Disclaimer

This report contains statements concerning our expectations, beliefs, plans, objectives, goals, strategies, future operations, events, growth, costs, prospects, capital investments or performance or underlying assumptions and other statements that are not historical facts. These statements are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those expressed or implied by these statements. You can generally identify our forward-looking statements by the words “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “goal,” “intend,” “may,” “objective,” “plan,” “potential,” “predict,” “projection,” “should,” “target,” “will,” or other similar words. The absence of these words, however, does not mean that the statements are not forward-looking.

We have based our forward-looking statements on our management’s beliefs and assumptions based on information reasonably available to our management at the time the statements are made. Actual events and results may differ materially from those expressed or implied by these forward-looking statements. Any statement in this report regarding future events, such as CenterPoint’s carbon emission reduction goals, including its net-zero emission goals, and its ability to achieve such goals and the related timing thereof, the advancement of and use of new technologies for alternative energy sources, CenterPoint’s ability to achieve its generation transition, including its transition to cleaner energy, and the timing thereof, CenterPoint’s ability to continue to modernize its distribution grid, corporate fleet electrification, executive management continuity and succession planning, future board composition, corporate governance commitments, strategic plans and value creation, capital investments (including with respect to renewables projects and mobile generation spend), business opportunities, renewable energy growth objectives and any other statement that is not historical facts are forward-looking statements. We caution you not to place undue reliance on any forward-looking statements and that assumptions, beliefs, expectations, intentions and projections about future events may and often do vary materially from actual results. Accordingly, we cannot assure you that actual results will not differ materially from those expressed or implied by our forward-looking statements.

Some of the factors that could cause actual results to differ from those expressed or implied by our forward-looking statements include, but are not limited to, risks and uncertainties relating to: (1) CenterPoint’s business strategies and strategic initiatives, restructurings, joint ventures and acquisitions or dispositions of assets or businesses, including the completed sale of its Natural Gas businesses in Arkansas and Oklahoma, the exit from midstream and the internal restructuring of certain subsidiaries, which we cannot assure will have the anticipated benefits to CenterPoint; (2) industrial, commercial and residential growth in our service territories and changes in market demand, including the demand for our non-utility products and services and effects of energy efficiency measures and demographic patterns; (3) CenterPoint’s ability to fund and invest planned capital and the timely recovery of CenterPoint’s investments, including those related to Indiana Electric’s generation transition plan as part of its most recent Integrated Resource Plan; (4) CenterPoint’s ability to successfully construct, operate, repair and maintain electric generating facilities, natural gas facilities, mobile generation and electric transmission facilities, including complying with applicable environmental standards and the implementation of a well-balanced energy and resource mix, as appropriate; (5) timely and appropriate rate actions that allow recovery of costs and a reasonable return on investment, including the timing and amount of recovered natural gas costs in some jurisdictions associated with the February 2021 winter storm event and those related to Houston Electric’s mobile generation; (7) future economic conditions in regional and national markets, including inflation, and their effect on sales, prices and costs; (8) weather variations and other natural phenomena, including the impact of severe weather events on operations and capital, such as impacts from the February 2021 winter storm event; (9) increases in commodity prices; (10) volatility in the markets for natural gas as a result of, among other factors, armed conflicts, including the conflict in Ukraine and the related sanctions on certain Russian entities; (11) changes in rates of inflation; (12) continued disruptions to the global supply chain, including tariffs and other legislation impacting the supply chain, that could prevent CenterPoint from securing the resources needed to, among other things, fully execute on its 10-year capital plan or achieve its net zero and carbon emissions reduction goals; (13) non-payment for our services due to financial distress of our customers and the ability of retail electric providers (REPs), to satisfy their obligations to CenterPoint and Houston Electric, including the negative impact on such ability related to adverse economic conditions and severe weather events; (14) the impact of pandemics, including the COVID-19 pandemic and any associated disruptions to CenterPoint’s businesses and our customers; (15) state and federal legislative and regulatory actions or developments affecting various aspects of CenterPoint Energy’s businesses, including, among others, energy deregulation or re-regulation, pipeline integrity and safety and changes in regulation and legislation pertaining to trade, health care, finance and actions regarding the rates charged by our regulated businesses; (16) direct or indirect effects on CenterPoint’s facilities, resources, operations and financial condition resulting from terrorism, cyber attacks or intrusions, including as a result of global conflict such as the conflict in Ukraine, data security breaches or other attempts to disrupt their businesses or the businesses of third parties, or other catastrophic events such as fires, ice, earthquakes, explosions, leaks, floods, droughts, hurricanes, tornadoes and other severe weather events, pandemic health events or other occurrences; (17) the effective tax rate, including as a result of tax legislation, including the effects of the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Inflation Reduction Act of 2022 (IRA), as well as any changes in tax laws under the current or future administrations, and uncertainties involving state commissions’ and local municipalities’ regulatory requirements and determinations regarding the treatment of excess deferred income taxes and CenterPoint’s rates; (18) CenterPoint’s ability to mitigate weather impacts through normalization or rate mechanisms, and the effectiveness of such mechanisms; (19) actions by credit rating agencies, including any potential downgrades to credit ratings; (20) matters affecting regulatory approval, legislative actions, construction, implementation of necessary technology or other issues with respect to major capital projects that result in delays or cancellation or in cost overruns that cannot be recouped in rates; (21) local, state and federal legislative and regulatory actions or developments relating to the environment, including, among others, those related to global climate change, air emissions, carbon, waste water discharges and the handling and disposal of coal combustion residuals that could impact the operations, cost recovery of generation plant costs and related assets, and CenterPoint’s net zero and carbon emissions reduction goals; (22) the impact of unplanned facility outages or other closures; (23) the sufficiency of CenterPoint’s insurance coverage,
including availability, cost, coverage and terms and ability to recover claims; (24) the availability and prices of raw materials and services and changes in labor for current and future construction projects and operations and maintenance costs, including our ability to control such costs; (25) impacts from CenterPoint's pension and postretirement benefit plans, such as the investment performance and increases to net periodic costs as a result of plan settlements and changes in discount rates; (26) changes in interest rates and their impact on costs of borrowing; (27) commercial bank and financial market conditions, CenterPoint's access to capital, the cost of such capital, and the results of CenterPoint's financing and refinancing efforts, including availability of funds in the debt capital markets; (28) inability of various counterparties to meet their obligations to CenterPoint; (29) the extent and effectiveness of CenterPoint's risk management activities; (30) timely and appropriate regulatory actions, which include actions allowing securitization, for any future hurricanes or other severe weather events, or natural disasters or other recovery of costs, including stranded coal generation asset costs; (31) acquisition and merger activities involving CenterPoint or its industry, including the ability to successfully complete merger, acquisition and divestiture plans; (32) CenterPoint's ability to recruit, effectively transition and retain management and key employees and maintain good labor relations; (33) changes in technology, particularly with respect to efficient battery storage or the emergence or growth of new, developing or alternative sources of generation, and their adoption by consumers; (34) the impact of climate change and alternate energy sources on the demand for natural gas and electricity generated or transmitted by us; (35) the timing and outcome of any audits, disputes and other proceedings related to taxes; (36) the recording of impairment charges; (37) political and economic developments, including energy and environmental policies under the current administration; (38) the transition to a replacement for the LIBOR benchmark interest rate; (39) CenterPoint's ability to execute on its strategy, initiatives, targets and goals, including its net zero and carbon emissions reduction goals and its operations and maintenance goals; (40) the outcome of litigation, including litigation related to the February 2021 winter storm event; (41) the development of new opportunities and the performance of projects undertaken by Energy Systems Group, which are subject to, among other factors, the level of success in bidding contracts and cancellation and/or reductions in the scope of projects by customers, and obligations related to warranties, guarantees and other contractual and legal obligations; (42) the effect of changes in and application of accounting standards and pronouncements; and (43) other factors discussed in CenterPoint’s Annual Report on Form 10-K for the fiscal year ended December 31, 2021, its Quarterly Reports on Form 10-Q for the quarters ended March 31, 2022, June 30, 2022 and September 30, 2022 and other reports CenterPoint or its subsidiaries may file from time to time with the Securities and Exchange Commission.

This report contains time-sensitive information that is accurate as of February 1, 2022. Some of the information in this report is unaudited and may be subject to change. We undertake no obligation to update the information presented herein, except as required by law.

**Net Zero Disclaimer:** Our **Scope 1 emissions** estimates are calculated from emissions that directly come from our operations. Our **Scope 2 emissions** estimates are calculated from emissions that indirectly come from our energy usage, but because Texas is in an unregulated market, our Scope 2 estimates do not take into account Texas electric transmission and distribution assets in the line loss calculation and exclude emissions related to purchased power between 2024E-2026E. Our **Scope 3 emissions** estimates are based on the total natural gas supply delivered to residential and commercial customers as reported in the U.S. Energy Information Administration (EIA) Form EIA-176 reports and do not take into account the emissions of transport customers and emissions related to upstream extraction. While we believe that we have a clear path towards achieving our net zero emissions (Scope 1 and Scope 2) by 2035 goals, our analysis and path forward required us to make a number of assumptions. These goals and underlying assumptions involve risks and uncertainties and are not guarantees. Should one or more of our underlying assumptions prove incorrect, our actual results and ability to achieve net zero emissions by 2035 could differ materially from our expectations. Certain of the assumptions that could impact our ability to meet our net zero emissions goals include, but are not limited to: emission levels, service territory size and capacity needs remaining in line with company expectations (inclusive of changes related to the sale of CenterPoint’s Natural Gas businesses in Arkansas and Oklahoma); regulatory approval of Indiana Electric’s generation transition plan; impacts of future environmental regulations or legislation; impacts of future carbon pricing regulation or legislation, including a future carbon tax; price, availability and regulation of carbon offsets; price of fuel, such as natural gas; cost of energy generation technologies, such as wind and solar, natural gas and storage solutions; adoption of alternative energy by the public, including adoption of electric vehicles; rate of technology innovation with regards to alternative energy resources; CenterPoint’s ability to implement its modernization plans for its pipelines and facilities; the ability to complete and implement generation alternatives to Indiana Electric’s coal generation and retirement dates of Indiana Electric’s coal facilities by 2035; the ability to construct and/or permit new natural gas pipelines; the ability to procure resources needed to build at a reasonable cost, the lack of or scarcity of resources and labor, the lack of any project cancellations, construction delays or overruns and the ability to appropriately estimate costs of new generation; impact of any supply chain disruptions; changes in applicable standards or methodologies; and enhancement of energy efficiencies.
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Section 1: Introduction

1.1 Company Overview

CenterPoint Energy, Inc. ("CenterPoint") is a trusted energy partner for our communities and customers, and we strive to doing our part to support the transition toward a cleaner energy future. As the only investor-owned electric and gas utility based in Texas, CenterPoint is an energy delivery company with electric transmission and distribution, power generation and natural gas distribution operations that serve more than seven million metered customers in Indiana, Louisiana, Minnesota, Mississippi, Ohio and Texas.

With approximately 8,900 employees, as of September 30, 2022, CenterPoint and its predecessor companies have been in business for more than 150 years. We look forward to bringing new, innovative technologies to our emissions-reduction effort, while maintaining safety, affordability, and reliability.

One of the hallmarks of a leading utility is its customer base. With our corporate headquarters located in Houston, Texas, the fourth largest – and growing – city in the United States, CenterPoint delivers both electricity and natural gas to the heart of the nation’s energy industry. It is reasonable for our customers, investors and other stakeholders to expect us to transition to safer, cleaner, and resilient energy, and we have challenged ourselves to be a proactive participant in the transition to a Net Zero energy future.

1.2 Sustainability at CenterPoint

I. Greenhouse Gas ("GHG") Emissions Reduction

a. Scope 1 and 2 Net Zero Goal

CenterPoint is the first combined electric and natural gas utility with regulated generation assets to commit to achieving Net Zero for its Scope 1 and certain of its Scope 2 GHG emissions by 2035, nearly fifteen years ahead of the average goals of certain of our peers. Our Net Zero goal is based on actionable pathways taken on our operating systems (both electric and natural gas), within our footprint. We intend to achieve our Net Zero goals through measurable emission reductions in GHG emissions and minimal reliance on carbon offsets. Further, we plan to regularly report our progress in a transparent manner.

b. Scope 3 Emissions Reduction Goal

In addition to an industry-leading Net Zero goal, CenterPoint intends to be an industry leader in enabling our customers to transition to a cleaner energy future by being the first utility to set Scope 3 emissions reduction goal across our multistate operating jurisdictions. Specifically, CenterPoint is committed to helping our residential and commercial customers in our footprint reduce GHG emissions attributable to their use of natural gas by 20-30% by 2035.

CenterPoint is well on the way to executing our generation transition plan in Indiana, and we have a successful track record in delivering effective conservation and energy efficiency programs. We will continue to seek to expand these proven program offerings, coupled with new renewable natural gas opportunities and additional hydrogen and commercial-scale carbon capture and sequestration technology pilots.

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1 See disclaimer for additional information regarding our Scope 1,2, and 3 emission goals.
c. Pathway to Net Zero

Our first step towards achieving our Net Zero goals is to significantly reduce carbon emissions from our own operations. We are committed to environmental sustainability and reducing carbon emissions, as well as building on our efforts to grow renewable energy in Indiana, Minnesota, and Texas.

As part of our efforts to achieve our Net Zero goals\(^2\), CenterPoint plans to take the following steps: (i) Engage with customers to offer affordable conservation and energy efficiency programs; (ii) Continue to develop alternative fuel programs; (iii) Collaborate with our suppliers to help reduce their methane emissions; and (iv) Pilot and support innovation. The actions we are taking today and the plans we are making are in furtherance of our safety, reliability and resiliency efforts.

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\(^2\) The annual scope 1 emissions may fluctuate based on market demands for our generation facilities, but we are still on a path to achieve our emission reduction goals. Certain known milestones will be met through retirement of our coal generation facilities.
d. Renewables and Zero Carbon Energy Generation Transition

i. Universal Solar, Battery Storage, and Wind

We are striving for continued reliability through a balanced and flexible energy mix and helping to create a cleaner environment driven by increased renewables and significant carbon reduction. We are successfully advancing on our generation transition plan in Indiana to reduce use of fossil fuels and increase use of renewables.

In Indiana, we expect to have 1,000 megawatt ("MW") of power from renewables generation by the end of 2025. We currently have 54 MW of operational universal solar projects in Indiana, including 50 MW in Troy and two projects in Vanderburgh County with capacity of 2 MW each, which also includes 1 MW of battery storage to capture energy during off peak periods.

The solar projects planned to be online in Indiana by 2025 include an agreement for a utility owned 130 MW project in Pike County, Indiana. This project represents the third round of solar agreements introduced as part of our plan to meet stakeholder sustainability goals and implement a more cost-effective and diversified energy generation portfolio. The agreement is subject to Indiana Utility Regulatory Commission ("IURC") approval. The company was previously granted approval to build a solar array in Posey County, Indiana, now sized at 200 MW, as well as to enter into power purchase agreements totaling more than 400 MWs in Warrick, Vermillion and Knox Counties in Indiana. CenterPoint will seek additional IURC approvals to reflect amendments to the previously approved agreements CenterPoint expects to add nearly 800 MWs of solar generation to power our southwestern Indiana customers. While CenterPoint will endeavor for these solar projects to be brought online on our planned timeline, CenterPoint cannot guarantee that such projects will not be delayed or will be completed at all.

We also currently have 4 MW of electricity generated from wind farms and expect an additional 200 MW of wind power to come online by 2025.

Finally, CenterPoint plans to invest $750 million over 10 years to connect renewables generation to our transmission and distribution system in the Houston area.

ii. Energy transition

As CenterPoint transitions from fossil fuel-based systems of energy production to safer, cleaner and renewable sources, such as wind and solar, we must also respond to the changing needs of our employees, customers and communities. Our long-term power to connect renewables generation as part of a portfolio transition will help us to meet growing demand to provide cleaner energy while maintaining access to affordable, reliable energy for our customers.
In Indiana, we have announced plans to retire coal-fired generation in favor of solar and wind projects. The planned retirement of the majority of our coal-fired power generation units is expected to reduce our carbon emissions by over 80% across our company-wide electric footprint from 2005 levels by 2035.

In our electric business, we are planning on significant capital investments of approximately $26 billion through 2030 to grow, modernize and harden our existing transmission and distribution system in the Houston area.

iii. Green Hydrogen

CenterPoint is exploring the potential of green hydrogen as a zero-carbon energy resource for use in our local gas distribution systems. Because there are no greenhouse gas emissions directly attributable to its production or use, green hydrogen is gaining increased attention as a cleaner energy resource for a wide range of possible uses, including as an important zero-carbon alternative or supplement to conventional natural gas.

CenterPoint constructed a 1 MW renewable hydrogen demonstration project in Minneapolis that will separate hydrogen from water using electrolysis powered by renewable electricity. This green hydrogen project came online in early 2022.

iv. End-Use Carbon Capture Pilot

In Minnesota, support from the Minnesota Public Utilities Commission for research and development technologies that capture carbon dioxide ("CO2") emissions from natural gas combustion has resulted in the pilot of a device that, through a chemical process, converts the emissions into a nontoxic carbonate ash which can be reused in products such as soap, glass, and fertilizer. This innovative end-use carbon capture technology can help our commercial customers increase heating efficiency, lower energy costs, and reduce the environmental impact of their energy use.

CenterPoint is piloting this technology for potential future rebates as part of conservation and improvement efforts. Pilot participants, including schools, hotels, assisted living and nursing homes, warehouses, multifamily housing and a water treatment facility, receive equipment and installation at no cost. Participants can choose to keep the equipment after the one-year pilot.

v. Renewable Natural Gas ("RNG")

To promote the beneficial use of made-in-Minnesota RNG and supply the increasing demand for this cleaner energy resource, CenterPoint is opening its Minnesota pipeline system to natural gas created from organic materials, such as agricultural manure, and wastewater.

Benefits of expanded RNG use may include reduced GHG emissions, diversified energy sources, support for rural economic development in communities in which we operate, and improved waste management.

e. Grid Resiliency and Energy Efficiency

Our long-term strategy for decarbonization and grid hardening is expected to provide employment and economic opportunities across our service territories. We are planning on capital investments of more than $23 billion in our electric operations throughout the decade. Those planned investments include (i) approximately $11 billion for system growth and improvement, (ii) over $8 billion for system resiliency to modernize, harden, and upgrade existing systems, and (iii) over $3 billion in cleaner energy investment and enablement to integrate our net zero transition and prepare for accelerated Electric Vehicle ("EV") adoption.

As of December 31, 2021, our Electric footprint had more than 2.8 million metered customers in the greater Houston area and southwestern Indiana, as well as 1,300 MWs of electric generation capacity in Indiana.

Execution of our strategy in our Electric business includes investments to further the resiliency and hardening of our infrastructure and preparing for extreme weather events. Working with regulators and other stakeholders, we have taken steps to harden our transmission system, weatherize and inspect facilities covered by new Texas requirements, and leverage enhanced system load rotation automation technology that we anticipate will allow customers to have less frequent and predictable outage intervals should a load shed event occur.

CenterPoint has entered into contracts for temporary emergency mobile generation for use in certain widespread power outages, as allowed by Texas legislation.
II. Social Impact

a. Diversity, Equity & Inclusion

CenterPoint actively engages with our stakeholders – including customers, communities, employees, and suppliers – to build trust, strengthen relationships and make a positive impact across our footprint. CenterPoint shares the responsibility of creating an environment that safely promotes a sense of belonging for everyone. Diversity, equity and inclusion are core to who we are, what we do and how we do it. We believe that diversity, equity and inclusion are critical components of our long-term business strategy, serving as cornerstones of our service, performance, and growth.

We strive to find ways, big and small, to appreciate the value in our differences. It is through the energy of many where we unlock the potential of our company and workforce while, at the same time, supporting our quest to learn better, listen better and do better every day.

We have formed a companywide Diversity, Equity and Inclusion (“DE&I”) Council to provide governance and oversight on diversity, equity and inclusion efforts, promote company diversity activities and drive companywide communication. Our Executive Vice President and Chief Human Resources Officer and our Executive Vice President and General Counsel serve as executive sponsors. The Compensation Committee of CenterPoint’s Board of Directors (“Board of Directors” or “Board”) oversees the company’s diversity, equity and inclusion initiatives. However, our full Board engages in discussions around our DE&I progress. We expect our leadership and employees to share in implementing this companywide commitment by treating each other, our customers and our stakeholders with respect and fairness, and by promoting inclusion in their business interactions.

![Females as a Percentage of Workforce](#)

Data as of September 2022.

![Minority as a Percentage of Workforce](#)

b. Community Impact

Our companywide community relations strategy focuses on three pillars: (i) community vitality, (ii) education, and (iii) local initiatives. The CenterPoint Energy Foundation provides support to nonprofit organizations whose programs and services align with our core giving pillars. The CenterPoint Energy Foundation invests in initiatives that not only improve our stakeholders’ lives today, but also build a strong foundation for tomorrow.

In 2021, CenterPoint employees volunteered a total of 65,035 hours and 68 company leaders serve on non-profit boards and committees. These strong volunteer efforts underpin CenterPoint’s commitment to community and representing all stakeholders. Also in 2021, the CenterPoint Energy Foundation contributed $18.6 million in community charitable investments, including over $7 million to diversity, equity and inclusion giving initiatives.

c. Supply Chain Diversity

CenterPoint’s Supply Chain organization partners with the company’s business units to develop strategic relationships that are expected to best align with the objectives and goals of the company. Our collaborative and comprehensive approach supports the

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3 Social Impact - CenterPoint Energy Sustainability
our goal that supplier agreements look beyond the price paid and are reflections of CenterPoint’s core values and our commitment to diversity, equity and inclusion.

Our Code of Conduct for Consultants, Contractors, Suppliers, and Vendors explains our expectations for our service providers. Employees are expected to conduct fair and transparent purchasing and payment practices and support internal controls for the company. Periodically, we conduct vendor risk assessments to evaluate various risk criteria for vendors.

In 2021, CenterPoint’s spend profile included 2,500+ suppliers valued at over $3.6 billion. Of this spend, CenterPoint is proud to report 11.2% direct annual spending worth over $400 million was with diverse business enterprises and sees additional opportunities to assist in the development and competitiveness of diverse business enterprises.

In recognition of its strong efforts in supply chain diversity, CenterPoint has received the following awards and recognition:

- Subcontractors USA – 2021 Supplier Diversity Champion Award
- Houston Business Journal’s 2021 Outstanding Supplier Diversity Award
- Houston Minority Supplier Development Council 2021 Award
  - Middle Market Engagement Award Prime Supplier Engagement Award
- Women’s Business Enterprise Alliance 2021 Awards
  - Cutting Edge Award for Outstanding Utilization of Women Business Enterprises
  - Cutting Edge Award for Outstanding Expenditures with Women Business Enterprises
  - Cutting Edge Award for Advocate of the Year

d. Aspiring to a Just Transition

As CenterPoint transitions from fossil-based systems of electricity generation to safe, cleaner, and more resilient sources like wind and solar, we must also respond to the changing needs of our customers and communities, especially those where this transition is felt the most.

While CenterPoint has a dedicated capital improvement budget for modernizing our operations and a digital transformation that will bring improved customer experiences companywide, the expansion of EV infrastructure, redevelopment of potentially stranded assets, and attraction of diverse economic investment require partnerships at all levels. Partnerships include all levels of government, advocacy groups, philanthropic foundations, and the private sector to quickly maximize their positive environmental, social, and economic impacts.

Our commitment to reduce negative local social and economic impacts remains strong, and we continue to develop new training centers and training opportunities to prepare and reposition workers displaced by closing of coal-fired power plants among other workforce development practices associated with a just transition.
1.3 Sustainability Governance

I. Sustainability Leadership

Responsible corporate governance and ethical conduct are key priorities for CenterPoint. We believe that corporate governance—including strong ethics and compliance, as well as environmental, social, and governance (“ESG”) programs—are in the best interests of our stakeholders and critical to our long-term success. Along with our diverse, engaged Board of Directors, our corporate governance and business policies and procedures help us operate effectively with accountability, integrity and transparency.

A percentage of certain executive compensation is tied to ESG performance\(^4\), such as diversity, equity and inclusion initiatives. Beginning in 2022, we introduced a carbon reduction goal as a weighted component of our long-term incentive performance-based awards. This new component measures the progress of our Net Zero emission and carbon emissions reduction goals and holds leaders accountable for the achievement of these goals.

a. ESG Council

CenterPoint established an ESG Council in 2018 to identify, evaluate and recommend strategic directions and opportunities that promote ESG objectives aligned with our strategy and goals. The ESG Council includes senior leadership representation from businesses and functions across the company. The ESG Council is led by the Vice President of Environmental and Corporate Sustainability and the Vice President of Investor Relations and Treasurer.

b. Governance, Environmental, and Sustainability Committee

The Governance, Environmental and Sustainability Committee of the Board of Directors is responsible for assessing the company’s environmental and sustainability strategy and initiatives, including those relating to climate change. Senior management executes the company’s ESG strategy, which includes our commitment to a cleaner energy future by working with partners, customers, employees and other stakeholders to reduce carbon emissions across our operations and throughout the supply chain. Additionally, management periodically provides updates directly to the Board on the company’s environmental and sustainability activities.

c. Compensation Committee

The Compensation Committee of the Board of Directors assists the Board in discharging its oversight responsibility for the company’s human capital management matters, including diversity, equity and inclusion initiatives and supplier diversity program. Additionally, management periodically provides updates directly to the Board on diversity, equity and inclusion initiatives.

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\(^4\) CenterPoint includes a negative-only modifier to named executive officer’s short-term incentive plan related to diversity and inclusion which was expanded in 2022 to supplier diversity objectives
Section 2: CenterPoint Energy’s Sustainable Financing Framework

CenterPoint’s Sustainable Financing Framework (the “Framework”) has been developed to demonstrate how the company and its subsidiaries may use sustainably-labeled transactions to support its sustainability strategy and vision. The Framework covers issuances of green bonds, social bonds, sustainability bonds, and loans, by CenterPoint Energy and its subsidiaries and/or affiliates (any such issuer, an “Issuing Entity”).

Green, Social and Sustainability Use of Proceeds bonds issued under the Framework will be in alignment with the International Capital Market Association (“ICMA”) Green Bond Principles 20215 (“GBP”), Social Bond Principles 20216 (“SBP”), and Sustainability Bond Guidelines 20217 (“SBG”), and loans under the Loan Syndication and Trading Association (“LSTA”) Green Loan Principles 20218 (GLP”) as applicable.

Green, Social and Sustainability Use of Proceeds financings may include bonds, loans, convertibles, commercial paper and any other debt instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing Eligible Projects and which are aligned with the four core components of the GBP 2021, SBP 2021, SBG 2021, and GLP 2021:

2.1 Use of Proceeds

The Use of Proceeds categories described in the CenterPoint Energy’s Sustainable Financing Framework reflect eligible green and social expenditures, investments, and projects executed by multiple teams across CenterPoint Energy.

CenterPoint will use the proceeds from Green, Social and Sustainability Use of Proceeds issuances to finance and/or refinance projects or assets that meet the criteria of the respective type of issuance and will aim to disburse or allocate proceeds raised within 24 months following the issuance date. Proceeds may be disbursed or allocated to projects or assets funded by CenterPoint up to 24 months prior to the issuance date of the relevant issuance.

I. Green Use of Proceeds

1. Renewable Energy

Eligible projects may include:

- **Renewable Energy Generation:** Acquisition, conception, construction, development and/or operation of renewable energy production plants: solar photovoltaic and concentrated solar, wind, and green hydrogen

- **Connection Infrastructure:** Connection and/or integration of lower-carbon electricity (including universal solar, wind, and hydrogen) generation sources to the grid, including connection of renewable energy generation, and energy storage systems (batteries, thermal, mechanical systems)

2. Energy Efficiency & Carbon Reduction

Eligible projects may include investments and financings in advanced metering and grid hardening infrastructure including smart electric meters and related communication networks as well as production, construction, development, research, and maintenance of energy efficiency assets and technologies intended to improve energy efficiency and reduce climate change risk such as severe storms and elevated temperatures. Energy efficiency investments will also include transmission and distribution investments specifically targeting the support, interconnection, and deployment of renewable resources, including installation of demand side management equipment that will improve efficiency.

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8 https://www.lsta.org/content/green-loan-principles/?wpdmdl=679&refresh=63e66a203ac771676044832
9 Related to CenterPoint’s existing renewable hydrogen pilot project in Minneapolis, as well as the development and expansion of additional pilot programs to create a portfolio of projects producing green hydrogen by electrolysis from renewable sources.
Improvements included as Eligible Projects may include:

- **Advanced Metering Infrastructure ("AMI"):** Enhanced analytic, modeling, and monitoring systems for improving performance of end-use equipment and appliances
- **Grid Infrastructure:** Hardening and resilience of existing infrastructure subject to vulnerability and climate impact assessment, primarily related to winter storms and hurricanes
- **Microgrids / Smart Grids and Similar Projects:** Microgrids to improve local resilience and reliable energy delivery, and more efficient use of lower-carbon sources of energy and energy storage (battery, thermal, mechanical), including expansion of CenterPoint’s existing Intelligent Grid, as well as projects that would have similar benefits for customers. Eligible smart grid systems will not be associated with transmission lines that are dedicated to fossil fuels
- **Carbon Capture and Utilization:** Development of both new joint ventures and expansion of pilot programs, including CenterPoint’s end-use carbon capture technology in Minnesota converting CO2 emissions into nontoxic carbonate ash to be reused in products such as soap, ash, and fertilizer
- **Grid Safety Improvements:** Smart metering enabling automated shutoffs and microgrid solutions for use with distributed energy sources (e.g., solar panels, wind turbines) as part of CenterPoint’s Net Zero generation transition plan and to support emergency operations, particularly for low-income communities. Grid Safety improvements to be subject to a vulnerability assessment
- **Weatherproofed Systems:** Grid improvements in rural and low-income communities such as underground transmission lines and upgraded substations in order to withstand more severe weather events including extreme precipitation and flooding and provide more resilient service

3. **Green Buildings**

   Eligible projects may include investments, expenditures, and financings related to new or existing construction or renovation of commercial buildings that meet third-party recognized sustainable standards or certifications, specifically buildings that have received Leadership in Energy and Environmental Design (LEED) Gold and above, Building Research Establishment Environmental Assessment Method (BREEAM) Excellent or better or Energy Star 85+.

4. **Cleaner Transportation**

   Eligible projects include investments and financings related to the procurement, maintenance, and operation of EVs and associated transportation charging infrastructure, excluding parking spaces.

   Improvements included as Eligible Projects may include:

   - **Infrastructure for Cleaner Transportation:** Development and installation of infrastructure supporting sustainable mobility and cleaner vehicles with a lower environmental impact include:
     - Installation of EV chargers and make-ready infrastructure, i.e., all necessary electrical infrastructure to operate charging stations
     - Vehicle to grid technology and infrastructure, i.e., smart charging technology allowing batteries to give back to the power grid
     - Transmission and distribution systems and facilities supporting cleaner transportation, such as network extensions or capacity upgrades
   - **Renewal of CenterPoint Energy’s Fleet:** Replacing current passenger cars, light commercial vehicles and large vehicles with EV alternatives to support CenterPoint’s fleet electrification goals of 100% electric-powered sedans and SUV’s by 2030.

II. **Social Use of Proceeds**

1. **Socioeconomic Advancement and Equity**

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10 R&D expenditures limited to 10% of total proceeds
11 Defined in line with the U.S. Department of Treasury definition for a low-income community
12 Hybrid vehicles will be at or below the threshold of 75 g CO2/km, based on lab test WLTP or NEDC procedures
Expenditures and programs related to enabling opportunities for diverse and small businesses / suppliers, employment generation, generating green jobs and cleaner energy for all stakeholders, and programs designed to prevent and / or alleviate unemployment stemming from socioeconomic crises and aiding those in communities where the energy transition is felt the most. Target populations for Socioeconomic Advancement and Equity are those focused on by the CenterPoint Energy Foundation for social impact project funding and include low-income individuals, racial and ethnic minorities, and marginalized populations.

Eligible criteria include:

- **Diverse**\(^{13}\) **Supplier Programs**: Procurement of products and services from diverse suppliers.

- **Small Business Partnerships**: Programs that empower small businesses as defined at the Texas state level\(^ {14}\) through training, education on potential business opportunities (e.g., providing workers from traditional fossil fuel industries such as coal with skills needed for new clean energy jobs) and mentoring through CenterPoint’s Leadership Development Programs.

- **Bill Payment Assistance**\(^{15}\): Programs designed to help underserved communities with financing, delayed payments, or other remedies for bill payment including through CenterPoint’s Low-Income Home Energy Assistance Program (“LIHEAP”) criteria and Percentage of Income Payment Plan Plus (“PIPP Plus”)

2.2 Project Evaluation and Selection

For inclusion in CenterPoint’s Sustainability Bond portfolio, each expenditure, investment or project must meet CenterPoint’s eligibility criteria set forth by this Framework while not triggering the exclusionary criteria detailed below. The issuing entity will form a cross-functional group including personnel from Treasury, Investor Relations, Legal, Finance, Sustainability, Operations, Accounting teams to conduct annual reviews and select Eligible Projects in accordance with the eligibility criteria set forth in this Framework. When evaluating proposed projects, the issuing entity’s cross-functional subcommittee will ensure Eligible Projects comply with CenterPoint’s environmental and social risk management processes.

**Exclusion Criteria**

CenterPoint will not knowingly allocate the proceeds of any Green, Social or Sustainability Bond issuance to activities related to:

- Activities related to the exploration, production, or transportation of coal\(^ {17}\)

- Consumption of coal for the purpose of power generation

- Suppliers directly involved with negative impact activities (e.g., tobacco, firearms, etc.)

2.3 Management of Proceeds

The Issuing Entity’s Treasury team will manage the disbursement or allocation of an amount equivalent to or in excess of the net proceeds of its Sustainable Financing Instruments to Eligible Projects. The Issuing Entity will strive to achieve a level of disbursement or allocation to the Eligible Project portfolio that matches or exceeds the balance of net proceeds of its outstanding Sustainable Financing Instruments within 24 months of issuance of each Sustainable Financing Instrument.

Pending full allocation of an amount equal to the net proceeds of outstanding Sustainable Financing Instruments, the proceeds will be held in temporary investments such as cash, cash equivalents and/or other liquid marketable investments in line with the Issuing Entity’s Treasury management policies or used to pay outstanding indebtedness. CenterPoint will set internal processes and procedures to accurately track the allocation of proceeds.

\(^{13}\) Diverse populations to include Minority-owned, female-owned, veteran, owned, LGBT-owned and small businesses / suppliers with “Minority-owned” defined as a business that is at least 51% owned by, and whose management and daily business operations are controlled by, one or more members of a socially and economically disadvantaged minority group, namely US citizens who are African Americans (Black), Hispanic Americans, Native Americans, Asian-Pacific Americans and Indian sub-Continent Americans.

\(^{14}\) At the Texas State level, a “small business” is defined as - Pursuant to Texas Government Code § 481.191(6), Small Business means a corporation, partnership, sole proprietorship, or other legal entity that: (A) is domiciled in this state; (B) is formed to make a profit; (C) is independently owned and operated; and (D) employs fewer than 100 full-time employees.

\(^{15}\) As per market practice, eligibility is limited to 10% of proceeds.

\(^{16}\) PIPP Plus is an extended payment arrangement with eligibility determined by a local energy assistance provider or community-based non-profit organization designated by the Ohio Department of Development.

\(^{17}\) Retrofit or other efficiency upgrade for natural gas infrastructure limited to single issuing entity.
2.4 Reporting

For each Sustainable Financing Instrument, CenterPoint commits to publish an allocation and impact report annually, and until full allocation of the proceeds, and in the event of any material changes until the relevant maturity date. The allocation and impact report will be available on the company’s website alongside the published Framework and Second Party Opinion.

Allocation / Use of Proceeds Reporting

CenterPoint will provide information on the disbursement or allocation of the net proceeds of its Sustainable Financing Instruments on its website. The information will contain at least the following details:

Net proceeds of outstanding Sustainable Financing Instruments

a. Amount of net proceeds disbursed or allocated to Eligible Project Categories as defined in the Use of Proceeds section of this Framework
b. Subject to confidentiality considerations, a list of the Eligible Projects financed through CenterPoint Energy’s Sustainable Financing Instruments, including a description of the projects, disbursed or allocated amounts
c. The proportional disbursement or allocation of proceeds between existing projects (refinancing) and new projects

Impact Reporting

CenterPoint will provide impact reporting at the level of each Eligible Project Category, and which may include the following estimated Impact Reporting Metrics:

<table>
<thead>
<tr>
<th>Eligible Project Category</th>
<th>Potential Quantitative Impact Metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Green</strong></td>
<td></td>
</tr>
<tr>
<td>Renewable Energy</td>
<td>Energy storage connected (MW / Megawatt hours (“MWh”))</td>
</tr>
<tr>
<td></td>
<td>Number of cleaner energy solution pilot programs</td>
</tr>
<tr>
<td></td>
<td>Annual GHG emissions avoided in metric tons of CO2 equivalent (MT CO2e)</td>
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<tr>
<td></td>
<td>Related research and development expenditures</td>
</tr>
<tr>
<td>Energy Efficiency &amp; Carbon Reduction</td>
<td>Fugitive emissions reductions in MT CO2e</td>
</tr>
<tr>
<td></td>
<td>Annual GHG emissions avoided in MT CO2e</td>
</tr>
<tr>
<td></td>
<td>Annual savings from energy efficiency projects in MWh</td>
</tr>
<tr>
<td>Green Buildings</td>
<td>Zero net energy penetration for existing company buildings (%)</td>
</tr>
<tr>
<td></td>
<td>Cumulative number of LEED certified buildings and any certified in reporting year</td>
</tr>
<tr>
<td>Cleaner Transportation</td>
<td>Number of EVs procured for fleet</td>
</tr>
<tr>
<td></td>
<td>Displaced diesel / gasoline gallon equivalents</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Eligible Project Category</th>
<th>Potential Quantitative Impact Metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Social</strong></td>
<td></td>
</tr>
<tr>
<td>Socioeconomic Advancement &amp; Empowerment</td>
<td>Number of jobs created / supported by spending with diverse businesses</td>
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<tr>
<td></td>
<td>Number of training hours</td>
</tr>
<tr>
<td></td>
<td>Percentage spend on local suppliers</td>
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</tbody>
</table>

2.5 External Review

CenterPoint Energy’s Sustainable Financing Framework is supported by the following external reviews:

Second Party Opinion (“SPO”)
CenterPoint has retained Sustainalytics to provide a Second Party opinion on the Sustainable Financing Framework, and to confirm alignment with the GBP 2021, SBP 2021, SBG 2021, and GLP 2021. The Second Party Opinion is available at Investor Relations | CenterPoint Energy, Inc.

Post Issuance External Verification on Reporting

CenterPoint will release on an annual basis, starting one year after issuance and until full allocation, an assurance report on the allocation of the Sustainable Financing Instrument proceeds to eligible projects, provided by its external auditor.