# Madison Gas and Electric's (MGE) Edison Electric Institute's (EEI) and American Gas Association's (AGA) **ESG/Sustainability Qualitative Template**

MGE generates and distributes electricity to 163,000 customers in Dane County, Wis., and purchases and distributes natural gas to 176,000 customers in seven south-central and western Wisconsin counties. MGE's parent company is MGE Energy, Inc.

*In summer 2024, MGE's 6-megawatt Tyto Solar facility in Fitchburg, Wis., began hosting grazing sheep for the growing season. The practice, known as agrivoltaics, offers sustainable vegetation management of grass and brush in and around the site's solar panels. "Solar grazing" keeps the grasses and brush from shading the solar panels, which avoids drops in efficiency. The grazing also avoids fossil fuel use associated with mowing.*

*This report includes forward-looking statements and estimates of future performance that may differ from actual results because of uncertainties and risks encountered in day-to-day business.*
*Parts of this template were updated in April 2025.*

# Our ESG Commitments

## Environmental and Sustainability Policy

MGE recognizes its responsibility to preserve and protect the environment while serving our communities with safe, reliable, affordable and sustainable energy. Our Environmental and Sustainability Policy is available at *mgeenergy.com/environment.*

## Advancing sustainability

**Net-Zero** methane emissions from our natural gas distribution system by 2035

Coal as a backup fuel at Elm Road Generating Station by end of 2030
**Zero** ownership of coal by end of 2032

**> $1 billion** in clean energy investment estimated through 2028*

**100%** all-electric or plug-in hybrid light-duty MGE fleet vehicles by 2030

**Since 2015*

## Targeting carbon emissions

| | |
|---|---|
| **2005** | Baseline Year |
| **2019** | Announced Net-Zero Carbon Electricity Goal |
| **2022** | Achieved **~40%** Reduction |
| **2030** | Targeting **~80%** Reduction |
| **2050** | Targeting **Net-Zero** Carbon Electricity |

*Our net-zero goal includes our fossil-fueled electric generation facilities (Scope 1) and purchased power for resale (Scope 3).*

## Occupational Health and Safety Policy

MGE's Occupational Health and Safety Policy recognizes the risks inherent to occupational health and safety and embraces safe work practices and environments as fundamental values at MGE. MGE's Occupational Health and Safety Policy is available at *mgeenergy.com/social*.

## Statement on Human Rights

Consistent with our Statement on Human Rights, MGE recognizes its impact on human rights and embraces the protection of human rights as a fundamental value.

## Our Values

From safety and operational excellence to sustainability and workplace culture, we are driven by our values in how we serve, partner and engage with our employees, customers and communities. To serve as your community energy company is to embrace our mission, values and vision for working toward a better future for all those we serve.

Learn more at *mge.com/values.*

# Decarbonization goals and strategies

Carbon is our target. MGE is working to achieve deep decarbonization, consistent with global climate science, as quickly, responsibly and cost-effectively as we can. As MGE decarbonizes the electric grid—transitioning our energy supply mix to greater use of renewables—energy efficiency and electrification by our customers become more powerful in reducing carbon emissions.

## Carbon reduction goals consistent with climate science

In May 2019, we announced a goal of net-zero carbon electricity by the year 2050. MGE was one of the first utilities in the nation to commit to net-zero carbon electricity by mid-century. This target is based on global climate science and is consistent with the work of the Intergovernmental Panel on Climate Change (IPCC) and its assessment of limiting global temperature increases to 1.5 degrees Celsius. MGE continues to follow the latest climate science as we work toward carbon reduction targets consistent with the science.

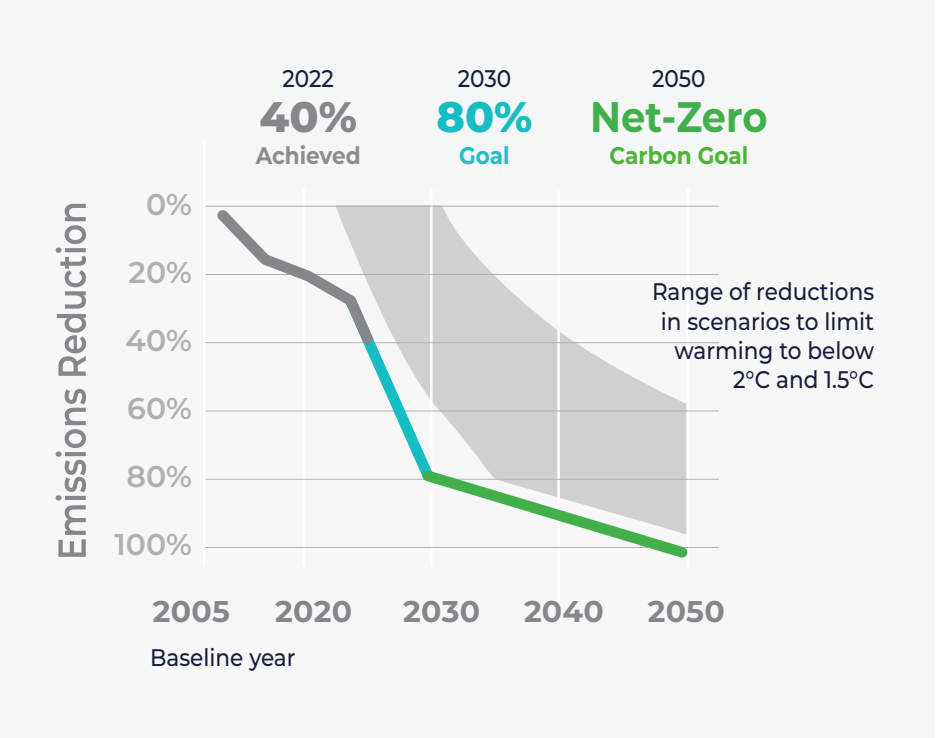
In January 2022, we built on previously set carbon emissions goals for 2030, announcing our goal to reduce carbon at least 80% by 2030 from 2005 levels as we work toward achieving net-zero carbon electricity. This goal surpassed MGE's previous expectation to reduce carbon emissions at least 65% by 2030.

Under our commitment to carbon reductions, by 2030, we expect to deliver electricity with 80% fewer carbon emissions to MGE customers. Similarly, by 2050, we expect to deliver net-zero carbon electricity. We have said since establishing our carbon reduction goals that if we can go further faster by working with our customers, we will.

## Progress toward our carbon reduction goals

With more than one billion dollars in investment in clean energy expected from 2015 through 2028, renewable energy will play a significant role in helping to achieve our goals of at least an 80% reduction in carbon by 2030 from 2005 levels and net-zero carbon electricity by 2050. As of year-end 2023, MGE has reduced carbon emissions by about 40% since 2005, our baseline.

## MGE's carbon goals align with scenarios limiting global warming to 1.5°C and 2°C




## Growing our use of clean energy

From year to year, the sources used to serve our customers vary in percentage based on how much the sun shines, how much the wind blows and other energy market conditions. In 2023, renewable energy accounted for about 20% of MGE's overall generation mix serving customers.

MGE expects to achieve our goal under our Energy 2030 framework of 25% renewable energy by 2025. We continue to evaluate potential new wind and solar sites beyond what is currently planned.

## Recent clean energy projects

- **Morey Field Solar:** Expanding our highly successful community solar program, Shared Solar, with a 6-megawatt (MW) solar array at the Middleton Municipal Airport in Middleton. Three and one-half MW from the array serve Shared Solar. Two and one-half MW serve the Middleton-Cross Plains Area School District and the City of Middleton under MGE's Renewable Energy Rider program. The array came online in 2020.
- **Two Creeks Solar:** Purchasing 50 MW of solar capacity from the 150-MW Two Creeks Solar project, which came online in fall 2020. Two Creeks Solar was the first large-scale solar project to be built in Wisconsin.
- **Dane County Airport Solar:** Partnering with Dane County to build a 10-MW solar installation at the Dane County Regional Airport in Madison, which came online in late 2020 to serve Dane County operations.
- **O'Brien Solar Fields:** Bringing online in spring 2021 the 22-MW project in Fitchburg, Wis. The array serves the University of Wisconsin-Madison, State of Wisconsin Department of Administration, several local companies and the City of Fitchburg through our innovative Renewable Energy Rider program.
- **Badger Hollow Solar Farm:** Purchasing 100 MW of solar capacity from the 300-MW solar facility in Iowa County, Wis. Badger Hollow Phase I came online in late 2021 and Badger Hollow Phase II came online in late 2023.
- **Hermsdorf Solar Fields:** Partnering with the City of Madison and the Madison Metropolitan School District to build the 8-MW Hermsdorf Solar Fields in Madison, which came online in spring 2022.
- **Red Barn Wind Farm:** Purchasing 9.16 MW of wind capacity from the 92-MW wind farm in southwest Wisconsin. The wind farm came online in early 2023.
- **Tyto Solar:** Constructing the 6-MW Tyto Solar project in Fitchburg, Wis., which came online in early 2024.

## Upcoming clean energy projects

- **Paris Solar-Battery Park:** Purchasing 20 MW of solar capacity and 11 MW of battery storage from the 200-MW solar project in southeast Wisconsin. The solar array is expected online in 2024 and the battery storage system is expected online in 2025.
- **Strix Solar:** Constructing a 6-MW solar array in Fitchburg, Wis., which is expected online in 2024. One-third of Strix Solar will serve our proposed Shared Solar II community solar program if the program is approved by State regulators. The remaining capacity will serve all MGE electric customers.
- **Darien Solar Energy Center:** Purchasing 25 MW of solar capacity and 7.5 MW of battery storage from the 250-MW Darien Solar Energy Center in southeast Wisconsin. The solar array is expected online in 2025. The battery storage is expected online in 2026.
- **Koshkonong Solar Energy Center:** Purchasing 30 MW of solar capacity and 16.5 MW of battery storage from the 300-MW solar project in Dane County. The solar array is expected online in 2026. The battery storage is expected online in 2027.

## Clean energy projects pending regulatory approval

- **Sunnyside Solar Energy Center:** 20 MW of solar capacity (2026); 40 MW of battery storage (2027)
- **Badger Hollow Wind Farm:** 11.2 MW of wind capacity (2027)
- **Columbia Energy Storage Project:** 18-MW/180-megawatt-hour long-duration energy storage; MGE to own 19% of the facility (2027)
- **High Noon Solar Energy Center:** 30 MW of solar capacity (2027); 16.5 MW of battery storage (2027)
- **Ursa Solar:** 20 MW of solar capacity (2027)
- **Whitetail Wind Farm:** 6.7 MW of wind capacity (2027)
- **Dawn Harvest Solar:** 15 MW of solar capacity (2028)
- **Good Oak Solar:** 9.8 MW of solar capacity (2028)
- **Gristmill Solar:** 6.7 MW of solar capacity (2028)
- **Saratoga Solar:** 15 MW of solar capacity (2028); 5 MW of battery storage (2028)

## Clean energy customer programs

### Shared Solar

MGE's original community solar program, Shared Solar, gives residential and small business customers the option to power their household or business with locally generated solar energy for up to half of their annual energy use. It's an affordable option for customers who want to support local solar.

The voluntary program began in early 2017 with a 500-kilowatt array on the roof of the City of Middleton's Municipal Operations Center. In 2020, the Morey Field Solar project at the Middleton Municipal Airport came online.

### Shared Solar II

Building on the success of Shared Solar, MGE is asking State regulators to approve a new community solar program that's largely based on the original program. Shared Solar II would offer residential and small business customers the option to receive carbon-free energy from Strix Solar for up to 50% of their annual energy use for six years. The proposal includes an option that makes participation in the program easier for lower-income customers who receive energy assistance.

### Renewable Energy Rider

Our Renewable Energy Rider (RER) gives MGE and larger business customers who seek customized renewable energy solutions the opportunity to partner to grow locally generated renewable energy. The innovative program is designed to meet the needs and goals of companies that support or have signed on to the Corporate Renewable Energy Buyers' Principles, a collaboration facilitated by the World Resources Institute and the World Wildlife Fund.

MGE has built more than 40 MW of solar capacity under RER agreements since earning regulatory approval in 2017 to begin offering this clean energy option.

### Green Power Tomorrow

MGE's long-standing Green Power Tomorrow (GPT) program offers customers a flexible, affordable option for supporting green energy. At a penny more per kilowatt-hour (kWh), GPT is a convenient and effective way for customers to support renewable energy and offset their greenhouse gas (GHG) emissions from their electric usage.

Effective Jan. 1, 2024, MGE introduced GPT 100. This option is for customers who want to participate in GPT for 100% of their electricity use. It tailors a customer's participation to account for the existing renewable energy resources in MGE's overall generation mix. As MGE's use of renewable energy in our standard resource portfolio continues to grow, a customer's allocation under GPT decreases.

GPT is served by regional MGE renewable resources. Today, approximately 10,000 customers participate in GPT.

### GPT – RNG

In 2024, MGE introduced our GPT renewable natural gas (RNG) option for residential and business customers. GPT RNG is an easy way for customers to advance sustainability and offset their GHG emissions from their natural gas use. MGE is the first utility in Wisconsin to offer this type of RNG option to customers.

Unlike pipeline natural gas that is extracted from deep underground deposits, RNG is a processed biogas derived from organic waste. It also can be produced from degradable carbon sources, such as paper, cardboard and wood.

Under the GPT RNG option, customers pay an incremental charge to participate. MGE purchases Renewable Thermal Certificates (RTCs) on behalf of the customer to offset the emissions associated with the customer's monthly usage. Customers may select a set number of therms each month to offset through GPT RNG or a percentage of their monthly usage. MGE then purchases RTCs on the customer's behalf, offsetting the emissions associated with the customer's use of natural gas.

## Elimination of coal-fired generation

MGE has no controlling interest in coal-fired resources. In 2011, MGE discontinued the use of coal at the only power plant in which we have sole ownership, our Blount Generating Station.

### Ongoing transition from coal

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|---|---|
| **2029** | Suspension of coal operations at Columbia Energy Center by end of year |
| **2030** | Coal as backup fuel at Elm Road Generating Station |
| **2032** | Coal-fired generation eliminated from portfolio |

In 2018, MGE accelerated the depreciation of certain assets, including our combustion turbines, Blount Generating Station and Columbia Energy Center Unit 1. (In 2022, MGE received State regulatory approval to accelerate the depreciation of Unit 2 at Columbia to align with Unit 1 in 2029.)

As part of MGE's ongoing transition away from coal, in early 2021, MGE and the co-owners of the Columbia Energy Center announced the planned early retirement of the plant. With the planned retirements of both units at Columbia, MGE will have eliminated approximately two-thirds of the company's current coal-fired generation capacity.

In fall 2021, MGE and the co-owners of the Elm Road Generating Station announced the plant's transition from coal to natural gas. By the end of 2030, MGE expects coal to be used only as a backup fuel at the Elm Road Generating Station, and by the end of 2032, MGE plans to have eliminated coal-fired generation from its ownership portfolio.

## Long-duration energy storage

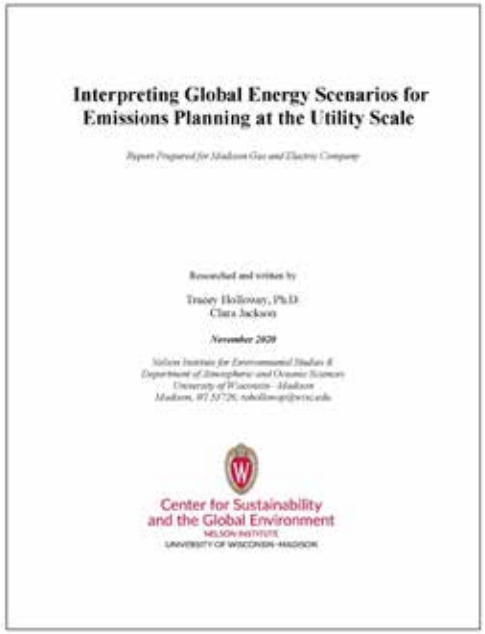
In August 2024, an application for State regulatory approval was filed for the Columbia Energy Storage project. If approved, the long-duration energy storage (LDES) project would be the first of its kind in the United States.

The innovative project received an award for a cooperative agreement with the U.S. Department of Energy in July 2024 to support the construction of a compressed carbon dioxide LDES system at the site of the Columbia Energy Center. It would use a closed-loop process either to create electricity or to store energy by transferring gas between its liquid and gaseous states. Through this process, the Columbia Energy Storage project would deliver electricity to the grid when it is needed or take electricity and store its energy when the grid has excess electricity.

The 18-MW facility would be capable of providing at least 10 hours of energy storage, enhancing reliability and dispatchability on the grid by storing energy to help meet peak demand. Pending approval, the energy storage system is expected to be operational by the end of 2027. MGE would own 19% of the Columbia Energy Storage project.

## Climate science partnership with the University of Wisconsin

To inform our progress toward achieving deep decarbonization and net-zero carbon electricity, MGE worked with Dr. Tracey Holloway at the University of Wisconsin-Madison Nelson Institute for Environmental Studies and the Department of Oceanic Sciences to evaluate our goal. Dr. Holloway used climate modeling available through the IPCC for an analysis of MGE operations and our deep decarbonization goal. The models suggested that, by 2050, emissions from electricity generation in industrialized countries should be 87% to 99% lower than the 2005 baseline. MGE's goal is net-zero carbon emissions, which is a 100% reduction from 2005 levels. The analysis showed MGE's goal is in line with model benchmarks to limit global warming to 1.5 degrees Celsius. The full report, published in fall 2020, is available at *minds.wisconsin.edu* and *mge.com/netzero*.


Interpreting Global Energy Scenarios for Emissions Planning at the Utility Scale

Tracey Holloway, Ph.D.
Clara Jackson

November 2020

Center for Sustainability and the Global Environment
NELSON INSTITUTE
UNIVERSITY OF WISCONSIN-MADISON

## Natural gas to enable clean energy transition

Natural gas adds needed reliability and balance to our electric system while we continue to transition away from coal-fired generation and add more renewable energy to our generation mix.

While we are replacing much of the coal-fired generation to be retired from the Columbia Energy Center with investments in renewable generation, MGE purchased 50 MW from the state-of-the-art West Riverside Energy Center. The highly efficient West Riverside facility has lower emission rates compared to coal-fired generation and other older natural gas plants.

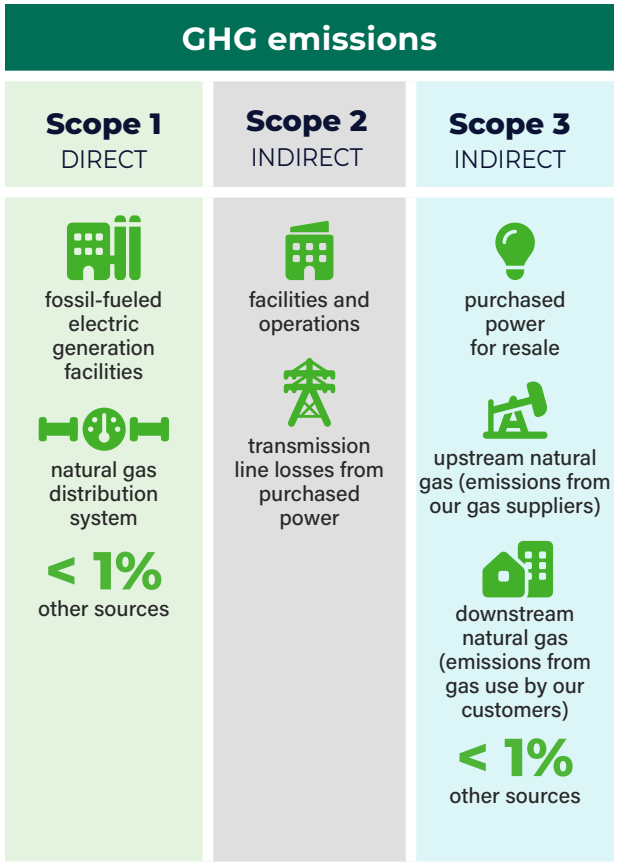
Natural gas complements intermittent renewable energy with reliable, dispatchable energy, helping to ensure reliability for our customers as we continue to decarbonize our energy supply. Natural gas plants can be dispatched quickly and at times when it's more challenging for wind or solar generation, making it a cost-effective option to serve customers reliably as we grow our use of renewables—and invest in battery storage.

Renewable resources will be used when they are available. Natural gas will be used for generation when it is necessary for reliability, if there isn't enough wind blowing and sun shining or if battery storage resources are insufficient to meet the need at the time.

## Net-zero methane emissions goal

Building on our existing sustainability and clean energy goals, MGE has set a goal to achieve net-zero methane emissions from our natural gas distribution system by 2035. Methane, which is a primary component of natural gas, is more than 25 times as potent as carbon dioxide. It can be emitted during the production, transmission and distribution of natural gas.

The company completed an in-depth analysis and inventory of all our greenhouse gas (GHG) emissions associated with our electric generation and distribution, purchase and distribution of natural gas, and other sources. Our inventory and analysis documented that more than half of MGE's total GHG emissions come from sources already included in the company's goal of net-zero carbon electricity—our fossil-fueled electric generation facilities (Scope 1) and purchased power for resale (Scope 3). Further study of our Scope 3 GHG emissions resulting from upstream and downstream natural gas is ongoing.




**Our strategies for achieving net-zero methane emissions include:**

**Enhanced leak detection and repair:** We will explore strategies, practices and/or commercially available technologies that help us to meet or to exceed current federal and State regulatory requirements surrounding leak-detection and repair methods.

**Implementation of cost-effective technologies and processes:** Improved monitoring of our system and estimated emissions will inform priorities for reduction opportunities. Consistent with those priorities, we will implement cost-effective technologies to improve the detection, measurement, mitigation and/or reduction of emissions from the operation and maintenance of our natural gas distribution system.

**RNG to offset residual emissions:** We will explore the use of RNG in our natural gas system to offset any remaining emissions we cannot directly control. New technologies, such as carbon capture, green hydrogen (zero-carbon hydrogen) and potentially other alternative fuels, continue to emerge and to evolve.

## Proactive steps taken

We already have replaced all piping made of cast iron, bare or unprotected steel, and other material considered to be leak-prone in our natural gas distribution system. In addition, our leak-inspection and repair schedules exceed federal requirements. Our ongoing efforts to improve our system and our partnerships to prevent damages help to advance safety and reduce emissions.

MGE is working to reduce overall emissions from our natural gas distribution system cost-effectively as quickly as possible. Our framework for emissions reduction from our natural gas distribution system is available at *mgeenergy.com*.


# Energy efficiency, demand response and conservation

Managing our collective energy use is a key strategy for reducing carbon emissions. As MGE decarbonizes its electric generation, the role of energy efficiency, conservation and demand-side management, which includes how and when our customers use energy, becomes more powerful in achieving our carbon reduction goals.

MGE is committed to providing customers with the tools and resources they need to make wise energy choices that help reduce their individual carbon footprints. We strive to meet customers where they are to engage them in energy efficiency. Through the use of new technologies, hands-on workshops, energy education, conservation kits and innovative rate options, MGE is helping to empower customers to take control of their energy use to better manage long-term costs and to achieve deep decarbonization.

## Meeting customers where they are

We continue to connect in new ways with customers around energy efficiency, new technologies and other energy-related needs. Deepening our engagement with customers is one of our objectives under our Energy 2030 framework, which guides our work with customers toward a more sustainable future.

MGE has two departments, Residential and Community Services and Business Customer Relations, dedicated to community relationships and partnerships within specific customer segments. These departments have employees assigned to specific customer segments, including neighborhood associations, advocacy organizations, communities of faith, lower-income customers, multifamily customers, agricultural customers, nonprofits, state and local governments, hospitals, minority-owned businesses, entrepreneurs, major customers and others.

MGE maintains relationships with many different sectors in our community and works in partnership with more than 200 local organizations and community stakeholders to reach customers who may be more difficult to reach directly due to either language or cultural barriers or other reasons.

We also recognize that customers have varied needs and that the communities we serve are continually growing and becoming more diverse. We work to develop culturally competent initiatives, communications and services for our customers.

## Online resources

Simple, cost-effective energy-saving tips for homeowners, renters and businesses are available online from MGE. Customers also can compare their energy use and learn what has helped other customers save. For example, using My Account at *mge.com*, customers can review their bill, payment history and past energy use and sign up for MGE services. We share energy-saving tips, tools and information on our social media channels and online at:

*mge.com*

MGE's primary site for customer services; account access, paperless billing and bill payment; safety and outage information; and other news, information, programs and services from MGE.

In 2024, MGE launched a redesigned *mge.com* website. The redesign included changes to the site's look and feel and improvements to the site's functionality. The new *mge.com* provides customers and users with a more modern website and better customer experience and is more accessible for visitors with varying needs and abilities.

*mge2050.com*

A source for clean energy news, energy-saving tips and information. The site includes locally based videos and features articles around saving energy, MGE's programs and services, and initiatives for working together to reduce carbon emissions and to achieve net-zero carbon electricity by 2050.

*genre2030.com*

Features films and energy-related content with the goal of engaging MGE's millennial customers in the company's Energy 2030 framework for a more sustainable future.

*livinginbalancemadison.com*

Shares stories about what it means to be sustainable from MGE's diverse customer base and community members who are living it every day.

# Energy equity and affordability

Energy affordability, or energy burden, is important to MGE. It is an issue that we continue working to address. Throughout the past 10 years, including MGE's most recent rate case for the years 2024 and 2025, customer rate increases have been below the rate of inflation. An MGE residential electric customer bill as a percentage of customer wallet at 1.51% is below the Wisconsin utility peer average of 1.67%.

In spring 2024, MGE submitted for State regulatory review an arrearage management program known as Back on Track. The proposed pilot program is designed to help at-risk residential customers overcome existing arrears and develop long-term, on-time payment patterns. The proposal, if approved, would serve as an additional tool, building on MGE's long-standing efforts with a number of programs and agencies to connect eligible customers with available benefits. In addition to arrearage forgiveness, MGE also included in its proposal plans to provide educational opportunities through direct program promotion to eligible customers and at community events. These activities would help to promote long-term energy savings (energy efficiency) and reliable payment patterns from those customers who participate in the program.

MGE will continue to address and manage energy affordability as we transition our energy supply to cleaner sources. We're working to achieve greater sustainability and to manage long-term costs by growing our use of carbon-free, renewable energy, which carries no fuel costs and serves to reduce rate volatility and manage long-term costs into the future.

With more than one billion dollars in investment in clean energy expected from 2015 through 2028, renewable energy will play a significant role in helping to achieve our goals of at least an 80% reduction in carbon by 2030 from 2005 levels and net-zero carbon electricity by 2050. Some of these renewable projects are already generating cost-effective, carbon-free energy for the benefit of all our customers.

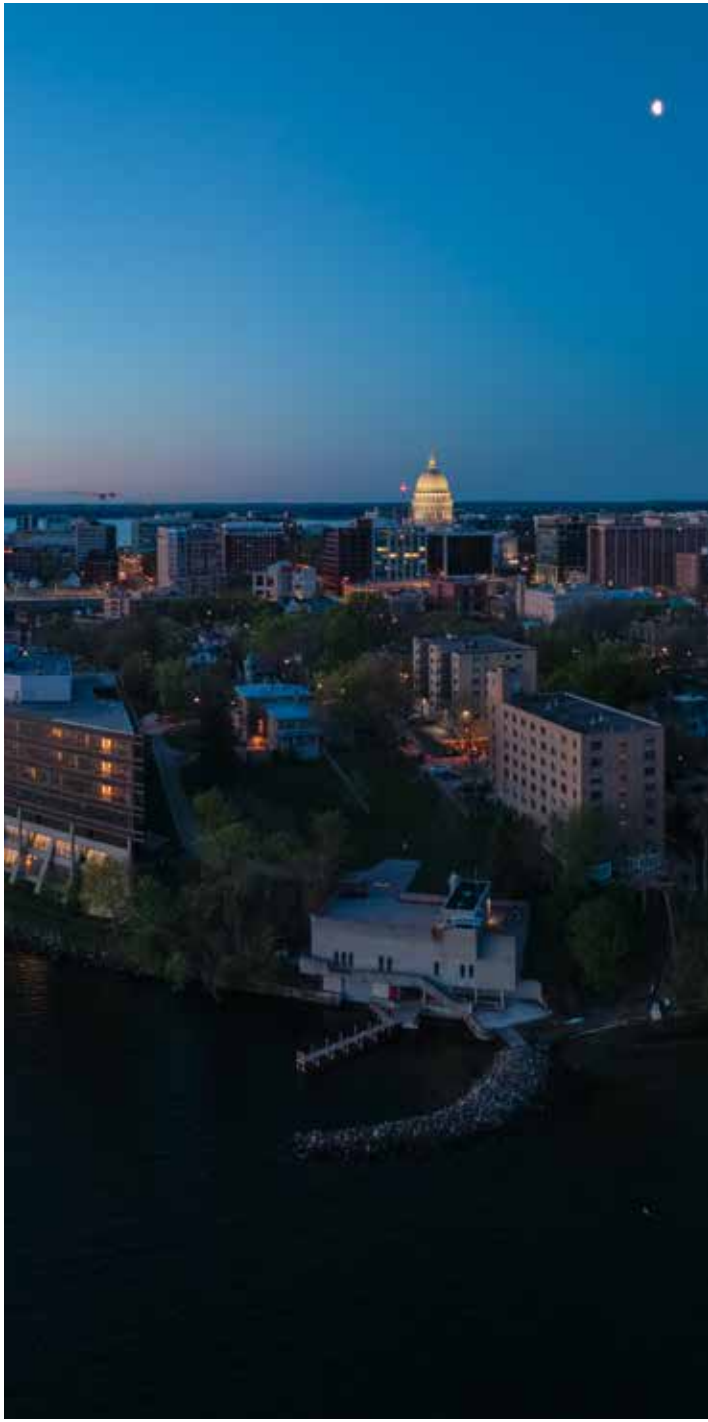
A foundational objective in our Energy 2030 framework for a more sustainable future is ensuring all customers enjoy the economic and environmental benefits of our ongoing clean energy transition. On behalf of all customers, by 2030, we expect to deliver MGE electric customers electricity with 80% fewer carbon emissions, compared to 2005 levels. By 2050, we expect to deliver net-zero carbon electricity.

As the conductor of our community grid, we work to build and to manage an increasingly dynamic grid and to maintain its safety, security, efficiency and affordability for all our customers. When making new investments in cost-effective technologies, we work to enable a seamlessly integrated distribution grid to meet our obligation to provide safe, reliable, affordable and sustainable energy for the benefit of all our customers.

## The regulatory framework

Wisconsin's utility regulatory framework plays a pivotal role in ensuring that MGE continues to meet our fundamental obligation to provide customers with access to safe, reliable and affordable energy.

Utility regulation exists to protect customers, and it governs almost all aspects of utilities—from rates to terms and conditions of service to generation siting and more. Utility regulation provides for transparency and consumer protections, which serve to help ensure stable pricing and reliable service, among other things in the delivery of an essential service to our communities.



# Electrification of transportation

Transportation is the leading contributor of greenhouse gas emissions in the U.S. The electrification of transportation (and other end uses) is a key strategy for reducing carbon emissions. MGE works with customers, stakeholders, municipalities and other community partners to grow the use of electric vehicles (EVs) and to facilitate charging options throughout our community. We also partner with customers to manage EV charging remotely.

We have been working to advance EVs for about 15 years. As the number of EVs on the road continues to grow, MGE is prepared to meet the need with managed charging, our growing public charging network of more than 50 stations—powered by renewable energy—and programs to facilitate charging at home, at work and on the go. Our public charging network features 12 DC fast chargers. MGE's DC fast chargers can provide anywhere from 60 miles to 350 miles of range in about 20 minutes, depending on the speed of the charger and capabilities of the vehicle.

## MGE's EV fleet goal

MGE continues to add cleaner vehicles to our fleet, where possible. We are targeting a goal of 100% all-electric or plug-in hybrid light-duty vehicles by 2030. Including current and ordered vehicles, more than 42% of our light-duty vehicle fleet is all-electric or plug-in hybrid.

Our fleet includes a plug-in hybrid Ford F-150 pickup truck, seven Ford F-150 Lightning all-electric pickup trucks, five Ford E-Transit vans, nine Ford Escapes, two Volkswagen ID.4s, two Chevrolet Bolts, one Ford Mach-E, three Kia Sportages, one Kia Sorento, one step van and nine bucket trucks with battery-powered technology, and other all-electric passenger vehicles. We added seven EVs to the fleet in 2023. More EVs have been ordered and will be added to our fleet as they become available.

## EV equity project

MGE is committed to helping ensure new and sustainable energy technologies benefit all our customers. We recognize the importance of engaging diverse communities in the transition to EVs and have conducted research to gather insights from our diverse customer base about their thoughts and concerns related to EVs. This research will help MGE design programs to better support our diverse communities' transition to EVs.

## Managed charging

Demand for electricity to charge EVs can be unpredictable as customers charge at their convenience. With MGE's managed charging program, Charge Ahead, the customer or utility remotely controls vehicle charging to better correspond to the needs of the electric grid. The opportunity to shift EV charging to lower-cost times and periods when renewable generation is most productive will help us prepare for more EV charging on our distribution grid.

Managed charging also serves to benefit all MGE customers by reducing the need for electrical system upgrades and new generation facilities long term. As more drivers opt for EVs, MGE's ability to work with customers to manage charging becomes increasingly important.

# Sustainability benchmarking and performance

MGE is committed to reducing environmental impacts across all areas of the company. MGE voluntarily participates in statewide environmental performance programs and various industry sustainability and benchmarking groups.

## Sustainability Steering Team

In the early 1990s, a small, informal group of MGE employees concerned about the environment laid the groundwork for something bigger. Their efforts evolved into a successful company-wide effort to make environmentally responsible choices at work.

From establishing a vehicle idling policy to expanding recycling efforts, MGE's employee-led Green Team has helped the company achieve milestones in corporate sustainability and responsibility. Today, our Green Team remains active and strong with a new structure and focus on advancing our history of sustainable practices.

In 2018, MGE transitioned from our employee-led Green Team to our Sustainability Steering Team. Composed of employees from across the company, the Sustainability Steering Team oversees our Environmental Management System (EMS). It also supports external sustainability engagement and benchmarking, such as our participation in the Green Tier and Green Masters programs. Having team members from departments across the company also is a more efficient way to gather data for our voluntary sustainability reporting efforts. The Sustainability Steering Team is overseen by and receives guidance from our Executive Sustainability Team, which has officer representation from across MGE.

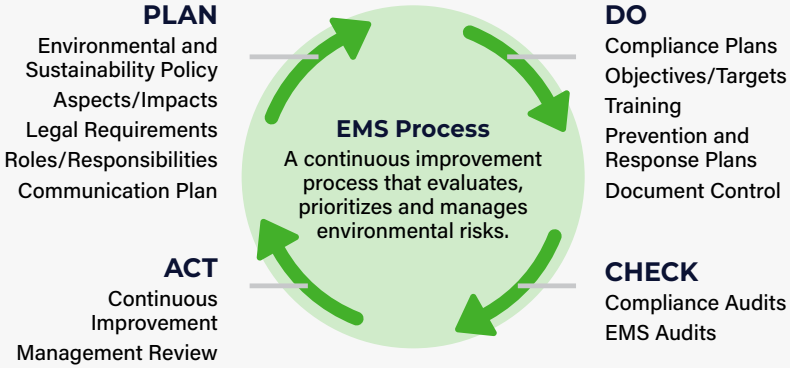
## Continuous Improvement Sustainability Teams

The Sustainability Steering Team reviews, evaluates and prioritizes continuous improvement opportunities for the company. The group assembles Continuous Improvement Sustainability Teams to address specific improvement initiatives and tasks.

**Sustainability management**

## Company-wide EMS

Our first Continuous Improvement Sustainability Team oversaw the expansion of our EMS to cover all MGE operations. An EMS is a continuous improvement process that evaluates, prioritizes and manages environmental risks. MGE previously used an EMS at our Blount Generating Station. The expanded scope of our EMS captures and manages environmental risks across all company operations. It also further demonstrates our commitment to goal setting and environmental accountability. In 2024, MGE's expanded EMS underwent a system-wide audit conducted by a third-party Green Tier-approved auditor. MGE passed the third-party audit with minor improvement recommendations. Read more about our EMS in the *Governance* section of the Corporate Responsibility and Sustainability Report.




## Green Masters Program®

In 2024, MGE earned the Green Master designation for the 11th year in a row from the Wisconsin Sustainable Business Council (WSBC). Only those applying companies with scores in the top 25% receive the Green Master designation. MGE was the first utility to be awarded the distinction in 2014.

The WSBC revamped the Green Masters program in 2023 and the requirements for attaining Green Master status. Organizations are now ranked against what are considered best practices in sustainability and ESG pillars. The number of categories went from nine to 15. MGE achieved the Green Master designation again under these more rigorous ranking requirements.

## Supplier proximity

MGE's corporate policy is to buy locally. We will give preference to Wisconsin manufacturers and distributors. Local purchases support the local economy and are typically more environmentally friendly. When it is time to purchase goods needed to run our company, we review our supplier database and buy from local vendors when possible and cost-effective. Many of the materials and equipment that utilities need are highly specialized; however, we buy U.S. products whenever possible.

MGE recently launched an updated supplier resources section on *mge.com*. This section commits our suppliers to our Code of Ethics. MGE evaluates and makes awards on a nondiscriminatory basis.

# Safety performance

MGE marked the 10-year anniversary of our journey to safety excellence in 2024. The company held safety celebrations around the company for employees.

MGE formally kicked off its journey to safety excellence in 2014 by:

- Implementing safety training for all employees, from our CEO and executive leadership team to our frontline workers.
- Forming our Safety Steering Team, which is made up evenly of exempt and non-exempt employees. The team meets regularly to examine safety topics and to identify and prioritize continuous improvement opportunities.

After launching our safety initiative, MGE conducted our first Safety Perception Survey to gauge the overall health of our safety culture. We have since conducted follow-up surveys in 2016, 2018, 2021 and 2023 to continue to track our progress and to gain a better understanding of what is working well and where there is room for improvement. All employees across the company are encouraged to participate in these surveys. The Safety Steering Team is developing a strategic plan to address key findings from the 2023 survey.

The Safety Steering Team oversees the creation of our Continuous Improvement Safety Teams (CI Safety Teams). These employee-led teams include both field and office employees. The Safety Steering Team uses the Safety Perception Survey results and other inputs to identify safety culture and performance improvement opportunities for the CI Safety Teams. Through the Safety Steering Team and the CI Safety Teams, employees have direct involvement in our ongoing journey to safety excellence.

In 2023, while working more than 1.2 million hours, we recorded a recordable incident rate of 2.4. A recordable incident is an event where the injury typically requires a level of care beyond basic first aid. Total recordable incident rate is figured on a per-100-employee average.

Our lost-time incident rate in 2023 was 1.7. A lost-time event is when the employee is unable to perform his or her job because of the injury and must stay away from work to recover. Total lost-time incident rates also are figured on a per-100-employee average.

Additional safety performance information is available in our EEI-AGA ESG/sustainability reporting templates, which are available online in our *ESG Data Center*.

## Continuous Improvement Safety Teams

Our employees understand the path of continuous improvement—they believe in it and the results from their safety efforts are proof that they're committed to it. Our Safety Steering Team oversees the creation of our employee-led CI Safety Teams and determines the topic each team will address.

Each CI Safety Team goes through a Rapid Improvement Workshop to help team members develop the program around the assigned topic. The team shares its plans and explains the implementation process in meetings attended by the Safety Steering Team, executive management and the CEO. This collaboration has demonstrated a strong commitment to employee safety and holds all levels of employees and management accountable for their role in continuously improving MGE's safety culture.

## Ensuring reliability

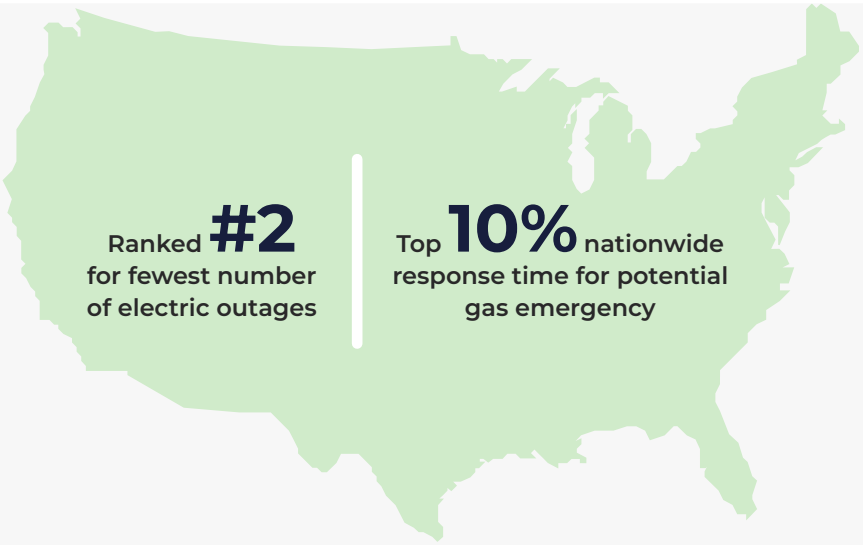
MGE is a national leader in electric reliability. We are committed to transitioning to greater use of renewable resources while maintaining our top-ranked reliability.

According to results from an annual industry survey including more than 75 electric utilities nationwide, in 2023, MGE ranked second for the fewest number of electric outages per customer.

On average, MGE customers experience about one outage every three and a half years. That's compared to a nationwide average of more than four and a half outages every three and a half years.

MGE has ranked in the top three utilities in the country for the fewest number of outages in each of the last 17 years. That includes ranking number one seven times in the last 17 years.

### Reliability and emergency response



Ranked **#2** for fewest number of electric outages

Top **10%** nationwide response time for potential gas emergency

## Industry leader in emergency response

When notified of a potential natural gas emergency, MGE crews continue to earn high marks. In 2023, our response time ranked in the top 10% of a nationwide industry survey including more than 75 natural gas utilities.

# Giving back to the community

MGE's commitment to those we serve extends far beyond reliable energy. We are committed to helping improve the quality of life for all those we serve. We contribute to and help to better our community in three different ways.


## The MGE Foundation

Established in 1966, the MGE Foundation is our philanthropic arm. Support from the Foundation helps our local organizations improve lives today and the lives of future generations by working to preserve the long-term health and vitality of our community. In the last five years, the Foundation has given more than $8.7 million to more than 400 community organizations. In 2023 alone, the Foundation contributed more than $1.6 million to more than 200 local organizations.

## MGE corporate giving

MGE collaborates and works together with hundreds of organizations to provide service, help improve lives, tackle challenges and seize opportunities facing our community. We partner with local stakeholders in a variety of ways to advance shared goals and initiatives.

**MGE Foundation giving**

amount given in the last five years

**> 8.7M** to **> 400**

organizations

amount given in 2023

**> 1.6M** to **> 200**

organizations

## Employee volunteerism and service

Our dedicated employees embody what it means to serve as your community energy company. MGE employees play an active role in helping our community. Volunteering is one of the ways we offer support.

MGE's Employee Volunteer Network provides an opportunity for employees to connect around volunteer opportunities in our community. In addition to MGE's Employee Volunteer Network, many of our more than 700 employees volunteer, outside of their jobs at MGE, on local boards and committees and as members of economic development and nonprofit organizations.

# Board Governance

Our board is led by our Chairman, President and CEO. With primary responsibility for managing the company's day-to-day operations and for executing on the company's vision and strategy, our CEO is best positioned to chair regular board meetings. This structure provides independent oversight while avoiding unnecessary confusion regarding the board's responsibilities related to key business and strategic matters and day-to-day management of business operations.

Our board has four standing committees. All members of the Corporate Governance Committee, Audit Committee, and Human Resources and Compensation Committee are considered independent.

For more information about our board, please see our Proxy Statement at *mgeenergy.com/proxy*.

## Our Board

Our board is very active and engaged with 10 regularly scheduled meetings of the full board each year, in addition to committee meetings. There were 10 committee meetings in 2023.

Regular board meetings help directors stay well-informed of industry and company developments. Directors may not serve on more than three other public company boards.

MGE Energy board meetings are structured to provide for active dialogue with MGE management. Internal and external subject matter experts present to the board on issues of strategic importance to inform board members' decision-making and oversight.

*The above information reflects board composition as of publication.*

## Oversight

Directors understand corporate responsibility and sustainability are integral to the company's long-term success and share management's commitments in these areas, from long-term and strategic direction to day-to-day business practices company-wide. Each director is expected to examine all major issues affecting an organization and must be committed to the highest ethical standards, accountability, transparency and open dialogue with one another and with management to provide effective oversight.

In late summer 2024, the board held a strategic planning and review session with officers of the company. These periodic sessions with officers are designed to review corporate strategy across all aspects of the company's business and to provide directors with the opportunity to engage senior management on issues of strategic importance, such as generation strategy and planning.

## Oversight of ESG matters

Our company seeks to foster a proactive and forward-thinking approach to ESG-related matters, beginning with board oversight of and executive leadership on key topics and emerging issues. The board's engagement with management and the company's participation in third-party sustainability benchmarking and evaluation programs help to assess performance and promote continuous improvement. MGE voluntarily participates in statewide environmental performance programs and various industry sustainability and benchmarking groups to help reduce environmental impacts across all areas of the company.

Board oversight of ESG-related matters includes review of environmental risks and mitigation as well as assessment of current and/or future environmental regulations. It also includes review of the company's environmental and sustainability performance. The board receives timely and relevant information on a regular basis related to the company's sustainability initiatives and performance and ESG-related matters.

Our sustainability governance structure helps to ensure that oversight and management of ESG- and sustainability-related risks and initiatives throughout the company are incorporated into our long-term strategy and day-to-day management and operations.

Our approach to these matters helps to facilitate discussion related to sustainability at every level of the organization, including among the Board of Directors, executive officers, our Sustainability Steering Team, and other leaders and internal subject matter experts. Our Environmental and Sustainability Policy guides our commitment to corporate responsibility and environmental accountability throughout the organization.

## Climate change and environmental expertise

The board has engaged and plans to continue to engage widely recognized scientific experts on topics related to climate change. Daniel J. Vimont, who serves as Professor, Atmospheric and Oceanic Sciences at the UW-Madison; Director, Nelson Institute Center for Climatic Research; and Co-Director, Wisconsin Initiative on Climate Change Impacts, has presented to the board on climate change science, scenarios and projections. He last presented to the board in April 2024. This is in addition to the board's and company management's regular engagement on emerging environmental risks and risk mitigation from internal subject matter experts. MGE management brings considerable environmental expertise as well as expertise in environmental law to the company.

In 2019, MGE management began working with experts from the UW-Madison's Nelson Institute for Environmental Studies to evaluate the company's goal of net-zero carbon electricity by 2050. The board has discussed the work of these experts to evaluate the company's goal and strategies for achieving deep decarbonization by mid-century.

## Green Tier

MGE is the only electric utility in Wisconsin to be awarded the highest participating level in the Wisconsin Department of Natural Resources' (DNR) environmental leadership program, Green Tier. MGE is one of only eight Wisconsin companies to achieve the "Tier 2" level. By participating in the Green Tier program, MGE continues its voluntary commitment to superior environmental performance, setting goals to make significant environmental improvements, and committing to third-party compliance and EMS auditing, in cooperation with the DNR.

In 2017, MGE expanded the scope of our Green Tier contract, and in 2020, we renewed our five-year contract with the DNR for Green Tier certification. MGE's primary goal in the expanded contract is to cover all MGE operations under our EMS. An EMS is a continuous improvement process that evaluates, prioritizes and manages environmental risks. Participation in the Green Tier program provides certification for our EMS.

The expanded scope of our EMS further demonstrates our commitment to goal setting and environmental accountability. Reporting on the performance of our EMS, including compliance audit results, occurs annually with results available on the DNR website.

## EMS and Green Tier participation

As a participant in the highest level of the DNR's Green Tier program, MGE's EMS is required to be aligned with ISO 14001, an internationally recognized standard to manage our operational environmental impacts, opportunities and risks.

MGE is in our fifth year of successfully expanding our ISO 14001-based EMS into all company operations. Our expansion to all operations allows for a consistent and comprehensive approach to reducing impacts and to furthering continuous improvement.

Participation in the Green Tier program provides certification for our EMS. Certification is based on an external system audit and an external compliance audit. Reporting on the performance of our EMS, including audit results, occurs annually with results available on the DNR website.

## Task Force on Climate-Related Financial Disclosures (TCFD)

MGE also publishes a TCFD report, which provides the company's key disclosures that align to TCFD recommendations. The report is available in our *ESG Data Center.*

## CDP report

MGE Energy also reports information and data to CDP (Carbon Disclosure Project), a global platform for disclosure of environmental impacts. Our CDP climate change questionnaire is available in our *ESG Data Center.*

# Enterprise Risk Management

Enterprise-wide risk assessment and oversight are fundamental responsibilities of our board. Directors are involved in overseeing the primary risks facing the company.

As part of the company's Enterprise Risk Management program, our board receives on an ongoing basis information from management related to key business risks and mitigation strategies. These business risks include existing and emerging risks related to environmental performance and sustainability, among other risks.

The company's Internal Audit department, on behalf of MGE management and the Board of Directors' Audit Committee, facilitates an annual Enterprise Risk Management process with each officer of the company. The sessions with individual company officers and management update existing areas of risk, classify new or emerging areas of risk, and identify owners responsible for assessing, managing and/or mitigating areas of risk.

In addition, the board engages in a biannual comprehensive risk assessment and mitigation exercise. And, on a biennial basis, the board conducts a broad-based exercise with company officers on risk and emerging risk identification, assessment and mitigation strategies.

The company's comprehensive approach to risk management encourages all directors to initiate discussion at any time, either directly or through the Lead Independent Director, on any areas of concern, including risk identification and assessment, controls, management and oversight. The board and MGE management have created a culture of sustainability, responsibility and risk management. All officers of the company take ownership in and are accountable for managing and mitigating corporate risk.

<table>
<tr><th colspan="3">Full board</th></tr>
<tr><td>Enterprise Risk Management</td><td>Financial Performance</td><td rowspan="2">Security - Cyber and Physical</td></tr>
<tr><td>Corporate Sustainability and ESG</td><td rowspan="2">Operations</td></tr>
<tr><td>Customer and Community Engagement</td><td>Public and Regulatory Policy</td><td rowspan="2">Strategic Risk Management</td></tr>
<tr><th colspan="3">Committees</th></tr>
<tr><th>Audit</th><th>Human Resources and Compensation</th><th>Governance</th></tr>
<tr><td>Financial Reporting</td><td>Executive Compensation and Benefits</td><td rowspan="2">Board Succession and Composition</td></tr>
<tr><td>Compliance</td><td rowspan="5">Human Resources Strategies</td></tr>
<tr><td>Code of Conduct</td><td rowspan="2">Board and Corporate Governance</td></tr>
<tr><td>Cyber Compliance</td></tr>
<tr><td>Disclosure</td><td rowspan="2">CEO Succession</td></tr>
<tr><td>Ethics</td></tr>
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