

# Sustainable progress for an enduring enterprise

# Our 2022 Corporate Responsibility Report

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# About this report

At WEC Energy Group, we are striving to align our policies and practices with the needs of our key stakeholders, including our customers, communities, employees and investors.

Delivering affordable, reliable and clean energy to our customers. Reducing greenhouse gas emissions. Building and maintaining safe, resilient infrastructure. These imperatives continue to drive our decision-making, and the results are clear. We prioritize the environment and the economies of the areas we serve.

This annual Corporate Responsibility Report is a comprehensive overview of our environmental, social and governance performance for 2022. The information presented in this report is prepared in alignment with the Sustainability Accounting Standards Board (SASB) framework and, where relevant, the Task Force on Climate-Related Financial Disclosures (TCFD), with additional guidance from the Global Reporting Initiative (GRI).

As you will see, we are working to build a bright, sustainable future while providing the affordable, reliable and clean energy our customers depend on.



**We are headquartered in Milwaukee, Wisconsin, near the shore of Lake Michigan, and supply energy to customers across the U.S. Midwest.**

This report principally covers the year 2022 for WEC Energy Group Inc. (WEC) and its subsidiaries on a consolidated basis, and some content also reflects 2023 information due to the timing of this report. 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; The Peoples Gas Light and Coke Co. and North Shore Gas Co. in Illinois; and WEC Infrastructure LLC.

Except where otherwise specified, 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.



### Gale Klappa

Executive Chairman

### Scott Lauber

President and  
Chief Executive Officer

## A message from company leadership

In the following pages, we describe our management of sustainability issues and the progress that we made in 2022. It was a year of continuing growth and commitment to our goals.

We're pleased to report that we're well on our way to achieving some of the most aggressive targets in our industry for reducing carbon and methane emissions. An important step in our plan is to eliminate coal as an energy source by the end of 2035.

In the near term, we have a road map to achieve our goals without any major advances in technology. And as we work toward a 2050 goal of net-zero emissions from power generation, we remain active in fostering innovation. Our efforts include the research, development and deployment of technologies such as hydrogen power, renewable natural gas and long-duration battery storage.

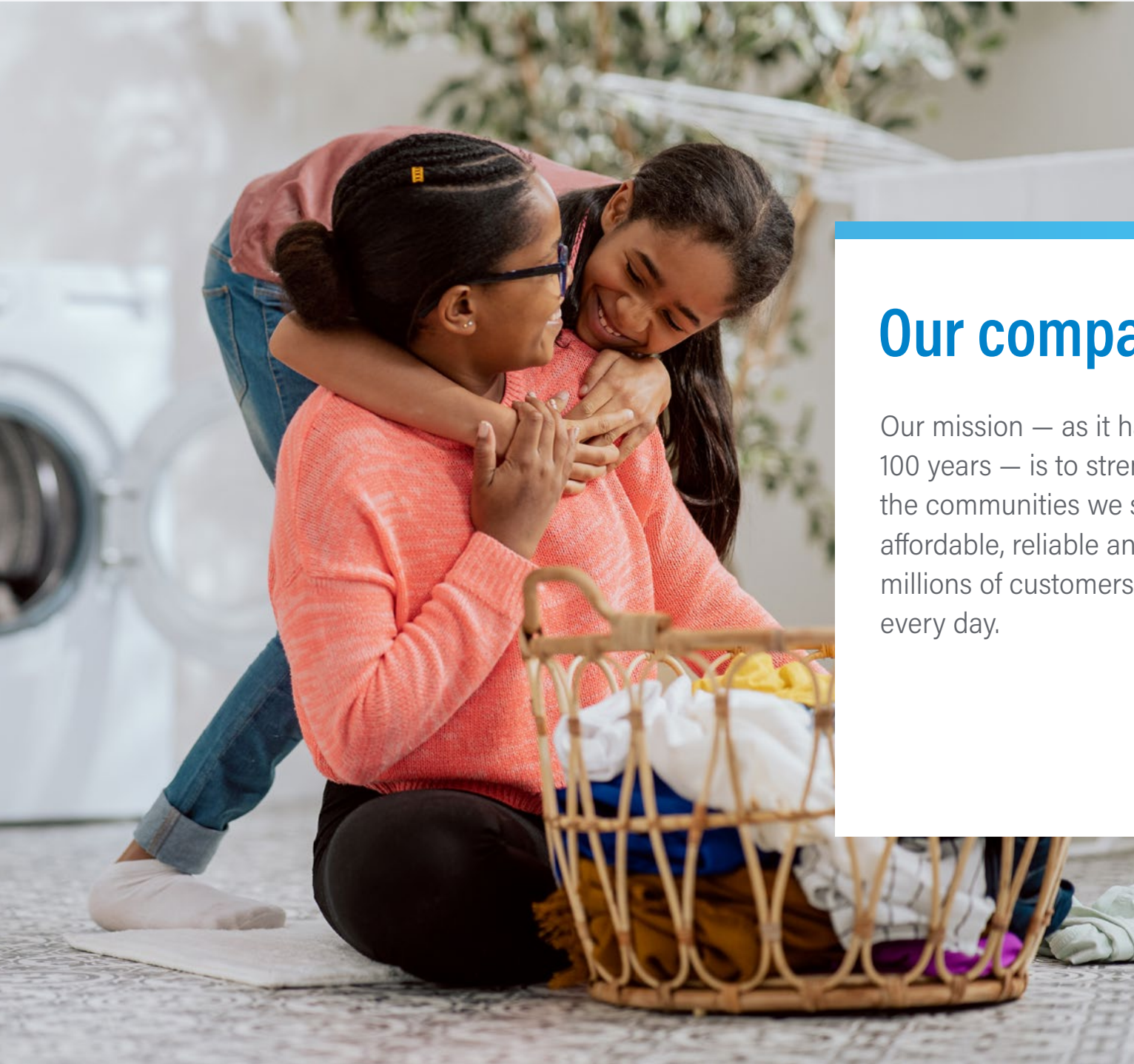
We have served the people of the Midwest for more than a century. Today, from our perspective, the future has never been brighter.

Thank you for your engagement as we share our dedication to powering a sustainable future.

**Gale E. Klappa**  
Executive Chairman

**Scott J. Lauber**  
President and  
Chief Executive Officer





## Our company

Our mission — as it has been for more than 100 years — is to strengthen the fabric of the communities we serve and to deliver affordable, reliable and clean energy to the millions of customers who depend on us every day.

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# Building and sustaining long-term value

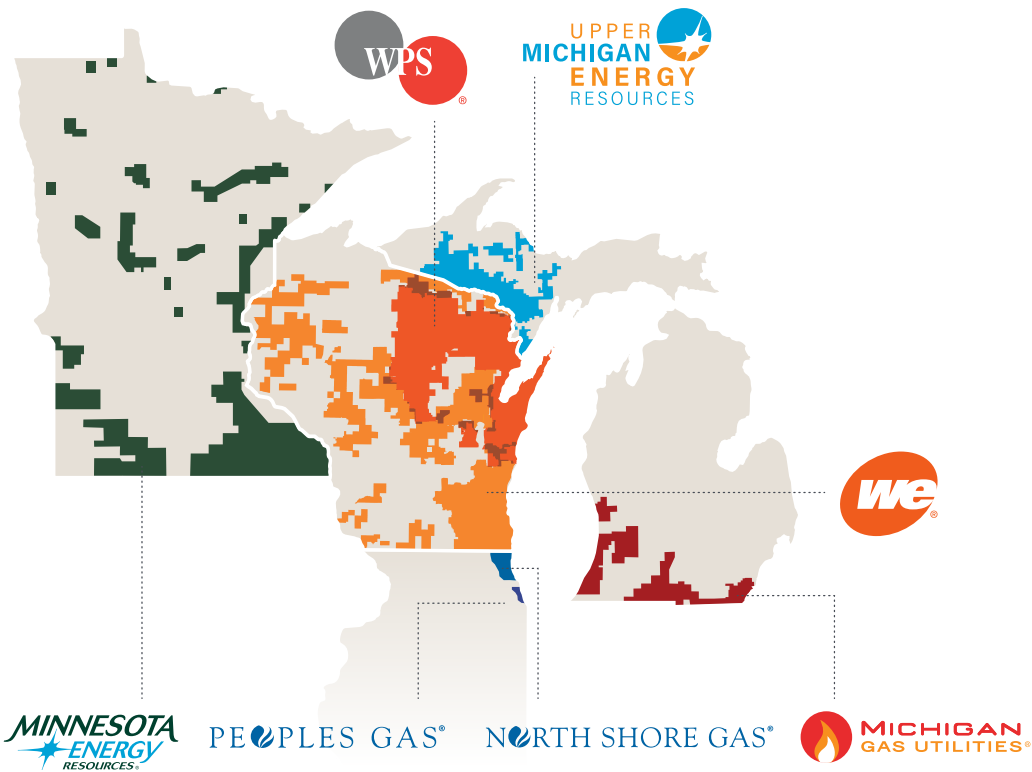
Our goal is to continue to build and sustain long-term value for our stockholders, customers and communities in a rapidly transforming energy arena. WEC Energy Group's disciplined approach to capital allocation and operational excellence positions us as a leader in the clean energy transition.





# Key facts

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



Customer data as of year-end 2022.

## Total customer accounts: 4.6 million

### Customers:

- **We Energies**  
Electric: 1,152,000  
Natural gas: 1,155,000
- **Wisconsin Public Service**  
Electric: 461,000  
Natural gas: 340,000
- **Peoples Gas**  
Natural gas: 884,000
- **North Shore Gas**  
Natural gas: 164,000
- **Minnesota Energy Resources**  
Natural gas: 248,000
- **Michigan Gas Utilities**  
Natural gas: 183,000
- **Upper Michigan Energy Resources**  
Electric: 37,000  
Natural gas: 5,000

**WEC Infrastructure**, a subsidiary of WEC Energy Group, has acquired or agreed to acquire majority interests in eight wind farms and two solar energy facilities in the U.S. These resources will provide carbon-free energy for large customers outside of our traditional service area through long-term power purchase agreements.



### Owned capacity (megawatts)<sup>1</sup>

	2020	2021	2022
Coal	3,165	3,179	3,178
Natural gas	3,758	3,719	3,717
Renewables — utility <sup>2</sup>	743	853	841
Renewables — WEC Infrastructure	836	1,034	1,334
<b>Total</b>	<b>8,502</b>	<b>8,785</b>	<b>9,070</b>

1 Capacity for our electric generation facilities, other than wind and solar generating facilities, is based on rated capacity, which 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. Values are primarily based on the net dependable expected capacity ratings for the following summer, established by tests, and may change slightly from year to year. Capacity for our wind and solar generating facilities is based on nameplate capacity.

2 Includes hydroelectric, biomass, solar and wind generation serving our utility companies.

### Owned and contracted generation (GWh)

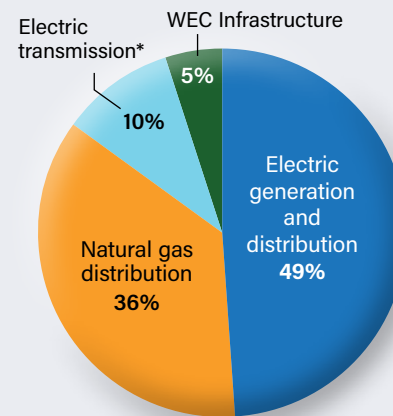
	2020	2021	2022
<b>Fossil fuel generation</b>			
Coal	14,315	16,352	13,071
Natural gas <sup>1</sup>	15,245	13,873	15,009
Oil	-	13	4
<b>Zero-carbon generation</b>			
Nuclear	8,964	8,687	8,704
<b>Renewable</b>			
Biofuels	64	367	449
Hydro	1,903	1,313	1,477
Solar	29	224	451
Wind <sup>2</sup>	2,691	3,884	5,072
<b>Total generation</b>	<b>43,211</b>	<b>44,712</b>	<b>44,237</b>
<b>Total fossil fuel generation</b>	<b>29,560</b>	<b>30,237</b>	<b>28,084</b>
<b>Total zero-carbon generation</b>	<b>13,651</b>	<b>14,475</b>	<b>16,153</b>
<b>Total renewable generation</b>	<b>4,687</b>	<b>5,788</b>	<b>7,449</b>

1 2020 values include oil; 2021-2022 values include oil used in dual fuel gas/oil units.

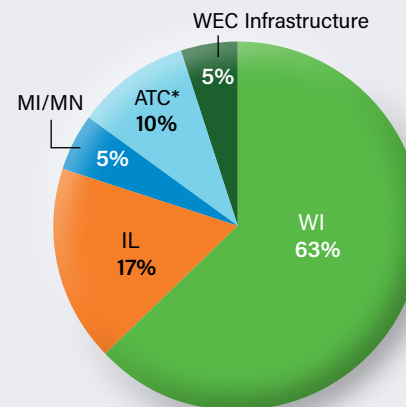
2 Includes WEC Infrastructure-owned wind facilities.

### Diverse business portfolio

Assets by business type



Assets by jurisdiction



\* ATC is accounted for using the equity method; this represents WEC Energy Group's portion of the asset base.

\*\* Includes purchased power.

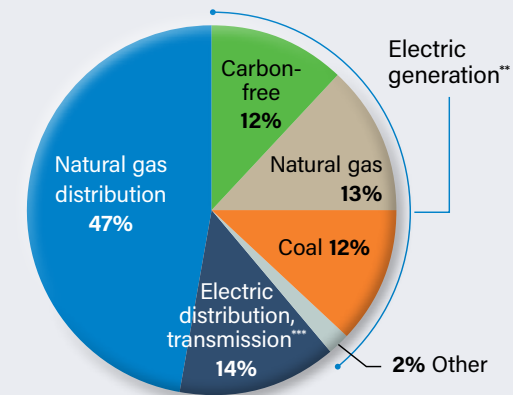
\*\*\* Includes electric distribution revenue and transmission expense that we are authorized to collect in rates.

\*\*\*\* Calculated using net book value less deferred taxes for generation plants and the fixed lease payment for We Power; also includes WEC Infrastructure investment. We Power is a nonutility subsidiary that owns and leases generating facilities to Wisconsin Electric Power Co.

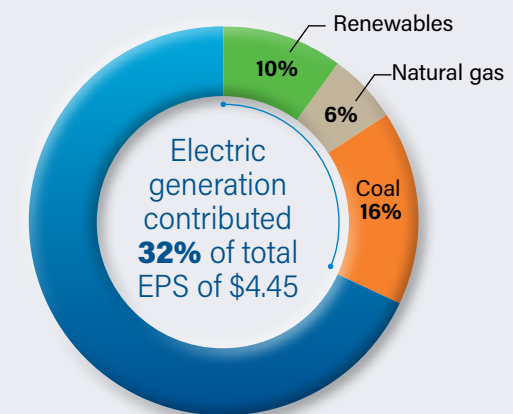
### Evolving assets and revenue

We expect the percentage of our asset base and revenue that is tied to coal will be less than 10% at the end of 2025.

Revenue contribution by source



Percentage of total EPS\*\*\*\*



Data as of year-end 2022.



# Priority sustainability issues

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

We continue to look to our priority sustainability issues as a guide for our corporate efforts and reporting. In 2020, we concluded an in-depth assessment to identify the issues most important to our company and our stakeholders, considering both current and potential long-term impacts.

The Electric Power Research Institute (EPRI) conducted the assessment over seven months. It defined sustainability as the balance of economic, environmental and social issues and decisions to support the long-term viability of our business, the community and the environment. The assessment incorporated industry research as well as feedback from:

- Internal stakeholders, including executive leadership and select employees from across the organization, both management and represented.
- Key external stakeholders, including regulators, investors, nongovernmental organizations, customers, academic institutions and suppliers.

We have used the results of this project to develop strategies and drive changes designed to meet and exceed stakeholder expectations. Our priority sustainability issues also helped us to structure our sustainability disclosures, including this report, and ongoing stakeholder engagement.

## Our priorities and the United Nations Sustainable Development Goals (SDGs)

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 U.N. SDGs:

- Affordable and clean energy (Goal 7)
- Industry, innovation and infrastructure (Goal 9)
- Climate action (Goal 13)

In addition, we have programs and initiatives in place that promote local improvements related to seven other development areas, noted on the following page.

**SUSTAINABLE  
DEVELOPMENT  
GOALS**



## Our priority sustainability issues

- ⦿ Associated U.N. SDGs

### Climate Strategy

Physical and transitional risks and opportunities presented by greenhouse gas emissions management and climate adaptation

- ⦿ Affordable and Clean Energy; Climate Action

### Community Engagement

Corporate philanthropy and citizenship

- ⦿ Partnerships for the Goals; Quality Education

### Customer Satisfaction

Evolving customer expectations about energy products and services

- ⦿ Affordable and Clean Energy

### Cybersecurity

Digital infrastructure and customer privacy

### Economic Development

Energy programs and products that support and grow local business to drive economic vitality

- ⦿ Decent Work and Economic Growth

### Empowered Employees

Employee benefits and development opportunities that create an inclusive culture, positive relationships and a skilled, diverse workforce

- ⦿ Decent Work and Economic Growth; Quality Education

### Energy Affordability

Ability of residential customers to pay energy bills

- ⦿ Affordable and Clean Energy

### Energy Reliability

Reliability and resiliency across operations

- ⦿ Industry, Innovation and Infrastructure

### Environmental Responsibility

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

### Financial Discipline

Investments that generate long-term returns and competitive access to capital

- ⦿ Affordable and Clean Energy; Industry, Innovation and Infrastructure

### Government Relations

Responsible engagement with public officials and agencies on matters of importance to the company and stakeholders

- ⦿ Affordable and Clean Energy

### Innovation

Emerging technologies that present both risks and opportunities for the company

- ⦿ Affordable and Clean Energy; Industry, Innovation and Infrastructure

### Operational Performance

Efficiency of assets and processes that produce business value

- ⦿ Affordable and Clean Energy; Industry, Innovation and Infrastructure

### Safety and Health

Safety and health of employees, contractors and the public with respect to company operations

- ⦿ Decent Work and Economic Growth; Good Health and Well-Being

### Stakeholder Transparency

Stakeholder access to company representatives and information that enhances dialogue

- ⦿ Partnerships for the Goals

### Strategic Governance

Business processes and diverse leadership to enable ethical and effective operations

### Supply Chain Integrity

Supplier sustainability performance and risk management

- ⦿ Decent Work and Economic Growth



# Operational performance

Our operational strategy is driven by the need to provide affordable, reliable and clean energy to the millions of customers who depend on us.

## Our 2023-2027 ESG Progress Plan

**Investing** in renewable and low-carbon energy inside and outside our traditional footprint to replace less efficient, fossil-fueled generation.

**Modernizing** our electric and natural gas delivery infrastructure to enhance reliability and resilience.

**Expanding** our regulated natural gas infrastructure to meet growing customer demand.

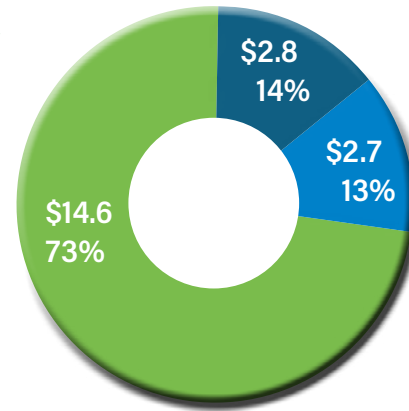
**Launching** advanced metering functionality and upgrading systems and equipment.



## Planning to invest **\$20.1 billion** between 2023-2027

### Sustainability

- \$7.3 Renewables
- \$7.3 Grid and fleet reliability



(in billions)

### Growth

- \$1.1 Gas distribution
- \$1.7 Electric generation, transmission and distribution

### Efficiency

- \$1.2 Technology
- \$1.5 Grid and fleet modernization





### Investing in technology

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

### Zero-carbon energy investments

Between 2023 and 2027, we plan to build and own nearly 3,300 megawatts (MW) of additional renewable energy capacity for our regulated utilities — quadrupling our carbon-free generation. As of summer 2023, we have 505 MW of utility-scale solar generation under construction within our Wisconsin segment, and another 270 MW has received regulatory approval. We also have 316 MW of battery storage approved to accompany those solar facilities, and 82 MW of new wind capacity went into service in April 2023.

In addition, we continue to invest in carbon-free energy through our WEC Infrastructure subsidiary. Our 2023-2027 capital plan includes \$1.9 billion of planned investment in renewable energy generation outside our regulated footprint.

We continue to see a strong pipeline of opportunities ahead for future investment in clean energy across our business.

We have issued green bonds linked to We Energies and Wisconsin Public Service (WPS) renewable energy projects: Red Barn Wind Park, Two Creeks Solar Park, Badger Hollow I and II solar parks, and Paris Solar-Battery Park. These bonds are offered to support positive environmental impacts. Through 2022, disbursements from the \$940 million of net proceeds received from the sale of the green bonds totaled \$544 million.

### Electric vehicle charger pilot programs

We Energies and WPS launched electric vehicle (EV) charger pilot programs in March 2022. These programs are designed to help remove barriers associated with installing EV chargers for both residential and commercial customers. The pilot programs also are helping us better understand and address the impact EV charging will have on the electric grid, as millions of EVs are expected to be sold in the United States in the coming years. We currently have installed or established plans to install charging stations that will add 30 MW to our electric load, and we see a healthy pipeline of additional customer projects ahead.

### Renewable natural gas

We have signed contracts with local dairy farms as part of an innovative renewable natural gas (RNG) pilot program. The RNG from the farms will directly replace conventional natural gas that would have entered our pipes. In addition, these investments will reduce the environmental impact of agricultural activity. We plan to have RNG flowing to our distribution network later in 2023.

### Shaping the future of clean energy

Our research is providing the utility industry with valuable insight on the potential of new technology. In 2022, in partnership with EPRI, we completed a pilot project — the first of its kind in the U.S. — blending hydrogen with natural gas at one of our modern generating units in Michigan's Upper Peninsula. We plan to collaborate with EPRI again in late 2023, along with CMBLU Energy, a leading designer and manufacturer of long-duration industrial battery storage systems, to test a new form of long-duration energy storage on the U.S. electric grid.



## Strengthening energy delivery infrastructure

We are committed to providing reliable electric and natural gas service 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 hardening

Reliability is a key area of focus as we deliver electricity across more than 71,000 miles of overhead and underground lines. Between 2023 and 2027, we expect to invest \$3.6 billion to address aging electric infrastructure, bury power lines and further our system hardening against severe weather.

### Liquefied natural gas facilities

Extreme weather conditions in recent years have shown Wisconsin needs more natural gas peaking capacity at the highest demand times on the coldest days. In response, We Energies is building two liquefied natural gas facilities to liquefy, store and vaporize the gas. Each facility will provide 1 billion cubic feet of natural gas supply to meet peak demand without requiring the construction of additional interstate pipeline capacity.

Progress continues on construction. With an expected total investment of approximately \$370 million, we plan to bring one of the facilities into service in late 2023 and the other in 2024.



### Safety Modernization Program (SMP)

Peoples Gas expects to continue investing between \$280 million and \$300 million annually in a program to replace more than 2,000 miles of Chicago's deteriorating natural gas pipes — many of which were installed in the 1800s. We are replacing dated cast and ductile iron pipes and facilities in the natural gas delivery system with polyethylene pipes for long-term system safety, improved reliability and greatly reduced methane emissions. Safety enhancements include upgrading the system from low-pressure to medium-pressure operation. In addition, the modernization positions Chicago for a clean energy future in which renewable natural gas and hydrogen may someday heat customer homes and fuel the economy. Work on the program, overall, is more than 35% complete.

## Improving technology and processes

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

### Enhancing reliability and customer experience

We are investing in technology enhancements to support our customers and our operations. Through a multiyear effort, we have streamlined our customer mobile and underlying digital systems for better performance. We also have improved our interactive voice response (IVR) system, adding a call brokering service for improved reliability and call overflow capability. Across our operations, we have made outage restoration processes more efficient and reduced connectivity issues for employee communications by 75%. We plan to make further improvements to our operations in the near future, including a new, consolidated geographic information system and outage management system with advanced distribution management features.

Using common systems and processes reduces costs, provides greater flexibility and enhances the consistent delivery of exceptional service to customers.



### 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.

As of year-end 2022, 98.5% of We Energies' electric load and 100% of WPS' electric load were served by smart grid technology. In the future, smart meters may provide customers with more usage- and demand-based billing and energy management options.

**Smart meters served approximately 52% of our electric and natural gas customers at the end of 2022.**

# Financial discipline

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

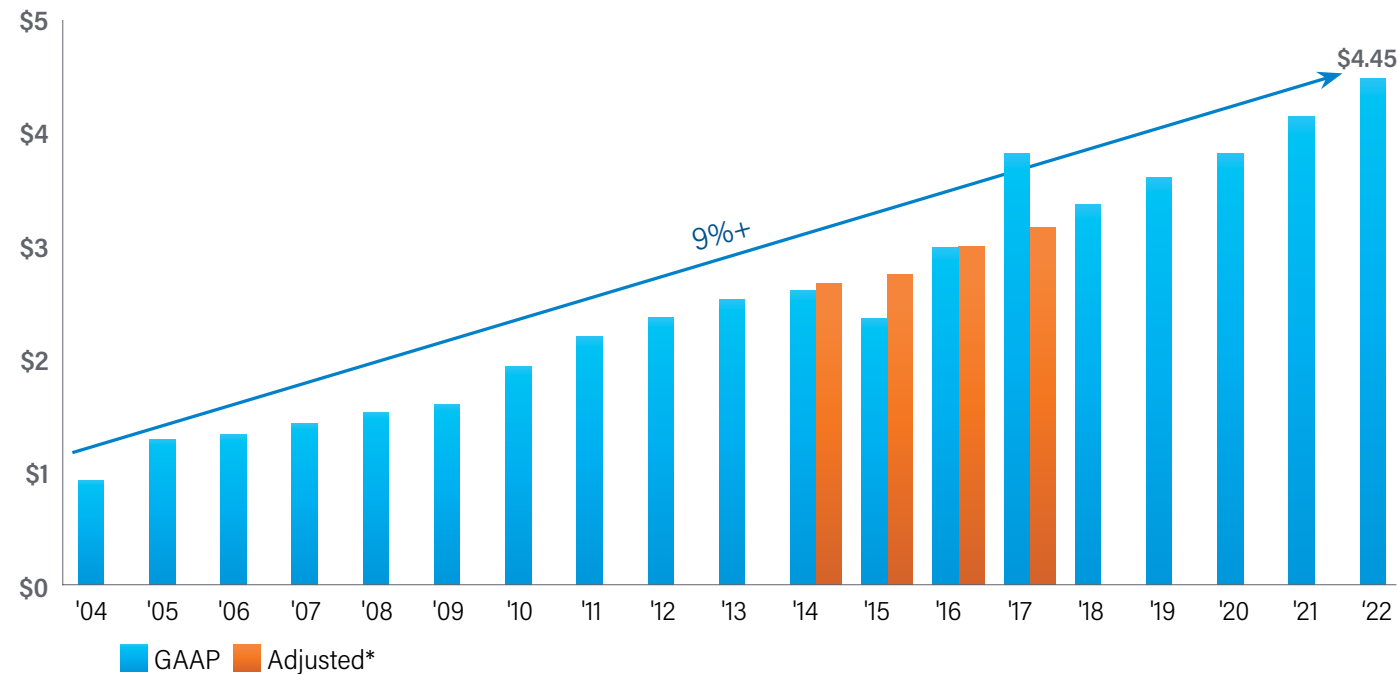
We continued to deliver strong results in 2022. All of our regulated utility subsidiaries met their financial goals. For the 19th consecutive year, we raised the dividend and exceeded our earnings guidance. We also raised our projection for long-term earnings growth.

We stand poised to deliver among the strongest risk-adjusted returns in the industry.

✔  
**Record net income**

✔  
**Record earnings per share**

History of quality earnings growth



\* See Page 92 for reconciliation of adjusted amounts to GAAP amounts.

✔  
**Long history of quality earnings with a compound annual growth rate of ~9%**

✔  
**Investment opportunities support long-term EPS growth of 6.5%-7%**

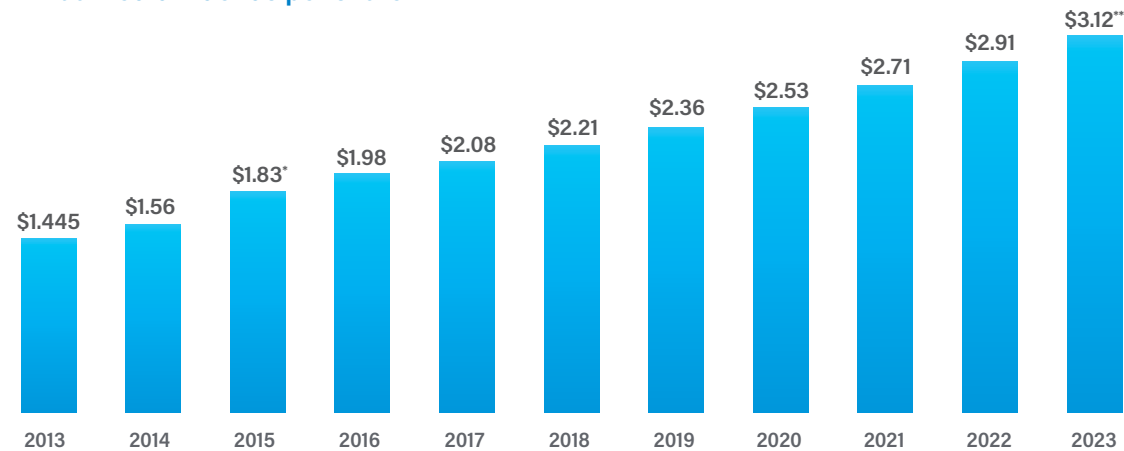


## Solid dividend growth continues

Dividends were increased in January 2023 by 7.2% to an annual rate of \$3.12 per share.

Top decile dividend growth in our industry based on current and expected dividends declared in 2023

### Annualized dividends per share



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

\*\*Annualized based on first-quarter 2023 dividend of \$0.78 per share.

Strong financial condition supported by stable operating cash flows

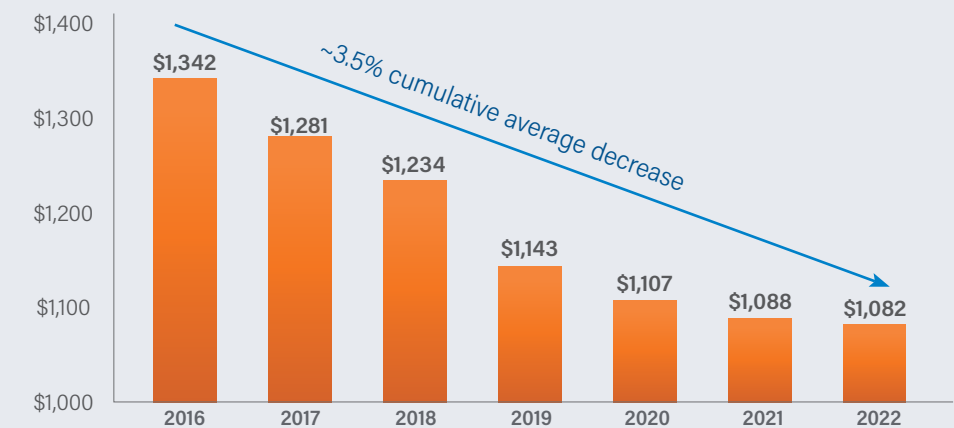
### Issuer credit ratings

Entity	S&P rating	Moody's rating
WEC Energy Group	A-	Baa1
Wisconsin Electric	A-	A2
Wisconsin Gas	A	A3
Wisconsin Public Service	A-	A2
Peoples Gas	A-	A2



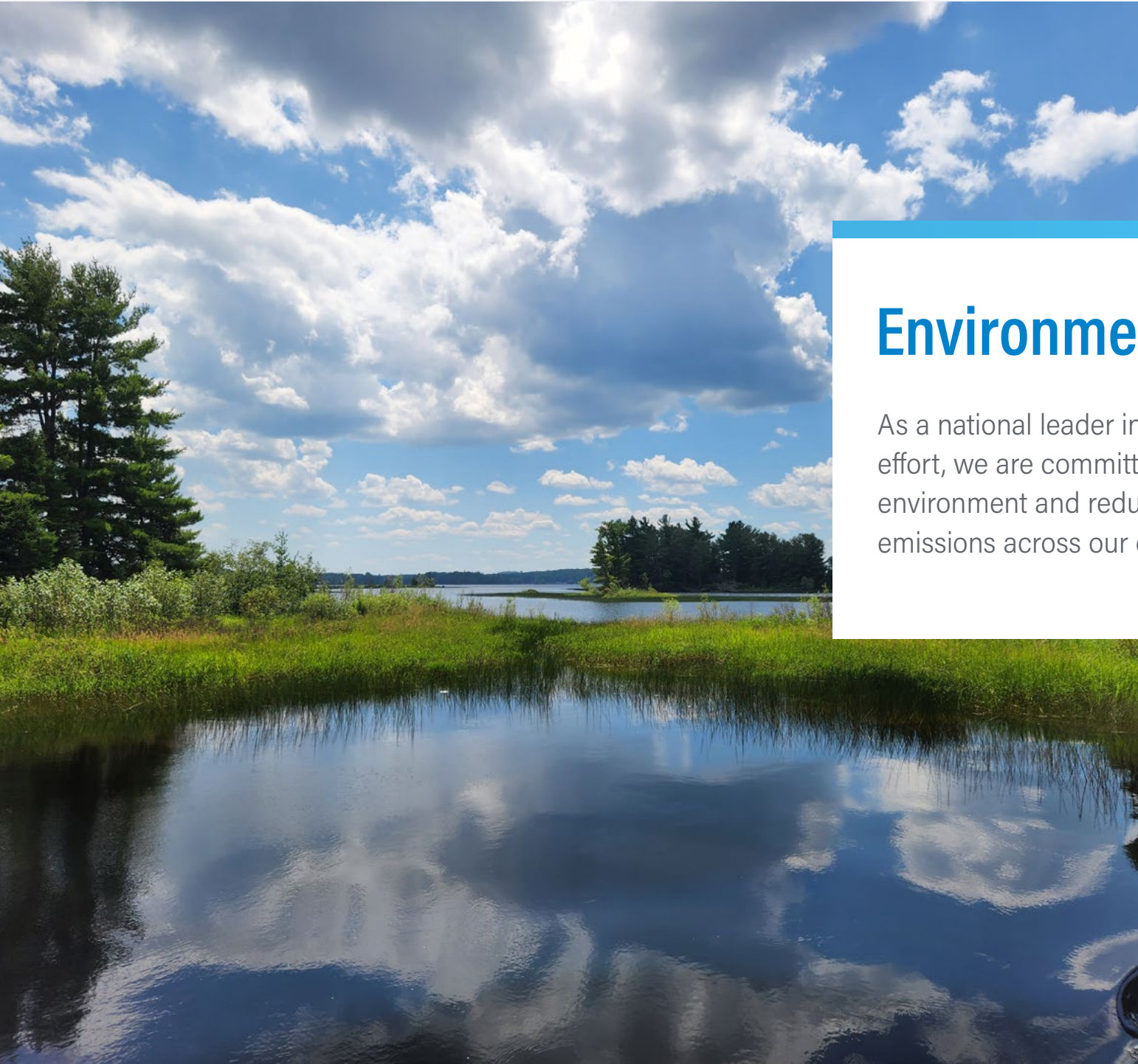
## National leader in operating efficiency and financial discipline

### Day-to-day O&M expense\*



\* Excludes costs that have a revenue offset such as operation and maintenance costs associated with the We Power generation units, transmission expenses that are collected in rates, regulatory amortizations, riders and other pass-through expenses.





# Environmental

As a national leader in the decarbonization effort, we are committed to protecting the environment and reducing greenhouse gas emissions across our companies.

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# 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 leadership

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, and Environmental departments 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. Oversight of risks associated with climate change remains the responsibility of the full board.

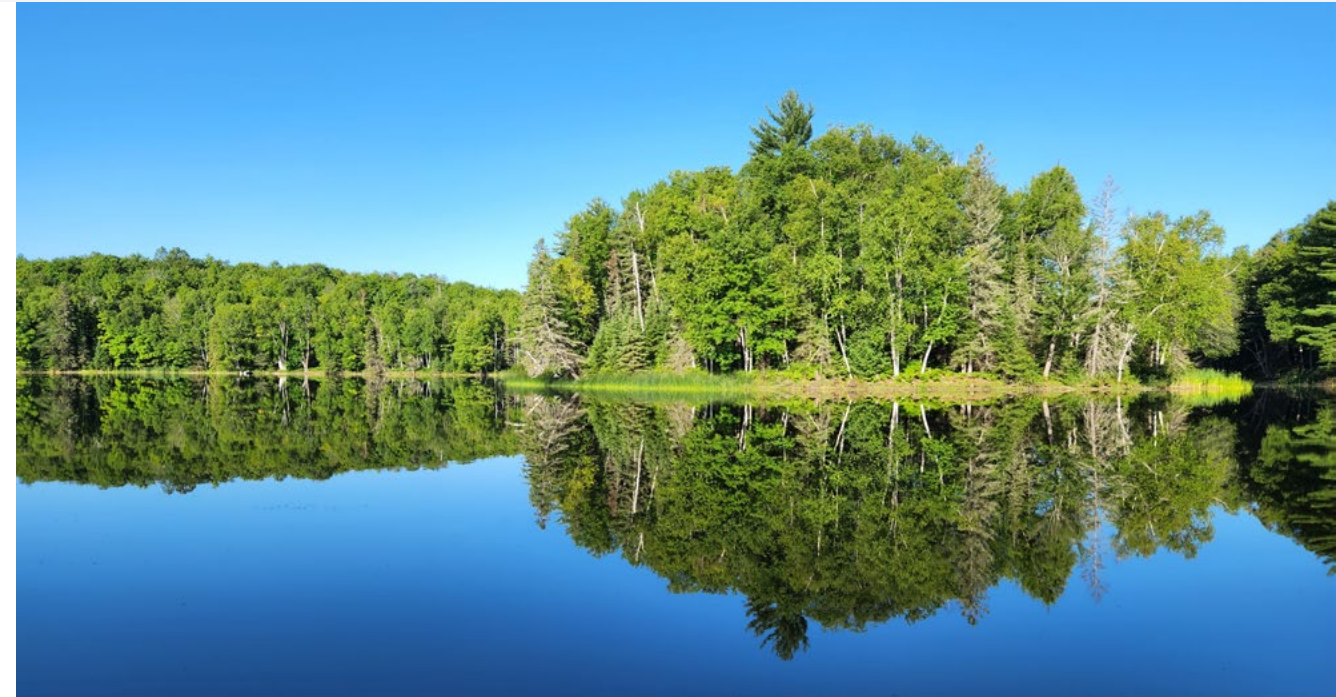
**The Climate Risk Committee** brings together senior-level officers responsible for overall climate-related corporate strategy. The committee meets

quarterly to review and discuss our current climate-related goals, as well as initiatives that involve risks to and opportunities in achieving those goals.

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 advocate on behalf of our customers, stockholders and employees. 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, Wisconsin Utilities Association, Illinois Environmental Regulatory Group and Michigan Manufacturers Association. We also collaborate on scientific and technical work with organizations such as the Electric Power Research Institute (EPRI) and GTI Energy to inform company planning, risk management and operations. Further, we actively engage with the Wisconsin Department of Natural Resources (WDNR) on the creation or updating of regulations.

Our companies are subject to extensive state and federal environmental regulations affecting our operations, and we dedicate significant expenditures to comply with these requirements, including expenditures for pollution-control equipment, environmental monitoring, emissions fees and permits at all our regulated facilities. Overall responsibility for environmental compliance lies within our



operating units with assistance from Environmental department staff. To support ongoing compliance, the Environmental department has dedicated subject matter experts assigned to major facilities to monitor compliance and routinely evaluate performance, and uses environmental compliance software tools. Any potential compliance issues are communicated, tracked and summarized at least monthly.

**The company's Audit Services department** annually performs an enterprise risk assessment. This assessment reviews corporate enterprise risks and risk mitigation measures, which include the environmental area. From this risk assessment, in combination with department input and past audit experience, the annual corporate audit plan is created and approved by the Audit and Oversight Committee of the board of directors.

The annual audit plan may include reviewing various environmental processes. These audits are more than compliance checklists, as they cover the entire process and identify instances in which risk mitigation can be improved. All audit observations and recommendations are communicated to senior management and tracked for completion. These management action plans to mitigate risk are also reported to the Audit and Oversight Committee.

**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 spills and incidents throughout our service areas.



# Environmental management and compliance

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

## Air emissions reduction

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 approximately 97% when compared to 2000 emissions. As we carry out our generation reshaping plan and retire less efficient fossil-fueled generation, we have improved our performance in this area.

Emission control technology at our electric generation facilities supports our continuing 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. Weston Unit 4 is equipped with a selective catalytic reduction (SCR) system, powdered activated carbon system, dry scrubber and fabric filter baghouse. The result has been significant reductions in SO<sub>2</sub>, NOx, mercury, particulate matter and other emissions, with additives to the coal supplies providing further mercury reductions. The air quality control technologies at Elm Road Generating Station (SCR systems, fabric filter baghouses, wet scrubbers and wet electrostatic precipitators) and Oak Creek Power Plant (SCR systems, electrostatic precipitators and wet scrubbers) have yielded substantial reductions in SO<sub>2</sub>, NOx, mercury, particulate matter and other emissions. Mercury is further reduced through chemical additives to the coal supplies at the Oak Creek site for Oak Creek Power Plant and Elm Road Generating Station.
- The natural gas-fueled, combined-cycle combustion turbine plants at Port Washington Generating Station and Fox Energy Center are equipped with SCR and oxidation catalysts for the control of NOx, carbon monoxide (CO), volatile organic compounds (VOCs) and organic hazardous air pollutants.
- The Upper Michigan Energy Resources plants have 10 natural gas-fueled reciprocating internal combustion engines equipped with state-of-the-art air quality control systems, including SCR and oxidation catalyst for control of NOx, CO, VOCs and organic hazardous air pollutants.

*Our emissions data from owned electricity generation are reported on this page.*

Between 2019 and 2022, our SO<sub>2</sub> and NOx emissions decreased by 42% and 14%, respectively.

### Air emissions from electricity generation

		2020	2021	2022
Sulfur dioxide (SO <sub>2</sub> )	(kg)	1,320,470	1,654,525	1,271,989
	(kg/MWh)	0.04	0.05	0.04
Nitrogen oxides (NOx)	(kg)	5,176,771	6,187,466	5,352,014
	(kg/MWh)	0.17	0.20	0.18
Particulate matter (PM)	(kg)	497,830	527,071	496,179
	(kg/MWh)	0.016	0.017	0.017
Volatile organic compounds (VOCs)	(kg)	212,329	247,597	229,395
	(kg/MWh)	0.007	0.008	0.008
Mercury (Hg)	(kg)	27	32	26
	(kg/MWh)	0.0000009	0.0000010	0.000001

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

	2020	2021	2022
Owned			
Coal	13,665	15,718	12,492
Natural gas <sup>1</sup>	5,806	5,897	6,388
Oil		19	7
Net purchased power <sup>2</sup>	80	(1,618)	(630)
<b>Total CO<sub>2</sub>e for utility obligations</b>	<b>19,551</b>	<b>20,016</b>	<b>18,257</b>
<b>Total CO<sub>2</sub>e/total WEC Energy Group generation<sup>3,4,5</sup> (metric tons/MWh)</b>	<b>0.42</b>	<b>0.48</b>	<b>0.43</b>



1 2020 values include oil; 2021-2022 values include oil used in dual fuel gas/oil units and contracted natural gas units.

2 2020 emissions from contracted generating facilities, market purchases and market sales. Market purchases were determined from each utility and utilized the regional factors supplied by the Michigan Public Service Commission. For 2021-2022, CO<sub>2</sub> emissions produced to support wholesale sales and market sales are netted with CO<sub>2</sub> emissions from contracted generating facilities and market purchases. Market purchases and sales were determined for the combined utilities and utilized EIA CO<sub>2</sub> rates by fuel type and Midcontinent Independent System Operator (MISO) fuel data mix.

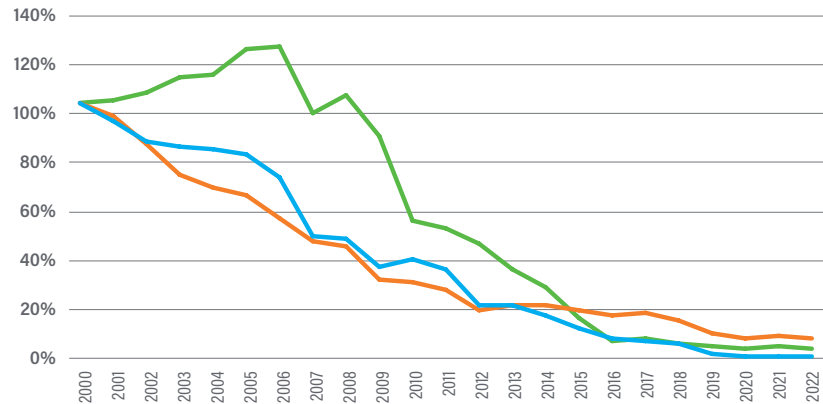
3 Total CO<sub>2</sub>e in intensity is generation only and does not include net purchased power.

4 Reported generation includes both regulated and non-regulated assets.

5 Includes owned generation from WEC Infrastructure wind farms. The environmental attributes of the WEC Infrastructure renewable facilities are or may be the property of third parties. As such, these third parties are solely entitled to the reporting rights and ownership of the environmental attributes, such as renewable energy credits, offsets, allowances and the avoided emissions of greenhouse gases.

Biogenic emissions are not included in any data.

### Declining air emissions



SO<sub>2</sub>  
99% ↓

Mercury  
96% ↓

NO<sub>x</sub>  
92% ↓



Port Washington Generating Station

### 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, then return 100% 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.

Water (billion cubic meters)	2020	2021	2022
Withdrawn from major sources	2.68	2.95	3.02
Municipal water purchases	0.002	0.003	0.003
Water returned to source	2.67	2.93	3.00
Water consumption	0.01	0.01	0.01
<b>Percent returned to source*</b>	<b>99.5%</b>	<b>99.5%</b>	<b>99.5%</b>
<b>Percent consumed</b>	<b>0.5%</b>	<b>0.5%</b>	<b>0.5%</b>

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

Several of our power plants have modified cooling water intake structures to meet 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 implementation dates required by the United States Environmental Protection Agency (EPA). 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 in Wisconsin beneficially uses approximately 2.5 million gallons per day of 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 mercury, phosphorus and suspended solids by 65% to 75% compared to what would otherwise be discharged into the Fox River.

While increased electricity demand led to a moderate rise in water use over the last three years, we see a downward trend over the longer term. Between 2018 and 2022, our companies' water withdrawals from major sources decreased 16%. This has been primarily due to retirements of coal-fueled facilities, water quality capital improvement projects, and the addition of renewable energy and natural gas-fueled facilities.

Between 2020 and 2023, we expect to invest \$110 million into capital projects at existing coal-fueled facilities to reduce process water discharges and improve existing wastewater treatment systems, in compliance with the EPA's adjusted Effluent Guidelines. We expect further improvements as we continue the transition of our generating fleet. Process water discharges from biomass and natural gas-fueled peaking facilities are relatively minor and primarily related to the operation of treatment equipment (e.g., reverse osmosis) used to produce high-quality water required for steam production. There are no cooling or process water needs at the Upper Michigan Energy Resources natural gas-fueled generating stations completed in 2019. Our wind energy and solar-powered facilities require no water usage to operate, conserving freshwater resources.



## Waste minimization commitment

Waste minimization and recycling is an integral part of our corporate environmental responsibility, affecting all of our facilities. Our corporate policy encourages employees to be responsible for environmental stewardship by supporting our recycling and waste-reduction programs.

In 2022, the EPA announced a National Recycling Goal of 50% by 2030. The EPA set this goal to help stakeholders and the public see how the United States is managing materials more sustainably. The EPA has identified strategies and is seeking to implement these actions to create a stronger, more resilient and more cost-effective domestic recycling system.

WEC Energy Group has adopted a corporate goal and is committed to internally exceeding the National Recycling Goal, which requires consistently recycling a minimum of 50% of our waste by 2030. In the past three years, our recycling rates have ranged from 49% to 55%. Our goal is to consistently exceed 50%.



Our waste minimization program encourages all efforts to minimize waste — reduce, reuse and recycle. We have implemented a multitude of strategies to help us consistently meet our waste recycling goal by 2030.

Four basic principles are the foundation of our waste minimization program.

### 1. Waste management practices

Our Supply Chain department adopted an environmental management strategy that uses a technology-based impact management system along with a lean manufacturing model. Implementing lean management practices at our facilities has supported an operational culture that is conducive to waste minimization, pollution prevention and continuous improvement.

We have waste management programs in place that are managed at a corporate level by dedicated environmental staff trained as subject matter experts. The purpose of the programs is to reduce our use and production of hazardous and other regulated materials whenever possible and ensure proper handling, reuse, recycling or disposal of any wastes generated.

Although we do not operate any nuclear facilities, radioactive materials are periodically encountered in our operations. In addition, Peoples Gas routinely handles and manages soils in areas of Chicago that are impacted by radioactive materials from historical releases by others. Internal policies and procedures require monitoring, measurement and radioactive waste management, storage and disposal in conjunction with policies and procedures established by the City of Chicago Department of Public Health, EPA and other state agencies.

Specific quantities of materials produced by our operations and their associated management for

the previous three years are presented in the “Reuse and waste recycling and disposal” section on the following page.

### 2. Source reduction

We continue to evaluate and change practices/processes to reduce or eliminate the generation of waste. For example, we have an inventory control system in place to evaluate purchase needs, and take opportunities to share resources between facilities. To decrease hazardous waste disposal, when practicable, we conduct elementary neutralization of chemicals.

### 3. Recycling

Our recycling commitment and waste management plans encourage employees to recycle waste streams on-site including: personal consumer goods (plastic bottles, aluminum cans); office supplies (office paper, printer cartridges, shipping supplies); wood (scrap wood, pallets, utility poles); cardboard; metals/wire (copper, aluminum, steel); PVC and metal gas piping; gas main condensate; oils (nonhazardous and non/low PCB); and construction debris.

In addition, we require all universal waste from our operations to be recycled, which includes fluorescent bulbs, batteries and mercury devices. All electronic waste generated also is recycled, in cooperation with our Investment Recovery group, and even resold if the electronics are still viable. The resale of various electronics help offset the costs of a sustainable recycling program.

### 4. Reuse

To minimize the amount of solid waste generated from our facilities, WEC Energy Group seeks to find beneficial uses for products that are no longer used internally as a result of product expiration dates or changes in design specifications. This is completed by:

- Reviewing environmental and/or historical records to determine if the site qualifies for soil reuse as clean fill when we conduct subsurface work.
- Contracting with an investment recovery coordinator who manages finding buyers for usable equipment, parts and tools that are no longer needed or wanted. This includes wood utility poles, usable computer equipment and electronics.
- Reconditioning and/or repairing old transformers and oil-filled equipment on an as-required basis. Scrap equipment is recycled.

## Special/one-time project waste summary

Over the year, non-recurring special projects generated waste totals that are outlined separately from the overall waste disposal summaries.

### Demolition of the Division Office Building

(DOB) at the Green Bay Downtown Campus occurred in 2022 to facilitate revitalization of this underutilized facility. The DOB demolition generated 18,276 tons of material, of which 75% was recycled.

During 2022, We Energies and WPS completed the decommissioning and **demolition of two coal-fueled power generation facilities**. These projects generated 51,319 tons of material and had an overall recycling rate of 89% in 2022.

## Reuse and waste recycling and disposal summary

We updated and expanded the data collection process in 2019 to incorporate more waste streams, which are reflected in the waste categories presented in the table. The revised methodology allows us to better identify areas of improvement and annual goals. We saw several positive trends in our waste management in 2022, including:

- Waste minimization practices resulted in less overall waste generation.
- The rate of recycling of PCB-impacted material has nearly doubled since 2020.

Operational waste summary	2020	2021	2022
Hazardous waste generated	35	51	13
Hazardous waste recycled	21	29	7
<b>% recycled</b>	<b>61%</b>	<b>56%</b>	<b>53%</b>
Nonhazardous waste generated <sup>1</sup>	23,496	21,601 <sup>2</sup>	17,885
Nonhazardous waste recycled	13,047	11,005	10,534
<b>% recycled</b>	<b>56%</b>	<b>50%</b>	<b>59%</b>
Hazardous boiler cleaning waste	n/a	0	222
Nonhazardous boiler cleaning waste	n/a	272	868
<b>% recycled</b>	<b>n/a</b>	<b>0%</b>	<b>0%</b>
PCB waste generated <sup>3</sup>	1,159	842	303
PCB waste recycled	90	167	44
<b>% recycled</b>	<b>8%</b>	<b>20%</b>	<b>15%</b>
<b>Overall % recycled</b>	<b>53%</b>	<b>49%</b>	<b>55%</b>

Data presented in metric tons

<sup>1</sup> The tonnage noted includes all nonhazardous waste including universal waste, with the exception of asbestos, soil, concrete and asphalt from construction and remediation/ demolition projects.

<sup>2</sup> Removed boiler cleaning waste from summary total to create a standalone data row.

<sup>3</sup> PCB waste is defined as nonhazardous waste regulated by the Toxic Substances Control Act, containing 50 parts per million or greater PCBs; quantities are not included in the nonhazardous totals.

**In 2022, WEC Energy Group sent many types of waste for recycling.**

**22,427** pounds for energy recovery and fuel blending.

**1,487,188** pounds for other recovery and reclamation.

**705,536** pounds of oils.

**65,310** pounds of electronic waste, such as laptops, computers, phones and circuit boards.

**1,188,260** pounds of wood pallets and utility poles.

**5,205,776** pounds of electric distribution equipment, including transformers, wires, breakers, capacitors and other materials.

*Figures are included in the waste disposal summary.*

## Facility project spotlight: PSB restoration

In May 2020, due to heavy rains, a release of steam from the underground steam system caused significant damage to the historic Public Service Building (PSB), part of our headquarters in downtown Milwaukee. During the renovation, the restoration team focused not only on sustainable management of building materials, but also the contents of the building upon reconstruction. After 18 months of work, the project was successfully completed and building re-occupancy was established in 2022. Below is a summary of sustainability efforts associated with the PSB restoration project:

### Demo

200+ tons of building materials were separated/ staged and recycled to divert products from landfills.

### Contents

- PSB Contents Warehouse sorted and recycled 23+ tons of e-waste.
- Building appliances were separated for reuse and diverted from landfills.



### Rebuild

- Thermal improvements to the building envelope were achieved through improved exterior insulation resulting in heating and cooling efficiency increases.
- Improved energy use through the efficiencies of modernization to the electrical distribution controls installed into the building.
- LED lighting was added throughout the building.
- New electronic equipment upgrades reduced energy consumption to operate.
- Building automation control system was integrated to optimize heating and cooling of the building environment.
- Water bottle fillers replaced traditional drinking fountains.



### Beneficial use of combustion products

We have over 35 years of experience in developing innovative uses for our industrial products from combustion activities. Most of our combustion products have been used as construction materials in concrete, concrete products, cement manufacturing 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 addition to the successful use of ash and gypsum, 100% of the sulfuric acid produced at the Weston Power Plant ReACT air emission control system was beneficially used in 2022. 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 continue to research and demonstrate the performance benefits of using combustion products to replace a portion of the asphalt binder in asphaltic concrete pavement. Results indicate this process can improve pavement strength and longevity in extreme weather conditions, and reduce the energy needed for production.

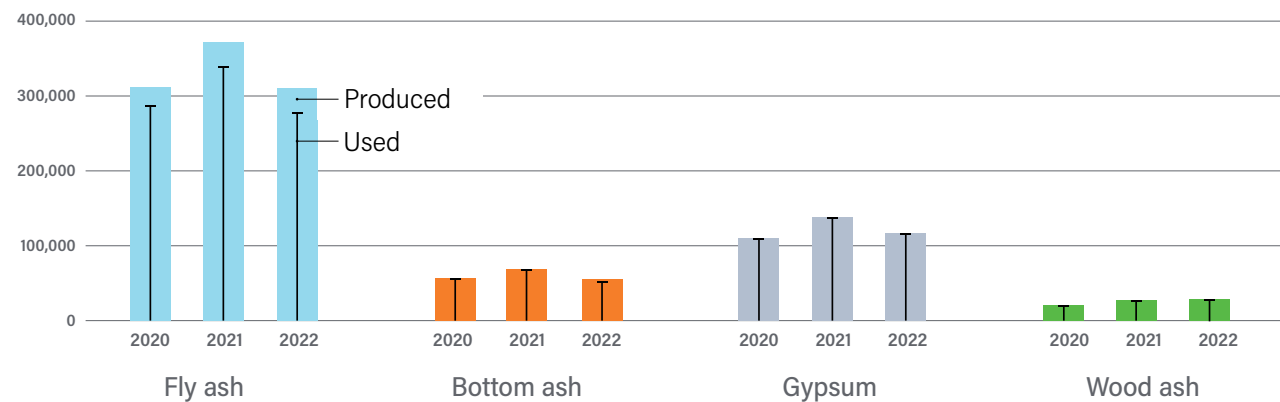
Annual combustion product beneficial use rates vary due to variable production quantities, cyclical market demands and material quality.

We Energies has never used 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 WDNR. According to EPA classifications for surface impoundments, the basin is "less than small" in size and represents a "low hazard potential" based on its capacity, height, location and distance to critical infrastructure. 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)

	2020	2021	2022
Combustion products produced	496,300	602,600	508,200
Combustion products used	471,100	571,500	474,500
<b>Percent used</b>	<b>95%</b>	<b>95%</b>	<b>93%</b>



## Facility design with environmental stewardship in mind

WEC Energy Group manages a large portfolio of real estate. We use sustainable features in the design, construction and facility management process to maintain an increasingly sustainable facility footprint. Our practices include:

### Materials selection

- During facility upgrades, flooring is selected to be carbon neutral across the entire product life cycle.
- Lighting fixtures are LED, known to use at least 75% less energy and last 25 times longer than standard incandescent lighting.
- Furniture standards require use of responsibly designed furniture and textiles containing pre- and post-consumer recycled content and reduced content of toxic materials such as flame retardants, perfluorochemicals and formaldehyde.

### Waste material recycling

- Metal scrap is collected from remodeling and new construction job sites.
- In accordance with the EPA's national recycling goal, we have set a minimum recycling goal of 50% at all job sites; we often achieve a much higher rate of recycling at construction and demolition projects, averaging between 80% and 95%.
- Electronic waste is sustainably managed and recycled.

### Energy efficiency

- New buildings are developed with energy conservation designed into the project, which often exceeds Leadership in Energy and Environmental Design (LEED) requirements.

### Water conservation

- In Chicago, development projects must provide storage for 125% of the requirements of the City of Chicago's stormwater ordinance.
- Native vegetation is used in landscaping.
- Green roofs are installed where feasible.

### Employee satisfaction, health and wellness

Sustainable facility design features also provide cost efficiencies and increasingly support a healthy and desirable work environment critical for recruiting competitive talent. A focus on employee health and wellness includes design features such as those listed below.

#### Access to natural light:

- Workplace layout designed to allow increased access to daylight by all employees.
- Incorporation of natural daylight into garage spaces.

#### Amenities designed to promote collaboration, knowledge sharing and inclusion:

- Open collaboration spaces.
- Work cafés.
- Fitness centers and locker rooms with showers.
- Outdoor patios.

In addition, electric vehicle charging stations are installed at all new facilities for both fleet and employee vehicles.





# Stewardship

In accordance with our environmental policy, we are preserving and enhancing sensitive natural habitats on our companies' properties. We use sound practices to manage for multiple uses — aesthetics, biodiversity, cultural resources, forestry, recreation, water quality and wildlife.

Our stewardship efforts 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.

Our companies collaborate with local, state and federal agencies during regulatory review of our projects. We bring together appropriate stakeholders to achieve stewardship goals through opportunities typically identified during project planning and execution of construction. As a result, we've seen beneficial biodiversity and resource protection outcomes from meeting, and often exceeding, state and federal guidelines and regulations.



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.

Available Natural Heritage Inventory (NHI) data sets are used to review for the potential presence of rare species when planning our companies' power generation and distribution projects, and to evaluate stewardship initiatives our companies may undertake. Species listed on the International Union for Conservation of Nature's Red List of Threatened Species (IUCN Red List) are also considered, particularly when evaluating company-owned lands or activities where IUCN Red List species may occur. Nearly 60 IUCN Red List species are present within our companies' service territories. These data are primary factors in steering stewardship and species management decisions.

Through robust training programs and internal outreach, our Environmental department informs and educates thousands of company employees and contractors on environmental protection, stewardship and the preservation of natural resources during construction projects.

**Our employees and contractors carry out activities to preserve and enhance natural resources, protect and improve habitat, and increase biodiversity across our service areas.**

## Assessing biodiversity on company lands

Assessing biodiversity on company lands starts with a comprehensive evaluation of the multitude of unique landscapes that exist across our statewide service areas. This effort involves an extensive, on-going analysis of over 520 fee-owned properties comprising nearly 60,000 acres in Wisconsin and Michigan's Upper Peninsula to assess the biodiversity of locations that contain natural wetlands, grasslands and forest lands. A subset of these lands provide pollinator habitat that is essential to the survival and restoration of the monarch butterfly, and those lands are conserved as part of our participation in the Nationwide Candidate Conservation Agreement with Assurances (CCAA) for Monarch Butterfly.

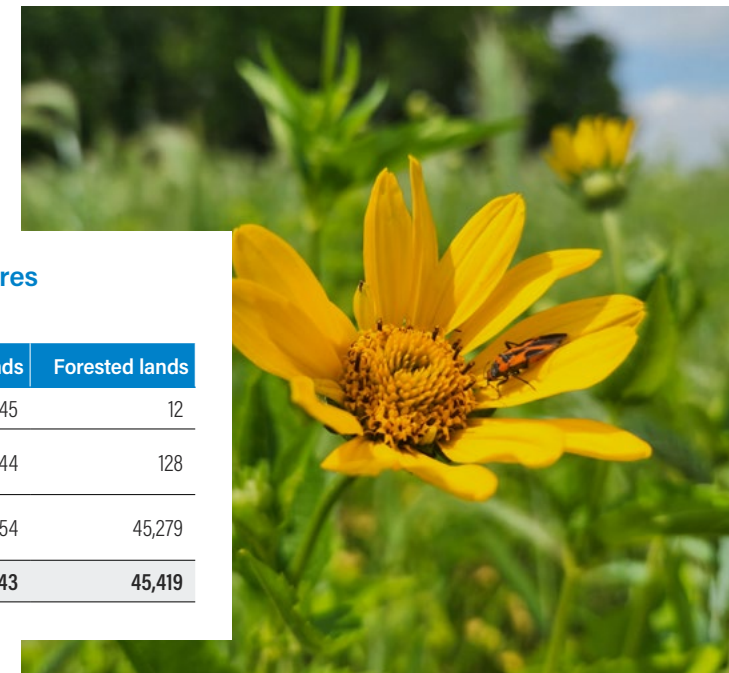
The results of this analysis are summarized in the table below. We developed a complex geographic information system (GIS) model using nearly 20 land cover, rare species and water resource data sets to examine the extent and quality of biodiversity occurring on our lands. The GIS model is being used to identify unique landscapes that warrant protection and enhancement.

**Biodiversity land metrics, fee-owned land in acres**  
(We Energies and Wisconsin Public Service)

	Pollinators	Other grasslands	Wetlands	Forested lands
Required mitigation	186	960	45	12
Voluntary active management	322	572	144	128
Voluntary passive conservation	69	4,795	6,854	45,279
<b>Total</b>	<b>577</b>	<b>6,326</b>	<b>7,043</b>	<b>45,419</b>

We evaluated the total lands being actively managed or passively conserved. Actively managed lands include areas maintained for regulatory or mitigation purposes and locations where we undertake voluntary activities to further enhance the biodiversity occurring within them.

Passively conserved lands stand idle from an operations standpoint; however, each provides tremendous ecological services, water and air quality benefits, and social benefits to the communities we serve. Diverse plant communities and high-quality water bodies occur on many of these lands, and provide habitat for hundreds of wildlife species, including pollinators and dozens of state and federally listed rare species.



## Rare species conservation and habitat protection

A wide variety of flora and wildlife species, including numerous rare species, are supported on thousands of acres of actively managed company lands.

Each year, state NHI database information is reviewed for thousands of projects to determine what, if any, negative impacts construction activities may have on rare species or their habitat. Our employees work to avoid or minimize impacts to these resources during the design and planning phases. Techniques such as implementing timing restrictions, altering the construction method, designing special best management practices, selecting a different route, or planning restoration with native vegetation are all examples of steps we take during project planning to conserve rare species and protect their habitat. In fact, our projects often result in increased biodiversity through wetland and rare species habitat restoration following construction. The planning process also targets reducing effects from habitat fragmentation and affecting high-quality resources.



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 (USFWS) and various state agencies to develop and implement a habitat conservation plan. Efforts under this plan regularly include advanced geographic information system mapping systems and pre-construction surveys. Wild lupine is crucial to the survival of Karner blue butterflies, so our companies' construction and maintenance projects remove brush along utility corridors to allow lupine to grow and thrive. We have restored, in collaboration with the Wisconsin Department of Natural Resources (WDNR), more than 55 acres of butterfly habitat along a natural gas lateral corridor in west-central Wisconsin. In 2022, the company continued collaboration with the WDNR to support necessary management of restored areas for decades to come.

Similar to the **monarch butterfly**, the **rusty patch bumblebee** population is declining in North America. The type of habitat required for the bumblebee is similar to that needed by the monarch butterfly. During 2023, we are evaluating options to broaden and increase our involvement with the Nationwide CCAA for Monarch Butterfly to also include the rusty patch bumblebee. Energy and transportation organizations have extensive land holdings. Collectively, these lands included under the CCAA program can provide tens of thousands of miles of corridors and millions of acres of vital pollinator habitat that can be conserved and managed for the population restoration of multiple threatened and endangered species.



### Restoring habitat for monarch butterflies

In July 2022, WEC Energy Group joined a new nationwide effort to help restore and increase the monarch butterfly population. Two of our utilities, We Energies and Wisconsin Public Service (WPS), are taking part in this important initiative.

The initiative is being coordinated through our participation in the Nationwide CCAA for Monarch Butterfly. This national program is being led by the USFWS and University of Illinois Chicago to encourage transportation and energy partners to participate in monarch butterfly conservation.

The monarch butterfly population has shrunk by 80% in the eastern United States since the 1990s due to the loss of habitat and food sources. As a result, the USFWS has determined that listing the monarch butterfly as threatened or endangered is warranted and plans to issue a proposed rule by 2024. The IUCN added the migratory monarch butterfly to its Red List in 2022, stating the species is threatened with extinction.

Together, We Energies and WPS have committed to conserving and restoring monarch butterfly habitat on nearly 500 acres of company property. New and expanded habitats will be maintained across the state, including lands in and around the Oak Creek Power Plant, multiple company-owned landfills, the former Pulliam Power Plant and several hydroelectric power facilities. This dedicated effort to preserve, restore and manage habitats will play a vital role in the survival of monarch butterflies, improving biodiversity on a landscape scale and the success of our ecosystem for decades to come.



Nearly 40 acres of habitat for the **slender glass lizard** and **phlox moth**, two Wisconsin endangered species, were restored following a natural gas lateral pipeline project constructed in 2019. We worked with partner biologists from the WDNR and the United States Army Installation at Fort McCoy in Monroe County to develop a conservation plan. In 2022, diverse native prairie habitat continued to become established and was further promoted through monitoring and invasive species management.

**Ospreys** frequently try to nest on top of utility poles, which can result in power outages and cause harm to the birds. 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 landowners in erecting nest structures in key habitat locations. These efforts support osprey recovery. More than 550 breeding pairs now live in Wisconsin.

While less frequent, **bald eagles** occasionally nest atop utility poles. When this occurs, company field crews install larger eagle nest platforms to provide alternatives for the eagles to use and eliminate the hazards associated with pole-top nests. As of the last official count, nearly 1,700 occupied eagle nests have been documented in Wisconsin's 72 counties, up from 108 nests in 1973. Additionally, the company helps state agencies protect eagle nests by documenting and maintaining occupied nest data associated with our 30 hydroelectric facilities.

**Peregrine falcons** have been calling our companies' power plants home for three decades. Our companies have maintained nesting boxes on power plant chimneys and rooftops. One-fifth of the peregrine falcon population in Wisconsin — more than 430 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 USFWS 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.

At multiple hydroelectric flowages, we conduct water quality testing at our facilities to ensure downstream flows are sufficient to support aquatic life. At our Grand Rapids Dam, we conduct fish surveys to ensure that downstream flows support a healthy fishery.

When we need to drop the water level below approved water levels for an extended period of time at our hydroelectric flowages, we protect aquatic species by conducting surveys for any potential stranded organisms and relocating them to safe waters.

**Wood turtles** are a protected species living throughout much of the companies' service areas. We have been an active partner since 2011 with a nonprofit organization dedicated to the recovery of diminished wood turtle populations in Wisconsin. Through our Mitigation and Enhancement Fund associated with our hydroelectric projects, we have funded the wood turtle recovery work and provided access to company properties for artificial nest site installation and surveillance.

For over 20 years, we have partnered with state and federal agencies, nongovernmental agencies and university researchers on efforts to restore **lake sturgeon** to Lake Michigan and investigate passage of lake sturgeon around hydroelectric facilities on the Menominee River. The research focus has been on sturgeon population dynamics, habitat, temporal habitat use, migration patterns and passage feasibility.



The We Energies Foundation is a longtime supporter of Riveredge Nature Center's lake sturgeon reintroduction project and Sturgeon Fest, an annual Milwaukee event. The prehistoric fish once numbered in the millions in Lake Michigan but was decimated through intense fishing.



## Preservation of natural areas and wetlands

We support efforts to preserve, create, restore and manage native habitats and other natural features on our companies' properties and leased lands. We also monitor a variety of biodiversity indicators on our lands and along natural gas and electric corridors.

### Sustainable construction practices

Our utility operations are investing in renewable generation being built on thousands of acres of land in the upper Midwest. Our companies also have ongoing new construction and maintenance activities on thousands of miles of electric distribution corridor every year. Preserving natural areas and wetlands in and around these activities involves stormwater runoff management and sediment control.

Company crews and contractors implement stringent best practices to manage erosion and keep disturbed sediments contained within planned construction areas. Maintenance and monitoring occur frequently to ensure we are minimizing impacts to natural resources, and we use key performance indicators (KPIs) as metrics to rate natural gas and electric distribution contractors' environmental compliance performance. Since we implemented these KPIs in 2019, we have seen significant improvements in our stormwater management practices, minimizing the potential for erosion effects at our construction sites.

### Ongoing habitat restoration and management

We regularly take opportunities to promote biodiversity on land surrounding our facilities. While conducting dam safety improvements, for example, we have restored disturbed soil with native prairie plantings. Restored prairie and wetland habitat on the former south coal dock at Port Washington Generating

Station continues to thrive as a resting place for migratory birds, with more than 120 species recorded since 2011. We increased the available prairie habitat at the site by 20% with additional restoration between 2019 and 2021.

An innovative approach to improve water quality in stormwater runoff was implemented at the Paris Generating Station in Kenosha County, Wisconsin. We converted 38 acres of nearby agriculture land to native prairie and wetlands, improving stormwater runoff near the Paris site. Ecological benefits include substantially increasing biodiversity on the site, promoting the health of pollinator species that benefit adjacent crops, controlling invasive species, and increasing flood storage along a flood-prone river that bisects the site.

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, reduce the use of herbicides for managing landfill covers, and restore native communities. More than a dozen state-protected and rare species, including plants, birds and reptiles, exist at properties located in Green Bay, Grafton, Saukville, Port Washington, Caledonia and Pleasant Prairie, Wisconsin. Several properties contain ecologically significant habitats with respect to both the richness of the native species and high quality of these 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.



*Former Drucker Quarry Ash Disposal Site*

### Restoring native prairie at former landfill sites

In 2022, we began the process to modify the vegetative cover of an approximately 22-acre area at our System Control Center Landfill, located in Waukesha County, Wisconsin. A specific two-year plan was designed to include a rotation of mowing, herbicide treatments and prescribed burning. Plan implementation began in 2022 to systematically remove the non-native turf grass cover in preparation for converting the homogenous and ecologically sterile grass community to a diverse native prairie. Native prairie seeding is scheduled to occur in fall 2023.

At the Cedar Sauk Landfill, a 25-acre closed ash landfill site located in Ozaukee County, Wisconsin, we initiated a native prairie conversion in 2021. The efforts to convert non-native turf grass cover to native prairie was managed similar to the System Control Center Landfill project. Following the vegetation management plan, the site was seeded with a diverse native seed mix of prairie

grasses and flowering species designed to attract local pollinators. Native species began colonizing the site in 2022, and non-native and invasive species were managed.

We have successfully followed a similar process for a prairie conversion at multiple properties, including the Druecker Quarry Ash Disposal Site, also in Ozaukee County, where a variety of native plant and animal species now thrive following initial prairie seeding in 2008. Over 125 native species have been observed on this property, including one state-threatened plant and several dozen other species indicative of high quality habitat.

Restoration objectives at all three landfill properties include establishment of a species-rich, native flora and fauna community that will provide numerous ecological services beyond wildlife habitat, including stormwater management, while reducing maintenance costs associated with turf grass management.





*Green roof at WEC Energy Group headquarters in Milwaukee*

Additionally, native prairie species are used to convert landfill areas to native grasslands. The entire food chain benefits from the restored prairies, from organisms in the soil to hawks and owls. 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 herbicide use on typical turf grass covers. Planted prairie species are deep rooted and drought resistant, 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, which reduces runoff.

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 at some company-owned properties. Stormwater management plans for power distribution and company office sites are incorporating native plants. These native plantings include species that sustain local wildlife, including the monarch butterfly. As one example, the District Energy Center in Milwaukee will have over 6,200 individual native plants within constructed stormwater facilities to effectively manage stormwater and provide a dense, native plant community designed as a pollinator refuge in an otherwise urban landscape.

Our companies also support activities aimed at restoring habitat through controlling several dozen invasive plant and animal species 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 200 acres of restored wetland, enhanced wetland, prairie and woodlands for invasive plant species at numerous company properties, including about 90 acres 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.



## Renewable projects and conservation

As we continue to invest in renewable energy, we are working to enhance biodiversity and support conservation efforts at our project sites.

Solar projects provide a unique opportunity for environmental stewardship by creating pollinator habitat. During site restoration in 2021 and 2022, two of our companies' solar generating facilities initiated over 100 acres of voluntary pollinator habitat restoration, increasing the overall vegetative diversity at each site. Supported by robust vegetation management plans, native plants and pollinators will provide essential ecological services, including boosting local agricultural crop yields, increasing water infiltration and reducing soil erosion. Our solar fields restore the soil over decades, and reduce use of natural and industrial fertilizers to protect surface and groundwater.

At our wind generating facilities, we implement site-specific plans and adaptive strategies to reduce impacts to bird and bat populations. Extensive pre-construction surveys for bird populations and activity are completed before finalizing future turbine sites. Working with the USFWS has resulted in relocating turbines to minimize possible bird impacts. When we observe protected bird species at a wind facility, we implement best management practices to reduce potential conflicts. We voluntarily use a method recognized by EPRI, regulatory agencies and wildlife scientists to help bats avoid the turbines: changing the blade angle to greatly slow the blade movement below the turbine cut-in speed, without materially impacting energy generation.



Post-construction avian monitoring studies were completed to gain more knowledge about the potential risks associated with solar panels and migrating waterfowl and other water birds at the Two Creeks and Badger Hollow solar projects. Due to the large survey areas, access limitations and vegetation height, trained detection dogs were used by our consultant, Western EcoSystem Technology Inc., to conduct the studies — one of the first uses of dog-handler search teams at solar facilities in the Midwest. No water obligates (birds that require water for takeoff and landing) were found in either study, and no notable patterns were observed.

## Protection of cultural resources

We have developed robust internal screening processes to review thousands of projects for the potential presence of known archaeological sites and historic properties.

The screening process involves using available cultural resource data sets to identify potential conflicts and avoid impacts to these resources during construction and property management activities. The internal screening process also identifies the location of tribal reservation boundaries so we know what projects may require additional consultation with tribal leaders or staff.

We work closely with cultural resource experts and a variety of agencies to ensure our projects avoid impacts whenever possible. When necessary, site surveys and construction monitoring are conducted by archeological professionals to protect the integrity of known cultural resource sites.

In 2021, we entered into a one-year Memorandum of Understanding (MOU) and expanded the scope of our license agreement with the Wisconsin State Historic Preservation Office regarding access to the Wisconsin Historic Preservation Database. Due to the successful implementation of the MOU in the first year, the agreement was extended in 2022 for five years. This MOU and license agreement includes confidentiality and nondisclosure provisions designed to allow our Wisconsin planning and design staff to see limited general information about the locations of cultural resource sites located near proposed company project locations. When such sites are shown on our GIS mapping tools, our staff involves state-licensed archeologists to fully investigate the details. The expanded use of GIS mapping resources has yielded earlier identification of potential conflicts with cultural resource sites, and greater protection of these sensitive resources.



*An archaeological team conducts a field investigation in advance of a gas lateral pipeline to determine if the project may have impacts to historic resources.*



## 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 investigating and remediating environmental concerns associated with former manufactured gas plant sites throughout their service areas. In the course of these projects, we work diligently to minimize any nuisances to neighboring communities.

### Uplands

We continued to work closely with the EPA in 2022 on the remediation of several sites throughout our service territories. These projects not only improved the environment but also supported redevelopment of the communities we serve.

At the **Peoples Gas Crawford site**, one of the largest MGP sites in the country, we completed remediation activities at two parcels incorporating in-situ soil stabilization (ISS) technology. This had the additional benefit of requiring less vehicle traffic than conventional excavation. At our Division Street site, located just northwest of downtown Chicago, a large portion of the site was divested to a developer for commercial development following a three-year remediation project.

Also in Illinois, we began construction of the second phase of a groundwater treatment system in **Waukegan**. With oversight and approval by the EPA, we used information collected during the first phase to fine-tune the design for system implementation and operation to address MGP impacts.



📍 From summer through fall 2022, we also helped revitalize a portion of **Ox Creek in Benton Harbor, Michigan**. We removed contaminants and placed a liner along the creek bed to prevent any future effects associated with the former MGP site. In addition, we removed invasive plant species, narrowed the creek channel, and restored the area with native plants. These steps will not only help improve water quality and water flow, but will help support the creek as a preferred fish habitat.

In fall 2022, we completed upland remediation of the **Manitowoc MGP site in Wisconsin**, including demolition of the former service center buildings and foundations. The cleanup included removal and off-site disposal of impacted subsurface soil and debris, recycling of non-impacted materials (e.g., concrete, asphalt), and ISS treatment of impacted soils and groundwater to prepare the properties for potential future redevelopment. This project had the support of the regulatory agencies, City of Manitowoc and local community.



📍 In November 2022, we initiated a remediation project at the former **WPS corporate headquarters** property in downtown Green Bay. Upon completion, which is expected in mid-2023, we estimate approximately 66,000 tons of impacted soil will be removed and properly disposed, and the site will be restored to a condition to facilitate the anticipated future use as a large, multiuse commercial/residential redevelopment.

### Sediments

As one of five nonfederal sponsors (including WDNR,

Milwaukee Metropolitan Sewerage District, City of Milwaukee and Milwaukee County Parks) that signed on to a Great Lakes Legacy Act (GLLA) project agreement for investigation and remedial design of the Milwaukee Estuary Area of Concern (AOC), We Energies continues to play a pivotal role in accessing federal funding to address contaminated sediments within the Milwaukee Estuary AOC.

In 2022, we completed our remedial design of Third Ward MGP sediments, and in collaboration with the other nonfederal sponsors, signed an amendment to the GLLA project agreement to include remediation of the Third Ward MGP sediments. As part of the amendment to the project agreement, this remediation will act as an in-kind contribution that will leverage millions of dollars in federal funding to facilitate remediation of other areas within the Milwaukee Estuary AOC. To further support the sediment cleanup effort, We Energies continues to collaborate with the Waterway Restoration Partnership — a group of community partners who are working together to improve water quality in the area.

## Community support

The We Energies and WPS foundations, along with our operating companies, provide grants that promote the environment in areas they serve. In 2022, contributions were made to nature centers and preserves, county land and water conservation organizations, 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.

Our companies also seek to work with the general public to increase awareness of natural resource stewardship. We 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, agriculture and invasive species.
- Arbor Day programs.
- Whooping crane and sturgeon programs.
- Raptor education and rescue.
- Nature trail development and restoration.
- Wildlife rehabilitation.

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

## Recreational improvements

Our companies work with state agencies in 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.

In addition, working with the We Energies Foundation, we collaborated with the City of Milwaukee and Historic Third Ward Association to create the Born Learning Trail in Gaslight Park. The park property is owned by Wisconsin Gas LLC and was once part of an MGP site that has since been remediated and redeveloped into mixed residential and commercial use, in addition to greenspace and the public Riverwalk along the Milwaukee River shoreline.

For more information on our foundations, see pages 63-66.



Garfield Park Conservatory

### We supported habitat protection, restoration and other environmental initiatives through many local organizations and sites in 2022, including the following:

- |                                       |   |   |
|---------------------------------------|---|---|
| • Audubon Great Lakes                 | • Green Bay Botanical Gardens                                 | • Rock River Coalition                      |
| • Baird Creek Preservation Foundation | • Lake Forest Open Lands                                      | • Sand County Foundation                    |
| • Brushwood Center at Ryerson Woods   | • Landmark Conservancy  | • Schlitz Audubon Nature Center             |
| • Chicago Gateway Green               | • Lincoln Park Zoological Society                             | • Seven Generations Ahead                   |
| • Chicago Horticultural Society       | • Mequon Nature Preserve                                      | • Trees for Tomorrow                        |
| • Chicago Zoological Society          | • Milwaukee Riverkeeper                                       | • Urban Ecology Center                      |
| • Forest Preserve Foundation          | • Natural Resources Foundation of Wisconsin                   | • Wild Instincts Inc. Eagle Rehabilitation  |
| • Fox-Wolf Watershed Alliance         | • N.E.W. Zoological Society                                   | • Wildlife in Need Center                   |
| • Friends of Town Line Lake Park      | • Northeast Wisconsin Land Trust Inc.                         | • Winnebago Conservation Club Inc.          |
| • Garfield Park Conservatory          | • Preservation Foundation of the Lake County Forest Preserves | • Wisconsin Wetlands Association            |
| • Gathering Waters Conservancy        | • Riveredge Nature Center                                     | • Woodland Dunes Nature Center and Preserve |
| • Geneva Lake Conservancy             | • Robert W. Monk Gardens                                      |   |





Twin Fall Hydro Facility

# 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 further 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 with leading research such as our hydrogen and long-duration energy storage pilots. We are committed to reducing GHG emissions from our system while maintaining the safe, affordable and reliable energy that is a cornerstone of our business model.

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 continued to increase our investments in cost-effective zero-carbon generation. We expect our utilities to spend \$5.4 billion between 2023 and 2027 on renewable generation for our utility customers. In addition, we continue

to invest in renewable generation outside our regulated utility footprint to serve other companies through long-term offtake agreements. Our 2022 Climate Report contains further information on how we continue to address climate change in an environmentally responsible manner and to serve our customers.

## Renewable energy portfolio

Utility and nonutility energy assets

Facilities (as of Dec. 31, 2022)	Capacity (MW) <sup>1</sup>	Serving
<b>30 hydroelectric plants</b>	97	Utility customers
<b>1 biomass plant</b>	46	
<b>5 wind turbine facilities</b>	498	
<b>2 solar facilities</b>	200	Infrastructure customers
<b>7 wind turbine facilities</b>	1,334 <sup>2</sup>	
<b>Total renewable capacity</b>	<b>1,887 MW</b>	

<sup>1</sup> This table uses nameplate capacity for our solar and wind facilities, and rated capacity for other energy sources.  
<sup>2</sup> Includes total nameplate capacity of jointly owned infrastructure wind projects in service.

## Sustainable customer programs

For decades, we have offered options to electric customers who want to help strengthen the market for renewable energy.

We Energies' **Energy for Tomorrow**® program was established in 1996 and WPS' **NatureWise**® in 2002. 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 similarly offers WPS customers the opportunity to purchase specified amounts of electricity from renewable sources.

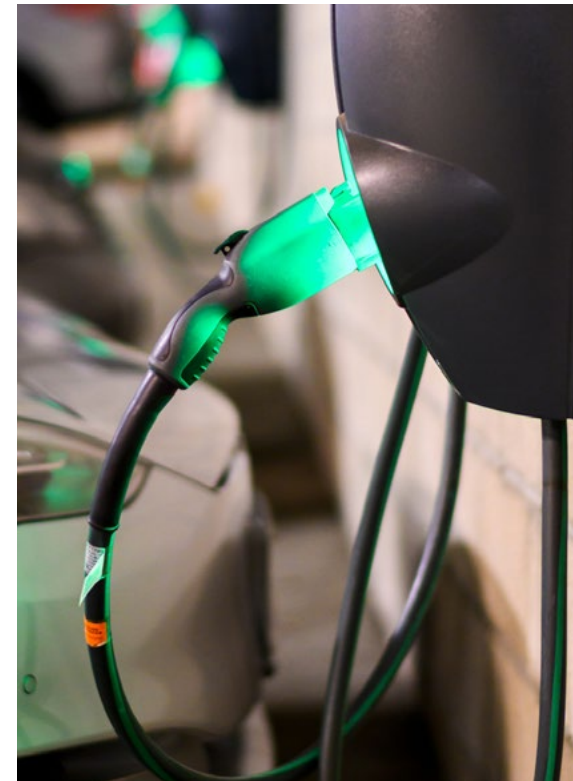


In addition, WPS has continued to lead **SolarWise for Schools**, an award-winning solar and renewable energy education program. Current participating local high schools have received a 2-kilowatt solar energy system installed at their school, a hands-on renewable energy curriculum and teacher training to integrate SolarWise lessons into their classrooms. Students from participating schools also are invited to compete annually in the WPS-sponsored Solar Olympics.

Increasing customer access to **electric vehicles** (EVs) is a priority for us. To that end, We Energies and WPS launched pilot programs in March 2022 designed to remove barriers associated with this technology. A residential pilot makes it easier and less costly for customers to install charging equipment and broadens the availability of time-of-use rates for EV owners, and a commercial pilot helps pay for infrastructure upgrades needed to charge larger vehicles.

The pilot programs will help us better understand and address the impact EV charging will have on the electric grid, as millions of EVs are expected to be sold in the United States in the coming years.

In October 2021, subject to the receipt of any necessary regulatory approvals, we pledged to expand the EV charging network within the service territories of our electric utilities. In doing so, we joined the National Electric Highway Coalition, a unified effort by electric utilities to make EV charging convenient and widely available throughout the United States. The coalition we joined is committed to providing EV fast charging ports that will allow the public to drive EVs with confidence along major U.S. travel corridors by the end of 2023.



We also are working to electrify our own vehicle fleet. In August 2020, under the auspices of the Edison Electric Institute (EII), we joined our utility peers across the nation in setting sustainability goals for our vehicle fleet across WEC Energy Group. Our targets for 2025 are for 35% of car and SUV purchases and 25% of Class 3 truck purchases to be plug-in electric vehicles, and for 40% of our storeroom equipment to be electrified. We aim to increase that storeroom equipment percentage to 75% by 2030.

### GHG emissions and our transportation plan

Planning for:

**35%** car and SUV      **25%** Class 3 truck

purchases to be electric by 2025

Aiming to electrify our storeroom equipment:

**40%** by 2025

**75%** by 2030

We currently offer:

**62** charging stations

**117** charging ports at our facilities



## Carbon dioxide emissions reduction

We have established ambitious greenhouse gas reduction goals for our electric generating fleet, aligned with or surpassing global emissions pathways aimed at limiting warming to 1.5°C.

**Due to our reduction efforts, we were nearly halfway toward our 2050 goal at the end of 2022, compared to our 2005 baseline.**

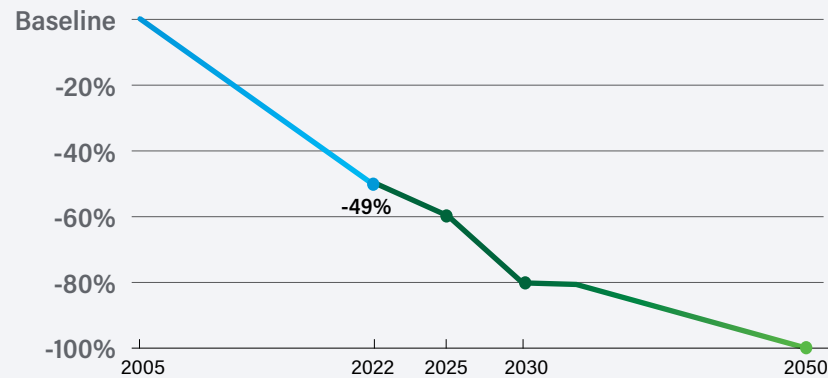
As strategies to reduce GHG emissions continue to evolve, we are committed to working with elected officials, regulatory agencies, customers, environmental groups and other stakeholders to achieve a 60% reduction in carbon emissions from our generation fleet by the end of 2025 and an 80% reduction by the end of 2030, below 2005 levels. Our long-term goal for our electric generation is to be net carbon neutral by 2050.

We will continue to replace fossil-fueled generating facilities with lower-carbon natural gas resources or carbon-free resources, including additional wind, solar and other renewable energy technologies. The pace of these fossil plant retirements and new plant construction will be guided by reliability and cost considerations, and public policy decisions could also influence our decision-making. Additional transmission system investments and energy storage projects may also be required to support these developments. Potential transmission system expansion will be a key factor in our capital planning.

Our newer, more efficient coal units continue to play an important role in ensuring the reliable service our utilities must provide. They are strategically located on the Midwest transmission grid and able to be dispatched during extreme weather conditions, when natural gas supply lines or renewable technology may be compromised. At our Oak Creek site, Elm Road units 1 and 2 are among the newest and most efficient coal-fueled generating units in the United States, having begun commercial operation in 2010 and 2011, respectively. We have an approximately 85% ownership interest in the two units.



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



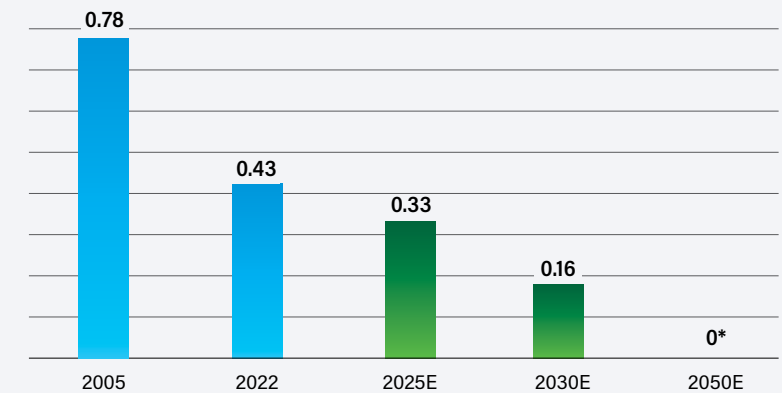
### Reduction goals:

**60%** below 2005 levels by the end of 2025

**80%** below 2005 levels by the end of 2030

**Net carbon neutral** by 2050

**Greenhouse gas intensity\*\* (metric tons CO<sub>2</sub>e/MWh)**



\* Includes projection of potential carbon offsets by 2050.

\*\* Includes owned electric generation, purchased power and WEC Infrastructure (WECI). The environmental attributes of the WECI renewable facilities are or may be the property of third parties. As such, these third parties are solely entitled to the reporting rights and ownership of the environmental attributes such as renewable energy credits, offsets, allowances and the avoided emissions of greenhouse gases.



**We are planning for the future of the Elm Road units with fuel flexibility and emissions reduction in mind. We have tested co-firing with natural gas at the site. We plan to make operating refinements over the next two years that will allow a fuel blend of up to 50% natural gas. Over time, we expect to transition completely away from coal by making a modest investment in plant facilities, including new burners and additional pipeline capacity to the site. By the end of 2030, we expect to use coal only as a backup fuel, and we plan to eliminate coal as an energy source by the end of 2035.**

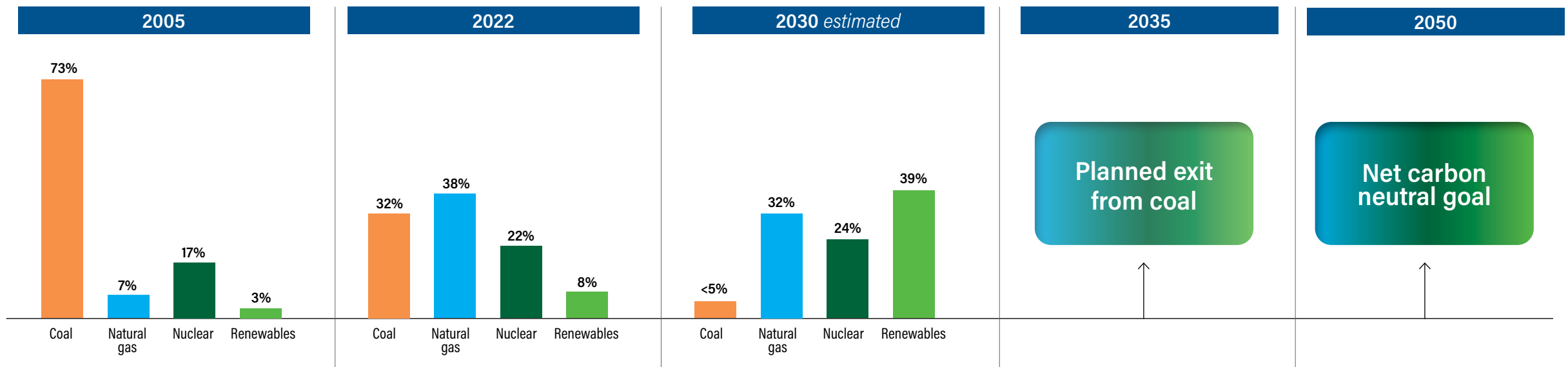
We already have retired approximately 1,900 MW of nameplate capacity of fossil-fueled generation since the beginning of 2018, which included the 2023 retirement of Weston Power Plant Unit 2, the 2019 retirement of Presque Isle Power Plant, and the 2018 retirements of

Pleasant Prairie Power Plant, Pulliam Power Plant, and the jointly owned Edgewater Unit 4 generating units. Through our ESG Progress Plan for capital investment, we expect to retire approximately 1,500 MW of additional fossil-fueled generation between 2023 and 2027, which includes the planned retirements of Oak Creek Power Plant units 5-8 and the jointly owned Columbia units 1-2.

We look forward to working with our stakeholders to develop policies that will enable us to achieve our goals.

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

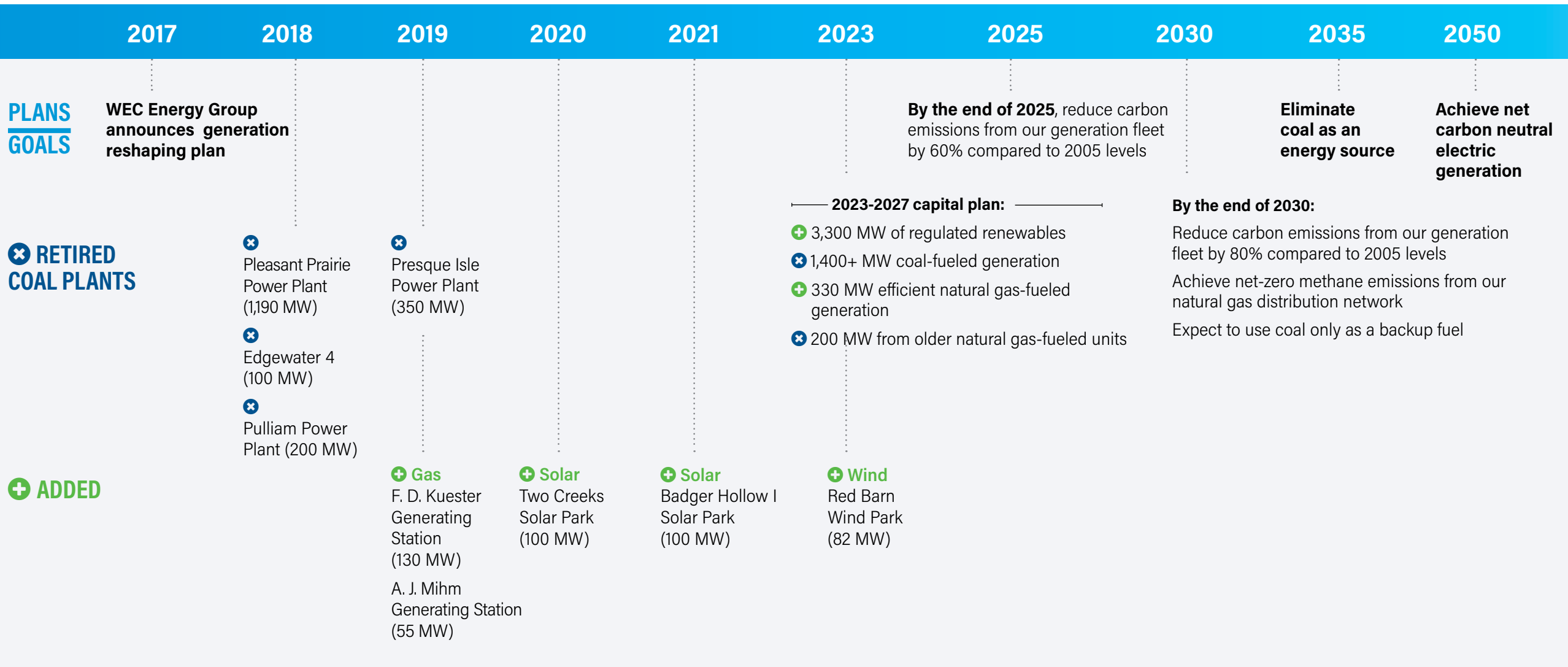
Electricity supply by fuel type (megawatt-hours delivered to regulated utility customers)





# Our ongoing transition to a clean energy future

We have set aggressive goals to reduce greenhouse gas emissions while continuing to provide our customers with safe, reliable and affordable energy.





## Just Transition

We have set ambitious goals to transition to clean energy sources while continuing to serve our customers affordably and reliably. We will continue to evaluate the impact to our stakeholders as we make decisions on plant retirements and new projects.

The transition to a low-carbon economy poses challenges in areas with workers and resources invested in fossil fuel generation.

**As we move to reduce GHG emissions, we will continue to look to the “Just Transition” framework, developed by the trade union movement, to ensure a holistic and thoughtful approach to the changes ahead. Recognizing the social impact that plant retirements and new investments will have on our communities helps us develop sustainable energy solutions for their needs.**

As we mitigate environmental impacts through a reduction of carbon-intensive energy sources, we are cognizant of both economic and social impacts tied to this transition.

We have implemented a variety of measures to support our stakeholders. See our [position statement](#) on our website.

## Workforce

Many dedicated workers operate our power plants, and we are committed to keeping them informed and prepared as we transform our generation fleet. On at least a quarterly basis, our senior vice president — power generation meets with union leaders to provide updates on our capital plan and the timeline of actions relating to any upcoming facility retirements. Update meetings with employees and site management are frequently held at transitioning plants.

As older, less efficient plants are closed, we work with local union leadership and follow applicable policies and collective bargaining agreements. Through this approach, we have provided retraining and placement opportunities at other company locations to all interested employees from our retired coal plants. As an alternative, we have offered voluntary severance, which has included outplacement services, educational assistance and a health insurance subsidy.

For example, when we decided to retire the coal-fueled Pleasant Prairie Power Plant, we offered voluntary severance options to employees across our power generation fleet. This allowed positions to be open at other facilities for Pleasant Prairie employees who wanted to continue their career at our company.

Additional benefits vary based on factors specific to each location. In some cases, we have offered retention incentives to employees for working until the end of plant service. Our transition planning for the upcoming retirements of our older Oak Creek units includes careful monitoring of our employee population and retirement expectations, our ability to transition employees over time to the newer Oak Creek expansion units, and proactive communication with employees and union leaders to ensure all are informed and engaged throughout the process.



## Community

Beyond jobs for individual workers, power plants represent significant investments and physical resources in the communities we serve.

**We work closely with local governments and organizations on site redevelopment so that the land previously supporting a facility can benefit the surrounding community.**

For example, we expect some of our former sites to host farmland, biodiverse ecosystems and community infrastructure, providing future growth and prosperity for the region.

We promote economic growth through leadership in economic development organizations and through direct contributions. For example, 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. Since its founding, M7 has assisted companies that created or retained more than 28,000 pledged jobs in the region.

We are also an active member of chambers and economic development organizations across Wisconsin, including the Metropolitan Milwaukee Association of Commerce (MMAC). The MMAC is working to strengthen the business base to attract and retain jobs in the Milwaukee region.

**Our charitable giving programs support communities across our service areas, and through our foundations, we have contributed to economic development efforts in counties where we retired plants.**

We also work with local governments to plan for continued economic stability and future growth in impacted communities. This work includes planning for the eventual reduction in shared revenue payments made by the State of Wisconsin to local governments that result from the existence and operation of our plants. As long as these assets remain part of our rate base, communities will continue to receive utility shared revenue payments from the State of Wisconsin. If a plant is retired and the property is sold, it then ceases to be utility property and will be assessed as taxable property by the local governmental entities.

Wisconsin state law provides a glide path from utility shared revenue after a plant is retired and the property is sold. In conjunction with any property tax paid by the new owners, in the first year that the property is taxable, the community receives 100% of the previous year's utility shared revenue. It receives 80% of this revenue in the second year, 60% in the third year, 40% in the fourth year and 20% in the fifth year. After that, the property goes on to provide the appropriate property tax revenue.

## Energy affordability

As we provide vital energy services, we recognize our responsibility to keep energy bills affordable for our customers. Over time, we expect customers to see significant savings from the retirement of less efficient plants. Renewable generation resources require no fuel costs and substantially lower operations and maintenance costs, compared to fossil-fueled generation. We take measures to reduce costs in the short term from older plants.



We carefully manage our plants slated for retirement to minimize the need for capital investment — avoiding spending on projects without lasting benefit whenever we can do so safely. In addition, we work with our regulators on the recovery of retired plant balances. We have retired approximately 1,800 MW of coal production since 2018, and we have had no material issues recovering the previously made, prudent investments in plant assets.

## Environment

In addition to reducing emissions, we seek to improve the ecological well-being of our properties — leaving the land in equivalent or better condition after our operations are complete.

We actively manage hundreds of acres of natural areas within our companies' ash landfill sites, largely originating from coal plants that are now retired. These efforts are helping to promote biodiversity, support pollinator populations, maintain large blocks of intact natural areas, reduce the use of herbicides, and restore native flora and fauna. More details on our stewardship and restoration activities can be found on pages 25-32.

## Methane emissions reduction

Our goal is to achieve net-zero methane emissions from our natural gas distribution system by the end of 2030. At the end of 2022, we were 22% toward achieving our goal.

We continue to reduce methane emissions by improving our natural gas distribution system. We plan to achieve our net-zero goal through an effort that includes both continuous operational improvements and equipment upgrades, as well as the use of renewable natural gas (RNG) throughout our utility systems. We received regulatory approval in 2022 for an innovative RNG pilot program in Wisconsin and signed our first contracts with local dairy farms. The farms will supply methane gas, which would otherwise go unused, to our gas distribution system. The RNG supplied will directly replace conventional fossil-based natural gas that would have entered our pipes. In addition, these investments are expected to reduce the environmental impact of agricultural activity, such as wastewater runoff. We expect to have RNG flowing to our distribution network in 2023.

Additionally, 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. Peoples Gas initially committed to replace its remaining iron natural gas mains at an annual rate of at least 2% for five years beginning in 2017. In 2021, an additional three-year commitment through 2023 for the same target was finalized. Since reporting to the EPA's Methane Challenge Program that began in 2017, we have reported emissions reductions from our voluntary actions of approximately 1,338 metric tons of methane, or 33,400 metric tons of carbon dioxide equivalents (CO<sub>2</sub>e).

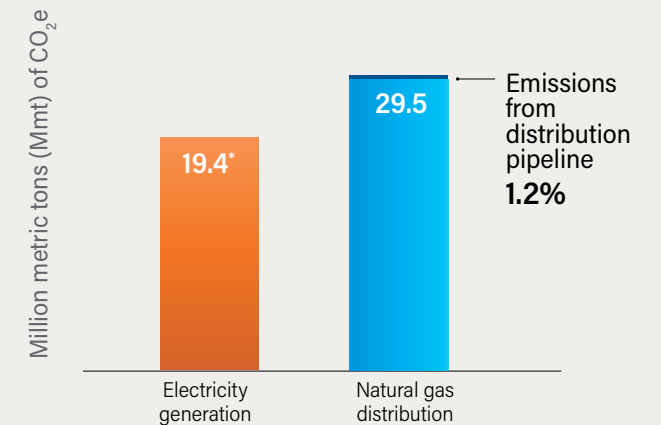


For 2022, we reported emissions of approximately 29.5 million metric tons of CO<sub>2</sub>e to the EPA related to our natural gas distribution business. Approximately 98.8% of this amount was from our customers' use of natural gas sold by our companies or transported through our distribution system (those customers without their own reporting requirements), and the remainder was from distribution system leaks.

**We have established an ambitious greenhouse gas reduction goal for our natural gas distribution network, aligned with or surpassing global emissions pathways aimed at limiting warming to 1.5°C.**

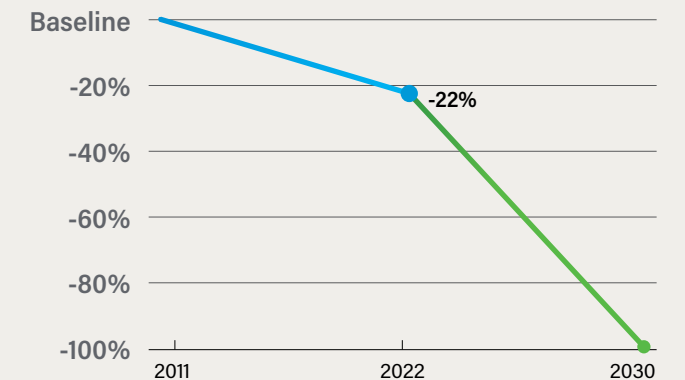
### 2022 GHG emissions from electricity generation and natural gas distribution

Reported to the EPA



\* Includes biogenic emissions

### Achieved and anticipated methane emissions reduction from distribution



— Represents a decrease in the rate of methane emissions, per mile, from the natural gas distribution lines in our network from a 2011 baseline.  
 — This goal applies to emissions from WEC Energy Group natural gas distribution companies calculated in accordance with EPA's 40 Code of Federal Regulations Part 98, Subpart W reporting rule.



## Looking to the future of natural gas

Electrification has been discussed in our industry as a possible means of reducing methane emissions from the use of natural gas. To stay informed of the latest developments, we actively participate in industry collaboratives and national initiatives for sharing information and best practices. For example, upon its founding in 2020, we signed on as participants in the Low-Carbon Resources Initiative, a joint effort from the Electric Power Research Institute (EPRI) and GTI Energy, formerly the Gas Technology Institute.

At this time, given the state of the technology and the specific conditions of our service areas, we see more potential in other options for reaching net-zero methane emissions. Continued electrification of space and water heating could play a role in reducing the emissions from natural gas use over the long term. Today, however, conventional electric heat pumps are significantly more costly than natural gas heating in our region. Our analysis has shown that currently, electrification in the upper Midwest appears to demonstrate no net reduction in methane consumption due to seasonal demands for power generation. The distribution system remains essential to serving our customers, especially during our region's cold winters.

In 2022, we continued to support the development of natural gas heat pumps through our work with and

support of the North American Gas Heat Pump Collaborative and the Gas Technology Institute's Utilization Technology Development program. Commercial gas heat pumps are currently available in the market, and residential gas heat pumps are expected to be available near the end of 2023.

As an alternative to electrification, the industry is looking at opportunities to blend renewable natural gas from dairy farms and other sources with conventional natural gas, reducing the carbon intensity of natural gas supplies. We are taking steps to implement this method as we work toward our methane reduction goal. It suits our business especially well due to the strong dairy industry in our region.

In addition, hydrogen is getting increased attention as a promising longer-term strategy. There is potential for hydrogen to be produced with zero-emission energy resources and blended with conventional natural gas. If this technology becomes a viable option for our companies, we expect our modernized natural gas system could be modified to carry hydrogen fuel.

Our ongoing engagement with industry peers and research initiatives will help us apply new technologies as they become suited to the needs of our operations and our customers.



In 2022, we launched one of the first hydrogen power pilot programs in the United States, helping to lead our industry in this space. As described in the Innovation section (Page 44), we partnered with EPRI to develop a program co-firing hydrogen with natural gas at one of our reciprocating internal combustion engine (RICE) units in Michigan's Upper Peninsula. Researching hydrogen as a clean generating fuel to our fleet of dispatchable plants is an important step on our path to a sustainable future. There were very promising results from this project, as the units met or exceeded expectations and performed efficiently.



### Scope 3 emissions study

In early 2021, we established an experienced, cross-functional team to identify and collect data that was necessary to establish relevant categories of scope 3 emissions in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. The team included subject matter experts from our supply chain, finance, gas distribution, fuels, energy efficiency and environmental teams.

Following extensive analysis and rigorous review of the GHG Protocol's 15 scope 3 categories, we identified those that are most relevant and impactful to our business.

#### Scope 3 emissions (metric tons CO<sub>2</sub>e)

Emission category	2021
<b>Category 1:</b> purchased goods and services	348,000
<b>Category 3:</b> fuel and energy-related activities	6,435,000
<b>Category 4:</b> upstream transportation and distribution	605,000
<b>Category 11:</b> use of sold products	17,299,000
<b>Category 15:</b> investments	449,000
All other categories	241,000
<b>Total</b>	<b>25,377,000</b>

Scope 3 emissions are identified as indirect (upstream and downstream) emissions that occur because of a company's activity, not included in scope 2 emissions.

Under the guidance of a scope 3 executive steering committee, as well as independent sustainability consultant Environmental Resources Management (ERM), the cross-functional team conducted an extensive internal review of data that included analysis of the risks and opportunities associated with potential strategies to decarbonize scope 3 emissions. The team assessed various pathways that included reduction of natural gas demand through increased energy efficiency, decarbonization of the natural gas supply with responsibly sourced natural gas and/or renewable natural gas, and longer-term offsets such as low-to-negative emission emerging technologies.

**We are continuing to evaluate these opportunities and technologies, while weighing the overall risks to ensure that energy continues to be affordable and reliable for all customers. This is the foundation of our regulatory compact and will remain our top priority.**

Decarbonization of scope 3 emissions is complex, and we need to carefully consider various dynamic and often-competing factors as we look to the future. We will continue to work closely with our state regulatory commissions and other key stakeholders as we determine further potential opportunities to reduce scope 3 emissions.



## 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 we have set.

### Scenario and goal analysis

Since 2019, we have provided key updates on our strategy and progress through our climate report. 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 builds upon industry-specific research from EPRI, global emissions scenarios used by the Intergovernmental Panel on Climate Change (IPCC) and the Sustainable Development Scenarios from the World Energy Outlook 2021.

As detailed in our 2022 climate report, we engaged EPRI to conduct a risk assessment to understand potential decarbonization pathways. EPRI is a nonprofit scientific research organization with a public benefit mandate. This assessment helped us better understand how variables such as cost, feasibility, policy, technology and probability of adoption could influence the potential decarbonization pathways for Wisconsin. This study allows us to better evaluate risks associated with our regional energy future such that we can continue to use forward-thinking business strategies to ensure we remain adaptable to market changes.



Additionally, we engaged ERM as a consultant to conduct a climate scenario analysis across all segments of our natural gas utilities business. This scenario analysis was used to test the resilience of our gas utility assets and operations against potential future climate-related transitional risks and decarbonization pathways. This assessment provided insight on the importance of adopting an emissions reduction pathway that provides both environmental and economic sustainability, while supporting a resilient and reliable delivery system.

Our analysis 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. We continue to evaluate climate-related risks and opportunities and update our approach as technology, policy and markets evolve. Our GHG reduction goals described on Page 35 support the call by the IPCC for GHG reductions.

### Our climate strategy continues to support the international effort to limit global temperature increases.

The 2015 Paris climate agreement set a goal of limiting global temperature increase to well below 2 degrees Celsius (°C) above preindustrial levels. Consistent with this goal, the IPCC published a report on limiting global warming to 1.5°C. The report found that reducing global emissions 30% to 70% by 2030 and 70% to 130% by 2050 (relative to 2005) is consistent with “no or limited overshoot” of 1.5°C.

Helpful points of reference include the International Energy Agency’s (IEA) Sustainable Development Scenario (SDS) from the World Energy Outlook, and the 2 Degree Scenario (2DS) and Beyond 2

Degree Scenario (B2DS) from the Energy Technology Perspectives. By 2030, IEA projects that the average global carbon intensity (CO<sub>2</sub> emissions per megawatt-hour of electricity production) will decline to roughly 0.23 metric tons of CO<sub>2</sub> per megawatt-hour (metric tons/MWh) in the B2DS scenario and the 2DS scenario. By comparison, we estimate a carbon intensity of 0.16 metric tons/MWh for our operations by the end of 2030, as we work toward our 80% reduction goal.

### 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.

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 federal and state GHG regulations. We also are engaged with Wisconsin agencies, organizations and other stakeholders as participants in the Governor’s Task Force on Climate Change, and we are monitoring the recommendations of the Michigan Governor’s Council on Climate Solutions regarding utilities, energy-intensive industry, building codes and electric charging infrastructure.

Learn more about the approach we are taking to reduce GHG 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.

WEC Energy Group has a long history of exploring innovation in energy generation and distribution, environmental stewardship, and sustainability — both through independent efforts and in collaboration with industry partners. From industry-leading beneficial use of combustion products to early investigation of carbon capture at generating facilities, we have demonstrated our continuous commitment to improving our products and our footprint.

## Industry collaborations

As founding members of the Electric Power Research Institute (EPRI) in 1972, we continue to invest in research and development programs related to generation system efficiency improvements, generation operation and maintenance best practices, distribution automation, smart grids, telecommunications modernization, cybersecurity, renewable energy and demand-side energy efficiency.



With EPRI, the company participates in the Strategic Sustainability Science program. The program's research pillars include development of quantifiable sustainability metrics, sustainable decision-making frameworks, enhanced stakeholder engagement and

sustainable electric resource forums. Through this research, various resources are developed to help facilitate a sustainability-focused mindset throughout the company. The program helps inform our company on risk management, stakeholder communication, sustainability program maturity and sustainability research to meet the industry's future needs.

In 2022, we also became one of the founding members of EPRI's Climate Resilience and Adaptation Initiative (READi). This three-year initiative is focused on developing a common platform for climate data to inform the planning, design and operation of resilient energy systems. The deliverables are anticipated to be common framework guidebooks on climate data assessment/application guidance, vulnerability assessment, risk mitigation assessment, recovery planning, hardening technologies, adaptation strategies and further research priorities. These guidebooks would then be available for use in our future planning and investment prioritization efforts.



Peoples Gas has partnered with GTI Energy, formerly the Gas Technology Institute, since 1985, and has invested more than \$9 million in research, innovation and development of technology solutions. The research has resulted in technologies used by the natural gas industry to benefit customers and employees through improved safety, operational efficiencies, reduced environmental impacts and increased energy efficiency.

In collaboration with GTI Energy, we help support the Utilization Technology Development (UTD) and the Operations Technology Development (OTD) research nonprofits.



UTD is a nonprofit, member-led organization composed of 20 natural gas distribution companies. Its mission is to identify, select, fund and oversee research projects to maximize the environmental performance, affordability, efficiency and safety of equipment and processes that use natural gas and renewable energy resources. Our company invests \$250,000 annually, a portion of this through energy efficiency dollars, to support projects that span all end-use sectors and cover a variety of topics, including ultra-high-efficiency gas heating and cooling solutions, efficient and clean fuels (renewable natural gas, hydrogen, synthetic gas), and small-scale carbon capture.



OTD is a nonprofit corporation composed of 29 natural gas distribution companies that serve over 70 million consumers in the United States, Canada and France. This program allows utilities to combine interests, expertise and resources into focused research and development projects to develop solutions to a wide range of challenges. OTD projects are aimed at enhancing natural gas system safety, increasing operating efficiency, reducing operating costs, reducing methane emissions and maintaining system reliability and integrity.





In 2020, WEC Energy Group joined EPRI and GTI Energy's Low-Carbon Resources Initiative (LCRI), which is focused on large-scale deployment of low-carbon technologies. This long-term initiative is working to:

- Identify and accelerate development of promising technologies, including hydrogen, bioenergy, carbon capture and renewable natural gas.
- Demonstrate and assess the performance of key technologies and processes and identify possible improvements.
- Inform key stakeholders and the public about technology options and potential pathways to a low-carbon future.

WEC Energy Group has participants on the following LCRI technical subcommittees: Hydrocarbon-Based Processes; Renewable Fuels; Electrolytic Processes; Storage and Delivery; Power Generation; End Uses: Transportation/Industry/Buildings; Integrated Energy System Analysis; and Safety/Environmental Impacts. Each of these subcommittees meets regularly with LCRI peers for project updates, technical presentations on topics relevant to the low-carbon energy transition, and discussions on emerging issues. The subcommittee members meet internally on a quarterly basis to collectively provide updates to management. This research and development effort will help inform our longer-term strategy to address the emissions from our electric generating units and natural gas distribution system.

We also support research on emerging technologies and opportunities for our customers through Focus on Energy, Wisconsin utilities' statewide energy efficiency and renewable resource program. These research projects have the goal of allowing Wisconsin to further its efforts toward reducing energy waste, costs and environmental impacts. In 2022, the Focus on Energy Environmental & Economic Research and Development program launched research projects and pilots on topics including heat pump water heaters, integrated building automation systems, and high-performance building standards for affordable housing. More information about Focus on Energy and our other energy efficiency programs can be found in the Energy Affordability section on pages 76-77.

We participate in other industry-related organizations, such as Utility Supply Management Alliance, Edison Electric Institute and Midwest Energy Association, to stay informed about the market and supply chain challenges.



*Two Creeks Solar Park*

### Renewable energy programs for customers

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

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. The program allows nonprofit and government entities, as well as commercial and industrial customers, to site utility-owned solar arrays on their property. In 2022, Solar Now systems:

- Resulted in 21,313 metric tons of avoided carbon dioxide equivalents.
- Supported our green pricing programs, with 20% of Solar Now generation going to Energy for Tomorrow customers.

Through the Dedicated Renewable Energy Resource program, large commercial and industrial customers can access renewable resources operated by We Energies, helping these larger customers meet their sustainability and renewable energy goals.

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. Wisconsin Public Service placed its first distributed generation project in service in early 2022, which has a capacity of 7.5 MW. We continue to evaluate the impact of local generation, including our Solar Now pilot program, across our electric 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 reliably, and at a competitive price. These projects include large generation projects such as the Two Creeks and Badger Hollow I solar facilities.



### Technology integration

In addition to reducing GHG and other air emissions, research and experimentation with new technology benefits many areas of our business.

For example, our utilities are applying technologies to improve safety, quality, timeliness and effectiveness of inspections utilizing advanced imagery including LiDAR, drones (remotely piloted aircraft systems), and satellites 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. Data analytics is used for tasks including tracking electric line reliability and customer outages. We continue to train our employees in the evolving use of analytical tools and techniques.



WEC Energy Group continues to expand robotic process automation (RPA) to deliver a flexible digital workforce that provides cost-effective, consistent services in areas including billing, credit and collections, customer care, field operations and data center operations. Over the last year, attended automation technology, which functions as a “digital assistant” for human users, was added to the existing unattended digital workforce. This combination of technologies not only reduces labor, but also reduces variation in process execution while helping the different business areas meet service levels. Other types of benefits are illustrated by an RPA use case that impacts both safety and the environment, as the automation evaluates natural gas usage on inactive meters and then issues field investigation orders to resolve potential gas leak and theft scenarios.

### Hydrogen as a fuel source for power generation

WEC Energy Group led a successful pilot project with EPRI in 2022 to test hydrogen as a fuel source for power generation. During the pilot, hydrogen was mixed with natural gas to power one of three 18.8-megawatt Wärtsilä reciprocating internal combustion engine (RICE) units at Upper Michigan Energy Resources’ A.J. Mihm Generating Station. Wärtsilä provided expert technical support as the RICE unit was tested with hydrogen fuel blends of up to 25% by volume. Emissions reductions and unit efficiency were monitored throughout the test period and analyzed by EPRI.

The hydrogen demonstration results show that hydrogen can be handled safely in a properly designed, monitored and controlled fuel system. The expected reduction in CO<sub>2</sub> emissions, consistent engine efficiency and a favorable reduction in methane emissions were all observed in the test results. In addition, the existing selective catalytic reduction system maintained emissions below permit levels without modification. EPRI has made the pilot results available to the energy industry to understand how RICE engines can efficiently generate dispatchable power today and in the future with growing hydrogen supplies.



### Long-duration energy storage

In 2023, we announced another pilot project collaboration with EPRI and CMBlu Energy AG of Germany. We plan to test CMBlu’s Organic SolidFlow battery for discharge durations of five to 10 hours. The test will be conducted at We Energies’ Valley Power Plant in Milwaukee to further industry knowledge of this battery design that does not rely on an already stressed supply chain for lithium or rare metals. The battery technology is expected to offer longer-duration energy supply compared to standard lithium ion technology due to its flow battery design.

Preparations are underway on the design of this project to advance industry knowledge, support renewable technology and help shape the future of clean energy.





# Social

We promote the well-being of our employees and communities in all we do.

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# Empowered employees

The bedrock of the company, our employees strive to achieve optimal results with a customer focus to help us realize our full potential and business goals. We value their contributions and help them develop their skills in support of a strong, engaged workforce.

## Diversity, equity and inclusion

We are dedicated to ensuring a fair and inclusive workplace and a diverse workforce. Our commitment to diversity, equity and inclusion is more than following policies and procedures; it is a core strategic competency that is recognized in our annual Top 10 goals. Making sure our workplace is inclusive and respectful means employees can bring their best and do their best.

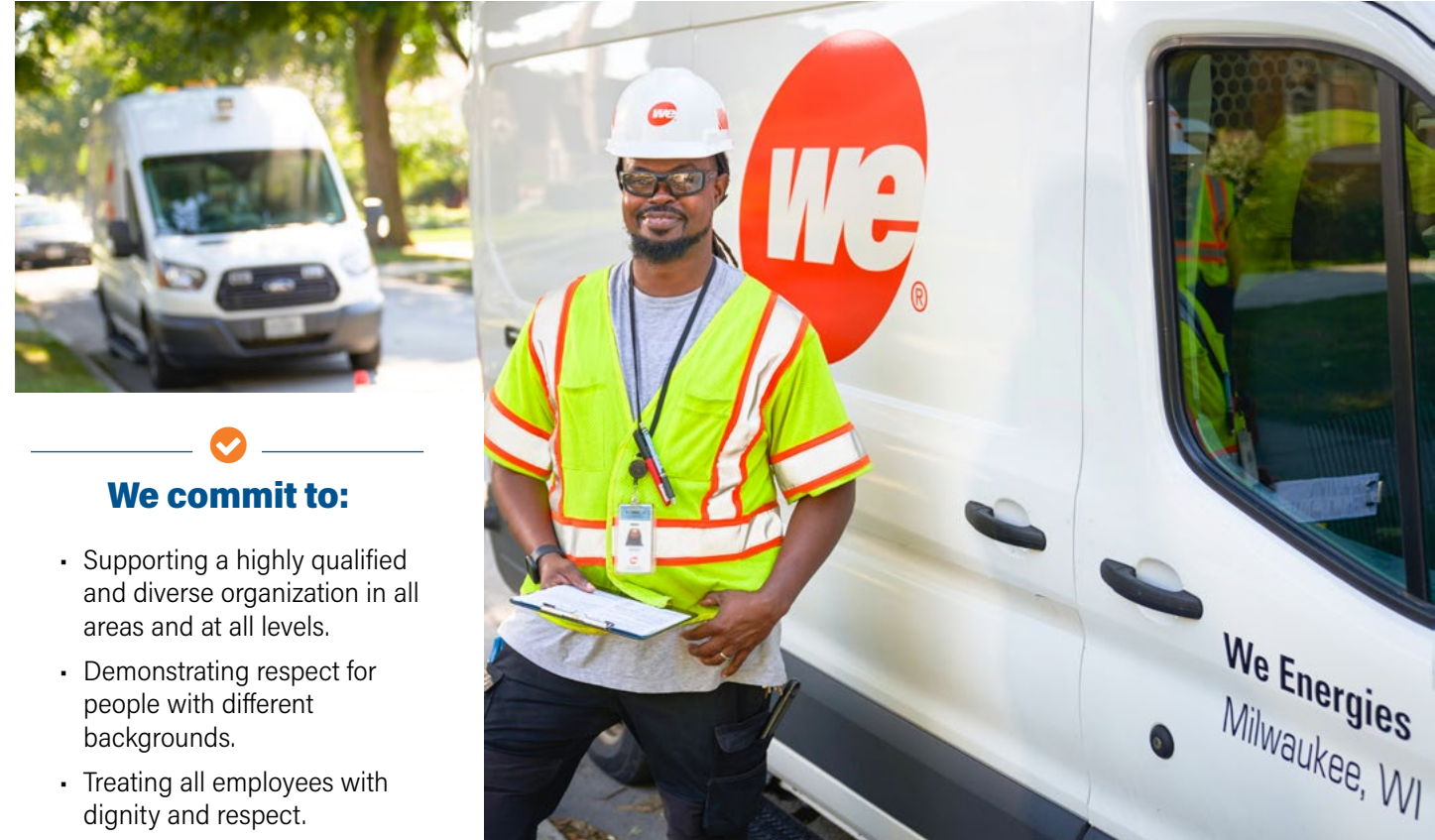
In 2022, we updated our diversity and inclusion mission statement and our Commitment to Diversity and Inclusion business competency to include equity — a focus on fairness and removing barriers to success.

As detailed throughout this section, we foster inclusion and equal opportunity through a number of initiatives that promote diverse workforce contributions; educate employees about diversity, equity and inclusion; and make our companies attractive employers for persons of diverse backgrounds.

We offer inclusion training, such as training for leaders on countering unconscious bias, building inclusive teams and preventing workplace harassment. This training was expanded in 2022 to be available for all employees. In addition, dedicated diversity, equity and inclusion educational resources for employees and leaders — including news, activities and learning opportunities — are published on our company's intranet site, with content updated quarterly.

In addition, our workplace policies and practices are designed to promote a fair and inclusive environment. Examples include:

- A gender-neutral work attire policy that is open to religious dress.
- Private rooms at our major office facilities for faith, meditation, wellness and lactation.
- Supportive gender transition guidelines managed by Human Resources.
- Alternative work schedules and remote work arrangements available where duties permit.



### 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 dignity and respect.
- Seeking and encouraging diverse ideas and viewpoints.
- Leveraging different perspectives to achieve business goals.
- Striving for equitable and inclusive practices across the organization.

**“We value diversity, equity and inclusion as an integral part of our corporate culture. With courtesy, care and respect, we hold each other accountable for making our company a great place to work.”**

**Scott Lauber**  
President and CEO  
WEC Energy Group





**WEC Energy Group workforce** (Dec. 31, 2022)

Company	Number of employees	Female (%)	Minority (%)	Represented (%)
Michigan Gas Utilities	137	17	4	64
Minnesota Energy Resources	197	12	6	21
North Shore Gas	155	12	33	77
Peoples Gas	1,348	18	68	69
We Energies	2,838	25	18	77
Wisconsin Public Service	1,136	15	3	72
Wisconsin River Power Co.	7	0	0	100
WEC Business Services	1,211	48	25	0
<b>Total</b>	<b>7,029</b>	<b>25%</b>	<b>26%</b>	<b>59%</b>

As part of our commitment to transparency, we voluntarily publish our EEO-1 report on the WEC Energy Group website. This report is a snapshot in time of our demographics and is based on categories required by the federal government.

### Community partnerships

We have worked with nonprofits in our industry and communities to enhance our diversity, equity and inclusion efforts.

We are 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 up with secondary and post-secondary educational institutions to address the need for a qualified, diverse workforce. Our involvement includes participation on the Diversity, Equity and Inclusion and Outreach subcommittees.

We are actively engaged in the MKE Tech Hub Coalition, a nonprofit membership organization that serves as a unifying voice for the Milwaukee tech ecosystem, formed to meet the need for tech workers in the Milwaukee region. In 2022, we participated in two hands-on activities through MKE Tech Hub Coalition in support of doubling the amount of tech talent in the Milwaukee region and establishing a diverse and inclusive talent pipeline.

In addition, we pledged to the CEO ACTION for Diversity & Inclusion, the largest CEO-driven business commitment to advance diversity and inclusion in the workplace.

We have engaged with Disability:IN Wisconsin, a new corporate partnership that is a resource for business disability inclusion and supports the expansion of opportunities for people with disabilities.

We are also a corporate sponsor of the We Exist organization, which is designed to help advance racial minority talent, reduce barriers to employment and close the wealth gap in the Milwaukee area.

### Commitments

In 2022, we again participated in a survey on women in the workplace from an initiative that encourages female leadership and gender equality. Women filled 23% of all leadership positions at our company as of Dec. 31, 2022.

In addition, in partnership with the Metropolitan Milwaukee Association of Commerce, 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. As part of this, we hired/contracted with five students across the company in support of the University of Wisconsin-Milwaukee Student Success & Talent Pipeline internship program.

We also support Edison Electric Institute's "Advancing Racial and Social Justice, Diversity, Equity and Inclusion" commitment, which sets forth a series of industrywide goals and recommended actions to achieve them. The items we are specifically focused on include:

- Ensuring that diversity, equity and inclusion are driven from the top.
- Removing barriers to entry by expanding and broadening the pool of diverse candidates.
- Establishing stronger community connections.

**We have made continued progress in advancing women and racial minorities in leadership positions, with 35% of vice president and above leadership positions now filled by women or minorities, compared to 32% at year-end 2021.**

## Business resource groups

With a focus on inclusion, we promote business resource groups (BRGs) with executive sponsorship and involvement. The company has nine active BRGs, all working to foster an atmosphere of inclusion and engage our employees in using their talents and interests to spark innovation and support our strategic goals. They help attract new talent and provide employees with opportunities for networking, career and leadership development, and community engagement.

The company continues to support BRGs, which give interested employees numerous opportunities to collaborate, network, and share their insights and talents. Initiatives in 2022 included creating a formal BRG referral process to help attract and retain talent, increasing the BRGs' presence across company social media platforms, and celebrating Global Diversity Awareness Month with an expanded focus on themes of inclusion and allyship.

Our BRGs are making a difference across our companies. Highlights of their accomplishments in 2022 included:

- **African American Business Resource Group** supported the Milwaukee Public Schools partnership for We Energies field occupations, developed mentoring partnerships with Milwaukee Cyber School and supported the iMentor program in Chicago.
- **Asian Americans and Friends** promoted Asian American Pacific Islander (AAPI) Heritage Month across the company and coordinated a virtual food drive with Greater Chicago Food Depository.
- **Health and Disability Allies** coordinated offering "Disability Fundamentals for Managers" training to inform leaders and employees about disability awareness, etiquette, disclosures, accommodations, and holding accessible

meetings and events. In addition, the group hosted a variety of virtual sessions on topics such as caregiving, self-care and physical health.

- **Listo!+,** focused on supporting Latino employees, offered employee development information sessions and joined the Hispanic Professionals of Greater Milwaukee advisory committee.
- **Management Development Network** hosted networking events and educational sessions on corporate projects, including Safety Management Program upgrades.
- **Military Service Members Association** supported a variety of fundraisers for veterans and submitted the application for the Wisconsin Vets Ready employer award.
- **Next Generation Network** supported the company's internship program and hosted a variety of career-focused events across its chapters.
- **WEC PROUD** co-hosted the information session "Representation and the Power of Being One's Authentic Self" with Women's Development Network and partnered with local organizations to help members of the LGBTQ+ community in need.
- **Women's Development Network** hosted a companywide virtual speed mentoring session, along with a variety of career development and informational sessions featuring company leaders. The group also supported community efforts such as the Making Strides Against Breast Cancer Walk and Make-A-Wish Foundation.

Multiple groups collaborated to support established charitable initiatives across our companies, including work with Habitat for Humanity, holiday giving organizations, and food and supply drives. In addition, the groups participated in the first All-BRG Movement Challenge, with over 200 employees, leaders and executives participating.



WEC Energy Group once again received the Wisconsin Department of Workforce Development's Vets Ready Employer Initiative award in 2022, receiving Gold Level recognition. The award honored our work to build a support system within the workplace, hire and retain more veterans, and connect to veterans and their families in the community.



## Building our talent pipeline

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

Our recruitment strategy is multifaceted. We use local, state and national partners to share our job postings in an effort to ensure our opportunities are visible across a wide audience. Our companies use behavioral-based interviewing to identify top talent in a fair and unbiased manner. We have built relationships with agencies, high schools, 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.

We also support external programs such as the African American Leadership Program; McKinsey's Leadership Academy programs for minorities; Chicago Urban League's IMPACT Leadership Development Program; and Forward 48, a leadership development program designed to help emerging Milwaukee leaders and inspire them to become change-makers within their communities.

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 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 post open positions with a variety of community agencies, including the American Association of Blacks in Energy, Hispanic Alliance for Career Enhancement, Urban League in Milwaukee and Chicago, and Women in Trades.

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.

## We contribute to a range of programs supporting students from underrepresented backgrounds.

We Energies continues to partner with **Milwaukee Public Schools** to engage high school students in careers in energy through paid positions at our company. 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, helping our workforce reflect our diverse customer base. Approximately 130 students have worked with our company through these programs.

In addition, the We Energies Foundation contributed in 2022 to educational programs including:

- **Carroll University** to sponsor scholarships for underrepresented students interested in engineering.
- The **Milwaukee Area Technical College Foundation** to support line mechanic scholarships that focus on diverse applicants.
- The **MKE Fellows program**, which creates opportunities for academically talented African American young men from urban backgrounds in



*Milwaukee Public School Career Day at We Energies Bluemound Training Center*

Wisconsin to graduate from college, network with local business leaders and gain exposure to an array of professional experiences that complement their academic studies.

- **Mount Mary University's Trinity Woods project**, an intergenerational project that provides housing for single-mother students and their children, as well as independent, assisted and skilled living, and an early childhood education center.

**Together, our company and We Energies Foundation are contributing \$3 million to the University of Wisconsin-Milwaukee's Moon Shot for Equity initiative, promoting equal access to higher education. Our support is providing coaching and financial aid to local students with academic promise. Find more information on Page 63.**



### How we develop and engage our employees

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 35% of the employees at WEC Energy Group companies will be eligible to retire. In 2022, 5.5% of the WEC Energy Group workforce retired, which was an increase from previous years.

**Succession planning and internal talent development are integral components of our workforce planning process to ensure we are prepared for upcoming retirements.**

The majority of our current senior leaders were identified and promoted through our succession 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.

Internal development opportunities are designed to support a strong, diverse workforce, and include:

- Programs for current leaders.
- Executive, formal and informal mentoring programs.
- An Emerging Leaders program that helps employees in nonsupervisory roles develop their leadership skills.
- Training to educate employees and leaders regarding the company's individual development plan process.

Our board of directors reviews executive-level succession plans annually for leadership continuity. Senior management conducts an annual talent review to ensure talent is being identified and developed for future senior leadership roles. We actively consider



diversity and equity throughout the process. Development plans may include rotational assignments, project leadership, mentoring, external development programs, or other opportunities for enhancing employees' operational and leadership skills. Succession planning also is 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 the first half of 2022, gauging employees' perceptions of their work, their leadership and the company as a whole. Our employees shared constructive feedback, and executive management as well as business unit leadership created action plans to address the specific feedback for their area of responsibility. To ensure we are making progress in addressing opportunities for improvement, we conducted a follow-up "pulse survey" in 2023.



## Training and education

Talent management is a primary focus for our companies, and employee training and development of technical, business 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 2022, employees from throughout our companies completed more than 225,000 classroom and e-learning courses.**

The vast majority 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 is also 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, job aids and simulations.

Assessment tools for individual contributors and leaders were used for a variety of development needs — in both program 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 seven required courses, 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.

The Foundations of Leadership II program focuses on developing coaching and conflict management skills. It combines online courses with presentations by experienced leaders. A discussion board and learning circle conversations further enhance the learning experience.

Developing leaders at the manager level is accomplished in partnership with the Sheldon B. Lubar College of Business at the University of Wisconsin-Milwaukee. Leaders are offered an intensive 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 responses they received from a 360-degree feedback survey.

In addition, leadership development is offered annually to director-level employees, also through the Lubar College of Business, consisting of executive education tailored to align with specific leadership competencies.

## 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	Expiration date of labor agreement
<b>Local union (AFL-CIO)</b>	
No. 2150, International Brotherhood of Electrical Workers	Aug. 15, 2023
No. 2285, International Brotherhood of Electrical Workers	June 30, 2024
No. 18007(C), Utility Workers Union of America	July 31, 2024
No. 49, International Union of Operating Engineers	Dec. 31, 2024
No. 417, Utility Workers Union of America	Feb. 15, 2025
No. 1147, International Brotherhood of Electrical Workers	April 7, 2025
No. 420, International Union of Operating Engineers (WPS)	April 16, 2025
No. 31, International Brotherhood of Electrical Workers	May 31, 2025
No. 420, International Union of Operating Engineers (We Energies)	Sept. 30, 2025
No. 2006, Unit 1, United Steelworkers	Oct. 31, 2025
No. 12295, United Steelworkers	Jan. 15, 2026
No. 18007, Utility Workers Union of America	April 30, 2028



## 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 is not tolerated on the basis of sex, age, race, color, creed, religion, disability, marital status, sexual orientation, gender identity, genetic information, national origin, ancestry, citizenship, pregnancy, military status, veteran status or other status protected by applicable state law. 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.

The Audit and Oversight Committee of our board of directors has oversight responsibility for human rights-related policies, including the Code of Business Conduct, while our Ethics and Compliance department, working at the direction of senior management, is responsible for the development and implementation of these policies.

### Benefits and compensation

We comply with all governing employment laws and also participate in regular audits of our employment practices, which include a review of the total compensation paid to all employees. Additionally, we systematically analyze pay equity among employees, including a review of gender, race and ethnicity. 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/paid time off days
- Payable absence plan
- Sick leave/short-term disability benefits
- Parental leave
- Pension plan
- Tuition reimbursement
- Commuter benefits
- Wellness incentives
- Service awards
- Adoption assistance
- Matching gifts program



### 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 serve as an overarching guide for employees.

All management (nonrepresented) employees have a component of their pay affected by performance. This is accomplished through the annual incentive pay plan, which promotes the achievement of corporate goals while recognizing individual performance. Award funding for management employees is based on achievement of company performance related to targets for cost control, customer satisfaction, safety, and supplier and workforce diversity. Individual awards are based on individual performance toward objectives.



# Safety and health

Safety is our top priority across our operations, reinforced by targeted programs, goals, and engagement with our employees and the public.

## Internal safety

Our safety strategy is people-first. To execute on this, we use best practice programs, employee engagement techniques, integrated scorecards and quality control principles. Our employees are committed to working safely and fostering a safe workplace.

### Safety commitment

Over the past decade, our companies have improved their safety records by implementing and improving key programs. Because we understand the negative effects that injuries have on employees, their families, friends and co-workers, our goal is to achieve top-quartile safety performance.

**While we ended 2022 with our best year ever for days away, restricted or transferred (DART) cases, we remain focused on continuous improvement.**

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 their families, friends and communities.

### 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. Actively engaged employees lead us 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. Management employees are expected to provide daily information and communication about safety topics. In addition, they are responsible 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.



**“We focus on safety so that everyone has the training and tools they need to do their work well and return safely to their families every day. Beyond that, we ask our team members to look out for each other — to speak up and work together to make the workplace safer. That culture of caring is at the heart of our Target Zero commitment.”**

**Kevin Wood**  
Director — Safety and Health  
WEC Energy Group

## Targeting excellence in safety performance

In addition to the established safety structure, a broad-based team was launched in 2021 to direct efforts on increasing engagement, addressing risks and reducing injuries. The Excellence in Safety team includes representation from senior leadership, as well as experienced field professionals from across WEC Energy Group. Union leaders advise the team, and business unit safety steering committees, management and represented safety committees, and other safety teams also provide input.

Excellence in Safety efforts support four core goals:

- Engagement of front-line personnel.
- Simplified focus on key safety topics: mental/physical readiness and safe use of equipment.
- Enhanced focus at the point of exposure.
- Prevention of significant incidents and fatalities (SIFs).



*We communicate reminders of our safety commitment in many ways across the organization, from prejob briefings in the field to daily messages on computer lock screens.*

The team is guiding safety efforts in operations to increase leadership visibility, such as during employee and workgroup task observations. There, leaders provide timely feedback on the quality of the prejob brief and hazard control mechanisms.

Front-line leaders and their work groups support broader business unit safety plans and initiatives. Area safety plans are designed for a consistent approach toward mental, physical and/or vehicle equipment readiness that addresses area risks. Leaders provide updates to their respective chain of command to reinforce positive culture changes derived from the plans.

As part of the plans, employees are encouraged to work together to discuss how a task will be done safely or to express concern when they see something that may lead to a potential injury. Leadership recognizes a job well done and celebrates them across the organization so everyone can learn from them.

In addition, executive leadership takes an active role in personally contacting injured employees to make sure they are doing well and learn what can be done to eliminate future injuries throughout the company. Regular meetings include senior executives and department leadership to review any DART incidents and take the appropriate actions to mitigate recurrence.

Ultimately, the Excellence in Safety team aims to promote a more sustainable approach and platform for safety, while reinforcing a culture of caring.

## Recognizing employee commitment to safety

### Excellence in Safety Awards

We recognize individual employees and teams across WEC Energy Group with annual awards for an outstanding commitment to safety, with a focus on front-line workers in higher-risk occupations.

### Safety Charity Challenge

In the quarterly Safety Charity Challenge, employees whose companies 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 2022, WEC Energy Group charitable giving programs and foundations contributed a total of \$95,000 to local charities through the Safety Charity Challenge.**

### Performance incentives

To reinforce the focus on safety across the corporation, all management (nonrepresented) employees have a component of their annual incentive pay affected by safety performance.







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**Between 2010 and 2022, our companies reduced:**

OSHA-recordable incidents by 52%  
Lost-time incidents by 68%

### Focused on front-line safety

Our employees are empowered to make changes in the field and in our plants.

Through our high-risk task reviews, business units assess different high-risk procedures or work methods, often using cross-functional teams. The goal is to find opportunities to reduce risk by engaging front-line workers on how work is performed.

In partnership with the International Union of Operating Engineers — Local 420, our Power Generation employees conduct regular, proactive safety walk-downs to find and correct unsafe conditions, and identify areas for improvement.

Several unions also have appointed members who act as safety liaisons. The liaisons provide direct feedback to employees regarding work behaviors, as well as summaries of safety issues and opportunities to management.

### Safety goals and risk management

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

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

Our companies have monitored DART, lost-time and OSHA-recordable incidents for decades and began monitoring safety leading indicators in 2009. On an annual basis, we conduct benchmarking in partnership with the American Gas Association and Edison Electric Institute to evaluate our performance compared to our peers.

Our safety record indicates employee commitment to working safely, and we continuously strive to do even better.

### Safety leading-indicator goals include:

- **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.
- **Near miss / unsafe condition (NMUC) program** — Our companies are focused on reporting high-impact near-miss events and unsafe conditions that relate to seasonal risks and/or have a high potential for significant injury or fatality. We respond to action items and communicate results to employees.
- **Employee health** — Since health impacts safety, we encourage employees to complete preventive exams and biometric screenings and to increase physical activity, as appropriate. We also have increased our communications to employees and their families about the mental health benefits available to them.

**Risk evaluation**

We are working with industry allies to identify and use standardized classifications to help manage risk and share findings within our industry network as leading indicators. Those incidents that have potential for or result in a SIF incident are evaluated using a safety classification and learning model to determine the need for formal investigation.

Additional leading indicators that relate to managing risk exposures are being implemented. Key measures for hazard recognition and control are part of that scope, such as validation of the quality of daily prejob briefings and discussions related to precursors — warning signs of a potential serious incident or fatality.

Tasks with high levels of risk have been and continue to be proactively assessed for consistent work practices across various segments within our footprint. Doing so helps maintain compliance with procedures and engages workers in improvement opportunities, in particular those with high SIF potential.

Our Safety and Health team evaluates incident trends to identify the hazards that are most prominent at different times of the year, and leaders communicate these risks to their employees.

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-impact opportunities for risk reduction and improvement.

In 2022, approximately 40% of DART incidents across WEC Energy Group resulted from overexertion, and 30% from slips, trips and falls. While we have programs in place to address these safety and health issues, our primary focus remains on avoiding high-SIF incidents. Reflecting that focus, 2022 marked our 12th year without a fatality.

Safety performance	2020	2021	2022
<b>DART incident rate<sup>1</sup></b>			
Employees	1.80	1.98	1.07
Contractors <sup>2</sup>	0.00	0.00	0.00
Combined	1.72	1.90	1.02
<b>Lost-time incident rate<sup>1</sup></b>			
Employees	0.75	0.84	0.37
Contractors <sup>2</sup>	0.00	0.00	0.00
Combined	0.71	0.81	0.35
<b>Fatality rate<sup>1</sup></b>			
Employees	0.00	0.00	0.00
Contractors <sup>2</sup>	0.00	0.00	0.00
Combined	0.00	0.00	0.00
<b>OSHA-recordable incident rate<sup>1</sup></b>			
Employees	2.52	2.58	1.69
Contractors <sup>2</sup>	0.00	0.00	0.00
Combined	2.41	2.47	1.61

<sup>1</sup> In line with OSHA reporting, rates in this table represent cases per 100 full-time employees.

<sup>2</sup> "Contractor" rates include those for whom utility employees provide day-to-day supervision, aligning with the "contractor" definition from Edison Electric Institute.



**NMUC reporting**

Identifying near-miss events and unsafe conditions can help reduce risk and prevent injury. All employees have been 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 reported near misses at an incidence rate of 271.01 in 2022 (approximately three reports per employee). However, only a small fraction (less than 0.1%) of the total reports in 2022 were work-related NMUCs of a higher risk potential.

Following benchmarking and analysis of safety results, we have started encouraging employees to focus on higher-risk, work-related NMUC reports as a means to simplify the analysis of our data. We will continue to foster a strong reporting and action-oriented culture in the workplace.

**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 before 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. Handbooks and videos are used to demonstrate proper tool use, and stretching and strengthening programs also are available to employees.

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

### Employee health and wellness

We provide various benefits and resources that promote healthy living, both at work and at home, including competitive benefit plans designed to help employees actively manage their health.

We encourage employees to receive preventive examinations, take time off when needed, use remote work options as appropriate 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 — related to cholesterol, weight, blood glucose 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 work to provide employees a safe, drug-free environment. All employees are part of a drug and alcohol testing program. 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 mental 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.

Our company also offers 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, including weight loss and nicotine cessation. The wellness programs facilitate health screenings, host health challenges for individuals and teams, and provide other resources to encourage employees to prioritize their mental and physical health.







## Public safety

We support public safety throughout our operations and in our communities.

### System safety and security

Our companies build and operate natural gas and electric distribution lines and facilities with a focus on the safety of our employees and the public.

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

Peoples Gas and North Shore Gas are in the process of enhancing their integrity management program by implementing a Pipeline Safety Management System. This system focuses on proactive risk identification and mitigation that goes beyond existing regulatory requirements. The various changes driven by this program continually increase the safety of our operations and reliability of our system.

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, business continuity for each critical business process, and communication protocols for notifying external stakeholders — including customers, local media, government and regulatory agencies.

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. These methods help us prepare for and, if need be, respond to a range of potential threats, including natural disasters, loss of critical information technology or telecommunications systems, loss of natural gas or electric operations, and damage to facilities.



## Promoting safety in our communities

Our companies regularly share the importance of electric and natural gas safety at public events.

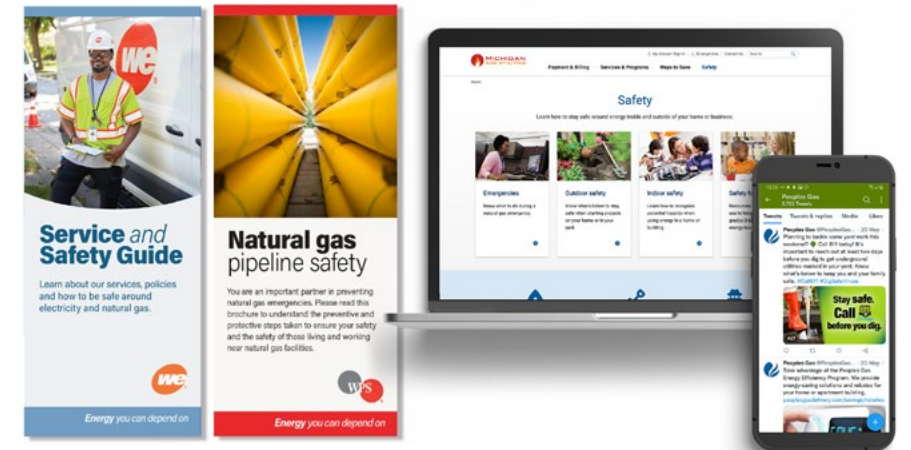
In August 2022, We Energies employees connected with customers in the company's Energy Park exhibit at the Wisconsin State Fair. Energy Park features energy-related performances, exhibits and demonstrations — including quiz shows and other games highlighting important safety information for children and families. This family tradition remains one of our most significant customer touchpoints. More than 53,000 fairgoers visited Energy Park over 11 days.

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



## Customers

Customers of all our utilities receive guidance on energy safety through a variety of channels, including our bill inserts, direct mail, email, company websites and social media.





## Education and outreach

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

### Contractors

Construction contractors are a key audience. Our companies reach out to this audience annually 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.

### Students

All of our utilities provide teachers, students and parents with access to online resources for energy education through the e-Smart Kids website. We Energies, Wisconsin Public Service (WPS), Michigan Gas Utilities and North Shore Gas offer additional classroom materials such as brochures, posters and other materials supplied free to educators upon request. WPS also collaborates regularly with the Einstein Project in Green Bay, Wisconsin, to promote electric and natural gas safety and efficiency.

### 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 voltage 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.



## Supporting first responders in our communities

We Energies, WPS, Minnesota Energy Resources and Michigan Gas Utilities, along with the companies' charitable foundations, announced nearly 80 public safety agencies as recipients of their 2022 Rewarding Responders Grants, providing up to \$2,000 each. Each year, the Rewarding Responders Grant program helps fire, police and emergency medical service agencies purchase lifesaving equipment or important training for their members. Some of the items purchased with the 2022 grants included new automated external defibrillators (AEDs), multi-gas detectors, thermal imaging cameras and scene lighting equipment.



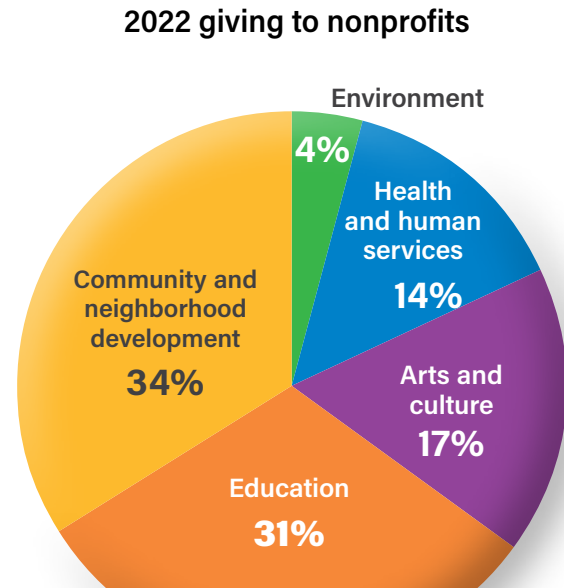
# Community engagement



Our charitable giving and employee volunteering help those in need in our communities.

We are dedicated to supporting the well-being of our neighbors, the vitality of our region, and the preservation of the natural world around us. Building equity and promoting opportunities in areas that have been historically underserved or marginalized benefit our region as a whole.

Our companies provide financial support for nonprofit, tax-exempt organizations in our communities. In support of our priority sustainability issues, our focus areas for giving include education, community and neighborhood development, arts and culture, health and human services, and the environment.



**\$20.6 million**

total provided in support of our communities

In its 2022 ranking, the Milwaukee Business Journal identified WEC Energy Group as the largest corporate charitable giver in Wisconsin in the previous year.



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## Helping students succeed in partnership with UWM

**In 2022, We Energies contributed \$1 million to University of Wisconsin-Milwaukee (UWM) as part of the Moon Shot for Equity initiative. By establishing two funds for local students, the gift has supported equal access to higher education and enhanced quality of life.**

The We Energies Scholarship Endowed Fund is providing assistance to undergraduate students from high schools within the city of Milwaukee with academic promise and financial need. The We Energies Student Success Fund supports success coaching — including advising, tutoring and mentoring — to help undergraduate students complete their degrees.

“UWM is the most diverse campus in the UW System, and we are proud of that distinction,” said Mark Mone, UWM chancellor. “We have a dual mission of providing access to education for students from all walks of life while conducting research that addresses the problems of today and tomorrow. This gift addresses both sides of that mission — by providing opportunities to students who can then be part of groundbreaking research that can change the world.”

UWM already has seen a reduction in the student achievement gap after implementing changes through the Moon Shot initiative, and the We Energies Foundation is continuing support for the program in 2023 with an additional gift of \$2 million.

“As a large employer, we know that we will need a diverse and inclusive workforce to help shape the future growth and prosperity of the region. That starts with increasing the diversity of our local college graduates,” said Gale Klappa, executive chairman — WEC Energy Group. “We’re pleased to provide this gift and work with UWM to support first-generation scholars as they take the next step on the path to graduation and success.”

## Funding through foundations, operations

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 employees. Workplace giving campaigns in our subsidiary companies also support the arts and numerous United Way organizations in the areas we serve.

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.

**“Meaningful community change requires collaboration, commitment, and consistency. Our United Way commends We Energies and the We Energies Foundation for their steadfast commitment to all of these. We’re deeply grateful for your partnership and the excellence you bring to your investments in our communities.”**

*— Amy Lindner, president and CEO — United Way of Greater Milwaukee & Waukesha County*

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 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 2022, company and foundation leaders engaged with nonprofit representatives through approximately 370 virtual or in-person visits with our community partners.

### Charitable outreach goals:

- 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.

## Supporting organizations throughout our communities

In 2022, we contributed to organizations addressing critical needs and creating opportunities in the areas we serve.

It was a year during which needs were once again great, and our foundations and charitable giving programs were able to successfully support more than 1,400 organizations that turned to our companies and foundations for help.

### Community and neighborhood development

We see the needs of our neighbors and work to provide essential services and resources. It’s through these efforts that we help strengthen the fabric of our communities.

**United Way** — In concert with employee giving campaigns, our companies and foundations donate annually to local United Way organizations. These contributions help improve health, education and economic mobility across our service areas.

**Rebuilding Together** — WPS sponsored home improvement efforts for a local family in need through Rebuilding Together. WPS employees, family and friends volunteered to work on new siding, windows and interior painting.



**Habitat for Humanity** — Our companies have a long history of supporting Habitat for Humanity, addressing the problem of accessible housing in a concrete way so that families can achieve stability and independence. In 2022, the WPS Foundation and our Women’s Development Network business resource group supported the Women Build event in Green Bay. Women came together to build a habitat home. Employees volunteered to assist with various tasks during the construction of a new home for one local family.



## Education

A strong education system is essential to opening opportunities for individuals and supporting a robust economy. We especially have focused on supporting equity in education for students from underrepresented backgrounds.

**All-In Milwaukee** — All-In Milwaukee is a college completion program that provides financial aid, advising, and program and career support to high-potential, limited-income, diverse Milwaukee students — helping to foster a strong workforce. The We Energies Foundation and volunteer mentors from our company have supported local students through this program each year since its inception in 2019, and the first All-In class graduated in spring 2023.

**St. Augustine Preparatory Academy** — The We Energies Foundation has supported this Milwaukee school since its establishment in 2017. Augustine Prep strives to improve Milwaukee education, particularly for low-income students of color. The school has made a significant impact in five years, and as a sign of their achievements, 2022 graduating seniors were awarded \$8.5 million in college scholarships. In 2022, our foundation provided Augustine Prep with a grant for a new elementary school building and an expansion of the current school to accommodate more middle and high school students.

**Lakes Country Public Library** — The WPS Foundation helped fund the expansion of the library in Lakewood, Wisconsin. This will allow many of their services to expand, including children's areas, meeting rooms for community groups, and small rooms for access to online education or telemedicine.



**After School Matters** — Peoples Gas continued to support the Empowerment Thru Engineering program, introducing 75 Chicago students to various engineering disciplines through project-based and hands-on learning. Information about Peoples Gas was part of the six-week curriculum, and company employees presented once a week, hosted a field trip at the Peoples Energy Training Center and served on a career panel. 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.

**Reading Power** — North Shore Gas supported this local organization that provides individualized, one-to-one tutoring during the school day for at-risk students in prekindergarten through second grade. Reading Power's mission is to accelerate children's literacy learning and help them develop a love of reading and writing.

## Arts and culture

We value the arts as they inspire creativity, engage students and community members, and provide cultural experiences that help our cities and towns thrive.

**Milwaukee Art Museum** — The We Energies Foundation supported the junior docent school program for third- through fifth grade students. The program introduces students to the vocabulary, elements and history of art while developing critical thinking skills. The program is a model for museums across the nation, adding depth to art education with a multiyear, multi-visit design that positively impacts thousands of children each year.

**UPAF Bright Minds** — For the 2022-2023 school year, the We Energies Foundation continued as the presenting sponsor of the United Performing Arts Fund's (UPAF's) Bright Minds initiative. Bright Minds delivers high-quality arts education programming through classrooms and after-school programs across southeastern Wisconsin. Collectively, UPAF's 14 member groups serve more than 50,000 local students, fostering creativity and building life skills through the arts.



**Ravinia Festival** — North Shore Gas is a longtime partner of Ravinia Festival, the nation's oldest outdoor music festival. In 2022, the company supported the festival's Reach Teach Play initiative, which provides music education programs for 18,000 area public school students.

**Saugatuck Center for the Arts** — Michigan Gas Utilities, in partnership with the WPS Foundation, helped support the visiting artists program at the center. This program is in partnership with regional schools, putting an artist education instructor into a classroom over multiple weeks.

**Peninsula Players Theatre** — The WPS Foundation assisted the nation's oldest resident summer theater by funding a new housing project for two dormitory-style buildings, which will house up to 32 of the performers throughout their season.

## Health and human services

Our culture of caring extends throughout the areas we serve. As we focus on safety and health across our operations, our charitable giving supports the same goals.



📍 **Wisconsin Adaptive Sports Association (WASA)** — The We Energies Foundation assisted with funding for the new Adaptive Sports Outreach Program. WASA provides adaptive sports programs to over 150 athletes of all ages with physical disabilities in southeastern Wisconsin. With the new program, the organization is enhancing outreach to Milwaukee Public Schools and removing barriers to participation through youth scholarships, adaptive equipment and transportation.

**Children's Hospital of Wisconsin** — The We Energies Foundation supported the hospital'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.

**"Thank you for being part of our mission to end homelessness and create healthy communities. We truly appreciate your support. You are helping families get back on their feet, and we are all grateful!"**

— *Hope House, Milwaukee*

**St. John's Ministry** — The WPS Foundation supported the renovations of the Wellspring Women's Shelter in Green Bay, which will allow for a larger, women-specific resource center and a brand-new overnight shelter.

**LGBTQ+ Center Lake County** — North Shore Gas supported the center in its efforts as a central hub for LGBTQ+ resources in Lake County. The center hosts support groups and social/cultural events, educates local organizations and businesses, and provides referrals to medical, mental health and legal resources.

## Environment

Our commitment to environmental responsibility includes support for the organizations making a difference in our local parks and natural habitats, and investing in the future through environmental education.

**Urban Ecology Center** — The We Energies Foundation supported the neighborhood environmental education project. Children from urban, densely populated and economically disadvantaged areas have the opportunity to receive hands-on science lessons in over 70 acres of restored urban green space. The students explore the natural world through lessons that reinforce core science concepts from basic wildlife and ecology studies to physics and geology.

**Northwest Technical College (NWTC)** — The WPS Foundation contributed to the NWTC Educational Foundation to help install on-site energy storage at the college's Great Lakes Energy Education Center. The battery system will give the college a more consistent supply of solar energy and enhance opportunities for students learning about zero-carbon energy technology.

**Garfield Park Conservatory** — Peoples Gas supported K-12 environmental education at Garfield Park Conservatory, one of the largest conservatories in the nation. Educational offerings include a full schedule of programs and events, school field trips centered on plant science, an online resource center, and a teen docent program that stresses scientific learning and job skills training for local high school students.

**"Thanks to your generosity, over the last 30 years we have protected over 3,100 acres of the most environmentally significant land and water in Waukesha County for generations to come. We could not continue our mission without your support — thank you!"**

— *Waukesha Land Conservancy*



📍 **Friends of the Mississippi River** — Minnesota Energy Resources, in partnership with the WPS Foundation, supported the Washington and Dakota County land conservation and stewardship project. Friends of the Mississippi River continues to develop and implement ecological restoration to restore native habitat and increase biodiversity in the counties.



# 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. In addition, our developer partners for solar energy projects have signed the Solar Industry Forced Labor Prevention Pledge to address human rights concerns in the international supply chain. Our Supply Chain department has implemented steps to help us do business with qualified suppliers that share our philosophies.

**Core expectations** — Our suppliers must understand and adhere to our expectations for five key areas of performance, as detailed later in this section.

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

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

**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 our departments work with our Supply Chain department 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 risk assessment** — Where applicable, Supply Chain assesses suppliers based on environmental, safety, financial, ethical and legal factors before 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. Our Supplier Code of Conduct sets out key responsibilities and requirements.

Contracts with suppliers contain specific scope, deliverables, and terms and conditions that govern the ongoing agreement. 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.



## Evaluating risks and setting standards

Safety is a top priority across our organization, and we communicate its importance to our suppliers. Our Safety and Health team works with the Operations and Supply Chain departments to evaluate contractors through our safety prequalification process.

In select business units, a third-party provider is used to grade contractors in medium- to high-risk program areas using a matrixed scorecard composed of various inputs. Where necessary, the third party may work with contractors to improve their safety programs, or we may terminate contracts due to failure to meet our safety requirements. The additional feedback on priority issues helps ensure contractors have an appropriate focus on safety, reducing risk to our organization.



**\$299.4 million**  
spent with SDI-qualified  
businesses in 2022

## Supplier Diversity Initiative

We recognize the positive outcomes that result from our work with diverse businesses, creating equity within our supply chain and supporting growth in our economies. Promoting diverse suppliers fosters competition, enhances job creation and generates additional purchasing power in the communities in which we do business.

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 to company business units and departments, including Supply Chain, to promote implementation throughout the organization. It also helps to develop and maintain proactive relationships with advocacy organizations, elected officials, community and civic leaders, and other business leaders.

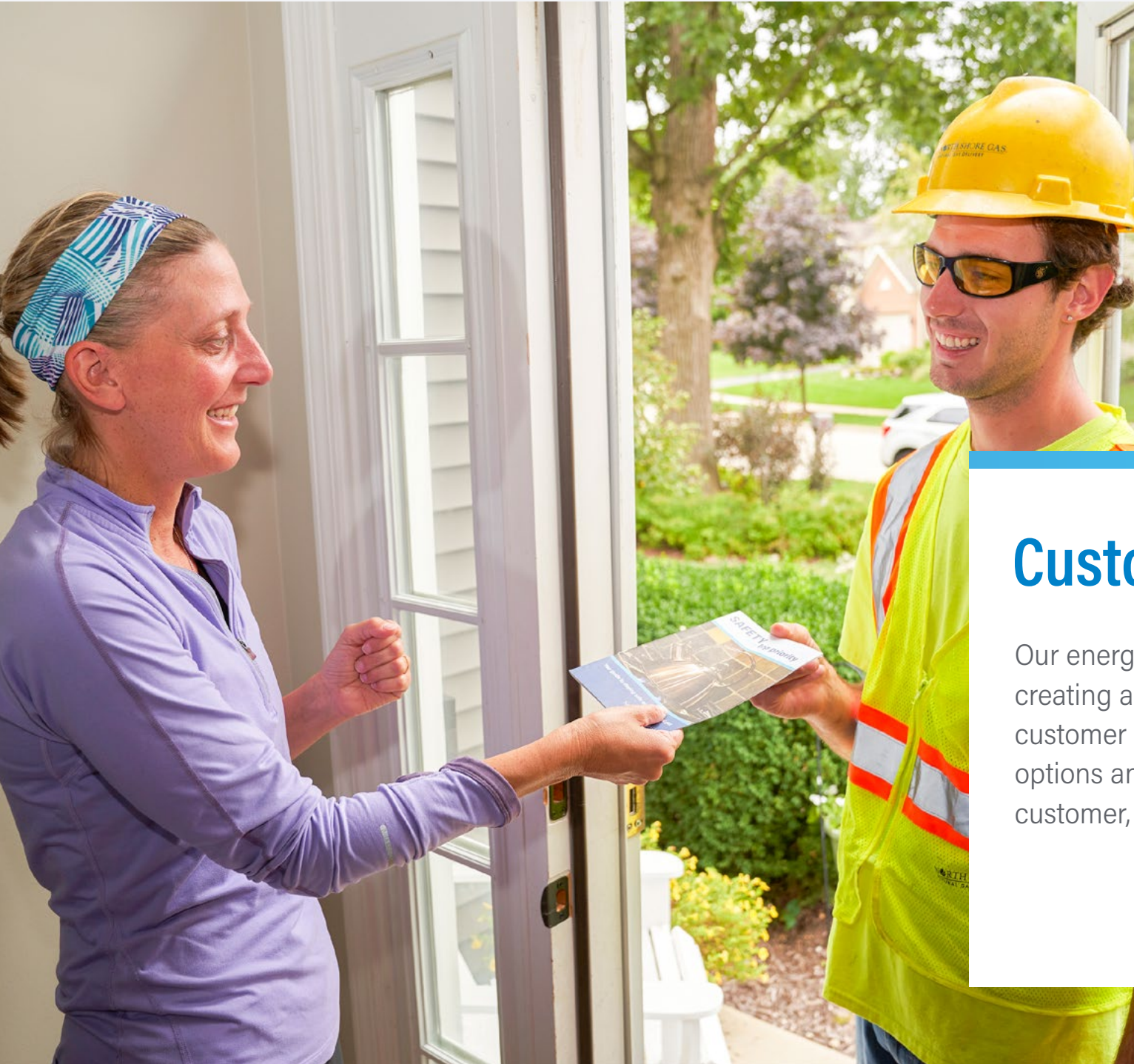
### Corporate policy

We are committed to developing mutually beneficial relationships with diverse suppliers and making a positive impact in the communities we serve. As outlined in our corporate policy statement, SDI objectives include:

- Secure the commitment of every employee who is responsible, directly or indirectly, for the purchase of products and services to purposefully engage with M/W/SD/V business enterprises in the bidding process.

- Develop innovative and effective means to enable the participation of M/W/SD/V business enterprises in our procurement activities.
- Cultivate relationships through the consistent, proactive exchange of information.
- Proactively seek and provide initial procurement and growth opportunities to M/W/SD/V businesses.
- Promote the development of diverse suppliers through mentoring, capacity building and outreach activities.
- Establish clear criteria for our larger suppliers to support our tier 2 supplier diversity goals and encourage mentorship to develop them for increasing scope.
- Capture the benefits of a robust pipeline of suppliers providing high-quality products and services to demonstrate capabilities at competitive prices.

Overall coordination of the SDI is the responsibility of the Procurement and SDI program executives. Underlying administration and implementation are the responsibility of our organizations and business units engaged in procurement activities.



## Customers

Our energy companies are committed to creating an excellent experience for every customer by offering a range of service options and truly personal care — every customer, every transaction, every time.

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# Energy reliability

Reliable service remains a top priority across our companies. In 2022, we continued strengthening and modernizing our generating assets, as well as our electric and natural gas distribution networks, to support reliability, safety and customer satisfaction.

## Electric reliability

Our employees are committed to delivering customers the energy they depend on, regardless of weather conditions. Customer satisfaction remains a top priority, and we work to provide customers with prompt, helpful information during power outages.

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 we are monitoring forecasts, assessing employee and contractor availability, 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, texts, app notifications, 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.



## Power outages

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

### 2022 power outage statistics\*

	We Energies	WPS
<b>Frequency</b>		
SAIFI <sup>1</sup>	0.94 interruptions	0.83 interruptions
<b>Average duration</b>		
SAIDI <sup>2</sup>	178 minutes	125 minutes
CAIDI <sup>3</sup>	190 minutes	150 minutes
<b>Power outages by cause</b>		
Equipment	37%	24%
Vegetation	32%	30%
Weather	8%	20%
Wildlife	9%	9%
Public	7%	6%
Other	6%	11%

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





## 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 provide 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.

As part of that strategy, We Energies is building two liquefied natural gas (LNG) facilities in Wisconsin. These facilities will store additional natural gas in liquid form, helping to meet customers' peak demand in the winter. More details on our LNG projects can be found in the "Operational performance" section of this report (Page 13).



### 'Winter storm forces millions to brace for heavy snow and frigid temperatures'

This was just one of the many news headlines in December 2022, when the combination of an Arctic air mass and an intense storm system called a "bomb cyclone" sent temperatures plummeting across the U.S. and raised demand for energy during an otherwise mild winter. Our people and infrastructure were put to the test and performed remarkably, even as temperatures dropped below minus 25 degrees Fahrenheit in the northern portion of our service area. Our investments in the energy grid and our diverse fuel mix both contributed to our system's resilience.

Cold weather events, which can persist for days, highlight one of the challenges the Midwest faces as we integrate higher levels of renewable

energy technologies. In our planning, we consider extreme weather and winter peaks common to our service areas. On the coldest days, wind and solar may not be operational. Our natural gas peaking generation and storage facilities play key roles in serving our customers with electric and natural gas service.

We plan to continue to invest in alternative options, including battery storage, to help mitigate the need for peaking plants in the future. We also are contributing to research to address cold weather challenges of electrifying vehicles and buildings. As technology evolves, we remain focused on building and maintaining a system that can meet our region's needs safely and reliably.



# 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 securing 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 our 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 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 on what's most important to customers.
- Provides an opportunity to make it right when a customer is not completely satisfied.
- Keeps us 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 47,800 customers provided feedback in 2022 about their experiences on the following transactions:

- Residential and business customer contacts
- Residential move orders
- Mobile apps and online accounts
- Billing and payment
- Electric outage management
- Natural gas emergencies
- New service installations
- Appointments
- Electric reliability

## Post-interaction surveys

Many customers also have the option of completing a survey immediately after they interact with our customer care centers. Approximately 81,800 customers took advantage of this opportunity in 2022. We review survey results daily and follow up promptly when an issue or concern is identified.

## 'We Care' outreach

We care about our customers and want to ensure they are satisfied with their transactions and experiences. In 2022, we rolled out a new application that allows all companies to show care and concern by making personal or automated outreach within one business day of transaction completion. We contacted over 380,377 residential and business customers during 2022, and provided personal follow-up to address any questions or concerns.



## 2022 internal customer satisfaction measures

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

Company	Satisfaction with:	
	Utility	Transaction
Michigan Gas Utilities	87.2%	89.0%
Minnesota Energy Resources	85.7%	86.4%
North Shore Gas	87.1%	89.3%
Peoples Gas	73.7%	79.5%
We Energies	80.5%	83.4%
Wisconsin Public Service	86.0%	88.2%

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.

### Digital engagement

We 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.

In 2022, there were over 3,400 residential customers on 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 protect customer information and regulate its proper use.

- 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, and access is limited to what is needed for their roles.
- Customer information housed in our systems is monitored for security.
- All employees with access to customer information are required to complete role-based annual information protection training and certification.
- Contractors performing work on our companies' behalf must confirm 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.

### What our customers are saying about us



@PeoplesGasCHI In this day in age of rising gas prices and struggling households, I want to thank Peoples Gas Chicago. You have been incredibly accommodating and a stress relief for people like me. I hope other utility companies follow suit.

March 2022



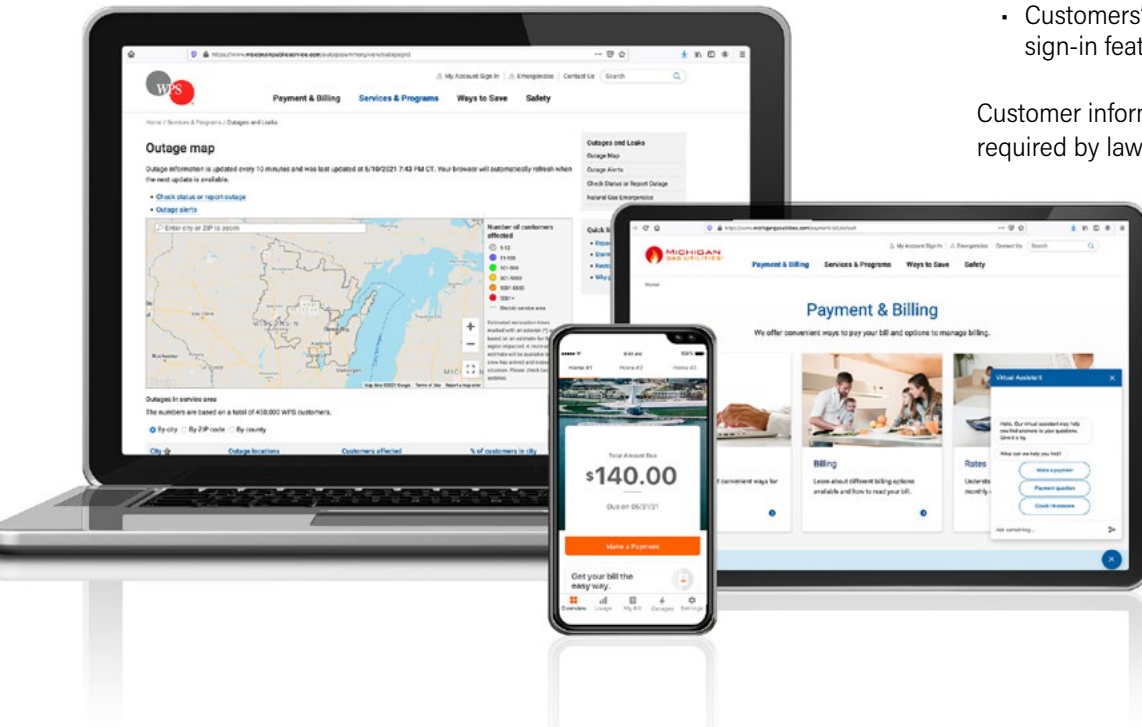
Thank you, We Energies, for the amazingly quick response to the downed power line & broken electrical pole last night after the storm brought down one of our large trees.

February 2022



Thank you for fixing our power outage so quickly. It's so nice to know that we can count on you to respond quickly and professionally.

July 2022







## 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 communication, including customer apps and virtual assistants, 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, leveraging artificial intelligence, to reduce response times, efficiently route work and process customer feedback.
- 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 robotic process automation and other business process automation tools to streamline work and manage bill quality.
- Applying data analytics to improve business processes, identify equipment problems, keep customers informed, increase efficiency and reduce costs.

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

- Support 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.

## Customer service recognition

Our companies received recognition in Escalent's 2022 Cogent Syndicated Utility Trusted Brand & Customer Engagement studies:

**Wisconsin Public Service Corporation (WPS) was recognized as a 'Customer Champion' in the residential study.**

**Peoples Gas and WPS were named 'Environmental Champions' in the residential study.**

**In the business study, We Energies was recognized as a 'Business Customer Champion.'**

# Energy affordability

Providing affordable and reliable energy is at the forefront of everything we do. To help customers take an active part in managing their energy use and expenses, we provide them with tools and programs to achieve those goals.

## 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 our service areas to address the needs of our low-income customers. We inform customers about home energy assistance through federal and state funding. Through our energy efficiency programs, we offer rebates for affordable housing projects and dedicated low-income multifamily properties. We also provide weatherization services for some customers on our low-income pay plans and partner with state weatherization programs.

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 approximately \$5 million to low-income customer programs in 2022.



## 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.



Focus on Energy is the statewide energy efficiency and renewable resource program funded by Wisconsin's investor-owned energy utilities and participating municipal and electric cooperatives. In 2022, Focus on Energy offered financial incentives and technical assistance to help eligible customers reduce their energy waste. According to an independent evaluation of 2022 programs, **Focus on Energy delivered \$4.55 in benefits to Wisconsin residents and businesses for every \$1 spent**, resulting in economic benefits, reduced energy costs and reduced emissions.

In addition, the overall customer satisfaction rating for 2022 was 9.5 on a 10-point scale.





## 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 services including energy audits and comprehensive analyses, new construction design assistance, and energy-saving rebates.

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%.

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

## Efficiency programs made an impact in our communities in 2022

Aggregate of all WEC Energy Group utilities*	
Participating customers	805,435
First-year kWh savings**	356,141,173
First-year therm savings**	29,635,681
Conservation spending by our companies	\$116.8 million
<b>Rebates/incentives earned by customers</b>	<b>\$51.7 million</b>

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

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

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

Since 2018, improvements made to

**400+**  
CPS school buildings

Natural gas reduced by  
**3.1 million**  
therms



## Peoples Gas, CPS partnership wins energy efficiency program award

Peoples Gas received the "Inspiring Efficiency Award" from the Midwest Energy Efficiency Alliance (MEEA) in 2022. MEEA judges evaluated projects across 13 states that reduced energy use to benefit the environment, and an innovative partnership between Peoples Gas and Chicago Public Schools (CPS) impressed them.

The award was for the Peoples Gas Public Sector Energy Efficiency Program, launched in 2018. By making changes to how buildings consume energy, CPS and Peoples Gas have delivered huge energy efficiency improvements to over 400 school buildings. Natural gas use was reduced by 3.1 million therms through 2022.

"This has been an amazing and inspiring partnership," said Jean Gibson, manager — energy efficiency programs. "The vision and dedication of CPS leadership was critical in overcoming obstacles common with public sector customers. CPS was willing to work creatively along with our team, enabling us to install energy-saving improvements that benefit students, teachers and the community."

The Peoples Gas program provided \$3.9 million in incentives to CPS through 2022 to help pay for the building upgrades, and the schools will save money by using less energy for heat each month going forward. The partnership is continuing in 2023 with further efficiency upgrades.

The Public Sector Energy Efficiency Program also has funded projects for public-sector customers including the Chicago Transit Authority, City of Chicago and Cook County. Overall, the program helped these local entities reduce their natural gas use by 5.3 million therms through 2022.

# Economic development

Our commercial and industrial customers depend on safe, reliable and affordable 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- and sustainability-related goals, expectations and initiatives. In addition, account managers look for opportunities to introduce emerging technologies including electric vehicle and renewable energy rate options, reduce energy waste through energy efficiency services, 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

WEC Energy Group partners with local economic development organizations to help attract and retain new businesses and talent. Company leaders, account managers and other company representatives serve as liaisons with regional, state and local economic development agencies, 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 Wisconsin Public Service commercial and industrial electric 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 on energy use changes, identify usage trends and patterns, forecast forward-looking energy budgets, and access an online library of energy efficiency information.





## Excellence in customer service leads to awards and grants for eight of We Energies' key accounts

Our account managers and engineers are supporting sustainability growth across industries in our area.

In 2022, more than \$720,000 in grants were awarded by the Public Service Commission of Wisconsin to four We Energies customers managed by the Key Accounts team: ATI Ladish, Prolec-GE Waukesha, Waukesha Foundry and The Newark Group. The companies worked with account managers and energy engineers to apply for the grants and create plans to improve their efficiency.

Four additional We Energies customers, Molson Coors, Milwaukee VA Medical Center, Roundy's and Ball Container, were presented with Excellence Awards from Focus on Energy, Wisconsin utilities' statewide program. The awards recognize

businesses that have demonstrated a commitment to reducing energy waste by implementing energy-saving upgrades in their facilities and operations.

For example, Molson Coors has participated in monthly meetings with We Energies and Focus on Energy to review audits and plan improvements. With our support, more than 30 upgrades have been implemented at Milwaukee's Miller Brewery in the last decade. Milwaukee's VA Medical Center also has shown a strong focus on efficiency. The center has set and reached goals allowing them to save on utility bills and make large investments in capital projects, all while improving the hospital's ability to treat veterans.



Waukesha Foundry with Key Accounts team



Milwaukee VA Medical Center with Key Accounts team

Molson Coors with Key Accounts team





# Governance

Successful, sustainable business is driven by effective governance and stakeholder engagement.

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# Governance

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

## Governance structure and practices

Our governance structure is aimed at transparent accountability to key stakeholders. Strong business processes, coupled with diverse leadership perspectives, support our efforts to anticipate, plan and manage corporate initiatives and risk, while remaining focused on ethical stewardship.

The board of directors is responsible for providing oversight with respect to matters of concern to our shareholders. Those responsibilities include, among other things, oversight of the company's long-term strategy and execution, the risk environment and associated management policies and practices, and selection of the chief executive officer and ongoing succession planning for senior leadership. Board members are required to follow the ethical standards outlined in our Code of Business Conduct, and to conduct business in line with the Corporate Governance Guidelines and board committee charters.

The board's oversight also includes reviewing with senior management its approach to environmental, social and governance matters and responsibilities to the company's stakeholders. Educational sessions, presented by internal and external subject matter experts and advisers, help the board stay informed about how these matters are evolving.

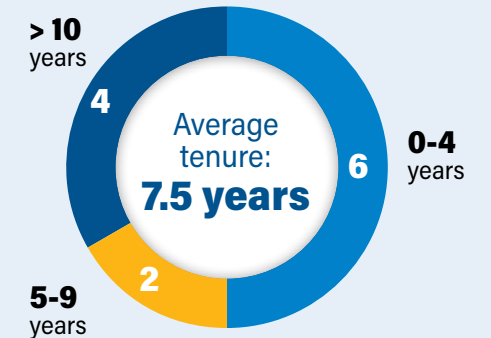
The board regularly evaluates director qualifications and core competencies as part of succession planning. To provide effective guidance, it seeks a broad range of perspectives, skills and leadership expertise in domains particularly relevant to our business. The board is committed to seeking out candidates who bring a perspective to the board that contributes to the collective diversity — diversity of knowledge, skills, experiences, thought, gender, race/ethnicity, retirement age and tenure.

**More information on our directors and board structure is provided in the governance section of the company's website, along with publications devoted to those topics, including the annual proxy statement.**

## Board composition

(based on 12 directors — as of June 2023)

Our diverse board of directors possesses a wide range of skills, experiences and perspectives for enhanced and effective oversight.



**33%** female directors  
No fewer than **3** women directors since 2012

**33%** racially/ethnically diverse directors  
No fewer than **3** directors of color since 2018

## Core competencies

- Audit oversight/financial reporting
- CEO/senior leadership
- Corporate governance
- Financial strategy/investment management/investor relations
- Government/public policy
- Human capital management/executive compensation
- Regulated industry knowledge
- Risk management and oversight
- Strategic planning
- Sustainability matters
- Technology and security
- Utility/energy industry experience

## Risk management

Our board of directors is responsible for providing oversight with respect to our major strategic initiatives. As part of their efforts, the board consistently engages with our senior management team to discuss opportunities and risks, as well as the processes through which senior management maintains focus on the organization's key business objectives, corporate policies, and overall economic, environmental and social performance. Senior management, in turn, is responsible for effectively planning and executing daily operations with a focus on risk management.

With that in mind, the company has created a framework through which management provides meaningful information to the board to aid in its oversight responsibility, as described below.

### Internal reviews and audits

As a standing corporate practice, each year management systemically evaluates the company's risk areas. The Audit Services department conducts an annual enterprise risk assessment, whereby business leaders identify existing, new and emerging risks within their business areas that could have enterprise 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.

Chaired by the CEO and consisting of other senior-level management employees, our Enterprise Risk

Steering Committee (ERSC) regularly reviews the company's key risk areas and provides input into the development and implementation of effective compliance and risk management practices.

On a bimonthly basis, the ERSC discusses findings of the Audit Services annual enterprise risk assessment, holds in-depth discussions with members of management on identified subjects, and tracks the status of ongoing progress. The CEO provides the board with routine updates on the company's key risk areas during the board meetings, including summaries from the bimonthly discussions held by the ERSC.

Given the significant risks and opportunities associated with climate change, management has created the Climate Risk Committee, which is a separate subcommittee of the ERSC under the guidance of the CEO. The Climate Risk Committee brings together senior-level officers responsible for overall climate-related corporate strategy and meets at least quarterly to review and discuss climate-related goals, risks and opportunities.

The CEO provides reports to the board at each board meeting and routinely calls upon members of the management team to provide detailed reports to the board in their respective areas of responsibility, including those related to risk management.

**Our board and management collaborate to evaluate and respond to risks and opportunities.**

## 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 their designated areas of responsibility.

Examples of risk monitoring activity that have been designated to the full board and its committees include:

**Board:** Short- and long-term strategy and strategic initiatives; risk management processes; leadership succession planning; Code of Business Conduct; corporate sustainability matters (including climate and emissions reduction strategies); and regular reporting from board committees on specific risk oversight responsibilities.

### Audit and Oversight Committee:

Retention of outside auditors and evaluation of auditors' qualifications and independence; financial reporting; ethics and compliance program; and legal and regulatory risk and compliance matters including environmental, data privacy and security (including cyber, physical and operating technology), government relations (including political spending and lobbying), litigation, and electric reliability standards.

### Compensation Committee:

Compensation practices and programs; executive succession planning; human capital management and development; and CEO performance.

### Corporate Governance Committee:

Governance structure and practices; director independence; board performance; and board succession planning.

**Finance Committee:** Capital allocation; capital structure and financings; employee retirement and benefit plan assets; and insurance management.

The board believes that its leadership structure, in combination with management's enterprise risk management framework, effectively supports its oversight function.



## Ethics and compliance

Employees have a responsibility to preserve the ethical standards of our company as they conduct 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. Fundamental elements of the program include:

- Administration of the Code of Business Conduct and related policies and procedures.
- Management of a confidential reporting system, in which reporters may choose to remain anonymous, to receive and respond to allegations and/or concerns.
- Protection of individuals who make good-faith allegations of misconduct with a strong non-retaliation policy.
- Provision of regular education, guidance and advice to employees and others on ethics and business conduct matters.
- Creation and delivery of effective communication regarding the program.
- Regular reporting and direct access to the governing bodies overseeing ethics and compliance matters for WEC Energy Group and its subsidiaries.
- Completion of periodic assessments of the effectiveness of the program.

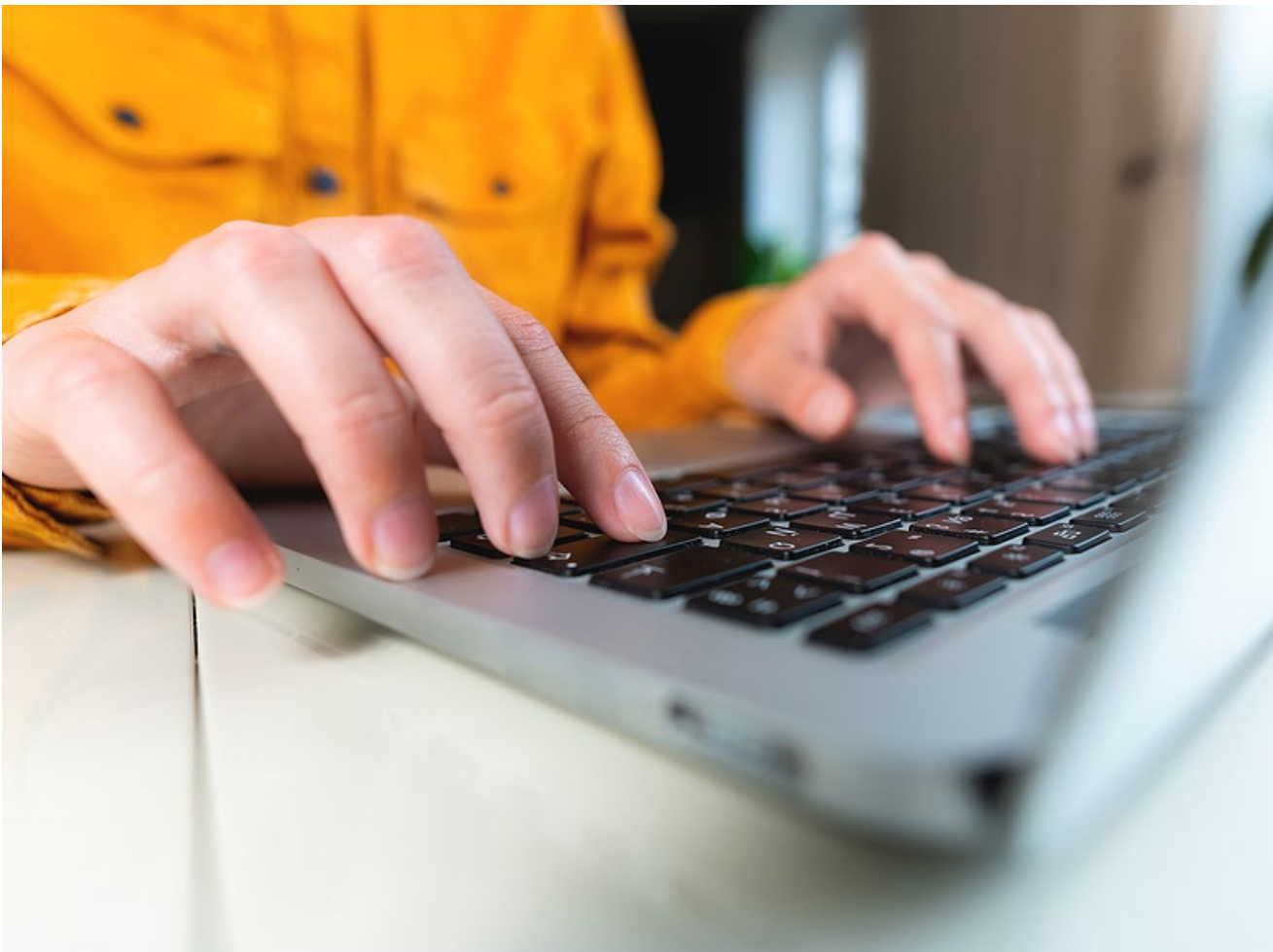
Elements of the program are aligned with the criteria articulated in the Federal Sentencing Guidelines. Annual review of program effectiveness is reported to the Audit and Oversight Committee of the board of directors.

### Reporting and investigating

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

The Ethics and Compliance department 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, enforcing disciplinary measures for any violations of company policy, 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.





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.

### **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 applicable laws and regulations. The code addresses key aspects of our ethical culture and work environment, including:

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

We encourage employees to seek advice in doubtful situations, express concerns and report suspected violations through any established reporting channel without fear of retaliation.

### **Communication and training**

Continual employee development and awareness of potential ethical dilemmas remain priorities. 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 full participation in compliance training and affirmation, and achieved a 100% completion rate in 2022.

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 identifying, disclosing and addressing conflicts of interest through various channels.

### **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.

The Ethics and Compliance department tracks 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 to ensure that actions taken by case investigators are objective and that proper controls are put in place to prevent future recurrence.



# 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 related risks through cybersecurity monitoring, defense and response tools, effectiveness assessment, governance, industry collaboration, and employee training and awareness.

A comprehensive set of cybersecurity tools are implemented to effectively identify, protect against, detect, respond to and recover from a spectrum of cyberthreats, mitigating the likelihood of successful attacks and their potential impacts.

Enhanced physical security measures, including physical barriers, detection systems, access control, cameras and analytics, are employed to mitigate risk associated with unauthorized physical access and attacks against personnel, electronic and physical assets, and facilities such as substations and other critical venues.

## Program governance and assessment

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 executive officer and chief administrative officer report regularly to the board and its Audit and Oversight committee about cybersecurity matters and risks.

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. This includes regular internal security audits and vulnerability assessments, as well as regular engagement with third-party security experts for external assessments of our security controls, including technical, physical and social aspects.

We strive to follow industry best practices for computer network protection and to 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. In 2021, a spot-check audit of our compliance with NERC CIP standards yielded very positive results with no findings.

We participate in information sharing, vulnerability analysis and emergency response with federal, state and industry organizations, as well as cyberattack response exercises, such as GridEx events, the



grid security drill sponsored by NERC. To better comprehend the scope and magnitude of any active threats to our industry and nation, we communicate with other energy companies and other sectors of the economy concerning cyber incidents.

## Employee training and awareness

Cybersecurity is the responsibility of all employees and contractors. As such, all employees are required to complete training annually regarding information security and acceptable use of corporate electronic resources. Role-based cybersecurity training also

is required of employees and contractors annually. Additionally, employees and contractors participate in a corporate phishing campaign program. The phishing campaign program includes a means to easily report suspicious email, a comprehensive phishing training platform, and mock phishing exercises to measure the effectiveness of cybersecurity education.

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

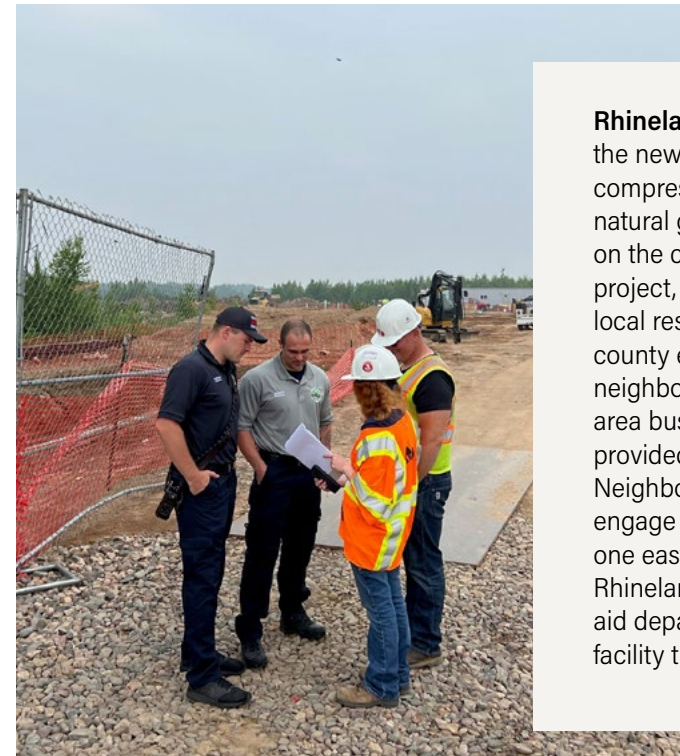
As our companies make progress on our capital projects, our External Affairs and Corporate Communications teams keep our customers and communities informed about the work we are doing and the investments we have planned. Our executive vice president — external affairs is responsible for outreach to local 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.

## 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 and targets have been highlighted across subsidiaries through our 'Top 10' goals, regular corporate news on our intranet and quarterly leader 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.



**Rhineland, Wisconsin:** Construction started on the new Wisconsin Public Service natural gas compressor station in May 2023 to increase natural gas capacity throughout the Northwoods on the coldest winter days. Throughout the project, our team has communicated with local residents, city and airport officials, the county economic development corporation, and neighboring business. Mailings to neighbors and area businesses in October 2022 and April 2023 provided updates on the construction timeline. Neighbors and municipal leaders were able to engage directly with our representatives with one easy contact during construction. City of Rhineland first responders, along with mutual aid departments in the area, are invited to attend a facility training event in December 2023.



## Regulatory engagement

Our operations are approximately 95% regulated, covering diverse service areas across the Midwest. We work closely with regulators as we put our corporate strategy into practice — from local project planning to larger-scale investments. Our regulatory affairs teams communicate with state and federal regulators and their respective staffs; state and local lawmakers; and environmental, community and consumer groups. Through our communications, we present our plans, demonstrate the need and customer benefits for investments, present and support proposals for recovery of those investments, and comply with regulatory requirements.

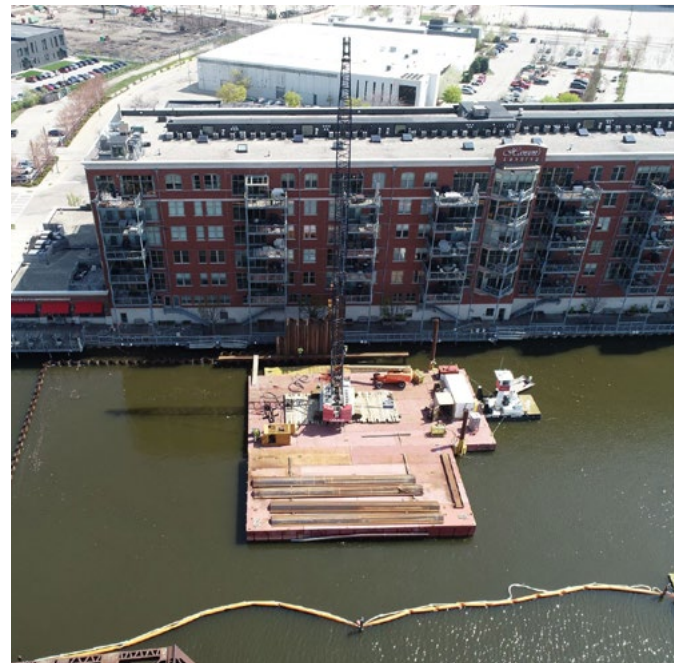
As federal and state regulators review our utility companies' investments and rate proposals, our executive vice president — external affairs is responsible for establishing the outreach strategy to support these efforts. During the process, we provide all relevant information formally and informally to facilitate the evaluation of each proposal. Through our pre-filed testimony and related information, we proactively share information that is germane to the filing.

Specific topics of engagement have included decarbonization, community support, human capital management and other sustainability matters. As part of regulatory reviews, we also routinely respond to data requests from commission staffs, as well as third-party organizations. In those responses, we disclose information on our operations and the steps we are taking to ensure we continue to provide an affordable, reliable and clean energy supply that will facilitate meeting our carbon and methane emissions reduction goals.

## Investor relations

We have a comprehensive outreach and engagement program in place to ensure management and the board hear, understand and consider issues that matter most to our shareholders. This ongoing engagement provides valuable insight into how our shareholders 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.

In 2022, we proactively communicated with shareholders, representing more than 30% of the company's outstanding common stock, about our environmental, social and governance practices. We also engaged with key constituents across the broader sustainable investing community. Specific topics of engagement included corporate strategy, climate change and the clean energy transition, diversity and inclusion, community support, human capital management, reliability and resiliency, and cybersecurity, in continued alignment with our priority sustainability issues.



## 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 our climate report presents our climate-related governance and strategy in more detail.

We routinely respond to data verification and survey requests from third-party organizations, and we have 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.

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

**Milwaukee, Wisconsin:** After years of planning, permitting and outreach, a stretch of the Milwaukee River is undergoing a transformation in summer 2023. We Energies and its contract crews are remediating approximately 45,000 cubic yards of contaminated sediment from the bottom of the river associated with the operation of the former Third Ward Manufactured Gas Plant. We have partnered with local, state and federal agencies on the project to protect and restore this vital part of the Milwaukee Estuary Area of Concern.

Between 2021 and 2023, we have communicated project details to community stakeholders including residents, businesses and local government officials through a range of channels: mailed letters and informational materials; in-person and virtual meetings; public notices, hearings and comment opportunities; construction site signage; and information on our website. Based on feedback from residents and businesses during the planning phase, we adjusted some of our operations to mitigate disruptions to the neighborhood.

# Government relations

We advocate on behalf of our customers, stockholders and employees for affordable, reliable and clean 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.

## Political contributions and lobbying

Contribution amounts are limited by law, and we adhere to all applicable federal, state and local laws where we do business. As part of its oversight function, the board's Audit and Oversight Committee, which consists solely of independent directors, conducts an annual review of the company's Government Relations Policy. This policy sets forth the standards and requirements that govern our interactions with public officials, and addresses the process for requesting and authorizing contributions to organizations operating under Section 527 of the Internal Revenue Code and organizations that qualify as national political committees. In 2022, we made no contributions of this nature, nor did we contribute to 501(c)(4) organizations or make any independent political expenditures in direct support of or opposition to a campaign or ballot measure.

The company has five political action committees

(PACs) across its geographical footprint, which are authorized by election laws to collect voluntary contributions from employees who choose to participate. The PACs support causes and candidates for federal, state and local offices 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 corporate political contributions to candidates for election to state and local offices, subject to statutory limits. In Wisconsin, WEC Energy Group may make corporate contributions of up to \$12,000 per calendar year to a segregated fund account of a political party committee or a legislative campaign committee. All other political contributions in Wisconsin and our other state jurisdictions can only be made by individuals or through PACs.

All of our PACs are administered by oversight committees that include appointed and elected members. Oversight committees make decisions on how and where dollars are spent. The committees also review a summary of political activities and associated reporting excerpted from the Corporate Responsibility Report in advance of its publication each year.



Organization	2020	2021	2022
<b>Wisconsin political donations</b>			
WEC Energy Group PAC (WEC PAC — a Wisconsin state PAC)	\$104,400	\$50,000	\$95,360
WEC Energy Group Personal Contribution Account (WEC PAC Conduit — a Wisconsin state-registered entity)	25,385	55,849	82,882
Corporate contributions			
Assembly Democratic Campaign Committee	6,000	6,000	6,000
Committee to Elect a Republican Senate	12,000	12,000	12,000
Democratic Party of Wisconsin	—	—	12,000
Republican Assembly Campaign Committee	12,000	12,000	12,000
State Senate Democratic Committee	6,000	6,000	6,000
<b>Wisconsin total</b>	<b>\$165,785</b>	<b>\$141,849</b>	<b>\$226,242</b>
<b>Federal political donations</b>			
WEC Energy Group PAC (WEC PAC — a federal PAC)	33,500	24,500	27,500
<b>Michigan political donations</b>			
Michigan Political Action Committee (MIPAC — a Michigan state PAC)	4,250	—	—
<b>Illinois political donations</b>			
Peoples Energy PAC (an Illinois state PAC)	—	—	—
WEC Corporate (corporate contributions only)	175,950	196,030	190,280
<b>Illinois total</b>	<b>\$175,950</b>	<b>\$196,030</b>	<b>\$190,280</b>
<b>Total</b>	<b>\$379,485</b>	<b>\$362,379</b>	<b>\$444,022</b>

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

For an up-to-date list of WEC conduits, search for "WEC Energy Group PCA" at: <https://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: <https://www.fec.gov/data/receipts>.





## 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](https://house.gov) and [senate.gov](https://senate.gov). Reports for WEC Energy Group's political lobbying activities at the state level are available from the [Wisconsin Ethics Commission](#), [Michigan Department of State Office of the Illinois Secretary of State](#) and [Minnesota Campaign Finance and Public Disclosure Board](#).

## 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.

Through our trade organization memberships, we collaborate with industry peers, conduct benchmarking on sustainability-related metrics, provide input and advocate for our stakeholders. We have worked with these groups to promote consistent sustainability reporting and goals within our industry. We believe that lobbying conducted by these organizations generally promotes emissions reduction in our industry, and we further support disclosure from the organizations on policy positions and lobbying related to climate matters.

In cases where the positions supported by our trade organizations differ from our own, we take a proactive approach in making our case to organization members and try to dissuade them from the position. If necessary, we may abstain from the group's efforts or express our dissent.

Organization	Membership dues Jan. 1 through Dec. 31, 2022	Portion of dues used by organization for political purposes
American Gas Association	\$ 952,274	\$ 48,566
Edison Electric Institute	1,266,093	166,513
Fair Rates for Wisconsin Dairyland	36,000	7,200
Illinois Energy Association	40,000	22,000
Illinois Manufacturers' Association	15,667	2,537
Metropolitan Milwaukee Association of Commerce	194,205	3,884
Michigan Electric and Gas Association	92,595	de minimis
Michigan Manufacturers Association	4,930	1,233
Minnesota Utility Investors	21,000	7,350
National Energy and Utility Affordability Coalition	1,500	-
National Hydropower Association	25,966	3,895
Utilities Technology Council	23,851	1,193
Wisconsin Manufacturers & Commerce	59,712	8,774
Wisconsin Utilities Association	246,105	36,916
Wisconsin Utility Investors	126,322	6,316

## Public policy positions ✓ Support ✗ Oppose ◆ Monitor

### Federal bill reference

- ✓ **Climate / clean energy** *Multiple bills* — support legislation that advances research, development, demonstration and deployment of carbon-free technologies to help achieve a net carbon neutral economy.
- ✓ **Cybersecurity** *Multiple bills* — support legislation that promotes information sharing between government and industry, and advances the development and training of the cyber workforce for critical infrastructure sectors.
- ✓ **Electric transportation** *Multiple bills* — support legislation to advance and expand the electric transportation market and associated infrastructure.
- ✓ **Energy assistance** *Multiple bills* — support legislation that provides energy assistance through direct appropriations (Low Income Home Energy Assistance Program) and indirect funding programs (supplemental appropriations, bipartisan infrastructure law).
- ✓ **Infrastructure** — Support the bipartisan infrastructure law that includes a wide variety of infrastructure programs for electric transportation, grid resiliency, transmission siting, hydrogen research, cybersecurity and clean energy technologies to support the research, development, demonstration and deployment of carbon-free technologies to help achieve a carbon-free economy.
- ✓ **Renewable energy tax incentives** — Support the extension and expansion of renewable energy tax incentives.

### Illinois legislative bills/resolutions

- ✗ **House Bill 705** — Provides that in the case of a verified facility leak, the owner and operator of the underground natural gas storage facility is responsible for specified actions.
- ✗ **House Bill 3941/Senate Bill 570** — Repeals Peoples Gas 2013 System Modernization Program Rider QIP.

- ◆ **House Bill 4093** — Creates new permitting regulations for companies looking to grow or expand within environmental justice communities.
- ◆ **House Bill 472** — Provides that all Illinois utility companies are required to establish a cybersecurity policy.
- ◆ **House Bill 5818** — Creates a hydrogen fuel replacement tax credit. Allows for an income tax credit in an amount equal to \$1 per kilogram of eligible zero-carbon hydrogen used by the eligible taxpayer.
- ◆ **Senate Bill 1794** — Addresses discrepancies between municipalities and utilities regarding collection of the municipal utility tax. Reforms the municipal utility audit process in Illinois.
- ◆ **Senate Bill 3613** — Creates the Hydrogen Economy Task Force.
- ◆ **Senate Bill 3866** — Trailer bill to the 2021 Climate and Equitable Jobs Act (CEJA). Provides cleanup provisions including in the area of supplier diversity reporting.
- ◆ **Senate Bill 4068** — Adds a new tier to the state's Low Income Home Energy Assistance Program (LIHEAP) by making funds available to households with incomes from \$55,000 to \$110,000 a year.

### Michigan legislative bills/resolutions

- ✗ **House Bill 4236** — Removes distributed generation cap.
- ✓ **House Bill 4575** — Preempts local banning of natural gas products.
- ◆ **House Bill 4715/4716** — Relates to the creation of community solar projects.
- ◆ **House Bill 5761** — Modifies issuance of bonds or notes to the finance property assessed clean energy program.
- ◆ **House Bill 6043** — Amends eligibility requirements for utility power outage credits.
- ✗ **House Bill 6044** — Prohibits an electric utility from reclaiming revenue they were required to pay in service outage credits.
- ◆ **House Bill 6046** — Requires disclosure on

electric utility bills of the number of power outages that occurred within that billing cycle.

- ◆ **House Bill 6047** — Relates to review of distribution grid plans created by electric utilities.
- ◆ **House Bill 6359** — Defines methods to notify consumers of emergency shut-offs of gas service.
- ◆ **House Bill 6482** — Provides for establishment of microgrids.
- ◆ **House Bill 6524** — Amends procedural items within mandate to achieve 100% renewable energy sources by 2035.
- ✗ **House Bill 6538** — Eliminates tariff for distributed generation and net metering customers.
- ✗ **House Bill 6539** — Eliminate caps and references to tariff for distributed generation.
- ◆ **House Bill 6563** — Prohibits use of public utility revenues as donation to a 501(c)(4) that engages in campaign or lobbying activities.
- ✗ **Senate Bill 813** — Provides for actions ordered or taken by the department of Environment, Great Lakes and Energy under certain emergency orders related to dams.
- ✗ **Senate Bill 822** — Prohibits recovery for lost and unaccounted for natural gas.
- ✗ **Senate Bill 1106** — Provides for payment in lieu of taxes for certain renewable energy facilities.

### Minnesota legislative bills/resolutions

- ◆ **House File 1289/Senate File 1621** — Modifies Intervenor Compensation program in Public Utilities Commission proceedings.
- ✓ **House File 2264/Senate File 2185** — Prohibits local ordinances that ban new natural gas/propane in any building.
- ◆ **House File 3151/Senate File 2947** — Allows consumers to directly petition Public Utilities Commission.
- ✓ **House File 3347/Senate File 3023** — Extends sunset of utility infrastructure cost recovery.
- ◆ **House File 4567/Senate File 4632** — Creates

regulation process allowing securitization for natural gas utilities.

- ✓ **House File 4640/Senate File 3691** — Exempts sales and purchases of natural gas during Winter Storm Uri from sales tax.

### Wisconsin legislative bills/resolutions

- ✓ **Assembly Bill 27/Senate Bill 47** — Relates to various changes to statutes administered by the Public Service Commission of Wisconsin and requiring investor-owned energy utilities to fund a consumer advocate.
- ✓ **Assembly Bill 251/Senate Bill 257** — Clarifies statute that penalizes impersonating a public officer, public employee or utility employee.
- ✓ **Assembly Bill 408/Senate Bill 424** — Provides authorization for metropolitan sewerage districts containing a first-class city to finance and construct a dredged material management facility located in the city of Milwaukee.
- ✓ **Assembly Bill 489/Senate Bill 468** — Changes the phase-out of utility aid payments for decommissioned power plants.
- ✓ **Assembly Bill 497/Senate Bill 466** — Modifies inspection requirements for chemical recovery boilers.
- ✓ **Assembly Bill 525/Senate Bill 522** — Establishes "pollinator friendly" and "agriculture friendly" solar field designations and grants rule-making authority.
- ✗ **Assembly Bill 527/Senate Bill 490** — Authorizes the establishment of subscription-based community solar programs and grants rule-making authority.
- ◆ **Assembly Bill 588/Senate Bill 573** — Allows persons to charge fees for the use of electric vehicle charging stations, and sets requirements for the installation and operation of electric vehicle charging stations by the Department of Transportation or a political subdivision.

✓ **Assembly Bill 682** — Authorizes grant to maintain operations at the Verso Paper Mill in the city of Wisconsin Rapids, and loan guarantee to the Park Falls Pulp and Paper Mill.

✓ **Assembly Bill 710/Senate Bill 672** — Modifies the sales and use tax exemption for renewable energy property.

✗ **Assembly Bill 731/Senate Bill 702** — Creates an exemption from public utility regulation regarding renewable electricity.

✓ **Assembly Bill 892/Senate Bill 838** — Grants an incumbent transmission facility owner the right to construct, own and maintain certain transmission facilities.

✓ **Assembly Bill 973/Senate Bill 981** — Relates to apprenticeship and youth apprenticeship completion awards, career and technical education incentive grants and completion awards, technical preparation programs in school districts and technical colleges, creating an individual income tax subtraction for expenses paid for apprenticeship programs, and making an appropriation.

◆ **Assembly Bill 1072/Senate Bill 1054** — Relates to the measurement of carbon emissions and carbon emission offset transactions related to animal agriculture operators, renewable natural gas and energy produced at animal agriculture facilities, and granting rule-making authority.

✓ **Assembly Bill 1080/Senate Bill 1037** — Restricts local regulation of utility service based on the type or source of energy.

◆ **Assembly Bill 1111/Senate Bill 1075** — Relates to relocation of utilities in a highway right of way, modifying administrative rules promulgated by the Department of Transportation, and providing an exemption from emergency rule procedures.

✓ **Assembly Bill 1132** — Sets additional requirements for excavation





Peoples Gas employee Jean Gibson accepting the Inspiring Efficiency Award from Nick Dreher (Midwest Energy Efficiency Alliance)



Irene "Billie" Kress Community Impact Award accepted by Steve Liegl (director, infrastructure and operations), Kevin Wood (director, safety and health), Scott Petersen (area manager) and Paul Spicer (senior vice president, power generation)

## 2022 awards and recognition

**Arbor Day Foundation** — We Energies and Wisconsin Public Service (WPS) were again selected as Tree Line USA utilities. The award recognizes the companies' efforts in providing dependable, reliable service while using best-practice vegetation management techniques.

**Boy Scouts of America's Three Harbors Council** — WEC Energy Group Executive Chairman Gale Klappa received the council's Distinguished Citizen Award, recognizing his leadership, both at the company and in the community. The council noted Klappa's dedication to supporting future leaders and economic opportunity in southeast Wisconsin.

**EPRI** — Multiple WEC Energy Group employees were presented with Technology Transfer Awards for their achievements in research and development. Areas of research included automation and wind turbine monitoring.

**Family Services of Northeast Wisconsin** — The Wisconsin Public Service Foundation received the Irene "Billie" Kress Community Impact Award, which honors a strong commitment to the mission of strengthening children and families. The foundation has provided support to Family Services for over 30 years.

**FTSE Russell** — WEC Energy Group was again included 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.

**Illinois Legislative Black Caucus Foundation** — Peoples Gas was recognized with the Legacy Award for supporting the foundation and its scholarship program for the past 20 years.

**Investor's Business Daily** — The newspaper included WEC Energy Group in its 2022 list of Best ESG Companies, highlighting companies committed to sustainable and ethical business practices.

**Midwest Energy Efficiency Alliance** — Peoples Gas received the Inspiring Efficiency Award in recognition of its innovative partnership with Chicago Public Schools. Over the past two years, the Peoples Gas Public Sector Energy Efficiency Program delivered significant energy efficiency improvements to 395 schools, along with \$3.7 million in incentives.

**Wisconsin Department of Workforce Development** — WEC Energy Group again received the Vets Ready Employer Initiative Award, which honors Wisconsin employers for demonstrating a commitment to hiring veterans, supporting their veteran workforce and connecting with the veteran community.

## Cautionary statement regarding forward-looking information

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 Securities Exchange Act of 1934, as amended. 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 social, environmental and climate strategies, policies and goals; completion of capital projects; sales and customer growth; environmental and other regulations, including associated compliance costs; legal proceedings; fuel costs; sources of electric energy supply; coal and natural gas deliveries; remediation costs; climate-related matters; 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, 2022, and subsequent quarterly reports on Form 10-Q and those identified below:

- Factors affecting utility and non-utility energy infrastructure 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 or regulatory developments; varying, adverse or unusually severe weather conditions; 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 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, electrification initiatives and other efforts to reduce the use of natural gas, and tax laws, including those that affect our ability to use production tax credits and investment tax credits;
- Federal, state, and local 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;
- The impact of changing expectations and demands of our customers, regulators, investors and other stakeholders, including heightened emphasis on environmental, social and governance concerns;
- The risk of delays and shortages, and increased costs of equipment, materials or other resources that are critical to our business operations and corporate strategy, as a result of supply chain disruptions (including disruptions from rail congestion), inflation, and other factors;

- The impact of public health crises, including epidemics and pandemics, on our business functions, financial condition, liquidity and results of operations;
- Factors affecting the implementation of our carbon dioxide emission and/or methane emission reduction goals and opportunities and actions related to those goals, including related regulatory decisions; the cost of materials, supply and labor; technology advances; the feasibility of competing generation projects; and our ability to execute our capital plan;
- 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 inflation and changing commodity prices, including natural gas and electricity;
- The availability and cost of sources of natural gas and other fossil fuels, 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;
- Any impacts on the global economy, supply chains and fuel prices, generally, from the ongoing conflict between Russia and Ukraine and related sanctions;
- 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;
- Any impacts associated with switching from London Interbank Offered Rate to Secured Overnight Financing Rate as the 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 or other physical 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 that 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 Co. 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;

- Risks related to our non-utility renewable energy facilities, including unfavorable weather, changes in the financial performance or creditworthiness of counterparties to the offtake agreements, the ability to replace expiring long-term power purchase agreements under acceptable terms, the availability of reliable interconnection and electricity grids, and exposure to the rules and procedures of the power markets in which these facilities are located;
- The risk associated with the values of goodwill, other long-lived assets, including intangible assets, and equity method investments, 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 non-utility 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 effect of accounting pronouncements issued periodically by standard-setting bodies; and
- Other considerations disclosed elsewhere herein and in reports we file with the Securities and Exchange Commission or in other publicly disseminated written documents.

Except as may be required by law, 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.

## Reconciliation of Reported EPS (GAAP) to Adjusted EPS (Non-GAAP)

	2014	2015	2016	2017
Reported EPS – GAAP basis	\$2.59	\$2.34	\$ 2.96	\$ 3.79
Acquisition Costs	\$0.06	\$0.39	\$ 0.01	–
Integrays Earnings		\$(0.47)		
Impact of Additional Shares		\$0.47		
Tax Benefit Related to Tax Cuts and Jobs Act of 2017				\$( 0.65)
<b>Adjusted EPS – Non-GAAP Basis*</b>	<b>\$2.65</b>	<b>\$2.73</b>	<b>\$ 2.97</b>	<b>\$ 3.14</b>

\* WEC Energy Group has provided adjusted earnings per share (non-GAAP earnings per share) as a complement to, and not as an alternative to, reported earnings per share presented in accordance with GAAP. Adjusted earnings per share exclude, as applicable, (1) a one-time reduction in income tax expense related to a revaluation of our deferred taxes as a result of the Tax Cuts and Jobs Act of 2017; (2) costs related to the acquisition of Integrays Energy Group; (3) the results of operations of Integrays and its subsidiaries; and (4) the additional shares of WEC Energy Group common stock that were issued as part of the acquisition. None of these items are indicative of WEC Energy Group's operating performance. Therefore, WEC Energy Group believes that the presentation of adjusted earnings per share is relevant and useful to investors to understand the company's operating performance. Management uses such measures internally to evaluate the company's performance and manage its operations.