



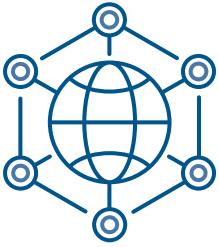
Sustainability Strategy and Management

We're committed to delivering essential energy while driving positive change that supports the people and places we serve.

Xcel Energy's sustainability strategy begins with our mission to provide customers with safe, clean, reliable energy at a competitive price, and goes beyond to address environmental, social and governance topics important to our business and stakeholders. We define sustainability through four focus areas that encompass 20 ESG priorities.

Guided by stakeholder engagement and clearly defined executive and board oversight, sustainability is embedded in our corporate strategic priorities and accomplished through initiatives across every part of Xcel Energy. We're retiring coal plants, adding renewables, exploring new technologies and helping to electrify other sectors, while working safely and keeping customer costs low. We support our employees and communities through our commitments to diversity, equity and inclusion, building a better workplace and strengthening the places we call home.

Our people are the power behind our efforts. By advancing important initiatives and supporting our goals and sustainability commitments, they are building the better energy future we all want.



LEARN MORE

Xcel Energy's Sustainability Website
xcelenergy.com/sustainability

U.N. Sustainable Development Goals

Xcel Energy Proxy Statement

Audit Committee Charter

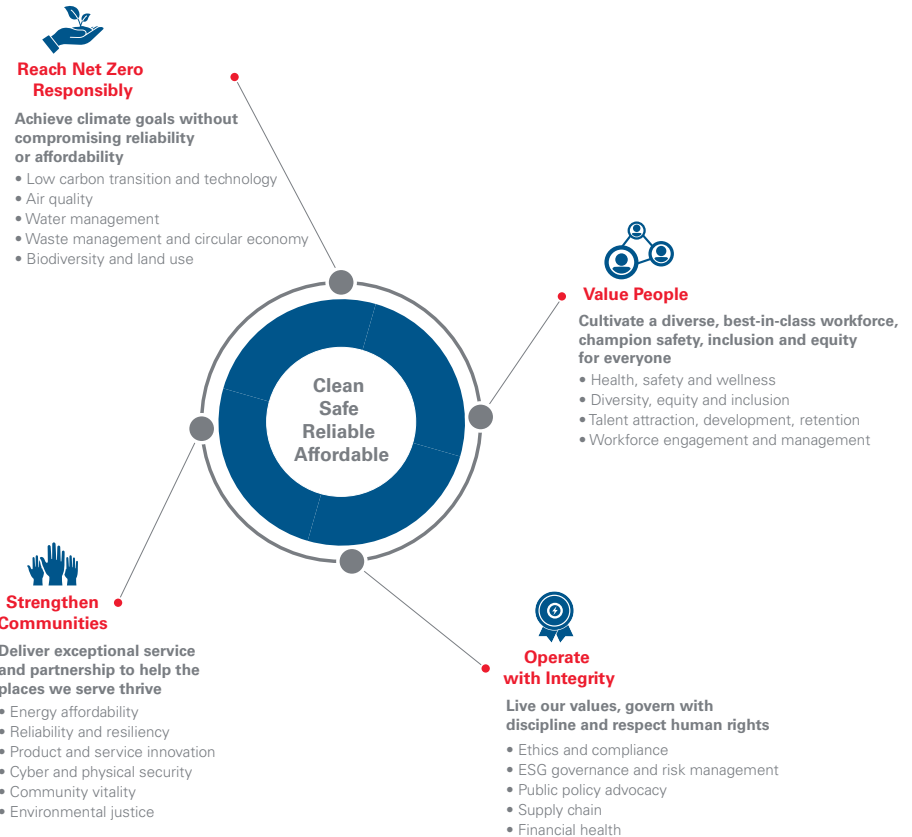
Finance Committee Charter

Governance, Compensation and Nominating Committee Charter

Operations, Nuclear, Environmental and Safety Committee Charter

Our Mission is Built for Sustainability

Xcel Energy's sustainability strategy focuses in four areas where we can make the largest economic, environmental or social impact:



ESG Materiality: Confirming Sustainability Focus Areas and Priorities

To determine what's important to our stakeholders and continue building our company's strategy for sustainability, in 2022 we performed a comprehensive ESG materiality assessment. In this process, we evaluated our priorities, asking leaders inside and outside the company: To which ESG issues should we pay closest attention? What factors have the greatest effect on our business — and which can Xcel Energy use to make a difference in its service area and beyond?

The process involved:

- Analyzing market trends, evaluating the ESG landscape and benchmarking with peers.
- Interviewing key internal and external stakeholders and conducting an online survey to collect input from a broader group.
- Scoring and prioritizing results and validating them through a workshop with leaders from Xcel Energy and external organizations.

The assessment included over 50 interviews with individuals representing key groups — Xcel Energy senior leadership and management, the company's board of directors, investors, large customers, community leaders, special interest groups and elected officials. An online survey produced responses from over 200 Xcel Energy employees and external stakeholders.





Through the process, we identified the 20 most relevant ESG topics for Xcel Energy and its stakeholders and developed our current sustainability strategy and four focus areas: Reach Net-Zero Responsibly, Value People, Strengthen Communities and Operate with Integrity. These topics represent areas where we may see the greatest risks and opportunities, along with issues where Xcel Energy can make the largest economic, environmental and social impacts.

Nearly all the revised ESG topics are familiar to Xcel Energy. The study results validated the relevance of most of the areas on which we have previously focused. Our foremost priority continues to be leading the clean energy transition without compromising reliability and affordability. The study also confirmed that we should continue addressing social issues, such as building a diverse and best-in-class workforce and helping our communities thrive.




Xcel Energy's Sustainability Focus Areas with 20 ESG Topics Defined and Alignment to U.N. Sustainable Development Goals

Xcel Energy's 20 ESG topics and definitions are listed in the table below, as well as links to Sustainability Report briefs that detail our management approach to each topic. We also map our ESG focus areas to U.N. Sustainable Development Goals that we support through our company's sustainability strategy.

| Focus and SDGs | Topic | Definition | Brief in Report |
|--|--|--|---|
| Reach Net Zero Responsibly    | Low carbon transition and technology | Policy, legal, market and technology aspects of Xcel Energy's net-zero transition, including the retirement of fossil fuel plants and the enablement of renewables, storage, electrification efficiency and other solutions reducing Scope 1, 2 and 3 emissions. | Leading the Clean Energy Transition |
| | Air quality | Non-greenhouse gas emissions produced across all business operations and activities. | Environmental Management |
| | Water management | Management of water withdrawals, water consumption, wastewater and stormwater runoff discharges by company operations, including the use of water rights. | Water Management |
| | Waste management and circular economy | Waste generation and disposal, inclusive of nuclear waste products and coal ash, while considering opportunities to implement circular economy solutions enabling waste reduction. | Waste, Recycling and Reuse |
| | Biodiversity and land use | Vitality of natural habitats, species potentially impacted and changes to land use by company operations and activities. | Biodiversity and Land Use |
| Value People  | Health, safety and wellness | Protecting worker (including contractor) safety, health and well-being by reducing exposure to safety and health-related risks and robust management systems and culture; ensuring community awareness on electricity and natural gas hazards, developing emergency plans and ensuring readiness for effective response. | Workforce Safety; Affordable, Safe, Reliable and Resilient Energy |
| | Diversity, equity and inclusion | Fostering a diverse, fair and inclusive workplace, accepting of all employees who bring unique perspectives based upon their race, ethnicity, gender, age, education, disability, sexual orientation, religious affiliation, experience and thought. | Diversity, Equity and Inclusion |
| | Talent attraction, development and retention | Attracting, developing and retaining talent, performance management and future workforce planning. | Human Capital Management |
| | Workforce engagement and management | Effective communication and engagement with employees on business goals and operational changes (including responsible transition), positive labor relations and competitive pay and benefits. | Human Capital Management |

| Focus and SDGs | Topic | Definition | Brief in Report |
|---|--------------------------------|---|---|
| Strengthen Communities     | Energy affordability | Reasonable price for electric and gas service, with updated regulatory frameworks to support the grid of the future, enables performance across all sectors of the economy and allows customers to benefit from smart grid investments. | Affordable, Safe, Reliable and Resilient Energy |
| | Reliability and resiliency | Ensuring the availability of energy through investing in, improving, maintaining and repairing diverse energy infrastructure for optimum performance to ensure consistent delivery of energy for customers and rapid recovery from disruptive events including climate events (e.g., hurricanes, wildfires). | Affordable, Safe, Reliable and Resilient Energy |
| | Product and service innovation | Researching, demonstration and piloting of innovative energy opportunities (including for vehicles and within other sectors), to spur the development of advanced technologies for the future, especially those needed to achieve zero-carbon electricity and net-zero gas service by 2050. | Product and Service Innovation |
| | Cyber and physical security | Prevention of external hacking, protection of company physical, electronic and intellectual property assets, and protection of customer data. Meeting customer expectations, applicable regulations and industry standards regarding data privacy. | Affordable, Safe, Reliable and Resilient Energy |
| | Community vitality | Support to local communities through career opportunities and training for diverse and local community members, responsible transition for workers, taxes paid, corporate philanthropy, contracts with local and diverse companies, community engagement and stakeholder partnerships that grow opportunities for people and city and regional economies. | Community Giving and Volunteerism; Community Relations and Economic Development |
| | Environmental justice* | Fair treatment and meaningful involvement of all people regardless of race, color, national origin or income, with respect to siting of assets and environmental management practices and operations. Includes special focus on disproportionately impacted communities. | Environmental Management |

| Focus and SDGs | Topic | Definition | Brief in Report |
|--|-------------------------------------|--|---|
| Operate with Integrity  | Ethics and compliance | Preventing unethical or illegal behavior involving a company employee or agent in a position of power; working with suppliers, customers, regulators and other business partners in an ethical way to develop and market our products and operate our assets; and maintaining compliance with all applicable regulations | Corporate Compliance and Business Conduct |
| | ESG governance and risk management* | Ensuring integration of ESG topics into corporate governance structures and enterprise risk management processes. | Sustainability Strategy and Management |
| | Public policy advocacy | Advocating with policymakers to find solutions that support our business interests, provide more value to customers and create desirable outcomes for stakeholders. | Public Policy |
| | Supply chain | Incorporating environmental and social issues into supplier specifications, business terms, selection criteria and performance evaluation in order to manage risk and promote good performance (including diverse spend) up the supply chain. | Supply Chain Management |
| | Financial health* | Ensuring short- and long-term financial performance to enable effective governance, planning and operations. | Xcel Energy SEC 10-K |

*New topics added through the 2022 materiality assessment



Sustainability Goals

Through Xcel Energy's sustainability strategy, our company aims to meet the following sustainability commitments.

| Focus | Xcel Energy Goal | 2022 Results |
|-----------------------------------|--|--|
| Reach Net Zero Responsibly | 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. | 53% reduction in carbon emissions, from 2005 to 2022, from owned and purchased electricity delivered to customers. |
| | Provide net-zero gas service by 2050, with an interim goal to reduce greenhouse gas emissions 25% by 2030, including natural gas supply, distribution and customer use, from 2020 levels. | Launched goal in 2021 and established workstreams in 2022 for implementation and developing reporting metrics. |
| | Provide the infrastructure and energy to run all vehicles in our service area on zero-carbon electricity or fuel by 2030, with an interim goal to enable 1 in 5 vehicles to be electric by 2030. | Nearly 96,000 electric vehicles in Xcel Energy's service area, a 44% increase compared to 2021 EV levels. |
| | Reduce water consumption from electricity provided to customers 70% by 2030, from 2005 levels, measured by volume. | 39% reduction in water consumption from 2005 to 2022 from owned and purchased electricity delivered to customers. |
| Value People | Build a workforce that reflects the communities we serve. | Board: 33% female, 17% diverse.* CEO direct reports: 33% female and 22% diverse. Senior Leadership: 23% female and 19% diverse. Management: 25% female and 13% diverse. Workforce: 24% female and 18% diverse. |
| | Mitigate impacts from retirements of coal-fueled power plants. | Eight plant closures with no forced workforce reductions from 2007 to 2022. |
| Strengthen Communities | Continue keeping customer bill increases at or below the rate of inflation, while maintaining reliability. | 2014 to 2023E customer bills have grown below 2% inflation rate (~1.6% electric and ~1.3% natural gas). |
| | Support local business growth. | 40 new business development projects initiated, estimated to add ~\$1.8 billion in capital investment and ~2,900 jobs for communities we serve. |
| Operate with Integrity | Maximize spending on goods and services with local businesses, and increase spending with diverse suppliers to 25% of spend by 2025. | 58% of supply chain spending with local businesses and \$548 million spent with diverse suppliers, representing ~11% of spending in 2022. |

*Diverse refers to ethnicity and race

Sustainability Oversight

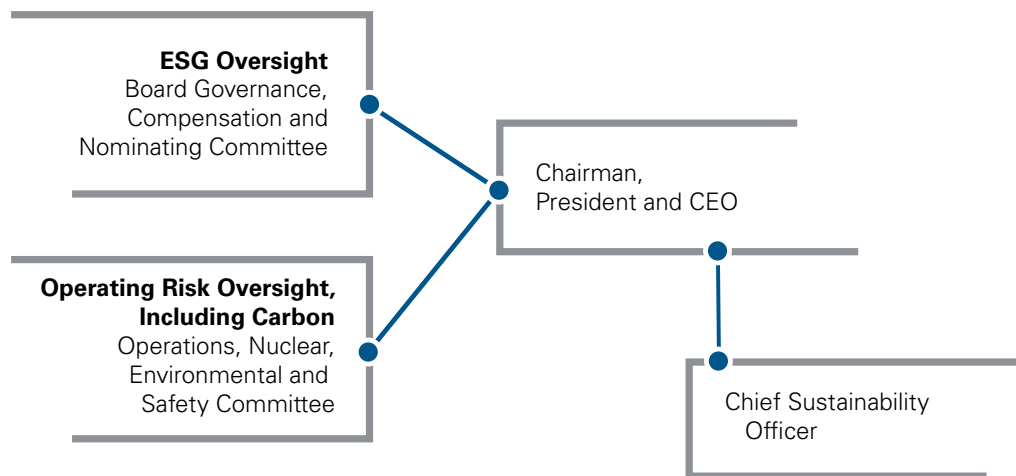
Sustainability is integrated into our governance processes. With strong leadership from Xcel Energy's Board of Directors and executive management team, along with business unit leaders across the company, we can effectively manage risks and opportunities and drive strong performance across a spectrum of ESG issues.

Through our strategic planning process, the board and executive leadership team identified three strategic priorities that represent the keys to our continued success and our vision to be the preferred and trusted provider of the energy our customers need.

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

Strong alignment exists between our strategic priorities and our sustainability strategy and four focus areas.

Sustainability Governance Structure



The **chairman, president and CEO** leads all aspects of our sustainability and ESG efforts. The **senior vice president of Strategy, Security and External Affairs and chief sustainability officer** reports to the chairman, president and CEO; is responsible for sustainability and ESG-related policy, including management of climate-related risks and regular ESG discussions with the board; and works with teams across business areas that are accountable for addressing ESG risks and opportunities.

The **Governance, Compensation and Nominating Committee** has primary board committee responsibility for sustainability and ESG-related issues and risks. As part of its charter, the committee oversees policy, adherence and disclosure regarding ESG matters, including executive compensation; the Code of Conduct; and our Political Contributions, Lobbying and Government Communications Policy. The GCN Committee receives an ESG-specific briefing and reviews our workforce strategy each year, including diversity, equity and inclusion initiatives.

The **Operations, Nuclear, Environmental and Safety Committee** oversees our environmental strategy and performance, employee and contractor safety, customer service and operational performance in delivering electricity and natural gas service. This includes managing risks related to climate change, physical security, cybersecurity and public safety.

The full board addresses sustainability issues in the context of broader corporate strategy, while two other board committees have oversight responsibilities that include ESG topics. The **Audit Committee** oversees corporate compliance related to ethics and business conduct, and the **Finance Committee** oversees clean energy investments, investor relations, affordability and financial health.

Executive Oversight and Management

The executive team is accountable for strategy execution, including sustainability and ESG initiatives.

- Each board committee has a coordinating officer, a senior executive who determines agendas and supports the committee in carrying out its duties.
- Strategies and key initiatives are crafted and executed to strike a balance among reliability, resiliency, affordability and environmental impact.
- Xcel Energy was among the first U.S. energy providers to tie environmental performance directly to long-term executive compensation, more than 15 years ago. Today, 30% of executives' incentive pay is tied to achieving short-term carbon reduction goals. Annual incentives are based on the corporate scorecard, which aligns with ESG issues, including safety, reliability, customer satisfaction, wind generation availability and DEI progress.

Business Area Responsibilities

While the entire organization supports sustainability, specific business areas directly address ESG opportunities. We use performance management and compensation design to propel our teams toward successful execution.

- **Strategy, Security and External Affairs:** Sustainability strategy, governance and reporting; environmental strategy and performance; energy and public policy, including political contribution disclosures; and physical and cybersecurity.
- **Risk, Audit and Financial Services:** Risk management, corporate auditing and supply chain management.
- **General Counsel and Compliance:** Corporate governance, disclosure and regulatory efforts that support our goals; and corporate policies, ethics and compliance, including Code of Conduct.
- **Operations:** Power production; environmental performance and regulatory efforts that support the clean energy transition; customer electricity and natural gas service; and safety, affordability, reliability and resiliency.
- **Integrated Strategic Planning:** Long-term, coordinated planning for the natural gas system; electric generation; and transmission and distribution systems.
- **Customer Solutions and Care:** Energy efficiency and conservation, electrification and electric vehicles, customer programs and satisfaction, and economic development.
- **Human Resources:** Workforce strategy and development; DEI initiatives, labor practices and human rights; public and employee safety; the Xcel Energy Foundation; and employee wellness and engagement programs.
- **Financial Operations:** Capital project governance, compliance, budget and cost management; affordability; investor relations and disclosure; and corporate development and innovation.

Operating Company Responsibilities

Teams at our four operating companies implement strategy, including sustainability initiatives.

- They connect with local stakeholders to understand their perspectives, priorities and goals. They move sustainability initiatives forward and address issues such as climate change, environmental justice, social equity and the responsible transition away from coal.
- They design regulatory plans to meet the future needs of our customers, state and local governments, and other stakeholders, delivering cleaner energy while maintaining customer affordability, safety, reliability and resiliency.
- They implement community giving and volunteer programs with local nonprofit organizations, with a focus on STEM career pathways, environmental sustainability and community vitality.

Ongoing Stakeholder Engagement

We regularly engage with stakeholders to inform our business plans and seek opportunities to better understand their interests, concerns and emerging needs.

This ongoing collaboration is essential to how we operate, as a regulated and customer-focused provider of essential energy services. Through resource planning and other regulatory proceedings, we have a built-in stakeholder engagement process as part of our business model.

But our efforts extend beyond regulatory matters. We've established a strong local presence within each state and community we serve. Our customer- and community-focused teams engage daily on important service and energy-related issues or projects with the stakeholder groups listed below.

- **Customers:** We connect with residential, business and wholesale customers through our contact center, account management teams and personal account representatives for customers in need, and through customer research, communications, special events, meetings and the regulatory process in our states.
- **Employees:** Through company, department and individual meetings, we share information and learn what is on employees' minds. We also use surveys, quarterly performance discussions, employee communications, innovation challenges, the compliance hotline, and bargaining unit negotiations and communications (employees include union leadership).
- **Communities:** We engage through public and individual meetings, open houses and speaking engagements; city, county and state government proceedings; membership in local economic and community organizations; and work with community members on giving, sponsorship, board service and volunteer programs.
- **Legislators, regulators and policymakers:** We gain insight into stakeholder priorities through local, state and federal policy and legislative discussions and initiatives; speaking engagements; our employee political action committees; and regulatory reporting, filings and proceedings with state public utilities commissions.
- **Investors:** We regularly meet with investors and provide financial and ESG-related disclosures through our investor website, along with quarterly earnings calls and the annual shareholder meeting.
- **Suppliers:** Through meetings, discussions and visits, we maintain relationships with key suppliers and gain information through contracts and negotiations. We have set clear expectations about business conduct and ethics, including ESG issues, through our Supplier Code of Conduct.