

Assurance Statement: AA1000

Trucost was engaged by **Consumers Energy** to provide assurance of the environmental data held within its 2018 environmental reporting.

Intended users

The intended users of this assurance statement are the management and stakeholders of Consumers Energy.

Responsibilities of Consumers Energy and assurance provider

The management of Consumers Energy has sole responsibility for the preparation and content of the Consumers Energy company report and CDP Climate Change Response (hereafter, CDP). Trucost's statement represents its independent and balanced opinion on the content and accuracy of the information and environmental data held within.

Assurance standard

Trucost undertook the assurance in accordance with AA1000AS (2008) Type 2 moderate-level assurance, covering:

- ✓ Evaluation of adherence to the AA1000APS (2008) Principles of inclusivity, materiality and responsiveness (the Principles)
- ✓ The reliability of specified environmental performance information (energy use, greenhouse gas emissions, water use and waste generated)

Trucost used the Global Reporting Initiative (GRI) and the GHG Protocol to evaluate Consumers Energy's performance information and adherence to the Principles.

Scope and limitations

Trucost was engaged to assure the data and claims in Consumers Energy's 2018 GHG emission reporting. This submission covered the period January 1 – December 31, 2017. Consumers Energy took an operational control approach.

Trucost verified the GHG emission impacts (as calculated by Consumers Energy) listed within the table in the next column. Trucost reviewed Consumers Energy's data, calculations and supporting documentation for select sites to confirm that the company correctly measured its impacts.

SCOPE	SOURCE	UNIT	QUANTITY
GHG Scope 1	Natural gas*	Metric tons CO ₂ e	13,054,855
	Oil		
	Propane		
	Coal		
	Diesel		

*Natural gas includes gas used in turbines and gas use in buildings.

Methodology

Trucost's assurance activities included the following:

- Review of the processes by which Consumers Energy defines the sustainability issues that are relevant and material to its operations and its stakeholders
- Interviews with managers responsible for sustainability performance and data collection
- Assessment of the extent to which Consumers Energy's sustainability activities adheres to the Principles
- Review of processes and systems used to gather and consolidate environmental data
- Verification of data accuracy for a selection of sites, including an audit of conversion factors and calculations

Findings, conclusions and recommendations

The Principles: Nothing came to Trucost's attention to suggest that Consumer Energy's impact tracking does not adhere to the Principles.

Data reliability: Trucost's review included an audit of Consumer Energy's calculation methodology and data.

Consumption data on energy and fuels were reviewed from original invoices and EPA reporting data. Upon evaluating this system, Trucost found that the environmental performance data included was accurate and all minor edits were made as necessary.

Trucost recommends that Consumers Energy collate utility data centrally throughout the year so that data is readily available for review within the assurance process. Scope 2 emissions can be verified in future years should electricity invoices become available.

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PRINCIPLE	COMMENTS
Inclusivity: the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability	Consumers Energy does not have a companywide formal stakeholders list, as stakeholders differ across departments. In general, this includes some or all of the following: customers, investors, regulators, suppliers, state and federal legislators, NGOs and employees. There are a wide number of engagement pathways available depending on stakeholders, and multiple specific roles to do this. For example, the Community Engagement Manager has specific outreach functions to speak to locals and discuss relevant issues and/or concerns, while the Community Affairs managers have a list of 'opinion providers' whom they specifically engage with. They have targets of meeting with these stakeholders on a regular basis.
Materiality: determining the relevance and significance of an issue to an organization and its stakeholders	A formal materiality review was conducted in 2016. This was a one-year process facilitated by a third party vendor, and involved stakeholder workshops and external surveys. The result of the review was to identify 10 key issues and use this information to inform reporting and set goals. No update has been conducted since 2016 and this is currently not planned. Consumers Energy has developed its own Environmental Advisory Committee. This is a new committee developed to inform the Board directly on issues relating to climate change, environmental issues and general sustainability to help develop strategies.
Responsiveness: an organization's response to stakeholder issues that affect its sustainability performance and is realized through decisions, actions and performance, as well as communication with stakeholders	Consumers Energy takes an active approach to stakeholder issues and tries to engage with stakeholders in advance of activities that may lead to feedback and complaints. It is unable to respond to all raised concerns, but uses a tool to prioritize stakeholders and these concerns are raised to the highest response level. For example, if there is a plant being decommissioned, then local communities are identified as a priority for engagement. This is actively given through community meetings and other engagement, and then feedback is direct and can be responded to most effectively.

Assurance provider

Trucost has been researching, standardizing and validating corporate environmental performance data since 2000. Trucost's research team has the relevant professional and technical competencies and experience to conduct an assurance to the AA1000 standard. Trucost did not provide any services to Consumers Energy during FY2018 that could conflict with the independence of this work. Trucost are providing assurance to Consumers Energy for the first time.

Trucost, part of S&P Global,
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Global Head of Corporate Business



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