

Talen Energy Corporation MWBE Commitment

BACKGROUND

At Talen Energy Corporation, diversity planning applies not only to employment practices but to sourcing practices as well. Talen Energy Corporation values diversity because its customer base is diverse and, therefore, it encourages participation in its sourcing programs by the broadest possible base of suppliers. Talen Energy Corporation especially encourages inquiries from Minority/Woman-Owned Business Enterprises (MWBEs) not only because Talen Energy Corporation takes its social responsibilities seriously, but because it also makes good business sense to do so. By expanding its potential sources of supply, Talen Energy Corporation fosters the competitive process which can result in significant cost savings opportunities and improved quality.

Talen Energy Corporation also identifies and invites contact from diverse suppliers by attending local and regional trade fairs for MWBEs.

Once a firm has been identified as a potential source of supply for Talen Energy Corporation, interested firms are requested to complete a Contractor/Supplier Classification Form. The completed form is reviewed by buyer and user groups and then entered into the supplier database. Distinct codes are added to a firm's listing to indicate "Minority," "Woman-Owned," "Small Business," or other specific categories. These indicators enable buyers to easily identify special characteristics when developing a bidders list for a particular solicitation. Objectives have been established to increase the number of bid opportunities provided to MWBEs.

In addition to the information provided in the supplier database after a potential firm has been approved, several other resources are available to buyers for identifying MWBEs. These include the GSA's www.sam.gov website; Doing Business with the Commonwealth of PA under PA Bureau of Minority and Women Business Opportunities; the Try Us National Minority Business Directory, a list of approved 8(A) (socially & economically disadvantaged) companies published by the Small Business Administration - Philadelphia District Office, and the Regional Minority Purchasing Council (RMPC). Firms listed in the directories or provided by the RMPC may be solicited by buyers prior to approval. If the MWBE shows an interest in doing business with Talen Energy Corporation by either responding to the solicitation, or contacting Talen Energy Corporation as a result of receiving the bid request, Talen Energy Corporation will forward an application so that the firm may be considered for future solicitations.

INTERNAL EFFORTS

Use of MWBE suppliers is encouraged in the corporate credit card policies and procedures guidelines. Renewing awareness of the MWBE supplier program in sections of the corporation that buy numerous small dollar items locally can result in significant increase in sourcing opportunities with MWBEs.

The Supply Chain organization also maintains a website which includes a link to the "Supplier Diversity" Corporate Policy.

EXTERNAL EFFORTS

- Maintain a Supplier Diversity link on the Talen Energy Corporation external Web
- Participation in annual Edison Electrical Institute Supplier Diversity Conferences.
- Participation in MWBE tradeshow events.

SUBCONTRACTING EFFORTS

Terms and Conditions on all Requests for Quote, Requests for Proposal, Purchase Orders, and Contracts contain language specific to the utilization of MWBEs. Examples of these terms and conditions follow:

Contractor shall use its best efforts to assure that Small, Small Disadvantaged and Women Owned Small Business concerns (SSDWOSBCs) are given equitable opportunity to compete for procurements resulting from this Contract. In this regard, Contractor shall comply with the requirements in 48 C.F.R. 52.219-8, which is hereby incorporated by reference.

If the total aggregate commitment hereunder exceeds \$650,000, Contractor (unless Contractor is itself a small business concern) shall adopt a plan similar to the plan required in 48 C.F.R. 52.219-9, and shall establish and conduct, or maintain, a program that enables SSDWOSBCs to have equitable opportunities to compete as subcontractors or suppliers for procurements resulting from this Contract. In this regard, Contractor shall assure that known SSDWOSBCs are given equitable opportunities to compete for subcontracts, particularly by arranging solicitations for bids and delivery schedules so as to facilitate participation by those entities, maintain records showing procedures which have been adopted to comply with the provisions of this clause, and prepare periodic reports and cooperate in surveys as may be required by the General Services Administration or the Small Business Administration. Contractor agrees to submit reports electronically via eSRS or by using Standard Forms 294 or 295 to Talen Energy Corporation annually with respect to its plan and to provide other certifications and documentation deemed reasonably necessary by Talen Energy Corporation to show evidence of Contractor's compliance with all State and Federal rules and regulations relating to the use of SSDWOSBCs.

Contractor (except small business concerns) shall insert in any subcontract hereunder which may exceed \$650,000, provisions that conform substantially to the language of this clause.

REPORTING

Talen Energy Corporation's approved supplier database, containing a supplier's name, address, telephone number, and special indicators, is used by its Accounts Payable Department to issue payments. This system allows Talen Energy Corporation to track payments to MWBEs and prepare summary reports of such payments on a quarterly basis. Goals and actual achievements of dollars spent with American Indian owned, small business, small service disabled veteran-owned, small woman-owned, small veteran-owned, HUBZone small business (SBA-certified and verified in SAM), small disadvantaged business, minority-owned, and disability-owned business are tracked using this system.

Talen Energy Corporation Supplier Diversity

Philosophy and Purpose

Talen Energy Corporation is committed to encouraging cultural diversity and believes in providing equal opportunity to all suppliers, including diverse suppliers, i.e., small, minority-, women- and disabled-owned business enterprises. Through our supplier diversity efforts, Talen Energy Corporation seeks to encourage that maximum opportunity is provided to diverse suppliers who wish to participate in our procurement process.

Talen Energy Corporation values diversity. The communities and customers we serve, as well as our employees, are diverse. Talen Energy Corporation's commitment to supplier diversity reflects our belief that efforts to assist diverse businesses will enhance their opportunities for success while providing Talen Energy Corporation with needed materials and services at competitive prices.

It is our goal to include supplier diversity as an integral part of doing business, rather than by positioning it as a stand-alone program.

The Talen Energy Corporation Supply Chain organization is responsible to administer, monitor, and report on the results of the Supplier Diversity. Supply Chain is responsible for coordination between suppliers and other personnel within Talen Energy Corporation.

We operate in accordance with Talen Energy Corporation area-wide contract for electric service with the U.S. General Services Administration (GSA), and the Pennsylvania Public Utility Commission's (PUC) Utility Diversity Reporting Program. Both the GSA and the PUC requires companies, such as Talen Energy Corporation, to develop programs to increase participation of diverse suppliers.

Corporate Policy

In general, it is Talen Energy Corporation's corporate policy to:

- Provide all suppliers with fair and equitable opportunity to participate in the competitive process to contract for materials and services required by Talen Energy Corporation.
- Ensure that Talen Energy Corporation is provided with the best materials and services at the lowest evaluated life cycle cost.
- Increase utilization of diverse suppliers by proactively seeking these businesses and providing them with competitive opportunity.
- Promote mentor relationships between Talen Energy Corporation buying personnel and diverse suppliers.
- Provide no premiums or set-asides for purchases from diverse suppliers.

Roles and Responsibilities

Supplier Diversity Administrator

- Establish corporate policy, procedures and annual goals
- Corporate-wide communication of program goals and results
- Program performance monitoring and reporting
- Develop internal programs to educate and train buying personnel
- Develop outreach programs to locate and identify potential diverse suppliers
- Act as liaison between Talen Energy Corporation, suppliers, advocacy groups, and associations
- Encourage and support mentor relationships between Talen Energy Corporation buying personnel and diverse suppliers
- Assist diverse suppliers in their efforts to compete

All Talen Energy Corporation employees involved in procurements

- Identify diverse suppliers and provide identification information to Supply Chain for inclusion in the supplier database
- Provide opportunities for diverse suppliers
- Develop and advance mentor relationships with diverse suppliers
- Utilize diverse suppliers in corporate card purchasing activities

Sourcing Process

Talen Energy Corporation encourages inquiries from diverse suppliers for inclusion in our supplier database. Diverse suppliers should contact Talen Energy Corporation and request to be a potential source of supply.

Competitive bid responses are evaluated and purchase orders and contracts are awarded based on lowest evaluated life cycle cost. Suppliers are expected to perform as promised and are evaluated based on Talen Energy Corporation's standards for quality and service.

Suppliers who are not awarded business based on a competitive solicitation may request feedback to help them improve future bid submittals.

Mentor relationships are encouraged between all Talen Energy Corporation employees involved in sourcing and diverse suppliers. This mentoring initiative is focused on education in the areas of qualification requirements, formatting and presenting proposals, bid and contracting procedures, material and service requirements, and invoicing and payment schedules and procedures.

The Corporate Credit Card Program is another sourcing tool that allows users to buy small dollar materials and services from diverse suppliers.

Definitions

Small Business Concerns

The term "small business concern" shall mean a small business as defined pursuant to Section 3 of the Small Business Act and relevant regulations issued pursuant thereto. Generally, this means a small business concern organized for profit, which is independently owned and operated, is not dominant in the field of operations in which it is bidding, and meets the size standards as prescribed in government regulations.

Small Disadvantaged Business Concerns

The term "small business concern owned and controlled by socially and economically disadvantaged individuals" shall mean a small business concern which is at least 51% owned by one or more socially and economically disadvantaged individuals or, in the case of any publicly owned business, at least 51% of the stock is owned by one or more socially and economically disadvantaged individuals. The U.S. Small Business Administration established that the net worth of an individual claiming economic disadvantage must be less than \$750,000.

Socially disadvantaged individuals include Black Americans, Hispanic Americans, Native Americans, Asian-Pacific Americans, Subcontinent Asian Americans, and other minorities or individuals found to be disadvantaged by the Small Business Administration pursuant to Section 8(a) of the Small Business Act. The term "Native Americans" includes American Indians, American Eskimos, American Aleuts and Native Hawaiians. The term "Asian-Pacific Americans" includes United States citizens whose origins are from Japan, China, the Philippines, Viet Nam, Korea, Samoa, Guam, and the US Trust Territories of the Pacific, Northern Marinas, Laos, Cambodia and Taiwan. The term "Subcontinent Asian Americans" includes US citizens whose origins are from India, Pakistan and Bangladesh.

Women-Owned Small Business Concerns

The term "women-owned small business concern" shall mean a) a small business concern which is at least 51% owned by one or more women; or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women; and b) whose management and daily business operations are controlled by one or more women.

Veteran-Owned Small Business Concerns

A veteran is a person who served in the active military, naval, or air service, and who was discharged or released under conditions other than dishonorable.

To be a veteran-owned small business (VOSB):

- One or more veterans must own at least 51 percent of the business. If publicly owned, one or more veterans must own at least 51% of the stock.
- One or more veterans must control management and daily business operations.
- The business must meet the size standards as prescribed in government regulations.

Service-Disabled Veteran-Owned Small Business Concerns

A service-disabled veteran is a veteran with a disability that incurred, or was aggravated, in the line of active military duty.

To be a service-disabled veteran-owned small business (SDVOSB):

- One or more service-disabled veterans must own at least 51 percent of the business. If publicly owned, one or more service-disabled veterans must own at least 51% of the stock.
- One or more service-disabled veterans must control management and daily business operations. In the case of a veteran with a permanent and severe disability, the management and daily business operations are controlled by a spouse or permanent caregiver.
- The business must meet the size standards as prescribed in government regulations.

HUBZone Small Business Concerns

A HUBZone small business is one that resides in an area designated as a historically underutilized business zone and meets U.S. Small Business administration criteria, including being owned or controlled by one or more U.S. citizens and at least 35 percent of its employees must reside in a HUBZone.

Disabled-Owned Small Business Concerns

A disabled-owned business includes those businesses whose owners are disabled under the definitions of the federal Americans with Disabilities Act. This includes non-profit agencies or programs that promote the interests of the disabled or agencies that have a work force of 51 percent or more disabled workers.