



# 2023 Corporate Responsibility and Sustainability Report



## Governance

Our Board of Directors has a strong commitment to corporate responsibility and accountability. Community-focused and with a breadth and diversity of experience, board members bring strong, effective oversight in their service to MGE and MGE Energy.

*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.*



## Highlights

- The Board of Directors schedules 10 regular full-board meetings each year.
- Seven out of the board’s nine directors are independent. All members of the Corporate Governance Committee, Audit Committee, and Human Resources and Compensation Committee are considered independent.
- The Lead Independent Director is empowered to call meetings of the board and executive sessions and chairs the Corporate Governance Committee.
- The Corporate Governance Committee conducts an annual assessment of the board’s effectiveness as a whole.
- Directors may not serve on more than three other public company boards.
- In 2021, as part of ongoing board refreshment, the board welcomed a new director—its third new director since 2018.
- The company has a “clawback policy,” which covers both cash-based and/or stock-based awards containing performance requirements.
- Bylaws include a director resignation policy for directors who do not receive a majority “for” vote in uncontested elections.
- The board engages in a comprehensive biannual risk assessment, and on a biennial basis, the board conducts a broad-based exercise on risk with all company officers.
- MGE does not use corporate funds for contributions to any state or federal political candidates or their campaign committees.

# 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 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 responsible for the following:

- **Board Leadership:** Is empowered to call meetings of the board or executive sessions. The Lead Independent Director also is empowered to chair executive sessions of the directors.
- **Board Information:** 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.
- **Corporate Governance Committee Leadership:** Chairs our Corporate Governance Committee, which evaluates on an ongoing basis the composition, structure and performance of our board and assists in board recruitment, refreshment and succession planning.

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.

## OUR BOARD

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

### Corporate Governance Committee

Responsible for taking a leadership role in shaping corporate governance policies and practices and in officer and director succession planning and reviews and makes recommendations on board and committee organization, membership, function and effectiveness, including reviewing and nominating board candidates.

### Audit Committee

Oversees the board’s relationship with the company’s internal auditors and independent registered public accounting firm and discusses with them the scope and results of their audits, accounting practices and the adequacy of the company’s internal controls. The Audit Committee also reviews all “related party transactions” for potential conflict of interest situations.

### Human Resources and Compensation Committee

Reviews the salaries, fees and other benefits of officers and directors and recommends compensation adjustments to the board. In consultation with its compensation consultant and the other independent directors on the board, the committee determines the amounts and elements of compensation for the company’s executive officers and provides overall guidance for the company’s executive compensation policies and programs.

### Executive Committee

Acts in lieu of the full board and between meetings of the board and has the powers of the board in the management of company 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.

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

Some of the topics reviewed and discussed by the board in the last year included, but were not limited to, the following:

- Cyber and physical security.
- MGE’s carbon reduction goals and related initiatives.
- Emissions associated with the company’s purchase and distribution of natural gas and MGE’s natural gas emissions framework.
- MGE’s annual Corporate Responsibility and Sustainability Report and other environmental, social and governance (ESG) reporting and disclosures.
- Current and emerging environmental risks and risk mitigation.
- Generation facility retirement planning and potential capacity and energy replacement.
- Energy affordability and rates.
- State and federal legislation and regulatory policy.
- MGE’s top-ranked electric reliability.
- Company initiatives and investments.

The board’s interactions with internal and external subject matter experts provide useful information and insight relative to critical business initiatives and corporate strategy. These interactions inform the board’s understanding of the company’s financial performance, environmental performance, risk management and oversight, and succession planning.

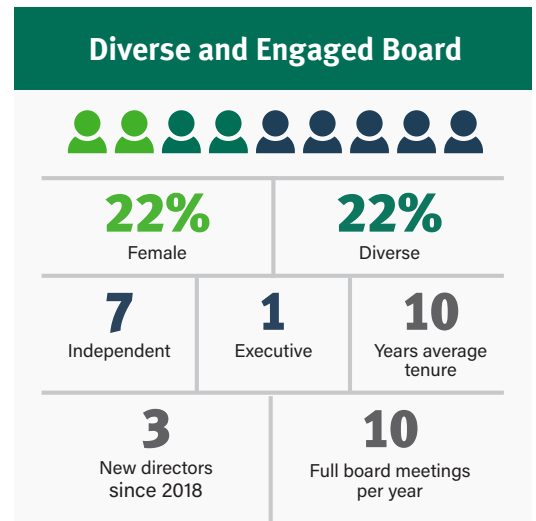
Board members also have direct access to a network of resources and ongoing educational opportunities that support their ability to provide effective oversight and governance on a broad range of critical issues. This direct access includes director training and resources from:

- The National Association of Corporate Directors, an organization dedicated to advancing broad-based director education, including on governance and emerging issues;
- PricewaterhouseCoopers (PwC), which offers events and resources for directors to stay current on ESG-related topics, risk and other board responsibilities; and
- The Edison Electric Institute (EEL) and the American Gas Association (AGA), which also offer ESG-related topics specific to the energy industry.

## 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. 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 net-zero carbon electricity by 2050 goal. The board has discussed the work of these experts to evaluate the company’s goal and strategies for achieving deep decarbonization by mid-century. See the [Environmental](#) section of this report for details of this independent analysis.



## Board independence

The board makes an annual assessment of the independence of directors under the independence guidelines adopted by the Nasdaq Stock Market, Inc. The guidelines are generally aimed at determining whether a director has a relationship which, in the opinion of the MGE Energy board, would interfere with the exercise of independent judgment in carrying out director responsibilities. The guidelines identify certain relationships that are considered to affect independence, such as a current or past employment relationship with the company, the receipt by the director or one of his or her family members of compensation in excess of \$120,000 from the company for other than board or board committee service and commercial relationships exceeding specified dollar thresholds. These guidelines also are reflected in MGE Energy's Corporate Governance Guidelines.

The board has determined that seven of the nine directors are independent under the Nasdaq Stock Market, Inc., definition of independence and the company's Directors Independence Standards, which parallel the Nasdaq Stock Market, Inc., definition. All members of the Corporate Governance Committee, Audit Committee, and Human Resources and Compensation Committee are considered independent. More information about the board is available in the company's annual [Proxy Statement](#).

## Board assessment

The board conducts an annual board self-assessment, which includes an extensive survey covering board structure and composition, meetings, committees, key responsibilities and board management. In addition, the board periodically evaluates directors' expertise and experience.

A peer evaluation occurs once every three years before nominating slates of directors for election and as part of succession planning to consider and to select new directors. This evaluation covers key professional skills, diversity, and breadth of community and other business experience and knowledge. In 2021, as part of ongoing board refreshment, the board welcomed a new director—its third new director since 2018.

In addition, each director conducts an individual self-assessment once every three years to evaluate their skills and experience relative to their board service.

### *Diverse experience and perspectives*

Effective oversight comes from a board that represents a diverse range of experience and perspectives that provide the collective qualifications, attributes, skills and experience necessary for sound governance. The following reflects our board's diverse range of experience and attributes.

- **Financial Acumen (100%)** – Experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor. Experience in analyzing or evaluating financial statements, large capital projects, financings and/or budgets.
- **Technology/Security (33%)** – Experience in and understanding of the business and operations technical systems, including financial systems, grid operations and customer information systems. Understanding of the potential for physical and cyber threats to critical infrastructure and digital systems and the risk mitigation plans.
- **Strategic Leadership/Governance (100%)** – Experience as executive officer and/or senior leader in business or public service with an understanding of how to oversee complex organizations, provide effective corporate governance and enable a strong corporate culture.
- **Legal/Regulated Industry (100%)** – Experience working closely with government agencies and in a highly regulated business. Having worked in public policy for an organization that operates within the public policy and regulatory process.
- **Customer/Community/Workforce (100%)** – Understanding of and experience in working in the business and political environment of the company's customer base. Understanding of customer service, experience and expectations, and of community matters, needs and interests. Community involvement through nonprofit, business and civic organizations. Experience in and understanding of employee relations and matters of diversity, equity and inclusion in the workplace and broader community.
- **Environmental/Safety (56%)** – Experience in and understanding of environmental policy and compliance, impacts and risks, and emerging issues and opportunities for greater sustainability. Experience in and understanding of workplace and/or public safety related to critical infrastructure and operations of essential services.

- **Operations (56%)** – Experience in the energy or utility industry or development, construction, manufacturing or essential services. Knowledge of electric generation and distribution or gas operations and distribution systems. Understanding of the technical issues and risks associated with the reliability, resiliency and safety of such systems.

## 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 fall 2022, 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 executive compensation

MGE Energy's Board of Directors' Human Resources and Compensation Committee, composed of independent directors, takes into consideration performance on both short- and long-term corporate strategy, among other factors, when evaluating executive compensation. Directors consider environmental performance, among other factors, such as cost containment and management of day-to-day operations. The committee also considers other performance goals that are critical to company performance, such as earnings, system reliability and customer satisfaction as well as long-term strategic goals, including those related to sustainability and ESG-related matters.

The board regularly reviews how well the company is advancing its goals for carbon emissions reductions as well as progress on its specific strategies for deep decarbonization. Our compensation program is designed to link a significant portion of the compensation of our named executive officers to defined performance standards that promote a balance of the drive for near-term earnings and returns with growth in long-term shareholder value.

The board believes that directors and officers should own and hold the company's common stock and have a portion of their compensation based upon the performance of that common stock to align further with the long-term interests of shareholders. The company's guidelines measure that alignment through a combination of minimum stock ownership and long-term compensation awards that are directly tied to the performance of MGE Energy stock. MGE Energy's annual [Proxy Statement](#) provides an explanation of the company's corporate governance practices and responsibilities.

### State and federal oversight

As a public utility, MGE operates under state and federal regulations. These regulations serve to protect the interests of customers, employees and investors as well as protect the environment. MGE is subject to regulation by the Public Service Commission of Wisconsin, which has authority to regulate most aspects of MGE's business, including rates, terms and conditions of service, accounts, issuance of securities and construction of infrastructure, such as generation siting.

The Federal Energy Regulatory Commission has jurisdiction, under the Federal Power Act, over certain accounting practices and certain other aspects of MGE's business. MGE Energy's subsidiaries also are subject to regulation under local, state and federal laws regarding air and water quality and solid waste disposal.

### 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.

## Sustainability Management

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.

### Sustainability Executive Team

- Has officer representation from across MGE to oversee and to provide guidance to the Sustainability Steering Team.
- Keeps the Board of Directors informed on sustainability initiatives and ESG-related matters.

### Sustainability Steering Team

- Composed of employees from across the company.
- Supports sustainability engagement and benchmarking.
- Reviews, evaluates and prioritizes continuous improvement opportunities for the company.
- Assembles the Continuous Improvement Sustainability Teams, which address specific improvement initiatives and tasks.
- Oversees MGE’s Environmental Management System (EMS).

More information about the Sustainability Steering Team is available in the [Environmental](#) section of this report.



### Green Master

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.



### 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, in cooperation with the DNR.

A DNR Program for Superior Environmental Performance

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 audit results, occurs annually with results available on the DNR website.

## Enterprise Risk Management

Enterprise-wide risk assessment and oversight are fundamental responsibilities of our board. Directors are involved in the process of 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.

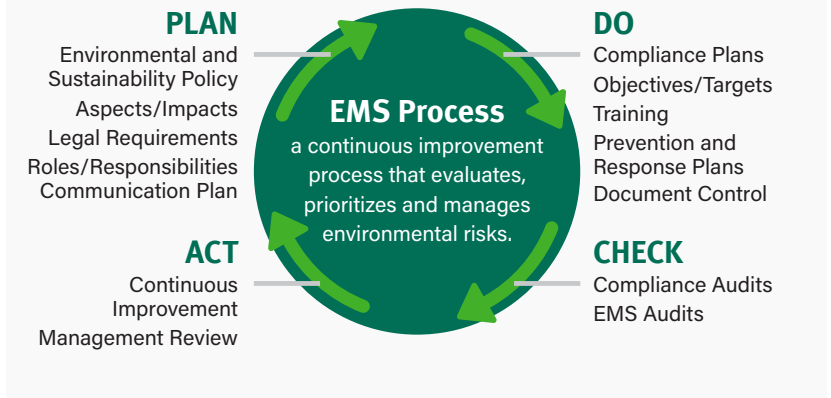
| Full Board                        |  |                                  |
|-----------------------------------|--|----------------------------------|
| Enterprise Risk Management        | Financial Performance  | Security - Cyber and Physical    |
| Corporate Sustainability and ESG  | Operations   | Strategic Risk Management        |
| Customer and Community Engagement | Public and Regulatory Policy   |                                  |
| 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                   | <ul style="list-style-type: none"> <li>▪ Diversity, Equity and Inclusion</li> <li>▪ Workplace Environment and Culture</li> </ul> | CEO Succession                   |
| Cyber Compliance                  | <ul style="list-style-type: none"> <li>▪ Employee Engagement</li> </ul>  |                                  |
| Disclosure                        | <ul style="list-style-type: none"> <li>▪ Talent Development</li> </ul>   |                                  |
| Ethics                            |  |                                  |



## Environmental Management System (EMS)

An EMS is a continuous improvement process that evaluates, prioritizes and manages environmental risks. MGE's first Continuous Improvement Sustainability Team oversaw the expansion of the company's EMS to cover all of MGE's operations. The expanded scope of our EMS captures environmental improvements across the company.

MGE employed an independent third party to oversee the expansion of the EMS. The independent third party's expertise in risk management and compliance helped MGE to identify operational and environmental risks and to evaluate those risks under the scope of the expanded EMS. 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.



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 DNR's 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.

MGE is in our fourth 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 as explained below. Reporting on the performance of our EMS, including audit results, occurs annually with results available on the DNR website.

## EMS internal and external audits

As noted above, MGE works to ensure the EMS is functioning properly by participating annually in internal and external audits. We also ensure our compliance with regulatory obligations by participating in third-party compliance audits.

MGE's ISO 14001-based EMS is audited annually by a third-party auditor who is approved by the State of Wisconsin to perform ISO 14001-based EMS audits. Approval from the State of Wisconsin requires ISO 14001 accreditation or certification through the State of Wisconsin.

In addition, MGE hires a third-party compliance auditor to audit our environmental regulatory compliance in our operations areas. Third-party compliance audits are scheduled to ensure all operations areas are audited by an external auditor at least once within a three-year period.

Under our Green Tier contract, MGE agrees to a superior level of transparency and accountability. The results of our third-party EMS and Green Tier compliance audits are shared with the DNR. Corrective action taken on any minor or major EMS audit findings and on any Green Tier compliance audit findings also is shared with the DNR.

## EMS goals, targets and action plans

MGE's Sustainability Steering Team develops environmental objectives, targets and action plans annually. These goals are informed by MGE's [Environmental and Sustainability Policy](#) and by MGE's operational environmental impacts.

A number of the goals achieved under the expanded EMS includes:

- Expanded our greenhouse gas (GHG) inventory beyond our known electric generation sources, completing a GHG inventory of our natural gas distribution system, a Scope 3 emissions inventory, and an inventory of our Scope 1 and 2 emissions sources to capture a more accurate picture of our overall GHG emissions impact.

- Created an inventory of our pollinator-friendly properties, which will enable us to consider additional voluntary opportunities for pollinators.
- Evaluated MGE’s recycling and disposal options for existing MGE solar panels and wind turbine blades and developed environmental aspects to consider for future purchases of solar panels and wind turbine blades.
- Enhanced MGE’s environmental emergency response plans for facilities with high risk to waterways, human health and sensitive environmental features by updating our higher-risk plans and response guides.
- Completed one year ahead of our five-year schedule a voluntary effort to replace 440 polychlorinated biphenyls (PCB) contaminated transformers located around our service area, reducing potential impact to our waterways. These transformers contained more than 10,000 gallons of PCB-contaminated mineral oil that we removed for proper disposal.
- Continued to increase the electrification of our operational fleet by replacing fossil-fueled light-duty vehicles in our fleet with plug-in electric vehicles (EVs) and plug-in hybrid electric vehicles (PHEVs), consistent with our Fleet Alternative Vehicle Policy and corporate goal to achieve 100% all-electric or plug-in hybrid light-duty vehicles by 2030.
- Incorporated environmental emergencies into MGE’s corporate-wide All Hazards Response Plan, which utilizes a formal incident command structure to assess, mitigate and address MGE hazards.
- Converted indoor lighting in a majority of MGE facilities to LED lighting, which resulted in energy savings. Additional conversions to LED lighting are ongoing.

Additional goals adopted by the Sustainability Steering Team and consistent with its commitment to continuous improvement include:

- Evaluate our pollinator habitat for alignment with formal voluntary agreements such as the U.S. Fish and Wildlife Service’s Monarch Conservation Agreement and the UW’s Solar Pollinator Certification program.
- Continue to support MGE’s climate goals, including goals associated with MGE’s 2035 net-zero methane emissions goal from natural gas distribution.
- Support MGE’s [Statement on Human Rights](#) through development and implementation of a supplier code of conduct.
- Develop a site attributes inventory for our properties that allows for an expedited review of compliance and risk.

### Scope 3 emissions

When companies look at measuring their GHG emissions, they often look at their Scope 1 GHG emissions, which are direct emissions from their operations, and Scope 2 GHG emissions, which include indirect use such as electricity, steam, heat and cooling.

Scope 3 GHG emissions are indirect emissions caused by what are referred to as “value chain” activities, such as purchases of materials, the creation of waste and how a company’s product is used by its customers and consumers. Under the EMS, MGE is working to better understand our Scope 3 GHG emissions. This ongoing analysis will help us consider ways to reduce our indirect impacts.

### Environmental Management Information System

MGE transitioned in 2019 to a new software system for use in risk minimization. MGE’s Environmental Affairs team oversees hundreds of routine monitoring, recordkeeping and reporting tasks, some of which occur every week. MGE’s Environmental Management Information System (EMIS) makes it significantly easier to see and to track the different tasks. The system provides MGE with better and quicker access to the status of compliance activities and improved information for analysis, resource planning and performance reporting. This leads to more efficient use of time, better alignment of information management processes and simplified training for turnover or responsibility transfers.

# ESG Reporting and Stakeholder Engagement

In 2018, MGE moved from biennial to annual production of our Environmental and Sustainability Report, which in 2020 became the company's Corporate Responsibility and Sustainability Report to reflect more accurately the range of content provided in the report. This report is reviewed by the board annually. Report data and data in our EEI-AGA ESG/sustainability reporting templates also are audited by the company's Internal Audit team.

## EEI-AGA ESG/sustainability reporting templates

To advance further transparency and disclosure, MGE also participates in EEI's and AGA's ESG/sustainability-related reporting templates. The voluntary, industry-specific templates include both qualitative and quantitative information. The quantitative template includes data related to MGE's energy portfolio (generation and capacity), emissions, capital expenditures, and human and natural resources. The qualitative template includes information related to the company's strategies for transitioning toward deep decarbonization and greater sustainability. Board members also review MGE's templates annually, which are available online 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](#).

## 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](#).

## Shareholder engagement

Our board believes that understanding and considering shareholder perspectives advances accountability and transparency. Our investor relations efforts also help executive management and the board understand how investors view the company's policies, practices, strategies and long-term direction and help leadership assess and address investors' emerging areas of interest, such as ESG-related topics.

Officers engage shareholders in several ways, including through discussions with a number of our institutional shareholders; presentations at industry conferences and investor meetings; meetings with analysts and investment firms; our Annual Meeting; and inquiries taken through the company's investor site, board emails and in-house Shareholder Services staff. These efforts are in addition to the company's regular and ongoing investor relations program.

## Policy engagement

MGE advocates on behalf of our customers, shareholders and employees at the local, state and federal levels of government for policies that support safe, reliable, affordable and sustainable energy. We comply with the MGE [Code of Ethics](#) as well as all political giving, lobbying, regulatory and disclosure laws in these processes.

The company's [Code of Ethics](#) is applicable to all directors, officers and employees of the company. It includes conflict of interest; confidential and insider information; gifts, gratuities and favors; proper accounting and reporting; outside employment; government relations; political contributions and political office; company property; and reporting illegal or unethical behavior.

## Political contributions

State and federal laws prohibit the company from making direct or indirect contributions of corporate funds or resources to any candidate running for political office in the United States or state of Wisconsin. As such, MGE does not use corporate funds for contributions to any state or federal political candidates or their campaign committees.

Though state and federal laws allow it, MGE does not have a state or federal political action committee (PAC). Wisconsin law does allow businesses to facilitate political contributions by their employees via a “conduit” account. MGE administers an MGE Employee Conduit for employees who prefer to use this mechanism for their contributions. All funds contributed through this conduit are made and controlled by individual employees and not by MGE. That is, all contribution decisions are made by the individual employee.

## Political office

MGE permits and encourages employees to participate in the democratic process, including running for public office and other related activities, provided those activities do not interfere with their work performance or duties, consistent with our [Code of Ethics](#). Employees also may make contributions to a variety of political candidates and/or PACs, apart from the MGE Employee Conduit. MGE does not, and should not, track all political contributions made by its employees.

## Lobbying

As your community energy company, we advocate for our customers, shareholders and employees by building and maintaining relationships with policymakers; by working collaboratively with internal and external stakeholders to identify and address matters that impact our industry, goals and corporate strategies; and by building coalitions with stakeholders, trade associations, employees, customer groups, utility associations and others to pursue and achieve common goals. MGE employs registered lobbyists and utilizes external lobbyists to engage policymakers at the local, state and federal levels to monitor legislation and policy proposals and to advocate for positions that are in the best interest of our employees, customers and shareholders.

Reports of our lobbying activities (MGE Energy and/or MGE) can be found at the federal, state and local levels. Wisconsin lobbying reports can be found at the Wisconsin Ethics Commission, [lobbying.wi.gov](http://lobbying.wi.gov). MGE typically does not incur lobbying expenses at the federal or local level that would trigger a lobbying report; however, if it does, those expenses can be found at [lda.senate.gov](http://lda.senate.gov), [lobbyingdisclosure.house.gov](http://lobbyingdisclosure.house.gov) and [cityofmadison.com/clerk/lobbyists](http://cityofmadison.com/clerk/lobbyists), respectively.

## Trade organizations

MGE belongs to a number of trade organizations and coalitions that provide expertise, training and research concerning important industry topics. Some trade associations also participate in the political process, including participating in lobbying. MGE does not control the political activity of its member trade associations and, in fact, may sometimes disagree with political positions taken by them. Trade associations must identify the portion of association dues used for lobbying and political activities to comply with tax rules.