



2017 **CORPORATE SOCIAL RESPONSIBILITY REPORT**

An Annual Summary Report of Sustainability
at Michels Corporation



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Sustainability is a crucial component of the framework of Michels Corporation. We adapt to the changing environment and create innovative construction solutions for our customers.

In 2016, we demonstrated our spirit of innovation and excellence by completing many high-profile projects.

As owners and operators of Michels, my family and I are proud of our ranking of No. 34 on Engineering News-Record's (ENR) list of the Top 400 Contractors for 2016. It is a testament to the hard work and dedication of our 5,000 employees.

“



AT MICHEL'S, WE KNOW
THAT PROMPTLY
ADAPTING TO THE EVER-
CHANGING WORLD
IS CRUCIAL TO OUR CONTINUED
SUCCESS AS AN INDUSTRY
LEADER.

”

We are equally proud of our ongoing sustainability initiatives. In 2016, Michels participated in programs that recognize businesses for superior environmental performance and commitment beyond regulatory requirements.

We are committed to the safety, health and well-being of our employees and the communities in which we operate. We understand our great responsibility for assessing and managing the impact our operations have on the environments in which we work and on the world as well. That responsibility continues to grow as we expand our operation to include more offices across the United States and Canada.

34

Michels ranking
among ENR's Top
400 Contractors

In this 2017 Corporate Social Responsibility Report, we are proud to show the ways in which we are making changes to our operations and how we continue to hold ourselves accountable to the high standards that have guided Michels to become an industry-leading company.

OVERVIEW

Michels' 2017 Corporate Social Responsibility Report encapsulates many of the programs and initiatives that are key components of the Sustainable Michels Program and part of our operating principles and core values. From the corner office in Brownsville, Wisconsin to the crew rehabilitating sewer lines in California, we strive to promote safe construction procedures, reduce environmental impacts, and support all of our people and communities.

As Michels continues to prosper in markets across the United States and Canada, we never forget how we got to where we are today. We recognize that corporations need to be responsible with respect to environmental and social impacts. We seek ways to improve the quality of life of our people and of the communities in which we are trusted to work. We understand our responsibility for the welfare of the planet.

Michels safely completes challenging projects beyond customers' expectations whether it's in Boston, Seattle or near our headquarters in Brownsville, Wisconsin.

In addition to highlighting our commitment in sustainability and social responsibility, this report will also provide a clear answer as to why our customers and employees have continued to choose Michels Corporation over other utility construction providers. Our customers know they can rely on us just as our employees rely on each other. The result is a deep sense of shared values that lead to mutual benefits.

Welcome to Michels.

Our Framework

Michels has grown and achieved success by always remembering the importance of being a responsible corporate citizen. Our business framework is built upon the foundation of our Mission, Vision and Core Values.

Our Mission

To be the foremost provider of innovative construction solutions and value for our clients in their mission to serve the growing utility and infrastructure requirements of their customers around the world.

Our Vision

To exceed our customers' expectations by continually setting the global standard for quality, safety and environmental stewardship in utility and infrastructure construction.

Our Core Values



SAFETY & ENVIRONMENT

We take pride in our reputation for quality work performed safely and with care for our environment.



SUSTAINABLE

We have sustainable and profitable operations driven by our ability to execute swift decisions.



DEDICATION

Our people are dedicated, innovative and hardworking.



INTEGRITY

Our actions are characterized by integrity, trust and respect.



TEAMWORK

We are committed to teamwork.

A CLOSER LOOK AT MICHELS

5,000
employees

10,000
pieces of heavy equipment

17
divisions and subsidiaries

30
permanent offices

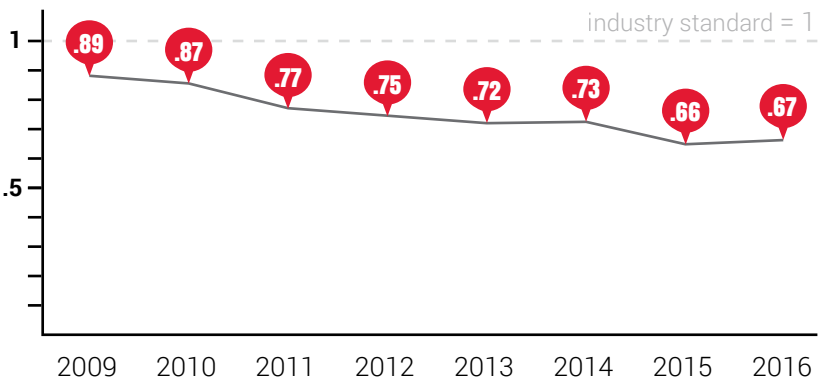
Michels Corporation has been providing industry-leading construction solutions for more than five decades.

We proudly maintain high standards that have allowed us to grow from a small pipeline construction company into an international leader in utility and infrastructure construction solutions.

Michels uses its collective strength to offer construction, engineering and procurement services to keep pace with the growing demand in the energy, transportation, telecommunications and utility construction industries.

We currently maintain more than two dozen permanent facilities from coast to coast in the United States as well as one in Canada. We also establish many temporary facilities to support our operations.

Michels' EMR versus industry standard





WE HAVE BEEN SO
SUCCESSFUL BECAUSE WE HAVE
**GREAT, HARD-WORKING PEOPLE &
INNOVATIVE APPROACHES**
TO THE CHALLENGES WE FACE.

—Pat Michels, President



Industry-leading accomplishments

Michels Corporation is ranked among the industry leaders in several categories, according to the 2016 Engineering News Record (ENR) Sourcebook:

40

Heavy Contractor
Top 50 Domestic

13

Petroleum Contractor
Top 20 by sector

19

Telecommunications
Top 20 by sector

16

Power Contractor
Top 20 by sector

34

New Contracts
Top 100 Contractors

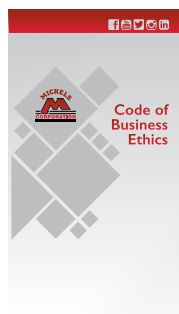
16

Working Abroad
Top 50 Contractors

Ethical actions

Michels published our first Code of Business Ethics in 2010. The content was nothing new; rather, it formalized the way we've always done business. The policy is consistent with our Core Values of integrity, trust and respect.

Our employees embraced our request to adopt Michels Code of Business Ethics and Core Values in their professional and personal lives. Our Core Values in Action program identifies a few of the many ways our people live by these values each day.



WHAT SUSTAINABILITY MEANS TO US

The Sustainable Michels Program evolved from our Core Values and influences our decisions and operations. If we properly balance the need to attract and retain good people, limit the environmental impacts of our operations and maintain financial viability, we believe we will be able to sustain our growth and success, and continue to deliver top-quality services to our customers.

Sustainability consists of three main pillars: social, economic and environmental. Combined, all three create the framework of our corporation and the Sustainable Michels Program.

The Sustainable Michels Program was implemented in 2009 by a group of highly trained and passionate Michels employees. The Sustainable Michels Group set out to make changes that ultimately create a healthier, safer and more successful corporation overall.



Cornerstones of Sustainable Michels Program

- Tracking environmental impact
- Creating innovating solutions
- Participating in community activities
- Engaging employees

HEALTH, SAFETY, ENVIRONMENT



OUR COMMITMENT TO HSE

Michels Health Safety and Environment Department (HSE) developed a three-pronged approach to health, safety and environmental initiatives out of recognition for individual and overlapping effects each of these areas have on our employees, those who work with us, the public and the environment.



Our HSE team consists of more than 150 professionals who provide training, conduct audits and oversee operations at our job sites.



Pat Michels addresses hundreds of employees at a safety meeting on a mainline pipeline spread

SAFETY INITIATIVES

Safety is of critical importance to all of Michels' operations and is incorporated into everything we do. Michels has developed extensive programs to ensure the safety of everyone who works on our projects. Among them are:

- **Michels Digital Toolboxes:** Digitally recorded safety topics and materials played each morning as a catalyst for safety discussions at tailgate meetings.
- **Short-Service Employee Program (Green Hands):** Michels Green Hands program ensures all short-service employees (with less than six months experience) are identified and appropriately supervised, trained and mentored to prevent accidents.
- **Tailgate Safety Meetings:** Tailgate meetings focus on any local laws/regulations, environmental hazards, safety requirements and any other topics that may regard the sites.
- **Michels Emergency Response Team (MERT):** Michels' Emergency Response Team manages and administers the Michels Crisis Management Plan to address serious safety incidents after they occur. MERT is available to Michels employees 24 hours a day and seven days a week. It is staffed by Michels' full-time legal, safety, environmental, fleet and risk management professionals.



Michels Safety Training Program



In 2016, over 30,000 training hours were completed for approximately 5,000 employees. The training was conducted at locations throughout North America.

GREEN TIER AND GREEN MASTERS PROGRAMS

Environmental excellence is part of Michels' Core Values and is demonstrated by our people on a daily basis.

Michels participates in the Green Tier and Green Masters programs that recognize organizations for superior environmental performance and sustainability initiatives.



Administered by the Wisconsin Department of Natural Resources, Green Tier recognizes organizations for past accomplishments and future efforts that demonstrate commitments to environmental stewardship beyond regulatory requirements. In 2016, 2,470 Michels employees attended safety training days that covered an average of seven safety topics each day. Training spans all levels, including field workers and corporate office staff members. Additional safety training is held each day at job sites across the country.



The Green Masters Program is comprised of a select group of Wisconsin businesses that are committed to improving sustainability. The program focuses on educating, facilitating information exchanges and providing assistance to sustainable businesses with a goal of bringing businesses together to create sustainable trends that will eventually turn into the business norm. The Wisconsin Sustainable Business Council coordinates the program.

Active participation in both programs helps us define aspects of resource conservation, workforce engagement, education and many other topics that are important to success.

Our idle program reduced our CO2 emissions by approximately 4,500 metric tons (13.8%) in 2016.

2017 Green Tier goals

- Reduce idling time by 10 percent
- Reduce hazardous waste generation
- Reduce soil waste stream
- Continue to reduce energy use
- Continue to buy high-efficiency equipment
- Add to fleet of hybrid and/or alternative fuel vehicles
- Develop and implement Environmental Management System

FLEET FOCUS

Our equipment fleet is experiencing the same rapid growth as our 17 divisions. Each year we invest in hundreds of new pieces of machinery to keep up with job growth and to provide our people with newer, safer low-emission engines.

Our fleet ranges from pick-up trucks to massive excavators – and more than 10,000 pieces of heavy equipment in between. To continue effective growth within our fleet, we employ experienced technicians and only purchase the most efficient and top-tier machines available.

Machine types include Flex Fuel options, Tier 4 and Tier 3 engines, maximized fuel economy, and machines that ultimately meet the needs and expectations of our operations.



A Closer Look at ... Smart Fleet Program



Michels is proud to be an active member of the Wisconsin Smart Fleet program created by the Wisconsin Energy Office and Wisconsin Clean Cities. Michels is one of 31 fleets that voluntarily looks to implement the use of alternative and renewable fuels, advanced vehicles and other petroleum-reduction measures.



Michels is in the process of determining which part of our fleet would be best suited for alternative or renewable fuels.

The ultimate goal of the program is to reduce one's carbon footprint by reducing emissions, increasing energy security and contributing towards growing Wisconsin's economy.

“

WE BELIEVE HSE PERFORMANCE IS A KEY INDICATOR OF ORGANIZATIONAL EXCELLENCE.

WE COMMIT TO THAT EXCELLENCE BY IMPLEMENTING HSE STANDARDS THAT EXCEED REGULATORY REQUIREMENTS & PROVIDE A SAFE & HEALTHY ENVIRONMENT FOR ALL OUR STAKEHOLDERS.

– David Melum, Director, HSE

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A Closer Look at ET&D Partnership

Michels continues to be an active member in the Electrical Transmission & Distribution (ET&D) Partnership, of which Michels was a founding member in 2006. Michels is among 10 of the nation's largest line contractors that took a stand against unsafe work practices. In the 10 years since ET&D Partnership was established, the rate of injuries and fatalities has been slashed by more than 50 percent.



The ET&D Partnership focuses on standardizing training and best practices across all regions. This ensures that linemen will be familiar with all the rules and regulations regardless of which company employs them.

The best practices target 11 areas, including administrative controls, job briefings, safety at heights, live-line methods, and inspection and use of rubber protective equipment.

SOCIAL IMPACT



EMPLOYEE ENGAGEMENT

The backbone to Michels' success is our 5,000 people who bring their talents and skills to work each day. Michels strives to ensure their personal and professional health and happiness, provide an atmosphere conducive to maintaining a rewarding work-life balance, and encourage active participation in their own and the company's success. These practices are manifested each day at Michels jobsites and offices throughout North America. We listen to our people when they offer their opinions and innovations; we trust them to make decisions and develop solutions; and we focus on their continuous development.

One way Michels achieves these goals is through a five-part collection of programs that offer accessible and practical ways to improve and enjoy many aspects of life. These programs include:

- **MI-Family:** Programming that allows our people to take part in fun activities with their families and their colleagues.
- **MI-Health:** Opportunities to maintain a healthy lifestyle through activity challenges, healthy lifestyle classes and organized fitness activities.
- **MI-Involved:** Fundraising activities that allow our people to be actively and efficiently involved in charitable causes.
- **MI-Learning:** Seminars on personal enrichment topics, from financial planning to fitness trends.
- **MI-Team:** Non-work-related activities that foster cooperation and trust among colleagues.



COMMUNITY INVOLVEMENT

Founded in a small, rural Wisconsin community in 1959, Michels has grown exponentially in size and scope of work. Our commitment to being a good community partner, however, has never waived. Michels actively supports local, regional and national charitable organizations in the community we serve throughout North America.

In 2016, Michels donated time, supplies and financial support to make a positive impact on more than 130 organizations. In that one-year span, our people contributed 13,959 volunteer hours to assist the charitable causes.

A closer look at ... MI-Involved

It is our responsibility as a good corporate citizen to help the communities in which we live and work. The Michels Community Involvement Program (MI-Involved) encourages our people to voluntarily support programs that improve the quality of life in these communities.



YMCA



Junior Achievement

Being actively involved in our communities enriches the lives of our people, has a positive impact on the culture at Michels, and allows us to provide financial support and people resources. Among programs supported by MI-Involved are:

- American Cancer Society
- Relay for Life
- Big Brothers Big Sisters
- Future Business Leaders of America (FBLA)
- Habitat for Humanity
- Holiday Giving Tree
- Junior Achievement
- Michels Corporation Scholarship Fund
- Salvation Army
- Special Olympics
- YMCA

LEADERSHIP DEVELOPMENT

Michels invests in learning opportunities to give our people the tools they need to nurture their skills and build their careers.

Michels University provides centralized training in key areas, including project management, leadership, communications and software, as well as in other specific areas of need. Different learning environments are provided to suit specific needs. Options include web-based training, virtual classrooms, classroom training and workshops.

Michels University provides training in several categories:

- Achievement
- Software
- Productivity
- Collaboration
- Requirements
- Personal enhancement

\$5,000

average amount invested per employee on training each year

260,000

average training hours each year



Middle Managers Program

Michels Middle Managers Program has identified approximately 100 high-potential middle managers who receive special training and are involved in providing input on our corporate affairs.

At Michels, we believe that our growth and success is built upon the ingenuity, dedication and expertise of our employees. The Michels University and Middle Managers Program are among the ways we continually strive to develop leaders from within our ranks.

SUPPLIER DIVERSITY

Michels Supplier Diversity Program broadens our supplier and subcontractor base, stimulates competition and supports our customers' priorities by identifying and offering equitable opportunities for diverse suppliers and subcontractors.

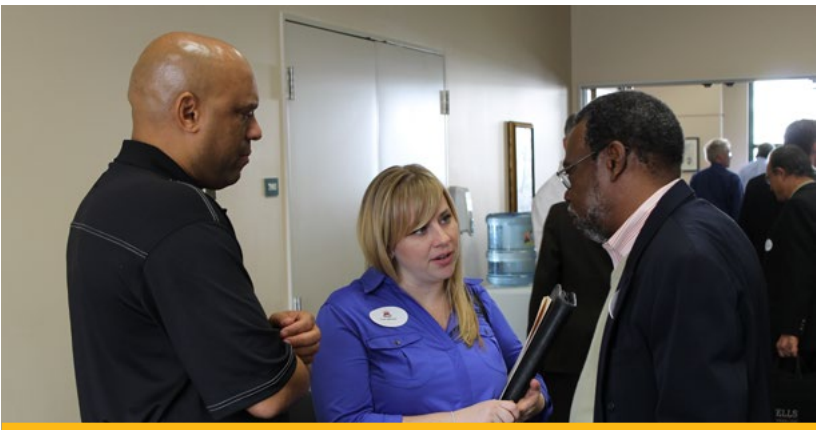
Our program includes mentoring, networking and expressing Michels' high expectations. This program has led to the development of several minority suppliers, helping them expand their business well beyond their relationship with Michels.

Michels is an active member of the North Central Minority Supplier Development Council (NCMSDC).

Michels is committed to being active in regional and national supplier diversity organizations to support and share our perspective on how to improve the supply chain. has a vested interested in the growth and success of our suppliers and subcontractors, and we support them by continuing to increase our supplier diversity.

Michels hosted the Supplier Diversity Symposium as a way to broaden our supplier diversity efforts. The symposiums drew are attended by representatives of businesses that are owned by minorities, women and service-disabled veterans.

The symposiums are among the many ways Michels connects with certified and qualified diverse suppliers and subcontractors, and potentially develops opportunities to work together. The symposiums also allow the business owners to learn more about Michels and to suggest ways in which mutually beneficial partnerships can be developed.





Corporate Headquarters

817 West Main Street • PO Box 128 • Brownsville, WI 53006-0125

T: 920.583.3132 • F: 920.583.3429

www.michels.us