



# ESG/Sustainability Template – Version 1

## INTRODUCTION AND TEMPLATE DESIGN

**T**his document is a voluntary Environmental, Social, Governance, and Sustainability-related (“ESG/Sustainability”) reporting template for regulated electric companies. It was developed by the Edison Electric Institute (EEI) under the guidance of an ESG/Sustainability Steering Committee and an ESG/Sustainability Investor Group. The Steering Committee consists of a diverse group of member company representatives from various disciplines (e.g., Accounting, Environment, ESG/Sustainability, Finance/Treasury, Investor Relations, and Legal), and the Investor Group consists of a diverse group of institutional investors from various disciplines (e.g., Asset Management, ESG/Sustainability, Investment Banking and Sell-side Research).

This voluntary template explicitly allows for flexibility in what is reported by each company. A company may, at their discretion, choose to post this information on the web and/or use it to supplement existing ESG/Sustainability reports. Companies may elect to include or exclude any of the topics outlined herein. However, one goal of this initiative is to provide consistent information to investors, so companies are encouraged to provide information. It is important to note that EEI and its member companies do not necessarily consider ESG/Sustainability information to be “material”, and intend this ESG/Sustainability information to be supplemental to the information that is required to be provided in response to U.S. Securities and Exchange Commission’s (SEC) reporting requirements, as currently constituted. To the extent that any of the information in this template is considered “material” by an individual company, such information would already be captured in the appropriate SEC required disclosures of that company. The ESG/Sustainability information in this template is therefore being provided to investors outside of the SEC reporting process.

Member companies that elect to complete the template are encouraged to convey the purpose of their participation in providing this information. A sample introductory note is provided for member company use in their completed template:

These metrics are provided in response to the desire of investors and other stakeholders for ESG/Sustainability information that is consistent across the electric sector in terms of accessibility, content, timing, and presentation. Companies that participate in voluntarily providing ESG/Sustainability information in this format share a common goal to provide investors with relevant information that:

- Allows integration of ESG/Sustainability data and performance.
- Provides clarity of risks (e.g., stranded assets, regulatory issues, etc.) and opportunities (e.g., investments in renewables, etc.) and how they are being managed.
- Provides insight into growth strategy, assumptions, and future trajectory.
- Provides both qualitative and quantitative information.
- Serves as a primary reporting channel for consolidated ESG/Sustainability information relevant to investors and other stakeholders.

The ESG/Sustainability template is divided into two sections: (1) a qualitative discussion as outlined at the end of this document, and (2) a set of quantitative metrics provided in a separate Microsoft Excel spreadsheet. Each section consists of specific focus areas that were identified by the Investor Group and refined by the Steering Committee, as outlined and defined below.

## QUALITATIVE

- 1. ESG/Sustainability Governance:** Management and oversight of ESG/Sustainability.
- 2. ESG/Sustainability Strategy:** Practices, programs, and initiatives designed to support the company's transition to a lower carbon and increasingly sustainable energy future.

## QUANTITATIVE

- 3. Portfolio:** An Excel-based data reporting template that is customized for regulated electric companies to include metrics on owned and/or purchased generation data by technology/resource type, as well as other metrics, such as capital investments. Data for these areas should include as much historical, current, and forward-looking information as is appropriate for each company.
- 4. Emissions:** The data reporting template described above also contains a section focused on emissions.
- 5. Resources:** The data reporting template described above also contains a section focused on human resources and natural resources.

The Excel Worksheet also includes a 'Definitions' page to define each metric, specify units of measure and provide a source for each definition. To the extent possible, this page was developed using definitions that are already generally accepted in the industry. EEI utilized efforts already undertaken by the Electric Power Research Institute (EPRI) Energy Sustainability Interest Group (ESIG) by including common definitions that were agreed upon through an in-depth stakeholder process. EEI will continue to work with stakeholders to refine the template on an ongoing basis as necessary.

Finally, EEI encourages companies to complete the template in the third quarter (3Q) of each year to consistently provide investors with information from the prior calendar year (e.g., companies provide investors with calendar year 2017 data in 3Q 2018). Investors prefer to have this information sooner rather than later, so companies are also encouraged to complete the template earlier in the year if possible.

*Disclaimer: For the ultimate users of this data, it is important to note that the emissions data contained in each template relates only to the particular company filling it out. Since the template allows the reporting of both generation and purchased power, emissions from one entity's generation could be reflected as purchased power in another entity's report. Therefore, it is not possible to aggregate the various reports to determine total sector emissions, as doing so would overstate the total emissions for the participating companies.*

## INSTRUCTIONS FOR EEI MEMBER COMPANIES UTILIZING THIS TEMPLATE

### SUGGESTIONS FOR THE QUALITATIVE DISCUSSION SECTION

- All ESG/Sustainability information is being provided on a voluntary basis. As such, companies may elect to include or exclude any of the topics outlined in this document.
- Companies are encouraged to complete the qualitative portion of the template at the corporate or parent company level, providing context at the subsidiary level where appropriate.
- Investors are interested in a concise summary document (i.e., 2-3 pages) that can be used as a "one-stop shop" for the most relevant ESG/Sustainability information about your company.
- Investors have expressed interest in forward-looking information in the qualitative section so companies are encouraged to provide long term goals and targets.
- The general approach should be to provide high-level summary details of your company's ESG/Sustainability Governance and Strategy, complemented by links to sources and/or more specific details, as appropriate.
- Companies are encouraged to provide any additional necessary and/or relevant information that is not specifically identified but is related to the topics outlined in this document.

- Companies are encouraged to link ESG/Sustainability efforts with the overall strategic vision and to customer and shareholder benefits wherever possible.

## SUGGESTIONS FOR THE QUANTITATIVE SECTION IN THE EXCEL WORKSHEET

- All ESG/Sustainability information is being provided on a voluntary basis. As such, companies may elect to include or exclude any of the topics outlined in the Excel spreadsheet.
- If possible, the quantitative portion of the template should be copied and completed in iterative form to provide information to investors at the subsidiary level (i.e., the spreadsheet should contain a separate tab for each individual subsidiary). Investors appreciate the burden this creates for certain companies, and recognize that the template may need to be completed only at the corporate or parent company level in the near term. Companies are encouraged to set a goal of being able to complete the quantitative portion of the template at the subsidiary level in future years.
- It may be helpful to indicate how the operating companies fit together under the parent.
- Companies are encouraged to provide investors with the quantitative portion of the template in native Excel format. This will not only help the investors using the data, but it will also reduce the opportunity for transposition errors when research analysts are importing data into databases.
- The template is intentionally limited in scope in an attempt to avoid being overly burdensome and to provide consistency. However, if a company views a certain missing aspect as being important, additional metrics may be reported in the “Additional Metrics (Optional)” section at the bottom (e.g., adding another subsection on community outreach efforts with several metrics). This will allow the primary metrics in the reporting template to remain reasonably consistent over time from company to company.
- The focus of the data template is to provide information for the most recent full year and the prior year. The decision to include data and targets for historical and future years is at the discretion of each company. If included, the historical and future years can be selected and filled in as appropriate for each company.
- If appropriate, companies are encouraged to set the default baseline year at 2005, a common comparison year for emissions within the industry. Companies may opt to provide additional historical data and/or set an alternative baseline year as necessary to tell their company story.
- In the “Portfolio” section of the Excel file, each company has the option to report aggregate generation data or provide it separated by owned and purchased. Additionally, a T&D-only company or subsidiary may elect to minimize both generation reporting options by using the data organizer on the left side of the screen.
- Companies are encouraged to leave cells blank or use “n/a” if that field is irrelevant, rather than using “0”, which could be misleading.
- There are two generation-related options for reporting greenhouse gas (GHG) emissions: (1) total emissions from owned generation only or (2) total emissions from owned and purchased generation.
- All emissions data can be provided in terms of the annual total and/or an average annual rate (e.g., units per MWh).
- The ‘GHG Worksheet’ and ‘Criteria Worksheet’ are provided as tools that may be used to roll up the emissions data reported in the quantitative template. The worksheets are not intended to be shared with investors and do not need to be filled out if unhelpful to the reporting entity.
- Members interested in reporting Renewable Energy Certificate (REC) sales and purchases, and related emissions adjustments, should do so in the Qualitative section. RECs are tradable, non-tangible energy commodities that represent proof that one megawatt-hour (MWh) of electricity was generated from an eligible RE resource. More specifically, RECs represent the environmental attributes of the power produced from RE projects, and can be sold and traded or bartered separately from commodity electricity. The environmental attributes associated with a REC are not the same as emissions and RECs do not purport to represent any specific emissions or emissions reductions. EEI members frequently need RECs to demonstrate compliance

with legislation and/or regulatory mandates, such as a Renewable Portfolio Standard (RPS). Thus, RECs serve a specific purpose of helping regulated electric companies show compliance with a state-specific regulation. This template is designed to reflect the actual generation and emissions of the reporting

entity, including purchased power. As a result, the sale or purchase of a REC does not need to be taken into account since on its own a REC is proof of neither generation nor emissions.

## EEI ESG/SUSTAINABILITY TEMPLATE – SECTION 1: QUALITATIVE INFORMATION

*Note: Companies are encouraged to keep this section as concise as possible (i.e., limited to 2-3 pages).*

### ESG/SUSTAINABILITY GOVERNANCE

Companies are encouraged to provide a high-level overview and discussion of the process through which ESG/Sustainability is managed. This overview may include a list of the job titles or positions responsible for ESG/Sustainability management and decisions within the company, as well as the reporting structure up to the Board of Directors and Board Committees, including the number of independent directors providing oversight, if applicable. With respect to the Task Force on Climate Related Financial Disclosures (TCFD) recommendations related to *Governance* and *Risk Management*, describe the Board's oversight of climate-related risks and opportunities, and describe management's role in identifying, assessing, and managing these risks and opportunities.

### ESG/SUSTAINABILITY STRATEGY

Provided below is an outline of the topics companies are encouraged to discuss in relation to the ESG/Sustainability efforts and strategies they undertake. The primary objective of this section is to allow reporting entities the opportunity to describe qualitatively the steps the company is taking to address ESG/Sustainability, including initiatives currently in place or planned by the company.

1. Adapting to the changing business environment – Provide an overview of regional factors and related challenges that affect or could affect the business model, and company strategies for responding to these challenges.
  - Examples include natural resources, regional economic health, renewable technology potential, and other factors that are characteristic to

the company's geographic region.

- State public service commission processes and public policy considerations in specific regions of operation, and preparation for an evolving regulatory environment at both the state and federal level.
2. Managing and adapting to future ESG/Sustainability risks and opportunities.
    - Risks could include climate change, low demand growth, stranded assets, environmental compliance, weather patterns, access to water, and carbon policy or liability.
    - Opportunities could include programs related to renewable energy, customer solutions, energy efficiency, grid resiliency, and research and development efforts.
    - Details on plans to assure the continued reliability and affordability of energy for customers, and plans to ensure future recovery of capital expenditures and other costs.
    - With respect to the TCFD recommendations related to *Strategy*, disclose the possible impacts of climate-related risks and opportunities on the company's businesses, strategy, and financial planning.
  3. Sustainability Plans and Progress – Innovative practices, programs, and initiatives designed to support the company's transition to a lower carbon and increasingly sustainable energy future.
    - ESG/Sustainability timeline and/or goals the company may be working towards.
    - Plans for engagement with the local communities in which the company operates.