



2020 CORPORATE SOCIAL RESPONSIBILITY REPORT

An Annual Summary Report of Sustainability

MICHELS®

A MESSAGE FROM OUR PRESIDENT

As North America's energy and infrastructure projects grow in scope and complexity, Michels remains steadfast in our goal of being the safest, most reliable construction partner. Our guiding principles are fundamentally unchanged since we started our operations more than 60 years ago; we continue to build on our reputation for excellence and at the same time we extend the limits of construction methodologies and customer relationships.



Pat Michels,
President & CEO

In 2019, we helped our customers complete many projects that will have a meaningful and positive impact on the world in which we live. Along the way, we ranked No. 27 on Engineering News-Record's (ENR) Top 400 Contractors List and won awards and accolades for our work.

Of course, we know our real success is based not on what we do, but who we are and how we contribute to our world. At every turn we consider safety, social and environmental responsibility, and the health and wellbeing of our people and the communities in which we work. My family and I take very seriously our great responsibility for managing the impact our operations have on the environment and the world. Each year, we renew our commitment to making a difference in positive, respectful and responsible ways.

Thank you for reading this 2020 Corporate Social Responsibility Report to learn more about how we are making changes to our operations and holding ourselves accountable to the high standards that have guided Michels since 1959. We hope you share our enthusiasm for the future and our ability to play a necessary and positive role in it.

WELCOME TO MICHELS

Michels' 2020 Corporate Social Responsibility Report encapsulates many of the key components of the Sustainable Michels Program, our operating principles and our Core Values. From our corporate headquarters in Brownsville, Wis. to the crew rehabilitating sewer lines in Connecticut and Hawaii, we are committed to promoting safe construction procedures, reducing environmental impacts, and supporting our people and communities.

As Michels continues to prosper in markets across the United States and Canada, we use our 61-year history to guide us by reminding us how we got to where we are today. We recognize corporations need to be responsible for environmental and social impacts, and we take pride in our contributions.

Michels safely completes challenging projects beyond customers' expectations whether it's in Pennsylvania, Texas or in our home state of Wisconsin.

We continually seek ways to improve the quality of life of our people and of the communities in which we are trusted to work. We invest heavily into providing our people with the tools and training necessary for their continued development and accomplishments. We fully understand our responsibility for the welfare of the planet.

In addition to highlighting our commitment to sustainability and social responsibility, this report will also provide a clear perspective as to why our customers and employees continue to choose Michels Corporation. 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.

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 OPERATIONS

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



DEDICATION

Our people are dedicated, innovative and hardworking.



INTEGRITY

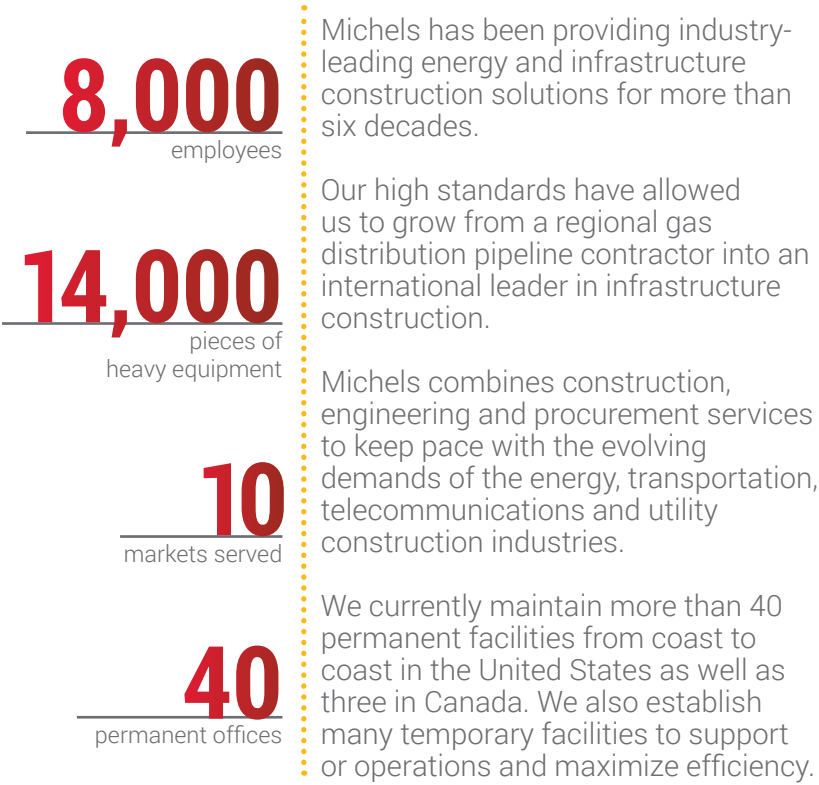
Our actions are characterized by integrity, trust and respect.



TEAMWORK

We are committed to teamwork.

A CLOSER LOOK AT MICHELS



Michels' 2019 Safety Performance Statistics



When I think back on the HISTORY OF MICHELS,
I SWELL WITH PRIDE.

We remain a **FAMILY OWNED COMPANY**,
 we've grown **ORGANICALLY & STRATEGICALLY**,
 and we have earned an **UNPARALLELED REPUTATION OF EXCELLENCE.**

—Pat Michels, President

Industry-leading accomplishments

Michels Corporation is ranked among the industry leaders in several categories, according to the 2019 Engineering News Record (ENR) Sourcebook:

6

Petroleum Contractor
 Top 20 by sector

15

Power Contractor
 Top 20 by sector

25

New Contracts
 Top 100 Contractors

29

Working Abroad
 Top 50 Contractors

39

Heavy Contractor
 Top 50 Domestic

Ethical actions

Michels Code of Business Ethics is based on our Core Values of integrity, trust and respect. We take pride in doing business the right way each and every day, and we expect our suppliers, vendors and employees to uphold our high standards of excellence and integrity.



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 innovative solutions
- Participating in community activities
- Engaging employees

HEALTH, SAFETY, ENVIRONMENT



During a JSA meeting, a Gas Distribution crew shared concerns for additional safety needed for a flagger. Due to tight working conditions, a flagger had to perform his work near the middle of the road while directing vehicles through the other lane. They came up with the idea of placing a concrete jersey barrier in front of the flagger to provide additional protection.

CORE VALUE IN ACTION

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 the individual and overlapping effects each of these critical 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 technical HSE support, training, conduct assessments and oversee operations from an HSE perspective at our job sites.



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

Culture of Continuous Improvement

- 51,802 course certifications (120+ courses) earned by Michels employees
- 7,093 HSE Audits were conducted and submitted
- ~ 825 Senior Management site visits completed
- 1,812 Good Catch/Observations submitted

HSE INITIATIVES

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

- **Stop Work Promise:** Michels asks all employees to make a promise to their families and co-workers to STOP or not perform any work or action that is or might be unsafe, whether on the job or in their personal lives.
- **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 and injuries.
- **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 HSE Training Program



In 2019, Michels spent approximately 35 hours per employee/per year for HSE training. Training was conducted at locations throughout North America.

MI-PROMISES

At Michels, our fundamental promise is to work safely, keep a vigilant eye out for potential hazards, and return to our loved ones at the end of each day just as healthy as we were when the workday started.

We have initiated “Mi-Promises”, a multi-faceted campaign focused on inviting our employees to make a personal commitment to their safety and the safety of those around them, whether at work or home. Components of the annual Mi-Promises campaign include:

- 12 Safety Celebrations for employees and their families at offices and project yards throughout North America.
- Stop Work Promise: Michels asks all employees to promise to stop work that is unsafe or that they or someone else may be unqualified to perform.
- Mi-Promises: Employees made a personal and specific commitment/promise to their loved ones regarding what they would “always” do to ensure they make it home safely each and every day.
- “Mi-Promises” video: This award-winning video reinforces the “Promise Me” message by featuring Michels employees making candid, unscripted and compelling promises to work safely.
- Michels designed and distributed a commemorative Mi-Promises safety coin to celebrate the Mi-Promises campaign and reinforce the importance of each individual’s Stop Work Promise. All employees are asked to carry the coin with them each day as a reminder to themselves and their teammates of this essential commitment and message.



The cornerstone of Michels’ safety initiative is to remind each person of the main reason for working safely: To be able to enjoy spending time with loved ones doing activities we enjoy.

ENVIRONMENTAL SUSTAINABILITY

Michels demonstrates environmental excellence in many ways. Our recent sustainability initiatives and accomplishments include:

- **Continued waste management reductions** throughout our support facilities, equipment and projects. For example, Michels acquired 10 pipe cleaning trucks that “recycle” water used for cleaning sewer lines. This resulted in saving a client nearly 26,000 gallons of fresh water daily, per truck, per day, and eliminated the need to process through water treatment facilities. This investment will save water on our municipal projects for years to come.
- **Continual improvement to corporate fleet vehicle and construction equipment idling time.** Michels programs medium and heavy duty trucks with an idle shutoff. To date, an estimated 500 trucks have this feature installed and enabled.
- **Continual stormwater management best practices improvements within our support facility and construction yard in Brownsville, WI, including an improved detention basin outlet device.**
- **Development of several adjacent contaminated properties on a large brownfield site near Milwaukee’s harbor.** The project revitalizes an abandoned industrial area and removes contaminated soil. Post-remediation site uses are scheduled for 2020, including a new office building with underground parking. Future site use includes retail, restaurants and apartments.
- **Participation in Green Tier, Green Masters and Clean Cities programs.** The Wisconsin Department of Natural Resources Green Tier program recognizes past successes and future efforts that demonstrate commitments to environmental stewardship. The Wisconsin Sustainable Business Council administers the Green Masters Program, focused on educating and providing assistance to create sustainable trends that will eventually turn into the business norm.

Our initiatives and goals for 2020 and beyond include:

- Completing a third-party energy analysis for the Brownsville complex to determine an energy use baseline, followed by a commitment to energy reductions. We are participating with US Department of Energy better plants program and working toward a 20% energy reduction over 10 years.
- Identifying the Tier 0-3 engines in the Michels fleet that could feasibly be replaced with Tier 4 or higher engine models.
- Expanding the single stream recycling program to reduce the percentage of waste that goes to landfills.

INFORMATION TECHNOLOGY

Protecting information is an important part of Michels' comprehensive safety culture. Procedures, tools and training programs are in place to reduce the risk of data breaches.

Among them are:

- **Think Before You Click campaign.** This corporate-wide, ongoing awareness campaign reminds employees to keep watch for suspicious emails, phishing schemes and other potential threats, and empowers them to take time to consider appropriate actions and consequences when confronted by a request for sensitive information.
- **Online training.** Computer users throughout the company participate in quarterly online training sessions focused on awareness and avoidance of increasingly sophisticated cyber security threats.
- **Email encryption.** Employees who send personal information to external recipients have the ability to encrypt it before sending through email. In addition, our system identifies sensitive information, including Social Security numbers, credit card numbers and birthdays, and stops them from being sent without encryption.



A Closer Look at ... E-Recycling

Instead of relegating non-usable information technology (IT) equipment and devices to landfills, the Michels E-Recycles program ensures the safe, secure and environmentally sound disposal of computers, printers, servers, monitors and phones.

More than 6,000 pounds of mixed electronics were recycled in a two-year period, including 442 monitors, 140 printers and copiers, and around 4,600 mixed electronics.

SOCIAL IMPACT



A crew in West Virginia donated funds to fulfill the wish lists of five local schools. The drive raised enough money to buy the supplies the schools needed and HSE Project Safety Manager Jason Hovatter helped deliver the supplies to the schools. After dropping them off, he noticed a man lying on the ground at a nearby gas station. Jason pulled over and discovered the man was having a very rapid allergic reaction to a bee sting. Jason used equipment from his vehicle to monitor the victim's blood pressure and oxygen levels. His quick action and intervention allowed the man to regain consciousness until emergency response arrived.

EMPLOYEE ENGAGEMENT

The backbone to Michels' success is our team of 8,000+ people who bring their talents and skills to work each day. Michels strives to ensure their personal and professional health and happiness, provides an atmosphere conducive to maintaining a rewarding work-life balance, and encourages 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 example of how Michels lives this mission is via the Michels Scholarship Fund, helping to provide post-secondary education scholarships to employees and eligible dependents. In 2020, Michels employees raised \$1,858.00 for the fund.

Another 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:** Volunteer 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.



Breakfast With Santa



Literacy Trivia

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 wavered. Michels actively supports local, regional and national charitable organizations in the community we serve throughout North America.

In 2019, Michels donated time, supplies and financial support to make a positive impact on more than 150 organizations. In that one-year span, our people contributed 1,098.5 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. 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.



Lemonade Day



Cops for Kids

Donated IT Equipment

Michels provides our employees with the latest IT devices so they can operate efficiently and utilize the latest advances in technology. Whenever possible, we donate decommissioned computers, printers and monitors to local schools, churches, clubs and organizations that provide services to area communities.

K-12 INVOLVEMENT

Michels is proud of our extensive record of community involvement. One of the many ways we give back is participating in activities focused on students in grades K-12. In addition to supporting the communities in which we live and work, we use these opportunities to raise awareness about careers in the skilled trades and utility and transportation construction.

K-12 activities in which Michels is involved include:

- Career Day at area elementary, middle and high schools
- Summer seasonal recruitment
- Mock interviews at local high schools
- School to Work
- Career Exploration Day
- Junior Achievement
- Youth Apprenticeship
- Future Business Leaders of America
- Reality Day
- Industrial Trades Career Fair
- Business Industry Education Day
- Lemonade Day
- Career Connection Academy
- Building a Better Wisconsin Expo
- FutureQuest
- Skills USA
- NEW Connect IT Job and Career Fair



Future Business Leaders of America

TALENT ACQUISITION

Building a talented workforce for today and tomorrow is similar to building a large-scale utility or transportation project. Both require persistence, dedication and a desire to achieve the best.

From elementary school students to military veterans, the Michels Human Resources recruiting team seeks people with skills and attitudes that match our behaviors and beliefs. In 2019, Michels participated in more than 66 Outreach Events focused on communicating construction career opportunities ranging from Internships, Skilled Trades Apprenticeships and Professional Construction Management.

2019 Outreach events

- College and technical schools
- K-12 schools
- Community
- Vocational
- Military

A closer look at Career Exploration Day

Each year, Michels invites students from area middle and high schools to spend a day getting a rare behind-the-scenes look at our shops and yard. Students learn about the variety of challenging employment opportunities available to people with strong STEM (science, technology, engineering and math) skills. During a tour of our facilities, the students get first-hand accounts of what it takes to excel in Michels' shops from our own success stories.



In 2019, 76 students and 19 teachers from 19 schools took part in our Career Exploration Day. Based on the program's success and the teachers' enthusiasm, Michels will open Career Exploration Day to even more students in the future.

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, workshops and library resources.

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 consists of high performing middle managers who receive special training and are involved in providing input on our corporate affairs.

At Michels, we believe 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. We have a vested interest in the growth and success of our suppliers and subcontractors, and support them by continuing to increase our supplier diversity.

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, including the North Central Minority Supplier Development Council (NCMSDC). Active participation in organizations like NCMSDC are among the many ways Michels connects with certified and qualified diverse suppliers and subcontractors, and potentially develops opportunities to work together. We believe a robust program is an essential component in our ability to improve our supply chain and help our customers achieve their goals related to opportunities for businesses owned by minorities, women and service-disabled veterans.







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