



Serving Responsibly

CenterPoint Energy
2016 Corporate Responsibility Report



Thank you to Richard T. Bye, director of Environmental Services, CenterPoint Energy, for providing our cover photo.

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CEO Letter

Dear Stakeholder,

At CenterPoint Energy, we take tremendous pride in the relationships and partnerships that we have formed in the communities we touch. In addition to our commitment to deliver safe and reliable electricity and natural gas, we actively engage in addressing the needs of the communities where we live and work. We do so by delivering on our vision and serving responsibly.



Our 2016 Corporate Responsibility Report showcases how we demonstrate these commitments in line with our company values and overall vision to lead the nation in delivering energy, service and value. While this report highlights our achievements in the areas of corporate citizenship and community service, we have broadened our reporting to include more insight into our company's policies, positions and programs, along with our overall corporate responsibility commitments. They include our efforts to minimize the environmental impacts of our operations, along with

contributions to improved social and economic development in the communities where we operate. In addition, we've built examples and case studies in sustainability throughout the report to highlight our accomplishments on key corporate responsibility issues.

In 2016, CenterPoint Energy experienced a record-breaking year in many of our community initiatives, including highest-ever employee participation in our 2016 United Way campaign. It was our best year for Junior Achievement with nearly 26,000 students reached about financial literacy and career development. CenterPoint Energy also became the largest TutorMate® corporate sponsor in the greater Houston area.

At the heart of our company and our culture are employee volunteers who provide their time and energy to assist with charitable initiatives. In 2016, our employees, retirees and their families and friends contributed 237,500 hours to their communities, helping to make them better places in which to learn, work and live. Additionally, employees companywide made 4,787 blood donations impacting 14,361 lives.

In addition to being the driving force behind our community efforts, employees completed an engagement survey that resulted in high scores. These results reflect our employees' pride and commitment to their work and community. Studies have demonstrated that an engaged workforce can have a significant effect on financial and operational results, as well as higher customer satisfaction.

As always, safety is a top priority for our company and one of our core values. We make sustained efforts to ensure that our customers and the public understand the importance of being safe around electricity and natural gas. In 2016, CenterPoint Energy launched Safe and Smart with Buddy Blue Flame™, a natural gas safety educational website that includes interactive games and safety tips for families and teachers.

We remain committed to good stewardship of the environment with a continued focus on applicable greenhouse gas issues, including participation in the U.S. Environmental Protection Agency's Natural Gas STAR Methane Challenge Program. Our Investment Recovery group is dedicated to maximizing the company's surplus and scrap materials and promoting an effective recycling program.

We are proud of our strong relationships with small and diverse suppliers to support economic growth through our Supplier Diversity initiative. In 2016, I had the pleasure of serving as corporate chair of the Houston Minority Supplier Development Council's Expo, which offered resources for minority businesses and corporate procurement professionals.

Throughout 2016, the company also received more than 40 awards of recognition in areas of industry, community, diversity, environmental and safety, which are listed at the end of the report. Among these accolades is recognition for our customer service commitment, such as being named the top Texas Electric Transmission and Distribution Service Provider (TDSP) by Cogent Energy Reports in the Texas TDSP Trusted Brand & Customer Engagement Study. We are particularly honored about this award because our entire business is centered on always being there for our customers and providing them with reliable electricity and natural gas.

On behalf of all our team members at CenterPoint Energy, we remain committed to serving responsibly by promoting economic development, a healthy environment and vibrant communities. We look forward to building on our ongoing engagement with our community partners, investors, customers, employees and other stakeholders on issues that are important to all of us.

Sincerely,

A handwritten signature in black ink, appearing to read 'Scott M. Prochazka'. The signature is fluid and stylized, with a large loop at the end.

Scott M. Prochazka
President and CEO



To keep our focus on safety

SUSTAINING OUR STRONG SAFETY CULTURE

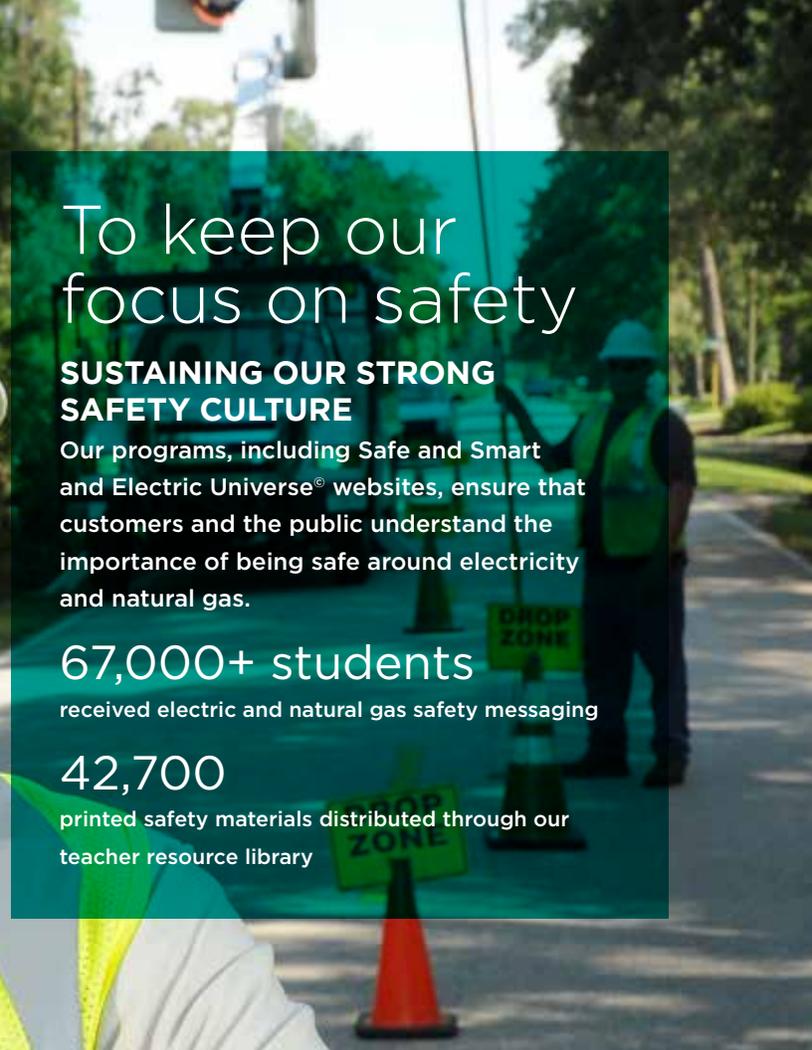
Our programs, including Safe and Smart and Electric Universe® websites, ensure that customers and the public understand the importance of being safe around electricity and natural gas.

67,000+ students

received electric and natural gas safety messaging

42,700

printed safety materials distributed through our teacher resource library



To reduce environmental impacts

CONTRIBUTING TO A HEALTHY ENVIRONMENT

We are committed to ensuring safe, efficient and reliable energy delivery, while conducting operations in an environmentally responsible manner.

12,943,262 pounds

of scrap metal recycled

7,500 trees distributed

through our Right Tree Right Place program



Our Company

Our Vision: To Lead the Nation in Delivering Energy, Service and Value
 CenterPoint Energy, Inc. (NYSE: CNP), headquartered in Houston, Texas, is a domestic energy delivery company that includes electric transmission and distribution, natural gas distribution and energy services operations. The company serves more than 5 million metered customers primarily in Arkansas, Louisiana, Minnesota, Mississippi, Oklahoma and Texas. With more than 7,700 employees, CenterPoint Energy and its predecessor companies have been in business for more than 140 years.

Our electric transmission and delivery business conveys electricity to approximately 2.4 million metered customers in a 5,000-square-mile area that includes Houston, the nation's fourth-largest city. Our natural gas distribution business serves approximately 3.4 million customers in Arkansas, Louisiana, Minnesota, Mississippi, Oklahoma and Texas. CenterPoint Energy Services (CES), our competitive natural gas sales and service business, serves approximately 100,000 customers annually across 33 states.

Our Strategy

CenterPoint Energy's long-term success is driven by the disciplined execution of our strategy to Operate, Serve and Grow, while also fostering strong relationships with our customers and communities. We remain focused on operating, serving and growing innovative, customer-focused energy delivery businesses that provide superior performance. These commitments drive the execution of our vision: lead the nation in delivering energy, service and value.

Operate

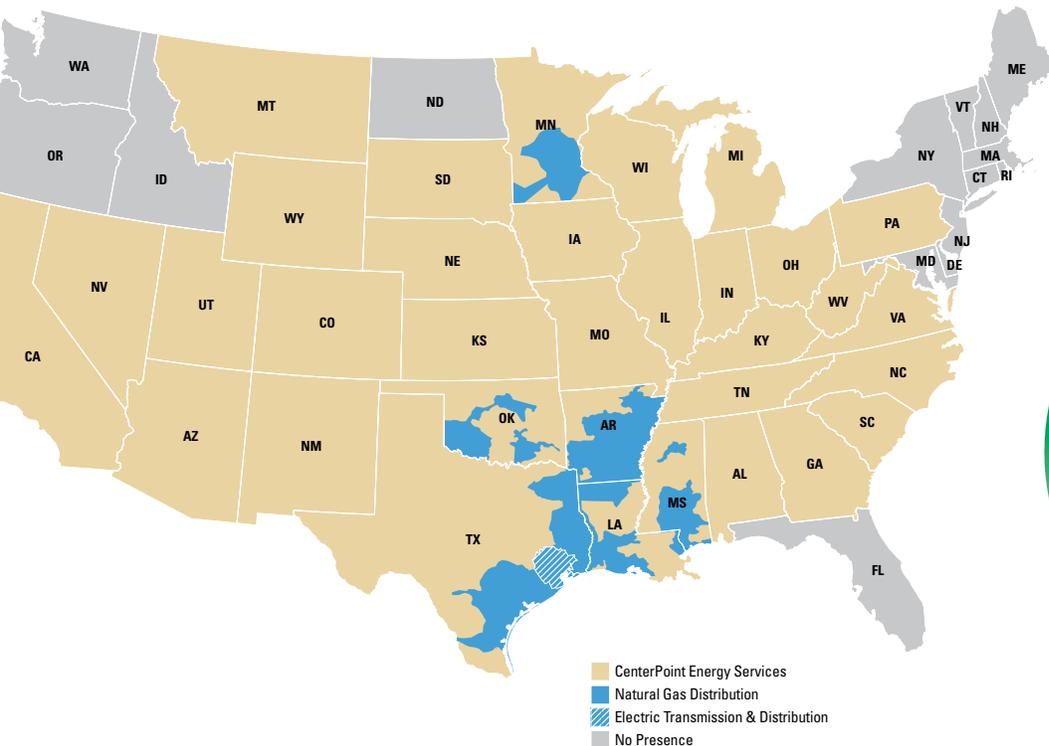
- Ensure safe, reliable, efficient and environmentally responsible energy delivery businesses
- Utilize new and innovative technology to enhance performance

Serve

- Add value to energy delivery through superior customer service, new technology and innovation
- Demonstrate leadership in the communities we serve

Grow

- Develop a diverse and highly capable employee base
- Invest in core energy delivery businesses



2016 Financial and Operating Results

CenterPoint Energy's focus on financial and operational sustainability has positioned our businesses for continued success in the long term, and our 2016 performance delivered on our value proposition. In a challenged commodity market, we performed well in keeping with our strong financial and operational track record. We achieved our financial expectations and executed on our goal of managing a domestic energy company with a balanced portfolio of electric and natural gas businesses.



Our consistent 2016 results in utility performance were driven by a number of factors, including solid customer growth in both our electric and gas utilities. Our metered customer base continued to increase throughout the year. Capital expenditures remain strong as we invest to meet growth, safety and reliability needs within our service territories. Additionally, rate relief driven by capital investment continues to be an important contributor to our success.

CenterPoint Energy Houston Electric continued to benefit from the strong local economy and made substantial electric infrastructure improvements and capital investment. New residents have made Houston home to take advantage of the city's business and employment opportunities. Strong residential growth was combined with very strong industrial sales. On a rolling 12-month period, each month has seen at least a 2.1 percent electric meter count growth. While the cyclical downturn in commodity prices influenced overall employment numbers, Houston's economy reflects some growth with services, transportation, medical and construction activities offsetting the energy sector. Based on the city's structural considerations and backdrop, we believe it remains a great place for building, investing and pursuing business opportunities. In addition, Houston's recent honor of hosting Super Bowl LI resulted in numerous enhancements throughout the city.

Our natural gas business also experienced significant growth, primarily driven by rate relief and customer growth within our large Texas footprint and in Minneapolis, Minn.

Beyond our core strategy, we continue to look for additional opportunities to grow earnings. In 2016, we acquired Continuum Energy's retail energy business. Our natural gas marketing and sales business continues to be a steady contributor to earnings growth and is a valuable complement to the organic growth of our natural gas utilities. In early 2017, we closed on the acquisition of Atmos Energy Marketing, further expanding our profitable retail energy services business. This unregulated business now operates in 33 states and serves approximately 100,000 customers.

During 2016, we remained focused on creating shareholder value through sustainable earnings growth and providing a competitive dividend. We are on a trajectory to successfully deliver long-term value to our shareholders year over year.

To view CenterPoint Energy's Annual Report, Form 10-K and other filings and presentations, please visit the Investors section of CenterPointEnergy.com.



Corporate Governance

CenterPoint Energy's board of directors and executive leadership team are committed to achieving high standards of corporate governance and ethical business conduct. We believe that good corporate governance and a strong ethics and compliance program are in the best interests of our shareholders and critical to our long-term success. To that end, we have implemented corporate governance and business conduct policies and procedures designed to help us operate effectively with accountability, integrity and transparency.

Board of Directors

CenterPoint Energy's board of directors serves as the company's ultimate decision-making body, except with respect to those matters reserved to the shareholders, and is responsible for overseeing executive management, business strategy and performance, succession planning and risk management. Through oversight, review and counsel, CenterPoint Energy's board establishes and promotes the company's business and organizational objectives.

As of Dec. 31, 2016, CenterPoint Energy's board of directors was comprised of 10 members, representing a broad range of business experience and professional skills. With the exception of Milton Carroll, chairman, and Scott Prochazka, president and chief executive officer, all members of CenterPoint Energy's board are independent, according to the standards established by the New York Stock Exchange.

We seek diversity on our board, which includes four women or people of ethnic diversity. In addition, CenterPoint Energy has been designated a 2020 Women on Boards Winning Company since the organization first began tracking this information. Winning companies champion diversity by having 20 percent or more of their board seats held by women.

The board has the following four standing committees, each comprised solely of independent directors: Audit, Compensation, Finance and Governance. Each committee has duties assigned by the board in compliance with the company's bylaws and committee charters.

CenterPoint Energy's Board of Directors

- Milton Carroll
- Michael P. Johnson
- Janiece M. Longoria
- Scott J. McLean
- Theodore F. Pound
- Scott M. Prochazka
- Susan O. Rheney
- Phillip R. Smith
- John W. Somerhalder II
- Peter S. Wareing

Highlights of Corporate Governance Practices

Annual review of independence of board	Yes	Directors elected by the vote of a majority of votes cast in uncontested elections	Yes
Majority of board is independent (8 of 10 directors)	Yes	Annual board and committee evaluations	Yes
Charters for board committees	Yes	Annual individual director evaluations	Yes
Independent audit, finance, governance and compensation committees	Yes	Director stock ownership and holding requirements	Yes
Compensation consultant independence policy	Yes	Executive stock ownership and holding requirements	Yes
Independent directors meet regularly without management present	Yes	Corporate governance guidelines approved by board	Yes
Annual board elections	Yes	Shareholders may recommend a director nominee	Yes
Robust ethics and compliance program	Yes		

CenterPoint Energy's Leadership Team

Executive Committee

- Scott M. Prochazka, President and Chief Executive Officer
- William D. Rogers, Executive Vice President and Chief Financial Officer
- Tracy Bridge, Executive Vice President and President, Electric Division
- Joseph B. McGoldrick, Executive Vice President and President, Gas Division (retiring March 2017)
- Dana O'Brien, Senior Vice President and General Counsel
- Sue Ortenstone, Senior Vice President and Chief Human Resources Officer

Business Unit Leadership

- Scott E. Doyle, Senior Vice President of Natural Gas Distribution
- Kenneth M. Mercado, Senior Vice President, Electric Operations
- Joseph J. Vortherms, Senior Vice President of Energy Services
- Richard A. (Rick) Zapalac, Senior Vice President, Gas Operations

To learn more about the board of directors and leadership team, including individual biographies, please visit the Investor Relations > Corporate Governance section of CenterPointEnergy.com.

Shareholder Engagement

We value the trust that our shareholders place in us as stewards of their investments and are committed to achieving our vision of leading the nation in delivering energy, service and value.



CenterPoint Energy regularly engages with our shareholders on a variety of business, financial and governance topics through quarterly earnings conference calls and news releases, one-on-one investor meetings, industry conferences, public disclosures and our annual meeting of shareholders. Our direct engagement with shareholders provides an effective forum to address issues and share relevant information and viewpoints.



Our upcoming and past events and presentations are available in the Investors section of CenterPointEnergy.com.

2016 Annual Meeting Proxy Vote Summary

At our annual meeting of shareholders, we ask shareholders to vote upon various items, including the election of directors and the selection of the company's independent auditor, as well as cast an advisory vote on the company's executive compensation program.

A summary of the 2016 annual meeting voting results is provided below.

Proxy Item	Percent voted "For" ¹
Election of directors (average)	97%
Ratification of independent auditors	98%
Advisory vote on executive compensation	95%
Ratification of amendment to bylaws ²	59%

Living Our Values

At CenterPoint Energy, we are committed to doing business every day with safety, integrity, accountability, initiative and respect for our customers, shareholders, employees and the communities we serve. These core values provide the foundation for our business practices and standards.

Our Ethics and Compliance Code builds on our strong tradition of doing business the right way, without exception. It explains many of the basic rules that apply to our business. These include having a values-driven culture, being accountable for our actions, protecting company assets and information, avoiding conflicts of interest, treating customers and competitors with respect, creating a workplace that values employee contributions, providing a safe and healthy work environment, being responsible corporate citizens, leading with integrity, and complying with laws and regulations.



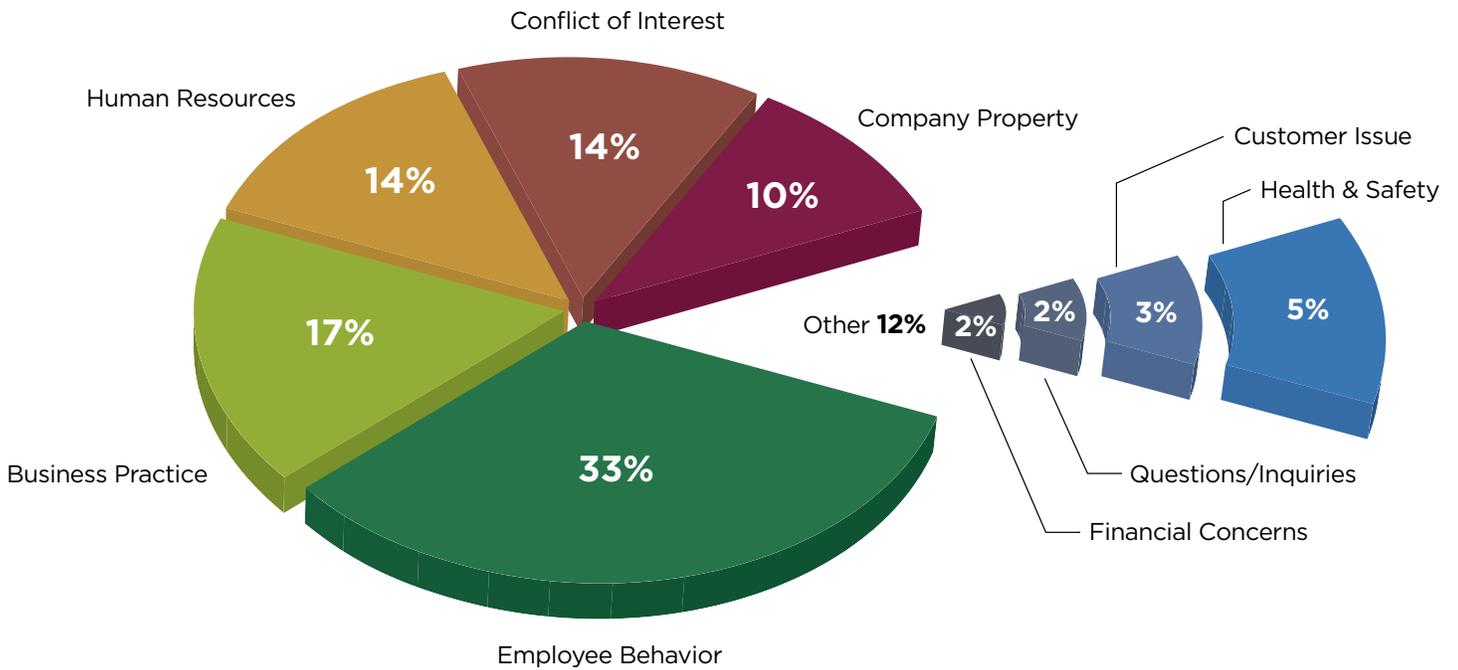
In addition, we have specific expectations for our chief executive officer, chief financial officer and senior financial officers, as well as our consultants, contractors, other suppliers and vendors. These are outlined in CenterPoint Energy's respective codes of conduct for these stakeholders.

Reporting or Raising Concerns

We encourage a culture of speaking up. If an employee does not feel comfortable or if it is impractical to talk with a supervisor, help can be sought from any member of management, Human Resources, Audit Services, the Legal Department, Corporate Security or the Ethics and Compliance Department. Our Concerns Helpline also plays an important role in safeguarding our strong ethics and compliance culture.

Employees, customers, contractors and vendors can reach the Helpline at 1-888-888-3155 or online at reportlineweb.com/CenterPointEnergy. Available 24 hours a day, seven days a week, the Helpline supports multiple languages and allows individuals to remain anonymous. CenterPoint Energy does not tolerate retaliation and will take action to protect employees from retaliation.

We received 182 concerns in 2016. The number is higher than previous years, but the percentage of anonymous concerns is lower. We believe employees are often more comfortable seeking guidance through the Helpline reporting option. According to our recent employee



engagement survey, 98 percent of employees understand their responsibility to report any potential violations, and 90 percent say they would feel comfortable reporting unethical or illegal behavior.

Training and Awareness

Employees are required to complete annual compliance training. All active employees, including the board of directors, received training on our code in 2016. In addition, employees participated in safety, insider trading and security awareness training. New employees and managers receive additional training to further reinforce the company values.

Leadership meetings covered the subject of Integrity, and the Ethics and Compliance department conducted 25 roundtable discussions reaching employees in different functions, business units and locations.

We work hard to reach our employees in person as often as possible. As part of that effort, every year we reach 6 percent of the employee population through our in-person roundtable discussions. Of those employees we speak with during those roundtables, 95 percent indicate that they are already familiar with what resources to use to report an unethical issue or a violation of a policy or law. In the recent employee engagement survey, 94 percent of employees confirmed that they understand compliance policies and how they apply to their jobs.

The company introduced an Ethics in Action video contest, which spurred positive awareness regarding our values. Employees receive monthly newsletters reinforcing ethical topics and maintaining awareness of our ethics and compliance program and principles.



Risk Management

To safely and responsibly deliver energy, service and value to our customers and communities, CenterPoint Energy makes every effort to prepare for and mitigate risks and uncertainties associated with our industry. Our risk management approach is based on consensus, expertise and collaboration with all of the business units involved in the process. We always strive for transparency and accountability.

For Enterprise Risk Management, CenterPoint Energy utilizes the established, corporate-adopted model from the nationally recognized Committee of Sponsoring Organizations (COSO) of the Treadway Commission. Using this framework, the company identifies risks associated with the corporation and business units, major projects and department functions, many times at a complex process level.

Extensive effort is given to precisely define and scrutinize the potential risks associated with an operation, process or project so they can be identified, evaluated, mitigated, tracked and managed to successfully reach targeted milestones on schedule and on budget.

CenterPoint Energy utilizes a dynamic risk management process with frequent risk assessments, as well as assigned risk and risk mitigation ownership to drive accountability and to achieve and maintain risk transparency. At all levels of the company – from projects to the



corporate/enterprise-level – the approach to risk management is consistent.

CenterPoint Energy's Form 10-K, which is available in the Investors section of [CenterPointEnergy.com](https://www.centerpointenergy.com), provides detailed descriptions of the company's risk factors.



Responsibility to Safety

CenterPoint Energy's top core value, safety, underscores our commitment to sustaining a strong safety culture. We focus on being Safety Forward, which is our overall approach to safety performance and excellence. The initiative is designed to engage employees across the company in making safety their top priority, regardless of their business unit or work location.

Two more of the company's core values, initiative and accountability, are reflected in the direct action that has led to many safety improvements through employee proactivity. Speaking up to correct possible hazards or improve existing practices has been integrated into the employee culture and has led to fundamental change.

Successful behavior-based safety programs are in place for our businesses, such as CSAFE (CenterPoint Energy – Safe Action for Employees) for our gas operations and POWER (Proactively Observing While Eliminating Risk) for our electric operations.

In both our gas and electric operations, we practice our safety commitment through quality observations, near-miss notifications, inspections and other safety activities. These actions enable continuous improvement of our tools and equipment, work practices and our environment through effective measurement, communication and corrective actions. Safety observations are the first line of defense in maintaining a safety culture on a job. Proactively identifying unsafe acts or conditions can help prevent a life-altering incident. In 2016, we completed more than 124,000 observations in our gas and electric businesses.

In an effort to drive continuous improvement and knowledge sharing, regular safety meetings, trainings and summits are held for both employees and contractors.

We saw a 5 percent decrease in Occupational Safety and Health Administration (OSHA) recordable and Days Away, Restrictions and Transfers (DART) cases, as well as a 12 percent decrease in preventable vehicle collisions. By reducing the number of recordable incidents, CenterPoint Energy was placed in the top quartile for Edison Electric Institute and American Gas Association (AGA) rankings. However, we also had several serious safety incidents that reinforced our commitment to working safely and continuing to improve our safety program and performance.

Cybersecurity Risk, Data Privacy Risk and Mitigation

CenterPoint Energy's customers, partners, shareholders and employees entrust us with information in order for us to engage with them in business. That information plays a vital role in our ability to perform our services, and the security of that information plays a vital role in supporting our business objectives. We are committed to managing the security of our infrastructure and protecting the privacy of the information we maintain.

We have a dedicated focus on ever-increasing cyber threats and risks. We routinely evaluate threats and develop strategies and roadmaps that address near- and long-term mitigation efforts. Additionally, we monitor and address ongoing system-related activities and practice our response plans.

The cybersecurity strategy and roadmap are reviewed at least annually as a part of our governance processes. CenterPoint Energy's Security Governance Council, which focuses on physical and cybersecurity, sponsors and supports the program. The strategy and roadmap are presented at least annually to the Corporate Risk Oversight Committee and subsequently to our senior executive committee. The board of directors is updated on cyber-related activities regularly.

We require all new employees to complete physical and cybersecurity training, along with ethics and compliance training, which includes the protection of confidential information and records. This is followed with annual certification by all employees. To further enhance our awareness, we implemented a Cyber-Security Awareness Program that is available to employees and contractors. Our Cyber-Security Operations Center (CSOC) is the air-traffic control of our cyber program. CSOC personnel monitor information from external sources and respond to users who receive questionable emails.

These cybersecurity efforts work in conjunction with CenterPoint Energy's data privacy program. The company's Ethics and Compliance team maintains a data privacy office led by our chief ethics, compliance and privacy officer. The program continues to develop and evolve as regulations change and as our business grows. Our data privacy team works to educate employees and implement procedures to ensure the privacy and protection of the information with which we have been entrusted.



Emergency Operating Plan (EOP) and Drills

CenterPoint Energy maintains an EOP to restore service to customers as safely, quickly and efficiently as possible. To ensure preparedness for major weather events, the company conducts drills each year. As part of these efforts, CenterPoint Energy's operations leaders receive annual training on emergency response procedures with a strong emphasis on using the Incident Command System. In May 2016, participants engaged in classroom training and a role-based tabletop exercise to reinforce their preparedness, assessment and recovery process. With the addition of some realistic scenarios for purposes of the mock drill, these challenges allowed the leadership team to develop a more well-rounded response.



Just as CenterPoint Energy maintains action plans to protect and sustain operations during storms and other serious events, the company provides resources to employees to plan ahead and make sure they are prepared to step into their emergency roles.

CenterPoint Energy also created a Corporate Response Plan as a means to coordinate the company's response to major incidents and help ensure clear communication and efficient use of available resources under extraordinary conditions.

Emergency Response Case Study: Tax Day Floods

Beginning April 17, 2016, potent thunderstorms pushed eastward across CenterPoint Energy's 5,000-square-mile service area in Houston, causing torrential rain, lightning, winds gusting to 44 mph and severe flooding. Harris County received 7.75 inches of rainfall in 24 hours. The storms persisted for five days, and northwestern parts of the county received up to 15 inches of rain. In addition to closed businesses, canceled schools and flooded roads, seven people were killed. First responders rescued more than 1,200 people stranded in their homes by high water.

Aside from hurricanes Alicia and Ike and Tropical Storm Allison, Houston had not seen such rainfall since the 1960s. Rising waters created flooding across the city, impacting 1,000 homes and causing more than \$5 billion in damage in Harris County alone. Gov. Greg Abbott declared a state of disaster for nine counties.

To assist with the restoration efforts, 30 five-man construction crews were brought in to support CenterPoint Energy's internal and contract crews. Flooding resulted in complete road closures all over the city, hampering the mobility of our crews and directly impacting the speed at which power could be restored. As of April 20, some outages remained unrestored due to high water, while new outages occurred as

water continued to rise due to runoff into creeks and watersheds.

The company's recovery from the floods exemplified the successful orchestration of people, process and technology. Improvements in automation helped the restoration, but without a highly skilled and trained workforce, success would not have been possible. Fortunately, all of CenterPoint Energy's electric operations leaders were trained on storm response procedures, including the centralized assignment of work to contractors, which results in addressing outages with the highest customer counts first and an overall improvement in restoration times.

At peak, the number of customers with sustained outages totaled 129,084. Operations returned to normal within 60 hours of onset. Power was restored to 81 percent of those customers on the first day. On the second day, 98 percent had been restored, and the number rose to 98.9 percent on the third day.

CenterPoint Energy communicated with customers, media and other stakeholders. Before the storm, customers were encouraged to enroll in our Power Alert Service, which gave personalized updates to customers with outages through 427,426 emails, 59,936 text messages and 43,310 phone calls. The company's Outage Tracker website received more than 18,000 visits. Contact center agents fielded 13,484 calls, while the automated system handled another 70,986. Social media posts reached more than 270,000 stakeholders. The company also managed customer posts on social media and answered media calls.



Energy Efficiency

Technology

Case Study: Smart Grid

In Houston, known as the energy capital of the world, CenterPoint Energy continues to extend the benefits of our transformative Smart Grid to improve safety, operations efficiency, reliability, the environment and the customer experience.

Since 2009, CenterPoint Energy has deployed fully operational advanced meters to virtually all of our 2.4+ million metered customers, automated 31 substations, installed 870 Intelligent Grid Switching Devices on more than 200 circuits, built a wireless radio frequency mesh telecommunications network across the company's 5,000-square-mile electric footprint, and enabled real-time grid monitoring and control.

CenterPoint Energy's Smart Grid has delivered invaluable results, including:

- More than 194 million customer outage minutes saved – a 23 percent reliability improvement on Intelligent Grid circuits.
- Restoration of more than 1.5 million outage cases without a single customer phone call.
- Consumer savings of \$20-25 million per year in eliminated fees from service automation.

From a reliability perspective, customers count on us to keep the lights on and inform them when they do go out. Our Smart Grid has improved power reliability and outage response, reducing the time to localize outages by 50 to 70 percent and isolating faults remotely to save customers more than 194 million outage minutes.

Our Power Alert Service sends phone, email or text alerts to more than 593,000 enrolled customers when their power goes out. It provides estimated times of restoration, status updates and confirmation. Power Alert Service, which saves customers a call to report an outage, has 91 percent customer satisfaction.

Digitizing our grid has also made our operations more efficient:

- Moved from 2.4 million manual meter reads per month to more than 230 million electronic reads per day.
- Completed more than 16 million service orders electronically, reducing crew miles driven on Houston's busy roads and directly impacting safety and traffic.

During 2016, two events illustrated the benefits we and our customers receive from our modernized grid:

- April 17-18 Tax Day Floods.
- Aug. 23 Kluge Substation Fire: A Houston-area substation transformer fire knocked out power to more than 72,000 customers at rush hour. Using 13 automated switches, we were able to restore nearly all customers within seven hours.

In 2016, CenterPoint Energy was recognized with Frost & Sullivan's Excellence in Resourcefulness Award, which honors utilities that have demonstrated their commitment and ability to significantly reduce wasted energy and water based on a recent and successful technology implementation.

The 2016 International Smart Grid Action Network Award of Excellence also honored CenterPoint Energy's Smart Grid program. CenterPoint Energy was recognized in the energy category for its early adoption of smart grid technology and impressive results conserving energy and reducing costs in its operations.

Case Study: Picarro System

The Picarro system is the next generation of methane detection technology. CenterPoint Energy is a leader in the implementation of the state-of-the-art Picarro leak survey technology with 10 units, one of the largest fleets in the industry.

CenterPoint Energy has incorporated Picarro into our natural gas operations to help identify leaks in underground gas mains and service lines more thoroughly than ever before. We consider safety – for our employees and the public – our top priority. In addition to enabling us to locate and respond to natural gas leaks much faster, Picarro surveyors are more efficient in terms of accuracy and coverage area. As a result, Picarro also plays a key role in the company's methane emissions reduction efforts.



Traditional methods use optical methane and flame ionization devices, which are either mounted on a truck that drives slowly through an area or walks over the lines to detect methane plumes near underground gas mains and service lines. The Picarro surveyor is used at normal driving speeds of up to 40 miles per hour to accurately survey a much broader area. It can cover up to 30 miles of gas mains and service lines per night, the optimal survey time when the ground is cooler and natural gas doesn't rise as quickly as during the day. Picarro constantly collects data, including Global Positioning System readings and wind speed and direction, so it is able to identify the site of a possible leak accurately.

Picarro is about 1,000 times more sensitive than the traditional method. Its sensitivity to methane is measured in parts per billion, while traditional technology measures in parts per million. This innovative

tool helps detect leaks before customers even know about them. It identifies more leaks, compared with former survey methods.

Picarro was tested and phased in to operation in 2016. Our Texas region conducted a pilot program and has been using Picarro since January 2016. Arkansas completed full deployment in 2016, with the remaining regions rolling out in 2017.

To further enhance the Picarro system, Gas Operations deployed industry-leading business processes and technology systems in fall 2016. They included:

- Real-time tracking of the leak survey vehicle and gas system assets surveyed in the geographic information system, which replaced the need to manually track completed leak surveys using paper maps.
- Automatic creation of work orders to investigate potential leaks identified by the Picarro surveyor, which replaced a manual order process.
- Leak survey applications on tablets allow technicians to document results. Technicians use cameras and GPS capabilities to better document findings.
- Access to pictures and GPS coordinates significantly reduces the time repair crews spend determining where to excavate.

Mutual Assistance

CenterPoint Energy understands how critical it is to quickly and safely restore service after a natural disaster or other emergency. In addition to being prepared to respond to incidents across our territory, we have mutual assistance agreements with other electric utilities and natural gas companies that could ask for our support in a time of need.

In October 2016, more than 200 CenterPoint Energy linemen, contractors and support personnel traveled to the East Coast to assist energy companies there in restoring electric power after that region was struck by Hurricane Matthew.

CenterPoint Energy crews have traveled many miles over the years, restoring power to hundreds of thousands of customers throughout the country who were left in the dark after hurricanes, tornados, ice storms and other events. We also benefited from these relationships in 2008 after Hurricane Ike struck the Houston area, knocking out power to millions of customers.

Energy-Efficiency Initiatives

As a result of more than 20 energy-efficiency programs, CenterPoint Energy Houston Electric saved more than 190,000 megawatt hours of electricity in 2016. These programs benefitted rate payers across all customer classes, including commercial, residential and low-income sites. The savings reduced the carbon footprint by 134,169 metric tons or the equivalent of 28,341 passenger vehicles driven for one year.³

Our Energy Wise program provided more than 10,570 energy kits to 6th graders at 30 area middle schools for the 2016-2017 school year. Each kit included three 9.8 LED watt light bulbs, a showerhead and kitchen and bathroom faucet aerators. These items help guide students in the program about energy, electricity, energy efficiency, being useful with water and saving energy at home. The workbook activities also coincide with standardized tests that the students perform over the course of the school year.

In 2016, nearly 11,260 new houses were part of our CenterPoint Energy High Efficiency New Homes program, which provides incentives to

builders in our electric service territory. The program provided incentives to participating builders for nearly 4,000 ENERGY STAR-certified homes, which are designed and built to standards well above most other homes on the market today, delivering energy efficiency savings of up to 30 percent higher than typical new homes. In 2016, CenterPoint Energy earned the ENERGY STAR Partners of the Year Award from the U.S. Environmental Protection Agency (EPA).



We received the Jack Yates Corporate Torch Bearer Award for our partnership with the Antioch Baptist Church in reaching low-income communities through the Agencies in Action (AIA) energy-efficiency program. Antioch has partnered with AIA since 2008 and has helped CenterPoint Energy reach more than 600 low-income customers.

CenterPoint Energy's Schools Conserving Resources (SCORE)/CitySmart program helps energy managers of schools and government facilities to identify ways to reduce energy costs, allowing more money to flow back to education and services. In November 2016, the company recognized the accomplishments of the Cypress Fairbanks Independent School District for their participation in the SCORE program with a \$95,395 incentive check representing the cumulative incentive dollars awarded to the district for their participation. The school district installed LED lighting upgrades and energy-efficient chillers at seven schools in the district.

In recognition of a commitment to reliability and energy efficiency, CenterPoint Energy presented HP with an incentive of more than \$244,600 for participating in the Data Center Energy Efficiency Program. The scope of work included significant variable-frequency drive upgrades to HP's data center.

Conservation Improvement Program

Rebates from our Conservation Improvement Program encourage residential and business natural gas customers in Arkansas, Minnesota, Mississippi and Oklahoma to choose energy-efficient equipment, and our other energy-saving programs also helped them save energy and money.

In 2016, our customers saved more than 2.36 billion cubic feet of natural gas and an energy cost saving of more than \$18.9 million, the equivalent of the annual energy usage of more than 28,000 homes.

These savings reduced our customers total carbon footprint by about 126,000 metric tons, which is equivalent to removing more than 21,000 cars from the road for a year.⁴

Responsibility to Our Environment

Environmental stewardship is an integral component of our overall corporate responsibility approach. CenterPoint Energy has a long history of conducting its businesses in a safe, environmentally responsible manner. First and foremost, the company is committed to compliance with all applicable environmental laws and regulations and has always dedicated the resources necessary to achieve an excellent compliance record on a long-term, consistent basis. Our most important resource is the knowledgeable professional staff strategically located throughout our service territory. The Environmental Services Department partners with operational business units to provide environmental updates and training in a variety of ways, including environmental summits, targeted employee training initiatives across our footprint, mandatory meetings, and formal, informal and computer-based project collaboration.

In addition to compliance, actively managing short-term and long-term environmental risk is a key focus and function of the department. This is achieved primarily through robust vendor audit programs, appropriate excess liability insurance, proactive involvement in the legislative and regulatory development processes, as well as close collaboration with local, state and federal agencies and our communities. Furthermore, the company collaborates with legal resources both internally and externally to assure compliance and knowledge of legal requirements.

CenterPoint Energy's environmental policy and the Environmental Services Department's mission are central to our actions at all levels. These actions are also regularly reviewed by the company's environmental officer.

CenterPoint Energy proactively manages its environmental risk, but also proactively engages governmental and nongovernmental organization partners in voluntary environmental enhancement and education efforts. Our conservation initiatives include habitat restoration projects, endangered species conservation efforts, and native wildlife rescue and release efforts. Our employees are active participants in local environmental events.

Our Mission

Environmental Services strives to proactively and effectively manage and mitigate environmental risk through:

- Strategically partnering with business unit leadership;
- Developing compliance strategies that are aligned with business unit operations and goals;
- Managing emerging environmental issues/regulations/legislation that may impact business unit operations;
- Developing risk mitigation strategies as appropriate;
- Cultivating a culture of responsible environmental stewardship;
- Reaching out to employees and becoming a strategic environmental partner with the communities we serve.

Furthermore, CenterPoint Energy has developed a robust avian protection program, taking great care to prevent harm to birds that utilize our energy delivery facilities. We work to develop practical products to effectively protect the avian population and collaborate with industry groups to share experiences and increase the knowledge base. We are also concerned with the waste generated by our facilities and employees. To that end, we have developed strong waste management and recycling programs at all levels of the company. The following are but a few examples of our efforts.

Environmental and Conservation Initiatives

Prairie Restoration Project - Dakota Station, Burnsville, Minn.

Since 2001, CenterPoint Energy has been working on a long-term prairie restoration project on a portion of our property at our Dakota Station Peak Shaving facility, along the Minnesota River Valley in Burnsville. On much of this property, non-native invasive plants, such as buckthorn and other shrubs, trees and weeds, have overtaken the natural plants, grasses and wildflowers indigenous to the Minnesota River Valley.

Our long-range restoration plan for Dakota Station includes approximately 23 acres of wooded land, prairie, wet meadow and fen in the northeastern section of our property. The process requires cutting and removal of certain trees and shrubs, burning, spraying, planting, seed collecting and propagation. To advance our work, we have engaged employee volunteers through 20 events, along with community volunteers, nonprofit organizations and contractors.



To date, approximately 80 Box Elder trees have been removed and about 16 acres of the property have been cleared of buckthorn and other exotic shrubs. Prescribed burns have been completed annually since 2002. Seed collection and planting of yellow coneflower, Prairie Bush clover, stiff goldenrod, wild bergamot, hoary vervain, blue vervain, sawtooth sunflower, mountain mint, great blue lobelia and Joe Pye weed was completed in 2003 and 2004. To increase cord grass growth, 2,000 plugs were planted in the northeast end of the property where the trees were removed. Subsequently, slip seeding was performed by Prairie Restorations, Inc. to improve the infiltration of the prairie grass into the open meadow area.

We developed two valuable partnerships during the first years of our project. The exotic species management coordinator for the U.S. Fish and Wildlife Service led us in brush-clearing efforts. The City of Burnsville's forestry crew assisted us with the environmentally friendly disposal process of chipping and hauling away buckthorn and other

brush in lieu of burning. Throughout the project's life cycle, we have engaged with several agencies, including Friends of the Minnesota Valley, the Minnesota Department of Natural Resources, the Nature Conservancy, Great River Greening and the City of Burnsville.

Work on this restoration project will continue over many years. Our long-range plan is to restore the fen, wet meadow and prairie to the native vegetation of the Minnesota River Valley.

Freeport Beach Protection/Wood Pole Donation Program – Freeport, TX

We are working with the City of Freeport, the U.S. Fish and Wildlife Service, the Gulf Coast Bird Observatory and the Texas Parks and Wildlife Department on a partnership effort to protect sensitive wetlands, beaches and coastal habitat areas at Bryan Beach. This ecologically rich area is located where the Brazos River flows into the Gulf of Mexico. It provides important breeding habitat for water birds and outstanding seaside recreational opportunities for local residents and visitors. Unfortunately, some visitors destroy natural areas and disrupt local wildlife through illegal use of off-road vehicles in wetlands and sensitive areas behind the dunes.



We are engaging with the city and project partners to donate retired creosote utility poles to the City of Freeport for use as protective bollards. They will be deployed in front of the dunes to keep vehicular traffic out of sensitive areas. A grant from the U.S. Fish and Wildlife Service, administered through the Gulf Coast Bird Observatory, will fund the installation. By recycling hundreds of wooden poles, we avoid sending them to landfills, reduce environmental impacts and achieve cost savings.

American Burying Beetle Habitat – Wynona, Okla.

In 2016, our Environmental Review Worksheet (ERW) process identified a project in an area that appeared to have suitable habitat for the American Burying Beetle, a federally listed endangered species. The project involves replacing approximately 100 feet of 2-inch steel gas pipe with 4-inch plastic that crosses a tributary to Birch Creek in two places. Because the project is located in the potential habitat area, CenterPoint Energy engaged a consultant to complete a survey, setting traps to check for the presence of the beetle in the area. As the survey concluded that there was no sign of the American Burying Beetle in the project area, construction can be completed prior to the next active season, which begins in May 2017.

Avian Protection Program

Houston Electric operates in a service territory with a rich diversity of habitats, including forests, prairies, marshes, swamps, bayous, rivers, lakes and the Galveston Bay system. These habitats support an abundance and diversity of wildlife, including more than 300 species of birds. Our location lies along several major routes in the Central and Mississippi flyways where millions of neotropical migrants pass through each fall and spring on their way between breeding grounds in the north

and wintering grounds in the south. Masses of waterfowl, songbirds, water birds and raptors winter on the Texas coast each year, and many species are year-round residents. While power lines and equipment provide hunting, roosting and nesting opportunities for these birds, they may also pose risks. CenterPoint Energy has worked proactively for many years to reduce the potential for harmful interactions of birds with its electric power lines and equipment. Since 2010, we have installed avian protection materials on more than 3,000 distribution and transmission structures throughout our service territory.

As of 2016, we have identified the locations of more than 20 bald eagle nests within our service territory and have taken protective measures around those nests with input from the U.S. Fish and Wildlife Service. Assistance from that agency, and others, including the Texas Parks and Wildlife Department and Houston Audubon Society, as well as private citizens, is critical to our bald eagle protection efforts. One of the program's signature efforts is the successful relocation of a bald eagle nest from a dead pine tree in 2013. As of 2016, the eagles continue to utilize the relocated nest site.

CenterPoint Energy occasionally encounters bird nests on transmission towers, power poles and other equipment. These nests are left alone when possible, but some situations pose safety risks to the birds and to humans. In these situations, nests are carefully removed, and eggs or young are transported to a licensed wildlife rehabilitator for hatching and rearing. Protected species are handled under permit, while native bird species are released back into the wild as feasible.

CenterPoint Energy is required by law to maintain safe clearances between power lines and trees, shrubs and other vegetation, which is critical in maintaining safe and reliable service. Employees are trained to watch for and avoid bird nests during tree trimming and mowing activities. Active bird nests are avoided until the young have fledged and left the nest. Afterward, crews return to finish trimming. Particular caution is taken near bald eagle nests.

As part of our efforts, we have forged strong collaborative partnerships with federal and state wildlife agencies, local nonprofit conservation organizations and members of the general public. The program has received extensive positive local media coverage and recognition by the Galveston Bay Foundation.

Wildlife Center of Texas and Other Collaborative Partnerships

Houston Electric's environmental team works closely with local nonprofit conservation organizations and state and federal resource agencies in implementing its avian protection program. Our collaborative partnership with the Wildlife Center of Texas is a great example. In some cases, nests with eggs or young must be removed from the power equipment. This not only protects the birds, but also prevents outages caused by electrical contact. Nest removals are conducted under permit from the U.S. Fish and Wildlife Service. Eggs and young from these nests are carefully relocated to the Wildlife Center of Texas, where they are incubated, raised and then released back into the wild at locations that give them a great chance of survival.

Occasionally, birds are injured as a result of contact with electrical equipment. They are also taken to the Wildlife Center of Texas, where they are rehabilitated and released back into the wild. Several CenterPoint Energy employees volunteer at the center, which relies heavily on volunteerism in caring for injured animals.

We also partner with the Texas Parks and Wildlife Department, the U.S. Fish and Wildlife Service and local conservation organizations such as the Houston Audubon Society, which provide important information on avian issues, such as locations of bald eagle nests and water bird colonies. In turn, CenterPoint Energy shares avian species management information with government agencies and conservation organizations, and provides assistance to these groups.

Facilities Excellence

Nicollet Mall Building – Minneapolis, Minn.

After a complete redesign and renovation of the former Neiman Marcus building, the CenterPoint Energy building at 505 Nicollet Mall in Minneapolis was awarded the Leadership in Energy and Environmental Design (LEED) Silver certification by the U.S. Green Building Council. Along with designing the building to meet strict standards of energy efficiency, CenterPoint Energy was able to recycle approximately 75 percent of the more than 305 tons of materials left in the building.

Golden Valley Office – Golden Valley, Minn.

CenterPoint Energy and Frauenshuh Commercial Real Estate Group received the National Association of Industrial and Office Properties Award of Excellence in the light industrial – low finish category. The award recognizes project coordination and pre-development services of the 64,000-square-foot CenterPoint Energy office in Golden Valley, which opened in June 2016. Winners are selected by a panel of independent judges, who rate projects based on criteria including site development, architectural integrity, interior design, integration into the community, market feasibility, unique challenges and LEED certification.

Investment Recovery, Waste and Recycling

Investment Recovery

The Investment Recovery group is part of CenterPoint Energy's Purchasing and Logistics organization and is dedicated to obtaining maximum value for the company's surplus and scrap materials and promoting an effective recycling program for all areas of the company. This is achieved through the facilitation of redeploying surplus materials; the sale of surplus and scrap materials to outside vendors; the sale of company materials to other utilities, large industrial customers or contractors; and the company's recycling efforts.

Our Community Relations and Investment Recovery groups work together to leverage opportunities to donate and recycle furniture, laptops, equipment and office supplies. We communicate with our community partners to identify nonprofit organizations interested in the items we have for reuse. Alternatively, these organizations occasionally contact us with a specific need or request for items that could be available in the future.

In 2016, Investment Recovery, along with Community Relations, was responsible for donating 262 laptop computers to various nonprofit organizations in our service areas.

Waste

CenterPoint Energy is committed to conducting our operations in accordance with all applicable environmental laws and regulations. We manage all operational controls, policies and procedures to ensure compliance. In addition, we maintain a robust environmental audit program on all solid waste disposal vendors.

CenterPoint Energy tracks all hazardous and regulated waste to ensure proper management. The company recently began using nonhazardous

solvents, reducing the quantity of hazardous waste generated. Most of our facilities are listed as "small quantity generator" or "very small quantity generator" status.

2016 Recycling Summary

CenterPoint Energy recycles significant amounts of materials, such as scrap metal, transformers, oil, batteries, lighting and electronic equipment, resulting in the preservation of valuable landfill space.

2016 Recycling and Donation Summary

Description	Quantity
Activated carbon	2,985 pounds
Antifreeze	5,150 pounds
Batteries	46,674 pounds
Computers (donated)	262 units
Cooking oil	150 gallons
Diesel/gas mix	550 pounds
Distribution transformers	12,815 units
Electronics	8,635 pounds
Encoders/Receivers/Transmitters	44,986 pounds
E Waste	321,172 pounds
Fluorescent lamps	1,632 pounds
Mercury thermostats	229 pounds
Paper and cardboard	87 tons
Print cartridges	490 pounds
Scrap metal, including wire and cable	12,943,262 pounds
Street light lamps	102,422 units
Transformer oil	679,535 gallons
Triethylene glycol (includes water/mix)	2,200 pounds
Triethylene glycol filters	150 pounds
Used drums (empty)	50 pounds
Used oil	53,665 gallons
Used oil filters	1,550 pounds
Used oil sorbents	7,895 pounds
Wooden poles (donated)	600 feet

Office Materials

CenterPoint Energy has maintained a paper and cardboard recycling program for decades. In recent years, we expanded our office material recycling program to include all non-confidential paper products, plastic drinking bottles, aluminum and tin or steel cans, glass, and small cardboard or boxboard containers.

Greenhouse Gas (GHG)

Natural Gas STAR Methane Challenge Program

In March 2016, CenterPoint Energy joined the U. S. Environmental Protection Agency's (EPA) Natural Gas STAR Methane Challenge Program as a founding partner. The program provides a new mechanism to continue reducing methane emissions from our natural gas transmission and distribution systems.

CenterPoint Energy's methane emission reduction efforts include replacing originally installed cast iron pipe and unprotected steel pipe. Plans include replacing 165.4 miles of cast iron pipe by 2018 and 1,191.7 miles of bare/coupled steel pipe by 2032.

Methane Studies

CenterPoint Energy, along with other American Gas Association (AGA)

member companies, participated in and co-funded two methane studies in recent years. The studies were conducted in conjunction with the Environmental Defense Fund and the Department of Energy (DOE), as well as with support from various universities, including Washington State University, Colorado State University and Colorado School of Mines.

Beginning in 2017, CenterPoint Energy and other AGA member companies will co-fund the Gas Technology Institute's portion of a new methane study in addition to a grant from the DOE, which is intended to address research needs identified by the EPA.

Greenhouse Gas (GHG) Reporting Summary - Gas Operations

Facility (e-GGRT ID#)	GHG Reporting Program, 40 CFR 98	Reporting Year (units of measurement)					
		2010* (mton CO ₂ e)	2011 (mton CO ₂ e)	2012 (mton CO ₂ e)	2013 (mton CO ₂ e)	2014 (mton CO ₂ e)	2015 (mton CO ₂ e)
Arkansas Arkla (526483)	Subpart W - Total GHG Emissions	NA	114,576	113,552	103,079	99,103	94,937
	Subpart NN - Net GHG Quantity **	3,481,765	3,340,604	2,967,548	3,539,120	3,698,511	3,307,043
Louisiana Arkla (526485)	Subpart W - Total GHG Emissions	NA	46,127	44,170	41,653	37,041	35,231
	Subpart NN - Net GHG Quantity **	736,061	719,593	631,670	685,134	750,237	698,905
Louisiana Entex (526496)	Subpart W - Total GHG Emissions	NA	19,066	19,195	18,617	19,836	18,630
	Subpart NN - Net GHG Quantity **	452,168	465,043	442,278	536,641	541,215	478,431
Minnesota Gas (526480)	Subpart W - Total GHG Emissions	NA	101,987	93,324	89,118	84,322	81,369
	Subpart NN - Net GHG Quantity **	8,589,548	8,631,562	8,475,008	9,990,389	9,688,666	9,364,434
Mississippi Entex (526498)	Subpart W - Total GHG Emissions	NA	18,104	18,479	18,514	20,322	19,453
	Subpart NN - Net GHG Quantity **	1,657,137	1,615,520	1,116,257	1,348,832	1,364,992	1,369,137
Oklahoma Arkla (526488)	Subpart W - Total GHG Emissions	NA	18,399	18,921	18,768	18,702	18,986
	Subpart NN - Net GHG Quantity **	701,587	690,304	594,318	748,184	754,164	665,460
Texas Arkla (526491)	Subpart W - Total GHG Emissions	NA	5,927	6,580	5,684	4,404	3,699
	Subpart NN - Net GHG Quantity **	83,034	73,531	61,558	81,006	82,390	73,877
Texas Entex (526494)	Subpart W - Total GHG Emissions	NA	147,448	166,842	166,132	168,757	168,277
	Subpart NN - Net GHG Quantity **	7,624,642	7,263,231	6,521,218	7,674,004	8,195,776	7,739,344
Total Subpart W - Total GHG Emissions		*NA	471,634	481,064	461,564	452,488	440,581
Total Subpart NN - Net GHG Quantity		23,325,942	22,799,388	20,809,855	24,603,310	25,075,951	23,696,631

*Subpart W reporting was not required in RY2010.

**The values reported for Subpart NN are quantities of natural gas handled by the Local Distribution Company (LDC), not emissions.

Sulfur Hexafluoride (SF₆) Emissions from Electrical Equipment

Since 1999, CenterPoint Energy Houston Electric has been actively involved in SF₆ emission reduction efforts through our participation in the U.S. Environmental Protection Agency's SF₆ Emissions Reduction Partnership for Electric Power Systems. Our 2016 SF₆ emission rate is 1.9 percent, which is the same as the industry average. We have achieved this through effective operational controls, including the careful management, handling and recordkeeping of SF₆ and SF₆-containing equipment. This has allowed us to identify and address areas of potential SF₆ loss in order to further reduce emission risks.

Houston Electric's Environmental Oil Spill Program

The Houston Electric Environmental Oil Spill Program has been in place for more than 35 years. The program's first objective is to comply with all federal, state and local environmental regulations. The Houston Electric environmental department has dedicated emergency response cleanup contractors that respond to all oil spills from our equipment.

In the 1970s, concerns were raised regarding polychlorinated biphenyls (PCBs) in electrical equipment. Since then, we have worked vigorously to remove any impacted equipment from our service area. Houston Electric continues phasing out equipment that may be classified as contaminated or containing PCBs. The equipment is converted to non-PCB status through replacement, retrofitting or retirement.

The Environmental Oil Spill Program is a companywide team effort. We respond to more than 1,500 distribution and substation spills each year, and our emergency response cleanup contractors act quickly to remediate any spill area. We work with each customer to re-landscape

yards affected by spills and take pride in restoring areas to their original form or better. Houston Electric's dedication to customer satisfaction makes this program a success.

Our Policy

CenterPoint Energy is committed to ensuring safe, efficient and reliable energy delivery and providing highly valued customer services, while conducting its operations in an environmentally responsible manner.

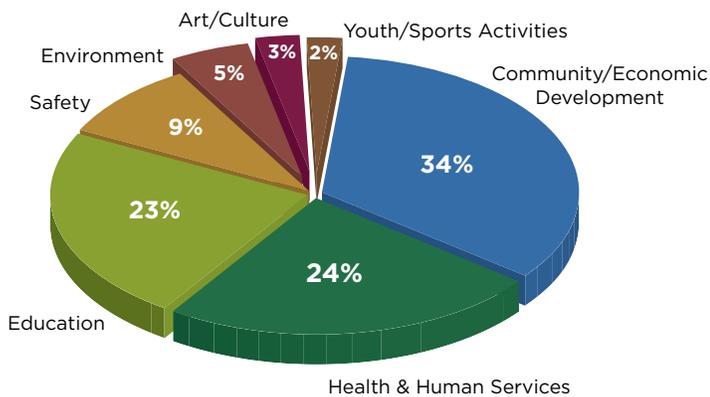
To achieve this objective, CenterPoint Energy adheres to the following policy:

- CenterPoint Energy management, with the support and guidance of the Environmental Services Department and environmental officer, is responsible for ensuring environmental laws and regulations applicable to operations in their respective areas are communicated, understood and complied with by all employees.
- CenterPoint Energy will be recognized as a valued and strategic partner in environmental matters and will promote effective, well-founded environmental laws and regulations.
- CenterPoint Energy will plan, design, build, and operate its facilities in compliance with environmental laws and regulations.
- Implementing this Environmental Policy as an integral part of CenterPoint Energy's corporate culture, the company will better serve its employees, customers, communities and shareholders.

Responsibility to Our Communities

CenterPoint Energy – as a company and as individuals – strives to make a positive difference in the communities we touch. Lending a helping hand is a strong part of our company culture. To this end, we are proud to serve as an active community partner and a responsible corporate citizen.

2016 Corporate Contributions



Our charitable giving and employee volunteerism strategy is guided by our core values and desire to be a valuable part of the communities we serve. Currently, our focus areas include community and economic development, education, health and human services, environment and safety.

Economic Development

CenterPoint Energy’s vision for economic development is to be a force for growth and economic prosperity in the communities we serve by creating and retaining jobs that facilitate growth, provide a stable community tax base, and thus grow employment within our service area.

CenterPoint Energy’s economic development team works to support and leverage local communities’ efforts to promote economic growth. We also strive to influence the decisions of current and prospective customers to expand and relocate their businesses in CenterPoint Energy’s service area, thus increasing regional economic prosperity.

In 2016, *Site Selection Magazine* recognized CenterPoint Energy as one of the nation’s “Top Ten Utilities” for its work in the economic development arena.

Regional Economic Impact

In 2016, our team – in collaboration with regional partners – engaged in economic development projects that resulted in more than \$1 billion in annual economic impacts and produced more than \$2 billion in new capital investments for the region. Over the past 10 years, we have been involved in projects that have yielded nearly 30,000 direct jobs, as well as tens of thousands of indirect regional jobs. Our staff has also partnered with economic development organizations (EDOs) on recent issues impacting future economic development, including: workforce

development and training initiatives, local and state incentive programs, infrastructure improvements and strategic regional economic development planning.

Community Leadership

Economic development staff serves in more than 50 leadership roles within local EDOs. President and CEO Scott Prochazka is the current chair of the Greater Houston Partnership’s Regional Economic Development Advisory Committee.

CenterPoint Energy has taken a leadership role in national and international EDOs, including the International Economic Development Council and the Utility Economic Development Association. Our department was recently reaccredited through the International Economic Development Council as an Accredited Economic Development Organization (AEDO). CenterPoint Energy is one of only two utility companies in the nation to receive the AEDO certification.

Targeted Initiatives

In addition to leadership and industry expertise, CenterPoint Energy produces valuable research intelligence such as demographic data, market trends and data analysis, prospect evaluations and available real estate information for our allies. Our staff also supports the organization by prospecting for leads at trade shows and conferences; cultivating industry alliances; and leading or assisting with initiatives such as strategic planning, community assessment studies and workforce training projects.

CenterPoint Energy is actively engaged in local and state marketing initiatives to help support growth in our region, including Opportunity Houston, Texas One and Team Texas. These programs have specific domestic and international outreach strategies to connect with company executives, site selection consultants and real estate professionals to promote growth opportunities in our service area.



Education and Public Safety

We believe that we have a responsibility to invest in the communities that we serve. Through our outreach efforts, we support educational, civic, social, economic development and environmental initiatives that enhance the quality of life for our customers and the community as a whole. In the spirit of diversity, we work with groups from many different backgrounds, tailoring our relationships and our assistance to meet their needs whenever possible.



Education is the foundation of advancing our communities and reinforcing safe work practices. Our partnerships with local schools and nonprofit organizations allow us to share valuable safety information and professional experience to transfer knowledge to future generations. Through initiatives that include literacy programs, safety presentations and Junior Achievement, our employees devote their time and effort to organizations in their communities, providing vital reinforcement for the education system. Our focus on public safety involves activities that educate adults and youth in our communities. For a broader reach, we share our messages in both English and Spanish.

Speakers' Bureau

CenterPoint Energy offers free presentations to Houston area community groups, professional associations and businesses on relevant topics, including safety, energy conservation and electric reliability. In 2016, we held nearly 100 presentations, reaching 4,500 individuals.

These totals include our public safety team's regular presentations to our communities' first responders, police and firefighters, and large contractor groups to demonstrate the power of electricity and emphasize the importance of safety. These presentations included 30 arcing and power line demonstrations as part of our outreach initiatives. In these instances, we partner with local fire departments and businesses to demonstrate the power of electricity and emphasize the importance of safety.

Safety Outreach

We supplement our outreach to individual contractors through advertising and creative promotional takeaways, including paint stir sticks with safety reminders. Youth – from kindergarten to 12th grade – enjoy our Louie the Lightning Bug® character ads on local television stations and supporting promotional materials. Louie also visits almost 20 schools each year, often accompanied by his sidekick Orbit, the mascot for the Houston Astros baseball team. In the summer of 2016, Louie made visits to the Children's Museum of Houston, our nonprofit partner, during their free admission family fun nights.

Through our teacher resource library, 42,700 printed safety materials were distributed among students in select territories. Through this work and our community partnerships, more than 67,000 students received electric and natural gas safety messaging. Our education websites, including Electric Universe and Safe and Smart, had nearly 15,000 unique visitors.

Safe and Smart

In 2016, CenterPoint Energy launched Safe and Smart with Buddy Blue Flame™, a natural gas safety educational website that includes interactive games and safety tips for families and teachers. The initiative is part of CenterPoint Energy's ongoing efforts to encourage people of all ages, including students of all grade levels (K-12), parents and teachers, to focus on safety.

The website also features other visually interesting content including activities and educational videos designed to increase awareness of natural gas concepts and how to be safe around natural gas. The activities are divided into age categories, catering to the needs of students based on their school grade. Separate sections are available for parents and teachers.

"While CenterPoint Energy continues to invest in improving the safety and reliability of our natural gas system, we are also investing in innovative ways to share important safety information," said Diane M. Englet, senior director of Corporate Community Relations. "This educational website for kids, parents and teachers allows users to learn where natural gas comes from, how it is used and how to be safe and smart around it. It is also viewable on most mobile devices."



Community Partnership Grants

CenterPoint Energy's Community Partnership Grant program offers an opportunity for the company to partner with cities to support our shared commitment to safety. Our matching grant program helps cities leverage local funds to purchase needed safety equipment, training or support safety projects that are important to the community. The grants awarded in 2016 totaled \$145,525.

Over the past 14 years, CenterPoint Energy has contributed over \$1.5 million toward safety initiatives in our communities. These grants help us stay connected with our emergency officials and aid them in keeping our neighbors and communities safe.



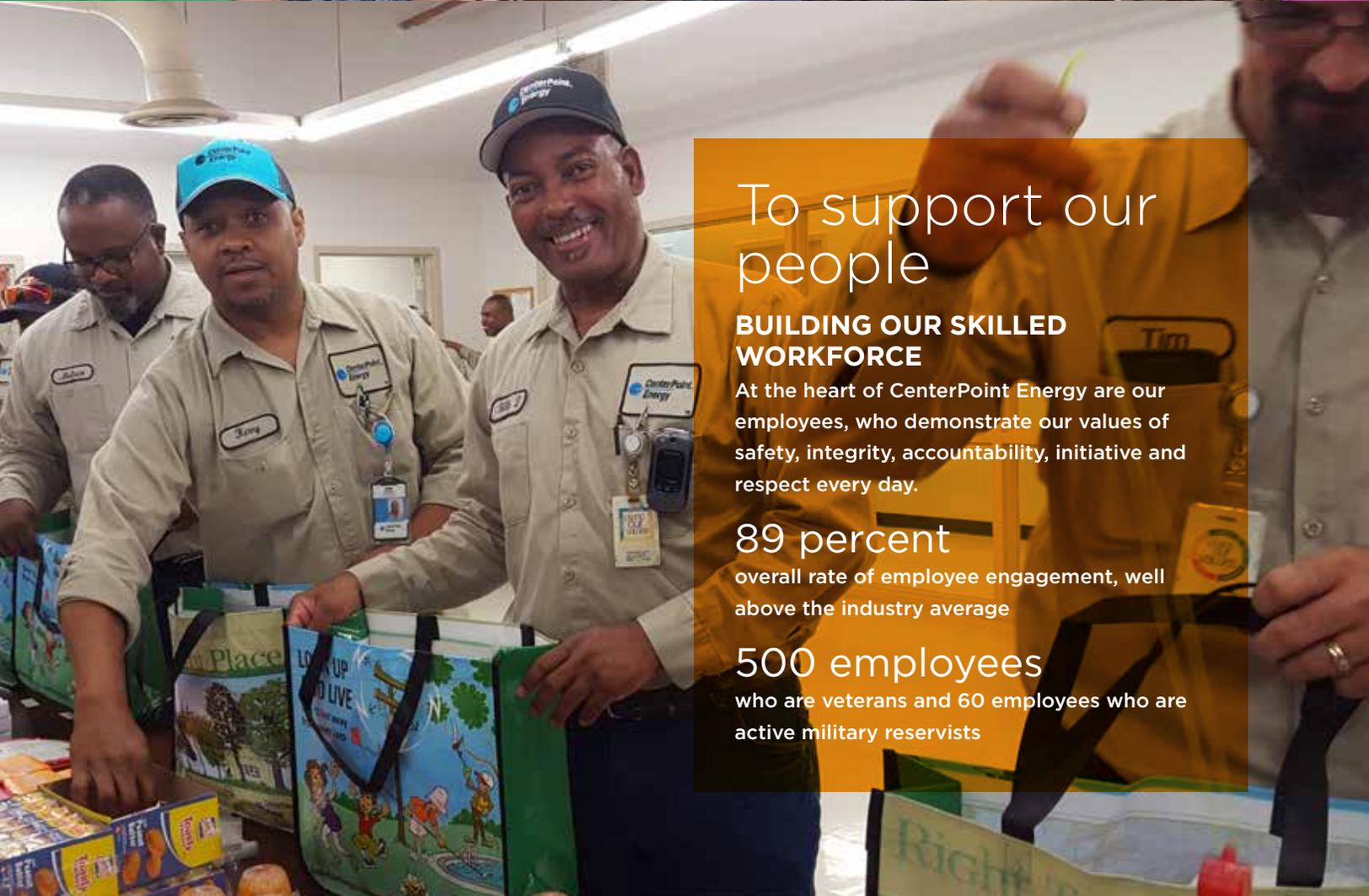
To build vibrant communities

INVESTING IN OUR FUTURE

We provide volunteer and financial support for local nonprofits and support energy efficiency, economic development, and education initiatives.

237,500 hours
volunteer hours in 2016

2,000+ grants
donated to qualified nonprofit organizations



To support our people

BUILDING OUR SKILLED WORKFORCE

At the heart of CenterPoint Energy are our employees, who demonstrate our values of safety, integrity, accountability, initiative and respect every day.

89 percent
overall rate of employee engagement, well above the industry average

500 employees
who are veterans and 60 employees who are active military reservists

Junior Achievement

CenterPoint Energy has been a longtime supporter of many Junior Achievement programs that provide students with information about business, economics and career readiness. During the 2015-16 school year, our volunteers covered a record of 902 classes and reached 25,739 students in our service territories.

As part of Junior Achievement's Your Career, Your Future program, volunteers visit 8th grade classrooms in underserved schools and present to students on career pathways and workforce readiness. Nearly 5,000 Houston area students were reached during the 2015-16 school year.



Energy Insight Center Tours

CenterPoint Energy's Energy Insight Center (EIC) is an education and technological demonstration facility where we showcase how electricity is bought, used and delivered, and its value to consumers. Since the facility opened in 2006, more than 710 tours have been hosted at the EIC. Frequent visitors include industry executives, government officials, community groups and student groups. The facility leverages industry awareness and science, technology, engineering and mathematics (STEM) education further enhancing student learning opportunities about CenterPoint Energy, our industry and technological advancements.

During the 2016 National Engineers Week, female students from Carnegie Vanguard High School in Houston spent the day at the EIC with female engineers and participated in hands-on activities learning about electricity, project management and teamwork. The event was designed to foster a diverse and well-educated future engineering workforce by increasing understanding of and interest in engineering and technology careers.

Back-to-School Supplies

CenterPoint Energy partnered with several community organizations throughout the Houston area to provide cash contributions to nine nonprofits for school supply distribution geared to underserved students of various ethnicities. In 2016, we invested approximately \$21,850 in school supplies that assisted 3,700 families and their children in preparation for the upcoming school year. The company's back-to-school activities for economically disadvantaged students included sponsorship of the City of Houston Mayor's Back 2 School Fest, which hosted almost 20,000 students and their families. Held in August 2016 at the University of Houston's main campus, the event provided students with health screenings, school supplies, haircuts and clothing.

UNCF

CenterPoint Energy has been a longtime supporter of UNCF, Inc. (United Negro College Fund). Since 1985, the company and its employees have contributed more than \$486,000 toward various fundraising activities, including walks, luncheons and galas. These events provide educational support and scholarships to students attending historically black colleges and universities. The organization also serves as the nation's leading advocate for the importance of minority education and community engagement.

Supporting Literacy

Recognizing that literacy is fundamental to education and career readiness, CenterPoint Energy is proud to support learning initiatives through several nonprofit partnerships and activities.

Read Across America

On March 2, which is Read Across America Day, employees across the company's footprint - including those dressed as Louie the Lightning Bug and Buddy Blue Flame - volunteered their time in nearly 40 schools and early education centers. The annual event, a project of the National Education Association, is observed on the birthday of beloved author and cartoonist Dr. Seuss. CenterPoint Energy also donated books and nearly \$7,000 to the schools to help improve their libraries.



Tina Lakey, Gas Operations district director in Mississippi, and Van Brun, area manager, got into the "Cat in the Hat" spirit as they read to 350 students at Pisgah Elementary School in Brandon, Miss. In Minneapolis, CenterPoint Energy employees read at schools and programs of six United Way agency partners that support early literacy. In Houston, 11 volunteers visited five early childhood centers and read to more than 230 students. Each center received a \$500 grant to support their library.

Reading Together

United Way of Greater Houston's Reading Together program has been held for four years in selected Houston area schools. The reading and mentoring program joins a community volunteer with a second grade student to engage the student in reading activities. Students spend one hour a week working with their adult reading buddies and getting the extra support and encouragement they need to catch up with their peers.

TutorMate

In Houston, CenterPoint Energy is leading local corporate partners in support of the Houston Independent School District's literacy initiative for early elementary students. Through the automated TutorMate

program, volunteers virtually mentor first-grade students as they practice their reading skills, allowing work to be accomplished over the phone and via an internet site. Employees have embraced this program, with more than 80 volunteers registered with four schools for the 2016-17 school year.

Community Involvement and Volunteerism

Employee volunteerism is an important part of CenterPoint Energy's role in communities throughout its service territory. Volunteerism is a strategic corporate focus that provides a way for our employees to form lasting relationships with each other and community stakeholders. We believe that effective volunteer programs are integrated into the business, allowing companies to leverage employee skills to multiply their positive impact for the benefit of the community.

In 2016, CenterPoint Energy's employees volunteered more than 237,500 hours, valued at \$5.6 million⁵. We donated a total of \$4 million in corporate charitable contributions. We also have 300 employees serving on approximately 500 nonprofit boards and advisory councils.



Every year, the company recognizes 10 Outstanding Volunteers of the Year for activities completed in the prior year. Each winner is awarded a \$500 GIVE (Grant Incentives for Volunteer Employees) grant that is donated on their behalf to an approved nonprofit of their choice. Employees are selected on the basis of their volunteer efforts in both company and community events.

Blood Drives

CenterPoint Energy's blood drive program addresses a critical need in the community – the need for life-saving blood. In 2016, our employees donated 4,787 units of blood, which is enough to impact 14,361 lives. In partnership with the Gulf Coast Regional Blood Center, which serves the world's largest medical campus, our employees in Houston have collected 67,725 units of blood since 2002, enough to save more than 203,000 lives. Several drives went beyond being held at our facilities and engaged community partners to support collection efforts.

Salvation Army Angel Tree Program

CenterPoint Energy recently celebrated 20 years of supporting the Houston-area Salvation Army Angel Tree program. Continuing our tradition of serving as the largest corporate participant, our employees set a record in 2016 by adopting more than 800 "angels" – children and seniors – and fulfilling their holiday wish lists. With an estimated wish

list value of \$100, employee groups pooled donations and purchased items totaling over \$80,000. More than 80 employees worked to deliver gifts to the Salvation Army warehouse, as well as checking and sorting gifts for distribution to recipients. Employees in Minneapolis brightened the holidays for 175 children and seniors through their Angel Tree program, bringing the company's record total to nearly 1,000.

Right Tree Right Place

CenterPoint Energy understands that responsible planting of trees is a way to care for our environment and beautify our community. When trees grow into power lines, they can cause power outages and create safety hazards for residents. To maintain safety and electric service reliability, we trim about one million trees per year. Our Right Tree Right Place education efforts help the public understand that we trim trees to protect reliability of service.

CenterPoint Energy has partnered with Arbor Day Foundation and Trees for Houston for four consecutive years to provide energy-saving trees to qualifying Houston-area residents. The program is designed to help customers reduce energy consumption and save money on their electric bill. Studies show that the right trees planted in the right place – not under power lines – can reduce electricity use up to 30 percent by providing summer shade and slowing cold winter winds.

As part of the program, CenterPoint Energy distributed 2,500 trees by offering two trees per customer through pickups in Houston's Hermann Park. We also reminded everyone to call 811, the national Call Before You Dig number, prior to embarking on any digging project. One free call to 811 before digging can prevent injuries, property damage, service disruption and possible costly fines for damaged infrastructure. Planting a tree in an energy-saving location not only saves consumers money, but also provides community benefits, such as storm water runoff reduction, improved air quality and neighborhood beautification. Therefore, education is a large component of our program.



The Arbor Day Foundation has also recognized CenterPoint Energy for planting trees and utilizing best practices in utility arboriculture to ensure our service commitments.

CenterPoint Energy has a long standing relationship with Trees for Houston, a nonprofit organization that is dedicated to planting, protecting and maintaining tens of thousands of trees throughout the greater Houston area. In addition to providing Trees for Houston with office space, CenterPoint Energy is in its fifth year of a collaborative



effort to establish and maintain a Right Tree nursery on company property as a source of tree species for various entities and events. The tree nursery's objective is to further enhance key customer relationships, provide successful growing tree stock and build employee engagement. The tree farm houses more than 3,000 trees for community projects. Throughout 2016, CenterPoint Energy's employees supported and engaged in 21 tree related projects and fundraisers as part of our Right Tree Right Place program with Trees for Houston.

We also sponsor Trees for Houston's Trees for Schools program, which provides and plants much-needed trees on Houston-area school campuses. The program fosters a sense of pride and cooperation for both the students and their surrounding communities

Other Environmental Activities

Tree Trust

CenterPoint Energy has been partnering with Tree Trust in Minnesota, sponsoring the Learning with Trees program that brings the classroom outdoors. Since 2004, CenterPoint Energy has sponsored a tree planting at a school served by the company. More than 950 volunteer hours have been donated to plant more than 280 trees with elementary-level students.

Houston Earth Day Partnership

In 2016, CenterPoint Energy was proud to serve as the presenting sponsor for the Houston Zoo's Party for the Planet. This annual Earth Day celebration focuses on learning how protecting our environment saves wildlife. In addition to sponsoring the event, the company distributed more than 5,000 tree seedlings to attendees, along with tree planting guides and information about our Right Tree Right Place program. With more

than 15,000 people attending the event, CenterPoint Energy looks forward to supporting this program again in 2017.

Katy City Park Arboretum, Katy, Texas

CenterPoint Energy also partnered with the City of Katy to open its first arboretum. It will serve to educate the public on the significance of trees and nature, as well as the importance of tree placement. More than 50 tree species, including Texas Red Oaks and Saucer Magnolias, have been planted in the two-acre park. Signs describing the species, its seeds and pictures showing mature trees will accompany the trees. A ribbon-cutting ceremony to celebrate the multiyear initiative will be held in April 2017. The project was also recognized with the 2016 Mayor's Proud Partners Award.

The idea for the arboretum was based on CenterPoint Energy's Right Tree Right Place initiative, which aims to educate consumers about power line-friendly tree planting practices and, ultimately, to help minimize the number of outages caused by tree interference with power lines.

Employee Giving

United Way

One of CenterPoint Energy's signature programs is our United Way commitment, which touches communities across our service territory. The company has been a United Way supporter for more than 30 years. The organization empowers people to get on stable financial ground with proven methods, such as job training, financial wellness classes and more.

We reached record participation in our 2016 United Way campaign, with 75 percent of our employees contributing a total of more than \$2.3

million. In Houston, employees, retirees and the company contributed more than \$1.9 million to the United Way of Greater Houston.

To kick off the 2016 campaign, Gas Operations employees in Houston assembled more than 150 emergency kits for local relief agencies to distribute to displaced residents in the event of major storms or flooding. In Minneapolis, our employees assembled 3,500 healthy snack packs and donated them to local schools and shelters.

GIVE Program

CenterPoint Energy's GIVE program is the company's way of recognizing, supporting and encouraging the valuable contributions of our employees' and retirees' volunteer efforts during their personal time. It aligns the company's charitable support with passions of our employees. The program awards \$200-\$500 grants to nonprofit organizations based on employee and retiree volunteer involvement. In 2016, 196 GIVE grants were awarded totaling \$75,100.



Easy Match

Easy Match is CenterPoint Energy's higher education matching gift program that supports employee donations to accredited colleges, universities, community colleges and technical schools located in the United States. In 2016, we awarded a total of \$54,904 in matching contributions.

Community Development

Power Tools for Nonprofits Conference

The 23rd annual Power Tools conference, held with our community partner the University of Houston, provided an educational forum for nonprofit professionals, volunteers and board members, offering ideas on how to leverage resources, strengthen organizational effectiveness and improve quality of life for all. In 2016, 24 sessions were offered to strengthen the skills of attendees. To date, the conference has served more than 10,000 nonprofit professionals and volunteers in improving their effectiveness through education, resources, networking and collaboration. Power Tools is one of the most affordable professional development opportunities for nonprofit professionals in the region.

East End Chamber of Commerce of Houston

CenterPoint Energy is highly engaged in the East End Chamber of Commerce of Houston, which supports a traditionally underserved community that is rapidly transforming into one of the city's growth corridors. In addition to maintaining active participation on the chamber's board of directors, the company is highly involved in the following three key initiatives:

- Education Symposium: We support local education and innovation in underserved communities through mentorships, college readiness preparation, technical school connections and internship opportunities.
- East End Street Fest: This family-friendly event was created by the chamber so residents can experience a communitywide festival that engages families in the livable areas of East End. Traditionally, the area was viewed as an industrial center, but transitioning to a residential community provides a significant opportunity.
- Economic Partnerships: We focus on the collaboration of small business development leveraged by their location to the Port of Houston. The chamber has developed an incubator program that has helped many small businesses flourish.

Get Alarmed Houston

For nine consecutive years, CenterPoint Energy has partnered with the Houston Fire Department on the Get Alarmed Houston program, which works to install smoke and carbon monoxide detectors for economically disadvantaged families in Harris County. Since 2007, CenterPoint Energy has invested \$165,000 in smoke detectors and \$17,000 in in-kind printing for the program. Through our financial support, the Houston Fire Department has been able to install 20,746 smoke detectors, 1,102 carbon monoxide detectors, and 655 smoke detectors for the hearing impaired.

Veterans Initiative

CenterPoint Energy has more than 500 employees who are veterans, as well as 60 employees who are active military reservists. On Veterans Day, the company held receptions for these employees to thank them for their service. *U.S. Veterans Magazine* named CenterPoint Energy one of its Top Veteran-Friendly Companies for our participation in military job fairs and our hiring practices, including our commitment to hiring those with disabilities.



In October 2016, CenterPoint Energy sponsored the Medal of Honor Convention in Minneapolis, which recognized those who received United States' highest military honor. The convention included a veteran recruiting fair that was hosted by several CenterPoint Energy employees.

The company also provided a float for the American Heroes Parade in downtown Houston. About 20 CenterPoint Energy veterans walked with the float - a bucket truck - and the company hosted a cheering station in front of CenterPoint Energy Tower.

Energy Assistance Program

CenterPoint Energy understands that paying utility bills during the heating season may pose a challenge. That's why we support local energy assistance programs for customers in the communities we serve. We also donated window insulator kits to agencies to distribute to low-income customers to help lower heating costs.

Supplier Diversity

CenterPoint Energy recognizes the economic importance of diverse suppliers, such as minority-owned, women-owned business enterprises (MWBEs) and all categories of small business concerns, to the community. We are committed to developing strong working relationships with diverse suppliers and using innovative approaches designed to continually improve business opportunities.

Our supplier diversity commitment is not philanthropic - the relationships we seek must meet the test of providing value to both CenterPoint Energy and to diverse suppliers. Our objectives include:

- Actively and routinely seek qualified diverse suppliers that can provide competitive and high-quality commodities and services.
- Encourage participation and support of supplier diversity by major suppliers to the company.
- Seek opportunities to assist in the development and competitiveness of diverse suppliers through instruction, mentoring, capacity building and outreach activities.

During 2016, CenterPoint Energy achieved more than \$800 million in spending with small businesses. Of this total, more than \$200 million was spent with MBWEs. Three MWBEs were among the company's top 25 suppliers, representing spend categories such as information technology, electrical equipment and wood poles.

We advanced our involvement with the Houston Minority Supplier Development Council (HMSDC) by participating in the 2016 HMSDC Expo, for which President and CEO Scott Prochazka was selected to serve as corporate chair. The two-day event provided tools, resources and networking opportunities for minority businesses and corporate procurement professionals.

We furthered our supplier diversity commitment by awarding two scholarships for MWBEs to pursue advanced executive management training to enhance business acumen and sustainability. In addition, our legal department launched an initiative to increase spending with diverse law firms and our gas supply operations continued its practice of hosting twice-yearly natural gas wholesale bid opportunities for diverse suppliers only.

Annual Supplier Diversity Month

March is designated Supplier Diversity Month at CenterPoint Energy when employees and vendors are invited to network and discuss business opportunities. The company's fifth Annual Supplier Diversity Month included a mini-trade fair featuring MWBEs, open house forums and collaboration opportunities. Presentation training for MWBEs was conducted by Dr. Thomas F. Freeman, Texas Southern University's renowned debate coach.

Annual Recognition Breakfast

CenterPoint Energy's 18th annual Supplier Diversity Recognition Breakfast was held in 2016. Three employees, one business unit and several vendors were recognized for achieving excellence in supplier diversity. President and CEO Scott Prochazka was the keynote speaker and presented all of the awards.



Responsibility to Our People

At the heart of CenterPoint Energy are our employees, who demonstrate our values of safety, integrity, accountability, initiative and respect every day. We are very proud of their dedication and achievements.

Employee Engagement

Obtaining honest feedback from employees helps our organization learn insights to drive financial improvements, increase productivity and retain the best people. At CenterPoint Energy, our goal is to reach deep into the organization and connect with every employee in a meaningful way.

Engage and Grow Employee Survey

In 2016, our employees were asked to complete a survey to assess their engagement. The results were characterized by a high degree of favorable ratings on most items. The scores reflected very high levels of pride, commitment and, ultimately, employee engagement. The participation rate of 68 percent also confirms our employees' commitment to helping us improve as a company.

Employee engagement is the extent to which employees are motivated to contribute to business success and are willing to apply extra effort to accomplish tasks that are important to the achievement of business goals. Numerous studies have demonstrated that an engaged workforce can have a significant effect on financial and operational results and also achieve higher customer satisfaction and lower turnover rates.

Survey Highlights

- Survey distributed to all employees
- 68 percent response rate
- 89 percent overall rate of employee engagement – well above the industry average

Across the board, the highest levels of engagement were: emphasis on safety, clarity of role and expectation, compliance and empowerment. Given the favorable scores, a key challenge faced as the organization moves forward is maintaining a focus on continuous improvement. Attaining high-performing benchmark standards on all items provides a long-term goal, while focusing on the issues listed below provides a more immediate action planning objective. Some of the areas that were identified as opportunities for improvement included: collaboration, rewards and recognition, performance orientation, and career progression and development.

Learning and Development

We recognize the importance of employee and career development. To help meet these needs, the Learning and Organizational Development (LOD) team provides opportunities for employees across the company to develop their skills and competencies.

CNP University is CenterPoint Energy's corporate university. The system is made up of six colleges that represent all formal learning and training operations designed to meet the needs of all employees. Available resources focus on professional development, including leadership, business excellence and personal effectiveness. These

resources include instructor-led training, web-based courses, on-demand express learning, live virtual events and library resources.

The LOD team is skilled at helping individuals and teams improve their overall performance and master the company's core competencies. LOD works with individuals and work teams to evaluate needs and provide solutions that bridge the gap between actual and desired performance. The team also implements a leadership development strategy that provides a specific curriculum and experiences to targeted, identified audiences, including emerging leaders, leaders new to supervision and high-potential leaders.

Houston Electric Operations Training and Apprentices Programs

Operating from the Hiram O. Clarke Service Center in Houston, Electric Operations provides three apprentice classes per year, ranging in size from 30 to 35 participants. In addition, up to three helper classes are offered for 35 to 40 new hires who aspire to become apprentices. Becoming a helper in Electric Operations is the first step toward completing a three-year lineman apprentice program. This highly skilled job requires a great deal of physical strength and dexterity, as well as the ability to work in adverse conditions at any time.

All apprentices must obtain a certification and commercial driver's license (CDL) within the initial period of employment. We partner with Houston Community College's East Technical Driving School to assist in obtaining CDLs. Each apprentice receives training on all aspects of lineman work, from poles to equipment and from conductors to transformers, covering overhead, residential and underground needs. Training is also offered on meter testing and installation.

Also provided are refresher courses for apprentices that want to brush up on their skills and ad hoc trainings as needed by the business. The center employs 16 technical trainers, two supervisors and an administrator.

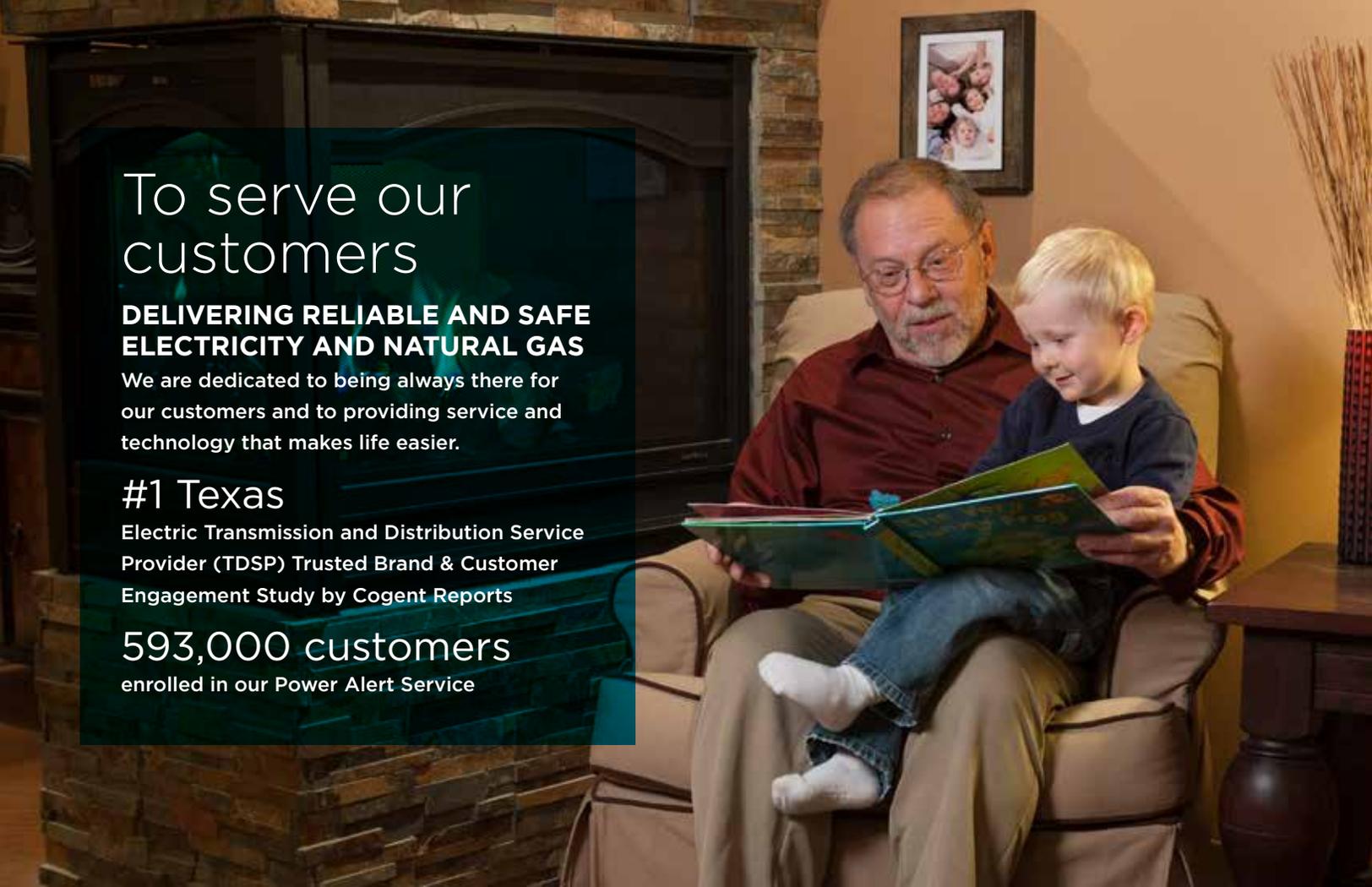
In 2016, the center trained 105 helpers and 90 apprentices completed their first year of technical training.

Houston Metro Apprentice Program – Gas Operations

The Houston Metro Apprentice Program operates at our Navigation Training Center in the Houston area. The center has three technical trainers, two training coordinators and one supervisor. At least two apprentice classes are typically offered each year, ranging in size from 10 to 18 employee apprentices, depending on operational needs.

All apprentices are enrolled in a two-year technical training program. In line with our Electric Operations program, they must obtain a welding certification and a CDL within their initial period of employment. Each apprentice receives training on leak investigation, plastic pipe fusion, natural gas fundamentals, carbon monoxide investigation and other safety related courses. A fall 2016 class constructed a new leak field enabling employees to conduct hands-on leak investigations, work on large meter sets and investigate house line leaks.

In 2016, the center trained 41 apprentices and training hours totaled 12,731.



To serve our customers

DELIVERING RELIABLE AND SAFE ELECTRICITY AND NATURAL GAS

We are dedicated to being always there for our customers and to providing service and technology that makes life easier.

#1 Texas

Electric Transmission and Distribution Service Provider (TDSP) Trusted Brand & Customer Engagement Study by Cogent Reports

593,000 customers

enrolled in our Power Alert Service



To achieve energy efficiency

PROMOTING ENVIRONMENTAL CONSERVATION

Savings captured through our programs help keep our environment cleaner by reducing energy consumption and educating customers on managing their energy use.

11,260 new houses

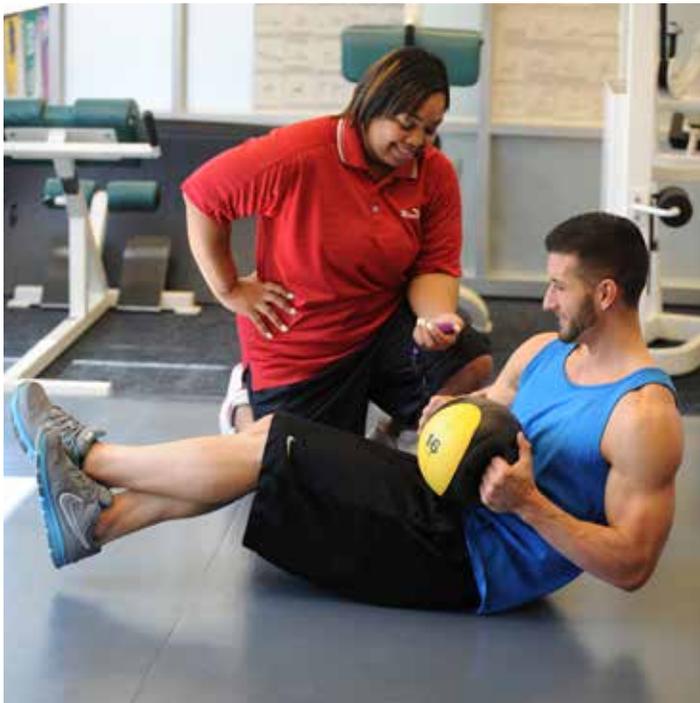
in CenterPoint Energy High Efficiency New Homes program

10,570 energy kits

donated to students through Energy Wise

Benefits, Health and Wellness

CenterPoint Energy understands that health and wellness initiatives contribute to the success and well-being of our employees. As a responsible employer, we offer a variety of benefits, resources and programs to our workforce.



- In addition to benefits, such as medical, dental, vision, life, disability and accident coverage, we offer retirement and savings plans, paid time off and career development.
- Our Employee Assistance Program provides free counseling, legal, financial and other services.
- Through Work-Life Options, CenterPoint Energy supports the use of tools, technologies and processes to help employees achieve optimal work-life balance.
- To promote an active lifestyle, a fitness facility is available in Houston's CenterPoint Energy Tower. Employees can utilize the GlobalFit health discount program, which provides a lowest-price guarantee on memberships to their network of fitness clubs nationwide.
- Our Education Assistance Program helps employees finish a degree or embark on a new one by providing reimbursement for tuition and required fees toward a degree from a state or federally accredited school.
- For dependents of CenterPoint Energy employees, we offer scholarship programs to help cover education costs.

Knowledge Sharing

Knowledge Transfer

The ultimate benefit of a knowledge transfer initiative is preventing critical knowledge loss by focusing on key areas. Our program works to capture expertise when employees retire or change jobs, thus preserving experience and transferring it to others. We utilize knowledge transfer to keep a record of the knowledge required in certain positions or job roles, lessen the impact of employee departure at the department or team level, and enhance career development.

Professional Networks

CenterPoint Energy's professional networks aim to foster a culture of collaboration, sharing and development. In 2016, a new governing committee called OurPoint was formed to oversee the company's four professional development and networking organizations. They include:

- EnPoint: Gas Engineering employees
- EPN (Engineering Profession Network): Houston Electric Engineering employees
- MyPoint: Finance and Technology Operations employees
- OnPoint: Employees in CenterPoint Energy Tower who work in CenterPoint Energy Services, Customer Services, Electric Operations, Gas Operations, Human Resources, Legal and Regulatory and Public Affairs

Workplace Diversity and Inclusion

We are committed to creating an open and inclusive work environment where business results are achieved through the skills, abilities and talents of our diverse workforce. At CenterPoint Energy, individuals are respected for their contributions toward our company's objectives.

We foster a culture in which mutual respect is the standard and where different backgrounds and viewpoints are considered competitive advantages. We work to create an environment where all employees have opportunities for personal and professional development. And, we recognize that diversity and inclusion are key components of our business competencies.



Labor Relations

Approximately 35 percent of CenterPoint Energy's employees are represented by labor unions. We work with our unions to achieve business results that benefit our employees, our customers and the communities we serve. We have negotiated labor agreements with each union that establish the working rules and other terms and conditions of employment.

2016 Awards and Recognition

Industry Awards

- Award of Excellence – Grid Reliability | International Smart Grid Action Network and the Global Smart Grid Federation
- Award of Excellence – Golden Valley Office Expansion | National Association of Industrial and Office Properties
- Best Corporate Counsel Award: Best General Counsel of a Large Legal Department – Dana O'Brien | Houston Business Journal
- Emergency Recovery Award | Edison Electric Institute
- EPRI Power Delivery and Utilization Technology Transfer Award – Maria DeArizon | Electric Power Research Institute (EPRI)
- Excellence in Resourcefulness Best Practice Award – Smart Grid | Frost & Sullivan
- Pricing & Demand Response Award – Residential Demand Response | Association of Energy Service Professionals Energy Awards
- Project of the Year – Grid Optimization | POWERGRID International
- SEE Industry Excellence Award – Cable Life Extension Program | Southeastern Electric Exchange (SEE)
- Silver Stevie Award – Natural Language IVR Automated Phone System | The Stevie® Awards for Sales & Customer Service
- Smart Grid Project of the Year | Global Smart Grid Federation
- #1 Texas Electric Transmission and Distribution Service Provider (TDSP) | Cogent Energy Reports – Texas TDSP Trusted Brand & Customer Engagement Study
- Top Utility Teams – Economic Development | *Site Selection Magazine*
- Women in Energy Award – Carol Helliker and Dana O'Brien | *Texas Lawyer Magazine*
- Highest Ranking Utility on the Institute's Utility Analytics Maturity Curve | Utility Analytics Institute

Community Awards

- Adaptive Reuse of an Existing Building | Minneapolis International Facility Management Association
- Ally for Literacy Award | Houston Center for Literacy
- Award for Outstanding Contribution by a Corporate Legal Department to Pro Bono | The Houston Bar Foundation
- Bruce A. Palmer Distinguished Volunteer Service Award – Bonnie Creason | YouthCare
- Excellence in Employee Engagement | American Red Cross Arkansas
- Jack Yates Award – Antioch Baptist Church (Houston) | Agencies in Action
- Live United Award | United Way of Southeast Louisiana
- 2016 March of Dimes Legacy Award | Central Arkansas March of Dimes
- Mayor's Proud Partner Award – Keep Katy Beautiful | Keep Houston Beautiful
- Minnesota Community Partner and Top 20 Sponsor | Memorial Blood Centers
- 2015 Project of the Year (awarded in 2016) – Energy Saving Trees | Houston Area Urban Forestry Council
- 2016 UNCF Champion Award – Janette Hammond | UNCF Houston Chapter
- Volunteer Service Award – Bronze | Junior Achievement USA

Diversity Awards

- Buyer of the Year – Carol Banner; Cutting Edge Awards | Women's Business Enterprise Alliance
- Champions of Supplier Diversity – Cindi Salas and Jewel Smith | Minority Business News USA
- Innovation Award | Houston Minority Supplier Development Council
- Most Powerful & Influential Women Award – Dana O'Brien | National Diversity Council
- Rigel Award for Exemplary Leadership in Minority Business Development | Houston Minority Supplier Development Council
- Top 100 Corporations of the Year | *Women's Enterprise USA Magazine*
- Winning Company | 2020 Women on Boards
- Women's Impact Award | Wheeler Avenue Inner City Visions Foundation

Environmental Awards

- Climate Leadership Award | U.S. Environmental Protection Agency, in collaboration with the Center for Climate and Energy Solutions and The Climate Registry
- Energy Saving Trees Program Award | Houston Area Urban Forestry Council
- ENERGY STAR Partners of the Year | U.S. Environmental Protection Agency
- Ranked #345 of the largest publicly traded companies in the United States; Green Score of 20.70 percent | *Newsweek Green Rankings*, created in partnership with Corporate Knights and HIP Investor
- Silver Certification – 505 Nicollet Mall Building, Minneapolis | Leadership in Energy and Environmental Design (LEED)
- Tree Line USA | Arbor Day Foundation

Safety Awards

- Leaders Make a Difference – Tal Centers | Southern Gas Association
- Meritorious Award – Rick Koite | Southern Gas Association

International Lineman's Rodeo | 2016 Safety Category

- 3rd Place: Journeyman Team, Investor-owned Utilities – Brandon Rustin, Patrick Huff and Clint King
- 3rd Place: Written Exam – Shawn Wassgren
- 4th Place: Slack Block Eye Splice Competition – Shawn Wassgren
- 4th Place: Transformer Change Out – Clint King, Patrick Huff and Brandon Rustin
- 5th Place: Investor Owned Utilities – Shawn Wassgren
- 5th Place: Slack Block Eye Splice Competition – Justin Sommerfeld

Texas Lineman's Rodeo | 2016 Safety Category

- 1st Place: Investor-owned Utilities – Patrick Huff, Brandon Rustin and Clint King
- 1st Place: Overall Apprentice and Apprentice Written Test – Shawn Wassgren
- 2nd Place: Investor-owned Utilities – Mykel Sparacino, Chad Albert and Chris Sandoval
- 3rd Place: Investor-owned Utilities – Marcus Schexnayder, Matt Sanders and Brad Wagner

End Notes

¹ Defined as For/(For + Against), expressed as a percentage. Abstentions and broker non-votes are not included in the calculation.

² Management proposal seeking ratification of the amendment to the company's bylaws to designate an exclusive forum for certain legal actions.

³ Value calculated using <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>.

⁴ Value calculated using <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>.

⁵ Values for 2016 were calculated based on a rate of \$23.56 per hour, published by independentsector.org.

Cautionary Statement

This report contains statements concerning our expectations, beliefs, plans, objectives, goals, strategies, future operations, events, financial position, earnings, growth, 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. You should not place undue reliance on forward-looking statements. 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 currently available to our management at the time the statements are made. We caution you that assumptions, beliefs, expectations, intentions, and projections about future events may and often do vary materially from actual results. Therefore, we cannot assure you that actual results will not differ materially from those expressed or implied by our forward-looking statements.

Factors that could affect actual results include (1) state and federal legislative and regulatory actions or developments affecting various aspects of CenterPoint Energy's businesses (including the businesses of Enable Midstream Partners (Enable Midstream)), including, among others, energy deregulation or re-regulation, pipeline integrity and safety, health care reform, financial reform, tax legislation, and actions regarding the rates charged by CenterPoint Energy's regulated businesses; (2) state and federal legislative and regulatory actions or developments relating to the environment, including those related to global climate change; (3) recording of non-cash goodwill, long-lived asset or other than temporary impairment charges by or related to Enable Midstream; (4) timely and appropriate rate actions that allow recovery of costs and a reasonable return on investment; (5) the timing and outcome of any audits, disputes or other proceedings related to taxes; (6) problems with construction, implementation of necessary technology or other issues with respect to major capital projects that result in delays or in cost overruns that cannot be recouped in rates; (7) industrial, commercial and residential growth in CenterPoint Energy's service territories and changes in market demand, including the effects of energy efficiency measures and demographic patterns; (8) the timing and extent of changes in commodity prices, particularly natural gas and natural gas liquids, and the effects of geographic and seasonal commodity price differentials, and the impact of commodity changes on producer related activities; (9) weather variations and other natural phenomena, including the impact on operations and capital from severe weather events; (10) any direct or indirect effects on CenterPoint Energy's facilities, operations and financial condition resulting from terrorism, cyber-attacks, data security breaches or other attempts to disrupt its businesses or the businesses of third parties, or other catastrophic events; (11) the impact of unplanned facility outages; (12) timely and appropriate regulatory actions allowing securitization or other recovery of costs associated with any future hurricanes or natural disasters; (13) changes in interest rates or rates of inflation; (14) commercial bank and financial market conditions, CenterPoint Energy's access to capital,

Feedback

We are committed to making ongoing improvements to our reporting, and we welcome your input and comments. Please email your thoughts to us at info1@centerpointenergy.com and visit our social media channels:

 Facebook: facebook.com/CenterPointEnergy

 Twitter: [@energyinsights](https://twitter.com/energyinsights)

 Twitter [@cnpalerts](https://twitter.com/cnpalerts)

 YouTube: youtube.com/user/centerpointenergyvid

 LinkedIn: linkedin.com/company/centerpoint-energy

the cost of such capital, and the results of its financing and refinancing efforts, including availability of funds in the debt capital markets; (15) actions by credit rating agencies; (16) effectiveness of CenterPoint Energy's risk management activities; (17) inability of various counterparties to meet their obligations; (18) non-payment for services due to financial distress of CenterPoint Energy's and Enable Midstream's customers; (19) the ability of GenOn Energy, Inc. (formerly known as RRI Energy, Inc.), a wholly owned subsidiary of NRG Energy, Inc., and its subsidiaries to satisfy their obligations to CenterPoint Energy and its subsidiaries; (20) the ability of retail electric providers, and particularly the largest customers of the TDU, to satisfy their obligations to CenterPoint Energy and its subsidiaries; (21) the outcome of litigation; (22) CenterPoint Energy's ability to control costs, invest planned capital, or execute growth projects; (23) the investment performance of pension and postretirement benefit plans; (24) potential business strategies, including restructurings, joint ventures, and acquisitions or dispositions of assets or businesses, for which no assurance can be given that they will be completed or will provide the anticipated benefits to CenterPoint Energy; (25) acquisition and merger activities and successful integration of such activities, involving CenterPoint Energy or its competitors; (26) the ability to recruit, effectively transition and retain management and key employees and maintain good labor relations; (27) future economic conditions in regional and national markets and their effects on sales, prices and costs; (28) the performance of Enable Midstream, the amount of cash distributions CenterPoint Energy receives from Enable Midstream, and the value of its interest in Enable Midstream, and factors that may have a material impact on such performance, cash distributions and value, including certain of the factors specified above and: (A) the integration of the operations of the businesses contributed to Enable Midstream; (B) the achievement of anticipated operational and commercial synergies and expected growth opportunities, and the successful implementation of Enable Midstream's business plan; (C) competitive conditions in the midstream industry, and actions taken by Enable Midstream's customers and competitors, including the extent and timing of the entry of additional competition in the markets served by Enable Midstream; (D) the timing and extent of changes in the supply of natural gas and associated commodity prices, particularly natural gas and natural gas liquids, the competitive effects of the available pipeline capacity in the regions served by Enable Midstream, and the effects of geographic and seasonal commodity price differentials, including the effects of these circumstances on re-contracting available capacity on Enable Midstream's interstate pipelines; (E) the demand for crude oil, natural gas, NGLs and transportation and storage services; (F) changes in tax status; (G) access to growth capital; and (H) the availability and prices of raw materials for current and future construction projects; (29) effective tax rate; (30) the effect of changes in and application of accounting standards and pronouncements; (31) other factors discussed in CenterPoint Energy's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, and other reports CenterPoint Energy 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 22, 2017. 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.



Photo courtesy of Richard T. Bye



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