

# 2022

SUPPLIER DIVERSITY  
**ANNUAL REPORT**



PEOPLES GAS® | NORTH SHORE GAS®  
*We Keep Life Moving*



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# I. Executive message



I am pleased to submit the 2022 report for the Peoples Gas and North Shore Gas Supplier Diversity Initiative.

In 2022, spending through our Supplier Diversity Initiative once again represented about a quarter of our total procurement spend. It was the sixth consecutive year we spent more than \$100 million with diverse suppliers.

Our Supplier Diversity Initiative remains a key focus of our strategic plan. Each year during budgeting, we set a supplier diversity goal based on our overall procurement plan. Then, we monitor our progress toward that goal as we execute our plan throughout the year.

One of our top priorities is to use local companies wherever possible. We understand our role and responsibility as a significant driver of the regional economy. Utilizing local companies allows us to make an even bigger impact in the communities we serve. Two of those companies are profiled in this report: SDI Presence, an MBE headquartered in Chicago, and Erthe Energy Solutions, a WBE based in Naperville.

Some of the highlights of our Supplier Diversity Initiative in 2022 were:

- \$117.8 million spent with diverse suppliers, representing 24% of our total procurement spend
- \$78.9 million spent with diverse suppliers based in Illinois, representing 67% of our total diverse spend
- \$77.3 million spent with MBEs, representing 66% of our total diverse spend
- \$38.4 million spent with WBEs, representing 33% of our total diverse spend
- \$63.1 million spent with Tier I diverse suppliers, representing 54% of our total diverse spend
- \$25.4 million spent on professional services with diverse suppliers, representing 22% of our total diverse spend

## **The Peoples Gas Safety Modernization Program (SMP) remained a key driver of the Supplier Diversity Initiative in 2022:**

- Diverse spending represented \$58 million of the \$171 million spent on procurement for SMP in 2022.
- The 2022 SMP diverse spend accounted for 49.2% of the total diverse spend for Peoples Gas and North Shore Gas.
- Over the next 17 years of the SMP, Peoples Gas expects to spend about \$51 million annually with diverse businesses — a total of about \$872 million.

Providing and expanding opportunity has always been one of our core values. It runs through everything we do, from our community partnerships to training opportunities to supplier diversity. It's also something that's deeply personal to me as a lifelong Chicagoan. I look forward to continuing to work with the Illinois Commerce Commission and our other stakeholders to increase economic opportunity, employment and quality of life throughout the communities we serve.

Sincerely,

A handwritten signature in black ink, reading "Torrence L. Hinton". The signature is stylized and fluid.

Torrence L. Hinton  
President  
Peoples Gas and North Shore Gas

## II. Dashboard

The companies were able to achieve an overall spending of



**\$117,764,259**

with diverse businesses in

**2022**

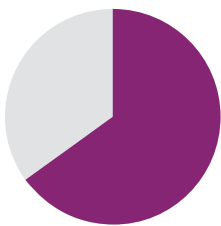
Procurement with diverse suppliers was

**24%**

of total procurement spend in 2022

Tier I diverse spending was

**\$63,053,609**



In 2022  
**67.0%**  
was spent with  
Illinois-based firms.

**389**  
suppliers

The number of diverse suppliers increased by 79 in 2022.

Spending in 2022:

Women  
Business  
Enterprises  
**\$38.4M**

Minority  
Business  
Enterprises  
**\$77.3M**

Veteran  
Business  
Enterprises  
**\$2.2M**

Professional  
Services  
**\$25.4M**



### III. Terms and definitions

The definitions of minority-, women- and veteran-owned business enterprises (“MWVBE”) and small business enterprise are derived from the U.S. Small Business Administration Code of Federal Regulations. Foreign-owned companies operating in or outside of the U.S. are not included.

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#### MINORITY-OWNED BUSINESS ENTERPRISE

“Minority-owned business enterprise” (“MBE”) means a business enterprise (1) that is at least 51% owned by a minority individual or group(s) or, if a publicly owned, for-profit business, has at least 51% of its stock owned by one or more minority groups; and (2) whose management and daily business operations are controlled by one or more of those individuals. The contracting utility shall presume that minority includes, but is not limited to, Black Americans, Hispanic Americans, Native Americans, Asian Pacific Americans and other groups, as defined herein. The business holds a certificate by a third party who determined on the basis of firm-provided information and the representations therein that the business is a bona fide MBE.

#### WOMEN-OWNED BUSINESS ENTERPRISE

“Women-owned business enterprise” (“WBE”) means a business enterprise (1) that is at least 51% owned by a woman or women or, if a publicly owned, for-profit business, has at least 51% of its stock owned by one or more women; and (2) whose management and daily business operations are controlled by one or more of those individuals. The business holds a certificate by a third party who determined on the basis of firm-provided information and the representations therein that the business is a bona fide WBE.

#### VETERAN-OWNED BUSINESS ENTERPRISE

“Veteran-owned business enterprise” (“VBE”) means a small business (1) that is at least 51 percent unconditionally owned by one or more veterans, or in the case of a publicly owned, for-profit business, has at least 51% of its stock unconditionally owned by one or more veterans; and (2) whose management and daily business operations are controlled by one or more veterans. The business holds a certificate by a third party who determined on the basis of firm-provided information and the representations therein that the business is a bona fide VBE.

#### SMALL BUSINESS ENTERPRISE

A small business enterprise, as defined by the Small Business Act, is independently owned and operated, not dominant in its field and within the size standards established by the Small Business Administration (SBA).

### III. Terms and definitions

#### TIER I SUPPLIER

A Tier I supplier is a contractor, supplier or professional services business that is considered a prime supplier, or one that has a direct contractual relationship with (a) Peoples Gas and/or North Shore Gas or (b) WEC Business Services LLC (WBS) and supports Peoples Gas or North Shore Gas. These companies are paid directly by Peoples Gas, North Shore Gas or WBS and are considered a direct contractor of Peoples Gas, North Shore Gas or WBS.

#### TIER II SUPPLIER

A Tier II supplier is a contractor, supplier or professional services business that has a direct contractual relationship with or otherwise performs certain services or provides materials to a prime supplier and therefore is not being directly compensated by Peoples Gas, North Shore Gas or WBS.



#### ILLINOIS-BASED SUPPLIER

An Illinois-based supplier, for purposes of this report, is defined as a supplier whose remittance address is in the state of Illinois, regardless of where its corporate or sales office is located.

#### PROFESSIONAL SERVICES

The services offered in the tertiary sector of the economy requiring special training to provide support to businesses and provide management advice are referred to as "professional services." Service providers included in the professional services field are typically required to hold a professional license or advanced degree. The following commodities are considered professional services under the companies' Supplier Diversity Initiative: consulting, engineering/tech services (environmental), finance/accounting/auditing (investment banking), human resources, information technology services, legal, marketing and advertising.

### III. Terms and definitions

#### THE PEOPLES GAS LIGHT & COKE COMPANY

The Peoples Gas Light & Coke Co. (Peoples Gas) is a regulated gas utility company serving the city of Chicago. Collectively, Peoples Gas and North Shore Gas may be referred to as the “companies.”

#### NORTH SHORE GAS COMPANY

North Shore Gas Co. (North Shore Gas) is a natural gas utility company serving 54 communities in the northern suburbs of Chicago. Collectively, North Shore Gas and Peoples Gas may be referred to as the “companies.”

#### WEC BUSINESS SERVICES LLC

WEC Business Services LLC (WBS) is a subsidiary of WEC Energy Group, Inc. (WEC). WBS provides support services such as human resources, finance, legal and governance, and supply chain to WEC’s subsidiaries. The spending amounts indicated herein include WBS diverse spending for Peoples Gas and North Shore Gas projects.

#### WEC ENERGY GROUP, INC.

WEC Energy Group, Inc. (WEC) is an energy holding company based in Milwaukee, Wisconsin. Its operating subsidiaries provide natural gas and electricity in regulated and nonregulated markets. WEC is the holding company of Peoples Gas, North Shore Gas and WBS.

## IV. Summary of minority-, women- and veteran-owned business enterprise goals and spending in the previous year

### 2022 Spend and vendor utilization

#### Company expenditures with all suppliers\*

Spend category	Total (in millions)				
Overall	\$494.2				
	Direct	Tier II	Total	Actual	Goal
MBE	\$44.3	\$33.0	\$77.3	15.63%	15.50%
WBE	\$17.5	\$20.9	\$38.4	7.76%	7.00%
VBE	\$1.3	\$0.9	\$2.2	0.44%	0.50%
Total M/W/VBE	\$63.1	\$54.7	\$117.8	23.83%	23.00%

#### Company expenditures with Illinois-based suppliers\*

Spend category	Total (in millions)				
Overall	\$250.2				
	Direct	Tier II	Total	Actual*	Goal
MBE	\$38.4	\$20.9	\$59.3	23.70%	15.50%
WBE	\$4.8	\$13.9	\$18.7	7.49%	7.00%
VBE	\$0.5	\$0.4	\$0.9	0.34%	0.50%
Total M/W/VBE	\$43.8	\$35.1	\$78.9	31.53%	23.00%

Note: Illinois actual percentage is expressed as a percentage of total spend with Illinois-based suppliers.

\*Above numbers are subject to rounding.

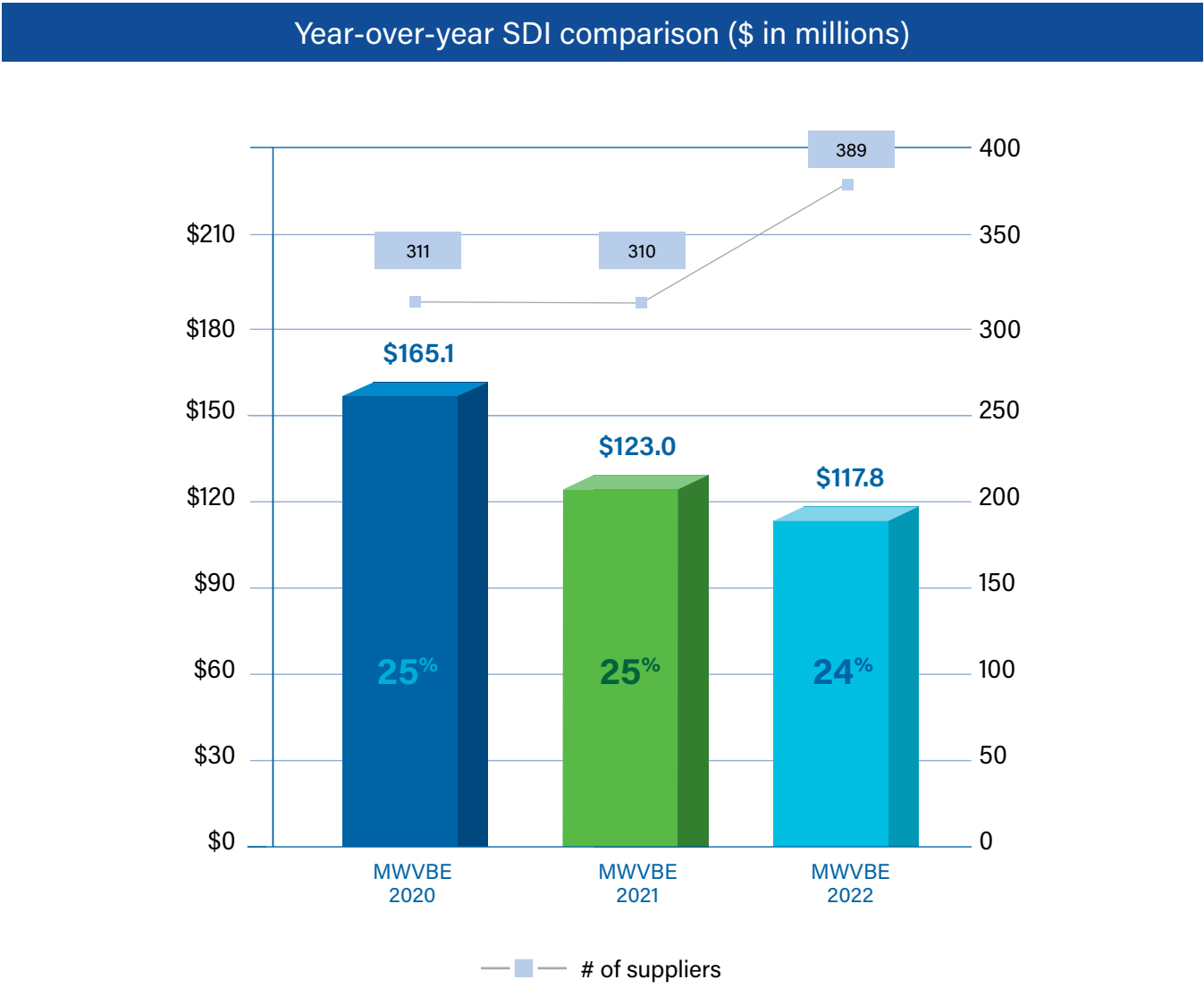


IV. Summary of minority-, women- and veteran-owned business enterprise goals and spending in the previous calendar year

Peoples Gas and North Shore Gas set the goal of achieving \$100.0 million in diverse spending for 2022, and the companies were able to achieve an overall spend of nearly \$118.0 million with diverse businesses at 24% of the total procurement spend.

Of the nearly \$118 million spent with diverse suppliers in 2022, \$78.9 million, or 67%, was spent with Illinois-based firms.

The table below depicts the 2020–2022 historical spend with diverse suppliers. A total of 389 diverse suppliers were utilized in 2022, an increase of 79 suppliers over 2021.

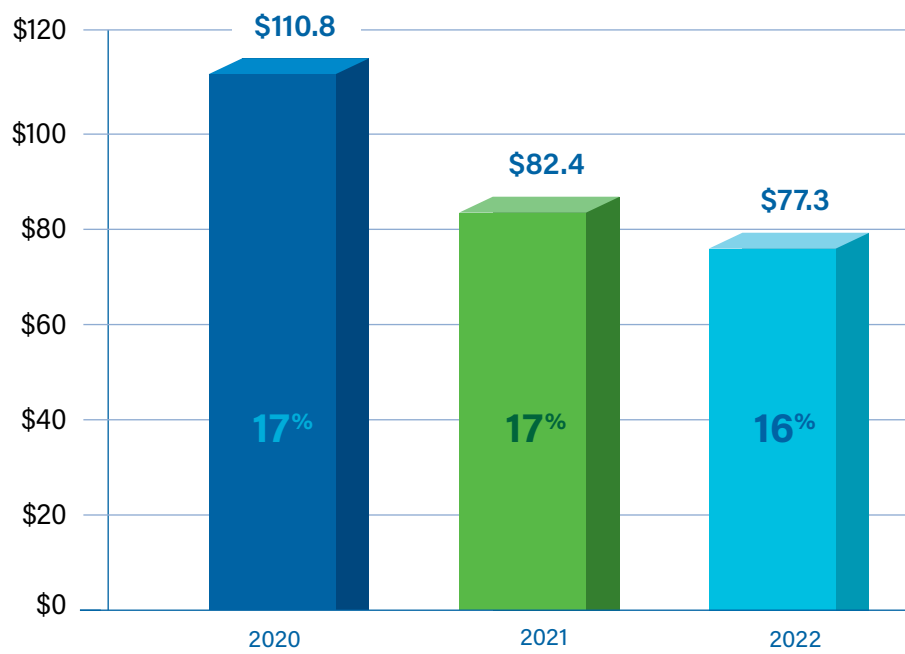


#### IV. Summary of minority-, women- and veteran-owned business enterprise goals and spending in the previous calendar year

##### MINORITY-OWNED BUSINESS ENTERPRISE (MBE)

In 2022, diverse spending in the minority-owned business enterprise (MBE) category totaled \$77.3 million, or 15.6% of the total procurement spend.

MBE year-over-year (\$ in millions)

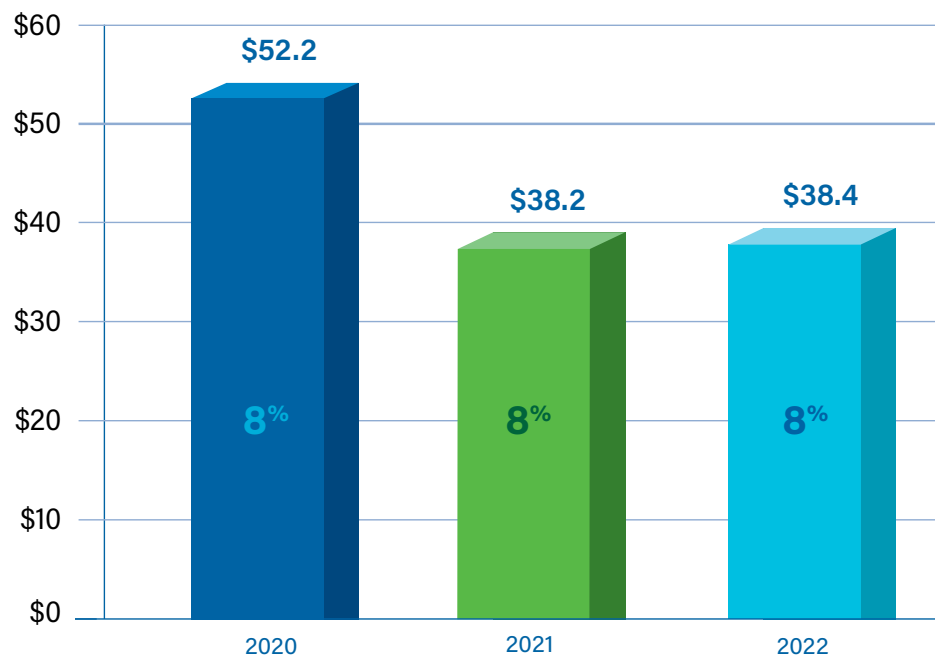


#### IV. Summary of minority-, women- and veteran-owned business enterprise goals and spending in the previous calendar year

##### WOMEN-OWNED BUSINESS ENTERPRISE (WBE)

In 2022, spending in the WBE category totaled \$38.4 million, or 8% of total procurement spend. Previously, the companies unbundled or reduced the size of contracts to enable more women-owned firms to compete based on their capacity and resources.

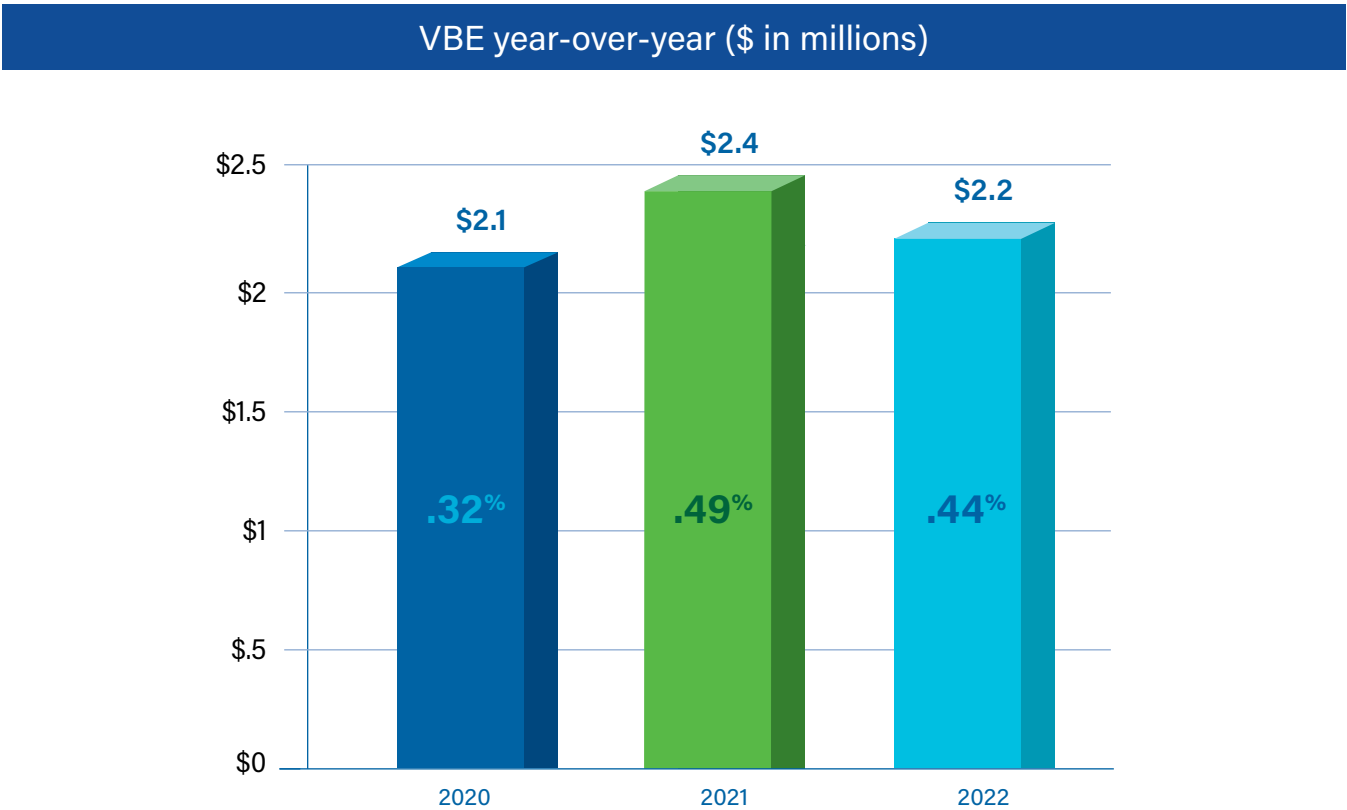
WBE year-over-year (\$ in millions)



IV. Summary of minority-, women- and veteran-owned business enterprise goals and spending in the previous calendar year

VETERAN-OWNED BUSINESS ENTERPRISE (VBE)

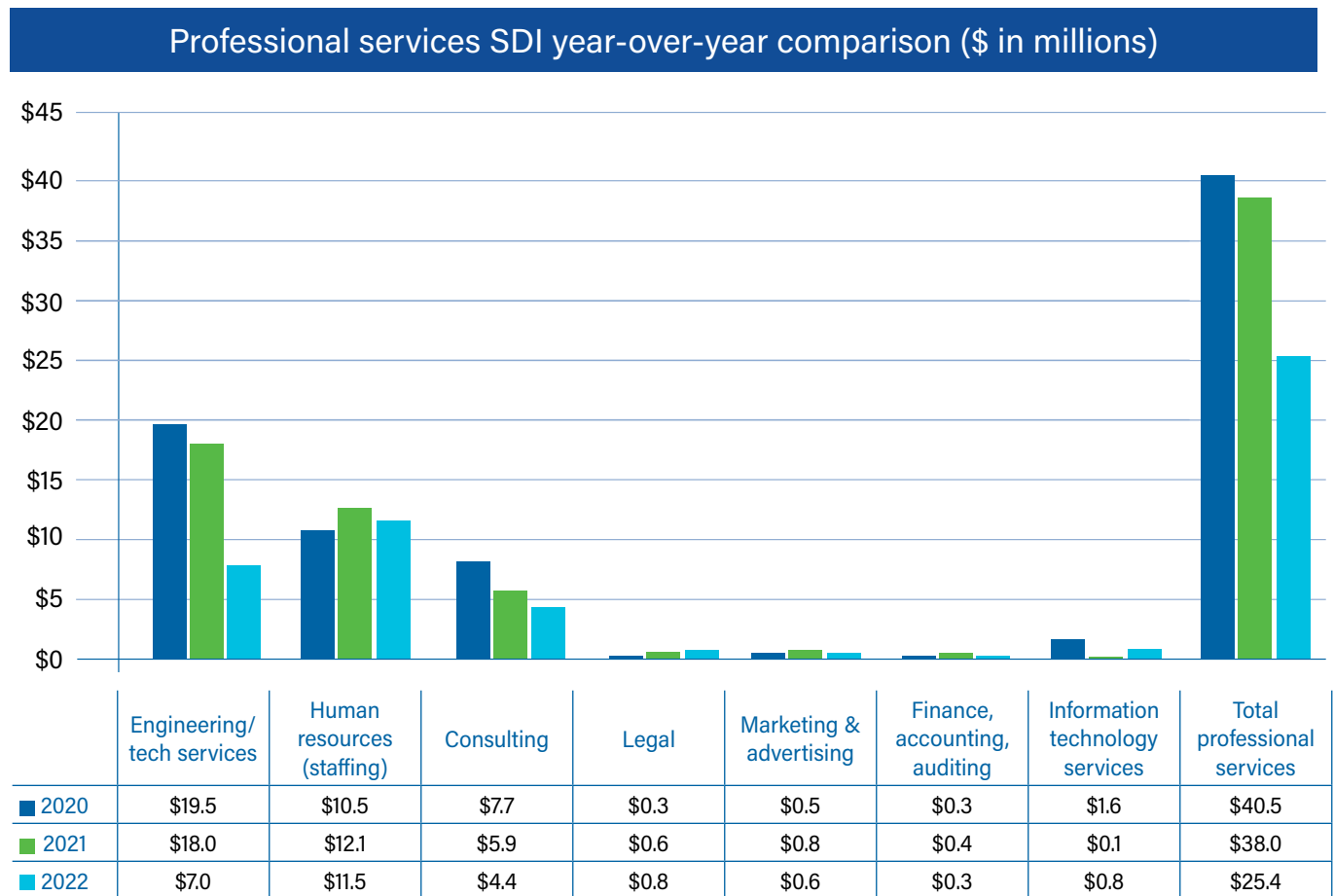
In 2022, we accomplished spending of \$2.2 million with veteran-owned businesses.



## IV. Summary of minority-, women- and veteran-owned business enterprise goals and spending in the previous calendar year

### PROFESSIONAL SERVICES SPENDING

Professional services spending totaled \$25.4 million in 2022. Human resources, engineering/tech services and consulting services represented the top three categories, accounting for more than 90% of the combined category total.





## IV. Summary of minority-, women- and veteran-owned business enterprise goals and spending in the previous calendar year

### TIER II RESULTS

In 2022, the companies continued to execute on strategies to achieve the collective 20% goal that has been set for prime supplier spending with diverse companies. These efforts resulted in Tier II spending of \$54.7 million. This result was accomplished through relationship management with our prime supplier partners and ongoing improvements in metrics and reporting. Due to a major company change in ownership from non diverse to diverse, Tier II spend was lower than Tier I spend in 2022.

### SAFETY MODERNIZATION PROGRAM

For more than 170 years, Chicagoans have depended on Peoples Gas to deliver natural gas safely, reliably and affordably to their homes and businesses. The Safety Modernization Program (SMP) is critical to improving the long-term safety and reliability of Peoples Gas' infrastructure. In 2022, Peoples Gas spent over \$170.0 million, approximately 34%, with diverse suppliers, completing work on the Safety Modernization Program and transmission projects. Diverse spend associated with system modernization continued to serve as the foundation of our supplier diversity program in 2022, accounting for over 49% of our total diverse spend.

### PEOPLES GAS AND NORTH SHORE GAS ENERGY EFFICIENCY PROGRAMS

The Peoples Gas and North Shore Gas Energy Efficiency Programs provide residential and business customers with free and discounted products, energy assessments and incentives to encourage the adoption of energy efficiency improvements in homes and buildings. Customers can reduce their energy use, save money on energy costs and make their environments more comfortable by taking advantage of energy efficiency incentives. The companies' energy efficiency programs have expanded their Tier I contracting in 2022 by adding a diverse supplier as their program administrator. Further, the companies added Tier II impacts by engaging diverse suppliers for their marketing and outreach activities. Efforts are continuous to look into Tier II opportunities with diverse suppliers acting as trade ally partners performing in-house field services and energy audits.



## IV. Summary of minority-, women- and veteran-owned business enterprise goals and spending in the previous calendar year

### NEW SUPPLIERS

Due in part to a new and improved methodology for tracking new suppliers, we experienced a significant increase in supplier growth in 2022. These suppliers represent a wide variety of categories, such as construction, marketing and advertising, consulting services, environmental services and legal services.

#### External initiatives

The companies participated in the following successful outreach events during 2022:

- **January 11:** WBDC Midwest Corporate Partners Roundtable Event
- **June 21:** Rainbow Push Annual Conference
- **June 23:** Federation of Women's Contractors Annual Conference
- **June 29:** WBDC Business Smart Week
- **July 11:** IUBDC Advisory & Strategic Planning Session
- **July 27:** WBDC Huddle Series Supplier Access
- **August:** ICC One on One Meetings (multiple)
- **August 15:** Chicago MSDC Scholarship Classic
- **August 16-17:** IL Black Chamber of Commerce
- **Sept. 7-8:** WBDC Midwest Business Conference
- **September 13:** ICC Policy Session
- **September 18:** HACIA Developers Cruise
- **September 19:** Nicor Gas Networking Event
- **October 15:** Peoples Gas/Chicago United Five Forward Event
- **October 20-21:** IHCC Business Expo
- **October 31-Nov. 2:** NMSDC Annual Conference
- **November 16:** Chicago United Bridge Awards
- **December 1:** HACIA Annual Appreciation Event
- **December 6:** IUBDC BOD Reception

### INTERNAL INITIATIVES AND COMMUNITY ACTIVITIES

#### Veterans Training

In 2012, Peoples Gas partnered with Gas Workers Local 18007, the Utility Workers Union of America's Power for America Training Trust Fund and City Colleges of Chicago to create the Utility Workers Military Assistance Program (UMAP) to train veterans to prepare for careers in the natural gas industry. The seven-month program includes classroom instruction and in-field training. Graduates receive 52 college credits for an associate degree, as well as a Gas Utility Worker Advanced Certification at Dawson Technical Institute, a satellite site of Kennedy-King College. UMAP has helped boost diversity in the Peoples Gas workforce, and about 500 veterans who graduated from the program have gone on to jobs as utility workers at the company.

## IV. Summary of minority-, women- and veteran-owned business enterprise goals and spending in the previous calendar year

### INTERNAL INITIATIVES AND COMMUNITY ACTIVITIES (cont.)

#### **Career Development**

##### **Peoples Energy Training Center**

The state-of-the-art facility provides annual training to more than 1,600 utility workers and fire officials across the region. The 100,000-square-foot training center, located at 4228 W. 35th Place in Chicago, features indoor and outdoor training areas, including a fully functioning natural gas delivery system with 20 structures for training in system maintenance, natural gas leak investigation, excavation and directional drilling. The campus also includes an area for fire prevention training with the Chicago Fire Department and an area for commercial driver's license training.

#### **Educating Chicago's Youth**

##### **Energizing Student Potential (ESP) Program**

A partnership between area utilities and the National Energy Education Development (NEED) project, the Energizing Student Potential (ESP) Program works to develop the future scientists and engineers of Illinois. ESP brings together standards-based classes for use in the classroom or afterschool programs for students in grades five through eight. The program provides tools for students and teachers to learn about and teach their communities about energy.

##### **After School Matters ENpowered Program**

Since 2017, Peoples Gas has supported programming for Chicago teenagers at After School Matters. For the past four summers, Peoples Gas has sponsored a program that engages 75 teens in Science, Technology, Engineering and Mathematics. The program exposes teens to various disciplines of engineering through project-based, hands-on learning. In addition to their projects, students learn about natural gas and energy careers in fun ways.

The curriculum includes an hour per week during which Peoples Gas employees teach the students about natural gas safety and maintaining the company's delivery system. The students also learn about careers in the natural gas industry and visit the Peoples Energy Training Center in Little Village.

##### **Cubs RBI Scholars Program**

Peoples Gas supports Cubs Charities' RBI Scholars Program for student athletes. Approximately 140 students across several Chicago high schools and the Cubs RBI league participate in RBI Scholars every year. The program helps student athletes develop the skills needed to succeed in school, maintain game eligibility and maximize potential for earning college scholarships.

## V. Policies and methodology

### COMPANY SUPPLIER DIVERSITY POLICIES

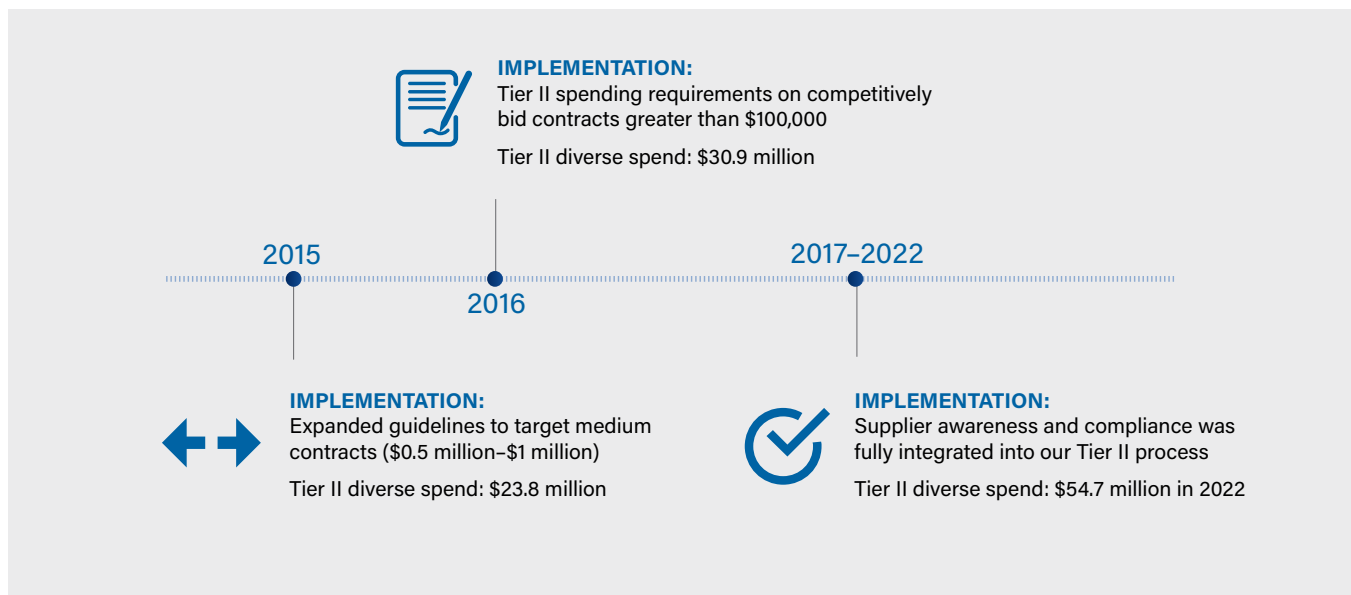
The companies' Supplier Diversity Initiative is governed by the corporate Supplier Diversity Policy statement. Detailed guidelines provide necessary structure to align procurement practices in order to encourage and promote the development, utilization and growth of minority-, women-, service-disabled-veteran- and veteran-owned businesses that want to provide quality products and services.

The corporate Supplier Diversity Policy statement resides on various WEC company websites, including: [www.peoplesgasdelivery.com/sdi](http://www.peoplesgasdelivery.com/sdi) and [www.northshoregasdelivery.com/sdi](http://www.northshoregasdelivery.com/sdi).

### METHODOLOGY

The corporate Supplier Diversity Policy continues to focus on improving overall supplier performance with the certified diverse firms that we do business with through the following strategies:

- We have developed supplier performance scorecards for critical suppliers as a mechanism to ensure our suppliers receive timely feedback on their overall performance.
- We are meeting with our prime suppliers on a quarterly basis and our new suppliers semiannually to communicate their performance against the service-level expectations.
- Tier II spending and subcontractor development is a criterion and part of the scorecard.



## V. Policies and methodology

Tier II plans (diversity utilization plans) are required during the request for proposal (RFP) process as part of the competitive bidding practice. The plans submitted by invited bidders also are used to formulate realistic targets for diversity spending, monitor supplier spend achievement and utilize diverse subcontractors. If a Tier I supplier does not fulfill its commitments to the agreed-upon subcontracting plan terms outlined in its contract with the companies, the following action will be taken:

- Communicate the expectations with the Tier I supplier and confirm that the results to date are not meeting expectations/goals.
- Hold meetings to identify the barriers that are making it difficult to achieve the goals.
- Collaborate with Tier I supplier to identify additional Tier II suppliers and/or any other needed assistance.

If the companies do not see improvement after initial communication and follow-up with the Tier I supplier, future work may be reallocated to another Tier I supplier with a proven track record of successfully meeting the committed diversity goals. The companies will also consider the Tier I supplier's inability to meet its subcontracting targets in future contracting opportunities.

### SCHEDULE OF EXCLUSIONS

Payments made for the goods and services listed below are not considered "expenditures" and, therefore, are not included in any of the calculations made in this report.

Employee expenses (salary, benefits, expense reimbursements, performance awards, petty cash, etc.)
Parent, associated and/or subsidiary companies (charges for services rendered to the parent, e.g., accounting, engineering, tax, advertising costs, etc.)
Government agencies (taxes, street opening fees, license fees, etc.)
Other fees for utility services (natural gas, electric, water and phone)
Fines
Purchases from foreign-owned companies outside of the United States
Charities and philanthropic contributions
U.S. Postal Service
Power or commodity purchases (natural gas and/or electricity for resale or nuclear fuels)
Damages



## V. Policies and methodology

### SCHEDULE OF EXCLUSIONS (cont.)

Lease buyouts
Easements
Garnishments
Tuition to colleges and universities
Memberships
Inter-entity payments
Revenue accounts (refunds due customers)

## VI. Supplier diversity business goals

### 2023 GOALS

Peoples Gas and North Shore Gas set a 2023 goal of \$100.0 million or 21% with minority-, women- and veteran-owned businesses. A reduced overall forecast is anticipated, pending the resumption of our Facilities of the Future project. The hold placed on this project in 2021 resulted in less spending through our Supplier Diversity Initiative, although the portion of diverse spending relative to our overall procurement spend remained steady at 24%.



Supplier diversity goals are embedded in the overall corporate procurement policies and procedures as a standard part of all sourcing activities. The achievements of these goals are aligned with management performance plans and incentives.

## VI. Supplier diversity business goals

The companies' procurement goals are developed during the annual budgeting process for long-term capital projects, operations and maintenance projects, as well as required services for internal departments that support the companies' operations functions. The annual diversity goals are based on the following factors:

- Past-year budget to actual-spend performance
- Current-year budgeted activities
- Contract expiration dates
- Existing Tier II contract commitments and achievement relative to commitments
- Prior contract savings rates versus current market pricing
- Limited pool of diverse suppliers for competitive bidding opportunities
- Exclusion of one-time events that occurred in previous annual budgeted year
- Inclusion of one-time events that are forecasted to occur and budgeted in the future year

Considering all of the above, the procurement and supplier diversity goals are determined with year-over-year performance metrics to calculate the overall percentage of increase or decrease in any given year.



## VI. Supplier diversity business goals

### Supplier engagement

We continued to engage previously vetted suppliers in 2022 by providing access to our strategic buyers through the standard practices of our Supplier Diversity Initiative. Providing transparent information, formal and informal mentoring, and ongoing access to buyers and end users is a practice that will continue to be developed and institutionalized throughout our organization. Resumption of our annual in-house supplier event may take place depending on the prevailing climate of the pandemic.

The companies continue to partner with other Illinois utilities through the Illinois Utilities Business Diversity Council (IUBDC), collaborating to host events focused on growth initiatives, prime supplier engagement and accountability, providing uniform and streamlined access to all Illinois utilities, and facilitating access to buyers and decision-makers within our respective organizations.

### Advocacy engagement



Additionally, the companies continue building relationships with local and national advocacy organizations to increase outreach and continue defining the organization's short- and long-term plans to filter the procurement opportunities.

The companies will continue to partner with several diversity advocacy organizations in 2022, including the following:

- Chicago Minority Supplier Development Council
- ELITE SDVOB Network
- Federation of Women Contractors
- Hispanic American Construction Industry Association
- Illinois Black Chamber of Commerce
- Illinois Hispanic Chamber of Commerce
- National Minority Supplier Development Council
- Women's Business Development Center—Chicago

At the local level, the supplier diversity team communicates the companies' supplier diversity and long-term goals through speaking engagements at monthly advocacy group member meetings and events.

## VI. Supplier diversity business goals

### ENGAGEMENT AND GROWTH

#### **Chicago United's Five Forward: A program to cultivate a thriving minority business community**

We will continue to engage and partner with Chicago United to:

- Expand growth in the number of MBE launches and partnerships by collaborating with external partners, which will aid in building capacity to help scale MBEs.
- Connect MBEs to external collaborative partners that can assist with financial assistance, grant opportunities and leadership development.
- Facilitate networking and partnership opportunities among MBEs and corporations, which sets the foundation for future partnering and business opportunities.



The Five Forward Initiative™ engages the corporate community in our common goal of strengthening the local economy and enhancing job creation by supporting a stronger Chicagoland minority business enterprise community.

Committed corporations partner with local MBEs on a rolling basis for a minimum of five years. The Chicago United team will guide the corporations through a process of MBE partnership creation and results reporting. As local MBEs grow and enhance their position to compete for corporate contracts outside of Five Forward, the corporate community benefits from a more competitive pool of diverse businesses.

#### **Supporting MBE success**

Chicago United assists corporations in creating a customized development plan with a vision and goal to help each MBE sustain growth and profitability. The Five Forward program is strengthened by including stakeholder groups with common goals. Collaboration between corporate and MBE communities, Chicago-area advocacy organizations, nonprofits, public sector agencies and other technical assistance agencies will allow MBEs to perform to their maximum potential.



## VII. Areas of procurement for 2023

To ensure the overall procurement strategy is securing goods and services at the most economical prices, the companies will continue to engage in competitive bidding, and engage diverse suppliers in that process, for the following:



- Building construction
- HVAC
- Plumbing
- Survey and staking
- CrossBore inspection
- Damage prevention/locating
- O&M construction
- Hard and soft restoration

## VIII. Challenges and opportunities

The companies face several paramount challenges in finding qualified vendors that are not impeded by capital constraints, a less-than-skilled workforce, or the stringent safety and operational requirements of the utilities sector.

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Additionally, many diverse business owners have significant internal business operational risks, such as:

- Changes in business ownership status when acquisitions by majority firms occur
- Balancing relationships and partnerships with larger majority firms that see diverse suppliers as potential threats in a competitive market
- Limited experience in the natural gas utility and pipeline industry, e.g., gas pipe installation and hard restoration

The companies are continuing efforts to attract new suppliers and improve the efficiency and scale of existing suppliers. These and other efforts will resume as COVID-19 safety protocols are lifted allowing for more effective communication and strategic planning with our supplier partners, both diverse and prime suppliers. This program provides the structure for Tier I partners to mentor Tier II suppliers.

## IX. Certifications accepted

The companies accept the following diverse business certifications:

- National Minority Supplier Development Council (NMSDC) and its regional Affiliate Councils
- Women Business Enterprise National Council (WBENC) and its partner organizations
- National Association of Women Business Owners (NAWBO)
- U.S. Small Business Administration 8(a) Program
- U.S. Department of Veterans Affairs
- State of Illinois Central Management Services Business Enterprise Program
- State of Illinois Department of Transportation Disadvantaged Business Enterprise
- Cook County Illinois Office of Compliance Supplier Diversity Program
- City of Chicago Certification and Compliance
- National Veteran Business Development Council (NVBDC)
- National Veteran Owned Business Association (NaVOBA)

## X. Point of contact



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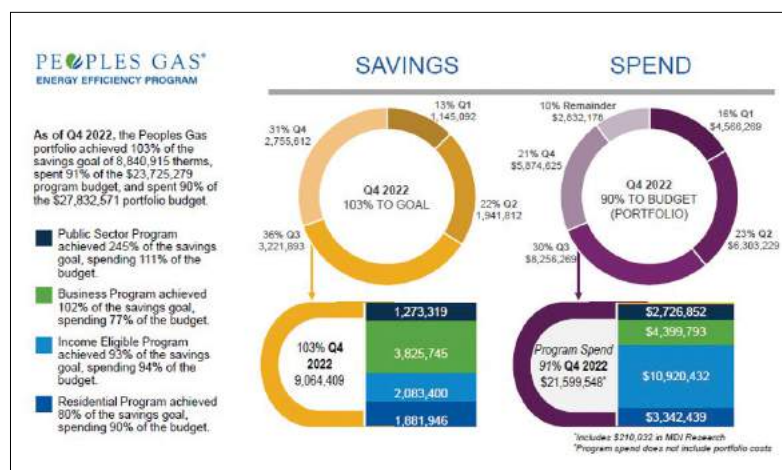
For additional information on how to register as a MWVBE with Peoples Gas and North Shore Gas, visit the Supplier Diversity Initiative page at [www.peoplesgasdelivery.com/sdi](http://www.peoplesgasdelivery.com/sdi) or [www.northshoregasdelivery.com/sdi](http://www.northshoregasdelivery.com/sdi).

# XI. Success stories

## ERTHE ENERGY SOLUTIONS



Founded in 2018, Erthe Energy Solutions is a WBE that provides operations and project management support for the Peoples Gas and North Shore Gas Energy Efficiency Programs. Our energy efficiency team leveraged Erthe's expertise for a strategic planning effort in 2020. In 2021, Erthe revamped marketing for our energy efficiency portfolio. Outcomes included a multimedia awareness campaign and resources for ongoing portfolio and marketing management.



After the success of those initial efforts, Erthe was awarded the contract to be the portfolio administrator to implement portfolio marketing, outreach and gas-only program marketing for 2022 through 2025. This expanded role allows our energy efficiency team to work closely with Erthe to manage the portfolio and implement the strategic plan it developed. The plan focuses on data management and visibility, operations consistency, continuous improvement, driving brand awareness and spurring innovation.





## XI. Success stories

### ERTHE ENERGY SOLUTIONS (cont.)



“ While most of our team has been in the industry for 10-plus years, we still have the spirit of a startup, which means we dig in and make things happen. Plus, there is so much growth and opportunity in this industry that we know we can’t do everything. So we build partnerships with other businesses to make sure we are always providing the best for our clients. ”

Selena Worster Walde  
CEO and Co-Founder  
Erthe Energy Solutions

Erthe's partnerships help Peoples Gas and North Shore Gas further expand supplier diversity, while providing expertise in all areas of portfolio administration. Those partners include:

- Evergreen Consulting Group, a Certified B Corporation, which provides trade ally communication and training
- L3 Agency, an MBE, which provides community outreach services
- Mulder Consulting, a WBE, which provides portfolio and program marketing services and outreach management services



## XI. Success stories

### SDI PRESENCE

SDI Presence is an IT consultancy and managed services provider that works to optimize its clients' technology environments.

In 2017, Peoples Gas and North Shore Gas selected SDI to participate in the Chicago United's Five Forward Initiative, which helps develop the capacity and scale of local minority firms by pairing them with large Chicagoland companies committed to expanding supplier diversity. Since then, SDI, a certified MBE, has partnered with Accenture to implement a new enterprise asset management system for Peoples Gas and North Shore Gas, as well as provided project and change management for a related GIS system project.

To recognize SDI's strong performance, WEC Energy Group, the parent company of Peoples Gas and North Shore Gas, sponsored SDI's membership in the Corporate Plus program of the National Minority Supplier Development Council (NMSDC). The NMSDC is the nation's oldest and leading minority business development and supplier diversity organization. The organization and its 23 affiliate councils serve thousands of corporations and MBE firms nationwide.

*Danielle Bly, vice president – supplier diversity, said WEC Energy Group sponsored SDI “due to the company’s excellent delivery capabilities and unique co-prime contracting approach that allowed us to obtain exceptional service and meaningfully impact diversity.”*

Corporate Plus is a membership program for NMSDC-certified minority businesses of the highest caliber. The program was created to address corporate member requests for minority suppliers with the capacity to fulfill national contracts. Corporate Plus members embody the highest standards of client focus, efficient execution and innovative problem-solving. The NMSDC's corporate partners rely heavily on the Corporate Plus group to fulfill procurement requirements while reaching their diversity, equity and inclusion goals.



## XII. Illinois Commerce Commission website

As required in Section 5-117(f) of the Public Utilities Act 220 ILCS 5/5-117, the Illinois Commerce Commission (ICC) Supplier Diversity webpage, [www.icc.illinois.gov/filings/mwvs/](http://www.icc.illinois.gov/filings/mwvs/), will provide links to the following information:

- List of points of contact as noted in Section X of this report
- Annual reports for a period of five years
- List of certifications recognized and accepted as noted in Section IX of this report

The annual reports required by Section 5-117 are due annually on April 15.

**Annual Utility Supplier Diversity Reports**

Applies to: Gas, Electric, and Water Companies and Energy Suppliers

Section 5-117 of the Public Utilities Act [220 ILCS 5/5-117](#), as amended by Public Act 99-0906, "require[s] all gas, electric, and water companies with at least 100,000 customers under its authority within this State, to submit an annual report by April 15, 2015 and every April 15 thereafter, in a searchable Adobe PDF format, on all procurement goals and actual spending for female-owned, minority-owned, veteran-owned, and small business enterprises in the previous calendar year," and the utilities' plan for implementing and realizing their goals for the following year. Section 5-117 also requires the ICC and participating entities to hold an [Annual Policy Session](#) that is open to the public on the subject of supplier diversity. The policy session follows the submission of the Supplier Diversity Reports each year.

Follow the [instructions](#) to file it electronically.

Section 10 of the Railroad Supplier Diversity Act, effective January 1, 2018, states that Class I railroads may submit to the Commission an annual report on supplier diversity, and requires the Commission to hold an annual workshop to hear from the railroads and/or advocates about solutions to improve supplier diversity. The Commission has also invited other organizations not required to file annual supplier diversity reports pursuant to Section 5-117 to do so voluntarily.

[View railroad and voluntary filing reports](#)

The Office of Diversity and Community Affairs produces an annual report that analyzes the data contained in the annual reports submitted by the five public utilities with the largest number of customers in Illinois.

[View ICC Supplier Diversity Annual Reports](#)

[Illinois Utilities Business Diversity Council \(IUBDC\) 2017 – 2020 Economic Impact Report](#)

Filings Accepted in 2022

[Ameren Illinois Company](#)  
d/b/a Ameren Illinois

[Aqua Illinois, Inc.](#)

[Commonwealth Edison Company](#)

[Illinois-American Water Company](#)

[Northern Illinois Gas Company](#)  
d/b/a Nicor Gas Company

[Peoples Gas Light and Coke Company, The](#)

# XIII. Appendices

## APPENDIX A

### Expenditures by product/service category and ethnicity/gender

#### Minority men (\$ in millions)\*

	Direct	Subcontractor	Total \$	Total % to total purchases
Asian Pacific American	\$1.2	\$0.3	\$1.5	0.31%
Asian Indian American	\$0.9	\$0.2	\$1.1	0.28%
African American	\$6.3	\$17.3	\$23.6	4.77%
Hispanic American	\$32.5	\$14.6	\$47.2	9.54%
Native American	\$0.1	\$0.2	\$0.3	0.05%
Total: minority men	\$41.0	\$32.7	\$73.7	14.91%

#### Minority women (\$ in millions)\*

	Direct	Subcontractor	Total \$	Total % to total purchases
Asian Pacific American	\$0.1		\$0.1	0.02%
Asian Indian American	\$0.0		\$0.0	0.00%
African American	\$0.1	\$0.3	\$0.4	0.08%
Hispanic American	\$3.1		\$3.1	0.62%
Native American	\$0.0		\$0.0	0.00%
Total: minority women	\$3.3	\$0.3	\$3.6	0.73%

\*Above numbers are subject to rounding.

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### Total expenditures (\$ in thousands)\*

	Direct	Sub-contractor	Total \$	Total
Minority Business Enterprise—MBE	\$44.3	\$33.0	\$77.3	15.63%
Women Business Enterprise—WBE	\$17.5	\$20.9	\$38.4	7.76%
Subtotal MBE & WBE	\$61.8	\$53.8	\$115.6	23.39%
Veteran Business Enterprise—VBE	\$1.3	\$0.9	\$2.2	0.44%
Total: MBE, WBE, VBE	\$63.1	\$54.7	\$117.8	23.83%

\*Above numbers are subject to rounding.



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## APPENDIX B

Tier 1 & Tier II	African American		Asian		Hispanic		Native American	
Product service description	Men	Women	Men	Women	Men	Women	Men	Women
Analysis & testing								
Automotive	\$110,569							
Building services					\$5,567			
Building supplies	\$74							
Computer and office						\$24,397		
Construction	\$13,783,193		\$364,779		\$29,696,911		\$169,415	
Consulting	\$1,156,531	\$120,083	\$545,926		\$1,722,727			
Credit & collections	\$168,653							
Engineering/tech services	\$4,182,953	\$217,641	\$578,801	\$84,752	\$1,070,885		\$101,951	
Equipment rental								
Equipment repair								
Finance, accounting, auditing	\$32,688							
Gas distribution	\$2,738,522				\$38,539			
Gas storage			\$390			\$2,945,317		
Human resources (staffing)	\$38,212				\$6,017,880	\$116,000		
Information tech services	\$720,787							
Legal	\$58,359							
Marketing & advertising	\$33,362	\$81,760			\$284,455			
Printing services								
Restoration			\$1,160,885		\$7,489,079			
Safety	\$2,250				\$78,045			
Security								
Software maintenance								
Tools	\$1,663							
Trucking/transportation	\$40,600				\$630,871			
Waste disposal								
Other	\$505,915			\$1,828	\$133,930			
<b>Grand total \$</b>	<b>\$23,574,332</b>	<b>\$419,484</b>	<b>\$2,650,780</b>	<b>\$86,580</b>	<b>\$47,168,888</b>	<b>\$3,085,713</b>	<b>\$271,366</b>	<b>\$0</b>
<b>Grand total %</b>	<b>4.77%</b>	<b>0.08%</b>	<b>0.54%</b>	<b>0.02%</b>	<b>9.54%</b>	<b>0.62%</b>	<b>0.05%</b>	<b>0.00%</b>

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Tier I & Tier II	Veteran	WBE	Total MBE	Total WBE	Total Veteran	Total Diverse Spend	Total Non-Diverse Prime	Total Spend	Professional Services?
Product service description									
Analysis & testing	\$6,534	\$4,018		\$4,018	\$6,534	\$10,552	\$2,200,728	\$2,211,280	Yes. Under Engineering/Tech Services
Automotive		\$3,334,251	\$110,569	\$3,334,251		\$3,444,820	\$2,930,159	\$6,374,979	
Building services	\$808,066	\$1,989,674	\$5,567	\$1,989,674	\$808,066	\$2,803,306	\$3,184,963	\$5,988,269	
Building supplies		\$23,126	\$74	\$23,126		\$23,200	\$519,433	\$542,633	
Computer & office		\$4,400	\$24,397	\$4,400		\$28,797	\$1,147,393	\$1,176,190	
Construction	\$1,318,029	\$17,277,569	\$44,014,298	\$17,277,569	\$1,318,029	\$62,609,896	\$175,012,491	\$237,622,387	
Consulting		\$831,752	\$3,545,267	\$831,752		\$4,377,020	\$27,213,661	\$31,590,681	Yes
Credit & collections		\$252,799	\$168,653	\$252,799		\$421,452	\$7,872,807	\$8,294,259	
Engineering/tech services	\$14,790	\$773,555	\$6,236,983	\$773,555	\$14,790	\$7,025,328	\$24,904,167	\$31,929,495	Yes
Equipment rental		\$1,101,221		\$1,101,221		\$1,101,221	\$2,974,464	\$4,075,685	
Equipment repair		\$428,664		\$428,664		\$428,664	\$1,892,125	\$2,320,789	
Finance, accounting, auditing		\$225,346	\$32,688	\$225,346		\$258,034	\$1,614,805	\$1,872,840	Yes
Gas distribution		\$2,399,279	\$2,777,061	\$2,399,279		\$5,176,340	\$67,215,083	\$72,391,423	
Gas storage	\$5,822		\$2,945,706		\$5,822	\$2,951,528	\$1,531,056	\$4,482,585	
Human resources (staffing)		\$5,353,489	\$6,172,092	\$5,353,489		\$11,525,581	\$6,076,735	\$17,602,316	Yes
Information tech services		\$59,106	\$720,787	\$59,106		\$779,893	\$11,492,311	\$12,272,205	Yes
Legal		\$779,340	\$58,359	\$779,340		\$837,699	\$4,601,176	\$5,438,875	Yes
Marketing & advertising		\$212,370	\$399,577	\$212,370		\$611,946	\$1,003,692	\$1,615,638	Yes
Printing services		\$135,180		\$135,180		\$135,180	\$753,919	\$889,099	
Restoration	\$2,400	\$1,174,147	\$8,649,963	\$1,174,147	\$2,400	\$9,826,510	\$3,488,789	\$13,315,299	
Safety		\$30,080	\$80,295	\$30,080		\$110,375	\$1,679,915	\$1,790,290	
Security							\$7,018,907	\$7,018,907	
Software maintenance							\$16,885	\$16,885	
Tools		\$960,731	\$1,663	\$960,731		\$962,394	\$144,378	\$1,106,772	
Trucking/transportation		\$828,191	\$671,471	\$828,191		\$1,499,662	\$4,148,987	\$5,648,649	
Waste disposal							\$11,609,597	\$11,609,597	
Other		\$173,184	\$641,673	\$173,184		\$814,857	\$4,164,472	\$4,979,329	
<b>Grand total \$</b>	<b>\$2,155,641</b>	<b>\$38,351,474</b>	<b>\$77,257,144</b>	<b>\$38,351,474</b>	<b>\$2,155,641</b>	<b>\$117,764,258</b>	<b>\$376,413,097</b>	<b>\$494,177,355</b>	
<b>Grand total %</b>	<b>0.44%</b>	<b>7.76%</b>	<b>15.63%</b>	<b>7.76%</b>	<b>0.44%</b>	<b>23.83%</b>	<b>76.17%</b>	<b>100.00%</b>	

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### APPENDIX C: DEFINITION OF SUPPLY CHAIN PROCUREMENT CATEGORIES

Category	Description
Analysis and testing	Services related to analysis or testing (e.g., water, soil)
Automotive	Any material related to the repair or maintenance of automotive fleet
Building services	Services related to the repair or maintenance of our buildings or offices
Building supplies	Any material related to miscellaneous building supplies (e.g., paint, lumber, filters)
Computer and office	Any material related to computer and office supplies (e.g., computer hardware/software, envelopes, forms, office furniture)
Construction	Services related to underground construction
Consulting and energy efficiency	Consulting services related to information technology, financial, human resources and delivery of energy efficiency (e.g., in-house field services and energy audits)
Credit and collections	Services related to credit and collections of customer accounts
Engineering/tech services	Services for engineering/technical work (e.g., design work, surveying)
Equipment rental	Rental of equipment
Equipment repair	Repair of equipment
Finance, accounting, auditing	Services related to finance, accounting and auditing
Gas distribution	Any material directly related to the repair or maintenance of the gas distribution system
Gas storage	Any material directly related to the repair or maintenance of the gas storage system
Human resources	Services related to staffing
Legal	Services related to providing legal counsel
Marketing and advertising	Services related to marketing and advertising (e.g., media and print ads)
Printing services	Services related to the printing of company material (e.g., bill inserts)
Restoration	Services provided related to landscaping or paving



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Safety	Any material related to safety protection (e.g., personal protective equipment, signs, spill containment)
Security	Services related to providing security protection (e.g., guard services)
Software maintenance	Services related to providing software maintenance (i.e., software renewals)
Tools	Miscellaneous tools (e.g., hand/power tools, flashlights, batteries, welding supplies)
Training services	Services related to providing training seminars
Waste disposal	Services related to the disposal of hazardous and non-hazardous material
Other	Miscellaneous materials and services that do not fall into any of the categories above