



2023 CMS ENERGY SUSTAINABILITY REPORT



A Letter from Our President and CEO

CMS Energy is committed to providing our customers and communities safe, reliable, affordable, and clean energy. We strive to fulfill our purpose of World Class Performance Delivering Hometown Service each day. Rooted in safety, with focus on co-workers, customers, communities, shareholders and the environment, we make decisions with the Triple Bottom Line: People, Planet and Prosperity.

We're also proud to lead the clean energy transformation via our renowned Clean Energy Plan. We're working deliberately and aggressively to retire our remaining coal plants and deliver net zero methane and carbon emissions by 2030 and 2040, respectively. We're also working to add owned and contracted renewable power — including 8,000 megawatts of solar energy — by 2040. In addition to making an impact in clean energy, we are committed to powering 1 million electric vehicles by 2030.

We know doing what's right for our co-workers, customers, communities, shareholders and planet is critical to our sustained success. We help meet our communities' needs through our foundation and corporate giving. We champion environmental responsibility and stewardship to improve our land and water. And we lean into our values to retain our workforce and attract future generations of skilled employees. These values center on safety, diversity, equity and inclusion and solid governance structures.

I'm proud of our co-workers. They're committed to achieving our company's goals. With hearts of service, they help to deliver on our purpose.

Throughout this report, you'll read about the many ways we're creating a sustainable energy future. We're excited to share our progress.



Garrick J. Rochow

PRESIDENT AND CHIEF EXECUTIVE OFFICER • CMS ENERGY AND CONSUMERS ENERGY



About this Report

CMS Energy has integrated sustainable practices throughout our corporation, including our subsidiaries, Consumers Energy and NorthStar Clean Energy. As the parent company of Michigan's largest energy provider, Consumers Energy, we've embedded consideration of environmental, social and governance issues in our strategy, business planning and enterprise risk management processes. These key issues align with our purpose of World Class Performance Delivering Hometown Service. Our Triple Bottom Line of People, Planet and Prosperity balances all stakeholders' interests.

CMS Energy participates in several voluntary reporting initiatives, including an industry initiative coordinated by the Edison Electric Institute (EEI) and the American Gas Association (AGA) that provides the public, our customers and shareholders a reporting template for uniform and consistent sustainability metrics. This report follows this reporting template and supplements our existing sustainability disclosures, including links to several indices and reports on the CMS Energy website (found in the appendix).

PRIORITIZING SUSTAINABILITY ISSUES

Determining which issues are most important to our company and stakeholders is the foundation of our sustainability efforts. Assessments help us identify, adjust and improve upon sustainability goals and performance. In 2021, we conducted a Priority Issue Assessment Stakeholder Survey in partnership with a third party. Using survey results and additional analysis, we generate a list of top priority issues each year. Our priority issues are:

- Greenhouse gas (GHG) emissions and air quality
- Environmental compliance
- Energy resiliency and reliability
- Cyber security, privacy and security
- Business ethics and conduct
- Safety, health and wellness
- Diversity, equity and inclusion (DE&I)
- Energy affordability

Read our 2023 [CMS Energy Sustainability Priority Issues Report](#) for more details on these issues and our assessment process.



Our Sustainability Story

+ Environment 5

+ Social 14

+ Governance 25

+ By The Numbers 31

ENVIRONMENT

The environment is a crucial pillar of our sustainability efforts. Our Priority Assessment found stakeholders deem our strategic goals to improve air quality, reduce greenhouse gases and protect our waters high-priority. Our strategic plans demonstrate we are delivering on our promise to protect, preserve and restore our environment. Below are the commitments that we've made to Michigan and the planet:

Net zero methane emissions from natural gas delivery system by 2030: Under its Methane Reduction Plan, Consumers Energy plans to reduce methane emissions from its system about 80 percent by accelerating the replacement of aging pipe, rehabilitating or retiring outdated infrastructure, and adopting innovative technologies and practices. The remaining emissions will likely be offset by purchasing or producing renewable natural gas.

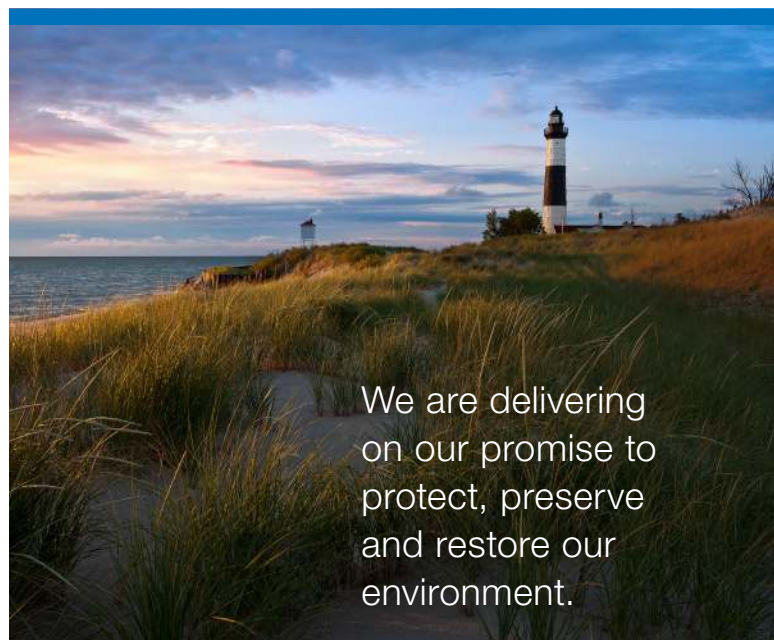
Net zero carbon emissions from our electric business by 2040: This goal includes not only emissions from owned generation, but also emissions from the generation of power purchased through long-term power purchase agreements (PPAs) and the MISO energy market. Consumers Energy expects to meet 90 percent of its customers' needs with clean energy resources by 2040 through its Clean Energy Plan. Innovative technologies and carbon offset measures including, but not limited to, carbon sequestration, methane emission capture, forest preservation, and reforestation may be used to close the gap to achieving net zero carbon emissions.

Net zero greenhouse gas emissions target for the entire business by 2050: This goal, announced in March 2022, incorporates greenhouse gas emissions from Consumers Energy's natural gas delivery system, including suppliers and customers. The target includes an interim goal to reduce customer emissions 20 percent by 2030 from 2020 levels. Consumers Energy expects to meet this goal through carbon offset measures, renewable natural gas, energy efficiency and demand response programs, and adoption of cost-effective emerging technologies once proven and commercially available.

Additionally, to advance its environmental stewardship in Michigan and to minimize the impact of future regulations, Consumers Energy announced these targets in 2022:

- To enhance, restore, or protect 6,500 acres of land by 2027. Of note, in 2022, Consumers Energy enhanced, restored, or protected over 700 acres of land.
- To increase the rate of waste diverted from landfills (through waste reduction, recycling, and reuse) to 90 percent from a baseline of 88 percent. Of note, in 2022, Consumers Energy's rate of waste diverted from landfills was 93 percent.
- To reduce the use of cooling water at our generating plants by 338 billion gallons, and reduce other non-cooling water by 1.7 billion gallons, by 2027.

We're committed to sustainable development as outlined in our Corporate Environmental Policy. We demonstrate this commitment by exercising the precautionary principle and conducting due diligence to identify and minimize environmental impacts in the communities where we operate. Environmental compliance is ingrained in our processes and values. We follow environmental management best practices modeled on the ISO 14001 standards to maintain and continually improve our processes. These standards hold us accountable to adhere to regulations, minimize environmental impacts and continually improve environmental practices and stewardship.



We are delivering on our promise to protect, preserve and restore our environment.

OUR CLEAN ENERGY PLAN

Our Clean Energy Plan, also known as our Integrated Resource Plan, is our most comprehensive and far-reaching strategy to date to protect the planet and reinforce our reputation as a sustainability leader. Our Clean Energy Plan is a 20-year blueprint to guide our regulated electric business. Our plan positions us as an industry leader in the clean energy transformation. By reducing emissions and expanding clean energy options, we will improve air quality, reduce greenhouse gas emissions and protect the environment for generations to come.

The plan will:

End coal use in 2025: Eliminating coal use 15 years sooner than planned will improve air quality, cut greenhouse gas emissions, reduce landfill waste and dramatically reduce our water use.

Increase renewable energy: By 2040, more than 60% of our electric capacity will come from renewable sources. We plan to add nearly 8,000 megawatts of solar by 2040.

Transition to a smarter grid: Energy waste reduction, demand response, and emerging technologies like grid modernization will lower peak customer demand.

Deploying battery storage: Our plan accelerates energy storage with a total of 75 MW of energy storage by 2027 and 550 MW by 2040.

Offer more customer control and savings: The plan deepens our commitment to energy and cost savings options for customers.

Help ensure energy affordability: We expect to save customers up to \$600 million through 2040 compared to our 2018 Clean Energy Plan.

Advance a flexible strategy: Our plan responds to emerging needs, adapts to changing conditions and embraces new, innovative technologies.

Ensure supply reliability: The purchase of the existing natural gas-fired Covert Generation Station in Michigan's Van Buren County will help us transition from coal without creating new greenhouse gas sources.

Our Clean Energy Plan will also help us reduce carbon emissions from owned generation about 60% from 2005 levels in 2025 and continue our progress toward net zero carbon emissions by 2040. This is a quicker pace than the Intergovernmental Panel on Climate Change suggests is needed to limit global temperature increases to less than 1.5°C. It's also faster than Michigan's net zero goal, which calls for the state to reach carbon neutrality by 2050.

EXPANDING RENEWABLE ENERGY

Our Clean Energy Plan includes a major renewable generation buildout by 2040. We plan to add capacity incrementally, enabling planning and resource-type flexibility to adapt to changing conditions. Our goal is to add nearly 8,000 megawatts of solar energy in the 2020s and 2030s. We plan to add the solar capacity — a mix of owned and purchased power using a competitive-bid annual solicitation process — to keep costs low.

When renewable generation is combined with energy storage advances and customer demand reduction programs, we plan to meet our customers' energy needs on the hottest days with 90% clean energy resources. Since 2005, renewable nameplate capacity, including capacity from power purchase agreements, has grown from 3% to nearly 14%. We look forward to continued growth as we transition from coal to renewables.

We own and operate four wind parks in Michigan: Lake Winds Energy Park (100 megawatts) in Mason County, Cross Winds Energy Park (231 megawatts) in Tuscola County, the Crescent Wind Farm (166 megawatts) in Hillsdale County and the Gratiot Farms Wind Project (150 megawatts) in Gratiot County. The Heartland Wind Farm (about 200 megawatts) in Gratiot County is scheduled to begin operating in late 2023. Consumers Energy also offers voluntary renewable energy customer programs. These programs accelerate our Clean Energy Plan and enable our customers to participate fully in the clean energy transformation.

For example, our Solar Gardens program enables customers to flexibly, easily and affordably subscribe to blocks of solar energy without purchasing and installing their own panels. To help deliver the benefits of solar energy more equitably, we've launched a new "Sunrise" component of our Solar Gardens program, allowing community action agencies and nonprofit organizations to subscribe to solar gardens on behalf of income-qualified customers. The program also provides credits on their utility bills.

Similarly, Consumers Energy's Large Customer Renewable Energy Program helps businesses meet their sustainability goals, attract capital and improve their sustainability brands. The program has 120 megawatts of capacity that is fully subscribed, and nearly 530 additional megawatts of contracted customer demand to support the build out of new wind and solar resources. Today the program is approved to grow up to 1,000 MW. Consumers Energy is actively pursuing new renewable energy assets through a competitive solicitation process to meet increasing customer demand for this program.

Generating a Brighter Energy Future for Michigan: Curtain Falls on Coal, Solar Set to Soar

The world can change drastically in a decade.

In 2012, Tik Tok didn't exist, and the Detroit Tigers competed in the World Series.

At Consumers Energy, we'd just started operating our first wind farm. We served our customers primarily with electricity generated by a fleet of aging, coal-fired power plants and we'd only begun experimenting with the potential of solar energy.

Today, we're leaving coal behind completely and embracing renewable energy to lead Michigan's clean energy transformation.

[+ See More](#)



MEETING DEMAND RESPONSE NEEDS

Partnering with our business and residential customers to reduce energy use is a critical element of our Clean Energy Plan. Demand response programs help us reduce electric load during peak hours on high-demand days.

Consumers Energy's demand response programs help business and residential customers reduce our need to deliver additional purchased or produced energy at peak times when prices are highest. Through its demand response portfolio, Consumers Energy also offered customers the opportunity to build energy awareness, save money and understand energy price signals. We take pride in our environmental leadership and commitment to responsibly manage customer bill impacts.

In 2022, Consumers Energy customers enrolled in demand response totaling 700 megawatts — enough to exceed our 607-megawatt target and avoid building another power plant. More affordable and better for the planet, Consumers Energy integrated demand response into its capacity portfolio to meet the aggressive program goals in its regulatory filings with the Michigan Public Service Commission.

OUR ELECTRIC VEHICLE TRANSFORMATION

We're leading Michigan's electric vehicle transformation by committing to power 1 million electric vehicles by 2030. The goal would put Michigan in the driver's seat for the next generation of clean, zero-emissions vehicles and support our company's clean energy goals.

By every measure, Michigan continues to see interest in electric vehicles accelerate. Consumers Energy is proud to power that transformation, working with drivers, business owners and community leaders to make EV ownership convenient, affordable and clean.

Our support for Michigan's EV transformation includes:

Incentives for over 4,000 EV chargers for homes, businesses and in public places through PowerMIDrive and our Bring Your Own Charger program. PowerMIFleet offers business fleet customers independent consulting services to help evaluate adding EVs and EV charging systems (including workplace Level 2 and fast chargers) to their business operations, in addition to the many financial benefits available from Consumers Energy for charging off-peak.

Expert help. Customers can connect with our EV specialists to answer their questions, whether they're considering an EV purchase or have driven thousands of miles. Like a concierge service, our specialists help customers select the charger that best meets their needs, schedule an electrician to quickly and safely install it, facilitate applicable rebates and direct customers to their best-value off-peak rate option. And it's free. To learn more, visit ConsumersEnergy.com/EV

Big plans for more EV charging. Consumers Energy expects to power 100 EV fast chargers in public locations throughout Michigan, plus another 100 chargers mostly at hotels and apartments to promote EV access for renters and travelers.

Rebates for multifamily and community charging. Consumers Energy's PowerMIDrive program will provide rebates for EV chargers at apartments and other multifamily locations where vehicle owners need to charge their vehicles overnight. The multifamily EV charging program offers \$7,500 rebates to encourage property owners to invest in overnight charging for their tenants. A community charging pilot will provide a \$7,500 rebate to 25 Michigan municipalities that install a charger in public parking lots or curbside locations, with focus on places within one block of multifamily properties. Learn more at ConsumersEnergy.com/overnightcharge or ConsumersEnergy.com/communitycharging.

Leading by example. By 2030, 100% of light duty vehicle purchases in Consumers Energy's fleet will be electric, along with 30% of our entire fleet.

Membership in the Midwest EV Charging Infrastructure Coalition and the National Electric Highway Coalition. Consumers Energy is partnering with energy providers to pursue the completion of an electric vehicle charging network to enable EV owners to drive across the nation knowing they can charge their vehicles along the route.

Preparing electric grid for the influx of EVs. Over 90% of all EV charging Consumers Energy tracks takes place outside the peak hours of 2-7 p.m. That means EVs are using the grid at times when demand is low, limiting or even eliminating the need to build power plants to meet the additional demand.

Partnering to bring federal EV infrastructure funding to Michigan. After 11 school districts learned last year they'd receive funding for more than 50 electric buses across Michigan — the most of any Midwest state — Consumers Energy is working with those districts to put all-electric school buses on the road.

BUILDING A MORE RESILIENT FUTURE

We are modernizing our electric distribution system to continue safely supplying affordable, reliable power for Michigan. We're replacing poles and wires, upgrading substations and exploring the value of burying more power lines to strengthen the network that keeps power flowing to our homes and businesses every day. Our goal is simple: fewer, shorter and less frequent power outages for our customers.

Just as importantly, we're creating a more stable system to serve our state for decades to come. That means using the latest smart technology to pave the way for electric vehicles and new heating sources, while increasing capacity to avoid outages and overloads.

We filed our updated five-year Reliability Roadmap with the Michigan Public Service Commission in 2023. It's a blueprint for serving Michigan today and innovating to meet the challenges of the coming decades.

Powering a New Vision

We're leading the transition to a resilient clean energy future. As energy demand and extreme weather threats increase, strengthening the energy grid is more important than ever — and so is ensuring fair and equitable access to all customers.

With continued investment, technological advances and support from regulators and key stakeholders, our Reliability Roadmap can dramatically transform how we serve Michigan.

We envision a future when:

- No single outage affects more than 100,000 customers.
- All customers have power restored within 24 hours after an outage event.

Our Roadmap

We're serving our 1.8 million electric customers throughout Michigan's Lower Peninsula with a system that's even more safe, reliable, affordable and clean. Our five-year plan improves reliability performance by focusing primarily on:

Infrastructure upgrades: We're making prudent, proactive investments to replace or rebuild poles, better understand how to bury power lines in a cost-effective way and organize circuits more efficiently to ensure fewer customers are impacted by outages.

Forestry management: Traditional tree trimming is still the most effective way to prevent and shorten power outages and improve system reliability. Our plan significantly increases spending to keep distribution lines clear.

Grid modernization: Smart meters, sensors and automation devices are working together to help us monitor our system more effectively, optimize power delivery and solve problems faster, often before customers notice.

Equity and environmental justice: We will continue to weigh how different communities experience reliability and resiliency, as well as future implications for grid access when it comes to EVs and other technologies.

Customer Benefits

Resiliency: Michiganders are experiencing more frequent and severe storms, in part, to climate change. We're designing a tougher, harder grid built to face whatever Mother Nature throws our way. Our poles, for example, will soon sustain winds over 100 miles per hour without ice.

Reliability: Keeping the lights on is job one. We know how frustrating and expensive power outages are for our customers, and we're investing the resources to meet Michigan's peak electricity needs on the hottest summer day.

Affordability: We're determined to provide maximum energy value for every customer dollar. That means carefully considering every investment in our system to ensure it produces effective, efficient results for all customers.

Safety and security: Nothing is more important than protecting our customers, our co-workers and the communities we serve. From properly training lineworkers to guarding downed wires and employing the latest cybersecurity tactics, we're committed to working safely.

Sustainability: At Consumers Energy we define sustainability as practices that help our communities thrive without putting future generations at risk. We're building Michigan's grid to last and reducing energy waste to protect the planet.

Providing the Reliable, Safe Service Our Customers Expect

In 2010, Josh Martin and other members of the Distribution Standards Team were brainstorming ideas to make service safer, cleaner, more affordable and reliable for customers.

They landed on Automatic Transfer Reclosers (ATRs), 800 pound-devices mounted 25 feet high on our electric poles that are playing a major role in our electric reliability future.

[+ Read More](#)



MEETING DEMAND THROUGH NATURAL GAS OPERATIONS

We're one of the nation's largest natural gas companies. Our infrastructure comprises more than 28,000 miles of distribution main and about 2,400 miles of transmission pipeline. We continually make improvements to help ensure we deliver safe, reliable, affordable and clean energy to our natural gas customers.

Our Natural Gas Delivery Plan, updated annually, is a 10-year natural gas system investment plan. The plan, valued at about \$10.3 billion, includes accelerated infrastructure replacements, innovative leak detection technology and key process changes to reduce or eliminate methane emissions.

ADVANCING A CLEANER NATURAL GAS FUTURE

In early 2022, we pledged to protect the planet by achieving net zero greenhouse gas emissions from the company's entire natural gas production and delivery system — including emissions from customers and suppliers — by 2050.

Achieving net zero emissions means eliminating the impact associated with the burning of natural gas by customers and greenhouse gas emissions caused by natural gas suppliers who produce and transport natural gas to Consumers Energy's system.

Natural gas is safe and affordable, and now it can be even more clean. We're making historic, industry-leading changes to protect our planet. This commitment is another step in leading the clean energy transformation for Michigan.

Reaching net zero will require Consumers Energy to balance many diverse emissions reduction opportunities with safe, reliable, and affordable energy delivery. It will also require partnerships with stakeholders across Michigan to ensure a decarbonized gas system can continue to meet the needs of customers, communities, and businesses.

To support Michigan's decarbonization goal to reach carbon neutrality by 2050, Consumers Energy set an interim goal to work with our customers to help them reduce Scope 3 emissions 20% from 2020 levels by 2030.

Our Scope 3 emissions reduction plan includes energy waste reduction, renewable natural gas, carbon offsets and emerging decarbonization technologies. Each must contribute to our 20%-by-2030 goal while on Michigan's path to net zero carbon emissions by 2050.

Pursuing a net zero goal for all emission sources, including those from customers and suppliers, aligns the company's efforts with Michigan's MI Healthy Climate Plan to achieve net zero carbon emissions by 2050. We're also aligned with the recommendations of the Paris Agreement to limit global warming.

CMS Energy is deeply invested in several tools to support customers and suppliers who want to reduce their emissions.

Carbon offsets: The company received regulatory approval for a new program for residential and business customers who want to voluntarily offset carbon emissions from their natural gas use. This program centers on forestry-based carbon offsets in Michigan. The company will supply offsets from an in-state forestry project located in Michigan's Upper Peninsula. Limiting the volume of deforestation through this project promotes clean air, preserves wildlife habitats, and advances clean carbon storage.

Renewable natural gas, or RNG: Produced from organic wastes and other renewable sources, RNG is interchangeable with conventional natural gas and a key technology available to reduce methane emissions. The company announced an agreement with Swisslane Farms in west Michigan to build a biodigester facility that will convert agricultural waste into RNG.

Energy Waste Reduction: We help customers reduce energy waste and lower energy bills with several energy efficiency programs for residential customers, small and medium sized businesses and large commercial and industrial customers.

Our plan would also evaluate emerging technology like hydrogen production, carbon emissions capture and storage, and customers' use of hybrid natural gas and electric heat pump systems.

Pursuing a net zero goal for all emission sources aligns our efforts with Michigan's MI Healthy Climate Plan to achieve net zero carbon emissions by 2050 and the recommendations of the Paris Agreement to limit global warming to less than 1.5 °C.

Modernizing Michigan: Replacing Natural Gas Transmission Pipelines to Improve Safety, Reliability for Customers

From heating homes to powering stoves and drying grain for farmers, our natural gas network has met Michigan's energy needs for decades.

Now, it's time to modernize.

We're replacing hundreds of miles of the "expressway" that powers our gas system as part of our Natural Gas Delivery Plan, a 10-year roadmap to improve safety, reliability and affordability for our 1.8 million customers while creating a cleaner energy future.

[+ See More](#)



CARING FOR LAND, WATER AND WILDLIFE AND REDUCING WASTE

We love Michigan and work continually to improve the place we call home. This includes setting land, waste and water protection goals. In 2021, we exceeded our five-year planet goals to enhance, restore or protect 5,000 acres of land in Michigan, save 1 billion gallons of water and reduce waste sent to landfills by 35% — all a full year ahead of schedule. We met our goals with companywide efforts like environmental cleanups, improving wildlife habitats, increasing recycling at our facilities and finding new ways to conserve water at our generation facilities.

To build on this success, we've set even more aggressive goals, including:

Land: Enhance, restore or protect 6,500 acres from 2022 through the end of 2026.

Waste: Increase our waste diversion (reused/recycled) rate in 2023 to 94%.

Retiring our remaining coal-fired plants in 2025 also will positively impact water conservation. We expect to reduce overall water use 99% by 2026 compared to our 2012 levels. In 2023 alone, we expect to save at least 463 million gallons through operational changes and reducing our once-through cooling water at our coal plants by 100 billion gallons. Other water efficiency efforts include:

- Prioritizing water conservation when considering new generation sources.
- Developing strategies to save and reuse water during pipe replacements.
- Reducing and recycling water at steam-fired plants.
- Collecting and reusing water that runs off coal piles.

Through a water reduction initiative at our coal generation sites, engineers evaluated water use for bottom ash transport. We reduced bottom ash transport water use from three times daily to twice daily, reducing our use by millions of gallons every year.

Additionally, we have alternative water use initiatives, such as on-site stormwater capture, to supplement our freshwater needs and further reduce the amount of freshwater extracted from surface water and the ground.

Cowabunga! Fifty-Six Rescued Turtles Released into Native Habitat

We released 56 turtle hatchlings back into natural wetland habitats after the juveniles were rescued as eggs along the path of the Mid-Michigan Pipeline Project. The turtles came from eggs of adult females that were safely removed from the pipeline path throughout the course of the summer and were incubated and nurtured by Herpetological Resource and Management (HRM).

“At Consumers Energy we believe in leaving our communities better than we found them, and that is why years of careful planning with environmental partners at the local, state and federal levels went into the execution of the first phase of this pipeline project,” said Chris Fultz, vice president of gas operations. “This work is not just about following the permit requirements, it is about doing what is best for the wildlife in the area, and we continue to be grateful for partners that help us do that.”

[+ See More](#)



BIODIVERSITY

We also take pride in our passionate employees who look for opportunities to continuously improve the company's impact to Michigan's biodiverse ecosystems.

In biodiversity, we do what's right, not merely what's required. That includes applying our Environmental Review Checklist (ERC) process to every project we undertake that impacts the environment. The ERC helps ensure projects are designed with the environment in mind. The ERC also ensures we comply with all environmental laws and regulations, minimize our negative environmental impact and, when possible, improve environmental quality.

Consumers Energy's Environmental Quality and Sustainability team uses the ERC to evaluate all projects and identify environmentally amenable solutions.

The ERC leverages a best-practice hierarchy approach to assess habitats. The assessment yields useful information for engineers as they design and build projects to minimize or mitigate disruption.

And the approach is working. For example:

- We released 56 turtle hatchlings back into natural wetland habitats after the juveniles were rescued as eggs along the path of the Mid-Michigan Pipeline Project. The turtles came from eggs of adult females that were safely removed from the pipeline path throughout the course of the summer and were incubated and nurtured by Herpetological Resource and Management (HRM).
- While removing trees from the path of the Saginaw Trail Pipeline in 2022, workers saw a mother raccoon and several babies peering out from within a tree log. They immediately stopped the job and safely relocated the section of a tree that housed the raccoon family using a skid steer.

In 2023, we released our first biodiversity report. This report highlights efforts to protect, enhance and restore land in Michigan through sustainable construction and project planning, employee volunteerism and corporate giving. [Read the report here.](#)



SOCIAL

Achieving our goals extends beyond our environmental commitments. We're deliberate in making decisions that positively impact our customers and communities. We prioritize our customers' needs, diversity equity and inclusion (DE&I), labor and human rights, safety and security.

OUR ENERGY EFFICIENCY PROGRAMS

Reducing energy use through aggressive energy waste reduction is an important environmental and social goal for our company. Our Clean Energy Plan positions energy efficiency as key to reducing our company's carbon emissions and building a more sustainable future for the planet and our customers.

In 2022, our energy waste reduction programs helped customers save nearly \$922 million on their energy bills and boosted total customer savings to \$5.5 billion from 2009 through 2022. The programs also prevented nearly 25 million tons of carbon dioxide emissions. Cumulative savings from 2009 to 2022 are equivalent to supplying electricity to about 2.5 million homes and natural gas to about 2.9 million homes for a year.

In line with our integrated resource and natural gas delivery plans, we've set a target to achieve an average of 1.9% and 1% incremental electric and natural gas savings respectively over the course of our 2024-2025 energy waste reduction plan.

In recognition of these efforts, we received the U.S. Environmental Protection Agency's 2022 ENERGY STAR® Partner of the Year — Sustained Excellence Award, the EPA's highest recognition for corporate energy management. It's the 10th year we've received the recognition for our energy management performance.

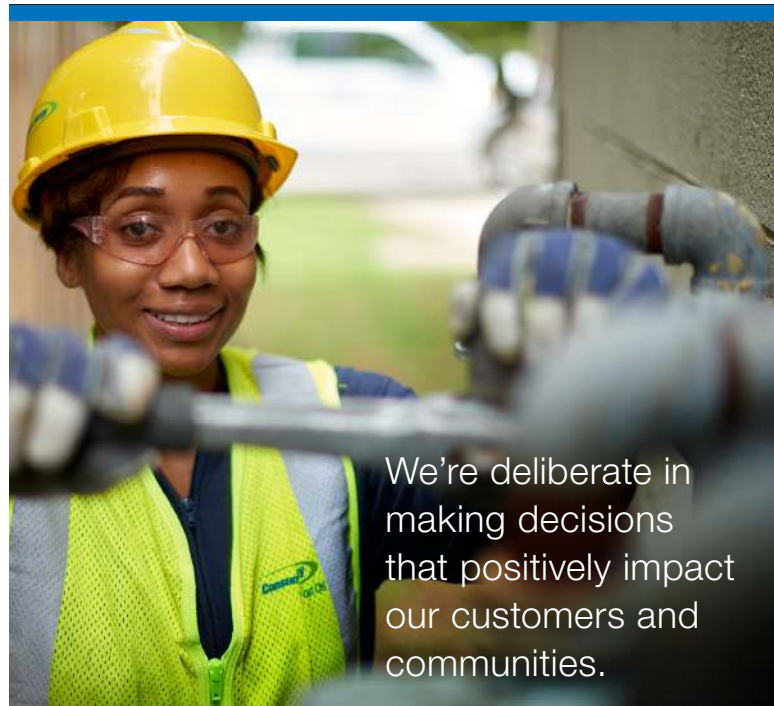
HELP FOR LOW-INCOME CUSTOMERS

Consumers Energy's 2022-2025 energy waste reduction (EWR) plan reflects its commitment to achieve aggressive energy savings and increase investment in low-income energy efficiency programs. These efforts include developing innovative approaches to connecting EWR with low-income energy assistance programs and increasing funding for more holistic low-income single-family and multifamily housing measures.

In 2022, Consumers Energy expanded the Income Qualified Health and Safety pilot, which is designed to help customers address structural or other damage in their homes that hinders installing energy saving measures. The cornerstone of the pilot, and all EWR program low-income efforts, is collaboration with partner agencies. This helps leverage EWR investments and implement comprehensive solutions to reduce customers' energy burden.

Consumers Energy has also launched initiatives to provide healthy building materials education to contractors. We'll also invest up to \$1 million in the Michigan city of Flint to support economically vulnerable communities through a targeted approach, working with community agencies to identify and provide EWR intervention to customers struggling to pay energy bills and those who may need to defer payment due to health and safety concerns.

Additionally, in 2022 Consumers Energy committed \$4.5 million through energy assistance programs to fund a bill payment pilot program and offer other direct assistance to low-income customers struggling to pay their energy bills. We also donated over \$7 million in 2022 to help low-income customers pay their heating bills, providing a lifeline for thousands of families in need.



We're deliberate in making decisions that positively impact our customers and communities.

OUR COMMITMENT TO DIVERSITY, EQUITY & INCLUSION

We're embedding DE&I into everything we do for our co-workers, customers and communities. We boldly and unapologetically stand for a diverse, inclusive workplace where the ideas and contributions of all are heard and valued and everyone feels they belong.

Our mission to build and sustain a world class, inclusive workforce and customer experience relies on our foundational principle that DE&I is embedded through our culture, people experience and our processes. We care about the well-being of our co-workers, customers and communities, are deliberate in fostering inclusion and take a public stand against racism, hate and bias. That begins with the support of our President and CEO, Garrick Rochow, who continues to be engaged in the CEO Action for Diversity and Inclusion™ Coalition — a national effort that brings corporate leaders together to address DE&I at the societal level, driving action and meaningful change.

CULTURE VALUES

Our culture values drive all our actions, enabling everyone to work safely to serve our customers and our communities. An intentional focus on our culture enables employees to thrive and succeed in an environment where their voices are heard and their contributions matter. Each value in the culture mindset is critically important.

At CMS Energy, DE&I isn't a moment; it's a movement. We're embracing that movement by leaning into our Culture Values — Caring, Empowered, Deliberate, Agility and Ownership. It's those values that foster success in three key pillars — culture, process and talent — encompassing our co-worker, customer, community and investor interactions.



OUR CULTURE

We embed DE&I in our culture by educating employees and leaders on DE&I and highlighting opportunities for them to help create an inclusive environment.

Our business employee resource groups (BERGs) and Inclusion Champions help mobilize our goals. Our Inclusion Champions - an even mix of union and nonunion employees - create safe spaces at all levels and promote an inclusive, restorative approach using coaching, training and one-on-one support. Inclusion Champions advance belonging by leading grassroots efforts, providing action-oriented involvement opportunities, identifying and addressing gaps through problem solving, and providing ongoing DE&I education and development. Our seven BERGs are open to all employees and foster a sense of belonging. Our newest BERG, Interfaith, was founded in 2022 to bring together employees of all beliefs, including those with no religious affiliation.

Business Employee Resource Groups

capABLE: Removes barriers and opens minds, creating meaningful work pathways for current and future co-workers of all abilities.

GENERGY: Bridges the gap of learning, networking and mentoring across workforce generations.

Interfaith: Supports employees of all religions and those with no religious affiliation.

Minority Advisory Panel: Promotes a culture of diversity and inclusion through education, leadership, development and networking.

Pride Alliance of Consumers Energy: Promotes an inclusive and safe environment that's supportive for lesbian, gay, bisexual and transgender persons and allies.

Veterans Advisory Panel: Provides support to former active military personnel and assists in recruiting and retaining veterans.

Women in Energy: Promotes an inclusive place for all women at Consumers Energy in the fields they have chosen from front line to management, including union and operations employees.

OUR PROCESSES

We embed DE&I into our internal and external interactions and everything we do because we know DE&I-proficient people and processes yield great outcomes for all.

In 2021, we launched a from-the-top learning model for all employees, starting with company leaders. We're committed to 100% unconscious bias training and DE&I Awareness training for our total workforce in 2024. Through training all employees, we're building a solid foundation that makes DE&I an integral part of our DNA.

We're also maturing our existing diverse supplier program by building a framework that enables a high-quality, long-term sustainable supplier network. It includes expanding our diverse supplier network, validating certification of diverse vendors and Enhanced Tier II reporting for our suppliers' suppliers.

OUR TALENT

We build a diverse, equitable and inclusive workforce through a strategic talent sourcing strategy that recruits in areas representative of all demographics, allowing us to build diverse, qualified candidate pools. We also focus on employee lifecycle processes including hiring, promoting, developing and succession planning. We use diverse hiring committees for every position posted and provide our leaders with training, guidance and resources to make inclusive hiring decisions.

Protecting Our Customers Always a Priority

Just hours after a powerful ice storm ripped through a downtown Jackson neighborhood, Jason O'Neal was doing some paperwork in his company vehicle. As he looked in his rear-view mirror, he noticed a woman near debris from a fallen tree.

[+ Read More](#)

DE&I STANDS

In 2022, we launched our DE&I movement stands to monitor the success of our DE&I strategy and build and sustain a world class inclusive workforce and customer experience. Our stands support our strategy, are aligned with our Executive DE&I Council and represent multi-year, measurable aspirations in the areas of culture, talent, philanthropy and supplier diversity. We're excited about the road ahead and further connecting DE&I with our core business. We connect our DE&I program to executive and employee compensation by including our DE&I Index measure in our incentive compensation targets:

Our Culture Stand: We work in our company and our communities to value people of all backgrounds.

Our Talent Stand: We expect every future and current employee to have equitable opportunity to succeed.

Our Supplier Diversity Stand: We doubled our spend with diverse suppliers in 2022, one year ahead of schedule.

Our Philanthropy Stand: We are committing \$15 million by 2023 to create equitable, sustainable change in justice initiatives.

OTHER EFFORTS

Our commitment to DE&I strategy goes beyond the walls of CMS Energy. We also support programs across our service territory. Recent efforts include supporting facility improvements to establish the Bay Area Veterans Workshop and Learning Center in Bay County; helping underserved entrepreneurs, including businesses managed by women, people of color, veterans and people with disabilities at the Centropolis Accelerator at Lawrence Technological University; and strengthening relationships with local organizations including the Hispanic Center of Western Michigan, India League of America — Michigan and Asian Pacific American Chamber of Commerce. We also allocate funds to support nonprofits chosen by BERGs.

Through the work of the Consumers Energy Foundation, we allocate grant dollars to support nonprofit organizations working to advance racial and ethnic justice and striving to advance equity for women, veterans, the LGBTQIA+ community, people with cognitive and physical disabilities, and people living below the Asset Limited, Income Constrained, Employed (ALICE) threshold. As part of this commitment, our Foundation launched a DE&I grant program in 2022, awarding \$100,000 to support five community foundations across Michigan that are actively engaged in DE&I initiatives in their communities. In 2023, the success from the first year of the program resulted in doubling grant dollars to \$200,000.

We'll continue to evolve our DE&I efforts with our customers, co-workers, communities and investors. Our comprehensive DE&I strategy enables us to focus on all aspects of diversity and create a company that is inclusive of all ideas in pursuit of the best outcomes.

A Supplier Diversity Breakthrough

A breakthrough goal is an ambitious goal set without knowing how to achieve it.

At the Mackinac Policy Conference in 2019, Consumers Energy announced a breakthrough goal: to double our spend with diverse suppliers over the next five years. By sharing the goal on that stage, we invited our customers and peers to hold us accountable.

Just four years later — one year ahead of schedule — we achieved it!

[+ Read More](#)



SECURING A WORKFORCE OF THE FUTURE

We know there is strong demand for positions in our industry, including specialized jobs in renewable energy generation, technology and data analytics. We provide compensation and benefits that are competitive among industry peers. We have also developed a comprehensive talent strategy to attract, develop and retain highly skilled employees.

Our talent strategy includes:

Cultivating a Purpose-Driven Culture: Ensuring co-workers understand how their work drives our strategic goals.

Creating a Breakthrough Employee Experience: Instilling pride and ownership in work and creating a positive, welcoming environment for all who work here.

Building Skillsets at Scale: Providing co-workers with the skills to succeed.

Skillset development includes union apprenticeship programs, yearly training in newly required skills and other talent development strategies.

Detroit Pistons and Consumers Energy Partnership a Game Changer for High School Students

When young adults think of career choices, energy companies rarely make it to the top of their list. For the second consecutive year, Consumers Energy has teamed up with the Detroit Pistons to help non-trendy career options get a little more appreciation.

[+ See More](#)



PROTECTING HUMAN RIGHTS

We're helping to create a world where all are respected and included, valued for their unique qualities and abilities, treated fairly and afforded the opportunity to advance. We protect the rights of all, including women, racial and ethnic minorities, LGBTQIA+, people with disabilities and veterans. To help accomplish this vision, all employees are expected to be strong, ethical community partners and form positive relationships wherever we do business. We work to avoid causing or contributing to human rights violations, mitigate and/or remediate adverse human rights impacts, prohibit the use of child labor, forced labor, human trafficking and modern slavery, and are transparent in our efforts, successes and challenges.

Our Human Rights Policy further details this commitment. It includes our stance and standards on DE&I, fair and equitable pay, our ethics and compliance training, investigation of concerns, and employee responsibilities for knowing, understanding and following all regulations, laws and policies that apply to their jobs. It also explains employee requirements to report concerns or potential misconduct. Our Employee Code of Conduct, and annual code of conduct training, help employees interpret our policies and guide decision making. Our Third Party Code of Conduct extends to our partners beyond CMS Energy.

A DEEPENING PARTNERSHIP WITH OUR UNION

All of us own all of this. It's this phrase that best defines the strength of partnership built jointly by Consumers Energy and the Utility Workers Union of America (UWUA). Together with the UWUA, we continue to deepen a high-value, mutually beneficial partnership that touches nearly all facets of our union employees' experiences with Consumers Energy. Dimensions of that partnership include:

A shared commitment to employee safety and operational excellence: Ensuring every employee goes home safe is Job No. 1. From the boardroom to the job site, we're tapping top-tier training, enhanced tools and a "stop the job" mentality that's substantially reduced safety incidents and injuries.

Championing DE&I: We want all employees in all settings see, hear and feel DE&I's presence and influence in every aspect of their Consumers Energy experience — from hiring to retirement and every step in between. Our DE&I Inclusion Champions — an all-union-employee team — help bring those core concepts to life at all organizational levels. They advance belonging by leading grassroots communication efforts, sharing opportunities for involvement, identifying and addressing gaps, solving problems and providing continuous learning and development.

Building the workforce of the future: In 2018, we began a partnership with the UWUA and the Power-4America (P4A) trust to develop the Renewables Specialist Apprenticeship program. The apprenticeship program's goal is designed to develop a skilled workforce in house to support the renewable generation assets as we add clean energy to our portfolio. So far, nine apprentices have completed the program and are now helping operate and maintain our wind farms and Solar Gardens facilities.

Partnering in reliability: Our five-year, nearly \$9 billion Reliability Roadmap is a blueprint for serving Michigan today and innovating to meet the challenges of the coming decades. We're investing in more workers and more training to accelerate upgrades that benefit customers and communities.

ADVANCING LABOR RIGHTS

We're also deliberate in our actions to prioritize labor rights. CMS Energy and its subsidiaries comply with all applicable U.S. federal, state and local laws and regulations concerning our employees and labor issues in each of the states where we conduct business. Standards, including those found in the International Labor Organization 87 and 98, help inform our approach.

We acknowledge our employees' rights to associate freely and bargain collectively. Employees are expected to comply with federal and state laws and with our company's policies and collective bargaining agreement provisions, as applicable. This is outlined in our Labor Rights Policy.

We conduct annual audits to ensure our policies and practices cultivate a workplace free of harassment and discrimination. The process includes reviews of hiring, terminations, promotion data, external outreach and vendor contracts. We also conduct annual compensation reviews for pay equity through a third party to make sure our employees receive fair compensation.

Additionally, we expect those we do business with to comply with our labor rights expectations. We ask third parties to operate safely and in a manner that reflects our values, which is also outlined in our Third-party Code of Conduct.

ENSURING JUST TRANSITION

We partner with our employees and communities to ensure they're treated justly and equitably as part of our clean energy transformation, including our transition away from coal. Reinventing ourselves as a cleaner, leaner and more flexible energy company produces significant benefits for customers, employees and the communities we serve. But we recognize our bold plans can create new challenges.

As we prepare to retire our remaining coal-fired plants in 2025, we draw on previous experience in retiring our "Classic Seven" coal-fired plants. This process helped us develop a transition plan that supports our employees and communities. It includes:

- Committing to fair and equitable treatment of impacted employees, including offering new positions for those who wish to remain with our company.
- Engaging in clear and ongoing communication with affected communities and stakeholders that extends beyond decommissioning.
- Implementing solutions, when possible, to generate innovative ideas that help local officials to re-imagine their economic futures.

Our process to provide a just transition for our employees and communities is reflective of current concerns and adjusts to balance the needs of all stakeholders. Our community affairs managers, who live and work throughout our service area, are vital to these efforts.

ADVANCING ENVIRONMENTAL JUSTICE

We're embedding DE&I into everything we do for our co-workers, customers and communities. Advancing environmental justice is a prime example of our DE&I mission in action.

Environmental justice centers on protecting communities — especially our most vulnerable — from environmental harm caused by industrial practices. To Consumers Energy, achieving environmental justice means building and delivering a right-fit, scalable strategy to ensure every community sees maximum energy investment according to its needs with minimal environmental impact and energy burden.

Understanding our impacts and our communities' needs. As part of its 2021 Integrated Resource Plan, Consumers Energy conducted an environmental justice analysis to help understand our environmental and societal impacts in the clean energy transformation. The analysis confirmed

our Clean Energy Plan will enhance our efforts to protect communities from environmental harm. Consumers Energy was among the first utilities in Michigan to conduct the analysis, and we plan to do so in future regulatory proceedings as part of our commitment to care for the communities we serve.

Identifying disproportionately impacted communities. Consumers Energy uses the State of Michigan's MiEJScreen interactive mapping tool. Created by the Michigan Department of Environment, Great Lakes and Energy, MiEJScreen assesses how Michigan communities experience environmental justice impacts relative to others. Census tracts with high scores experience more pollution burden and vulnerability than those with lower scores. We're prioritizing our environmental justice efforts in communities reaching a MiEJScreen scoring threshold. Our environmental justice analysis revealed Consumers Energy is serving MiEJScreen threshold communities more reliably than our system-wide average. We're also proposing improvements in threshold census tracts that replace vintage open wire secondary circuits with new higher-capacity, safer and more durable shielded triplex cable. The upgrade helps ensure residents benefit from an equitable clean energy transformation.

Working to embed environmental justice into our operational and investment strategies. Better data yields better decisions for disproportionately impacted customers and communities. At Consumers Energy, we're working to embed environmental justice into our electric, natural gas and customer experience decision-making processes. As an example, our electric distribution planning team has added MiEJScreen environmental justice impact scores as an input to determining priority infrastructure projects.

Deploying sustainable development practices. Beyond ending coal use, our plan also includes more owned and contracted renewables (solar and wind) through 2040, which also fuels our supplier diversity goals. Our sustainable development practices prioritize being good corporate neighbors and constructing, maintaining and operating our facilities according to the highest safety and environmental standards. We're committed to collaborating with landowners and local communities to select optimal project locations and communicate clearly about project plans and benefits. We're equally committed to minimizing environmental impacts to land, the species living on it, and rights of way.

Tapping stakeholders' knowledge, perspectives and successes. Consumers Energy is actively collaborating with stakeholders committed to defining, measuring and implementing environmental justice efforts in Michigan and nationally. These include energy industry trade associations and the Michigan Public Service Commission's Energy Affordability and Accessibility Collaborative (EAAC). Within the company, our DE&I, environmental, gas strategy and electric distribution teams, along with our Executive DE&I Council, are working to identify and address environmental justice concerns.

THE CONSUMERS ENERGY FOUNDATION

Consumers Energy has given back to Michigan communities for nearly 137 years, and since 1990, we've helped local communities grow and thrive through the Consumers Energy Foundation. The Foundation contributes to the strengthening of Michigan communities by investing in what's most important — our people, the planet and Michigan's prosperity. In 2022, the Consumers Energy Foundation contributed more than \$7.8 million to nonprofit organizations throughout Michigan.

Foundation giving is separate from other company contributions and cannot be used to directly benefit the corporation. The Foundation is funded by company donations not included in customer rates.

CARING FOR THE COMMUNITIES WE SERVE

We are committed to making life better for customers by directly supporting local communities through charitable giving and volunteerism. We do this by sponsoring community events throughout our service territory, engaging employees and retirees to volunteer in their communities, facilitating in-kind donations to schools and nonprofit organizations, spearheading corporate charitable donations, and providing grant dollars to nonprofits through the work of the Consumers Energy Foundation.

In 2022, the Consumers Energy Foundation, Consumers Energy and its employees and retirees contributed more than \$18.5 million to Michigan nonprofits.

2022 Signature Grant Awards

Each year, the Consumers Energy Foundation makes signature grant allocations of \$500,000 each (totaling \$1.5 million). These signature grant allocations are referred to as the People Awards, the Planet Awards and the Prosperity Awards. Each grant round provided up to \$250,000 to two or more Michigan nonprofit organizations striving to make a positive impact aligned with the corresponding priority area. Nonprofit organizations throughout Michigan can submit letters of intent for these signature grants and the top projects are invited to submit applications for consideration. In 2022, the Consumers Energy Foundation awarded \$1.5 million to seven organizations over the course of this signature grant series.

2022 People Awards

In 2022, the Consumers Energy Foundation recognized two nonprofit organizations that are actively engaged in ending poverty and reducing Asset Limited, Income Constrained, Employed (ALICE) individuals in Michigan. The 2022 People Awards placed focus on organizations addressing basic needs (such as shelter, food, clothing, and household goods). Recipients of the 2022 People Awards included Cristo Rey Community Center (\$250,000) and Roscommon County United Way (\$250,000).

2022 Planet Awards

The Consumers Energy Foundation is dedicated to ensuring Michigan has world-class natural resources by funding organizations and programs that strengthen environmental education and stewardship, preserve Michigan's natural beauty and reduce environmental impact when natural resources are used. In 2022, the Consumers Energy Foundation celebrated Earth Month by providing \$500,000 to support three projects that helped protect and restore Michigan's land, water, and air. Recipients of the 2022 Planet Awards included Macomb County (\$250,000), Oshtemo Charter Township (\$150,000), and the Huron-Clinton Metropolitan Authority (\$100,000).

2022 Prosperity Awards

The Consumers Energy Foundation passionately believes all Michiganders deserve to live in safe, affordable communities rife with public assets and world-class cultural resources that enrich the lives of residents and visitors. These elements are critical to ensuring Michigan businesses and communities grow and thrive. In 2022, the Consumers Energy Foundation supported two projects that helped advance Michigan's prosperity. Recipients of the 2022 Prosperity Awards included the Village of Oxford (\$250,000) and the City of Muskegon Heights (\$250,000).

EMPLOYEE AND RETIREE GIVING

Consumers Energy employees and retirees give generously of their time, talent and treasure, and these efforts are rewarded through the Consumers Energy Foundation's Volunteer Grant and Matching Gifts programs.

Volunteer Investment Program: Employees and retirees who volunteer in their communities during their free time can earn grants to support the nonprofits they care about most.

Caring for Community: Teams of five or more employees and/or retirees volunteering together to support an eligible nonprofit can receive a \$250 grant for that organization.

Matching Gifts: Employees and retirees who make personal charitable contributions to eligible nonprofits can have their donation matched dollar-for-dollar up to \$1,000 per donor, per year.

These longstanding programs underwent a major upgrade in 2022 to increase support for the causes and organizations our employees and retirees care about. Those who volunteer in their free time can now earn up to \$5,000 in volunteer grants each year to designate to nonprofit organizations of their choice. Those who make personal charitable donations to any eligible U.S.-based 501(c)(3) nonprofit can apply for a match of up to \$1,000 per donor, per year. Through these programs, our Foundation can expand its reach and invest funding directly into the local communities where our employees and retirees are actively involved.

In 2022, Consumers Energy employees and retirees supported more than 500 nonprofit organizations, resulting in more than \$400,000 donated from the Consumers Energy Foundation.

Dish of the Day Serving Up Hot Meals for ALICE

Roscommon County's newest food truck recently hit the road with a purpose unlike any other food truck. Funded by a 2022 People Award grant from the Consumers Energy Foundation and operated by the Roscommon County United Way, Dish of the Day is a mobile soup kitchen built to help address food insecurity throughout the county.

[+ Read More](#)



OUR FOCUS ON EMPLOYEE SAFETY

The health and safety of our employees and the public is always our top priority. We've worked hard to improve our safety culture and performance, and safety incidents have decreased 70% since 2008. We continue to stay focused on our goal of zero high-risk incidents.

We've implemented a proactive, risk-based program in partnership with EEI and other utilities. The Safety Classification and Learning Model allows us to address safety precursors, such as "Safety Good Catches" or "Stop the Job," and implement controls to prevent serious injuries or deaths.

Additionally, we have evolved our definition of safety to not only support our employees' physical safety but also their psychological safety. Our employee wellbeing worldview is supported by internal wellbeing consultants and several tools that improve physical, financial, emotional, social and professional health.

Honored to Serve as a Lineworker

Cleveland Reid smiled proudly and shook his head in amazement as he glanced down once more at the card he held tightly.

He couldn't believe it was over. He was ecstatic and relieved all at once. He did it; he was officially a lineworker.

The card represented hundreds of hours of work he put into four years of intense but gratifying training at Lansing Community College (LCC) and the Marshall Training Center. He attended Consumers Energy's Apprenticeship Training program.

[+ Read More](#)



LEADING THE WAY IN PHYSICAL AND CYBER SECURITY

Security is an integrated organization within CMS Energy, including its subsidiaries, Consumers Energy and NorthStar Clean Energy, and is accountable for cyber and physical security. Security is subject to state, federal and industry regulations that include focus on cyber security, physical security and privacy. Risks are managed through a robust program that includes people, processes, technology and governance structures.

We maintain a strong security culture because we acknowledge today's security threats pose risks. Our security culture focuses on shared responsibilities among our employees to maintain a secure environment.

To enhance our governance, the executive director of security reports to a senior vice president. The Board of Directors (Board) oversees our security risks including cyber security, physical security, compliance and privacy. Of note, two Board members have extensive industry experience in cyber security.

The Board receives updates at the start of each year that cover the current threat environment, regulatory updates, review of prior-year incidents and a strategic look forward. The Board receives a second update around mid-year. Board oversight also includes regular program updates and third-party audits.

Our “See Something, Say Something” program encourages employees to report suspicious activity. Employees also receive annual security training covering several physical and cyber security topics.

Cyber Security

We manage our cyber security program using industry frameworks and best practices developed by government and industry partners. We make significant technological investments to prevent, detect and respond to attacks. Our electric, natural gas and corporate systems each follow standards, controls and requirements to maintain compliance. Our payment card industry compliance is audited annually.

Our cyber security incident response team is a dedicated, proactive function focused fully on monitoring our systems and responding when issues occur. This includes regular information sharing with industry partners, peer utilities and state and federal government agencies. We retain third-party cyber security firms to assist with potentially significant incidents. And we’ve invested in cyber security insurance to offset any costs incurred from incidents. Over the past three years, we reported no material cyber, physical or privacy incidents and received no regulatory fines.

Consumers Energy has a robust set of security policies covering a variety of topics including:

- | | |
|---|--|
| Security Awareness & Training, | Event Management, Physical Risk Management |
| Security Risk Management | Acceptable Use, Security Organization |
| Information Privacy & Confidentiality | Security Policy Administration |
| Third Party Security | Remote Access |
| Cyber Security Incident Response | Personal Mobile Acceptable Use Policy |
| Vulnerability Management Program | Password/User ID Policy |
| Patch Management Program | Encryption Policy |
| Malicious Software Prevention/Detection | Weapons Free Workplace Policy |
| Physical Access Management | |

All technology projects are reviewed for adherence to cyber security requirements. A dedicated team focuses on finding and remediating vulnerabilities in our systems. We extensively use third-party firms for penetration testing, audits and assessments.

We also conduct monthly phishing tests through our “Don’t Take the Bait” program, which asks employees to report suspicious emails that demonstrate common phishing tactics in real-world scenarios. When a test phishing email is clicked, employees are provided information on cyber security best practices. We monitor our “Don’t Take the Bait” statistics every month and share them with employees to further emphasize their role in cyber security.

Privacy

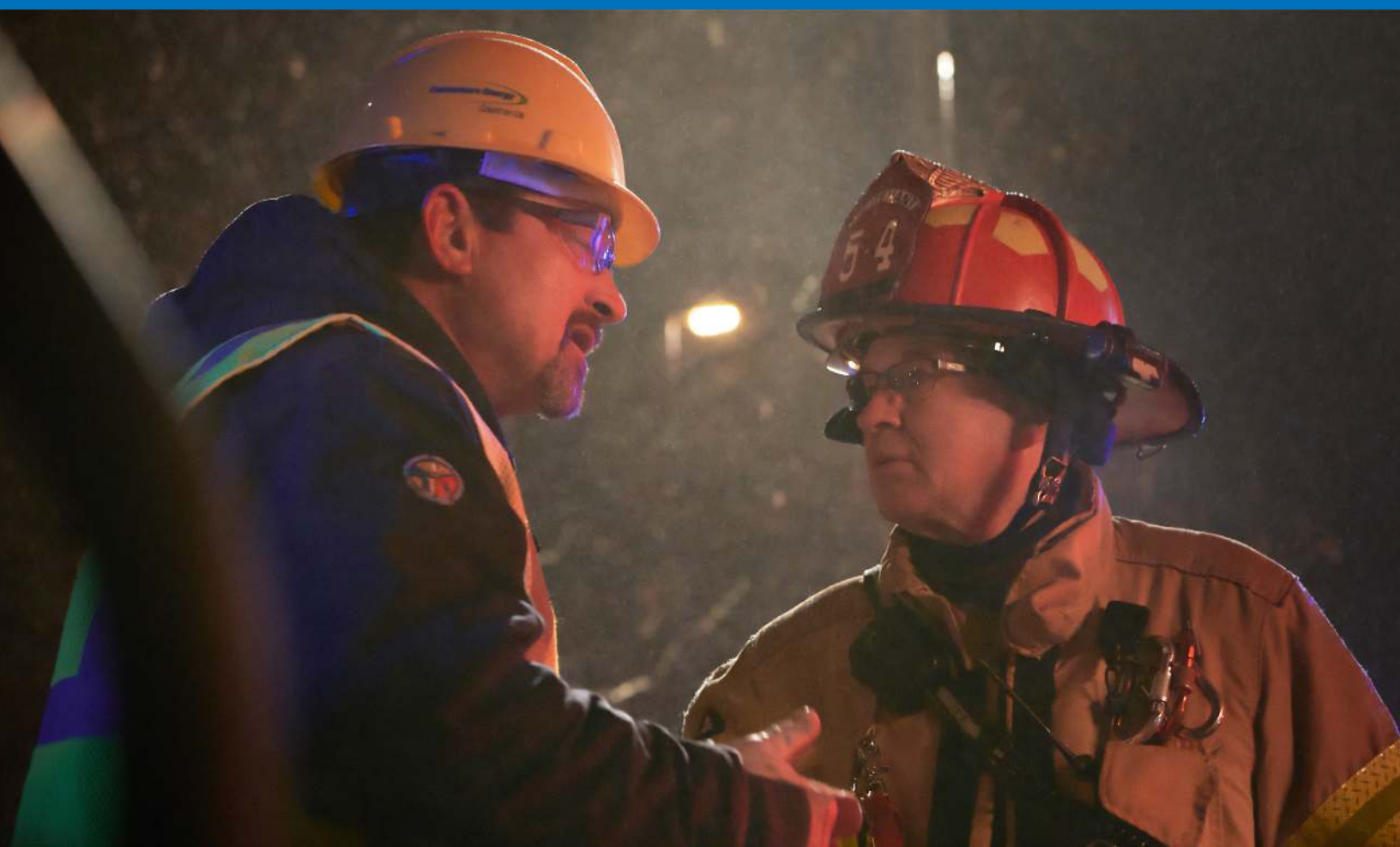
Our privacy policy uses industry-standard administrative, technical, and physical security measures to ensure the integrity of our systems and protect customer information from unauthorized access, destruction or alteration. Protection measures include an enterprise security program based on industry standard frameworks, security awareness for employees, a dedicated team to detect and respond to threats, and collaboration with peers and state and federal partners.

Physical Security

We take employee and customer security seriously and strive to provide a safe and secure environment free from violence or threats of violence. Our buildings and power plants are equipped with security enhancements, including physical barriers, secured access areas, cameras, alarms and other monitoring equipment. Employees must use electronic badges to access sites and display identification badges throughout shifts.

As part of our physical security efforts, we also:

- Partner with the Michigan Intelligence Operations Center and law enforcement to share information related to any act of violence or threat to employees or customers.
- Mitigate potential threatening or dangerous situations through employee education, including annual mandatory training on workplace violence and volatile situations and guidance for customer-facing employees to report dangerous situations to co-workers or customers.
- Offer all employees the opportunity to sign up for and receive notifications about security threats and threats of violence.
- Conduct daily safety tailboards when groups of co-workers gather at work, in the field or remotely, to identify hazards, define responsibilities and review exit strategies in the case of a real threat. If violence or imminent danger occurs, employees are instructed to immediately call 9-1-1 first, and then our security command center.



GOVERNANCE

CMS Energy and Consumers Energy integrate several levels of sustainability oversight into daily operations. We use several governance and risk management tools when addressing sustainability matters. These include oversight by the Board and its committees, an enterprise risk management (ERM) program and robust strategic and business planning processes.

BOARD OVERSIGHT

Our Board is comprised of directors with experience and knowledge in sustainability issues. The Board also deploys the highest level of sustainability practices oversight. Reviews of these practices occur at the Board and Board committee level. The Board also oversees our strategy and operations, including significant risk items and the corporate risk map process.

The Audit Committee oversees our ERM framework, which includes strategic and operational risks, and processes, guidelines and policies for identifying, assessing, monitoring and mitigating such risks.

The Governance Committee reviews and evaluates the composition of the Board, recommending Board nominees, broadly overseeing corporate governance and advising and assisting the Board in public responsibility and sustainability matters.

Acknowledging the growing importance of sustainability and climate-related matters, the Board in 2018 formally tasked the Governance Committee with oversight of sustainability practices by adding this responsibility to its charter.

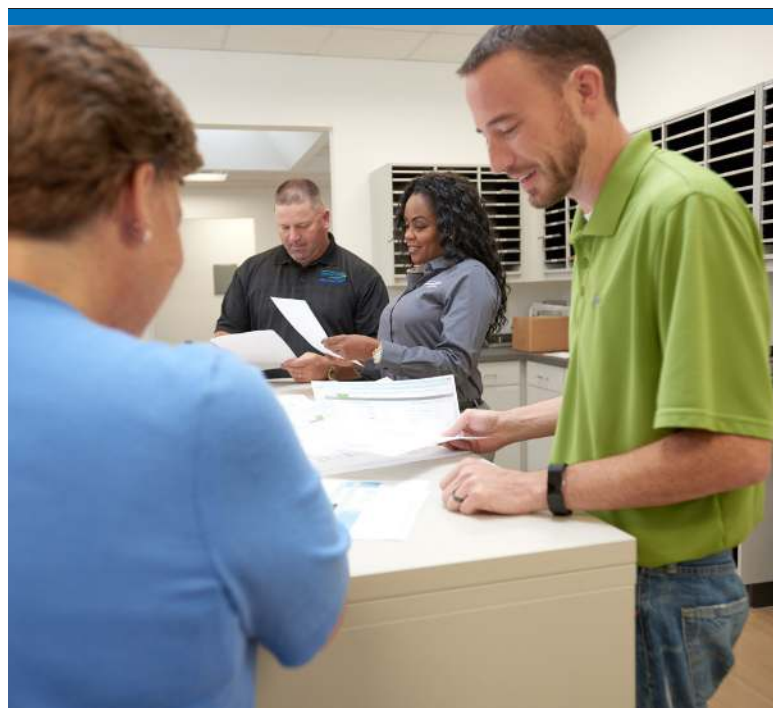
The Compensation Committee is responsible for our executive compensation structure, benefit and compensation plans and critical human resource programs.

The Finance Committee regularly considers topics such as safety, environmental, quality and morale when approving capital projects and monitoring their progress. The CMS Energy website discloses committee charters and other governance documents, including our Corporate Governance Principles.

Separate from our Board, our Environment & Sustainability Council (E&SC), comprised of senior leaders, also guides our environmental compliance and sustainability programs and governs decisions that support our commitment to the planet. This includes short- and long-term strategic decisions pertaining to environmental issues including climate goals and physical risks and sustainability disclosure reporting.

ENTERPRISE RISK MANAGEMENT

In addition to a robust oversight structure, we maintain an ERM program to ensure risks that may significantly impact the business are known and understood and to inform risk-mitigation strategies. The scope, roles and responsibilities related to the ERM program are included in our corporate risk policy, which is approved by the Board's Audit Committee. The ERM program covers risks for CMS Energy and its subsidiaries across many areas: strategic, operational, regulatory, environmental, financial, information technology and cyber security.



One area addressed through our risk program is the physical impacts of climate change. As Michigan's most far-reaching energy provider, Consumers Energy is especially focused on climate change resiliency and has a cross functional team known as the Climate Adaptation and Resiliency Team to discuss these potential impacts on our assets and how to address these issues cost-effectively. In fact, Consumers Energy was among the first utilities in the Midwest to publish a report analyzing climate change risks to its infrastructure, the Climate Change Risk, Vulnerability, and Resiliency Report.

Internal and external data sources offer long-term strategic planning input. The information is used to assess our strategic choices and underlying assumptions. Data is analyzed and synthesized into an update on trends and new opportunities that are critical to our current and future business. The data influences multiple areas of our strategy, including distributed energy resources, wholesale markets, customer energy use trends and climate policy.

STAKEHOLDER ENGAGEMENT

Our stakeholders are critical to our success. We spend considerable time and effort listening to our customers, community members, co-workers, investors, regulators and other key stakeholders. These discussions are part of our long-term planning processes.

For example, before filing our Clean Energy Plan, we provided opportunities for stakeholders to engage directly with subject matter experts across the company. We also developed an online comment box for customer feedback. Additionally, we hosted three technical workshops during planning to collect feedback and receive suggestions about our objectives.

To serve our communities' needs, members of our Community Affairs Team live and work in cities, towns and rural areas throughout our service territory. They engage with local stakeholders including community members and business and civic leaders.

Conversations with stakeholders have helped tens of thousands of Consumers Energy's residential and business customers reduce energy costs and become more energy efficient. But we also engage in conversations about community needs and environmental concerns. We've worked to revitalize cities and enhance lands in our communities. For example, one project completed in 2021, the Cadillac Solar Gardens, was constructed on an old brownfield site and now delivers clean and renewable energy to the local community and provides a place for pollinators to flourish.

As another example, we put stakeholder engagement first as we deployed a thoughtful and thorough approach to closing two of Consumers Energy's Karn coal plants in Michigan's Bay region. We continue to evaluate the site and work closely with local leaders to determine next steps for the grounds. The plant property is already home to a diverse array of wildlife, including eagles, deer, and fish. We also eased the transition for Karn employees who wish to remain with the company and those who elected to retire with the plant or move on to other career opportunities.

As another example, Consumers Energy is committed to doing right by its customers and communities that are home to our 13 hydro facilities – and to evaluating all options surrounding the future of our dams. We've met regularly with community stakeholders and the public since 2022, and we're working to complete economic contribution studies on each dam. We plan to convene meetings to review and discuss results of the studies.

Shareholder discussions are also included in our ongoing outreach. We value these opportunities, and the Board considers their feedback when evaluating corporate governance issues. Management regularly participates in shareholder and industry conferences to discuss performance and sustainability topics. Additionally, shareholders, co-workers and third parties may contact the Board with any inquiry or issue using the methods described on our website. The Board will respond as appropriate.

POLITICAL ACTIVITY

We understand that policymakers' decisions directly impact our business. Our political activity includes regular, constructive and transparent engagement with local, state and federal government officials, policymakers and stakeholder groups. Our Corporate Political Engagement webpage details our governance of political issues as a means to be transparent for all stakeholders.

We conduct political engagement without regard to individual views at any level across the corporation. We focus political activity on critical company and energy industry issues including:

- Meeting Michigan's energy needs.
- Helping the state's communities thrive.
- Providing safe, reliable, affordable and increasingly clean energy-related services.

Lobbying and Trade Associations

Our political engagement includes conversations with government and elected officials, regulators, community members, business leaders and environmental groups. This collaboration informs, educates, and builds trust and partnerships to find mutually beneficial solutions. We follow strict federal, state and local lobby registration and disclosure laws to provide transparency in our lobbying expenditures.

We hold memberships in industry, trade and business associations representing the energy/utility industry, the business community, our customers, and communities. These relationships provide perspective and views on public policy issues that affect our corporation and help us benchmark and develop best practices among peer utilities and FORTUNE 500 companies. Topics include reliability and storm response, clean energy technology integration, human resources, diversity, equity and inclusion, environmental matters, employee and public safety measures and cyber and physical security, among many others. Costs associated with lobbying activity and trade association memberships are not included in customer rates.

We do not agree with all positions of every industry, trade or policy organization with which we participate and will indicate that where appropriate. We are committed to engaging in dialogue with these organizations, remaining true to our core objectives, values and positions to influence others while understanding that consensus includes many perspectives.

We track membership dues made to trade associations, chambers of commerce and other tax-exempt organizations, and disclose the non-deductible portion of trade association and other organization dues yearly when annual mandatory membership dues to an organization exceed \$25,000.

More on our lobbying process, trade association engagement, disclosures and expenditures can be found on our political engagement webpage under Trade Associations and Business Memberships.

Corporate Political Contributions

Federal and state campaign finance laws prohibit us from making direct contributions to candidates and national and state political parties for general campaign purposes. However, we do contribute to grassroots activities, issue advocacy, voter registration, and state and local ballot question committees. These contributions are under the supervision of our Board, our Governance Committee, senior management and members of our legal team.

To promote transparency, the corporation goes above what is required by law and annually publishes on its website the previous year's political contributions at all levels of government in March of each year as noted below:

- Expenditures made to influence the outcome of ballot initiatives.
- Direct corporate contributions to an entity organized under Sections 527 and Section 501(c)(4) of the Internal Revenue Code when annual contributions exceed \$25,000.
- Non-deductible portions of trade association and other organization dues when annual mandatory membership dues exceed \$25,000.

In 2023, the corporation began disclosing semiannual contribution reports each March and September.

Employee Political Activity

We maintain separate segregated funds and a corporate political action committee (PAC), which is registered with the Federal Election Commission. We also maintain a state PAC registered in Michigan.

Our employee PAC, CMS Energy Corporation Employees for Better Government, is a nonprofit, nonpartisan PAC governed by an employee/shareholder-run steering committee and independent of our officers and Board. Participation is voluntary and gives co-workers a voice in the political process. The PAC is governed by strict bylaws to ensure employees and shareholders have a voice in the political contribution, while remaining fair and operating under state and federal laws and regulations. We disclose all contributions as required. Links to our PAC contributions can be found on our Corporate Political Engagement webpage under Employee Political Activity and CMS Energy Corporation Employees for a Better Government.

Standards for Employees

We're committed to helping communities succeed — not just in energy, but also personal and corporate commitments. Each day, co-workers offer their time, talents and dollars to support the places where they live and work.

We encourage our co-workers to participate in a wide range of civic activities, including the political process. Employees must comply with all applicable legal, ethical and company requirements, including those set forth in the Honest Leadership and Open Government Act of 2007. Generally, co-workers are prohibited from engaging in personal and civic activities during normal business hours and using company resources.

Before seeking public office, co-workers must receive written approval from a supervisor. If elected or appointed, co-workers can request reasonable time off without pay to fulfill their political duties. Those elected or appointed to public office must also excuse themselves from actions or decisions on issues that could impact the company.



Other Resources

We provide extensive public reporting in disclosures about sustainability, including our environmental stewardship and long-term strategy. We address these matters in Securities and Exchange Commission, Environmental Protection Agency and other regulatory agency filings, and through voluntary reporting efforts such as our 2022 Climate Change Risk Vulnerability and Resiliency Report, Climate Disclosure Project (CDP) Climate and Water Reports, and our annual Waste Report.

AWARDS AND RECOGNITION

Recent recognition for our commitment to sustainability include:

- Inclusion in the MSCI ESG Leaders Index, which makes CMS Energy the only vertically integrated utility in the index.
- *Newsweek's* Most Responsible Companies Award for 2021, 2022, and 2023
- 2022 ENERGY STAR® Partner of the Year, marking our tenth consecutive year
- BEST Winner: Association for Talent Development for 2020, 2021 and 2022
- Longstanding high ranking by EEI Utility Standards and Safety Performance
- Top 50 global ranking in Military Times Best for Vets: Employers for 2020 & 2021
- 3BL's 100 Best Corporate Citizens of 2022, and the #1 company for governance.
- Certified Gold-Level Veteran Friendly Employer by the Michigan Veterans Affairs Agency (MVAA)
- U.S. Department of Defense Freedom Award for Best Employer Supporting Employees in National Guard
- *Forbes* Best Employers for Women 2023
- *Black Enterprise* Best Companies for DEI Award
- Top U.S. Utility, 2023 Corporate Religious Equity, Diversity & Inclusion Index

DISCLOSURE

This report contains “forward-looking statements” which may cause our results to differ materially. All forward-looking statements should be considered in the context of the risk and other factors detailed from time to time in CMS Energy’s and Consumers Energy’s Securities and Exchange Commission (SEC) filings. Forward-looking statements should be read in conjunction with “FORWARD-LOOKING STATEMENTS AND INFORMATION” and “RISK FACTORS” sections of our most recent Form 10-K and as updated in other reports we file with the SEC, which can be found on our Regulatory Filings page. CMS Energy and Consumers Energy have no obligation to update or revise forward-looking statements regardless of whether added information, future events, or any other factors affect the information contained in the statements. The information in this report may apply standards of materiality that are different than standards applied to other investors or required to be disclosed in SEC filings.

For questions about this report, please contact our Sustainability Team.

APPENDICES

Global Reporting Initiative (GRI) Index

GRI (Global Reporting Initiative) is the independent, international organization that helps businesses and other organizations take responsibility for their impacts, by providing them with the global common language to communicate those impacts.

[+ GRI Index](#)

Task Force on Climate-Related Financial Disclosure (TCFD) Index

The Financial Stability Board Task Force on Climate-related Financial Disclosure (TCFD) has developed a voluntary, consistent climate-related financial risk disclosure for use by companies in providing information to investors, lenders, insurers and other stakeholders. The TCFD framework rests on four main tenets: governance, strategy, risk management, and metrics and targets.

[+ TCFD Index](#)

Climate Disclosure Project (CDP)

CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

[+ CDP Climate Report](#)

[+ CDP Water Report](#)

Sustainability Accounting Standards Board (SASB) Index for Consumers Energy — Electric Utilities & Power Generation

Our Sustainability Accounting Standards Board (SASB) Index identifies where the corporation makes disclosures and provides information in the Electric Utilities and Power Generation industry section within the infrastructure sector.

[+ SASB Electric Index](#)

Sustainability Accounting Standards Board (SASB) Index for Consumers Energy — Gas Utilities & Distributors

Our Sustainability Accounting Standards Board (SASB) Index identifies where the corporation makes disclosures and provides information in the Gas Utilities and Distributors industry section within the infrastructure sector.

[+ SASB Natural Gas Index](#)

Waste and Landfill Avoidance Report

Our Waste and Landfill Avoidance Report discloses our efforts to reduce, reuse and recycle and our progress on these efforts.

[+ Read the Report](#)

Sustainability Priority Issues Report

The report shows our issue prioritization process and its outcomes, including how the issues are managed.

[+ Read the Report](#)

By the Numbers



Parent Company: CMS Energy Corporation
Operating Company(s): Consumers Energy Company
Business Type(s): Vertically Integrated
State(s) of Operation: Michigan
State(s) with RPS Programs: Michigan

Regulatory Environment: Regulated
Report Date: November 1, 2023
CMS Energy Website: cmsenergy.com
Consumers Energy Website: ConsumersEnergy.com



The following quantitative information is Consumers Energy data only.

TREND KEY: ■ Not Rated ■ No Change ■ Better ■ Worse

CONSUMERS ENERGY PORTFOLIO ¹	Baseline				
	2005	2020	2021	2022	TREND
Owned Nameplate Generation Capacity at end of year (MW)					
Coal	3,015	2,043	2,043	2,043	■
Natural Gas ²	1,285	2,318	2,318	2,341	■
Nuclear	812	N/A	N/A	N/A	■
Petroleum ²	738	701	701	682	■
Ludington Pumped Storage Plant ³	1,009	1,154	1,154	1,183	■
Total Renewable Energy Resources	132	618	768	787	■
Biomass/Biogas	N/A	N/A	N/A	N/A	■
Geothermal	N/A	N/A	N/A	N/A	■
Hydroelectric ²	132	132	132	134	■
Solar	N/A	4	4	5	■
Wind ²	N/A	482	632	648	■
Other ⁴	N/A	N/A	N/A	N/A	■
Owned Net Generation for the data year (MWh)					
Coal	19,711,000	7,960,000	10,860,781	10,217,338	■
Natural Gas	356,000	5,883,000	5,554,766	6,683,783	■
Nuclear	6,636,000	N/A	N/A	N/A	■
Petroleum	225,000	6,000	7,000	4,543	■
Ludington Pumped Storage Plant ³	-516,000	-371,000	-321,188	-370,231	■
Total Renewable Energy Resources	387,000	1,505,000	1,974,966	2,216,316	■
Biomass/Biogas	N/A	N/A	N/A	N/A	■
Geothermal	N/A	N/A	N/A	N/A	■
Hydroelectric	387,000	482,000	397,904	380,970	■
Solar	N/A	6,000	6,529	6,523	■
Wind	N/A	1,017,000	1,570,533	1,828,823	■
Other	N/A	N/A	N/A	N/A	■
Total Owned Net Generation (MWh)	26,799,000	14,983,000	18,076,325	18,751,749	■
Purchased Net Generation for the data year (MWh)⁵					
Coal	482,000	513,000	493,545	500,466	■
Natural Gas	7,061,000	7,346,000	5,861,482	7,181,936	■
Nuclear	N/A	6,898,000	6,901,159	2,692,301	■
Petroleum	N/A	N/A	N/A	N/A	■
Total Renewable Energy Resources	1,236,000	2,225,000	2,408,619	2,440,475	■
Biomass/Biogas	1,200,000	994,000	1,221,550	1,163,171	■
Geothermal	N/A	N/A	N/A	N/A	■
Hydroelectric	34,000	63,000	36,128	33,425	■
Solar	N/A	8,000	140,495	227,416	■
Wind	2,600	1,160,000	1,010,446	1,016,448	■
Other	1,991,000	2,655,000	645,010	3,943,481	■
Total Purchased Net Generation (MWh)	10,770,000	19,637,000	16,309,815	16,758,658	■
Investing in the Future: Capital Expenditures, Energy Efficiency (EE), and Smart Meters					
Total Annual Capital Expenditures (nominal dollars)	\$593,000,000	\$2,339,600,000	\$2,327,500,000	\$2,467,600,000	■
Incremental Annual Electricity Savings from EE Measures (MWh)	N/A	642,124	715,458	651,661	■
Incremental Annual Investment in Electric EE Programs (nominal dollars)	N/A	\$139,635,527	\$161,737,103	\$188,983,904	■
Percent of Total Electric Customers with Smart Meters (at end of year)	N/A	99%	99%	99%	■
Retail Electric Customer Count					
Commercial	214,025	221,570	223,790	224,645	■
Industrial	8,595	1,348	1,339	1,304	■
Residential	1,565,601	1,630,424	1,642,642	1,645,580	■

TREND KEY: ■ Not Rated ■ No Change ■ Better ■ Worse

CONSUMERS ENERGY EMISSIONS ¹	Baseline	2020	2021	2022	TREND
	2005				
GHG Emissions: Carbon Dioxide (CO₂) and Carbon Dioxide Equivalent (CO₂e)					
Owned Generation					
Carbon Dioxide (CO ₂)					
Total Owned Generation CO ₂ Emissions (Metric Tons (MT))	20,219,000	10,888,000	13,766,518	13,663,229	■
Total Owned Generation CO ₂ Emissions Intensity (MT/Net MWh)	0.754	0.727	0.762	0.729	■
Carbon Dioxide Equivalent (CO ₂ e)					
Total Owned Generation CO ₂ e Emissions (MT)	N/A	10,934,000	13,829,815	13,722,001	■
Total Owned Generation CO ₂ e Emissions Intensity (MT/Net MWh)	N/A	0.730	0.765	0.732	■
Biogenic Carbon Dioxide (CO ₂) Emissions (MT)	0	0	0	0	■
Purchased Power					
Carbon Dioxide (CO ₂)					
Total Purchased Generation CO ₂ Emissions (MT)	4,999,000	5,221,000	3,483,770	5,920,533	■
Total Purchased Generation CO ₂ Emissions Intensity (MT/Net MWh)	0.464	0.266	0.214	0.353	■
Carbon Dioxide Equivalent (CO ₂ e)					
Total Purchased Generation CO ₂ e Emissions (MT)	N/A	5,257,000	4,643,692	5,952,823	■
Total Purchased Generation CO ₂ e Emissions Intensity (MT/Net MWh)	N/A	0.268	0.285	0.355	■
Biogenic Carbon Dioxide (CO ₂) Emissions (MT) ⁶	N/A	745,000	786,317	1,637,299	■
Owned Generation + Purchased Power					
Carbon Dioxide (CO ₂)					
Total Owned + Purchased Generation CO ₂ Emissions (MT)	25,218,000	16,109,000	17,250,288	19,583,761	■
Total Owned + Purchased Generation CO ₂ Emissions Intensity (MT/Net MWh)	0.671	0.465	0.502	0.551	■
Total Owned + Purchased Generation CO ₂ Emissions Intensity (lbs/Net MWh)	1,480	1,026	1,106	1,216	■
Carbon Dioxide Equivalent (CO ₂ e)					
Total Owned + Purchased Generation CO ₂ e Emissions (MT)	N/A	16,191,000	18,473,507	19,674,824	■
Total Owned + Purchased Generation CO ₂ e Emissions Intensity (MT/Net MWh)	N/A	0.468	0.537	0.554	■
Total Owned + Purchased Generation CO ₂ e Emissions Intensity (lbs/Net MWh)	N/A	1,031	1,184	1,221	■
Non-Generation CO₂e Emissions					
Fugitive CO ₂ e emissions of sulfur hexafluoride (MT) ⁷	N/A	819	2,049	1,965	■
Leak rate of CO ₂ e emissions of sulfur hexafluoride (MT/Net MWh) ⁸	N/A	2.36E-05	5.96E-05	5.53E-05	■
Electric & Gas Scope 1, 2 and 3 Greenhouse Gas Emissions⁶					
Carbon Dioxide Equivalent (CO ₂ e)					
Scope 1 CO ₂ e emissions (MT)	N/A	11,387,000	14,292,256	14,307,906	■
Scope 2 CO ₂ e market-based emissions (MT) ⁹	N/A	13,777	10,797	11,704	■
Scope 2 CO ₂ e location-based emissions (MT) ¹⁰	N/A	12,855	9,459	10,964	■
Scope 3 CO ₂ e emissions (MT) ^{6, 11}	N/A	17,995,300	16,881,600	25,077,300	■
Nitrogen Oxide (NO_x), Sulfur Dioxide (SO₂), Mercury (Hg)					
Generation basis for calculation: Electric Generation					
Nitrogen Oxide (NO_x)					
Total NO _x Emissions (MT)	28,400	3,395	5,083	4,617	■
Total NO _x Emissions Intensity (MT/Net MWh)	1.06E-03	2.27E-04	2.81E-04	2.46E-04	■
Sulfur Dioxide (SO₂)					
Total SO ₂ Emissions (MT)	83,600	4,149	6,676	5,914	■
Total SO ₂ Emissions Intensity (MT/Net MWh)	3.12E-03	2.77E-04	3.69E-04	3.15E-04	■
Mercury (Hg)					
Total Hg Emissions (kg)	N/A	31	41.4	40.4	■
Total Hg Emissions Intensity (kg/Net MWh)	N/A	2.07E-06	2.29E-06	2.15E-06	■
Other Emissions Metrics					
Particulate Matter (PM) (MT) ¹²	NA	659	968	896	■
Lead (MT) ¹²	NA	0.015	0.022	0.019	■
Total Non-Methane Organic Compounds (MT) ¹²	299	156	201	202	■
Utility Specific Residual Mix Emissions Rate (CO ₂ lbs/MWh)	N/A	1,052	1,140	1,249	■
Utility Specific Residual Mix Emissions Rate (CO ₂ e lbs/MWh)	N/A	N/A	N/A	1,254	■

TREND KEY: ■ Not Rated ■ No Change ■ Better ■ Worse

CONSUMERS ENERGY RESOURCES	Baseline				
	2005	2020	2021	2022	TREND
Human Resources					
Total Number of Employees	8,114	8,230	8,927	8,879	■
Total Number on Board of Directors/Trustees	12	11	11	11	■
Total Women on Board of Directors/Trustees	1	4	4	4	■
Total Minorities on Board of Directors/Trustees	1	3	3	3	■
Total Female Employees	N/A	2,275	2,483	2,438	■
Percent Female Employees	N/A	28%	28%	28%	■
Total Minority Employees	N/A	1,166	1,263	1,215	■
Percent Minority	N/A	14%	14%	14%	■
Total Veteran Employees	N/A	860	970	962	■
Percent Veteran Employees	N/A	11%	11%	11%	■
Total Individuals with Disabilities	N/A	394	417	410	■
Percent Individuals with Disabilities	N/A	5%	5%	5%	■
Total Females in Senior Leadership	N/A	9	9	9	■
Percent Females in Senior Leadership	N/A	32%	33%	32%	■
Total Minorities in Senior Leadership	N/A	7	7	7	■
Percent Minorities in Senior Leadership	N/A	25%	26%	25%	■
Total Females in Management	N/A	151	188	252	■
Percent Females in Management	N/A	33%	34%	27%	■
Total Minorities in Management	N/A	59	76	141	■
Percent Minorities in Management	N/A	13%	14%	15%	■
Employee Safety Metrics					
Recordable Incident Rate	7.01	1.23	1.54	1.17	■
Lost-time Case Rate	2.00	0.50	0.74	0.68	■
Days Away, Restricted, and Transfer (DART) Rate	3.22	0.84	1.10	0.93	■
Work-related Fatalities	1	0	0	0	■
Fresh Water Resources					
Water Withdrawals – Consumptive (Billions of Liters/Net MWh)	N/A	3.36E-07	3.50E-07	3.39E-07	■
Water Withdrawals – Non-Consumptive (Billions of Liters/Net MWh)	N/A	8.18E-05	7.90E-05	7.12E-05	■
Water Withdrawals – Consumptive (Billions of Liters)	N/A	4.65E+00	5.74E+00	6.37E+00	■
Water Withdrawals – Non-Consumptive (Billions of Liters)	N/A	1.13E+03	1.30E+03	1.33E+03	■
Waste Products					
Amount of Hazardous Waste Manifested for Disposal (tons)	N/A	25.07	34	20	■
Percent of Coal Combustion Products Beneficially Used	N/A	8%	8%	8%	■
Biodiversity					
Total Acres Enhanced or Protected	N/A	N/A	N/A	706.96	■
Total Acres Where Pollinator Seed Mixes Applied	N/A	N/A	N/A	0.07	■
Approximate Acres of Conservation Mowing Under Monarch CCAA Program	N/A	N/A	N/A	31,000	■



Natural Gas Business Sustainability Metrics

Parent Company: CMS Energy
Operating Company(s): Consumers Energy Company
Business Type(s): Vertically Integrated
State(s) of Operation: Michigan
Regulatory Environment: Regulated
Report Date: November 1, 2023



TREND KEY: ■ Not Rated ■ No Change ■ Better ■ Worse

NATURAL GAS DISTRIBUTION

	2020	2021	2022	TREND
Methane Emissions And Mitigation from Distribution Mains				
Number of Gas Distribution Customers	1,797,391	1,805,558	1,815,103	■
Distribution Mains in Service				
Plastic (miles)	14,912	15,199	15,486	■
Cathodically Protected Steel - Bare & Coated (miles)	12,324	12,297	12,188	■
Unprotected Steel - Bare & Coated (miles)	466	380	343	■
Cast Iron / Wrought Iron - without upgrades (miles)	364	293	261	■
Plan/Commitment to Replace / Upgrade Remaining Miles of Distribution Mains (# years to complete).				
Unprotected Steel (Bare & Coated) (# years to complete)	9	8	13	■
Cast Iron / Wrought Iron (# years to complete)	9	8	13	■
Distribution CO₂e Fugitive Emissions				
CO ₂ e Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	227,882	213,366	206,916	■
CH ₄ Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	9,115	8,535	8,277	■
CH ₄ Fugitive Methane Emissions from Gas Distribution Operations (MMSCF/year)	475	445	431	■
Annual Natural Gas Throughput from Gas Distribution Operations in thousands of standard cubic feet (Mscf/year)	357,857,272	344,630,243	384,527,157	■
Annual Methane Gas Throughput from Gas Distribution Operations in millions of standard cubic feet (MMscf/year)	339,964	327,399	365,301	■
Fugitive Methane Emissions Rate (MMscf of Methane Emissions per MMscf of Methane Throughput)	0.14%	0.14%	0.12%	■

NATURAL GAS COMPRESSION, TRANSMISSION AND STORAGE

Natural Gas Compression Methane Emissions

Data for all 7 compressor stations, regardless of reporting threshold

Pneumatic Device Venting (metric tons/year)	0.3	0.2	0.2	■
Blowdown Vent Stacks (metric tons/year)	513	365	553	■
Transmission Storage Tanks (metric tons/year)	2	3	0.1	■
Flare Stack Emissions (metric tons/year)	0	0	0	■
Centrifugal Compressor Venting (metric tons/year)	11	54	54	■
Reciprocating Compressor Venting (metric tons/year)	695	544	213	■
Equipment leaks from valves, connectors, open ended lines, pressure relief valves, and meters (metric tons/year)	178	195	240	■
Other Leaks (metric tons/year)	0	0	0	■
Total Compression Methane Emissions (metric tons/year)	1,399	1,161	1,061	■
Total Compression Methane Emissions (metric tons CO ₂ e/year)	34,981	29,027	26,514	■
Total Compression Methane Emissions (MSCF/year)	72,876	60,472	55,237	■

TREND KEY: ■ Not Rated ■ No Change ■ Better ■ Worse

	2020	2021	2022	TREND
Underground Natural Gas Storage Methane Emissions				
Data for all 15 storage fields, regardless of reporting threshold				
Pneumatic Device Venting (metric tons/year)	N/A	N/A	N/A	■
Flare Stack Emissions (metric tons/year)	N/A	N/A	N/A	■
Centrifugal Compressor Venting (metric tons/year)	N/A	N/A	N/A	■
Reciprocating Compressor Venting (metric tons/year)	N/A	N/A	N/A	■
Equipment leaks from valves, connectors, open ended lines, pressure relief valves, and meters (metric tons/year)	N/A	N/A	N/A	■
Other Equipment Leaks (metric tons/year)	N/A	N/A	N/A	■
Equipment leaks from valves, connectors, open-ended lines, and pressure relief valves associated with storage wellheads (metric tons/year)	75	71	68	■
Other equipment leaks from components associated with storage wellheads (metric tons/year)	N/A	N/A	N/A	■
Total Storage Compression Methane Emissions (metric tons/year)	75	71	68	■
Total Storage Compression Methane Emissions (metric tons CO ₂ e/year)	1,868	1,771	1,705	■
Total Storage Compression Methane Emissions (MSCF/year)	3,892	3,689	3,553	■
Natural Gas Transmission Pipeline Blowdowns				
Transmission Pipeline Blowdown Vent Stacks (metric tons/year) ¹³	968	474	5,571	■
Transmission Pipeline Blowdown Vent Stacks (metric tons CO ₂ e/year) ¹³	24,190	11,861	139,274	■
Transmission Pipeline Blowdown Vent Stacks (MSCF/year) ¹³	50,396	24,710	290,154	■
Other Non-Subpart W Emissions				
Total Methane Emissions from additional sources not recognized by 40 CFR 98 Subpart W (metric tons/year)	115	364	401	■
Total Methane Emissions from additional sources not recognized by 40 CFR 98 Subpart W (metric tons CO ₂ e/year)	2,887	9,088	10,023	■
Total Methane Emissions from additional sources not recognized by 40 CFR 98 Subpart W (MSCF/year)	6,015	18,932	20,880	■
Total CO ₂ Emissions (metric tons)	92,782	81,925	87,732	■
Total NOx Emissions (metric tons)	1,025	869	732	■
Total VOC Emissions (metric tons)	56	59	59	■
Transmission and Storage Summary				
Total Transmission and Storage Methane Emissions (MMSCF/year) ¹³	133	108	370	■
Annual Natural Gas Throughput from Gas Transmission and Storage Operations (MSCF/year)	471,908,656	372,220,130	432,614,790	■
Annual Methane Gas Throughput from Gas Transmission and Storage Operations (MMSCF/year)	448,313	353,609	410,984	■
Fugitive Methane Emissions Rate (MMscf of Methane Emissions per MMscf of Methane Throughput)	0.03%	0.03%	0.09%	■



Parent Company: CMS Energy Corporation
Operating Company: NorthStar Clean Energy
Business Type: Vertically Integrated
States of Operation: Ohio, Michigan, North Carolina,
 Texas, Wisconsin

Regulatory Environment: Unregulated
Report Date: November 1, 2023
CMS Energy Website: [CMSEnergy.com](https://www.cmsenergy.com)
NorthStar Clean Energy Website:
[NorthStarCleanEnergy.com](https://www.northstarcleanenergy.com)



The following quantitative information is NorthStar Clean Energy data only.

TREND KEY: ■ Not Rated ■ No Change ■ Better ■ Worse

NORTHSTAR CLEAN ENERGY PORTFOLIO ¹⁴	Baseline				TREND
	2005	2020	2021	2022	
Owned Nameplate Generation Capacity at end of year (MW)	N/A	1,517	1,496	1,497	■
Coal	N/A	35	35	35	■
Natural Gas	N/A	1018	994	995	■
Nuclear	N/A	0	0	0	■
Petroleum	N/A	0	0	0	■
Total Renewable Energy Resources	N/A	464	468	467	■
Biomass/Biogas	N/A	64	64	64	■
Geothermal	N/A	0	0	0	■
Hydroelectric	N/A	0	0	0	■
Solar	N/A	27	27	27	■
Wind	N/A	373	377	377	■
Other	N/A	0	0	0	■
Owned Net Generation for the data year (MWh)	N/A	6,165,870	5,921,430	6,826,440	■
Coal	N/A	255,000	244,500	249,000	■
Natural Gas	N/A	5,111,000	4,132,000	4,911,000	■
Nuclear	N/A	0	0	0	■
Petroleum	N/A	0	0	0	■
Total Renewable Energy Resources	N/A	799,870	1,544,930	1,666,440	■
Biomass/Biogas	N/A	193,000	319,500	336,500	■
Geothermal	N/A	0	0	0	■
Hydroelectric	N/A	0	0	0	■
Solar	N/A	47,000	51,000	47,000	■
Wind	N/A	559,870	1,174,430	1,282,940	■
Other	N/A	0	0	0	■
Purchased Net Generation for the data year (MWh)					
Coal	N/A	0	0	0	■
Natural Gas	N/A	0	0	0	■
Nuclear	N/A	0	0	0	■
Petroleum	N/A	0	0	0	■
Total Renewable Energy Resources	N/A	0	0	0	■
Biomass/Biogas	N/A	0	0	0	■
Geothermal	N/A	0	0	0	■
Hydroelectric	N/A	0	0	0	■
Solar	N/A	0	0	0	■
Wind	N/A	0	0	0	■
Other	N/A	0	0	0	■
Investing in the Future:					
Capital Expenditures, Energy Efficiency (EE), and Smart Meters					
Total Annual Capital Expenditures (nominal dollars)	N/A	N/A	N/A	N/A	■
Incremental Annual Electricity Savings from EE Measures (MWh)	N/A	N/A	N/A	N/A	■
Incremental Annual Investment in Electric EE Programs (nominal dollars)	N/A	N/A	N/A	N/A	■
Percent of Total Electric Customers with Smart Meters (at end of year)	N/A	N/A	N/A	N/A	■
Retail Electric Customer Count (at end of year)					
Commercial	N/A	N/A	N/A	N/A	■
Industrial	N/A	N/A	N/A	N/A	■
Residential	N/A	N/A	N/A	N/A	■

TREND KEY: ■ Not Rated ■ No Change ■ Better ■ Worse

NORTHSTAR CLEAN ENERGY EMISSIONS	Baseline	2005	2020	2021	2022	TREND
GHG Emissions: Carbon Dioxide (CO ₂) and Carbon Dioxide Equivalent (CO ₂ e)						
Owned Generation						
Carbon Dioxide (CO ₂)						
Total Owned Generation CO ₂ Emissions (MT)	N/A	3,427,886	3,252,434	3,351,119		
Total Owned Generation CO ₂ Emissions Intensity (MT/Net MWh)	N/A	0.56	0.55	0.49		
Carbon Dioxide Equivalent (CO ₂ e)						
Total Owned Generation CO ₂ e Emissions (MT)	N/A	3,437,818	3,263,521	3,363,287		
Total Owned Generation CO ₂ e Emissions Intensity (MT/Net MWh)	N/A	0.56	0.55	0.49		
Biogenic Carbon Dioxide (CO ₂) (MT)	N/A	382,744	508,001	554,466		
Purchased Power						
Carbon Dioxide (CO ₂)						
Total Purchased Generation CO ₂ Emissions (MT)	N/A	0	0	0		
Total Purchased Generation CO ₂ Emissions Intensity (MT/Net MWh)	N/A	N/A	N/A	N/A		
Carbon Dioxide Equivalent (CO ₂ e)						
Total Purchased Generation CO ₂ e Emissions (MT)	N/A	0	0	0		
Total Purchased Generation CO ₂ e Emissions Intensity (MT/Net MWh)	N/A	N/A	N/A	N/A		
Owned Generation + Purchased Power						
Carbon Dioxide (CO ₂)						
Total Owned + Purchased Generation CO ₂ Emissions (MT)	N/A	3,427,886	3,252,434	3,351,119		
Total Owned + Purchased Generation CO ₂ Emissions Intensity (MT/Net MWh)	N/A	0.56	0.55	0.49		
Biogenic CO ₂ (mt)	N/A	382,744	508,001	546,844		
Carbon Dioxide Equivalent (CO ₂ e)						
Total Owned + Purchased Generation CO ₂ e Emissions (MT)	N/A	3,437,818	3,263,521	3,363,287		
Total Owned + Purchased Generation CO ₂ e Emissions Intensity (MT/Net MWh)	N/A	0.56	0.55	0.49		
Biogenic Carbon Dioxide (CO ₂) (MT)	N/A	382,744	508,001	546,844		
Non-Generation CO ₂ e Emissions						
Fugitive CO ₂ e emissions of sulfur hexafluoride (MT)	N/A	N/A	N/A	N/A		
Fugitive CO ₂ e emissions from natural gas distribution (MT)	N/A	N/A	N/A	N/A		
Electric & Gas Scope 1, 2 and 3 Greenhouse Gas Emissions ¹⁵						
Carbon Dioxide Equivalent (CO ₂ e)						
Scope 1 CO ₂ e emissions (MT)	N/A	3,447,385	3,265,919	3,366,919		
Scope 2 CO ₂ e market-based emissions (MT) ¹⁶	N/A	2,239	2,323	2,181		
Scope 2 CO ₂ e location-based emissions (MT) ¹⁶	N/A	2,239	2,323	2,181		
Scope 3 CO ₂ e emissions (MT) ¹⁷	N/A	1,200	1,078	1,500		
Nitrogen Oxide (NOx), Sulfur Dioxide (SO ₂), Mercury (Hg) ¹⁸						
Generation basis for calculation: Electric Generation						
Nitrogen Oxide (NOx)						
Total NOx Emissions (MT)	N/A	1,432	1,381	1,476		
Total NOx Emissions Intensity (MT/Net MWh)	N/A	2.32E-04	2.33E-04	2.16E-04		
Sulfur Dioxide (SO ₂)						
Total SO ₂ Emissions (MT)	N/A	823	1,007	959		
Total SO ₂ Emissions Intensity (MT/Net MWh)	N/A	1.33E-04	1.70E-04	1.40E-04		
Mercury (Hg)						
Total Hg Emissions (kg)	N/A	3.6	5.1	4.5		
Total Hg Emissions Intensity (kg/Net MWh)	N/A	5.84E-07	8.66E-07	6.52E-07		
Other Emissions Metrics ¹⁸						
Particulate Matter (PM) (metric tons)	N/A	147	160	153		
Lead (metric tons)	N/A	0.015	0.019	0.020		
Total Non-Methane Organic Compounds (metric tons)	N/A	18	27	26		

TREND KEY: ■ Not Rated ■ No Change ■ Better ■ Worse

NORTHSTAR CLEAN ENERGY RESOURCES

Baseline

2005	2020	2021	2022	TREND
------	------	------	------	-------

Human Resources

Total Number of Employees	N/A	186	193	194	■
Total Female Employees	N/A	22	23	25	■
Percent Female Employees	N/A	12%	12%	13%	■
Total Minority Employees	N/A	18	23	22	■
Percent Minority	N/A	10%	12%	11%	■
Total Veteran Employees	N/A	18	25	23	■
Percent Veteran Employees	N/A	10%	13%	12%	■
Total Individuals with Disabilities	N/A	2	2	2	■
Percent Individuals with Disabilities	N/A	1%	1%	1%	■
Total Females in Management	N/A	1	1	1	■
Percent Females in Management	N/A	5%	4%	4%	■
Total Minorities in Management	N/A	3	3	2	■
Percent Minorities in Management	N/A	14%	13%	8%	■

Employee Safety Metrics

Recordable Incident Rate	7.01	1.22	0	3.45	■
Lost-time Case Rate	2.00	0.53	0	0	■
Days Away, Restricted, and Transfer (DART) Rate	3.22	0.89	0	0	■
Work-related Fatalities	1	0	0	0	■

Fresh Water Resources

Water Withdrawals – Consumptive (Billions of Liters/Net MWh)	N/A	3.27E-07	3.32E-07	2.01E-07	■
Water Withdrawals – Non-Consumptive (Billions of Liters/Net MWh) ¹⁹	N/A	4.14E-07	4.26E-07	3.80E-05	■
Water Withdrawals – Consumptive (Billions of Liters) ²⁰	N/A	2.02E+00	1.97E+00	1.38E+00	■
Water Withdrawals – Non-Consumptive (Billions of Liters) ²⁰	N/A	2.62E+02	2.07E+02	2.60E+02	■

Waste Products

Amount of Hazardous Waste Manifested for Disposal (tons)	N/A	0	0	0	■
Percent of Coal Combustion Products Beneficially Used	N/A	0	0	0	■



ENDNOTES

Consumers Energy Electric Metrics

1. Data reported based on equity-ownership.
2. For 2022 data, this report revised the capacity data fuel apportionment for two co-fired natural gas and oil-fired electric generating units and the hydroelectric and wind categories to align with generation planning data for the maximum nameplate capacity; there was no change in these units' actual capacity.
3. This reflects an increase in nameplate capacity because of a multiyear turbine upgrade project. The data appears negative because the pumped storage facility consumes more energy to pump the upper reservoir than it generates.
4. This report revised 2020 and 2021 data to remove previously identified battery storage units as a generation resource.
5. Consumers Energy purchases power from three NorthStar Clean Energy generation facilities, including one facility which is a capital-lease for Consumers Energy but is reported as a 50% equity-ownership asset of NorthStar Clean Energy. Within this disclosure, net generation, CO₂ and CO₂e emissions are reported as purchased power for Consumers Energy and included in NorthStar's Scope 1 metrics.
6. In 2022, Consumers Energy undertook a review of Scope 3 categories for more comprehensive emission reporting. As a result of this, the calculation methodology and emission factors utilized for Scope 3 emissions, including biogenic CO₂, were modified in 2022, attributing to, in part, the increase in stated emissions. Biogenic CO₂ emissions are not included in the reported Scope 1, 2 or 3 emissions.
7. The SF₆ emissions data was revised for 2021 to reflect a decrease in emissions given 40 CFR Part 98, Subpart DD, reported data was revised.
8. SF₆ leak rate of CO₂e emissions are calculated based on total generation (owned plus purchased power).
9. Scope 2 market-based reporting reflects a hybrid approach using utility-specific residual mix emission rates when available and eGRID location-based emission rates when unavailable. Line loss emissions associated with Consumers Energy's distribution system are included in Scope 1 with net generation. 2020 market-based emissions were revised to be consistent with this methodology.
10. Scope 2 location-based emissions were added to our report template in 2022 and utilize eGRID subregion (RFCM) output emission rates.
11. For 2022, Scope 3 emissions were rounded by two-significant figures to account for uncertainty in Scope 3 data and calculations. GHG emissions are reported for the following categories (bold indicates the category is reported for the first time in 2022): **Category 1 - Purchased Goods and Services**, **Category 2 - Capital Goods**, Category 3 - Fuel-and-Energy Related Activities, Category 5 - Waste Generated in Operations, Category 6 - Business Travel, Category 7 - Employee Commuting, **Category 8 - Upstream Leased Assets**, **Category 9 - Downstream Transportation and Distribution**, and Category 11 - Use of Sold Products. An increase in emissions (approximately 4.7 million metric tons CO₂e) stems from reporting Categories 1, 2 and inclusion of upstream emissions for Category 3. Category 11 was also revised for 2020 and 2021 to exclude transportation of natural gas which is not owned by the Company.
12. Air emissions reported pursuant to Michigan Air Emission Reporting System (MAERS).

Consumers Energy Natural Gas Metrics

13. Consumers Energy experienced a gas transmission line rupture in March 2022 that released approximately 283,400 MCF of natural gas, which equates to 5,169 MT methane (that is, 129,230 MT CO₂e). If this rupture data is excluded, the emissions for this line in metric tons per year are about 402 MT methane, which is equivalent to 10,044 MT CO₂e, and is less than the prior year.

NorthStar Clean Energy Metrics

14. Data reported based on equity-ownership.
15. Biogenic CO₂ emissions are not included in Scope emissions.
16. Scope 2 market-based reporting reflects a hybrid approach using utility-specific residual mix emission rates when available and eGRID location-based emission rates when unavailable. Scope 2 location-based emissions were added to our report template in 2022 and utilizes eGRID subregion output emission rates.
17. For 2022, Scope 3 emissions are rounded to two-significant figures to account for uncertainty in Scope 3 data and calculations. NorthStar Clean Energy reports known emissions associated with two Scope 3 categories: Category 5 - Waste Generated in Operations; and Category 6 - Business Travel.
18. Air emissions reported pursuant to Federally required annual Air Emission Reporting Systems.
19. 2020 and 2021 data for non-consumptive water withdrawal was corrected to reflect the correction of an error in unit conversions.

