

# Ethics and Compliance Program

Serving Chicago and the North Shore  
with honesty, integrity and accountability

2024 Annual Report



PEOPLES GAS® | NORTH SHORE GAS®

*We Keep Life Moving®*

## At Peoples Gas and North Shore Gas, our work is guided by a set of simple but essential values.

These values inform our mission to provide safe, reliable natural gas service to more than 1 million customers in Chicago and 54 North Shore communities. They also serve as daily expectations for employees at every level of our organization and the foundation for our ethics and compliance program.

**Safety** — We are committed to keeping the public and our employees safe by targeting zero incidents, accidents and injuries every day.

**Integrity** — We expect our employees and business partners to conduct business with honesty and the highest level of integrity.

**Reliability** — We work hard every day to maintain our status as one of the nation's most reliable energy companies.

**Inclusion** — We believe in a culture of inclusion that welcomes a range of viewpoints and results in better decision-making and a stronger company.

**Diversity** — We value diversity and treat each other with respect.

**Customer focus** — We strive to satisfy every customer in every transaction every time through clear communication and flawless execution.

**Sense of urgency** — We expect our employees to act with a true sense of urgency in serving our customers and completing projects on time.

**Financial discipline** — We create goals and expectations for our employees to ensure proper use of our financial resources and fair and accurate reporting of our financial results.

**Personal responsibility for results** — We hold ourselves and each other accountable for living our values and carrying out our responsibilities.

We reinforce our values and expectations with regular ethics and compliance training required of all employees, from entry level to CEO. We also encourage employees to take advantage of our confidential EthicsLine and other company resources to seek advice on ethics and compliance questions, express concerns, or report suspected violations of our corporate policies, standards, laws, and regulations.

We're proud of the strong values that have defined our business culture for more than 150 years. We look forward to continuing to work with you to maintain an environment that inspires the trust and confidence of our customers and other stakeholders.



**Torrence Hinton**  
President — Peoples Gas  
and North Shore Gas



**Polly M. Eldringhoff**  
Illinois Chief Ethics and  
Compliance Officer  
Vice President Operational  
Performance — Peoples Gas  
and North Shore Gas



**Margaret ("Peggy") Kelsey**  
WEC Energy Group Compliance Officer  
Executive Vice President, General  
Counsel and Corporate Secretary





# Ethics and Compliance

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*This report is filed on or about April 26, 2024  
pursuant to 220 ILCS 5/4 - 0604(f) and is  
compliant with subsections (1)-(6) thereof.*

# Executive summary

## Overview of Program

The WEC Energy Group Ethics and Compliance Program ("program") and its supporting policies and procedures apply to WEC Energy Group and its subsidiaries, including Peoples Gas and North Shore Gas, for which this report is submitted.

The purpose of the program is to promote an organizational culture that encourages ethical conduct and a commitment to compliance with the law, and to inspire the highest standards of professionalism and integrity. At WEC Energy Group, we know an effective program protects customers, investors, employees, the business community and the general public.

Fundamental elements of the program include:

- Administration of the WEC Energy Group Code of Business Conduct ("code") and related policies and procedures.
- Management of a confidential reporting system to receive and respond to allegations and/or concerns, including those for which the person making the report chooses to remain anonymous.
- Protection of individuals who make good-faith allegations of misconduct with a strong non-retaliation policy.
- Regular education, guidance and advice to employees and others on ethics and compliance matters.
- Creation and delivery of effective communication regarding the program.
- Regular reporting with direct and meaningful access to the governing bodies overseeing ethics and compliance matters for WEC Energy Group and its subsidiaries.
- Completion of periodic assessments of the effectiveness of the program.

Margaret "Peggy" Kelsey is WEC Energy Group's compliance officer. In that capacity, her responsibilities include:

- Fostering the tone at the top, by assisting leadership in cultivating a culture of integrity.
- Providing oversight of the management and operations of the program.
- Ensuring the program reasonably prevents and/or detects violations of laws, regulations, organization policies and the code.
- Providing input on and approval of applicable policies and procedures.
- Reporting directly to WEC Energy Group's president and CEO, other members of senior management and the governing bodies overseeing ethics and compliance matters for WEC Energy Group and its subsidiaries, both on a routine basis and as compliance or ethics issues arise.
- Reviewing results of audits related to the program.
- Ensuring compliance risks are identified and addressed as warranted.
- Providing advice and ensuring ethics and compliance matters are investigated appropriately and in a timely manner.

Polly M. Eldringhoff, vice president – operational performance, also serves as the chief ethics and compliance officer for Peoples Gas and North Shore Gas ("Illinois CECO"). In this capacity, her responsibilities include:

- Providing direct oversight of program implementation and activity relative to Peoples Gas and North Shore Gas.
- Working closely with WEC Energy Group's Ethics and Compliance department to ensure that all requirements and expectations of the program are upheld.
- Ensuring compliance with the provisions of the Illinois Energy Transition Act (Public Act 102-0662) assigned to each public utility's chief ethics and compliance officer.

The WEC Energy Group board of directors takes seriously its role in overseeing the program. Primary oversight is provided by the Audit and Oversight Committee of the board of directors ("AOC"), which for many years has received quarterly and annual reports from the WEC Energy Group compliance officer, each of which addresses information regarding program function and effectiveness. These same reports are then shared with the boards of directors for WEC Energy Group's pertinent subsidiaries, including Peoples Gas and North Shore Gas.

In her capacity as Illinois CECO, Ms. Eldringhoff has direct access — and provides reports — to the Peoples Gas and North Shore Gas boards.

More specific details about individual aspects of the program are contained in the remainder of this report.

## Material changes to program

### 2023

- Developed and administered new code policy training to the WEC Energy Group board of directors.
- Developed a refreshed Code of Business Conduct, incorporating feedback received from our third-party assessment with LRN.
- Administered the Workplace Ethics Survey. Survey provided a gauge to employee perceptions of company actions, processes and operating style.
- Coordinated with other key business units on creation of multi-year plan for all-employee training.
- Revised the Supplier Code of Conduct to add the requirement to abide by all aspects of laws, including all applicable employment laws and regulations regarding forced or compulsory labor, child labor, working hours, payment of wages, and the protection of freedom of association.
- Updated relevant corporate policies to incorporate changes brought about by Illinois laws effective on or after January 1, 2023. These include: Illinois Crown Act 2023, One Day Rest in Seven Act, and Illinois Leave Law.

### Completed or underway in 2024

- Participating in an internal audit of our investigation practices. Responding with management action plans on audit findings.
- Developing refreshed code policy training for the WEC Energy Group board of directors to be administered in 2025.
- Reviewing and revising the Ethics and Compliance program charter.
- Coordinating updated lobbying compliance training for internal and external lobbyists.
- Continuing to develop "Ethics Shares," hypothetical scenarios for leaders and employees to use.
- Reviewing internal policies and training regarding the use of instant and ephemeral messaging applications.

## Financial and accounting controls and related procedures

### Financial and accounting controls

WEC Energy Group management establishes and maintains accounting and financial internal controls based upon the framework in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

As is typical for large, complex businesses, WEC Energy Group has a significant number of internal controls covering a wide range of subjects, business units and work groups.

### Auditing procedures

WEC Energy Group's Audit Services Department ("Internal Audit") performs annual independent testing of key internal controls as designed by management. Identified deficiencies are communicated to senior management, WEC Energy Group's external auditor and the AOC.

Internal Audit also performs an enterprise risk assessment on an annual basis. Details about this assessment are contained later in this report.

In addition, as noted below, WEC Energy Group's external auditor also has an important attestation role to play, relative to WEC Energy Group's internal controls.

### Ensuring accuracy, fairness, and consistency with GAAP

WEC Energy Group has established policies, procedures and controls intended to ensure accurate and fair financial reporting, in compliance with certain regulatory and contractual requirements, and consistent with generally accepted accounting principles (GAAP). While Peoples Gas and North Shore Gas are not publicly traded entities, both companies are part of WEC Energy Group's internal control structure, according to the principles and requirements of the Sarbanes-Oxley Act of 2002. Additionally, Peoples Gas and North Shore Gas are subject to individual audits by WEC Energy Group's external auditor, Deloitte & Touche LLP, to ensure financial statements are presented in accordance with GAAP. As part of these audits, Deloitte also reports on any internal control deficiencies.

On a monthly basis, all entries into WEC Energy Group's general ledger are reviewed and reconciled for accuracy and reasonableness. All of WEC Energy Group's business units, including Peoples Gas and North Shore Gas, participate in monthly financial reviews during which results are reviewed and discussed.

Additionally, Peoples Gas and North Shore Gas are involved in WEC Energy Group's disclosure and certification process, under which executive leadership reviews public disclosures of financial statements and accompanying information for completeness and accuracy.

Finally, the Securities and Exchange Commission (SEC) Code of Ethics directly addresses the provision of full, fair, accurate, timely and understandable disclosures and the integrity of the company's books, records and all reports and documents submitted to and filed with the SEC, as well as other public communications.



We invite you to review WEC Energy Group management's report on internal controls over financial reporting and Deloitte's report attesting to the effectiveness of WEC Energy Group's internal controls over financial reporting in [WEC Energy Group's Annual Report on form 10-K](#) for the year ended December 31, 2023, on file with the SEC and contained on WEC Energy Group's website.

## Assessments of ethics and compliance risks

WEC Energy Group utilizes multiple tools and processes to ensure proper identification and management of ethics and compliance risks across the enterprise, including at our Illinois utilities.

### Enterprise risk assessment

Annually, Internal Audit leads an enterprise risk assessment. This assessment identifies and reviews existing, new or emerging issues that could have enterprise implications, including those related to ethics and compliance. Risk areas are then mapped to create a cumulative assessment of their significance and



likelihood, taking into consideration industry benchmarking information, as appropriate. The mapping also identifies lines of responsibility for managing the risks to ensure accountability and focus.

From this risk assessment, based upon applicable management input and past audit experience, Internal Audit creates an annual corporate audit plan, which is presented for approval to the AOC. All audit observations and recommendations that arise out of the execution of that plan are communicated to WEC Energy Group senior management, including the members of the Peoples Gas and North Shore Gas boards of directors, and tracked for completion. Management action plans to mitigate risk are also reported to the AOC.

In addition, the WEC Energy Group Enterprise Risk Steering Committee (ERSC), which is chaired by the WEC Energy Group CEO and consists of other senior-level management employees, including the president of Peoples Gas and North Shore Gas, regularly reviews WEC Energy Group's risk areas and provides input into the development and implementation of effective compliance and risk management practices. On a bimonthly basis, the ERSC discusses findings of Internal Audit's annual enterprise risk assessment, holds in-depth discussions with members of management on identified subjects, and tracks the progress and status thereof.

### **Fraud risk assessment**

Internal Audit also leads an annual fraud risk assessment to confirm the presence of appropriate control activities and identify risk mitigation strategies. Scenarios are identified for fraud risks within key areas of the business. Scenarios are then mapped to controls to ensure an appropriate level of preventative or detective control exists to reduce the potential for this type of activity. Controls are tested on a regular basis to support management's control assessment.

In addition, on at least an annual basis, Deloitte confers directly with the AOC in private session about the established programs and controls to mitigate the fraud risks management has identified, or to otherwise help prevent, deter and detect fraud, and how management monitors those programs and controls.

### **Conflict of interest disclosure and assessment**

In addition to a reminder in the annual corporate policies training, all employees periodically undergo conflict of interest training and are required to disclose potential conflicts of interest. This disclosure is in addition to the annual disclosures required of WEC Energy Group's executive officers, including all members of the Peoples Gas and North Shore Gas boards of directors. The disclosures are reviewed by the Ethics and Compliance department, with assistance from other business units as needed. The Ethics and Compliance department responds to and provides a risk ranking for each such disclosure. Conflicts and potential conflicts are addressed as appropriate and monitored in a manner consistent with their risk ranking.

### **Workplace ethics survey**

WEC Energy Group conducts an all-employee workplace ethics survey on a biennial basis. The survey is intended to gauge employee perceptions of company actions, processes and operating style. It provides:

- Management with the ability to assess how ethical climate is established by senior management ("tone at the top").
- Feedback to measure the effectiveness of the program.
- The opportunity to evaluate the company's environment, assess the achievement of company objectives, exchange information and measure employee awareness of the company's commitment to conduct business ethically and take personal responsibility for results in the workplace.

WEC Energy Group last conducted the survey in 2023. Results were shared with – and applicable action plans created by – appropriate members of management and governing boards, including those acting on behalf of Peoples Gas and North Shore Gas. Executive leaders at Peoples Gas and North Shore Gas reviewed and discussed the results with their individual leadership teams and met with employees to discuss the results, listen for additional feedback and answer any questions or concerns. The Ethics and Compliance department provided tools to help leaders review results with employees and follow up on the feedback provided. WEC Energy Group plans to conduct the survey again in 2025.



### Assessment of effectiveness of program

Annually, the Ethics and Compliance department completes a formal assessment of the effectiveness of the program against the elements contained within the U.S. Federal Sentencing Guidelines and other guidance issued by the Department of Justice, which include: policies and procedures, education and training, monitoring and auditing, reporting and investigating, response and prevention, risk assessment, and communication. The compliance officer then presents this assessment to the AOC. This assessment includes identified opportunities for improvement to minimize ethics and compliance risks.

### Third-party management

The Ethics and Compliance department has regular discussions with Supply Chain and IT Security regarding third-party management. The discussions focus on various risks posed by third-party partners, including, but not limited to, third-party reputations, geographical operations, contract terms and conditions, and services performed.

### Completion and communication of ethics and compliance risk assessment

Risk assessments were conducted consistent with the processes described above during calendar year 2023. Results were shared with — and appropriate actions taken by — members of management and governing boards, including those acting on behalf of Peoples Gas and North Shore Gas.

## Communications regarding internal controls and code

### Overview

As is the case with all effective compliance programs, WEC Energy Group's program starts with the right tone at the top. By words and actions, WEC Energy Group's leadership team, including all Peoples Gas and North Shore Gas executives and members of the Peoples Gas and North Shore Gas boards of directors, reinforce the fundamental pillars of the program and WEC Energy Group's business culture: honesty, integrity and ethics.

In turn, the Ethics and Compliance department is responsible for promoting the program and culture by, among other things:

- Developing an effective compliance training program.
- Ensuring completion of compliance training and required acknowledgements within specified deadlines.
- Coordinating unique educational offerings or programs, as needed.



- Proactively and consistently communicating about the avenues available for reporting concerns or seeking advice.
- Providing ongoing program awareness through a consistent communication plan.
- Researching and sharing information regarding best practices, trends and developments.
- Maintaining and recommending changes to the code and all corporate policies, and ensuring they feature prominently in ethics and compliance communications.
- Reporting to and enlisting assistance from company leadership, as appropriate.

The Illinois CECO is responsible for collaborating with the compliance officer and staff to partake in and oversee these actions on behalf of Peoples Gas and North Shore Gas, and to report directly to the Peoples Gas and North Shore Gas boards of directors on a consistent basis.



## Training

Training on matters relating to ethics and compliance subjects typically is assigned to all WEC Energy Group employees, including those employed by Peoples Gas and North Shore Gas, unless the subject matter is more appropriate for a smaller group. It is WEC Energy Group's firm expectation that 100% of employees assigned to complete each course do so. That objective was met again in 2023, for the fifth consecutive year. WEC Energy Group employs an escalation process to ensure prompt engagement with any employee who has not completed assigned training by the due date, and applicable supervisory management, as needed.

What follows is a summary of elements of WEC Energy Group's 2023 training program for employees and directors.

**100%**   
completion

## New employee training

### ▪ New employee orientation

WEC Energy Group's new employee orientation incorporates online training on a variety of subjects. Included therein are messages from senior leadership about ethics and compliance, such as a welcome video message from the WEC Energy Group president and CEO that speaks to the company values, including integrity. The compliance officer also provides a message about the program and each employee's obligation to report unethical behavior.

### ▪ Code of Business Conduct

WEC Energy Group's code and associated training include messages from WEC Energy Group's executive chairman, president and CEO, and compliance officer reinforcing the importance of creating and sustaining a culture of ethics and integrity, and emphasizing that employees must conduct themselves with integrity and high ethical standards. New employees must complete the code training described below as part of their onboarding activities within 30 days of hire.

- **Other policy training**

New employees also must also complete other policy-related training courses, each of which includes messages from the president and CEO and compliance officer. Subjects include:

- » Acceptable Use Policy
- » Alcohol and Other Drug Use Policy
- » Business Continuity Planning
- » Conflicts of Interest
- » Corporate Policies Certification
- » Information Security Policy
- » Injury and Illness Reporting Procedure
- » Safety as a Core Value
- » Workplace Harassment Prevention (supervisor and non-supervisor)

## **Annual training for all employees**

- Annual code training (internally known as "Corporate Policies Certification") is assigned to all employees, including members of the Peoples Gas and North Shore Gas boards of directors. In addition to detailed training about a broad variety of ethics and compliance subjects, this course includes an audio message from WEC Energy Group's president and CEO, and compliance officer. The message reminds employees of the reason we have corporate policies, the importance of providing training on such policies, and that creating a culture of integrity starts with each of us. The foundational tone from the top reinforces that each person taking the course contributes to WEC Energy Group's culture of integrity.

The course highlights WEC Energy Group's strong non-retaliation policy, under which we prohibit retaliation of any kind for good-faith reports of misconduct, and commit to addressing any retaliatory actions responsibly.

In addition, the course includes an audio message from the compliance officer providing valuable information and encouragement about reporting suspected violations and seeking advice in doubtful situations. WEC Energy Group encourages reporting of concerns to a variety of resources, including company leaders, the compliance officer, or the confidential EthicsLine, hosted by an independent provider.

## **Annual training for directors**

- In 2023, we developed and administered new code training to the WEC Energy Group board of directors. This training was designed specifically for the board and covers focus areas of business conduct pertinent to the role and responsibilities of the board, including conflicts of interest, anti-bribery and corruption, corporate securities trading, and information security.

## **Additional training for supervisors**

In addition to the above, we provide training for supervisory employees on the following subjects:

- Alcohol and Other Drug Use Policy — Reasonable Suspicion
- Key Employment Laws and Policies
- Leadership Expectations
- Harassment prevention training for leaders

## **Training for specifically identified employees**

We also provide specialized training on the following subjects to specifically identified employee groups:

- Corporate Securities Trading Policy
- Political Law Compliance
- Conflict of interest

- Acting on Affiliated Interest Agreements
- Harassment prevention training for employees
- Bystander intervention

## Training for third parties

In the first quarter of 2023 and 2024, WEC Energy Group required all external lobbyists and political consultants, including those providing services on behalf of Peoples Gas and North Shore Gas, to review a training course led by an outside attorney specializing in government affairs and public policy, and campaign finance and political law. All assigned individuals certified they received and reviewed the information contained within the course materials.

## Other means of internal communication

### ▪ Leading with integrity

"Leading with integrity" messages from the compliance officer, sent to all leaders are designed to:

- » Reinforce tone at the top.
- » Inform and engage all company leaders (those supervising others), and help ensure ethics and compliance are top of mind and instilled in the everyday work environment.
- » Provide valuable information leaders can review and discuss with their teams to help set the appropriate tone and advance mutual goals.

Examples of topics include:

- » Refreshed Code of Business Conduct and Ethics Week
- » Intentional leadership
- » The role of the Ethics and Compliance department
- » Understanding and sustaining a strong culture of ethics

### ▪ Acting with integrity

"Acting with integrity" messages from the compliance officer, sent to all employees, are designed as a resource to:

- » Inform and engage employees about ethics and compliance matters. Provide appropriate information about tools and resources.

Examples of topics include:

- » Politics in the workplace
- » Upcoming training and report follow-up
- » Respect in the workplace (people, policies and processes)
- » Policy management

Both "Leading with integrity" and "Acting with integrity" are issued by the compliance officer to leaders and all employees, respectively, multiple times per year, to ensure timely subjects are captured with appropriate frequency.

### ▪ WEC Energy Group policies

Employees are responsible for reviewing, understanding, and complying with all applicable company policies. WEC Energy Group makes these policies widely available through a variety of resources, including a standalone page on WEC Energy Group's intranet site.

### ▪ Other written and digital resources

Employees have access to a wide array of tools and information to help them understand the program and secure resources through the Ethics and Compliance department site on the WEC Energy Group intranet. There, they can review messages from the compliance officer, learn more about conflicts of interest and how to report them, complete an ethics self-assessment, and review ethics and compliance scenarios and advice about how to address ethical dilemmas. Posters displayed at WEC Energy Group facilities help remind employees about the program.





## ■ Company-wide goals and employee performance management plans

Each year, WEC Energy Group issues “Top 10” goals, which are cascaded throughout the organization, including to all Peoples Gas and North Shore Gas employees and directors. In 2023 and 2024, WEC Energy Group included a standalone goal emphasizing individual responsibility for acting with courtesy, care, respect and mutual accountability relative to a variety of business imperatives, including integrity.

WEC Energy Group personalizes this within the performance management process, which is part of WEC Energy Group's overall commitment to creating a high-performance culture. Performance management is the process by which leaders and employees work together to set expectations, evaluate performance against expectations, and determine areas for growth.

The following competency expectations are included within the WEC Energy Group performance management system:

All employees:

- » Support and deliver the goals identified in the Top 10.
- » Demonstrate the standards outlined in the Code of Business Conduct, with emphasis on integrity, compliance with all policies and laws, and treating others with dignity and respect.

Leaders:

- » Create an environment that fosters inclusion, engagement, and teamwork.
- » Promote a culture of ethics and compliance with emphasis on addressing issues when made aware, ensuring requirements are met (training, documentation, etc.) and behaving in a fair and consistent manner.

## ■ Employee surveys

Biennially, WEC Energy Group takes advantage of the opportunity to survey all of its employees, including those at Peoples Gas and North Shore Gas, on subjects pertinent to workplace ethics. The survey is conducted anonymously and is an important communications tool to demonstrate management's commitment to building and sustaining a culture of integrity by soliciting candid feedback. The Ethics and Compliance department provides communications tools to allow all employee and team leaders to determine and execute appropriate follow-up actions based on survey results for their respective areas. WEC Energy Group last completed this activity in 2023 and plans to do so again in 2025.

## ■ Exit interview surveys

Employees who retire or leave the company receive an exit interview survey. Within the survey there are ethics- and compliance-related questions to capture their perspectives and experience. Subjects include: the company's commitment to ethical business decisions and conduct; any instances of pressure to compromise ethical or compliance standards to get work done; and whether departure is due to an ethics or moral concern about the job or work place environment. The Ethics and Compliance department receives all exit surveys for review and to track trends and follow-up on other concerns noted in the surveys. Employees that indicate any ethics-related concerns are contacted individually. Any such concerns that relate to Peoples Gas or North Shore Gas are reviewed separately by the Illinois CECO for appropriate action.

## ■ Ad hoc communications

In 2023, in honor of Ethics Week, the Ethics and Compliance department issued companywide communications featuring sections of the Code of Business Conduct — on each day of Ethics Week — to feature the refreshed Code and get employees to read the entire Code by the end of the week.



To encourage careful review, the Ethics and Compliance department asked daily questions about the featured section. Employees who submitted correct responses were entered into a random drawing for a company prize, one for each day.

Prior to the start of Ethics Week, the compliance officer provided a targeted message to all WEC Energy Group leaders, including those at Peoples Gas and North Shore Gas and all members of the Peoples Gas and North Shore Gas boards, inviting them to view the daily messages and use them as conversation starters and reminders with their teams.

- **Targeted communications to lobbyists and political consultants**

Members of WEC Energy Group's external affairs staff hold regular meetings with lobbyists and political consultants to discuss matters pertinent to WEC Energy Group and provide company management an opportunity to share relevant company information and/or updates. In the first quarter of 2023 and 2024, all WEC Energy Group's external lobbyists and political consultants in Illinois received a copy of the code and WEC Energy Group's Government Relations Policy, which was reviewed during a regular meeting.

## Public communications

WEC Energy Group and its individual utility companies, including Peoples Gas and North Shore Gas, interface with many external stakeholders. We share information about our culture of integrity and commitment to ethics and compliance in multiple public-facing communications, including:

- [WEC Energy Group website](#)
- [Peoples Gas website](#)
- [North Shore Gas website](#)
- [Corporate Responsibility Report \(ethics and compliance section located at pages 83-84\)](#)
- [Supplier Code of Conduct](#)

## Tone at the top: efforts by senior leaders

Tone at the top is an essential part of the program. WEC Energy Group senior leaders, including those at Peoples Gas and North Shore Gas and every member of the Peoples Gas and North Shore Gas boards, provide strong, explicit and visible support for the program. This takes many forms.

In addition to the communications outlined in the previous section, WEC Energy Group senior leaders engage directly with employees, individually and in groups, and promote the program through:

- Scheduled team meetings, during which expectations surrounding ethics and compliance are addressed, as appropriate.
- One-on-one discussions with employees relative to their individual performance against established standards of business conduct.
- Regular visits to employees working in the field to permit opportunities for those individuals to engage directly with senior leaders.
- Periodic large group listening sessions held by senior leaders to hear employee's concerns.
- Participation in investigations and corrective actions, when allegations of impropriety are raised relating to an employee on the senior leader's team.



- Active presence at employee orientation and leadership development programs, during which company culture and expectations are addressed and reinforced.
- Engagement in panel discussions and leader interviews, often organized by WEC Energy Group's nine active business resource groups.
- Promotion of and follow-up relative to the all-employee workplace ethics survey.
- Creation and support of company policies that set expectations for employees.
- Modeling expectations of training by completing it early when assigned.
- Recording messages for all employees with expectations and support of compliance training.
- Meeting regularly with Ethics and Compliance staff to discuss noted trends and opportunities to provide support.

## Enforcement of internal controls, code and related procedures

### Reporting and investigating

WEC Energy Group encourages all employees to seek advice in doubtful situations, express concerns and report suspected violations through any established channels without fear of retaliation. These channels include: supervisors, the EthicsLine, the compliance officer, the Illinois CECO, human resources and security. It is the responsibility of the Ethics and Compliance department to assist in the fostering of a culture of open-door communication, maintain the integrity of the reporting channels, and address any potential for retaliation, in accordance with WEC Energy Group's Non-Retaliation Policy.

The **EthicsLine** is a toll-free, confidential way for employees and members of the public to report ethical concerns. The **EthicsLine** is available 24 hours a day, seven days a week. An independent company administers the line. Calls are handled promptly, professionally and with sensitivity. The companion web portal is the online version of this confidential reporting tool. All calls and reports are kept confidential, and callers may choose to remain anonymous. The Ethics and Compliance department receives prompt notice of all reports, and advises the Illinois CECO of reports that involve WEC Energy Group's Illinois utilities or employees thereof.

The Non-Retaliation Policy encourages and enables individuals to raise good-faith concerns regarding ethical misconduct or illegal actions. Individuals who feel they have experienced any form of retaliation due to the good faith reporting of ethical concerns are encouraged to notify the compliance officer immediately. Any employee found to be in violation of this policy by engaging in any retaliatory activity is subject to disciplinary action, up to and including immediate discharge.

The Ethics and Compliance department has authority to investigate alleged wrongdoing, direct others to do so and

### How does the EthicsLine work?

#### By phone

Call the EthicsLine, 888-536-1499.  
It is available 24/7.



An independent, third-party specialist documents your concerns. You may choose to remain anonymous.



Receive a report key and callback date.  
Identify a password.



WEC Energy Group's compliance officer is notified, and an investigation begins.



Call back to learn the status of the case or its outcome, or to provide additional information, if needed, for the investigation to proceed.

#### On the web

Go to [wec.ethics.ethicspoint.com](http://wec.ethics.ethicspoint.com).  
It is available 24/7.



Use the online form to document your concerns.  
You may choose to remain anonymous.



Receive a report key and callback date.  
Identify a password.



WEC Energy Group's compliance officer is notified, and an investigation begins.



Check back to learn the status of the case or its outcome, or to provide additional information, if needed, for the investigation to proceed.



## RISK CONTINUUM

### High risk

- Major legal investigations/lawsuit
- Negative reputational risk
- Impact on customers
- Material financial or controls impact/risk
- Board or officer involvement

### Low risk

- No regulatory or legal action
- No or low reputational risk
- Limited to no impact on customers
- Limited financial impact



report results. Procedures are in place to ensure that alleged ethics and compliance violations are appropriately investigated by the proper personnel in accordance with applicable laws, regulations and company policies and procedures. The Ethics and Compliance department takes reasonable steps to investigate and respond in an appropriate and timely manner, ensuring limited distribution of information to protect confidentiality and non-retaliation commitments. The compliance officer may independently engage outside counsel or other resources where necessary.

The Ethics and Compliance department oversees investigations, tracks progress and ensures that a proper record of each investigation and resolution is made, utilizing a defined process. That process incorporates escalation protocols — including reports to the Chair of the AOC — for matters deemed to have higher risk potential.

### Consistent data validation

On a quarterly basis, the compliance officer

communicates with all WEC Energy Group senior executives, including the president of Peoples Gas and North Shore Gas, reminding them of the responsibility to report incidents of noncompliance with company policies and, specifically, incidents of fraud, if any. As part of this quarterly process, each executive must expressly confirm the accuracy of data known by the Ethics and Compliance department, relative to each executive's area(s) of responsibility, and provide any additional information if the data is incomplete. This validation process helps ensure the accuracy of the compliance officer's quarterly report to the AOC.

### Enforcement and discipline

Corporate policies include explicit consequences for noncompliance. Failure to comply with corporate policies shall result in disciplinary action, up to and including discharge. The compliance officer includes information about policy violations in her regular reports to the AOC. This information is also shared with the Peoples Gas and North Shore Gas boards and is a part of reports provided to those governing bodies by the Illinois CECO.

**Enforcing policies, laws and standards underscores our commitment to compliance.**

### Incentives for compliance

Performance management is the process of aligning employee performance with the needs of the business. It includes goal setting, performance monitoring, measuring and appraising, feedback and recognition, and corrective action, where needed. Leaders and employees have tools available to ensure continuous conversations and adjustments take place throughout the year.

Critical to performance management is consideration of an employee's actions (the "what") and behaviors (the "how"). Fundamental to the "how" is compliance with the code and promotion of a culture of integrity, which in turn help create a positive work environment. WEC Energy Group believes that being part of a great place to work is itself an incentive for compliance.

Compensation decisions flow from performance management. For all WEC Energy Group management (non-represented) employees, including those at Peoples Gas and North Shore Gas, a component of cash compensation is affected by performance. The annual incentive compensation plan promotes the achievement of

established company goals while also taking into account individual performance. Individual awards are positively or negatively affected by year-end measurement of company goals and individual performance, taking into account both the “what” and the “how.”

In addition, as needed, the Ethics and Compliance department provides information gathered from internal ethics and compliance records and other public sources to assist with consideration of appointments and promotions to significant positions.

### Fair and equal application

The Ethics and Compliance department tracks reported violations of corporate policies, along with the actions taken, to ensure consistent and appropriate investigative and disciplinary measures, regardless of an individual's position and/or importance to the organization.

As described above, one element of the investigative process includes consideration of whether the matter being investigated is such that the compliance officer needs to engage directly with the chair of the AOC. The compliance officer has complete discretion to take that action, and would be expected to do so if a credible allegation involves a company officer or member of the WEC Energy Group board. As the Illinois CECO and each member of the Peoples Gas and North Shore Gas boards of directors are company officers, the chair of the AOC would have oversight of the investigation of any credible allegations raised against the Illinois CECO or a member of the Peoples Gas or North Shore Gas boards. Procedures are in place to ensure that if a credible allegation is raised against the compliance officer herself, WEC Energy Group's chief audit officer would step in for purposes of oversight, and interface with the Chair of the AOC as to the matter at issue. If a credible allegation is raised against the Illinois CECO, the compliance officer would do the same.

In addition, the compliance officer and chief audit officer hold private sessions with the AOC on a regular basis to ensure candid dialogue is fostered.



# Remediation procedures

## Responsive action

The Ethics and Compliance department promotes a culture of prevention, detection and resolution of instances of unethical and/or unlawful business conduct, engaging appropriate individuals to immediately address non-compliance and ensure prevention of harm to individuals and/or the company.

Each instance of employee discipline resulting from a violation of the code or any of its supporting policies (individually "Core Policy" and collectively "Core Policies", as defined below) is reported to senior WEC Energy Group executives, including each member of the Peoples Gas and North Shore Gas boards. In addition, the Illinois CECO receives reports of any such violations involving Peoples Gas and North Shore Gas employees.

**In general, a *core policy* is defined as a policy that affects *all employees* or a *substantial number of employees* and is one that may be outlined in the Code.**

### Core Policies include:

- Acceptable Use for Corporate Electronic and Telecommunication Resources Policy
- Alcohol and Other Drug Use Policy
- Anti-Bribery and Corruption Policy
- Anti-Harassment and Anti-Sexual Harassment Policy
- Attendance and Time Reporting Policy
- Code of Business Conduct
- Corporate Securities Trading Policy
- Critical Safety Rule Policy
- Equal Employment Opportunity Policy
- External Communications Policy
- Financial Communications Disclosure Policy
- Gifts and Entertainment Policy
- Government Relations Policy
- Information Security Policy
- Internal Control Policy
- Non-Retaliation Policy
- Records and Information Management Policy
- Safety and Health Policy
- Smoke- and Tobacco-free Workplace Policy
- Violence in the Workplace Policy





The Ethics and Compliance department keeps extensive and accurate records of all such matters, working in close collaboration with WEC Energy Group human resources colleagues when the allegations are made against company employees. Matters of employee discipline are managed primarily by human resources and/or the business unit leader.

The compliance officer's quarterly report to the AOC, which is shared with the Illinois CECO and the Peoples Gas and North Shore Gas boards, includes a summary of any discipline resulting from the violation of a Core Policy, by entity. Including this information demonstrates transparency and highlights the controls in place to identify the violations.

### Record keeping

As noted above, the Ethics and Compliance department retains records of reports and inquiries, including those relating to alleged violations of Core Policies. Some Core Policy violations could implicate state or federal law, and such laws are taken into account in the course of the investigation.

To the extent state or federal laws relate to subjects outside the responsibility of the compliance officer, matters related to compliance with those laws, and any records associated therewith, likely would be managed by others. This could include, for example, WEC Energy Group's Environmental department, which has primary responsibility for ensuring compliance with laws, policies and permits associated with protecting the environment.

### Post-event assessment

At the conclusion of each investigation, reasonable steps are taken to prevent future 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/publicizing policies to employees, sharing appropriate information about non-compliance with employees and/or employee groups, and developing and requiring employees to take additional training.



**Providing a safe, reliable source of natural gas 24 hours a day to more than 1 million customers is a responsibility we never take lightly.**

For more than 170 and 120 years, respectively, Peoples Gas and North Shore Gas employees have worked hard each day to safely deliver the natural gas that keeps us warm, cooks our meals and provides hot water to our homes and businesses. The policies and procedures outlined in this report guide the way we fulfill that mission and how we do business at every level of our company.

We look forward to continuing to work with the Illinois Commerce Commission and our many other stakeholders to promote policies that build confidence in our industry and allow us to continue building a bright, sustainable future for the communities we serve.



A handwritten signature in black ink that reads "Polly M. Eldringhoff".

**Polly M. Eldringhoff**

Illinois Chief Ethics and Compliance Officer

Vice President Operational Performance — Peoples Gas and North Shore Gas

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*We Keep Life Moving®*