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Introduction
CEO LETTER

A Message from Dave Lesar,
President and Chief Executive Officer

Dear Stakeholders,

CenterPoint Energy is committed to reporting our environmental, social, and governance (ESG) and sustainability performance and data on a regular basis to advance transparency and accountability to our stakeholders. As another sign of this commitment, I am pleased to introduce our inaugural climate report focusing on climate-related risk management, governance and strategies for mitigating climate risks and capitalizing on opportunities to reduce greenhouse gas (GHG) emissions.

This report follows the recommendations of the Financial Stability Board’s Task Force on Climate-Related Financial Disclosures (TCFD), which provides a framework for our stakeholders to compare our strategies, goals and performance with other companies in our industry.

As you will read, CenterPoint Energy is moving forward to advance our transition to a cleaner energy future. This includes our goal to be the first combined electric and natural gas utility with regulated electric generating assets to have Net Zero targets for our Scope 1 and Scope 2 emissions by 2035. These targets would place us nearly 15 years ahead of the average goals of certain of our peers.

In 2021, we took a significant transformational step with the announcement of meaningful goals for reducing carbon emissions attributable to our operations and customer usage. Given our headquarters is in Houston, the heart of the nation’s energy industry and the fourth-largest city in the United States, our customers expect us to be an industry leader in the transition to safe, resilient and cleaner energy.

Our path to Net Zero is based upon actionable steps, with relatively minimal reliance on carbon offsets. We are well on our way to meeting that goal through major investments we are making in both our electric and natural gas businesses. We are reducing GHG emissions attributable to our natural gas operating systems through our infrastructure modernization plans, and we are successfully executing on our generation transition plan in Indiana to reduce use of fossil fuels and increase use of renewables.

Our climate strategy is also based on our commitment to support our communities in their cleaner energy initiatives. A great example of this collaboration is our corporate goal to transition our fleet of sedans and SUVs to electric vehicles (EVs) by 2030, coupled with customer intentions to significantly grow vehicle electrification opportunities. CenterPoint Energy plans to provide the infrastructure to help customers meet their vehicle electrification goals.

As of 2022, we also have included a carbon emission reduction goal into our long-term incentive compensation to demonstrate our alignment with stakeholders. We continue to believe that we must lead by example in the transition to a cleaner energy future, and we look forward to keeping you updated on our progress toward our goals.

Dave Lesar
President and Chief Executive Officer,
CenterPoint Energy

November 1, 2022
CenterPoint Energy’s Board of Directors has responsibility for and is actively involved in the oversight of risks that could impact the company, including environmental and climate risks. Management is responsible for developing and implementing the company’s enterprise risk management (ERM) program, with a risk oversight committee of senior executives from across CenterPoint Energy monitoring and overseeing risks facing the company. Throughout the year, the Board participates in reviews with management of the major risks facing the company and steps taken to mitigate those risks. The areas reviewed include Net Zero and carbon reduction targets, climate change, and generation transition.
CenterPoint Energy’s Board of Directors has charged the Governance, Environmental and Sustainability Committee of the Board with responsibility for oversight of the company’s environmental and sustainability strategy, initiatives and risks, including those related to climate change. This Committee, the Board or both receive quarterly reports from the Vice President of Environmental and Corporate Sustainability on environmental and sustainability activities and performance. These reports also cover initiatives to work with partners, customers, employees and other stakeholders to reduce carbon emissions across our operations and throughout the supply chain.

The Board’s Compensation Committee is responsible for executive compensation and beginning in 2022 introduced an absolute carbon reduction goal as a weighted component of the company’s long-term incentive performance-based awards. This new component measures the progress of our Net Zero and carbon emission reduction targets and holds senior management accountable for the achievement of these goals.

In 2022 we introduced an absolute carbon emission reduction goal as a weighted component of the company’s long-term incentive performance-based awards
CenterPoint Energy established an ESG Council in 2018 to identify, evaluate and recommend strategic directions and opportunities that promote ESG objectives aligned with our strategic plan. Led by the Vice President of Environmental and Corporate Sustainability and the Vice President of Investor Relations and Treasurer, the ESG Council also provides oversight of the company’s Net Zero and Scope 3 carbon emissions reduction goal implementation and carbon risk management. The ESG Council includes senior leadership representation from businesses and functions across the company – including Electric and Natural Gas Operations, Regulatory, Legal, Power Generation, Safety, Human Resources and Finance, along with regional leaders.

CenterPoint Energy voluntarily discloses key ESG matters and metrics in its annual Corporate Sustainability Report, which follows the Global Reporting Initiative (GRI) framework and is prepared in accordance with GRI Standards: Core Option. The company also discloses information using the Sustainability Accounting Standards Board (SASB) standards for Electric Utilities & Power Generators and the Gas Utilities & Distributors sectors and incorporates both the Edison Electric Institute (EEI) and American Gas Association (AGA) ESG Template 3 into its annual sustainability reporting activities.

CenterPoint Energy’s most recent Corporate Sustainability Report, published in August 2022, reaffirmed the company’s Net Zero and carbon emissions reduction goals and carbon policy, as well as provided an overview of the company’s safety and environmental activities, among other key ESG disclosures.
CenterPoint Energy is committed to a cleaner energy future.

**SCOPE 1, 2 AND 3 GOALS TO REDUCE CARBON EMISSIONS**

- **NET ZERO**
  - SCOPE 1 AND 2 EMISSIONS
    - Reductions from our operations and facilities by 2035
- **20-30%**
  - SCOPE 3 EMISSIONS
    - Reductions from natural gas customer usage by 2035
CenterPoint Energy is the first combined, regulated electric and natural gas utility with power generation assets to announce its Net Zero by 2035 goals for Scope 1 and Scope 2 GHG emissions, nearly 15 years ahead of the 2050 goals set by certain of our peers. Our strategy to achieve this Net Zero by 2035 companywide goal includes active measures to reduce emissions, including the emissions from our own operations, with minimal reliance on carbon offsets.

In addition to our Net Zero by 2035 goals, we are focused on enabling our customers to transition to a cleaner energy future by being the first utility to set a meaningful Scope 3 emissions reduction goal across our entire multi-state footprint. Our Scope 3 goal is to help our residential and commercial customers reduce GHG emissions attributable to their end use of natural gas by 20-30% by 2035 from a 2021 baseline. The emission reductions from this Scope 3 goal are comparable to the amount of emission reductions for our combined Scope 1 and 2 Net Zero goals.

Our climate actions goals are aligned with the long-term target set by the Paris Agreement to limit global temperature increases to 2° Celsius by 2100. As we implement our Net Zero strategy, we intend to continuously assess steps to meet the Intergovernmental Panel on Climate Change’s short-term target of limiting global warming to 1.5° Celsius.

To achieve our Net Zero and Scope 3 goals by 2035, CenterPoint Energy’s climate strategy will focus on four primary areas:

- Renewables Development
- Renewable Generation Transition
- Utility System Optimization
  - Pipeline Modernization
  - Development of Alternative Fuels
  - Greening of the Fleet
  - Enhanced Leak Detection
- Partnering with Customers on Energy Efficiency Programs
Renewables Development

Renewables represent the next component of our Smart Energy Future Plan in Indiana, providing a balanced and flexible energy mix to help create a cleaner environment while responsibly managing costs for our customers. An important part of our climate strategy is increased renewables generation, including universal solar, battery storage and wind.

In Indiana, we expect to have approximately 1,000 megawatts (MW) of power generation from renewables by 2025. We currently have 54 MW of operational universal solar projects in Indiana, including 50 MW in Troy and two projects in Vanderburgh County with 2 MW each, which also includes 1 MW of battery storage to capture energy off peak. More solar projects are planned to be online in Indiana by 2025, including through an agreement to construct a 130-MW utility-owned project in Pike County, Indiana that will be acquired by CenterPoint Energy upon its completion. This project represents the third round of solar agreements introduced as part of the utility’s plan to meet stakeholder sustainability goals and implement a more cost-effective and diversified energy generation portfolio. The agreement is subject to Indiana Utility Regulatory Commission (IURC) approval.

The company was previously granted approval to build a solar array in Posey County now sized at 200 MW, as well as enter into power purchase agreements totaling more than 400 MWs in Warrick, Vermillion and Knox Counties in Indiana. CenterPoint Energy will be adding nearly 800 MWs of solar generation to power our southwestern Indiana customers.

We currently have 4 MW of electricity generated from wind farms and expect an additional 300 MW of wind power to come online by 2025.

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<th>INDIANA SOLAR ENERGY</th>
<th>2022</th>
<th>2025</th>
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<td>54 MW</td>
<td></td>
<td>nearly 800 MW</td>
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<td>Operational universal solar projects in Indiana</td>
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<td>Solar energy through three power purchase agreements (PPAs) and an agreement with Invenergy awaiting approval from the IURC</td>
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**Generation Transition Timeline**

**NEW TECHNOLOGY**
- Installed universal solar (~4 MW)
- Battery storage (~1 MW)
- Submitted IRP (June 30)
- Installed universal solar Troy (~50 MW)
- Complete Culley 3 upgrades for ELG
- Add universal solar Posey Solar (~200 MW - BTA)
- Vermillion Solar (~185 MW - PPA)
- Wheatland Solar (~150 MW - PPA)
- Rustic Hills Solar (~100 MW - PPA)
- Add wind power (~200 MW)
- Add universal solar CrossTrack Solar (~130 MW - BTA)
- Add 2 combustion turbines (~460 MW - BTA)
- Potential need for additional solar (~300 MW - BTA) and battery storage (~100 MW)

**RETIRED TECHNOLOGY**
- Retired Bags 1 natural gas peaking unit (~50 MW)
- Retired Northeast 1 & 2 natural gas peaking units (~20 MW)
- Retired 2 natural gas peaking units (~65 MW)
- Retired Brown 1 & 2 coal units (~490 MW)
- Exit joint operations Warrick 4 coal unit units (~150 MW)
- Retire Culley 2 coal unit (~90 MW)

As of October 2022

**Abbreviations**
- Bags = Broadway Avenue Gas Turbines
- BTA = Build Transfer Agreement/Utility Ownership
- ELG = Effluent Limitations Guidelines
- MW = Megawatt
- PPA = Power Purchase Agreement
- RFP = Request for Proposal
Connecting Renewable Generation in the Houston Area

In the Houston area, we are planning to invest over $750 million in interconnections to renewables over 10 years, with utility-scale solar projects currently under development. We are evaluating additional solar, wind and battery storage projects.

Piloting A Green Hydrogen Plan in Minnesota

CenterPoint Energy is exploring the potential of green hydrogen as a zero-carbon energy resource for use in our local gas distribution systems. In mid-2022, we launched a green hydrogen pilot project in Minnesota, using renewable electricity to safely split hydrogen from water and then blend the hydrogen at low concentrations with natural gas. Because there are no carbon emissions from either its production or end use, green hydrogen has the potential to be an important zero carbon supplement to conventional natural gas. We are one of the first natural gas utilities in the United States to produce and add green hydrogen to its distribution system.
Power Generation Transition

As CenterPoint Energy transitions from fossil fuel-based systems of energy production to safe, cleaner and renewable sources, such as wind and solar, we must also respond to the changing needs of our employees, customers and communities. Our long-term power generation portfolio transition will enable us to meet growing demand to provide cleaner energy while maintaining access to affordable, reliable energy for our customers.

Employees will be provided with opportunities to transition into new workforce opportunities, including the training needed to perform new jobs safely and other programs. We are developing new training centers and partnering with industry groups to train and reposition workers displaced by the closing of coal-fired plants.

In Indiana, we have announced plans to retire 730 MW of coal-fired generation in favor of 700-1,000 MW of solar generation projects and 300 MW of wind projects. The planned retirement of the majority of our coal-fired power generation units and the planned investment of $1.3 billion by 2025 to transition our power generation portfolio is expected to reduce our carbon emissions by over 80% across our companywide electric footprint from 2005 levels by 2035.

We received approval from the IURC to construct a facility with two natural gas combustion turbines to replace portions of our existing coal-fired generation fleet. The addition of the two turbines is expected to provide a combined output of 460 MW to support anticipated generation needed upon retirement of two coal-fired units. Our generation transition plan in Indiana is expected to save electric customers an estimated $320 million over a 20-year period.

EXPECTED TO REDUCE CARBON EMISSIONS

OVER THE NEXT 20 YEARS

$320M

in planned savings for electric customers with our generation transition across our companywide electric footprint from 2005 levels by 2035 due to the retirement of coal facilities
Utility System Optimization

CenterPoint Energy is focused on building a cleaner energy future for our customers and communities, including providing access to renewable energy resources and innovative technologies.

We are investing in infrastructure modernization to reduce methane and other emissions in our own operations, as well as working to help our customers reduce emissions through investments in research and development of new low-carbon technologies, including carbon capture. We are also investing in a smarter electrical grid to integrate our Net Zero generation portfolio transition initiatives.

Reducing Methane Emissions

CenterPoint Energy is focused on responsibly reducing methane emissions related to our natural gas operations to help achieve our Scope 1 Net Zero goals. We are accomplishing this through investments in pipeline modernization, smart meters and methane reduction technologies.

We plan to invest approximately $17 billion companywide through 2030 in our natural gas business to drive pipeline infrastructure; growth and customer additions; smart metering technology; and peak shaving and renewable supply to support sustainability, safety and resilience. These investments include system modernization and improvement, such as the replacement of nearly 2,000 miles of aging cast iron and bare steel pipeline with modern plastic pipeline across our Indiana and Ohio service territory. Based on our 2021 performance resulting from our pipeline modernization efforts, we anticipate reducing methane emissions by approximately 33% by 2035 from a 2011 baseline.

By 2030, CenterPoint Energy expects to install over 4.5 million smart meters with automatic shutoff features to reduce methane and carbon dioxide emissions. We plan to install 3 million Intelis natural gas ultrasonic smart meters for our natural gas distribution system. The meters’ internal shutoff valve enhances safety by automatically activating if excessive gas flow or high temperatures are detected. The shutoff feature helps protect the environment through integration with separate methane detection devices.

PLANNED INVESTMENT

$17B

through 2030 in our natural gas business to support system modernization and improvement; growth and customer additions; smart metering technology; and peak shaving and renewable supply.
We are also investing in methane reduction technologies including ZEVAC® (Zero Emission Vacuum and Compressor), an innovative technology that uses compressed air to suction a pipeline segment, transferring the gas to an adjacent pipeline so it is not released into the atmosphere. In 2021, CenterPoint Energy’s Texas Gas Operations employed ZEVAC equipment for the first time in the state to minimize methane release and natural gas flaring for a project near Fresno.

As part of CenterPoint Energy’s efforts to achieve a cleaner energy future and reduce GHG emissions, we operate the world’s second largest fleet of state-of-the-art Picarro Surveyor™ advanced leak survey technology, which is far more sensitive and faster at locating methane leaks than traditional methods. Picarro Leak Surveyor is used for compliance leak surveys in 4 of the 6 states where CenterPoint Energy operates.

CenterPoint Energy joined the U.S. Environmental Protection Agency (EPA) Natural Gas STAR Program in 1997, which provides a framework for partner companies with U.S. oil and natural gas operations to implement methane reduction technologies and practices. The program enables companies to document their voluntary emission reduction activities, and we submit reports annually to the EPA.
**A Smarter, More Resilient Electric Grid**

In our electric business, we are planning on significant capital investments of approximately $26 billion through 2030 to grow, modernize and harden our existing system and support cleaner energy enablement.

**These investments include:**

**~$11 Billion**
System Growth and Economic Development  
Supporting 2%+ Annual Customer Growth

**~$11 Billion**
System Resiliency and Reliability  
To Modernize, Harden and Upgrade Existing System

- Upgrading Transmission and Distribution system to address extreme weather conditions
- Creating a smarter system to improve reliability, including advanced meter upgrades and expanding intelligent grid
- Executing on new tools enabled by recent legislation, including emergency backup mobile generation capacity
- Leasing 500 MW of emergency backup mobile generation capacity and 25 MW of battery storage in the Greater Houston area

**~$3 Billion**
Cleaner Energy Investment and Enablement  
Integrating our Net Zero Transition and Preparing for Accelerated EV Adoption

- Expanding renewable portfolio in Indiana through renewable generation investments to support our Net Zero transition
- Connecting renewable generation in Houston
- Supporting EV expansion in Houston

**~$1 Billion**
Technology and Misc.
**Minnesota Natural Gas Innovation Act**

In Minnesota, we proposed The Natural Gas Innovation Act, a landmark law that passed in 2021 with bipartisan support. The law establishes a regulatory framework to enable the state’s investor-owned natural gas utilities to submit “innovation plans” to the Minnesota Public Utilities Commission (MPUC) proposing the increased use of renewables, energy efficiency measures and innovative technologies to advance the state’s cleaner energy future. CenterPoint Energy expects to submit our first innovation plan to the MPUC in the second half of 2022.

CenterPoint Energy also provided support in Minnesota for research and development into technologies that capture CO2 emissions from natural gas combustion. Our support has resulted in the pilot of a device that, through a chemical process, converts the emissions into a nontoxic carbonate ash, which can be reused in products such as soap, glass and fertilizer. This innovative end-use carbon capture technology can help our commercial customers increase heating efficiency, lower energy costs and reduce the environmental impact of their energy use. We are piloting the device for customers who could potentially receive future Conservation Improvement Program rebates, including schools, hotels, assisted living and nursing homes, warehouses, multifamily housing and water treatment facilities. The participants receive equipment and installation at no cost and they can choose to keep the equipment after the one-year pilot.

**Fleet Electrification**

EVs are an important part of CenterPoint Energy’s cleaner energy transition. Our corporate fleet goal includes electrifying 100% of sedans and SUVs by 2030.
Partnering with Customers

We offer our customers affordable conservation and energy efficiency programs to help reduce Scope 3 emissions attributable to their end use of natural gas. These programs include providing more consumer choices for alternative transportation fuels and expanding EV infrastructure in Indiana and Texas.

Energy Efficiency Incentives

Our energy efficiency programs benefit and incentivize customers across all rate classes, including residential, commercial and low-income sites. In 2021, we invested over $69 million in energy efficiency incentives. The programs include:

- Our Schools Conserving Resources (SCORE) Program provides financial incentives, technical assistance, engineering analysis and performance benchmarking for qualified projects in schools, universities, municipalities, faith-based organizations, non-profits, and county and select state agencies. Eligible participants can receive free energy-use benchmarks, an energy master plan and communications support.

CenterPoint Energy worked with Goose Creek Independent School District in the Houston area to incentivize a districtwide LED lighting retrofit installed at their administration building, maintenance facility and 16 schools.

- Yielded 932 kilowatts (kW) and 3,042,005 kilowatt hours (kWh) in demand and energy savings
- Reduced 2,151 metric tons of carbon dioxide

- Offered at no cost, our Healthcare Energy Efficiency Program provides technical support and cash incentives to commercial healthcare facilities including hospitals, clinics, assisted living and nursing care, medical laboratories and medical office buildings. Eligible facilities may receive free energy savings assessments and calculations.

Approximately $700,000 in incentives provided for HCA’s projects:

HCA Houston Healthcare
- Completed LED retrofit projects at 10 hospitals in the greater Houston area
- Yielded approximately 150 kW and 9,150,000 kWh in demand and energy savings

HCA Women’s Hospital of Texas
- Completed construction of a new medical office building that will yield approximately 71 kW and 342,815 kWh in demand and energy savings

- Our Commercial Load Management Program provides non-residential Houston Electric distribution customers with incentives to reduce summer peak demands. We awarded the Humble Independent School District $188,000 through this program.

- Our Conservation Improvement Program provides rebates to encourage residential and business natural gas customers in Indiana, Minnesota, Mississippi and Ohio to choose energy efficient equipment and energy saving programs.

2021 INVESTMENT

$69M

in energy efficiency incentives
Community Partnerships

CenterPoint Energy works closely with stakeholders across our service territories to support the climate action goals of our communities, including:

**Minneapolis**
- Since 2014, we have been an active partner in the Minneapolis Clean Energy Partnership, working with the City of Minneapolis and other stakeholders to help the city reach its climate action and clean energy goals.

**Indiana**
- We are partnering with the City of Evansville, Indiana, on the creation and implementation of its Climate Action Plan. By 2050, Evansville plans to be a regional leader in equitably addressing climate change and a zero-waste community powered by renewable energy.

**Houston**
- ENERGY STAR honored CenterPoint Energy for the 18th consecutive year with the 2022 ENERGY STAR Partner of the Year-Sustained Excellence Award, recognizing our High-Efficiency Homes program that offers incentives to residential home builders in our Houston Electric service area to construct above-code homes that save energy. In 2021, this program saved energy use by nearly 37 million kWh.
- We sponsor the Houston Climate Action Plan, a science-based, community-driven strategy for the City of Houston to reduce GHG emissions, meet the Paris Agreement goal of carbon neutrality by 2050 and lead a global energy transition.
- We helped fund the Houston Advanced Research Center, a research hub providing independent analysis on energy, air and water issues to people seeking scientific answers, as well as C40 Cities, a climate leadership group.
- We have co-founded and have active cleaner energy and innovation partnerships with organizations in Houston including EVolve Houston, focused on enabling electric transportation solutions, and Greentown Labs, a climatech incubator.

2021 SAVINGS

nearly

37M kWh

saved energy through our High-Efficiency Homes program in our Houston Electric service area
As part of our ERM program, discussed earlier in this report, CenterPoint Energy considers risks and opportunities related to climate change and its impact on our company, customers, and communities.
Overall Climate Risks

A changing climate creates uncertainty and could result in broad changes, both physical and financial in nature, to our service territories and our business. If climate changes occur that result in warmer temperatures than normal in our service territories, financial results from our businesses could be adversely impacted. For example, where natural gas is used to heat homes and businesses, warmer weather might result in less natural gas being used, adversely affecting our business.

Another possible result of climate change is more frequent and more severe weather events, such as hurricanes, tornadoes and severe winter weather conditions, including ice storms, all of which may impact our operations, including creating dangerous conditions for our employees and contractors, and our ability to serve our customers. Since certain of our facilities are located along or near the Gulf Coast, increased or more severe hurricanes or tornadoes could increase our costs to repair damaged facilities and restore service to our customers. For example, our electric and natural gas operations in our services territories were both impacted by the February 2021 Winter Storm Event in Texas.

When we cannot deliver electricity or natural gas to customers, or our customers cannot receive our services, our financial results can be impacted by lost revenues, and we generally must seek approval from regulators to recover restoration costs. To the extent we are unable to recover those costs, or if higher rates resulting from our recovery of such costs result in reduced demand for our services, our future financial results may be adversely impacted. Any such decreased energy use may also require us to retire current infrastructure that is no longer needed.

Similarly, public and private efforts to address climate change, such as by legislation, regulation, litigation and actions by private interest groups, could restrict or impact our business activities in many ways, including among others, restricting the use of fossil fuels through future climate legislation or regulation, restricting the use of natural gas-fired appliances in new homes, limiting airborne emissions from generating facilities, restricting the way we manage wastes, including wastewater discharges and air emissions and requiring remedial action or monitoring to mitigate environmental actions caused by our operations or attributable to former operations.

We may be subject to climate change litigation, which could result in substantial fines, penalties or damages and restrictions on our operations. The oil and gas industry has already faced such litigation, challenging its marketing and use of fossil fuels and attributing climate change to emissions resulting from the use of fossil fuels, and other industries, including ours, could face such litigation in the future.

For additional information about CenterPoint Energy’s risk factors, please see pages 17-36 of our 2021 Form 10-K.
Risks to Electric Generation, Transmission and Distribution Businesses

Houston Electric transmits and distributes to customers of retail electric providers (REPs) the electric power that the REPs obtain from power generation facilities owned by third parties. Disruptions caused by extreme weather events at these power generation facilities owned by third parties or directives issued by regulatory authorities could interrupt Houston Electric’s transmission and distribution services and adversely affect its reputation, results of operations, sales, financial condition and cash flows.

Houston Electric does not own or operate any power generation facilities other than leasing facilities that provide temporary emergency electric energy to aid in restoring power to distribution customers during certain widespread power outages as allowed by a new law enacted after the February 2021 Winter Storm Event. Various governmental and regulatory agencies and other entities have called for or are conducting inquiries and investigations into the February 2021 Winter Storm Event and the efforts made by various entities to prepare for, and respond to, this event, including electricity generation shortfall issues.

There are significant uncertainties around these discussions and whether any changes will result in how the Texas electric market is structured or regulated. Should any such reviews and reform efforts ultimately result in significant changes, this could have a material adverse impact on Houston Electric’s business, results of operations and financial condition.
During and in the immediate aftermath of the February 2021 Winter Storm Event, there has been focus on the lack of sufficient winterization protection for power generation facilities. On February 18, 2021, the Governor of Texas requested that the Texas Legislature mandate the winterization of the Texas power system and the Electric Reliability Council of Texas, which operates the state’s electric grid, imposed various weatherization requirements on market participants, with which Houston Electric complied. If any additional protections are required in the future, the cost of such protections may increase the cost of electricity and reduce consumption of electricity by ultimate consumers in Houston Electric’s service territory, which could adversely affect Houston Electric’s results of operations.

Similarly, while Indiana Electric generates power, it is also a party to a number of PPAs with third parties. Indiana Electric’s power generation may be disrupted or otherwise insufficient, if third parties do not deliver required power under our PPAs, power generation capacity is inadequate or Midcontinent Independent System Operator (MISO) issues directives to its members, such as Indiana Electric, to implement controlled outages as a result of an emergency or due to reliability issues.
Risks to Natural Gas Businesses

The February 2021 Winter Storm Event impacted the wholesale prices both CenterPoint Energy and CenterPoint Energy Resources Corp. (CERC), an indirect, wholly-owned subsidiary of CenterPoint Energy, paid for natural gas and their ability to service customers in their natural gas service territories, including the effects of weather on their systems and their ability to transport natural gas, among other things. Rate regulation of natural gas by certain municipalities (in Texas only) and state commissions are subject to periodic review and adjustment, but this regulation may delay or deny the company’s ability to earn an expected return and fully recover our costs.

The company’s access to natural gas supplies depends on third-party service providers to maintain an adequate supply of natural gas and for available storage and intrastate and interstate pipeline capacity to satisfy our customers’ needs, all of which are critical to system reliability. Substantially all our natural gas supply is purchased from intrastate and interstate pipelines. If we are unable to secure an independent natural gas supply of our own or through our affiliates, or if third-party service providers fail to timely deliver natural gas to meet our requirements, the resulting decrease in natural gas supply could have a material adverse effect on our financial condition, results of operations and cash flows.

Additionally, a significant disruption, whether through reduced intrastate and interstate pipeline transmission or storage capacity or other events affecting natural gas supply, including, but not limited to, operational failures, hurricanes, tornadoes, floods, or severe winter weather conditions, could also adversely affect our natural gas business.
As a distributor and transporter of natural gas, Natural Gas’ revenues, operating costs and capital requirements could be adversely affected as a result of any regulatory action that would require installation of new control technologies or a modification of its operations or that would have the effect of reducing the consumption of natural gas. Thus, there can be no assurance as to the amount or timing of future expenditures for environmental compliance or remediation, and actual future expenditures may be greater than the amounts we currently anticipate. Likewise, incentives to conserve energy or use energy sources other than natural gas could result in a decrease in demand for our services.

Certain cities in CenterPoint Energy’s Natural Gas operational footprint have adopted initiatives to prohibit the construction of new natural gas facilities that would provide service and focus on electrification.

Minneapolis has adopted carbon emission reduction goals in an effort to decrease reliance on fossil gas. Also, Minnesota cities may consider seeking legislative authority for the ability to enact voluntary enhanced energy standards for all development projects.

Certain state and local governments in states such as New York and California have also passed, or are considering, legislation banning the use of natural gas-fired appliances in new homes, which could affect consumer use of natural gas. Should such bans be enacted within Natural Gas’ operational footprint, they could adversely affect consumer demand for natural gas. Any such initiatives and legislation could adversely affect CenterPoint Energy’s results of operations.
CenterPoint Energy is committed to ensuring access to affordable, reliable, sustainable energy, while leveraging innovative technology to continue reducing emissions and transition our communities to a cleaner energy future. We recognize that climate change is a pressing global concern and support energy policies that strike a balance between responsible carbon regulation while building on the significant emission reductions already achieved through the transition from more carbon intensive fuels to natural gas and further transition to renewables and electrification.

We are committed to working actively with regulators and legislators on climate issues and participate in industry organizations and with state organizations in our service areas. The company also partners with municipalities and community organizations to help them achieve their climate actions and cleaner energy goals, including the Minneapolis Clean Energy Partnership, the City of Evansville, Indiana, the City of Houston, and the Houston Advanced Research Center.

CenterPoint Energy has taken, and will continue to take, significant steps to reduce carbon emissions. We also have the opportunity to be a leader in helping our customers and communities transition to a low-carbon energy future that will benefit the environment while supporting reliability and affordability.

Overall Climate Opportunities

To capitalize on this climate opportunity, the company has established the following goals:

1. Achieve Net Zero carbon reductions from our operations and facilities by 2035 as part of our new ESG strategy and alignment with the Paris Agreement

2. Launch a broad Scope 3 corporate initiative to achieve a net reduction of carbon emissions attributed to residential and commercial customer usage by 20-30% from 2021 levels by 2035

The company is making substantial investments in our operations to meet these goals, including development of alternative fuels programs that would provide customers with new energy choices, such as renewable natural gas. We are piloting and supporting research and development of new and innovative low-carbon technologies, including, but not limited to, carbon capture.
CenterPoint Energy is also reducing emissions in our operations through fleet electrification. As discussed in the Strategy chapter, our corporate fleet goal includes electrifying 100% of sedans and SUVs by 2030.

CenterPoint Energy is also taking a leadership role in assisting our customers in transitioning to a lower-carbon future by offering effective and affordable conservation and energy efficiency programs. We are working closely with stakeholders across our service territories in support of their communities’ climate action goals. This will include increasing consumers’ choices in alternative transportation fuels, such as compressed natural gas, and expanding EV charging infrastructure.
CenterPoint Energy’s electric generation businesses are helping to lead the way in our service areas to reduce emissions by transitioning from fossil fuel-based systems of energy production to safe, cleaner and renewable sources, such as wind and solar. We have announced plans in Indiana to retire 730 MW of coal-fired generation in favor of 700-1,000 MW of solar generation projects and 300 MW of wind projects, with a planned investment of $1.3 billion by 2025.

This transition is expected to reduce our Scope 1 carbon emissions in 2035 by over 80% from 2005 levels across CenterPoint Energy’s total electric footprint. We are planning to replace two coal-fired generation units in Indiana with cleaner-burning natural gas combustion turbines providing 460 MW to support reliability and affordability through the transition.

In the Houston area, we are planning to invest over $750 million in connecting renewable generation over 10 years, with utility-scale solar projects currently under development and additional solar, wind and battery storage projects being evaluated.

CenterPoint Energy is also investing in a smarter, more resilient electrical grid to support reliability in severe weather events. These capital investments, which are expected to reach approximately $26 billion through 2030, will also help integrate our Net Zero generation portfolio transition initiatives and support our customers and communities to achieve their climate goals through conservation programs and accelerated adoption of EVs.
Opportunities for Natural Gas Businesses

CenterPoint Energy’s natural gas businesses have the opportunity to combat climate change by reducing methane emissions in our operations and by partnering with our natural gas suppliers to lower methane emissions across the natural gas value chain.

As discussed in the Strategy chapter, we plan to invest approximately $17 billion companywide through 2030 in our natural gas pipeline infrastructure to support system modernization and improvement; growth and customer additions; smart metering technology; and peak shaving and renewable supply. Based on our pipeline modernization efforts in 2021, we anticipate reducing methane emissions by approximately 33% by 2035 from a 2011 baseline as calculated from the EPA’s Mandatory GHG Reporting Subpart W reporting rule.

Our commitment to reducing methane emissions in our operations also includes investing in methane reduction technologies including ZEVAC®, which minimizes methane release and natural gas flaring, and state-of-the-art Picarro Surveyor™ technology, which is far more sensitive and faster at locating methane leaks than traditional methods.

CenterPoint Energy is also installing smart gas meters in our service areas, which reduce methane and carbon dioxide emissions and improve safety through automatic shutoff features and integration with methane detection devices.

In our natural gas business, we are also working with state regulators in our service areas to support the increased use of renewables, energy efficiency measures and innovative technologies to reduce emissions.

In Minnesota, we proposed The Natural Gas Innovation Act, a landmark law that passed in 2021 enabling the state’s investor-owned natural gas utilities to submit “innovation plans” to the MPUC. CenterPoint Energy expects to submit our first innovation plan to the MPUC in the second half of 2022.

One of the innovative technologies we are exploring in Minnesota is the potential of green hydrogen as a zero-carbon energy resource for use in our local gas distribution systems. As discussed in the Strategy chapter, we are one of the first natural gas utilities in the United States to produce and add green hydrogen to its distribution system. We also provided support in Minnesota for research and development into technologies that capture carbon emissions from natural gas combustion and convert the emissions into a nontoxic carbonate ash.
Metrics and Targets
CenterPoint Energy TCFD Report: Advancing to Net Zero

Metrics and Targets

As CenterPoint Energy moves forward to achieve our goal of being the first combined, regulated electric and natural gas utility with power generation assets to be Net Zero by 2035, we are committed to tracking key metrics and our progress against targets to ensure accountability and transparency. We publish environmental disclosures and data in our annual Corporate Sustainability Report and other reports based on ESG frameworks. These frameworks include the GRI, with additional disclosure through the GRI Electronic Utility Sector Supplement, and the SASB Standards for the Infrastructure Sectors of Electronic Utilities & Power Generators and Gas Utilities and Distributors.

As a member of the AGA and EEI, CenterPoint Energy participates in voluntary disclosures led by these organizations to promote consistency and transparency in ESG reporting. This is the first industry-focused and investor-driven ESG reporting framework designed to make ESG metrics and information more accessible and comparable to investors and comparable across the electric and natural gas sectors.

### Toward Net Zero

<table>
<thead>
<tr>
<th>GHG Emissions</th>
<th>Annual GHG Emissions</th>
<th>Projected GHG Reductions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td>Combined Scope 1 and 2 Emissions (Million Metric Tons CO₂e)</td>
<td>6.7</td>
<td>5.3</td>
</tr>
<tr>
<td>Total Scope 1 Emissions (Million Metric Tons CO₂e)</td>
<td>6.7</td>
<td>5.2</td>
</tr>
<tr>
<td>Total Scope 2 Emissions (Million Metric Tons CO₂e)</td>
<td>- ***</td>
<td>.06</td>
</tr>
</tbody>
</table>

* Emissions for these years are projections based on our strategy to reach Net Zero by 2035 from a 2005 baseline and are subject to change.
** Due to participation in the MISO generation market, the fluctuation of emissions are driven by market demands on volumes.
*** 2019 Scope 2 emissions are estimated due to CenterPoint Energy merger activities that year.

### Additional GHG Emissions Data

<table>
<thead>
<tr>
<th>Scope 3 GHG Emissions</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Scope 3 (Million Metric Tons CO₂e)</td>
<td>29.7</td>
<td>26.7</td>
<td>27.9</td>
</tr>
</tbody>
</table>

*Indirect Emissions from Natural Gas Supplied to End Use Customers as reported to US EPA GHG Reporting Program Subpart NN*

<table>
<thead>
<tr>
<th>GHG Emissions Intensity Calculated per 2021 CDP C6.10 guidance</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Scope 1 and 2 Emissions (Million Metric Tons CO₂e)</td>
<td>6.7</td>
<td>5.3</td>
<td>7.1</td>
</tr>
<tr>
<td>Total Revenue (Million USD)</td>
<td>7,564</td>
<td>7,418</td>
<td>8,352</td>
</tr>
<tr>
<td>Greenhouse Gas Intensity per Unit Currency</td>
<td>0.00089</td>
<td>0.00071</td>
<td>0.00085</td>
</tr>
<tr>
<td>Total Revenue (Metric Tons CO₂e/USD Revenue)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2021 GHG Emissions by Source

**Scope 1 Breakdown**
- 90.4% Electric Generation
- 7.4% Natural Gas Operations
- 0.8% Fleet Vehicles
- 1.4% SF6 Emissions

**Scope 2 Breakdown**
- 81% Facility Electricity Use
- 19% Power Line Losses

**Scope 3 Breakdown**
- 100% Natural Gas Supplied to End-Use Customers

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1. Electric Generation as reported under Subpart D of the mandatory Greenhouse Gas Reporting Program (GHGRP) as required by the EPA. Scope 1 GHG emissions from Electric Utility Power Generation are third-party verified and registered with the EPA Clean Air Markets Division.
2. Natural Gas Local Distribution company (LDC) operations Subpart W GHG emissions are determined using emissions factors and calculations as required by the EPA’s rule for the mandatory GHGRP.
3. Electric Transmission Substation and Distribution equipment GHG emissions in the form of SF6 are determined using emissions factors and calculations as required and reported under Subpart DD of the EPA’s rule for the mandatory GHGRP.
4. Does not include line loss attributable to Houston Electric Transmission and Distribution assets.
5. Subpart NN indirect emissions are GHG emissions reported to the EPA based on the amount of natural gas supplied to all end-use customers.
Goals and targets:

Our companywide goals and targets for reducing GHG emissions are:

• **Scope 1 and Scope 2** - Net Zero by 2035, nearly 15 years ahead of the 2050 goals set by certain of our peers.

• **Scope 3** - help our residential and commercial customers reduce GHG emissions attributable to their end use of natural gas by 20-30% by 2035 from a 2021 baseline.

• **Methane emissions** – we plan to invest approximately $17 billion companywide through 2030 in our natural gas pipeline infrastructure; growth and customer additions; smart metering technology; and peak shaving and renewable supply. Our target is reducing methane emissions by approximately 33% by 2035 from a 2011 baseline.

• **Smarter electric grid** – we are planning capital investments of approximately $26 billion through 2030 to modernize and harden our existing system and support cleaner energy enablement. This amount includes $3 billion to integrate our Net Zero generation transition and prepare for accelerated adoption of EVs.

• **Corporate fleet EVs** – we plan to electrify 100% of our sedans and SUVs by 2030.

In addition to these corporate goals, we expect to have approximately 1,000 MW of solar generation projects and 300 MW of wind projects in Indiana by 2025.

CenterPoint Energy’s climate goals are aligned with the long-term target set by the Paris Agreement to limit global temperature increases to 2° Celsius by 2100. As we implement our Net Zero by 2035 strategy, we intend to continuously assess steps to meet the Intergovernmental Panel on Climate Change’s short-term target of limiting global warming to 1.5° Celsius.
## TCFD Mapping

<table>
<thead>
<tr>
<th>TCFD Mapping</th>
<th>Disclosure</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance</td>
<td>Describe the Board’s oversight of climate-related risks and opportunities.</td>
<td>Governance, pg. 6</td>
</tr>
<tr>
<td></td>
<td>Describe management’s role in assessing and managing climate-related risks and opportunities.</td>
<td>Governance, pg. 6</td>
</tr>
<tr>
<td>Strategy</td>
<td>Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</td>
<td>Strategy, pg. 9</td>
</tr>
<tr>
<td></td>
<td>Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.</td>
<td>Risks and Opportunities, pg. 18</td>
</tr>
<tr>
<td></td>
<td>Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</td>
<td>CenterPoint Energy is looking to conduct a scenario analysis in the future.</td>
</tr>
<tr>
<td>Risk</td>
<td>Describe the organization’s processes for identifying and assessing climate-related risks.</td>
<td>Risks and Opportunities, pg. 18</td>
</tr>
<tr>
<td>Management</td>
<td>Describe the organization’s processes for managing climate-related risks.</td>
<td>Risks and Opportunities, pg. 18</td>
</tr>
<tr>
<td></td>
<td>Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.</td>
<td>Risks and Opportunities, pg. 18</td>
</tr>
<tr>
<td>Metrics</td>
<td>Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</td>
<td>Risks and Opportunities, pg. 18</td>
</tr>
<tr>
<td>and</td>
<td>Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.</td>
<td>Metrics and Targets, pg. 27</td>
</tr>
<tr>
<td>Targets</td>
<td>Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</td>
<td>Strategy, pg. 9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Metrics and Targets, pg. 27</td>
</tr>
</tbody>
</table>

For additional information about CenterPoint Energy’s risk factors, please see pages 17-36 of our 2021 Form 10-K.

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## Core Elements of Recommended Climate-Related Financial Disclosures*

**Governance** - The organization’s governance around climate-related risks and opportunities

**Strategy** - The actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning

**Risk Management** - The processes used by the organization to identify, assess, and manage climate-related risks

**Metrics and Targets** - The metrics and targets used to assess and manage relevant climate-related risks and opportunities

*Source: Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures, Figure 2.*
## Glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGA</td>
<td>American Gas Association</td>
</tr>
<tr>
<td>CenterPoint Energy</td>
<td>CenterPoint Energy, Inc., and its subsidiaries</td>
</tr>
<tr>
<td>CERC Corp.</td>
<td>CenterPoint Energy Resources Corp.</td>
</tr>
<tr>
<td>CERC</td>
<td>CERC Corp., together with its subsidiaries</td>
</tr>
<tr>
<td>Compensation Committee</td>
<td>Compensation Committee of the Board of Directors of CenterPoint Energy</td>
</tr>
<tr>
<td>EEI</td>
<td>Edison Electric Institute</td>
</tr>
<tr>
<td>EPA</td>
<td>Environmental Protection Agency</td>
</tr>
<tr>
<td>ERM</td>
<td>Enterprise risk management</td>
</tr>
<tr>
<td>ESG</td>
<td>Environment, social and governance</td>
</tr>
<tr>
<td>February 2021 Winter Storm Event</td>
<td>The extreme and unprecedented winter weather event in February 2021 resulting in electricity generation supply shortages, including in Texas, and natural gas supply shortages and increased wholesale prices of natural gas in the United States, primarily due to prolonged freezing temperatures.</td>
</tr>
<tr>
<td>Form 10-K</td>
<td>Annual Report on Form 10-K</td>
</tr>
<tr>
<td>GHG</td>
<td>Greenhouse gases</td>
</tr>
<tr>
<td>GRI</td>
<td>Global Reporting Initiative</td>
</tr>
<tr>
<td>Houston Electric</td>
<td>CenterPoint Energy Houston Electric, LLC and its subsidiaries</td>
</tr>
<tr>
<td>Indiana Electric</td>
<td>Operations of Southern Indiana Gas and Electric Company’s electric transmission and distribution services, and includes its power generating and wholesale power operations</td>
</tr>
<tr>
<td>IRP</td>
<td>Integrated Resource Plan</td>
</tr>
<tr>
<td>IURC</td>
<td>Indiana Utility Regulatory Commission</td>
</tr>
<tr>
<td>kWh</td>
<td>Kilowatt hours</td>
</tr>
<tr>
<td>LDC</td>
<td>Local Distribution Company</td>
</tr>
<tr>
<td>MISO</td>
<td>Midcontinent Independent System Operator</td>
</tr>
<tr>
<td>MPUC</td>
<td>Minnesota Public Utilities Commission</td>
</tr>
<tr>
<td>MW</td>
<td>Megawatts</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>Natural gas distribution businesses</td>
</tr>
<tr>
<td>PPA</td>
<td>Power purchase agreement</td>
</tr>
<tr>
<td>REP</td>
<td>Retail electric provider</td>
</tr>
<tr>
<td>SASB</td>
<td>Sustainability Accounting Standards Board</td>
</tr>
<tr>
<td>Scope 1 emissions</td>
<td>Direct source of emissions from a company’s operations</td>
</tr>
<tr>
<td>Scope 2 emissions</td>
<td>Indirect source of emissions from a company’s energy usage</td>
</tr>
<tr>
<td>Scope 3 emissions</td>
<td>Indirect source of emissions from a company’s end-users</td>
</tr>
<tr>
<td>SF6</td>
<td>Sulfur hexafluoride</td>
</tr>
<tr>
<td>TCFD</td>
<td>Financial Stability Board’s Task Force on Climate-Related Financial Disclosures</td>
</tr>
<tr>
<td>ZEVAC</td>
<td>Zero Emission Vacuum and Compressor</td>
</tr>
</tbody>
</table>
CenterPoint Energy Cautionary Statement

This report contains statements concerning our expectations, beliefs, plans, objectives, goals, strategies, future operations, events, financial position, earnings, growth, costs, prospects, capital investments or performance or underlying assumptions and other statements that are not historical facts. These statements are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995.

You should not place undue reliance on forward-looking statements. Actual results may differ materially from those expressed or implied by these statements. You can generally identify our forward-looking statements by the words “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “goal,” “intend,” “may,” “objective,” “plan,” “potential,” “predict,” “projection,” “should,” “target,” “will,” or other similar words. The absence of these words, however, does not mean that the statements are not forward-looking.

We have based our forward-looking statements on our management’s beliefs and assumptions based on information currently available to our management at the time the statements are made. Actual events and results may differ materially from those expressed or implied by these forward-looking statements. Any statement in this report regarding future events, such as CenterPoint Energy’s carbon emission reduction goals, including its net-zero emission goals, and its ability to achieve such goals and related timing thereof, the advancement of and use of new technologies for alternative energy sources, CenterPoint Energy’s ability to achieve its generation transition, including its transition to cleaner energy, and the timing thereof, CenterPoint Energy’s ability to continue to modernize its distribution grid, executive management continuity and succession planning, future board composition, corporate governance commitments, strategic plans and value creation, capital investments (including with respect to renewables projects and mobile generation spend), business opportunities, future financial performance and results of operations, renewable energy growth objectives and any other statement that is not historical facts are forward-looking statements. We caution you not to place undue reliance on any forward-looking statements and that assumptions, beliefs, expectations, intentions and projections about future events may and often do vary materially from actual results. Accordingly, we cannot assure you that actual results will not differ materially from those expressed or implied by our forward-looking statements.

Important factors that could cause actual results to differ materially from those indicated by the provided forward-looking information include risks and uncertainties relating to: (1) CenterPoint Energy’s business strategies and strategic initiatives, restructurings, joint ventures and acquisitions or dispositions of assets or businesses, including the completed sale of its Natural Gas businesses in Arkansas and Oklahoma, the exit from midstream and the internal restructuring of certain subsidiaries, which we cannot assure will have the anticipated benefits to CenterPoint Energy; (2) industrial, commercial and residential growth in our service territories and changes in market demand, including the demand for our non-utility products and services and effects of energy efficiency measures and demographic patterns; (3) CenterPoint Energy’s ability to fund and invest planned capital and the timely recovery of CenterPoint Energy’s investments, including those related to Indiana Electric’s generation transition plan as part of its most recent Integrated Resource Plan; (4) CenterPoint Energy’s ability to successfully construct, operate, repair and maintain electric generating facilities, natural gas facilities, mobile generation and electric transmission facilities, including complying with applicable environmental standards and the implementation of a well-balanced energy and resource mix, as appropriate; (5) timely and appropriate rate actions that allow recovery of costs and a reasonable return on investment, including the timing and amount of recovered natural gas costs in some jurisdictions associated with the February 2021 winter storm event and those related to Houston Electric’s mobile generation; (7) future economic conditions in regional and national markets and their effect on sales, prices and costs; (8) weather variations and other natural phenomena, including the impact of severe weather events on operations and capital, such as impacts from the February 2021 winter storm event; (9) increases in commodity prices; (10) volatility in the markets for natural gas as a result of, among other factors, armed conflicts, including the conflict in Ukraine and the related sanctions on certain Russian entities; (11) changes in rates of inflation; (12) continued disruptions to the global supply chain, including tariffs and other legislation impacting the supply chain, that could prevent CenterPoint Energy from securing the resources needed to, among other things, fully execute on its 10-year capital plan or achieve its net zero and carbon emissions reduction goals; (13) non-payment for our services due to financial distress of our customers and the ability of retail electric providers (REPs), including REP affiliates of NRG Energy, Inc. and Vistra Energy Corp., to satisfy their obligations to...
CenterPoint Energy and Houston Electric, including the negative impact on such ability related to COVID-19 and the February 2021 winter storm event; (14) the COVID-19 pandemic and its continuing effect on CenterPoint Energy’s industries and communities it serves, U.S. and world financial markets and supply chains, and changes in customer and stakeholder behaviors relating thereto; (15) state and federal legislative and regulatory actions or developments affecting various aspects of CenterPoint Energy’s businesses, including, among others, energy deregulation or re-regulation, pipeline integrity and safety and changes in regulation and legislation pertaining to trade, health care, finance and actions regarding the rates charged by our regulated businesses; (16) direct or indirect effects on CenterPoint Energy’s facilities, resources, operations and financial condition resulting from terrorism, cyber attacks or intrusions, including as a result of global conflict such as the conflict in Ukraine, data security breaches or other attempts to disrupt their businesses or the businesses of third parties, or other catastrophic events such as fires, ice, earthquakes, explosions, leaks, floods, droughts, hurricanes, tornadoes and other severe weather events, pandemic health events or other occurrences; (17) the effective tax rate, including as a result of tax legislation, including the effects of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, as well as any changes in tax laws under the current or future administrations, and uncertainties involving state commissions’ and local municipalities’ regulatory requirements and determinations regarding the treatment of excess deferred income taxes and CenterPoint Energy’s rates; (18) CenterPoint Energy’s ability to mitigate weather impacts through normalization or rate mechanisms, and the effectiveness of such mechanisms; (19) actions by credit rating agencies, including any potential downgrades to credit ratings; (20) matters affecting regulatory approval, legislative actions, construction, implementation of necessary technology or other issues with respect to major capital projects that result in delays or cancellation or in cost overruns that cannot be recouped in rates; (21) local, state and federal legislative and regulatory actions or developments relating to the environment, including, among others, those related to global climate change, air emissions, carbon, waste water discharges and the handling and disposal of coal combustion residuals that could impact the operations, cost recovery of generation plant costs and related assets, and CenterPoint Energy’s net zero and carbon emissions reduction goals; (22) the impact of unplanned facility outages or other closures; (23) the sufficiency of CenterPoint Energy’s insurance coverage, including availability, cost, coverage and terms and ability to recover claims; (24) the availability and prices of raw materials and services and changes in labor for current and future construction projects and operations and maintenance costs, including our ability to control such costs; (25) impacts from CenterPoint Energy’s pension and postretirement benefit plans, such as the investment performance and increases to net periodic costs as a result of plan settlements and changes in discount rates; (26) changes in interest rates and their impact on costs of borrowing and the valuation of CenterPoint Energy’s pension benefit obligation; (27) commercial and financial market conditions, CenterPoint Energy’s access to capital, the cost of such capital, and the results of CenterPoint Energy’s financing and refinancing efforts, including availability of funds in the debt capital markets; (28) inability of various counterparties to meet their obligations to CenterPoint Energy; (29) the extent and effectiveness of CenterPoint Energy’s risk management activities; (30) timely and appropriate regulatory actions, which include actions allowing securitization, for any future hurricanes or other severe weather events, or natural disasters or other recovery of costs, including stranded coal generation asset costs; (31) acquisition and merger activities involving CenterPoint Energy or its competitors, including the ability to successfully complete merger, acquisition and divestiture plans; (32) CenterPoint Energy’s ability to recruit, effectively transition and retain management and key employees and maintain good labor relations; (33) changes in technology, particularly with respect to efficient battery storage or the emergence or growth of new, developing or alternative sources of generation, and their adoption by consumers; (34) the impact of climate change and alternate energy sources on the demand for natural gas and electricity generated or transmitted by us; (35) the timing and outcome of any audits, disputes and other proceedings related to taxes; (36) the recording of impairment charges; (37) political and economic developments, including energy and environmental policies under the current administration; (38) the transition to a replacement for the LIBOR benchmark interest rate; (39) CenterPoint Energy’s ability to execute on its strategy, initiatives, targets and goals, including its net zero and carbon emissions reduction goals and its operations and maintenance goals; (40) the outcome of litigation, including litigation related to the February 2021 winter storm event; (41) the development of new opportunities and the performance of projects undertaken by Energy Systems Group, which are subject to, among other factors, the level of success in bidding contracts and cancellation and/or reductions in the scope of projects by customers, and obligations related to warranties, guarantees and other contractual and legal obligations; (42) the effect of changes in and application of accounting standards and pronouncements; and (43) other factors discussed in CenterPoint Energy’s Annual
Report on Form 10-K for the fiscal year ended December 31, 2021, its Quarterly Reports on Form 10-Q for the quarters ended March 31, 2022, June 30, 2022, and September 30, 2022, and other reports CenterPoint Energy or its subsidiaries may file from time to time with the Securities and Exchange Commission.

This report contains time-sensitive information that is accurate as of November 1, 2022. Some of the information in this report is unaudited and may be subject to change. We undertake no obligation to update the information presented herein, except as required by law.

**Net Zero Disclaimer:** While we believe that we have a clear path towards achieving our net zero emissions (Scope 1 and Scope 2) by 2035 goals, our analysis and path forward required us to make a number of assumptions. These goals and underlying assumptions involve risks and uncertainties and are not guarantees. Should one or more of our underlying assumptions prove incorrect, our actual results and ability to achieve net zero emissions by 2035 could differ materially from our expectations. Certain of the assumptions that could impact our ability to meet our net zero emissions goals include, but are not limited to: emission levels, service territory size and capacity needs remaining in line with company expectations (inclusive of changes related to the sale of CenterPoint Energy’s Natural Gas businesses in Arkansas and Oklahoma); regulatory approval of Indiana Electric’s generation transition plan; impacts of future environmental regulations or legislation; impacts of future carbon pricing regulation or legislation, including a future carbon tax; price, availability and regulation of carbon offsets; price of fuel, such as natural gas; cost of energy generation technologies, such as wind and solar, natural gas and storage solutions; adoption of alternative energy by the public, including adoption of electric vehicles; rate of technology innovation with regards to alternative energy resources; CenterPoint Energy’s ability to implement its modernization plans for its pipelines and facilities; the ability to complete and implement generation alternatives to Indiana Electric’s coal generation and retirement dates of Indiana Electric’s coal facilities by 2035; the ability to construct and/or permit new natural gas pipelines; the ability to procure resources needed to build at a reasonable cost, the lack of or scarcity of resources and labor, the lack of any project cancellations, construction delays or overruns and the ability to appropriately estimate costs of new generation; impact of any supply chain disruptions; changes in applicable standards or methodologies; and enhancement of energy efficiencies. In addition, because Texas is in an unregulated market, our Scope 2 estimates do not take into account Texas electric transmission and distribution assets in the line loss calculation and exclude emissions related to purchased power between 2024E-2026E. Our Scope 3 estimates are based on the total natural gas supply delivered to residential and commercial customers as reported in the U.S. Energy Information Administration (EIA) Form EIA-176 reports and do not take into account the emissions of transport customers and emissions related to upstream extraction. Please also review the section entitled “CenterPoint Energy Cautionary Statement” included in this report.