MGE Energy Inc. – 2019 TCFD Shareholder Proposal

Whereas: 195 countries adopted the 2015 Paris Climate Agreement, which specifies a goal to limit the increase in global temperatures. In order to mitigate the worst impacts of climate change, the Intergovernmental Panel on Climate Change estimates that a 45% reduction in anthropogenic greenhouse gas emissions globally is needed by 2030 and net zero emissions by 2050 (from 2010 levels) to limit atmospheric temperature rise to 1.5 degrees Celsius over pre-industrial levels. Transitioning to a low-carbon future will fundamentally transform the economy and the competitive environment in which all corporations operate.

As of June 2018, over 250 organizations have expressed support for the industry-led Task Force on Climate-related Financial Disclosures Recommendations (Recommendations), including BlackRock, Fidelity, Glass Lewis, Statoil, and Vanguard. The Recommendations will catalyze more consistent, comparable, and reliable disclosure of climate-related information that will facilitate more informed business and investment decision-making. These disclosures are an important step forward in enabling market forces to drive efficient allocation of capital and support a smooth transition to a low-carbon economy.

Coal continues to account for a majority of MGE Energy Inc.'s (Company) energy production. Although the Company has announced targets to achieve a reduction in carbon dioxide emissions of 40% by 2030 and 80% by 2050 based on 2005 levels, it has yet to describe the specific initiatives, investments and programs to best accomplish these goals. The Company has not disclosed the impact that public policies and technological advances consistent with the Paris Climate Agreement ambition would have on its business operations and capital expenditures. Key to this assessment will be the impact of the Company's previous capital investment in coal fired electricity generation.

Resolved: To help address the significant social and environmental impact of climate change, shareholders request that the Board of Directors report annually, utilizing quantitative metrics where possible, on the physical and transition risks and opportunities to the Company associated with climate change. The reporting should be prepared at reasonable cost, omit proprietary information, and focus on disclosures that are above and beyond existing disclosures and those required by law.

SUPPORTING STATEMENT

Examples of physical risks that should be discussed include risks to corporate property and supply chains that scientists commonly associate with climate change stemming from rising sea levels and more extreme storms, floods, droughts, heat waves and wildfires. Examples of transition risks and opportunities include regulatory shifts, changes in energy prices, product substitution, and reputational risk.

In producing its disclosures, we recommend the board consider the Recommendations disclosure guidance on topics such as governance, strategy, risk management, metrics and targets. While the Board, in its discretion, should determine which elements of the requested disclosure are most appropriate for our company -- and may choose to use a different disclosure framework -- we believe the Recommendations offer a helpful template against which our Company can evaluate gaps and enhance existing disclosure.