



2020 Corporate Responsibility Report

SUSTAINABLE PROGRESS FOR AN ENDURING ENTERPRISE

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 economy of the areas we serve.

This annual Corporate Responsibility Report is a comprehensive overview of our environmental, social and governance performance for 2020. The information presented in this report was 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'll see, we are building a bright, sustainable future while providing the affordable, reliable and clean energy our customers depend on.



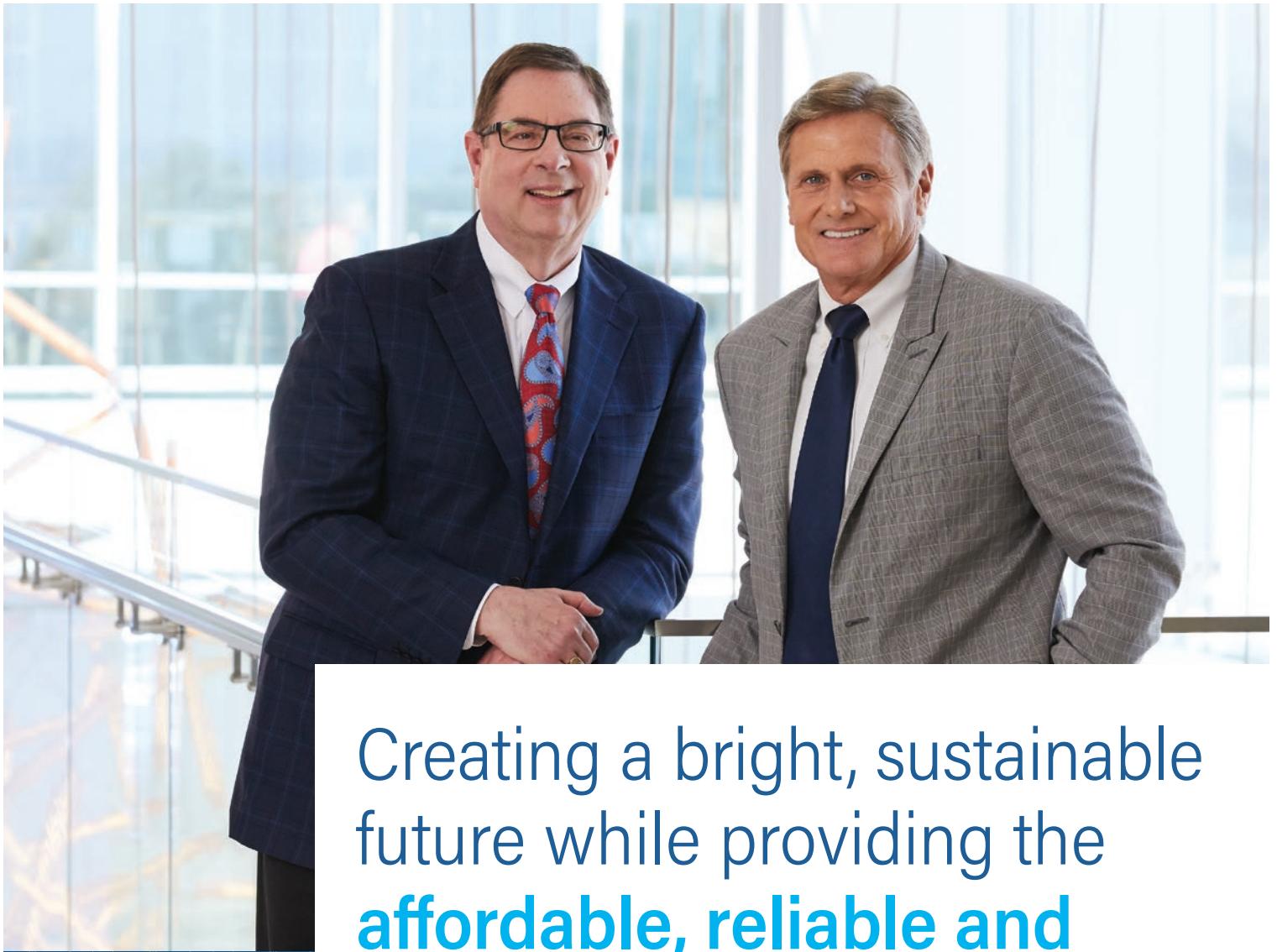
Due to the timing of the release of this report, certain content has been updated to reflect 2021 information.

This report principally covers the year 2020 for WEC Energy Group Inc. (WEC) and its subsidiaries on a consolidated basis. The performance data is focused on the operations of Wisconsin Electric Power Co. and Wisconsin Gas LLC, doing business as We Energies, and Wisconsin Public Service Corp. in Wisconsin; Michigan Gas Utilities Corp. and Upper Michigan Energy Resources Corp. in Michigan; Minnesota Energy Resources Corp. in Minnesota; The Peoples Gas Light and Coke Co. and North Shore Gas Co. in Illinois; and WEC Infrastructure LLC.

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

Our 2020 Corporate Responsibility Report

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Creating a bright, sustainable future while providing the **affordable, reliable and clean energy** our customers depend on.

A message from company leadership

Gale Klappa

Executive Chairman

Kevin Fletcher

President and Chief Executive Officer

On the pages that follow, we chronicle the progress we've delivered on our environmental, social and governance initiatives. Despite the challenges of the pandemic, we achieved measurable and sustainable results.

Our company has emerged as a national leader in the decarbonization effort. In fact, we're pleased to report that our progress to date and our view of what can be accomplished have led us to adopt new, even more ambitious goals.

We are now targeting a 60 percent reduction in carbon emissions from electric generation by 2025 and an 80 percent reduction by the end of 2030, both below 2005 levels. As we look out to the year 2050, the target for our generation fleet remains net-zero carbon. We believe we can achieve our 2025 and 2030 emissions goals without any new technological developments.

In addition, investments in our natural gas infrastructure are improving our methane footprint as well as safety and reliability. As a result, we also set a new goal to achieve net-zero methane emissions across our natural gas distribution operations by the end of 2030.

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



Gale E. Klappa
Executive Chairman



J. Kevin Fletcher
President and
Chief Executive Officer

Our sustainable practices are being recognized.

Milwaukee Business Journal
2021 Diversity in Business Award
(Large Company)
In recognition of our support for diversity and inclusion, both in the workplace and in our supply chain



Capital Finance International
2021 Energy Awards
Best ESG Growth Strategy
in the U.S.
In recognition of our sustainability goals and strategic planning



Our response to the COVID-19 pandemic

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



The steps we've taken include:

- Activated our Incident Management Team to manage our COVID-19 response.
- Accelerated our support for the communities we serve. In total, our companies and foundations donated more than \$20 million to organizations across our service areas in 2020. This included more than \$2 million to direct COVID-19 relief efforts.
- Instilled in our employees the importance of following Centers for Disease Control and Prevention (CDC) guidelines.
- Required employees to wear masks or face coverings while working inside customer homes and businesses, inside company facilities or within 6 feet of others outdoors.
- **Created a COVID-19 Employee Guide and COVID-19 Workplace Safety Guide early in the pandemic and updated them as circumstances and guidelines changed.**
- Transitioned employees to working remotely, where possible.
- Limited access of critical work centers to necessary individuals.
- Enhanced sanitation at our facilities, including regular daily cleaning and anti-microbial deep cleaning when deemed necessary per CDC guidelines.
- Suspended non-essential travel.
- Had on-staff medical doctor guiding our response and providing education to employees.
- Engaged with labor leaders and employees on safe work practices.
- Provided personal protective equipment, such as reusable face coverings for all employees, for both company and private use.
- Provided additional mental health resources to employees.
- Developed temporary COVID-19 absences bank to provide employees with additional sick and caretaking time.

continued

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- Hosted additional virtual wellness events to manage stress and adapt to remote working.
 - Provided regular updates to employees to maintain and enhance engagement.
 - Established a dedicated page on our company intranet site to provide employees with direct access to all internal COVID-19 related communications, FAQs and links to public resources, such as the CDC and Johns Hopkins.
 - Incorporated COVID-19 protection and prevention advice into regular daily safety messages delivered to employee desktops and workbooks.
 - Implemented a notification process for positive COVID-19 cases and associated contact tracing, including communication of cleaning and other facility impacts across all worksites.
 - Provided personal testimonials from senior executives to employees and the general public about the importance and impact of being vaccinated.
 - Offered flexible payment plans for our customers and provided access to additional financial resources to assist with financial hardship.**
 - Suspended disconnections for residential and business customers for a period of time.
 - Created dedicated webpage for customers to access information related to our COVID-19 policies and additional resources to support their needs.
 - Included COVID-19 information and resources in residential and business customer newsletters.

Our company



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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.

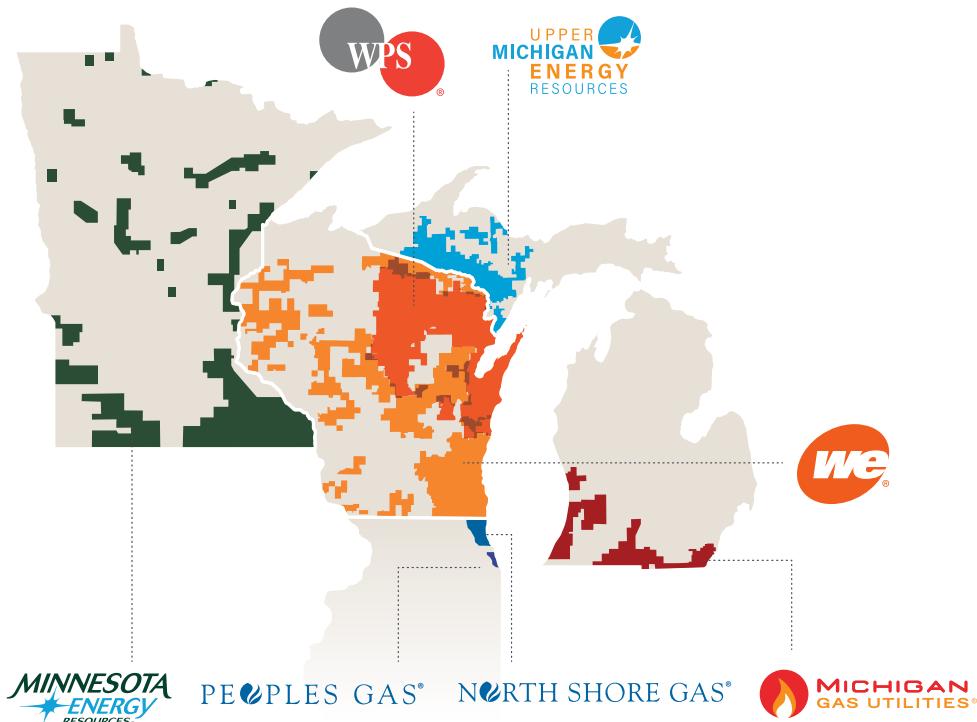


Key facts

An energy industry leader

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

**Total customer accounts:
4.6 million**



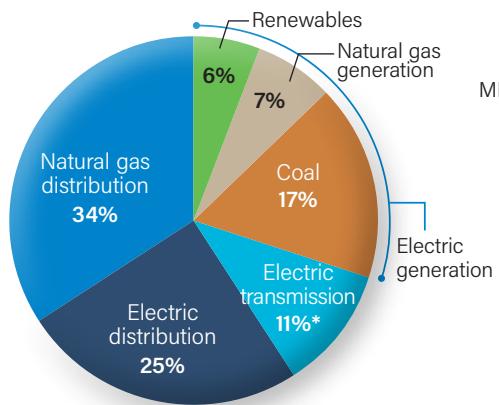
Customers:

- **We Energies**
Electric: 1,149,000
Natural gas: 1,145,000
- **Wisconsin Public Service**
Electric: 453,000
Natural gas: 335,000
- **Peoples Gas**
Natural gas: 878,000
- **North Shore Gas**
Natural gas: 164,000
- **Minnesota Energy Resources**
Natural gas: 243,000
- **Michigan Gas Utilities**
Natural gas: 181,000
- **Upper Michigan Energy Resources**
Electric: 37,000
Natural gas: 5,000

Data as of year-end 2020, unless otherwise noted.

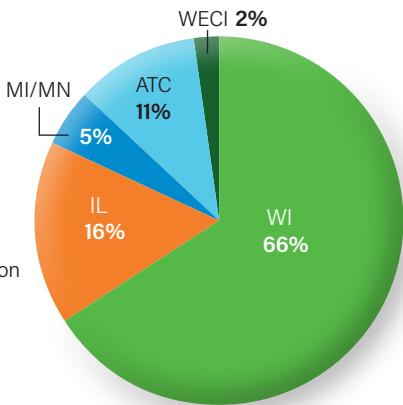
Diverse business portfolio

Assets by business type



*American Transmission Co. (ATC) is accounted for using the equity method; this represents WEC Energy Group's portion of the asset base.

Assets by jurisdiction



WEC Infrastructure (WECl), a nonutility subsidiary, has acquired or agreed to acquire majority interests in seven wind farms across the Midwest. Together, these resources will be capable of providing over 1.3 gigawatts of carbon-free energy and include long-term agreements with investment-grade customers outside our traditional service areas.

Utility distribution and generation



71,000 miles of electric distribution lines in Wisconsin and Michigan

Overhead: **36,100 miles**

Underground: **34,900 miles**



450 substations in Wisconsin and Michigan

7,700 megawatts

of power generation capacity



51,400 miles of natural gas mains throughout Wisconsin, Illinois, Minnesota and Michigan



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



Priority sustainability issues

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

In 2020, we concluded an in-depth assessment to identify the sustainability issues that are most important to our company and our stakeholders, considering both current and potential long-term impacts. This comprehensive assessment strengthened our existing commitment to sustainability and established a foundation upon which to develop programs that address these priority sustainability issues.

The Electric Power Research Institute conducted the assessment, using a methodology that had been developed and refined through previous research projects. It defined sustainability as the way our company balances economic, environmental and social issues and decisions to support the long-term viability of our business, the community and the environment. The assessment took place in four phases over seven months, incorporating 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 are using the results of this project to develop strategies and drive changes to meet and exceed stakeholder expectations. Our priority sustainability issues also are helping us to structure our sustainability disclosure, including this report, and ongoing stakeholder engagement.

The following pages present the priority sustainability issues and definitions resulting from our assessment, as well as the United Nations Sustainability Development Goals (UN SDGs) they support.

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

SUSTAINABLE DEVELOPMENT GOALS

7 AFFORDABLE AND CLEAN ENERGY



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



13 CLIMATE ACTION



Our priority sustainability issues

Associated UN 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

Presented in alphabetical order.

continued

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 2021-2025 ESG progress plan

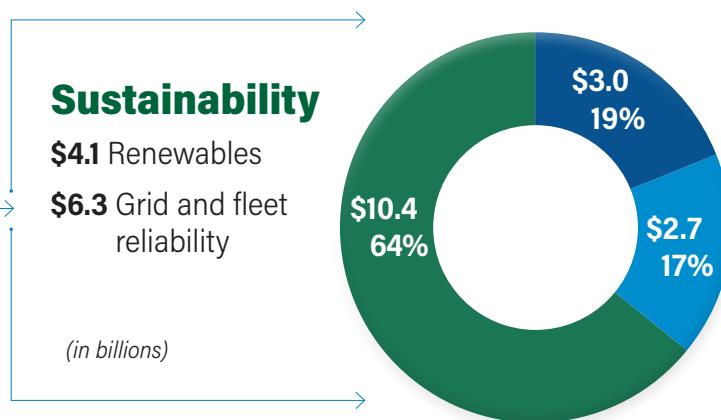
Investing in renewable and low-carbon energy inside and outside our traditional footprint to replace less efficient, fossil-fueled generation.

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.

Investing
\$16.1
billion
between 2021-2025



Growth

\$1.6 Gas distribution

\$1.4 Electric generation, transmission and distribution

Efficiency

\$1.0 Technology

\$1.7 Grid and fleet modernization

Investing in zero-carbon generation

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

Renewable energy investments

We have received approval to invest in 300 MW of utility-scale solar within our Wisconsin segment. WPS has partnered with an unaffiliated utility to construct two solar projects in Wisconsin: Two Creeks Solar Park, now in service, and Badger Hollow Solar Park I, targeted for completion in summer 2021. WPS owns 100 MW of Two Creeks and will own 100 MW of Badger Hollow I for a total of 200 MW. We Energies has partnered with an unaffiliated utility to construct Badger Hollow Solar Park II, which is expected to enter commercial operation in December 2022. Upon construction, We Energies will own 100 MW of the output of this project.

We have filed for approval of additional renewable projects in Wisconsin, including solar, battery storage and wind.

WEC Infrastructure

Through our WEC Infrastructure business, we have acquired or agreed to acquire majority interests in seven wind farms, capable of providing approximately 1.3 gigawatts of carbon-free energy in total. Our 2021-2025 capital plan includes \$2.2 billion of investment in renewable energy generation by WEC Infrastructure. This investment will build upon the \$1.2 billion that WEC Infrastructure invested through 2020 in wind farm development. These renewable energy assets have long-term agreements with investment-grade customers outside our traditional service areas.



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 constructive change, leveraging their capabilities and expertise, and using creative solutions. We expect these efforts to continue to drive operational efficiency and customer satisfaction.

Enhancing customer experience across companies

A multiyear effort is driving a standardized, seamless approach to digital customer service across WEC Energy Group. We now have moved all utilities to a common platform for all customer service functions, including billing, meter reading, credit and collections, and field operations. We rolled out our final customer app in early 2021, and we are now focused on enhancing app functionality for all utilities.

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. In the future, smart meters may provide customers with more usage- and demand-based billing and energy management options.



The percentage of our electric customers with smart meters reached **89% in 2020**.

Strengthening energy delivery infrastructure

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

System Modernization Program

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

Peoples Gas spends more than **\$50 million** annually with businesses owned by minorities, women and veterans as part of its System Modernization Program.

System Modernization and Reliability Project (SMRP)

Wisconsin Public Service (WPS) continues work on this multiyear project to modernize parts of its electric distribution system by burying or upgrading lines. The project focuses on electric lines that currently have the lowest reliability in the WPS system, primarily in heavily forested, rural areas. WPS expects to invest approximately \$430 million in total on these improvements from the project's beginning in 2014 through 2022. It will result in the installation of more than 2,000 miles of underground circuits in place of overhead lines and the addition of distribution automation equipment on 400 miles of lines.

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. To meet this demand and keep our customers safe and warm, We Energies is progressing through the approval process to build two liquefied natural gas facilities. Each facility would provide 1 billion cubic feet of natural gas supply to meet peak demand without requiring the construction of additional interstate pipeline capacity. If approved by the Public Service Commission of Wisconsin, the total cost of both projects is expected to be approximately \$370 million, with commercial operation targeted for the end of 2023.

Business and operations

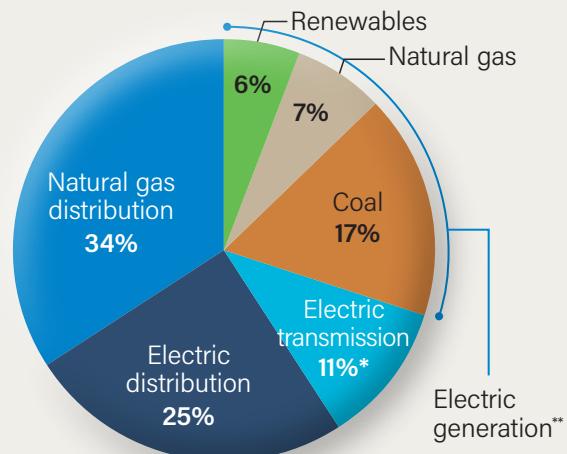
WEC Energy Group is a Fortune 500 company and a component of the S&P 500. Our company has approximately 42,000 stockholders of record, 7,200 employees and more than \$37 billion of assets.

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

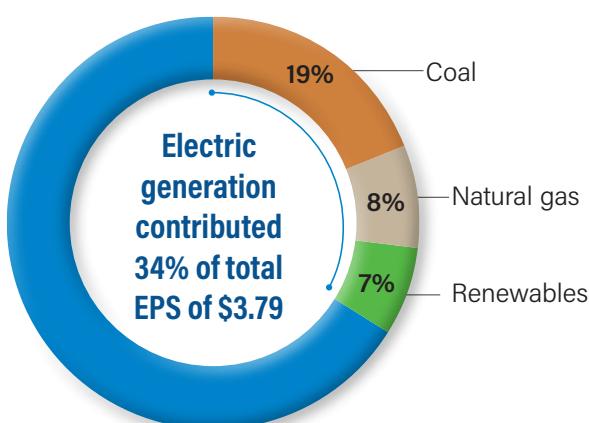
In addition, we have an approximately 60% equity ownership interest in American Transmission Co. LLC (ATC), a for-profit electric transmission company regulated by the Federal Energy Regulatory Commission (FERC) and certain state regulatory commissions.

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

2020 assets by business type

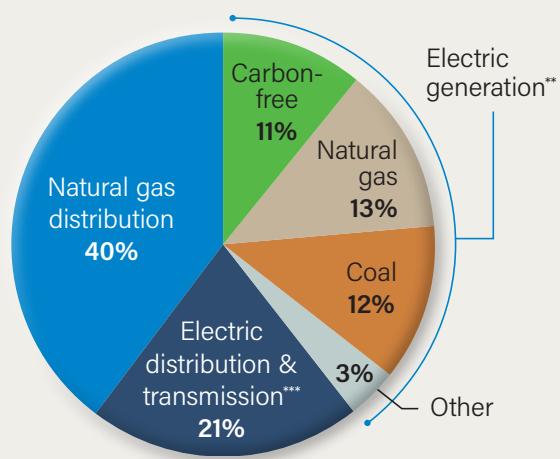


Percentage of total 2020 EPS*



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

2020 revenue contribution by source



* 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.



Wisconsin operations

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

Electric supply

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

Owned utility capacity (megawatts)¹	2018	2019	2020
Coal	3,518	3,158	3,165
Natural gas	3,590	3,753	3,758
Renewables ²	220	207	743 ³
Total	7,328	7,118	7,666

¹ Capacity for our electric generation facilities, other than wind and solar generating facilities in 2020, 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.

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

³ In our 2020 filings, we began reporting our wind and new solar capacity based on nameplate capacity.

Electricity generation and purchased power (gigawatt-hours)

	2018	2019	2020
Coal generation	21,569	16,498	14,315
Natural gas/other generation	10,578	13,562	14,373
Renewable generation	2,095	3,011	3,791
Biomass	100	99	64
Hydro	835	787	1,007
Solar	-	-	29
Wind (utility)	1,048	1,136	1,147
Wind (WEC Infrastructure)*	112	989	1,544
Total electric generation	34,242	33,071	32,479
Purchased power, renewables	1,153	892	896
Purchased power, nuclear PPA	8,967	8,979	8,964
Purchased power, low-emitting	757	828	872
Purchased power, MISO markets	3,208	4,047	4,188
Total generated and purchased energy	48,327	47,817	47,399
Total generated and purchased renewable energy	3,248	3,903	4,687

* Our portion of WEC Infrastructure facility generation now included in reporting to give a more complete overview of our operations.

Illinois operations

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

Other states operations

Our other states segment includes the natural gas utility and nonutility operations of Minnesota Energy Resources and Michigan Gas Utilities. Minnesota Energy Resources serves customers in various cities and communities throughout Minnesota. Michigan Gas Utilities serves customers in southern and western Michigan, and owns a 2.9-billion-cubic-foot natural gas storage field in the state.

Electric transmission – American Transmission Co. (ATC)

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

As of Dec. 31, 2020, our ownership interest in ATC was approximately 60%. In addition, we own approximately 75% of ATC Holdco LLC, a separate entity formed in December 2016 to invest in transmission-related projects outside of ATC's traditional footprint.

Nonutility energy infrastructure

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

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

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

WEC Infrastructure holds our ownership interests in nonutility wind generation facilities outside our traditional utility footprint.



Bluewater natural gas storage facility

Corporate and other

Our corporate and other segment includes the operations of the WEC Energy Group holding company, the Integrys holding company and the Peoples Energy LLC holding company, as well as the operations of Wisspark LLC, WEC Business Services LLC and WPS Power Development LLC (before the sale of its remaining solar facilities in November 2020).

Wisspark develops and invests in real estate. WEC Business Services is a wholly owned centralized service company that provides administrative and general support services to our regulated utilities, as well as certain services to our nonregulated entities.

More detail on our operating segments can be found in our Annual Report on Form 10-K for the year ended Dec. 31, 2020.

Financial discipline

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

2020 financial highlights

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

✓ Achieved fully diluted earnings per share of
\$3.79

✓ WEC stock hit 14 new trading highs

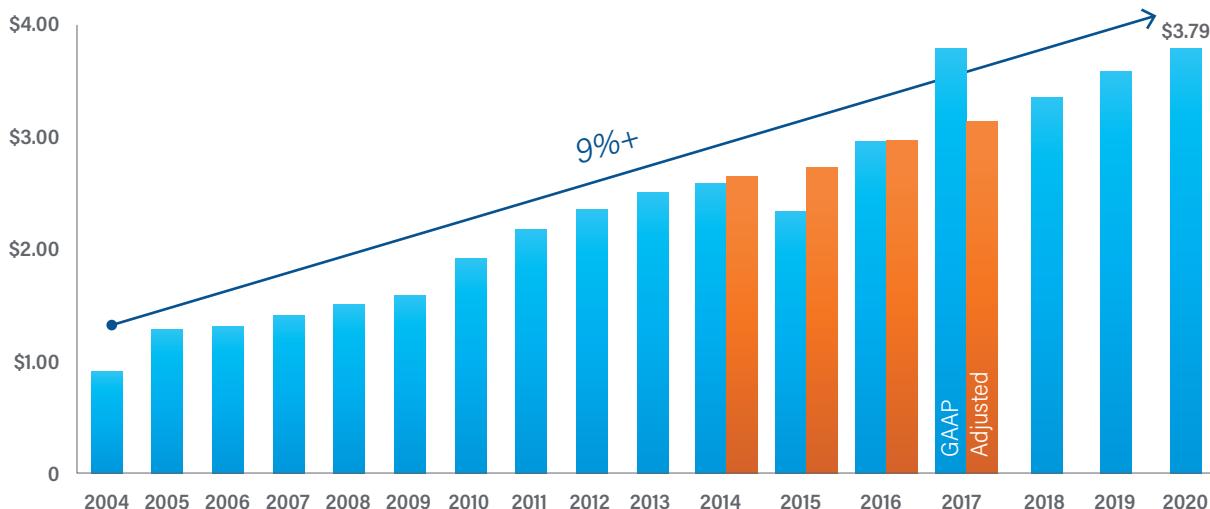
✓ Returned more than
\$798 million

to WEC Energy Group stockholders through dividends

✓ Earnings from operations were the highest in company history

✓ All of our regulated utility subsidiaries met their financial goals for 2020

History of quality earnings growth



We've delivered an average earnings growth of 9%+ per year.

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



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

Strong financial condition

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

Funds from operations/debt

WEC Energy Group	Target 2020-2025
S&P FFO to Debt	≥15%
Moody's CFO Pre-WC/Debt	≥16%

Environment



Environmental responsibility	22
Climate strategy	36
Innovation	43

Environmental responsibility

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



Environmental policy

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

Sustainability

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

Stewardship

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

Compliance

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

Engagement

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

Our approach to environmental governance

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

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

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

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

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

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

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

Our companies are subject to extensive state and federal environmental regulations affecting our operations, and we dedicate significant expenditures to complying 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 the Environmental department staff. To



ensure 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 tracked and summarized 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 has included a number of audits reviewing various environmental processes over the past three years. These audits are more than compliance checklists, as they cover the entire process and identify instances where 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.

Managing environmental impacts

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

Air emission reductions

Air quality control systems and other measures at our facilities have resulted in combined sulfur dioxide (SO_2), nitrogen oxides (NOx) and mercury (Hg) emissions reductions of greater than 90% when compared to 2000 emissions. As we carry out our generation reshaping plan and retire less-efficient fossil-fueled generation, we continue to improve our performance in this area. Between 2019 and 2020 alone, our SO_2 and NOx emissions decreased by 40% and 17%, respectively. Innovative technology at our electric generation facilities supports our progress:

- At Weston Power Plant Unit 3, the ReACT® (Regenerative Activated Coke Technology) system complements the fabric filters, low NOx burners and separated over-fire air system, and mercury control system. 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_2 , NOx, mercury, particulate matter and other emissions, with chemical 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_2 , NOx, mercury, particulate matter and other emissions. Mercury is further reduced through chemical additives to the coal supplies at the Oak Creek site.
- 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) and volatile organic compound (VOC) emissions.
- The Upper Michigan Energy Resources (UMERC) 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, VOC and organic hazardous air pollutants.

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

Air emissions from electricity generation

		2018	2019	2020
Sulfur dioxide (SO_2)	(kg)	7,770,417	2,210,169	1,320,470
	(kg/MWh)	0.23	0.07	0.04
Nitrogen oxide (NOx)	(kg)	10,453,986	6,258,232	5,176,771
	(kg/MWh)	0.31	0.20	0.17
Particulate matter (PM)	(kg)	928,249	614,618	497,830
	(kg/MWh)	0.030	0.019	0.016
Volatile organic compound (VOC)	(kg)	265,185	250,459	212,329
	(kg/MWh)	0.010	0.008	0.007
Mercury (Hg)	(kg)	43	33	27
	(kg/MWh)	0.0000013	0.0000010	0.0000009

Greenhouse gas (GHG) emissions from electricity generation and purchases (1,000 metric tons carbon dioxide equivalents (CO_2e))

	2018	2019	2020
Owned coal generation ¹	21,990	15,848	13,665
Owned natural gas/other generation ¹	4,263	5,414	5,806
Purchased power ²	3,138	3,886	2,766
Opportunity sales ³	3,634	2,820	2,686
Owned generation ^{1,4} + net purchases/sales to meet customer load $\text{CO}_2\text{e}^{2,3}$ (1,000 metric tons)	25,757	22,328	19,551
Owned generation ^{1,4} + net purchases/sales to meet customer load ^{2,3} (metric tons/MWh) ⁵	0.53	0.47	0.42

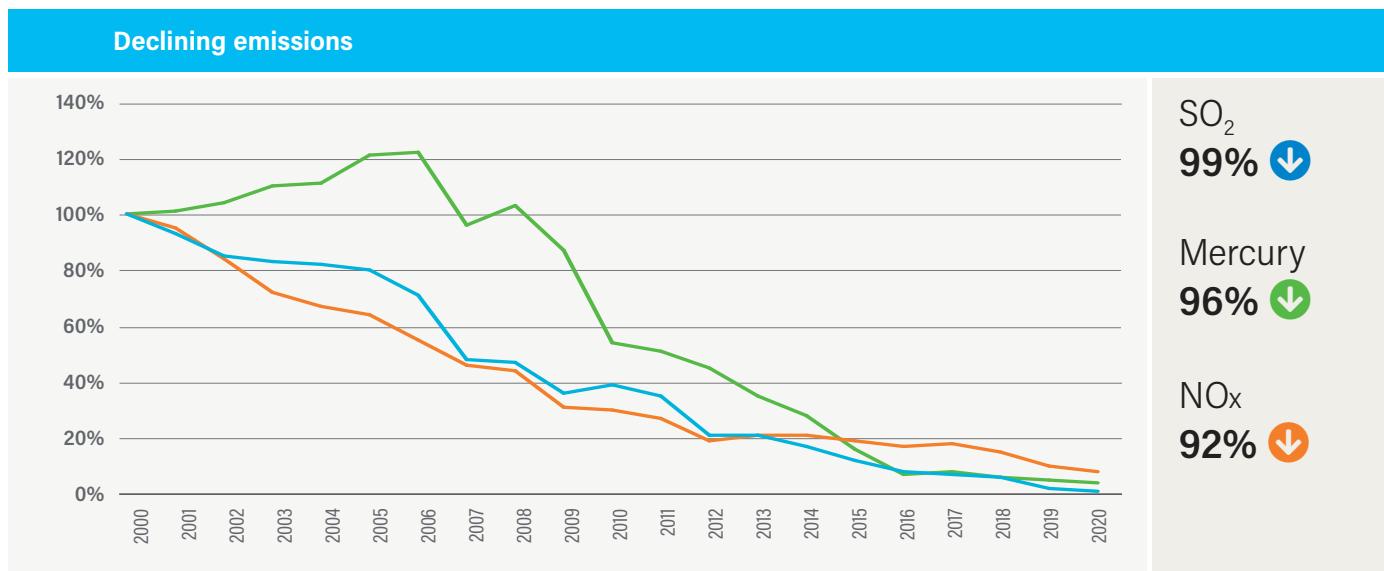
1 Owned generation excludes biogenic CO_2 and is based on ownership share.

2 CO_2e from purchased power was estimated using regional factors published by the Michigan Public Service Commission.

3 Emissions from power sold to Midcontinent Independent System Operator market (subtracted from total) over that needed to meet customer load.

4 Includes owned generation from WEC Infrastructure wind farms for 2019 and 2020. 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.

5 Intensities for 2018 and 2019 are restated for inclusion of opportunity sales.



Water resources management

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

Several of our power plants have modified water intake structures to meet new federal rules. The state regulatory agencies that implement these rules have determined that power plant intake structure modifications are the best technology available for each facility. Many of our water intake modification projects were installed well ahead of the 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 beneficially uses treated effluent from the Heart of the Valley Metropolitan Sewerage District to supply its process water and cooling water needs. Use of treated effluent wastewater that would otherwise be returned to the Fox River is an environmentally preferable alternative to the use of surface water or groundwater resources. Water received at the facility undergoes additional treatment for the removal of impurities such as metals, phosphorus and total suspended solids. The beneficial use of treated effluent results in a net reduction in the quantity of mercury, phosphorus and suspended solids by 65% to 75% compared to what would otherwise be discharged into the Fox River.

Since 2005, We Energies and Wisconsin Public Service (WPS) have substantially reduced combined cooling and process water use and total discharges from electric generating facilities by approximately 20%. This has been primarily due to retirements of several coal-fueled facilities, and the addition of renewable energy and natural gas-fueled facilities. There are fewer process water discharges from biomass and natural gas-fueled peaking facilities than from coal-fueled generating facilities, and there are no cooling or process water needs at the Upper Michigan Energy Resources natural gas-fueled generating stations completed in 2019, or at our wind energy or solar-powered facilities.

Water (billion cubic meters)	2018	2019	2020
Withdrawn from major sources	3.60	3.14	2.68
Municipal water purchases	0.003	0.003	0.002
Water returned to source	3.58	3.13	2.67
Water consumption	0.02	0.01	0.01
Percent returned to source*	99.4%	99.6%	99.5%
Percent consumed	0.6%	0.4%	0.5%

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

Waste minimization commitment

Waste minimization and recycling is an integral part of our corporate environmental responsibility, affecting all of our facilities. We encourage employees to be responsible for environmental stewardship by supporting our recycling and waste-reduction programs. We also participate in EPA's WasteWise program. EPA's WasteWise encourages organizations and businesses to achieve sustainability in their practices and reduce select industrial wastes. WasteWise is part of EPA's sustainable materials management efforts, which promote the use and reuse of materials more productively over their entire life cycles. Waste minimization is the first step in effective use of materials, and our recycling program encourages all efforts to minimize waste — reduce, reuse and then recycle.

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

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

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

Waste disposal summary (metric tons)

	2018	2019	2020
Hazardous waste generated	216	46	35
Hazardous waste recycled	22	9	21
% recycled	10%	20%	61%
Nonhazardous waste generated ¹	20,208 ²	23,336	23,496
Nonhazardous waste recycled	12,001 ³	11,646	13,047
% recycled	59%	50%	56%
Polychlorinated biphenyl (PCB) waste generated ⁴	NC	1,611	1,159
PCB waste recycled	NC	46 ⁵	90
% recycled	NC	3%	8%
Overall % recycled	59%	47%	53%

NC = not calculated

1 The tonnage noted includes all nonhazardous waste, including universal waste, generated by WEC Energy Group, with the exception of remediation projects and soil, concrete and asphalt from construction projects.

2 This is a revised number due to one-time/special event large project waste being removed from the total (1,499 metric tons). These projects include irregular activities such as boiler cleanings and power plant and building demolitions.

3 This is a revised number due to one-time event large project waste that was recycled and removed from the total (1,198 metric tons).

4 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.

5 This is a revised number due to a miscalculation in the data.

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



We updated and expanded the data collection process in 2019 to incorporate more potential waste streams, which are reflected in the new waste categories presented in the table. The revised methodology will allow us to better identify potential areas of improvement and annual goals. The overall percentage of waste recycled increased in 2020, and we saw several positive trends:

- A significant decrease in the amount of hazardous waste generated between 2018 and 2020 (much of which was classified as nonhazardous, but not recyclable).
- Nonhazardous waste recycled tonnage consistent with 2019.
- An increase in the overall total pounds of material recycled.

In 2020, WEC Energy Group sent many types of waste for recycling. These figures are included in the waste disposal summary on the previous page:

- 281,486 pounds for energy recovery and fuel blending.
- 2,922,879 pounds for other recovery and reclamation.
- 1,283,931 pounds of oils.
- 231,360 pounds of electronic waste.
- 128,239 pounds of office furniture, paper, toner and other office recyclables.
- 1,449,640 pounds of wood, pallets or poles.
- 18,104,538 pounds of electrical generation equipment, including transformers, wires, breakers, capacitors and other materials.



Demolition of power plants special projects disposal summary

Over the year, the demolition and decommissioning of three power generation plants generated waste totals outlined separate from the waste disposal summary on Page 26. The figures below represent the waste generated and recycled/disposed by project in 2020.

Pulliam Power Plant	Metric tons
Hazardous waste generated	0.24
Hazardous waste recycled	0.08
Nonhazardous waste generated	13
Nonhazardous waste recycled	4
Asbestos disposed	1,634
Lead-painted brick	174
PCB bulk product waste	1,253
Construction debris recycled	27,033
Overall % recycled	90%

Pleasant Prairie Power Plant	Metric tons
Hazardous waste generated	13
Hazardous waste recycled	0.24
Nonhazardous waste generated	43
Nonhazardous waste recycled	28
Asbestos disposed	32
Construction debris recycled	6,734
Overall % recycled	99%

Presque Isle Power Plant	Metric tons
Hazardous waste generated	0.04
Hazardous waste recycled	0.04
Nonhazardous waste generated	12
Nonhazardous waste recycled	2
Asbestos disposed	29
Construction debris recycled	4,461
Overall % recycled	99%

Beneficial use of combustion products

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

In the past 20 years, our companies have provided more than 1614 million metric tons of combustion products for beneficial use. Most of these materials have been used as construction materials in concrete, concrete products, cement manufacturing and wallboard production, and as alternative materials to sand, gravel and crushed stone aggregates. Over the past several years, our production of combustion products has decreased as several coal units have been retired.

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

In addition to the successful use of ash and gypsum, 100% of the sulfuric acid produced at the Weston Generating Power Plant ReACT air emission control system was beneficially used in 2020. The majority of this was sold to local industrial users. WPS was the first electric company in the United States to sell sulfuric acid produced from a coal-fueled electric generating facility's air emission control system.

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

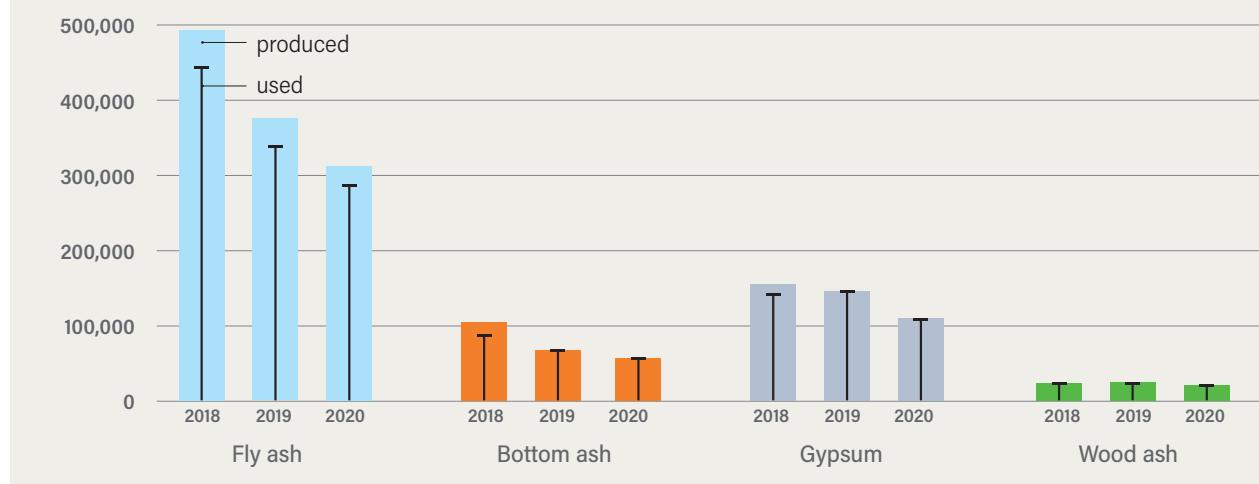


Combustion products (metric tons)	2018	2019	2020
Combustion products produced	775,200	609,400	496,300
Combustion products used	707,200	571,900	471,100
Percent used	91%	94%	95%

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 Wisconsin Department of Natural Resources (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 and 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)



Facility design and construction impact

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. Items of note include:

Materials selection

- During facility upgrades, flooring products are selected to be carbon neutral across the entire product life cycle.
- All 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, PFCs, PVC and formaldehyde.

Recycling waste materials

- Metal scrap is collected from all remodeling and new construction job sites.
- Our Peoples Gas subsidiary has set a recycling goal of 50% at all job sites, often achieving a much higher rate of recycling (90-95%).
- Electronic waste is sustainably managed and recycled.

Energy efficiency

- New buildings are developed with energy conservation designed into the project to exceed either Leadership in Energy and Environmental Design (LEED) or Chicago Energy Conservation Code 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 where enclosed offices are "inboard" while open area workstations are "outboard," allowing 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 center 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.



Green roof and outside collaboration space at Milwaukee headquarters

Facility impact success story – Peoples Gas

The following projects were certified as sustainably developed by the City of Chicago through the City's Sustainable Development Compliance Path:

- North Shop
- Logistics
- Central Shop
- Central Business District

Construction of the North Shop (shown below) incorporated a subterranean stormwater detention system as large as a football field under the fleet yard. This feature is designed to slowly release water back into the city system at a restricted rate. Development at the South Shop, scheduled for early 2022, is on track to meet these requirements as well.



View of the green roof at the Peoples Gas North Shop

Stewardship

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

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

Our companies collaborate with local, state and federal agencies during the regulatory review of our projects. Appropriate stakeholders are brought together to achieve stewardship goals through opportunities typically identified during project planning and execution of construction projects. Beneficial biodiversity and resource protection outcomes result from meeting or 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.

Each year, state database information is reviewed for thousands of projects to ensure that our construction activities do not negatively impact natural resources (e.g., wetlands, waterways or rare species) or cultural resource sites. Our employees work to avoid or minimize impacts to these resources. Careful planning and implementation during electric distribution and natural gas lateral pipeline projects have 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. When necessary, site surveys and construction monitoring are conducted by archeological professionals to protect the integrity of known cultural resource sites.

Through robust training programs and internal outreach, our Environmental department informs and educates thousands of company employees and contractors on environmental protection and stewardship, and managing erosion during construction projects. Through these programs, employees and contractors carry out activities that serve to enhance natural resources, protect and improve habitat, and increase biodiversity across our service areas.

Strict adherence to company procedures and state regulations for controlling sediment runoff from construction activities is enforced on thousands of miles of maintenance and construction projects annually. Company crews and contractors implement stringent best management practices to manage erosion and keep disturbed sediments contained within planned construction areas. Compliance monitoring occurs frequently to ensure these practices are followed to significantly minimize impacts to natural resources they are intended to protect.

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



Rare species conservation and biodiversity initiatives

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 GIS mapping systems and pre-construction surveys of suitable habitat in Wisconsin and Michigan to ensure that construction projects do not negatively affect the Karner blue butterfly.

Wild lupine is crucial to the survival of Karner blue butterflies, as they are incapable of reproducing without it. Our companies' construction and maintenance projects remove brush along utility corridors to allow lupine to grow and thrive. We have restored more than 55 acres of butterfly habitat along a natural gas lateral corridor in west-central Wisconsin. In 2019, We Energies teamed up with the WDNR, initiating a two-year program to develop methods to monitor the butterfly population's recovery using restored utility corridors in Wisconsin. In 2020, the company further collaborated with the WDNR to support necessary management of restored areas for decades to come.

The **monarch butterfly** population is in decline in North America. In collaboration with American Transmission Co. and other utilities, public agencies and others, we have participated in the development of the nationwide Candidate Conservation Agreement with Assurances (CCAA) on Energy and Transportation Lands program. The company is currently evaluating the option of submitting a CCAA application to enroll fee-owned lands that support monarch habitat under this program to help preserve and restore the butterfly's population. In the meantime, we currently assess construction projects to determine if pollinator planting is appropriate during site restoration, and use native seed mixes to do so throughout our service territory.

Habitat for the **slender glass lizard** and **phlox moth**, two Wisconsin endangered species, was restored following a natural gas lateral pipeline project constructed in 2019. A conservation plan was developed with our partner biologists from the WDNR and the United States Army Installation at Fort McCoy. Nearly 40 acres of habitat were restored, including the addition of approximately 7.5 acres of voluntarily restored habitat aimed at connecting several disconnected habitat patches. Restored habitat was monitored for the first year following construction in 2020. Monitoring and management will continue for at least five years to ensure expected outcomes are achieved.

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

While less frequent, **bald eagles** occasionally nest atop utility poles. When this occurs, company field crews install larger eagle nest platforms to provide alternate nest structures for the eagles to use and eliminate the hazards associated with pole-top nests. Nearly 1,700 occupied eagle nests have been documented in 71 out of 72 counties in Wisconsin, which is an increase from just 108 nests observed in 1973. Additionally, the company participates with state agencies in documenting and maintaining occupied eagle nest data associated with our 30 hydroelectric facilities. This information is used for implementing nest protection measures on the properties associated with hydroelectric projects during land management and timber harvests.



Peregrine falcons have been calling our companies' power plants home for more than two decades. Our companies have maintained nesting boxes on power plant chimneys and rooftops. One-fifth of the peregrine falcon population in Wisconsin — about 390 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 **muskies**, **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.



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

At our utilities' wind generating facilities, we implement strategies to reduce impacts to **bird and bat populations**. We complete extensive pre-construction surveys for bird populations and activity before finalizing future turbine sites. Working with the USFWS has resulted in relocating turbines to minimize possible bird impacts. When we observe bald eagles at a wind facility for more than one day, we voluntarily shut down turbine operations until the eagles have left the area. When eagles do not voluntarily leave, before resuming operations, we work with USFWS and the Department of the Interior to implement deterrents until they safely vacate the facility. We voluntarily use a method recognized by regulatory agencies and scientists to reduce impacts on bat populations: changing the blade angle to greatly slow the blade movement below the turbine cut-in speed. This does not impact renewable energy generation and helps bats avoid the turbines.

For approximately 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.



Natural areas and wetlands

We support efforts to create, restore and manage native habitats and other natural features on our companies' properties. A wide variety of flora and wildlife species, including numerous rare species, are supported on thousands of acres of actively managed company lands. The company monitors a variety of biodiversity indicators on our company lands and along natural gas and electric corridors, including fish, birds, amphibians, reptiles, butterflies, moths, bees and vegetation.

An innovative approach to meeting stringent wastewater water limits was proposed for the Paris Generating Station in 2019. The company determined converting agricultural land to native habitat as a trade for very limited phosphorus discharge from the Paris site was a very cost-effective and the most environmentally beneficial approach to meet the state's discharge limits. Through this land-use change that began in 2020, phosphorus runoff from the converted farm field has been eliminated, and pollutant reduction "credits" offset the phosphorous load from the facility. While the primary objective of the project is to improve water quality by reducing phosphorus runoff, many other ecological benefits that further support the company's environmental policy are being achieved. These include restoring 38 acres of wetland and prairie habitat, controlling invasive species, substantially increasing biodiversity on the site, establishing critical habitat for monarch butterflies, promoting the health of honeybees and other pollinator species, boosting adjacent crop yields by locating the pollinator habitat in an agricultural setting, and increasing flood storage along a flood-prone river that bisects the site.

A unique migratory bird stopover habitat on the former south coal dock at Port Washington Generating Station was created in 2011. Through continued active management, this approximately 5-acre marsh, wet meadow and tallgrass prairie habitat continues to thrive as a migratory bird resting place along the Lake Michigan shoreline. The habitat is along a primary flight corridor in the heart of the Mississippi flyway and has had more than 120 species recorded at the site, including

waterfowl, shorebirds and passerines. Created wetland and prairie habitat, having nearly 150 native plants, is used not only by the birds but also mammals, amphibians and insects, including a wide variety of pollinators. Additional prairie restoration occurred in 2019 and 2020 along a public access trail, increasing the available prairie habitat used by migratory birds and pollinator species by 20%.

Hundreds of acres of natural areas contained within our companies' closed and active ash landfill properties are actively managed to promote biodiversity, maintain large blocks of intact natural areas, 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 Grafton, Saukville, Caledonia and Pleasant Prairie, Wisconsin. Their habitats are managed for long-term viability in efforts to maintain and expand their populations. Several properties contain ecologically significant habitats with respect to both the richness of the native species and high quality of their communities. Hundreds of native plants thrive on these properties, including over 300 species on one site alone. The integrity and health of these properties depend on active habitat management targeted at controlling invasive species, the largest threat to their natural ecosystems.

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



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

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

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

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

Our companies also support activities aimed at restoring habitat through controlling 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 150 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.

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 (MGP) 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.

Uplands

We worked closely with the EPA in 2020 to continue to remediate several Peoples Gas properties in Chicago. These projects not only improved the environment but also supported the construction of new company facilities. At the Crawford site, one of the largest MGP sites in the country, we removed 50,000 tons of impacted soil and concrete in advance of building our new Central Shop facility. At our Division Street site, located just north of downtown Chicago, we removed 72,000 tons of impacted soil and concrete as part of the second phase of a three-year project. This resulted in the construction of our new Central Business District facility, which will enhance ongoing utility operations. At our Irving Park facility, we demolished all buildings and removed 17,500 tons of impacted soil in order that the site can be sold and returned to productive use.

In addition, working with EPA, we built the first phase of a groundwater treatment system in Waukegan, Illinois, to remediate impacts from underneath the former North Shore Gas South Plant MGP site. Along with the EPA, we are working closely with adjacent landowners and local government to ensure the work is performed with minimal disruption to business in the surrounding area.

In Wisconsin, we continued to work with other responsible parties, in conjunction with oversight from the EPA and the WDNR, to investigate and clean up the former Milwaukee Solvay Coke and Gas site. In 2020, we completed extensive site cleanup activities including treating 235,000 cubic yards of MGP waste through in-situ soil stabilization technology. In August 2020, we completed the sale of the majority of the property to Komatsu Mining Corp, which began construction of its new corporate headquarters and state-of-the-art manufacturing facility. We also executed an easement with the City of Milwaukee for construction of a shoreline riverwalk along the entire shoreline of the property.

We completed a leasing agreement with the City of Appleton that clears the way for the 2021 expansion of the Ellen Kort Peace Park along Water Street on the Fox River waterfront. This project will make vacant private land (formerly an MGP site) available for public use and enjoyment.

In Austin, Minnesota, we performed urban prairie management at our former Austin MGP site, which we completed remediating in 2019. This work included removal of invasive species to encourage natural growth, spot seeding, and strategic mowing to replicate a "burn" event to promote additional growth and resilience of vegetation. Our remediation work here was publicly recognized at an online event by the City of Austin and Minnesota Pollution Control Agency in November 2020.

In addition to our work on MGP sites, in late 2020, we mobilized to initiate a soil and groundwater remediation in conjunction with a company facility upgrade project at our Metro North Service Center in Milwaukee. This will address historic impacts that predated the company's ownership of the property.

Sediments

In 2020, we completed a voluntary early remedial action of contaminated sediment related to the former Green Bay MGP site at the confluence of the Lower Fox and East rivers. Through this effort, which we began in 2018, we removed all soft sediment and clay with observed MGP residuals and placed an amended armored cap over MGP residuals that could not be removed due to shoreline stability concerns.

In January 2020, as one of five nonfederal sponsors, we signed on to a Great Lakes Legacy Act project agreement for investigation and remedial design of the Milwaukee Estuary Area of Concern (AOC). Upon completing the remedial construction, We Energies' in-kind contribution to this project agreement will leverage millions of dollars in federal funding to advance cleanup of legacy sediments sites throughout the Milwaukee Estuary AOC.

Redevelopment includes unique substation

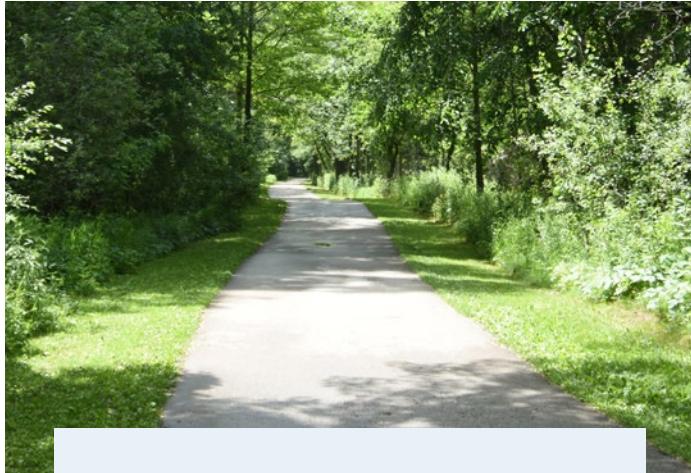
We Energies constructed the Juneautown Substation in the Historic Third Ward with a goal of improving electric-service reliability in downtown Milwaukee. The underground concrete-encased structure is in the base of a new multi-use 60-unit apartment building. Before construction, we remediated historic site impacts to prevent future potential exposure. The substation now serves over 3,000 commercial, governmental and residential customers, including Henry Maier Festival Park — home of the Summerfest music festival — and large high-rise buildings east of the Milwaukee River.



*Rendering of multi-use development that surrounds Juneautown substation
Photo: Rinka Chung / Joseph Property Development*

Community support

The We Energies and WPS foundations, along with our operating companies, provide grants that promote the environment in areas they serve. In 2020, contributions were made to nature centers and preserves, county land and water conservation, conservancy trusts, and other nonprofit organizations. The grants supported a variety of initiatives, including wildlife rehabilitation, forest enrichment, natural resource education, conservation, wildlife management and water quality improvement.



We support habitat protection, restoration and other environmental initiatives through the following sites and organizations in our service areas:

- Baird Creek Preservation Foundation
- Brillion Nature Study Center Association
- Fox-Wolf Watershed Alliance
- Friends of Ledge View Nature Center
- Friends of Peninsula State Park
- Gathering Waters Conservancy
- Green Bay Botanical Gardens
- Kishwauketo Nature Conservancy
- Landmark Conservancy
- Mequon Nature Preserve
- Monk Botanical Gardens
- Natural Resources Foundation of Wisconsin
- N.E.W. Zoological Society
- Ozaukee County Planning and Parks Department
- Raptor Education Group
- The Wisconsin Society of Ornithology
- Trees for Tomorrow
- United Special Sportsman Alliance
- Waukesha County Land Conservancy
- Western Great Lakes Bird and Bat Observatory
- Wisconsin Wetlands Association
- Woodland Dunes Nature Center and Preserve



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

- Annual community cleanups of rivers and other sensitive areas
- Conservation programs
- Education programs on sustainable forestry, 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 both Wisconsin and Michigan to continue protection of natural resources and public recreational opportunities at lands our companies formerly owned. Our companies also work with local communities to promote recreational opportunities for community residents and schools.

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

For more information on our foundations, see Page 57.

Climate strategy

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

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

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

We also support efforts to reduce GHG emissions from transportation. In August 2020, under the auspices of Edison Electric Institute (EEI), we joined our utility peers across the nation in setting sustainability goals for our vehicle fleet across WEC Energy Group. By 2025, we will aim for 35% of our car and SUV purchases and 25% of Class 3 truck purchases to be plug-in electric vehicles, and will aim to electrify 40% of our storeroom equipment, increasing this share to 75% by 2030. We already have installed 58 charging stations with 114 charging ports across our service areas, including 50 charging ports available for public use.

We have worked to reduce the role coal generation plays in our system, and in place of coal, we have built state-of-the-art natural gas generation and invested in cost-effective zero-carbon generation. We expect our utilities to spend \$1.9 billion between 2021 and 2025 to increase the amount of renewable generation we deliver to our customers. In addition, we continue to invest in renewable generation outside our regulated utility footprint to serve other companies through long-term offtake agreements.

In June 2021, Public Service Commission of Wisconsin approved electric vehicle (EV) charging pilot programs for residential and commercial customers through our We Energies and WPS utilities. With the programs, we will install EV charging equipment and supporting electric distribution infrastructure in our Wisconsin electric service territories through 2026.

GHG emissions and our transportation plan



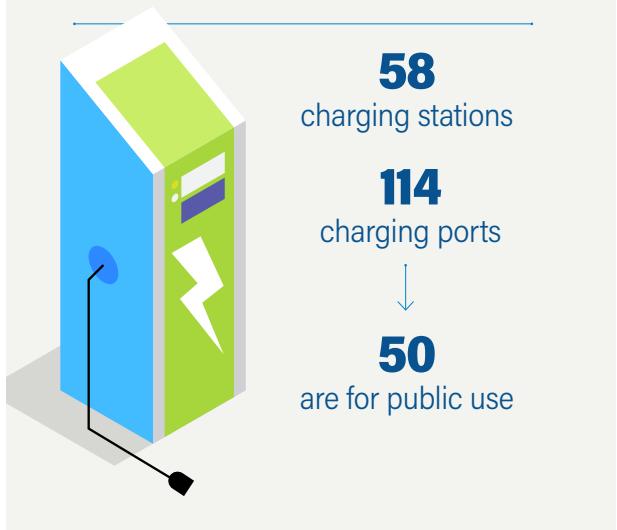
Planning for:

35%
car & SUV
purchases to be electric by 2025



Aiming to electrify our storeroom equipment:

40% by 2025
75% by 2030





Renewable energy portfolio

The following table lists the utility and nonutility renewable energy assets in our portfolio.

Facilities (as of Dec. 31, 2020)	Capacity (MW) ¹	Serving
30 hydroelectric plants	100	Utility customers
1 biomass plant	45	Utility customers
5 wind turbine facilities	498	Utility customers
1 solar facility	100	Utility customers
5 wind turbine facilities	836 ²	Infrastructure customers
Total renewable capacity	1,579 MW	

¹ In line with our reports to the Securities and Exchange Commission, this table uses nameplate capacity for our solar and wind facilities, and rated capacity for other energy sources.

² Includes total nameplate capacity of jointly owned infrastructure wind projects.

Sustainable customer programs

We offer options to electric customers who want to help strengthen the market for renewable energy.



When our We Energies customers participate in the **Energy for Tomorrow**® program at the 25%, 50% or 100% level, We Energies produces or purchases renewable energy to match that percentage of their electricity use. Energy for Tomorrow is Green-e certified and meets the environmental and consumer protection standards set by the nonprofit Center for Resource Solutions. The **NatureWise**® program at WPS similarly offers customers the opportunity to purchase specified amounts of electricity from renewable sources. In 2020, these programs resulted in 65,079 metric tons of avoided carbon dioxide equivalent (CO₂e) emissions.

In addition, for more than two decades, WPS has implemented **SolarWise for Schools**, an award-winning solar and renewable energy education program for high schools in the WPS service area. SolarWise schools receive a 2-kilowatt solar energy system installed at the school, a hands-on renewable energy curriculum, and teacher training to integrate curriculum materials into existing courses. Students from participating schools also are invited to compete in the Solar Olympics, sponsored annually by WPS, which celebrated their 25th year in 2021.



We plan to expand our zero-carbon generation even further



We Energies and WPS have a combined total of **300 MW** of utility-scale solar generation currently under development or in service.

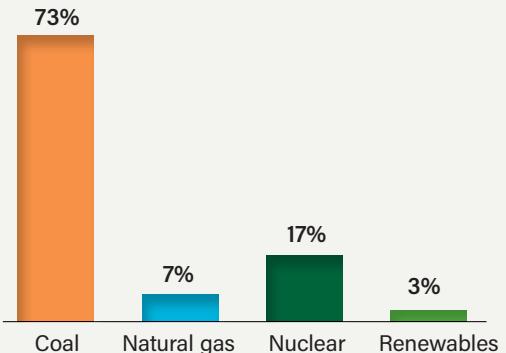
New clean energy additions are planned for our utilities, for a total investment of \$1.9 billion: approximately **800 MW** of solar, **100 MW** of wind and **600 MW** of battery storage.

We Energies continues to work with customers to add up to **185 MW** of renewable generation through renewable pilot programs.

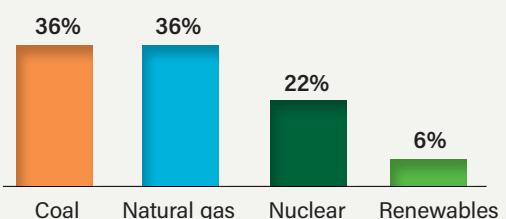
We plan to invest **\$2.2 billion** in wind generation through WEC Infrastructure between 2021 and 2025.

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

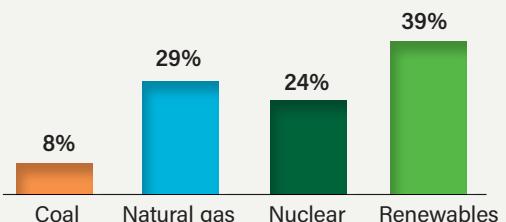
2005



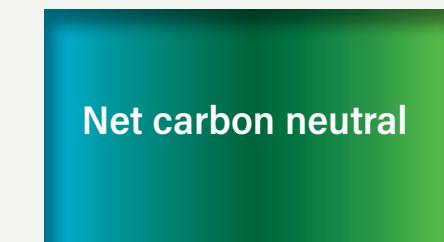
2020



2030 estimated



2050 estimated



Carbon dioxide emissions reduction

Our generation transition efforts are achieving strong results. We exceeded our 40% carbon dioxide reduction goal in 2019, well in advance of our 2030 target.

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

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 2025 and an 80% reduction by the end of 2030, below 2005 levels. Our long-term goal is to be net carbon neutral by 2050.

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

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

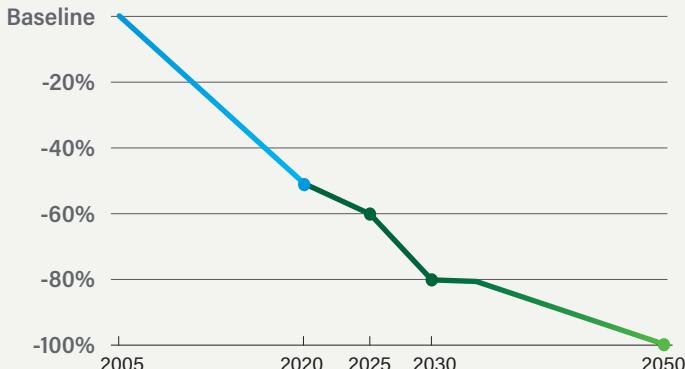
Taken as a whole, changes to our generation fleet are expected to reduce costs to customers, preserve fuel diversity and reduce carbon emissions.

Supporting communities on the path to carbon neutrality

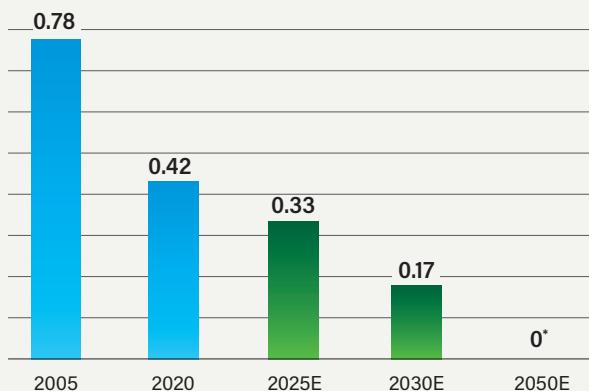
Our planned generation changes have the potential to affect our workforce and our communities. We recognize the importance of addressing social and economic as well as environmental impacts for a just transition to a cleaner energy future. In closing power plants, we have followed the processes outlined in applicable policies, plans and collective bargaining agreements, and worked with local union leadership to relocate employees or offer severance benefits. We also have offered outplacement assistance to employees. Our charitable giving programs support communities across our service areas, and through our foundations, we have donated to economic development efforts in counties where we retired plants.

As we carry out our plan to reduce carbon emissions, we will continue to work hand in hand with our stakeholders to minimize the impact of plant retirements. We also will look to the recommendations of the "Just Transition" framework, which is focused on the well-being of workers and communities, and related climate justice efforts to inform our engagement and decision-making.

Achieved and anticipated CO₂ reductions (net mass)*



Greenhouse gas intensity** (metric tons CO₂e/MWh)



* Includes projection of potential carbon offsets by 2050.

** Includes owned electric generation, purchased power and WEC Infrastructure. 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.

60% CO₂ reduction by 2025
80% CO₂ reduction by the end of 2030
Net carbon neutral by 2050

Methane emissions reduction

In May 2019, we announced a goal across our energy companies to reduce the rate of methane emissions from our natural gas distribution lines by 30% per mile by 2030, from a 2011 baseline. At the end of 2020, we were more than halfway toward achieving that goal. Building on that progress, in May 2021, we announced a new goal – to achieve net-zero methane emissions from our natural gas distribution system by the end of 2030.

Methane, a short-lived and potent GHG, is emitted during the production and transportation of natural gas, coal and oil. Because we are a major distributor of natural gas in the Midwest, methane reduction efforts are central to our environmental performance. We 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 throughout our utility systems.

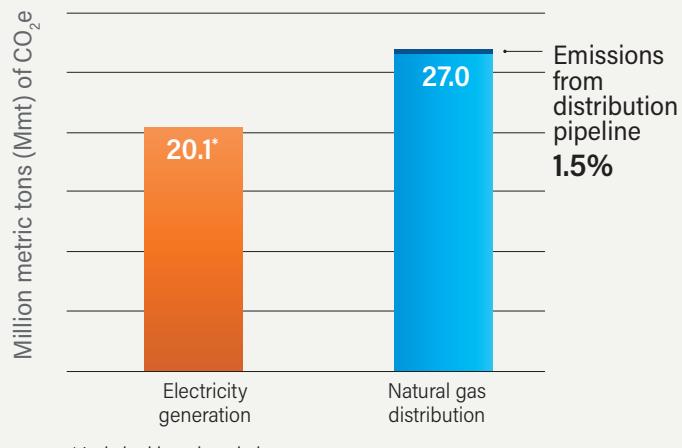
Key to this effort, our Peoples Gas subsidiary is working to replace approximately 2,000 miles of Chicago's natural gas pipeline infrastructure, switching dated cast and ductile iron pipes with modern polyethylene pipes. As part of this program, we have made voluntary commitments as a Founding Partner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

For 2020, we reported emissions of approximately 27.0 million metric tons of CO₂e to the EPA related to our natural gas distribution business: approximately 98.5% of this amount was from our customers' use of natural gas (those customers without their own reporting requirements), and the remainder was from distribution system leaks.

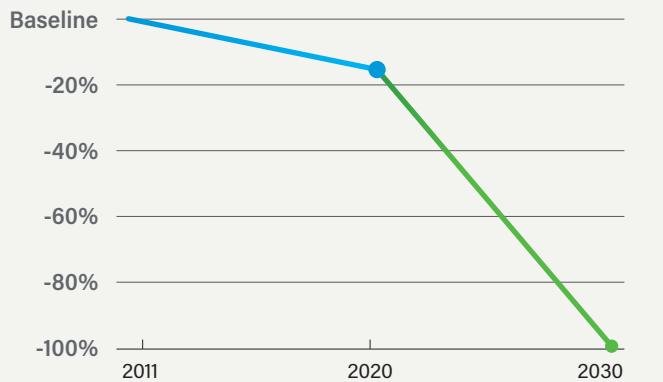
**Net-zero
methane emissions
by the end of 2030**



2020 GHG emissions from electricity generation and natural gas distribution



Achieved and anticipated methane emissions reduction from distribution



— Baseline 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 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, electric heat pumps are four to five times more costly than natural gas heating in our region. The distribution system remains essential to serving our customers, especially during the Midwest's cold winters.

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. This is our planned approach 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 our needs.

Electric heat pumps are
four to five times
more costly than natural gas
heating in our region.



"A merciless cold lingers in the Midwest"

This was just one of the many news headlines in January 2019 as record-setting cold, descending from the Arctic, blanketed much of the Midwest. More recently, in February 2021, a week-long cold snap sent temperatures plummeting 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 to minus 42 degrees Fahrenheit in the northern portion of our service area.

These cold weather events, which can persist for days, highlight one of the challenges the region faces as we integrate higher levels of renewable energy technologies. Moving forward with renewable resources, we need to consider extreme weather and winter peaks common to our service areas. Our natural gas peaking facilities are important to help meet our demand during the winter season. Renewable resources may not be able to generate and store enough power for the foreseeable future, so our peaking units will continue to be part of our transition to meeting our carbon goals.

We plan to continue to look at alternative options, such as 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. Batteries are less efficient at low temperatures, so additional charging is required during cold winter months. Heat pumps are also less efficient in extreme cold weather, but research continues to show promise. These issues can be managed in a variety of ways, but represent one of the unique challenges in the region.

Assessing risks and opportunities

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

Scenario and goal analysis

In May 2021, we issued our updated climate report, Pathway to a Cleaner Energy Future, to reflect our evolving plans and goals. 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 and global emissions scenarios used by the Intergovernmental Panel on Climate Change (IPCC).

As detailed in our first climate report, published in 2019, we evaluated long-term emissions reduction scenarios for the region and the state of Wisconsin, home to our largest utility operations. This assessment helped us better understand how the region's economy and our own carbon profile could be affected by a wide range of variables, including GHG reduction targets, natural gas and other fuel prices, and technology availability and costs. It identified cost-effective and resilient strategies for producing and using clean energy, resulting in reduced GHG emissions at our electric companies.

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. As our updated goals demonstrate, we continue to evaluate climate-related risks and opportunities and update our approach

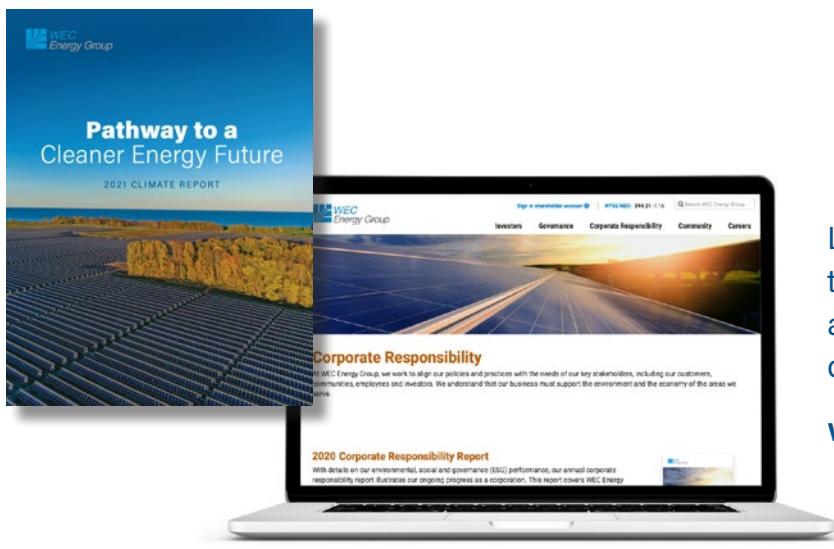
as technology, policy and markets evolve. Our new GHG reduction goals described on Page 39 further support the call by the IPCC for even deeper GHG reductions. Our midterm goals exceed the global benchmark discussed in the IPCC report and are aligned with the more aggressive reduction pathways for the U.S. electric power sector embedded in global climate scenarios that are consistent with the goals 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 0.17 metric tons/MWh for our operations by 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 on the Governor's Task Force on Climate Change.



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

www.wecenergygroup.com/csr

Innovation

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

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

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

In 2020, WEC Energy Group joined EPRI and GTI's Low-Carbon Resources Initiative, which will focus on large-scale deployment of low-carbon technologies. The five-year initiative plans 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.

This research and development effort will help to inform our longer-term strategy to address the emissions from our natural gas-fueled power plants and natural gas distribution system.

Renewable energy programs

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. In 2020, Solar Now systems:

- Resulted in 4,959 metric tons of avoided carbon dioxide equivalents.
- Supported our green pricing programs, with 86% of Solar Now generation going to Energy for Tomorrow® customers.

Through the Dedicated Renewable Energy Resource program, We Energies partners with large commercial and industrial customers that have set ambitious renewable energy goals and builds specific renewable resources to serve their commitments.



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. 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.

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

Social



Empowered employees	45
Safety and health	51
Community engagement	57
Supply chain integrity	60

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 develop their talent in support of a strong, skilled workforce.

Diversity and inclusion

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

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

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

With a focus on inclusion, we promote business resource groups with executive sponsorship. The company has eight active and engaged groups: African American Business Resource Group, Asian Americans and Friends, Listo!+, Management Development Network, Military Service Members Association, Next Generation Network, WEC PROUD (LGBT+) and Women's Development Network. These groups foster an atmosphere of inclusion and engage our employees in using their talents and interests to spark innovation and support our strategic goals. Each group helps strengthen alignment throughout our companies and our communities. They provide opportunities for networking, career and leadership development, and community engagement. Our business resource groups also serve as an avenue for feedback to the company on key opportunities and a means of providing diverse insights into promoting and further advancing the company's business. For example, the business resource groups partnered with their executive sponsors and hosted a variety of virtual sessions throughout 2020, focusing on relevant topics such as partnering with

We commit to:

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

"Diversity and inclusion are the heart of who we are and what we stand for at WEC Energy Group. Each of us plays a key role in promoting and sustaining a culture of diversity and inclusion, and it is especially important for leaders to demonstrate our company's commitment to sustaining a workplace where individual differences are welcomed, and every employee feels safe and valued for their contributions to our success."

Kevin Fletcher
President and Chief Executive Officer
WEC Energy Group

the company's Employee Assistance Program administrator to address stresses due to social unrest and racial inequity. Business resource groups also provided opportunities for sharing and learning, along with other sessions focused on mental health and inclusion. In addition, each group helps attract, develop and retain talent.

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

Other efforts include executive and informal mentoring programs and inclusion training, such as training for leaders on countering unconscious bias, building inclusive teams, creating inclusive environments and preventing workplace harassment. In 2020, we intensified our focus on providing diversity and inclusion resources for employees via our business resource groups and our company's intranet site. We again participated in a survey on women in the workplace, which encourages female leadership and gender equality. Women filled 24% of all leadership positions at our company as of Dec. 31, 2020. 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. We also support Edison Electric Institute's 2020 Commitment to Diversity, Equity and Inclusion.

Labor practices

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

Represented employees

Local union (AFL-CIO)	Expiration date of current labor agreement
No. 18007(C), Utility Workers Union of America	July 31, 2021
No. 420, International Union of Operating Engineers (We Energies)	Sept. 30, 2021
No. 2006, Unit 1, United Steel Workers	Oct. 31, 2021
No. 49, International Union of Operating Engineers	Dec. 31, 2021
No. 417, Utility Workers Union of America	Feb. 15, 2022
No. 1147, International Brotherhood of Electrical Workers	April 7, 2022
No. 31, International Brotherhood of Electrical Workers	May 31, 2022
No. 12295, United Steelworkers	Jan. 15, 2023
No. 18007, Utility Workers Union of America	April 30, 2023
No. 2150, International Brotherhood of Electrical Workers	Aug. 15, 2023
No. 2285, International Brotherhood of Electrical Workers	June 30, 2024
No. 420, International Union of Operating Engineers (WPS)	April 16, 2025



Human rights

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

Nondiscrimination

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

Federal and state laws

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

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

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

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

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



WEC Energy Group Workforce (Dec. 31, 2020)

Company	Number of employees	Female (%)	Minority (%)	Represented (%)
Michigan Gas Utilities	141	17	6	65
Minnesota Energy Resources	207	12	5	21
North Shore Gas	160	14	33	69
Peoples Gas	1,492	17	65	70
We Energies	2,838	26	18	77
Wisconsin Public Service	1,127	14	3	72
Wisconsin River Power Company	6	0	0	100
WEC Business Services	1,308	49	23	0
Total	7,279	26%	26%	59%

Represented employees account for **59%** of our workforce.

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 issues. 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
- Pension plan
- Tuition reimbursement
- Commuter benefits
- Wellness incentives
- Service awards
- Adoption assistance
- Matching gifts program

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.

Our companies have been recognized by local schools and universities for placing students in meaningful assignments leading to full-time jobs after graduation. We partner with military organizations and veterans groups to attract people with technical and leadership skills. Strong ties with community organizations and local government workforce development programs help us find diverse talent. For example, we post open positions with RecruitMilitary and a variety of community agencies, including the Hispanic Alliance for Career Enhancement, Urban League in Milwaukee and Chicago, Women in Trades and YWCA.

~50%

of open positions were filled through external recruiting

External talent development

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

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



Employee development and engagement

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

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

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. Development plans may include rotational assignments, project leadership, mentoring or other opportunities for enhancing their 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 2018, gauging employees' perceptions of their work, their leadership and the company as a whole. Our overall engagement index was on par with IBM's database of best-in-class companies, with results above the IBM norm in employee commitment to the organization. We also found that an overwhelming majority of our employees embrace our safety culture and believe they have the resources to perform their jobs safely. Action plans have been created, and implementation is ongoing to continue to make improvements in identified areas. We plan to conduct another employee engagement survey in the second half of 2021.

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.

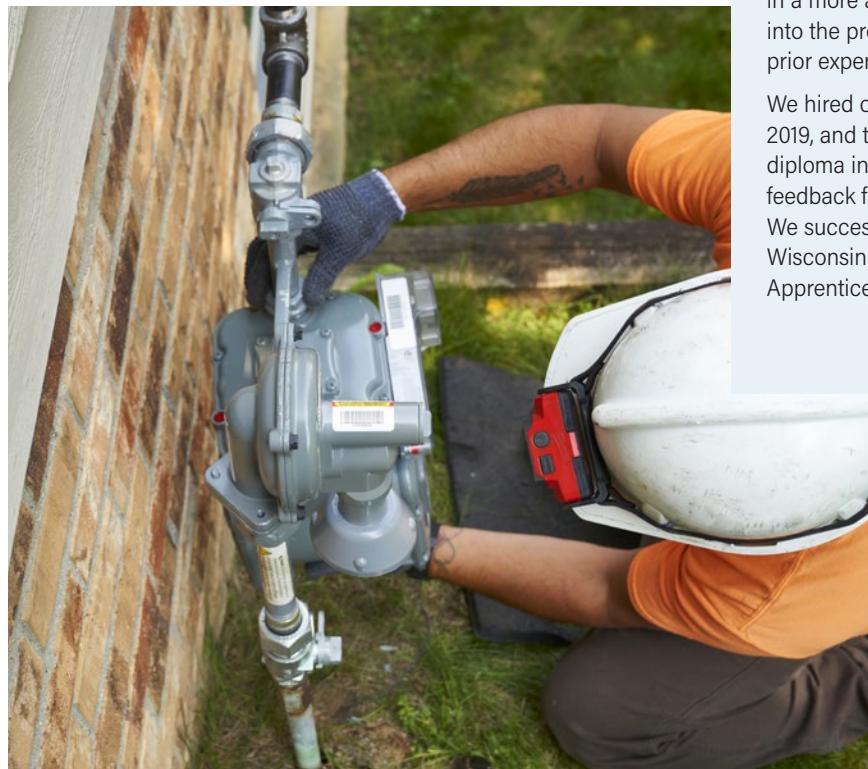
All management (nonrepresented) employees have a component of their pay affected by performance. This is accomplished through the annual incentive pay plan, which promotes the achievement of corporate goals while recognizing individual performance. Award funding for management employees is based on achievement 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.

Training and education

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

In 2020, more than 204,000 classroom and e-learning training events took place throughout our companies. 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 also was augmented with online training. All employees had access to online training, ranging from learning software programs to business and leadership competencies, as well as access to portals that include topical references, 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.



Meeting the needs of an evolving workforce: a case study

The natural gas distribution workforce in the U.S. is experiencing a large generational turnover. In recent years at our We Energies utility, we found historic developmental methods were focused mainly on job-specific qualifications, with limited opportunities for new employees to gain a wide range of education in the field.

In response, we embarked on a rebuild of our developmental path, and ultimately created a formal apprenticeship program. A committee was established to serve in an oversight and administration role for the program, with membership consisting of both management and union-represented field employees.

We concentrated on identifying activities and simulations to develop and verify skills within the formal training process. We also made an effort to ensure apprentices would receive exposure to several different operations and maintenance areas, and avoid being prematurely assigned to a specific function or area concentration.

New We Energies natural gas employees are now required to complete the apprenticeship program before receiving training in a more advanced tier of coursework. Apprentices can enter into the program at a progression step corresponding to their prior experience and understanding.

We hired our inaugural class of gas distribution apprentices in 2019, and the first apprentice from that class received their diploma in early 2021. The program has received positive feedback from apprentices, existing employees and leadership. We successfully registered the program with the State of Wisconsin Department of Workforce Development — Bureau of Apprenticeship Standards.

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 for supervisors and leaders.

A new program, Foundations of Leadership II, was introduced in 2020. This 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 School 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 feedback they have received from a 360-degree feedback survey.

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



Supporting veterans in the workforce

In 2012, our Peoples Gas subsidiary partnered with the Gas Workers Local 18007 union, the Utility Workers Union of America's Power for America Training Trust Fund, and City Colleges of Chicago to create the Utility Workers Military Assistance Program. The seven-month program prepares veterans for careers in the natural gas industry through both classroom instruction and in-field training. Graduates receive 52 college credits for an associate degree, as well as a Gas Utility Worker Advanced Certification at Dawson Technical Institute, a satellite site of Kennedy-King College. We now have trained more than 500 veterans through the program.

Safety and health

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

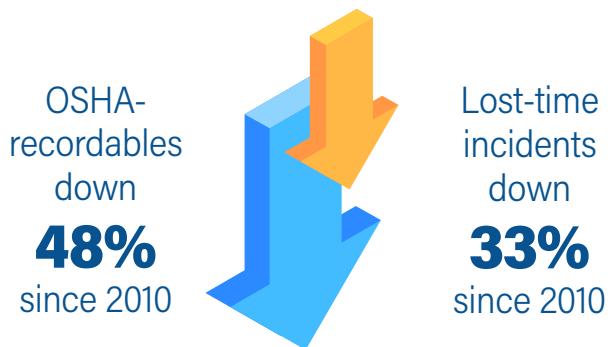
Internal safety

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



Safety commitment

We are committed to keeping our employees and the public safe. Over the past decade, our companies have improved their safety records by implementing and improving key programs. These efforts have helped reduce the total numbers of Occupational Safety and Health Administration (OSHA)-recordable incidents and lost-time incidents by 48% and 33%, respectively, since 2010. Because we understand the negative effects that injuries have on employees, their families and friends, and their co-workers, our goal is to have one of the best safety records in the nation.



We are working continuously to promote additional improvement across all companies in 2021 and beyond, and to ensure that our safety efforts are sustainable. Our unwillingness to view injuries as inevitable is an important part of our cultural platform, an ongoing safety commitment that we refer to as "Target Zero."

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

Target Zero
Living and working safely

Targeting top-quartile safety performance

Across the organization, we are focused on reinforcing the understanding that a strong safety culture is built on a culture of caring. A broad-based team has been assembled with the goal of improving engagement, reducing risks and injuries, and being on a clear path to top-quartile safety performance by the end of 2021. The team includes representation from senior leadership, as well as experienced field professionals from across WEC Energy Group. The team is advised by union leaders and receives input from business unit safety steering committees, management and represented safety committees, and other safety teams.

As its first order of business, the team charged front-line leaders with creating shared safety plans with their work groups, in support of broader business unit safety plans and initiatives. Leaders also provide quarterly updates to their respective executives and chain of command.

The team identifies locations with strong performance, as well as those with opportunities to improve, and shares lessons learned from those cases to promote best practices. 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 reaching out to injured employees, to make sure they are doing well and to learn what we can do to eliminate future injuries throughout the company. There also is a regular call that includes senior executives and department leadership to review any OSHA-recordable and lost-time incidents and take the appropriate actions to mitigate a recurrence.



Ultimately, the top-quartile team aims to establish a more sustainable approach and platform for safety, while reinforcing a culture of caring.



Company safety structure

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

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

Management and represented employees work together to identify risks and prevent injuries. To maintain a positive safety culture, management employees are expected to provide daily information and communication about safety topics. In addition, they are responsible for implementing and evaluating safety programs and outcomes. Employees who work in the field and at power plants use a variety of tools to identify and manage risks on the jobsite, follow rules and procedures, and speak up about safety issues.

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



Safety goals

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

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

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 an actual significant injury or fatality (SIF) are acted upon for investigations using a safety classification and learning model.

Additional leading indicators that relate to managing risk exposures are being implemented. Key control measures for hazard recognition and control are part of that scope, such as validation of the quality of daily pre-job briefings and discussions.

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 ensure compliance with procedures and engage workers in improvement opportunities, in particular those with high SIF potential.

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

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

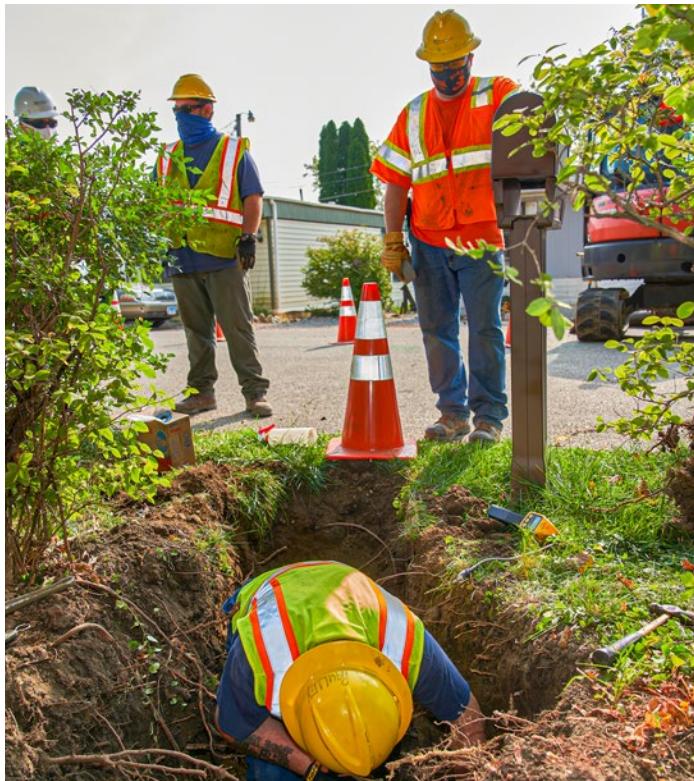
Safety leading-indicator goals include:

Near miss / unsafe condition (NMUC) program metrics

— Our companies are focused on increased reporting of near-miss events and unsafe conditions. We respond to action items and communicate results to employees.

Observation programs — Our companies incorporate observation programs to identify and address at-risk behaviors, while also reinforcing positive behaviors. Most of our utilities have some form of peer-to-peer observation program, enhancing our safety culture.

Employee health — Since health impacts safety, we encourage employees to complete a biometric health screening and to increase physical activity, as appropriate. We also have increased our communications to employees and their families about the mental health benefits available to them.



Safety performance	2018	2019	2020
Near miss frequency rate¹			
Employees	301.83	313.53	305.78
OSHA-recordable incident rate			
Employees	2.32	2.44	2.52
Contractors ²	0.00	0.55	0.00
Combined	2.25	2.50	2.41
Lost-time incident rate			
Employees	0.66	0.53	0.75
Contractors ²	0.00	0.55	0.00
Combined	0.64	0.55	0.71
Fatality rate³			
Employees	0.00	0.00	0.00
Contractors ²	0.00	0.00	0.00
Combined	0.00	0.00	0.00

1 Reflects near misses and unsafe conditions identified by employees, the majority of which are not high-SIF. On average, we receive three reports per year for every employee.

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

3 WEC has had no fatality since the first quarter of 2010.

Near miss / unsafe condition reporting

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

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

Our employees have improved reporting of NMUCs over the past three years. Only a small fraction (less than 0.1%) of the total reports in 2020 were work-related NMUCs of a higher risk potential. 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 prior to awarding contracts.

Ergonomic enhancements

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

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

Employee health and wellness

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

We encourage employees to receive preventive examinations and proactively care for their health. Condition-management support and health coaching for lifestyle issues are available to employees who participate in the medical plan. Free health screenings (provided on-site in many instances) and other incentives encourage all employees to know which healthy targets — 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 also work to provide employees a safe, drug-free environment. All employees are part of a drug and alcohol testing program to maintain that environment. Those who have an addiction are offered the opportunity to self-identify, and we will work with them to seek assistance. For substance use and 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 related to behavioral health concerns.

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

Safety Charity Challenge

To further foster a positive safety culture, WEC Energy Group holds the Safety Charity Challenge, a quarterly incentive in which employees whose 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 2020, WEC Energy Group charitable giving programs and foundations contributed a total of \$50,000 to local charities through the Safety Charity Challenge.



Public safety

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

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

Across the organization, we conduct comprehensive incident response planning to uphold public and employee safety. Our plans address immediate emergency response at each of our sites, as well as business continuity for each critical business process 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 IT or telecommunications systems, loss of gas and electric operations, and damage to facilities.

Education and outreach

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

Students

Education programs for schoolchildren include classroom materials such as brochures, posters and other teacher workshop materials provided free to educators upon request. Wisconsin Public Service (WPS) offers the award-winning Path-to-Ground Electric Safety and Natural Gas Safety modules for middle school students. WPS also collaborates regularly with the Einstein Project in Green Bay, Wisconsin, to promote electric and natural gas safety and efficiency education.

Contractors

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

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

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



First responders

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

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

Agriculture services and safety

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

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

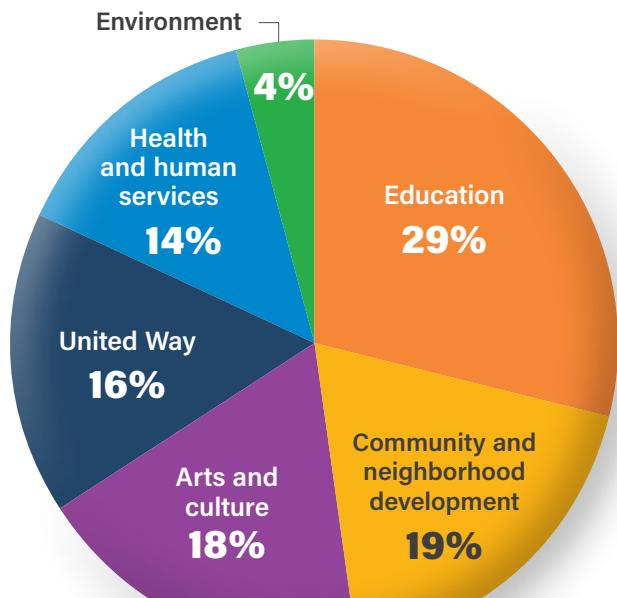
We Energies and WPS representatives participate on the Midwest Rural Energy Council and the University of Wisconsin Stray Voltage Investigator Training Series. Additionally, representatives participate on many committees and boards within the agriculture industry.

Community engagement

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

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

2020 giving to nonprofits



\$16.8 million
in donations from our charitable giving
programs and foundations

\$3.2 million
in additional donations to
low-income customer programs

\$20 million

total provided in support
of our communities.



Funding through foundations, operations

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

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

We strive to develop ongoing relationships with these nonprofit organizations. Many have received multiyear or renewed grants from our foundations and giving programs, and we continue dialogue with them to understand the impacts of our contributions. We evaluate progress on initiatives along with the success of programming. In 2020, company and foundation leaders engaged with nonprofit representatives through approximately 200 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 2020

Supporting first-generation education opportunities — The We Energies Foundation supported Milwaukee Institute of Art & Design's scholarship program for first-generation college students. The program helps students, many from low-income and underprivileged families, overcome obstacles to obtain a college education.

Connecting underserved youth with education and the arts — The We Energies Foundation supported the Milwaukee Ballet's Baumgartner Center for Dance in the city's Third Ward. The grant provided funding for community outreach programs that encourage participation by inner-city youth, as well as the construction of a 200-seat, handicapped-accessible performance studio that acts as both a rehearsal studio and a theater. The three pillars of Milwaukee Ballet's mission — artistry, education and training, and community engagement — align with the goals of the We Energies Foundation.

Providing fresh meals to the elderly, disabled and homebound — The WPS Foundation supported Meals on Wheels of Sheboygan County with the development of a sensory garden. The garden will be a welcoming place where those with Alzheimer's disease and other intellectual and/or physical challenges (and their families and caregivers) can relax and enjoy nature. The garden will provide herbs, vegetables and fruit used in the 70,000 meals served each year.



Promoting thriving children, strong families and healthy individuals

The We Energies and WPS foundations together supported Family Services of Northeast Wisconsin and its Welcome Baby program — a gateway for new parents to access local resources suited to their individual needs and strengths early, before crises develop. The grant allowed Family Services to expand their programming to five hospitals in the Fox Valley, ensuring that even more babies in central Wisconsin are welcomed to the world by a family resource specialist, and the baby's parents are given access to resources to help them in their parenting journey. Recently, Family Services was awarded a contract to provide statewide phone crisis response services. This contract gives the agency the opportunity to be the leader in the provision of crisis services, not only locally but statewide.

Supporting STEM education

The WPS Foundation supported Einstein Project's Mobile Maker Experiences. This program gives children and families in underserved neighborhoods throughout Green Bay and the Fox Valley the opportunity to participate in skills-based activities to promote creative and critical thinking. The hands-on approach helps children grow academically and socially.

In Milwaukee, the We Energies STEM Center at MSOE is the premier STEM destination in southeast Wisconsin for students of all ages and backgrounds. The Milwaukee School of Engineering programs are designed to introduce students to science, technology, engineering and mathematics by providing access to resources, mentoring and hands-on, experience-based learning. It's a space where students from any school — public, private, charter and homeschool — can explore, create and define their future in STEM.





Helping veterans — We Energies, WPS and their foundations have supported veterans' organizations through multiple activities. In 2020, We Energies Foundation helped the Habitat for Humanity Veterans Build Program. The program provided assistance with home builds or repairs for veterans and their families in Wisconsin. With Wisconsin's veteran population facing growing housing burdens, our volunteers strapped on tool belts, helmets and masks and went to work to help create safe, stable and affordable living spaces for those who served our country.

Connecting people with nature — The WPS Foundation supported Wild Ones Northwoods with the build-out of their Butterfly Garden. This educational garden will help inform the public on the importance of pollinators and native plants.

Building healthy lifestyles — Minnesota Energy Resources, in partnership with WPS Foundation, supported the community of Ortonville, Minnesota, with the renovation of a pickleball court. The pickleball group is active in the school district's Community Education program – established to provide learning opportunities for local adults and children in the surrounding area. The renovated court will be used by students for physical education class and community members for recreation.

Assisting people without homes — Peoples Gas provided funding for The Night Ministry during the COVID-19 pandemic to assist homeless individuals with housing, health care and human connection. The organization serves over 6,000 young people and adults annually.

Fostering early learning and adult literacy — The Waukegan Public Library Early Learning Center, supported by North Shore Gas, helps younger children develop fundamental learning skills needed to succeed in school. Students through the second grade learn numbers, letters, colors and sight words in a themed exhibit that encourages play and imagination. In addition to ongoing contributions to the Early Learning Center, North Shore Gas provided funding for the library's Adult Literacy Center.

Supplying much-needed resources

United Way of Metro Chicago is committed to fighting for the health, education, financial stability and safety of every person in every neighborhood across the Chicago region. Peoples Gas has contributed more than \$1.5 million to United Way of Metro Chicago since 2016. This includes our support of the Neighborhood Network Initiative, which brings together residents and community leaders around a common goal to tackle each neighborhood's most pressing needs. Peoples Gas has been an annual Top 25 Corporate Citizen since 2016, and was a Top 10 Corporate Citizen for 2020. North Shore Gas has contributed more than \$225,000 over this same period to the United Way of Lake County. In 2020, an unprecedented year, Charles Matthews, president and CEO of Peoples Gas and North Shore Gas, chaired the Chicagoland giving campaign for United Way of Metro Chicago.

Sustaining the environment — Since 2008, Seven Generations Ahead has educated area students about waste reduction and helped schools increase recycling, eliminate waste sources and compost food scraps through its Zero Waste Schools program. North Shore Gas has provided funding for curriculum development and a commercial composting initiative in participating schools. Through recycling, composting and food recovery, the schools divert roughly 85% of their waste from landfills.

Creating educational opportunities

Believing every child deserves equal access to education and opportunity, our foundations and operating companies partnered with local schools and organizations to support remote learning.

During the pandemic, our North Shore Gas utility provided Comp-U-Dopt funding to help support distribution of over 5,000 computers to underserved youth in Chicago and Northern Illinois. The We Energies Foundation provided more than \$40,000 for technology and computers to better support Milwaukee Public Schools and other Milwaukee students remote learning.



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.

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

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

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

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

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

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

Procurement policies — Procurement policies are designed so that all departments work with 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 diversity — Supply Chain supports supplier diversity by providing training on bidding processes and technologies, and facilitating meetings between the end user and diverse suppliers.

Supplier risk assessment — Where applicable, Supply Chain assesses suppliers based on environmental, safety, financial, ethical and legal factors 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.

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.

Supplier Diversity Initiative

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 and assistance to company business units, departments and Supply Chain to promote implementation throughout the organization. It also helps to develop

and maintain proactive relationships with various minority- and women-owned business advocacy organizations, elected officials, community and civic leaders, and other business leaders.

Corporate policy statement

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

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

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

Administration and implementation of this policy are the responsibility of all of our organizations and business units, with SDI support. Overall company coordination is the responsibility of a dedicated vice president of supplier diversity.



Spent with SDI-qualified businesses (in millions)

\$263.1
in 2018

\$282.6
in 2019

\$303.4
in 2020

2020 recognition

Dori Naef, strategic sourcing manager — distribution, was named 2020 Procurement Officer of the Year by the North Central Minority Supplier Development Council (NCMSDC). The award recognized leadership and support for supplier diversity within WEC Energy Group and the NCMSDC network.

Customers



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Energy reliability

Reliable service remains a top priority across our companies. In 2020, 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 there, no matter the weather conditions, to provide customers with the energy they need. Providing customers with useful information during electric power outages also is important to customer satisfaction.

That's why, when bad weather threatens, our electric energy companies mobilize to provide customers with proactive, accurate and consistent information about the potential impact to their electric service. We want customers to know 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, automated call-handling equipment, care center agents, account managers, and public and social media. Outbound calls also let customers know the reason for and status of their outage, and confirm that their service has been restored.



Natural gas reliability

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

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

For the 10th consecutive year, **We Energies** earned PA Consulting's ReliabilityOne award for outstanding electric reliability performance in the Midwest.

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.

2020 power outage statistics*

Company	Frequency	Average duration		Power outages by cause					
		SAIFI ¹	SAIDI ²	Equipment	Vegetation	Weather	Wildlife	Public	Other
We Energies	0.81 interruptions	127 minutes	158 minutes	38%	30%	7%	10%	8%	7%
WPS	0.83 interruptions	94 minutes	113 minutes	31%	28%	11%	12%	5%	13%

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

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

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

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



Customer satisfaction

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

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

Listening to customers

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

A variety of feedback mechanisms 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 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 40,200 customers were surveyed in 2020 about their experiences on the following transactions:

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

Post-interaction surveys

Many customers have the option of completing a survey immediately after they interact with customer care centers. Approximately 82,300 customers took advantage of this opportunity in 2020. We review survey results daily and follow up promptly when an issue or concern is identified.

'We Care' calls



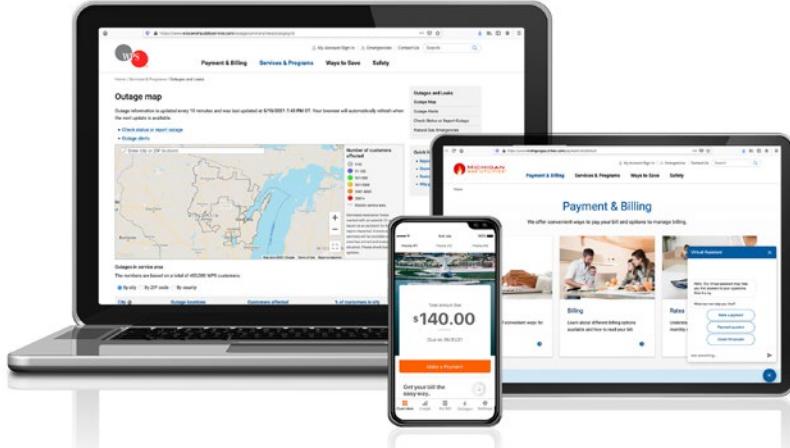
We want every customer interaction to be a positive experience. In many cases, employees follow up with a phone call to confirm that customers who recently had service calls were completely satisfied with the service they received. In 2020, we contacted 306,427 residential and business customers with personal or automated We Care calls. Customers who express concerns receive additional follow-up to ensure that their concerns are addressed.

Digital engagement

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

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

Over 4,500 residential customers have joined MyEnergyPanel, our online feedback group. They share their opinions with us through monthly surveys and discussions. MyEnergyPanel is dedicated to improving the overall customer experience, focusing on experiences with customer service, energy reliability, bill paying and other topics.



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 including customer apps, and introducing 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:

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

We make customer privacy a priority

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

- Information collected from customers is limited to only what is necessary to provide the service requested.
- Only authorized employees and organizations hired to provide services have access to customer information, and access is limited to what is needed for their roles.
- Customer information housed in our systems is monitored.
- 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



Shout out to We Energies – our power went out at midnight in 30 MPH sustained winds, gusts to 50, and driving rain the other night... and it was back on by 4 AM. Someone was out in a bucket truck in wind and rain fixing the problem. Outstanding job!

May 20, 2020



I just wanted to say that we just had a guy here reading the meter he was so professional, friendly and polite!!!

July 27, 2020



Sending a thank you & shout out to Joe from @PeoplesGasChi — he was able to fix a customer service building issue in short order. Masked up, booties on, friendly & professional.

Oct. 2, 2020



There is no feeling quite like the panic of thinking you smell gas and scurrying to evacuate two parents, two kids, two dogs and five mostly uncooperative cats while fearing your house may explode. Thanks to @WIPublicService for their quick response and allaying our fears.

Dec. 28, 2020

2020 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	86.5%	88.2%
Minnesota Energy Resources	86.8%	87.8%
North Shore Gas	86.1%	87.6%
Peoples Gas	79.6%	83.0%
We Energies	84.1%	85.4%
Wisconsin Public Service	86.8%	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.

Demonstrating our commitment to customer service, all WEC Energy Group utilities

achieved their highest performances ever on both Utility Satisfaction and Transaction Satisfaction for full-year 2020 results.

WEC Energy Group was ranked No. 1 in the E Source Large Business Customer Satisfaction Study 2020.

Peoples Gas and **Wisconsin Public Service (WPS)** were named two of Escalent's 2020 'Customer Champions' in their Cogent Syndicated Utility Trusted Brand & Customer Engagement: Residential study. Both utilities were also recognized as 'Easiest to Do Business With' and 'Most Trusted Brands' in the same study.

WPS finished second in the Midwest in the 2020 J.D. Power Residential Electric Customer Satisfaction Study.

Michigan Gas Utilities finished second in the Midwest in the 2020 J.D. Power Residential Gas Customer Satisfaction Study.

The J.D. Power 2020 Utility Digital Experience Study ranked **WEC Energy Group** in the first quartile on overall satisfaction with the digital customer experience, which includes websites, mobile apps, email and social media.

Energy affordability

We enable customers to take an active part in managing their energy use and expenses, and our energy companies provide them with tools and programs to achieve 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 their service areas to address the needs of our low-income customers. We inform customers about home energy assistance through federal and state funding. We also offer weatherization services for some customers on our low-income pay plans and partner with the Wisconsin State Weatherization program.

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

Our companies contributed approximately \$3.2 million to low-income customer programs in 2020.

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.

Energy efficiency programs

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

The energy-saving rebates and discounts vary by company and include rebates for furnaces, boilers, insulation and air sealing, and discounts for Energy Star-certified appliances, smart thermostats, LED lighting, smart lighting and custom projects.

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

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

A sample customer communication regarding energy efficiency



Focus on Energy cost and benefit information

Focus on Energy is Wisconsin utilities' statewide energy efficiency and renewable resource program funded by the state's investor-owned energy utilities and participating municipal and electric cooperative utilities. In 2020, Focus on Energy offered financial incentives and technical assistance to help eligible Wisconsin residents and businesses reduce their energy waste. According to an independent evaluation of 2020 programs, Focus on Energy delivered \$4.32 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 2020 was 9.4 on a 10-point scale. For more information on how Focus on Energy can help you save energy, go to focusonenergy.com.



Efficiency programs made an impact in our communities in 2020

Aggregate of all WEC Energy Group utilities*

Participating customers	802,778
First-year kWh savings**	376,023,649
First-year therm savings**	34,943,144
Conservation spending by our companies	\$119,444,437
Rebates/incentives earned by customers	\$55,908,982

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

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

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

Providing personalized assistance and savings

Our energy efficiency programs support customers across our service areas. Headwaters Science Center, an educational organization in northern Minnesota, converted a nearly 100-year-old building into a hands-on learning space for visitors to explore science and technology through interactive exhibits and programs. It became apparent over time that costly heating and cooling extremes would need to be addressed. The center was too hot in the summer and too cold in the winter, and the poor circulation of fresh air was not optimal for a building with more than 20,000 visitors a year and hundreds of animals in residence.

By partnering with our Minnesota Energy Resources subsidiary, Headwaters Science Center participated in an energy-saving audit to identify ways to save energy and reduce operating costs. The audit indicated that an HVAC system renovation would improve efficiency and comfort. The center received more than \$2,000 in natural gas rebates from Minnesota Energy Resources for high-efficiency furnaces and Wi-Fi enabled thermostats. After the improvements, the center's HVAC costs decreased by one-third, and it could afford to operate the new system year-round, improving indoor temperatures and air quality.



Economic development



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

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

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

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

Public-private partnerships

Company leaders, account managers and other company representatives serve as liaisons with state, regional and local economic development agencies, 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.

WEC Energy Group partners with local economic development organizations to attract and retain new businesses and talent.

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 of energy usage changes, identify usage trends and patterns, forecast forward-looking energy budgets, and access an online library of energy efficiency information.

Governance



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Strategic governance

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

Governance structure and practices

Our governance structure is aimed at transparent accountability to key stakeholders. Strong business processes, coupled with diverse leadership perspectives, are at the heart of our operations, and provide the enterprise with effective guidance to anticipate, plan and manage corporate initiatives and risk, while remaining focused on ethical stewardship. More on the board's oversight structure is detailed on the next page.

In 1996, WEC Energy Group became one of the earliest adopters of a formal set of corporate governance guidelines, a framework through which our board of directors conducts its business. As part of its normal cadence, the Corporate Governance Committee annually reviews the board's structure and governance practices, taking into consideration input derived from industry surveys, benchmarking studies, sustainability ratings providers and disclosure frameworks, stakeholder engagement sessions, and proxy voting guidelines issued by institutional investors and proxy advisors. To ensure the board maintains governance best practices, the Corporate Governance Committee recommends to the board revisions to the guidelines as often as needed.

Robust disclosure on the board's governance structure and practices is readily available on the governance section of the company's website, as well as in publications devoted to those topics, including the annual proxy statement.

Risk management

Our board of directors is responsible for providing oversight with respect to our major strategic initiatives, which requires ongoing dialogue with our senior management team about opportunities and risks, and the processes through which senior management maintains focus on the organization's key financial and business objectives, corporate policies, and overall economic, environmental and social performance. Senior management, in turn, is responsible for effectively planning and executing daily operations within a strong risk framework.



Internal reviews and audits

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

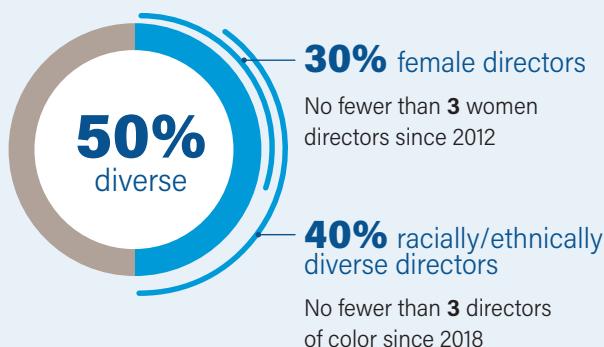
As a standing corporate practice, each year, the company's risk areas are systematically evaluated. The Audit Services department conducts an annual enterprise risk assessment, whereby business leaders identify existing, new or emerging issues or changes within their business areas that could have enterprise-wide implications. Risk areas are then mapped to create a cumulative assessment of their significance, likelihood and velocity of risk impact, taking into consideration industry benchmarking information, as appropriate. The mapping also identifies lines of responsibility for managing the risks to ensure accountability and focus.

On a 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 progress and status of mitigation efforts. Updates from these meetings are shared with the board as directed by the CEO. The CEO provides reports to the board at each board meeting and routinely calls upon members of his staff, including the COO, CFO and executive vice president of external affairs, to provide detailed updates to the board in their respective areas of responsibility, including matters of enterprise risk.

Board composition

(based on 10 directors – as of June 2021)

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



Core competencies

- Audit/financial planning
- CEO/senior leadership
- Corporate governance
- Environment/sustainability issues
- Financial strategy/investment
- Government/public policy
- Human capital management/executive compensation
- Knowledge of company's industry

Board oversight

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

Audit and Oversight Committee: Financial reporting; outside auditor independence; and legal and regulatory compliance matters including environmental, data privacy and security (including cyber, physical and operating technology), litigation, ethics and compliance, and electric reliability standards compliance.

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.

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

While the board delegates specified duties to its committees, it retains collective responsibility for comprehensive risk oversight, including short- and long-term critical risks that could significantly impact the company. The board believes that certain matters should be contemplated by the diverse perspective of its full membership. This includes oversight of risks that have the potential to result in significant financial or reputational consequences that could impact the company's brand and jeopardize its value to stockholders.

Ethics and compliance

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

Program elements

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

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

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

Reporting and investigating

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

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



Policies and procedures

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

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



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 a 100% completion rate for compliance training and affirmation.

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

Monitoring and auditing

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

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

Enforcement and discipline

Enforcing standards underscores our commitment to compliance.

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

Response and prevention

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

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, collaboration throughout the industry, and employee training and awareness.

Our cybersecurity governance model includes oversight by senior management from our Enterprise Risk Steering Committee, along with steering committees for information security, operational technology security, third-party vendor security controls, Sarbanes-Oxley security controls, and North American Electric Reliability Corporation Critical Infrastructure Protection (NERC CIP) compliance. The chief operating officer and chief information officer report regularly to the board and its Audit and Oversight committee about the company's enterprise risks, which include cybersecurity matters.

Using recognized cybersecurity framework and maturity models from the National Institute of Standards and Technology, and the Department of Energy, we continuously assess the maturity of our cybersecurity program and incorporate improvements as needed.

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

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

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



Stakeholder transparency

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

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.

Stockholder engagement

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 stockholders. This ongoing engagement provides valuable insight into how our stockholders view the company's practices and policies, shapes the processes used to evaluate goals and expectations, and identifies emerging issues that may affect our corporate governance practices and compensation.

During 2020, we proactively communicated with stockholders, representing more than 37% of the company's outstanding common stock, about our environmental, social and governance (ESG) practices. We also engaged with key constituents across the broader ESG community, including Climate Action 100+, a global investor-led initiative focused on reducing greenhouse gas emissions. Specific topics of engagement included corporate strategy, climate change and decarbonization, diversity and inclusion, COVID-19 response, and our newly assessed priority sustainability issues.

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 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.

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.

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, updated this year, 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/

Government relations

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

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

Political action disbursements

Contribution amounts are limited by law, and we adhere to all applicable federal and state 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 Political Contributions Policy. This policy governs contributions to organizations operating under Section 527 of the Internal Revenue Code and organizations that qualify as national political committees. In 2020, 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 elections 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	2018	2019	2020
WEC Energy Group PAC (WEC PAC — a federal PAC)	\$ 42,500	\$ 40,000	\$ 33,500
WEC Energy Group PAC (WEC PAC — a Wisconsin state PAC)	80,321	82,550	104,400
WEC Energy Group Personal Contribution Account (WEC PAC Conduit — a Wisconsin state registered entity)	73,636	15,524	25,385
Michigan Political Action Committee (MIPAC — a Michigan state PAC)	4,722	-	4,250
Peoples Gas Political Action Committee (Peoples Gas PAC — an Illinois state PAC)	216,338*	309,750**	175,950**
Total	\$ 417,517	\$ 447,824	\$ 343,485

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

** This value includes only corporate contributions.

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

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

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

Contributions to Wisconsin state party legislative committees	2020
Republican Assembly Campaign Committee	\$12,000
Republican Party of Wisconsin	\$12,000
Assembly Democratic Campaign Committee	\$6,000
State Senate Democratic Committee	\$6,000

Lobbying

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

Trade organization memberships

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



Organization	Membership dues Jan. 1 through Dec. 31, 2020	Portion of dues used by organization for political purposes
American Gas Association	\$ 890,518	\$ 55,212
Edison Electric Institute	1,197,194	161,307
Illinois Energy Association	40,000	18,000
Illinois Manufacturers' Association	15,000	2,700
Metropolitan Milwaukee Association of Commerce	202,090	4,042
Michigan Electric & Gas Association	92,595	de minimus
Michigan Manufacturers Association	4,930	2,712
Wisconsin Manufacturers and Commerce	52,734	10,547
Wisconsin Utilities Association	242,487	36,373
Wisconsin Utility Investors	119,082	5,954

Public policy positions

✓ Support ✗ Oppose → Have concerns/working to improve ♦ 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 (COVID-19 relief packages).

✓ Pipeline Safety

Pipeline safety legislation ("Protecting our Infrastructure of Pipelines and Enhancing Safety" or PIPES) was included in the FY21 omnibus appropriations bill. PIPES enhances pipeline safety and reauthorizes the Pipeline and Hazardous Materials Safety Administration (PHMSA), giving PHMSA the funding and authority for pipeline inspections and oversight.

✓ Renewable Tax Incentives

Extension of the solar investment tax credit and the wind energy production tax credit was included in the FY21 omnibus appropriations bill.

Wisconsin legislative bills/resolutions

→ Assembly Bill 233

Relates to charging facility grant program and making an appropriation.

✓ Assembly Bill 234

Relates to limiting the authority of the state and political subdivisions to regulate certain wireless facilities and authorizing political subdivisions to impose setback requirements for certain mobile service support structures.

✓ Assembly Bill 235

Relates to exception from local levy limits for political subdivisions receiving certain utility aid payments.

✓ Assembly Bill 237

Relates to reimbursement grants to employers for payment of costs for certification programs in solar energy and wind energy systems.

→ Assembly Bill 551

Relates to the presumption of riparian rights on navigable waterways.

✓ Assembly Bill 712

Relates to making various changes to statutes administered by the Public Service Commission of Wisconsin and requiring investor-owned energy utilities to fund a consumer advocate.

✓ Assembly Bill 787

Relates to a loan to the Greater Green Bay Convention and Visitor Bureau for the construction of a visitor information and education center and authorizing general fund-supported borrowing to fund the loan.

✓ Assembly Bill 1038

Relates to state government response to the COVID-19 pandemic.

✓ Senate Bill 218

Relates to reimbursement grants to employers for payment of costs for certification programs in solar energy and wind energy systems.

→ Senate Bill 236

Relates to charging facility grant program and making an appropriation.

✓ Senate Bill 239

Relates to limiting the authority of the state and political subdivisions to regulate certain wireless facilities and authorizing political subdivisions to impose setback requirements for certain mobile service support structures.

→ Senate Bill 501

Relates to the presumption of riparian rights on navigable waterways.

✓ Senate Bill 689

Relates to making various changes to statutes administered by the Public Service Commission of Wisconsin and requiring investor-owned energy utilities to fund a consumer advocate.

✓ Senate Bill 721

Relates to a loan to the Greater Green Bay Convention and Visitor Bureau for the construction of a visitor information and education center and authorizing general fund supported borrowing to fund the loan.

✓ Senate Bill 932

Relates to state government response to the COVID-19 pandemic.

Illinois legislative bills/resolutions

◆ House Bill 2966

Incentivizes wind and solar projects as it pushes for increased renewable energy procurement.

◆ House Bill 3624

Illinois Clean Job Coalition initiative that seeks to re-regulate Illinois' energy marketplace and move Illinois to 100% renewable energy by 2050 while achieving a carbon-free power sector by 2030.

✗ House Bill 5247

Repeals Peoples Gas 2013 System Modernization Program Rider QIP.

◆ Senate Bill 2132

Illinois Clean Job Coalition initiative that seeks to re-regulate Illinois' energy marketplace and move Illinois to 100% renewable energy by 2050 while achieving a carbon-free power sector by 2030.

✗ Senate Bill 3497

Repeals Peoples Gas 2013 System Modernization Program Rider QIP.

◆ Senate Bill 3537

Creates the Mahomet Aquifer Council.

◆ Senate Bill 3696

Nicor Gas' formula rate initiative.

◆ Senate Bill 3837

Expands the capacity of wind and solar energy with a goal of procuring 100% from renewable sources.

◆ Senate Bill 3977

An Ameren Illinois initiative that eliminates the formula rate's sunset date of Dec. 31, 2022.

Michigan legislative bills/resolutions

✓ House Bill 4245 of 2020

Appropriations budget bill omnibus that includes funding for low-income energy assistance and energy efficiency financing.

◆ House Bill 4317 of 2019

Modifies setback for wells near certain residential areas.

◆ House Bill 4318 of 2019

Modifies setback for wells near certain residential areas.

✓ House Bill 4465 of 2019

Modifies tax exemption for alternative energy personal property. Placed into effect in Public Act 118 of 2019.

◆ House Bill 4466 of 2019

Excludes placement of solar panels on residential real property from assessment of true cash value.

◆ House Bill 4778 of 2019

Provides for tax credit for purchase or renovation of certain qualified green residential buildings.

◆ House Bill 4806 of 2019

Provides for licensing of electric vehicle charging station operators.

◆ House Bill 4807 of 2019

Standardizes price displays for charging of electric vehicles.

◆ House Bill 4995 of 2019

Provides for community renewable energy generation systems on subscription basis.

◆ House Bill 5143 of 2019

Provides for standard offer contracts for large generators and fair value tariffs in distributed generation program.

◆ House Bill 5144 of 2019

Eliminates tariff for distributed generation and net metering customers.

◆ House Bill 5145 of 2019

Amends sections 7, 173 and 177 of 2008 PA 295 to eliminate caps and references to tariff.

◆ House Bill 5313

Revises the registration fee for electric vehicles.

◆ Senate Bill 0763 of 2020

Mandates use of 100% renewable energy sources by 2050.

◆ Senate Bill 0848 of 2020

Prohibits excessively increased pricing for energy products and services during a market disruption.

◆ Senate Bill 1105 of 2020

Provides for payment in lieu of taxes for certain renewable energy facilities. Vetoed by governor.

◆ Senate Bill 1106 of 2020

Provides for payment in lieu of taxes for renewable energy facilities. Vetoed by governor.

◆ Senate Bill 1133 of 2020 (PA 322 of 2020)

Provides for propane commission. Placed into effect in Public Act 0332 of 2020.

✓ House Bill 6448

Declares electric utility workers to be considered essential and critical. Became a public act in a Senate bill.

◆ House Bill 5420 of 2020

Mandates use of 100% renewable energy sources by 2050.

◆ House Bill 5445 of 2020

Provides for registration procedure for electric vehicle charging stations.

◆ House Bill 5669 of 2020

Prohibits excessively increased pricing for energy products and services during a market disruption.

◆ House Bill 6474 of 2020

Modifies requirement for permit for electric vehicle charging stations.

✓ House Bill 4893 of 2019

Extends the free sunset for solid waste.

✓ Senate Bill 0046 of 2019

Clarifies valuation of wind energy systems.

✓ Senate Bill 0047 of 2019 (PA 116 of 2019)

Excludes placement of solar panels on residential real property from assessments of true cash value.

◆ Senate Bill 0048 of 2019

Modifies tax exemption for alternative energy personal property.

◆ Senate Bill 0325 of 2019

Requires enclosure of coke and other bulk solid materials.

Michigan legislative bills/resolutions continued

- ✓ **Senate Bill 530 of 2019**
Revises air emissions permit fees.
- ◆ **Senate Bill 0596 of 2019**
Provides for standard offer contracts for large generators and fair value tariffs in distributed generation program.
- ◆ **Senate Bill 0597 of 2019**
Amends sections 7, 173 and 177 of 2008 PA 295 to eliminate caps and references to tariff.
- ◆ **Senate Bill 0598 of 2019**
Eliminates tariff for distributed generation and net metering customers.
- ◆ **House Bill 4068 of 2019**
Modifies tax exemption for alternative energy personal property.
- ◆ **House Bill 4069 of 2019**
Excludes placement of solar panels on residential real property from assessment of true cash value. Placed into effect in Public Act 117 of 2019.
- ◆ **House Bill 5468 of 2020**
Eliminates the environmental permit review commission.
- ◆ **House Bill 5496 of 2020**
Modifies definition of lateral expansion of coal ash landfill in Public Act 85 of 2020.
- ◆ **House Bill 5812 of 2020**
Environmental protection, solid waste, revised part 115 including disposal areas, waste diversion, financial assurance, incinerator rules and material management planning.
- ◆ **Senate Bill 1258 of 2020**
Exempts certain energy workers and public health and safety employees from the requirement that an employee not report to work if the employee tests positive for COVID-19 or displays a principal symptom of COVID-19.
- ◆ **Regulatory Case No. U-20209**
Consumers Energy gas cost recovery order – rejected by public service commission.
- ◆ **Regulatory Case No. U-20794**
Detroit Thermal settlement agreement – approved by the public service commission and completed.

- ✓ **Regulatory**
Electric service to Back Forty Mine in Upper Peninsula – in progress.
- ◆ **Regulatory**
Michigan energy grid – in progress with the public service commission. A multiyear effort to maximize the benefits of Michigan's transition from large, centrally located electricity plants to smaller clean, distributed energy resources such as solar, battery storage and energy efficiency.
- ✓ **Regulatory AG / GOV**
Bluewater Gas Storage Station – approved by the Federal Energy Regulatory Commission (FERC).
- ✓ **Regulatory MDHHS**
COVID-19 state response, restrictions, critical workers and vaccine distribution – in progress.
- ✓ **Regulatory Executive Office**
Rep. LaFave on governor's executive order opening private campgrounds – resolved.
- ✗ **Regulatory MDNR**
Michigan Department of Natural Resources (MDNR) intervention on Wisconsin River dam – approved by FERC.
- ◆ **Senate Bill SF2054 / House Bill HF1683**
Provides access rights to energy usage data maintained by utilities.
- ◆ **Senate Bill SF2276 / House Bill HF2329**
State Board of Investment; requires divestment from certain investments related to fossil fuels.
- ◆ **Senate Bill SF2277 / House Bill HF2294**
State Board of Investment; requires divestment from certain investments related to fossil fuels.
- ✗ **Senate Bill SF2431 / House Bill HF1956**
Establishes the Clean Energy First Act.
- **Senate Bill SF3013 / House Bill HF3254**
Establishes the Natural Gas Innovation Act.
- ◆ **Senate Bill SF3230 / House Bill HF2966**
Creates liability and vicarious liability for trespass to critical infrastructure and for recruiting or educating individuals to trespass on or damage critical infrastructure.
- ◆ **Senate Bill SF3519 / House Bill HF3472**
Provides financial incentive for information resulting in civil or criminal financial penalties for environmental violations.
- ◆ **Senate Bill SF4215 / House Bill HF3436**
Miscellaneous energy conservation provisions.
- **Senate Bill SF4409 / House Bill HF4502**
Establishes the Energy Conservation and Optimization Act of 2020.
- ◆ **House Bill HF3668**
Creates liability and vicarious liability for trespass to critical infrastructure and for recruiting or educating individuals to trespass on or damage critical infrastructure.

Minnesota legislative bills/resolutions

- ◆ **Senate Bill SF318 / House Bill HF818**
Abates property taxes on certain natural gas pipelines.
- ✗ **Senate Bill SF1456 / House Bill HF1405**
Clean Energy First.
- ◆ **Senate Bill SF1549 / House Bill HF2638**
Authorizes expenditure of funds to update Clean Energy Economic Profile.
- ◆ **Senate Bill SF1614 / House Bill HF1423**
Exempts from hours of service restrictions certain drivers hauling utility construction materials.
- ◆ **Senate Bill SF1915 / House Bill HF1839**
Updates the state's energy savings policy goal and establishes the Conservation Improvement Program Modernization Act of 2019.

Awards and recognition

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

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

Casa Central — Peoples Gas was presented with the 2020 Corporate Partner Award for the company's longtime volunteer work and partnership with Casa Central, the largest Hispanic social service agency in the Midwest.



ELECTRIC POWER
RESEARCH INSTITUTE

EPRI presented WEC Energy Group with a Technology Transfer Award for collaboration on the energy-climate analysis that has informed our climate report.



WPS was recognized for its role as a co-owner of the Two Creeks Solar Park, which was named as the 2020 Renewable Energy Project of the Year by RENEW Wisconsin, a nonprofit organization that works to expand the use of renewable energy in the state. Two Creeks Solar Park is the state's first large-scale solar generation facility and is among the largest solar installations in the eastern half of the United States.

Escalent — Peoples Gas and WPS were named among the "Most Trusted Brands" and "Easiest to Do Business With" in a national survey of more than 70,000 utility customers by Escalent, a leading behavior and analytics firm. Escalent also named Peoples Gas and WPS to its "Customer Champions" list, the firm's most significant recognition for a given year.

Forbes — The magazine listed WEC Energy Group as one of America's Best Employers by State for Wisconsin. Forbes based its rankings on anonymous employee surveys covering topics including safety at work, competitive compensation, opportunities for advancement and openness to telecommuting.

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



For the 10th consecutive year, We Energies received the Regional ReliabilityOne Award for outstanding electric reliability performance in the Midwest. In presenting the award, PA Consulting Group noted We Energies' industry-leading efforts in providing reliable service to customers.



UPAF presented We Energies with the EPIC (Exceptional Performance in a Campaign) Award. The award, which is not often bestowed, acknowledges participating companies that produce exceptional results from their employee giving campaign.

North Central Minority Supplier Development Council (NCMSDC) — WEC Energy Group employee Dori Naef, strategic sourcing manager – distribution, was named 2020 Procurement Officer of the Year for her leadership in supply chain/procurement and support for supplier diversity within the company and the NCMSDC network.

Waukegan Park District — North Shore Gas received the 2020 Community Service Award in recognition of its support for the advancement of parks, recreation and leisure in the community and the state of Illinois.

Wisconsin Department of Workforce Development — WEC Energy Group was one of six companies in Wisconsin to receive the Vets Ready Initiative Award, a new recognition highlighting 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 Exchange Act. Readers are cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements may be identified by reference to a future period or periods or by the use of terms such as "anticipates," "believes," "could," "estimates," "expects," "forecasts," "goals," "guidance," "intends," "may," "objectives," "plans," "possible," "potential," "projects," "seeks," "should," "targets," "will," or variations of these terms.

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

Forward-looking statements are subject to a number of risks and uncertainties that could cause our actual results to differ materially from those expressed or implied in the statements. These risks and uncertainties include those described in under "Risk Factors" in our Annual Report on Form 10-K for the year ended Dec. 31, 2020, and subsequent quarterly reports on Form 10-Q and those identified below:

- Factors affecting utility operations such as catastrophic weather-related damage, environmental incidents, unplanned facility outages and repairs and maintenance, and electric transmission or natural gas pipeline system constraints;
- Factors affecting utility operations such as catastrophic weather-related damage, environmental incidents, unplanned facility outages and repairs and maintenance, and electric transmission or natural gas pipeline system constraints;
- Factors affecting the demand for electricity and natural gas, including political or regulatory developments, unusual weather, changes in economic conditions, customer growth and declines, commodity prices, energy conservation efforts, and continued adoption of distributed generation by customers;
- The timing, resolution, and impact of rate cases and negotiations, including recovery of deferred and current costs and the ability to earn a reasonable return on investment, and other regulatory decisions impacting our regulated operations;
- The impact of health pandemics, including the COVID-19 pandemic, on our business functions, financial condition, liquidity, and results of operations;
- The impact of recent and future federal, state, and local legislative and/or regulatory changes, including changes in rate-setting policies or procedures, deregulation and restructuring of the electric and/or natural gas utility industries, transmission or distribution system operation, the approval process for new construction, reliability standards, pipeline integrity and safety standards, allocation of energy assistance, energy efficiency mandates, and tax laws, including the Tax Cuts and Jobs Act as well as those that affect our ability to use production tax credits and investment tax credits;
- Federal and state legislative and regulatory changes relating to the environment, including climate change and other environmental regulations impacting generation facilities and renewable energy standards, the enforcement of these laws and regulations, changes in the interpretation of regulations or permit conditions by regulatory agencies, and the recovery of associated remediation and compliance costs;
- The ability to obtain and retain customers, including wholesale customers, due to increased competition in our electric and natural gas markets from retail choice and alternative electric suppliers, and continued industry consolidation;
- The timely completion of capital projects within budgets and the ability to recover the related costs through rates;
- Factors affecting the implementation of our 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, supplies, and labor, technology advances, and the feasibility of competing generation projects;
- The financial and operational feasibility of taking more aggressive action to further reduce greenhouse gas emissions in order to limit future global temperature increases;
- The risks associated with changing commodity prices, particularly natural gas and electricity, and the availability of sources of 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;
- Changes in credit ratings, interest rates, and our ability to access the capital markets, caused by volatility in the global credit markets, our capitalization structure, and market perceptions of the utility industry, us, or any of our subsidiaries;
- Changes in the method of determining London Interbank Offered Rate or the replacement of London Interbank Offered Rate with an alternative reference rate;
- Costs and effects of litigation, administrative proceedings, investigations, settlements, claims, and inquiries;
- The direct or indirect effect on our business resulting from terrorist attacks and cyber security 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, the ability to replace expiring long-term power purchase agreements under acceptable terms, and the availability of reliable interconnection and electricity grids;
- The risk associated with the values of goodwill and other intangible assets and their possible impairment;
- Potential business strategies to acquire and dispose of assets or businesses, which cannot be assured to be completed timely or within budgets, and legislative or regulatory restrictions or caps on 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 ability to maintain effective internal controls in accordance with the Sarbanes-Oxley Act, while both continuing to integrate and consolidate our enterprise systems;
- 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.



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