Managing Sustainability

Sustainability is embedded in our company mission and strategy. We are retiring coal plants, adding renewables, advancing clean technologies and reducing emissions, while keeping bills low and evolving our workforce to reflect the communities we serve.

For more than a century, Xcel Energy has had the privilege of serving customers in hundreds of communities across its eight-state service area. We have accomplished this by never losing sight of our responsibilities and the understanding that our success is uniquely tied to the success of those we serve.

Our vision is to be the preferred and trusted provider of the energy our customers need. We view our success today, and in the future, not simply as a measure of profit but equally as our broader impact on the public good. We have an obligation and opportunity to power people’s lives with energy they can trust to be safe, affordable, reliable and increasingly clean. We work to deliver on this commitment every day.
Sustainability Embedded in Corporate Strategy
We remain focused on three strategic priorities that are key to achieving our vision, as determined by the board of directors and executive leadership team.

- Lead the clean energy transition
- Enhance the customer experience
- Keep customer bills low

These strategic priorities address 16 sustainability issues important to our business and stakeholders.

We provide details on the 16 sustainability issues in the Stakeholder Engagement and Sustainability Priorities brief in Xcel Energy’s Sustainability Report.
Xcel Energy Goals and U.N. Sustainable Development Goals
Xcel Energy supports the U.N. Sustainable Development Goals (SDGs) that provide a framework for governments, businesses and organizations to advance sustainable development.

Our sustainability goals directly align with the following SDGs:

<table>
<thead>
<tr>
<th>SDGs</th>
<th>Xcel Energy Goal</th>
<th>2020 Results</th>
<th>Learn More</th>
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</thead>
<tbody>
<tr>
<td>13</td>
<td>Deliver 100% carbon-free electricity by 2050, with an interim goal to reduce carbon emissions from electricity provided to customers 80% by 2030, from 2005 levels</td>
<td>51% reduction in carbon emissions from owned and purchased electricity delivered to customers from 2005 to 2020</td>
<td>Lead the Clean Energy Transition</td>
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<td>Keep our natural gas system methane emissions rate below 0.2%, based on ONE Future target for distribution systems</td>
<td>0.15% methane emissions rate achieved in 2020, based on EPA reporting</td>
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<td>Reduce water consumption from electricity provided to customers 70% by 2030, from 2005 levels, measured by volume</td>
<td>34% reduction in water consumption from owned and purchased electricity delivered to customers from 2005 to 2020</td>
<td>Managing Water Use</td>
</tr>
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<td>7</td>
<td>Keep customer bill increases at or below the rate of inflation</td>
<td>Residential customer electricity and natural gas bills have remained relatively flat from 2013 to 2020</td>
<td>Customer Commitment</td>
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<td>9</td>
<td>Power 1.5 million electric vehicles in Xcel Energy service areas by 2030</td>
<td>Programs approved in Minnesota, Colorado and Wisconsin, with plan filed in New Mexico</td>
<td>Energy Efficiency and Electric Vehicles</td>
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<tr>
<td>11</td>
<td>Mitigate impacts from retirements of coal-fueled power plants</td>
<td>Seven plant closures with zero layoffs through 2020</td>
<td>Community Relations and Economic Development</td>
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<td>Maximize spending on goods and services with local businesses</td>
<td>71% of supply chain spending was with local businesses in 2020</td>
<td>Supply Chain</td>
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<td></td>
<td>Support local business growth</td>
<td>20 new business development projects completed adding $930 million in capital investment and about 3,000 jobs for communities we serve</td>
<td>Community Relations and Economic Development</td>
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<td>Build a workforce that reflects the communities we serve</td>
<td>Board: 20% women, 20% diverse CEO direct reports: 38% women, 13% diverse Management: 22% women, 10% diverse Workforce: 23% women, 16% diverse</td>
<td>Diversity, Equity and Inclusion</td>
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<td></td>
<td>Encourage participation among diverse suppliers in our procurement process</td>
<td>$643 million spent with diverse suppliers in 2020, representing 13.1% of spending (exceeding our $600 million target)</td>
<td></td>
</tr>
</tbody>
</table>
Sustainability Governance

With strong leadership from Xcel Energy’s Board of Directors and executive team, along with engaged leaders throughout all levels of the company, we effectively manage risks and opportunities associated with the sustainability issues material to our business.

Xcel Energy’s governance structure includes clear accountabilities and oversight of sustainability issues, starting with the board and senior executive levels.

The chairman and CEO leads all aspects of our sustainability and environmental, social and governance (ESG) efforts and governance. The senior vice president, Strategy, Planning and External Affairs serves the role of a chief sustainability officer and reports directly to the chairman and CEO. This role is responsible for sustainability and ESG-related policy, strategy, governance and reporting, including the management of climate-related risks and regular ESG discussions with the board.

The Governance, Compensation and Nominating (GCN) Committee has oversight responsibility for management of sustainability and ESG-related issues and risks. It oversees policy, adherence and disclosures regarding ESG matters, including executive compensation, our Code of Conduct, political contributions and lobbying practices. Annually, the GCN Committee also reviews our workforce strategy, including diversity, equity and inclusion (DEI) initiatives. The Operations, Nuclear, Environmental and Safety (ONES) Committee oversees our environmental strategy and performance, employee and contractor safety, customer service, and operational performance in delivering electricity and natural gas service to customers. This includes managing risks related to climate, physical security, cybersecurity and public safety.

Board Oversight

The full board considers and addresses key sustainability issues in the context of our broader corporate strategy. While the GCN Committee has overall responsibility for ESG oversight, other board committees also have oversight responsibilities that relate to specific sustainability issues.

- **Audit Committee**: oversees corporate compliance related to ethics and business conduct
- **Finance Committee**: oversees clean energy investments, investor relations, affordability and financial health
- **GCN Committee**: oversees workforce development and compensation, DEI strategy, executive compensation, the Code of Conduct, and lobbying and political contributions policies and disclosures
- **ONES Committee**: oversees employee and public safety, environmental performance and strategy, and overall operations, including reliability, physical security and cybersecurity
**Executive Oversight and Management**
The executive team is accountable for strategy execution, including sustainability and ESG responsibilities and initiatives.

- Each board committee has assigned a senior executive serving as the coordinating officer who plans agendas and supports the committee in carrying out its duties.

- Strategies and key initiatives are crafted and executed to strike a balance among reliability, affordability and environmental impact.

- Xcel Energy was among the first U.S. energy providers to tie environmental performance directly to long-term executive compensation over 15 years ago, with long-term compensation currently tied to carbon reductions. Annual executive incentive compensation is based on the corporate scorecard, which fully aligns with ESG issues, including safety, reliability, customer satisfaction, wind availability and DEI progress.

**Business Area Responsibilities**
While the entire organization and each operating company supports sustainability and ESG efforts, specific business areas are directly accountable for addressing various ESG issues and opportunities. We use performance management techniques and compensation design to align employees around successful execution of our goals and efforts.

- **Strategy, Planning and External Affairs**: sustainability strategy, governance and reporting, environmental strategy and performance, energy and public policy including political contributions disclosure, and resource planning

- **Risk, Audit and Compliance**: risk management, corporate policies, ethics and compliance, including Code of Conduct

- **General Counsel**: corporate governance, disclosure and regulatory efforts that support our goals

- **Generation**: power production, environmental performance and regulatory efforts that support the clean energy transition

- **Operations**: customer electricity and natural gas service, safety, affordability and reliability

- **Customer and Innovation**: energy efficiency and conservation, electrification and EVs, customer programs and satisfaction, economic development, security and emerging technology

- **Human Resources**: workforce strategy and development, DEI initiatives, labor practices, public and employee safety, the Xcel Energy Foundation and employee engagement programs

- **Financial Operations**: capital project governance, compliance, budget and cost management, affordability, investor relations and disclosure

**Operating Company Responsibilities**
Our strategy is implemented through the four operating companies, including sustainability initiatives.

- Operating company staff engage with local stakeholders to understand their perspectives, priorities and goals. They support sustainability initiatives and work to address energy and policy issues, such as climate change, environmental justice, social equity, and the responsible transition from coal.

- Regulatory and resource plans are designed to meet the future needs of our customers, states and other stakeholders, including delivering cleaner energy while maintaining customer affordability and reliability.

- Community giving and volunteer programs are implemented with local nonprofit organizations, with a focus on environmental stewardship, economic sustainability, access to the arts and culture, and STEM (science, technology, engineering and math) education to build our future workforce, both for our company and communities.
Xcel Energy’s 2021 Proxy Statement provides a full explanation of our corporate governance practices, beyond the governance of sustainability and ESG. We also describe Xcel Energy’s risk management process and discuss material corporate risks in Xcel Energy’s Form 10K and Proxy Statement. Specific information on climate-related risks and opportunities is available in our report responding to the recommendations of the Task Force on Climate-related Financial Disclosures. Find other sustainability related documents in the ESG Document Library.