



2018 Corporate
Responsibility Report



About this report

This report covers the year 2018 for WEC Energy Group Inc. (WEC) and its subsidiaries on a consolidated basis. The performance data is focused on the operations of Wisconsin Electric Power Co. and Wisconsin Gas LLC, doing business as We Energies, and Wisconsin Public Service Corp. in Wisconsin; Michigan Gas Utilities Corp. and Upper Michigan Energy Resources Corp. in Michigan; Minnesota Energy Resources Corp. in Minnesota; and The Peoples Gas Light and Coke Co. and North Shore Gas Co. in Illinois. It was prepared using guidance from the Global Reporting Initiative (GRI) Standards.

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

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» Due to the timing of the release of this report, some content reflects 2019 information.



Our 2018 Corporate Responsibility Report

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Message from Company Leadership

Delivering reliable, affordable 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: 2018 was a year of progress across our family of companies.

We made great strides in our generation reshaping plan as we retired older, coal-fueled generation and invested in cleaner energy sources. The majority of the electricity we supply to our customers now comes from low- or no-carbon sources. We look forward to further milestones on the horizon, including the completion of our first utility-scale solar facilities, expected by the end of 2020.

We also continued to strengthen the energy infrastructure our customers depend on. We completed the first phase of our electric system modernization project in northern Wisconsin. Meanwhile, we expanded the use of advanced metering technologies – enhancing our operating efficiency and reducing emissions from our vehicle fleet.

Through our focus on financial discipline, we delivered solid returns for our stockholders. Our total shareholder return exceeded the performance of the major market indexes. In addition, we grew our business with investments in renewable projects outside our utility footprint.



In the following pages, you will find more information about the ways we're addressing the needs of our key stakeholders – our customers, communities, employees and investors. We also encourage you to learn more about our emission reduction strategy by reading our recently released climate report, Pathway to a Cleaner Energy Future.

Our companies have provided vital services to our communities for more than a century. We look forward to a new era of sustainable growth across the Heartland.

Sincerely,

A handwritten signature in black ink that reads "Gale Klappa".

Gale E. Klappa
Executive Chairman

A handwritten signature in black ink that reads "Kevin Fletcher".

J. Kevin Fletcher
President and Chief Executive Officer

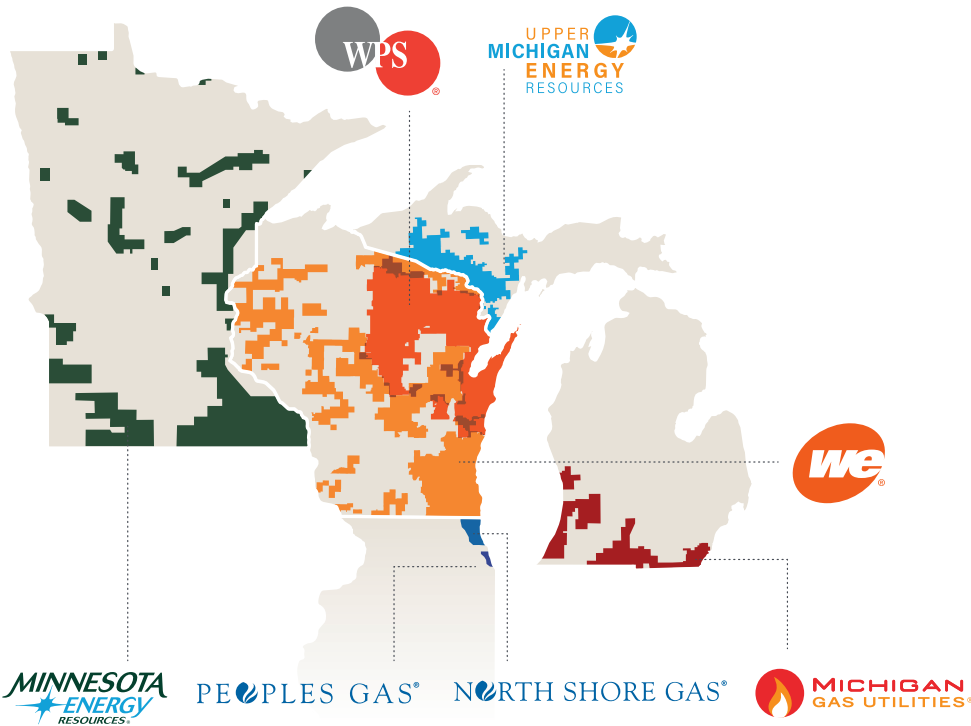
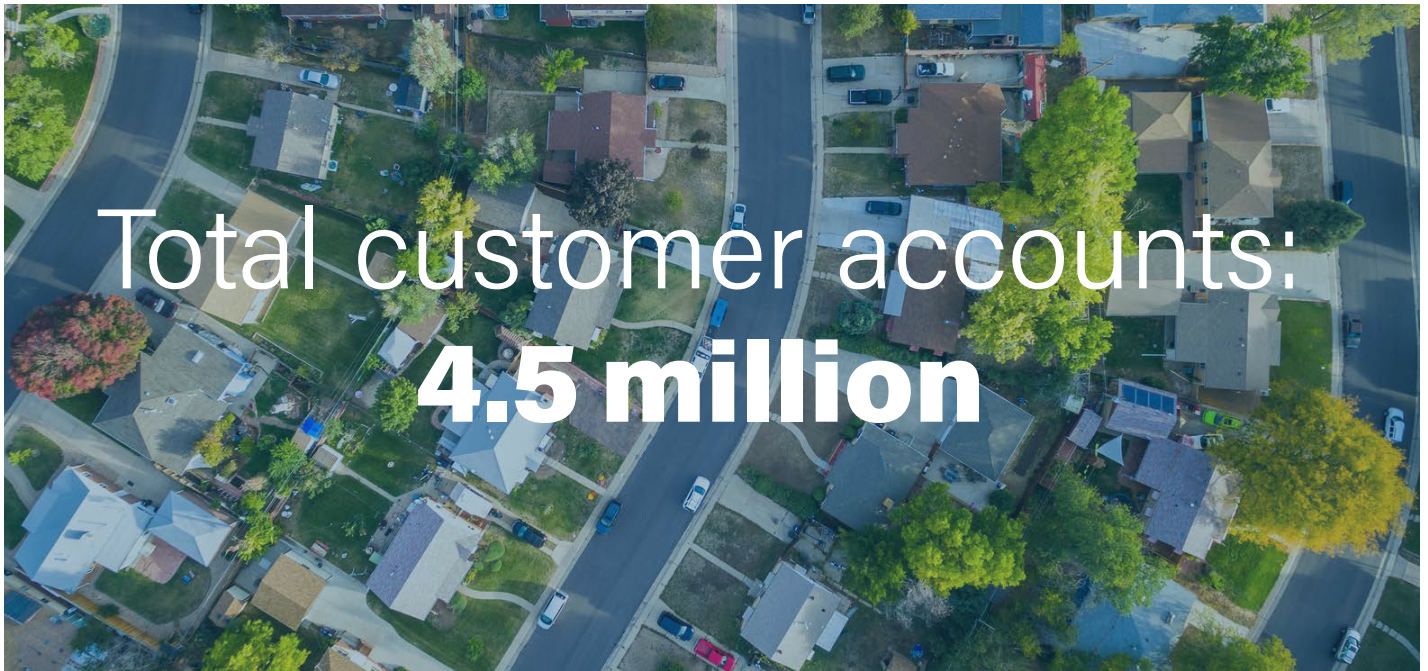
Organizational Profile



WEC Energy Group is one of the nation's largest electric and natural gas delivery holding companies, with the operational expertise and financial resources to serve the Midwest's energy needs safely, reliably and responsibly.

Key facts

Data as of year-end 2018, unless otherwise noted.



Customers:

We Energies

Electric: 1,134,800
Natural gas: 1,127,400

Wisconsin Public Service

Electric: 446,500
Natural gas: 330,400

Peoples Gas

Natural gas: 869,800

North Shore Gas

Natural gas: 162,900

Minnesota Energy Resources

Natural gas: 238,100

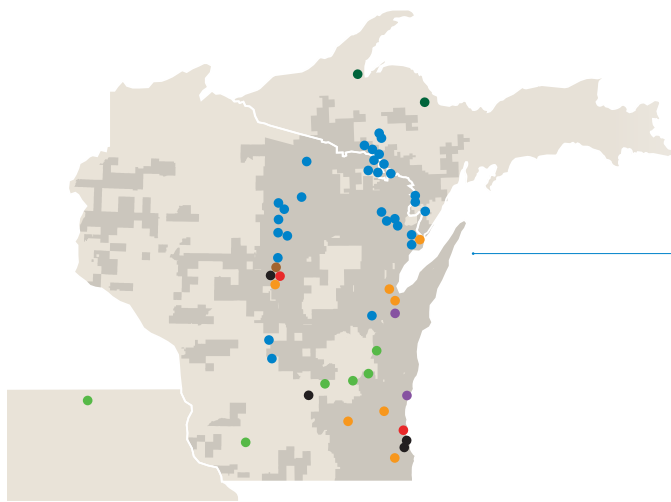
Michigan Gas Utilities

Natural gas: 178,000

Upper Michigan Energy Resources

Electric: 36,800
Natural gas: 5,300

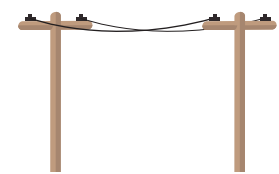
Utility-owned generation



- Biomass (fluidized bed boiler): 1
- Coal: 4*
- Combustion turbine: 7
- Combined cycle: 2
- Gas-driven steam turbine: 2
- Hydroelectric: 30
- Reciprocating internal combustion engine: 2*
- Wind turbine facility: 6

* As of April 1, 2019

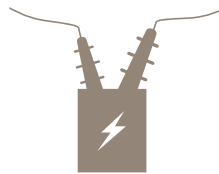
Distribution



70,100

miles of electric distribution lines throughout Wisconsin and Michigan

Overhead: **36,800 miles**
Underground: **33,300 miles**



500

substations in Wisconsin and Michigan

48,900

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



40

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

We continue to evaluate the issues relevant to our business that could have significant environmental, social and economic impacts.

In 2019 we are partnering with the Electric Power Research Institute (EPRI) to conduct a thorough assessment of our priority issues, incorporating feedback from internal and external stakeholders. Results of this assessment will be published in 2020, and these priorities will be incorporated into our future corporate responsibility reports.



Awards and recognition

Across our companies, we are focused on the fundamentals of our business: world-class reliability, safety, operating efficiency, customer care and financial discipline. Our efforts were recognized in 2018.

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

Edison Electric Institute – The institute presented WEC Energy Group with a special 2018 Emergency Assistance Award for its contributions to the emergency power restoration mission in Puerto Rico following Hurricane Maria.

Electric Power Research Institute – Multiple WEC Energy Group employees were presented with Technology Transfer Awards for their achievements in research and development. A team of researchers in the Environmental, Power Generation and IT Services departments received the award for their project on protecting bats near wind turbines. Our manager – environmental strategy was honored for his participation in the development of a comprehensive analysis of the Clean Power Plan for the State of Michigan.

Erie Neighborhood House – The social service agency presented Peoples Gas with the Corporate Leader Award in recognition of the company's longstanding commitment to community support over more than 165 years in the city of Chicago.

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

Market Strategies International – The research and consulting firm recognized Wisconsin Public Service as a 2018 Most Trusted Utility Brand based on a residential customer experience and engagement study.

Milwaukee Habitat for Humanity – The nonprofit honored We Energies as Corporate Citizen of the Year for its decades of support through financial contributions and employee volunteer efforts.

PA Consulting Group – We Energies received the Regional ReliabilityOne Award for outstanding electric reliability performance in the Midwest for the eighth consecutive year. In presenting the award, PA Consulting Group noted We Energies' industry-leading efforts in providing reliable service in the face of severe weather events.

USO Wisconsin – The military support organization named We Energies the 2018 Veteran Friendly Workplace of the Year for its efforts to attract, retain and support veterans in the state.

Wisconsin Way Awards – Executive Chairman Gale Klappa was presented with the CEO of the Year Award by Gov. Scott Walker for his charitable efforts, including the company's support of Honor Flight, and his commitment to southeastern Wisconsin, particularly in economic development.



Corporate Responsibility (CR) Magazine –

The magazine named WEC Energy Group one of the 100 best corporate citizens in the United States. In making this selection, CR Magazine considered the company's approaches to energy and the environment, governance, employee relations, human rights, financial performance, philanthropy and community support.





Strategic initiatives

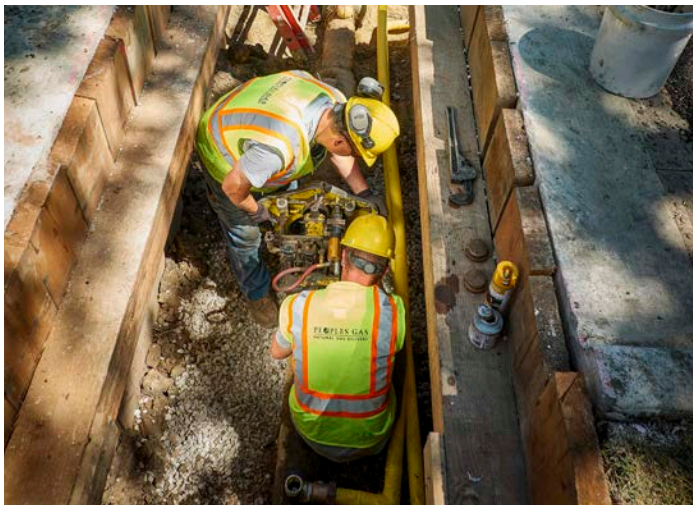
Our goal is to continue to build and sustain long-term value for our stockholders, customers and communities in a rapidly transforming energy arena. In our strategic planning, we take into account important developments in our industry, including new technologies, customer preferences and commodity prices, energy resiliency efforts, and environmental, social and governance priorities and initiatives.

Between 2019 and 2023, we expect to invest more than \$14 billion across our company, with a focus on:

- Modernizing our electric and natural gas delivery infrastructure.
- Reshaping our generation fleet for a clean, reliable future.
- Launching advanced metering functionality and upgrading systems and equipment.

Reliability

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 and reliability. The program also involves upgrading the system from low-pressure to medium-pressure operation to minimize the chance of explosion or fire.

Peoples Gas System Modernization Program creates about **2,000 direct jobs** during the peak construction season.

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. Phase I of the SMRP was launched in 2014 and completed in 2018, with a total investment of approximately \$220 million. As part of Phase I, WPS installed over 1,000 miles of underground circuits in place of overhead lines and added distribution automation equipment on 400 miles of lines.

Phase II of the SMRP began in 2018 and includes plans to install an additional 1,000 miles of underground circuits. WPS plans to complete Phase II by the end of 2021, with total estimated capital expenditures of approximately \$210 million.

A long-term generation solution in Michigan's Upper Peninsula

Upper Michigan Energy Resources began commercial operation of A.J. Mihm Generating Station and F.D. Kuester Generating Station in the Upper Peninsula of Michigan (U.P.) on March 31, 2019. The new natural gas-powered generating stations provide approximately 180 megawatts of generation capacity in total and replace the energy from our coal-fueled Presque Isle Power Plant, which was retired the same day.

The facilities in the U.P. use electric generators, called reciprocating internal combustion engines, for reliable, efficient and flexible operations. We project approximately \$33 million of savings annually in operation and maintenance costs.



Exceptional customer care

Our companies are focused on delivering exceptional customer care. Employees strive to provide the best value for customers by embracing constructive change, leveraging their capabilities and expertise, and using creative solutions.

Enhancing customer experience across companies

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

- Bringing all utilities onto a single customer information system platform with standardized business processes (2020).
- Moving all utilities to a common, enhanced-security platform for all customer-facing self-service options (2019).
- Introducing a customer-facing mobile app (2019-2020).
- Implementing advanced metering infrastructure across the utilities (ongoing).
- Moving all utilities to a common, integrated web platform (2020).

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



The percentage of our electric customers with smart meters reached **47% in 2018**.

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.

Financial discipline and efficiency

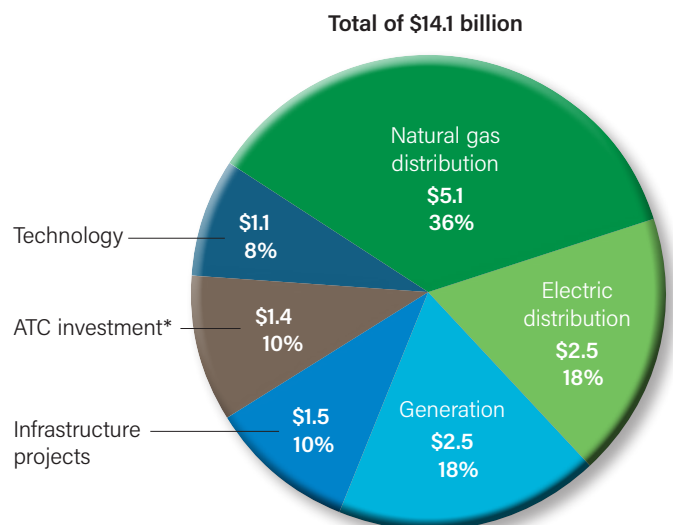
A strong adherence to financial discipline is essential to meeting our earnings and dividend growth projections and maintaining a strong balance sheet, stable cash flows and quality credit ratings. In 2018, we achieved our primary financial goal of earning the allowed return on equity at each of our energy companies, and our earnings from operations set new high records.

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

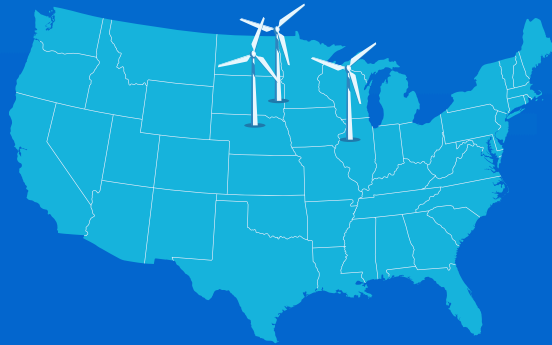
Solar energy investments

Through our WPS subsidiary, we are partnering with Madison Gas and Electric on two major solar projects: Badger Hollow Solar Farm in southwestern Wisconsin and the Two Creeks solar project in northeastern Wisconsin. The Public Service Commission of Wisconsin approved these projects in April 2019, and WPS will own a total of 200 MW of generation capacity once construction is complete. We expect both projects to begin supplying electricity by the end of 2020.

2019-2023 capital plan by category (\$ in billions)



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



Wind energy infrastructure

With a total investment of \$587 million, we have acquired majority ownership interests in three wind farms outside of our regulated utilities: **Upstream Wind Energy Center in Nebraska, Coyote Ridge Wind Farm in South Dakota, and Bishop Hill III Wind Energy Center in Illinois.** Under long-term offtake agreements, these wind farms will provide carbon-free energy to companies outside our organization.



Governance structure

We believe that effective corporate governance is an essential driver of stockholder value and a key component of sustainability at successful companies.

Our governance structure drives accountability to key stakeholders and is supported by policies and management systems to anticipate, plan and manage corporate initiatives and risks.

Corporate Governance Guidelines

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. The guidelines address matters such as board composition, board independence and leadership, board and committee meetings, succession planning, performance evaluations, compensation, and board operations. We have modified the guidelines over the years in response to evolving governance practices and stockholder expectations.

The board's structure consists of five standing committees: Audit and Oversight, Compensation, Executive, Finance, and Corporate Governance. The board's Corporate Governance Committee is charged with the responsibility of annually reviewing our governance practices, a process that takes into consideration discussions with investors and feedback from our external governance advisers, as well as findings from industry surveys, benchmarking studies and governance guidelines published by institutional investors and proxy advisers. WEC Energy Group's Corporate Governance Guidelines are posted on the [Governance page](#) of our corporate website.

Board oversight

Our board of directors is the governing body responsible for providing oversight with respect to our major strategic initiatives, which requires meaningful dialogue centered on opportunities and risks, key financial and business objectives, corporate governance and key corporate policies, and overall economic, environmental and social performance. The board meets regularly throughout the year to discuss these matters, and routinely receives reports prepared by management and outside advisers that equip board members with the information they need to monitor progress and carry out their oversight responsibilities.



Board composition

The Corporate Governance Committee leads the board through its annual succession planning process to determine appropriate membership and size of the board in advance of its annual election of directors. The Corporate Governance Committee evaluates director candidates in the context of the board as a whole, with the goal of recommending nominees with diverse backgrounds, experiences and competencies that, together, can best perpetuate the success of our business and represent stockholder interests. More information about the board's criteria and processes for evaluating director nominees, including core competencies, can be found beginning on Page P-13 of our [2019 proxy statement](#).

Our corporate governance guidelines provide that the board of directors should consist of at least a two-thirds majority of independent directors. Based upon our independence standards, the board determined that, as of year-end 2018, 12 of its 14 directors were independent, having no material relationships with the company.

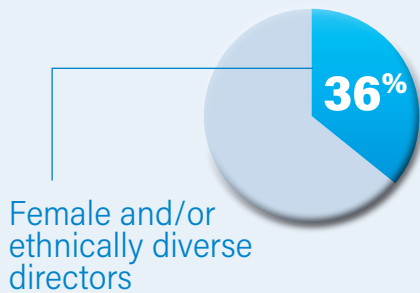
Board leadership

Consistent with our bylaws and corporate governance guidelines, the board retains the right to exercise its discretion in combining or separating the offices of chief executive officer and chairman of the board. From May 1, 2016, to Oct. 12, 2017, the office of the CEO was separated from the office of the chairman of the board. Gale Klappa served as non-executive chairman, and Allen Leverett served as CEO. On Oct. 12, 2017, the board appointed Gale Klappa to serve as CEO during Leverett's medical leave after suffering a stroke. Klappa served as chairman and CEO until Feb. 1, 2019, when the board appointed J. Kevin Fletcher as president and CEO and named Klappa as executive chairman of the board, again separating the CEO and chair positions. Director Barbara Bowles has continued to serve as the board's independent presiding director, the duties of which are detailed in the corporate governance guidelines.

Board composition

Through its succession planning process, the board seeks to maintain independence and diversity of knowledge, skills, experiences, thought, gender, ethnicity, tenure and maturity. During 2018, the 14-member board reflected the following:

12 directors were independent



3 directors were women

3 directors were African American

BALANCED TENURE



Board and committee evaluations

As a standard practice, the board's Corporate Governance Committee leads an annual assessment of the board's effectiveness and uses the results of the board's self-evaluation to foster continuous improvement of the board's activities. Each committee, except the Executive Committee, annually reviews its effectiveness and activities against its charter to identify its strengths and areas in which its governance practices can be improved. Results are reported to the board.

In 2017, the board enhanced its evaluation process by adopting a framework of questions developed by the National Association of Corporate Directors, whereby the presiding director seeks input from each board member individually during one-on-one discussion sessions around five broad categories: board composition and leadership, board committees, board meetings, overall effectiveness of the board, and overall effectiveness of the board with regard to management. The board used this framework to evaluate its annual performance at the close of 2018.

Stockholder engagement

Accountability to stockholders is critical to our long-term success. We have a robust and comprehensive outreach and engagement program in place, which is described more fully beginning on Page P-23 of our [2019 proxy statement](#), to ensure that management and the board are aware of, understand and consider issues that matter most to our stockholders. This ongoing engagement provides valuable insight into how our stockholders view our business, and helps us identify emerging issues that may affect our strategy and corporate governance practices. During 2018, we held dedicated sessions with stockholders, representing approximately 27% of the company's outstanding common stock, about our practices, particularly with respect to environmental, social and governance matters.

Since 2012, we have annually sought the advisory vote of our stockholders on the approval of the compensation paid to our named executive officers, after which the board has reviewed the voting results and made changes regarding aspects of the compensation program, as needed, to better align with stockholder expectations and best practices. Historically, we have received favorable approval ratings of this annual advisory vote. At our 2019 annual meeting of stockholders, the company's stockholders approved the compensation paid to our named executive officers in 2018 with 91% of the votes cast.

More information for investors, including presentation materials, can be found at www.wecenergygroup.com/invest/investor.htm.

Risk management

To address the evolving threat landscape of our industry, we have comprehensive processes in place to assess, oversee and mitigate risks.

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

Internal reviews and audits

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

To support the ERSC's work, the Audit Services department conducts an annual enterprise risk assessment, whereby business unit leaders identify existing, new or emerging issues or changes that could have enterprise implications. Risk areas are mapped by significance and likelihood. On a bimonthly basis, the ERSC discusses findings of the enterprise risk assessment, holds in-depth discussions with members of management on identified subjects, and tracks status of risk management activities. The results of these efforts are reported to the executive leadership team and are the subject of regular reports to the board.

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 ongoing and emerging risks to the enterprise. The committees routinely report to the full board on matters that fall within designated areas of responsibility. Examples of risk oversight responsibilities assigned to each committee include:

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

While the board delegates specified duties to its committees, the board retains collective responsibility for comprehensive risk oversight, including short- and long-term risks that could impact the company's sustainability. The board believes that certain risks, such as those that have the potential to result in significant reputational or financial consequences, or that drive company strategy, must be contemplated by its full membership and the diverse perspectives that the collective body brings to bear.

Cybersecurity efforts

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.

Our cybersecurity governance model includes oversight by senior management from our Enterprise Risk Steering Committee. Using recognized maturity models from the National Institute of Standards and Technology (NIST) framework 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 2016 audit of our compliance with North American Electric Reliability Corporation (NERC) Critical Infrastructure Protection standards, the external auditors positively noted our demonstrated "culture of compliance," with no significant findings.

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

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.

Ethics and compliance

Employees have a responsibility to preserve the ethical standards of our company as it conducts business affairs.

The purpose of the ethics and compliance program is to promote an organizational culture that encourages ethical conduct and a commitment to compliance with the law, and to inspire high standards of professionalism and integrity.

Program elements

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

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

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

Reporting and investigating

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

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

Communication and training

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

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

Monitoring and auditing

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

Enforcement and discipline

Enforcing standards underscores our commitment to compliance.

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

Response and prevention

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



Risk assessments

Audit Services completes a periodic fraud risk assessment designed to assess risks of fraud from financial reporting, misappropriation of assets or corruption. Legal and regulatory compliance requirements, the potential monetary impact, and overall significance to our financial reporting, operations and reputation are considered when assessing risk. In its most recent assessment, Audit Services determined a low residual risk value after considering existing anti-fraud controls and activities. Results of the risk assessment are reported to the Audit and Oversight Committee of the board of directors.

Policies and procedures

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

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

Our people

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

Diversity and inclusion

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

For these purposes, we:

- Support a highly qualified and diverse organization in all areas and at all levels.
- Actively seek out and encourage diverse ideas, perspectives and points of view.
- Establish an inclusive environment that respects and embraces diversity.

These commitments reflect our strong determination to become a high-performance, pluralistic organization that will achieve a sustained competitive advantage in the global energy marketplace while providing safe, reliable service and the best customer care.

We encourage diverse workforce development by fostering inclusion and equal opportunity. Diversity and inclusion are values and strengths that drive success and help us realize our full potential and business goals. A number of initiatives promote diverse workforce contributions, educate employees about diversity issues and make our companies

attractive employers for persons of diverse backgrounds. These include company-provided support for a variety of development programs, such as programs for current leaders and the recent creation of an Emerging Leaders program. We also support external programs such as Mount Mary University Women's Leadership Institute, African American Leadership Program and Rising Latino.

We promote business resource groups, such as the African American Business Resource Group, Listo!+, Women's Development Network, Next Generation Network and Military Service Members Association, which foster an atmosphere of inclusion and engage our employees in using their talents and interests to spark innovation and support our strategic goals. These groups strengthen alignment throughout our companies and our outside communities. They provide opportunities for networking, career development and leadership development, as well as diverse insights into business solutions. In addition, each group is used as a talent referral source for external candidates.

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

Other efforts include executive and informal mentoring programs and inclusion training, such as training for leaders on unconscious bias and building inclusive teams. In 2018, we again participated in McKinsey and LeanIn.Org's Women in the Workplace survey, which encourages female leadership and gender equality in the workplace. Women filled 25% of all management positions at our company as of Dec. 31, 2018.

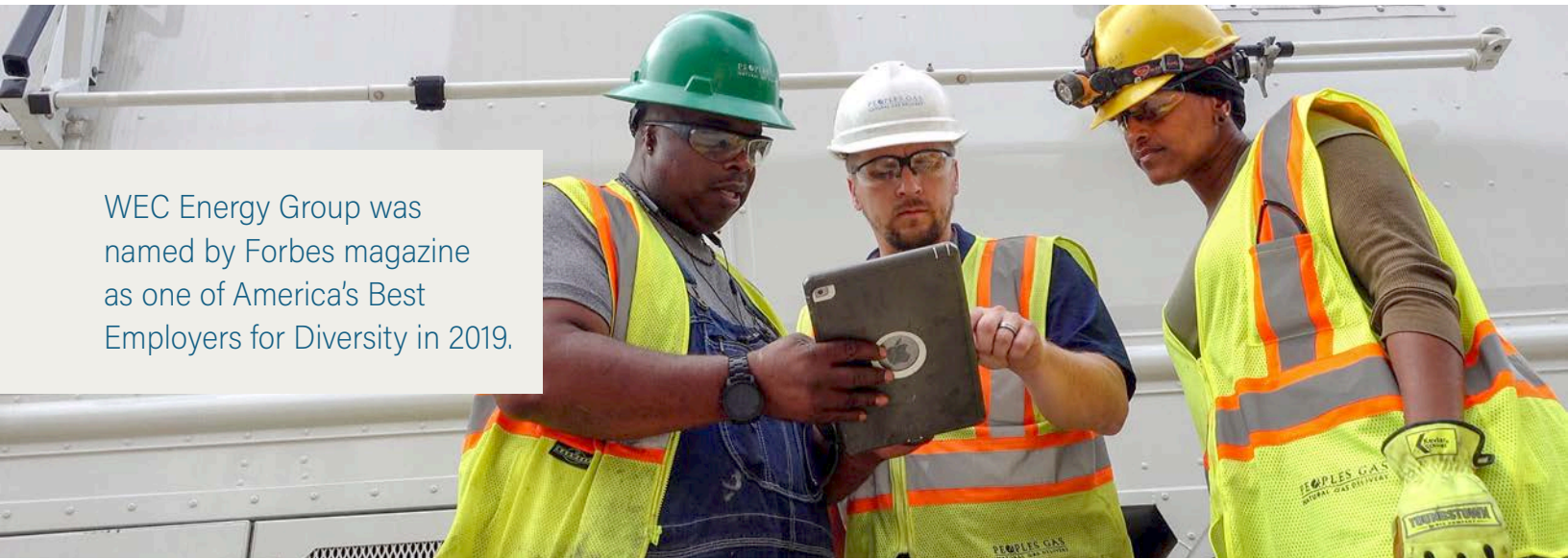


Represented employees account for **59%** of our workforce.

WEC Energy Group Workforce (Dec. 31, 2018)

Company	Number of employees	Female (%)	Minority (%)	Represented (%)
Michigan Gas Utilities	149	16	6	64
Minnesota Energy Resources	221	12	10	19
North Shore Gas	166	13	33	73
Peoples Gas	1,566	18	65	69
We Energies	3,150	25	17	78
Wisconsin Public Service	1,189	14	3	71
Wisconsin River Power Company	6	0	0	100
WEC Business Services	1,437	49	25	0
Total	7,884	26%	26%	59%

WEC Energy Group was named by Forbes magazine as one of America's Best Employers for Diversity in 2019.



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 regular 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. 2285, International Brotherhood of Electrical Workers	June 30, 2019*
No. 12295, United Steelworkers	Jan. 15, 2020
No. 31, International Brotherhood of Electrical Workers	May 31, 2020
No. 2150, International Brotherhood of Electrical Workers	Aug. 15, 2020
No. 510, International Brotherhood of Electrical Workers	Oct. 31, 2020
No. 420, International Union of Operating Engineers (WPS)	April 16, 2021
No. 18007(c), Utility Workers Union of America	July 31, 2021
No. 420, International Union of Operating Engineers (We Energies)	Sept. 30, 2021
No. 2006, Unit 1, United Steel Workers	Oct. 31, 2021
No. 49, International Union of Operating Engineers	Jan. 1, 2022
No. 417, Utility Workers Union of America	Feb. 15, 2022
No. 1147, International Brotherhood of Electrical Workers	April 7, 2022
No. 18007, Utility Workers Union of America	April 30, 2023

* In active negotiations.

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 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 work diligently to comply with child labor laws, forced and compulsory labor laws, and the rights of indigenous people.

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

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

Benefits and compensation

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

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

External talent development

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

We use behavioral-based interviewing to identify top talent, and our recruitment strategy is multifaceted. We have built relationships with 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, Wisconsin Regional Training Program 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 universities for placing students in meaningful assignments leading to full-time jobs after graduation. We also 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, the Earn & Learn program connects Milwaukee youth with local employers to develop work-readiness skills while earning wages through temporary work and internships. Developing a strong community workforce is important, and We Energies has participated in the Earn & Learn program for the past six years.



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, thus aiding future business success. Over the next five years, more than 41% 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, 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 leadership succession plans annually for leadership continuity. Senior management conducts an annual talent review to ensure that talent is being developed for future senior leadership roles. The senior talent review process also identifies early career talent to assess future leadership potential and consider development plans that may include short-term rotational assignments, mentoring or other opportunities for developing leadership skills. Succession planning is conducted annually in the business units to



In the Chicago area, Peoples Gas has partnered with ComEd and Nicor Gas to support the Construct program. Construct, which offers a nine-week career preparation course and job shadowing, was created to address the need to increase the pool of qualified minority candidates in the construction industry. To date, nearly 400 students have participated in the program, and nearly 70% of graduates were offered employment.

develop talent pools for critical operational roles for which external talent may be difficult to find.

To sustain a strong workforce, we have established efforts to foster employee well-being and achievement. With the assistance of IBM, 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 were created and implemented to make improvements where needed.

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. Every year, our companies publish "Top 10" goals aligned with the core competencies to guide employees in their work. Performance reviews take place on a regular basis.

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 2018, more than 190,000 classroom and e-learning training events took place throughout our companies. More than half of those learning events were delivered online, including annual ethics training, safety refreshers, operator qualification training and other job skill training. Leadership development also was augmented with online training. Employees had access to online training, ranging from learning software programs to business and leadership competencies, as well as access to portals that include topical references, online books, job aids and simulations.



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

Leadership development

Development of leadership skills remains a top priority. The corporate leadership development program begins at the supervisor level with a Foundations of Leadership program for new supervisors. The curriculum includes training on leadership, employee engagement, talent management, diversity and inclusion, labor relations, crucial communication skills, and other important business and management skills for supervisors and leaders.

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

The third tier of leadership development is offered annually to the directors of the company, also through the Sheldon B. Lubar School of Business at the University of Wisconsin-Milwaukee, consisting of executive education tailored to align with specific leadership competencies.

Internal safety practices

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 last decade, our companies have improved their safety records by implementing and improving key programs. These efforts have helped reduce the total number of Occupational Safety and Health Administration (OSHA)-recordable incidents and the total number of lost-time incidents by 59 and 51 percent, respectively, since 2008. Because we understand the negative effects that injuries have on employees, their families and friends, and their co-workers, our goal is to have one of the best safety records in the nation.

While we experienced improvements from 2017 to 2018, we are working continuously to promote additional improvement across all companies in 2019 and beyond, and to ensure that our safety efforts are sustainable. Our unwillingness to view injuries as inevitable is an important part of our cultural platform, an ongoing safety commitment that we refer to as "Target Zero."

Management and union leadership work together to reinforce the Target Zero culture and provide a safe work environment. We urge each employee to make a personal safety commitment and to talk with co-workers about safety on a regular basis. Supervisors and managers

are responsible for hearing employee concerns, training to current standards and recognizing those who demonstrate concern for safety. We further encourage all of our employees to bring that personal commitment home to families, their friends and the communities in which they live.

Company safety structure

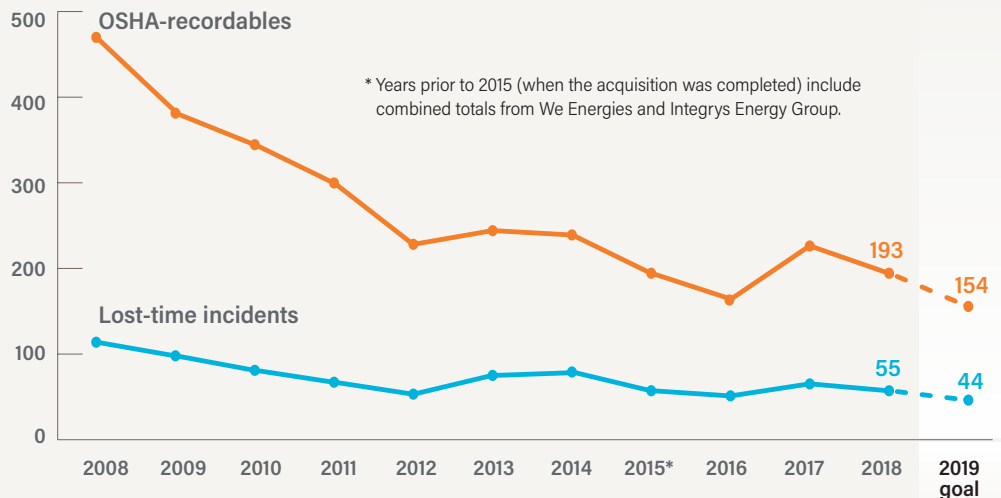
Employee safety success is supported by increasing employee engagement and accountability at all levels. Through Safety Action teams and Regional Safety teams, every employee has a voice. More employees are becoming actively engaged in safety, leading to new ideas and improvements in system designs,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

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

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

Injury trend

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





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 injuries, we set goals around measurable leading indicators, which raise awareness about employee safety and guide injury-prevention activities.

Safety leading-indicator goals include:

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

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

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

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

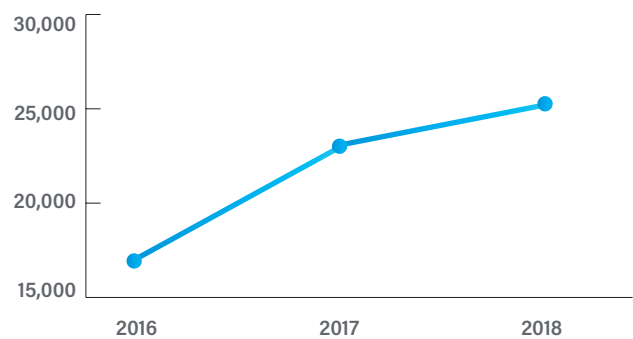
Near miss / unsafe condition reporting

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

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

Our employees have improved reporting of NMUCs over the last three years. Only a small fraction (estimated at 0.1%) of the total incidents reported in 2018 were work-related NMUCs of a higher risk potential. We will continue to foster a strong reporting and action-oriented culture in the workplace.

Near miss and unsafe condition reports





Safety Charity Challenge

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

In 2018, WEC Energy Group subsidiaries and their foundations contributed a total of **\$35,000** to local charities through the Safety Charity Challenge.

Contractor safety expectations

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

Ergonomic enhancements

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

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

Employee health and wellness

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

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

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

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

Financial Performance

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

Financial highlights

We continued to deliver solid earnings growth and generate strong cash flow in 2018.

✓
Achieved fully diluted earnings per share of
\$3.34

✓
WEC stock hit 11 new trading highs

✓
Returned more than
\$697 million
to WEC Energy Group stockholders through dividends

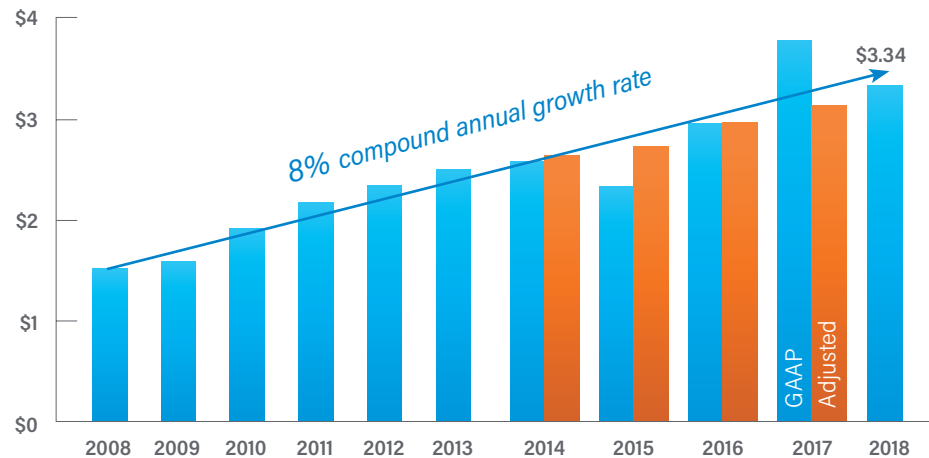
✓
Earnings from operations were the highest in company history

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

A decade of EPS growth

We've delivered an average return of **8% per year**.

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

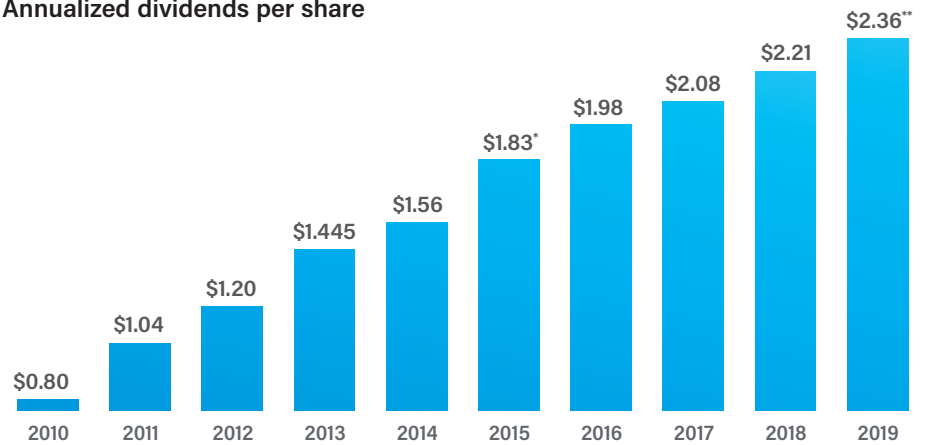




Solid dividend growth continues

Dividends increased in January 2019 by 6.8% to an annual rate of **\$2.36 per share**, marking the 16th consecutive year of higher dividends.

Annualized dividends per share



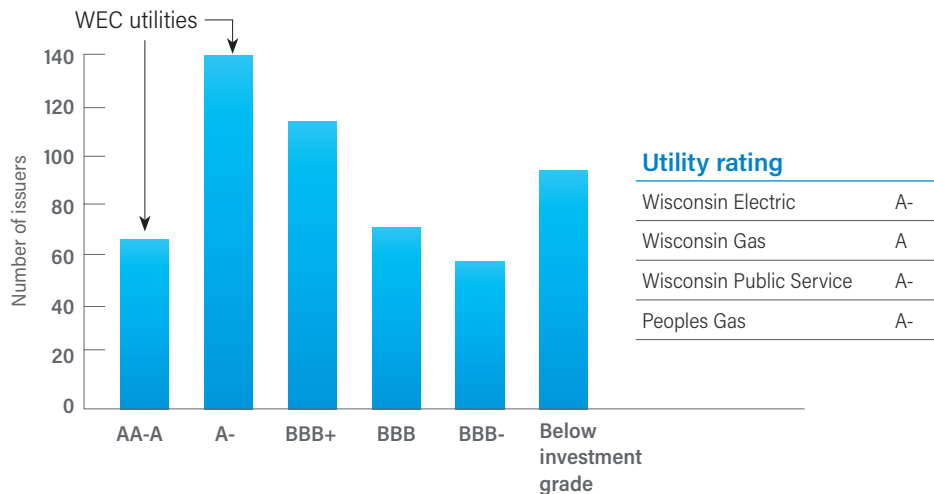
* Annualized based on fourth-quarter 2015 dividend of \$0.4575

**Annualized based on first-quarter 2019 dividend of \$0.59

Strong financial condition

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

Electric and natural gas utilities credit ratings distribution*



*Source: S&P Global Ratings (Jan. 31, 2019)

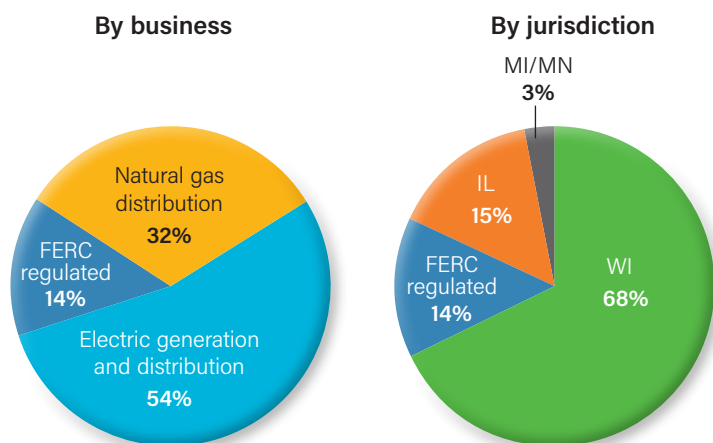
Business and operations

WEC Energy Group is a Fortune 500 company and a component of the S&P 500. Our company has approximately 50,000 stockholders of record, 8,000 employees, and nearly \$34 billion of assets.

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

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

Diverse portfolio of regulated businesses



Based on 2018 average rate base

Wisconsin operations

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

Electric supply

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

Rated capacity (megawatts) ¹	2016	2017	2018
Coal	4,933	4,935	3,518
Natural gas – combined cycle	1,697	1,753	1,799
Natural gas/oil – peaking units ²	1,413	1,458	1,444
Natural gas – steam turbine ³	320	314	347
Renewables ⁴	273	273	220 ⁵
Total	8,636	8,733	7,328

- 1 Rated capacity is the net power output under average operating conditions with equipment in an average state of repair as of a given month in a given year. We have summer peaking electric utilities, and amounts are primarily based on expected capacity ratings for the following summer. The values were established by tests and may change slightly from year to year.
- 2 The dual-fueled facilities generally burn oil only if natural gas is not available due to constraints on the natural gas pipeline and/or at the local natural gas distribution company that delivers natural gas to the plants.
- 3 The natural gas steam turbine represents the rated capacity associated with Valley Power Plant and Weston Unit 2.
- 4 Includes hydroelectric, biomass and wind generation.
- 5 In 2018, we changed our rated capacity measurement methodology for hydro units to align with the capacity accreditation methodology used by MISO, which is based on the historical median output during summer peak hours.

Electricity generation and purchased power (gigawatt-hours)

	2016	2017	2018
Coal generation	23,467	24,484	21,569
Natural gas/other generation	10,367	9,302	10,578
Renewable generation	2,022	2,052	1,983
Biomass	103	85	100
Hydro	864	886	835
Wind	1,055	1,081	1,048
Total electric generation	35,856	35,838	34,130
Purchased power, renewables	1,419	1,475	1,153
Purchased power, nuclear PPA	9,008	8,950	8,967
Purchased power, low-emitting	876	648	757
Purchased power, MISO markets	4,189	3,566	3,208
Total generated and purchased energy	51,348	50,477	48,215
Total generated and purchased renewable energy	3,441	3,526	3,136

Illinois operations

Our Illinois segment includes the natural gas utility and nonutility operations of Peoples Gas and North Shore Gas, which began operations in 1850 and 1900, respectively. Peoples Gas and North Shore Gas customers are located in Chicago and its northern suburbs. Peoples Gas also owns and operates a 38.8-billion-cubic-foot natural gas storage field in central Illinois.

Other states operations

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

Electric transmission – American Transmission Co.

ATC is a regional transmission company that owns, maintains, monitors and operates electric transmission systems in Wisconsin, Michigan, Illinois and Minnesota. ATC is regulated by 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, 2018, 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 Bluewater Natural Gas Holding LLC (Bluewater), We Power and WEC Infrastructure LLC.

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

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



WEC Infrastructure holds our 90% membership interest in Bishop Hill Energy III LLC, a wind generation facility; our 80% membership interest in Coyote Ridge Wind LLC, a wind generation facility under construction; and our 80% membership interest in Upstream Wind Energy LLC, a wind generation facility acquired in January 2019. These three facilities have long-term offtake agreements with unaffiliated companies.

Corporate and other

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

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

More detail on our operating segments can be found in our [Form 10-K](#).

Environmental Performance



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

Environmental policy statement

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.



We commit to:

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 Wholesale Energy and Fuels team and Environmental team engage with other functional areas of the company to identify cost-effective options for reducing carbon 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) to inform company planning, risk management and operations.

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

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

Supporting a clean energy future

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. We are committed to reducing GHG emissions from our system while maintaining the reliability that is a cornerstone of our business model.

Over the past two decades, we have worked to reduce the role coal generation plays in our system. 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 billion between 2019 and 2023 to increase the amount of renewable generation we deliver to our customers. 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.

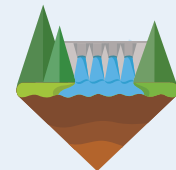
	Actions taken: 2000-2018	Projects: 2019 and beyond
Coal	<ul style="list-style-type: none"> ➔ Retired or converted approximately 2,500 MW of coal-fueled generation ➔ Sold Milwaukee County Power Plant 	<ul style="list-style-type: none"> ➔ Retired 350-MW Presque Isle Power Plant in 2019
Natural gas	<ul style="list-style-type: none"> ➕ Added 1,655 MW from highly efficient, less carbon-intensive, combined-cycle units 	<ul style="list-style-type: none"> ➕ Added 180 MW of efficient natural gas generation
Renewables	<ul style="list-style-type: none"> ➕ Added 438 MW of wind generation ➕ Added new short-term purchase power agreements for 75 MW of wind generation ➕ Added 50 MW of biomass generation 	<ul style="list-style-type: none"> ➕ Add 350 MW of utility-scale solar ➕ Add up to 185 MW in renewable pilot programs

We offer options to electric customers who want to help strengthen the market for renewable energy. When our We Energies customers enroll in the Energy for Tomorrow® program at the 25%, 50% or 100% level, We Energies produces or purchases renewable energy to match that percentage of their electricity use. Energy for Tomorrow is Green-e certified and meets the environmental and consumer protection standards set forth 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.

We also support employee efforts to reduce GHG emissions. Following an employee interest survey in 2017, we installed 10 electric vehicle charging stations at seven company locations.

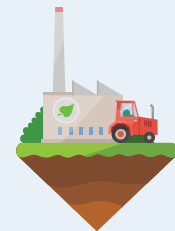
Renewable energy for our customers

(installed capacity as of Dec. 31, 2018)



30

hydro plants
Capacity: 173 MW



1

biomass plant
Capacity: 50 MW



6

wind turbine facilities
Capacity: 498 MW

Construction beginning summer 2019



2 utility-scale solar facilities
Capacity: 200 MW

Carbon dioxide emissions reduction

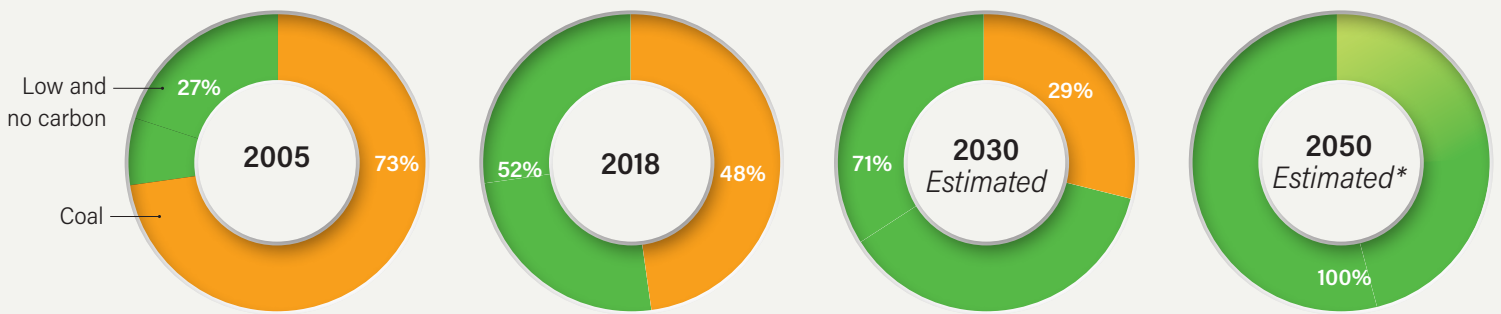
As strategies to reduce GHG emissions take shape, our plan is to work with our industry partners, environmental groups and governing bodies to meet a near-term goal of reducing carbon dioxide (CO₂) emissions from electricity generation by approximately **40% below 2005 levels by 2030**. Our long-term goal is to reduce CO₂ emissions by approximately **80% below 2005 levels 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 fossil-fueled power plants would be mitigated with carbon-free resources, natural gas generation using more efficient technology, or other carbon reduction techniques.

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

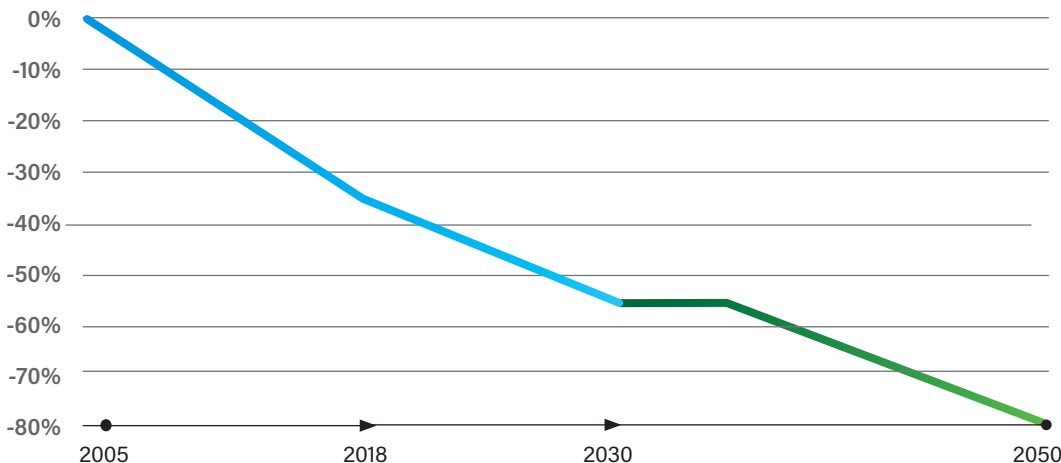
Our generation reshaping plan is achieving strong results. By leveraging current technology and retiring older coal-fueled generation, we anticipate achieving our 40% reduction goal well in advance of our 2030 target.

Sources of electricity supply by fuel type



* Assumes low-carbon generation includes natural gas generation, as well as coal-fueled generation with at least 70% emission reduction.

Achieved and anticipated CO₂ reductions (mass)



Reduction goals:

40%

below 2005 levels by 2030.

80%

below 2005 levels by 2050.

Methane emissions reduction

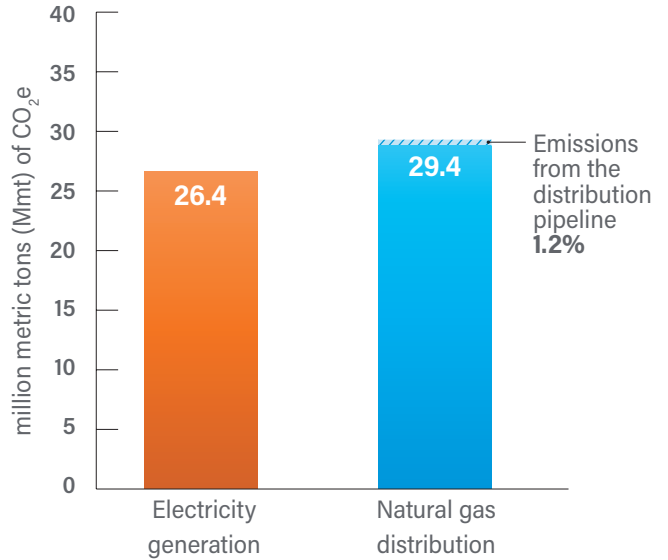
In May 2019, we announced a new goal across our energy companies: reducing the rate of methane emissions from our natural gas distribution lines by **30% per mile from a 2011 baseline by 2030**.

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

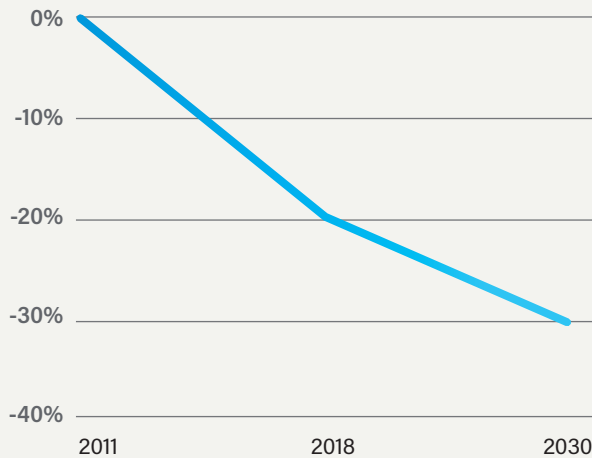
Key to this effort, our Peoples Gas subsidiary is working to replace approximately 2,000 miles of Chicago's natural gas pipeline infrastructure, switching dated cast and ductile iron pipes with modern polyethylene pipes. As part of this program, we have made voluntary commitments under the U.S. Environmental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

We also provide the EPA with carbon dioxide equivalent (CO₂e) amounts resulting from our customers' natural gas use, as well as emissions due to natural gas storage and distribution system leaks. For 2018, we reported emissions of approximately 29.4 million metric tons of CO₂e to the EPA related to our natural gas distribution business. Emissions from the distribution pipeline represented approximately 1.2% of this amount.

2018 GHG emissions from electricity generation and natural gas distribution



Achieved and anticipated methane emissions reduction



Reduction goal:

30%

per mile by the year 2030 from a 2011 baseline.

Assessing risks and opportunities

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

Since 2006, we have invested nearly \$6 million in climate change research and development programs through in-house work and membership in EPRI. We have made other investments, through EPRI and elsewhere, related to renewable energy and demand-side energy efficiency that also have potential benefits related to GHG emissions reduction.

We provide information to a number of environmental, social and governance organizations and ratings firms to continually enhance transparency and encourage dialogue with stakeholders. We have disclosed information regarding our operations and climate-related risks and opportunities to CDP (formerly the Carbon Disclosure Project) for more than a decade.

Scenario and goal analysis

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

The analysis in the report supports our current emissions reduction trajectory while demonstrating the importance of technological and market innovation in the years ahead. We see the potential for economywide emissions reductions through electrification, which our electric companies could help facilitate. We continue to evaluate climate-related risks and opportunities and update our approach as technology, policy and markets evolve.

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.

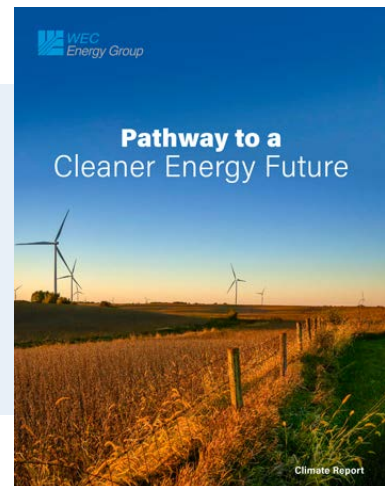
We have long supported flexible, market-based strategies to curb GHG emissions, including efficiency improvement, emissions trading and credit for early actions. We believe environmental and climate policy should encourage technology development and transfer, and include all sectors of the economy and all significant global emitters.

In August 2018, the EPA issued a proposed replacement rule for the Clean Power Plan (CPP), the Affordable Clean Energy (ACE) rule. The proposed ACE rule would require the EPA to develop emission guidelines for states to use to develop their individual plans. The state plans would focus on reducing GHG emissions by improving the efficiency of fossil-fueled power plants.

In December 2018, the EPA proposed to revise the New Source Performance Standards for GHG emissions from new, modified and reconstructed fossil-fueled power plants. The EPA determined that the best system of emission reduction (BSER) for new, modified and reconstructed coal units is highly efficient generation that would be equivalent to supercritical steam conditions for larger units and subcritical steam conditions for smaller units. This proposed BSER would replace the determination from the 2015 rule, which identified BSER as partial carbon capture and storage. Although the ACE rule will likely emerge from eventual rule revision much different from the CPP, reducing GHG emissions remains an integral component of our strategic planning process.

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

wecenergygroup.com/csr





Local generation technology

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

Local generation is power production or energy storage technology dispersed throughout the power grid that provides electricity close to the point of use. Local generation resources include fossil and renewable energy technologies (e.g., photovoltaic arrays, wind turbines, microturbines, reciprocating engines, fuel cells, combustion turbines and steam turbines); energy storage devices (e.g., batteries and flywheels); and combined heat and power systems.

We continue to evaluate the impact of local generation across our electric energy companies' service areas. As the number of customers with electric generating devices on their homes and businesses increases, we believe it is important that everyone who relies on the power grid pays their share of the cost to keep it operating reliably and safely. Generating power at central station power plants, including at our utility-scale renewable energy facilities, helps us achieve economies of scale and produce continuous sources of power at a competitive price.

We are conducting a collaborative research project with EPRI to investigate the potential for improving power system resiliency by effectively integrating local generation (microgrids) while building on the availability and reliability of the existing power grid in a compatible and interactive way. The results of this and other research and demonstration efforts will help our companies adapt their business models to realize the potential benefits – to their customers and their power grid – of incorporating local generation technologies.

Renewable energy pilot programs

At the close of 2018, the Public Service Commission of Wisconsin approved two innovative renewable energy pilot programs for We Energies' commercial and industrial customers.

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

Performance data

Air emission reductions

Air quality control systems and other measures at our facilities have resulted in combined sulfur dioxide (SO₂), nitrogen oxides (NOx) and mercury (Hg) emissions reductions greater than 80% when compared to 2000 emissions.

- At Weston Power Plant Unit 3, the ReACT (Regenerative Activated Coke Technology) system complements the fabric filters, low NOx burners and separated over-fire air system, and mercury control system to reduce SO₂, NOx, mercury and other emissions. Weston Unit 4 is equipped with a selective catalytic reduction (SCR) system, powdered activated carbon system, dry scrubber and fabric filter baghouse to reduce NOx, mercury, SO₂, particulate matter and other emissions.
- Elm Road Generating Station is equipped with state-of-the-art technologies for air quality controls, including SCR systems, fabric filter baghouses, wet scrubbers and wet electrostatic precipitators.
- Through the use of chemical additives to the coal supplies at the Weston and Oak Creek sites, we are able to capture more than 90% of the mercury.
- All of our coal-fueled power plants use either fabric filter baghouses or electrostatic precipitators to remove particulate matter. In addition, the units that have wet scrubbers to control SO₂ achieve further particulate removal. The result is particulate reduction of 99.5% or more at each of these generating units.

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

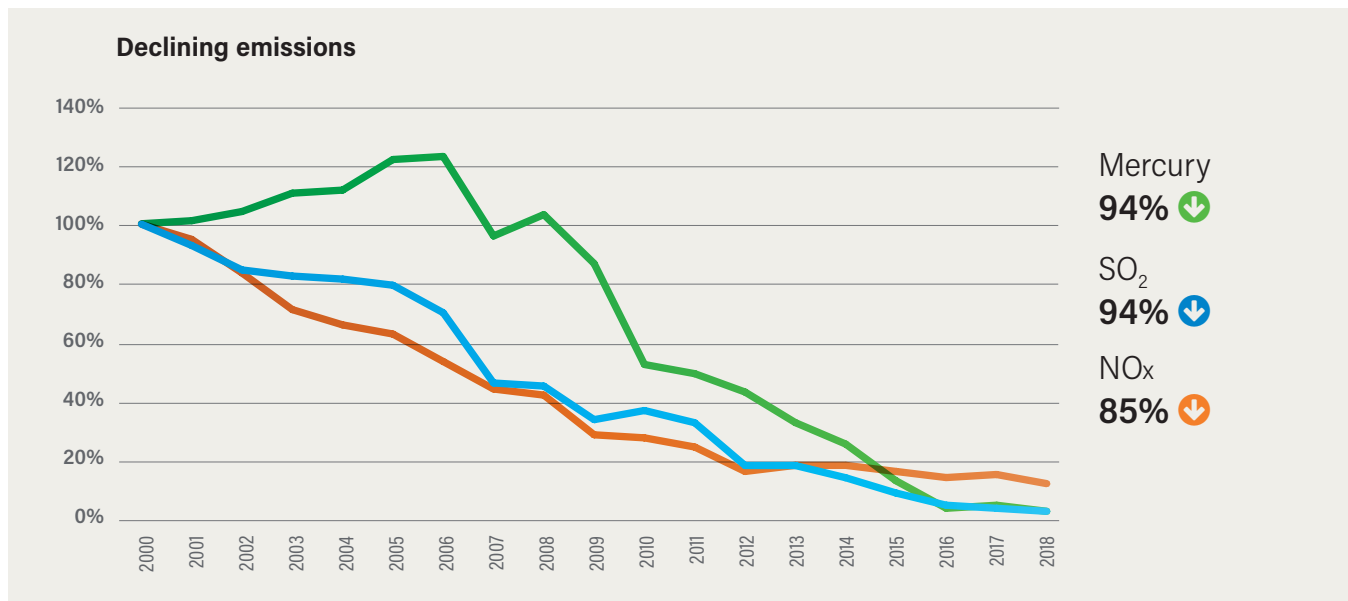
Air emissions from electricity generation

		2016	2017	2018
Sulfur dioxide (SO ₂)	(kg)	10,273,266	8,797,083	7,770,417
	(kg/MWh)	0.30	0.26	0.23
Nitrogen oxide (NOx)	(kg)	11,803,752	11,044,724	10,453,986
	(kg/MWh)	0.35	0.33	0.31
Particulate matter (PM)	(kg)	1,088,375	1,126,785	928,249
	(kg/MWh)	0.032	0.033	0.030
Volatile organic compound (VOC)	(kg)	347,989	369,236	265,185
	(kg/MWh)	0.010	0.011	0.010
Mercury (Hg)	(kg)	45	56	43
	(kg/MWh)	0.000001	0.000002	0.000001

GHG emissions from electricity generation and purchases (1,000 metric tons carbon dioxide equivalents (CO₂e))

	2016	2017	2018
Coal generation	24,374	25,460	21,990
Natural gas/other generation	4,684	4,334	4,263
Purchased power*	4,986	3,540	3,138
Total CO₂e (1,000 metric tons)	34,044	33,334	29,391
System GHG intensity (metric tons/MWh)	0.66	0.66	0.61

* CO₂e from purchased power was estimated using regional factors published by the Michigan Public Service Commission.



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 18 years, our companies have provided more than 15.1 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.

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, we sold more than 90% of the sulfuric acid produced at the Weston Generating Power Plant ReACT air emission control system to local industrial users in 2018. WPS is the first electric company in the United States to sell sulfuric acid produced from a coal-fueled electric generating facility's air emission control system.

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

Part of the effort to maximize beneficial use of byproducts includes reburning some combustion products with coal to recover residual fuel value in the materials and to improve the characteristics of coal ash for

beneficial use. Since 2000, these processes have displaced more than 3,938 rail cars, or more than 409,000 metric tons, of coal that otherwise would need to be purchased, while producing additional quality materials for the construction industry.

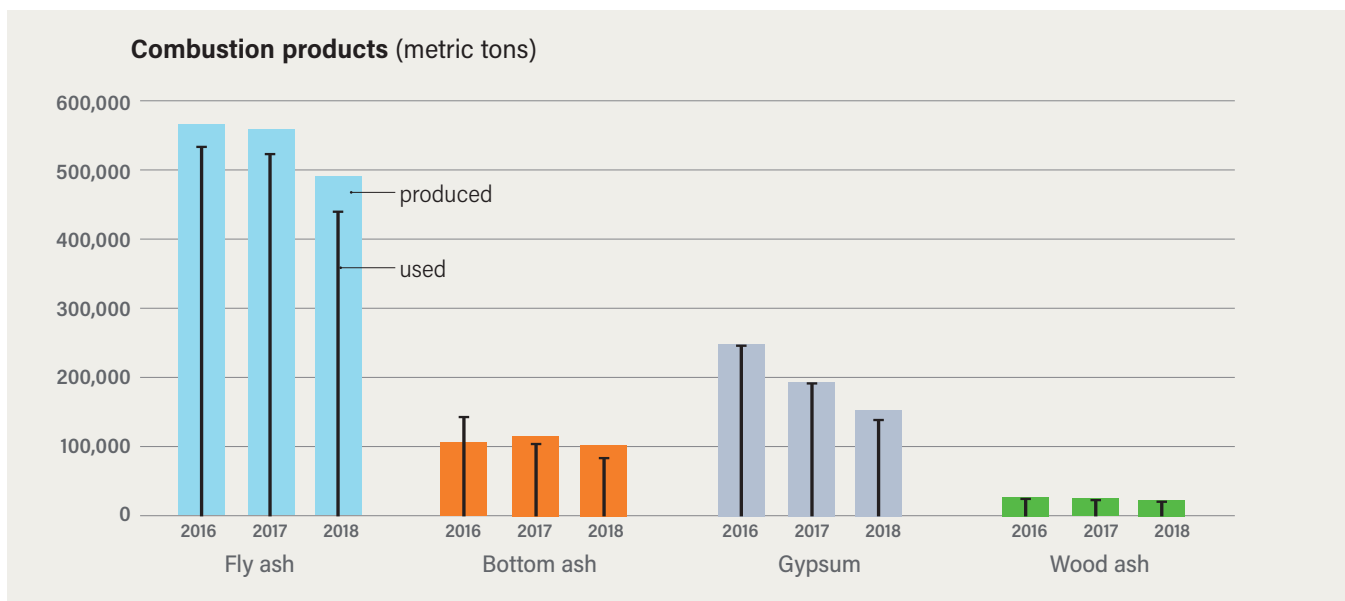
We Energies does not use any wet coal ash impoundments. The WPS Weston Power Plant site has a lined settling basin that is part of the wastewater treatment system approved by the Wisconsin Department of Natural Resources (WDNR). The use of the settling basin to manage bottom ash will be terminated by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

Combustion products (metric tons)	2016	2017	2018
Combustion products produced	955,400	900,300	775,200
Combustion products used	958,300	851,300	707,200
Percent used	100	95	91

Annual combustion product beneficial use rates are variable due to cyclical market demands and material quality. The 2016 rate slightly exceeded 100% due to the beneficial use of previously stored materials. The 2018 utilization rate was lower from previous years due to timing, logistics and economic conditions for some combustion products.

Bottom ash and recovered landfill ash (metric tons)

	2016	2017	2018
Coal ash reburn	1,500	10,000	17,100
Coal displaced	440	1,840	3,140



Water resources management

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

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

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

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

Water (billion cubic meters)	2016	2017	2018
Withdrawn from major sources	3.31	3.57	3.60
Municipal water purchases	0.003	0.003	0.003
Water returned to source	3.28	3.54	3.58
Water consumption	0.03	0.03	0.02
Percent returned to source*	99.2	99.2	99.4
Percent consumed	0.8	0.8	0.6

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

Recycling commitment

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

- 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

Hazardous and nonhazardous

waste (metric tons)	2016	2017	2018
Hazardous waste generated	15	100	216
Hazardous waste recycled	7	9	22
Nonhazardous waste generated	18,911	18,253	20,208
Nonhazardous waste recycled	10,456	8,917	12,000

Waste levels could vary from year to year due to intermittent work that could increase tonnage on a short-term basis, such as boiler cleanings, baghouse bag replacements or substation work.



Over the past five years, on average, our companies have recycled **more than 54%** of nonhazardous waste.



Stewardship

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

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

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

Wisconsin Public Service (WPS) has celebrated Arbor Day since 2003 by planting trees at schools in its service area and has purchased 600 saplings annually since 2013 to provide to local schoolchildren. In April 2018, Peoples Gas employees visited two Chicago schools and led tree-planting events for 400 students. These presentations celebrated Arbor Day while teaching students and parents about safe digging practices.

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

Our staff members lead several comprehensive wildlife 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.

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



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



Wild lupine is crucial to the survival of Karner blue butterflies, as they are incapable of reproducing without it. Our companies' construction and maintenance projects remove brush along corridors to allow lupine to grow and thrive. We have restored more than 55 acres of butterfly habitat along a natural gas lateral in west-central Wisconsin.



The **monarch butterfly** population is in decline in North America. In collaboration with American Transmission Co. utilities, public agencies and others, we have joined an initiative in Wisconsin to develop a plan to preserve and restore the butterfly's habitat. We currently assess construction projects to determine if pollinator planting is appropriate during site restoration, and use native seed mixes to do so throughout our service territory.



Ospreys frequently try to nest on top of power 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.



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

Staff members also coordinated with the **Ozaukee Fish Passage Program** to relocate and improve a portion of Mineral Springs Creek located on company land in Port Washington, Wisconsin. This successful project, completed in 2017, improved fish habitat in this portion of the creek and allows fish access from Lake Michigan to more than 3 miles of upstream creek and wetland habitats for spawning. The habitat supports popular sport fish such as walleye and salmon, as well as rare species such as greater redhorse, striped shiner and longear sunfish.

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

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



Peregrine falcons have been calling our companies' power plants home for more than two decades. Our companies have maintained nesting boxes on power plant chimneys and rooftops. Over one-fifth of the peregrine falcon population in Wisconsin – about 370 – 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.

Natural areas and wetlands

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

A unique migratory bird stopover habitat on the former south coal dock at Port Washington Generating Station was created in 2011. Through continued active management, this approximate 5-acre marsh, wet meadow and tallgrass prairie habitat continues to thrive as a migratory bird resting place along the Lake Michigan shoreline. The marsh 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.

Hundreds of acres of natural areas contained within our companies' closed and active ash landfill properties are actively managed to promote biodiversity, maintain large blocks of intact natural areas, and restore native communities. More than a dozen state-protected and rare species, including plants, birds and reptiles, occur 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 occur on these properties, including over 300 species on one site alone. The integrity and health of these properties depend on active habitat management targeted at controlling invasive species, the largest threat to their natural ecosystems.

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

Prairie restoration is targeted to reduce long-term maintenance costs associated with fertilization, mowing and herbicides used to manage undesirable weed species that occur in typical turf grass covers. Planted prairie species are deep rooted and promote drought resistance, which eliminates the need to reestablish 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.



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

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 are being used to reduce sediment loading near some facilities. Stormwater management plans for power distribution sites are incorporating native plants. Native plantings include species valued for stormwater management as well as sustainment of local wildlife, including the monarch butterfly.

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

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



Other environmental activities

Manufactured gas plant sites: 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 prospered until more affordable and cleaner natural gas began to arrive via pipelines. WEC Energy Group subsidiaries are actively remediating several former manufactured gas plant sites.

In May 2017, Wisconsin Gas purchased a 46-acre property with extensive frontage on the Milwaukee's inner harbor, known as the former Milwaukee Solvay Coke and Gas site. The site was owned and operated by a predecessor company, Milwaukee Gas Light Co, from circa 1947 to 1956. We are working with other responsible parties, with oversight from the EPA and the WDNR, to investigate and clean up the site. Ownership allows us to better control the cost of the cleanup while working with the City of Milwaukee and other interested parties to revitalize this property for future use. In 2018, we continued site preparations, including concrete foundation removal. Remediation began in May 2019.

Great Lakes Legacy Act Project Agreement: In December 2016, we signed a project agreement with the U.S. EPA's Great Lakes National Program Office (GLNPO) to complete a remedial investigation and feasibility study for contaminated sediments in the Menomonee and Milwaukee rivers. Partnering with the WDNR, we are leveraging more than \$1.1 million from the Great Lakes Legacy Act and building upon the previous river work we performed near the locations of two former manufactured gas plants. We have completed the investigation and are currently developing a feasibility study based upon the results. We also are in discussions with GLNPO regarding a new project agreement to complete a remedial design as a follow up to the remedial investigation and feasibility study.

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.

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

In our projects, we protect natural resources and look to minimize negative impacts to cultural resources. Each year, state database information is reviewed for hundreds of projects to ensure that our construction activities do not negatively impact cultural resources. When necessary, site surveys are conducted by archeological professionals to protect the integrity of known sites.

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

- Baird Creek Preservation Foundation
- Branch Area Recreational Association
- Calumet County Agricultural Association
- Conservation Education Inc. of Manitowoc County Wisconsin
- Friends of Peninsula State Park
- Friends of Schmeeckle Reserve
- Friends of the Ahnapee State Trail
- International Mountain Bicycling Association
- Monk Botanical Gardens
- Natural Resources Foundation of Wisconsin
- N.E.W. Zoological Society
- Northeast Wisconsin Land Trust
- Northwoods Wildlife Hospital and Rehabilitation Center
- Oneida County Land and Water Conservation
- Trees for Tomorrow
- United Special Sportsman Alliance
- Wisconsin Wetlands Association
- Zoological Society of Kewaunee County

Community support

The We Energies and WPS foundations and our other operating companies provide grants that promote the environment in areas they serve. In 2018, contributions were made to nature centers and preserves, county land and water conservation, conservancy trusts and other nonprofit organizations. The grants supported a variety of initiatives, including wildlife rehabilitation, forest enrichment, natural resource education, conservation, wildlife management and water quality improvement.

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

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

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

For more information on our foundations, see Page 58.



We Energies Foundation is a longtime supporter of Riveredge Nature Center's lake sturgeon reintroduction project and Sturgeon Fest, an annual Milwaukee event. The prehistoric fish once numbered in the millions in Lake Michigan but was decimated through intense fishing. Nearly 1,000 young lake sturgeon were added to the Lake Michigan ecosystem during Sturgeon Fest 2018.

Social Performance



WEC Energy Group companies are customer-focused, prioritizing safety, reliability and efficiency. Our employees work every day to support the communities we serve.

Reliability

Reliable service remains a top priority across our companies. In 2018, we made significant capital investments, and we plan to continue strengthening and modernizing our generation and electric and natural gas distribution networks to support reliability, safety and satisfaction.

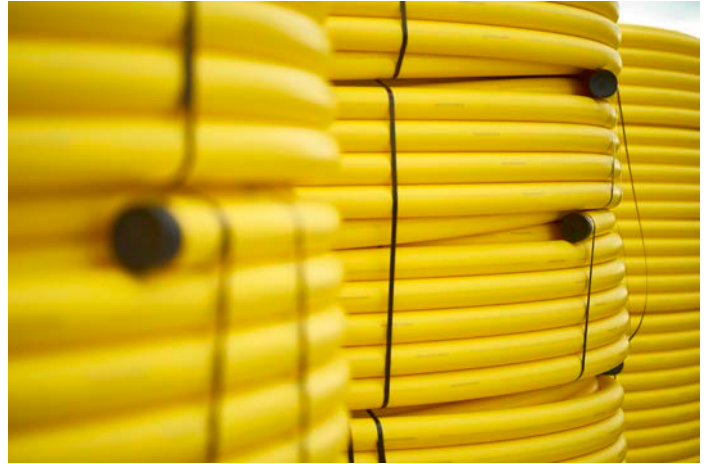
Electric reliability

Keeping the lights on and providing customers with as much information as possible during electric power outages are important to customer satisfaction.

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

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

We have collaborated with others in our industry on research and development to enhance our infrastructure. We are continuing our work with the Electric Power Research Institute (EPRI) and industry peers on a project to assess the resiliency of our electrical system with respect to environmental risks and system vulnerabilities. This project leverages other EPRI research on microgrids, transmission and distribution grid resiliency, and grid modernization/resiliency efforts around the country.



Natural gas reliability

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

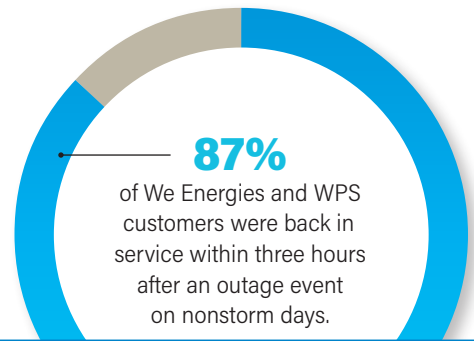
To ensure reliable service and less volatile prices throughout the year, our companies buy natural gas when prices are lower – usually in summer – and place it in storage. This stored gas is then blended with natural gas that is price-locked through contracts and with gas that is purchased on the spot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



We Energies earned PA Consulting's ReliabilityOne award for outstanding electric reliability performance in the Midwest for the eighth consecutive year in 2018.

Power outages

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



2018 power outage statistics*

Company	Frequency		Average duration			Power outages by cause				
	SAIFI ¹	SAIDI ²	CAIDI ³	Equipment	Vegetation	Weather	Wildlife	Public	Other	
We Energies	0.68 interruptions	92 minutes	135 minutes	37%	30%	11%	9%	8%	5%	
WPS	0.86 interruptions	108 minutes	126 minutes	34%	31%	10%	9%	5%	11%	

* SAIFI, SAIDI and CAIDI values exclude extraordinary storms and transmission-related 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.



Lending support to those in critical need

Our employees work safely and efficiently, not only to provide reliable service to our customers, but also to support the reliability of the national power grid. We are part of our industry's mutual assistance network, a voluntary partnership of electric companies across the U.S. that may be called upon to help with grid restoration efforts.

In 2018, more than 70 employees from We Energies and WPS joined a force of nearly 1,500 electric workers to help restore power in Puerto Rico following Hurricane Maria. The eight-week effort was unprecedented for both We Energies and WPS, as it was the longest restoration assignment in each company's history and the first time employees restored power outside the continental United States.

The Edison Electric Institute presented our companies with the Emergency Assistance Award in recognition of their contributions.

Customer engagement

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.

Additionally, our companies continue efforts to help customers who may have difficulty paying their bills get back on track.

Listening to customers

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

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

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

Customer satisfaction surveys

Customer satisfaction surveys are used daily at all of our energy companies to measure performance on key transactions and gauge overall satisfaction. Approximately 39,500 customers are surveyed each year about their experiences on the following transactions:

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



Post-interaction surveys

Many customers have the option of completing a survey directly after they interact with company websites or customer care centers. Approximately 73,800 customers took advantage of this opportunity in 2018. We review survey results daily and follow up promptly whenever an issue or concern is identified.

'We Care' calls

We want every customer interaction to be a positive experience. In many cases, employees follow up with a phone call to confirm that customers who recently had service calls were completely satisfied with the service they received. In 2018, we contacted over 368,000 residential and business customers with either personal or automated We Care calls. Customers who express concerns receive additional follow-up to ensure that their concerns are addressed.

Digital engagement

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

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 business customers with proactive, real-time communication about electric outages.

Over 4,800 residential customers have joined MyEnergyPanel, our online feedback group. They share their opinions with us through monthly surveys and discussions. MyEnergyPanel is dedicated to improving the overall customer experience, focusing on experiences with customer service, energy reliability, bill paying and other topics.

We make customer privacy a priority

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

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

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. We also provide a variety of tools and services to help customers understand and manage their energy use.

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

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

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

Our companies contributed more than \$4 million to low-income customer programs in 2018.

Leveraging technology

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

- Expanding web and mobile capabilities to help customers easily access company and account information, report outages, understand their energy use and take advantage of self-service options.
- Automating inbound and outbound call and email management to reduce response times and efficiently route work.
- Employing voice response technology to route calls efficiently and provide customers with self-service options.
- Investing in automated field equipment and feeder automation to help reduce outage restoration time and minimize customer impacts.
- Taking advantage of business process automation tools to streamline work and manage bill quality.
- Applying data analytics to improve business processes, increase efficiency and reduce costs.



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

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



We achieved the best customer satisfaction results in the nation in a 2018 J.D. Power study that surveyed electric utilities' largest business customers.

Assisting our business customers

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, 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.

Economic development. Account managers serve as liaisons with local economic development agencies in Wisconsin, supporting them with activity such as board involvement and project analysis and monitoring. Dedicated leaders forge relationships with state, regional and local agencies to assist existing and prospective customers with the economic tools they need to grow sustainably. An interdepartmental team has developed a best practice process to minimize the time necessary to respond to requests from economic development agencies for infrastructure- and rate-related information. The managers also conduct ongoing staff training so economic prospects can be identified and served seamlessly.

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

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

Engaging with customers and communities through outreach

As our companies make progress on our capital projects, we seek to build strong, collaborative relationships with our stakeholders. Our external affairs and corporate communications teams keep our customers and communities informed about the work we are doing and the investments we have planned. Our executive vice president – external affairs is responsible for outreach with local government and regulatory officials, and our senior vice president – corporate communications and investor relations is responsible for our customer communications.

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



In a national study of natural gas residential customers, **Michigan Gas Utilities** was ranked first and **WPS** ranked second in the Midwest among midsize utilities in overall customer satisfaction.

2018 customer satisfaction results

External customer satisfaction measures

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

J.D. Power studies regional quartile ranking

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

Internal customer satisfaction measures

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

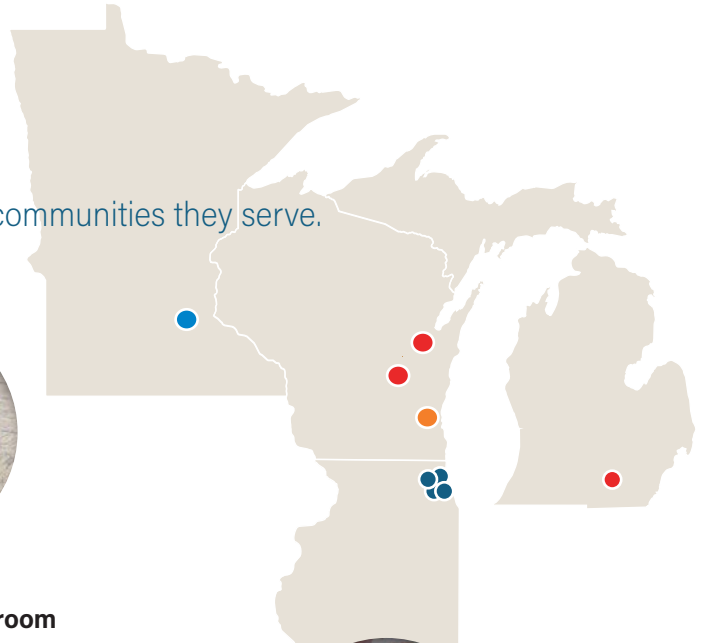
2018 annual satisfaction results

Company	Satisfaction with:	
	Utility	Transaction
Michigan Gas Utilities	77.7%	81.1%
Minnesota Energy Resources	80.3%	81.7%
North Shore Gas	75.2%	77.2%
Peoples Gas	69.7%	74.9%
We Energies	81.5%	84.3%
Wisconsin Public Service	82.9%	85.8%

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.

Customer-focused events

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



Blue Flame Lodge at Minnesota State Fair

Minnesota Energy Resources sponsors the lodge as an opportunity to educate the public on the benefits and savings of using natural gas and new natural gas technologies.



Peoples Gas and 811 Outdoor Classroom

Peoples Gas sponsors the annual Chicago Flower and Garden Show, and visitors have the opportunity to learn about safe digging practices at the company's exhibit. Peoples Gas funding brought students from 10 Chicago schools to natural gas safety presentations at the show.



We Energies Cookie Book

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



WPS Garden of Lights

The Green Bay Botanical Garden, transformed into a winter landscape featuring botanical light displays, attracted nearly 76,000 visitors – a new record. WPS sponsors this event, in part through the NatureWise® renewable energy program.



Resource fairs

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



Energy Park at Wisconsin State Fair

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



WPS Farm Show

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



Ida Festival of Lights

Michigan Gas Utilities sponsors ice sculpting at this December festival, which drew approximately 52,000 visitors.

Demand-side management and energy efficiency programs

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

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 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, incentives, staffing grants and more comprehensive sustainability planning resources. In Minnesota, the Minnesota Energy Resources Conservation Improvement Program offers customers energy audits and analyses, new construction design assistance and rebates.

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

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

Our energy companies communicate these opportunities via our websites, bill messages, newsletters, training events and social media.

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 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.



Efficiency programs make an impact in our communities in 2018

Aggregate of all WEC Energy Group utilities*

Participating customers	682,048
First-year kWh savings **	420,699,200
First-year therm savings **	32,187,037
Conservation spending by our companies	\$123,139,536
Rebates/incentives earned by customers	\$61,551,274

* 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.

Public safety

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

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

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

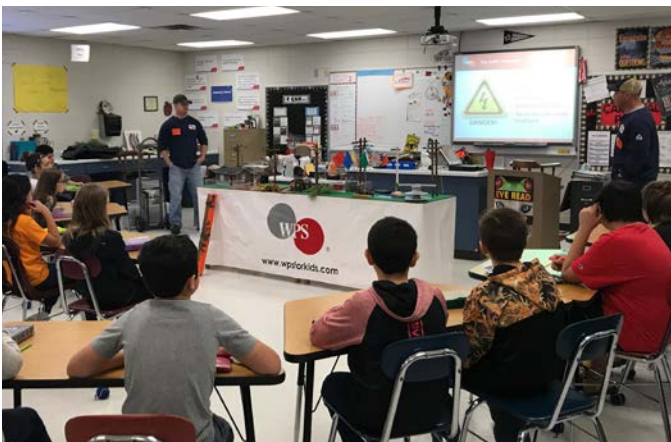
Across the organization, we conduct comprehensive incident response planning to uphold public and employee safety. Our plans address immediate emergency response at each of our sites as well as business continuity for each critical business process. We test or drill every plan and have established critical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

Education and outreach

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

Students

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



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

Contractors

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

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

Peoples Gas and North Shore Gas are urging contractors in Illinois to support the Gold Shovel Standard, a nonprofit initiative dedicated to improving workforce and public safety and the integrity of buried infrastructure. The companies received Gold Shovel Standard certification in 2018 and invited contractors to the Peoples Energy Training Center for a presentation on damage prevention.

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 them 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.

Supplier information

We are committed to developing a supply base to meet current and future business requirements. We forge relationships with high-quality suppliers that can deliver added value to our operations and our 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 decision factor on most equipment and material purchases is the total cost of ownership.

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

Investment and procurement practices

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

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

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

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

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

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

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

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

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

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

Supplier performance expectations

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

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

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

Innovation – Look for ways to enhance service and reduce costs:

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

Cost reduction – Strive for cost reduction and ensure timely and accurate reporting of these reductions:

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

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

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

Customer satisfaction – Demonstrate appropriate conduct:

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

Supplier diversity

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

Supplier Diversity Initiative

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

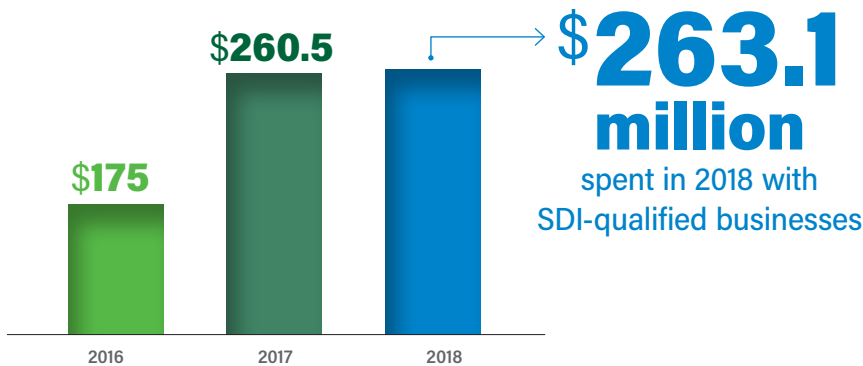
Corporate supplier diversity policy statement

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

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

- Securing the commitment of every employee who is responsible, directly or indirectly, for the purchase of products and services to encourage the meaningful participation of M/W/SD/V business enterprises.
- Establishing reasonably attainable 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.



2018 recognition

The **North Central Minority Supplier Development Council** (NCMSDC) named Jerry Fulmer, vice president – supplier diversity, NCMSDC Advocate of the Year for 2018. This award is presented in recognition of outstanding efforts and initiative to foster minority-owned business development and support NCMSDC goals, programs and events.

The **Milwaukee Urban League** also presented Fulmer and WEC Energy Group with a Corporate Support Award for efforts advancing equal opportunity in the city.

Supporting our communities

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

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

Funding through foundations, operations

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

We review grant proposals from local charitable 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 the completion of progress along with the success of programming. In 2018, foundation leaders engaged with nonprofit representatives through more than 250 direct visits in our communities.

The goals of charitable outreach are to:

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



The We Energies Foundation partnered with Discovery World Science and Technology Museum to create "Power On," a permanent educational exhibit for all ages. A \$2 million contribution from the foundation helped build the exhibit, which includes multiple interactive stations on the science of energy. Discovery World is developing a new science, technology, engineering and math (STEM)-based energy curriculum with We Energies and other community partners to complement the experience.

\$17 million

donated by our companies and foundations to nonprofit organizations in 2018

GIVING AREAS



37% Education



20% Community and neighborhood development



18% Arts and culture



12% Health and human services



10% United Way



3% Environment

2018 support examples

Helping veterans – The We Energies Foundation first sponsored the Wisconsin Stars and Stripes Honor Flight in 2008. Since that time, the foundation has supported this veterans’ organization through multiple activities. In 2018, it sponsored flights to transport more than 150 World War II, Korean War and Vietnam War veterans to Washington, D.C., to visit their memorials.

Cultivating nature and healing – A We Energies Foundation contribution to the Conservancy for Healing and Heritage underwrote the creation of a healing garden and supported environmental protection efforts on conservancy land. The We Energies Foundation Healing Garden, currently under development, will provide visitors with areas for rest, reflection and stress reduction in a forest setting, as well as space for educational programming.

Rebuilding our communities – We Energies and WPS both are longtime supporters of Habitat for Humanity in their service areas, providing contributions, active and retired employee volunteers, and energy efficiency grants. We Energies sponsored Milwaukee Habitat for Humanity’s new initiative to revitalize 100 homes in the city’s Midtown neighborhood.

Supporting Scouting throughout Wisconsin – We Energies and WPS hosted, respectively, their 65th and 66th annual Boy Scout Electricity Merit Badge Clinics. Nearly 150 Scouts attended the clinics in Milwaukee, Green Bay and Wausau, Wisconsin, completing 11 requirements, from building electromagnets to wiring a basic circuit, to earn their electricity merit badges. Approximately 35 employees volunteered their time to help the Scouts.

Advancing innovation and higher education – The WPS Foundation announced a \$1 million donation to support STEM education in northeast Wisconsin – the largest single donation made by the foundation in its 54-year history. Funds will go toward a new School of Engineering at University of Wisconsin-Green Bay and the development of the Phoenix Innovation Park, a space for private-public research and entrepreneurship on university land.

Supporting first responders – The WPS Foundation awarded \$65,000 in safety grants to first responders in the service areas of WPS, Minnesota Energy Resources and Michigan Gas Utilities. Funding is used to purchase equipment and provide professional development for public safety initiatives.

Connecting communities to nature – A donation from Minnesota Energy Resources to the Lakeville City Council supported the construction of Legacy Park, a neighborhood park that will feature paved and natural trails.

Lending a hand to city neighborhoods – On the 21st annual Peoples Gas Commitment to Community Day, approximately 200 volunteers came together to help refurbish the Dr. Martin Luther King Jr. Boys & Girls Club in East Garfield Park. Peoples Gas employees and their families and friends painted, cleaned, did landscaping work, made general repairs and created a new multimedia room for students.

Sponsoring Special Olympics – Peoples Gas partnered with Special Olympics to celebrate the organization’s 50th anniversary with a reception and torch lighting ceremony in July. Since 2016, the company has sponsored the Chicago Polar Plunge in support of the organization, and employee participation and fundraising have increased each year. In March 2018, 121 team members raised more than \$79,000 for Special Olympics Chicago programs.

Rehabbing homes for veterans – In November, North Shore Gas held its third annual Home and Honor volunteer day. More than 60 volunteers renovated a townhome and prepared two other homes for the Community Action Partnership of Lake County’s Veterans Housing @Hervey program, which provides housing for homeless and near-homeless veterans. The improvements included painting, installing appliances, repairing concrete and landscaping.



Navy Pier opened the Peoples Energy Welcome Pavilion, a 4,000-square-foot facility welcoming guests to the Chicago attraction. Built with a \$5 million gift from Peoples Gas, the energy-efficient pavilion features a display that provides visitors with information about local history and sustainability.

Political activities

We advocate on behalf of our customers, stockholders and employees for safe, reliable and affordable energy before local, state and federal elected officials and government agencies. We maintain governmental and regulatory relations offices in Chicago, Illinois; Rosemount, Minnesota; Madison, Green Bay and Milwaukee, Wisconsin; and Washington, D.C. We also hire contract lobbyists and work with trade organizations to assist in advocacy activities. Our lobbyists are lawfully registered in each jurisdiction where they perform services for us.

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

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

We have a corporate policy on political contributions and reporting, and periodically conduct training on compliance with lobbying laws.

Corporate political donations

Our Political Contributions Policy governs contributions to organizations operating under Section 527 of the Internal Revenue Code and organizations that qualify as national political committees. Corporate contributions adhere to all applicable federal and state laws where we do business. We use corporate funds to support candidates and causes to benefit energy safety, reliability and affordability, without regard for executives' personal political preferences.

Political action disbursements

Organization	2018	2017	2016	2015	2014
WEC Energy Group PAC (WEC PAC – a federal PAC)	\$ 42,500	\$ 49,500	\$ 44,500	\$ 27,500	\$ 28,000
WEC Energy Group PAC (WEC PAC – a Wisconsin state PAC)	80,321	44,300	63,850	30,500	45,100
WEC Energy Group Personal Contribution Account (WEC PAC Conduit – a Wisconsin state registered entity)	73,636	24,978	38,316	35,037	64,998
Michigan Political Action Committee (MIPAC – a Michigan state PAC)	4,722	-	13,200	-	18,000
Peoples Gas Political Action Committee (Peoples Gas PAC – an Illinois state PAC)	216,338*	408,200**	123,600*	44,500	47,150
Total	\$ 417,517	\$ 526,978	\$ 283,466	\$ 137,537	\$ 203,248

* This value includes both Peoples Gas PAC and corporate funds disbursements, which is allowed under Illinois law.

** This value includes only corporate funds disbursements, which is allowed under Illinois law.

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

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

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

Corporate contributions to Wisconsin state party legislative committees

	2018
Republican Assembly Campaign Committee	12,000
Republican Party of Wisconsin	12,000
Assembly Democratic Campaign Committee	6,000
State Senate Democratic Committee	6,000

WEC Energy Group lobbying activities and expenditures

State and federal lobbying	2018	2017	2016	2015	2014*
Hours	2,399	3,028	3,308	3,122	2,142
Expenditures	\$ 1,097,700	\$ 1,198,973	\$ 1,185,121	\$ 1,548,054	\$ 885,023

* The year 2014 includes Wisconsin, Michigan and federal lobbying amounts for Wisconsin Energy Corp. prior to its 2015 acquisition of Integrys Energy Group.

WEC Energy Group files 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 (<https://lobbying.wi.gov/>), Michigan Department of State (<http://www.michigan.gov/sos/>), Office of the Illinois Secretary of State (<http://www.ilsos.gov/lobbyistsearch/>) and Minnesota Campaign Finance and Public Disclosure Board (<https://cfb.mn.gov/>).

Trade organization memberships

Organization	Membership dues Jan. 1 through Dec. 31, 2018	Portion of dues used by organization for political purposes
American Gas Association	\$ 858,331	\$ 26,608
Edison Electric Institute	1,197,493	165,549
Illinois Energy Association	35,000	14,000
Illinois Manufacturers' Association	12,500	2,250
Metropolitan Milwaukee Association of Commerce	179,712	3,594
Michigan Electric & Gas Association	88,186	de minimus
Michigan Manufacturers Association	4,930	1,233
Wisconsin Manufacturers and Commerce	50,194	10,039
Wisconsin Utilities Association	227,491	34,123
Wisconsin Utility Investors	113,910	5,696

WEC Energy Group belongs to trade organizations that engage in political activities. Such organizations are required to report the portion of company dues used for political purposes.

Public policy positions

✔ Support
 ✘ Oppose
 ➔ Concerns/working to improve
 ◆ Monitor/no legislative action taken to date

Bill reference (Federal)	Position
CyberSecurity Information Sharing - multiple bills Proposes a model for sharing cyber threat information between the federal government and private industry.	✔
Energy and Natural Resources Act of 2017 - S. 1460 Addresses a range of energy issues including energy infrastructure concerns: cybersecurity threats, pipeline permitting, and requirements for enhanced grid storage and security, as well as system reliability.	➔
Hydropower Policy Modernization Act of 2017 - H.R. 3043 Seeks to modernize the regulatory permitting process and encourage the expansion of hydropower generation by improving administrative efficiency, accountability and transparency; promotes new hydropower infrastructure; requires balanced and timely decision making; and reduces duplicative oversight.	✔
Low Income Home Energy Assistance Program (LIHEAP) funding - multiple bills Maintains appropriate funding level for the Low Income Home Energy Assistance Program.	✔
Rail Shipper Fairness Act of 2017 - S.1233 Seeks to improve the efficiency and reliability of rail transportation by reforming the Surface Transportation Board.	✔
Water Resources Development Act reauthorization Reauthorized activities of the Army Corps of Engineers, including a provision to permanently extend the Corps of Engineers' authority to enter into cost recovery agreements.	✔

Legislative bills/resolutions (Wisconsin)	Position
Assembly Bill 42 Relates to various changes regarding administrative rules and rule-making procedures and making an appropriation.	◆
Assembly Bill 63 Relates to exempting utility activities in a highway right of way from wetland permitting requirements.	◆
Assembly Bill 198 Relates to Public Service Commission of Wisconsin (PSCW) authority over leased generation contracts.	✘
Assembly Bill 348 Relates to limiting the authority of the state and political subdivisions to regulate wireless facilities and authorizing political subdivisions to impose setback requirements for certain mobile service support structures.	✔
Assembly Bill 384 Relates to the expiration of administrative rules.	✘

Legislative bills/resolutions (Wisconsin) *continued*

Position

Assembly Bill 532 Relates to one-call system enforcement and other requirements, PSCW authority regarding state energy policy, settlements between parties in PSCW dockets, various public utility regulatory requirements, the regulation of utility facilities under a county construction site erosion control and stormwater management zoning ordinance, granting rule-making authority, and providing a penalty.	✓
Assembly Bill 547 Relates to permitting and mitigation requirements for nonfederal and artificial wetlands and state assumption of the federal regulatory program governing the discharge of dredged or fill material into navigable waters.	◆
Assembly Bill 771 Relates to the authority of political subdivisions to regulate rental properties and historic properties and of municipalities to inspect dwellings, public utility service to rental dwelling units, landlord and tenant regulations, fees imposed by a political subdivision, certain levy limit reductions, certain procedural changes in eviction actions, information available on the consolidated court automated internet site, discrimination in housing against individuals who keep certain animals, falsely claiming an animal to be a service animal, municipal administrative procedure, enforcement of the rental unit energy efficiency program, and providing penalties.	◆
Senate Bill 115 Relates to PSCW authority over leased generation contracts.	✗
Senate Bill 295 Relates to the expiration of administrative rules.	✗
Senate Bill 406 Relates to mitigation requirements applicable to wetland individual permits.	✓
Senate Bill 425 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 475 Relates to one-call system enforcement and other requirements, PSCW authority regarding state energy policy, settlements between parties in PSCW dockets, various public utility regulatory requirements, the regulation of utility facilities under a county construction site erosion control and stormwater management zoning ordinance, granting rule-making authority, and providing a penalty.	✓
Senate Bill 600 Relates to permitting and mitigation requirements for nonfederal and artificial wetlands and state assumption of the federal regulatory program governing the discharge of dredged or fill material into navigable waters.	◆
Senate Bill 639 Relates to the authority of political subdivisions to regulate rental properties and historic properties and of municipalities to inspect dwellings, public utility service to rental dwelling units, landlord and tenant regulations, fees imposed by a political subdivision, certain levy limit reductions, certain procedural changes in eviction actions, information available on the consolidated court automated internet site, discrimination in housing against individuals who keep certain animals, falsely claiming an animal to be a service animal, municipal administrative procedure, enforcement of the rental unit energy efficiency program, and providing penalties.	◆
Senate Bill 745 Relates to deference by courts to agency interpretations of law, notice and comment requirements for guidance documents issued by agencies, and agency rule-making authority.	✗

Legislative bills/resolutions (Illinois)

Position

House Bill 4081 Would penalize any business that moves all or a portion of its call center operations out of Illinois.	◆
House Bill 4746 Requires Illinois Department of Natural Resources to conduct annual inspections of Manlove Storage Field, with inspection costs paid by Peoples Gas, and sets out notification requirements of government agencies and citizens in the event of a gas leak incident at Manlove Storage Field in the future.	✗
House Bill 4898 Repeals the 2013 System Modernization Project qualifying infrastructure plant rider.	✗
Senate Bill 1531 An initiative of the Illinois Attorney General's Office; would increase oversight of alternative retail electric and gas suppliers (ARES and ARGS) and prevent ARES and ARGS from charging participants in Low Income Home Energy Assistance Program or Percentage of Income Payment Plan more than the utility's rate.	◆

Legislative bills/resolutions (Illinois) *continued*

Position

Senate Bill 2213 Prevents any changes in Illinois law dealing with environment or worker safety that would be a result of federal changes.	◆
Senate Bill 3139 Extends the deadline for the Mahomet Aquifer Protection Task Force to report its findings and recommendations to the Illinois General Assembly from July 1, 2018, to Dec. 31, 2018.	◆
Senate Bill 3549 An initiative of Illinois Department of Natural Resources; amends the Illinois Underground Natural Gas Storage Safety Act to address Pipeline and Hazardous Materials Safety Administration compliance issues.	◆

Legislative bills/resolutions (Michigan)

Position

House Bill 4093 Would allow natural gas utilities to recover infrastructure expansion investment costs for certain underserved or unserved areas.	◆
House Bill 4220 Would provide for certain requirements and prohibitions for utilities' use of advanced meters.	◆
House Bill 4571 Would add regulations on gas and oil pipeline siting, construction and operation.	◆
House Bill 4708 Would declare certain schools, colleges and universities eligible to purchase electricity from an alternative electric supplier.	◆
House Bill 4791 Would increase the energy optimization standard and eliminate its cap.	◆
House Bill 4792 Would increase the renewable portfolio standard.	◆
House Bill 5194 Would modify the authorized rate of return on equity for public utilities.	◆
House Bill 5692 Would eliminate the tariff for distributed generation and net metering customers of electric utilities.	◆
House Bill 5803 Would prohibit public utilities from selling, renting or sharing customers' energy use data.	◆
House Bill 5861 Would provide for community renewable energy generation facilities.	◆
House Bill 6074 Would eliminate electric utilities' ability to use projected cost in rates.	◆
House Bill 6383 Would provide for customers' ability to purchase electricity from alternative suppliers.	◆
House Bill 6429 Modifies provisions in MCL 124.3 on the delivery of electric service outside of corporate limits of a city.	◆
House Bill 6526 Would authorize implementation of energy waste reduction plan measures through partnerships.	◆
Senate Bill 647 Extends sunset of home heating credit and funding for weatherization, and requires reporting on these programs.	◆

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

Forward-looking statement

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

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

Forward-looking statements are subject to a number of risks and uncertainties that could cause our actual results to differ materially from those expressed or implied in the statements. These risks and uncertainties include those described under "Risk Factors" in our Annual Report on Form 10-K for the year ended Dec. 31, 2018, and those identified below:

- Factors affecting utility operations such as catastrophic weather-related damage, environmental incidents, unplanned facility outages and repairs and maintenance, and electric transmission or natural gas pipeline system constraints.
- Factors affecting the demand for electricity and natural gas, including political developments, unusual weather, changes in economic conditions, customer growth and declines, commodity prices, energy conservation efforts, and continued adoption of distributed generation by customers.
- The timing, resolution, and impact of rate cases and negotiations, including recovery of deferred and current costs and the ability to earn a reasonable return on investment, and other regulatory decisions impacting our regulated operations.
- The 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, as well as the recovery of the related costs through rates.
- The impact of federal, state, and local legislative and/or regulatory changes, including changes in rate-setting policies or procedures, deregulation and restructuring of the electric and/or natural gas utility industries, transmission or distribution system operation, the approval process for new construction, reliability standards, pipeline integrity and safety standards, allocation of energy assistance, energy efficiency mandates, and tax laws that affect our ability to use production tax credits and investment tax credits.
- The remaining uncertainty surrounding the Tax Legislation enacted in December 2017, including implementing regulations and IRS interpretations, the amount to be returned to our ratepayers, and any further impact on our and our subsidiaries' credit ratings.
- 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.
- Factors affecting the implementation of our generation reshaping plan, including related regulatory decisions; the cost of materials, supplies and labor; and the feasibility of competing projects.
- Increased pressure on us by investors and other stakeholder groups to take more aggressive action to reduce future greenhouse gas emissions in order to limit future global temperature increases.
- The risks associated with changing commodity prices, particularly natural gas and electricity, and the availability of sources of fossil fuel, natural gas, purchased power, materials needed to operate environmental controls at our electric generating facilities, or water supply due to high demand, shortages, transportation problems, nonperformance by electric energy or natural gas suppliers under existing power purchase or natural gas supply contracts, or other developments.
- Changes in credit ratings, interest rates and our ability to access the capital markets, caused by volatility in the global credit markets, our capitalization structure, and market perceptions of the utility industry, us or any of our subsidiaries.
- Costs and effects of litigation, administrative proceedings, investigations, settlements, claims and inquiries.
- Restrictions imposed by various financing arrangements and regulatory requirements on the ability of our subsidiaries to transfer funds to us in the form of cash dividends, loans or advances, which could prevent us from paying our common stock dividends, taxes and other expenses, and meeting our debt obligations.
- The risk of financial loss, including increases in bad debt expense, associated with the inability of our customers, counterparties and affiliates to meet their obligations.
- Changes in the creditworthiness of the counterparties with whom we have contractual arrangements, including participants in the energy trading markets and fuel suppliers and transporters.
- The direct or indirect effect on our business resulting from terrorist attacks and cybersecurity intrusions, as well as the threat of such incidents, including the failure to maintain the security of personally identifiable information; the associated costs to protect our utility assets, technology systems and personal information; and the costs to notify affected persons to mitigate their information security concerns and to comply with state notification laws.
- The financial performance of American Transmission Company LLC (ATC) and its corresponding contribution to our earnings, as well as the ability of ATC and Duke-American Transmission Company LLC to obtain the required approvals for their transmission projects.
- The investment performance of our employee benefit plan assets, as well as unanticipated changes in related actuarial assumptions, which could impact future funding requirements.
- Factors affecting the employee workforce, including loss of key personnel, internal restructuring, work stoppages, and collective bargaining agreements and negotiations with union employees.
- Advances in technology, and related legislation or regulation supporting the use of that technology, that result in competitive disadvantages and create the potential for impairment of existing assets.
- The risk associated with the values of goodwill and other intangible assets and their possible impairment.
- Potential business strategies to acquire and dispose of assets or businesses, which cannot be assured to be completed timely or within budgets, and legislative or regulatory restrictions or caps on nonutility acquisitions, investments or projects, including the State of Wisconsin's public utility holding company law.
- The timing and outcome of any audits, disputes and other proceedings related to taxes.
- The ability to maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act, while both integrating and continuing to consolidate our enterprise systems.
- The effect of accounting pronouncements issued periodically by standard-setting bodies.
- Other considerations disclosed elsewhere herein and in other reports we file with the Securities and Exchange Commission or in other publicly disseminated written documents.

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



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