



Madison Gas and Electric's 2023 EEI-AGA ESG/sustainability reporting qualitative template



Madison Gas and Electric (MGE) generates and distributes electricity to 161,000 customers in Dane County and purchases and distributes natural gas to 173,000 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.

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.

Our ESG Commitments



80% reduced carbon emissions by 2030
Net-Zero carbon electricity by 2050



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



2/3 coal-fired capacity eliminated by 2027
Coal as a backup fuel 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*



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.

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

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

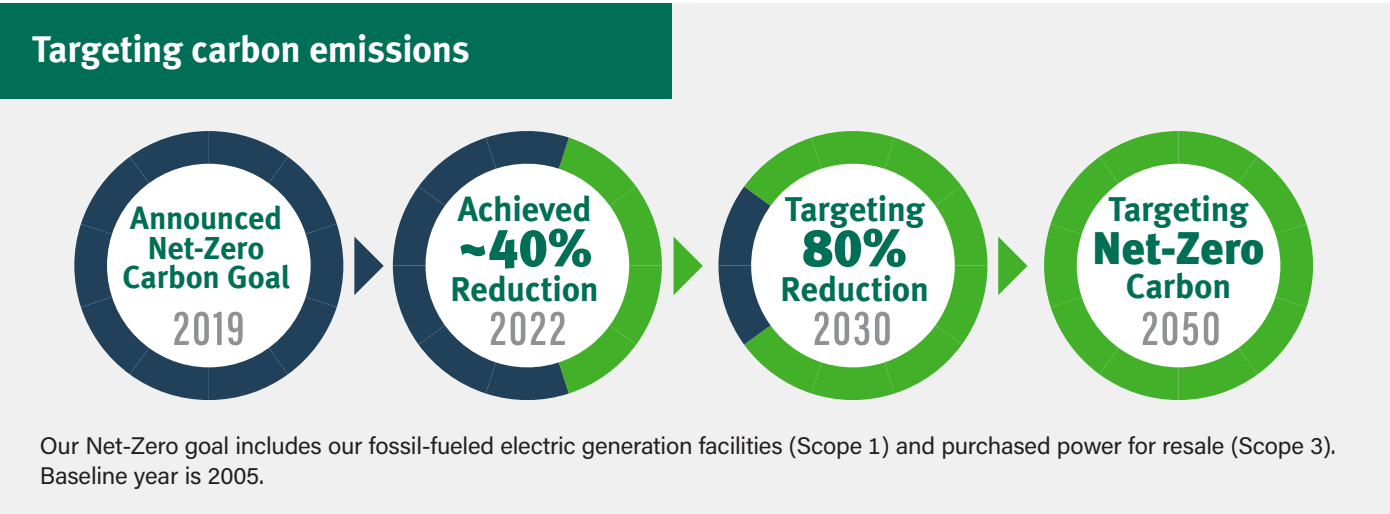
MGE is committed to equity and inclusion in our service to our customers, in our workplace and in our broader community. As your community energy company, we work to ensure all our customers experience us as safe and welcoming and as "their" community energy company. Meeting our customers "where they are" is at the core of our mission.

MGE promotes an inclusive, respectful work environment where individuals and groups can achieve their full potential in a healthy, inclusive, safe and productive work environment for all. Visit mgeenergy.com/social to read our Diversity, Equity and Inclusion Statement.



Our Sustainability Strategy

One of the most significant actions an electric utility company can take to address climate-related risks is to reduce carbon emissions associated with the production of electricity. MGE is working with our customers, suppliers and other partners 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, MGE 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 global 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 fall 2020, the University of Wisconsin-Madison Nelson Institute for Environmental Studies released its independent analysis of MGE’s net-zero carbon goal. The analysis demonstrated that MGE’s net-zero carbon goal is consistent with climate science and is in line with or more aggressive than model benchmarks for limiting global warming to 1.5 degrees Celsius.

In January 2022, MGE built on previously established goals to reduce carbon by 2030, committing to carbon reductions of at least 80% by 2030 from 2005 levels. This goal surpassed MGE’s previous expectation to reduce carbon emissions at least 65% by 2030. As of year-end 2022, MGE has reduced carbon emissions more than 39% since 2005, our baseline.

With approximately a 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. Since fall 2015, when our Energy 2030 framework was announced and through year-end 2022, MGE has announced clean energy projects that we expect will increase our owned renewable capacity by more than nine times upon completion. We have said since establishing our goals that if we can go further faster by working with our customers, we will—and we are.

Achieving net-zero carbon electricity 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 the end of 2030. We plan to eliminate it from our generation portfolio by the end of 2032.

In early 2021, MGE 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. By 2027, with the planned retirement 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 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 the end of 2032,



Courtesy: Energy Dome, Alliant Energy

First-of-its-kind energy storage project

MGE and the co-owners of the Columbia Energy Center, Alliant Energy and WEC Energy Group, were selected in fall 2023 for a grant of up to \$30 million from the U.S. Department of Energy's Office of Clean Energy Demonstrations to support the construction of a compressed carbon dioxide (CO₂) long-duration energy storage system.

The innovative Columbia Energy Storage Project would be the first of its kind in the United States. The proposed 20-megawatt (MW) project would be capable of providing more than 10 hours of energy storage.

The added reliability and dispatchability provided by the project would help to further enable MGE's ongoing transition to the greater use of renewables. It also would help to manage long-term customer costs because projects like this one enable the partner utilities to store energy to help meet peak demand.

The Columbia Energy Storage Project would use a closed-loop process either to create electricity or to store energy by transferring an element between its natural fluid or gas states. Through this revolutionary process, designed by Energy Dome, it would deliver electricity to the grid when it is needed or take electricity and store its energy when the grid has excess electricity.

Also partnering on this project are Shell Global Solutions U.S., Electric Power Research Institute, UW-Madison and Madison College.

The partners expect to submit an application to the Public Service Commission of Wisconsin in the first half of 2024. Pending regulatory approval, construction on the project could begin in 2025 with completion in 2026.

The Columbia Energy Storage Project would be built south of Portage in the town of Pacific, near the current Columbia Energy Center. This site allows the use of existing electrical infrastructure while the partners work to advance the next generation of sustainable energy.

MGE plans to eliminate coal-fired generation from its portfolio.

Natural gas as a bridge fuel

In early 2023, MGE purchased 25 MW from the state-of-the-art West Riverside Energy Center. In fall 2023, the company requested approval from State regulators to purchase an additional 25 MW. That request is pending before State regulators. The highly efficient West Riverside facility has a lower carbon intensity compared to coal-fired generation and other older natural gas plants.

Investment in the West Riverside plant will help MGE to retire the jointly owned Columbia coal-fired facility ahead of schedule while continuing to meet the energy needs of our customers cost-effectively and reliably and enabling our continued transition to greater use of renewable energy in our supply mix.

Natural gas distribution system: Net-zero methane emissions

Building on our existing sustainability and clean energy goals, MGE has a goal to achieve net-zero methane emissions from our natural gas distribution system by 2035.

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. 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.

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.

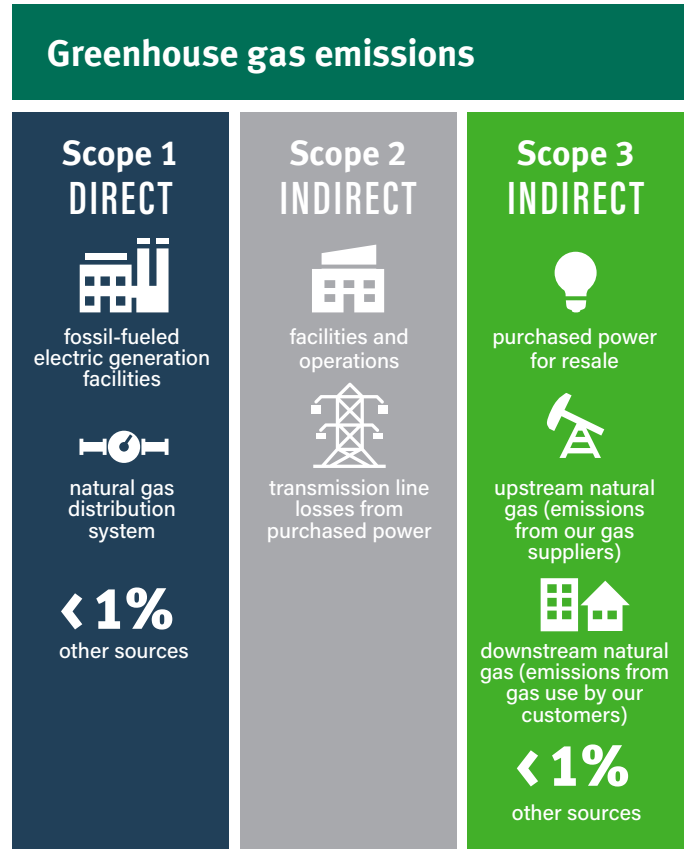
Implementation of cost-effective technologies and processes: Improved monitoring of our system and estimated emissions will inform priorities for reduction opportunities. Consistent with those priorities, we will implement cost-effective technologies to improve the detection, measurement, mitigation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

Renewable natural gas (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. More than half of our GHG emissions come from sources already included in our net-zero carbon electricity goal. Emissions from our fossil-fueled electric generation facilities and purchased power agreements already are included in our net-zero carbon electricity goal.

MGE is working to reduce overall emissions from our natural gas distribution system cost-effectively as quickly as possible. Visit mgeenergy.com to learn more.





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.

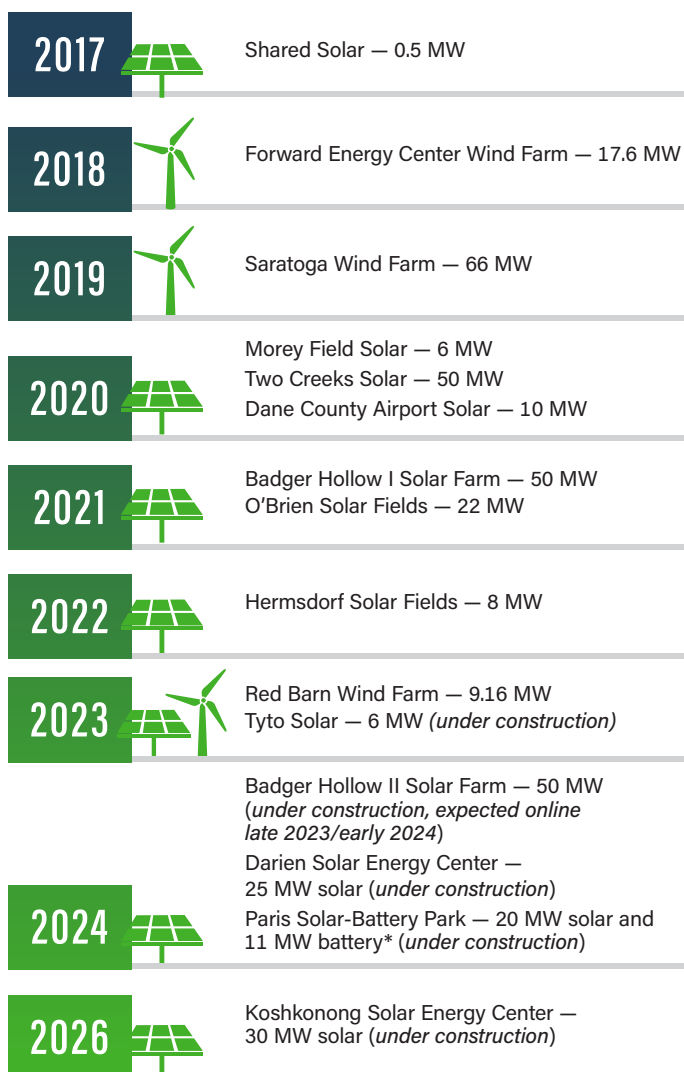
An MGE residential customer bill as a percentage of customer wallet (Wisconsin median household income) at 1.55% is below the Wisconsin utility peer average of 1.75%. MGE’s affordability as a percentage of customer wallet has improved 22% since 2012.

Energy affordability, or energy burden, is important to MGE. It is an issue that we have been working to address and that we will continue to address and manage 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.

Advancing energy efficiency and conservation

In addition to greater use of renewable energy, energy efficiency is a key strategy for reducing carbon emissions. MGE is committed to providing customers with the programs, such as MGE Connect®, tools and resources, such as our Home Energy Line, they need to make wise energy choices that help reduce their individual carbon footprints. See the Environmental section of our annual [Corporate Responsibility and Sustainability Report](#) for more information on our efforts to help our customers better manage their energy use.

Growing our use of clean energy



*Battery storage timing to be determined.

Leading the charge for transportation electrification

MGE has been working to advance the growth of electric vehicles (EVs) and EV charging for about 15 years. Transportation is the leading contributor of GHG emissions in the U.S. The electrification of transportation (and other end uses) is a key strategy for reducing carbon emissions.

MGE's EV fleet goal

MGE continues to add cleaner vehicles to our fleet, where possible. The company is targeting its 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.

Expanding EV charging and managed charging

MGE works with customers, stakeholders, municipalities and other community partners to grow the use of EVs, to facilitate charging and to manage EV charging remotely.

Public charging network

Our public charging network of more than 50 stations—powered by renewable energy—features several DC fast chargers. Fast chargers can provide 60 to 80 miles of range in about 20 minutes.

In summer 2023, we added our first pole-mounted EV charging station, which offers convenient curbside charging. The charger is attached to one of our existing utility poles. MGE is working with the City of Madison to place pole-mounted charging stations in areas currently without easy access to EV charging.



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 provides convenient EV fast charging powered by renewable energy. With power levels up to 350 kilowatts, the hub's high-speed chargers are some of the most powerful EV chargers in the Midwest.

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.

Managed charging

As more drivers opt for EVs, MGE's ability to work with customers to manage charging is becoming increasingly important. MGE also partners 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 expanding managed charging with pilot programs at multifamily properties, at workplaces and at businesses with EV fleets. These charging pilots allow MGE to evaluate load management strategies, such as shifting charging to lower-cost periods and staggering start times to avoid rebound peaks, which can help to ensure EV charging benefits all customers by reducing the need for electric system upgrades and new generation facilities over time.



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](#), where additional disclosures are available.

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 MGE 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 many different sectors in our community and works in partnership with hundreds of local and community-based organizations and community stakeholders to engage customers effectively based on their cultural or linguistic preferences or other reasons.



Gloria Castillo Posada (at right), Customer Engagement and Community Services Manager in MGE’s Residential and Community Services department, serves as an MGE energy expert on La Movida, a Spanish language radio station in Madison. She co-hosts MGE’s long-standing “Viviendo Con Energía” (Living with Energy) radio program to share tips, resources and other energy-related information with our Spanish-speaking customers.

Photo courtesy: La Movida Radio

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 through an online resource available to all employees that contains a vast library of courses, videos, articles and podcasts. The library includes information about diversity, inclusion, discrimination and harassment. (All employees are required to undergo annual ethics training.)
- 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 an on-site fitness facility and 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 to assist with job-specific stretching and strengthening, new employee training, injury and discomfort management, and other needs.
- Providing an Employee Assistance Program with confidential resources for employees and professional counselors free of charge 24 hours a day.



In early 2023, MGE introduced a newly renovated space for employees at its main office building. Known as The Hub, it offers all employees a space to focus, collaborate or socialize. For example, in June, employees gathered in The Hub to celebrate the 30-year anniversary of MGE’s Green Team, the company’s original sustainability steering team.



MGE's tenth Continuous Improvement Safety Team was tasked with helping employees "bring safety home." The team created a safety cabinet for office employees to retrieve personal protective equipment (PPE). It is stocked with leather gloves, safety glasses, ear plugs and other safety resources for employees and their families to use on home projects and activities. Field employees have access at their reporting sites to PPE for use at home.

Safety performance

Our Safety Steering Team and Safety Executive Team guide our company-wide efforts to enhance our safety culture and our journey to safety excellence.

The employee-led Safety Steering Team meets regularly to examine safety topics and to identify and prioritize continuous improvement opportunities. It oversees the creation of our employee-led Continuous Improvement Safety Teams (CI Safety Teams) to tackle specific safety culture initiatives.

The first nine CI Safety Teams focused on safety at work. In 2022, our tenth CI Safety Team was tasked with helping employees also



be safe at home. The Bring Safety Home team developed a safety platform designed to reduce injuries at home.

All employees have access to an online tool that serves as a central location to share at-home safety information, tips, training and other resources, including safety checklists and videos from other employees sharing their personal safety experiences. All employees also have access to an employee safety cabinet of items, including leather gloves, safety glasses, ear plugs and other safety resources for employees and their families to use on home projects and activities.

Read more about our safety initiatives and performance in the Social section of our annual Corporate Responsibility and Sustainability Report. Safety performance metrics are available in our EEI-AGA Quantitative Template, which is available online in our [ESG Data Center](#).

Safety Award

In 2022, MGE was awarded the inaugural Leading Indicator Safety Award by the American Gas Association (AGA), a national organization that represents more than 200 local energy companies. The Leading Indicator Safety Award was established to recognize companies for being proactive in preventing fatalities, injuries and illnesses as well as driving behavior change among their workforce when it comes to employee safety. MGE was recognized as the leading company in the Small Combination Utility category.

“
This award recognizes the commitment of all our employees who put safety first every day. It also captures and recognizes the many proactive, employee-led efforts throughout the years in our journey to safety excellence.
 ”

— Ted Wadzinski,

Assistant Vice President Gas Operations, Measurement and Operations Support



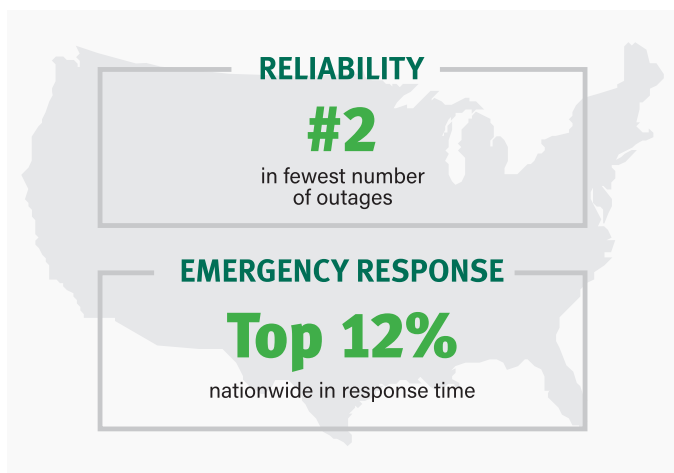
Electric reliability

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 2022, MGE ranked second for the fewest number of electric outages per customer. On average, MGE customers experience about one outage every two-and-a-half years. That’s compared to a nationwide average of more than three outages every two-and-a-half years.

Industry leader in emergency response

When notified of a potential natural gas emergency, MGE crews continue to earn high marks. In 2022, our response time ranked in the top 12% of a nationwide industry survey and was 21% 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.



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, the most recent available, 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.

Learn more about MGE’s commitment and strategies to achieve net-zero methane emissions from our natural gas distribution system in the Environmental section of our annual [Corporate Responsibility and Sustainability Report](#).

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—through our philanthropic arm, our corporate giving and employee volunteerism—all of which are explored in our report on giving available at mge.com/Foundation.



MGE Foundation

Established in 1966, the MGE 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 \$8.3 million to more than 400 community organizations. In 2022, the Foundation contributed to more than 200 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.

MGE Foundation Giving



community service

Supporting the community's most vulnerable populations



culture and enrichment

Fostering our community's culture, arts and history



environment and health

Protecting our health and environment



equity and inclusion

Advancing diversity and inclusion



youth and education

Educating and nurturing our children

Our Governance

MGE Energy is committed to helping customers, investors and other stakeholders better understand our strategies, risks, challenges and opportunities as we transition to a more sustainable energy future. Our annual [Corporate Responsibility and Sustainability Report](#) has more information about our projects, programs and initiatives. Report data is audited by the company's Internal Audit team. 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. There were 12 committee meetings in 2022.

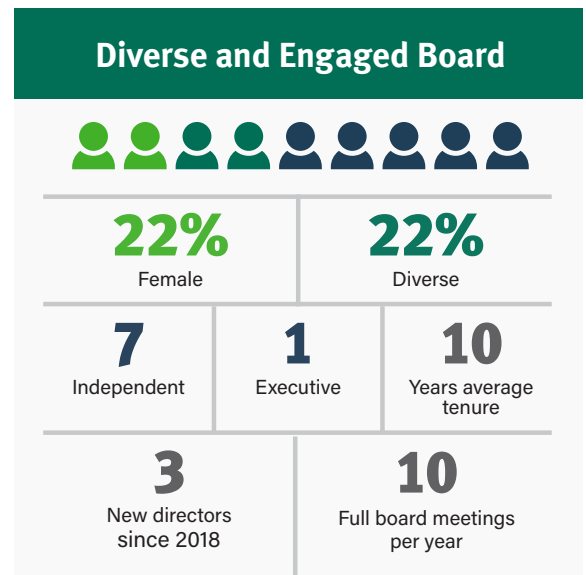
Our board is led by our Chairman, President and CEO. With primary responsibility for managing the company's day-to-day operations and for executing the company's vision and strategy, our CEO is best positioned to chair regular board meetings. This structure provides independent oversight while avoiding 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 to chair executive sessions. The Lead Independent Director chairs 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 on 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 Human Resources 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.

Since our board meets 10 times a year, there has not been a need for the Executive Committee to meet or take action.

The company's commitment to diversity, equity and inclusion is an ongoing area of focus for directors as part of the corporate culture, the organization's service to its customers and communities, and as a priority for composition of the board itself. With two director terms expiring in 2024, the board continues to plan for its future service, prioritizing core competencies among a diverse slate of directors as well as commitment to community engagement, in keeping with our mission to serve as your community energy company.



Committees		
Audit	Human Resources and Compensation	Governance
Financial Reporting	Executive Compensation and Benefits	Board Succession and Composition
Compliance	Human Resources Strategies:	Board and Corporate Governance
Code of Conduct	▪ Diversity, Equity and Inclusion	CEO Succession
Cyber Compliance	▪ Workplace Environment and Culture	
Disclosure	▪ Employee Engagement	
Ethics	▪ Talent Development	

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.

The board holds strategic planning and review sessions periodically with all officers of the company to review corporate strategy across all aspects of the company's business and to provide directors with the opportunity to engage senior management on emerging and continuing issues of importance. Read more about our board in the Governance section of our annual [Corporate Responsibility and Sustainability Report](#) and in our annual [Proxy Statement](#).

Oversight of environmental, social and governance (ESG) related 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.

Physical and cyber security

Enterprise-wide risk assessment and oversight are fundamental responsibilities of our board. Directors are involved in the process of overseeing the primary risks we face in the conduct of our business, including security risks.

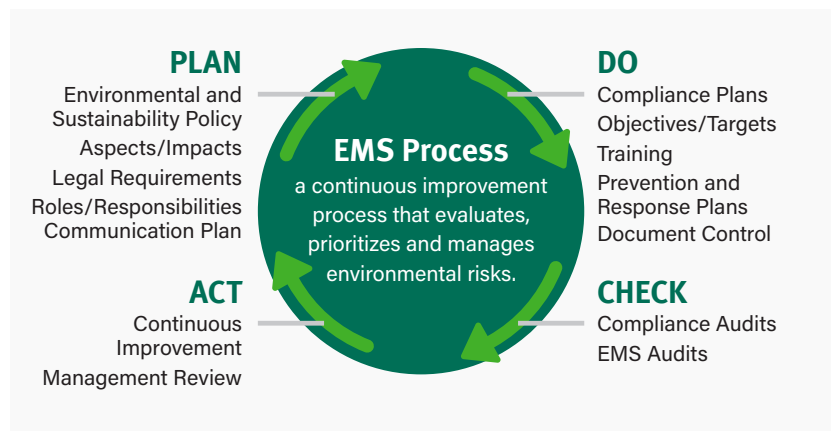
The board receives, on an ongoing basis, information from management related to key business risks and mitigation strategies. These business risks include existing and emerging risks related to information technology systems and cyber security. MGE partners with local, state, federal and industry stakeholders to assess and enhance our physical and cyber security and response plans.

The company's Internal Audit department, on behalf of MGE management and the Board of Directors' Audit Committee, conducts a biannual Enterprise Risk Management meeting 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. This broad-based exercise serves to complement ongoing and regular presentations and reports from officers and subject matter experts on risk and emerging risk identification, assessment and mitigation strategies.

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



A DNR Program for
Superior Environmental Performance

As a participant in the highest level of the Wisconsin Department of Natural Resources' (DNR) 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 DNR website.

Under our Green Tier contract, MGE agrees to a superior level of transparency and accountability. MGE was a founding partner in the pilot program, the Environmental Cooperative Agreement, which started in 2002 and rolled into the current Green Tier program in 2012. MGE is the only electric utility in Wisconsin to be awarded the highest participating level in Green Tier and is one of only eight Wisconsin companies to achieve the "Tier 2" level.

Read more about our EMS and related efforts in the Governance section of our annual [Corporate Responsibility and Sustainability Report](#).

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 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 performance.
- Facilitates peer-to-peer benchmarking on priority sustainability topics.
- Conducts focused technical research and develops specific tools to support sustainability program development.
- Tackles the challenge of identifying, understanding and communicating sustainability issues, goals, metrics and disclosure.
- Facilitates stakeholder engagement.
- Informs sustainability reporting initiatives.

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