

Diversity, Equity & Inclusion In Action

Angela Thompkins, Vice President and Chief Diversity Officer
September 10, 2020

Our DE&I Journey

2017

- CE publicly supported Jackson's non-discrimination ordinance
- The Pride flag is raised and celebrated at the CE headquarters building

1985

- CE's first Employee Resource Group, the Women's Advisory Panel (WAP), is founded, leading to the establishment of six flourishing ERGs

2018

- CEO Action for Diversity & Inclusion Pledge rallying the business community to advance Diversity & Inclusion in the workplace

2019

- CE Foundation donates \$1.2M to diverse associations impacting communities of color

DE&I Strategy Framework

- CEO, Patti Poppe, takes a public stand that racism is a public health crisis
- Appointment of VP & Chief Diversity Officer, Angela Thompkins
- CE Foundation donates \$100K in support of organizations fighting social injustices
- Roll out of 10-year DE&I strategy

2020



DE&I Strategy Framework

DE&I STRATEGY

Build and sustain a world class, inclusive workforce and customer experience through embedding Diversity, Equity and Inclusion into everything we do

Strategy Pillars



Our Culture

- Engaging Employee Resource Groups
- Embedding DE&I into our DNA



Our Processes

- DE&I standards embedded into everything we do



Our Talent

- Ensuring DE&I is in our whole employee experience (e.g. Attracting, Hiring, Retaining, Promoting, Developing)



D+E+I = Belonging

Diversity, Equity & Inclusion + Our Processes

Looking at all our processes end-to-end to embed DE&I into all of our actions



Employee Experience

How is DE&I prevalent in all aspects of our Employee Experience?



Volunteerism

Are we volunteering at events in areas representative of all types of demographics?



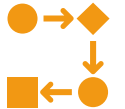
Shape Political Activity

How are we supporting politicians and policies that align with our DE&I stance?



Communications

How do we use our voice in key social issues for both our customers and our co-workers?



Supply Chain

What standards do we hold our vendors to? How diverse is our supplier base and our spend?



Philanthropy

How are we diversifying our donations?



Customer Interactions

How do we interact with all customers?



Community Engagement

Are we present in communities across the state with varying demographics?

Diversity, Equity & Inclusion + Our Actions

Looking at our actions to embed DE&I into our company culture



Leadership
Training

Facilitated book club sessions on How to be An Antiracist by Ibram X. Kendi



Implicit Bias
Tests

Distributed Harvard Implicit Bias Tests to all co-workers for self-awareness



Conversations
About Race

Conducted multiple company wide discussions including those on Race, Anti-Racism and How to be an Ally



Inclusive
Safety

Incorporated inclusive behaviors into standard company wide safety tailboard reviews



Word of
the Month

Published company wide DE&I word of the month, with supporting weekly activities



Open Office
Hours

Offered weekly DE&I listening sessions with support and resources for all co-workers



DE&I
Intranet

Created internal site featuring DE&I Strategy, Resources, FAQs and Employee Resource Groups

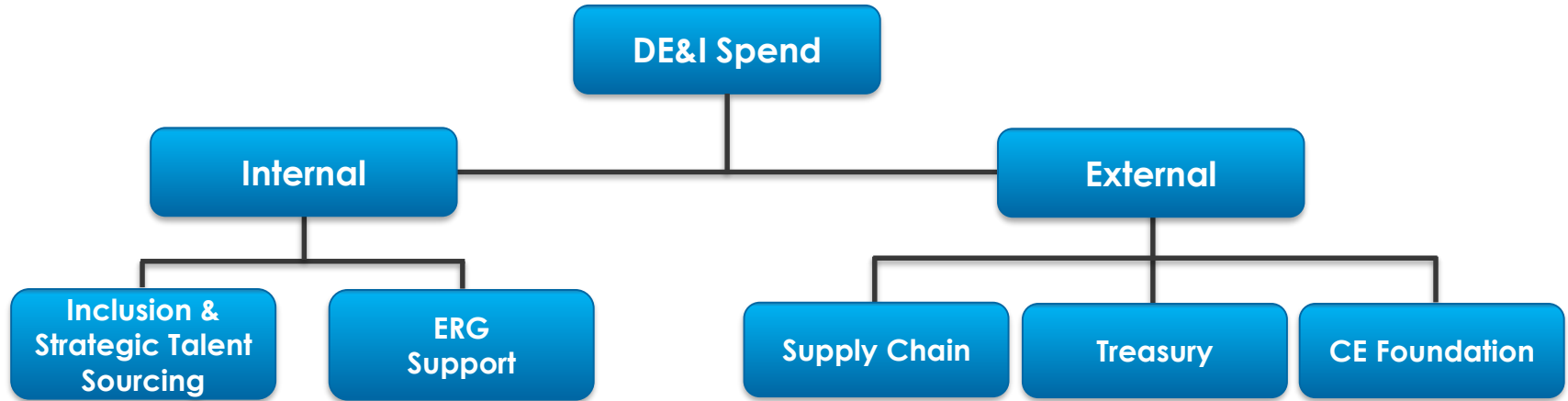


Inclusion
Champions

Enlisted union represented co-workers dedicated to grass roots DE&I efforts

DE&I Resource Allocation Summary

- CMS' financial commitment to DE&I is approached holistically with a focus on internal and external resource allocation



- Internal spend has increased over the past 3 years with the establishment of a dedicated Inclusion & Strategic Talent Sourcing team, ERG support and longstanding sponsorships and participation in DE&I-related events (e.g., recruiting, conferences, etc.)
- External spend for DE&I is over \$200 million per year in aggregate largely driven by Supply Chain with concerted efforts in Treasury and the Consumers Energy Foundation

Consumers Energy: External Awards

For Women



For Minorities



For Veterans



Other

College Interns



Robotics



Talent Development

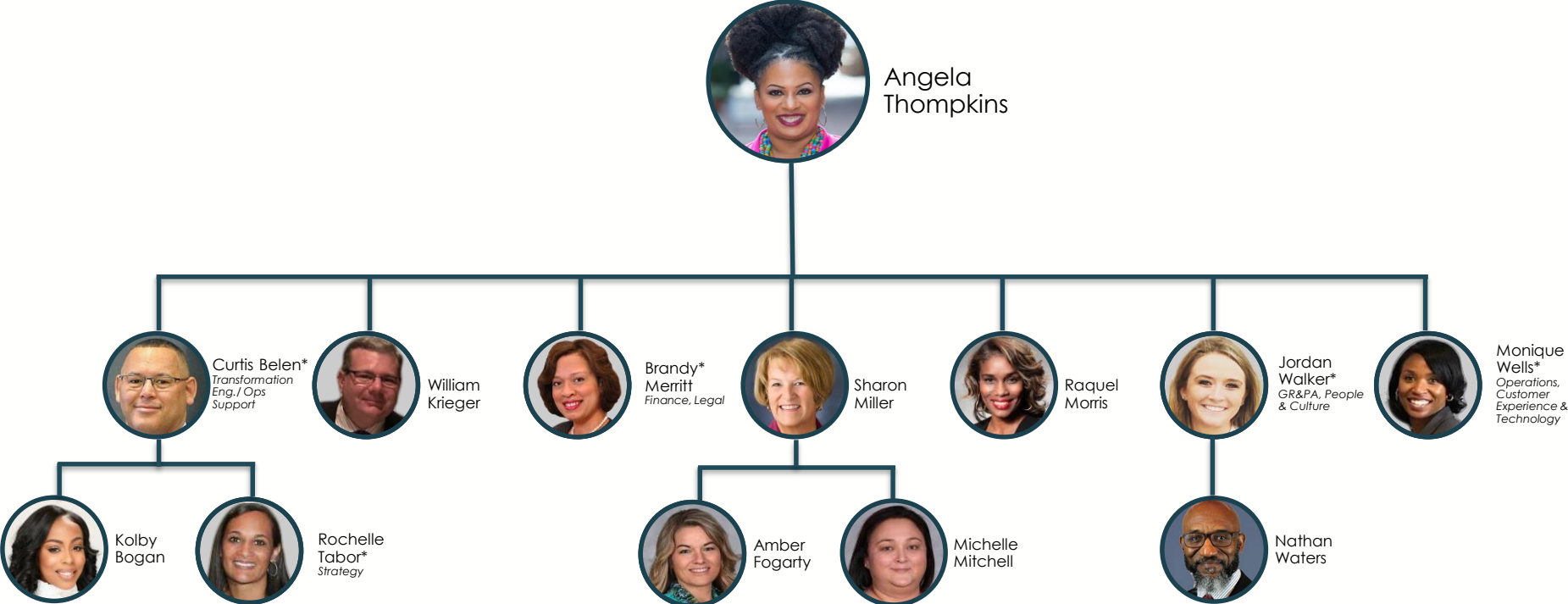


Trusted Brand Award



Appendix

The Office of Diversity, Equity & Inclusion



* DE&I Consultant

Supply Chain DE&I Spend is Significant...

Commentary

- Annual DE&I spend of >\$200M with >1,200 vendors in a total pool \$2 - \$2.5B per year
- All RFPs equal or greater than \$100K must include at least one certified diverse supplier
- Spend on diverse suppliers has increased by ~3x over the past 7 years with % of total spending increasing by ~4x
- Announced in May 2019, commitment to double annual diverse supplier spend by 2024
- Addtl. opportunities in energy efficiency, Tier 2 vendors and selection criteria for majority-owned suppliers

Key Contacts

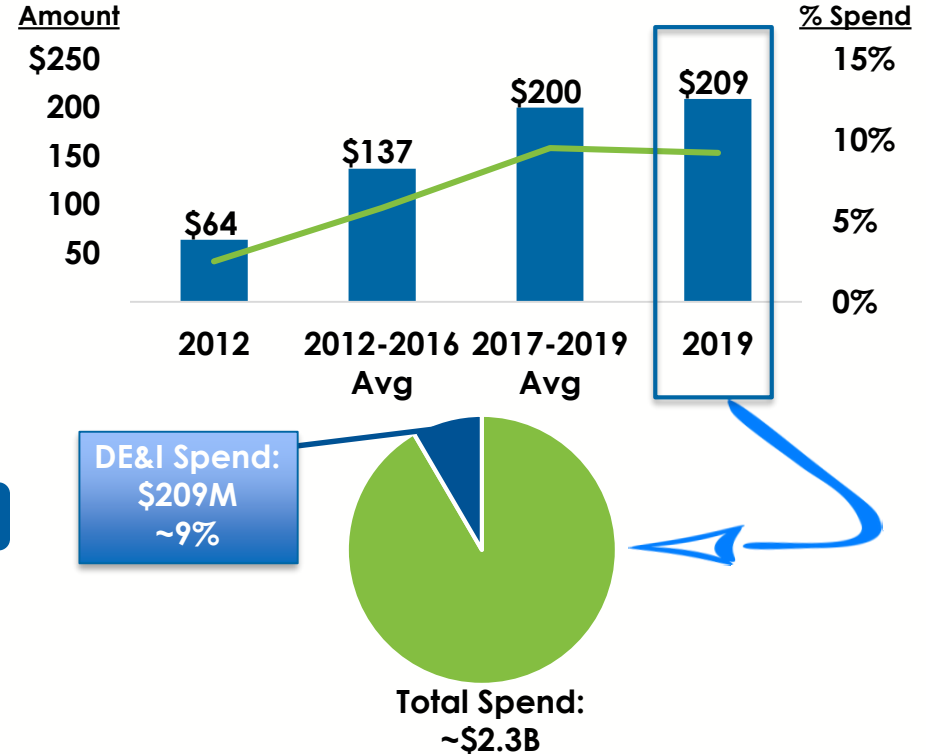
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Historical DE&I Spend (\$ in Millions)



...with substantial future opportunity given early stages of maturation.

Treasury Fee Pool is Relatively Small and Less Predictable...

Commentary

- Total fee pool has ranged from \$8M to \$23M over the past 4 years
- Fees driven largely by: underwriting, treasury services and asset management
- Minority-Owned Broker-Dealer (MOBD) RFP conducted in 2019 to establish core slate of underwriters and increase fee allocation
- Active dialogue in place with MOBDs who participate on at least 50% of bond deals (increasing to 100% in 2021 and beyond)
- Addtl. opportunities in asset management and selection criteria for majority-owned firms

Key Contacts

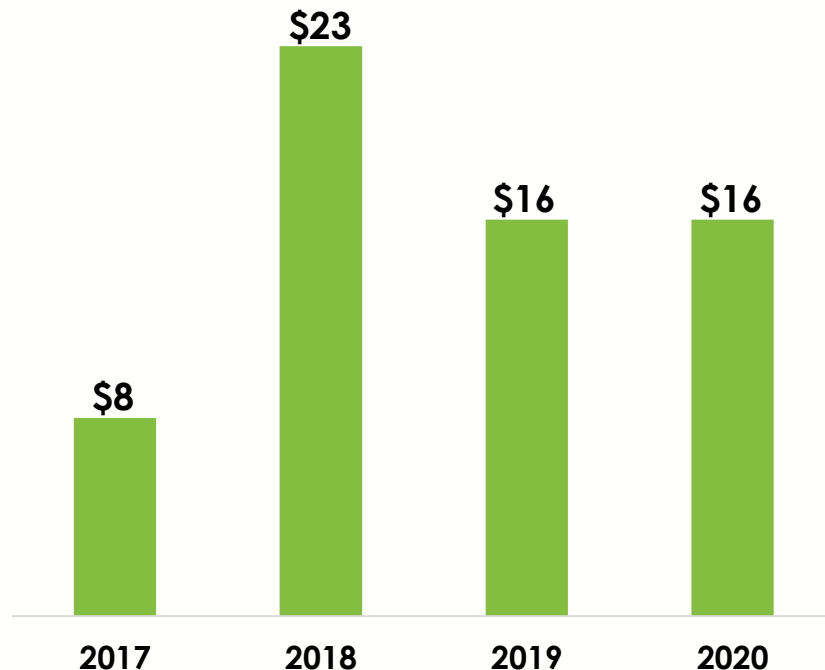
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Historical Treasury Spend (\$ in Millions)



...but strong engagement in place with Minority-Owned Broker Dealers.

CE Foundation spends ~\$6-7M annually in Michigan...

Commentary

- ~\$45M endowment with donation strategy focused on triple bottom line of People, Planet & Prosperity
- Top priorities: Education, Job Readiness, Neighborhood Revitalization and Economic Development, among others
- In 2019, provided \$1.2M in grants supporting diverse community associations targeting justice and equality in education, entrepreneurship, career development and home ownership
- Notable recent donations:
 - May 2020: \$1.8M supporting diverse businesses affected by COVID-19
 - June 2020: \$100K in support of organizations focused on social justice and racial equality

Key Contacts

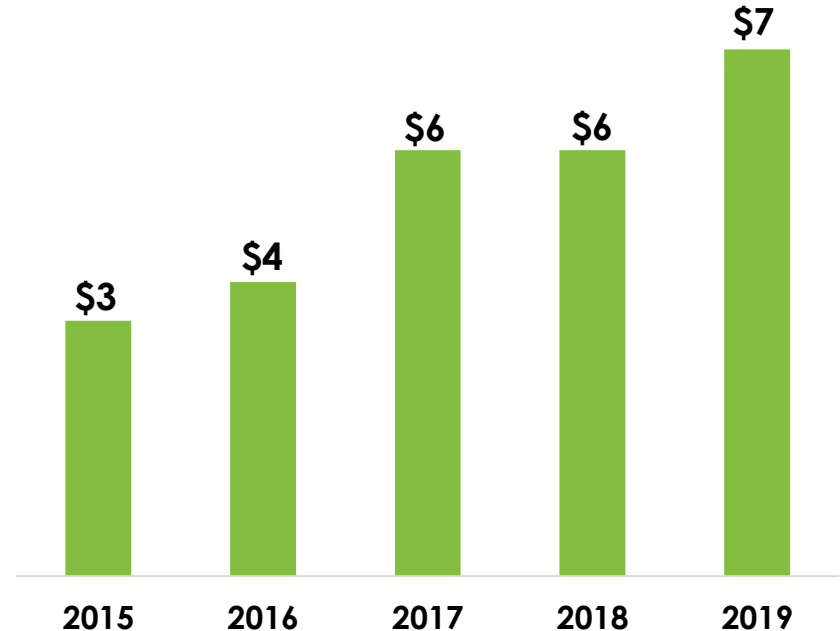
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Historical Spend (\$ in Millions)



...to support communities we serve and our core values, including DE&I.

Board Experience and Diversity. . .

Diversity

61
yrs. old

Average age

45%

Female

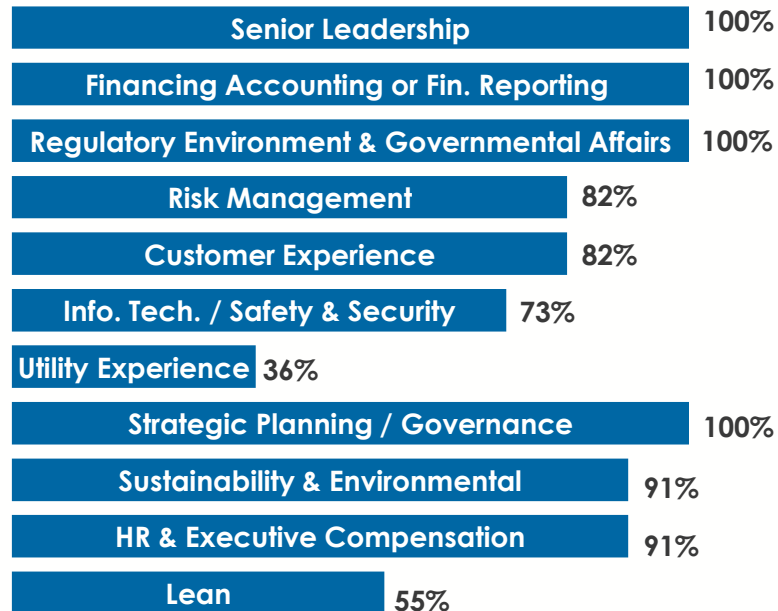
27%

Minority

55%

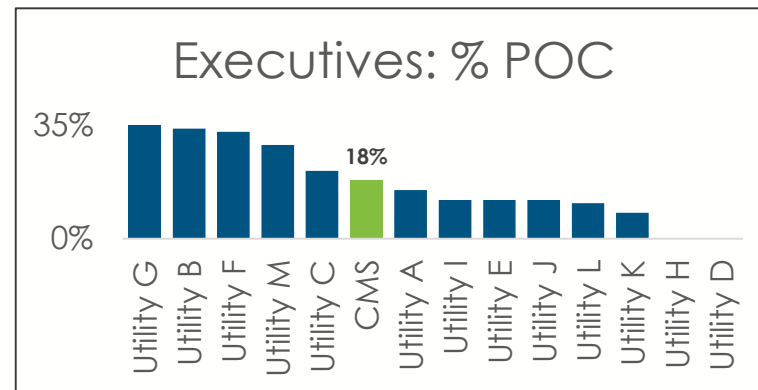
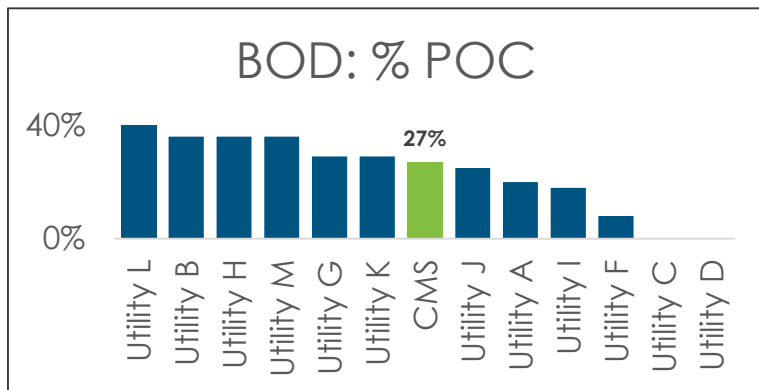
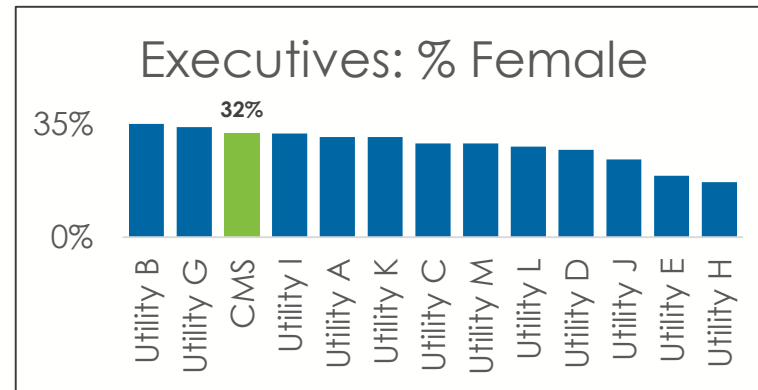
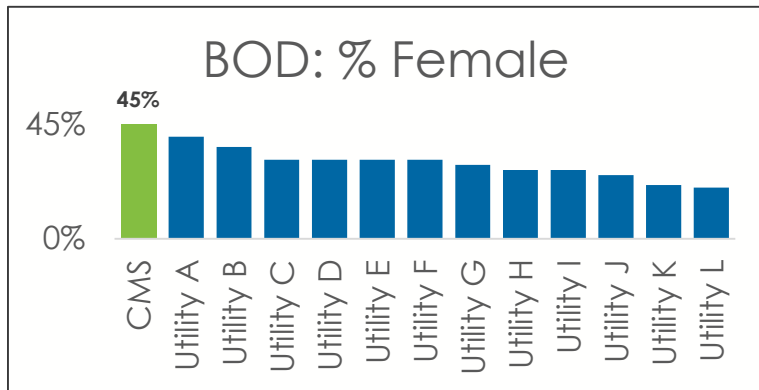
Gender, racial & ethnic diversity

Experience



. . . adds to the quality of governance.

Diverse Board & Senior Leadership Team . . .



Source: Internal CMS, External from BAML June 2020 Report

. . . compares well amongst peers.

Consumers Energy Workforce Diversity

Generations

Gender

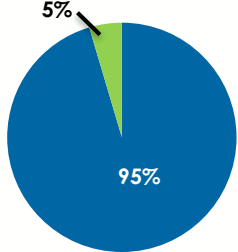
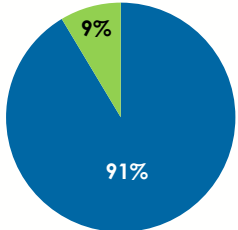
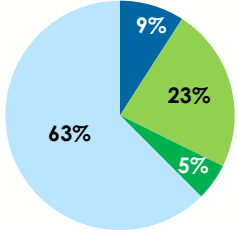
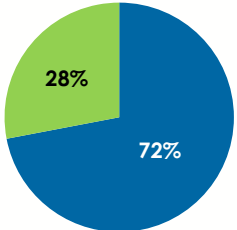
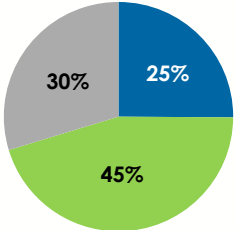
Race/ Gender

Veteran Status

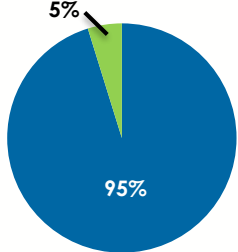
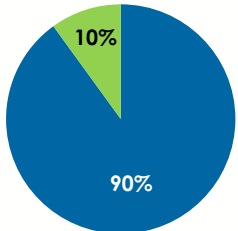
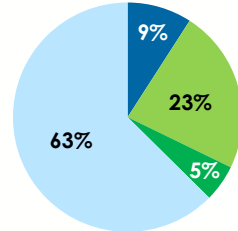
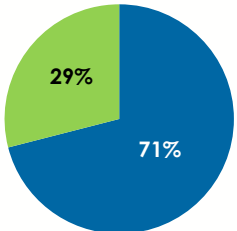
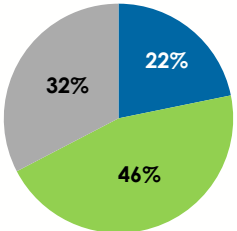
Disability Status

ERGs

2018



2019



■ Baby Boomer
■ Gen X
■ Millennial

■ Male
■ Female

■ Caucasian Male
■ Minority Male
■ Caucasian Female
■ Minority Female

■ Non-Veteran
■ Veteran

■ Not Disabled
■ Disabled

 Composition data as of 12/31/2018 (for 2018 data) and as of 12/31/2019 (for 2019 data)
 Generations: Baby Boomer (1945-1964), Gen X (1965-1980), Millennial (1981-2000)