

Diverse Business Enterprises Exhibit

Women, Minority, Disabled Veteran and Lesbian, Gay, Bisexual and Transgender (“LGBT”) Business Enterprises (collectively referred to as “DBE”) Subcontracting Program (“DBE TIER 2 Program”)

1. Overview

As a matter of company policy, Edison is committed to providing diverse business enterprises, such as women, minority, service-disabled veteran, and LGBT owned businesses, maximum practicable opportunity to participate in providing products and services to Edison. By diversifying its supplier base, Edison enhances competition and innovation among its suppliers, which helps provide customers with safe, reliable, and affordable electricity and services. However, this policy will not be used to exclude qualified non-DBEs from participating in utility contracting.

Annually, Edison sets goals for increasing DBE business participation in its supply chain. Edison's current goal is to have greater than 40% of its total annual supplier spend be with DBE businesses. Edison achieves this goal through direct contracting opportunities with verified DBEs and through Edison's prime contractors (hereinafter referred to as "Suppliers") who subcontract with verified DBEs in support of the California Public Utilities Commission ("CPUC") General Order 156 ("GO 156").

As such, Edison expects existing and prospective Suppliers to tailor and implement their own supplier diversity program (within each Supplier's own supply chain) and agree to use commercially reasonable efforts to carry out this policy in the award of subcontracts to the fullest extent consistent with the efficient performance of Supplier's contractual obligations to Edison and Applicable Law.

2. Utilization of DBE Tier 2 Subcontractors in accordance with Supplier's Pledge

Edison's DBE Tier 2 Program is used to track the plan and performance of its direct Suppliers' use of DBEs as subcontractors in performance of the Work or Services or provision of the Deliverables in any procurement agreement between a Supplier and Edison. Each Supplier and prospective Supplier shall populate its DBE Tier 2 subcontractor percentage pledge within its Ariba profile. Successful bidders or direct awardees will be obligated to comply with the provisions, including the monthly reporting requirements, of the Tier 2 Reporting Requirements specified herein.

Supplier shall use commercially reasonable efforts to utilize DBE Tier 2 subcontractors in its performance of the Work or Services or provision of the Deliverables in any procurement on behalf of Edison. Supplier's pledge to exercise good faith efforts to subcontract with verified DBEs is a factor that will be considered in Edison's bid evaluation and award process. If a particular procurement agreement contemplates Supplier spending less than Supplier's DBE Tier 2 subcontractor Spend Pledge, Supplier will have the opportunity to revise its DBE Tier 2 Spend Pledge within its Ariba profile.

3. DBE Subcontractor Verification

Edison recognizes DBE certifications from the following certifying agencies:

- The Supplier Clearinghouse (CPUC) – www.thesupplierclearinghouse.com
- Central Contractor Registration (SBA 8A Program only) - www.ccr.gov
- California Department of General Services (DVBE only) - www.pd.dgs.ca.gov

If a DBE subcontractor is not currently certified with one of the three certifying agencies above and Supplier feels that the DBE subcontractor has the attributes to qualify as a DBE, Supplier may contact Edison's Supplier Diversity Program at supplierdiversitydevelopment@sce.com for assistance with having the DBE subcontractor certified.

4. Reporting Requirements for Payments to DBE Tier 2 Subcontractors

If Supplier uses DBE Tier 2 subcontractors in its performance of the Work or Services or provision of the Deliverables in a procurement on behalf of Edison, Supplier shall submit on a monthly basis, within 15 calendar days of the 1st day of the month (or the next business day if the 15th is a non-working day), and again upon completion of Edison's final Acceptance of the Work, Services or Deliverables, Supplier's actual DBE Tier 2 subcontracting Spend amounts in the online Tier 2 Reporting System ("Tier 2 Reporting Requirements"). Supplier's use of the Tier 2 Reporting System shall be subject to a system access agreement, which each of Supplier's users shall be required to accept when logging onto the Tier 2 Reporting System for the first time.

Supplier shall report only those DBE Tier 2 subcontractors that are paid directly by the Supplier in support of the performance of the Work or Services or provision of the Deliverables for Edison. A subcontractor of a subcontractor (Tier 3 subcontractor), or any lower tier of subcontracting is not eligible for reporting and shall be excluded from Supplier's monthly report. In addition, any indirect costs (e.g. office overhead, gardening, etc.) shall be excluded from Supplier's reporting.

Upon award of a procurement agreement, if Supplier is not already reporting in the Tier 2 Reporting System, Supplier will receive an invitation to attend the system training and orientation via email. Supplier also acknowledges and agrees that its DBE Tier 2 subcontractor Spend and statistics reported by Supplier to Edison may be included in Edison's Annual DBE Report to the CPUC.

Failure of Supplier to comply with its Tier 2 Reporting Requirements hereunder or under any procurement agreement with Edison will constitute a breach hereof or of such procurement agreement. Supplier shall be subject to audit by Edison or an Edison third-party representative for verification of its DBE Tier 2 subcontracting Spend reporting, which may include requests for proof of payments by any approved payment types acceptable to Edison (e.g. checks with front and back endorsements, wire transfers with bank statements, etc). Supplier shall use its best efforts to cause its DBE Tier 2 subcontractors to comply with Edison or Edison's third party representative requests for such proof of payment.

In addition, upon completion of the Work or Services or provision of the Deliverables in a procurement between Supplier and Edison, if Supplier's Spend on verified DBE Tier 2 subcontractors is less the amount in Supplier's DBE Spend Pledge and Supplier is unable to account for the deviation to the satisfaction of Edison's procurement personnel, this deviation will be part of Edison's assessment of Supplier's overall performance. Supplier's opportunity to participate in future proposal requests and transactions with Edison may be negatively impacted.

5. Edison Contacts

All questions related to these Tier 2 Reporting Requirements shall be directed to: supplyexcellencedbe@sce.com.

6. Changes to DBE Tier 2 Program

Supplier acknowledges that Edison may revise, modify, or replace its DBE Tier 2 subcontracting policies (including without limitation this DBE Tier 2 Program document) from time to time in its sole discretion.

Definition of DBE Categories and other Key Terms as Defined in GO 156

Woman Business Enterprise (WBE): A business that is at least 51% woman owned; or in the case of any publicly owned business, at least 51% of the stock of which is owned by one or more women, and whose management and daily business operations are controlled by one or more women. The woman/women owning such an enterprise must be either U.S. citizens or legal aliens with permanent residence status in the United States.

Minority Business Enterprise (MBE): A business that is at least 51% minority owned by an individual or group; or in case of any publicly owned business, at least 51% of the stock of which is owned by one or more minority groups detailed below, and whose management and daily business operations are controlled by one or more of those individuals. The person(s) owning such an enterprise must be either U.S. citizens or legal aliens with permanent residence status in the United States.

- **African American** – Person(s) having origins in any black racial groups of Africa
- **Hispanic American** – Person(s) of Mexican, Puerto Rican, Cuban, South or Central American, Caribbean, and other Spanish culture or origin
- **Native American** – Person(s) having origin in any of the original peoples of North America or the Hawaiian Islands, in particular American Indians, Eskimos, Aleuts, and Native Hawaiians
- **Asian Pacific American** – Person(s) having origins in Asia or the Indian subcontinent, including but not limited to Japan, China, the Philippines, Vietnam, Korea, Polynesia, Samoa, Guam the U.S Trust Territories of the Pacific, Northern Marianas, Laos, Cambodia, Taiwan, India, Pakistan, and Bangladesh
- **Other** – Members are found to be disadvantaged by the Small Business Administration pursuant to Section 8(d) of the Small Business Act as amended (15 U.S.C. 637(d)), or the Secretary of Commerce pursuant to Section 5 of Executive Order 11625

Service-Disabled Veteran Owned Business Enterprise (DVBE): A business that is at least 51% owned by a disabled veteran individual or group of the United States Military, Naval, or Air Service with a Service-connected disability who is a resident of the State of California or in case of any publicly-owned business, at least 51% of the stock of which is owned by one or more disabled veterans, and whose management and daily business operations are controlled by one or more of those individuals.

Lesbian Gay Bisexual and Transsexual (LGBT): "LGBT-owned business" means (1) a business enterprise (a) that is at least 51% owned by a lesbian, gay, bisexual, or transgender person or persons or (b) if a publicly owned business, at least 51 % of the stock of which is owned by one or more lesbian, gay, bisexual, or transgender persons; and (2) whose management and daily business operations are controlled by one or more of those individuals.

Acceptance: Defined in the applicable procurement agreement between Edison and Supplier.

Control: Exercising the power to make policy decisions.

Goal: A target which, when achieved, indicates progress in a preferred direction. A goal is neither a requirement nor a quota.

Operate: Being actively involved in the day-to-day management and not merely acting as officers or directors.

Spend: "Cash basis" – verifiable payments made by Supplier to its Tier 2 subcontractors where actual transfer of monies has already occurred.

Subcontract: means any agreement or arrangement between a contractor (or Suppliers as referred to in this document) and any party or person (in which the parties do not stand in the relationship of an employer and an employee):

- For the furnishing of supplies or services for the use of real or personal property, including lease arrangements, which, in whole or in part, is necessary to the performance of any one or more contracts; or
- Under which any portion of the contractor's obligation under any one or more contracts is performed, undertaken or assumed.

Services: as defined in the applicable procurement agreement between Edison and Supplier.

Work: as defined in the applicable procurement agreement between Edison and Supplier.

Deliverables: as defined in the applicable procurement agreement between Edison and Supplier.