STRATEGIC PLAN

POWERED BY OUR CORE VALUES AND BEHAVIORS
OUR MISSION

We are a forward-thinking electric utility powered by a diverse team of employees committed to making customers’ lives brighter, the environment better and our communities stronger.
“Looking ahead, we intend to transform FirstEnergy into a truly sustainable company that will continue to meet our customers’ needs today and in the future.”

The world has changed dramatically over the past year. Our workforce has adapted to the daily challenges of the COVID-19 pandemic while continuing to serve our customers and achieving our safety and operational targets. At the same time, our communities and employees have also confronted the impact of ongoing racial injustices across our country.

In addition, our company announced significant organizational changes as a result of an internal investigation related to ongoing government investigations, including the termination of three senior executives for violations of certain FirstEnergy policies and its code of conduct. In the wake of these unprecedented challenges, this annual update to our strategic plan accounts for our successes and failures and introduces new company goals to our stakeholders that are intended to strengthen FirstEnergy and help us achieve our mission to make customers’ lives brighter, the environment better and our communities stronger.

Under my leadership, and with guidance from our Board of Directors and support from Executive Council, we’re strengthening our culture of compliance, ethics and integrity. The leadership changes we have already enacted and other steps we’re taking will ensure we create an environment where our decisions and actions align with our core behaviors.

In addition, the Board and management team are also dedicated to re-emphasizing that every employee has the responsibility to consistently act in accordance with our core values and behaviors and to speak up if they see inappropriate behavior at any level of the organization.

As we move forward, we also remain focused on executing our strategy and delivering on our business priorities. We’re working together to rebuild trust, restore our reputation and re-establish relationships with our stakeholders. Ensuring we have the right processes and procedures in place to uphold our core values and behaviors is essential to those efforts. Toward that end, we launched a companywide initiative, FE Forward, aimed at transforming our culture, increasing transparency and making process improvements across our business units. This important initiative will help us continue to move FirstEnergy in a positive direction as we execute on our strategic plan.
Looking ahead, we intend to transform FirstEnergy into a truly sustainable company that will continue to meet our customers’ needs today and in the future. To accomplish this, we will work diligently to fulfill our mission statement and core values – Customers, Innovation, Corporate Social Responsibility, Diversity & Inclusion, Teamwork, Safety and Performance – which provide the foundation for this strategic plan. Doing so will help us achieve our long-term strategic commitments:

• Enabling a smarter, more resilient electric system
• Embracing innovation across our organization
• Meeting the challenges of climate change
• Enhancing our culture of compliance through transparency and accountability
• Developing a diverse and inclusive workforce
• Building collaborative relationships, marked by trust and respect, with all our stakeholders
• Strengthening our safety-first culture
• Delivering strong and predictable financial results

To guide us in achieving our commitments, we have established new goals for key areas of our business. For example, we’re building a more sustainable energy ecosystem by executing our climate strategy and working toward attaining carbon neutrality by 2050. More near term, we’ve set an interim goal to reduce our companywide greenhouse gas (GHG) emissions within our direct operational control by 30% from our 2019 baseline by 2030. We’re also responsibly replacing our fossil fuel-based vehicles with electric and hybrid alternatives, targeting 30% electrification of our light-duty and aerial truck fleet by 2030 and 100% electrification by 2050.

Our commitment to diversity and inclusion (D&I) remains an essential component of our strategic plan. The communities we serve encompass a wide range of social, economic, racial and ethnic groups, and we need to understand the needs of our communities in order to serve them better. That is one primary reason why we are pursuing a 30% increase in the number of racially and ethnically diverse employees both overall and at the supervisor-and-above leadership level by 2025. These and other newly established goals are designed to move us closer to realizing our vision for FirstEnergy.

I believe in our company’s mission and am proud to be a part of such a talented, dedicated group of employees. Our continued resilience and focus will enable us to move our strategy forward in the years ahead as we continue to bring the FirstEnergy mission to life.

Sincerely,

Steven E. Strah
President and Acting CEO
Our seven core values provide the structure for this strategic plan, and our core behaviors are what put our values into action and bring our strategy to life.

We have five core behaviors – Courage, Integrity, Openness, Ownership and Trust – which serve as the foundation for how we strive to do business. These guide our more than 12,000 employees, and they underscore that how we achieve our goals is just as important as achieving them.

As we move forward and work to restore credibility and trust in FirstEnergy, better enabling our employees to live our core behaviors is key to fostering a strong culture of ethics and integrity. We will strive to embed these important principles into our culture so that our decisions and actions align with our core behaviors. Success in this key area is crucial to realizing our company’s mission and achieving the commitments and goals outlined in our strategic plan.

Commitment to our mission, core values and behaviors starts at the top. Through its thoughtful oversight and guidance of an enhanced corporate compliance program, our Board will ensure FirstEnergy has the tools and resources needed to support our core behaviors and foster a values-driven culture. That includes instilling a shared sense of accountability across the company and creating opportunities for employees to ask questions and raise concerns in an open, honest and transparent way. Together, we will work to uphold an organizational culture in which compliance with the law and ethical standards is the expected behavior.

**COURAGE**

Acting with courage means asserting your own position and ideas with confidence and enthusiasm while respecting the opinions of others. It requires questioning actions that are inconsistent with our core values or behaviors and challenging the status quo through innovation and creativity. For example, an employee who acts with courage takes the initiative to stop work when safety is in question. They are also unafraid to propose an innovative or unconventional idea for improving a utility work process or enhancing our customer service.

To better enable this core behavior, we are re-emphasizing that all employees are responsible for speaking up when they notice, or even suspect, actions that deviate from our values and company policies. We will continue to educate our employees regarding the importance and value of our employee concerns line and our commitment to open lines of communication between leaders and employees. In addition, we’ve also established our Innovation Center to collectively develop a more innovative mindset at FirstEnergy and encourage our employees to do things differently and more efficiently across our business units.
INTEGRITY
Integrity is about consistently demonstrating ethical actions, methods, expectations and outcomes. It means adhering to our core values and acting in alignment with our core behaviors in good times and bad. It requires strength of character, strong will and moral fiber. For example, a leader who acts with integrity consistently rewards actions that align with our company’s code of conduct and always addresses behavior that doesn’t.

Through our FE Forward initiative and the efforts of our Board’s new compliance sub-committee, we aim to support this core behavior and ensure that our decisions and actions consistently reflect our values. Through these initiatives, cross-functional teams are reviewing our policies and practices and assessing the structure and processes behind how decisions are made and how work gets done. They will identify opportunities for improvement and growth that further strengthen our culture of compliance.

OPENNESS
Openness means that we engage in honest conversations and directly express our own views. Our communication is consistently truthful, straightforward and timely. It’s also about listening carefully to others’ opinions and understanding their needs and perspective. We act with openness when we participate in quarterly check-ins with our direct reports and communicate openly about our succession planning processes.

We are supporting this behavior by increasing the transparency around our talent management program. This includes communicating clearly with employees about how we approach hiring and promotions, as well as providing resources and opportunities for career advancement.

OWNERSHIP
Ownership is about taking responsibility for the outcomes of our own work – good or bad – and ensuring we work with ethics and integrity. It also means we understand the vision for FirstEnergy and prioritize work that helps us achieve company goals. We take charge of our own development and continually strive for excellence, while being conscious of the impact our work has on others. For example, we take responsibility when we fall short on our key performance indicators (KPI). We also don’t lower the bar for our KPIs. Instead, we work to improve our performance and redouble our commitment to achieving them.

To enable our employees to live this core behavior, we produce Transformation Talks. These presentations from senior leaders help employees understand how our company operates, where our company is headed and how they can best support our strategic commitments.

TRUST
Trust is about gaining the confidence of others by being honest, reliable and credible. It means we present the truth and relevant information in a timely and helpful manner. We also trust the capabilities, intentions and performance of others. Building trust requires diligent follow-through and consistency between words and actions. We instill trust by providing clear and transparent information about our financial performance or environmental, social and governance (ESG) initiatives to our stakeholders.

As part of our effort to foster trust, we have established measurable companywide goals to provide clarity about the improvements we’re striving for in different areas of our business. We will provide updates on our progress toward these goals to increase transparency with our stakeholders.
We provide safe, reliable electricity and innovative programs, products and services that make our customers’ lives brighter.

Our 6 million utility customers are at the heart of everything we do. We recognize that our electric service is wide-reaching, impacting our customers, their families and communities. We strive to meet the energy needs of our socially, economically and culturally diverse customer base – from farmers in rural areas to suburban businesses and urban households.

As our industry evolves, so do our customers’ needs and preferences. From electric vehicle (EV) charging stations to grid modernization investments that support advanced functionality, our goal is to move forward with our customers at a pace that works for them.

We want to make life easier for our customers by improving grid reliability through our multibillion-dollar transmission and distribution programs; providing an effortless, intuitive and consistent customer experience; and establishing multiple channels to further serve and engage with our customers. To accomplish this comprehensive plan, we will work to achieve the following:

• Upgrading and modernizing our transmission and distribution infrastructure to enable the technologically advanced grid of the future.
Modernizing our customer service capabilities and streamlining communications to develop a more effortless customer experience

Providing the infrastructure, tools and support our customers need to improve their energy efficiency and reach their sustainability goals

CUSTOMER-FOCUSED INVESTMENTS IN OUR ELECTRIC INFRASTRUCTURE

We continue to strengthen our infrastructure through significant investments designed to enhance reliability and improve operational efficiency. These investments build on the scale and scope of our regulated operations to support our customer-focused strategy into the future.

Through our Energizing the Future initiative, we’re upgrading and modernizing our transmission system to ensure customers benefit from a stronger, smarter and more secure power grid for years to come. These infrastructure investments are driving significant performance improvements, including a 47% reduction through 2019 in equipment-related transmission outages on our ATSI system, serving our three utility companies in Ohio and our Penn Power utility in western Pennsylvania. We anticipate similar customer benefits as we expand this program eastward.

We plan to invest between $1.2 billion and $1.45 billion per year through 2023 to improve the reliability of our transmission system. Looking beyond 2023, we have identified significant investment opportunities in customer-focused projects across our transmission system to further increase network automation, add operational flexibility and harden our infrastructure and assets against physical and cyber threats. As we make these reliability investments, we’re targeting a 20% reduction in Transmission Outage Frequency on 100 kV-and-above lines by 2025, compared to our 2019 baseline.

In anticipation of a future where every vital link to homes and businesses – electricity, natural gas, water and ultra-fast broadband access – will merge into one integrated system, we’re working toward our vision for the grid of the future: an enhanced distribution platform that delivers customer value through a stronger, more empowering energy experience.

To prepare for this more dynamic, intelligent and secure distribution system, we are strengthening our grid’s foundation by building a smarter communications network and replacing or upgrading aging equipment. As part of our Distribution Grid of the Future program, we are also evaluating a wide range of new technologies and ways to modernize our distribution system, including energy storage and microgrids.

To make progress toward our vision, our 10 regulated distribution companies are planning infrastructure investments of $1.7 billion per year through 2023, of which approximately $350 million to $400 million will be invested annually to modernize the grid. Across our service territory, we are working to upgrade our system with more advanced automation and smarter technologies to prepare the distribution grid of the future. For example, our Ohio Grid Modernization Program, Pennsylvania Long-Term Infrastructure Improvement Plans and JCP&L Reliability Plus...
Infrastructure Investment Program are designed to ensure enhanced reliability for our customers. It is our goal that by 2025, the average customer will see a 5%, or nine-minute, reduction in the duration of service interruptions, compared to our 2019 baseline.

Our regulatory strategy for these distribution program investments involves leveraging recovery mechanisms that enable us to pursue cost recovery for a specific distribution program. This strategy ensures we can make critical infrastructure improvements on our distribution system in a timely fashion with appropriate regulatory approval.

EFFECTLESS CUSTOMER EXPERIENCE

Our customers’ interactions with us should be effortless. As we become more customer-centric, we’re taking steps to deliver what customers want, helping drive value through better experiences. As part of that effort, we are working to create a Customer 360 view that gives us a complete and accurate picture of our customers’ experiences by aggregating data from their various touchpoints with us. This will help create a better, more comprehensive understanding of our customers’ perspective to drive continuous improvement toward a more effortless experience.

Customer expectations are often set by service standards in other industries, including online retail and package delivery. We’re moving toward more proactive and transparent communications so customers can engage with FirstEnergy in a manner they are accustomed to. Our goal is to enable customers to monitor our progress as we fulfill a request to start or stop service, complete other service-related work and restore power following an outage. We also want to provide them with easier access to key information, including the cause of an outage, status of our utility crews and the estimated time service will be restored.

We’re also investing in technologies that can help us better communicate with and serve our customers. Smart meters – our digital connection with customers – all but eliminate the need for estimated readings and help customers make more informed, real-time decisions about their energy use. They also help us better detect power outages and restore service more quickly. We have deployed smart meters in Pennsylvania and have begun deployment in parts of Ohio. We have also taken steps in New Jersey and envision a future in which customers across our entire service territory have smart meters. Assuming we achieve all required regulatory approvals, we plan to install smart meters for two-thirds of our total customers by 2025. In addition, as we build a modern, resilient electric grid, we’re exploring the use of data analytics to predict and plan maintenance work on wires, poles and other equipment.

We continue our work to modernize our customer service capabilities and streamline communication processes with the ultimate goal to provide our customers with an effortless customer experience. Our new approach to customer engagement will enable employees to leverage information from across the company in their interactions with customers to ensure an effortless experience. Seamless access to all customer information will provide employees with actionable insights in real time. This will help us meet our customers’ expectation of resolving issues quickly.
Success in creating an effortless customer experience hinges on our ability to embed a customer focus in all aspects of our operations. We’ll rely on our Quality-Driven Continuous Improvement Program, which will enable us to proactively identify emerging issues for our customers and to evaluate our effectiveness in meeting customers’ needs.

HELPING OUR CUSTOMERS LIVE MORE SUSTAINABLY

We want to empower our customers to reduce their carbon footprints, better manage their electricity use and improve their energy efficiency. Toward that end, we are focusing our efforts on the following initiatives.

Electrification: We’re supporting transportation electrification and advocating for the buildout of EV charging infrastructure in our service area. We’re also helping our industrial and commercial customers embrace electrification through upgrades, such as electric forklifts and transportation equipment, and by providing energy usage data that monitors their new energy profiles and illustrates the value of electrification. We continue to engage in meaningful conversations with our national account customers to promote innovative technologies and efficient electrification. Opportunities such as electric vehicle charging and fleet electrification can assist customers in lowering operational costs while meeting their sustainability, carbon reduction and net zero emission goals. As part of our efforts to support our customers’ needs, we’re planning a pilot program that will enable the electrification of diesel-idled refrigerated trucks.

Energy Efficiency: We are focused on helping our customers reduce their overall energy consumption, including gasoline, natural gas and electricity.

Through our customer energy-efficiency programs, FirstEnergy will help customers achieve cumulative reductions in electricity savings in excess of 7.5 million MWh and lower their demand on the electric grid during peak usage hours by 400 MW between 2021 and 2025. These actions will remove over 5.3 million metric tons of GHG, which is equivalent to the GHG emitted from more than 1.1 million passenger vehicles driven for one year. In partnership with the Electric Power Research Institute (EPRI), FirstEnergy also supports research to better understand efficiency opportunities in emerging technologies such as next-generation heat pumps, advanced data center infrastructure, smart thermostat developments and advanced building design. Emerging options can help us inform electricity consumption behaviors, improve energy efficiency, reduce carbon footprints and lower energy bills.

2021-2025
OUR CUSTOMER ENERGY-EFFICIENCY PROGRAMS WILL HELP REMOVE

5.3M METRIC TONS OF GHG

We’re supporting Maryland’s goal to have 300,000 zero-emission vehicles on the road by 2025 through our Potomac Edison utility’s EV Driven program. As part of this program, Potomac Edison is installing utility-owned public charging stations throughout its Maryland service area and offering rebates for the purchase and installation of eligible EV chargers. These efforts make EV charging more accessible, convenient and affordable and help to reduce auto emissions in the state. In addition, the program helps us gain knowledge about EV charging patterns and corresponding distribution system impacts in preparation for continued growth of transportation electrification.
Smart Cities: We’re supporting our communities’ interest in smart cities initiatives, which help municipalities operate more efficiently, reduce their carbon footprint, enhance community safety and improve their citizens’ quality of life. For example, we’re partnering with Erie, Pennsylvania, to help it achieve its vision of converting to smart LED streetlighting. Our electric utility infrastructure provides a great foundation for smart city capabilities, and we are committed to converting 100% of streetlights owned by our operating companies to smart LEDs by 2030.

We will continue to partner with municipalities and other utilities or service providers to help create the smart cities that our communities want.

CUSTOMER ENGAGEMENT

Another opportunity to engage with customers is through energy consulting services. In 2019, we launched FirstEnergy Advisors to help commercial, industrial and municipal customers identify the best, most cost-effective energy services available to meet their needs. Since then, we have established a consulting and brokerage service in Ohio and Pennsylvania, where FirstEnergy Advisors guides customers on their energy needs and helps them to determine which supply options will best suit their goals. Over the next several years, we will work to expand FirstEnergy Advisors’ services to businesses and communities in other states.

While FirstEnergy Corp. has exited the competitive generation business, FirstEnergy Advisors helps customers understand the significant competitive generation charges on their bill and provides alternatives to better manage and reduce them. As an impartial consultant and broker, we never take title to the power and do not assume the financial or commodity risk associated with being a competitive retail energy supplier.

These services provide a valuable touchpoint with customers. As the energy industry continues to evolve in the coming years, FirstEnergy Advisors is well-positioned to help customers understand and take advantage of the ever-increasing number of choices available to them. Whether it’s soliciting sources of renewable or carbon-free power to meet sustainability goals, advising on flexible supply or time-of-use arrangements, or assessing energy storage and electrification options, FirstEnergy Advisors can help customers effectively navigate their choices.

FE HOME OFFERS ADDITIONAL PRODUCTS AND SERVICES

We’re engaged in new business efforts and are well-positioned to offer valuable products and services that help customers save energy and money. We launched our new FE Home marketplace in 2020 to provide solutions for home energy management needs through an intuitive web-based service platform. As we develop our product and service offerings, we’re engaging with customers through market studies and extensive interviews to gauge their energy-related needs and expectations.

As a result of these customer engagement efforts, FE Home offers products and services that customers want and also groups related products and services together for customers’ convenience. Specific offerings include efficient lighting and smart home products, electrical services and surge support plans, as well as maintenance, warranty, protection and repair plans. FE Home also doubles as a user-friendly learning library for home energy management information. Looking ahead, we will establish FE Home as a preferred marketplace for energy-related products and services. We’ll also work to grow our offerings in accordance with customers’ evolving needs and preferences.
We prepare for the future by creating the agility to anticipate and adjust to the evolving needs of our customers.

We are evaluating and deploying innovative technologies and embracing forward-thinking perspectives to meet the challenges and opportunities ahead. By better understanding our customers, we can offer the innovative products they need and enable our power grid to evolve according to a new philosophy: embracing disruptive technologies that deliver new growth opportunities and expand our customer relationships.

In addition, we expect to optimize business processes and enhance operational efficiencies, allowing more time for our employees to address industry challenges and develop innovative energy solutions. Increased collaboration with our peers and others will help us develop best practices in an evolving industry and create new value-added products and services, such as home energy management solutions and smart home services that deliver greater comfort, convenience, security and productivity for our customers. Good businesses are built on integrity and teamwork. Great businesses build on that
strong foundation and continue to innovate and push forward. We plan to make progress in these key areas:

• Create a culture that embeds innovation concepts and practices throughout the organization
• Design the workplace of the future from our employees’ perspective
• Adopt emerging technologies to prepare the grid of the future and enable our customers to live more sustainably

FOSTERING A CULTURE OF INNOVATION

We’ve been laying the groundwork for the innovative culture we want to continue to develop throughout our organization. We’re accelerating the deployment of innovative, secure technologies on the electric grid through our Center for Advanced Energy Technology – one of the first and most comprehensive testing and training centers of its kind in the country. This facility offers our technical professionals a hands-on environment for upgrading the transmission grid by simulating real-world conditions. We’re exploring opportunities to use this state-of-the-art facility for industry collaboration with peer utilities, research institutes and key stakeholders. We’re also leveraging technological advancements to streamline our operations. For example, we’re deploying Robotic Process Automation, or “bots,” for repetitive, rule-based business processes, letting us shift employees from manual-intensive tasks to more strategic and analytical work.

We launched our Innovation Center in 2020 to bring new ideas to life across our business units. The Innovation Center’s purpose is to find new solutions to core business challenges in a faster, less expensive and more scalable way – ultimately improving our service to customers, enhancing the employee experience and driving long-term growth for FirstEnergy.

By harnessing the best thinking from across our company and working collaboratively with business unit leadership, the Innovation Center will use analytics to identify data-driven business solutions, apply leading-edge process automation for efficiency, and leverage user-centered technology. Whether it’s developing an app, mining data or automating a process that normally took employees several days to complete, the Innovation Center will work through challenges and opportunities on a case-by-case basis, incorporating input from business units and subject matter experts to deliver streamlined solutions that benefit employees and customers.

**Over the next 12 to 18 months, the Innovation Center will leverage data analytics, automation and digital capabilities in the deployment of at least six bots and four analytical models.**

The electric utility industry is changing along with our customers, and we need to innovate to move FirstEnergy forward. In part, the Innovation Center is designed to embed the spirit of innovation in the fabric of our company’s culture and develop a more innovative mindset across our organization. To jumpstart this, we are identifying Innovation Ambassadors from across the company who are passionate about innovation. These individuals will facilitate collaboration between the Innovation Center and our business units and help us apply more innovative ways of thinking in our operations.
DESIGNING THE WORKPLACE OF THE FUTURE

Our vision for the workplace of the future begins with technology. Living during the COVID-19 pandemic has taught us many lessons and accelerated a change in the workplace paradigm. We laid the IT infrastructure needed to successfully transition 7,000 of our employees – or more than half our workforce – to work from home without interruptions to any business functions, and we’ve learned that our employees can accomplish the same great results remotely.

As we look ahead, our goal is to create 100% remote capability, which will enable employees to securely access their work from anywhere on any device at any time. Technology should no longer restrict employees to a fixed location; rather, it should effortlessly move with them to enable a more flexible and collaborative work environment. To facilitate this, we’re transitioning to a cloud-based model that allows for more advanced technology solutions and integrated business systems. We’re also becoming a device agnostic company that provides employees with the tool or platform they need to accomplish their goals, regardless of the technology or system. In addition, we’re developing artificial intelligence and machine learning capabilities to train employees on cloud management and IT solutions.

Building the seamless and scalable IT infrastructure needed to facilitate 100% remote capability will move us to a more flexible and collaborative work environment and help us break down workplace silos to foster an inclusive team environment. In addition, incorporating remote working capabilities into our workplace model supports our employees’ work-life balance, strengthens our company’s recruitment efforts and increases the size and diversity of our talent pool. We plan to reallocate some resources from our office space and other real estate-based investments to technology that enables this workplace of the future.

The pandemic also has changed how our utility employees do their jobs in the field. To protect their health and safety, we moved to a pod concept, in which employees meet and work in the same small groups, use the same equipment each day, and when they can, travel directly to their worksites from home, where social distancing is possible. We’ve learned that this is a more efficient way to approach daily field operations, so we’ve modified some long-held work practices at our 10 operating companies to implement these enhancements long term.

OUR GOAL IS TO CREATE 100% REMOTE WORK CAPABILITY

ADOPTING EMERGING TECHNOLOGIES AND ELECTRIFICATION

We are participating in venture capital investments through the Energy Impact Partners (EIP) coalition, a global investment group leading the transition to a sustainable energy future. These investments are focused on transforming the utility industry through the development of emerging industry solutions and close-to-market utility technologies. Our participation may provide exposure to new revenue opportunities and innovative technologies that benefit our customers and the environment, as well as offer insight into future industry trends, threats and opportunities.

We’re also continuing to invest in our distribution system to enable emerging technologies, including electric transportation, utility-owned storage and smart LED streetlighting. We are partnering with EPRI on research projects focused on different components of the grid of the future. For example, we are engaged in research that models the impacts of distributed energy resources (DERs) on our grid to help us better understand DERs and effectively dispatch them. In addition, we are investigating research programs that leverage augmented reality and artificial intelligence to remotely diagnose problems on both the transmission and distribution systems. As we develop new grid capabilities to enable these emerging technologies, we’ll work closely with regulators and other key stakeholders to balance interests and ensure we’re delivering value to customers.

We’re focused on grid improvements and emerging technologies that will help our customers and communities to thrive in a carbon-neutral world. For example, we view electrification as an opportunity to significantly reduce our region’s carbon footprint by replacing fossil fuel use with low- and zero-carbon electricity in various energy-intensive industries, such as transportation, manufacturing and food processing. Our long-term vision is a seamless and reliable economywide electrification effort to reduce carbon emissions and power a more sustainable future for the customers and communities we serve. To bring this vision to life, we’ll be working to accelerate our commercial and industrial customers’ transition to electrified processes and advocating for the electric vehicle infrastructure needed to foster continued growth in electric transportation.

As part of our strategic focus on grid enhancements that help our customers and communities to live more sustainably, we’ll also partner with municipalities and community leaders to develop smart cities powered by innovative technologies that improve energy efficiency, safety and quality of life. Our vision for smart cities positions FirstEnergy as a technologically advanced infrastructure provider who collaborates with partners to create connected, sustainable and thriving communities. On our way to realizing this vision, we’re focused on providing high-efficiency LED streetlighting, electric public transit, charging infrastructure and other sustainable solutions that reduce carbon emissions and bolster economic development across our service area.
Corporate social responsibility is a cornerstone of our mission.

We are driving the direction and implementation of our corporate social responsibility strategy at the highest levels of our organization, including our Corporate Governance and Corporate Responsibility Board Committee. At a fundamental level, we believe that meeting our financial and business commitments requires transparency and accountability on where we need to improve and how we’re going to succeed on key ESG topics. This includes operating in an environmentally responsible manner, electrifying our vehicle fleet, responsibly replacing our equipment, reducing waste from our operations and advocating for the availability of electric vehicle charging stations across our service area. It also includes strengthening our communities by supporting nonprofit organizations, providing economic development leadership and encouraging employee volunteer efforts.
Our vision is to fully embed ESG awareness and action into our company culture and develop initiatives that support the social and economic well-being of our communities, improve the environment, and empower our customers and employees to do the same. Setting goals and tracking our progress helps us be accountable to ourselves and others. Our Corporate Responsibility website will continue to inform stakeholders of our comprehensive ESG-related efforts to achieve sustainable performance.

Over the next several years, we will work to achieve these key corporate social responsibility objectives:

- Enable thriving communities by supporting transformative and sustainable initiatives that meet the distinct needs of the diverse populations in our service area
- Improve the environmental impact of our operations as we implement our new climate strategy and strive to create a sustainable energy future
- Increase transparency with stakeholders and drive accountability throughout the company

HELPING CUSTOMERS AND COMMUNITIES THRIVE

A key pillar of our mission is to make the communities we serve stronger. We’re doing this by fostering economic development and strengthening local organizations dedicated to serving those in need. As we look to the future, our goal is to help our communities by addressing their distinct environmental, economic, social, educational and cultural needs. That means improving our understanding of the different challenges our communities face and the goals they’re working toward. It also means ensuring our charitable contributions and community-focused efforts reflect those needs and goals. This increased focus on intentionality and targeted philanthropy will enhance our community involvement efforts and improve our ability to measure our impact.

We’re also dedicated to meeting the needs of our customer base. One of our key initiatives is to enhance our service to low-income customers. Over the next several years, we’ll work to streamline the process for applying for and receiving energy assistance, where possible. We also want to increase awareness of energy-efficiency programs for low-income customers and help them better understand the resources and funds available to them. These efforts will help empower our low-income customers to manage their energy bills.

$25B IN CUMULATIVE ECONOMIC IMPACT BY 2025

Our economic development efforts are dedicated to strengthening our communities. Creating new jobs improves living standards, boosts business confidence and provides for better public services. We are building on our strong economic development track record as we strive to create $25 billion in cumulative economic impact by 2025.

The FirstEnergy Foundation extends our corporate philosophy of providing community support. Our vision for our Foundation is to invest in transformative organizations that enhance the vitality, sustainability and diversity of the communities we serve. As part of our companywide focus on diversity and inclusion, the Foundation also supports organizations and initiatives that serve diverse populations and promote an inclusive and sustainable future. Over the next several years, we plan to increase charitable giving from FirstEnergy and the FirstEnergy Foundation to organizations with a diversity and inclusion focus or priorities that align with our commitment to corporate social responsibility.
Foundation investments support four priorities:

- Improving the quality of life in our communities and supporting key safety initiatives
- Empowering our communities’ workforce development and educational initiatives
- Supporting employee leadership and volunteer interests that align with our business interests
- Promoting local and regional economic development

Our employees share a strong commitment to supporting our communities. To bolster their philanthropic interests and efforts, we’ve created a comprehensive volunteer program that empowers employees to live our mission. Our volunteer time-off (VTO) policy offers employees 16 hours of paid time off annually to represent FirstEnergy and volunteer in their communities. In 2019, we expanded our volunteer program and established a recognition program to acknowledge employees for their dedication, including time spent during VTO or volunteer efforts outside of work. We also implemented a “power hours” program that provides financial contributions to nonprofit organizations based on employee volunteer hours. Now in its third year, the program continues to encourage employee volunteerism and ensure our giving reflects the community needs and organizations that matter to our employees. Over the next five years, we’ll focus on increasing employee participation in these volunteer policies and programs.

At FirstEnergy, we also encourage and expect our leadership to be active in the community and to serve on nonprofit boards. As part of our volunteer efforts, we will strive for 75% senior leadership participation on nonprofit boards and 25% executive team involvement on diverse or multicultural nonprofit boards by 2025.

**Making the Environment Better**

We are committed to improving the environment as we build a more climate-resilient electric system and support the transition to a carbon-neutral economy and prosperous future for our stakeholders. We have significantly reduced our exposure to coal and will continue to focus on emissions reductions and environmental enhancements across all segments of our business. For example, we recently launched a Responsible Replacement initiative, through which employees identify opportunities to modify our business practices and asset replacement strategies to be more environmentally responsible. As part of that effort, we are responsibly replacing our fossil fuel-based vehicles.

Beginning this year, FirstEnergy plans for 100% of new purchases for our light-duty and aerial truck fleet to be electric or hybrid vehicles, creating a path to 30% fleet electrification by 2030. This effort will eliminate more than 10,000 annual metric tons of GHG by 2030, which is the equivalent of CO₂ emissions from nearly 1,700 homes’ electricity use for one year.

Our Foundation is designed to help support the communities where we live and work. In 2020, two major events impacting our communities called us to action: the COVID-19 pandemic and the fight against racial injustice. At the onset of the pandemic, the FirstEnergy Foundation accelerated the infusion of $2 million into United Way agencies and food banks leading the COVID-19 pandemic response in the communities we serve. The pandemic required an urgent and strategic response from the philanthropic community, and fast-tracking funding to nonprofit organizations for operational and program support was one way the FirstEnergy Foundation could help. To support the fight against racial injustice and ongoing hardships due to the pandemic, we authorized an additional $7 million from FirstEnergy and our Foundation to support community organizations leading the way in this social justice effort. This decision was led by a diverse, cross-functional employee oversight committee and reflects our ongoing commitment to corporate social responsibility.
We believe climate change is among the most important issues of our time, and we’re committed to doing our part to ensure a bright and sustainable future for the communities we serve. We recently announced our climate position and strategy to better reflect our company’s transformation to a regulated electric utility and demonstrate our commitment to building a sustainable energy future. As part of our climate strategy, we pledge to achieve carbon neutrality by 2050, with an interim goal to reduce our companywide Scope 1 GHG emissions by 30% from our 2019 baseline by 2030. To achieve carbon neutrality, we will execute our fleet electrification plans, replace aging transmission equipment, implement operational flexibilities at our generating plants, and thoughtfully transition away from our regulated coal generation fleet by 2050.

Our climate strategy also comprises mitigating climate change risks and enabling our customers and communities to thrive in a carbon-neutral economy. As such, it is a major driver of our efforts to modernize our transmission and distribution systems, support widespread electrification and incorporate emerging smart technologies. Oversight, accountability and risk mitigation of our climate strategy occur at the highest levels of our company, where our Board of Directors, Corporate Governance and Corporate Responsibility Board Committee, executive-level steering committee and business unit leadership guide our efforts. Additionally, employees throughout the company participate in executing our climate strategy and play a key role in helping us to meet our objectives. To read more about our company’s climate story and access our climate position and strategy report, please visit https://fecorporateresponsibility.com/environment/our-climate-story/.

We will continue to focus on environmental stewardship. For instance, we’re targeting a 20% reduction in water consumption at our two coal plants by 2030. We’re also reducing our landfill waste through the reuse, refurbishment, resale and recycling of our operations equipment and supplies. At our Miles Service Center in Cleveland, our efforts to repair and refurbish materials such as scrap metals, wire, cable and transformers reduce landfill waste and mitigate our environmental impact. We are expanding our recycling efforts and evaluating opportunities to reduce our waste beyond the initiatives we implemented last year, such as removing all Styrofoam products from corporate offices and centralizing our waste receptacles, which helped employees recognize the amount of waste produced every day.

As we maintain and modernize our infrastructure to prepare the grid of the future, we are committed to implementing increasingly responsible transmission and distribution work practices that positively impact vegetation and wildlife. By 2025, we will create 225 acres of biodiverse pollinator habitats by planting seed mix in the transmission rights-of-way and company properties across our service area. We’ll also continue to implement integrated vegetation management practices on existing transmission corridors to promote biological and ecological diversity. In addition, we will further our participation in collaborative research studies with universities and industry organizations focused on increasingly sustainable integrated vegetation management practices that protect plant life, pollinators and wildlife and foster thriving, biodiverse habitats.
CORPORATE GOVERNANCE AND COMPLIANCE

We believe strong corporate governance practices and a commitment to corporate compliance, transparency and accountability are key to our success as a company. Our Board is ready to act when necessary, as evidenced by the decisive leadership changes and steps taken last year when an internal investigation revealed violations of certain company policies and the code of conduct by three senior executives, including the former CEO. In response to these findings, our Board is committed to making appropriate changes to our corporate compliance program and has established a compliance sub-committee of the Audit Committee to review and identify enhancements to the program.

As we move forward and work to meet our customers’ needs, we recognize the importance of furthering transparent, constructive dialogue and disclosures with our stakeholders. This productive engagement leads to a better understanding of complex matters, including ESG topics, and promotes better alignment in areas of interest to investors and the company. For example, our commitment to engagement and transparent dialogue spurred the completion of our ESG-focused materiality assessment and drove the adoption of leading governance practices, including proxy access and a majority voting standard in uncontested Director elections, as well as expanded responsibilities for the Corporate Governance and Corporate Responsibility Board Committee.

As we have demonstrated our commitment to meeting our financial and operational goals, we also have the opportunity to show our focus and increased transparency on ESG topics. Our goal is to communicate the company’s perspective on corporate compliance and governance, diversity and inclusion, and executive compensation, among other key issues. We have sharpened our focus on ESG matters in our quarterly reporting and plan to continue to do so for the foreseeable future, creating value through increased transparency.

A culture of accountability is essential to executing our corporate governance strategy, upholding our core values through a strong culture of ethics and integrity, and delivering on our ESG commitments. Every employee is accountable for acting consistently with our core values and behaviors. In 2020, we established an employee concerns website, as an extension of our hotline, to provide another avenue for open communication of ethics and compliance issues. In addition, we’re driving accountability with increased transparent communications and reporting, including through this strategic plan and our Corporate Responsibility website. Beginning this year, our Corporate Responsibility website will be updated semiannually to ensure that current and relevant information is included and available to our stakeholders.

Risk management is also key to effective corporate governance and particularly important as our industry continues to rapidly change. A formal, comprehensive Enterprise-Wide Risk Management (EWRM) program is in place to ensure FirstEnergy thoroughly addresses a variety of risks and opportunities that could impact our company, including those posed by climate change, industry technology, regulatory policy and customer preferences. The EWRM process and oversight of risk management is led by FirstEnergy leadership, the Board and the Board’s Audit and Finance Committees.
We are expanding the diversity of our team and creating an inclusive workplace where employees feel valued, motivated and empowered to drive FirstEnergy’s success.

Our focus on D&I also includes suppliers and contractors so we can better serve our customers, drive business unit success and create value for FirstEnergy and the communities we serve.

We strive to be the employer of choice in our service area, known for our diverse team, culture of inclusion and dedication to helping every employee reach their full potential. We recognize that our employees move our strategy, culture and company forward. That’s why we’re implementing robust initiatives to attract, develop, engage and retain a diverse, high-performing workforce and continuing to build an inclusive work environment.

Our comprehensive vision for FirstEnergy includes achieving goals in these core areas:

• Building a diverse, high-performing and innovative workforce that reflects the diversity in our service area
• Creating an inclusive environment of respect, appreciation and belonging for everyone
• Helping employees grow, develop and understand their role in executing our company’s strategy
ASSEMBLING A DIVERSE AND INCLUSIVE TEAM

We’re building a diverse team that more closely reflects the communities we serve. We establish annual goals to ensure a continued focus on attracting, developing and advancing a diverse team. These goals ensure focus across all categories of diversity, and we place emphasis where needed to achieve desired progress. **We aspire to create a more diverse workforce by achieving our current goal of a 30% increase in the number of racially and ethnically diverse employees both companywide and at the supervisor-and-above leadership level by 2025.**

These aspirational goals are bold, yet we believe, with continued enhancements to our processes and our focus on inclusion, they are achievable. To make progress, we’re enhancing our recruiting strategy as well as our hiring and interviewing processes. Key changes include launching a FirstEnergy Ambassador network to further build relationships with colleges, universities and educational organizations; increasing our investment and involvement with historically Black colleges and universities; using external partners to source talent for higher level and niche positions; and providing leadership and management training around our hiring philosophy.

As we build a workforce that better reflects our communities and customers, we’re ensuring our hiring process is inclusive, leads us to identify the best candidates, and helps us form diverse, innovative teams. We recognize that strong technical skills are just one part of what makes a qualified candidate. We continue to ensure our job descriptions align with the true and necessary qualifications and requirements of the position and contain inclusive language that will attract and yield the best possible pool of applicants. In addition, job candidates are evaluated by a diverse panel of interviewers who incorporate behavior-based questions that look beyond technical capability. We need to understand a candidate’s perspective on diversity and inclusion, as well as their eagerness and ability to learn, be part of a team and bring curiosity and innovation to the workplace. We have trained hiring champions within each area of our business to guide the interview panels, ensure an equitable approach throughout the process and help the panel align around the best candidate for the position.

We also remain focused on developing our talent internally so that employees have the opportunity to learn, grow and advance. We have a robust succession planning process for our manager-and-above positions, and our D&I KPI targets include increasing diverse representation in our leadership succession plans.

We’ve expanded our Executive D&I Council membership by adding employees who represent greater racial and ethnic diversity – including members from our Employee Business Resource Groups (EBRGs) – as well as more of our geographic footprint. New members also represent broader levels of leadership beyond just senior management. The 17-member Executive D&I Council provides corporate oversight of D&I strategy and initiatives and encourages companywide progress and accountability.

Our commitment to diversity and inclusion extends to our Board of Directors. We believe it’s in our stakeholders’ best interest to have a diverse Board of Directors representing a
wider breadth of experiences and perspectives. To support this, our Board has enacted a policy requiring a diverse slate of candidates for director positions, along with a goal to maintain a Board composition of at least 30% diverse members. Currently, the Board comprises 40% diverse members.

We also are focused on building a diverse supply chain, which is essential to providing value to our customers and strengthening the economic health of communities across our service area. **To that end, we commit to achieving 20% of our supply chain spend with diverse suppliers by 2025.** In addition, as an extension of our commitment to promote diversity at every level of our company, we are expanding the principles of our Supplier Diversity Program to all third-party spend at FirstEnergy, including our external legal counsel and consulting partners.

To track our progress in building a diverse and inclusive workplace, we have included a D&I Index since 2018 in our annual incentive compensation program for managers and above. This increases leadership accountability for efforts to enhance our culture and expand the diversity of our leadership pipeline. Studies show only a small number of large companies have tied executive compensation to goals for the hiring and promotion of workers from underrepresented groups. In fact, compensation consulting firm Pearl Meyer’s recent analysis of public pay disclosures illustrates that FirstEnergy is one of just 78 companies out of roughly 3,000 surveyed that determine some portion of their chief executives’ pay based on fulfilling diversity goals.

**BUILDING A CULTURE OF INCLUSION**

We’re building a culture where we truly embrace differences, give a voice to every employee, and treat everyone with dignity and respect.

To drive this culture change and create an inclusive environment that motivates employees to contribute to the company’s success, we are focused on the following objectives:

- Foster trust across the organization through leaders who consistently demonstrate our core values and behaviors — in their words and actions
- Actively engage employees to encourage their ownership of and involvement in creating an inclusive environment
- Encourage and facilitate conversations that are open and honest, even when doing so is difficult

Leaders play a key role in creating an inclusive environment where all employees have a sense of belonging and feel their thoughts and opinions are valued. To achieve this, leaders must not only live our core values and behaviors, but also develop a safe space so employees can have open, honest dialogue, share feelings and experiences, and even get support about difficult issues, such as racial inequality and social injustice. To support leaders in having challenging conversations, we partnered with a leading diversity, equity and inclusion firm, The Winters Group, to facilitate learning and dialogue sessions called **Bold, Inclusive Conversations: Addressing Race and Racism in the Workplace.** Over 600 leaders attended these sessions, which were designed to provide education about the history of racism and build the knowledge and skills required to hold courageous conversations with employees and become allies.

Our EBRGs also play an important role in building workplace inclusion. They serve many diverse employee populations, including veterans, people of color, women, individuals with disabilities, caregivers and those who identify as LGBTQIA. They provide support, networking opportunities, and career and personal development resources to more than 1,800 members. Our EBRGs will continue to support our efforts to build a more inclusive work environment by strengthening our recruitment efforts and improving employee engagement and retention.

Following recent highly visible acts of racism in our country, our Mosaic EBRG, which serves our employees of color, and HR staff partnered to host a series of moderated sessions where employees could safely share their thoughts, feelings and experiences regarding racial inequity and social injustice. These “Speak Up” forums were rooted in the belief that we need to talk about race, racial bias and inequality in order to better understand each other and effectively cultivate a more equitable work environment.

Over 2,000 employees, including members of our senior leadership team, participated in these sessions. We will continue to encourage our employees to engage in meaningful, candid conversations about diversity, inclusion and equity issues and use their voices and actions to enact positive change. As we move forward, our EBRGs will continue to lead us in these important companywide conversations and help drive our company’s culture change.
Employee engagement is key to the success of our inclusion efforts, and we will continue to seek employee perspectives and input. Among other efforts, our annual D&I Employee Survey helps drive our initiatives and measure our progress in achieving our inclusion objectives.

DEVELOPING ENGAGED, HIGH-PERFORMING EMPLOYEES

We have spent the past several years educating our workforce and bringing greater transparency to our robust talent management processes. Employees are empowered to take ownership of their careers with increased openness into our internal and external hiring process and greater availability of tools and processes that support career management, talent reviews, succession planning and leadership selection. Additionally, we equip and encourage leaders and employees to have meaningful career conversations, build trust and create a more inclusive workplace.

We remain committed to preparing our high-performing workforce for the future and helping employees reach their full potential. That means developing their skills and competencies and preparing our emerging and experienced leaders for future management responsibilities. We also believe understanding our rapidly changing industry and our company strategy is key to employees’ ability to support our mission and meet our customers’ evolving needs. In 2020, we launched FE University as an initiative to brand and create synergy among FirstEnergy’s many employee development and training initiatives. Some of our development programs include:

- **Mentoring Program** – In 2020, we expanded our pilot mentoring program companywide so that all employees could benefit from having a mentor or being a mentor. Our mentoring program enhances learning, teamwork and collaboration throughout FirstEnergy. It cultivates an environment for professional growth and encourages leaders and employees at all levels to guide and prepare colleagues. It will help us develop and retain top talent, increase job satisfaction for mentees and mentors, and facilitate skills- and knowledge-sharing across the company.

- **Discover FE** – Our Discover FE program is designed to broaden and deepen employees’ knowledge of the electric utility industry and our company. Once the curriculum is fully developed, this program will provide a more complete picture of our complex industry, strategy and operations, showing employees how the different areas of our company fit together and helping them better understand where we are headed. Through the “day in the life” aspect of the program, employees will also see various company roles in action. Discover FE will enable employees from every organizational level to align on the same goals and see how the work they do contributes to our collective success – key components of teamwork and workplace inclusion.

- **Employee Education and Certification** – We support our employees in pursuing degrees and certifications that will help them advance their careers and enhance their contributions to FirstEnergy. For example, we assist all regular, full-time employees, including union members, with the costs of satisfactorily completed courses of study directly related to our business. In addition, our new Educate to Elevate program assists Akron-area customer service employees in pursuing associate and bachelor’s degrees. Notably, the program makes it easier for employees to attend courses by bringing instructors from local colleges and universities directly to them at our facilities. If successful, we will evaluate opportunities to expand this program to other parts of the company.

- **Experienced Leader Program** – Piloted in 2020, this program provides experienced directors and managers an opportunity to further their development by learning more about leading themselves, leading the team and leading the organization. Delivered through a series of in-person and virtual sessions spread over six months, this program equips our leadership with the right tools to coach and support their teams and ultimately drive FirstEnergy’s success.

- **Power Systems Institute** – We’re focused on increasing the diversity of candidates in our Power Systems Institute (PSI), an award-winning program for recruiting and developing the next generation of highly trained, dedicated and motivated line and substation workers. Since the PSI program’s inception, we have hired more than 2,000 graduates across our service territory. Over the next several years, we plan to enhance our PSI recruitment efforts by building and expanding partnerships with diverse community organizations in each of our service areas. We believe this strategy will enable us to increase the diversity of the pool of candidates for our program.
We are one team, working together to achieve the best results. We build collaborative and respectful relationships across FirstEnergy and with our stakeholders.

We value two-way communication and engage with others by actively listening, withholding judgment and making a conscious effort to understand.

We perform best as a team when we have a specific, clear challenge in front of us – whether it is service restoration following severe weather, protecting the health and safety of our employees during the COVID-19 pandemic, or meeting the needs of a more diverse workforce. From our internal organizations to our partnerships with stakeholders, we recognize that we can achieve positive outcomes when we trust and value each other’s perspectives and work collaboratively toward a common goal.

Teamwork also is an essential part of our industry’s service restoration process following severe storms or natural disasters. When extreme weather events occur, crews from across our six-state service area and the industry’s mutual assistance network – a voluntary partnership of electric companies from across the country – help restore power to our customers quickly and safely. Our neighboring utilities help us, and we help them, as the need arises.
We are building a culture that leverages teamwork to create thoughtful, innovative solutions that bring greater value to our customers. This means helping employees understand FirstEnergy’s strategy and work to build a more inclusive and collaborative culture. By breaking down silos and bringing together diverse perspectives, employees and teams from across the company can work more seamlessly to develop a project or achieve a goal. Through our annual D&I Employee Survey, we measure our progress in achieving our inclusion objectives. **We strive for year-over-year improvement in our survey’s inclusion index, which measures employee perceptions of our efforts to create a diverse and inclusive work environment.**

At the same time, we are maintaining an open dialogue with customers, shareholders, regulators, policymakers and community members to ensure we understand and address their concerns and interests.

Based on results from our annual employee survey, our internal focus on fostering teamwork includes:

- **Building Trust** – The critical nature of our business – delivering energy that’s essential to our customers’ everyday lives – unites our employees around an important goal. We are building on that unifying foundation by developing trust across the organization. In 2020, ethics violations by certain former senior executives jeopardized the trust that had existed between employees and leaders. Refocusing on our core behaviors and improving communications across our company is key to rebuilding trust between employees and leaders, improving teamwork and moving FirstEnergy forward.

- **Connecting Employees** – We’re ensuring that our senior leadership engages more regularly with our employee base through efforts such as Transformation Talks. These brief presentations from senior company leaders on key strategic commitments help employees connect their role to the bigger picture. These talks also promote employees’ alignment with our company’s strategic initiatives and highlight that every role is needed at FirstEnergy to execute our strategy.

  - **Appreciating the Individual** – We’re evolving as a more team-focused organization that values constructive communication and input from all employees, all the time. We appreciate diversity and welcome the unique talents that each person brings to the team to produce positive results. Recent feedback in our annual D&I Employee Survey indicated that employee appreciation and recognition was an area in which we could improve as a company. As a result, we’re developing a greater focus on employee appreciation and creating more opportunities for recognition. Initiatives that target improvement in these areas will be implemented over the next couple years.

Through the execution of our Business Continuity Management Plans, we demonstrated our ability to effectively work as one team and at full operational capacity during the COVID-19 pandemic. We successfully transitioned over 7,000 employees – more than half of our workforce – to work from home by adjusting our work arrangements and implementing new technologies. Over the course of a couple months, we experienced a transformation in how we communicate and collaborate that otherwise may have taken several years to occur. For our essential utility employees unable to work remotely, we implemented preventive measures recommended by the Centers for Disease Control and Prevention and other medical experts to keep them safe on the job. We relocated job briefs and reporting locations to sites conducive to social distancing and established smaller work groups, or “pods,” to limit employees’ potential exposure to the virus. We learned a great deal about working together more safely and effectively and plan to adopt many of these work modifications as part of our ongoing utility operations.

**YEAR-OVER-YEAR IMPROVEMENT**

**D&I SURVEY INCLUSION INDEX**
• **Engaging Employees in our Mission** – We demonstrate teamwork by living our mission and working together to build the FirstEnergy we want to become. Focused on our future, we’re bringing together diverse perspectives from across the company and leveraging our strategic planning process and innovation engineering techniques to develop forward-thinking initiatives. For example, our Corporate Responsibility Taskforce and Green Teams are two collaborative groups focused on engaging employees in the development and execution of our corporate social responsibility initiatives and objectives.

Externally, we are:

• **Building Relationships** – We engage with a wide range of stakeholders to inform our company strategies, programs and policies on a number of issues. Trust is key to maintaining strong relationships with all our stakeholders. As we work to rebuild our company’s reputation in the wake of the findings from our internal investigation, we are increasing transparency in an effort to regain the confidence of our external stakeholders and re-establish trust.

• **Advocating for Customers** – We work with federal, state and local governments to ensure regulatory decisions support high-value service for our customers and reasonable returns for our company. As our industry evolves, our External Affairs teams continue to advocate for laws and regulations that support customer-centric investments in infrastructure, reliable and resilient service, and utility investment and ownership in emerging technologies. There can be no regulatory, legislative or other issues that exceed our commitment to act ethically and with integrity in all our External Affairs efforts.

• **Expanding Partnerships** – We are expanding and strengthening our partnerships with economic development organizations, working closely with our communities to understand development needs and opportunities, and more effectively engaging our customers as they make important business expansion decisions.

• **Supporting Research** – As our industry and customers evolve, we’re funding and participating in research conducted by forward-thinking industry and research organizations to strengthen our understanding of emerging technologies, raise our awareness of promising industry innovations and guide our modernization efforts.
Safety is an unwavering core value at the foundation of our company and a vital component of our strategic plan.

We strive to provide a workplace that’s incident-free for our employees, while promoting and supporting the safety of those who may work or come near our lines and equipment, including our customers, contractors and members of the public.

As part of our recent safety transformation, we continue to shift our focus from achieving low OSHA rates to proactively identifying and mitigating life-changing event (LCE) exposure. This shift will strengthen our safety-first culture by aligning utility leadership around the same goal and driving safer decisions from an engaged workforce who puts safety first. We continue to include safety metrics in our annual incentive compensation program to reinforce that a safe work environment is crucial to our success.

Our employees’ well-being is at the center of our safety commitment. We are taking a well-informed, decisive and measured response to the COVID-19 pandemic, as recommended by medical experts, to protect the health and
SAFETY

29

safety of our employees and the public, while also providing the power our customers rely on every day. We’ve transitioned more than half our employees to work from home and implemented pandemic safety protocols for our essential workers in the field. We continue to implement state health directives as they emerge and adjust our procedures as needed to limit the spread of this virus.

We remain focused on the continued improvement of our safety-first culture across FirstEnergy. This begins with a willingness to do things differently, look at safety through a new lens and work together to strengthen our safety mindset.

PROTECTING PEOPLE

As we look to the future, our goal is to reduce employees’ exposure to potentially life-changing events in the workplace by working together to proactively identify hazards and develop effective mitigation strategies.

We recognize leadership’s key role in reaching this safety goal and helping keep employees safe. To solidify critical leadership behaviors and accountability at all levels, we incorporated a leadership diagnostic instrument that provides a 360-degree feedback assessment and formed personal safety action plans for all Utility and Fleet Operations leadership. We also provided LCE critical control workshops and field coaching for Utility Operations managers and supervisors, as well as awareness training for our field leaders. These workshops and trainings will help us work toward our vision for safety leadership.

We have updated our compensable safety KPIs to correspond with our safety transformation efforts. While the OSHA recordable rate remains an important measure of our safety performance, we removed this KPI from our annual Short-Term Incentive Program because it is a more reactive measure when our focus is on proactively identifying and reducing exposure. Instead, our compensable Safety KPIs now include LCEs and our Days Away/Restricted or Transferred (DART) rate. To further support this shift in focus, we will continue to improve safety communication; build trusting relationships with each other, contractors and the public; increase safety awareness and hazard recognition; and focus on fundamental personal safety training, tools and education.

We recognize that we cannot reach our safety goal by working in isolation. We are pursuing partnerships with other leaders in the industry and collaborating with utility peers and security experts, all in an effort to align best practices and advance our research of technologies that can enhance our safety performance and protect our employees. For example, over the next several years, we’ll be increasing our use of drones and other robotic devices for inspections, which aligns with our goal to reduce employees’ exposure to potentially LCEs.

We are developing a comprehensive third-party contractor safety program that will strengthen our partnerships with our contractors and align our safety efforts. Our vision is to collaborate with our contractors and share information and best practices on reducing exposure, eliminating events and pursuing excellence in safety and human performance. We are also developing a proactive public safety outreach program focused on eliminating events for any member of the public who may come near FirstEnergy lines and equipment. As part of this program, we recently unveiled our new Stop.Look.Live communications campaign aimed at teaching the public how to stay safe...
around electricity. We also plan to launch a new fleet of electrical safety trailers designed to educate first responders about the potential dangers of energized electrical facilities.

We’re widening our mindset beyond physical safety to include employees’ overall health and well-being. For many years, we have helped our employees make their health a priority through our robust HealthyLiving wellness program. Recently, we’ve also made extensive resources available to help employees and their families approach their mental health as actively as their physical health. As part of our continued effort to support the well-being of our employees and their families and improve work-life balance, we enhanced several time-off policies. Effective this year, we have added Martin Luther King Jr. Day and Veterans Day to our holidays, which also supports our D&I initiatives. In addition, we are enhancing our Family Care Leave program, which provides paid parental leave for births, adoptions and foster care placements as well as leave for employees to care for a family member with a serious health condition. These adjustments are meant to support our employees’ work-life balance needs and reduce the stress that can often accompany these circumstances.

Our path forward depends on transforming our approach to health and safety. We will accomplish this by controlling our exposure to safety hazards and helping the public do the same, enhancing our safety communication and partnerships, and supporting the overall health and well-being of our employees and their families.

**PROTECTING OUR ASSETS**

As physical threats and vulnerabilities such as extreme weather become increasingly common, we are working to harden our grid defenses and protect our systems. Through our transmission and distribution modernization efforts, we’re enhancing the resiliency of our utility infrastructure. In addition, we continue to evaluate physical security measures at company locations to ensure the safety of our employees.

We recognize that threats to critical energy infrastructure could jeopardize public safety and potentially leave millions of customers without electricity. As cyber-attacks increase in number and sophistication, we’re proactively identifying and mitigating cybersecurity threats – not simply reacting to them.

As part of our cybersecurity efforts, we are:

- Deploying devices that provide physical and electronic protections, logging and monitoring
- Increasing the use of data analytics to help predict, prepare for and mitigate threats
- Implementing third-party tests that use “friendly” hackers to attack our network so we can validate our technical cybersecurity control effectiveness and address any deficiencies we identify
- Enhancing the security and reliability of our transmission-related cyber assets by deploying Critical Infrastructure Protection (CIP) standards and planning an on-site CIP audit of our utility operations to demonstrate our compliance
- Conducting an independent assessment of every aspect of our cybersecurity program to identify improvements and update our cybersecurity roadmap

We will continue our successful physical and cybersecurity efforts by staying engaged, conducting predictive analyses to proactively mitigate threats, and continually testing and hardening our security defenses.
We strive to achieve operational excellence while delivering strong, stable and predictable earnings and cash flows and meeting our financial commitments to our stakeholders - in a way that stays true to our core values.

Our performance drives our ability to support all facets of our strategic plan and defines how we are perceived by our shareholders, customers, employees, regulators and communities.

We are driving sustainable, regulated earnings growth by investing in energy infrastructure and innovative projects that enhance service for our customers and provide long-term value to investors. In addition, we seek the appropriate, timely recovery of our grid investments that, in turn, helps support our ability to meet our financial commitments to stakeholders.

As a result of the ongoing government investigations, we’re implementing a comprehensive plan to support near-term financial resiliency and flexibility to counter a range of uncertainties. These plans include potential reductions to our capital expenditure programs and, if necessary, to our operating expenses.
In late 2020, the Board declared a quarterly dividend of $0.39 cents per share ($1.56 per share on an annualized basis). This is consistent with FirstEnergy’s targeted payout ratio of 55% to 65% of operating earnings, and our dividend policy, which seeks to offer attractive shareholder returns and support continued investments in our strategic initiatives. The Board will continue to base decisions regarding future dividend payments on our earnings growth, cash flows, credit metrics and other business conditions, including the Department of Justice and Securities and Exchange Commission investigations.

MEETING OUR FINANCIAL COMMITMENTS TO INVESTORS

We remain committed to our strong financial performance. In addition to providing operational benefits, our customer-focused strategies are producing solid financial results, including a five-year track record of consistently meeting or exceeding the guidance we provide to investors.

We have abundant opportunities for investments in our 10 utility operating companies and vast regulated transmission network. We also continue to seek the full and timely recovery of investments that benefit our customers and help us meet our growth targets and financial commitments to stakeholders. With planned annual capital investments of approximately $3 billion for the foreseeable future, we’re expanding the scale and scope of our regulated operations to achieve long-term, customer-focused growth. These projects, as detailed in the Customers and Innovation sections of this plan, align with the evolving needs of our customers and communities and provide the foundation for emerging technologies. In addition to capital investments, our future growth projections will continue to reflect shifting customer trends and other variables in our rapidly evolving business.

FOCUSBING ON OUR KEY CREDIT RATING METRICS

As we look to the future, we continue to focus on improving our credit ratings at FirstEnergy to investment-grade as quickly as possible and maintaining the strong credit metrics we have at our utilities. We’ll do this by steadily improving our funds from operations (FFO) to debt ratio. To achieve this improvement in the FFO to debt metric, we intend to focus on improving cash flow generated from operations as we implement our service reliability programs.

In addition, we are committed to improving our pension funding status over time. Although there are always risks related to the future performance of our pension, recent performance has been strong, primarily as a result of our conservative investment strategy. Improving our pension funding status not only enhances our balance sheet and credit metrics; it’s also the right thing to do for our employees and retirees.
Our strategic plan is the result of collaboration between our Executive Council members, who stand together as they lead our company and set our strategic direction. With this update, we envision our path forward in an evolving electric utility industry. As we look to the future and strive to be more innovative, diverse and sustainable, we are guided by our mission statement, core values and behaviors, and commitment to always put customers at the center of everything we do.

Our strategic initiatives will position us to meet the challenges ahead and capitalize on opportunities resulting from shifting customer expectations, emerging technologies and a changing energy mix. In addition, our updated strategic plan will serve as a roadmap, outlining important milestones to track our progress toward achieving our forward-looking commitments. We are motivated by our ambitious goals and eager to make significant strides toward our vision for FirstEnergy.

We will continue to support and invest in our diverse, high-performing workforce as we build on our progress in the years to come. We’ll also continue to engage with customers, investors, regulators and other stakeholders as we consider future risks and opportunities.

We look forward to continuing this engagement and presenting updates on this strategic plan as part of our commitment to meeting the future energy needs of our customers and building shareholder value.
FORWARD-LOOKING STATEMENTS: This Strategic Plan includes forward-looking statements based on information currently available to management. Such statements are subject to certain risks and uncertainties and readers are cautioned not to place undue reliance on these forward-looking statements. These statements include declarations regarding management’s intents, beliefs and current expectations. These statements typically contain, but are not limited to, the terms “anticipate,” “potential,” “expect,” “forecast,” “target,” “will,” “intend,” “believe,” “project,” “estimate,” “plan” and similar words. Forward-looking statements involve estimates, assumptions, known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements, which may include the following: the results of our ongoing internal investigation and evaluation of our controls framework, the extent and duration of COVID-19 and the impacts to our business, operations and financial condition resulting from the outbreak of COVID-19 including, but not limited to, disruption of businesses in our territories, volatile capital and credit markets, legislative and regulatory actions, the effectiveness of our pandemic and business continuity plans, the precautionary measures we are taking on behalf of our customers, contractors and employees, our customers’ ability to make their utility payment and the potential for supply-chain disruptions; the risks and uncertainties associated with government investigations regarding Ohio House Bill 6 and related matters including potential adverse impacts on federal or state regulatory matters including, but not limited to, matters relating to rates; the risks and uncertainties associated with litigation, arbitration, mediation and similar proceedings; legislative and regulatory developments, including, but not limited to, matters related to rates, compliance and enforcement activity; mitigating exposure for remedial activities associated with retired and formerly owned electric generation assets; the ability to accomplish or realize anticipated benefits from strategic and financial goals, including, but not limited to, executing our transmission and distribution investment plans, controlling costs, improving our credit metrics, strengthening our balance sheet and growing earnings and maintaining financial flexibility; economic and weather conditions affecting future operating results, such as a recession, significant weather events and other natural disasters, and associated regulatory events or actions in response to such conditions; changes in assumptions regarding economic conditions within our territories, the reliability of our transmission and distribution system, or the availability of capital or other resources supporting identified transmission and distribution investment opportunities; changes in customers’ demand for power, including, but not limited to, the impact of climate change or energy efficiency and peak demand reduction mandates; changes in national and regional economic conditions affecting us and/or our major industrial and commercial customers or others with which we do business; the risks associated with cyber-attacks and other disruptions to our information technology system, which may compromise our operations, and data security breaches of sensitive data, intellectual property and proprietary or personally identifiable information; the ability to comply with applicable reliability standards and energy efficiency and peak demand reduction mandates; changes to environmental laws and regulations, including, but not limited to, those related to climate change; changing market conditions affecting the measurement of certain liabilities and the value of assets held in our pension trusts and other trust funds, or causing us to make contributions sooner, or in amounts that are larger, than currently anticipated; labor disruptions by our unionized workforce; changes to significant accounting policies; any changes in tax laws or regulations, or adverse tax audit results or rulings; the ability to access the public securities and other capital and credit markets in accordance with our financial plans, the cost of such capital and overall condition of the capital and credit markets affecting us, including the increasing number of financial institutions evaluating the impact of climate change on their investment decisions; actions that may be taken by credit rating agencies that could negatively affect either our access to or terms of financing or our financial condition and liquidity; and the risks and other factors discussed from time to time in our SEC filings. Dividends declared from time to time on FirstEnergy Corp.’s common stock during any period may in the aggregate vary from prior periods due to circumstances considered by FirstEnergy Corp.’s Board of Directors at the time of the actual declarations. A security rating is not a recommendation to buy or hold securities and is subject to revision or withdrawal at any time by the assigning rating agency. Each rating should be evaluated independently of any other rating. The foregoing factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements and risks that are included in our filings with the SEC, including but not limited to the most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. The foregoing review of factors also should not be construed as exhaustive. New factors emerge from time to time, and it is not possible for management to predict all such factors, nor assess the impact of any such factor on FirstEnergy Corp.’s business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statements. FirstEnergy expressly disclaims any current intention to update or revise, except as required by law, any forward-looking statements contained herein as a result of new information, future events or otherwise.