



Madison Gas and Electric's 2022 EEI ESG/sustainability reporting qualitative template

Madison Gas and Electric (MGE) generates and distributes electricity to 159,000 customers in Dane County and purchases and distributes natural gas to 169,000 customers in seven south-central and western Wisconsin counties. MGE is a subsidiary of MGE Energy (Nasdaq: MGEE), an investor-owned public utility holding company based in Madison, Wis. MGE's roots in the Madison area date back more than 150 years.

This template 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. For additional information, news and updates, visit mgeenergy.com.

ESG Commitments

Environmental and Sustainability Policy

As your community energy company, 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 and in our [2022 Corporate Responsibility and Sustainability Report](#).

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 mge.com.

Statement on Human Rights

MGE recognizes its impact on human rights and embraces the protection of human rights as a fundamental value. We are committed to serving our community and to conducting our business consistent with this statement as we meet our core obligation to serve our communities with safe, reliable, affordable and sustainable energy. MGE's Statement on Human Rights is available at mgeenergy.com/social.

Diversity, Equity and Inclusion

At MGE, we value diversity, equity and inclusion. MGE promotes an inclusive, respectful work environment where individuals and groups can achieve their full potential. We support all employees and provide equitable access to employment and development opportunities. MGE's goal is to create a healthy, inclusive, safe and productive work environment for all. Visit mge.com/DEI to read our Diversity, Equity and Inclusion Statement.



Strategy

One of the most significant actions an electric utility company can take to address climate-related risks is to significantly reduce carbon emissions associated with the production of electricity. MGE is committed to working with our customers to transition to a cleaner, smarter energy future with greater use of renewable resources while maintaining our top-ranked reliability.

Industry-leading carbon reduction goals

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 by mid-century. This target is based on the latest climate science. It 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.

In January 2022, we committed to reducing carbon at least 80% by 2030 from 2005 levels as we work toward achieving net-zero carbon electricity by 2050. This goal surpassed our previous expectation to reduce carbon emissions at least 65% by 2030. MGE already has reduced carbon emissions 27% since 2005, our baseline.

Since 2015, MGE has announced an estimated \$700 million in clean energy projects. These investments are expected to increase MGE's owned renewable capacity by more than nine times when completed. We have said since establishing our goals that if we can go further faster by working with our customers, we will.

Achieving net-zero by 2050 will require the use of technologies not yet commercially available or cost-effective, but we continue to make progress toward realizing our commitment to greater sustainability, to continued industry leadership and to continued safe and reliable energy for those we serve.

Ongoing transition from coal

MGE has no controlling interest in coal-fired resources. We announced in 2021 plans to reduce our use of coal substantially by 2030 and to eliminate it from our generation portfolio by 2035.

In early 2021, MGE, as a minority owner, and the co-owners of the coal-fired Columbia Energy Center announced the planned early retirement of the plant. Both units at Columbia are expected to be retired by mid-2026, more than 10 years ahead of schedule.

In fall 2021, MGE and the co-owners of the Elm Road Generating Station announced the plant's planned 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 2035, MGE plans to eliminate coal-fired generation from its portfolio.

Natural gas as a bridge fuel

MGE plans to purchase 25 megawatts (MW) from the state-of-the-art [West Riverside Energy Center](#), with an option to purchase an additional 25 MW. The highly efficient West Riverside facility has lower emission rates compared to coal-fired generation and other older natural gas plants. We expect the carbon emissions resulting from a



Carbon reductions

27%

reduction in carbon emissions since 2005

BY
2030

at least 80% reduction in carbon consistent with global climate science

BY
2050

net-zero carbon electricity

50-MW share of the West Riverside Energy Center to be less than 10% of the carbon emissions resulting from our share of the output of the Columbia Energy Center.

Investment in West Riverside helps MGE to meet the energy needs of our customers cost-effectively and reliably with the retirement of Columbia and to enable our continued transition to greater use of renewable energy in our supply mix.

Energy equity and affordability

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.

A foundational objective in MGE's clean energy transition is to ensure all customers enjoy the economic and environmental benefits of cleaner energy. With the anticipated addition of nearly 400 MW of wind, solar and battery storage between 2015 and 2025, renewable energy will play a significant role in helping us achieve our goals of at least an 80% reduction in carbon by 2030 from 2005 levels and net-zero carbon electricity by 2050.

Working with our customers and partners to achieve shared goals

Advancing energy efficiency and conservation

Energy efficiency is a key strategy for reducing carbon emissions. 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. See the [Environmental](#) section of our 2022 Corporate Responsibility and Sustainability Report for more information on our efforts to help our customers better manage their energy use.

Leading the charge for transportation electrification

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. In addition to growing our use of renewable resources and engaging around energy efficiency, we are working with customers, stakeholders, municipalities and other community partners to grow the use of electric vehicles (EV) and to facilitate charging options throughout our community.

Public charging network

Our public charging network of more than 45 stations—powered by renewable energy—continues to expand. It features several DC fast chargers, which can provide 60 to 80 miles of range in about 20 minutes.

Fast-charging hub

One of the first of its kind in Wisconsin, MGE's new EV fast-charging hub in the heart of Madison's Capitol East District will provide convenient EV fast charging—powered by renewable energy—for nearby apartment and condo dwellers, single-family households, commuters, and taxi and ridesharing services as well as electric fleet vehicles.



MGE's new EV fast-charging hub features some of the most powerful chargers in the Midwest.

With power levels up to 350 kilowatts, the hub's high-speed chargers will be some of the most powerful EV chargers in the Midwest. These chargers will support fast charging for EVs with greater driving ranges in the future. Through a partnership with Tesla, the hub also has eight Superchargers from the electric car maker.

National Electric Highway Coalition

MGE is partnering with the Edison Electric Institute (EEI) and more than 60 other utilities across the country to advance EV fast charging through the National Electric Highway Coalition (NEHC). The NEHC is committed to quick and convenient EV charging along major U.S. travel corridors by the end of 2023.

Residential charging

Charge@Home, MGE's home charging program, makes it easy for EV drivers to charge efficiently at their home, which is where more than 80% of charging happens. With Charge@Home, MGE owns, maintains and coordinates the installation of Level 2 charging stations at customers' homes. With no upfront cost, customers pay a monthly fee plus the cost of electricity. The program gives MGE the ability to study drivers' charging habits and to explore remote management of charging sessions to better understand the potential impact of EVs on the grid, including how grid management can help to lower costs for all MGE customers by optimizing our use of generation resources.

MGE also helps area employers of all sizes and multifamily developers and property managers who want to offer on-site EV charging. We discuss options and help them navigate the decision-making and implementation process.

Managed charging

As more drivers opt for EVs, MGE's ability to work with customers to manage charging is becoming increasingly important. MGE also is partnering with EV drivers in our service territory to test how smart charging using vehicle telematics can save customers money and help plan for the impact of EVs on our grid.

MGE is further exploring managed charging with several pilots for condo owners, renters, workplaces and fleets. These pilots will help ensure EV charging benefits all customers by reducing the need for electric system upgrades and new generation facilities over time.

MGE's EV fleet goal

We have been testing commercially available EVs for more than a decade. We are continuing to add cleaner vehicles to our fleet, where possible, and are targeting a goal of 100% all-electric or plug-in hybrid light-duty vehicles by 2030.

Our all-electric and plug-in hybrid fleet includes pickup trucks, SUVs, a step van and bucket trucks with battery-powered technology, and other passenger vehicles.



MGE's EV fleet goal

100%

**all-electric or plug-in
hybrid or light-duty
vehicles by 2030**

MGE's light-duty fleet

+30%

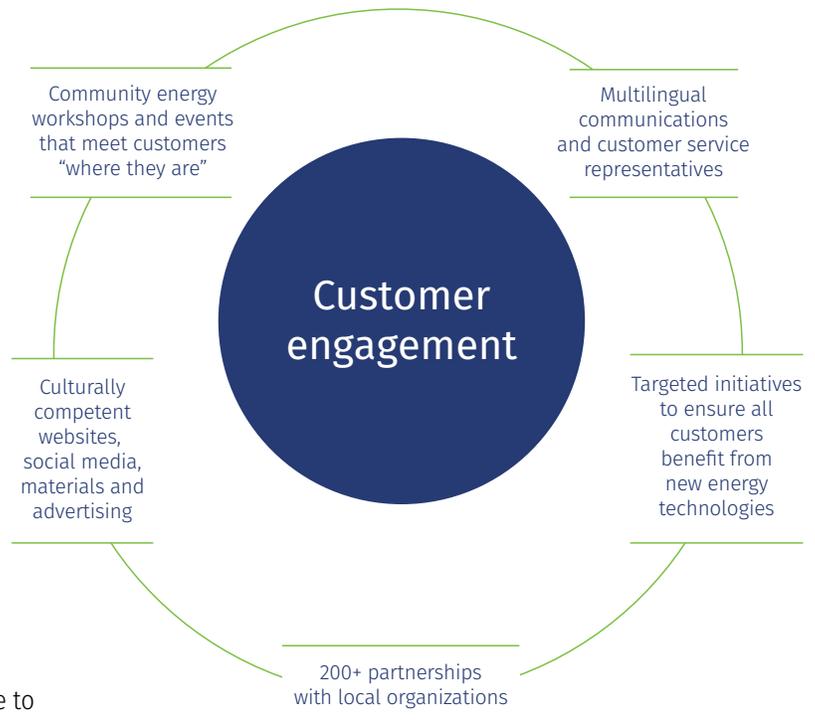
**all-electric or plug-in
hybrid as of today**

Engaging and serving our diverse customer base

MGE serves and connects with our richly diverse communities through a myriad of partnerships and engagement strategies. We work to ensure all customers experience us as “their” community energy company. Understanding the barriers our customers may face and meeting them “where they are” is at the core of our mission.

We recognize that customers have varied needs and that our communities are continually growing and becoming more diverse. We work to develop culturally competent initiatives, communications and services for our customers. Our dedication to understanding our customers and meeting their unique needs is reflected in how we engage, support and partner with those we serve.

MGE maintains relationships with more than 20 specific sectors in our community and works closely with more than 200 local organizations and community stakeholders to reach customers who may be more difficult to reach directly due to language or cultural barriers or other reasons.



Engaging our employees

From company initiatives and projects to important employee benefits information, we strive to keep employees informed and engaged by providing them with clear, timely and relevant information in a number of ways. MGE is committed to sustainable workforce practices, including:

- Offering a variety of benefit plans to fit our employees’ needs—from health and dental insurance to retirement and work-life balance.
- Providing career development and training, including online learning dedicated to information about inclusion, diversity, discrimination and harassment.
- Partnering with the University of Wisconsin E-Business Consortium, which brings together employees from all levels of leading Wisconsin companies to learn from each other.
- Encouraging employee wellness with programs and resources, including ManageWell®, which serves as a personal, confidential online health management portal for employees.
- Offering hybrid work schedules for our remote-enabled employees.
- Partnering with Briotix Health, a workplace injury-prevention sports medicine provider that employs athletic trainers. Among the services available are:
 - Injury and discomfort management
 - Ergonomic evaluations and projects
 - Job-specific stretching and strengthening
 - Health and wellness coaching
 - New employee training
- Providing an Employee Assistance Program with confidential resources for employees and professional counselors free of charge 24 hours a day.

Safety performance

In 2014, MGE launched a corporate safety initiative to improve our safety culture and our journey to safety excellence. We formed our Safety Steering Team and Safety Executive Team.

Our journey to safety excellence is guided by our Safety Steering Team. The employee-led team meets regularly to examine safety topics and to identify and prioritize continuous improvement opportunities.

In 2021, while working more than 1.5 million hours, we recorded our third-lowest recordable incident rate since we started keeping records in 1971. 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 2021 ranks as our fifth best since we started keeping records in 1971. 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.

Read more about our safety initiatives and performance in the [Social](#) section of our 2022 Corporate Responsibility and Sustainability Report.



Electric 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 2021, MGE placed first in the two main industry reliability metrics—fewest number of outages (SAIFI) and shortest duration of outages per customer (SAIDI).

Read more about our reliability performance in the [Social](#) section of our 2022 Corporate Responsibility and Sustainability Report.

	2019	2020	2021	
SAIFI	0.68	0.24	0.28	<i>Outage frequency</i>
SAIDI	74	27	40	<i>Minutes</i>

Industry leader in emergency response

When notified of a potential natural gas emergency, MGE crews continue to earn high marks. In 2021, our response time ranked in the top 11% of a nationwide industry survey and was 23% faster than the national average. This ranking is reflective of our dedicated employees who always put customer safety first and understand what it means to serve as your community energy company.

Metrics and data

To advance further transparency and disclosure in company operations and governance, MGE submits data to the global environmental impact disclosure platform CDP (Carbon Disclosure Project). Our CDP climate change questionnaire is available in our [ESG Data Center](#).

Suppliers' commitment to sustainability

MGE contracts with two natural gas transmission companies, Northern Natural Gas, a Berkshire Hathaway Energy Pipeline Group Company, and ANR Pipeline Company, owned by TC Energy.

Both of these companies, as part of their sustainability commitments, are part of the ONE Future Coalition. ONE Future is the trade name for "Our Nation's Energy Future Coalition, Inc." This group of more than 50 natural gas

companies works together to voluntarily reduce methane emissions across the natural gas supply chain to 1% or less by 2025. In its 2021 report, ONE Future cited a methane intensity of less than one half of one percent, beating its 1% goal.

Northern Natural Gas and ANR Pipeline Company also are part of the U.S. Environmental Protection Agency's Methane Challenge Program. Partners in this voluntary program report systemic and comprehensive actions to reduce methane emissions as part of efforts to enhance transparency in the industry. Reducing methane emissions decreases operational risk, increases efficiency and demonstrates concern for the environment, with benefits ranging from air quality improvements to conservation of non-renewable energy.

Giving back to the community

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.

MGE Foundation

Established in 1967, 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 \$7.3 million to more than 400 community organizations. In 2021, the Foundation contributed to more than 170 local organizations serving environment and health, culture and enrichment, equity and inclusion, youth and education, and community service-oriented initiatives.

MGE corporate giving

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

Employee volunteerism and service

Our dedicated employees embody what it means to serve as your community energy company. Many of our more than 700 employees volunteer on local boards and committees and as members of economic development and nonprofit organizations.



Governance

We are committed to helping customers, investors and other stakeholders better understand our strategies, risks, challenges and opportunities as we transition to a more sustainable future. Please visit us online at mgeenergy.com/environment to read our 2022 Corporate Responsibility and Sustainability Report, which has more information about our projects, programs and initiatives. Additional disclosures can be found in our [ESG Data Center](#), 10-K, 10-Q, Proxy Statement and filings with the Public Service Commission of Wisconsin.

Board of Directors

Our board is very active and engaged with 10 regularly scheduled meetings of the full board each year. These meetings are in addition to committee meetings.

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 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 Lead Independent Director has extensive authority and responsibility in ensuring the board meets its responsibilities for effective oversight and sound governance. The Lead Independent Director is empowered to call meetings of the board or executive sessions and chairs executive sessions and the Corporate Governance Committee. The Lead Independent Director also provides input to the Chairman on the scope, quality, quantity and timeliness of the information provided to the board and serves as a nonexclusive conduit to the Chairman of views and concerns of our directors.

Seven of the board's nine directors are independent. Our board has four standing committees. All members of the Corporate Governance Committee, Audit Committee and Compensation Committee are considered independent. The Executive Committee acts in lieu of the full board and between meetings of the board. The Executive Committee has the powers of the board in the management of the business and affairs, except action with respect to dividends to shareholders, election of principal officers or the filling of vacancies on the board or committees created by the board.

Board 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.

Read more about our board in the [Governance](#) section of our 2022 Corporate Responsibility and Sustainability Report.



Oversight of environmental, social and governance (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. Board oversight of ESG-related matters includes review of environmental risks and mitigation as well as assessment of current and/or future environmental regulations.

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.

MGE’s employee-led Sustainability Steering Team serves to help ensure the company takes a global and proactive approach to sustainability throughout the organization. The Sustainability Steering Team is overseen by and receives guidance from MGE’s Executive Sustainability Team, which has officer representation from across MGE and which keeps the board of directors informed of the company’s progress.

Read more about oversight of ESG-related matters in the [Governance](#) section of our 2022 Corporate Responsibility and Sustainability Report.

Environmental Management System

An Environmental Management System (EMS) is a continuous improvement process that evaluates, prioritizes and manages environmental risks. MGE's EMS covers all MGE operations to capture environmental improvements across the company.

The EMS has a risk profile or scoring convention to evaluate risks consistent with how the company assesses risk throughout the organization. The EMS process helps to ensure effective identification, assessment and management of risk at all levels of the organization.

EMS and Green Tier Participation

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



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 WDNR website.

Under our Green Tier contract, MGE agrees to a superior level of transparency and accountability. Read more about our EMS and review our goals, targets and action plans in the [Governance](#) section of our 2022 Corporate Responsibility and Sustainability Report.

Third-party benchmarking

In addition to our participation in the Green Tier program, MGE voluntarily participates in another statewide environmental performance program and various industry sustainability and benchmarking groups.

Green Masters program

In 2022, MGE earned the Green Master designation for the ninth consecutive year from the Wisconsin Sustainable Business Council. Only the top 20% of applying companies receive the Green Master designation. The independent, points-based benchmarking program evaluates applicants in nine key areas: energy, climate change, water, waste, transportation, supply chain, community outreach, workforce and governance. MGE was the first utility to be awarded the distinction in 2014.



Energy Sustainability Interest Group

MGE partners with the Electric Power Research Institute (EPRI) in a number of areas, including the Energy Sustainability Interest Group (ESIG). The largest sustainability-focused group of its kind in the electric power industry, ESIG:

- Provides a collaborative industry forum for electric power companies to discuss sustainability issues.
- Conducts focused technical research and develops specific tools to support sustainability program development.
- Tackles the challenge of identifying and understanding sustainability issues, goals, metrics and disclosure.
- Facilitates stakeholder engagement.
- Informs sustainability reporting initiatives.

Read more about ESIG in the [Environmental](#) section of our 2022 Corporate Responsibility and Sustainability Report.