

2026 CMS Energy TCFD Index

Introduction to CMS Energy

CMS Energy Corporation ("CMS Energy") is an energy company operating primarily in the State of Michigan, USA. It is the parent holding company of several subsidiaries, including its principal subsidiary, Consumers Energy Company ("Consumers Energy" and/or "CE"), an electric and natural gas utility, and NorthStar Clean Energy Company (NorthStar), primarily a domestic independent power producer and marketer. Consumers Energy's electric utility operations include the generation, purchase, distribution, and sale of electricity, and its gas utility operations include the purchase, transmission, storage, distribution, and sale of natural gas. Consumers Energy serves about 6.8 million of Michigan's 10 million residents. NorthStar, through its subsidiaries and equity investments, is engaged in domestic independent power production, including the development and operation of renewable generation, and the marketing of independent power production. This CMS Energy report includes information, unless specifically noted, for Consumers Energy and NorthStar (the "Company").

CMS Energy acknowledges that the long-term sustainability of our Company depends upon our ability to listen to our stakeholders and conduct business that promotes environmental health, increases societal value, and brings economic success so that we can provide safe, reliable, and affordable energy to our customers. This commitment is advanced by our focus on the triple bottom line: people, planet, and prosperity.



TCFD

The Task Force on Climate-related Financial Disclosures (TCFD) provides disclosure recommendations in four key areas: governance, strategy, risk management, and metrics. CMS Energy provides a variety of disclosures in various reports addressing these topics. Below provides both summaries of these disclosures and links to additional information.

Core Disclosure Elements	Company Disclosure Summary	Additional Information
Governance		
Describe the Board's oversight of climate-related risks and opportunities.	We integrate multiple levels of sustainability oversight into our daily operations and use several governance and risk management tools when addressing environmental, public responsibility and sustainability matters. These include oversight by the Boards of Directors (Board), an enterprise risk management program (ERM), and facility-specific risk identification and response planning. Management of climate risks is embedded across our ongoing processes and includes consulting with experts, evaluating research, performing resiliency planning, and communicating our climate risks and resiliency plans with stakeholder groups. The Board oversees our public responsibility and sustainability practices. The Governance, Sustainability and Public Responsibility Committee of our Board is also responsible for advising and assisting the Board with respect to our public responsibility, including stakeholder outreach, stewardship and corporate social responsibility and sustainability matters. We are committed to corporate social responsibility through our business, culture, environment and our communities.	CMS Energy Sustainability Report 2026 Proxy Statement, Pg. 12 Corporate Governance Principles Governance, Sustainability and Public Responsibility Committee Charter
Describe management's role in assessing and managing climate-related risks and opportunities.	In addition to Board oversight, senior leadership reviews our Electric Reliability Roadmap and our Gas Delivery Plan which both consider climate-related risks. Our ERM program, which applies to CMS Energy and its subsidiaries, is another governance mechanism we use to identify, understand and mitigate significant risks, including climate risks. The program addresses various threats including operational, regulatory, environmental and financial. It begins with risk owners and is discussed with our risk department, executive leadership and board of directors. Our risk committee also works with our Environmental Quality & Sustainability Department to assess risks associated with climate-related issues. Our Environmental and Sustainability Council (E&SC), a group of critical leaders that	CMS Energy Sustainability Report

	includes senior leadership, ensures our environmental intentions match our actions. The E&SC discusses probable future environmental trends and effective responses and fosters a culture of environmental accountability.	
	Finally, we have the Climate Adaptation and Resiliency Team (CART), which reviews climate risks and the process to address those risks and reports out to senior leaders annually.	
Strategy		
Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.	Consumers Energy has worked with outside experts to identify a range of physical and transition climate-related risks and opportunities that may affect operations, infrastructure, customers, and regulatory compliance over the short, medium, and long term. **Short Term (0–5 Years)** *Risks* • Severe Weather Events: Acute weather events, including snowstorms, freezing rain, ice accumulation, high winds, and wildfires, may damage electric distribution infrastructure, increase maintenance costs, and contribute to service interruptions. • Heavy Precipitation: More intense and variable precipitation could increase flooding, erosion and infrastructure stress, resulting in higher operational and repair costs. However, reduced seasonal snowmelt and drier soil conditions may help mitigate flood risk in areas with sufficiently permeable soils. • Regulatory Changes: Evolving or everchanging climate and energy policies may increase compliance costs through greenhouse gas reduction requirements, clean energy standards, carbon pricing mechanisms, or restrictions affecting natural gas operations. • Changing Customer Demand: Growth of large-scale customers may increase demand on the electric grid and may require accelerated investments in grid	2025 Energy Waste Reduction Report

	modernization and reliability, putting an emphasis on ensuring assets/costs won't be stranded if development does not occur as expected. *Opportunities* • Increased customer demand for renewable energy products, electric vehicle infrastructure, and energy efficiency programs may create new opportunities for growth and customer engagement. Increased renewable energy products also reduce the Company's emissions. • Investments in grid resilience and modernization can improve system reliability while positioning Consumers Energy to meet evolving customer and regulatory expectations. • Growth from large-scale customers supports investments in new transmission and distribution infrastructure which strengthens system reliability and affordability for all customers. **Medium Term (5–10 Years)** *Risks* • Increased Storm Frequency and Intensity: Climate projections indicate that severe storms may become more frequent and intense, increasing the risk of infrastructure damage and power outages. • Freezing Rain Events: Analysis suggests that days favorable to freezing rain in Michigan could increase significantly in the 2030s compared to the 1986–2005 baseline, potentially increasing outage frequency and restoration costs. As the rain-snow line moves northward, freezing rain events are expected in regions that have historically been reliably snowy. That said, freezing rain events are likely to decrease with continued warming by the 2050s. • Heat Stress and Rising Temperatures: Climate modeling indicates extreme heat will become substantially more frequent across Consumers Energy's service territory. Temperatures that historically occurred only during the hottest 2% of days, about	

	seven days per year on average between 1986 and 2005, are projected to occur 20-25 days per year by 2030 and 40-45 days per year by 2050. The highest temperatures across the service territory could also increase by up to 20°F by mid-century, particularly in urban areas where the urban heat island effect amplifies warming. Higher temperatures may increase electricity demand for cooling while also reducing equipment efficiency and increasing operational stress. • Water Resource Variability: Greater variability in water levels, streamflows, and groundwater availability could affect facility operations and long-term infrastructure planning. *Opportunities* • Increased electricity demand resulting from warmer temperatures and transportation electrification may support growth in electricity sales. • Deployment of advanced grid technologies, energy storage, demand response programs, and distributed energy resources can enhance resilience and operational flexibility. **Long Term (10-30 Years)** *Risks* • Chronic Changes in Precipitation and Hydrology: GLISA's models indicate that heavy precipitation events are projected to increase by mid-century in Michigan. Long-term shifts in precipitation patterns, seasonal runoff, groundwater availability, and Great Lakes water levels may affect infrastructure performance, resource planning, and operational costs. • Rising Temperatures and Drier Conditions: Higher evaporation rates and drier summer soil conditions could increase wildfire risk, affect ecosystem health, and create additional challenges for asset management. Modeling suggests that the average annual number of hot, dry and windy days could increase from two to six by 2050. Although annual precipitation is projected to increase by mid-century, more	

	frequent summer droughts and longer stretches of consecutive dry days may heighten wildfire risk. • Long-Term Transition Risk: Future climate policies, market shifts, and decarbonization requirements may require significant capital investments and operational changes to support a lower-carbon and more resilient energy system. *Opportunities* • Projected summer temperature increases may drive higher electricity consumption, raising summer peak electric demand. This also has implications for infrastructure planning for the utility to meet higher summer peaks while maintaining reliability in the face of extreme heat events. • Continued investment in clean energy generation, electrification, and grid modernization may support long-term decarbonization objectives while creating new revenue streams. • Enhanced climate resilience planning and infrastructure hardening can reduce future outage impacts, improve reliability, and strengthen Consumers Energy's ability to adapt to evolving climate **Regulation Changes** The regulatory landscape for greenhouse gas emissions continues to evolve with the current administration proposing to roll back many GHG regulations. This effort will likely see legal challenges. Future regulations to reduce GHG emissions may increase compliance costs through direct regulation, clean energy standards, cap-and-trade schemes, carbon fees, or restrictions on natural gas usage.	
Describe the impact of climate-related risks and opportunities on	**Strategic Impacts**: Climate-related risks and opportunities significantly influence Consumers Energy's strategy as it relates to compliance risk with the State Clean Energy Law and voluntary goals. In	Sustainability Priority Issue Assessment

the organization's businesses, strategy and financial planning.	addition, customer demand for lower carbon products presents both risks (if unmet) and opportunities (if addressed). **Value Chain Impact**: There are risks associated with not understanding our suppliers' environmental performance. Consumers Energy has sent out questionnaires to suppliers to help mitigate this risk and engages in initiatives like the Natural Gas Sustainability Initiative, which focuses on reducing emissions in the natural gas value chain. Consumers Energy is also a member of the Sustainable Supply Chain Alliance and is developing a strategy to implement sustainability best practices into our supply chain management. **Research & Development (R&D) Impact**: Consumers Energy's involvement in the Low Carbon Resources Initiative (LCRI) and EPRI's Climate READI helps mitigate physical climate risks. **Operations Impact**: Climate change impacts, such as severe storms and water level changes, pose risks to generating and distribution assets. Consumers Energy is hardening its systems against these risks by replacing poles with more resilient ones, burying power lines cost-effectively when appropriate, and sectionalizing circuits. In addition, we have moved from a seven-year to five-year tree-trimming cycle for our low-voltage distribution lines to mitigate customer outages from storm events. The Company is also incorporating advanced air-cooled and low-water-use technologies into the design of planned new natural gas generation resources, reducing dependence on water withdrawals and improving operational resilience under future climate conditions.	2026 Energy Supply Plan

	Financial Planning Impact: Consumers Energy's Integrated Resource Plan (IRP) is designed to reduce climate-related risks while maintaining safe, reliable, and affordable electric service. The Company's Preferred Course of Action includes approximately 16.3 GW of new renewable and energy storage resources, including 9.8 GW of solar, 3.2 GW of wind, and 3.3 GW of battery storage, complemented by approximately 1.4 GW of new natural gas-fired generation to support system reliability during the transition. This diversified resource portfolio provides the flexibility to respond to changing customer demand, electrification, economic growth, and evolving market conditions. Consumers Energy's last remaining coal-fired plant was scheduled for retirement at the end of May 2025 but continues to operate pursuant to U.S. Department of Energy emergency orders issued under the Federal Power Act. Consumers Energy intends to comply with Department of Energy orders and will retire the plant when the orders are no longer in effect.	
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2-degree Celsius or lower scenario.	Consumers Energy has put in place programs, practices and new plans that will help our system be more resilient to the changing climate. Our latest IRP, Reliability Action Plan, Gas Cost Recovery Case and rate cases, all filed with the MPSC, provide in-depth information about our supply portfolio plans, electric distribution investment plans, natural gas delivery plan and other resiliency efforts. **2026 IRP** Consumers Energy's 2026 IRP is designed to achieve 100% Clean Energy by 2040 in accordance with Michigan's 2023 Energy Law, pairing new renewable resources, including additional wind, solar, and battery storage, with natural gas units that operate only when the system needs support. We propose to: • Ensure reliability by adding approximately 1.4 GW of new natural gas generation. • Retire Consumers Energy's last remaining coal-fired power plant when allowable.	CMS Energy Sustainability Report 2026 Energy Supply Plan Reliability Action Plan

	• Increase renewable energy by adding capacity incrementally, including approximately 9.8 GW of solar energy and 3.2 GW of wind energy over the planning horizon to support compliance with Michigan's Clean Energy Law. • Support a smarter, more efficient grid through Energy Waste Reduction (EWR), demand response programs, virtual power plants, and innovative rate offerings that help manage customer demand and reduce system costs. • Accelerate the deployment of energy storage resources through the addition of approximately 3.3 GW of battery storage over the planning horizon to enhance reliability, flexibility, and integration of renewable energy resources. Analysis of alternative resource portfolios, including the retirement of existing fossil-fueled generation and the acquisition and construction of new resources, enables Consumers Energy to evaluate how different resource strategies perform under a range of plausible future conditions. As part of the Company's climate-related scenario analysis and IRP process, Consumers Energy's 2026 IRP evaluates scenarios that reflect varying levels of clean energy transition, economic development, electrification, and customer demand growth, consistent with Michigan's Integrated Resource Planning and Reliability Process (MIRPP) requirements, Michigan's Clean Energy Law, and the Company's planning objectives. The scenario analysis allows the Company to assess the impacts of different resource mixes on cost, reliability, emissions, environmental outcomes, and compliance with Michigan's clean energy requirements over the planning horizon. The process also evaluates numerous sensitivities, including changes in demand growth, EWR, distributed generation, fuel prices, renewable resource availability, technology costs, and transmission assumptions to ensure that the proposed resource plan remains robust under a broad range of future conditions. The 2026 IRP evaluated four core planning scenarios, including the MIRPP-required Scenario One (MSO) and Business as Usual (BAU) scenarios, as well as our Aggressive Load Growth (ALG) and Physical Climate Change (PCC) scenarios. Together, these scenarios examine varying levels of decarbonization, electrification, economic development, and customer growth. Across these scenarios, we evaluated numerous sensitivities to test the resiliency and flexibility of resource portfolios under changing market, regulatory, and customer	

	conditions. The 2026 IRP PCA is directionally aligned with the emissions-reduction pathway reflected in the Intergovernmental Panel on Climate Change (IPCC) 1.5°C scenario, projecting a 70% reduction in carbon emissions by 2030 and a 99% reduction by 2040, compared to a 2005 baseline. Consumers Energy's Preferred Course of Action (PCA) balances reliability, affordability, clean energy progress, equitable outcomes, and flexibility. The PCA supports compliance with Michigan's clean energy standards, including achievement of the 50% renewable energy standard by 2030, 60% renewable energy standard by 2035, 80% clean energy standard by 2035, and 100% clean energy requirement by 2040. The proposed plan continues the transition away from coal-fired generation while utilizing a diverse portfolio of resources that includes renewable energy, battery storage, demand-side resources, virtual power plants, other clean baseload generation, and strategically deployed natural gas generation to maintain reliability during the transition. Consistent with Consumers Energy's long-standing planning approach, the 2026 IRP emphasizes flexible and modular resource development that can be adapted as customer demand, technology, market conditions, and regulatory requirements evolve. By incrementally adding resources over time, we can respond to changing conditions while minimizing the risk of overbuilding generation resources, avoiding unnecessary customer costs, and reducing the potential for stranded assets. The resource portfolios were evaluated under a wide range of demand forecasts, including scenarios reflecting significant economic development and electrification, to ensure that Consumers Energy's proposed plan can continue to provide safe, reliable, affordable, and increasingly clean energy to Michigan customers. **Hardening our Electric Distribution System** Consumers Energy's Reliability Action Plan focuses on accelerating investments that make the electric distribution system more resilient to severe weather, equipment failures, and growing customer expectations. Key investments include significantly more frequent tree trimming and vegetation management, the leading cause of outages; replacing aging equipment before it fails; installing more than 20,000 stronger utility poles annually; and	

	burying electric lines in select communities where underground infrastructure can improve reliability by more than 90%. These efforts are designed to reduce outage frequency, minimize storm damage, and strengthen the system against increasingly severe weather conditions. The plan also emphasizes grid modernization through smart technology and targeted infrastructure improvements. Investments include rebuilding and hardening circuits with recurring reliability issues, expanding the use of sensors and automation devices to detect and isolate problems faster, and deploying drones and advanced inspection technologies to identify equipment risks before they result in outages. Together, these actions support a more resilient grid by improving system visibility, enabling faster restoration, reducing outage durations, and helping ensure reliable electric service as climate-related and operational risks evolve. **Keeping our Dams and Communities Safe During Heavy Precipitation** Heavy rainfall that causes flooding poses an unlikely but potential threat to hydroelectric facilities and their surrounding communities. Given Michigan is expected to experience greater rainfall in the coming decades, we've begun to analyze how to ensure our hydroelectric facilities will remain resilient in the face of these changing conditions. We use risk-based methods to best allocate our efforts to reduce the likelihood of dam failure during high precipitation events. We are part of the Risk Informed Decision Making pilot study at the Alcona Dam on the Au Sable River, which is a ground-floor collaboration with the Federal Energy Regulatory Commission (FERC). Our resiliency measures also include collaboration with local emergency management authorities to ensure public safety. Our hydroelectric team develops and maintains an Emergency Action Plan (EAP) for each dam, consistent with federal requirements. Each EAP identifies potential emergencies, response and evacuation plans, public warnings and call down charts for staff and emergency responders. Maps of vulnerable areas are also included. Hydro-generation teams hold practice drills to familiarize responders with their	

	roles in the event of dam failures, which is in addition to annual in-person training. Through these efforts, we keep our dams and communities safe. Consumers Energy continues to make significant investments in the safe operation of its 13 river hydroelectric dams. These investments reflect our commitment to dam safety, the well-being of neighboring communities, and the reliable delivery of clean energy to our customers. **Providing Reliable Power on High Heat Days** In addition to hardening our electric distribution system, we've prepared for increased electricity demand that results from higher temperatures, the transition to electric vehicles, growth of large-scale customers and other emergent and growing needs. The most significant demands on our grid's capacity are on extreme temperature days when residential and commercial air conditioning use is highest. We submit long-term electric supply plans to the MPSC every three to five years, which is frequent enough to allow us to adapt to changing electric demands like those due to climate change. Our customer energy efficiency and demand response programs are key elements of our Clean Energy Plan, which will help us reduce electric demand on the hottest days of the year. These programs reward customers and businesses who reduce energy when demand is at its highest – such as on high-heat days and between 11 a.m. and 7 p.m. during the summer. Given extreme heat days have increased and are projected to increase more in the future, they are an important tool in our climate resiliency strategy. These programs to reduce peak demand also include working with customers to reduce energy use through rebates for energy-efficient purchases, conducting at-home energy efficiency assessments and providing free or reduced cost, energy efficient items like LED lightbulbs and smart thermostats that help customers lower their energy use during peak demand. We work with agencies including the MPSC and FERC to ensure our facilities can withstand changes, including those potentially due to climate change. Given the wide variety and large	

	geographic scope of our assets, we discuss climate-related risk reductions with our regulators. Our Reliability Action Plan, most recently approved by the MPSC in 2026, aims to improve electric reliability and resiliency. The filing explained the need to proactively harden our electric distribution system to minimize outages, increase the speed and effectiveness of outage response and reduce the duration of outages. To support these types of efforts, we make regulatory agency requests to approve spending to assure our infrastructure is sufficient to manage future threats including climate related asset deterioration. As described in our Reliability Action Plan, Consumers Energy's reliability investments include upgrading and replacing distribution poles to a higher wind-resistance standard, with replacement poles designed to withstand winds exceeding 125 mph under expected storm conditions.	
Risk Management		
Describe the organization's processes for identifying and assessing climate-related risks.	Our Company has a process for identifying risks and opportunities related to environmental issues such as climate change and water management. This process covers impacts, risks and opportunities throughout our direct operations and value chain. This qualitative and quantitative assessment is performed annually and covers short (1-5 years), medium (5-10 years), and long-term (10-30 years) time horizons and is integrated into a multi-disciplinary organization-wide risk management process focused on local issues. Specific tools and models used in our risk and opportunities assessment include: COSO Enterprise Risk, Enterprise Risk Management; IPCC Climate Change projections, ISO 14001 Environmental Management Standard, Scenario Analysis, and our Sustainability Priority Issues Assessment. Risk types and criteria considered include, but are not limited to: - Drought - Wildfires - Heavy precipitation - Flood - Heat waves	

	- Storms - Freezing rain - Changing wind patterns - Temperature variability - Precipitation variability - Increased severity of extreme weather patterns - Changing temperature - Changing precipitation patterns and types - Environmental Regulation - Changes to national legislation water management - Transition to increasing renewable content and low carbon energy sources - Transition to lower emissions Partners and stakeholders considered in our risk assessment include non-governmental organizations (NGOs), customers, employees, investors, suppliers, regulators, and local communities.	
Describe the organization's processes for managing climate-related risk.	Our processes to manage potential risks related to climate change are built into our governance structure, plans and disclosures. Management of climate risks is embedded across our organization and includes consulting with experts, actively working with industry trade organizations, evaluating research, performing resiliency planning and communicating our climate risks and resiliency plans with stakeholder groups.	
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	Our governance process for identifying, assessing, and responding to climate-related risks and opportunities involves stakeholder communication (customers, energy responders, community members, investors, business partners), and then data analysis which includes consulting with experts, scientific research, and internal data analysis. We then use that information to do resiliency planning and implementation. This includes ERM and CART reviews which look at vulnerability and mitigation options. Oversight occurs at the leadership level through our CART reviews, our E&SC and numerous steering committees on strategic roadmaps. Board oversight of our climate risk management and opportunities occurs at least annually or more frequently depending on the strategy topic being covered.	

	This process identifies short, medium, and long-term risks and opportunities as well as risks and opportunities that occur in our direct operations as well as upstream and downstream.	
Metrics and Targets		
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Our annual Sustainability Report contains a variety of climate-related metrics along with narrative around key climate issues and related risk management including generation capacity, renewable energy, emissions, infrastructure upgrades, resiliency, and reliability.	CMS Energy Sustainability Report
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Emission data and risk management information are disclosed in our annual Sustainability Report located on the CMS Energy sustainability webpage.	CMS Energy Sustainability Report CMS Energy Sustainability Data Report
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	**Target**: Net zero methane emissions from our natural gas delivery system by 2030 **Progress**: Consumers Energy is accelerating the replacement of aging pipes and adopting new technology to reduce methane emissions and is on track to meet the 2030 target. Since 2012, Consumers Energy has reduced methane emissions from our natural gas system by nearly 40%. **Target**: 100% Clean Energy for our electric business by 2040 **Progress**: Consumers Energy has retired several coal-fired plants and increased renewable energy capacity, reducing CO2 emissions by 30% since 2005. We are progressing towards reducing carbon emissions and reaching 100% clean energy by 2040.	CMS Energy Sustainability Report







This report is made as of the date hereof and contains "forward-looking statements" as defined in Rule 3b-6 of the Securities Exchange Act of 1934, Rule 175 of the Securities Act of 1933, and relevant legal decisions. The forward-looking statements are subject to risks and uncertainties and should be considered in the context of the risk and other factors detailed in CMS Energy's and Consumers Energy's Securities and Exchange Commission filings. Forward looking statements should be read in conjunction with "FORWARD-LOOKING STATEMENTS AND INFORMATION" and "RISK FACTORS" sections of CMS Energy's and Consumers Energy's most recent Form 10-K and as updated in reports CMS Energy and Consumers Energy file with the SEC. CMS Energy's and Consumers Energy's "FORWARD-LOOKING STATEMENTS AND INFORMATION" and "RISK FACTORS" sections are incorporated herein by reference and discuss important factors that could cause CMS Energy's and Consumers Energy's results to differ materially from those anticipated in such statements. CMS Energy and Consumers Energy undertake no obligation to update any of the information presented herein to reflect facts, events or circumstances after the date hereof.