



# **2019 Corporate Responsibility Report**

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SUSTAINABLE PROGRESS FOR AN ENDURING ENTERPRISE



### *About this report*

This report covers the year 2019 for WEC Energy Group Inc. (WEC) and its subsidiaries on a consolidated basis. The performance data is focused on the operations of Wisconsin Electric Power Co. and Wisconsin Gas LLC, doing business as We Energies, and Wisconsin Public Service Corp. in Wisconsin; Michigan Gas Utilities Corp. and Upper Michigan Energy Resources Corp. in Michigan; Minnesota Energy Resources Corp. in Minnesota; and The Peoples Gas Light and Coke Co. and North Shore Gas Co. in Illinois. It was prepared using guidance from the Global Reporting Initiative (GRI) Standards.

We are headquartered in Milwaukee, Wisconsin, conducting operations primarily in the following reportable segments: Wisconsin, Illinois, Other States, Electric Transmission, Non-Utility Energy Infrastructure, and Corporate and Other. Report content does not include performance data from external organizations or activities over which the company has limited control or influence, such as contractors and suppliers.

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Due to the timing of the release of this report, some content reflects 2020 information.



## Our 2019 Corporate Responsibility Report

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**Warren Dugan**, credit manager — We Energies, exemplifies the commitment of our company and employees. He has been volunteering at the Feeding America Eastern Wisconsin Milwaukee food bank for five years and was honored as its Volunteer of the Year in 2019.





**Gale Klappa**  
Executive Chairman

**Kevin Fletcher**  
President and  
Chief Executive Officer

## Message from company leadership

Since we published our last corporate responsibility report, we have experienced significant change in our world, our nation and our industry. Through it all, we have focused on the fundamentals — safety, reliability, customer satisfaction, financial discipline and environmental stewardship.

These pillars have kept our business strong and sustainable. We have achieved important milestones and provided essential services and support to customers and communities.

### **Advancing clean, safe and affordable energy**

**We met and exceeded our goal to reduce carbon dioxide emissions by 40 percent below 2005 levels — well in advance of our 2030 target.**

Our retirement of the coal-fueled Presque Isle Power Plant in March 2019 helped us reach this point. In total, we have retired 40 percent of our coal-fueled generation since 2014. And with three utility-scale solar projects under development, we are prepared to deliver even more carbon-free energy to customers in the near future.

**In light of our progress, we have set new goals for our electric generation: to reduce carbon dioxide emissions by 70 percent below 2005 levels by 2030 and to be net carbon neutral by 2050.**

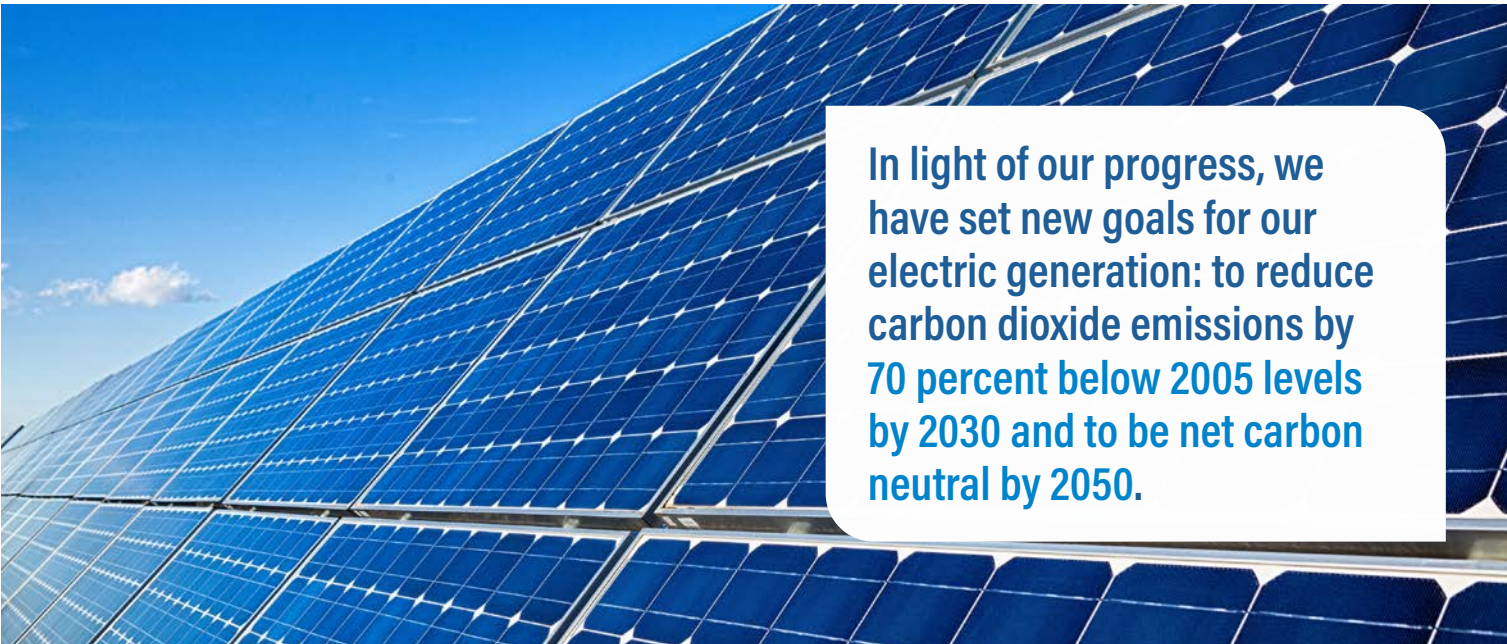
Between 2020 and 2024, we expect to spend \$900 million on additional renewable generation in Wisconsin. These planned investments have been made possible by improvements in renewable energy technology and economics.

As we pursue our important environmental goals, we will continue to manage risks and maintain safe and reliable service to our customers — our paramount responsibility.

Our ongoing work to upgrade our electric and natural gas infrastructure supports these objectives. System modernization in Chicago, in particular, is improving public safety and helping us advance toward another important goal: to reduce the rate of methane emissions from our natural gas distribution lines by 30 percent per mile from a 2011 baseline by 2030. At this time, we are more than halfway to that goal.

### **Upholding strong governance and financial discipline**

For more than a century, responsible governance and financial discipline have guided our business practices. We believe effective corporate governance is essential to both stockholder value and sustainability. Through rigorous succession planning, our board is maintaining its diversity of knowledge, skills, experience, thought, gender, ethnicity and tenure.



**In light of our progress, we have set new goals for our electric generation: to reduce carbon dioxide emissions by 70 percent below 2005 levels by 2030 and to be net carbon neutral by 2050.**

Our board, in its oversight function, and our senior management, through day-to-day planning and execution, work together to identify and respond to risks and opportunities. **In 2019, we engaged company leaders and key external stakeholders in conversations to identify priority sustainability issues. We are featuring the results of that important project in this report.**

As evidenced by our results, our investment strategy and focus on operating efficiency have led to consistent dividend growth and strong cash flow. In 2019, our earnings from operations were the highest in company history. Our balance sheet grew even stronger — supporting our investment-grade credit ratings. With a strong capital plan and technology improvements underway, we remain dedicated to sustaining long-term value.

**Supporting our colleagues and communities**

These accomplishments have been made possible by the work of our employees, who have demonstrated their commitment to safety, efficiency and reliability, even in times of rapid change. They have adapted to a range of new technologies, from advanced metering to customer app deployment to remote work — delivering on our customers' expectations for modern energy service.

In return, we strive to make our companies great places to work, with programs for individual development, initiatives to promote our core values of diversity and inclusion, and targeted recruitment as we build the workforce of the future.

We also continue to give back to our communities through financial support. **In 2019, we contributed \$20 million to worthy nonprofit organizations, and we spent a record \$282 million with diverse suppliers.**

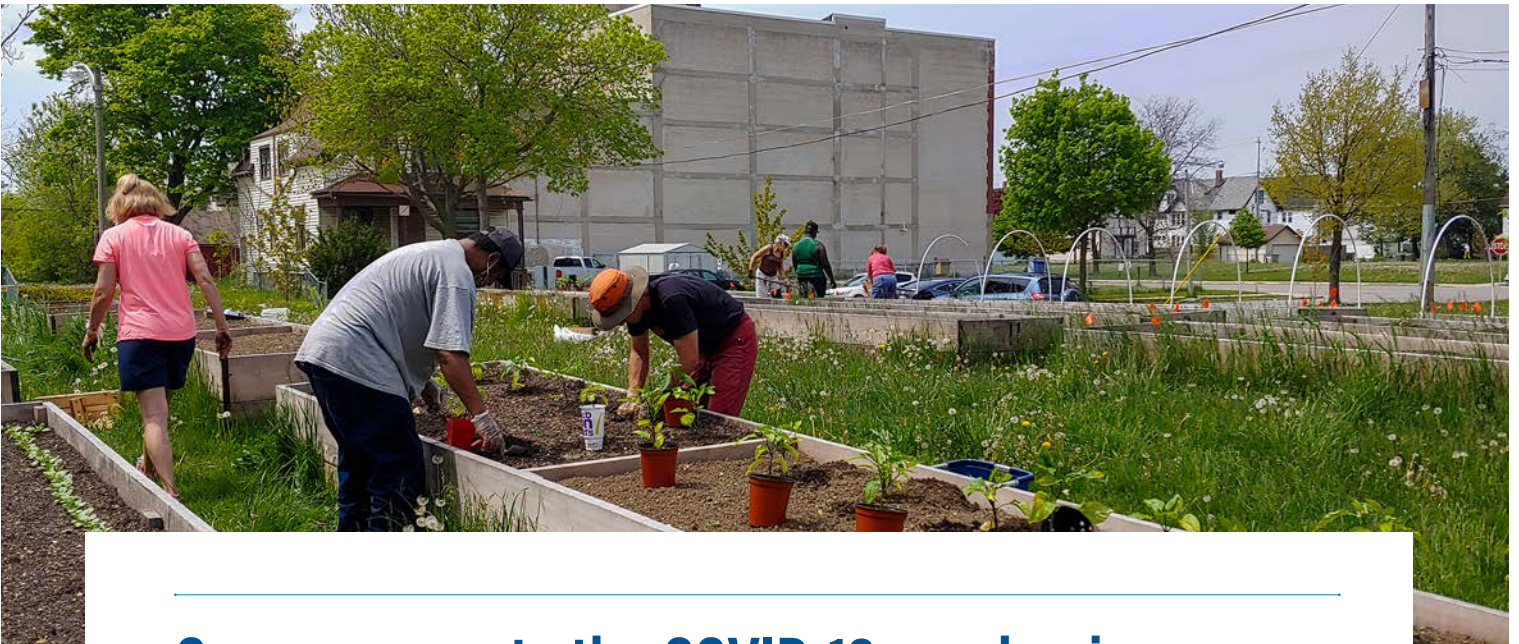
We will continue to focus on sustainability and the priorities of our key stakeholders. To borrow a phrase that was popularized decades ago ... progress is our most important product.

Sincerely,

Gale E. Klappa  
Executive Chairman

J. Kevin Fletcher  
President and  
Chief Executive Officer





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## Our response to the COVID-19 pandemic

Faced with the challenges of the COVID-19 pandemic, our strong foundation of safety and reliability has proven more valuable than ever before. Early on, we adopted measures to minimize exposure of customers and employees to COVID-19 while maintaining our essential services.

Stay-at-home orders were issued across our four states in late March. In response, we sharply curtailed work inside customers' homes, and we took action to allow 80 percent of our workforce to work remotely or in the field. Our employees adapted well to these changes by using technology, communicating with customers and following health precautions. Recent investments in our technology made this successful transition possible.

During this health crisis, we temporarily suspended energy disconnections, unless unsafe conditions existed, to ensure the safety of our customers and employees. We also have suspended late payment charges temporarily and worked with customers in need on deferred payment arrangements.

We have contributed through our companies and foundations to organizations on the front lines, including local United Ways, hospitals, domestic violence shelters, food pantries and youth programs. Through these donations and our matching gifts, we have provided more than \$2 million to COVID-19 relief efforts. This is our way of thanking the people and organizations that sustain our communities.

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**Carol O'Leary**, a specialist at We Energies, helped establish an urban farm to benefit MacCanon Brown Sanctuary, a food pantry and homeless shelter in Milwaukee, during the pandemic.

# Our company



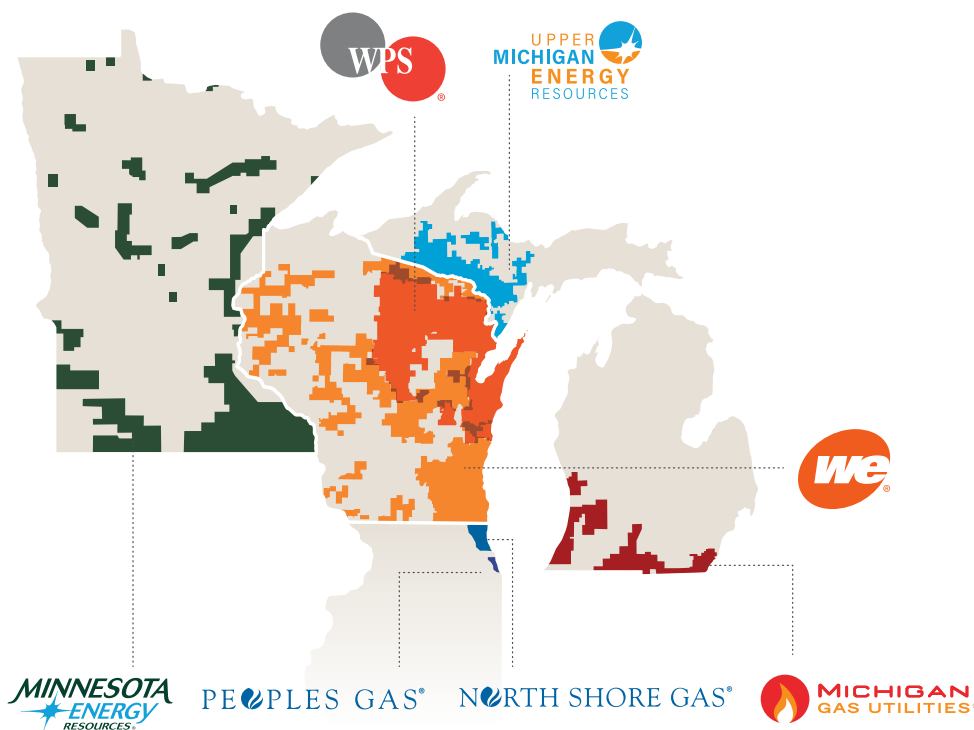
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# Key facts

## An energy industry leader

WEC Energy Group is one of the nation's leading energy companies, with the operational expertise and financial resources to meet the electricity and natural gas needs of customers across the Midwest.

**Total customer accounts:**  
**4.5 million**



### Customers:

#### We Energies

Electric: 1,141,600  
Natural gas: 1,136,200

#### Wisconsin Public Service

Electric: 449,500  
Natural gas: 332,700

#### Peoples Gas

Natural gas: 867,600

#### North Shore Gas

Natural gas: 163,500

#### Minnesota Energy Resources

Natural gas: 240,900

#### Michigan Gas Utilities

Natural gas: 179,600

#### Upper Michigan Energy Resources

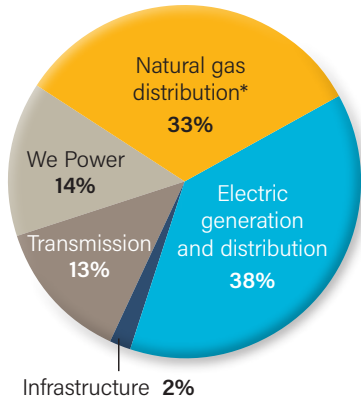
Electric: 36,900  
Natural gas: 5,300

Data as of year-end 2019, unless otherwise noted.



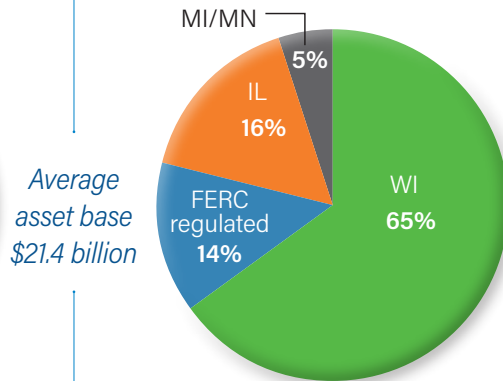
## Diverse business portfolio

Assets by business type



\* Includes Bluewater Gas Storage

Regulated assets by jurisdiction



Average asset base  
\$21.4 billion

## Distribution and generation



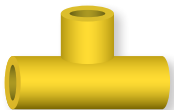
**70,600** miles of electric distribution lines throughout Wisconsin and Michigan

Overhead: **36,500 miles**  
Underground: **34,100 miles**



**500** substations in Wisconsin and Michigan

**7,100 megawatts** of rated capacity



**50,700** miles of natural gas mains throughout Wisconsin, Illinois, Minnesota and Michigan



**40** miles of high-/low-pressure steam piping in Wisconsin

**WEC Infrastructure**, a non-utility subsidiary, will hold majority ownership interests in five wind farms that are capable of providing approximately 1,000 megawatts of carbon-free energy outside our traditional service area. These renewable energy assets have long-term agreements to serve investment-grade customers and enhance our overall renewable energy footprint.









# Priority sustainability issues

We recognize that an informed sustainability strategy is critical to delivering long-term business value.

In 2019, we initiated an assessment to identify the sustainability issues that are most important to our company and its stakeholders, considering both current and potential long-term impacts. This comprehensive assessment strengthened our existing commitment to sustainability and established a foundation upon which to develop programs that address these priority sustainability issues.

The Electric Power Research Institute (EPRI) conducted the assessment, using a methodology that had been developed and refined through previous research projects. It defined sustainability as the way our company balances economic, environmental and social issues and decisions to support the long-term viability of our business, the community and the environment. The assessment took place in four phases over seven months:

Phase 1	Phase 2	Phase 3	Phase 4
<p><b>Identify</b> an initial list of issues through an analysis of literature sources relevant to WEC Energy Group. EPRI drew upon a robust resource of nearly 200 sustainability sub-issues relevant to utilities, developed through past research projects, and selected literature sources relevant to our business model, environment and local communities.</p>	<p><b>Refine</b> the list of issues through an in-person workshop with select WEC Energy Group employees. The workshop brought together management and represented employees across the organization to facilitate live voting and discussions.</p>	<p><b>Test</b> the list of issues through surveys and interviews with key external stakeholders. Stakeholder types engaged in this phase included regulators, investors, nongovernmental organizations, customers, academic institutions and suppliers.</p>	<p><b>Validate</b> the list of issues through discussions with executive leadership, who provided final approval of the priority issues and their definitions.</p>

We are using the results of this project to develop strategies and drive changes to meet and exceed stakeholder expectations. Our priority sustainability issues also will help us structure our sustainability disclosure, including this report and ongoing stakeholder engagement.

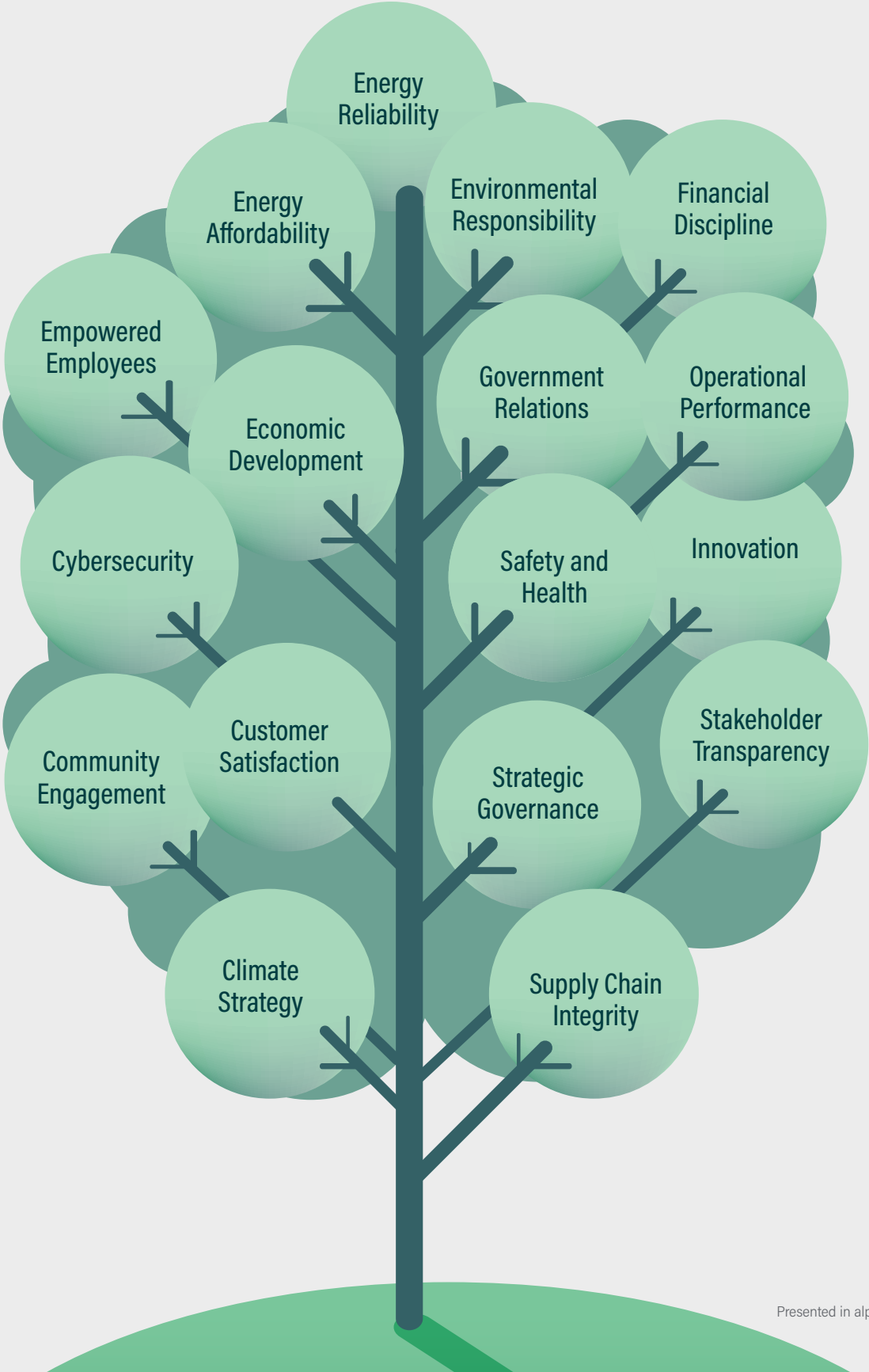
The table on Page 11 presents the final priority sustainability issue names and definitions resulting from our assessment, as well as the United Nations Sustainability Development Goals (UN SDGs) they support.

Delivering reliable, affordable energy to our customers, reducing greenhouse gas emissions, and building and maintaining safe, resilient infrastructure are central to our business. These commitments align directly with three of the UN SDGs: **affordable and clean energy** (Goal 7); **industry, innovation and infrastructure** (Goal 9); and **climate action** (Goal 13). In addition, we have programs and initiatives in place that promote local improvements related to seven other development areas.





# Our priority sustainability issues



Presented in alphabetical order.

Priority sustainability issue	Definition	Associated SDGs
<b>Climate Strategy</b>	Physical and transitional risks and opportunities presented by greenhouse gas emissions management and climate adaptation	Affordable and Clean Energy; Climate Action
<b>Community Engagement</b>	Corporate philanthropy and citizenship	Partnerships for the Goals; Quality Education
<b>Customer Satisfaction</b>	Evolving customer expectations about energy products and services	Affordable and Clean Energy
<b>Cybersecurity</b>	Digital infrastructure and customer privacy	No associated SDG
<b>Economic Development</b>	Energy programs and products that support and grow local business to drive economic vitality	Decent Work and Economic Growth
<b>Empowered Employees</b>	Employee benefits and development opportunities that create an inclusive culture, positive relationships, and a skilled, diverse workforce	Decent Work and Economic Growth; Quality Education
<b>Energy Affordability</b>	Ability of residential customers to pay energy bills	Affordable and Clean Energy
<b>Energy Reliability</b>	Reliability and resiliency across operations	Industry, Innovation and Infrastructure
<b>Environmental Responsibility</b>	Managing impacts to natural resources and ecosystems due to operational inputs and outputs, such as water and waste	Clean Water and Sanitation; Life on Land; Responsible Consumption and Production
<b>Financial Discipline</b>	Investments that generate long-term returns and competitive access to capital	Affordable and Clean Energy; Industry, Innovation and Infrastructure
<b>Government Relations</b>	Responsible engagement with public officials and agencies on matters of importance to the company and stakeholders	Affordable and Clean Energy
<b>Innovation</b>	Emerging technologies that present both risks and opportunities for the company	Affordable and Clean Energy; Industry, Innovation and Infrastructure
<b>Operational Performance</b>	Efficiency of assets and processes that produce business value	Affordable and Clean Energy; Industry, Innovation and Infrastructure
<b>Safety and Health</b>	Safety and health of employees, contractors and the public with respect to company operations	Decent Work and Economic Growth; Good Health and Well-Being
<b>Stakeholder Transparency</b>	Stakeholder access to company representatives and information that enhances dialogue	Partnerships for the Goals
<b>Strategic Governance</b>	Business processes and diverse leadership to enable ethical and effective operations	No associated SDG
<b>Supply Chain Integrity</b>	Supplier sustainability performance and risk management	Decent Work and Economic Growth

# Operational performance

Our goal is to continue to build and sustain long-term value for our stockholders, customers and communities in a rapidly transforming energy arena.



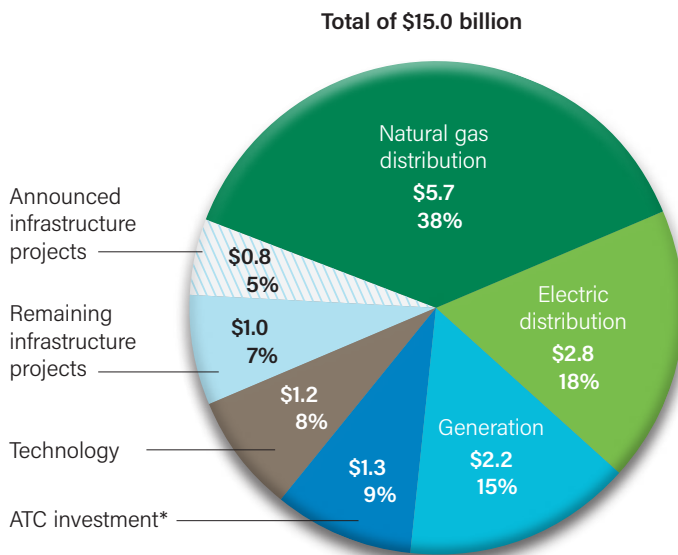


## Capital plan

Between 2020 and 2024, we expect to invest **\$15 billion** across our company, with a focus on:

- Modernizing our electric and natural gas delivery infrastructure.
- Expanding our regulated natural gas infrastructure to meet growing customer demand.
- Reshaping our generation fleet for a clean, reliable future and deploying capital in renewable energy inside and outside our traditional footprint.
- Launching advanced metering functionality and upgrading systems and equipment.

### 2020-2024 capital plan by category (\$ in billions)



\* ATC is accounted for using the equity method; this represents WEC's portion of the investment

## Energy delivery infrastructure

We are committed to ensuring electric and natural gas reliability while maintaining the safety and integrity of our system. We have made significant reliability- and resiliency-related investments in recent years, and plan to continue strengthening our generation fleet and distribution networks.

### System Modernization Program

Peoples Gas expects to continue investing between \$280 million and \$300 million annually in a program to modernize approximately 2,000 miles of Chicago's aging natural gas pipeline. Dated cast and ductile iron pipes and facilities in the natural gas delivery system are being replaced with polyethylene pipes for long-term system safety, reliability and reduced methane emissions. The program also involves upgrading the system from low-pressure to medium-pressure operation to minimize the chance of explosion or fire.

### System Modernization and Reliability Project (SMRP)

Wisconsin Public Service (WPS) continues work on this multiyear project to modernize parts of its electric distribution system by burying or upgrading lines. The project focuses on electric lines that currently have the lowest reliability in the WPS system, primarily in heavily forested, rural areas. As part of Phase I, completed in 2018, WPS installed over 1,000 miles of underground circuits in place of overhead lines and added distribution automation equipment on 400 miles of lines. Phase II of the SMRP began in 2018 and includes plans to install 1,000 miles of underground circuits. WPS expects to invest approximately \$100 million between 2020 and 2022 on this project.

### Liquefied natural gas facilities

Extreme weather conditions in 2019 demonstrated to us that Wisconsin needs more natural gas peaking capacity at the highest demand times on the coldest days. To address this demand, We Energies filed an application with the Public Service Commission of Wisconsin in November 2019 for approval to build two liquefied natural gas facilities. If approved, each facility would provide 1 billion cubic feet of natural gas supply to meet peak demand without requiring the construction of additional interstate pipeline capacity. If approved, the total cost of both projects is expected to be approximately \$370 million, with commercial operation targeted for the end of 2023.



Peoples Gas System Modernization Program creates more than 1,500 direct jobs during the peak construction season.

## Zero-carbon generation

We follow an asset management strategy that focuses on investing in and acquiring assets consistent with our strategic plans. In recent years, improving renewable technologies and economics have allowed us to make cost-effective investments in wind and solar generation. These investments support our greenhouse gas emissions reduction goals while preserving fuel diversity and affordable energy rates.



### Solar energy investments

We have received approval to invest in 300 megawatts of utility-scale solar generation in Wisconsin. WPS has partnered with an unaffiliated utility, Madison Gas and Electric, on two solar projects. WPS will own 100 megawatts (MW) of the output of each project for a total of 200 MW. Construction began at the Two Creeks Solar Project and the Badger Hollow Solar Farm I in August and October 2019, respectively. We Energies also has partnered with Madison Gas and Electric to acquire an ownership interest in another solar project, Badger Hollow Solar Farm II. Upon construction, We Energies will own 100 MW of the output of this project.

### Wind energy infrastructure

Through our WEC Infrastructure business, we have acquired or agreed to acquire majority interests in five wind farms, capable of providing approximately 1,000 MW of carbon-free energy in total. These renewable energy assets represent nearly \$1.4 billion in committed investments and have long-term agreements to serve investment-grade customers outside our traditional service areas.

## Technology and process improvements

Our companies are focused on delivering exceptional customer care while integrating and improving business processes. Employees strive to provide the best value for customers by embracing constructive change, leveraging their capabilities and expertise, and using creative solutions. We expect these efforts to continue to drive operational efficiency and customer satisfaction.

### Enhancing customer experience across companies

A multiyear effort is driving a standardized, seamless approach to digital customer service across WEC Energy Group.

In 2019, we moved all utilities to a common, enhanced-security platform for all customer-facing self-service options. We also introduced customer apps for five utilities, with plans to roll out the We Energies app in 2021 and to continue building app functionality and capabilities.

Other efforts include:

- Implementing advanced metering infrastructure across the utilities (ongoing).
- Moving all utilities to a common, integrated web platform (2021).
- Bringing all utilities onto a single customer information system platform with standardized business processes (2021).

Using common systems and processes reduces costs, provides greater flexibility and enhances the consistent delivery of exceptional service to customers. In addition, improving digital technology is helping us reduce our environmental footprint. In 2019, we increased paper-free billing to serve over 30% of our customer base across WEC Energy Group.

### Advanced metering infrastructure

Across our companies, we are making progress on our program to replace meter-reading equipment on both our network and customer property. An integrated system of smart meters, communication networks and data management programs enables two-way communication between our energy companies and their customers. This program enhances outage management capabilities and reduces the manual effort and cost for disconnection and reconnection. In the future, smart meters may provide customers with more usage- and demand-based billing and energy management options.



The percentage of our electric customers with smart meters reached **68% in 2019**.

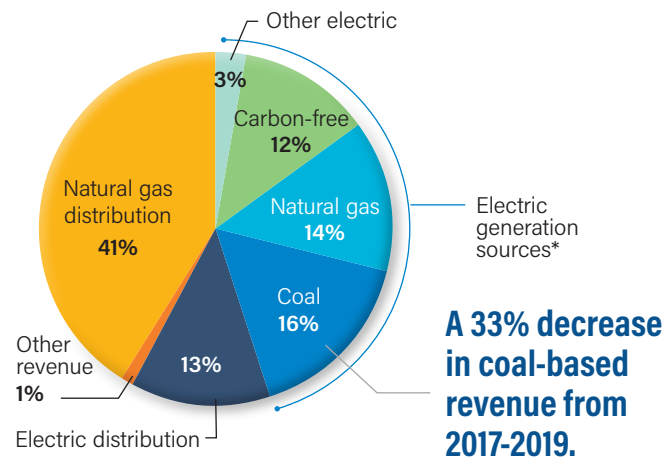
# Business and operations

WEC Energy Group is a Fortune 500 company and a component of the S&P 500. Our company has approximately 45,000 stockholders of record, 7,500 employees, and nearly \$35 billion of assets.

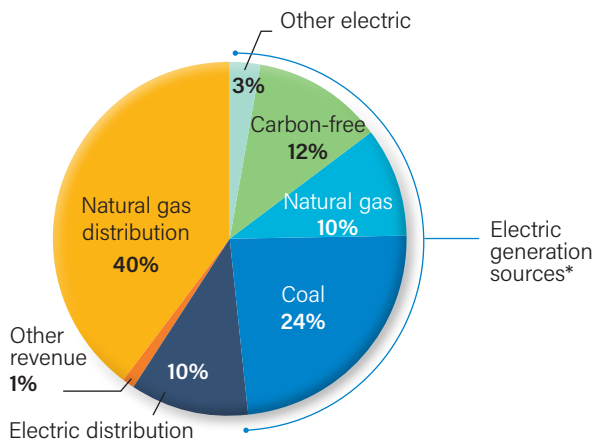
Our principal utilities are We Energies, Wisconsin Public Service (WPS), Peoples Gas, North Shore Gas, Michigan Gas Utilities, Minnesota Energy Resources and Upper Michigan Energy Resources (UMERC). Our nonutility energy subsidiaries include We Power (which designs, builds and owns electric generating plants), Bluewater Natural Gas Holding LLC (which owns underground natural gas storage facilities in Michigan) and WEC Infrastructure LLC (which holds ownership interests in wind generating facilities that have long-term offtake agreements for the energy they produce).

In addition, we have an approximately 60% equity ownership interest in American Transmission Co. LLC (ATC), a for-profit electric transmission company regulated by the Federal Energy Regulatory Commission (FERC) and certain state regulatory commissions.

## 2019 WEC Energy Group revenue contribution by source

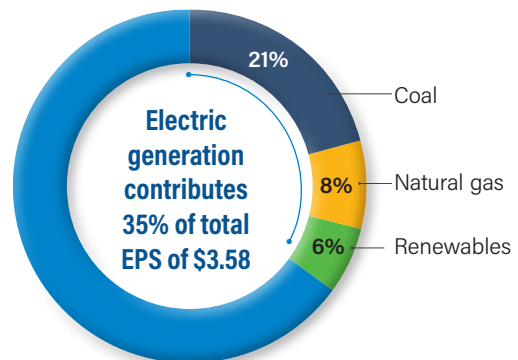


## 2017 WEC Energy Group revenue contribution by source



\* Includes purchased power

## Percentage of total 2019 EPS\*



\* Calculated using net book value less deferred taxes for generation plants and the fixed lease payment for We Power; also includes WEC Infrastructure investment.

## Wisconsin operations

Our Wisconsin segment primarily consists of the electric and natural gas utility operations of We Energies, WPS and UMERC. This segment also includes steam service provided by We Energies in metropolitan Milwaukee, as well as WPS' 50% ownership interest in Wisconsin River Power Co., which owns and operates two hydroelectric facilities.

## Electric supply

Our electric supply strategy is to provide our customers with energy from plants using a diverse fuel mix that is expected to balance a stable, reliable and affordable supply of electricity with environmental stewardship. Through our participation in the Midcontinent Independent System Operator Inc. Energy and Operating Reserves Market (MISO Energy Markets), we supply a significant amount of electricity to our customers from power plants that we own. We supplement our internally generated power supply with long-term power purchase agreements (PPAs) and spot purchases in the MISO Energy Markets.

Rated capacity (megawatts) <sup>1</sup>	2017	2018	2019
Coal	4,935	3,518	3,158
Natural gas	3,525	3,590	3,753
Renewables <sup>2</sup>	273	220 <sup>3</sup>	207
<b>Total</b>	<b>8,733</b>	<b>7,328</b>	<b>7,118</b>

- 1 Rated capacity is the net power output under average operating conditions with equipment in an average state of repair as of a given month in a given year. We have summer peaking electric utilities, and amounts are primarily based on expected capacity ratings for the following summer. The values were established by tests and may change slightly from year to year.
- 2 Includes hydroelectric, biomass and wind generation.
- 3 In 2018, we changed our rated capacity measurement methodology for hydro units to align with the capacity accreditation methodology used by MISO, which is based on the historical median output during summer peak hours.



## Utility electricity generation and purchased power (gigawatt-hours)

	2017	2018	2019
Coal generation	24,484	21,569	16,498
Natural gas/other generation	9,302	10,578	13,562
Renewable generation	2,052	1,983	2,022
Biomass	85	100	99
Hydro	886	835	787
Wind	1,081	1,048	1,136
<b>Total electric generation</b>	<b>35,838</b>	<b>34,130</b>	<b>32,082</b>
Purchased power, renewables	1,475	1,153	892
Purchased power, nuclear PPA	8,950	8,967	8,979
Purchased power, low-emitting	648	757	828
Purchased power, MISO markets	3,566	3,208	4,047
<b>Total generated and purchased energy</b>	<b>50,477</b>	<b>48,215</b>	<b>46,828</b>
<b>Total generated and purchased renewable energy</b>	<b>3,526</b>	<b>3,136</b>	<b>2,914</b>

### Illinois operations

Our Illinois segment includes the natural gas utility and nonutility operations of Peoples Gas and North Shore Gas. Peoples Gas and North Shore Gas customers are located in Chicago and its northern suburbs, respectively. Peoples Gas also owns and operates a 38.8-billion-cubic-foot natural gas storage field in central Illinois that provides natural gas to Chicago.



### Other states operations

Our other states segment includes the natural gas utility and nonutility operations of Minnesota Energy Resources and Michigan Gas Utilities. Minnesota Energy Resources serves customers in various cities and communities throughout Minnesota, and Michigan Gas Utilities serves customers in southern and western Michigan.

### Electric transmission — American Transmission Co. (ATC)

ATC is a regional transmission company that owns, maintains, monitors and operates electric transmission systems in Wisconsin, Michigan, Illinois and Minnesota. ATC is regulated by the FERC for all rate terms and conditions of service and is a transmission-owning member of MISO. MISO maintains operational control of ATC's transmission system, and We Energies, WPS and UMERC are customers of MISO.

As of Dec. 31, 2019, our ownership interest in ATC was approximately 60%. In addition, we own approximately 75% of ATC Holdco LLC, a separate entity formed in December 2016 to invest in transmission-related projects outside of ATC's traditional footprint.

### Nonutility energy infrastructure

Our nonutility energy infrastructure segment includes the operations of We Power, Bluewater Natural Gas Holding LLC (Bluewater) and WEC Infrastructure LLC.

We Power, through wholly owned subsidiaries, owns and leases certain generation facilities to We Energies. Port Washington Generating Station units 1 and 2, both natural gas-fueled generating units, are being leased to We Energies under 25-year contracts. Elm Road Generating Station units 1 and 2, both coal-fueled generating units, are being leased to We Energies under 30-year contracts. Under the lease terms, our return is calculated using a 12.7% return on equity, and the equity ratio is assumed to be 55% for the Elm Road Generating Station units and 53% for the Port Washington Generating Station units.

Bluewater, located in southeast Michigan, provides natural gas storage and hub services to our Wisconsin natural gas utilities and meets approximately one-third of their current storage needs. We Energies and WPS have entered into long-term service agreements for natural gas storage with a wholly owned subsidiary of Bluewater. Bluewater also serves other unaffiliated customers.

WEC Infrastructure holds our ownership interests in three wind generation facilities: our 90% ownership interest in Bishop Hill Energy III LLC; our 80% ownership interest in Coyote Ridge Wind LLC, which achieved commercial operation in December 2019; and our 90% ownership interest in Upstream Wind Energy LLC. Bishop Hill III and Coyote Ridge have long-term offtake agreements with unaffiliated third parties for the sale of all the energy they produce. In addition, Upstream's revenue is substantially fixed over a 10-year period through an agreement with an unaffiliated third party. We have signed agreements to acquire 90% ownership interests in two additional facilities: Thunderhead Wind Energy Center in Nebraska and Blooming Grove Wind Farm in Illinois.

### Corporate and other

Our corporate and other segment includes the operations of the WEC Energy Group holding company, the Integrys holding company and the Peoples Energy LLC holding company, as well as the operations of Wispark LLC, WEC Business Services LLC and WPS Power Development LLC.

Wispark develops and invests in real estate. WEC Business Services is a wholly owned centralized service company that provides administrative and general support services to our regulated utilities, as well as certain services to our nonregulated entities. WPS Power Development owns a portfolio of residential solar systems.

More detail on our operating segments can be found in our Annual Report on Form 10-K for the year ended Dec. 31, 2019.

# Financial discipline

Across our business, our focus on financial discipline and efficiency benefits our operations, customers and stockholders.

## Financial highlights

We continued to deliver solid earnings growth and generate strong cash flow in 2019.

✓  
 Achieved fully diluted earnings per share of  
**\$3.58**

✓  
 WEC stock hit 48 new trading highs

✓  
 Returned more than  
**\$744 million**  
 to WEC Energy Group stockholders through dividends

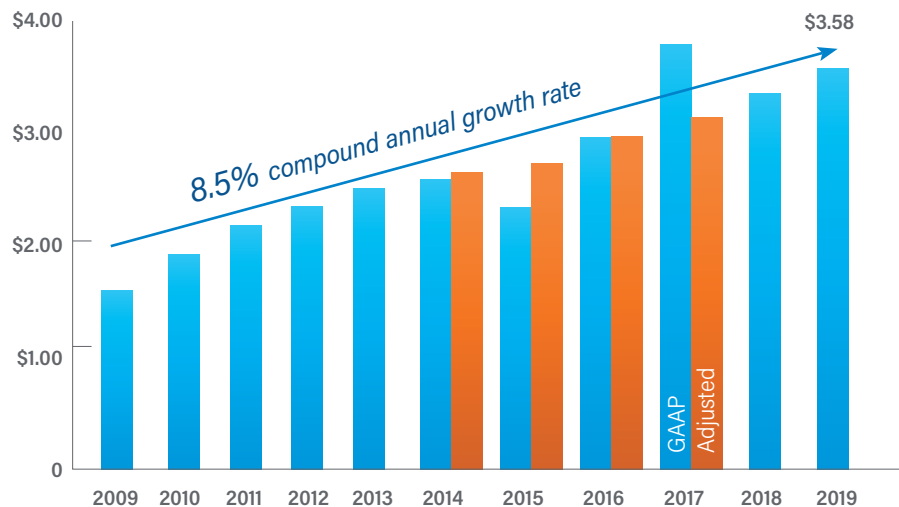
✓  
 Earnings from operations were the highest in company history

✓  
 Earned the allowed rate of return at each of our regulated utility subsidiaries

## A decade of EPS growth

We've delivered an average earnings growth of 8.5% per year.

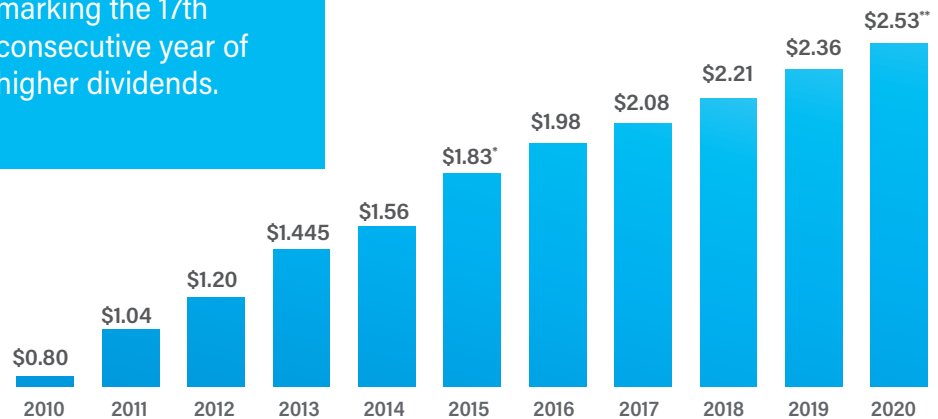
Investment opportunities support long-term EPS growth of 5-7%.



## Solid dividend growth continues

Dividends increased in January 2020 by 7.2% to an annual rate of **\$2.53 per share**, marking the 17th consecutive year of higher dividends.

Annualized dividends per share



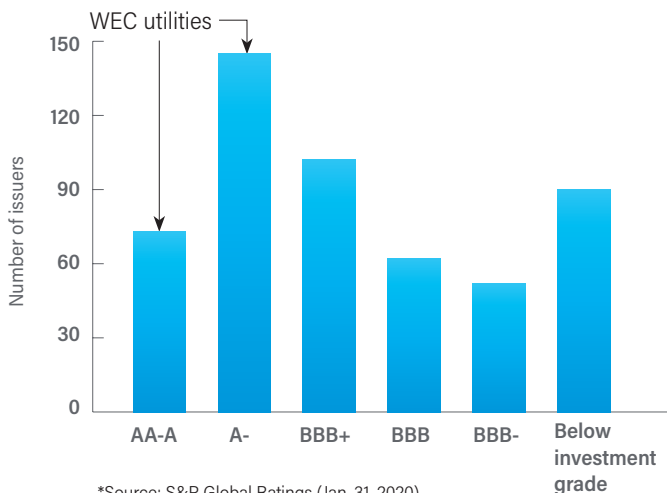
\* Annualized based on fourth-quarter 2015 dividend of \$0.4575

\*\*Annualized based on first-quarter 2020 dividend of \$0.6325

## Strong financial condition

No need to issue additional equity over the five-year forecast period.

Electric and natural gas utilities credit ratings distribution\*



\*Source: S&P Global Ratings (Jan. 31, 2020)

### Utility rating

Wisconsin Electric	A-
Wisconsin Gas	A
Wisconsin Public Service	A-
Peoples Gas	A-



# Environment



Environmental responsibility	20
Climate strategy	30
Innovation	35

# Environmental responsibility

Environmental factors are an integral part of our planning and operating decisions.



## Environmental policy

We embrace our responsibility to provide safe, reliable and affordable energy in an environmentally sustainable manner. We set our strategies and run our operations with an emphasis on continuous improvement and a vision to deliver a cleaner energy future.

### Sustainability

- Reduce greenhouse gas emissions by reshaping our generation fleet.
- Support environmental research and development.
- Monitor and regularly share information about environmental performance.

### Stewardship

- Protect properties entrusted to our management.
- Mitigate the environmental impact of our operations.
- Support local communities through stewardship efforts.

### Compliance

- Maintain a system of checks and balances over our processes and systems.
- Equip employees and contractors with proper environmental training and tools.
- Hold all employees and contractors accountable to address issues promptly.

### Engagement

- Work with government entities and regulators to develop policies that balance the interests of all parties and protect human health and the environment.
- Build long-term community partnerships.
- Keep customers and other stakeholders informed and encourage their feedback.

# Our approach to environmental governance

Our governance structure and practices support a strategic focus on environmental issues.

Senior management has primary responsibility for managing risk across the corporation. The team addresses this responsibility using a multifaceted approach that seeks input from internal resources and industry experts.

The company's vice president — environmental, in collaboration with members of her team, takes the lead on analyzing the climate-related impacts of our strategies and related tactics. The WEC Infrastructure and Fuels team and Environmental team engage with other functional areas of the company to identify cost-effective options for reducing carbon dioxide and other emissions. The vice president — environmental provides regular updates on environmental issues, including regulatory matters, to the Audit and Oversight Committee of our board of directors through formal quarterly reports.

The Audit and Oversight Committee assists the board of directors in overseeing our strategy and compliance with legal and regulatory requirements. The committee's efforts include reviewing and providing oversight of environmental compliance matters and risks to ensure appropriate management attention. Broader environmental risk oversight remains the responsibility of the full board.

Our Environmental team also provides reports at meetings of the Climate Risk Committee, which brings together senior-level officers responsible for overall corporate strategy. The committee meets at least quarterly to discuss goals and initiatives that involve climate-related risks and opportunities.

Working with external organizations and our internal staff, Environmental leadership anticipates and prepares for policy developments at various levels. Leadership further engages with policymakers and other stakeholders to improve transparency and results. These efforts help us identify opportunities for research, development, demonstration, collaboration, investment and piloting.

We actively participate in industry organizations that are involved in the legislative and regulatory processes focusing on climate change and other environmental matters, including Edison Electric Institute, American Gas Association and affiliated organizations. We also collaborate on scientific and technical work with organizations such as the Electric Power Research Institute and Gas Technology Institute to inform company planning, risk management and operations.



Our companies are subject to extensive state and federal environmental regulations affecting our operations, and we incur significant expenditures in complying with these requirements, including expenditures for pollution-control equipment, environmental monitoring, emissions fees and permits at all our regulated facilities. Responsibility for environmental compliance lies within our operating units. The Corporate Audit Services department also conducts independent environmental process audits. Any significant noncompliance is reported to senior management.

Our energy companies' environmental emergency response process includes spill prevention, control and countermeasure plans, as well as contingency plans, off-site plans and site emergency response plans. An environmental incident response team is on call 24/7 to provide assistance with response to chemical spills and incidents throughout our service areas.

# Managing environmental impacts

Throughout our operations, we work to mitigate the impacts of our business on the air, water and land.

## Air emission reductions

Air quality control systems and other measures at our facilities have resulted in combined sulfur dioxide (SO<sub>2</sub>), nitrogen oxides (NOx) and mercury (Hg) emissions reductions of greater than 80% when compared to 2000 emissions. As we carry out our generation reshaping plan and retire less-efficient coal-fueled generation, we continue to improve our performance in this area. Between 2018 and 2019, our SO<sub>2</sub> and NOx emissions decreased by 72% and 40%, respectively. Innovative technology at our electric generation facilities supports our progress:

- At Weston Power Plant Unit 3, the ReACT® (Regenerative Activated Coke Technology) system complements the fabric filters, low NOx burners and separated over-fire air system, and mercury control system to reduce SO<sub>2</sub>, NOx, mercury and other emissions. Weston Unit 4 is equipped with a selective catalytic reduction (SCR) system, powdered activated carbon system, dry scrubber and fabric filter baghouse to reduce SO<sub>2</sub>, NOx, mercury, particulate matter and other emissions.
- Elm Road Generating Station is equipped with state-of-the-art technologies for air quality controls, including SCR systems, fabric filter baghouses, wet scrubbers and wet electrostatic precipitators.
- Through the use of chemical additives to the coal supplies at the Weston and Oak Creek sites, we are able to capture more than 90% of the mercury.
- All of our coal-fueled power plants use either fabric filter baghouses or electrostatic precipitators to remove particulate matter. In addition, the units that have wet scrubbers to control SO<sub>2</sub> achieve further particulate removal. The result is particulate reduction of 99.5% or more at each of these generating units.

Our emissions data from electricity generation are reported on this page based on ownership share.

## Air emissions from electricity generation

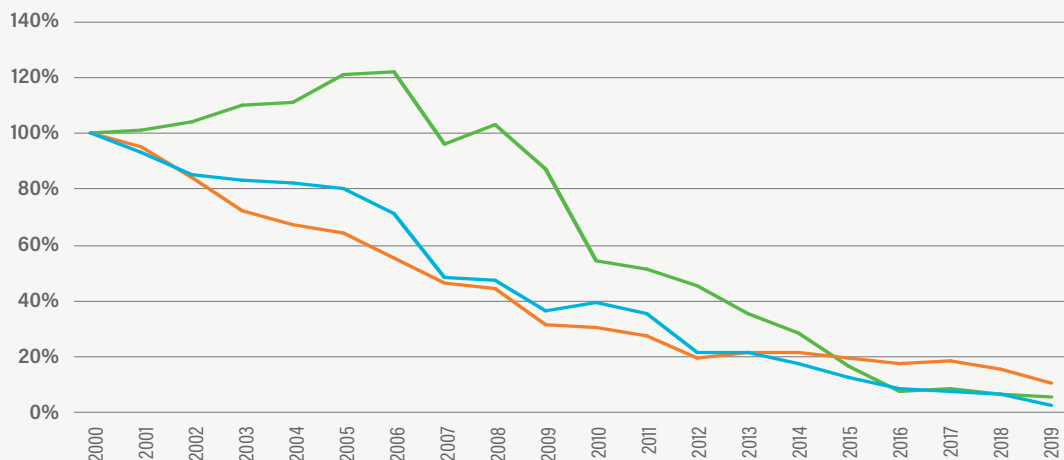
		2017	2018	2019
Sulfur dioxide (SO <sub>2</sub> )	(kg)	8,797,083	7,770,417	2,210,169
	(kg/MWh)	0.26	0.23	0.07
Nitrogen oxide (NOx)	(kg)	11,044,724	10,453,986	6,258,232
	(kg/MWh)	0.33	0.31	0.20
Particulate matter (PM)	(kg)	1,126,785	928,249	614,618
	(kg/MWh)	0.033	0.030	0.019
Volatile organic compound (VOC)	(kg)	369,236	265,185	250,459
	(kg/MWh)	0.011	0.010	0.008
Mercury (Hg)	(kg)	56	43	33
	(kg/MWh)	0.000002	0.000001	0.000001

## Greenhouse gas (GHG) emissions from electricity generation and purchases (1,000 metric tons carbon dioxide equivalents (CO<sub>2</sub>e))

	2017	2018	2019
Coal generation	25,460	21,990	15,848
Natural gas/other generation	4,334	4,263	5,414
Purchased power*	3,540	3,138	3,886
<b>Total CO<sub>2</sub>e (1,000 metric tons)</b>	<b>33,334</b>	<b>29,391</b>	<b>25,148</b>
<b>System GHG intensity (metric tons/MWh)</b>	<b>0.66</b>	<b>0.61</b>	<b>0.54</b>

\* CO<sub>2</sub>e from purchased power was estimated using regional factors published by the Michigan Public Service Commission.

## Declining emissions



SO<sub>2</sub>  
98% ↓

Mercury  
95% ↓

NOx  
90% ↓



## Water resources management

Our companies recycle water used in power generation and use systems that minimize consumptive water loss. Most of our power plants use open-cycle cooling systems. These systems withdraw surface water from natural cold water sources, pump the water through steam condensers to cool and condense the steam that drives turbine generators, and then return all of the cooling water to the source. For facilities with cooling towers, about 25% of the water is returned to the source, with the balance of the water loss going to the air during the evaporative cooling process.

Several of our power plants have modified water intake structures to meet new federal rules. The state regulatory agencies that implement these rules have determined that power plant intake structure modifications are the best technology available for each facility. Many of our water intake modification projects were installed well ahead of the EPA-required implementation dates. This proactive approach minimizes environmental impacts on fish and other aquatic organisms by using intake structures that meet best-technology-available standards.

Fox Energy Center beneficially uses treated effluent from the Heart of the Valley Metropolitan Sewerage District to supply its process water and cooling water needs. Use of treated effluent wastewater that would otherwise be returned to the Fox River is an environmentally preferable alternative to the use of surface water or groundwater resources. Water received at the facility undergoes additional treatment for the removal of impurities such as metals, phosphorus and total suspended solids. The beneficial use of treated effluent results in a net reduction in the quantity of both mercury and phosphorus by almost 70% each and total suspended solids by almost 85% compared to what would otherwise be discharged into the Fox River.

Since 2005, We Energies and WPS have substantially reduced combined cooling and process water use and total discharges from electric generating facilities. This has been primarily due to the conversion of facilities from coal to natural gas generation, the retirements of several coal-fueled facilities, and the addition of renewable energy and natural gas-fueled facilities. There are fewer process water discharges from biomass and natural gas-fueled facilities than from coal-fueled generating facilities, and there are no cooling or process water needs at the Upper Michigan Energy Resources natural gas-fueled generating stations completed in 2019, or at our wind energy or solar-powered facilities.

<b>Water (billion cubic meters)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Withdrawn from major sources	3.57	3.60	3.14
Municipal water purchases	0.003	0.003	0.003
Water returned to source	3.54	3.58	3.13
Water consumption	0.03	0.02	0.01
<b>Percent returned to source*</b>	<b>99.2</b>	<b>99.4</b>	<b>99.6</b>
<b>Percent consumed</b>	<b>0.8</b>	<b>0.6</b>	<b>0.4</b>

\* Most of the water is used for once-through cooling.



## Waste minimization commitment

Waste minimization and recycling is an integral part of our corporate environmental commitment, affecting all of our facilities. We encourage employees to be responsible for environmental stewardship by supporting our recycling and waste-reduction programs. Waste minimization is the first step in effective use of materials, and our recycling commitment encourages all efforts to minimize waste — reduce, reuse and then recycle.

- Whenever possible, batteries, cylinders and chemicals are sent to other corporate locations or back to the vendor for reuse.
- When we conduct subsurface work, historical/environmental records are reviewed to determine if the site qualifies for reuse of soils as clean fill.
- Our power generation facilities occasionally generate liquids or chemicals during cleanings and other activities. We collect reusable chemicals while cleaning activities are conducted. If the chemicals are reusable, they are filtered and put back into place for reuse, sent back to the chemical manufacturers, or sent to other business groups, internally or externally, for reuse whenever possible.
- In an effort to decrease hazardous waste disposal, elemental neutralization of chemicals occurs when practicable.
- Natural gas pipeline liquids are evaluated for reuse through a fuel blending program.
- Building demolitions are designed and conducted in a manner that allows us to reuse and recycle as much material as possible, including metal, drywall, concrete and other materials.
- Individual garbage receptacles were removed from our corporate headquarters and replaced with centralized recycling/disposal locations to encourage employees to properly dispose of materials.

Effectiveness of the recycling program depends on employee participation and results in:

- Reduced initial material costs by ordering only the quantity needed.
- Avoided disposal costs due to reducing the amount of material for disposal.
- Proceeds from the sale of recycled materials that help reduce the cost of operating a recycling program.



Over the past five years, on average, our companies have recycled more than **53%** of nonhazardous waste.

### Waste disposal summary (metric tons)

	2017	2018	2019
Hazardous waste generated	100	216	46
Hazardous waste recycled	9	22	9
% recycled	9%	10%	20%
Nonhazardous waste generated <sup>1</sup>	18,253	18,709 <sup>2</sup>	22,778
Nonhazardous waste recycled	8,917	10,802 <sup>3</sup>	11,646
% recycled	49%	58%	51%
Special projects nonhazardous waste generated	NC	1,499	558
Special projects nonhazardous waste recycled	NC	1,198	0
% recycled	NC	80%	0%
Polychlorinated biphenyl (PCB) waste generated	NC	NC	1,611
PCB waste recycled	NC	NC	0
% recycled	NC	NC	0%
Electrical equipment waste generated	NC	NC	2,691
Electrical equipment waste recycled	NC	NC	1,071
% recycled	NC	NC	40%
<b>Overall % recycled<sup>4</sup></b>	<b>49%</b>	<b>59%</b>	<b>46%</b>

NC = not calculated

- The tonnage noted includes all nonhazardous waste, including universal waste, generated by WEC Energy Group, with the exception of remediation projects and soil, concrete and asphalt from construction projects.
- This is a revised number due to one-time event large project waste being removed from the total (1,499 metric tons). Special projects above include irregular activities such as boiler cleanings and power plant and building demolitions.
- This is a revised number due to one-time event large project waste that was recycled and removed from the total (1,198 metric tons).
- The overall percentage of materials that have been recycled has ranged between 40% and 59% of the total since 2012.

We updated and expanded the data collection process in 2019 to incorporate more potential waste streams, which are reflected in the new waste categories presented in the table. The revised methodology will allow us to better identify potential areas of improvement and annual goals. In an effort to continue making gains in the percentage of materials recycled, WEC Energy Group joined the U.S. Environmental Protection Agency's WasteWise Program in 2020. Although the overall percentage of waste recycled decreased in 2019, we saw several positive trends:

- A 100% increase in the percentage of hazardous waste recycled from 2018 to 2019.
- A significant decrease in the amount of hazardous waste generated between 2018 and 2019 (much of which was classified as nonhazardous, but not recyclable).
- Nonhazardous waste recycled tonnage consistent with 2018.
- An increase in the overall total pounds of material recycled.

In 2019, WEC Energy Group sent many types of waste for recycling:

- 15,427,276 pounds for metals recovery.
- 379,378 pounds for energy recovery and fuel blending.
- 2,000 pounds for solvent recovery.
- 2,352,092 pounds for other recovery and reclamation.
- 450,866 pounds of liquid waste for recycling at a publicly owned treatment works.
- 1,305,702 pounds of oils.
- 114,678 pounds of electronic waste.
- 327,681 pounds of office furniture, paper, toner and other office recyclables.
- 834,024 pounds of wood, pallets or poles.
- 17,419,654 pounds of electrical generation equipment, including transformers, wires, breakers, capacitors and other materials.

## Beneficial use of combustion products

We Energies and WPS have several initiatives that recover and use materials produced from plant operations. We maintain highly successful research and development programs to further these efforts.

In the past 19 years, our companies have provided more than 15.67 million metric tons of combustion products for beneficial use. Most of these materials have been used as construction materials in concrete, concrete products, cement manufacturing and wallboard production, and as alternative materials to sand, gravel and crushed stone aggregates. Over the past several years, our production of combustion products has decreased as several coal units have been retired.

Gypsum and wood ash also have been beneficially used as soil amendments in agricultural applications. In 2017, we partnered with Beneficial Reuse Management to build a pellet plant in Caledonia, Wisconsin. Gypsum produced at our power plants is used to manufacture blendable pellets at this facility.

In addition to the successful use of ash and gypsum, 100% of the sulfuric acid produced at the Weston Generating Power Plant ReACT® air emission control system was beneficially used in 2019. The majority of this was sold to local industrial users. WPS was the first electric company in the United States to sell sulfuric acid produced from a coal-fueled electric generating facility's air emission control system.

We have demonstrated the performance benefits of using combustion products to replace a portion of the asphalt binder in asphaltic concrete pavement. Initial results indicate that this process can improve pavement strength and longevity in extreme weather conditions, and reduce the energy needed for production.

Part of the effort to maximize beneficial use of byproducts includes reburning some combustion products with coal to recover residual fuel value in the materials and to improve the characteristics of coal ash for beneficial use. Since 2000, these processes have displaced more than 3,946 rail cars, or more than 409,800 metric tons, of coal that otherwise would need to be purchased, while producing additional quality materials for the construction industry.

Combustion products (metric tons)	2017	2018	2019
Combustion products produced	900,300	775,200	609,400
Combustion products used	851,300	707,200	571,900
<b>Percent used</b>	<b>95</b>	<b>91</b>	<b>94</b>

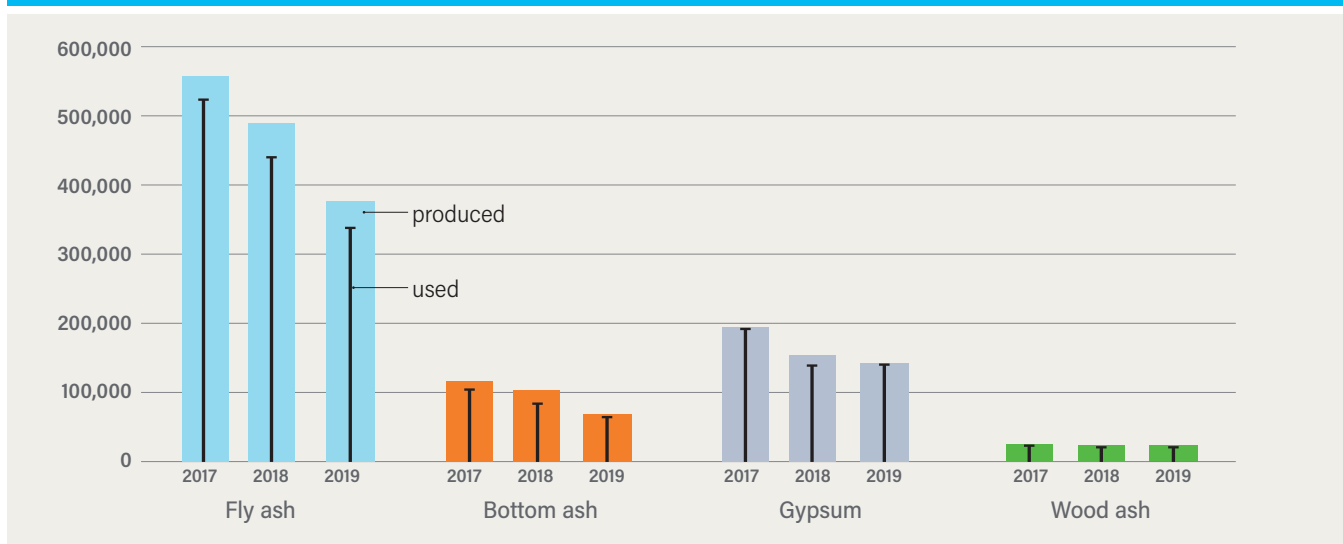
Annual combustion product beneficial use rates are variable due to variable production quantities, cyclical market demands and material quality

### Bottom ash and recovered landfill ash (metric tons)

	2017	2018	2019
Coal ash reburn	10,000	17,100	4,600
Coal displaced	1,840	3,140	800

We Energies does not use any wet coal ash impoundments. The WPS Weston Power Plant site has a lined settling basin that is part of the wastewater treatment system approved by the Wisconsin Department of Natural Resources (WDNR). The use of the settling basin to manage bottom ash is scheduled to be terminated by the end of 2023. The bottom ash and its contact water will be removed, and the basin will be returned to service for storage of low-volume wastewater and stormwater in accordance with Wisconsin rules and permits.

### Combustion products (metric tons)





# Stewardship

We seek to enhance the sensitive natural habitats on our companies' properties, using sound practices to manage for multiple uses — aesthetics, biodiversity, cultural resources, forestry, recreation, water quality and wildlife.

We support stewardship efforts that reach beyond properties and across state borders. Some electric and natural gas facilities are located in protected, potentially sensitive habitats such as wetlands, grasslands, savannas and forests. When we design, maintain or upgrade facilities, environmental staff members work with project teams to avoid sensitive areas whenever possible. We also seek to protect the surrounding environment and minimize potential impacts to ecological and cultural resources.

Some natural gas and electric distribution projects have natural resource impacts (wetlands, waterways, rare species). Our employees work to avoid or minimize natural resource impacts. Careful planning and implementation during electric distribution and natural gas lateral pipeline projects have improved wetland habitat. Wetland restoration and management following construction have increased biodiversity.

Our companies look for opportunities to collaborate with local, state and federal agencies during the regulatory review of our projects. Appropriate stakeholders are brought together to achieve stewardship goals through opportunities typically identified during project planning and execution of construction projects.

Our staff members lead several comprehensive wildlife restoration and protection efforts with the coordination and cooperation of various state and federal agencies and multiple partners. Priority goes to species and native ecosystems in the greatest need of protection, recovery and enhancement.



In 2019, two butterfly species were documented for the first time in an area that was part of the newly restored Karner blue butterfly habitat: **frosted elfins**, a state threatened and globally rare species, and **dusted skippers**, a state special concern species.

Each year, state database information is reviewed for thousands of projects to ensure that our construction activities do not negatively impact cultural resources. When necessary, site surveys and construction monitoring are conducted by archeological professionals to protect the integrity of known sites.

Our companies also seek to work with the general public to increase awareness of natural resource stewardship.

Wisconsin is home to the world's largest remaining population of the federally endangered **Karner blue butterfly**. Our companies have worked with the U.S. Fish and Wildlife Service and various state agencies to develop and implement a habitat conservation plan. Efforts under this plan regularly include advanced GIS mapping systems and pre-construction surveys of suitable habitat in Wisconsin and Michigan to ensure that construction projects do not negatively affect the Karner blue butterfly.

Wild lupine is crucial to the survival of Karner blue butterflies, as they are incapable of reproducing without it. Our companies' construction and maintenance projects remove brush along corridors to allow lupine to grow and thrive. We have restored more than 55 acres of butterfly habitat along a natural gas lateral in west-central Wisconsin. In 2019, We Energies teamed up with the Wisconsin Department of Natural Resources (WDNR), initiating a two-year program to develop methods to monitor the butterfly population's recovery using restored utility corridors in Wisconsin.



The **monarch butterfly** population is in decline in North America. In collaboration with American Transmission Co. and other utilities, public agencies and others, we have joined an initiative in Wisconsin to develop a plan to preserve and restore the butterfly's habitat. We currently assess construction projects to determine if pollinator planting is

appropriate during site restoration, and use native seed mixes to do so throughout our service territory.

Habitat for the **slender glass lizard** and **phlox moth**, two Wisconsin endangered species, was restored following a natural gas lateral pipeline project constructed in 2019. A conservation plan was developed with our partner biologists from the WDNR and the United States Army Installation at Fort McCoy. Nearly 40 acres of habitat were restored, including the addition of approximately 7.5 acres of voluntarily restored habitat aimed at connecting several disconnected habitat patches. Restored habitat will be monitored and managed for at least five years to ensure expected outcomes are achieved.

**Ospreys** frequently try to nest on top of utility poles, which can result in power outages and harm to the ospreys. Our companies have helped install dozens of osprey platforms in more than 30 counties in Wisconsin and Michigan's Upper Peninsula, and, since 1980, field crews have constructed alternative nest structures for osprey breeding pairs and assisted private and public land owners in erecting nest structures in key habitat locations. These efforts support osprey recovery. More than 500 breeding pairs now live in Wisconsin alone.





**Peregrine falcons** have been calling our companies' power plants home for more than two decades. Our companies have maintained nesting boxes on power plant chimneys and rooftops. Over one-fifth of the peregrine falcon population in Wisconsin — about 380 birds — has been born at our companies' power plant nesting boxes.

To help educate and raise awareness about the species, real-time viewing is available through live video streaming on our websites.

We have partnered with the WDNR to protect the spawning of **muskie**, **white suckers** and **walleye** at the Peshtigo Dam. In addition, we work with the WDNR and the U.S. Fish and Wildlife Service to control the sea lamprey population. The lampreys prey on game fish in Lake Michigan and then travel upstream to spawn in the Peshtigo and Menominee rivers.

**Wood turtles** are a protected species living throughout much of the companies' service areas. When a project has the potential to coincide with wood turtle habitat, we collaborate with the state endangered resources staff to take appropriate measures to avoid any impacts. If natural gas and electric projects cross corridors that are home to wood turtles, construction practices are altered and plans devised to avoid impact. We have been an active partner since 2011 with a nonprofit organization dedicated to the recovery of diminished wood turtle populations in Wisconsin.

At our utilities' wind generating facilities, we voluntarily use a method recognized by regulatory agencies to reduce impacts on **bat populations**: changing the blade angle to minimize surface area exposed to the wind at wind speeds below the turbine cut-in speed. This does not impact renewable energy generation and helps bats avoid the turbines.

### Natural areas and wetlands

We support efforts to create, restore and manage native habitats and other natural features on our companies' properties. A wide variety of flora and wildlife species, including numerous rare species, are supported on hundreds of acres of actively managed company lands.

A unique migratory bird stopover habitat on the former south coal dock at Port Washington Generating Station was created in 2011. Through continued active management, this approximately 5-acre marsh, wet meadow and tallgrass prairie habitat continues to thrive as a migratory bird resting place along the Lake Michigan shoreline. The habitat is along a primary flight corridor in the heart of the Mississippi flyway and has had more than 120 species recorded at the site, including waterfowl, shorebirds and passerines. Created wetland and prairie habitat, having nearly 150 native plants, is used not only by the birds but also mammals, amphibians and insects, including a wide variety of pollinators. Additional prairie restoration occurred in 2019 along a public access trail, increasing the available prairie habitat used by migratory birds and pollinator species by 20%.

Hundreds of acres of natural areas contained within our companies' closed and active ash landfill properties are actively managed to promote biodiversity, maintain large blocks of intact natural areas, and restore native communities. More than a dozen state-protected and rare species, including plants, birds and reptiles, exist at properties located in Grafton, Saukville, Caledonia and Pleasant Prairie, Wisconsin. Their habitats are managed for long-term viability in efforts to maintain and expand their populations. Several properties contain ecologically significant habitats with respect to both the richness of the native species and high quality of



their communities. Hundreds of native plants thrive on these properties, including over 300 species on one site alone. The integrity and health of these properties depend on active habitat management targeted at controlling invasive species, the largest threat to their natural ecosystems.

Additionally, native prairie species are used to convert landfill areas to native grasslands. The entire food chain benefits from the restored prairies, from the organisms in the soil to the hawks and owls above. Seed mixes are expressly designed to include wildflowers native to local areas where plantings occur. Wildflower selection is carefully made to attract and support bees, butterflies and other pollinators. Because the properties with restored prairies are in agricultural areas, intrinsic benefits occur to adjacent agricultural lands, such as increased crop production.

Prairie restoration is targeted to reduce long-term maintenance costs associated with fertilization, mowing and herbicides used to manage undesirable weed species that occur in typical turf grass covers. Planted prairie species are deep rooted and promote drought resistance, which eliminates the need to re-establish burned out turf grasses. Another major benefit to planting prairie species on landfill properties is stormwater management. Deep-rooted prairie species absorb much more stormwater than shallow-rooted turf grasses. The greater absorption capacity of prairie plants reduces stormwater runoff occurring on the landscape.

The vegetative cover over the 80-acre closed Pulliam Ash Landfill is being transitioned from a monotype of invasive giant reed grass to a diverse native habitat along the Lake Michigan shoreline. It is located directly between two priority migratory bird stopover sites identified by the WDNR as integral components to the broader Green Bay West Shores Wildlife Area. Over 100,000 individual birds use these sites annually, including over 230 species of waterfowl, shorebirds and land birds. More than 30 of the species are listed as Species of Greatest Conservation Need. The landfill cover has been aggressively managed since 2016 to control giant reed grass in partnership with the Bay-Lake Regional Planning Commission and the EPA Great Lakes Restoration Initiative. Following the effective giant reed grass management, the landfill was seeded with a diverse native seed mix in 2018. Restoration of the site and ongoing management are aimed at developing native shoreline habitat that is complementary to the adjacent priority sites, and adds important ecological benefits of staging and resting areas for tens of thousands of migratory birds.



During closure of the Presque Isle Power Plant ash landfill in 2019, approximately 10 acres of the site were restored with native prairie seed. The diverse seed mix was selected to take root in the area's nutrient-deficient, sandy soil and attract pollinating insects. Vegetation management is being planned and coordinated in collaboration with the Great Lakes Conservation Corps.

At several properties, native plantings are used to augment stormwater control facilities, including the installation of a green roof stormwater collection system atop a portion of our corporate headquarters. Filter strips and native buffers reduce sediment loading near some facilities, and stormwater management plans for power distribution sites are incorporating native plants. These native plantings include species that sustain local wildlife, including the monarch butterfly.

Our companies also support activities aimed at restoring habitat through controlling invasive plants and animals such as buckthorn, Eurasian watermilfoil, garlic mustard, purple loosestrife, leafy spurge, giant reed grass, Japanese knotweed, sea lamprey, and zebra and quagga mussels, among others. We conduct research and provide ongoing support for research by others on aquatic invasive species management. In addition, we contribute resources to assist agencies and other groups that conduct invasive species surveys, manage natural areas and educate the public on invasive species. We support land-management activities related to invasive species identification, control and management of thousands of acres in our companies' service areas.

Prescribed burns are used to manage approximately 90 acres of restored wetland, enhanced wetland, upland prairie and upland woodlands for invasive plant species near the Elm Road Generating Station in Oak Creek, Wisconsin.

Employee volunteer projects have helped with beach cleanup and restorations, adopt-a-highway and adopt-a-trail projects and community garden cleanups. Line clearance coordinators also conduct "Plant the Right Tree in the Right Location" outreach programs with area schools and community gardens.

## Manufactured gas plant remediation

From the early 1800s until the 1960s, gas for heating and lighting was manufactured at local plants. Offering an alternative to wood and coal, these manufactured gas plants (MGPs) prospered until more affordable and cleaner natural gas began to arrive via pipelines. WEC Energy Group subsidiaries are actively remediating several former manufactured gas plant sites throughout their service areas.

### Uplands

In 2019, we worked closely with the U.S. EPA to remediate several Peoples Gas Light and Coke properties to support construction of new company facilities. At the Crawford MGP site, one of the largest MGP sites in the country, we removed over 130,000 tons of impacted material in advance of construction of our new Central Shop facility. We also completed the first phase of remediation at our Division Street facility in Chicago, which involved the removal of 30,000 tons of impacted soil and concrete and is supporting construction of our new Central Business District facility. Future phases of remediation at the Division Street facility are planned to occur in 2020 and 2021.

In addition, working with U.S. EPA, we built a groundwater treatment system in Waukegan, Illinois, to remediate impacts from underneath the North Shore Gas South Plant MGP site. We are working closely with local government and federal regulators to ensure the work is performed as effectively as possible.



We continue to work with other responsible parties, with oversight from the EPA and the WDNR, to investigate and clean up the former Milwaukee Solvay Coke and Gas site. Ownership allows us to better control the cost of the cleanup while working with the City of Milwaukee and other interested parties to revitalize

this property for future use. In 2018, we strengthened site security and conducted extensive site cleanup activities, including concrete foundation removal. We also entered into an agreement to sell 43 acres of the site to Komatsu Mining Corp. following remediation. Remediation began in May 2019 and was largely complete in early 2020. Site plans include a shoreline riverwalk and new Komatsu headquarters.

### Sediments

In 2019, we also completed a voluntary early remedial action of contaminated sediment related to the former Green Bay MGP site at the confluence of the Lower Fox and East rivers. Through this effort, which we began in 2018, we removed all soft sediment and clay with observed MGP residuals and placed an amended armored cap over MGP residuals that could not be removed due to shoreline stability concerns.

In late 2019, as one of five non-federal sponsors, we signed on to a Great Lakes Legacy Act project agreement for investigation and remedial design of the Milwaukee Estuary Area of Concern. We Energies' in-kind contribution to this project agreement will leverage nearly \$6 million of federal funding to advance cleanup of legacy sediments sites within the Milwaukee Estuary Area of Concern.





### We support habitat protection and/or restoration through the following sites and organizations in our service areas:

- Baird Creek Preservation Foundation
- Branch Area Recreational Association
- Fort Atkinson Wisconservation Club
- Friends of the Ahnapee State Trail
- Green Bay Botanical Gardens
- Hoo's Woods
- Ice Age Trail Alliance
- International Mountain Bicycling Association
- Landmark Conservancy
- Mequon Nature Preserve
- Monk Botanical Gardens
- Natural Resources Foundation of Wisconsin
- N.E.W. Zoological Society
- Northeast Wisconsin Land Trust
- Northwoods Wildlife Hospital and Rehabilitation Center
- Oneida County Land and Water Conservation
- Trees for Tomorrow
- United Special Sportsman Alliance
- Wisconsin Wetlands Association
- Zoological Society of Kewaunee County

### Recreational improvements

Our companies work with state agencies in both Wisconsin and Michigan to continue protection of natural resources and public recreational opportunities at lands our companies formerly owned. Our companies also work with local communities to promote recreational opportunities for community residents and schools.

Company lands sold to the WDNR and the Michigan Department of Natural Resources now permanently protect nearly 13,000-acres of unique and environmentally important habitats and waterways in northern Wisconsin and the Upper Peninsula of Michigan. They include Governor Thompson State Park, Menominee River State Park and Recreation Area, Peshtigo River State Forest, and Sturgeon River Gorge Wilderness.

### Community support

The We Energies and WPS foundations and our other operating companies provide grants that promote the environment in areas they serve. In 2019, contributions were made to nature centers and preserves, county land and water conservation, conservancy trusts and other nonprofit organizations. The grants supported a variety of initiatives, including wildlife rehabilitation, forest enrichment, natural resource education, conservation, wildlife management and water quality improvement.

We also support others' efforts for the betterment of fish and wildlife, water and air quality, forests, energy efficiency, renewable energy, and recycling. These include:

- Annual community cleanups of rivers and other sensitive areas
- Conservation programs
- Education programs on sustainable forestry and invasive species
- Arbor Day programs
- Whooping crane and sturgeon programs
- Raptor education and rescue
- Building school gardens
- Wildlife rehabilitation

We appreciate the opportunity to help organizations achieve lasting results that create brighter futures for the communities in which we do business.



**We Energies Foundation** has been a major sponsor of the Schlitz Audubon Nature Center's raptor education programs since 2006. These programs inform students and the general public about habitat loss, species adaptations and the important role raptors play in ecosystem health.

For more information on our foundations, see Page 45.



# Climate strategy

We are committed to ensuring customers have the energy they need, operating in an environmentally responsible manner and making renewable energy a key part of our energy mix.

Our long-standing focus on environmental stewardship is fundamental to our obligation to deliver long-term value to stockholders and customers. We evaluate environmental impacts and environmental regulations, including regulation of greenhouse gas (GHG) emissions, in all facets of our strategic business planning.

Consideration of climate change is integral to our approach, and we have conducted scenario analyses to assess the strength of our strategy. We continue to reshape our portfolio of electric generation facilities and modernize our infrastructure to improve environmental performance. Our largest electric utilities, We Energies and Wisconsin Public Service (WPS), met Wisconsin's renewable portfolio standard well in advance of the state deadline, and we intend to go further. We are committed to reducing GHG emissions from our system while maintaining the reliability that is a cornerstone of our business model. We also support employee efforts to reduce GHG emissions, with 14 electric vehicle charging stations available across our facilities.

We have worked to reduce the role coal generation plays in our system, and in place of coal, we have built state-of-the-art natural gas generation and invested in cost-effective zero-carbon generation. We expect our utilities to spend \$900 million between 2020 and 2024 to increase the amount of renewable generation we deliver to our customers. In addition, we continue to invest in renewable generation outside our regulated utility footprint to serve other companies through long-term offtake agreements.

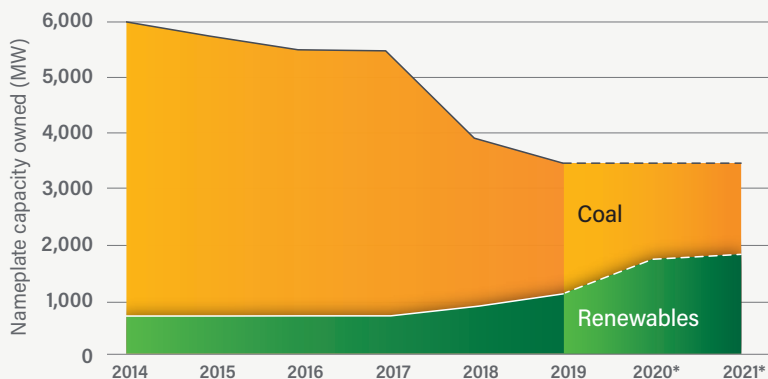


Solar panels installed on a joint Wisconsin Public Service and Madison Gas and Electric large-scale solar project in Two Creeks, Wisconsin.

## In 2020 and beyond, we plan to expand our zero-carbon generation further:

- We Energies and WPS have received regulatory approval to invest in a combined total of 300 megawatts (MW) of utility-scale solar generation.
- We Energies continues to work with customers to add up to 185 MW of renewable capacity through renewable pilot programs.
- We have announced planned investments in over 500 MW of wind generation through our WEC Infrastructure segment between 2020 and 2021.

## Evolving coal and renewable portfolios



\* Values projected based on announced renewable investments; additional coal plant retirements remain to be determined

**Portfolio reshaping over 5 years, 2014-2019:**

**40% decrease in coal capacity**

**60% increase in renewable capacity**

**Renewable energy** (nameplate capacity as of Dec. 31, 2019)

**30**  
hydro plants  
Capacity: 173 MW



**1**  
biomass plant  
Capacity: 50 MW



**5**  
wind turbine facilities for our  
utility customers  
Capacity: 498 MW



**3**  
wind turbine facilities in  
our infrastructure segment  
Capacity: 358 MW

**Construction phase**



**3**  
utility-scale solar facilities  
Capacity: 300 MW

**2**  
infrastructure wind facilities  
Capacity: 494 MW

## Carbon dioxide emissions reduction

Our generation reshaping plan is achieving strong results. We exceeded our 40% carbon dioxide reduction goal in 2019, well in advance of our 2030 target.

We have re-evaluated our carbon reduction goals for our electric generation in light of this progress.

As strategies to reduce GHG emissions continue to evolve, our updated plan is to work with elected officials, regulatory agencies, customers, environmental groups and other stakeholders to reduce carbon dioxide (CO<sub>2</sub>) emissions from electricity generation by 70% below 2005 levels by 2030. Our long-term goal is to be net carbon neutral by 2050.

Our plan for achieving these goals assumes that certain older, fossil-fueled generation will be replaced with carbon-free or lower-emitting resources. Emissions attributed to newer, more efficient power plants may be offset with carbon free resources or other carbon reduction techniques.

We look forward to working with our stakeholders to develop policies that will enable us to achieve this new 2030 goal.

As we carry out our generation reshaping plan, we will work hard to minimize the impact on employees. In closing power plants, we have followed the processes outlined in applicable policies, plans and collective bargaining agreements, and worked with local union leadership to relocate employees or offer severance benefits.

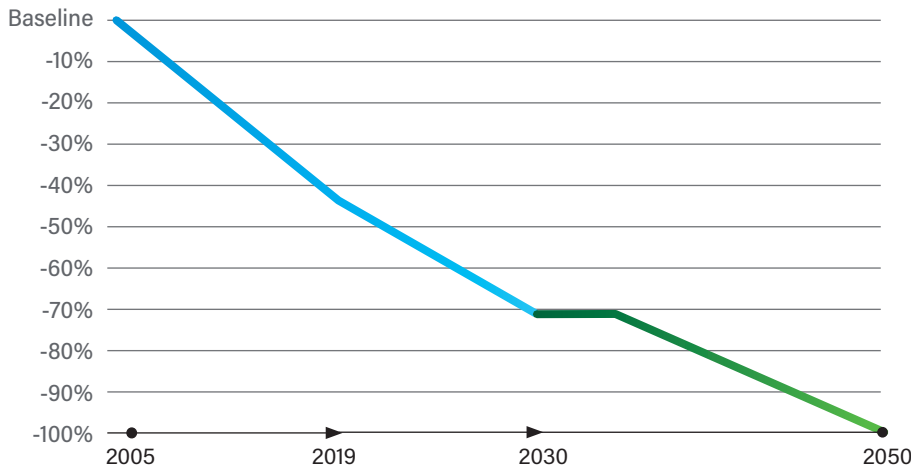
Taken as a whole, changes to our generation fleet are expected to reduce costs to customers, preserve fuel diversity and reduce carbon emissions.

### Updated reduction goals:

**70%** below 2005 levels by 2030

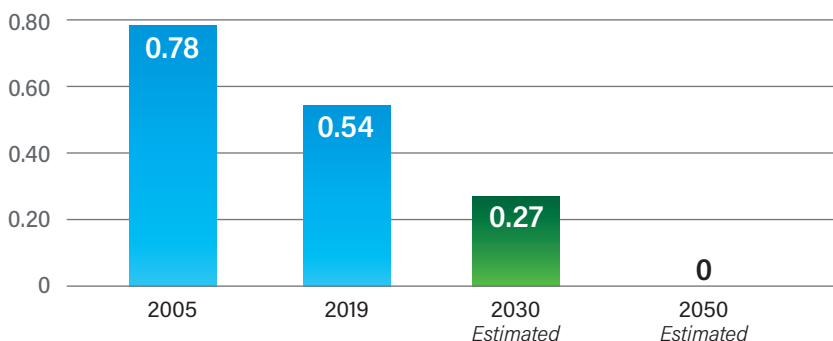
**Net carbon neutral** by 2050

Achieved and anticipated CO<sub>2</sub> reductions (net mass)

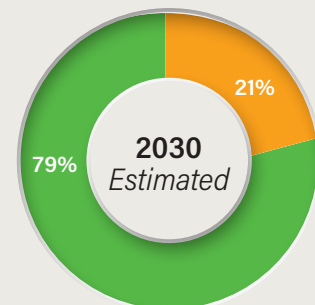
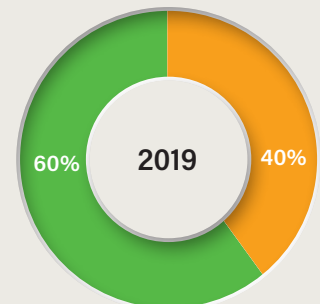
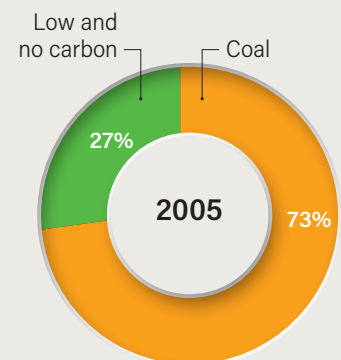


### Greenhouse gas intensity

(metric tons CO<sub>2</sub>e/MWh. Also includes projection of carbon offset by 2050.)



### Snapshot of progress





## Methane emissions reduction

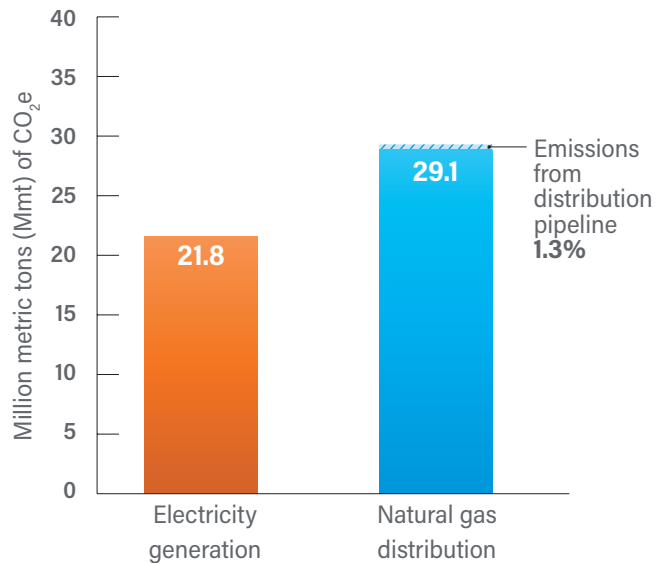
In May 2019, we announced a new goal across our energy companies: to reduce the rate of methane emissions from our natural gas distribution lines by **30% per mile by 2030, from a 2011 baseline**. At the end of 2019, we were more than halfway toward achieving that goal.

Methane, a short-lived and potent GHG, is emitted during the production and transportation of natural gas, coal and oil. Because we are a major distributor of natural gas in the Midwest, methane reduction efforts are central to our environmental performance. We are reducing GHG emissions by addressing aging infrastructure in sections of our natural gas distribution systems.

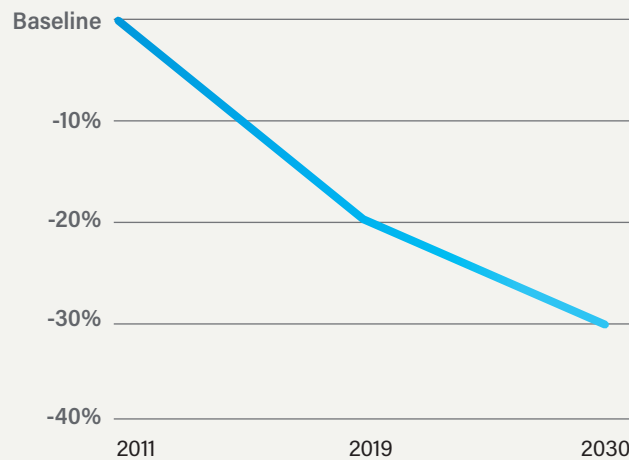
Key to this effort, our Peoples Gas subsidiary is working to replace approximately 2,000 miles of Chicago's natural gas pipeline infrastructure, switching dated cast and ductile iron pipes with modern polyethylene pipes. As part of this program, we have made voluntary commitments as a Founding Partner in the U.S. Environmental Protection Agency's (EPA's) Methane Challenge.

We also provide the EPA with carbon dioxide equivalent (CO<sub>2</sub>e) amounts resulting from our customers' natural gas use, as well as emissions due to natural gas storage and distribution system leaks. For 2019, we reported emissions of approximately 29.1 million metric tons of CO<sub>2</sub>e to the EPA related to our natural gas distribution business. Emissions from distribution pipeline represented approximately 1.3% of this amount.

2019 GHG emissions from electricity generation and natural gas distribution



Achieved and anticipated methane emissions reduction



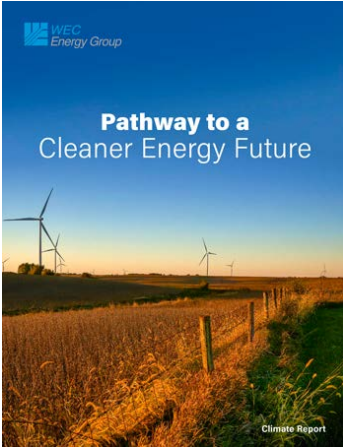
Reduction goal:

**30%**  
per mile by the year 2030 from a 2011 baseline.



## Assessing risks and opportunities

Changing climate conditions, potential policy measures and the technology changes reshaping the U.S. energy sector pose risks and opportunities for WEC Energy Group that vary significantly by business segment. Our strategic planning processes enable our companies to continuously evaluate these uncertainties in the context of maintaining reliable, affordable energy supplies for our customers that follow the environmental improvement trajectory that we have set.



### Scenario and goal analysis

In April 2019, we issued our climate report, Pathway to a Cleaner Energy Future. The report focuses on the risks and opportunities associated with transitioning to a low-carbon economy, based upon the modeling of dozens of potential emission reduction pathways. It incorporates industry-specific research from Electric Power Research Institute and global emissions scenarios used by the Intergovernmental Panel on Climate Change (IPCC).

We evaluated long-term emissions reduction scenarios for the region and the state of Wisconsin, home to our largest utility operations, to help us better understand how the region's economy and our own carbon profile could evolve under a wide range of assumptions: GHG reduction targets, natural gas and other fuel prices, technology availability and costs, and other variables. This assessment identified cost-effective and resilient strategies for producing and using clean energy, resulting in reduced GHG emissions at our electric companies.

The analysis in the report supports our current emissions reduction trajectory while demonstrating the importance of technological and market innovation in the years ahead. We see the potential for economywide emissions reductions through electrification, which our electric companies could help facilitate. As our updated goals demonstrate, we continue to evaluate climate-related risks and opportunities and update our approach as technology, policy and markets evolve. Our new GHG reduction goals described on Page 32 further support the call by the IPCC for even deeper GHG reductions.

### Regulation of GHG emissions from fossil fuel sources

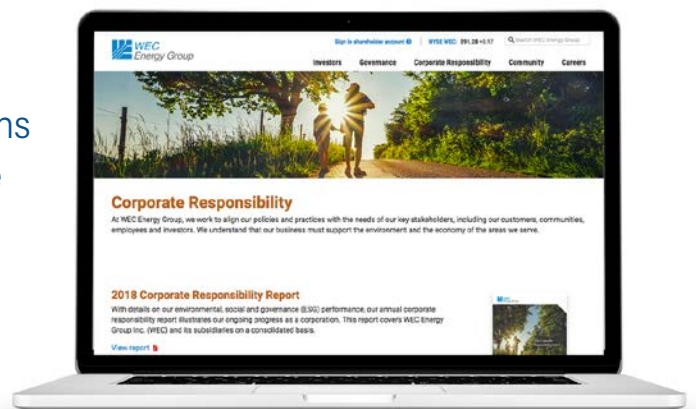
Current and potential GHG emissions regulation carries with it a wide range of possible effects on our energy business. As a result, we strive for flexibility in reacting to the variety of potential outcomes to ensure a secure, low-cost and reliable supply of fuel for generating needs. Our electric energy companies build adaptability into fuel supply and transportation contracts to address climate change regulation.

The EPA's Affordable Clean Energy (ACE) rule provides existing coal-fired generating units with standards for achieving GHG emission reductions. Every state's plan to implement ACE is required to focus on reducing GHG emissions by improving the efficiency of fossil-fueled power plants.

We are continuing to analyze the GHG emission profile of our electric generation resources and to work with other stakeholders to determine the potential impacts to our operations of the ACE rule, and federal and state GHG regulations in general. We also are engaged with Wisconsin agencies, organizations and other stakeholders as participants on the Governor's Task Force on Climate Change.

Learn more about the approach we are taking to reduce greenhouse gas emissions and factors that will help shape our future decision-making.

[www.wecenergygroup.com/csr](http://www.wecenergygroup.com/csr)



# Innovation

We continue to improve the efficiency and environmental impact of our operations through new technology and research.

Since 2006, we have invested nearly \$6 million in climate change research and development programs through in-house work and membership in the Electric Power Research Institute (EPRI). Through EPRI and elsewhere, we have made other investments related to renewable energy and demand-side energy efficiency that also may reduce greenhouse gas (GHG) emissions.

Peoples Gas has partnered with Gas Technology Institute (GTI) since 1985. The company has invested more than \$9 million in research, innovation and development. The research has brought technologies to the natural gas industry that have benefited customers and employees through improved safety, operational efficiencies, reduced environmental impacts and increased energy efficiency.

## Renewable energy programs

Two innovative renewable energy pilot programs are providing opportunities for We Energies' commercial and industrial customers to support renewable energy generation.

- Through the Dedicated Renewable Energy Resource program, We Energies partners with large commercial and industrial customers that have set ambitious renewable energy goals and builds specific renewable resources to serve their commitments.
- Participants in the Solar Now program receive monthly payments based on the capacity value of their hosted solar photovoltaic systems, while We Energies distributes the energy they produce throughout the system.

## Distribution and local generation technologies

As we implement and refine our plan to meet our GHG reduction goals, we are considering various opportunities to help reduce or mitigate GHG emissions, including local generation, sometimes referred to as distributed generation.

Local generation is power production or energy storage technology dispersed throughout the power grid that provides electricity close to the point of use. Local generation resources include renewable energy technologies (e.g., photovoltaic arrays, wind turbines, hydro turbines, bio-fuel generators); flexible fossil fuel technologies (e.g., microturbines, reciprocating engines, fuel cells, combustion turbines); energy storage technologies (e.g., batteries, flywheels, pumped hydro, compressed air, gravity storage); and high-efficiency combined heat and power systems.

We continue to evaluate the impact of local generation, including our Solar Now program, across our electric energy companies' service areas. Generating power at central station power plants, including at our utility-scale renewable energy facilities, helps us achieve economies of scale and produce continuous sources of power at a competitive price.

These programs expand our suite of successful renewable energy programs:

- For more than two decades, WPS has implemented SolarWise® for Schools, an award-winning solar and renewable energy education program for high schools in the WPS service area. SolarWise schools receive a 2-kilowatt solar energy system installed at the school, a hands-on renewable energy curriculum, and teacher training to integrate curriculum materials into existing courses. Students from participating schools also are invited to compete in the Solar Olympics, an annual one-day competition sponsored by WPS that inspires hands-on, collaborative learning about energy. The program is supported by the WPS Community Foundation, which receives tax-deductible donations from WPS customers. In addition to its educational benefits, the program produces renewable energy, avoids carbon dioxide emissions and helps schools reduce their energy costs.
- We offer options to electric customers who want to help strengthen the market for renewable energy. When our We Energies customers enroll in the Energy for Tomorrow® program at the 25%, 50% or 100% level, We Energies produces or purchases renewable energy to match that percentage of their electricity use. Energy for Tomorrow® is Green-e certified and meets the environmental and consumer protection standards set by the nonprofit Center for Resource Solutions. The NatureWise® program at WPS similarly offers customers the opportunity to purchase specified amounts of electricity from renewable sources.



As part of our focus on innovation, our utilities are applying augmented reality hardware to improve safety, quality, timeliness and effectiveness of substation inspections with existing software tools. Another promising area of innovation is the deployment of drones (unmanned aircraft systems) to complete inspections, update aerial asset photos and make other observations in a more cost-effective manner than past methods. In addition, we have been experimenting with the growing field of data analytics, using machine learning and natural language processing to identify trends and take action to prevent failures on the distribution system.

# Social



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# Empowered employees

The bedrock of the company, our employees strive to achieve optimal results with a customer focus. We value their contributions and develop their talent in support of a strong, skilled workforce.

## Diversity and inclusion

We are dedicated to ensuring a diverse workforce and inclusive workplace. Our commitment to diversity and inclusion is more than following policies and procedures; it is a core strategic competency and an integral part of our company's culture. We value diversity and inclusion as an opportunity to strengthen our company's success. We are committed to maximizing both individual contributions and organizational effectiveness through the diversity of our workforce.

This commitment reflects our strong determination to be a high-performance, pluralistic organization with a sustained competitive advantage in the global energy marketplace as we provide safe, reliable service and the best customer care.

We encourage diverse workforce development by fostering inclusion and equal opportunity. Diversity and inclusion are values and strengths that drive success and help us realize our full potential and business goals. A number of initiatives promote diverse workforce contributions, educate employees about diversity issues and make our companies attractive employers for persons of diverse backgrounds. These include company support for a variety of development opportunities, such as programs for current leaders, an Emerging Leaders program that helps employees in non-supervisory roles develop their leadership skills, and newly created webinars to educate employees and leaders regarding the company's individual development plan process. We also support external programs such as Mount Mary University's Women's Leadership Institute, African American Leadership Program, Rising Latino, and Chicago United Corporate Inclusion Institute.

We promote business resource groups with executive sponsorship. The company has eight groups: African American Business Resource Group, Asian Americans and Friends, Listo!+, Management Development Network, Military Service Members Association, Next Generation Network, WEC PROUD (LGBT+) and Women's Development Network. These groups foster an atmosphere of inclusion and engage our employees in using their talents and interests to spark innovation and support our strategic goals. Each group helps strengthen alignment throughout our companies and our communities. They provide opportunities for networking and

## We commit to:

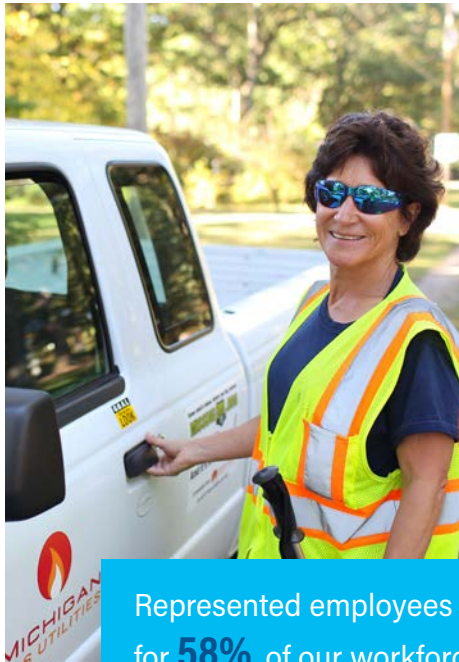
- Supporting a highly qualified and diverse organization in all areas and at all levels.
- Demonstrating respect for people with different backgrounds.
- Treating all employees with acceptance and respect.
- Seeking and encouraging diverse ideas and viewpoints.
- Leveraging different perspectives to achieve business goals.



career and leadership development. Our business resource groups also serve as an avenue for feedback to the company on key opportunities and a means of providing diverse insights into promoting and further advancing the company's business. In addition, each group is used as a talent referral source for external candidates.

We are also an active member of the Wisconsin Energy Workforce Consortium (WEWC), a nonprofit group of electric, natural gas and nuclear utilities and their associations. WEWC teams with secondary and post-secondary educational institutions and the workforce system to create workable solutions to address the need for a qualified, diverse workforce. Our involvement includes participation on the educate, outreach, and grow taskforce subcommittees.

Other efforts include executive and informal mentoring programs and inclusion training, such as training for leaders on countering unconscious bias, building inclusive teams and preventing workplace harassment. In 2019, we again participated in a survey on women in the workplace, which encourages female leadership and gender equality. Women filled 25% of all management positions at our company as of Dec. 31, 2019. In addition, in partnership with the Metropolitan Milwaukee Association of Commerce (MMAC), our company is supporting the Making Milwaukee a Region of Choice pledge to increase African American and Hispanic/Latino management and employment in Metro Milwaukee by 2025.



Represented employees account for **58%** of our workforce.

## WEC Energy Group Workforce (Dec. 31, 2019)

Company	Number of employees	Female (%)	Minority (%)	Represented (%)
Michigan Gas Utilities	146	17	5	63
Minnesota Energy Resources	217	12	5	22
North Shore Gas	150	14	32	69
Peoples Gas	1,497	18	62	67
We Energies	2,954	25	16	77
Wisconsin Public Service	1,190	15	3	72
Wisconsin River Power Company	6	0	0	100
WEC Business Services	1,355	48	23	0
<b>Total</b>	<b>7,515</b>	<b>25%</b>	<b>24%</b>	<b>58%</b>

### Labor practices

Our companies have a local union presence that spans Wisconsin, Illinois, Minnesota and Michigan. We maintain good working relationships and strive to collaborate with all unions represented. We hold regular labor and management meetings, as well as meetings of executive leadership and union leaders, to discuss and resolve business issues. Our companies also have relationships with various trade union organizations.

#### Represented employees

##### Local union (AFL-CIO)

##### Expiration date of current labor agreement

No. 2150, International Brotherhood of Electrical Workers	Aug. 15, 2020
No. 510, International Brotherhood of Electrical Workers	Oct. 31, 2020
No. 420, International Union of Operating Engineers (WPS)	April 16, 2021
No. 18007(c), Utility Workers Union of America	July 31, 2021
No. 420, International Union of Operating Engineers (We Energies)	Sept. 30, 2021
No. 2006, Unit 1, United Steel Workers	Oct. 31, 2021
No. 49, International Union of Operating Engineers	Jan. 1, 2022
No. 417, Utility Workers Union of America	Feb. 15, 2022
No. 1147, International Brotherhood of Electrical Workers	April 7, 2022
No. 31, International Brotherhood of Electrical Workers	May 31, 2022
No. 12295, United Steelworkers	Jan. 15, 2023
No. 18007, Utility Workers Union of America	April 30, 2023
No. 2285, International Brotherhood of Electrical Workers	June 30, 2024

### Human rights

We support the principles of human rights as outlined in the Universal Declaration of Human Rights. We are committed to maintaining a culture that supports human rights, and we demonstrate our commitment through various means, such as employee training and education. We educate all new employees on our Code of Business Conduct policies, which cover relevant aspects of human rights issues. All employees are trained on ethical standards, including anti-harassment and diversity appreciation.

#### Nondiscrimination

We are committed to providing a work environment that respects the rights and dignity of each employee. Discrimination on the basis of race, gender, age, sexual orientation, country of origin, disability or other protected classes is not tolerated. Complaints are taken seriously and investigated thoroughly.

#### Federal and state laws

We are subject to federal and state labor laws, which address:

- Freedom of association and collective bargaining
- Child labor
- Forced and compulsory labor

Company operations do not interfere with employees' freedom of association and collective bargaining, and we are committed to continued compliance with child labor laws, forced and compulsory labor laws, and the rights of indigenous people.

We support compliance with federal and state laws by continuous monitoring and auditing of our internal processes, such as hiring and promotion practices. Additionally, we actively encourage all employees to speak up if they believe our Code of Business Conduct or labor laws have been violated. All such reports are taken seriously and investigated. We expect the same standards from our suppliers and all other entities with which we conduct business.

Our board of directors has oversight responsibility for human rights-related policies, including the Code of Business Conduct, while our senior vice president of human resources and organizational effectiveness and other senior management are responsible for the development and implementation of these policies.



## Benefits and compensation

We publicly report compensation information as required by law. We comply with federal and state laws and strive to maintain compensation equity for salary between men and women. Our compensation package offers a variety of benefits to both full- and part-time employees. Full-time benefits include:

- Medical insurance
- Prescription drug coverage
- Health savings accounts
- Employee Assistance Program (including mental health counseling)
- Dental insurance
- Vision insurance
- Employee retirement savings plan – 401(k)
- Life insurance
- Accidental death and dismemberment insurance
- Business travel accident insurance
- Flexible spending accounts
- Long-term disability benefits
- Vacation/PTO days
- Payable absence plan
- Sick leave/short-term disability benefits
- Pension plan
- Tuition reimbursement
- Commuter benefits
- Wellness incentives
- Service awards
- Adoption assistance
- Matching gifts program

## External talent development

Strategic talent development is a business driver for our companies. We focus on growing a superior organization by attracting, selecting, onboarding and developing the right talent to meet business needs.

We use behavioral-based interviewing to identify top talent in a fair and unbiased manner, and our recruitment strategy is multifaceted. We have built relationships with agencies, high schools, and colleges and universities in the areas our companies serve, and we invest in programs such as City Colleges of Chicago Gas Utility Workers Training Program, Urban Alliance and Cristo Rey Work Study Program. Each year, our companies employ students in internships and cooperative education programs.

Our companies have been recognized by local schools and universities for placing students in meaningful assignments leading to full-time jobs after graduation. We partner with military organizations and veterans groups to attract people with technical and leadership skills.

Strong ties with community organizations and local government workforce development programs help us find diverse talent. For example, we are participating in the Milwaukee 7's CareerX pilot to raise awareness of the career opportunities available in manufacturing and energy in the Milwaukee area. We post open positions with a variety of community agencies, including the Hispanic Alliance for Career Enhancement, Urban League in Milwaukee and Chicago, Women in Trades and YWCA.

As a strategy for developing the external labor pool, our companies contribute to nonprofit organizations that support recruiting needs for a diverse, promotable workforce. Our companies also support many accredited educational institutions within our service areas. In addition to charitable donations, employees are active in community events that promote careers in energy to diverse populations, including school-based mentor programs, along with a variety of outreach efforts and career fairs.

## Employee development and engagement

Our leaders have the responsibility to continually develop the talent of their organizations through the broadening and deepening of business and leadership knowledge. Over the next five years, approximately 40% of the employees at WEC Energy Group companies will be eligible to retire. Succession planning and internal talent development are integral components of our workforce planning process.

As part of a proactive approach to ensure continuity of service delivery and the continuous development of our people, employees complete individual development plans on an annual basis to identify their short- and long-term career interests. Development is structured to meet the needs of the individual's career interests and our companies' business objectives.



We Energies continues to partner with Milwaukee Public Schools to engage high school students in careers in energy. Students in the electric field internship work with the tools and equipment that line technicians use on a daily basis, while the design youth apprenticeship program gives students a two-year opportunity to learn in an office setting. Our goal is to provide hands-on learning and an avenue for a strong career after graduation.



Our board of directors reviews executive leadership succession plans annually for leadership continuity. Senior management conducts an annual talent review to ensure that talent is being identified and developed for future senior leadership roles. Development plans may include rotational assignments, project leadership, mentoring or other opportunities for enhancing their operational and leadership skills. Succession planning is also conducted annually in the business units to identify early career talent and assess future leadership potential. Talent pools are identified for critical operational and support roles along with plans to support their development.

To sustain a strong workforce, we have established efforts to foster employee well-being and achievement. We conducted a confidential employee engagement survey in 2018, gauging employees' perceptions of their work, their leadership and the company as a whole. Our overall engagement index was on par with IBM's database of best-in-class companies, with results above the IBM norm in employee commitment to the organization. We also found that an overwhelming majority of our employees embrace our safety culture and believe they have the resources to perform their jobs safely. Action plans have been created, and implementation is ongoing to continue to make improvements in identified areas.

## Performance management

Employees are expected to hold each other accountable for demonstrating the top five competencies directly linked with business success:

- Safety
- Customer focus
- Sense of urgency
- Personal responsibility for results
- Financial discipline

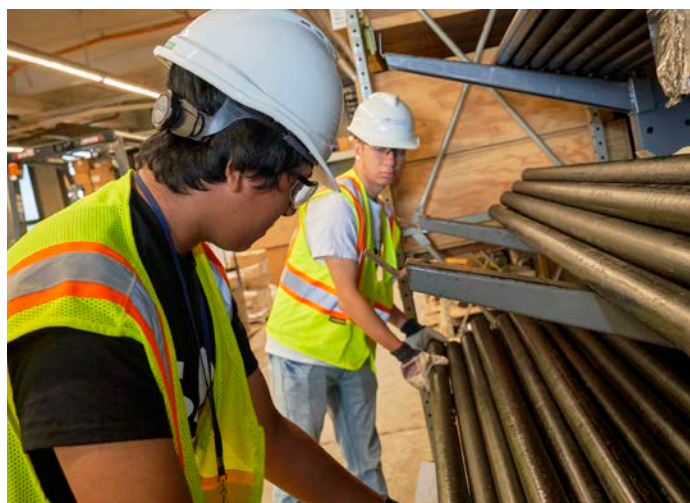
This clear expectation affects the entire performance management process. It requires a determined effort on the part of employees to apply the right energy and focus to achieve their objectives, and calls upon leaders to provide support and guidance aimed at encouraging the behaviors critical to company success.

Performance management is the process of aligning employee performance with the needs of the business. It includes goal setting, performance monitoring, measuring and appraising, and providing feedback and recognition. Leaders and employees have an ongoing feedback tool to ensure continuous conversations throughout the year. Every year, we publish our "Top 10" goals aligned with the core competencies to guide employees in their work.

## Training and education

Talent management is a primary focus for our companies, and employee training and development of both technical and leadership skills give us a sustainable competitive edge for the future. Training, mentoring and coaching are key elements in improving employee performance and, therefore, improving customer service, safety, corporate performance and system reliability.

In 2019, more than 210,000 classroom and e-learning training events took place throughout our companies. More than 65% of those learning events were delivered online, including annual ethics and compliance training, safety refreshers, operator qualification training and other job skill training. Leadership development also was



augmented with online training. All employees had access to online training, ranging from learning software programs to business and leadership competencies, as well as access to portals that include topical references, online books, job aids and simulations.

The remainder of the learning events took place in a classroom environment. In addition to technical, safety and on-the-job training for apprenticeships and skilled trades, a variety of soft-skills programs were available to employees. These offerings included courses to improve communication and change management. Assessment tools for individual contributors and leaders also were used for a variety of development needs — in both classroom and individual consulting scenarios. In all instances, employees were provided expert guidance in using their assessment results and tying them to their individual development plans.

## Leadership development

Development of leadership skills remains a top priority. The corporate leadership development program begins with aspiring leaders. The Emerging Leaders program is a self-paced, online program consisting of eight required courses and one optional course, supplemented with learning circle discussions and webinars.

The Foundations of Leadership program is for new supervisors. This curriculum includes training on leadership, employee engagement, talent management, diversity and inclusion, labor relations, crucial communication skills, and other important business and management skills for supervisors and leaders.

Developing leaders at the manager level is accomplished in partnership with the Sheldon B. Lubar School of Business at the University of Wisconsin-Milwaukee. Leaders are offered an intensive, six-day curriculum with training on accountability, developing and implementing strategy, improving financial performance, team effectiveness, decision-making, negotiation, leading change and more. Participants begin and end this program with a focus on the feedback they have received from a 360-degree feedback survey.

In addition, leadership development is offered annually to director-level employees, also through the Sheldon B. Lubar School of Business at the University of Wisconsin-Milwaukee, consisting of executive education tailored to align with specific leadership competencies.

# Safety and health

Our companies build and operate electric and natural gas distribution lines and facilities with the safety of our employees and the public as our top priority.

## Internal safety

Our safety strategy includes use of integrated scorecards, quality control principles, employee engagement techniques and best practice programs. All employees are expected to work safely and foster a safe workplace.

## Safety commitment

We are committed to keeping our employees and the public safe. Over the past decade, our companies have improved their safety records by implementing and improving key programs. These efforts have helped reduce the total number of Occupational Safety and Health Administration (OSHA)-recordable incidents and the total number of lost-time incidents by 48% and 55%, respectively, since 2009. Because we understand the negative effects that injuries have on employees, their families and friends, and their co-workers, our goal is to have one of the best safety records in the nation.

While we experienced mixed improvements from 2018 to 2019, we are working continuously to promote additional improvement across all companies in 2020 and beyond, and to ensure that our safety efforts are sustainable. Our unwillingness to view injuries as inevitable is an important part of our cultural platform, an ongoing safety commitment that we refer to as "Target Zero."

Management and union leadership work together to reinforce the Target Zero culture and provide a safe work environment. We urge each employee to make a personal safety commitment and to talk with co-workers about safety on a regular basis. Supervisors and managers are responsible for hearing employee concerns, training to current standards and recognizing those who demonstrate concern for safety. We further encourage all of our employees to bring that personal commitment home to families, their friends and the communities in which they live.

## Company safety structure

Employee safety success is supported by increasing employee engagement and accountability at all levels. Through Safety Action teams and Regional Safety teams, every employee has a voice. More employees are becoming actively engaged in safety, leading to new ideas and improvements in system designs, programs, tools and procedures.

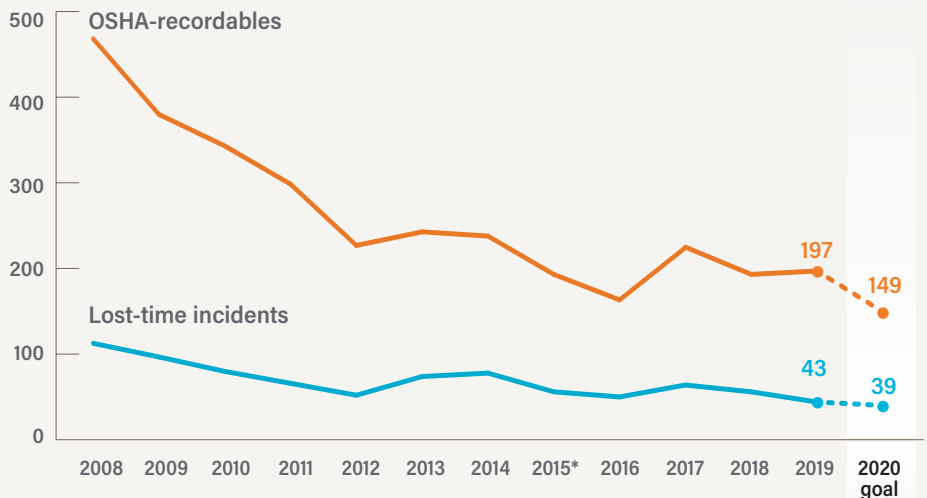
Our Executive Safety Committee directs our safety and health strategy and works to ensure consistency across work groups. The committee provides a forum to review and discuss accidents and injuries, implement injury-prevention activities, develop new programs, and enhance ongoing safety and health initiatives. Management uses weekly safety conference calls to focus on safety for occupations that are exposed to a large number of hazards. During calls, management discusses injuries, accidents and significant events that have taken place and ways to prevent recurrences. We are increasingly focused on incident potential.

Management and represented employees work together to identify risks and prevent injuries. To maintain a positive safety culture, management employees are expected to provide daily information and communication about safety topics. In addition, they are responsible

## Injury trend

Our companies have monitored OSHA-recordable and lost-time incidents for decades and began monitoring safety leading indicators in 2009. Our safety record indicates employee commitment to working safely, and we continue to work to do even better.

\* Years prior to 2015 (when the acquisition was completed) include combined totals from We Energies and Integrys Energy Group.





for implementing and evaluating safety programs and outcomes. Employees who work in the field and at power plants use a variety of tools to identify and manage risks on the jobsite, follow rules and procedures, and speak up about safety issues.

Work group-specific safety events are held throughout our companies. For example, many employees in highly hazardous occupations participate in safety conferences or periodic meetings with management to discuss safety goals, techniques, tools and equipment.

### Safety goals

In addition to measuring OSHA-recordable and lost-time incidents, we set goals around measurable leading indicators, which raise awareness about employee safety and guide injury-prevention activities.

#### Safety leading-indicator goals include:

- **Near miss / unsafe condition (NMUC) program metrics** — Our companies are focused on increased reporting of near-miss events and unsafe conditions. We respond to action items and communicate results to employees.
- **Observation programs** — Our companies incorporate observation programs to identify and address at-risk behaviors, while also reinforcing positive behaviors. Most of our utilities have some form of peer-to-peer observation program, enhancing our safety culture.
- **Employee health** — Since health impacts safety, we encourage employees to complete a biometric health screening and to increase physical activity, where appropriate. We also have increased our communications to employees and their families about the behavioral health benefits available to them.

Each department monitors shared leading-indicator goals. Some work groups track additional leading indicators, such as proactive audits, drills and inspections, to address specific concerns and areas of opportunity. A safety performance scorecard allows employees to monitor progress toward safety goals.

In addition to leading indicators, our companies are increasingly focused on managing risk exposures. Hazard recognition and control are part of that scope, and we have established control measures to verify the quality of daily pre-job briefings and discussions. Some parts of the organization also audit high-risk tasks to ensure compliance with procedures and to engage workers in improvement opportunities.

We evaluate all incident types (injuries, property damage, fleet asset damage, and near misses and unsafe conditions) for their potential for injury severity, in addition to the actual consequences. This risk evaluation allows us to assign more resources to those incidents that offer high-value opportunities for risk reduction and improvement.

### Near miss / unsafe condition reporting

Identifying near-miss events and unsafe conditions can help reduce risk and prevent injury. Reporting these incidents is an essential first step. The NMUC reporting program used throughout WEC Energy Group encourages all employees to own accident prevention and allows situations to be publicized to a wide audience, providing an educational benefit to all. All employees are encouraged to report unsafe conditions or incidents that could have led to injury, including NMUCs that have occurred at home or in their communities.

For work-related incidents, a variety of stakeholders may analyze the reports and assign and/or escalate issues for resolution.

Our employees have improved reporting of NMUCs over the past three years. Only a small fraction (estimated at 0.1%) of the total reports in 2019 were work-related NMUCs of a higher risk potential. We will continue to foster a strong reporting and action-oriented culture in the workplace.

*Target* **Zero**  
*Living and working safely*



## Contractor safety expectations

WEC Energy Group companies provide contractors with safety program expectations to help ensure that all work performed on company property and at company facilities is completed safely and without unnecessary risks and hazards. Contractors are selected, in part, by their OSHA-recordable incident rates and experience modification rates. Prospective contractors may be required to provide a detailed explanation of their employee health and safety obligations, programs and safety record. In many instances, each prospective contractor's safety performance is reviewed prior to awarding contracts.

## Ergonomic enhancements

The most common injuries across the company continue to be strains and sprains. Companywide, safety teams analyze tools, equipment and job techniques based on ergonomics to prevent such injuries. Results include the creation of handbooks and videos to demonstrate proper tool use. Stretching and strengthening programs also are available to employees.

The company has an advocacy program in which medical nurses work with the injured to get the best quality medical care possible. The nurses will continually assist these employees until they return to their normal job functions or until they have reached maximum medical improvement.

## Employee health and wellness

Our companies provide various benefits and resources designed to promote healthy living, both at work and at home. The companies offer competitive benefit plans designed to help employees actively manage their health.

We encourage employees to receive preventive examinations and proactively care for their health. Condition-management support and health coaching for lifestyle issues are available to employees who participate in the medical plan. Free health screenings (provided on-site in many instances) and other incentives encourage all employees to know which healthy targets — such as cholesterol, weight and blood pressure — they have under control and which may need more attention. Employees also are encouraged to complete a health risk assessment and work with their medical providers to further understand their health status.

Our companies also work to provide employees a safe, drug-free environment. All employees are part of a drug and alcohol testing program to maintain that environment. Those who have an addiction are offered the opportunity to self-identify, and we will work with them to seek assistance. For substance use and behavioral health support, we encourage use of the Employee Assistance Program (EAP), a free benefit for all employees and their families, administered by an external counseling agency. EAP is a confidential way to get professional assessments, referrals, short-term counseling and treatment monitoring related to behavioral health concerns.

Our companies also offer wellness programs for employees and their families. By engaging employees in health education activities and promoting healthy lifestyle habits at work and home, the wellness programs promote a proactive approach to health care decisions. The wellness programs facilitate health screenings, host health challenges for individuals and teams, and provide other resources to encourage employees to take care of their health.

## Safety Charity Challenge

To further foster a positive safety culture, WEC Energy Group holds the Safety Charity Challenge, a quarterly incentive in which employees whose business units meet their safety improvement goals may vote to direct donations to local nonprofits. The purpose of the program is to rally employees around workplace safety and create a positive impact in the communities in which they live and work.

In 2019, WEC Energy Group subsidiaries and their foundations contributed a total of \$50,000 to local charities through the Safety Charity Challenge.



## Public safety

We have developed and implemented an integrity management program for natural gas transmission mains in accordance with local, state and federal regulations. We complete risk analyses annually and identify high-consequence areas. We perform physical assessments of transmission mains and remediate as necessary.

Likewise, we monitor the integrity of electric distribution lines through routine patrols, and a dedicated tree-trimming plan focuses on maintaining adequate clearance around electric distribution wires and poles. Electric distribution infrastructure upgrades replace aging equipment according to a plan that supports system safety and reliability.

Across the organization, we conduct comprehensive incident response planning to uphold public and employee safety. Our plans address immediate emergency response at each of our sites, as well as business continuity for each critical business process. We test or drill every plan and have established critical leadership teams for crisis management. In addition, we have participated in national drills with our peers in the energy industry.



## Education and outreach

Our companies proactively share safety information with a variety of audiences, including students, teachers, families, contractors and first responders.

### Students

Education programs for schoolchildren include classroom materials such as brochures, posters and other teacher workshop materials provided free to educators upon request.

Wisconsin Public Service (WPS) offers the award-winning Path-to-Ground Electric Safety and Natural Gas Safety modules for middle school students. WPS also collaborates with the Einstein Expo in Green Bay, Wisconsin, to feature electric and natural gas safety at this annual family event.

### Contractors

Construction contractors are a key audience. Annually, our companies reach out to this audience to provide needed instruction on working safely around energy facilities.

By state law, customers and contractors must use a one-call system to have underground facilities marked before they dig. We communicate the importance of safe digging through a variety of channels, including social media campaigns, customer newsletters, and presentations to contractors and first responders.

When we hire construction contractors to work on major company projects, we hold pre-construction meetings that focus on safety practices.

### First responders

We also work closely with first responders: public safety agencies, police and fire departments, rescue services, emergency government representatives, and public officials. They need to know how to reach our companies and work safely with us during emergencies.

For example, Michigan Gas Utilities partners with other Michigan pipeline operators to review and train firefighters, police, emergency medical personnel and contractors on proper procedures for identifying and working near natural gas lines.

## Agriculture services and safety

We Energies and WPS have well-established agriculture services programs. Employees work closely with farm customers on issues of wiring safety, efficiency and reliability. Livestock confinement facilities often receive additional attention because of the possibility of stray voltage from farm and/or company sources.

Stray voltage is a term used to describe low-level voltages found on metal surfaces with which livestock may come into contact. Trained technicians perform cost-free stray voltage investigations and have helped hundreds of agricultural customers identify farm wiring deficiencies and reduce stray voltage sources.

We Energies and WPS representatives participate on the Midwest Rural Energy Council and the University of Wisconsin Stray Voltage Investigator Training Series. Additionally, representatives participate on many committees and boards within the agriculture industry.

# Community engagement

Our companies provide financial support for nonprofit, tax-exempt organizations in our communities. Our focus areas are education, community and neighborhood development, arts and culture, health and human services, and environment.

Our employees take an active role in their communities, serving on nonprofit boards and volunteering their time. Our companies and associated business resource groups promote a range of volunteer opportunities for current and retired employees. Workplace giving campaigns in our subsidiary companies also support the arts and numerous United Way organizations in the areas we serve.

## Funding through foundations, operations

We Energies and Wisconsin Public Service (WPS) each operate foundations. The We Energies Foundation supports organizations within the We Energies and Upper Michigan Energy Resources service areas. The WPS Foundation operates within the WPS, Minnesota Energy Resources, Michigan Gas Utilities and Upper Michigan Energy Resources service areas. Peoples Gas and North Shore Gas have a corporate contributions program that supports nonprofits in the same manner.

We review grant proposals from local nonprofit organizations and direct donations based on a variety of factors, including community needs, the requesting organization's strategy and the proposal's projected impact. In addition, we operate matching gifts programs for each of our utilities that double eligible donations made to nonprofits by active and retired employees.

We strive to develop ongoing relationships with these nonprofit organizations. Many have received multiyear or renewed grants from our foundations and giving programs, and we continue dialogue with them to understand the impacts of our contributions. We evaluate progress on initiatives along with the success of programming. In 2019, company and foundation leaders engaged with nonprofit representatives through approximately 300 direct visits in our communities.

### The goals of charitable outreach are to:

- Pursue a sustained, consistent approach to funding within the focus areas, better enabling the organizations to achieve lasting results.
- Foster mutually beneficial relationships between our subsidiaries and community organizations.



**\$20 million**

donated by our companies and foundations to nonprofit organizations in 2019

» Employees from North Shore Gas start off their day of volunteering with a group stretch.

**31%**  
Community and neighborhood development

**29%**  
Education

**18%**  
Arts and culture

**10%**  
United Way

**8%**  
Health and human services

**4%**  
Environment



## 2019 support examples

**Providing health education and care** — The We Energies Foundation supported Children's Hospital of Wisconsin's school nursing and community health navigator programs. These initiatives provide health education and preventive care to students in their schools, and connect families to experts who can support their wellness goals and connect them to resources in their neighborhoods.

**Helping veterans** — We Energies, WPS and their foundations have supported veterans' organizations through multiple activities. In 2019, our corporate and foundation sponsorship helped the Stars and Stripes Honor Flight transport a total of more than 200 World War II, Korean War and Vietnam War veterans to Washington, D.C., to visit their memorials.

**Promoting financial literacy and career awareness** — The We Energies and WPS foundations together supported the Community First Career Exploration and Financial Literacy Education Center, a partnership of Junior Achievement and Fox Valley Technical College. The new space offers 12 storefronts aligning with the college's career exploration programs for middle and high school students, such as health science; culinary and hospitality; and business, management and finance.

**Educating communities about nature** — A donation from the WPS Foundation helped support Woodland Dunes Nature Center with the addition of a 5,500-square-foot educational and meeting space. Woodland Dunes offers field trips for schoolchildren along with many nature-based events and programs.

**Supporting first responders** — The WPS Foundation awarded over \$66,000 in safety grants to first responders in the WPS, Minnesota Energy Resources and Michigan Gas Utilities service areas. Funding is used to purchase equipment and provide professional development for public safety initiatives.

**Improving accessibility** — Minnesota Energy Resources supported the cities of La Crescent and Mora on projects to improve the accessibility of community resources: the construction of an inclusive playground in La Crescent's Veterans Park and a chair lift for the pool at Mora's Aquatic Center.

**Bringing health care to students** — Michigan Gas Utilities contributed to ProMedica to support a telehealth program that will provide health care within schools, helping students stay healthy and focused on their education.

**Creating educational opportunities** — In its third year, the Peoples Gas Summer Ambassador Program supported nearly 100 teenage students in summer programming with After School Matters. By providing out-of-school-time programming in Chicago's most underserved communities, After School Matters not only connects teens with adult mentors, but also helps reduce educational inequity and break the cycle of poverty.

**Empowering a diverse workforce** — Peoples Gas provided significant support to the Chicago Urban League, one of the country's oldest and largest community-based movements devoted to economic, educational and social progress for African Americans. The company provided general operating support, as well as support for the IMPACT Leadership Development Program and the CONSTRUCT program, which was created to increase the pool of qualified minority candidates for construction industry jobs.

**Lending a hand to city neighborhoods** — On the 22nd annual Peoples Gas Commitment to Community Day, approximately 200 volunteers came together to help renovate Maria Shelter, which provides food, shelter and programs to promote health and self-sufficiency for women and children. Peoples Gas employees and their families and friends painted, cleaned, did landscaping work and made general repairs to the building. Before the event, employees supported a bedding drive to supply new bedding for the facility, and Peoples Gas purchased 50 new beds for the shelter.

**Rehabbing homes for veterans** — In September, North Shore Gas held its fourth annual Home and Honor volunteer day. Nearly 50 volunteers helped prepare two homes for the Community Action Partnership of Lake County's Veterans Housing @Hervey program, which provides housing for homeless and near-homeless veterans. The improvements included painting, installing screen doors, hanging window blinds and landscaping.



## Rebuilding our communities

We Energies and WPS both are longtime supporters of Habitat for Humanity in their service areas, providing contributions, active and retired employee volunteers, and energy efficiency grants. The WPS Foundation supported Habitat for Humanity's expansion and the relocation of the ReStore facility in the Green Bay area.

# Supply chain integrity

We are committed to developing a supply base to meet current and future business requirements. We forge relationships with high-quality suppliers that deliver value to our operations and customers.

We evaluate suppliers on environmental, safety, legal, ethical and financial factors. The supplier selection decision is based upon quality, safety, environmental compliance, diversity and ability to deliver on the work requirement and schedule. The driving factor on most equipment and material purchases is the total cost of ownership.

We have no formal policy to prefer locally based suppliers, but traditionally, we realize economic advantages when procuring goods and services within the Midwest. Geographic location is a factor when determining freight charges or logistics.

## Investment and procurement practices

As equal opportunity employers, our companies comply, and require suppliers to comply, with all federal, state and local employment laws, rules and regulations. Our Supply Chain department has implemented steps to help us do business with qualified suppliers that share our philosophies.

**Nondiscrimination** — Our standard terms and conditions for suppliers prohibit discrimination based on race, gender or other protected classes.

**Workforce diversity** — We expect suppliers to share our belief in the value of a diverse workforce.

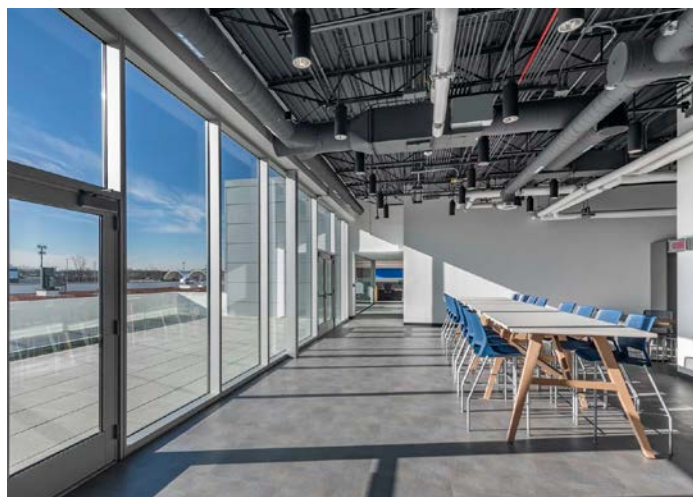
**Environmental management** — Suppliers must meet specific baseline environmental performance requirements.

**Safety** — We require suppliers to fully understand our safety requirements and procedures, and to use all necessary devices, safeguards and work practices to protect employees, contractors and members of the public who may be exposed to the work.

**Fitness for duty** — We require suppliers to adhere to our fitness-for-duty policies and to participate in a fitness-for-duty program as applicable.

**Information security** — We secure bid information and communication with suppliers through internal policies as well as the configuration of e-sourcing tools. Access to all sourcing information is limited to authorized users on a need-to-know basis.

**Procurement policies** — Procurement policies are designed so that all departments work with Supply Chain to bid work fairly. Supply Chain verifies that the bid list is fair, inclusive of minority- and women-owned business enterprise suppliers, and consistent with our bid process rules.



**Supplier diversity** — Supply Chain supports supplier diversity by providing training on bidding processes and technologies, and facilitating meetings between the end user and diverse suppliers.

**Supplier risk assessment** — Where applicable, Supply Chain assesses suppliers based on environmental, safety, financial, ethical and legal factors prior to and during their contractual relationship with us.

## Supplier performance expectations

Supply Chain uses the contracting process to make suppliers aware of our performance expectations. We provide information to the general supply base through the request for proposal process and expect our suppliers to emulate our culture of excellence. Suppliers must adhere to, measure and report results for each of our performance expectations, which fall within five areas.

**Safety** — In alignment with our safety goals, promote a safe work environment and strive for zero injuries at all times:

- Watch for unsafe conditions and take immediate action to correct them.
- Ensure safety guidelines and procedures are current, and all staff is trained.

**Innovation** — Look for ways to enhance service and reduce costs:

- Identify innovative ideas through the use of technology, engineering and process enhancements.
- Mitigate risk to the business.
- Use industry events and connections to seek out best practices.

**Cost reduction** — Strive for cost reduction and provide for timely and accurate reporting of these reductions:

- Report cost reductions to company representatives.
- Track cost avoidance when processes or new purchases are made unnecessary through other means.

**Supplier and workforce diversity** — Understand our goals for supplier diversity and adhere to contractual requirements regarding diverse businesses:

- Make a best effort to have the workforce reflect the makeup of the local community.
- Attend symposiums to strengthen business relationships.
- Ensure a specific percentage of direct diverse spend when contractually required to do so.
- Report second-tier spend to the office of supplier diversity.

**Customer satisfaction** — Demonstrate appropriate conduct:

- Meet increasing customer expectations for high-level, immediate emergency response services (relevant to key contractors).
- Track customer satisfaction metrics (relevant to key suppliers).
- Adhere to guidelines on interactions with company customers.

## Supplier diversity

Promoting diverse suppliers fosters competition, enhances job creation and generates additional purchasing power in the communities in which we do business.

### Supplier Diversity Initiative

Our Supplier Diversity Initiative (SDI) is designed to increase access, procurement opportunities and use of minority-, women-, service-disabled- and veteran-owned businesses (M/W/SD/Vs) through the purchase of products and services, including professional and technical consulting. The SDI provides support and assistance to company business units, departments and supply chain to promote implementation throughout the organization. It also helps to develop and maintain proactive relationships with various minority- and women-owned business advocacy organizations, elected officials, community and civic leaders, and other business leaders.

### Corporate supplier diversity policy statement

We are committed to building meaningful business opportunities for certified M/W/SD/Vs.

We encourage and promote the development, utilization and growth of M/W/SD/Vs that want to provide quality products and services. Our SDI strategies include:

- Securing the commitment of every employee who is responsible, directly or indirectly, for the purchase of products and services to encourage the meaningful participation of M/W/SD/V business enterprises.
- Establishing meaningful, but achievable, goals consistent with our policies and practices.
- Creating quality procedures and practices for achieving and recording supplier diversity activities.
- Developing innovative and effective means to permit the participation of M/W/SD/V business enterprises.
- Cultivating relationships through the effective exchange of information to capture the benefits of quality products and services at competitive prices.

Administration and implementation of this policy are the responsibility of all of our organizations and business units, with SDI support.

Overall company coordination is the responsibility of a dedicated vice president of supplier diversity.

## 2019 recognition

The Business Council (TBC), an affiliate of the Metropolitan Milwaukee Association of Commerce, named **We Energies** as its Strategic Partner of the Year. TBC cited the company's success in establishing supplier diversity-related objectives and coaching employees to achieve those goals through better business and procurement practices.



Spent with SDI-qualified businesses (in millions)

**\$260.5**  
in 2017

**\$263.1**  
in 2018

**\$282.6**  
in 2019



# Customers



Energy reliability	50
Customer satisfaction	52
Energy affordability	56
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# Energy reliability

Reliable service remains a top priority across our companies. In 2019, we made significant capital investments, and we plan to continue strengthening and modernizing our generation and electric and natural gas distribution networks to support reliability, safety and customer satisfaction.

## Electric reliability

Our employees are there, no matter the weather conditions, to provide customers with the energy they need. Providing customers with as much information as possible during electric power outages also is important to customer satisfaction.

That's why, when bad weather threatens, our electric energy companies mobilize to provide customers with proactive, accurate and consistent information about the potential impact to their electric service. We want customers to know that we are monitoring forecasts, assessing availability of employees and contractors, and checking inventories for poles, wires and other equipment that may be needed.

When outages occur, we provide customers with regular updates on both their specific outage and the overall damage to our system. We also keep them up to date on our progress in restoring service. We share messages with customers through online outage maps, automated call-handling equipment, care center agents, account managers, and public and social media. Outbound calls also let customers know the reason for and status of their outage and confirm that their service has been restored.



## Natural gas reliability

We deliver reliable natural gas service to residential and business customers through a network of underground pipes. Our natural gas distribution companies regularly monitor our pipes to ensure their integrity and follow a plan to upgrade aging equipment to maintain reliable service.

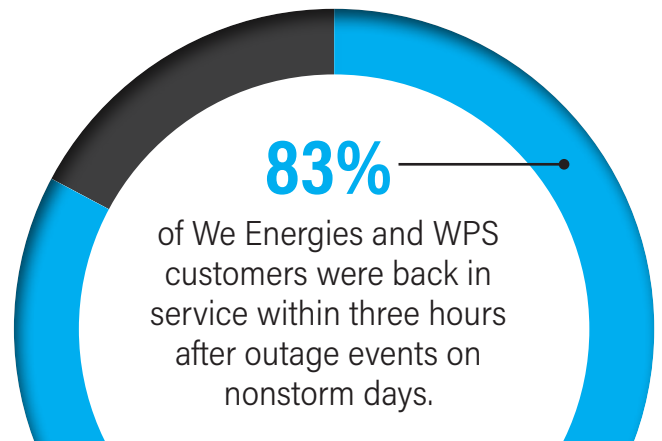
To ensure reliable service and less-volatile prices throughout the year, our companies buy natural gas when prices are lower — usually in summer — and place it in storage. This stored natural gas is then blended with natural gas that is price-locked through contracts and with natural gas that is purchased on the spot market. This strategy reduces the impact of natural gas price spikes on our customers.



For the ninth consecutive year, **We Energies** earned PA Consulting's ReliabilityOne award for outstanding electric reliability performance in the Midwest. **Wisconsin Public Service** was recognized for the first time as an outstanding midsize utility.

# Power outages

At WEC Energy Group companies, a key annual goal is to deliver world-class reliability to our customers. This includes achieving stretch targets for outage frequency and restoration times.



## 2019 power outage statistics\*

Company	Frequency	Average duration		Power outages by cause					
	SAIFI <sup>1</sup>	SAIDI <sup>2</sup>	CAIDI <sup>3</sup>	Equipment	Vegetation	Weather	Wildlife	Public	Other
<b>We Energies</b>	0.82 interruptions	149 minutes	183 minutes	39%	33%	8%	8%	8%	4%
<b>WPS</b>	0.99 interruptions	160 minutes	161 minutes	28%	31%	17%	8%	5%	11%

\* Values exclude extraordinary storms, transmission-related and planned outages.

1 SAIFI: System Average Interruption Frequency Index – A SAIFI of 1.0 means that, on average, a customer would experience one interruption in a year, while a SAIFI of 0.5 would equate to one interruption every two years.

2 SAIDI: System Average Interruption Duration Index – A SAIDI of 50 minutes means that, on average, a customer would experience 50 minutes of interruption in a year.

3 CAIDI: Customer Average Interruption Duration Index – A CAIDI of 100 minutes means that if a customer experiences an interruption, the average duration would be 100 minutes.





# Customer satisfaction

Our energy companies are committed to creating an excellent experience for every customer by offering truly personal care — every customer, every transaction, every time.

Our companies invest in systems and processes to enhance their ability to deliver energy to customers safely, cost-effectively and dependably. This includes ensuring the security of data and systems to protect customer information and providing information customers need to make smart decisions about their energy use and service options.

## Listening to customers

Understanding what customers want is a key to success. Our companies want to know how customers feel about our energy products, services and resources, and interactions with our employees. We work to ensure it is easy to do business with us and that the entire experience is positive.

A variety of feedback mechanisms are in place to help us get a complete picture of customers' experiences with our companies. The feedback we obtain:

- Confirms what was done right.
- Provides understanding of where improvements can be made.
- Helps leadership prioritize projects and make resource decisions based upon what's most important to customers.
- Provides opportunity to follow up and make it right when a customer is not completely satisfied.
- Keeps the mission on track to provide an excellent experience for every customer, every transaction, every time.

## Customer satisfaction surveys

Customer satisfaction surveys are used daily at all of our energy companies to measure performance on key transactions and gauge overall satisfaction. Approximately 41,700 customers are surveyed each year about their experiences on the following transactions:

- Residential customer contacts
- Residential move orders
- Business customer contacts
- Billing
- Electric outage management
- Natural gas emergencies
- New service installations
- Appointments

## Post-interaction surveys

Many customers have the option of completing a survey immediately after they interact with company websites or customer care centers. Approximately 89,900 customers took advantage of this opportunity in 2019. We review survey results daily and follow up promptly whenever an issue or concern is identified.



## 'We Care' calls

We want every customer interaction to be a positive experience. In many cases, employees follow up with a phone call to confirm that customers who recently had service calls were completely satisfied with the service they received. In 2019, we contacted over 393,000 residential and business customers with either personal or automated We Care calls. Customers who express concerns receive additional follow-up to ensure that their concerns are addressed.

## Digital engagement

Many of our companies use social media to communicate with customers and enhance their customer experience. Social media channels are monitored, and customers receive personal responses to specific questions and concerns. Our companies continue to expand their social media platforms.

During storms and other events, our companies use traditional channels, online outage maps and social media to warn customers about the dangers associated with downed wires and damaged natural gas mains. Customized alerts provide some customers with proactive, real-time communication about electric outages.

Over 4,600 residential customers have joined MyEnergyPanel, our online feedback group. They share their opinions with us through monthly surveys and discussions. MyEnergyPanel is dedicated to improving the overall customer experience, focusing on experiences with customer service, energy reliability, bill paying and other topics.

## We make customer privacy a priority

Our companies take privacy and protection of customer information seriously and have rigorous controls in place to ensure that customer information is protected and used appropriately.

- Information collected from customers is limited to only what is necessary to provide the service requested.
- Only authorized employees and organizations hired to provide services have access to customer information.
- Customer information housed in our systems is monitored.
- All employees with access to customer information are required to complete annual information protection training and certification.
- Contractors performing work on our companies' behalf must confirm that they understand and abide by their obligations to protect customer information.
- Customer information protection policies are strictly enforced.
- Customers' online account information is protected by secure sign-in features to prevent unauthorized access.
- Customer information is never shared without permission, unless required by law.

## Leveraging technology

Our companies use technology in a variety of ways to enhance the customer experience, make it easier for customers to manage their energy services and reduce company costs. Examples include:

- Expanding web and mobile capabilities to help customers easily access company and account information, report outages, understand their energy use, and take advantage of self-service options.



- Automating inbound and outbound call and email management to reduce response times and efficiently route work.
- Employing voice response technology to route calls efficiently and provide customers with self-service options.
- Investing in automated field equipment and feeder automation to help reduce outage restoration time and minimize customer impacts.
- Taking advantage of business process automation tools to streamline work and manage bill quality.
- Applying data analytics to improve business processes, increase efficiency and reduce costs.

## We are investing in advanced metering technologies across all of our companies to:

- Ensure timely and accurate billing.
- Provide analytics that help identify metering quality and tampering issues.
- Provide customers with more usage- and demand-based billing and energy management options in the future.
- Enable faster, more convenient completion of electric meter connection and reconnection service requests.
- Enable additional system reliability options through distribution automation.



## 2019 customer satisfaction results

### External customer satisfaction measures

Our companies continue to strive for positive results in national customer satisfaction studies conducted by external organizations such as J.D. Power, Escalent and the American Customer Satisfaction Index. These studies provide a broad perspective because they typically include the general customer population, not just those who have had a recent transaction with their energy company. Study results are reviewed each time they are published to help benchmark our performance and guide the development of strategies and tactics to improve customer satisfaction and enable customer retention and expansion.

### J.D. Power studies regional quartile ranking

Company	Business studies		Residential studies	
	Electric	Natural gas	Electric	Natural gas
Michigan Gas Utilities				2
Minnesota Energy Resources				4
North Shore Gas				2
Peoples Gas		4		4
We Energies	4	4	3	3
Wisconsin Public Service	1		1	3

### Escalent Engaged Customer Relationship study regional quartile ranking

Company	Business studies	Residential studies	
	Combination utilities	Natural gas utilities	Combination utilities
Peoples Gas		1	
We Energies	4		4
Wisconsin Public Service	3		3

### Internal customer satisfaction measures

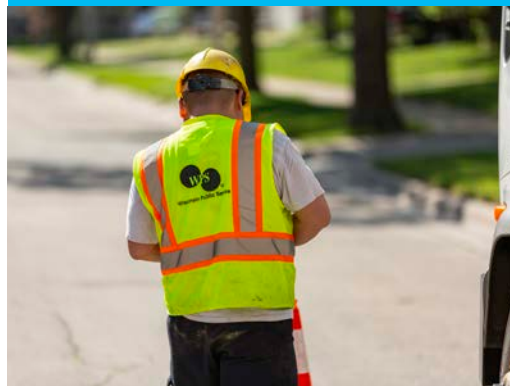
Our surveys measure customer satisfaction with both their utility overall and the specific transaction with their utility. Scores below represent the percentage of customers rating their satisfaction an 8, 9 or 10 on a 10-point scale.

### 2019 annual satisfaction results

Company	Satisfaction with:	
	Utility	Transaction
Michigan Gas Utilities	80.4%	81.9%
Minnesota Energy Resources	80.3%	81.5%
North Shore Gas	80.1%	82.1%
Peoples Gas	74.0%	78.4%
We Energies	81.7%	83.7%
Wisconsin Public Service	83.9%	85.0%

For the purpose of external and internal customer satisfaction measures, Upper Michigan Energy Resources customers are associated with their previous service providers, We Energies and WPS.

**WEC Energy Group**  
Best in the U.S. in large  
customer satisfaction  
(Top 2 Box)  
JD Power



In national studies of electric customers, **WPS** ranked second in the Midwest among midsize utilities in overall customer satisfaction for both business and residential customers.



**Peoples Gas** received the top regional score in a national utility study focusing on brand trust and customer engagement.



# Customer-focused events

Our energy companies are part of the fabric of the communities they serve.

## 2019 events included:

### Blue Flame Lodge at Minnesota State Fair

Minnesota Energy Resources supports the Blue Flame Lodge, a permanent fixture at “The Great Minnesota Get-Together,” as an opportunity to educate the public on the benefits and savings of using natural gas. Safety and energy assistance information also are available to visitors throughout the 12 days of the fair.

### Worthington King Turkey Day

Minnesota Energy Resources distributed 268 free water conservation kits at this free community event. The kits distributed at this event resulted in over 1,200 dekatherms of natural gas savings.



### 811 Day in Illinois

In honor of national 811 Day, Peoples Gas and North Shore Gas unveiled their “ambassadors” at the Lincoln Park Zoo and the Chicago Botanic Garden. Customers submit photos of their digging dogs in annual “Doggone It!” contests run by Peoples Gas, North Shore Gas and We Energies. The winning dogs are featured in advertising materials to help educate the public about the importance of safe digging.

### Resource fairs

Peoples Gas, along with the Community and Economic Development Association, provided Chicago residents with opportunities to receive information on energy assistance and other resources.

### WPS Garden of Lights

The Green Bay Botanical Garden, transformed into a winter landscape featuring botanical light displays, attracted nearly 57,000 visitors. WPS was the title sponsor of this event.



### WPS Farm Show

The three-day event included 500 exhibitors; farm management seminars, including energy use; and an auction to benefit the Wisconsin FFA Foundation. This free event attracted approximately 20,000 people.

### Grand Haven Coast Guard Festival

Michigan Gas Utilities sponsored this nationally recognized festival that honors and respects the men and women of the U.S. Coast Guard.

### We Energies Cookie Book

The first Cookie Book was published in 1928, when company home economists initiated the practice as a goodwill gesture. More than 200,000 free copies were distributed to customers throughout the company’s service area in 2019.



### Energy Park at Wisconsin State Fair

In August, We Energies employees connected with customers in the company’s permanent exhibit on the fairgrounds. Energy Park featured performances, exhibits and demonstrations on electric and natural gas safety, as well as other topics. More than 120,000 fairgoers visited Energy Park over a period of 11 days.

# Energy affordability

We enable customers to take an active part in managing their energy use and expenses, and our energy companies provide them with tools and programs to achieve that goal.

## Offering options

Customers have different needs and preferences, and having choices is important to them. Billing options, which vary by energy company, include online billing, seasonal billing, renewable energy pricing and budget billing to spread energy charges more evenly over 12 months.

**Payment arrangements.** Difficult circumstances can arise that may prevent customers from paying their bills in full. We encourage customers having problems paying their bills to work with our companies to keep their service connected. We offer flexible payment arrangements based upon each customer's individual situation. Flexibility may be reflected in timelines, required down payment amounts and payment plan time frames.

**Options for low-income customers.** Our companies work collaboratively with government agencies and community-based organizations throughout their service areas to address the needs of our low-income customers. We inform customers about home energy assistance through federal and state funding. We also offer weatherization services for some customers on our low-income pay plans and partner with the Wisconsin State Weatherization program.

Our companies make regular contributions to nonprofit organizations to help provide financial assistance and case management services. Through phone consultations, our company websites and other communications, we provide our customers with efficiency tips to help save money on their energy bills.

Our companies contributed more than \$4 million to low-income customer programs in 2019.

## Energy efficiency programs

Our customers are taking control of their energy use through a variety of programs. In Wisconsin and Michigan, the Focus on Energy® and Efficiency United programs, respectively, provide customers with energy-saving rebates and incentives. Our Illinois energy companies, Peoples Gas and North Shore Gas, offer energy efficiency programs that provide customers with free products, rebates, incentives, staffing grants and more comprehensive sustainability planning resources. In Minnesota, the Minnesota Energy Resources Conservation Improvement Program offers commercial/industrial and residential customers energy audits and comprehensive analyses, new construction design assistance, and energy saving rebates.

The energy-saving rebates and discounts vary by company and include rebates for furnaces, boilers, insulation and air sealing, and

discounts for Energy Star-certified appliances, smart thermostats, LED lighting, smart lighting and custom projects.

Residential customers also can participate in virtual energy audits to determine how they can make their homes more energy-efficient through no-to low-cost upgrades. Customers who participate in a full-home energy assessment can see heating and cooling energy-saving opportunities of 20% to more than 50% in some cases.

Our energy companies communicate energy efficiency offerings via our online platforms, newsletters, social media, training events, direct mailers and bill inserts.

## Energy management services

In Wisconsin, our companies provide some business customers with energy management services, including site assessments, carbon footprint analyses, technical monitoring and consultations. Account managers work with our largest customers to facilitate solutions and, where available, offer incentives related to energy efficiency, optimization and sustainability.



## Time-of-use rates

Our electric energy companies offer time-of-use options through which customers can reduce their monthly bills by shifting some of their energy use to off-peak hours, the times of day and night when energy demand and rates are lower. While these programs benefit residential customers, they also are attractive to small-business customers who have the flexibility to avoid energy use during critical peak periods.



# Efficiency programs made an impact in our communities in 2019

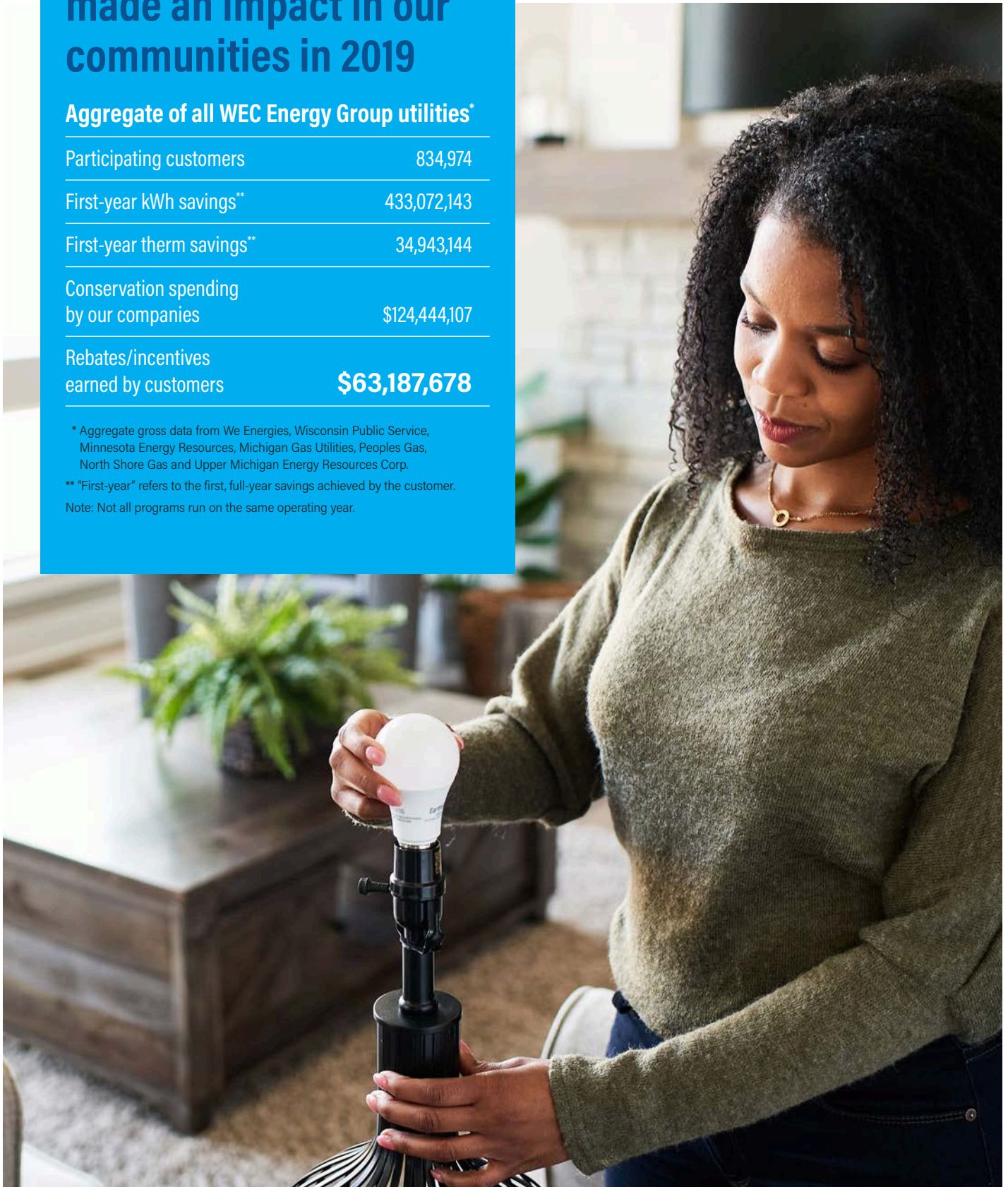
## Aggregate of all WEC Energy Group utilities\*

Participating customers	834,974
First-year kWh savings**	433,072,143
First-year therm savings**	34,943,144
Conservation spending by our companies	\$124,444,107
Rebates/incentives earned by customers	<b>\$63,187,678</b>

\* Aggregate gross data from We Energies, Wisconsin Public Service, Minnesota Energy Resources, Michigan Gas Utilities, Peoples Gas, North Shore Gas and Upper Michigan Energy Resources Corp.

\*\* "First-year" refers to the first, full-year savings achieved by the customer.

Note: Not all programs run on the same operating year.





# Economic development

Our commercial and industrial customers depend on safe, reliable energy to run their businesses.

While specific programs and services vary across our companies, we are committed to offering options that support sustainable economic development in our region.

Our largest customers are supported by a companywide team led by account managers who work proactively to help manage their energy needs. Annually, account managers and key customers develop joint plans outlining energy-related goals, expectations and initiatives. In addition, account managers look for opportunities to introduce emerging technologies, reduce energy waste, identify power quality enhancement opportunities and assist with business expansions.

Other business customers can access targeted services and receive recommendations on energy efficiency measures through our customer care centers.

## Public-private partnerships

Company leaders, account managers and other company representatives serve as liaisons with state, regional and local economic development agencies in Wisconsin, providing financial and/or in-kind support, such as:

- Board and committee involvement
- Site selection support
- Project analysis related to energy infrastructure and rates
- Project oversight and monitoring

Dedicated leaders forge relationships with these agencies to equip existing and prospective customers with the tools they need to grow sustainably.

## Market-based rates

Qualifying We Energies and WPS commercial and industrial customers may purchase a portion of their load at market prices. Customers on these rates can manage their energy usage in a market environment of risks and rewards. Using day-ahead prices, customers can strategically plan operations while maximizing the benefit of a market rate.

## Online tools

Where available, online tools make it possible for business customers to analyze and manage their energy use. Customers can receive monthly alerts of energy usage changes, identify usage trends and patterns, forecast forward-looking energy budgets, and access an online library of energy efficiency information.



## Milwaukee 7

Gale Klappa, executive chairman — WEC Energy Group, was instrumental in launching Milwaukee 7 (M7), a regional economic development organization for the seven counties of southeastern Wisconsin, in September 2005. He now serves as co-chair of the organization. M7's most recent five-year campaign brought 46 project wins, representing 10,521 pledged jobs and \$1.9 billion of new capital investment in the region.

# Governance



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# Strategic governance

We believe that effective and transparent corporate governance is an essential driver of stockholder value and the foundation for long-lasting sustainability.

Our governance structure is aimed at transparent accountability to key stakeholders. Strong business processes, coupled with diverse leadership perspectives, are at the heart of our operations, and provide the enterprise with effective guidance to anticipate, plan and manage corporate initiatives and risk, as we strive to achieve operational effectiveness while remaining focused on ethical stewardship.

## Corporate governance guidelines

Nearly 25 years ago, WEC Energy Group became one of the earliest adopters of a formal set of corporate governance guidelines, a framework through which our board of directors conducts its business. We have modified the guidelines over the years in response to evolving governance practices and stockholder expectations. The guidelines address matters such as board composition, board independence and leadership, board and committee meetings, succession planning, performance evaluations, compensation, and board operations.

## Board governance structure

The board's structure consists of five standing committees: Audit and Oversight, Compensation, Executive, Finance, and Corporate Governance. The board's Corporate Governance Committee is charged with the responsibility of annually reviewing our governance practices, a process that takes into consideration input from stockholders, best practices, industry surveys, rating agency reports and benchmarking studies, as well as governance guidelines published by institutional investors and proxy advisers. WEC Energy Group's corporate governance guidelines are posted on the Governance page of our corporate website.

## Board composition and diversity

The Corporate Governance Committee leads the board through its annual succession planning process to determine appropriate membership and size of the board in advance of its annual election of directors. The Corporate Governance Committee evaluates director candidates in the context of the board as a whole, with the goal of recommending nominees with diverse backgrounds, experiences and competencies that, together, can best perpetuate the success of our business and represent stockholder interests. More information about the board's criteria and processes for evaluating director nominees, including core competency identification and evaluation, can be found beginning on Page P-12 of our 2020 proxy statement.

Our corporate governance guidelines provide that the board of directors should consist of at least a two-thirds majority of independent directors. Based upon our independence standards, the board determined that, as of year-end 2019, 11 of its 13 directors were independent, having no material relationships with the company. With the exception of



the Executive Committee, the members who serve on the board's committees are independent.

## Board leadership

Consistent with our bylaws and corporate governance guidelines, the board retains the right to exercise its discretion in combining or separating the offices of chief executive officer and chairman of the board. As part of the board's executive succession plan, effective Feb. 1, 2019, the board appointed J. Kevin Fletcher as CEO and named Gale Klappa as executive chairman of the board. Separating these positions allows the CEO to focus on implementing the company's operating plans and leading the day-to-day management of our seven customer-facing utilities, and allows the chairman to lead the board in its oversight, advisory and risk management roles, with added leadership responsibility for company strategy, capital allocation, investor relations and economic development matters.

For many years, the board's leadership structure has included a presiding director, who is an independent member of the board with specified leadership duties. In May 2020, the board took action to change the name of the position to independent lead director and to expand the duties and responsibilities of this role, which are detailed in the board's corporate governance guidelines.

## Board and committee evaluations

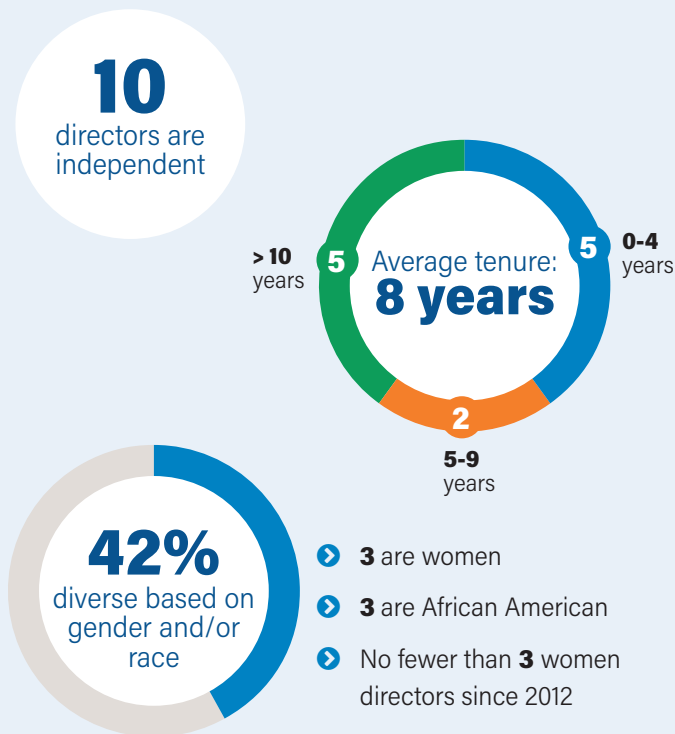
Led by the independent lead director, the board annually evaluates its own performance using a framework of questions developed by the National Association of Corporate Directors. In advance of one-on-one interviews scheduled between the independent lead director and each board director, the directors are instructed to consider several "reflection" questions, in addition to a list of questions that fall within five broad categories: (i) board composition and leadership; (ii) board committees; (iii) board meetings; (iv) overall effectiveness of the board; and (v) overall effectiveness of the board with regard to management.

Using this interview process provides each board member an opportunity to speak candidly. At the conclusion of the individual feedback



## Board composition *(based on 12 directors)*

Our diverse and experienced board of directors possesses a wide range of skills, experiences and perspectives for enhanced and effective oversight. As of June 2020:



## Core Competencies

- ▶ Audit/Financial Planning
- ▶ CEO/Senior Leadership
- ▶ Corporate Governance
- ▶ Environment/CSR Matters
- ▶ Financial Strategy/Investment
- ▶ Government/Public Policy
- ▶ Knowledge of Company's Industry
- ▶ Regulated Industry Knowledge
- ▶ Risk Management
- ▶ Strategic Planning
- ▶ Talent Management/Executive Compensation
- ▶ Technology/Security

sessions, the independent lead director guides the Corporate Governance Committee, and then the board, through a group discussion of key takeaways.

Each committee, except the Executive Committee, conducts an annual performance evaluation of its own activities and reports the results to the board. During this evaluation, each committee compares its performance against the requirements of its charter and its annual planning calendar; contemplates a series of questions related to the qualifications and performance of committee members; considers the quality and quantity of information provided to the committee in advance of its meetings; and evaluates the effectiveness of the processes the committee uses to carry out its oversight responsibilities. The results of the annual evaluations are used by each committee to identify its strengths and areas where its governance practices can be improved. The board and its committees completed annual evaluations in 2019.

More information about our governance practices can be found at [www.wecenergygroup.com/govern/governance.htm](http://www.wecenergygroup.com/govern/governance.htm)

## Risk management

Our governance structure drives corporate accountability and is supported by policies and management systems to anticipate, plan for and manage corporate initiatives and risks. The board oversees our risk environment and associated management practices as part of its evaluation of our ongoing operations and strategic direction, while senior management is responsible for managing enterprise risks through effective planning and execution of daily operations. Success requires a multifaceted, cohesive approach for timely identification, discussion and evaluation of information among and between members of the board and management.

## Internal reviews and audits

Management's enterprisewide approach to managing risk and compliance is facilitated through our Enterprise Risk Steering Committee (ERSC), which consists of senior-level management employees. ERSC members regularly review the company's key risk areas and provide input into the development and implementation of effective compliance and risk management practices.

The ERSC fosters an enterprisewide approach to identifying and managing risk. The Audit Services department conducts an annual enterprise risk assessment, whereby business leaders identify existing, new or emerging issues or changes within their business areas that could have enterprisewide implications. Risk areas are then mapped to create a cumulative assessment of their significance and likelihood, taking into consideration industry benchmarking information, as appropriate. The mapping also identifies lines of responsibility for managing the risks to ensure accountability and focus.



On a regular basis, the ERSC discusses findings of this assessment, holds in-depth discussions with members of management on identified subjects, and tracks progress and status of mitigation efforts. Senior management is tasked with ensuring these risks and opportunities are appropriately addressed. The results of these risk management efforts are reported to the executive leadership team and are the subject of regular reports to the board and its committees.

### Board oversight

To carry out its oversight function, the board and its committees meet regularly throughout the year. Board members receive briefings prepared by management and outside advisers on specific areas of current and emerging risks to the enterprise as captured through the company's enterprise risk management framework. The committees routinely report to the full board on matters that fall within designated areas of responsibility. Examples of risk oversight responsibilities assigned to each committee include:

- **Audit and Oversight Committee:** Financial reporting, legal and regulatory compliance matters (including environmental, data privacy, cybersecurity, physical security, litigation, ethics and reliability), and outside auditor independence.
- **Compensation Committee:** Compensation practices and programs, executive succession planning, and talent management and development.
- **Corporate Governance Committee:** Governance structure and practices, director independence, board performance and board succession planning.
- **Finance Committee:** Capital allocations, capital structure and financings, employee retirement and benefit plan assets, and insurance management.

While the board delegates specified duties to its committees, the board retains collective responsibility for comprehensive risk oversight, including short- and long-term critical risks that could impact the company's sustainability. The board believes that certain risks should be contemplated by the full board. Examples include:

- Oversight of environmental and social risks, including the potential impact of climate change on the utility sector.
- Review and approval of mergers and acquisitions.
- Review and approval of significant capital projects and investments.

### Ethics and compliance

Employees have a responsibility to preserve the ethical standards of our company as it conducts business affairs. The purpose of the ethics and compliance program is to promote an organizational culture that encourages ethical conduct and a commitment to compliance with the law, and to inspire high standards of professionalism and integrity.

#### Program elements

The ethics and compliance program is designed to help our employees sustain an ethical workplace and help the company comply with applicable legal requirements and good corporate governance standards. Key responsibilities of the ethics and compliance office include:

- Administer the Code of Business Conduct and related policies and procedures.
- Manage a confidential reporting system, in which reporters may choose to remain anonymous, to receive and respond to allegations of violations of the Code of Business Conduct.
- Allocate resources to align with the corporate risk profile.
- Provide guidance and advice to employees on policy questions and ethics and compliance matters.
- Protect employees who make good-faith allegations of misconduct with strong nonretaliation provisions.
- Provide regular education on ethics and business conduct standards.
- Provide regular reports to the Audit and Oversight Committee of the board of directors.
- Conduct periodic assessments of the effectiveness of the ethics and compliance program.

Elements of the ethics and compliance program are aligned with the criteria articulated in the Federal Sentencing Guidelines to demonstrate an effective program. Annual review of program effectiveness is reported to the Audit and Oversight Committee of the board of directors.

#### Reporting and investigating

We encourage employees to seek advice in doubtful situations, express concerns or report suspected violations through any established channels without fear of retaliation. The established channels include: supervisors, confidential EthicsLine (phone and web portal), compliance officer and Corporate Security. It is the responsibility of the Ethics and Compliance office to maintain the integrity of the reporting channels and to address any potential for retaliation.

The Ethics and Compliance office oversees investigations, tracks progress and ensures that a proper record of the investigation and resolution is made. After the investigation is completed, reasonable steps are taken to prevent further instances. This may include, among other things, examining the designs of the internal controls in place to prevent or detect the instance, revising policies and/or procedures, communicating policies to employees, and developing and requiring employees to take additional training.

### **Communication and training**

Continual employee development and awareness of potential ethical dilemmas remain a priority. All new employees receive Code of Business Conduct and other core compliance training to be completed within 30 days of hire. To maintain a high level of awareness, all employees are required annually to confirm their personal commitment to compliance. We strive for a 100% completion rate for compliance training and affirmation.

Materials are available on the company intranet to help leaders guide discussions with their staff about ethics and compliance matters. In addition, leaders receive materials on specific topics, such as conflicts of interest, through various channels.

### **Monitoring and auditing**

Periodically, employees are invited to participate in a workplace ethics survey gauging their perceptions of the company's actions, processes and operating style. The results provide management with the ability to assess our ethical climate.

### **Enforcement and discipline**

Enforcing standards underscores our commitment to compliance.

Corporate policies include consequences for noncompliance. Failure to comply with corporate policies shall result in disciplinary action, up to and including discharge. We track reported violations of corporate policies, along with the actions taken to ensure consistent and appropriate disciplinary measures. Violations of corporate policies that lead to discipline are reported to the Audit and Oversight Committee of the board of directors.

### **Response and prevention**

We provide a structural foundation to promote a culture of prevention, detection and resolution of instances of unethical and unlawful business conduct. We collaborate with appropriate personnel to ensure that consistent corrective action is taken in response to substantiated ethical misconduct. We monitor that actions taken by case investigators are objective and that proper controls are put in place to prevent future occurrence.



## **Policies and procedures**

We have policies in place, such as the Code of Business Conduct, that address situations that could lead to improper or illegal behavior on the part of employees. All employees and members of the company's board of directors are expected to comply with our Code of Business Conduct, in addition to laws and regulations. The code addresses key aspects of our ethical culture and work environment, including:

- Focus on safety
- Anti-harassment and nondiscrimination
- Diversity and inclusion
- Accountability for conflicts of interest, confidentiality and fair dealing
- Proper use of company assets
- Protection of information



# Cybersecurity

The energy industry requires the use of sophisticated information technology systems and network infrastructure, and we understand the importance of securing these systems against intrusion and attack.

The cyberthreat landscape is constantly evolving, and we manage the risk of these threats through cybersecurity monitoring, defense and response tools, effectiveness assessment, governance, collaboration throughout the industry, and employee training and awareness.

Our cybersecurity governance model includes oversight by senior management from our Enterprise Risk Steering Committee, along with steering committees for information security, operational technology security, third-party vendor security controls, Sarbanes-Oxley security controls, and North American Electric Reliability Corporation Critical Infrastructure Protection (NERC CIP) compliance. The chief information officer also reports regularly to the board's Audit and Oversight committee. Using recognized cybersecurity framework and maturity models from the National Institute of Standards and Technology and the Department of Energy, we continuously assess the maturity of our cybersecurity program and incorporate improvements as needed.

We strive to follow industry best practices for computer network protection and provide effective physical security for our critical cyber assets. Following a 2019 audit of our compliance with NERC CIP standards, the external auditors positively noted our demonstrated "culture of compliance," with only minor findings.



We participate in GridEx events, the Grid Security Exercise sponsored by NERC, as well as information sharing, vulnerability analysis and emergency response with federal, state and industry organizations. To better comprehend the scope and magnitude of any active threats to our industry, we communicate with other energy companies concerning cyber incidents.

Cybersecurity is the responsibility of all employees and contractors. As such, all employees and contractors are required to complete training annually regarding information security and acceptable use of corporate electronic resources. Role-based cybersecurity training also is required annually. Our cybersecurity awareness program delivers key and topical cybersecurity messages throughout the year via posters, flyers and intranet announcements.

# Stakeholder transparency

We seek to build strong, collaborative relationships with our stakeholders, including customers, communities, investors and employees.

Many areas of the company work together to ensure stakeholders get key information on our services and activities, as well as opportunities for dialogue with us.

## Communication on projects

As our companies make progress on our capital projects, our External Affairs and Corporate Communications teams keep our customers and communities informed about the work we are doing and the investments we have planned. Our executive vice president — external affairs is responsible for outreach with local government and regulatory officials, and our senior vice president — corporate communications and investor relations is responsible for our customer communications.

We notify customers in writing if they may be adjacent to or impacted by our projects. In the early stages of our major projects, we also typically contact affected individuals, businesses and local officials through face-to-face visits and phone calls, welcoming questions and feedback. This dialogue informs our subsequent communications and project strategies. Depending on the size and scope of a project, we may host informational meetings.

## Stockholder engagement

We have a comprehensive outreach and engagement program in place to ensure that management and the board hear, understand and consider issues that matter most to our stockholders. This ongoing engagement provides valuable insight into how our stockholders view the company's practices and policies, shapes the processes used to evaluate goals and expectations, and identifies emerging issues that may affect our corporate governance practices and compensation.

During 2019, we proactively communicated with stockholders, representing more than 40% of the company's outstanding common stock, about issues of interest including corporate strategy, financial and operational performance, executive compensation, and matters related to environment, social and governance risks and opportunities.



## Employee involvement

Many internal communications are designed to inform and support our employees as they contribute to sustainability-related projects. Our environmental, social and governance plans, including reducing carbon dioxide emissions from generation, have been highlighted across subsidiaries through our 'Top 10' goals and quarterly communications on our progress. To encourage feedback and ideas for potential improvements, a number of location- and department-specific channels are open to employees. These include the companywide near miss and unsafe condition reporting program and a Power Generation effort publishing answers from leaders to questions submitted anonymously.

## Environmental, social and governance reporting

In addition to engaging directly with our stakeholders, we report on sustainability-related topics in a number of ways. We have published this annual corporate responsibility report for the past two decades, and disclosed information on our operations and climate-related risks and opportunities to CDP (formerly the Carbon Disclosure Project) for over a decade. We also are participating in initiatives led by Edison Electric Institute and American Gas Association to promote consistency and transparency in sustainability reporting across the energy utility sector. Furthermore, we routinely respond to data verification and survey requests from third-party organizations.

Reports can be found on the Corporate Responsibility page of our website: [www.wecenergygroup.com/csr/](http://www.wecenergygroup.com/csr/)

# Government relations

We advocate on behalf of our customers, stockholders and employees for safe, reliable and affordable energy before local, state and federal elected officials and government agencies.

We maintain governmental and regulatory relations offices in Chicago, Illinois; Rosemount, Minnesota; Madison, Green Bay and Milwaukee, Wisconsin; and Washington, D.C. We also hire contract lobbyists and work with trade organizations to assist in advocacy activities. Our lobbyists are lawfully registered in each jurisdiction where they perform services for us.

We have multiple political action committees (PACs). Our PACs are registered with their regulating governments (state or federal) and authorized by elections laws to collect voluntary contributions from employees who choose to participate. The money, in turn, is used to support candidates running for federal, state and local offices.

## Political action disbursements

Contribution amounts are limited by law. All of our PACs are administered by a committee that combines appointed and elected members. Oversight committees make decisions on how and where dollars are spent.

We have a corporate policy on political contributions and reporting, and periodically conduct training on compliance with lobbying laws. As part of its oversight function, the board's Audit and Oversight Committee, which consists solely of independent directors, conducts an annual review of this policy. The committee also reviews a summary of political activities and associated reporting excerpted from the Corporate Responsibility Report in advance of its publication each year.

## Corporate political donations

Corporate contributions adhere to all applicable federal and state laws where we do business. We use corporate funds to support candidates and causes to benefit energy safety, reliability and affordability, without regard for executives' personal political preferences. In Illinois, Peoples Gas and North Shore Gas are allowed to make political contributions to candidates for election to state and local offices, subject to statutory limits. In our other state jurisdictions, contributions only may be made by individuals or through political action committees (PACs).

Our Political Contributions Policy governs contributions to organizations operating under Section 527 of the Internal Revenue Code and organizations that qualify as national political committees. In 2019, we made no contributions of this nature, nor did we make any independent political expenditures in direct support of or opposition to a campaign or ballot measure.

Organization	2017	2018	2019
WEC Energy Group PAC (WEC PAC – a federal PAC)	\$ 49,500	\$ 42,500	\$ 40,000
WEC Energy Group PAC (WEC PAC – a Wisconsin state PAC)	44,300	80,321	82,550
WEC Energy Group Personal Contribution Account (WEC PAC Conduit – a Wisconsin state registered entity)	24,978	73,636	15,524
Michigan Political Action Committee (MIPAC – a Michigan state PAC)	-	4,722	-
Peoples Gas Political Action Committee (Peoples Gas PAC – an Illinois state PAC)	408,200**	216,338*	309,750**
<b>Total</b>	<b>\$ 526,978</b>	<b>\$ 417,517</b>	<b>\$ 447,824</b>

\* This value includes both Peoples Gas PAC and corporate contributions.

\*\* This value includes only corporate contributions.

For an up-to-date list of WEC PAC Wisconsin contributions, search for "WEC Energy Group PAC" at: <http://cfis.wi.gov/Public/Registration.aspx?page=FiledReports>.

For an up-to-date list of WEC conduits, search for "WEC Energy Group PCA" at: <http://cfis.wi.gov/Public/Registration.aspx?page=ViewConduitContributions>.

For an up-to-date list of WEC PAC federal contributions, search for "WEC Energy Group" at: [www.fec.gov/finance/disclosure/norcomsea.shtml](http://www.fec.gov/finance/disclosure/norcomsea.shtml).

Wisconsin state party legislative committees	2019
Republican Assembly Campaign Committee	\$12,000
Republican Party of Wisconsin	\$12,000
Assembly Democratic Campaign Committee	\$6,000
State Senate Democratic Committee	\$6,000



## Lobbying

We file federal quarterly lobbying reports and semiannual contribution reports with the clerk of the U.S. House of Representatives and the secretary of the U.S. Senate. These reports are located at [house.gov](http://house.gov) and [senate.gov](http://senate.gov). Reports for WEC Energy Group's political lobbying activities at the state level are available from the Wisconsin Ethics Commission ([www.lobbying.wi.gov](http://www.lobbying.wi.gov)), Michigan Department of State ([www.michigan.gov/sos/](http://www.michigan.gov/sos/)), Office of the Illinois Secretary of State ([www.ilsos.gov/lobbyistsearch](http://www.ilsos.gov/lobbyistsearch)), and Minnesota Campaign Finance and Public Disclosure Board ([www.cfb.mn.gov](http://www.cfb.mn.gov)).

## Trade organization memberships

We belong to a number of state and federal trade and membership organizations that engage in political activities. Such organizations are required to report the portion of company dues used for political purposes.

Organization	Membership dues Jan. 1 through Dec. 31, 2019	Portion of dues used by organization for political purposes
American Gas Association	\$ 858,331	\$ 30,042
Edison Electric Institute	1,197,930	165,610
Illinois Energy Association	35,000	14,000
Illinois Manufacturers' Association	13,333	2,400
Metropolitan Milwaukee Association of Commerce	183,004	3,660
Michigan Electric & Gas Association	88,186	de minimus
Michigan Manufacturers Association	4,930	1,233
Wisconsin Manufacturers and Commerce	51,198	10,240
Wisconsin Utilities Association	234,134	35,120
Wisconsin Utility Investors	116,689	5,834

## Public policy positions

✔ Support
 ✘ Oppose
 ➔ Have concerns/working to improve
 ◆ Monitor

Bill reference (Federal)	Position
<b>Climate / Clean Energy:</b> Multiple bills — seek to address climate change and reduce carbon and methane emissions to achieve a cleaner energy economy.	➔
<b>Electric Transportation:</b> Multiple bills — provide incentives to expand the electric transportation market and associated infrastructure.	✔
<b>Infrastructure:</b> Leading Infrastructure for Tomorrow's America (LIFT) (H.R.2741) — seeks to rebuild and modernize the nation's infrastructure to expand access to broadband and Next Generation 9-1-1, rehabilitate drinking water infrastructure, modernize the electric grid and energy supply infrastructure, redevelop brownfields, strengthen health care infrastructure, create jobs, and protect public health and the environment. Introduced by House Energy & Commerce Committee Chairman Frank Pallone May 5, 2019.	➔
<b>Low Income Home Energy Assistance Program:</b> Multiple bills — provide funding to states to assist low-income individuals with home energy costs (heating and cooling).	✔
<b>Pipeline Security:</b> Pipeline Security Act (H.R.3699) — codifies elements of the Transportation Security Administration's (TSA) pipeline security program. The legislation is a positive step in bolstering TSA's pipeline security programming and capability. Approved by the House Homeland Security Committee Nov. 12, 2019.	✔
<b>Pipeline Security:</b> Pipeline and LNG Facility Cybersecurity Preparedness Act (H.R.370) — creates a Department of Energy (DOE) pipeline security coordination (physical and cybersecurity) program related to security planning, response and recovery activities, technology advancement, and workforce development. Reported by the House Energy & Commerce Committee Nov. 20, 2019.	➔

Legislative bills/resolutions (Wisconsin)	Position
<b>Assembly Bill 233</b> Relates to charging facility grant program and making an appropriation.	→
<b>Assembly Bill 234</b> Relates to limiting the authority of the state and political subdivisions to regulate certain wireless facilities and authorizing political subdivisions to impose setback requirements for certain mobile service support structures.	✓
<b>Assembly Bill 235</b> Relates to exception from local levy limits for political subdivisions receiving certain utility aid payments.	✓
<b>Assembly Bill 237</b> Relates to reimbursement grants to employers for payment of costs for certification programs in solar energy and wind energy systems.	✓
<b>Assembly Bill 551</b> Relates to the presumption of riparian rights on navigable waterways.	→
<b>Assembly Bill 712</b> Relates to making various changes to statutes administered by the Public Service Commission of Wisconsin and requiring investor-owned energy utilities to fund a consumer advocate.	✓
<b>Assembly Bill 787</b> Relates to loan to the Greater Green Bay Convention and Visitor Bureau for the construction of a visitor information and education center and authorizing general fund supported borrowing to fund the loan.	✓
<b>Senate Bill 236</b> Relates to charging facility grant program and making an appropriation.	→
<b>Senate Bill 239</b> Relates to limiting the authority of the state and political subdivisions to regulate certain wireless facilities and authorizing political subdivisions to impose setback requirements for certain mobile service support structures.	✓
<b>Senate Bill 501</b> Relates to the presumption of riparian rights on navigable waterways.	→
<b>Senate Bill 689</b> Relates to making various changes to statutes administered by the Public Service Commission of Wisconsin and requiring investor-owned energy utilities to fund a consumer advocate.	✓
<b>Senate Bill 721</b> Relates to loan to the Greater Green Bay Convention and Visitor Bureau for the construction of a visitor information and education center and authorizing general fund supported borrowing to fund the loan.	✓

Legislative bills/resolutions (Illinois)	Position
<b>House Bill 1438</b> Legalizes recreational marijuana for Illinois residents over the age of 21 years.	◆
<b>House Bill 3044</b> Repeals Peoples Gas 2013 System Modernization Program Rider QIP.	✗
<b>Senate Bill 651</b> Calls for greater regulation of Illinois Alternative Retail Electric Suppliers (ARES)/Alternative Gas Suppliers (AGS).	◆
<b>Senate Bill 75</b> Promotes comprehensive sexual harassment reform.	◆
<b>Senate Bill 1591</b> Extends the state's Research & Development tax credit by an additional five years, until at least 2027.	◆
<b>Senate Bill 2027</b> Enacts recommendations provided by the 2018 Mahomet Aquifer Task Force.	◆
<b>Senate Bill 2074</b> Mandates helicopter-based time-domain electromagnetics technology to be used at Manlove Storage Field.	✗
<b>Senate Joint Resolution Constitutional Amendment #1</b> Allows the issue of graduated income tax to appear on November 2020 ballot.	◆

**Legislative bills/resolutions (Michigan)**

**Position**

<b>House Bill 5266</b> Provides electric cooperative member-regulated pole attachment and calculated rate agreement.	◆
<b>House Bill 5143</b> Provides for standard offer contracts for large generators and fair value tariffs in distributed generation program.	◆
<b>House Bill 5144</b> Eliminates distributed generation provisions from 2016 legislation.	◆
<b>House Bill 5145</b> Eliminates caps for distributed generation/net metering.	◆
<b>Senate Bill 596</b> Provides for modification of the distributed generation program requirements for net metering programs, and standard offer contracts for large generators and fair value tariffs.	◆
<b>Senate Bill 597</b> Eliminates cap on distributed generation and eliminates references to tariff in statute.	◆
<b>Senate Bill 598</b> Eliminates tariff for distributed generation and net metering customers.	◆
<b>House Bill 4433</b> Grants the Michigan Public Service Commission authority to regulate municipally owned water and sewer systems.	◆
<b>House Bill 4976</b> Limits the ability of employers and private property owners to adopt gun-free policies.	◆
<b>House Bill 4995</b> Provides for community renewable energy generation systems on a subscription basis.	◆
<b>Senate Bill 406</b> Creates the Michigan Electric Vehicle Infrastructure Council, to create a plan for electric vehicle charging stations and help facilitate the integration of electric vehicles in the state.	◆
<b>Senate Bill 407</b> Allows for electric vehicle charging stations in state parks.	◆
<b>Senate Bill 408</b> Allows for installation of electric vehicle charging stations at various state locations.	◆
<b>Senate Bill 409</b> Provides an individual income tax credit for installing electric vehicle charging stations.	◆
<b>Senate Bill 451</b> Extends sunset for the Michigan Energy Assistance Program to Sept. 30, 2023.	◆
<b>House Bill 4806</b> Allows for the licensing of electric vehicle charging station operators by the Michigan Public Service Commission (MPSC).	◆
<b>House Bill 4807</b> Requires those operating charging stations to list the price per kilowatt-hour and the cost to use the station.	◆
<b>House Bill 4069 and Senate Bill 47</b> Provide residential personal property tax exemption for units under 150 kilowatts used to offset commercial and industrial usage with a total maximum exemption of \$80,000.	◆
<b>House Bill 4465 and Senate Bill 48</b> Provide commercial and industrial personal property tax exemption for units under 150 kW used to offset commercial and industrial usage with a total maximum exemption of \$80,000.	◆
<b>House Bill 4466</b> Permits exclusion of true cash value of alternative energy systems in assessment of residential real property value.	◆
<b>Senate Bill 390</b> Institutes reporting and evaluation requirements to achieve self-sufficiency of customers receiving low-income energy assistance.	◆
<b>House Bill 4266</b> Protects electric cooperatives from claims of trespass for using existing rights of way for broadband.	◆
<b>House Bill 4477</b> Allows microgrids to be established for critical facilities. MPSC to set standard and rates, and report to the legislature and governor on reliability and microgrids. Establishes a 10-member panel to assist with reporting.	◆
<b>House Bill 4564</b> Requires utilities annually to provide customers with information on other tariff options available and the impact of other options on their bill. Also states that customer data is owned by the customer and describes rules for sharing that data with third parties.	◆
<b>House Resolution 0128</b> Urges the Congress and president of the United States to expand the manufacturer's phase-out for the Qualified Plug-In Electric Drive Motor Vehicle Tax Credit.	◆

WEC Energy Group did not have public policy positions in Minnesota.



# Awards and recognition

We are focused on the fundamentals of our business: world-class reliability, safety, operating efficiency, customer care and financial discipline.

## Our efforts were recognized in 2019.

**Arbor Day Foundation** — We Energies and Wisconsin Public Service were selected as Tree Line USA utilities. The award, sponsored by the National Arbor Day Foundation, in cooperation with the National Association of State Foresters, recognizes the companies' efforts in providing dependable, reliable service, while using best-practice vegetation management techniques.

**The Business Council (TBC)** — TBC, an affiliate of the Metropolitan Milwaukee Association of Commerce, named We Energies as its Strategic Partner of the Year. TBC cited the company's success in establishing supplier diversity-related objectives and coaching employees to achieve those goals through better business and procurement practices.

**Business Worldwide** — Executive Chairman Gale Klappa, who served as CEO of WEC Energy Group through January 2019, was named "Best CEO — Electricity and Natural Gas Industry" and "Growth Strategy CEO of the Year — USA" by Business Worldwide magazine. The Business Worldwide CEO Awards honor C-level executives across the globe from a variety of different sectors.

**Electric Power Research Institute** — Once again, multiple WEC Energy Group employees were presented with Technology Transfer Awards for their achievements in research and development. Researchers in the Environmental and Power Generation departments received awards for their work on selenium measurement techniques and wastewater treatment technology.

**Escalent** — The research and consulting firm recognized Peoples Gas as an Environmental Champion, based on the results of a residential customer survey.

**FTSE Russell** — WEC Energy Group remained in the FTSE4Good Index Series, which is made up of companies that reflect strong environmental, social and governance risk management practices. This sustainability tool helps investors create investment funds and benchmark their performance.

**Hispanic American Construction Industry Association** — The association presented Peoples Gas and North Shore Gas with a Corporate Leadership Award, recognizing the companies for their attention to supplier diversity in connection with improving the Chicago area's natural gas delivery network.

**PA Consulting Group** — For the ninth consecutive year, We Energies received the Regional ReliabilityOne Award for outstanding electric reliability performance in the Midwest. In addition, Wisconsin Public Service was recognized for the first time as an outstanding midsize utility.

**S&P Global Platts** — In the 2019 Global Energy Awards, S&P Platts named Executive Chairman Gale Klappa as a finalist for the Lifetime Achievement Award, and WEC Energy Group as a finalist for Construction Project of the Year, based on the company's new natural gas generating units in the Upper Peninsula of Michigan.

**United Way** — Brown County United Way presented Wisconsin Public Service with the Meritorious Support Award for longstanding support and commitment to the nonprofit organization.

**Verdantix** — The independent research firm selected WEC Energy Group for the International EHS Innovation Award, based on our efforts to expand our environmental management program to cover more programs and subsidiaries, leveraging cloud-based environmental, health and safety software.

**Wisconsin Employer Support of the Guard and Reserve (ESGR)** — As part of a Department of Defense program promoting cooperation between civilian employers and their National Guard and Reserve employees, Wisconsin ESGR presented WEC Energy Group with the Above and Beyond Award. The organization cited the company's "unparalleled support" of employees serving the nation in a military reserve capacity.



Forbes magazine named WEC Energy Group as one of America's Best Employers for Diversity. Forbes based its rankings on a combination of employee recommendations, diversity at the board and executive levels, and proactive diversity and inclusion initiatives.

# Forward-looking statement

In this report, we make statements concerning our expectations, beliefs, plans, objectives, goals, strategies, and future events or performance. These statements are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act. Readers are cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements may be identified by reference to a future period or periods or by the use of terms such as "anticipates," "believes," "could," "estimates," "expects," "forecasts," "goals," "guidance," "intends," "may," "objectives," "plans," "possible," "potential," "projects," "seeks," "should," "targets," "will" or variations of these terms.

Forward-looking statements include, among other things, statements concerning management's expectations and projections regarding earnings, completion of capital projects, sales and customer growth, rate actions and related filings with regulatory authorities, environmental and other regulations and associated compliance costs, legal proceedings, dividend payout ratios, effective tax rates, pension and other post-employment benefit plans, fuel costs, sources of electric energy supply, coal and natural gas deliveries, remediation costs, environmental matters, liquidity and capital resources, and other matters.

Forward-looking statements are subject to a number of risks and uncertainties that could cause our actual results to differ materially from those expressed or implied in the statements. These risks and uncertainties include those described under "Risk Factors" in our Annual Report on Form 10-K for the year ended Dec. 31, 2019, and subsequent quarterly reports on Form 10-Q, and those identified below:

- Factors affecting utility operations such as catastrophic weather-related damage, environmental incidents, unplanned facility outages and repairs and maintenance, and electric transmission or natural gas pipeline system constraints.
- Factors affecting the demand for electricity and natural gas, including political developments, unusual weather, changes in economic conditions, customer growth and declines, commodity prices, energy conservation efforts, and continued adoption of distributed generation by customers.
- The timing, resolution and impact of rate cases and negotiations, including recovery of deferred and current costs and the ability to earn a reasonable return on investment, and other regulatory decisions impacting our regulated operations.
- The impact of the COVID-19 outbreak on our business functions, financial condition, liquidity and results of operations.
- The impact of recent and future federal, state and local legislative and/or regulatory changes, including changes in rate-setting policies or procedures, deregulation and restructuring of the electric and/or natural gas utility industries, transmission or distribution system operation, the approval process for new construction, reliability standards, pipeline integrity and safety standards, allocation of energy assistance, energy efficiency mandates, and tax laws, including the Tax Cuts and Jobs Act of 2017 as well as those that affect our ability to use production tax credits and investment tax credits.
- Federal and state legislative and regulatory changes relating to the environment, including climate change and other environmental regulations impacting generation facilities and renewable energy standards, the enforcement of these laws and regulations, changes in the interpretation of regulations or permit conditions by regulatory agencies, and the recovery of associated remediation and compliance costs.
- The ability to obtain and retain customers, including wholesale customers, due to increased competition in our electric and natural gas markets from retail choice and alternative electric suppliers, and continued industry consolidation.
- The timely completion of capital projects within budgets and the ability to recover the related costs through rates.
- Factors affecting the implementation of our generation reshaping plan, including related regulatory decisions; the cost of materials, supplies and labor; and the feasibility of competing projects.
- The financial and operational feasibility of taking more aggressive action to further reduce greenhouse gas emissions in order to limit future global temperature increases.
- The risks associated with changing commodity prices, particularly natural gas and electricity, and the availability of sources of fossil fuel, natural gas, purchased power, materials needed to operate environmental controls at our electric generating facilities, or water supply due to high demand, shortages, transportation problems, nonperformance by electric energy or natural gas suppliers under existing power purchase or natural gas supply contracts, or other developments.
- Changes in credit ratings, interest rates and our ability to access the capital markets, caused by volatility in the global credit markets, our capitalization structure and market perceptions of the utility industry, us or any of our subsidiaries.
- Changes in the method of determining the London Inter-bank Offered Rate (LIBOR) or the replacement of LIBOR with an alternative reference rate.
- Costs and effects of litigation, administrative proceedings, investigations, settlements, claims and inquiries.
- The direct or indirect effect on our business resulting from terrorist attacks and cybersecurity intrusions, as well as the threat of such incidents, including the failure to maintain the security of personally identifiable information; the associated costs to protect our utility assets, technology systems and personal information; and the costs to notify affected persons to mitigate their information security concerns and to comply with state notification laws.
- Restrictions imposed by various financing arrangements and regulatory requirements on the ability of our subsidiaries to transfer funds to us in the form of cash dividends, loans or advances, which could prevent us from paying our common stock dividends, taxes and other expenses, and meeting our debt obligations.
- The risk of financial loss, including increases in bad debt expense, associated with the inability of our customers, counterparties and affiliates to meet their obligations.
- Changes in the creditworthiness of the counterparties with whom we have contractual arrangements, including participants in the energy trading markets and fuel suppliers and transporters.
- The financial performance of American Transmission Company LLC and its corresponding contribution to our earnings.
- The investment performance of our employee benefit plan assets, as well as unanticipated changes in related actuarial assumptions, which could impact future funding requirements.
- Factors affecting the employee workforce, including loss of key personnel, internal restructuring, work stoppages, and collective bargaining agreements and negotiations with union employees.
- Advances in technology, and related legislation or regulation supporting the use of that technology, that result in competitive disadvantages and create the potential for impairment of existing assets.
- The risk associated with the values of goodwill and other intangible assets and their possible impairment.
- Potential business strategies to acquire and dispose of assets or businesses, which cannot be assured to be completed timely or within budgets, and legislative or regulatory restrictions or caps on nonutility acquisitions, investments or projects, including the State of Wisconsin's public utility holding company law.
- The timing and outcome of any audits, disputes and other proceedings related to taxes.
- The ability to maintain effective internal controls in accordance with the Sarbanes-Oxley Act, while both integrating and continuing to consolidate our enterprise systems.
- The effect of accounting pronouncements issued periodically by standard-setting bodies.
- Other considerations disclosed elsewhere herein and in reports we file with the Securities and Exchange Commission or in other publicly disseminated written documents.

**We expressly disclaim any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.**



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