



2022 Trade Association and Climate Engagement Report



Gale Klappa
Executive Chairman

Scott Lauber
President and Chief
Executive Officer

A message from company leadership

The energy industry has an important part to play in the transition to a low-carbon economy. At WEC Energy Group, we work to deliver affordable, reliable and clean energy to customers across the Midwest. We are committed to a balanced, sustainable business strategy that meets the needs of our stakeholders while reducing greenhouse gas emissions. And we apply the same values in our collaborations with industry peers.

To support that commitment, we have set aggressive goals across our electric and natural gas operations. From our electric generation, we aim to achieve a 60% reduction in carbon emissions by the end of 2025 and an 80% reduction by the end of 2030, below 2005 levels. By the end of 2030, we expect to use coal only as a backup fuel for electric generation, and we plan to eliminate it as an energy source by the end of 2035. Our long-term goal for our electric generation is to be net carbon neutral by 2050. We also are targeting net-zero methane emissions from our natural gas distribution system by the end of 2030.

Current reduction

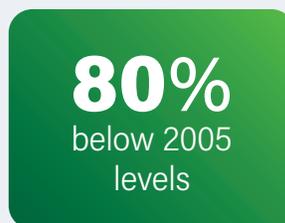


2022

Our carbon emissions goals



by end of
2025



by end of
2030



2050



Through our trade association memberships, we collaborate with industry peers, conduct benchmarking on sustainability-related metrics, provide input on legislation, and advocate for our stakeholders. Our participation helps us prepare for upcoming policy developments and share our business expertise at the state, regional and national levels.

In the following report, we have assessed the alignment of our major trade associations with efforts to mitigate climate change. We see our membership in these organizations as supporting our emissions goals. As we move forward with these collaborative efforts, we will continue to make our voice heard in support of a sustainable energy future.

Gale E. Klappa
Executive Chairman

Scott J. Lauber
President and Chief Executive Officer



The Paris Agreement and our climate strategy

In our emissions reduction efforts and related policy engagement, we consider the guidance of the Paris Agreement and other international efforts to limit climate change.

The Paris Agreement is an international treaty that became effective Nov. 4, 2016. Its primary goal is to hold the increase in the global average temperature to well below 2 degrees Celsius above pre-industrial levels. The agreement aims to help countries foster climate resilience and develop low greenhouse gas emissions initiatives. Each country that has signed onto the agreement determines what contributions they should make to achieve the aims of the treaty.

Consistent with this goal, the Intergovernmental Panel on Climate Change (IPCC) published a report on limiting global warming to 1.5 degrees C. The report found that reducing global emissions 30% to 70% in 2030 and 70% to 130% in 2050 (relative to 2005) is consistent with “no or limited overshoot” of 1.5 degrees C.

As outlined earlier, we have set aggressive emissions targets for our business. Our climate strategy analysis, further detailed in our [Climate Report](#), has demonstrated that these targets align with those of the Paris Agreement. 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 (CO₂ emissions per megawatt-hour of electricity production) will decline to roughly 0.23 metric tons of CO₂ 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 electric operations by the end of 2030, as we work toward our 80% reduction goal.

We support strategies in our business and wider industry that will help make the goals of the Paris Agreement achievable while maintaining energy affordability and reliability.

Key elements of our approach include:

Renewable energy: We continue to invest in renewable generation, including solar, wind and battery storage, for our electric utilities and our energy infrastructure business. In addition, we have signed contracts to bring renewable natural gas into our delivery networks.

Efficient natural gas generation: Natural gas remains essential to providing reliable service to our customers, especially during the Midwest's cold winters. We invest in technology such as reciprocating internal combustion engines, which are highly efficient and have the potential to run on hydrogen if it becomes viable for utility-scale power generation.

System modernization: Supporting safety and reliability, our capital plan includes grid-hardening projects to bury power lines and strengthen our utility systems against severe weather, as well as work to modernize our natural gas delivery networks and reduce methane emissions.

Customer options: We help customers take control of their energy use through a variety of methods, including energy efficiency, demand-side management and green pricing programs.

Just Transition: We are cognizant of economic and social impacts tied to the energy transition. In response, we have implemented a variety of measures to support our stakeholders, including our generation plant employees and local communities.

Research and development: We continue to improve the efficiency and environmental impact of our operations through new technology and research, in collaboration with our peer companies and industry organizations.

In 2022, WEC Energy Group led a successful pilot project with EPRI that tested blending hydrogen with natural gas as a fuel source for power generation.





Trade association review

WEC Energy Group belongs to several industry, trade and business associations. The goal of our membership is to join forces with other utilities, businesses and industries to advance our common interests through collaboration and advocacy. By representing many members, trade associations can provide a larger voice in public policy discussions. Belonging to trade associations also allows our company to gain greater insight into the details and facets of key issues that may impact our company, our customers and our shareholders.

The purpose of this report is to review the major trade associations in which our company belongs and their position on climate change policies, particularly as they align with the Paris Agreement.

Following is a listing of key trade associations in which our company was a member in 2022 and paid more than \$25,000 in dues.

Edison Electric Institute (EEI)

Summary of trade association's climate policy (if available) or mission

EEI and its members have adopted several positions on clean energy and climate change to help lead a clean energy transformation. Recognizing that global climate change presents one of the biggest environmental and energy challenges, EEI members have taken a host of steps to reduce greenhouse gas emissions.

In January 2021, EEI released a statement that its members explicitly support America rejoining the Paris Agreement. EEI has also supported and worked to pass federal legislation that make investments in clean energy technology, and a clean energy tax package to spur investments in renewable energy.

Aligned with WEC Energy Group's climate policy? Policies support Paris Agreement?

Aligned with WEC Energy Group's climate policy. EEI supports the Paris Agreement and explicitly supported the U.S. rejoining the Agreement.

Summary of WEC Energy Group's engagement with EEI

Scott Lauber, president and CEO, serves on the EEI board, and several employees participate in EEI committees.

This active engagement allows WEC Energy Group to participate in EEI policy discussions, provide input and help shape policy statements, goals and initiatives from EEI.

American Gas Association (AGA)

Summary of trade association's climate policy (if available) or mission

In its [climate change position](#), the American Gas Association and its members committed to "reducing greenhouse gas emissions through smart innovation, new and modernized infrastructure, and advanced technologies that maintain reliable, resilient and affordable energy service choices for consumers."

Further, in 2022, AGA published a study titled "[Net Zero Emission Opportunities for Utilities](#)" that presents a national-level approach for gas technologies and the distribution infrastructure to reduce emissions, unleash greater innovation and enhance energy reliability.

Aligned with WEC Energy Group's climate policy? Policies support Paris Agreement?

Aligned with WEC Energy Group's climate policy. AGA's climate policy does not explicitly address the Paris Agreement but is consistent with the goals of the Paris Agreement.

Summary of WEC Energy Group's engagement with AGA

Andy Hesselbach, senior vice president — gas operations, serves on the AGA board, and several employees participate in AGA committees.

This active engagement allows WEC Energy Group to participate in AGA policy discussions, provide input and help shape policy statements, goals and initiatives from AGA.

National Hydropower Association (NHA)

Summary of trade association's climate policy (if available) or mission

NHA advocates for policies at the federal and state level to support all sectors of the waterpower industry.

At the federal level, the NHA advocates for legislation to streamline licensing for hydropower, pumped storage and marine energy. The NHA advocates for market and regulatory policies that accurately reflect the contributions hydropower makes to the energy system.

In a policy statement, the NHA stated that hydropower is helping fight climate change and helps the nation avoid approximately 200 million metric tons of carbon dioxide annually.

At the state level, NHA supports clean energy standards for hydropower and for policies that ensure hydropower can continue to provide reliable, renewable energy across the country.

Aligned with WEC Energy Group's climate policy? Policies support Paris Agreement?

Aligned with WEC Energy Group's climate policy. No explicit statement on the Paris Agreement but their efforts support the goals of the Paris Agreement.

Summary of WEC Energy Group's engagement with NHA

Employees participate on NHA committees, which allows WEC Energy Group to participate in NHA policy discussions, provide input, and help shape policy statements, goals and initiatives.

Metropolitan Milwaukee Association of Commerce (MMAC)

Summary of trade association's climate policy (if available) or mission

MMAC is a private, not-for-profit organization made up of over 1,800 member businesses in several southeastern Wisconsin counties whose primary focus is to increase the economic vitality of the metro Milwaukee business community.

Aligned with WEC Energy Group's climate policy? Policies support Paris Agreement?

MMAC has not taken direct actions on climate change issues but focuses more on the economic and business environment of the region they serve. No explicit statement on the Paris Agreement.

Summary of WEC Energy Group's engagement with MMAC

Gale Klappa, executive chairman — WEC Energy Group, serves on the Executive Committee of the MMAC, and was MMAC chairman from 2007 to 2009. In addition, Klappa is co-chair of the Milwaukee 7 regional economic development initiative, which is the economic development arm of the MMAC.

This active engagement allows WEC Energy Group to participate in MMAC policy discussions, provide input, and help shape policy statements, goals and initiatives from MMAC.

Wisconsin Manufacturers and Commerce (WMC)

Summary of trade association's climate policy (if available) or mission

WMC is the largest business association in Wisconsin with over 3,800 member companies spanning all sectors of the economy. Their mission "is to make Wisconsin the most competitive state in the nation to do business."

WMC believes that Wisconsin should focus on energy policies that provide employers with affordable and reliable energy to operate.

Aligned with WEC Energy Group's climate policy? Policies support Paris Agreement?

No explicit alignment with WEC Energy Group's climate policy. No explicit statement on the Paris Agreement.

Summary of WEC Energy Group's engagement with WMC

Bert Garvin, executive vice president — external affairs, serves on the WMC board of directors.

This active engagement allows WEC Energy Group to participate in WMC policy discussions, provide input, and help shape policy statements, goals and initiatives from WMC.

Wisconsin Utilities Association (WUA)

Summary of trade association's climate policy (if available) or mission

WUA represents the investor-owned gas and electric utilities in Wisconsin. WUA represents the members' interests before the Wisconsin Legislature and regulatory bodies.

The WUA assists member utilities by supporting their efforts to enhance the legislative and regulatory climate in Wisconsin so that clean energy initiatives may be more readily and easily achieved. The WUA takes public positions on legislative and regulatory issues important to their member companies' goals including initiatives that will enhance their climate policy objectives in the state.

Aligned with WEC Energy Group's climate policy? Policies support Paris Agreement?

Aligned with WEC Energy Group's climate policy as to our electric and natural gas local distribution utilities in the state and our efforts to achieve our company's climate policy goals. No explicit statement on the Paris Agreement.

Summary of WEC Energy Group's engagement with WUA

As a member utility, our company always has a seat on the WUA board of directors.

This active engagement allows WEC Energy Group to participate in WUA policy discussions, provide input and help shape policy statements, goals and initiatives from the WUA.

Wisconsin Utility Investors (WUI)

Summary of trade association's climate policy (if available) or mission

The WUI is a grassroots association of stockholders in Wisconsin gas, electric and telephone utilities who strive to strengthen Wisconsin's economy and protect shareholder dividends through grassroots involvement in the political process.

WUI provides information to individual utility investors so that they may make their voices heard with elected officials.

WUI often provides support for utility legislative and regulatory efforts of concern and interest to utilities in Wisconsin, including utility initiatives to promote their climate policy objectives.

Aligned with WEC Energy Group's climate policy? Policies support Paris Agreement?

Aligned with WEC Energy Group's climate policy as to our electric and natural gas local distribution utilities in the state and our efforts to achieve our company's climate policy goals. No explicit statement on the Paris Agreement.

Summary of WEC Energy Group's engagement with WUI

Individual shareholders make up the WUI board of directors; however, WEC Energy Group employees engage with the WUI board and shareholders to provide information important to our company's initiatives in the legislative and regulatory arenas.

Fair Rates for Wisconsin's Dairy Land (FRWD)

Summary of trade association's climate policy (if available) or mission

FRWD brings together representatives of organized labor with large and small energy providers and consumers.

Their mission is to promote the value of Wisconsin's electric system, champion equitable funding and lead the discussion – including an emphasis on fairness, affordability, and reliability.

An important focus of the organization is to advocate for the hard-working men and women who build, operate and maintain the electric system and for workers whose jobs and livelihood depend on reliable electricity.

Aligned with WEC Energy Group's climate policy? Policies support Paris Agreement?

Aligned with WEC Energy Group's climate policy as to our electric and natural gas local distribution utilities in the state and our efforts to achieve our company's climate policy goals. No explicit statement on the Paris Agreement.

Summary of WEC Energy Group's engagement with FRWD

As a member, our company has a seat on the FRWD board of directors.

This active engagement allows WEC Energy Group to participate in FRWD policy discussions, provide input and help shape policy statements, goals and initiatives for FRWD.

Illinois Energy Association (IEA)

Summary of trade association's climate policy (if available) or mission

The IEA is a statewide trade association representing the investor owned electric and natural gas utilities and power generation companies in Illinois. The IEA develops and promotes industry positions and policies on legislative and regulatory issues in the state.

The IEA assists member utilities by supporting their efforts to enhance the legislative and regulatory climate in Illinois so that clean energy initiatives may be more readily and easily achieved. The IEA takes public positions on legislative and regulatory issues important to their member companies' goals including initiatives that will enhance their climate policy objectives in the state.

Aligned with WEC Energy Group's climate policy? Policies support Paris Agreement?

Aligned with WEC Energy Group's climate policy as to our natural gas local distribution utilities in the state and our efforts to achieve our company's climate policy goals. No explicit statement on the Paris Agreement.

Summary of WEC Energy Group's engagement with IEA

As a member utility, our company always has a seat on the IEA board of directors.

This active engagement allows WEC Energy Group to participate in IEA policy discussions, provide input and help shape policy statements, goals and initiatives from the IEA.

Michigan Electric and Gas Association (MEGA)

Summary of trade association's climate policy (if available) or mission

MEGA is the trade association of investor-owned electric and natural gas utilities in Michigan.

MEGA works with the Michigan Legislature and state regulatory agencies to assure safe, reliable and affordable electric and gas utility service. MEGA strives to advance the common interests of their investor-owned electric and natural gas utilities in Michigan for better service to customers, shareholders and the public.

MEGA takes public positions on legislative and regulatory issues important to their member companies' goals including initiatives that will enhance their climate policy objectives in the state.

Aligned with WEC Energy Group's climate policy? Policies support Paris Agreement?

Aligned with WEC Energy Group's climate policy as to our electric and natural gas local distribution utilities in the state and our efforts to achieve our company's climate policy goals. No explicit statement on the Paris Agreement.

Summary of WEC Energy Group's engagement with MEGA

With two utilities in Michigan, our company always has two seats on the MEGA board of directors.

This active engagement allows WEC Energy Group to participate in MEGA policy discussions, provide input and help shape policy statements, goals and initiatives from MEGA.

Cautionary statement regarding forward-looking information

Certain statements contained in this report are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements are based upon management’s current expectations and are subject to risks and uncertainties that could cause our actual results to differ materially from those contemplated in the statements. Readers are cautioned not to place undue reliance on these statements. Forward-looking statements include, among other things, statements concerning greenhouse gas emissions reduction goals and targets, unit retirement and replacement plans, renewable energy investments and initiatives, and capital plans and expenditures. In some cases, forward-looking statements may be identified by reference to a future period or periods or by the use of forward-looking terminology such as “anticipates,” “believes,” “estimates,” “expects,” “forecasts,” “guidance,” “intends,” “may,” “objectives,” “plans,” “possible,” “potential,” “projects,” “should,” “targets,” “will,” or similar terms or variations of these terms.

Factors that could cause actual results to differ materially from those contemplated in any forward-looking statements include, but are not limited to: general economic conditions, including business and competitive conditions in the company’s service territories; timing, resolution and impact of rate cases and other regulatory decisions; the company’s ability to continue to successfully integrate the operations of its subsidiaries; availability of the company’s generating facilities and/or distribution systems; unanticipated changes in fuel and purchased power costs; key personnel changes; unusual, varying or severe weather conditions; continued industry restructuring and consolidation; continued advances in, and adoption of, new technologies that produce power or reduce power consumption; energy and environmental conservation efforts; natural gas reduction or electrification initiatives, mandates and other efforts to reduce the use of natural gas; the company’s ability to successfully acquire and/or dispose of assets and projects and to execute on its capital plan; terrorist, physical or cyber-security threats or attacks and data security breaches; construction risks; equity and bond market fluctuations; changes in the company’s and its subsidiaries’ ability to access the capital markets; changes in tax legislation or the company’s ability to use certain tax benefits and carryforwards; federal, state, and local legislative and regulatory changes, including changes to environmental standards, the enforcement of these laws and regulations and changes in the interpretation of regulations by regulatory agencies; supply chain disruptions; inflation; political or geopolitical developments, including impacts on the global economy, supply chain and fuel prices, generally, from the ongoing conflict between Russia and Ukraine; the impact from any health crises, including epidemics and pandemics; current and future litigation and regulatory investigations, proceedings or inquiries; changes in accounting standards; the financial performance of American Transmission Company as well as projects in which the company’s energy infrastructure business invests; the ability of the company to obtain additional generating capacity at competitive prices; goodwill and its possible impairment; and other factors described under the heading “Factors Affecting Results, Liquidity and Capital Resources” in Management’s Discussion and Analysis of Financial Condition and Results of Operations and under the headings “Cautionary Statement Regarding Forward-Looking Information” and “Risk Factors” contained in the company’s Form 10-K for the year ended Dec. 31, 2022, and in subsequent reports filed with the Securities and Exchange Commission. Except as may be required by law, the company expressly disclaims any obligation to publicly update or revise any forward-looking information.