

PEOPLES GAS®

NORTH SHORE GAS®

*We Keep Life Moving*

**2023**

# Supplier Diversity Annual Report



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I am pleased to submit the 2023 report for the Peoples Gas and North Shore Gas Supplier Diversity Initiative. In 2023, spending through our Supplier Diversity Initiative once again represented more than 25% of our total procurement spend. It was the seventh 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.

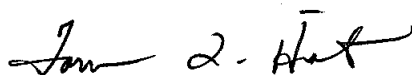
One of our top priorities is to use local companies wherever possible. We understand our role and responsibility as a significant driver of the regional economy. Utilizing local companies allows us to make an even bigger impact in the communities we serve.

Some of the highlights of our Supplier Diversity Initiative in 2023 were:

- \$121.7 million spent with diverse suppliers, representing 25.5% of our total procurement spend
- \$88.6 million spent with diverse suppliers based in Illinois, representing 73.0% of our total diverse spend
- \$80.6 million spent with MBEs, representing 66.2% of our total diverse spend
- \$39.0 million spent with WBEs, representing 32% of our total diverse spend
- \$75.0 million spent with Tier I diverse suppliers, representing 62% of our total diverse spend
- \$28.3 million spent on professional services with diverse suppliers, representing an 11% increase over 2022 and accounting for 23.3% of total diverse spend.

I'm pleased to report that diverse businesses have been the beneficiaries of more than \$1 billion in procurement spending by Peoples Gas and North Shore Gas since 2014. Nearly half of that spending was through our Safety Modernization Program at Peoples Gas. We look forward to continuing to work with the ICC and our other stakeholders to grow economic opportunity for diverse businesses in Illinois.

Sincerely,



Torrence L. Hinton  
President – Peoples Gas and North Shore Gas




**The Peoples Gas Safety Modernization Program (SMP) remained a key driver of the Supplier Diversity Initiative in 2023:**


- Diverse spending represented \$70.4 million of the \$169.7 million spent on procurement for SMP in 2023.
- The 2023 SMP diverse spend accounted for 58.0% of the total diverse spend for Peoples Gas and North Shore Gas.
- Peoples Gas and North Shore Gas have spent more than \$1 billion with diverse businesses since 2014, nearly half of that through SMP.



The companies were able to achieve an overall spending of **\$121,685,125** with diverse businesses in 2023.



Tier I Diverse Spending Was **\$75,020,538**



In 2023 **73%** was spent with diverse Illinois-based firms.

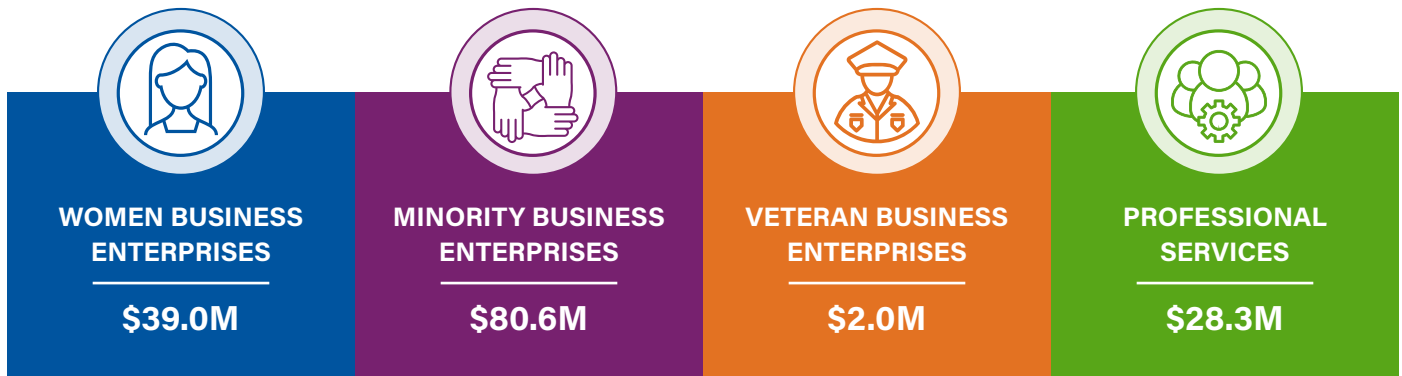


Procurement with diverse suppliers was **26%** of total procurement spend in 2023.



**382 SUPPLIERS**  
The number of diverse suppliers decreased by seven in 2023.

## SPENDING IN 2023





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.

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.

#### **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).

#### **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.

#### **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’ 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.

## 2023 SPEND AND VENDOR UTILIZATION

### Company Expenditures with All Suppliers\*

Overall Total (in millions) \$476.9

Spend category	Direct	Tier II	Total	Actual	Goal
<b>MBE</b>	\$63.8	\$16.8	\$80.6	16.90%	15.00%
<b>WBE</b>	\$10.0	\$29.0	\$39.0	8.19%	6.00%
<b>VBE</b>	\$1.3	\$0.8	\$2.0	0.43%	0.40%
<b>Total M/W/VBE</b>	\$75.0	\$46.7	\$121.7	25.52%	21.40%

### Company Expenditures with Illinois-based Suppliers\*

Overall Total (in millions) \$253.4

Spend category	Direct	Tier II	Total	Actual	Goal
<b>MBE</b>	\$51.1	\$11.4	\$62.6	24.69%	15.00%
<b>WBE</b>	\$6.1	\$18.8	\$24.8	9.80%	6.00%
<b>VBE</b>	\$0.5	\$0.7	\$1.2	0.48%	0.40%
<b>Total M/W/VBE</b>	\$57.8	\$30.9	\$88.6	34.98%	21.40%

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

\*Above numbers are subject to rounding.

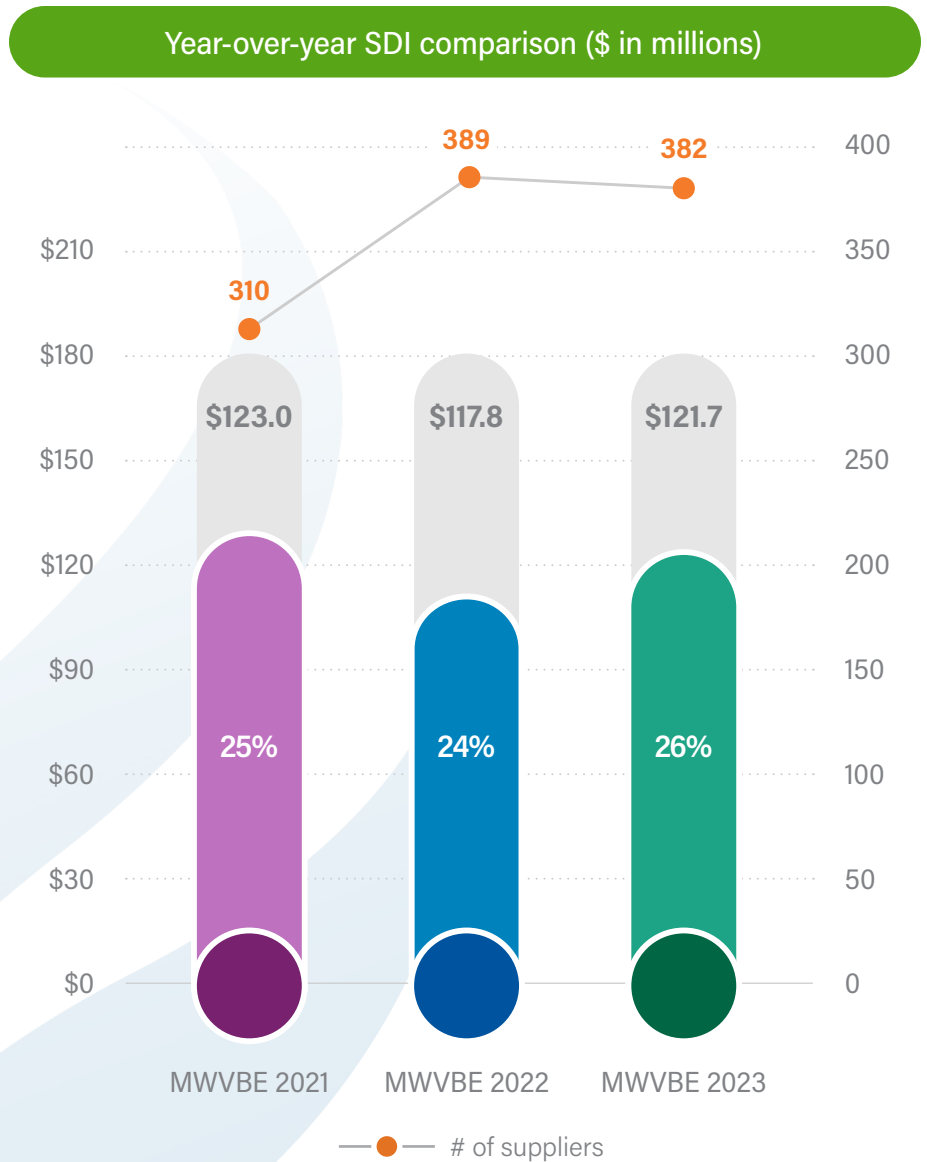


#### IV. SUMMARY OF MINORITY-, WOMEN- AND VETERAN-OWNED BUSINESS ENTERPRISE GOALS AND SPENDING IN THE PREVIOUS YEAR

Peoples Gas and North Shore Gas set the goal of achieving \$100.0 million in diverse spending for 2023, and the companies were able to achieve an overall spend of nearly \$121.7 million with diverse businesses at 26% of the total procurement spend.

Of the nearly \$122 million spent with diverse suppliers in 2023, \$88.6 million, or 73%, was spent with Illinois-based firms.

The table at right depicts the 2021–2023 historical spend with diverse suppliers. A total of 382 diverse suppliers were utilized in 2023, a slight decrease from the 389 used in 2022.





## MINORITY-OWNED BUSINESS ENTERPRISE (MBE)

In 2023, diverse spending in the minority-owned business enterprise (MBE) category totaled \$80.6 million, or 16.9% of the total procurement spend.



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



## WOMEN-OWNED BUSINESS ENTERPRISE (WBE)

In 2023, spending in the WBE category totaled \$39.0 million, or 8.2% 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)

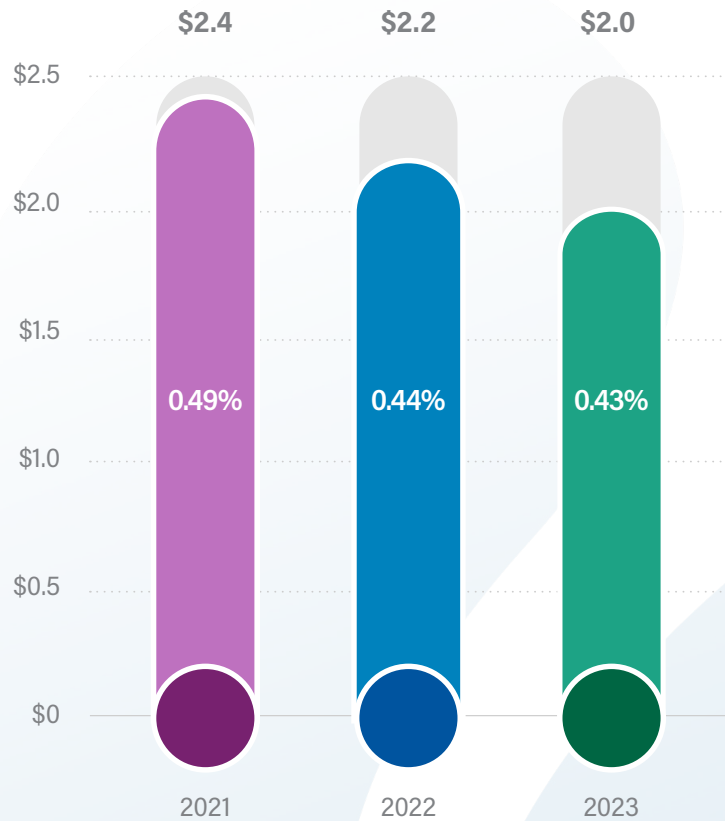


## VETERAN-OWNED BUSINESS ENTERPRISE (VBE)

In 2023, we accomplished spending of \$2.0 million with veteran-owned businesses.



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

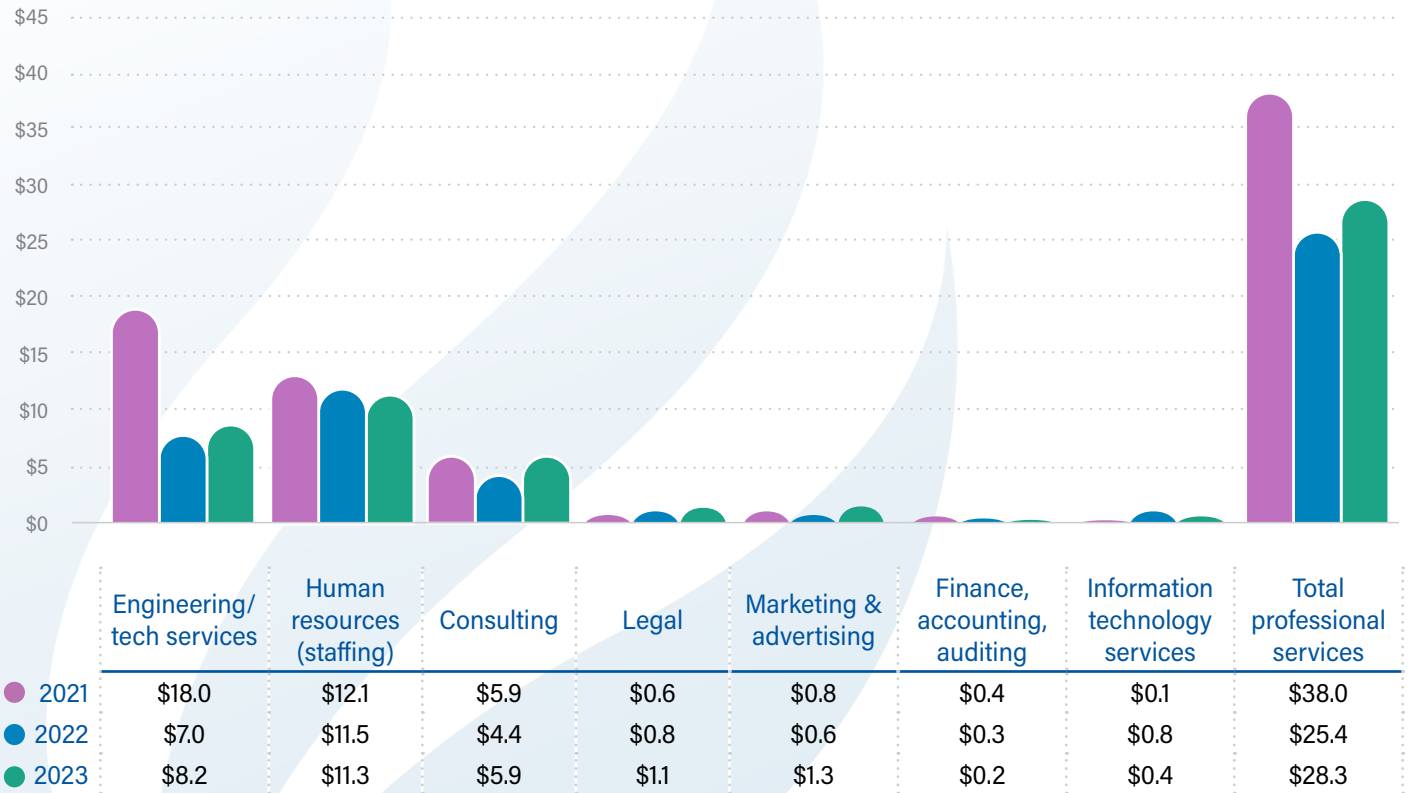


## PROFESSIONAL SERVICES SPENDING



Professional services spending totaled \$28.3 million in 2023. Human resources, engineering/tech services and consulting services represented the top three categories, accounting for more than 90% of the combined category total.

Professional Services SDI year-over-year comparison (\$ in millions)





## TIER II RESULTS

In 2023, 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 \$46.7 million. This result was accomplished through relationship management with our prime supplier partners and ongoing improvements in metrics and reporting. Recently, our Tier I spend has outpaced Tier II spend as a result of a major construction contractor moving from a prime to a diverse firm.

## SAFETY MODERNIZATION PROGRAM

The Safety Modernization Program (SMP) remained the largest single component of the Peoples Gas/North Shore Gas Supplier Diversity Initiative in 2023, accounting for 58% of all spending with diverse companies. Diverse spending represented \$70.4 million of the \$169.7 million spent on procurement for SMP in 2023.

### Upgrading Aging Pipelines: A National Priority

Peoples Gas launched SMP in 2013 in response to federal and state calls to action to improve pipeline safety following a natural gas explosion in 2010 in San Bruno, Calif. that killed eight people, injured 58 and destroyed 38 homes. Since then, gas pipeline explosions in Pennsylvania, Texas, New York, Massachusetts and Maryland have resulted in the loss of dozens of lives and significant property damage.

Many of the cast and ductile iron pipes being replaced through SMP were installed in the 1800s. An independent engineering study ordered by the ICC found that more than 80% of those pipes have an average remaining life of less than 15 years. The study concluded that SMP

will significantly reduce risks in the natural gas delivery system in Chicago. The study also recommended that SMP be accelerated to finish 10 years sooner than planned to compensate for the increase in failure rates expected from the aging system.

### Safety Improvements Throughout Chicago

SMP already has brought safety and reliability improvements to neighborhoods throughout Chicago. The modern plastic gas mains being installed as part of SMP are significantly less prone to leaks than



## IV. SUMMARY OF MINORITY-, WOMEN- AND VETERAN-OWNED BUSINESS ENTERPRISE GOALS AND SPENDING IN THE PREVIOUS YEAR

the iron pipes being replaced. Other improvements include the installation of modern safety valves on each customer's service line and relocating meters from indoors to outdoors so first responders can quickly and safely turn off natural gas during emergencies.

As of February 2024, SMP crews had installed more than 1,400 miles of modern natural gas main and 122,000 service lines, and relocated 227,000 gas meters. SMP was 38% complete and on schedule and budget at the beginning of 2024.

### Supporting Jobs

In addition to improving the safety and reliability of Chicago's natural gas network, SMP is a significant engine for the local economy, supporting:

- 1,200 direct jobs during the peak construction season, and an additional 4,800 indirect jobs through SMP's economic ripple effect
- \$1 billion in additional wages for local workers through those direct and indirect jobs
- A training partnership with Utility Workers Local 18007 and City Colleges of Chicago that has led to the hiring of more than 500 veterans.

### Helping the Environment

Replacing leak-prone pipe through SMP continues to significantly reduce methane emissions. Since joining the U.S. Environmental Protection Agency's Methane Challenge Program in 2017, SMP projects have contributed to reducing methane emissions by over 1,500 metric tons, the equivalent of removing 8,345 gasoline-powered passenger vehicles driven for

a year. SMP also is positioning Chicago to heat homes and businesses with clean energy such as renewable natural gas and hydrogen.

Peoples Gas continues to work closely with numerous stakeholders, including the Illinois Commerce Commission, Illinois Attorney General, Citizen's Utility Board and City of Chicago to ensure appropriate oversight of the many complex aspects of the program, including cost, coordination, engineering and efficiency.





## 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 expanded their Tier I contracting in the current four-year cycle by adding a diverse supplier as their program administrator. Further, the companies continue to add Tier II impacts by engaging diverse suppliers for their marketing and outreach activities and supporting diverse suppliers acting as trade ally partners performing in-house field services and energy audits.

In 2023, the companies also launched the Market Development Initiative (MDI) through the Peoples Gas and North Shore Gas Energy Efficiency Programs. The MDI provides funding and resources designed to prepare under-served job candidates for the clean energy industry by connecting job seekers to resources and training from local organizations and connecting them with meaningful careers at local employers. Additionally, the MDI is designed to increase contracting opportunities for diverse contractors, subcontractors, distributors, and community-based organizations at all levels and assist these organizations in developing the necessary capabilities to actively participate in the delivery of energy efficiency programs.



## NEW SUPPLIERS

The overall change in our supplier population was negligible. Our total supplier count was seven fewer than last year. 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 2023:

**January 24:** WBDC Midwest Corporate Partners Roundtable Event

**April 16–18:** Chicago Business Opportunity Fair

**June 5:** Federation of Women’s Contractors Annual Conference

**June 28:** IUBDC ESG 2.0 Event

**June 21:** Rainbow Push Annual Conference

**June 23:** Federation of Women’s Contractors Annual Conference

**August/September:** ICC One on One Meetings (multiple)

**August 1:** WBDC Business Smart Week

**August 11:** ELITE Veterans Supplier Event

**August 14:** Chicago MSDC Scholarship Classic

**August 16–17:** Illinois Black Chamber of Commerce

**August 28:** ICC Policy Session

**September 6–7:** WBDC Midwest Business Conference

**September 13:** HACIA Developers Cruise



**October 19:** IHCC Business Expo

**October 22–23:** NMSDC Annual Conference

**November 1:** IUBDC Advisory & Strategic Planning Session

**November 2:** IHCC Annual Appreciation Event

**November 16:** Chicago United Bridge Awards

**November 19:** ELITE Veterans Supplier Event

**November 29:** IUBDC BOD Reception

**December:** IUBDC BOD Meetings (multiple)

**December 13:** HACIA Annual Appreciation Event



## 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.

### Career Development

The company supports nine Business Resource Groups (BRGs) that provide employees with opportunities

for networking, career and leadership development, and community engagement. Examples of BRG activities in 2023 included: volunteering for Ronald McDonald House and After School Matters; coordinating a virtual food drive with the Greater Chicago Food Depository; hosting resume review workshops and mock interviews; educational sessions on company initiatives; holding speed mentoring sessions; and offering training to inform leaders and employees about disability awareness, etiquette, disclosures, accommodations and accessibility.

### 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,



## IV. SUMMARY OF MINORITY-, WOMEN- AND VETERAN-OWNED BUSINESS ENTERPRISE GOALS AND SPENDING IN THE PREVIOUS YEAR

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**

The Chicago Public School (CPS) Utility Training program is a partnership between Peoples Gas and CPS. The program is designed to introduce high school juniors and seniors to entry-level positions at Peoples Gas that could result in an offer of employment after graduation (assuming their selection upon successful completion of the program). It is divided into three phases:

**Explore** — Introduces students to the natural gas utility industry and Peoples Gas.

**Experience** — Provides a paid summer internship.

**Apply** — Offers job-specific training for a potential career with Peoples Gas.

### **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.

### **Dig into Energy with Peoples Gas**

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 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.

### **Project SYNCERE**

The mission of Project SYNCERE (Supporting Youth's Needs with Core Engineering Research Experiments) is to prepare the minds of underrepresented students and create pathways for them to pursue careers in science, technology, engineering and math (STEM). Peoples Gas supports the ENpowered Games middle school engineering competition. The program runs for 10 weeks during the school year, twice a week with one-hour classes, providing students with 20 hours of enrichment to strengthen their understanding of STEM careers. The aim is to help build students' awareness, confidence and skills in STEM while promoting their continued study in the field.

## 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.



### 2015 IMPLEMENTATION:

Tier II spending requirements on competitively bid contracts greater than \$100,000

Tier II diverse spend: \$30.9 million



### 2016 IMPLEMENTATION:

Expanded guidelines to target medium contracts (\$0.5 million–\$1 million)

Tier II diverse spend: \$23.8 million



### 2017–2023 IMPLEMENTATION:

Supplier awareness and compliance was fully integrated into our Tier II process

Tier II diverse spend: \$46.7 million in 2023

## 2024 GOALS

Peoples Gas and North Shore Gas have set a 2024 goal of \$50.0 million or 16% with minority-, women- and veteran-owned businesses. However, a reduced forecast is anticipated, pending the resumption of our Facilities of the Future Project and the restart of our Safety Modernization Program (SMP). The pause on SMP is expected to result in less spending through our Supplier Diversity Initiative. Despite this challenge, we will strive to keep our spending percentage as high as possible.

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.





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.

### **Supplier Engagement**

We continued to engage previously vetted suppliers in 2023 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.

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.

## VI. SUPPLIER DIVERSITY BUSINESS GOALS

### Advocacy Engagement



#### ILLINOIS UTILITIES BUSINESS DIVERSITY COUNCIL

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 2024 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.



## Engagement and Growth

CHICAGO UNITED

# FIVE FORWARD

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### 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 2024

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**

Biggest project will be the North Shore Gas Waukegan RFP to be issued Q2 of 2024. Only diverse firms will be targeted for the project.

*This project is contingent on internal approval.*



### **HVAC**

Peoples Gas RFPs are targeted for Q1 of 2025. North Shore Gas RFPs are targeted for Q1 of 2026.



### **PLUMBING**

RFPs for both companies targeted for Q4 of 2025.



### **SURVEY AND STAKING**

Out for bid Q3 of 2024.



### **CROSS BORE INSPECTION**

Potentially out for bid in Q3/Q4 of 2024.



### **DAMAGE PREVENTION/LOCATING**

Contract completed.



### **O&M CONSTRUCTION**

Out for bid Q3 of 2024.



### **HARD AND SOFT RESTORATION**

Extension in Q1 of 2024. Small onboarding opportunity in Q1 of 2024. Full RFP in Q3 of 2024.

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.

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. 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)





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**DANIELLE BLY**

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414-221-4836

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).

## PEOPLES GAS AND NORTH SHORE GAS MARKET DEVELOPMENT INITIATIVE

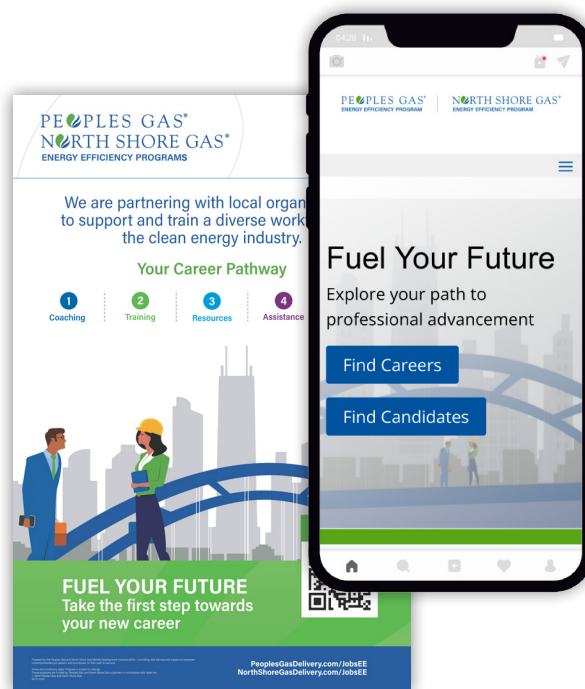


Peoples Gas and North Shore Gas are building a diverse and thriving workforce through our Market Development Initiative (MDI). We are doing this by utilizing research to ensure we are responding to market conditions, supporting under-represented job seekers, engaging diverse suppliers, supporting community development, and building a diverse and thriving workforce.

Through a competitive RFP process completed in early 2023, Peoples Gas and North Shore Gas selected Erthe Energy Solutions (ERTHE) and their team of partners to implement this impactful initiative. ERTHE is a certified Women-Owned Small Business based here in Illinois. ERTHE is also our Energy Efficiency Portfolio Administrator.

ERTHE and their partners, CADMUS, Evergreen Consulting, Mulder Consulting and RiseKit, in collaboration with local community-based organizations and educators, are helping us fuel the future of energy efficiency by developing and deploying our Market Development Initiative to:

- Simplify the job search process, ensuring that job seekers, employers and community partners can easily connect to and progress within the energy efficiency sector
- Help individuals get trained and employed in clean energy jobs in the Chicagoland and North Shore communities



- Support community development and build a more equitable and thriving workforce
- Help increase contracting opportunities for diverse businesses and community-based organizations at all contractual levels.



The ERTHE team has developed tools and resources in both English and Spanish that simplify the job search process, ensuring job seekers, employers and community partners can easily connect to and progress within the energy efficiency sector. We launched the workforce development-focused portion of MDI in January 2024 and will launch the diverse supplier efforts in Q2 of 2024.

Watch the short video linked here ([English](#) and [Spanish](#)) or click the images below and visit our websites: [PeoplesGasDelivery.com/MDI](https://PeoplesGasDelivery.com/MDI) or [NorthShoreGasDelivery.com/MDI](https://NorthShoreGasDelivery.com/MDI) to learn more.



## HENKELS & MCCOY, A MASTEC COMPANY

Founded in 1923, Henkels & McCoy joined MasTec Inc., an American multinational infrastructure engineering and construction company, in 2022. MasTec has deep roots in the construction market and has continued to grow under the direction of the Mas Family. Beginning when Jorge Mas Canosa, a Cuban immigrant, was recruited in 1969 to bring discipline, focus and leadership to the underground utility construction firm, Church & Tower, the Mas Family has held vital roles within the company and continued to do so once Church & Tower was acquired by Burnup & Sims to create what is now MasTec. MasTec is committed to broadening capabilities and geographic reach by partnering with companies who offer specialized expertise, such as Henkels & McCoy, to lead some of the largest and most complex infrastructure construction across the country.

As a company that is currently certified as a Minority-Controlled Company by the National Minority Suppliers Development Council (NMSDC) and recognized as a minority contractor throughout the United States and across a range of industries, they know the importance diverse suppliers bring to projects, as well as the social and economic impacts they can have on communities and the local workforce. Henkels & McCoy reflects the diverse communities we work in by hiring individuals from the local unions at project locations, with currently a 42% diverse workforce of self-reported individuals. High-performance construction teams are developed through an inclusive work environment and ensure a highly-skilled workforce and union opportunities by partnering with local coalitions and groups, the Federation of Labor and local union training programs.



In addition to being a minority-controlled company, Henkels & McCoy acknowledges the social and economic impacts that partnering with other diverse suppliers can have on local communities. They actively pursue diverse subcontractors and suppliers to build relationships and provide opportunities for participation in their work with an innovative combination of outreach, mentoring, advocacy and training. This commitment has helped contribute to the success of many local businesses who provide equipment leases, construction yards, office rentals, and other goods and services. By supporting small, minority-owned diverse suppliers, Henkels & McCoy continues to build a better future for those who live and work at project locations and subsequently helps them grow for continued success beyond project completion.



The relationship between Peoples Gas and Henkels & McCoy began in 2012, with Henkels & McCoy starting out with several small projects. Their attention to detail and flawless execution of their work gave Peoples Gas the confidence to award Henkels & McCoy increasingly larger projects throughout the course of the relationship. Since that time, Henkels & McCoy has become one of Peoples Gas' major contractors, performing work on some of Peoples Gas' largest gas distribution construction projects. Over the years, Henkels & McCoy has been a valued partner, helping Peoples Gas maintain its excellent

relationship with the Aldermen in the Chicago wards we work in, including participating in the 13th ward's "Touch a Truck" program where the community brings children and those with special needs out to see construction equipment up close.

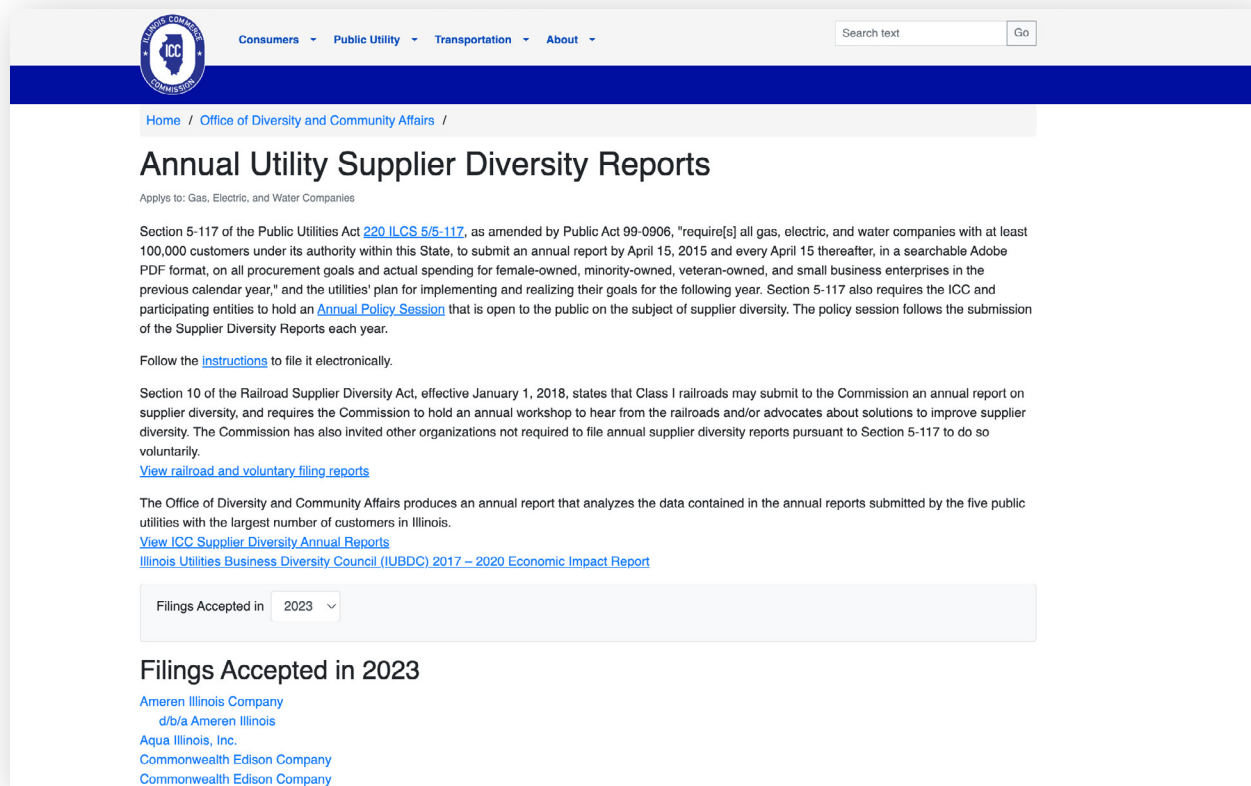
Henkels & McCoy's commitment to inclusiveness is at the core of their culture. Their partnership with Peoples Gas has significantly increased their revenues which, in turn, has allowed them to pay it forward by helping diverse partners and providing opportunities for employee bases within the regional economy that both companies serve.



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.



The screenshot displays the ICC website's navigation bar with the logo and menu items: Consumers, Public Utility, Transportation, and About. A search bar is located on the right. The breadcrumb trail reads: Home / Office of Diversity and Community Affairs / Annual Utility Supplier Diversity Reports. The main heading is "Annual Utility Supplier Diversity Reports". Below the heading, it states: "Applies to: Gas, Electric, and Water Companies". The text explains that Section 5-117 of the Public Utilities Act requires companies with at least 100,000 customers to submit an annual report by April 15, 2015 and every April 15 thereafter. It also mentions an Annual Policy Session. A link to "instructions" is provided. The text further discusses the Railroad Supplier Diversity Act of 2018 and provides a link to "View railroad and voluntary filing reports". It concludes by stating the Office of Diversity and Community Affairs produces an annual report and provides a link to "View ICC Supplier Diversity Annual Reports" and another link to the "Illinois Utilities Business Diversity Council (IUBDC) 2017 – 2020 Economic Impact Report". A filter for "Filings Accepted in" is set to "2023". The section title "Filings Accepted in 2023" is followed by a list of companies: Ameren Illinois Company (d/b/a Ameren Illinois), Aqua Illinois, Inc., Commonwealth Edison Company, and Commonwealth Edison Company.

Consumers Public Utility Transportation About

Search text Go

Home / Office of Diversity and Community Affairs /

## Annual Utility Supplier Diversity Reports

Applies to: Gas, Electric, and Water Companies

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 2023

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

[Aqua Illinois, Inc.](#)

[Commonwealth Edison Company](#)  
Commonwealth Edison Company

## APPENDIX A

### Expenditures by Product/Service Category and Ethnicity/Gender

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

Spend category	Direct	Subcontractor	Total	Total % to total purchases
<b>Asian Pacific American</b>	\$0.3	\$0.5	\$0.8	0.16%
<b>Asian Indian American</b>	\$1.1	\$0.0	\$1.1	0.24%
<b>African American</b>	\$11.0	\$10.1	\$21.0	4.41%
<b>Hispanic American</b>	\$47.0	\$5.8	\$52.8	11.08%
<b>Native American</b>	\$0.0	\$0.2	\$0.2	0.03%
<b>Total: Minority Men</b>	\$59.4	\$16.5	\$75.9	15.91%

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

Spend category	Direct	Subcontractor	Total	Total % to total purchases
<b>Asian Pacific American</b>	\$1.5		\$1.5	0.31%
<b>Asian Indian American</b>	\$0.0		\$0.0	0.00%
<b>African American</b>	\$0.6	\$0.3	\$0.9	0.19%
<b>Hispanic American</b>	\$2.3		\$2.3	0.49%
<b>Native American</b>	\$0.0		\$0.0	0.00%
<b>Total: Minority Women</b>	\$4.4	\$0.3	\$4.7	0.99%

\*Above numbers are subject to rounding.



## APPENDIX A

### Expenditures by Product/Service Category and Ethnicity/Gender

#### Total Expenditures (\$ in millions)\*

Spend category	Direct	Subcontractor	Total	Total % to total purchases
<b>Minority Business Enterprise—MBE</b>	\$63.8	\$16.8	\$80.6	16.90%
<b>Women Business Enterprise—WBE</b>	\$10.0	\$29.0	\$39.0	8.19%
<b>Subtotal MBE &amp; WBE</b>	\$73.8	\$45.9	\$119.6	25.09%
<b>Veteran Business Enterprise—VBE</b>	\$1.3	\$0.8	\$2.0	0.43%
<b>Total: MBE, WBE, VBE</b>	\$75.0	\$46.7	\$121.7	25.52%



## APPENDIX B

Tier 1 & Tier II	African American		Asian		Hispanic		Native American		Total MBE
Product Service Description	Men	Women	Men	Women	Men	Women	Men	Women	
<b>Analysis &amp; Testing</b>									\$0
Automotive	\$2,035,526		\$296						\$2,035,822
Building Services	\$25,045				\$7,095				\$32,140
Building Supplies	\$117,121								\$117,121
<b>Computer &amp; Office</b>									\$0
Construction	\$5,148,716	\$405,256	\$444,721		\$36,301,782		\$157,580		\$42,458,055
Consulting	\$887,263	\$167,539	\$495,654		\$2,419,793				\$3,970,248
Credit & Collections	\$218,333								\$218,333
Engineering/Tech Services	\$3,138,006	\$16,596	\$699,795	\$1,475,554	\$951,038				\$6,280,990
Equipment Rental									\$0
Equipment Repair					\$4,005				\$4,005
Finance, Accounting, Auditing	\$34,945								\$34,945
Gas Distribution	\$1,093,297	\$301,802	\$7,000		\$1				\$1,402,100
Gas Storage						\$2,311,838			\$2,311,838
Human Resources (Staffing)	\$5,062,715				\$5,639,059	\$31,760			\$10,733,535
Information Tech Services	\$330,903								\$330,903
Legal	\$130,990				\$216,085				\$347,075
Marketing & Advertising					\$109,000				\$109,000
Printing Services									\$0
Restoration			\$236,371		\$6,434,983				\$6,671,354
Safety					\$127,937				\$127,937
Security									\$0
Software Maintenance									\$0
Tools	\$6,754								\$6,754
Trucking/Transportation	\$2,595,196				\$518,206				\$3,113,402
Waste Disposal					\$3,550				\$3,550
Other	\$194,076			\$5,299	\$91,779				\$291,154
<b>Grand Total \$</b>	<b>\$21,018,887</b>	<b>\$891,193</b>	<b>\$1,883,838</b>	<b>\$1,480,853</b>	<b>\$52,824,313</b>	<b>\$2,343,598</b>	<b>\$157,580</b>	<b>\$0</b>	<b>\$80,600,261</b>
<b>Grand Total %</b>	<b>4.41%</b>	<b>0.19%</b>	<b>0.40%</b>	<b>0.31%</b>	<b>11.08%</b>	<b>0.49%</b>	<b>0.03%</b>	<b>0.00%</b>	<b>16.90%</b>



## APPENDIX B

Tier 1 & Tier II Product Service Description	Total WBE	Total Veteran	Total Diverse Spend	Total Non-Diverse Prime	Total Spend	Professional Services?
<b>Analysis &amp; Testing</b>	\$31,952	\$2,402	\$34,354	\$535,830	\$570,184	Yes. Under Engineering/ Tech Services
<b>Automotive</b>	\$268,093		\$2,303,915	\$2,673,103	\$4,977,018	
<b>Building Services</b>	\$1,207,099	\$741,018	\$1,980,258	\$4,930,516	\$6,910,773	
<b>Building Supplies</b>	\$18,783		\$135,904	\$560,962	\$696,866	
<b>Computer &amp; Office</b>	\$17,686		\$17,686	\$2,843,361	\$2,861,047	
<b>Construction</b>	\$25,119,850	\$1,296,956	\$68,874,862	\$141,164,168	\$210,039,030	
<b>Consulting</b>	\$1,908,097		\$5,878,346	\$50,646,889	\$56,525,234	Yes
<b>Credit &amp; Collections</b>	\$310,739		\$529,072	\$9,908,043	\$10,437,114	
<b>Engineering/Tech Services</b>	\$1,869,723	\$3,180	\$8,153,893	\$26,147,176	\$34,301,069	Yes
<b>Equipment Rental</b>	\$826,154		\$826,154	\$3,033,249	\$3,859,403	
<b>Equipment Repair</b>	\$15,255		\$19,260	\$1,988,298	\$2,007,558	
<b>Finance, Accounting, Auditing</b>	\$183,776		\$218,721	\$6,005,724	\$6,224,445	Yes
<b>Gas Distribution</b>	\$1,432,101		\$2,834,201	\$35,435,315	\$38,269,516	
<b>Gas Storage</b>			\$2,311,838	\$2,938,088	\$5,249,926	
<b>Human Resources (Staffing)</b>	\$523,392		\$11,256,927	\$5,993,200	\$17,250,126	Yes
<b>Information Tech Services</b>	\$71,088		\$401,992	\$8,979,086	\$9,381,078	Yes
<b>Legal</b>	\$735,341		\$1,082,417	\$7,466,130	\$8,548,546	Yes
<b>Marketing &amp; Advertising</b>	\$1,148,139		\$1,257,139	\$995,655	\$2,252,794	Yes
<b>Printing Services</b>	\$237,553		\$237,553	\$734,004	\$971,557	
<b>Restoration</b>	\$705,554		\$7,376,908	\$5,116,551	\$12,493,458	
<b>Safety</b>	\$23,833		\$151,770	\$3,331,291	\$3,483,061	
<b>Security</b>			\$0	\$7,113,884	\$7,113,884	
<b>Software Maintenance</b>			\$0	\$49,655	\$49,655	
<b>Tools</b>	\$827,519	\$3,825	\$838,098	\$216,404	\$1,054,502	
<b>Trucking/Transportation</b>	\$822,190		\$3,935,592	\$1,227,088	\$5,162,680	
<b>Waste Disposal</b>			\$3,550	\$8,850,769	\$8,854,319	
<b>Other</b>	\$733,563		\$1,024,717	\$16,335,546	\$17,360,263	
<b>Grand Total \$</b>	<b>\$39,037,482</b>	<b>\$2,047,382</b>	<b>\$121,685,125</b>	<b>\$355,219,982</b>	<b>\$476,905,107</b>	
<b>Grand Total %</b>	<b>8.19%</b>	<b>0.43%</b>	<b>25.52%</b>	<b>74.48%</b>	<b>100.00%</b>	

## APPENDIX C

### Definition of Supply Chain Procurement Categories

Category	Description
<b>Analysis &amp; Testing</b>	Services related to analysis or testing (e.g., water, soil)
<b>Automotive</b>	Any material related to the repair or maintenance of automotive fleet
<b>Building Services</b>	Services related to the repair or maintenance of our buildings or offices
<b>Building Supplies</b>	Any material related to miscellaneous building supplies (e.g., paint, lumber, filters)
<b>Computer &amp; Office</b>	Any material related to computer and office supplies (e.g., computer hardware/software, envelopes, forms, office furniture)
<b>Construction</b>	Services related to underground construction
<b>Consulting &amp; Energy Efficiency</b>	Consulting services related to information technology, financial, human resources and delivery of energy efficiency (e.g., in-house field services and energy audits)
<b>Credit and Collections</b>	Services related to credit and collections of customer accounts
<b>Engineering/Tech Services</b>	Services for engineering/technical work (e.g., design work, surveying)
<b>Equipment Rental</b>	Rental of equipment
<b>Equipment Repair</b>	Repair of equipment
<b>Finance, Accounting, Auditing</b>	Services related to finance, accounting and auditing
<b>Gas Distribution</b>	Any material directly related to the repair or maintenance of the gas distribution system

## APPENDIX C

### Definition of Supply Chain Procurement Categories

Category	Description
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 & 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
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

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