



Clearway Energy Group LLC and Clearway Energy, Inc. (collectively “Clearway”)

**The Clearway LEADS Policy:
Policy for Purchasing from Local, Environmentally Aware, Diverse, and Small Businesses**

Promoting the inclusion of local, environmentally aware, diverse, and small businesses in our purchasing decisions.

This policy is subject to change.

Revision	Date	Revisions	Authors	Effective Date
0	12/31/2021	Policy draft created.	LEADS Procurement Committee ⁽¹⁾	N/A
1	2/15/2022	Final document issued for approval.	LEADS Procurement Committee	N/A
2		Final document approved by: CEOs Procurement Heads Business Operations ESG Governance	Approvers: Craig Cornelius Chris Sotos Logan Granger John Martinez Alicia Stevenson Ray Kelly Ray Long	March 1, 2022

(1) LEADS Procurement Committee Members: Alicia Stevenson, Dan Hendrick, Daniel Dedrick, Elizabeth Laine, Hayley Tabuena, Kassie Barrett, Mary Uchida, Melissa Steinaway, Ross Heiman, Ryan Nielsen

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1. PURPOSE & SCOPE

A. Clearway's LEADS Policy accomplishes the following:

- i) Establishes the LEADS Committee
- ii) Defines Clearway's overall diversity and sustainability objectives and principles
- iii) Informs internal and external stakeholders of Clearway's goals and commitments
- iv) Outlines a framework to establish and memorialize LEADS goals annually
- v) Sets guidelines to track, monitor, and report progress made toward goals
- vi) Allows for revisions and amendments through an annual review process

B. Policy Scope:

- i) All Clearway employees tasked with procurement sourcing for renewables operational sites, development projects, or corporate functions are required to consider the LEADS Policy when selecting vendors for goods and/or services.
- ii) All Clearway suppliers are required to report on diversity, locality, and environmental efforts as part of their annual vendor qualification and to remain on Clearway's Approved Vendor List.

2. DEFINITIONS

- A. **Local and Independently Owned Supplier:** At least one branch of business within 150 miles of a Clearway site or corporate office where work is to be performed or product is to be delivered. The business shall not be inextricably associated with other non-local, non-independent businesses through common ownership, affiliation, or sharing of employees, facilities, equipment, profits, and losses.
- B. **Environmentally Aware Supplier:** Supplier maintains internal targets related to environmental impacts such as GHG emissions, resource depletion, generation of waste and/or pollution, water use reduction, or other programs to minimize the environmental impacts associated with their business activities.
- C. **Diverse Supplier:** At least 51% owned and operated by a member of at least one of the following underrepresented/underserved groups: Minority Business Owned (MBE), Women Business Owned (WBE), Disabled Veteran Owned (DVBE), LGBTQ+ Owned (LGBT), Veteran Owned (VBE), Disabled Owned (DBE).
- D. **Small Business Supplier:** Up to 250 employees or up to \$38 million in annual revenue.

3. RESPONSIBILITIES

A. LEADS Procurement Committee:

- i) Committee to include representatives from Procurement, Vendor Management, Legal, Operations & Maintenance, Environmental, and other cross-functional teams, as necessary.
- ii) Committee will meet no less than quarterly to review progress made toward goals.
- iii) Committee will review this policy annually to set goals and targets in Appendix A attached hereto and propose revisions as needed based on best practices and industry trends.
- iv) Committee will prepare an annual summary to be published in Clearway's annual ESG report.

B. Vendor Management:

- i) Vendor Management will request that suppliers provide LEADS policy statements, environmental disclosures, and information regarding initiatives to promote supplier diversity.
- ii) Existing suppliers that are categorized as non-diverse must regularly report their performance with respect to their own LEADS initiatives in Clearway's vendor portal.
- iii) Third Party Certifications: To remove barriers for applicable and qualified suppliers, Clearway will not require third-party certification to prove qualification as: local, environmentally aware, diverse, or small business suppliers. Suppliers are encouraged to provide any third-party certification(s) if available.
- iv) Vendor Management will lead the tracking, monitoring, and reporting on goals.

C. Procurement:

- i) The Procurement team will work with Vendor Management to source from suppliers that qualify as local, environmentally aware, diverse, and small businesses, or that contract with subcontractors that qualify as such.

D. Primary Contacts:

- i) Questions about this policy can be directed to Alicia Stevenson, VP Business Operations and Strategy, who shall serve as an external representative for the LEADS Committee.

4. POLICY

A. Objective: Clearway recognizes the value diversity brings to our employees, customers, and the communities where we work and live. The objective of our LEADS Policy is to promote the inclusion of local, environmentally aware, diverse, and small businesses in our purchasing process, and to continuously strive to increase our spend with qualifying suppliers by setting annual goals and targets, committing to rigorous tracking, monitoring, and reporting toward those goals, and updating our policy annually based on best practices and industry trends.

B. Principles:

- i) The LEADS Policy will support Clearway's existing policies and programs, including: Clearway's diversity strategy and objectives, ESG Policy, Supply Chain Policy, Supplier Code of Conduct, Vendor Payment Terms and Exception Process, Traceability and Provenance Documentation, Equipment End of Life Policy, and Vendor Qualification, Selection, and Contracting Guidelines.
- ii) All employees involved in the selection, evaluation, or approval of suppliers and contractors share responsibility for administering this policy.
- iii) Clearway is committed to increasing commercial opportunities for local, environmentally aware, diverse, and small business suppliers. Clearway's commitment is not philanthropic, nor does it contradict the application of existing purchasing goals, policies, and procedures. The award of opportunities to local, environmentally aware, diverse, and small business suppliers will be based on their relative competitiveness, the value of their offerings, and their demonstrated performance.
- iv) Clearway is committed to supporting all customers and partners in achieving their sustainability goals. As a result, in addition to this policy, Clearway may agree to goals and targets that go above and beyond Clearway's goals, set forth in Appendix A, on a project-by-project basis.

C. Goal Definitions:

- i) Supplier goals and targets are memorialized in the attached Appendix A.
- ii) LEADS Supplier Goal: Goals will be defined and recorded each year as part of the review of this policy. The aim of this policy is for Clearway to incrementally increase goals as they are achieved each year.
- iii) Corporate Goal: Percentage of total dollar amount spent per calendar year on corporate functions and office expenses (excluding payroll). Categories include, but are not limited to: IT, professional services (contractor services, legal, etc.), facilities, and general services that support the corporate office functions at Clearway.
- iv) Operational Projects Goal: Percentage of total dollar amount spent per calendar year on operations and maintenance (O&M) expenditures. Includes all projects under contract with Clearway's O&M team. Categories include, but are not limited to: contracts and services, materials and supplies, maintenance, and environmental costs.
- v) Development Projects Goal: Percentage of total dollar amount of engineering, procurement, and construction (EPC) contracts associated with the development and construction of each Clearway project within the goal or target year. This includes Tier II subcontractors or suppliers to the prime contractor hired by Clearway as the EPC contractor.
- vi) Qualitative Goals: Clearway may choose to include qualitative goals to provide direction and inform internal and external stakeholders of Clearway's commitments. Categories may include:
 - (1) Environmentally Proactive Suppliers Goal
 - (2) Local Suppliers Goal
 - (3) Workforce Development Goal

D. Tracking, Monitoring & Reporting:

- i) Tracking: Clearway's supplier portal will be used to track progress made toward goals. Procurement may supplement this with additional information provided by local, environmentally aware, diverse, and small business suppliers.
- ii) Monitoring: Quarterly reports will be prepared to monitor progress made toward goals.
- iii) Reporting: A summary of achievements will be included in Clearway's annual ESG report.
 - (1) Corporate goal achievement will be reported annually.
 - (2) Operating project goal achievement will be reported annually.
 - (3) Development project goal achievement will be reported on a per-project basis at time of project completion.
 - (4) Progress made toward qualitative goals will be reported anecdotally in Clearway's annual ESG report.

E. Policy Enforcement:

- i) This policy is applicable to all of Clearway's corporate, operational, and project-specific procurement needs inclusive of partners, equipment suppliers, and service providers.

F. Revisions & Amendments:

- i) Annual Review of Policy: Clearway will review this policy at the end of each calendar year and adjust as needed based on best practices and industry trends. Clearway will include the following actions in each review cycle:
 - (1) Review of the committed goals and ability to achieve those goals in the preceding year
 - (2) Review of qualitative goals for suppliers
 - (3) Consideration of changes to tracking and reporting processes
- ii) Incentives and repercussive measures will be determined in a future draft.

APPENDIX A

Version 2.0: As of January 1, 2022

Clearway’s 2022 LEADS Policy Goals

1. Clearway Will Spend a Minimum Percentage with Diverse and Small Business Suppliers

Goals will be defined and recorded each year as part of the review of this policy. The aim of this policy is for Clearway to incrementally increase goals as they are achieved. Our initial policy year will focus on data collection from suppliers to help Clearway determine suitable future annual goals. Targets for future years are included in the table below to serve as longer-term, aspirational goals to consider in future years; these targets will be refined based on the data collected in active policy years.

	Corporate Goal ⁽²⁾	Operating Projects Goal ⁽³⁾	Development Projects Goal ⁽⁴⁾
2022 Committed Goals ⁽¹⁾	5% per year	5% per year	5% per project
<i>Targets for 2023-2025</i>	<i>5+% per year</i>	<i>5+% per year</i>	<i>5+% per project</i>

1) 2022 goals include the percent of diverse suppliers and percent of small business suppliers combined.

2) Corporate Goal: Percentage of total dollar amount spent per calendar year on corporate functions and office expenses (excluding payroll). Categories include, but are not limited to: IT, professional services (contractor services, legal, etc.), facilities, and general services that support the corporate office functions at Clearway.

3) Operating Projects Goal: Percentage of total dollar amount spent per calendar year on renewables O&M expenditures. Includes all projects under contract with Clearway’s O&M team. Categories include, but are not limited to: contract and services, materials and supplies, maintenance, and environmental costs.

4) Development Projects Goal: Percentage of total dollar amount of EPC contracts associated with the development and construction of each Clearway project within the goal or target year. Includes Tier II subcontractors or suppliers to the prime contractor hired by Clearway as the EPC.

2. Clearway Will Contract with Environmentally Proactive Suppliers

- A. Clearway aims to contract with suppliers that have established and maintain internal targets to minimize the environmental impact associated with their business activities through the application of principles related to achieving a circular economy and zero waste.
- B. Suppliers must demonstrate adherence to a minimum of two of the following environmental targets:
 - i) GHG emissions (example: reporting on specific GHG emissions reduction/mitigation plans for activities related to services performed for Clearway).
 - ii) Resource depletion (example: providing specific reduction/mitigation plans to minimize the depletion of natural resources for activities related to services performed for Clearway).
 - iii) Waste and pollution (example: providing specific reduction/mitigation plans to reduce waste and pollution in manufacturing or from activities related to services performed for Clearway).
 - iv) Water use reduction (example: providing specific reduction/mitigation plans to minimize water use in manufacturing or for services performed for Clearway).
- C. Environmentally proactive suppliers may be asked to provide specific environmental disclosures upon completion of services.

3. Clearway Will Contract with Local Suppliers to Increase Our Local Economic Impact in Communities

- A. Clearway will create permanent local jobs at all our operational project sites.
- B. Clearway will work with our partners and suppliers to perform outreach in communities to source from local suppliers and to hire local labor.
- C. Clearway is committed to improving collection and tracking of local supplier data for further target setting.

4. Clearway Will Support Workforce Development Initiatives at Development Project Sites

- A. Clearway supports workforce development and apprenticeships at all development and construction sites.