

SUPPLIER DIVERSITY POLICY STATEMENT

CenterPoint Energy recognizes the importance of Minority-owned and Women-owned Business Enterprises (MWBE) to the economies of the nation, the state, and the communities it serves, as well as the corporation itself. Therefore, we are committed to pursuing business relationships with such enterprises and using innovative approaches designed to continually improve business opportunities. Our commitment is not philanthropic - the relationships we are seeking must meet the test of providing value both to CenterPoint Energy and to the minority-owned and women-owned business enterprises.

CenterPoint Energy's Supplier Diversity Objectives are to:

- Actively and routinely seek out qualified minority-owned and women-owned business enterprises that can provide competitive and high-quality commodities and services in a competitive market.
- Encourage participation and support of supplier diversity by major suppliers to CenterPoint Energy who are not minority-owned or women-owned businesses.
- Seek out opportunities to assist in the development and competitiveness of MWBEs through instruction, mentoring, and other outreach activities.

CenterPoint Energy's Suppliers Diversity Initiatives will be overseen by a Senior Management Diversity Steering Committee and directed by the Supplier Diversity Organization. All CenterPoint Energy management and employees will share in this corporate-wide commitment and responsibility by focusing on the implementation of procurement processes and procedures that will enhance opportunities.

SUPPLIER DIVERSITY PURCHASING GUIDELINES

A. CenterPoint Energy recognizes the importance of minority and women-owned business enterprises (MWBEs) to the nation's economy. CenterPoint Energy also recognizes that there are many advantages to maintaining competition in supplier industries, in the establishment of alternate sources, and in dealing with MWBEs. Accordingly, it is CenterPoint Energy's policy to encourage the development of mutually beneficial business relationships with qualified MWBEs. (See Corporate Policy Statement)

B. CenterPoint Energy is committed to increasing the opportunities of MWBEs. Employees involved in the selection, evaluation or approval of vendors and contractors share the responsibility for the corporate practice stated in the policy.

- C. It is the practice of CenterPoint Energy to:
1. Ensure that MWBEs are aware of requirements to participate in CenterPoint Energy's business opportunities.
 2. Identify opportunities for MWBE involvement and encourage MWBEs to qualify for and bid on CenterPoint Energy's requirements for products and services.
 3. Provide increased opportunities for MWBEs to participate in CenterPoint Energy's procurement of products and services.
- D. CenterPoint Energy's development of the initiative for purchasing from Minority and Women-Owned Businesses is not a philanthropic activity, nor does it require the relaxation of current purchasing policies and procedures. Competitive opportunities for MWBEs must be commensurate with the merits of their offerings and their proven affiliations and/or demonstrated performance.
- E. Employees involved in the selection, evaluation or approval of bidders should solicit a copy of the bidder's MWBE policy statement and their clearly indicated approaches to MWBE compliance. Bidders MUST indicate MWBE subcontractors/suppliers that may be used in this effort.
- F. Non-MWBE suppliers may be required to submit annually to CenterPoint Energy their record of MWBE purchases as related to their sales to CenterPoint Energy. (CenterPoint Energy Second-Tier Annual Reporting Form)
1. A Second-Tier MWBE Supplier is a supplier that invoices the non-MWBE supplier for goods and services rendered.
 2. CenterPoint Energy prefers to receive a report of Direct Second-Tier Purchases, i.e., products and services that can be identified in direct fulfillment of CenterPoint Energy requirements.
 3. When applicable, reporting of Indirect Second-Tier Purchases will be accepted, i.e., products and services that cannot be identified in support of specific CenterPoint Energy requirements.
- G. Definitions:
1. **MINORITY-OWNED BUSINESS CONCERN:** A minority-owned business enterprise is one that is at least 51% owned and controlled by individuals of African American, Hispanic, Native American, or Asian descent. The business owner must be an U.S. citizen. The business has received minority certification

from a third party certifier such as the city, state, or a regional minority business council. Local Website Reference: www.hmbc.org

2. SMALL DISADVANTAGED BUSINESS CONCERN: A Small Disadvantaged Business Concern that has received certification as a small disadvantaged business concern consistent with 13 CFR 124, Subpart B and is listed on the register of small disadvantaged business concerns maintained by the SBA. The official listing of eligible companies can be accessed on website: <http://pro-net.sba.gov>

3. WOMEN OWNED SMALL BUSINESS CONCERN: Small business concerns that are at least 51% owned by women who are U.S. citizens, who also control and operate the business. "Control" in this context means exercising the power to make policy decisions. "Operate" in this context means being actively involved in the day-to day management. . The business has received minority certification from a third party certifier such as the city, state, or a regional women's business council. Local Website Reference: www.hwbc-texas.org

4. HUBZONE SMALL BUSINESS CONCERN: HUB Zone Small Business Concerns located in distressed communities in an effort to promote private sector investment and employment opportunities in these areas. A list of qualified HUB Zone Small Business Concerns maintained by the SBA can be viewed by visiting the following website: www.sba.gov/hubzone. From the search database option, select the HUB Zone criteria and then click on the search key.

5. SMALL BUSINESS CONCERN: A small business concern means a small business as defined pursuant to Section 3 of the Small Business Act and relevant regulations promulgated pursuant thereto. The company's SIC code determines whether annual revenues or number of employees is used to determine SBA "small business" status. Any supplier who is not sure if they are classified, as a "small business" should be referred to the following websites: www.sba.gov/regulations/siccodes and www.sba.gov/regulations/121. They may also contact the SBA Office of Size Standards at (202) 205-6618.