

2020 SUPPLIER DIVERSITY ECONOMIC IMPACT REPORT

Our supplier diversity activities have a significant effect well beyond our operations and the diverse suppliers working with us.

They also have profound impacts on people, jobs and communities. By providing diverse suppliers with technical assistance and mentoring and by awarding contracts, we strive to build productive relationships and create long-lasting business opportunities to help them grow and succeed. This leads to more jobs and a boost to neighborhoods and communities.

We're proud that our ongoing investments in supplier diversity have allowed us to safely deliver reliable, affordable and clean energy to our customers while contributing to healthier places to live, work and play.

In 2020, these investments led to \$3.5 billion in contributions to the U.S. economy and sustained 23,153 jobs.

By advancing supplier diversity, we are helping to build better, stronger communities.



Chief Procurement Officer's Message



94.3%

of our total
economic impact
is within the
state of California.

After partnering with small and diverse firms for more than four decades, we've known that our Supplier Diversity Program brings economic benefits to not only our 600-plus suppliers, but also the regional economies where they do business.

Over the years, we've heard countless stories from diverse suppliers about how they've become more successful due to our commitment to supplier diversity as well as our technical assistance programs and contract awards. We were also aware of the important benefits these businesses bring to communities, such as job creation.

However, it wasn't until we published our first Supplier Diversity Economic Impact Report for 2019 that we realized the profound impact our activities have on local communities in such areas as production (\$3.3 billion), jobs supported (19,052), wages earned (\$1.2 billion) and taxes (\$1.2 billion).

With this 2020 report, the numbers are equally impressive. Based on our \$2.4 billion spend with diverse firms last year — representing 37.66% of our total purchases — SCE's contracting with diverse firms had an economic impact of \$3.5 billion and sustained 23,153 jobs.

We are especially proud that 94.3% of our total economic impact is within the state of California.

These findings inspire us to continue to innovate and remain a leader in supplier diversity, particularly as many small and diverse businesses struggle to recover from the economic havoc brought on by the COVID-19 pandemic.

We remain fully committed to procuring goods and services from diverse suppliers to help us focus on new opportunities in clean energy, efficient electrification and building the grid of the future. Partnering with more than 50 advocacy and community-based organizations, we will continue our outreach to additional diverse suppliers and invest in their development through our technical assistance and mentoring programs.

The value of our supplier diversity activities cannot be overstated. SCE's contributions represent investments that yield positive results for suppliers, customers and communities throughout our service area and beyond.

A handwritten signature in black ink that reads "James W. Niemiec". The signature is written in a cursive, flowing style.

James W. Niemiec

Vice President of Operational Services & Chief Procurement Officer
Southern California Edison

2020 HIGHLIGHTS

\$2.4B

or 37.66% spent
with diverse firms



600+

diverse suppliers

\$1.4M

technical assistance, capacity
building & mentoring programs

300+

diverse
subcontractors



Supplier Diversity Economic Impact

Production
\$3.5B

Wages Earned
\$1.3B

Jobs
Supported
23,153

Taxes
\$1.2B



SPEND RESULTS

Women, Minority, Disabled
Veteran and Lesbian, Gay,
Bisexual and Transgender
Business Enterprises

Women Business
Enterprises

Minority Business
Enterprises

Disabled Veteran Business
Enterprises

Lesbian, Gay, Bisexual
and Transgender
Business Enterprises

Diverse Subcontracting

2020	\$2.40B	37.66%
2019	\$2.21B	40.11%
2018	\$2.13B	46.73%
2020	\$1.19B	18.71%
2019	\$883M	16.03%
2018	\$756M	16.54%
2020	\$1.11B	17.41%
2019	\$1.22B	22.23%
2018	\$1.27B	27.97%
2020	\$94M	1.48%
2019	\$100M	1.83%
2018	\$100M	2.20%
2020	\$3M	0.06%
2019	\$876K	0.02%
2018	\$995K	0.02%
2020	\$601M	25.00%
2019	\$540M	24.46%
2018	\$422M	19.78%

The Minority Business Enterprise category reflects spend with African-, Asian-, Hispanic- and Native American-owned businesses. Although suppliers can certify across multiple categories, spend is recorded to a single General Order 156 category.

Diverse Subcontracting Percentages calculation based on WMDVLGBTBE Total Spend

SUPPLIER DIVERSITY'S FAR-REACHING IMPACTS

Supplier diversity has long been a key business strategy that is embedded in our culture of diversity, equity and inclusion.

We know a broad array of thoughts and ideas makes us better and more successful. A diverse supplier base contributes to reduced operating costs, provides us with quality goods and services and makes us more competitive as we strive to lead the transformation of the electric power industry toward a clean energy future.

As noted in our [2020 Supplier Diversity Annual Report](#), despite unprecedented challenges, we achieved \$2.4 billion in spend with diverse businesses, representing 37.66% of our total purchases.

Beyond the benefits to SCE, engaging with minority, women, disabled veteran and LGBT businesses helps to build and sustain stronger neighborhoods, including GDP production, job creation, income and wage generation and increased tax revenues.



ECONOMIC IMPACT THROUGH SUPPLIER DIVERSITY

Production



Diverse firm purchases support economic activity and create a ripple effect in supply chains

Jobs



Diverse suppliers hire workers, which creates jobs in their supply chains and communities

Wages



Employees at diverse firms earn wages and create additional spending

Taxes



Economic activity generates tax revenues, which support government spending and community investments



GDP Contribution



Jobs Supported



Wages Earned



Taxes



ECONOMIC IMPACT CHANNELS

Our productive relationships with diverse firms have created long-lasting business opportunities as well as more jobs and economic benefits in the Southern California region, whether direct, indirect or induced.

Direct

Economic benefit of diverse suppliers' operations and activities



Indirect

Economic benefit and employment supported in the lower-tier supply chain due to purchases by SCE's diverse firms



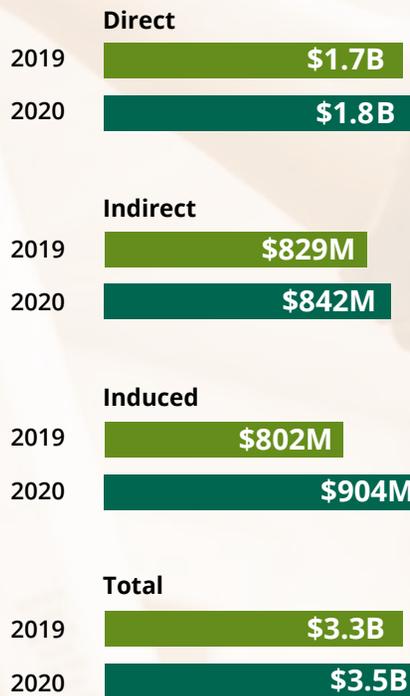
Induced

Wider economic benefits that arise when employees of diverse firms and their supply chains spend their wages

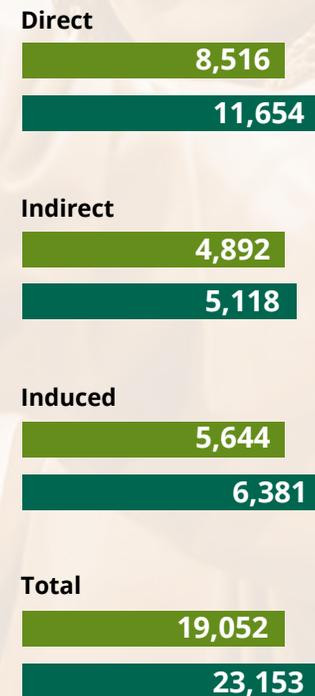


SCE's supplier diversity purchases contributed \$3.5 billion to the U.S. gross domestic product in 2020. This total contribution represents the sum of three types of impacts — direct, indirect and induced. For every \$10 in purchasing directly by SCE's diverse suppliers, \$20 is created across the economy as a whole (based on a GDP multiplier of 2).

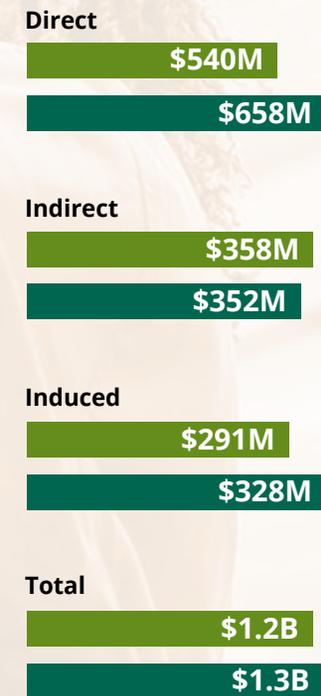
GDP Contribution



Jobs Supported



Wages Earned



OUR SUPPLIER DIVERSITY IMPACT BY CATEGORY

	Purchases 		Jobs Supported 		Wages 	
	2019	2020	2019	2020	2019	2020
Minority Business Enterprises	\$956.3M	\$832.9M	3,847	3,808	\$266.9M	\$246.2M
Women Business Enterprises	\$651.0M	\$908.2M	4,399	7,437	\$255.3M	\$387.6M
Disabled Veteran Business Enterprises	\$62.1M	\$62.8M	269	407	\$16.7M	\$24.3M
Lesbian, Gay, Bisexual and Transgender Business Enterprises	\$384,800	\$183,700	3	1	\$179,300	\$88,200

Top Job Industries Supported

Minority Business Enterprises

	2019	2020
Construction	4,196	1,451
Computer & Electronic Product Manufacturing	903	-
Professional, Scientific & Technical Services	2,489	1,110
Administrative & Support Services	-	682
Retail Trade	450	293
Internet & Other Information Services	1,065	176

Disabled Veteran Business Enterprises

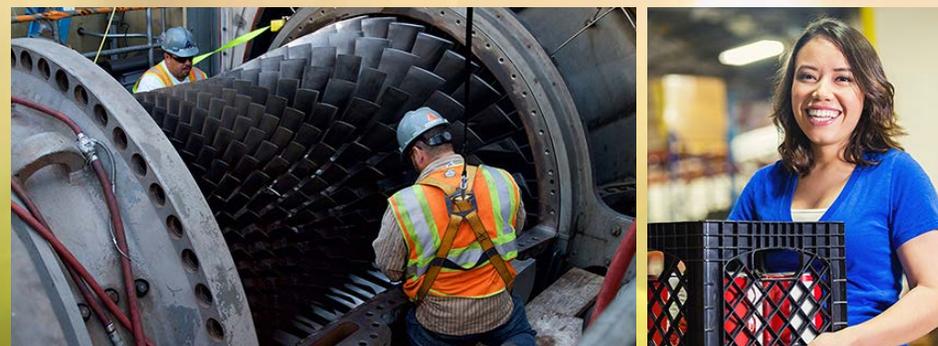
	2019	2020
Construction	509	238
Administrative & Support Services	48	115
Professional, Scientific & Technical Services	17	50
Internet & Other Information Services	3	3
Primary Metal Manufacturing	-	1
Wholesale Trade	26	-

Women Business Enterprises

	2019	2020
Administrative & Support Services	2,056	4,030
Construction	5,167	2,597
Internet & Other Information Services	108	-
Professional, Scientific & Technical Services	1,323	532
Retail Trade	82	96
Food Services	-	43

Lesbian, Gay, Bisexual and Transgender Business Enterprises

	2019	2020
Professional, Scientific & Technical Services	5	1



ECONOMIC IMPACT ON CALIFORNIA

Total Impact	Production Supported 	Jobs Supported 	Wages Supported 											
	<table border="0"> <tr> <td>2019</td> <td>2020</td> </tr> <tr> <td>\$3.1B</td> <td>\$3.3B</td> </tr> </table>	2019	2020	\$3.1B	\$3.3B	<table border="0"> <tr> <td>2019</td> <td>2020</td> </tr> <tr> <td>17,980</td> <td>21,866</td> </tr> </table>	2019	2020	17,980	21,866	<table border="0"> <tr> <td>2019</td> <td>2020</td> </tr> <tr> <td>\$1.1B</td> <td>\$1.3B</td> </tr> </table>	2019	2020	\$1.1B
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Impact on Diverse Suppliers	SCE Purchases	Jobs Supported	Wages Supported											
	<table border="0"> <tr> <td>2019</td> <td>2020</td> </tr> <tr> <td>\$1.5B</td> <td>\$1.6B</td> </tr> </table>	2019	2020	\$1.5B	\$1.6B	<table border="0"> <tr> <td>2019</td> <td>2020</td> </tr> <tr> <td>7,919</td> <td>10,943</td> </tr> </table>	2019	2020	7,919	10,943	<table border="0"> <tr> <td>2019</td> <td>2020</td> </tr> <tr> <td>\$506M</td> <td>\$618M</td> </tr> </table>	2019	2020	\$506M
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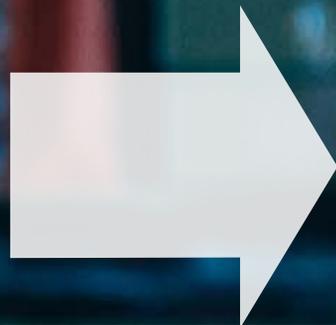
Top Job Industries Supported by Diverse Suppliers		2019	2020
	Construction	9,872	10,148
	Administrative & Support Services	2,375	6,777
	Professional, Scientific & Technical Services	3,243	2,993
	Internet & Other Information Services	1,129	1,272
	Retail Trade	-	182
	Computer & Electronic Manufacturing	902	-



SCE's service area spans **50,000** square miles across coastal, central & Southern California

94.3% of SCE's total economic impact is within the state of California

ECONOMIC IMPACT ON CALIFORNIA



	SCE Purchases 		Jobs Supported 	
	2019	2020	2019	2020
Minority Business Enterprises	\$821M	\$676M	3,355	3,182
Women Business Enterprises	\$633M	\$890M	4,314	7,353
Disabled Veteran Business Enterprises	\$62M	\$63M	269	407
Lesbian, Gay, Bisexual and Transgender Business Enterprises	\$264,000	\$184,000	2	1

CALIFORNIA, A LEADER IN SUPPLIER DIVERSITY

SCE's Supplier Diversity Program began in 1979, long before the California Public Utilities Commission directed utilities to develop and implement programs to increase the use of diverse suppliers.

Once others realized the benefits of working with small and diverse firms, the number of organizations with supplier diversity programs grew exponentially.

Today, California remains a leader in supplier diversity, generating more jobs, wages, taxes and economic output than any other state.



In 2020, California gained 3,886 total jobs at small and diverse firms, increased total output by 6.9% and grew 12.3% in total wages compared to 2019.

STATE	TOTAL OUTPUT	TOTAL JOBS SUPPORTED	TOTAL WAGES
CA	\$3,295,033,261	21,866	\$1,268,039,433
WA	\$90,729,972	262	\$11,394,712
NJ	\$45,838,989	291	\$21,515,008
MO	\$35,329,140	137	\$4,737,891
AL	\$22,906,828	183	\$9,858,872
PA	\$15,366,920	94	\$5,552,847
GA	\$7,122,994	79	\$3,408,186
TX	\$6,789,366	48	\$3,034,962
IL	\$5,782,250	38	\$2,684,318
NV	\$5,130,009	40	\$2,226,708
VA	\$4,725,144	17	\$1,268,609
ID	\$4,461,605	26	\$1,085,173
UT	\$3,301,168	19	\$1,014,585
NY	\$1,946,077	15	\$700,686
AZ	\$1,679,456	13	\$715,956
MI	\$1,101,999	8	\$441,912
CO	\$967,489	7	\$421,586
OR	\$921,932	7	\$393,788
SC	\$179,287	1	\$73,372
NC	\$103	0	\$14

REGIONAL SUPPLIER DIVERSITY IMPACT

Los Angeles/Long Beach/Anaheim

Economic output



2019

\$1.1B

2020

\$915M

Total Jobs Supported



2019

5,190

2020

4,193

Total wages earned



2019

\$309M

2020

\$243M

Total spending with diverse suppliers



2019

\$635M

2020

\$483M

San Bernardino/Riverside/Ontario

Economic output



2019

\$670M

2020

\$1.0B

Total Jobs Supported



2019

3,256

2020

6,403

Total wages earned



2019

\$149M

2020

\$257M

Total spending with diverse suppliers



2019

\$436M

2020

\$675M



APPENDIX: Economic Impact Modeling

Economic impact modeling is a standard tool used to quantify the economic contribution of an investment or company. This modeling uses an “Input-Output” economic model to estimate the number of times each dollar of “input,” or direct spending, cycles through the economy in terms of “indirect and induced output,” or additional spending, personal wages and employment.¹

There are several Input-Output models used by economists to estimate multiplier effects. Supplier.io, a data consultancy firm, employed the IMPLAN input-output model in developing estimates of spending, wages and employment impacts. This model, initially developed by the U.S. Department of Agriculture, examines interindustry relationships in local, regional and national economies.

An Input-Output model uses a matrix representation of a nation’s interconnected economy to calculate the effect of changes in spending by consumers, an industry or others on other industries and the entire economy. This matrix representation and the related Input-Output tables ultimately measure “multiplier effects” of an industry by tracing the effects of its interindustry transactions — that is the number value of goods and services that are needed (inputs) to produce each dollar of output for the individual sector being studied. In essence, an Input-Output model is a table which shows who buys what from whom in the economy.²

This report is based on an analysis of data provided by SCE using IMPLAN’s Input-Output multipliers, and the supplier diversity information in supplier.io’s database of nearly 1.6 million active certifications.

References: ¹ US Government Revenues: www.usgovernmentrevenue.com/total_2014USrt_17rs1n

² US GDP: www.tradingeconomics.com/united-states/gdp



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