

# 2020

*Board of Directors*

***Code of Conduct***

*The Company We Keep*

***CMS ENERGY***

# The CMS Energy Code of Conduct

A message from John G. Russell  
Chairman of the Board

*Technological advances, rapidly evolving environmental policies and unprecedented global forces are currently transforming the energy industry at a rapid pace.*

*CMS Energy Corporation and its principal subsidiary, Consumers Energy Company, can meet the challenges of the 21st century, just as we have in the past. We've provided customers with affordable, reliable energy to light and warm their homes and keep their businesses running for over 130 years.*

*That impressive track record of success stands as a testament to the strong ethical foundation that has held firm through many periods of uncertainty and dramatic change.*

*CMS Energy's and Consumers Energy's boards of directors are responsible for modeling the cultural values that form the backbone of this company and helping to safeguard our hard-won corporate reputation.*

*The board oversees the corporate ethics programs that ensure employees' compliance with the policies, laws and regulations governing our daily work. The board is responsible for ensuring that business decisions impacting the company are aligned with the company's Guiding Principles.*

*Therefore, we must embody honesty, fairness and respect as well as other basic values we espouse for the company's employees, including executives and officers.*

*The Board of Directors Code of Conduct is a guide to CMS Energy's standards of integrity and ethical behavior that provides summaries of corporate policies to help resolve ethical issues that often arise in the context of board governance and oversight.*

*The policy summaries are intended as a resource to help resolve ethical dilemmas that may arise in a complex and changing business world, and set the expectation for our dealings with the people and organizations with which we interact.*

*In addition to following the code and applicable rules and laws, board members are expected to raise questions about compliance issues and report actions that don't measure up — without fear of retaliation.*

*Each director also is required to sign a certification card acknowledging he or she has read, understands and agrees to comply with this code.*

*We all must adhere to the highest standards of conduct because it's the right way to do business, because our actions and behaviors represent the company, and because there are serious individual and collective consequences for breaking the rules, intentionally or unintentionally.*

*I know you share my pride in all CMS Energy has accomplished over the decades, and my excitement in the possibilities that lie ahead. I trust that you will continue to uphold the tradition that's served our company and its customers so well for so long.*

*Thank you for your continuing support.*



**CMS ENERGY**

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## FIDUCIARY DUTIES

Trust is at the core of the relationship between the company's boards of directors and its shareholders. That trust is critical to consistent financial performance and must be maintained and strengthened.

Toward that end, board members must fulfill the fiduciary duties of care and loyalty to the company.

- The duty of care requires directors to exercise the level of care that a person of ordinary prudence would exercise under similar circumstances and act on an informed basis after due consideration of the relevant information that is reasonably available. In general, in discharging their duty of care, directors are entitled to rely on management and outside advisors acting within their areas of expertise.
- The duty of loyalty requires directors to act in good faith with the reasonable belief that their actions are in the company's best interest and not in a manner that involves self-dealing or a conflict of interest.

Directors are required to protect all confidential information entrusted to them regardless of media type including, but not limited to, information transmitted via electronic devices, in electronic format, orally or in a hard copy document.

As used in this confidentiality section, the term "CMS" includes any corporation, partnership, company or other business entity in which CMS Energy has a direct or indirect investment.

## DISCRIMINATION AND HARASSMENT

CMS is committed to providing an atmosphere that is free from discrimination, including sexual harassment and racial or national origin harassment. Directors shall act in a manner consistent with the Equal Employment Opportunity Policy of CMS, and thus shall not discriminate for or against employees or other persons on the basis of age, sex, race, religion, creed, color, national origin, ancestry, height, weight, marital status, sexual orientation, gender identity, disability or covered veteran status.

Sexual harassment occurs when conduct of a sexual nature explicitly or implicitly affects an individual's board service, unreasonably interferes with an individual's work performance, or creates an intimidating, hostile or offensive work environment. It is CMS Energy's policy that sexual harassment to or by any director is unlawful and will not be tolerated.

Racial or national origin harassment occurs when conduct relating to an individual's race or national origin interferes with an individual's work performance or creates an intimidating, hostile, or offensive work environment. The law and CMS policy require that the workplace be free from racial and national origin harassment. To that effect, CMS will not tolerate racial or ethnic slurs to or by any director.

## CONFLICTS OF INTEREST

A conflict of interest occurs when a director's private interest interferes in any way — or even appears to interfere — with the interests of the company as a whole. A conflict can arise when a director takes actions or has interests that may make it difficult to perform his or her responsibilities objectively and effectively. Conflicts of interest also arise when a director or an immediate family member receives improper personal benefits, which may include loans or extravagant gifts, as a result of his/her position as a director. As used throughout the code, the term "immediate family member(s)" includes a director's

spouse, parents and stepparents, grandparents, children and stepchildren, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares a director's home.

In addition to the conflict situations described in the following provisions, directors must also avoid any conflict of interest that may arise related to charitable contributions to or business with any organization with which the director is affiliated.

Directors shall resolve ethically any actual or apparent conflicts of interests and shall disclose any potential conflict of interest to the chief compliance officer as soon as it arises. Directors should contact the chief compliance officer with questions related to conflicts of interest.

## FULL DISCLOSURE OF FINANCIAL AND OTHER INFORMATION

Directors are responsible for disclosing full, fair, accurate, timely and understandable information about themselves and their immediate family members and their activities, when required, for inclusion in applicable communications, reports and documents made by CMS, including without limitation reports and documents filed with, or submitted to, the Securities and Exchange Commission ("SEC"), Michigan Public Service Commission and the Federal Energy Regulatory Commission.



## INITIAL PUBLIC OFFERINGS AND INVESTMENT OPPORTUNITIES

Preferential allocations of stock or an offer to participate in an initial public offering from a company with whom CMS either conducts or could be expected to conduct business can create or could reasonably appear to create a conflict of interest. Such situations should be avoided, but in any event must be disclosed to the chief compliance officer. The chief compliance officer shall make a determination whether the circumstances create a conflict.

## INSIDER TRADING - PURCHASES AND SALES OF COMPANY SECURITIES

Because CMS has publicly traded securities, there are important restrictions imposed on it, as well as its directors, under state and federal securities laws regarding purchases and sales of publicly traded securities. Compliance with these restrictions is essential. Violations may subject CMS and the offending director to significant criminal penalties and/or civil liabilities. If a director has a specific question related to insider trading requirements, the director should contact the general counsel or the corporate secretary for guidance.

Directors and immediate family members may not purchase or sell the securities of CMS at any time that they are aware of any material nonpublic information relating to CMS. Similarly, they may not purchase or sell the securities of any other company at any time that, in the ordinary course of such director conducting CMS business, they become aware of any material nonpublic information relating to that other company. Directors and immediate family members may not purchase or sell the securities of CMS except during “open windows” as communicated by the corporate secretary and only after approval has been granted by the corporate secretary or general counsel.

For purposes of this policy, material information will be considered “nonpublic” until two full business days

after it has been disclosed in a broad and non-exclusionary public distribution. Also, information is generally considered “material” if a reasonable investor would consider it important in making an investment decision regarding the applicable company’s securities. Directors should assume that information regarding the following topics is “material” for purposes of this policy:

- Earnings and other financial information, including forecasts of such information.
- Significant investments, mergers, acquisitions and joint ventures.
- Announcements and updates concerning significant development and divestiture projects.
- Significant financings of the applicable company or its affiliates.
- Significant developments regarding customers, partners and suppliers.
- Dividends, stock splits and other important events regarding the applicable company’s publicly traded securities.

Information which may not appear to be material from the perspective of an individual may in fact be material in light of information or plans known to others. If a director has a specific question related to classification of information as material, the director should contact the general counsel or corporate secretary for guidance.

Directors and immediate family members may not at any time engage in pledging or purchasing on margin CMS securities, “trading” CMS securities or selling “short” CMS securities or buy or sell puts or calls, hedges or other derivative securities relating to CMS Energy or an affiliate’s securities. “Trading” means a combination or pattern of substantial or continuous buying and selling of securities with the primary objective of realizing short-term gains.

The restrictions contained in this policy do not apply to indirect periodic purchases of securities made pursuant to a standing election to invest in CMS Energy’s securities under CMS Energy’s or Consumers Energy’s retirement or other benefit plans, to the extent an option to do so

exists, or the CMS Energy stock purchase plan, as long as the election is made at a time the director is not aware of material nonpublic information. Similarly, these restrictions do not apply to purchases or sales made pursuant to a prearranged contract, instruction or plan effected in accordance with the safe harbor provisions of the Securities Exchange Act of 1934 Rule 10b5-1, if approved by the general counsel, although care should be given to avoid the appearance of impropriety if such trading occurs during certain “black-out periods” of which certain directors may be made aware from time to time. Changes to such election or such contract, instruction or plan are likewise excepted if made at a time the director is not aware of material nonpublic information.





## RELATED PARTY TRANSACTIONS

Pursuant to SEC regulations, “related parties” include directors or certain executive officers, beneficial owners of 5 percent or more of CMS Energy common stock, immediate family members of such persons and entities in which such persons have a direct or indirect material interest. A “related party transaction” occurs when a related party enters into a transaction in which CMS is participating, the transaction amount is more than \$10,000 and the related party will acquire a direct or indirect material interest. Participation in a related party transaction could affect a director’s status as independent.

Related party transactions must be pre-approved by the board’s audit committee. Any related party transaction involving more than \$120,000 must be disclosed in CMS Energy’s annual proxy statement. In drawing its conclusion on any approval request, the audit committee would ordinarily be expected to consider the following factors:

- Whether the transaction involves the provision of goods or services to CMS that are available from unaffiliated third parties.
- Whether the terms of the proposed transaction are at least as favorable to CMS as those that might be achieved with an unaffiliated third party.
- The size of the transaction and the amount of consideration payable to a related party.
- The nature of the interest of the applicable related party.
- Whether the transaction may involve

an actual or apparent conflict of interest, or embarrassment or potential embarrassment to CMS when disclosed.

This policy does not apply to change in control agreements or other executive employment contracts; however, such contracts are subject to board approval under a separate policy. Any approval of a related party transaction by the board’s audit committee shall be immediately communicated to the general counsel if the general counsel was not otherwise informed of the approval at the time it was granted.

Any questions regarding whether a particular transaction is a related party transaction should be submitted to the general counsel, who is responsible for making an initial determination after obtaining any necessary advice from securities counsel. Questions regarding related party transactions also may be directed to the chief compliance officer or the corporate secretary.

## COMPENSATION FROM OTHER SOURCES

Directors may not accept compensation in any form from any source, other than CMS, for services performed as a director for CMS. Outside employment, including consulting work, must not interfere with, or appear to interfere with, the interests of CMS. Directors must ensure that all their activities (including those related to outside employment), other than those undertaken in their capacity as a CMS director, are not perceived as acting on behalf of CMS.

## GIFTS & TRIPS

A director may not accept gifts or trips from entities or persons who deal with CMS, if acceptance of the gift or trip could create a conflict of interest or the appearance of a conflict of interest or if any such gift or trip is being made in order to influence the director’s actions as a member of the board.

Giving or accepting gifts or trips must be in compliance with applicable laws or regulations, and must also comply with any policy that applies to the person either giving or receiving the gift. A gift must not be extravagant, embarrassing to CMS or jeopardize its image or reputation. Gifts of cash or cash equivalents (e.g., stock) are prohibited. Loans from vendors (other than banks made in the normal course of the bank’s business) are prohibited. Solicitation of gifts is prohibited.

This policy applies to all directors and their immediate family members.

## CONFIDENTIALITY

It is the responsibility of every director to protect all confidential or sensitive information entrusted to her/him, or to which they have access, except when disclosure is authorized by the full board or legally mandated. Directors should contact the general counsel or the chief compliance officer if they believe they have a legal obligation to disclose confidential or sensitive information. Directors must avoid using confidential or sensitive information for personal benefit or to benefit any other business or entity with which they are affiliated.

Confidential or sensitive information means all information that is legally required to have restricted access, be kept confidential, is described as material, nonpublic information (reference “Insider Trading – Purchases and Sales of Company Securities” page 6) or which might be used to the disadvantage of CMS Energy or any employee, customer, shareholder, director or officer and includes the following:

- Plans, strategies, tactics or organizational structure not made available to the public.
- Financial data or results of operations not made available to the public.
- Personal information regarding an employee or director or former employee or director of CMS Energy.
- Information in company possession protected by the terms of a confidentiality agreement or other contract.
- Customer or shareholder records or information.
- Nonpublic, material information obtained by directors due to their position on the board such as boardroom deliberations and board communications.

Directors are required to protect all confidential information entrusted to them regardless of media type including, but not limited to, information transmitted via electronic devices, in electronic format, orally or in a hard copy document.

As used in this confidentiality section, the term “CMS” includes any corporation, partnership, company or other business entity in which CMS Energy has a direct or indirect investment.

## COMPLIANCE WITH LAWS, RULES AND REGULATION

In addition to the provisions outlined in this code, it is expected that directors will abide by all applicable laws, rules and regulations, including securities and antitrust laws. Violation of laws and regulations may subject directors, as well as CMS, to civil and/or criminal penalties. When there is any doubt as to the lawfulness of any proposed activity, directors should seek advice from the general counsel. Directors who are also employees of CMS must also abide by the provisions of the employees’ Code of Conduct - The Company We Keep.

## PROTECTION AND PROPER USE OF COMPANY ASSETS

It is the responsibility of every director to seek to protect CMS assets utilized by such director from loss, theft and misuse. CMS assets include information, records, funds, equipment, supplies, facilities, property and materials. Directors shall use CMS assets entrusted to them or to which they have access in a safe and efficient manner and in compliance with applicable laws and regulations. Directors shall not use CMS assets or records for personal gain or for the benefit of others outside the normal course of company business.

All assets of CMS, including communications and computer systems such as telephones, voice mail, electronic mail and computers, shall be used primarily for the legitimate business purposes of CMS. To the extent that business processes are not detrimentally affected, directors may reasonably use company telephones, electronic mail, Internet, Intranet, faxes and computers for limited and occasional personal reasons as long as the use is appropriate and does not violate CMS policies or applicable laws. Directors must never use CMS assets to support a personal business or political activities.



## REPORTING AN ETHICS CONCERN

A director who has questions or concerns may seek assistance from the chairman of the governance, sustainability and public responsibility committee of the board; the chairman of the audit committee of the board; the chief compliance officer; or by calling an external toll-free anonymous helpline.

Directors may contact the chief compliance officer by phone at **800-CMS-5212 (800-267- 5212)** or **517-788-6260**. Directors may also send letters or electronic mail to the chief compliance officer at:

Chief Compliance Officer  
CMS Energy Corporation  
One Energy Plaza  
Jackson, MI 49201  
Email: [cmscompliance@cmsenergy.com](mailto:cmscompliance@cmsenergy.com)

Directors may also report compliance concerns by calling an external toll-free anonymous helpline, **866-ETHICSP** or **866-384-4277** or accessing [Ethicspoint.com](http://Ethicspoint.com). This service is available through a third-party provider, EthicsPoint, and representatives handle calls and reports 24 hours a day, seven days a week.

## ENFORCEMENT AND VIOLATIONS

Any alleged violation of this code by a director shall be reported to the chief compliance officer and shall be investigated by disinterested members of the audit committee of the board, or if none, by disinterested members of the entire board.

The audit committee or board, as applicable, may utilize the services of the general counsel, the chief compliance officer, external counsel or other parties as appropriate to assist in any investigation.

The audit committee or board will report the final results of any such investigation to the governance, sustainability and public responsibility committee of the board.

Any action shall be taken by the entire board upon the recommendation of the governance, sustainability and public responsibility committee based upon the results of any investigation.

A failure by any director to comply with the laws, rules and regulations governing CMS Energy's business or this code will result in appropriate action.

## MODIFICATIONS, WAIVERS OR EXCEPTIONS TO THE CODE

Any modifications to this code may be made only by the board upon recommendation of the governance, sustainability and public responsibility committee of the board. Waivers and exceptions to the code may only be granted to directors by the audit committee of the board and will be promptly disclosed as required by law or stock exchange regulation.



**One  
Company**

**One  
Purpose**

**One  
Culture**

**CMS ENERGY**

**CMS ENERGY**

*Enterprises™*

**Consumers Energy**

*Count on Us®*

**EnerBankUSA**

**WORLD CLASS  
PERFORMANCE  
DELIVERING  
HOMETOWN  
SERVICE**



***The Company We Keep***