

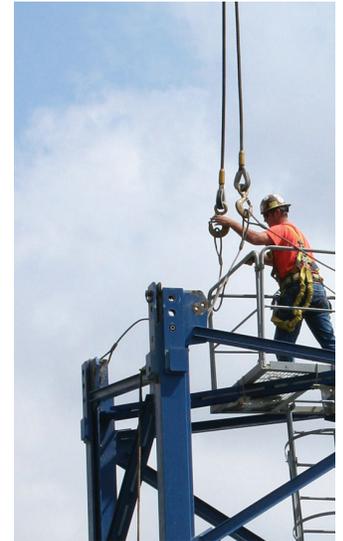
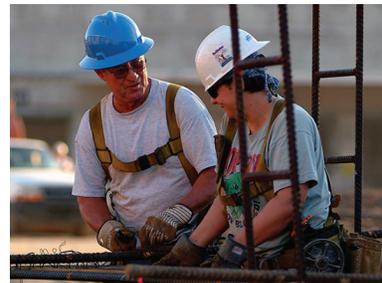
Founded in 1924 by John Ernest Dunn, JE Dunn is a company whose commitment to excellence and ethics has been shaped by the four generations of JE Dunn Family and our recently created ESOP. JE Dunn is a national general contractor and performs a significant amount of self-performed work. JE Dunn is a 2012 recipient of the national AGC award for Construction Safety Excellence and is enjoying its lowest EMR ever. However, JE Dunn views risk management as a much broader horizon than safety alone. Following is our approach.

An “All-In” approach to Enterprise Risk

Beginning in 2005, JE Dunn recognized that that it needed to create a cohesive approach to risk across its multiple divisions and offices. From the start, we believed that this effort could not be limited to a single line of risk mitigation but needed to encompass a very broad view of enterprise risk. With our executive officer’s and insurance broker’s support, over the last few years we created a holistic approach to risk. The results have been rewarding for our associates, our subcontractors, our clients and our shareholders.

What did we do?

1. We began by creating a system to gauge the risk of the projects we wanted to pursue and the conditions under which we could perform them successfully.
2. With our broker, we created a broad coverage controlled insurance program for both the company and our subcontractors, including ways for the company to benefit from better than average performance through use of a captive.
3. If our GL and WC programs were to be successful, our Safety and Quality programs had to be first class on every project. We selected national leaders for each area, developed national programs for education and training, created new incentive programs that reward participation and innovation (not avoidance), and created a software application to provide an efficient way for Quality and Safety staff to give advice and direction for current issues, upcoming work, and trending information. These reports also feed back into our SMS system (described below).
4. We also recognized that subcontractor partners play a huge role in the success of our projects, our safety and quality, and our insurance programs. We developed a best-in-class Subcontractor Management System (SMS) that collects and distributes information on subcontractor financial capability, safety and quality results, and performance. This information is available to our project managers on a five dial dashboard. National credit analysts support the SMS program with more detailed information when requested.
5. Since we had a very robust subcontractor selection program in place, it made sense to use subcontractor default insurance rather than bonds.
6. We also created a formal process for review of all project financing.



7. All the programming is tied back together by the way we manage the insurance, including GL, WC and Sub default. Because of our robust programs, incidents are down significantly and the savings are used to fund the safety, quality and subcontractor programs and avoid the reluctance of projects to use the programs because of cost. This, in turn, helps us to maintain a higher level of quality and safety for the benefit of our clients. Additionally, reserves are maintained and managed actuarially. This provides assurance to our clients and subcontractors that claims will be addressed without financial impact to them.
8. To make sure claims that arose were handled efficiently, we hired a claims manager and applied a “SWAT team” mentality to the initial review and action plan development for any new claim.
9. We also greatly improved our compliance efforts, led by a dedicated compliance officer. We created a crisis management plan for all offices and major projects. We began an identity and access management review of electronic files. And, last but not least, we created a matrix for our Board of Directors to assess all Enterprise Risk issues, including succession, calamity, and financial loss.

What Happened?

Losses are down, costs are down, rates are down, EMR is down, satisfaction and rewards are up. But, it requires all systems working together, and a chip on any edge of the wheel distorts the roll. Be “all-in” for the best result.