



2021 Supplier Diversity Economic Impact Report





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A message from our president and chief executive officer



Scott Lauber
President and Chief Executive Officer

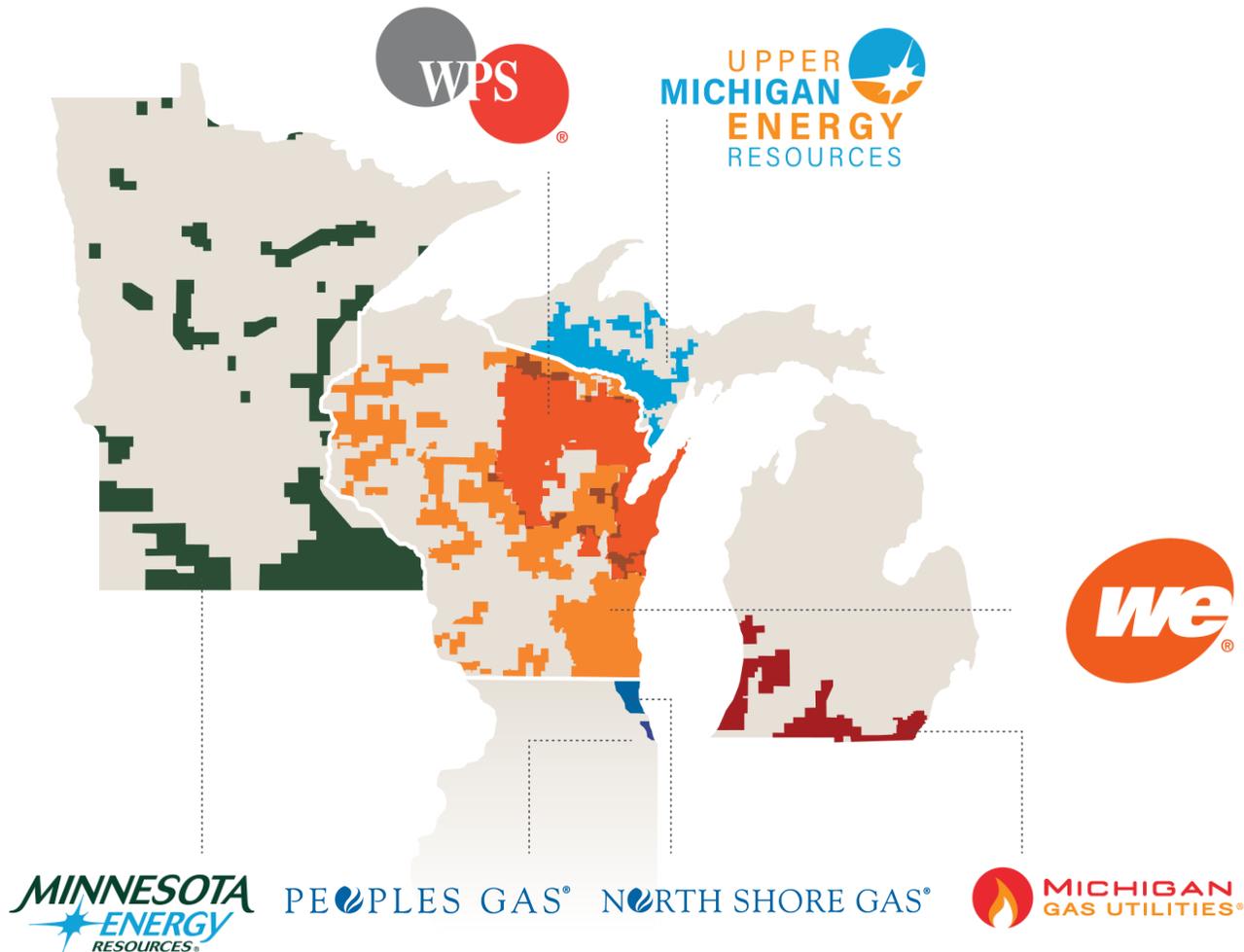
As one of the nation's leading energy companies, our mission is to provide our 4.6 million customers across the Midwest with affordable, reliable and clean energy. Our Supplier Diversity Initiative supports this mission by providing innovative and cost-effective solutions for our business needs.

Our program is designed to provide certified minority, women, service-disabled and veteran-owned businesses with the opportunity to grow their companies. This is achieved by increasing access and procurement options available for their products and services. To further support this effort, we proactively develop and maintain relationships with various business advocacy organizations.

By partnering with diverse businesses, we have grown our regional economies and strengthened our communities. Going forward, we will continue our inclusive approach to procurement by generating additional purchasing power and enhancing job creation.

Together, we are creating a bright future.

About WEC Energy Group



An energy industry leader

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

Total customer accounts:
4.6 million

Customers:

- **We Energies**
Electric: 1,145,000
Natural gas: 1,145,000
- **Wisconsin Public Service**
Electric: 457,000
Natural gas: 338,000
- **Peoples Gas**
Natural gas: 880,000
- **North Shore Gas**
Natural gas: 164,000
- **Minnesota Energy Resources**
Natural gas: 246,000
- **Michigan Gas Utilities**
Natural gas: 183,000
- **Upper Michigan Energy Resources**
Electric: 37,000
Natural gas: 5,000



Molly Mulroy

Executive Vice President and Chief Administrative Officer

“The Supplier Diversity Initiative requires commitment from the entire corporation. Our internal business partners are key to our success in building collaborative business and community relationships. Working together, we are all more successful.”

Supplier Diversity Initiative

WEC Energy Group and its subsidiaries are committed to building impactful business opportunities for certified minority, women, service-disabled and veteran-owned businesses (M/W/SD/Vs).

We encourage and promote the development, utilization and growth of M/W/SD/Vs providing quality products and services.

Our Supplier Diversity Initiative strategies

- Secure 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.
- Establish reasonably attainable goals consistent with the policies and practices of WEC Energy Group and its subsidiaries.
- Create high quality procedures and practices for all to achieve and record supplier diversity activities.
- Develop innovative and effective means to permit the participation of M/W/SD/V business enterprises.
- Cultivate relationships through the effective exchange of information to capture the benefits of high quality products and services at competitive prices.

Meet the Supplier Diversity Initiative team



Danielle Bly
Vice President – Supplier Diversity

Danielle Bly has been with the company since 2000 and was promoted to vice president – supplier diversity in 2020. She leads the company’s supplier diversity strategy efforts to establish and drive associated goals. In 2014, she was recognized as a Woman of Influence by the Milwaukee Business Journal.

“Our Supplier Diversity Initiative is an integral part of how we embrace diversity at WEC Energy Group. It allows us to contribute to equity, create economic inclusion and have a strong social impact in the communities we serve.”



Walt Gore
Manager – Supplier Diversity

Walt Gore has been with the company since 2018. He manages relationships across all WEC Energy Group utilities, and is located in Illinois, working closely with Peoples Gas and North Shore Gas.

“Our supplier diversity program goes beyond providing opportunities for individual businesses by positively impacting the communities we serve. That shapes the decisions we make and is critical to our continued success.”



Angela Herring
Executive Assistant – Supplier Diversity

Angela Herring has been with the company since 1999. She has supported the Supplier Diversity Initiative for 13 years.

“I’ve seen Supplier Diversity evolve over many years and have seen firsthand how working with diverse businesses creates new opportunities for them and WEC Energy Group. Being committed to supplier diversity means being committed to the growth of the communities we work and live in.”

Program highlights for 2021



Worked directly with over **400** diverse businesses:
35.8% certified minority-owned,
1.29% service-disabled and veteran-owned,
and **62.9%** women-owned companies.

*Spent **\$270** million with certified minority-, women-,
service-disabled and veteran-owned businesses.



Committed **\$3 million** to 5th Century Partners, a private
equity firm that partners with businesses owned by, led by or
focused on African Americans.



Awards and recognition in 2021

Presented with a Diversity in Business Award by the Milwaukee Business Journal. The newspaper praised We Energies and WEC Energy Group for ongoing efforts to promote diversity at the company and in the local community. It also recognized WEC Energy Group's record spending with diverse suppliers in 2020 and continued support to charities and nonprofits.

Note: *\$270 million includes Tier I and Tier II spending.

Economic Impact



How we measure economic impact

Economic impact reports communicate the impact on the economy using these standard measures: output, jobs, wages, and tax revenues.

ECONOMIC IMPACT METRICS



Output

Measures the cumulative revenues of all businesses impacted through the program: direct, indirect and induced



Jobs

Measures the number of jobs created within WEC Energy Group supply chain and in the suppliers' communities.



Wages

Measures the cumulative earnings of the employees in the jobs supported through supplier diversity purchases



Taxes

Measures the federal, state and local tax revenues that are generated through economic activity



Total economic impact

Supplier diversity is a catalyst for economic impact in diverse communities. WEC Energy Group's purchases from diverse businesses in 2021 supported jobs in the communities where these businesses operate.



TOTAL OUTPUT
\$370M



TOTAL JOBS
2,729



TOTAL WAGES
\$140M



TOTAL TAXES
\$124M

Economic impact channels

WEC Energy Group’s spending with its diverse suppliers generates economic activity in its supply chain and the suppliers’ communities. These impacts can be categorized into three types. First, the direct impacts are the jobs and payroll directly supported at WEC Energy Group’s diverse suppliers. Next, there are additional spin-off impacts. Indirect impacts occur in the lower tier suppliers, and induced impacts occur at the local businesses that supply products to the employees and their families in the jobs supported in the supply chain.

Impact channels



Direct

Immediate impact at WEC Energy Group’s diverse suppliers.



Indirect

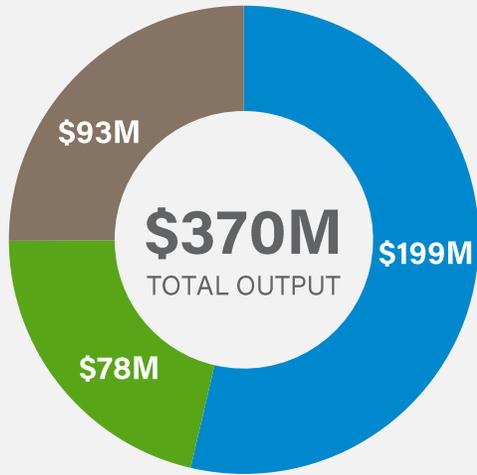
WEC Energy Group’s diverse suppliers purchase goods and services from other suppliers, which creates a ripple effect through the economy.



Induced

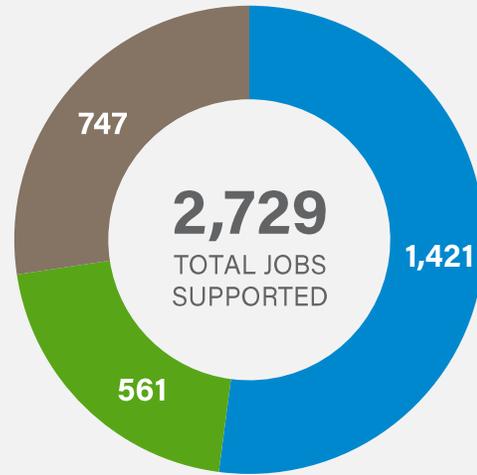
The employees in the jobs created in the supply chain to satisfy WEC Energy Group’s purchases support additional jobs in their communities.

WEC Energy Group Supplier Diversity Initiative 2021 economic impact



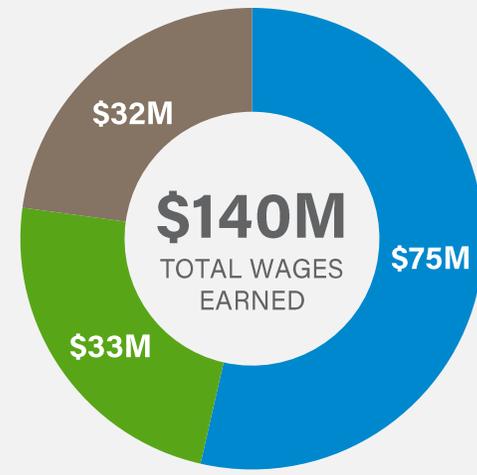
■ Direct ■ Indirect ■ Induced

WEC Energy Group spent \$199M with diverse businesses. This spending resulted in a total impact of **\$370M**, which is broken down into **\$199M** in direct impact, **\$78M** in indirect impact and **\$93M** in induced impact.



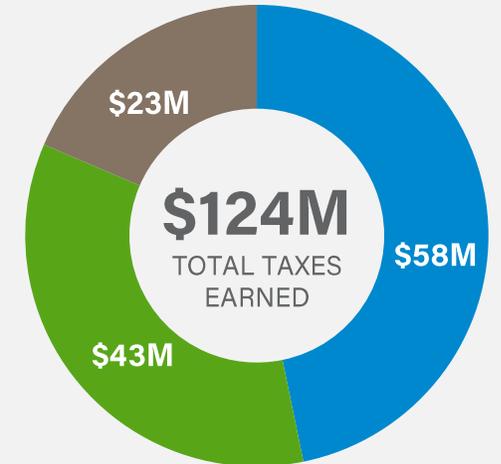
■ Direct ■ Indirect ■ Induced

WEC Energy Group Supplier Diversity spending with diverse suppliers supported an estimated **2,729** jobs. **1,421** of these were supported in the direct channel, **561** in the indirect channel, and **747** in the induced channel.



■ Direct ■ Indirect ■ Induced

WEC Energy Group purchases from diverse suppliers supported jobs throughout the supply chain that paid employees a total of **\$140M** in wages. Wages earned in the direct, indirect and induced channels are estimated at **\$75M**, **\$33M** and **\$32M** respectively.

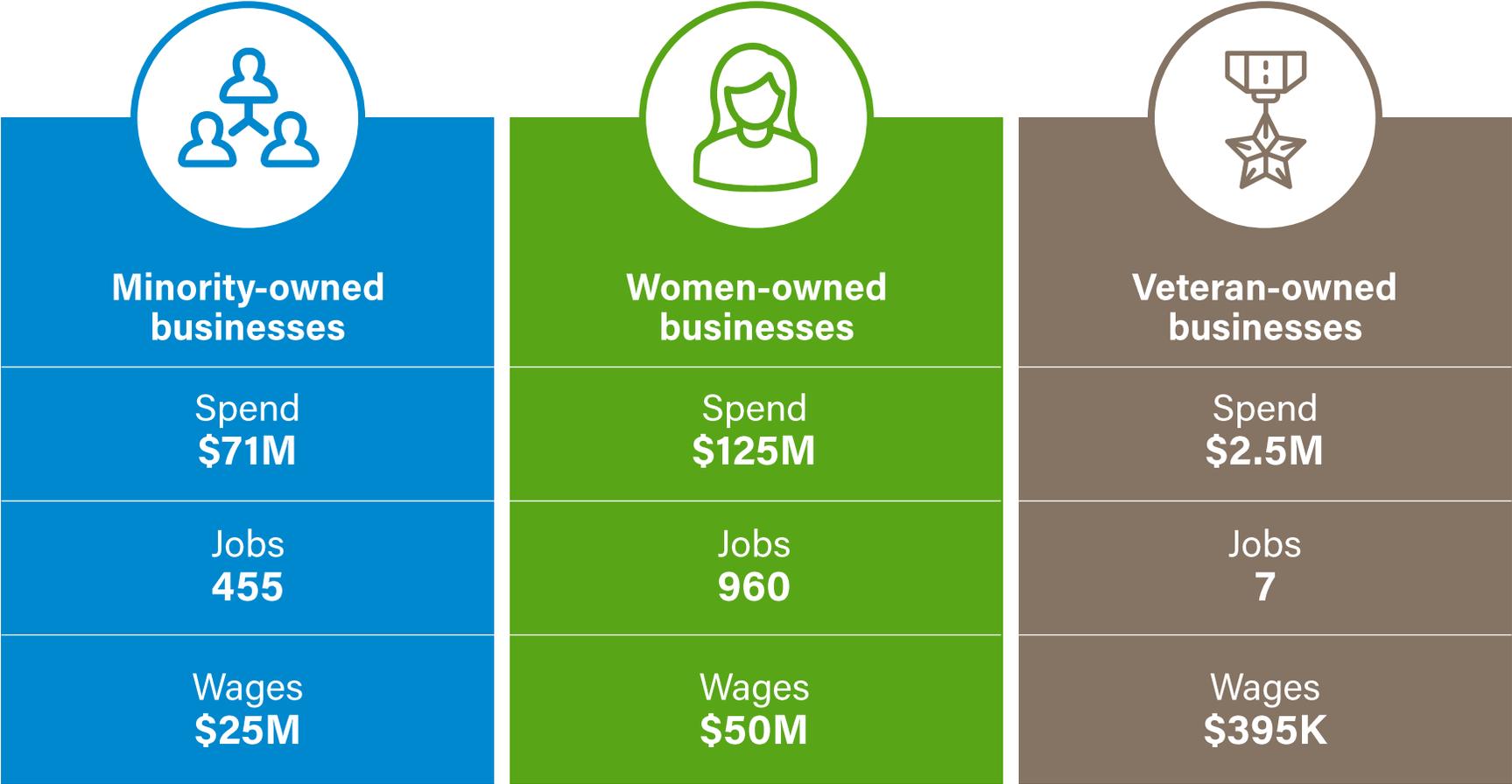


■ Federal ■ State ■ Local

WEC Energy Group Supplier Diversity spending with diverse suppliers supported an estimated **\$124M** taxes. **\$58M** of these were supported in federal taxes, **\$43M** in state taxes, and **\$23M** in local taxes.

Note: Direct, indirect and induced numbers may not add up to the total due to rounding.

Impact of direct spend with suppliers



Note: Suppliers are included in every category for which they qualify; therefore, numbers may add up to greater than the total spend.

Supplier Diversity Initiative success stories



Kapur & Associates

Kapur is a civil engineering firm that provides professional service support to several areas within WEC Energy Group, from infrastructure projects and environmental surveys to customer service. The Supplier Diversity Initiative assisted the company in an expansion of professional services. The partnership has helped Kapur grow and provide well-paying, secure jobs to a very diverse workforce.



Ramesh Kapur,
President

“As part of our logo, we have the phrase ‘all in.’ Danielle Bly is all in as the lead for the Supplier Diversity Initiative team. Her ‘make it happen’ attitude and passion for her work were instantly obvious and a great match to our company culture.”

Supplier Diversity Initiative success stories



The Business Council Inc.

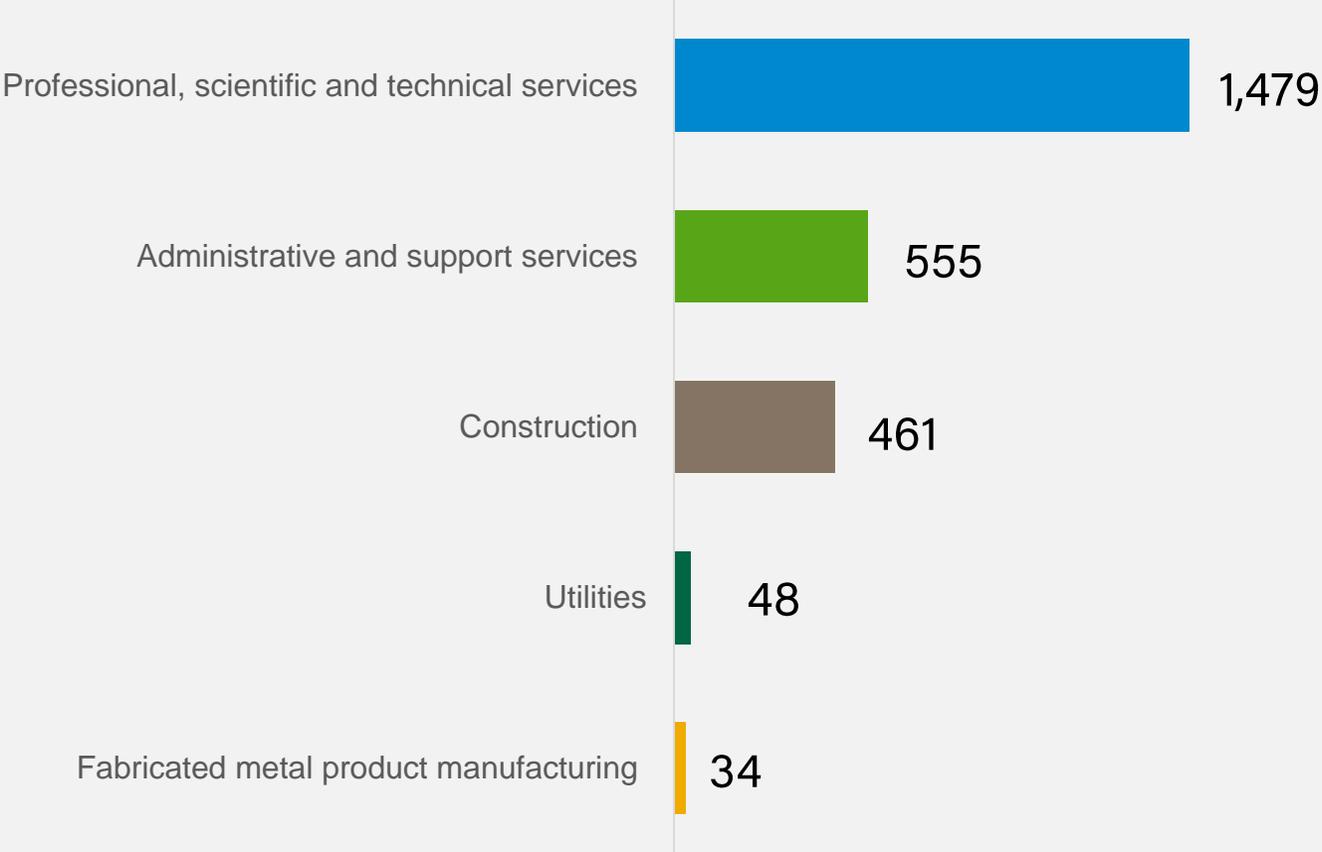
The Business Council (TBC) connects ethnically diverse business members with corporate partners in southeastern Wisconsin. WEC Energy Group's Supplier Diversity Initiative has been participating in this process with TBC since the Initiative's inception.



Marjorie Rucker,
Executive Director

"We are fortunate to have partners like WEC Energy Group at our table. They always bring great knowledge and insight about how the utility industry operates and how members can best engage in WEC Energy Group's contract opportunities."

Top 5 industries with jobs impacted by WEC diverse spend



Note: Jobs are assigned to industries included in the North American Industry Classification System (NAICS) developed by the federal government.



Economic impact by utility

					
\$99M Total diverse spend	\$41M Total diverse spend	\$48M Total diverse spend	\$4M Total diverse spend	\$3M Total diverse spend	\$5M Total diverse spend
\$184M Total output	\$78M Total output	\$88M Total output	\$7M Total output	\$5M Total output	\$9M Total output
1,384 Total jobs	593 Total jobs	609 Total jobs	54 Total jobs	35 Total jobs	53 Total jobs
\$70M Total wages	\$31M Total wages	\$32M Total wages	\$3M Total wages	\$2M Total wages	\$3M Total wages

Tier II spend with Peoples Gas and North Shore Gas

	PEOPLES GAS®	NORTH SHORE GAS®
Minority-owned business	\$45.7M	\$568K
Woman-owned business	\$22.1M	\$1.4M
Veteran-owned business	\$1.3M	\$478K
Total Tier II diverse spend	\$69.1M	\$2.4M

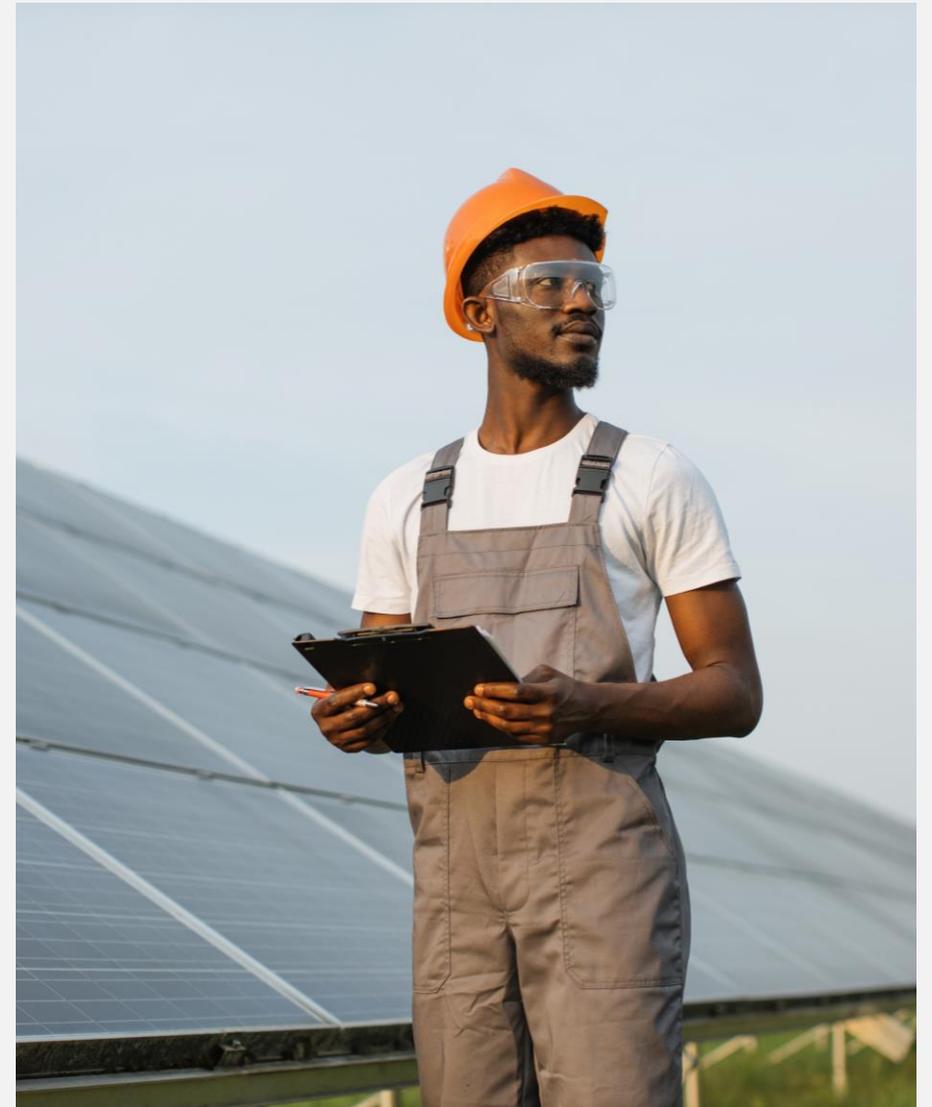
Tier II spend

In addition to direct spend with diverse suppliers, we also have Tier II spend at Peoples Gas and North Shore Gas. A Tier II supplier is a contractor, supplier or professional services business that has a direct contractual relationship with a prime supplier and therefore is not being directly compensated by Peoples Gas or North Shore Gas.

WEC Energy Group impact by state

State	Diverse spend	Total production	Total jobs	Total wages
WI	\$112M	\$213M	1,594	\$84M
IL	\$41M	\$78M	538	\$30M
MN	\$13M	\$25M	324	\$12M
MI	\$13M	\$23M	116	\$7M
NJ	\$6M	\$8M	23	\$2M
GA	\$5M	\$8M	21	\$1M
NE	\$2M	\$3M	40	\$1M
PA	\$2M	\$3M	20	\$1M
IN	\$1M	\$2M	2	\$121K
VA	\$960K	\$1M	6	\$341K

Note: Production, Jobs, and wages may not add up to the total due to rounding.





WEC Energy Group impact by state

State	Diverse spend	Total production	Total jobs	Total wages
OK	\$774K	\$1M	11	\$555K
NC	\$764K	\$1M	14	\$644K
MD	\$673K	\$852K	2	\$146K
TX	\$556K	\$1M	13	\$512K
TN	\$376K	\$415K	1	\$31K
CA	\$168K	\$189K	0	\$16K
KS	\$139K	\$258K	2	\$85K
OH	\$119K	\$238K	2	\$102K
CO	\$86K	\$157K	1	\$67K
FL	\$52K	\$73K	0	\$13K
NV	\$3K	\$6K	0	\$3K

Note: Production, Jobs, and wages may not add up to the total due to rounding.

2021 events and activities

We look for opportunities to engage with suppliers and advocacy organizations throughout our service areas.

Illinois Utilities Business Diversity Council (IUBDC) – All Committee Strategic Meeting

WBDC – Chicago Annual Women’s Entrepreneurial Conference

National Association of Minority Contractors Wisconsin (NAMCWI) – 35th Annual Golden Shovel Awards

Illinois Black Chamber of Commerce – State Convention

Wisconsin Public Utility Institute Public Utilities Law Update – Best Practices for Supplier Diversity

North Central Minority Supplier Development Council – Business Opportunity Exchange

Women’s Business Development Center (WBDC) – Spring Summit

Edison Electric Institute – Business Diversity Best Practices

54th Annual Chicago Business Opportunity Fair

National Minority Supplier Development Council – Annual Conference

IUBDC – Opportunities and Challenges in Environmental Services #1 Strategy Session

IUBDC – Opportunities and Challenges in Environmental Services #2 Strategy Session

NAMCWI – 6th Annual Construction Industry Business to Business Forum

WBDC – 2021 Central States Utility Conference and Business Matchmaking

IUBDC – Diversity Week/Cyber Security Event

Wisconsin Economic Development Corporation (WEDC) – Marketplace Governor’s Conference on Diverse Business Development 2021

Illinois Commerce Commission – Public Policy Session



Danielle Bly
Vice President – Supplier Diversity

Why the Supplier Diversity Initiative matters

“Supplier diversity is essential to our goal of supporting growth in our regional economies. We strive to build awareness and capacity for diverse businesses. We also collaborate with agencies and organizations. Attending events, participating in focus groups and speaking on panels allows us to not only learn, but also share best practices. In doing this, we engage our procurement team and business liaisons who join us and champion our supplier diversity efforts both internally and externally. Supplier diversity is more than just the right thing to do at WEC Energy Group, it is critical to our business and our communities.”

Appendix

Economic impact modeling is a standard tool used to quantify the economic contribution of an investment or company. This modeling uses an “Input-Output” economic model to estimate the number of times each dollar of “input,” or direct spend, cycles through the economy in terms of “indirect and induced output,” or additional spend, personal income and employment.

There are several Input-Output models used by economists to estimate multiplier effects. **Supplier.io** employed the IMPLAN input-output model in developing estimates of spend, income and employment impacts. This model, initially developed by the U.S. Department of Agriculture, examines inter-industry relationships in local, regional and national economies.

The Input-Output multipliers are derived from a comprehensive and complex set of inputs based on the collection of business and employment data. Indirect impacts of economic activity in a targeted geographic area are calculated by applying multiplier coefficients to the direct impact spending. Since most of the businesses in the study are considered local businesses, each supplier was assumed to have operations primarily in one state. These multipliers consider an amount of “leakage” from the state economy because some wages and expenditures will be spent outside of the state. The economic activity is calculated by state, and these state-level results are aggregated to determine the national totals.

Analysis performed by **supplier.io**

Assumptions

This analysis relies on the following assumptions:

For suppliers that have multiple locations, all impact is evaluated at the headquarters’ location. This may overestimate the impact in the headquarters’ state and underestimate the impact in other states.

For suppliers that provide services in multiple North American Industry Classification System (NAICS) codes, unless otherwise indicated, all impact is calculated using the supplier’s primary NAICS code.

A supplier impact is assumed to be localized within a state.

The model predicts impact results based on industry averages and is an aggregate across all companies. The calculations cannot be applied to individual companies and may differ from actual jobs and incomes at specific companies.

References

This report is based on an analysis of data provided by the customer and information from the following sources:

US Government

Revenues: http://www.usgovernmentrevenue.com/total_2014USrt_17rs1n

IMPLAN (<https://implan.com>)

United States GDP: <http://www.tradingeconomics.com/united-states/gdp>

RIM II User Guide: A essential tool for regional developers and

planners: https://www.bea.gov/sites/default/files/methodologies/RIMSII_User_Guide.pdf

Input-Output Models for Impact Analysis: Suggestions for Practitioners Using RIMS II Multipliers <https://www.bea.gov/system/files/papers/WP2012-3.pdf>

Diversity categories descriptions

Minority business enterprise (MBE)

A business that is a for-profit enterprise, regardless of size, physically located in the United States or its trust territories, which is owned, operated, managed, or controlled by minority group members. "Minority group members" are United States citizens who are Asian, Black, Hispanic and Native American. Ownership by minority individuals means the business is at least 51% owned by such individuals or, in the case of a publicly owned business, at least 51% of the stock is owned by one or more such individuals.

Women business enterprise (WBE)

A business that is a for-profit enterprise, regardless of size, physically located in the United States or its trust territories, which is owned, operated, managed, or controlled by one or more women who are United States citizens. Ownership means the business is at least 51% owned by one or more women or, in the case of a publicly owned business, at least 51% of the stock is owned by one or more women.

Veteran owned business (VBE)

A business that is at least 51% owned by one or more veterans who control or operate the business. Control in this context means exercising the power to make policy decisions and operate means to be actively involved in the day-to-day management of the business. The term "veteran" means a person who served in the active military, naval or air service, and who was discharged or released under conditions other than dishonorable.



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