CORPORATE SOCIAL RESPONSIBILITY REPORT

ANNUAL SUMMARY REPORT OF SUSTAINABILITY AT MICHELS CORPORATION
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At Michels, we know that promptly adapting to the ever-changing world is crucial to our continued success as an industry leader.”

–Pat Michels, President

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 2013, we demonstrated our spirit of innovation and excellence by completing many high-profile projects.

As owners and operators of Michels Corporation, my family and I are proud of our ranking of No. 36 on Engineering News-Record’s list of the Top 400 Contractors for 2013. It is a testament to the hard work and dedication of our 6,000 employees.

We are equally proud of our ongoing sustainability initiatives. In 2013, we were accepted into the Green Masters Program. This is a prestigious program that measures businesses’ sustainability efforts by analyzing both internal and external operations.

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.

In this 2014 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.
Michels 2014 Corporate Social Responsibility Report encapsulates many of the programs and initiatives that are key components of the Michels Sustainability Program and are part of our operating principles and core values. From the corner office in Brownsville, Wisconsin to the crew working underground in Manhattan, we strive to promote safe construction procedures, reduce environmental impacts, and support 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.

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
- We take pride in our reputation for quality work performed safely and with care for our environment.
- We have sustainable and profitable operations driven by our ability to execute swift decisions.
- Our employees are dedicated, innovative and hard working.
- Our actions are characterized by integrity, trust and respect.
- We are committed to teamwork.
INTRODUCTION • 5

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 to our corporation and our Sustainable Michels Program.

Our 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.

The cornerstones of Sustainable Michels Program

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

“..."We have been successful because we have great, hard-working people and innovative approaches to the challenges we face. It’s also critical for us to be good environmental stewards while maintaining financial stability.”

– Pat Michels, President

What sustainability means to us

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Michels Corporation has provided 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.

### Ethical actions

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

We ask all of our employees for their continued commitment to the Michels Core Values and their personal adoption of the Code of Business Ethics. All employees are expected to conduct themselves in a manner that is consistent with the Code whenever they are representing Michels.

<table>
<thead>
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<td>employees</td>
<td>divisions and affiliates</td>
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We believe HSE performance is a key indicator of organizational excellence. We commit to that excellence by implementing HSE standards that exceed regulatory requirements and provides for a safe and healthy environment for all our stakeholders.”

– David Melum, Director, 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 100 professionals who provide training, conduct audits and oversee operations at our job sites.

Our HSE professionals are specialists in specific subgroups, but are trained in expectations of all three categories, allowing for greater oversight of all areas that could have an impact on health, safety and environment.

Pat Michels addresses more than 700 employees at a safety meeting on a pipeline spread

Michels’ EMR versus industry standard

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<th>Year</th>
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<tr>
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<tr>
<td>2010</td>
<td>0.87</td>
</tr>
<tr>
<td>2009</td>
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* An Experience Modification Rate (EMR) of 1.0 is the industry standard

Industry-leading accomplishments

Michels is ranked among the industry leaders in several categories, according to the 2013 Engineering News Record Sourcebook:

1 – Pipeline
2 – Electrical transmission and distribution plants
4 – Wind
4 – Sanitary and storm sewer
13 – Sewage and solid waste
14 – Petroleum construction
20 – Telecommunications
23 – Power
**Green Masters Program**

The Green Masters Program is comprised of a select group of Wisconsin-based organizations for their progress towards becoming sustainable. Businesses apply to The Green Masters Program each year, creating an increasingly competitive program. Recognition is given by three award classes: Green Apprentice, Green Professional and Green Master.

The Green Masters Program’s mission is to focus on educating, facilitating information exchanges and providing assistance to sustainable businesses. The program is used to bring businesses together and create sustainable trends that will eventually turn into the business norm.

Michels has been a proud member of the Green Masters Program for two years. In that time, Michels was promoted from a Green Apprentice to a Green Professional for its increasingly innovative changes. We have proved ourselves against other businesses in the state.

The program has helped us define many aspects of resource conservation, workforce engagement, education and many other important topics of a successful business. As the year goes on we continue to review our past applications and work our way towards our goal of becoming a Green Master for 2014.
**Fleet information**

Our equipment fleet is experiencing the same rapid growth as our 13 divisions. Each year we invest in hundreds of new pieces of machinery to keep up with job growth and to provide newer, safer low-emission engines for our employees.

Our fleet ranges from pick-up trucks to massive excavators – and more than 9,000 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 in the Wisconsin Smart Fleet program created by the Wisconsin Energy Office and Wisconsin Clean Cities. Michels is one of 29 fleets that are voluntarily looking to implement the use of alternatives and renewable fuels, advanced vehicles and other petroleum reduction measures.

Michels is in the process of determining which part of its 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.
Committed to safety

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 (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, and is staffed by Michels’ full-time legal, safety, environmental, fleet and risk management professionals.

**Senior Management Site Visits:** Michels senior management team members

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 nine 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 regions so linemen will be familiar with rules and regulations regardless of which company employ 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.

**Michels Training Program**

Michels holds training programs and classes throughout the year. In 2013, Michels conducted more than 250 safety training courses in 50 categories. Training spans all levels, from field workers to corporate office staff members to an annual conference for more than 500 field leaders.
Michels is a family owned and operated company that was founded in a small, rural Wisconsin community. The company has grown exponentially in its 54-year history, but our commitment to being a good community partner has never wavered. We staunchly support local, regional and national charitable organizations in the communities we serve throughout North America.

We donated time, supplies and financial support to have a positive impact on many different organizations and charities in 2013. Among them are:

- American Cancer Society
- Vince Lombardi Charitable Funds
- Habitat for Humanity
- St. Mary’s Springs Academy
- Make A Wish Foundation
- The Salvation Army
- Village of Brownsville
- Fiesta Mexicana Wisconsin
- Hispanic Scholarship Fund

A closer look at ... Quarry Quest
Quarry Quest is one of the many community activities in which Michels participates. Michels is one of three main sponsors of the event, which allows families to spend a day in a working quarry. All proceeds from the event benefit area charities for children.

More than 16,000 visited Michels Materials limestone quarry in Neenah, WI, in September to attend the 15th annual Quarry Quest. The event featured family-friendly activities like working the controls on cranes, loaders and backhoes; boom lift rides; concrete production demonstrations; brick-and-mortar wall construction; jewelry crafting; and mining for pyrite. Quarry Quest raised $130,000 to benefit children’s charities and the Quarry Quest Environmental Fund, which awards grants to help students learn about earth science, geology and construction. In its 15-year history, Quarry Quest has raised more than $1.1 million.
Leadership Conference

For the past 14 years, Michels has hosted an annual Leadership Conference. Our people are talented and knowledgeable, and no one is more committed to our reputation and long-term success than our employees. To that end, we offer consistent training opportunities.

More than 500 corporate and divisional leaders from across the United States and Canada attend the three-day Leadership Conference. They gather in one location for:

- Leadership training
- Networking
- National speakers on safety and leadership
- Large group and divisional discussions

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. Our Leadership Conference 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 understanding Michels’ high expectations. This program has led directly to the development of several minority suppliers and helped them expand their businesses well beyond their relationship with Michels.

Michels is committed to being active in regional and national supplier diversity organizations to support these initiatives and share our perspective on how to improve the supply chain.

Michels is an active member of the National Minority Supplier Development Council (NMSDC).

In 2013, Michels hosted its third annual Supplier Diversity Symposium as a way to broaden our supplier diversity efforts. The symposium drew representatives from more than 90 businesses that are owned by minorities, women and service-disabled veterans.

The symposium is a way for Michels to connect with certified and qualified diverse suppliers and subcontractors, and to potentially develop opportunities to work together. It also allows the business owners to learn more about Michels and to suggest ways in which mutually beneficial partnerships can be developed.

Michels 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.