and ecosystems. Through environmental solutions such as greenhouse gas mitigation, energy efficiency, water conservation, waste reuse and minimization, and ecosystem restoration, we can also deliver economic and social benefits (the other two aspects of the sustainability triad). The following section features projects that exemplify sustainable best practices.

Within CH2M HILL, environmental stewardship finds expression in running local Green Teams, volunteering in the community, and embracing the Target Zero safety commitment in executing our projects. Operationally, we strive to reduce our ecological footprint through the EMS, which involves facilities, fleet, procurement, and other administrative functions.

“Our team, both CH2M HILL staff and client staff, gained a new perspective on how sustainability can benefit the food industry, from farm to finished product, and how that process affects the consumer.”

– Philippe Neuville
CH2M HILL Senior Process Engineer
Aurora Organic Dairy Project

Featured Projects



Aurora Organic Dairy

Boulder, Colorado, United States

Sustainable Master Planning for the Dairy Industry

The Aurora Organic Dairy (Dairy) had already met stringent organic dairy certification requirements when it decided to take its commitment to sustainability to the next level. The Dairy management is committed to a broad vision of sustainability—one that encompasses all of the organic regulations, as well as issues such as soil health, waste management, the use of renewable resources, water conservation, and a full spectrum of human health initiatives that apply to the way they treat their employees and partners. In March 2005, the Dairy selected CH2M HILL to guide their efforts in designing a sustainability master plan for the Platteville, Colorado, farm and dairy plant—a plan that would establish a benchmark for the dairy industry.

The CH2M HILL team worked with Dairy leadership and staff to reach consensus on their sustainability goals and priorities. After looking at associated risks and cost-reduction benefits, five areas were identified—manure and organic solid waste management, wastewater management, energy use, water use, and energy supply—that provided the best opportunities for achieving the Dairy’s sustainability goals.

One of the team’s most creative recommendations was to combine farm-generated wastewater and animal waste to create a continuous anaerobic digestion system capable of producing biogas to generate electricity use. CH2M HILL also developed an implementation schedule for the master plan, which considered each action’s priority and how to minimize the impacts on farm and dairy plant operations.

Today, the Aurora Organic Dairy has converted their Platteville organic dairy farm and corporate offices to 100 percent wind power for energy and uses renewable biodiesel to run farming equipment, thereby offsetting more than 804,500 vehicle kilometers (500,000 vehicle miles) of fossil fuel emissions. The Dairy also recycles manure as fertilizer and gray water as irrigation water.



High Bridge Power Plant

St. Paul, Minnesota, United States

Low Emissions, Low Profile

Since 1923, the High Bridge power plant has been part of the skyline in St. Paul, Minnesota, providing power to the offices, businesses, and residents of the Twin City community. But the skyline is changing. The plant's owner, Xcel Energy, is replacing the old coal-fired plant with a combined-cycle natural gas facility that will be larger, cleaner, and more energy efficient. This undertaking is part of Xcel Energy's larger Metro Emissions Reduction Project (MERP), conducted in response to Minnesota Statute 216B.1692, a utility rider for the recovery of costs of qualifying emissions reduction projects outside of a general rate case.

CH2M HILL is providing engineering, procurement, and construction services for the new plant, which will come online in 2008. The new High Bridge plant will generate 580 megawatts (MW), more than double the current output and enough additional electricity to power nearly 300,000 homes. Working with Xcel Energy, the CH2M HILL team built multiple features into the design and construction that provide environmental, financial, and community benefits:

- Increased plant efficiency will give Xcel Energy a higher return on investment. A combination of natural gas and steam turbines will be 30 percent more efficient than a conventional steam plant.
- Reduced emissions will improve air quality and reduce greenhouse gas emissions. The new plant will reduce carbon dioxide (CO₂) emissions by as much as 188,200 tonnes (415,000 tons) per year, along with reductions in other emissions.
- A visually pleasing exterior will exceed community expectations. The new High Bridge plant will be housed inside an 11-story, 12,000-square-meter (130,000-square-foot) building.



High Bridge Power Plant Receives State's Highest Safety Award

In January 2007, CH2M HILL's management team and the project subcontractors were honored with a Minnesota Star, the state's highest safety award, for attaining more than 300,000 work hours without a lost-time accident. "This Star is the first awarded in the history of the State of Minnesota for new construction at a power generating plant," said James Collins, Director of the Occupational Safety and Health Administration's Consultation Program.



Rendering of the new High Bridge Power Plant



Jenkins Brick Company

Moody, Alabama, United States

Powering Industry with Landfill Gas

In October 2003, Mike Jenkins, chief executive of Jenkins Brick Company, contacted CH2M HILL about evaluating landfill gas as a source of fuel for a new plant. In addition to accommodating expanded production, Jenkins wanted to set a new industry standard.

The CH2M HILL team went to work evaluating hundreds of existing landfills within the Jenkins' eight-state search area. Of the 301 landfills evaluated, three qualified for additional research into volume of waste, acceptance rates, storage capacity, and the market demand for their landfill gas.

The best overall match appeared to be Veolia Environmental Services' Star Ridge Landfill in St. Clair County, Alabama. After CH2M HILL verified gas collection and supply statistics, Jenkins signed a contract with Veolia in November 2004. CH2M HILL produced the company's air permit application, designed the landfill gas pipeline system, and oversaw its installation.

The grand opening of Jenkins' Jordan Plant in October 2006 heralded a first for a major U.S. manufacturer: a facility sited specifically to use nearby landfill gas as fuel. Today, 40 percent of the brick plant's energy needs are being met with landfill gas, with 100 percent projected to be met in 10 years as the landfill grows. When the Jordan plant begins operating at 100 percent design capacity, the company's energy use at its three plant locations will be reduced from 1,581 kilojoules (1,500 Btu) per pound of brick to 738 kilojoules (700 Btu). The plant will also significantly reduce methane emissions from the landfill.

Award Recognition

The U.S. Environmental Protection Agency awarded Jenkins Brick Company their Landfill Methane Outreach Program 2006 Project of the Year. The Governor of Alabama and the Alabama Wildlife Federation awarded the company the Governor's Air Quality Conservationist of the Year for both 1999 and 2007.

Beth Vaughan

Senior Project Manager,
Jenkins Brick Project

When Mike Jenkins of Jenkins Brick came to CH2MHILL with \$10,000 and a sustainable exercise, Beth Vaughan knew she had her work cut out for her. "The new plant utilizes landfill gas, provides new jobs in small town Alabama, and was recognized nationally by the EPA. How's that for sustainability in action?"

"The history of this plant was very interesting," explains Beth. "This plant, named for Mike Jenkins' father, is believed to be the largest manufacturing facility ever built at one time for bricks. In working toward design capacity, it became the most efficient plant in the world."



Desalination for Sharjah Electricity and Water Authority

Sharjah, United Arab Emirates

A New Twist on an Ancient Technology

Boil salt water and capture the fresh water vapor—that’s the essence of desalination, a technology that sailors used as early as 200 BCE. Now, on a grander scale, desalination technology provides potable water in water-constrained regions, and the technology is improving quickly. Instead of using heat to release fresh water, the seawater reverse osmosis (SWRO) desalination process employs membrane separation, which significantly reduces energy use.

In Sharjah, the third largest of the United Arab Emirates, Sharjah Electricity and Water Authority hired CH2M HILL to provide EPC (engineer/procure/construct) services for three SWRO desalination plants. According to Lisa Henthorne, CH2M HILL’s design lead for the plants, “These projects are particularly important to the Middle East where, traditionally, thermal desalination has been used, especially in the Arabian Gulf. CH2M HILL was able to lower capital and operating costs compared to traditional thermal systems.” While energy use related to the salt content of the water source may represent up to 50 percent of a SWRO system’s operational costs, improvements in membrane performance and modern, mechanical energy recovery devices can reduce energy requirements by 10 to 50 percent.

The plants will have a total capacity to produce more than 18 million gallons of water a day. The Layyah plant will pretreat seawater using a dissolved air flotation system, in addition to two-stage media filtration to ensure potential oil contamination from the Arabian Gulf is removed. Located on the Indian Ocean side of Sharjah, the Khorfakkan SWRO desalination plant has high feedwater quality that requires only media filtration for pretreatment. The Kalba plant’s ultrafiltration membrane pretreatment and high-efficiency, energy-recovering pressure exchangers will produce additional savings because of their low energy consumption. All three plants are scheduled for completion in 2007 and early 2008.





Ceágo Vinegarden

Nice, California, United States

Wireless, Water, and Wine

In 2001, Jim Fetzer, a second generation vintner, launched Ceágo Vinegarden. His mission was to produce certified biodynamic wines using the perfect recipe of light, moisture, and temperature, along with organically amended soil and healthy vines. By so doing, Fetzer believed he could produce grapes, and therefore wines, of superior quality.

To achieve this goal, the Ceágo Vinegarden uses state-of-the-art geospatial technologies to manage the day-to-day activities of the vineyard. The data (such as field, row, roads) is provided by geospatial technology firm Geovine, Inc. and commercial weather sensors that monitor microclimatic parameters such as soil moisture, light, and ambient temperatures.

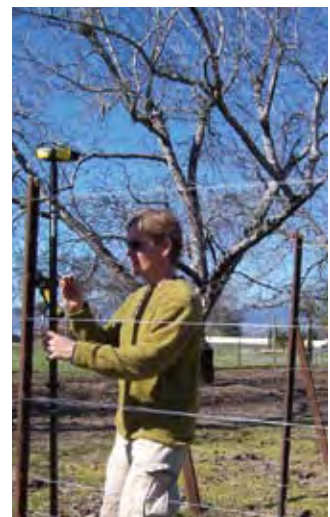
Fetzer worked with CH2M HILL on a technology-integration/cost-reduction initiative, in which three factors were most important: growing methods, weather conditions, and times to harvest. These components led to five project requirements: a detailed survey of all relevant vineyard assets, installation of radio frequency identification (RFID) tags for field data collection, installation of the real-time microclimatic solar sensors, integration of Internet services with the real-time climatic sensors, and Google Earth visualization with ongoing attribute maintenance (that is, updating the location of new vines) through mobile data collection.

CH2M HILL's experts led the effort to survey, install, develop, and tie all of these technologies together into an integrated system that wirelessly transmits field and climate data, in real time, to a web site. The objective of this farm information management system is to help reduce Ceágo's operational costs and optimize their harvests.

Fetzer's hope is to one day use the system to keep track of sugar content and pH levels and to schedule pruning and irrigation, among other activities. The system has capabilities that Fetzer has yet to explore, but first on his list is applying water only when and where it is needed.

Ceágo Vinegarden Awards

In recognition of CH2M HILL's innovative work with the Ceágo Vinegarden, the Consulting Engineers and Surveyors of California presented the company with a merit award in January 2007. The project was recognized because it represents the first-time integration of wireless technology, environmental sensors, RFID tags, an Internet interface, high-resolution geographic information system (GIS) mapping surveying, and e-mail/personal digital assistant notification. *Geospatial Solutions* magazine also named CH2M HILL as first-prize winner of the 2006 Geospatial Solutions Applications Contest. "Our judges were thoroughly impressed with the way this particular project integrated so many technologies in such an innovative way to solve a business problem," said Amy Stankiewicz, editor-in-chief.



The ABC Waters Program

Central Catchment, Singapore

“A” is for **active**, meaning Singaporeans can enjoy a wide range of water-based activities, from canoeing and sailing to dragon-boat racing.

“B” is for **beautiful**, because Singapore wants to transform their waterways into beautiful streams, rivers, and lakes that enhance the living environment.

“C” is for **clean**, so that whatever Singapore does with its water bodies, they will continue to be kept litter—and pollution—free.

Stewarding Singapore toward a Sustainable Future

PUB, Singapore’s national water agency, has a new vision for its reservoirs, canals, and rivers—a vision that goes beyond the originally intended engineering function of flood control. Singapore’s leaders realize that these water systems can be transformed into tremendous community assets by bringing the best of engineering together with water-sensitive urban design to support recreation, the arts, heritage, and culture. In 2006, they selected the partnership of CH2M HILL and Atelier Dreiseitl to create a master plan for Singapore’s Central Catchment, consisting of one-sixth of the island’s land area, including Singapore’s financial center.

The long-term initiative, christened the Active, Beautiful, Clean Waters (ABC Waters) program, seeks to transform Singapore’s extensive network of 14 reservoirs, 32 major rivers, and more than 7,000 kilometers of canals and drains into lively community spaces—increasing economic growth, attracting tourists and businesses, and bringing Singapore’s citizens closer to the beneficial aspects of nature and water.

Two noteworthy projects that are helping to preserve Singapore’s water resource include the Bishan Park on the popular Kallang River waterfront and the Alexandra Canal. Bishan Park will be transformed into a river with landscaped banks. Footbridges will be built to improve access to Bishan Park from housing on the other side of the canal. Streams and water-play areas will also be introduced. Patrons at the nearby Zion Road Hawker Center can look forward to al fresco waterside dining when a new park is built over the Alexandra Canal—all part of reconnecting Singapore’s blue treasures to the community for all to conserve, value, and enjoy.



Linda Macpherson

Watershed Manager for the ABC Waters Project and Principal Technologist in Water Reuse

“This unprecedented project will transform Singapore’s storm drainages into beautifully restored streams that weave through new nature-scape for this vibrant island nation,” said Macpherson. “The master plan marries nature and humanity in a new compelling community vision. It’s about combining engineering, community, culture, and history and reflects a pragmatic, yet imaginative, application of the triple bottom line of sustainability.”



Before



After

Before and after impressions of the Bishan Park Canal

CH2M HILL Environmental Performance

CH2M HILL's environmental performance is managed, monitored, and improved through a formal Environmental Management System (EMS) that follows ISO 14001 guidelines, but without third-party certification. Currently, the scope of the EMS encompasses North American office operations, with plans to expand into other geographies and business units.

The EMS was adopted on Earth Day 2005. In January 2006, CH2M HILL held its first EMS audit meeting. The EMS team, drawn from diverse administrative functions across the company, reviewed all aspects of operations, from computing services to procurement, and from project delivery to business travel. As part of the EMS process of continuous improvement, the team committed to new targets for 2007, shown below. In addition, the EMS team is developing procedures for day-to-day operations, such as using videoconferencing in lieu of travel, to augment the defined EMS targets. The data in this section present the company's environmental performance in the 2005 to 2006 reporting period.



Brandy Wilson
North American
EMS Manager

"The EMS has evolved from a pilot effort in 2005, to an exploration of possibilities in 2006, to a focused approach for managing the important environmental impacts that we can control in 2007."

Energy and Climate Change

Perhaps the biggest portion of CH2M HILL's corporate environmental footprint derives from energy consumed in the office space we occupy and the related greenhouse gas emissions. It happens that this aspect of our footprint is mostly controlled by others. CH2M HILL has a full-control lease of four buildings at the corporate headquarters campus in Englewood, Colorado, and conventional leases on nearly 100 offices in North America. For the conventionally leased offices, CH2M HILL is often one of several tenants in a building, and facility changes must be achieved in collaboration with property managers.

The headquarters campus in Englewood, Colorado, is the most significant source of the firm's direct environmental footprint, and hence has been a priority focus for energy and greenhouse gas reduction efforts.

Because energy consumption is such an important aspect of the company's footprint, we report on energy use for all North American facilities—whether we have full control or not. We also report on alternative energy purchases at the headquarters campus and in our North American offices.

Headquarters Campus—Energy Use and Carbon Emissions

At the headquarters campus, we construct and operate the buildings and regularly make physical changes to facility systems to conserve energy. All of the buildings have energy efficiency measures that resulted in a U.S. Green Building Council Leadership in Energy and Environmental Design (LEED®) certification, such as evaporative condensing on the HVAC system and motion sensors. Lighting throughout the buildings is computer controlled so that managers can adjust lighting levels appropriate to occupancy. The new East Building, completed in 2007, incorporates additional features that will further improve energy efficiency compared to the three original campus buildings.

2007 EMS Targets: CH2M HILL North American Office Operations

Materials and Equipment

Decrease paper use per person by 5%

Expand existing materials recycling program in 10 affiliate company offices

Expand environmental procurement criteria to 30% of all national agreements

Increase recycled paper from 68% to 75% of total paper purchases

Energy

Reduce total annual energy use by 5% at the headquarters campus

Reduce CO₂ (greenhouse gases) by 300 tons (4%) at the headquarters campus

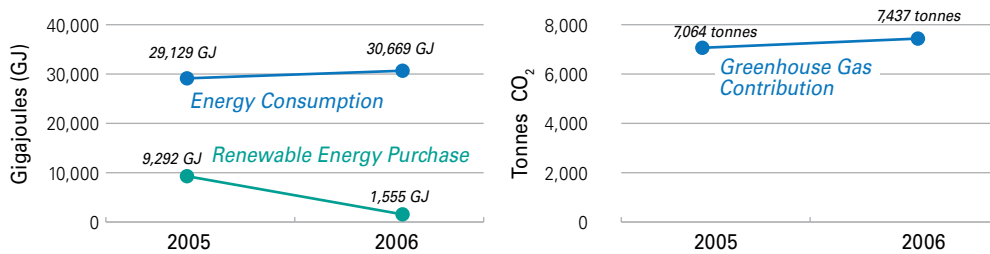
Travel and Transportation

Pilot the part-time teleworking and space sharing program in three North American offices

To achieve a 5 percent reduction in energy use by 2008, planned facility improvements include installing capacitors on all of the high horsepower motors, which store surplus electrical loads to decrease kilowatt hours used. Compressors will be regulated by microcomputers called “Intellicons” that help run the compressor more efficiently. A synthetic refrigerant (polarized oil additive) will be added to the air conditioning compressors to reduce friction and increase efficiency. New lighting voltage regulators will deliver a triple benefit of decreasing amperage, increasing efficiency, and extending the lamp life.¹

Finally, renewable energy is part of the campus strategy to foster the development of renewable energy resources. This amount varies from year to year, as shown.

Headquarters Campus—Energy Use and Greenhouse Gas Emissions



NOTES:

- Headquarters campus has 36,211 square meters (389,776 square feet) of building space through 2006 (south, west, and north buildings).
- Renewable Energy Purchase: Reflects ongoing commitment to contribute 5 to 10 percent of the campus energy use in an equivalent amount of wind power, depending upon availability of wind power from the local utility. Total renewable energy purchase for 2005 reflects a one-time purchase of wind power for a newly constructed building as part of the LEED® certification process.
- Corresponding carbon emissions are calculated using the World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol www.ghgprotocol.org



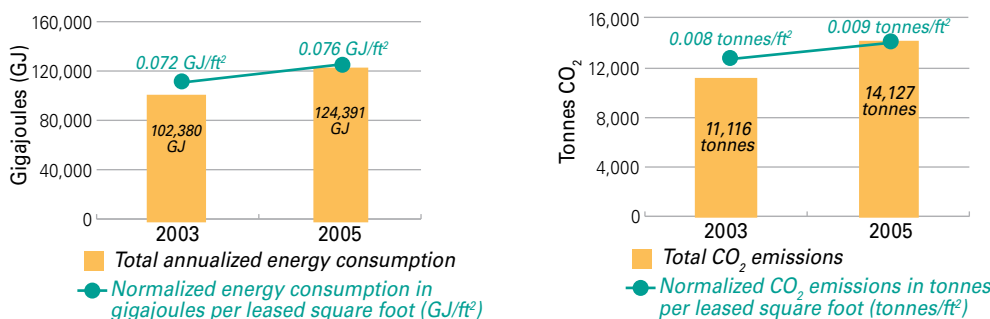
Steve Mancuso
Facilities Maintenance
Manager for the CH2M HILL
Headquarters Campus

“Initially, you might think that because you have a LEED®-certified building, you’re done. But there is always more you can do, and as the world headquarters, we have a responsibility to keep it up.”

North American Facilities—Energy Use and Carbon Emissions

Energy use for leased facilities is measured every 2 years by pro-rating the overall energy usage of the building by the square footage of the leased space. To date, the energy audits have been conducted in North America. The energy data represent 88 percent of CH2M HILL’s total electrical consumption related to facilities within the North American offices of CH2M HILL, minus the headquarters campus. Because we do not control these spaces, we have not set targets to reduce consumption. However, energy conservation practices are still carried out in these facilities.

North American Facilities—Energy Use and Carbon Emissions



NOTES:

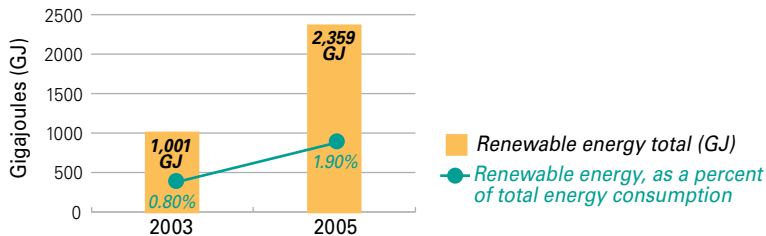
- Leased Area 2003: 132,798 square meters (1,429,432 square feet)
- Leased Area 2005: 152,024 square meters (1,636,373 square feet)
- The data do not include any offices rented for specific projects
- Corresponding carbon emissions are calculated using the World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol www.ghgprotocol.org

¹ Energy usage at the headquarters campus increased 5 percent from 2005 to 2006 because during 2006, several business functions were moved to the campus that required 7-day-per-week building operation, and staff increased by 3 percent. Also, a new low-voltage hot water electrical ice-melting system was added below the sidewalks to improve safety, as well as reduce the use of ice melt chemicals that contribute to stormwater contamination.

Renewable Energy Purchases—North American Offices

CH2M HILL invests in renewable energy sources, such as wind, solar, and biomass, because they align with company values and client services. Individual offices and regions act locally by choosing the renewable energy vendor and the level of investment.

North American Facilities—Renewable Energy Purchases



NOTES:

- Data exclude purchases made at the headquarters campus.
- 2003 data is based on known renewable energy purchases for the Northwest Region and Salt Lake City, Utah.
- 2005 data is based on known renewable energy purchases made on behalf of the entire Canadian and Northwest Regions, plus individual, additional purchases by the following office locations: Seattle, Washington; Corvallis, Oregon; Boise, Idaho; and Salt Lake City, Utah.
- Renewable energy percentage is calculated based on 2003 and 2005 total energy consumption, respectively.
- Data for renewable energy purchases is collected every 2 years in concert with the North American Greenhouse Gas Inventory.

Business Travel and Employee Commuting

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, train, subway, light rail, bicycle, and on foot. Because travel requirements are dictated by individual project conditions, reductions in travel are difficult to achieve year after year. Therefore, we do what we can to reduce travel impacts, but have chosen not to track performance in this area.

During 2005 and 2006, the following programs helped reduce CH2M HILL's fuel consumption and air emissions:

- **Flexible Work Schedule:** Full-time employees may work four 10-hour days per week; or nine 9-hour days in a 2-week period. Both schedules reduce the amount of commuting.
- **Teleworking:** The telework program reduces commuter travel and related greenhouse gas emissions, improves work-life balance, and reduces the square footage (and consequently energy use) of our facilities.
- **Pre-Tax Commuter Incentives:** The company encourages employees to use alternative forms of transportation by pre-funding transit passes in the U.S. Participating employees reimburse the company through pre-tax payroll deductions.
- **Video Conferencing:** This technology was first used in a significant way at the annual Global Operations executive leadership meeting in October 2006. Nine executives, who normally would have flown, chose to participate remotely instead, reducing costs and carbon impacts associated with air travel.



Becky Weig

EMS Community of Practice Leader for the Water Business Group

Becky Weig of CH2M HILL's Boston, Massachusetts, office actively works to reduce her carbon footprint in project work and at home. "I switched to telework after maternity leave. I used to have a daily commute of 2 ½ hours, but now, as a teleworker, I am able to do the same amount of work with 2 ½ more hours per day to spend with my son."

Becky is a project engineer who specializes in creating Environmental Management Systems for clients. She noticed that this work often required travel, and even before the birth of her son, found innovative ways to reduce that impact. "I began using web-based meeting technologies to review documents online with my clients. At first, some were unsure if the technology would replace face-to-face meetings with plant operators, but the results have been highly successful. My clients also appreciate the reduced travel expenses."

Local Travel Reduction Initiatives

At the local level, CH2M HILL offices often take it a step further. In Seattle, Washington, employees organized a bicycle fleet to enable travel between the office and the transit center, the town square, and other nearby destinations. In Toronto, Ontario, employees participated in Toronto's "Clean Air Commute Week" and prevented the emission of 1,363 kilograms of smog-causing pollutants. In Boise, Idaho, employees logged 1,091 total days of alternative commuting through "May in Motion." And in Atlanta, Georgia, the CH2M HILL office has participated in the "Monthly Commuter Use of Clean Modes" each June since 2001, eliminating 25,675 vehicle kilometers (15,957 vehicle miles) traveled.

Materials and Resources

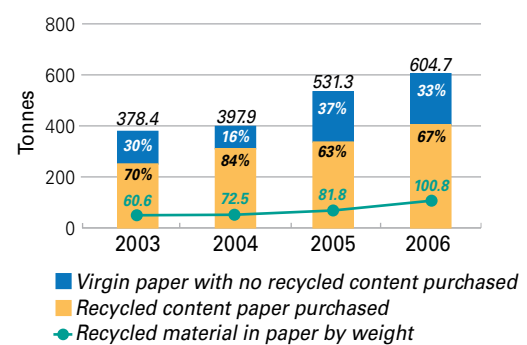
In this category, we track several indicators that are most relevant to our office-based operations, including paper consumption, recycled paper consumption, recycling, and environmentally sound procurement practices. In the performance of client work, we monitor and correct spills that occur in the field.

Paper Consumption

As a service-based business that depends on paper for countless communications and client deliverables, paper is a fitting symbol for CH2M HILL's total material consumption. Paper consumption includes primarily white paper for use in copiers and printers, purchased through a national master contract. These purchases represent approximately 80 percent of the total paper consumption in the U.S. and Canadian offices. The remaining 20 percent is obtained from a myriad of regional and local vendors and is not tracked systematically for reporting.

Paper use increases every year as CH2M HILL adds staff. However, paper use decreased by 450 sheets per person per year from 2005 to 2006. Collectively, this translates to 45 tonnes of wood fiber, or roughly 680 trees. Energy saved equates to 300,000 kilowatt hours, enough to power 11 homes for a year, and 67,000 kilograms of CO₂, equal to taking 13 cars per year off the road.²

Virgin versus Recycled Paper Consumption



NOTES:

- 2003 and 2004 information includes all CH2M HILL entities operating in the U.S. and Canada at the time of the 2005 Sustainability Report.
- 2005 and 2006 information includes CH2M HILL Inc. in the U.S., Canada LTD, IDC, and LG. OMI is not included, because most paper purchases occur through direct client contracts.

Recycling: Collaboration Creates a Triple Win

Because of our EMS program, recycling has spread to 92 percent of North American offices—an increase of 17 percent over 2005 participation—and is part of the way we do business. However, just like other environmental programs in our leased spaces, implementation requires collaboration with property management.

Volunteer Green Teams are an essential link in local environmental responsibility. From volunteering on community cleanup activities to organizing alternative commuting fairs, Green Teams act on-the-ground to help our EMS team succeed. For example, the Green Team in the Salt Lake City office led a collaborative effort with the other tenants in the building to persuade their property manager to try recycling. Prior to this effort, nothing in the 13-story office building waste stream was recycled. The property manager solicited new bids for solid waste management in the building, and found a company that offers recycling and charges less money—a triple win for the building occupants, the property manager, and the planet.

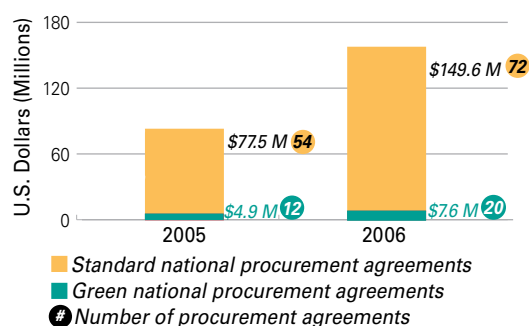
² Environmental impact estimates were made using the Environmental Defense Paper Calculator at www.papercalculator.org. The Paper Calculator is based on research done by the Paper Task Force, a peer-reviewed study of the lifecycle environmental impacts of paper production and disposal.

Environmental Procurement

Procurement provides a valuable leverage point for CH2M HILL to lessen the company's environmental impact and influence vendors, and it is an area of greater focus since the last reporting period. Our starting point, in a highly complex system comprising thousands of vendor relationships, is the relatively manageable number of national agreements, primarily for office supplies and services in North America.

By 2006, our efforts resulted in 22 percent of national agreements having environmental criteria. The affected contracts include those for office supplies, office furniture, janitorial services, technical equipment rental, printing vendors, and other goods and services. In 2007, the corporate procurement group adopted a policy to add environmental criteria to all contracts from this point forward. The 2007 target is to add environmental criteria to 30 percent of national agreements.

Dollar Volume of Green Procurement Under U.S. National Agreements, as a Proportion of Total Agreements



NOTES:

- National agreements shown in the graph represent less than 10% of the firm's total expenditures for products and services.
- Data provided are only for U.S. contracts, and does not include intercompany expenditures.
- Total company expenditures were \$1.6 billion in 2005 and \$2.5 billion in 2006.

Environmental Spills

CH2M HILL tracks environmental incidents that occur in offices and on field projects for U.S. operations and for CH2M HILL OMI, wherever CH2M HILL is contractually responsible for environmental performance. The following table summarizes significant spills as defined by applicable standards and legislation occurring in 2005 and 2006. All incidents are immediately cleaned up and reported to the appropriate governmental agencies as required. CH2M HILL also investigates and implements corrective action for all incidents. As part of the Target Zero program, environmental management practices are applied to every project where the potential exists for an incident.

2005/2006 Environmental Spills

Date	Incident
September 2005	Approximately 70 gallons of non-hazardous polymer spilled during pumping activities.
October 2005	Approximately 500 gallons of dredged sediment released during pumping operations into a contained area.
March 2006	Approximately 2,000 gallons of groundwater from extraction well discharged into onsite infiltration pond.
September 2006	Approximately 500 gallons of sewage released to a contained area at wastewater treatment plant.
September 2006	Approximately 500 gallons of dredged sediment spilled into a containment facility.
October 2006	Approximately 60 gallons of groundwater spilled from a groundwater treatment system.
October 2006	Approximately 50 gallons of jet fuel spilled during petroleum, oil, and lubricants system pressure testing.



People and Community

Dewey Brigham, Jr.

President of the Colorado Association of Black Professional Engineers and Scientists (CABPES)
CH2M HILL Construction Manager

“I have been with CH2M HILL for 21 years,” says Dewey Brigham. “Early in my career, a coworker asked me to judge a science fair at the Colorado School of Mines. I was so impressed and inspired by what I saw and learned about CABPES that I’ve been involved ever since.”

CABPES is an after-school program designed to encourage and assist African American and other underrepresented youth in grades 5–12 in preparing for engineering and science careers. It offers classes taught by volunteer professionals and exposes students to civil engineering, mechanical and electrical engineering, architecture, computer programming, and the Internet. CH2M HILL has supported CABPES with financial grants and employee volunteer leadership for more than 15 years, and Dewey Brigham, Jr., has served as the president of CABPES since 1999.

“It makes such an impression for these kids to work with African American professionals, including doctors, lawyers, teachers, and engineers. Over 90 percent of the students involved in CABPES go on to college,” Dewey explains proudly.



Introduction

The well-being of CH2M HILL’s people and the relationships they foster with clients, colleagues, and communities are a fundamental source of strength for our business. That is why the social facets of sustainability are given a significant measure of attention and investment through safety programs, community relations, philanthropy, volunteerism, and leadership. In this section, we present stories that reflect on these commitments, and we share progress against a variety of performance metrics.

On June 28, 2006, Chairman and CEO Ralph Peterson signed the World Safety Declaration, a new industry-led initiative to improve workplace safety. Signatories have agreed to report their workplace safety-related successes and challenges at the 2008 World Congress on Safety and Health in Seoul, Korea.

Featured Projects

Alcoa Bohai Aluminum Mill Expansion

Qinhuangdao, China

Cross-cultural Teamwork Achieves More Than 1 Million Injury-free Hours

In April 2007, the Alcoa Bohai Aluminum Mill Expansion project celebrated 1 million injury-free hours and in the same month was recognized by Alcoa as the environmental health and safety (EHS) winner for the Asia Region Impact Award. This high honor is awarded to projects that have a positive effect on Alcoa and the community at large.

CH2M HILL leads safety, construction management, and overall project controls at the Alcoa Bohai site, in close partnership with Alcoa, MCC20 (a Chinese construction company), and various suppliers. The safety award is noteworthy because of the inherent challenges of constructing the new 55,000-square-meter (590,000-square-foot) hot-rolled aluminum mill next to the existing plant, with crews working around the clock, 7 days per week, to meet the aggressive schedule.

CH2M HILL and Alcoa created a joint safety training manual based on each company's experience and commitment to safety. The manual forms the core of the site safety program and deals with various on-the-job risks. The project also uses a balanced "carrot and stick" approach. Managers reward good behavior by giving incentive cards, redeemable for cash, to personnel who do exemplary work. If workers violate a safety standard, they may lose their access badges and be required to take additional safety training. The project is slated for completion by 2008.



Tony Woo

CH2M HILL Safety Manager for the Alcoa Bohai Project

A Singaporean by birth and a mechanical engineer and occupational safety and health specialist by training, Tony Woo joined CH2M HILL and the Alcoa Bohai project in 2006 as safety manager.

Worldwide, Alcoa faced numerous fatalities from truck drivers falling off 3.5-meter high trucks while unstrapping loads. At the Bohai project, it was decided that 100 percent protection had to be in place. This was a huge challenge because trucks unload all over the site, not just in controlled loading bays where fall prevention measures can be permanently rigged.

Tony was responsible for working with Alcoa to design portable safety airbags to provide fall protection around trucks during unloading. After Alcoa plant manager Geoff Watson conceived the idea, Tony sketched designs and worked with a playground manufacturing company and Alcoa to have them built. Tony is now improving the airbags to prevent them from tearing and leaking air as they are moved around the construction site. Similar airbag concepts are starting to appear on project sites worldwide.

"When I see the airbags used for every delivery, I know there will be far fewer injuries on this job." Woo said.

Temporary Housing for Hurricane Katrina Victims

Gulf Coast, United States

Helping Hands for Communities in Need

Within days of Hurricane Katrina crashing into the U.S. Gulf Coast, CH2M HILL employees were onsite to provide temporary housing, vital infrastructure, and utilities and maintenance support for displaced people in Alabama, Louisiana, Mississippi, and Texas. This was especially challenging because CH2M HILL employees from offices in the impacted areas were among those displaced.

Patt O’Flaherty is an environmental project manager from CH2M HILL’s Seattle office who worked in Mississippi, living out of a hotel room for more than 8 months. She worked nearly nonstop in an atmosphere of incredible destruction, helping with site remediation and group and individual trailer site placement for the Federal Emergency Management Agency (FEMA).

CH2M HILL was responsible for identifying, designing, and constructing group sites, as well as installing, maintaining, and deactivating temporary housing units. Trailers were brought to an interim staging area between storage and delivery sites, where a truck customized with a mobile generator was used to fully power trailers and test all systems including pressure (air and water), gas and electric. To speed up the installation process, units were arranged in the staging area and color coded based on functionality.

Patt was struck by the level of poverty and unofficially helped coordinate contributions of food, clothes, and gift cards from Wal-Mart and hand-me-downs from friends in Seattle. She hopes to go back next year to see the progress that has been made.



Patt O’Flaherty

Environmental Coordinator for the Katrina rebuilding efforts

Patt’s role during the Katrina rebuilding efforts was to look for sites that were not contaminated and that offered access to water, power, sewage, and food supply.

Patt met a 70-year-old man who was looking for a trailer park close to a medical facility in order to take care of his wife. Patt remembers, “I had talked to many people who were in need of housing. Some of them were a bit more difficult than others. But this man, whom I had never met, was so positive. He had no place to live, he had a sick wife, and he had lost many of his possessions. He said to me, ‘Patt, what I miss the most is chocolate cake.’”

Eventually, Patt was able to secure temporary housing for this man and his wife. When they arrived, Patt had planned ahead to ensure they were met with a decorated chocolate cake. She said, “I can just imagine the look on his face when he arrived!”





Tsunami Reconstruction Program

Sri Lanka

Green Vocational Schools Will Boost Economic Development

Since September 2005, CH2M HILL has been working with USAID and Sri Lankan government agencies, helping to rebuild some of the Sri Lankan communities devastated by the 2004 tsunami. One aspect of the Sri Lanka Tsunami Reconstruction Program (SLTRP) is to build much-needed vocational education schools. "Training young people in vocational trades will provide them with crucial skills that lead to well paying jobs. This will benefit the overall economic health of the region," said USAID Mission Director Rebecca Cohn.

As SLTRP program manager, the CH2M HILL team is working with local Sri Lankan firms, directing the design and construction of two USAID-funded vocational schools. In accordance with USAID guidelines requiring green construction, the two schools will be the first LEED®-certified facilities in Sri Lanka. Some of the green features will include highly reflective and insulated roofs, low-flow water fixtures, thermally insulated low emissivity glass, and recycled building materials.

CH2M HILL Program Manager Chaitanya (Teny) Mittal works closely with USAID and the Sri Lankan government to keep the reconstruction effort on track. During Teny's 26 years with CH2M HILL, he has spent nearly 23 years overseeing infrastructure projects in the Middle East and now in Sri Lanka. His expertise helps mitigate the local challenges of security, inflation, and government coordination on this complex project. "It is personally satisfying to know that the schools we're constructing can help improve the lives of the people in this devastated region," said Teny.

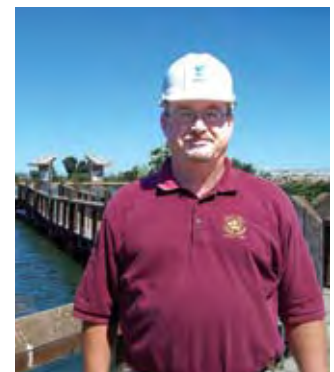
As the project proceeds, the CH2M HILL team is not only providing training facilities for the next generation of Sri Lankan tradesmen and women, but also transferring green building know-how to the Sri Lankan architects, engineers, and contractors associated with the SLTRP.

Kirby Chaney

Water Treatment Professional at the Mobile Water Treatment Plant, Banda Aceh

Kirby arrived in Banda Aceh, Indonesia, one month after the tsunami to help set up and operate a mobile treatment plant to provide survivors with potable water. "We worked with local water utility employees who were used to an old-fashioned water treatment plant. We provided them with valuable training on a new technology, including maintenance and operations. I hope that by installing the facility and giving them the skills, that their lives will be better," said Kirby.

Kirby feels strongly about the need for a sustainable solution to the global water problem. "In the United States, we take for granted that we can turn on the tap and get a drink of water. There is a huge need for a long-term, lasting change to the worldwide water and sanitation problem."



Community Outreach

CH2M HILL helps build and improve communities not only through technical services, but also through volunteerism, strategic partnerships, and community leadership. Our employees embody a spirit of service and bring their time, passion, and expertise to creating a positive impact on societal issues, such as improving science, technology, engineering, and math education; supporting sustainable community development; and addressing local issues of importance to communities, clients, and employees.

Inspiring the Workforce of the Future

During the next 12 years, 80 percent of the native-born workforce growth in North America and Western Europe will come from those over the age of 50. In addition, the United States will need 18 million new college degree holders by 2012 to cover job growth and replace retirees; however, at current graduation rates, there will be a shortfall of 6 million.³ These are only two of many indicators that show a daunting lack of technical talent needed to address societal concerns for clean water, safe transportation systems, and sustainable growth. Consequently, many of CH2M HILL's community outreach efforts focus on educating and inspiring young people to become part of the skilled engineering workforce for the future.

Each year, CH2M HILL employees play a leadership role in **Engineers Week (E-Week)**, a program designed to help ensure a diverse and well-educated future engineering workforce by increasing understanding of and interest in engineering careers and by promoting pre-college literacy in math and science. In 2005 and 2006, employees from 42 CH2M HILL offices across North America volunteered their time to serve as mentors, teachers, and judges, supporting a variety of E-Week activities, including classroom presentations, design and construction competitions, and career shadow days.

CH2M HILL is a leader in the transportation industry, which relies on bright, talented professionals to deliver innovative solutions. To encourage emerging professional women to enter the transportation industry, CH2M HILL awarded a \$100,000 grant in 2006 to the **Women's Transportation Seminar (WTS) Scholarship Fund**. These funds will provide scholarships so more young women can enter transportation engineering professions.

Improving Lives in Developing Communities

As CH2M HILL grows internationally, contributions to sustainable community development in countries such as Guatemala, Malawi, and Thailand have become a priority.

Since 1991, CH2M HILL employees have partnered with **Water For People**, an international non-profit organization committed to increasing access to safe, locally sustainable drinking water and improving sanitation and health in developing communities. CH2M HILL professionals provide volunteer leadership to Water For People's board of directors and regional committees. Through our sustainable communities online giving program, CH2M HILL raised \$39,350 for Water for People in 2005 and \$44,954 in 2006.

CH2M HILL also maintains an enduring partnership with **Engineers Without Borders™ USA (EWB-USA)**, a non-profit organization whose mission is to improve the quality of life in developing communities by building sustainable infrastructure and providing learning and professional development opportunities for engineering students and professionals. CH2M HILL Senior Vice President Bud Ahearn serves on the EWB-USA board of directors, and nearly 50 employees across the United States volunteer in local student and professional chapters. In 2005 and 2006, employees participated in more

³ Source: *Workforce Crisis: How to Beat the Coming Shortage of Skills and Talent*, Ken Dychtwald, Harvard Press, 2004.



CH2M HILL's Elisa Speranza was elected Vice President of the Water For People board of directors in 2006. She works with the board to establish policy, develop strategic plans, provide guidance to the staff, and spread the word about Water For People's important work. "It is an honor and a privilege to serve this organization, and I'm grateful that CH2M HILL employees give such tremendous support," Elisa said.

Three other CH2M HILL employees also serve on the board: Tony Petrucci is the incoming president of Water For People-Canada, Joe Stowe represents the Water Environment Federation on the board, and Nancy Barnes holds an at-large position.

than 20 EWB-USA implementation trips to countries such as Ecuador, India, Sri Lanka, and Ghana. In the same period, CH2M HILL contributed \$160,000 to sponsor EWB-USA international conferences, support employees' implementation trips, and help offset the organization's program and administrative expenses.

Community Partnerships

Contributing to the communities where we live and work is a vital part of CH2M HILL's culture and way of doing business. We seek opportunities to partner with our clients, local officials, and non-profit organizations to positively affect the communities we are a part of every day.

In April 2007, 45 volunteers from CH2M HILL's New Jersey office partnered with Honeywell, one of our valued industrial clients, for **Honeywell's Jersey City Rebuilding Together Project**. Activities included spackling, painting, cleaning, planting, plumbing, and performing electrical work on three houses. At the end of the day, all of the volunteers were rewarded by the look of joy on the owners' faces. As one homeowner said, "the only time I recall feeling as excited was on my wedding day."

The **CH2M HILL Bikes for Kids Program** began in 1999 when a single employee in CH2M HILL's Atlanta office challenged her co-workers to raise money to purchase 100 new bikes and helmets for local underprivileged children. This grassroots event has since grown to include six additional CH2M HILL offices in the United States. During the last seven years, employees have contributed more than \$75,000 to purchase more than 1,500 bikes and helmets.

CH2M HILL is a charter corporate sponsor for the United States' first and flagship **EcoZone** in Washington, DC. This unique public/private partnership is designed to forge solutions to critical environmental challenges in the areas of air, energy, water, and green spaces. The initiative is funded through corporate sponsorships, and CH2M HILL's contribution in 2006 was \$30,000.

As a firm with strong roots in the water industry, CH2M HILL is proud to be a lead sponsor of the Water Environmental Federation's **World Water Monitoring Day™** (WWMD) program, one of its primary global outreach efforts. WWMD is an international education and outreach program that builds public awareness of and involvement in protecting water resources by engaging citizens in basic monitoring of local water bodies. In 2005 and 2006, volunteers from more than 58 CH2M HILL offices in North America tested water quality at local watersheds. In addition, CH2M HILL produced an educational and promotional video for WWMD, which emphasizes the importance of monitoring and protecting global water resources.



Patty Keck

CH2M HILL Community Relations Manager

"Lately, I've noticed that 'being green' and 'socially sustainable' are real media trends. What I love about CH2M HILL is that we're already there," says Patty proudly. "When I started working here 12 years ago, CH2M HILL had already been involved in thousands of projects that make a difference, improve lives, and impact communities."

"I always thought that I'd end up working for a non-profit organization because I believe in social responsibility, environmental stewardship, and helping those in need. I've found that fit at CH2M HILL. My co-workers are constantly stepping up to help others without a second thought. That's social sustainability in action!"



Sharon Nowlin, the CH2M HILL contracts manager who started the Bikes for Kids Program, brings a smile to the face of a young girl in Atlanta by presenting her with a new bike.

Health and Safety Committees

CH2M HILL places a high premium on safety, both in the office environment and on clients' job sites. This commitment is backed by a strong health and safety organization that develops operating standards, monitors performance, and conducts ongoing employee training. Furthermore, the Health, Safety, Environment, and Quality (HSE&Q) program is integrated with our business and project delivery systems. All of these systems are integrated in the Target Zero program, which strives for zero injuries and illnesses in the workplace, whether that place is the office or the field.

The company conducts its operations according to written safety programs. In nearly 60 percent of our North American offices, these programs are administered by safety committees and, in the remainder, by office safety coordinators. These committees and coordinators are the primary channel for employees to voice and resolve health and safety concerns. Other channels include direct contact with HSE&Q management, regularly conducted all-employee surveys, and semi-annual surveys with smaller groups of randomly selected staff.

Injury Rates

The 2006 recordable incident rate for all of CH2M HILL's family of companies worldwide was 0.93 incidents per 200,000 hours worked, our lowest ever and nearly 38 percent lower than the U.S. industry average of 1.5.⁴ No CH2M HILL company had any occupational fatalities in 2005; however, tragically, CH2M HILL OMI had one fatality in 2006. CH2M HILL investigated the incident and implemented a corrective action plan. We performed a follow-up assessment to verify that the corrective actions are effective in preventing future occurrences. Additionally, three subcontractor fatalities occurred on CH2M HILL projects in Asia: two in India (2005, separate incidents), and one in China (2006). As a result, the company has launched an aggressive program to measure performance and increase project oversight of our global subcontractors, particularly in developing countries. CH2M HILL applies Occupational Safety and Health Administration (OSHA) standards and best safe work practices across the board, in all countries where we do business. The company also uses OSHA guidelines to classify reportable incidents.

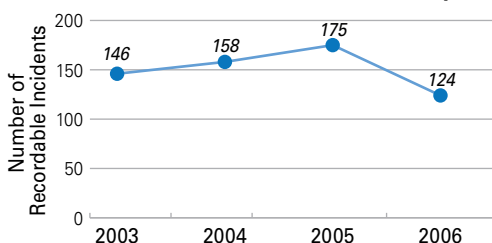
In addition, CH2M HILL introduced the Target Zero safety initiative in 2006, which challenges every CH2M HILL employee to achieve zero injuries and illnesses, zero adverse environmental impacts in our project work, and zero errors, omissions, and defects in the quality of our work. More than a corporate goal, Target Zero embodies a belief that employees are the foundation of accomplishment for world-class performance.



Colorado Human Rights Campaign's Equality in Business Award

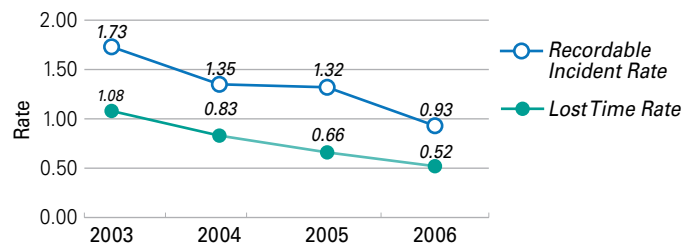
CH2M HILL was presented with the Colorado Human Rights Campaign's (HRC) Equality in Business Award in February 2005, in recognition of promoting a work environment that values equality and opportunity for all employees. HRC's mission focuses on gay, lesbian, bisexual, and transgender (GLBT) equal rights. The award recognizes CH2M HILL's awareness and support of GLBT issues through the GLBT employee network called L.I.F.E. (Leadership Inspiring Full Equality). The firm also regularly participates in an HRC survey, ranking in the 80th percentile in 2006.

Recordable Incidents for CH2M HILL Family of Companies



NOTES:
 - Includes INC, CCI, OMI, IDC, and LG. For 2003, LG is not included because it was not part of CH2M HILL at that time.

Recordable Incident and Lost Time Rates



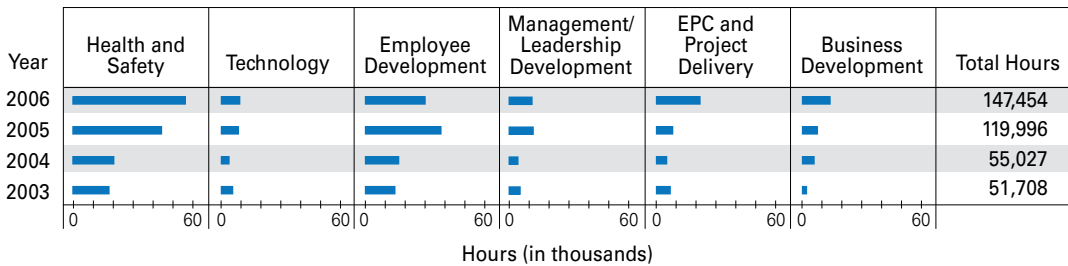
NOTES:
 - Includes INC, CCI, OMI, IDC, and LG. For 2003, LG is not included because it was not part of CH2M HILL at that time.
 - Rates are figured as number of cases per 200,000 hours worked. 200,000 is an estimate of the hours worked by 100 employees in a year.

⁴ Based on the 2005 data published by the U.S. Department of Labor, Bureau of Labor Statistics for Engineering Services NAICS code 541330, which includes the majority of CH2M HILL companies.

Enterprise Learning and Organization Development

During the past 2 years, CH2M HILL has significantly strengthened its commitment to staff learning and development and has improved tracking systems for measuring learning and development activity. The significant jump in health and safety training between the 2003/2004 reporting period and the 2005/2006 period can be attributed to the new "HandS" database, which assures that health and safety training hours are tracked consistently. The figures reported here represent firmwide programs, which include approximately 85 percent of all training conducted at CH2M HILL. The remaining courses are delivered in specific geographic regions or business unit programs and are not systematically tracked. Approximately 60 percent of all training is instructor led in a classroom; the remainder occurs online.

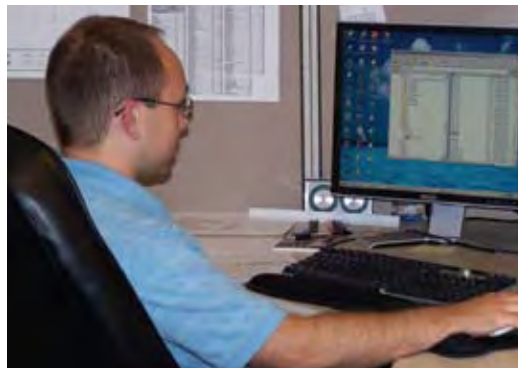
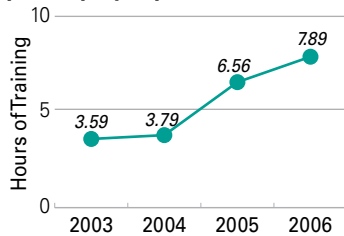
Total Employee Training Hours through Corporate Learning and Development Programs



NOTE:

- Because of improvements to tracking systems between the 2003/2004 and 2005/2006 reporting periods, the training categories offered have changed (for example, design-build and project delivery courses were tracked separately in 2003/2004, but they are now combined in an EPC and project delivery course). The 2003/2004 information was pulled into the new categories to allow for comparison.
- Employee Development includes such courses as time management, career development, and communication.

Average Hours of Training per Employee per Year



Learning Online about Sustainability Challenges and Best Practices

The analytical abilities and specialized skills of engineers, scientists, designers, and construction professionals are needed to address major global issues such as climate change, urbanization, water scarcity, and energy supply around the world. That's why, in a novel undertaking, CH2M HILL delivered a 3-day conference on sustainable solutions in November 2006. The conference delivered up-to-date information on global trends affecting our clients and business and introduced various sustainable solutions, tools, and best practices. To avoid hefty expenses and a significant carbon footprint, the conference was designed as an online experience that any employee with access to a phone and the Internet could attend.

More than 800 employees in over 50 offices attended nine keynote sessions, featuring speakers from client organizations such as STMicroelectronics, DuPont, Dallas Fort Worth International Airport, and the U.S. General Services Administration, as well as CH2M HILL's own experts in the field. The recorded conference presentations are compiled on a CD, available upon request.

Government Participation and Lobbying

Public policy creates business opportunities and challenges that affect CH2M HILL and our clients. Our Governmental Affairs staff promotes the business and professional interests of CH2M HILL, its employees, and its clients at federal, state, and local levels. Governmental Affairs professionals are responsible for handling firmwide legislative affairs, supporting business development, assisting clients, managing the company's political action committee, and working with and leading professional societies and organizations. CH2M HILL is actively engaged in staff-level briefings and consultations in the U.S. Congress to provide insights into private-sector initiatives that address the realities of sustainability and global climate change. In addition, we regularly engage with federal organizations such as the U.S. Departments of Transportation, Energy, and Defense and the U.S. Environmental Protection Agency.



Singaporean Tommy Koh Honored with Build a Better World Award

Chairman and CEO Ralph Peterson presented CH2M HILL's 2006 Build a Better World Award to international visionary Tommy Koh of Singapore. Koh served Singapore for nearly four decades in multiple community and civic roles and served the world at large by chairing the U.N. Earth Summit and negotiating the Singapore-U.S. Free Trade Agreement. "Tommy Koh is a humble world-class citizen who personifies the concept of building a better world," said Peterson. "He has lent his many skills to helping improve the world for the citizens of his native Singapore and the world at large. It is our honor to recognize Professor Koh for his many contributions to humanity." CH2M HILL established the award in 1998 to honor outstanding persons or organizations that provide leadership, vision, and action that significantly improve the lives of people and the countries and communities where they live and work.

FCM-CH2M HILL Sustainable Communities Awards

The Federation of Canadian Municipalities (FCM) and CH2M HILL Canada Ltd. established the FCM-CH2M HILL Sustainable Community Awards in 2000 to recognize municipal leadership in sustainable community development and to give national recognition to projects that demonstrate environmental excellence and innovation in service delivery. FCM's Green Municipal Fund and CH2M HILL Canada Ltd. are the primary sponsors of the Awards.

The cities of Edmonton, Montreal, Surrey, Toronto, and Vancouver were among the winners of the 2006 Sustainable Community Awards. The winners demonstrate best practices in the categories of buildings, solid waste, sustainable community planning, water, wastewater, residential development, sustainable transportation, and energy.



BADGER RAILING

Economic Development

Rich Block

Project Manager on the Menomonee Valley Industrial Center Project

“Basically, we turned a blighted area that was desolate for almost 30 years into an economic and environmental benefit,” said Rich Block, project manager for the Menomonee Valley Industrial Center project. “The economic sustainability of this project is two-fold—first, through the analyses we performed, we forecast a long-term \$120 million net benefit to the City of Milwaukee. New businesses have hired local employees and generated tax-based revenue—something this area hasn’t seen for decades. Second, through the economic forecasts and innovative stormwater management that foster environmental sustainability, the city leveraged the ability to obtain grant funds to support the project and provide credits for future light industrial business.”



Introduction

Economic development and viability occur at several levels: individual, company, community, and national. At the individual level of its employees, CH2M HILL fosters a highly participative employee ownership program through which it shares the gain (or pain) of strong (or weak) business cycles. In 1999, CH2M HILL radically expanded the employee ownership program by making internal stocks available to most employees. Since then, the overall trend in wealth creation has been positive, with internal shares of stock steadily increasing in value. At the company level, the financial record pictured in the CH2M HILL Economic Performance Section tells a story of solid and consistent growth, a strong balance sheet, and increasing shareholder equity.

Economic viability takes on a new flavor at the community and national levels. Here, our contributions occur through various infrastructure projects and partnerships. The ingenuity of our people comes into play as they wrestle with meeting the economic development goals of our client and non-government organization partners. Today, these projects are increasingly steeped in sustainability principles, as environmental and social assets drive project success.

Featured Projects

Menomonee Valley Industrial Center

Milwaukee, Wisconsin, United States

A Brownfield Turns Green



In the heart of Milwaukee lie 57 hectares (140 acres) of land blighted by heavy metals, petroleum, chlorinated organics, and asbestos, the residue of more than 125 years of locomotive maintenance. The reincarnation of this land along the Menomonee River began in 2003, when the City of Milwaukee received the property via condemnation. The city imagined a new life for this property and began planning an integrated development: the Menomonee Valley Industrial Center (MVIC)—rich in recreational, economic, and natural assets. What was once unusable land will bring as many as 1,500 jobs to Milwaukee and create an increase of more than \$120 million in recreational, aesthetic, and ecological value for the people of Milwaukee.

In 2003, CH2M HILL was hired as the program manager for the site redevelopment project, as part of the Milwaukee Transportation Partners (MTP) team. In this role, CH2M HILL conducted historical and environmental site assessments, managed remediation services, and completed the design and construction management of a new recreation park and the MVIC commercial site redevelopment.

The MTP saved the project more the \$15 million by successfully negotiating a first-of-its-kind onsite management plan with the site's regulatory agencies—including onsite stabilization and encapsulation of asbestos-containing materials. In addition, more than \$25 million was saved through value engineering, new-found revenue streams, and reuse of materials—recycled glass, timber, and brick—otherwise destined for a landfill.

In the new 28-hectare (70-acre) industrial park, a state-of-the-art stormwater management system was used to create habitat and return diverse and mutually beneficial species to the area landscape. In addition, the MVIC offers new “green” recreational spaces for the community—including bike and walking trails, soccer fields, tennis courts, pedestrian bridges, fishing areas, and access to the cleaner river via canoe ramps.





David Mock

Lead Engineer for the Puerta Maya Pier Project

As lead engineer on the Puerta Maya Pier project, David Mock explains how this project embodies sustainability: “In cleaning up the remnants from the previous pier that was destroyed by Hurricane Wilma, we’re recycling all steel reinforcements and any concrete sections bigger than 12 inches. Our team is using local materials to aid in the construction of the pier, and the remainder of the debris will be put into an artificial reef.”

“This is a great economic benefit to the community,” says David. “Once the pier is replaced, two ships will dock per day, each with approximately 3,000 passengers on board. When you figure each passenger may spend over \$100 in the community, the resulting economic impact to the area is huge. Constructing a durable pier that will result in less reconstruction down the road and aid the local economy—that’s a good start toward sustainability.”



Puerta Maya Pier Reconstruction

Cozumel, Quintana Roo, Mexico

Designing to Withstand the Wind and Protect the Environment

When Hurricane Wilma hit the Atlantic basin in October 2005, her Category 5, 280-kmph (175-mph) winds took 36 hours to move across the island of Cozumel, Mexico, the home of pristine coral reefs that attract tourists and divers from all corners of the world. Carnival Corporation’s Puerta Maya Pier, just south of the island’s tourist hub of San Miguel, was destroyed as the hurricane tore away massive chunks of concrete and threw them onto the beach.

While the island was still recovering from the disaster, Carnival asked CH2M HILL to redesign the pier. By June 2006, the CH2M HILL team had completed an emergency post-event assessment, a replacement feasibility study, and debris removal studies and provided permitting support and related cost estimates. They then presented Carnival with a design for a new pier—one that could resist the wind and wave loads of a threshold Category 5 hurricane producing winds of 250 kmph (155 mph) or greater.

However, protection of the island’s fragile ecosystem was just as important as safeguarding the pier’s survival in the face of future hurricanes. With coral reefs and dive sites within just a few thousand feet, construction of the new pier was an especially sensitive undertaking. CH2M HILL team designed ways to minimally impact the island’s natural resources. By driving hollow, 40-inch-diameter pilings into the sea bed and using turbidity screens, the construction crew was able to drill inside the piling, bail out debris, and prepare materials for cleaning, recycling, and reuse—thus minimizing effects on the fragile ecosystem.



Mike Ebben,
Site Manager and
President and CEO of
CH2M HILL Mound, Inc.
for 2006

“We managed the project carefully and only performed the work necessary to get the job done. By using a team approach and making everyone part of the solution, we were able to greatly accelerate the project schedule.”

Miamisburg Mound Site Closure

Miamisburg, Ohio, United States

Turning a Liability into a Community Resource

In 2006, CH2M HILL successfully completed the monumental environmental cleanup of the Miamisburg, Ohio, Mound Site—the largest and most successful economic conversion of a former nuclear site in U.S. history. The site is now a business and technology park that provides over 250 new jobs, including technology positions and machinery work. At the request of the U.S. Congress and the local community, a former landfill known as OU1 is now being excavated by another contractor.

Established in 1946, the 124-hectare (306-acre) Mound Site produced detonators and other advanced components in support of the nation’s nuclear weapons program. The site is named after an historic American Indian burial mound located nearby and is close enough to be visible from downtown Miamisburg. In 2003, the U.S. Department of Energy (DOE) contracted with CH2M HILL in the role of program manager, with the express goal of accelerating the pace of remediation activities. CH2M HILL completed the project in less than 4 years and with one of the best safety records in DOE. A sales contract between the Miamisburg Mound Community Improvement Corporation (MMCIC) and DOE allowed conveyance of the Mound property by discrete parcels to the MMCIC. To date, more than 40 percent of the site has been transferred to the community.

Under CH2M HILL’s oversight, more than 600 former employees of the Mound Site demolished facilities, packaged and shipped radioactive and hazardous waste, and performed environmental remediation. In total, 64 nuclear, radiological, and industrial buildings comprising more than 278,700 square meters (3 million square feet) were demolished, 79 potentially polluted sites were investigated and remediated, and 286,000 cubic meters (10.1 million cubic feet) of contaminated soils were removed. Nine buildings were prepared for transfer to the community, including T-Building, a 17,000-square-meter (183,000-square-foot) structure, the first ever Category II nuclear facility to be remediated and prepared for economic development. The DOE expressed its “appreciation for the hard work and dedication shown in accomplishing this work in a safe manner.”



Business Partnerships

Small Business Program

CH2M HILL understands that we cannot do it all. We need the experience and resources of small businesses to help us deliver projects to clients efficiently and cost effectively. Through our Small Business Program, formed in 1993, we train companies in areas such as site characterization, remedial design, and ecological and human health risk assessments so we can partner with them on projects when the need arises. In 2005, we mentored four companies, including Native American-, Asian American- and Black American-owned firms. In 2006, we increased our mentoring to six companies, including a woman-owned firm and an Hispanic American-owned firm.

The program also provides technical assistance to help small businesses grow. In 2005, CH2M HILL sponsored a 4-day workshop with the City of Seattle and King County to train small architectural and engineering consultants how to compete more effectively in the marketplace.

The CH2M HILL Small Business Program has earned an "outstanding" rating from the U.S. Small Business Administration and the Defense Contract Management Agency five consecutive times since 1998. The rating recognizes our "small business first" policy and is based upon a detailed review of our program, including all contracts with subcontracting opportunities in excess of \$550,000, outreach to small businesses, and management support.

2007 Small Business Administration Award

CH2M HILL received the Dwight D. Eisenhower Award for Excellence from the U.S. Small Business Administration in 2007. This award recognizes large prime contractors that excel in their use of small businesses as suppliers and subcontractors. CH2M HILL continually awards more than 70 percent of its federal subcontracting dollars to small businesses, totaling more than \$366 million in 2006.



Willie Franklin

CH2M HILL Manager, Small Business Programs

"Working with small businesses has always been one of my passions," explains Willie Franklin. "I started my career working with Air Force contracts, which provided the opportunity to meet regularly with small businesses. I've been working with small businesses ever since." Based in CH2M HILL's headquarters in Englewood, Colorado, Willie manages CH2M HILL's Small Business Program, supported by a business specialist and project-specific contract administrators in local offices.

"The importance of the Small Business Program increases each year, and many of our clients want to see evidence of a strong commitment to small business," Willie noted. "When I first joined the company, I contacted project managers to help drive small business participation in contracts. Now the project managers come to me for small business support," he said.

CH2M HILL Economic Performance

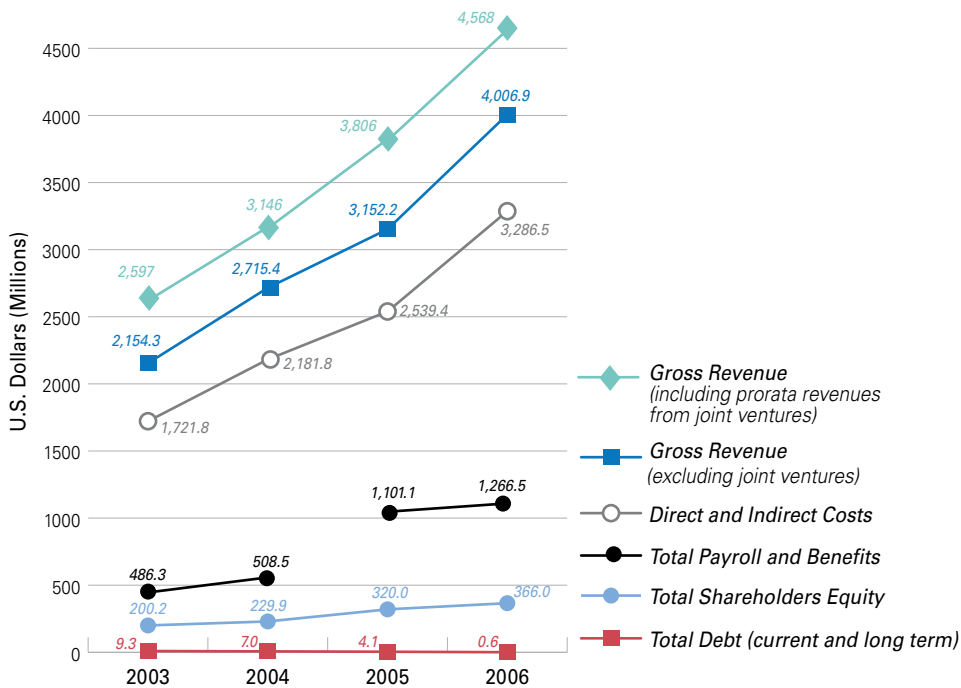
The gross revenue of all CH2M HILL companies in 2006 was \$4.0 billion, excluding joint ventures. Including prorata revenues from joint ventures, the total gross revenue in 2006 was \$4.5 billion, an increase of nearly \$1 billion from 2005.



Ralph Peterson
Chairman and CEO

“In partnership with our clients, CH2M HILL has a direct and compelling influence on about \$30 billion dollars worth of constructed infrastructure every year. The economic footprint of this company in just a year’s time influences environmental and natural resources, growth, and jobs worldwide. If you take that 1-year economic footprint, and then expand that by thinking about what we can accomplish in the next 10 years, or in the next generation, that’s where I truly believe we can make a difference as a company, for our clients and for the world at large.”

Financial Data: CH2M HILL Family of Companies

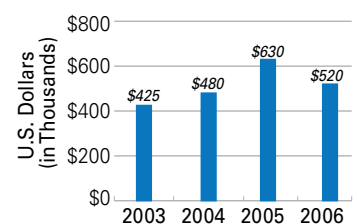


NOTE:
– Because of constraints in our tracking system, payroll and benefits data for 2003 and 2004 is for the U.S. and Canadian entities only.

Charitable Giving

The CH2M HILL Foundation was established in 1992 to continue the founders’ legacy of community service and dedication to engineering technology and education. Each year, the Foundation presents five founder awards, financial gifts to more than 60 colleges and universities, and periodic capital grants that support engineering, architecture, and science programs at institutes of higher education. The increase in giving during 2005 was the result of additional pass-through grants that were funded by the company and paid through the Foundation that year.

Philanthropic Contributions: CH2M HILL Foundation



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