Since 1859, NW Natural Holdings through its subsidiary NW Natural Gas Company (NW Natural) has been a respected energy provider in the Pacific Northwest. We couldn’t have maintained this reputation for more than 160 years without one fundamental characteristic—integrity.

Our shareholders trust us to use their investments wisely and be transparent and forthcoming. We believe meeting the needs of all our stakeholders is essential. Integrity—a long with our other core values of safety, caring, service ethic, and environmental stewardship—guide all of our actions, including those related to ESG matters.

Our key initiatives include aggressively pursuing a renewable future and carbon neutral vision for our businesses with superior service. And they trust us to deliver it safely and affordably. Our communities have confidence that we’ll lead on energy and water, environmental and local community issues. Regulators rely on us to adhere to the highest standards and be fair and equitable in our dealings. Our shareholders trust us to use their investments wisely and be transparent and forthcoming.

I hope the report conveys the commitment and passion we bring to our work every day. Thank you for your interest in and support of NW Natural Holdings.

David H. Anderson
President and Chief Executive Officer

SAFETY
- Continued to operate one of the most modern, lightest systems in the nation
- Worked to meet and exceed state and federal pipeline safety requirements
- Focused on proactive damage prevention programs, reducing third-party damages by 19%

ENVIRONMENT
- On track to meet or exceed our voluntary carbon savings goal of 30% by 2035 associated with our own operations and the use of our product by residential and business customers from 2015’s emission levels.
- Saved just over 225,660 metric tons of carbon in 2019, equivalent to taking roughly 60,000 cars off the road
- Groundbreaking legislation enacted in Oregon enabling us to procure renewables for customers

COMMUNITIES & CUSTOMERS
- Contributed over $1.2 million to nonprofits in our communities during 2019
- Provided low-income energy-efficiency programs that funded weatherization upgrades for customers in need
- Saved 5.5 million tons of customers through energy-efficiency programs funded by NW Natural and facilitated by the Energy Trust of Oregon
- Voluntarily suspended late fees and customer disconnections beginning March 2020 related to COVID-19
- Initiated a COVID-19 Giving Campaign in 2020 with overwhelming support from employees

GOVERNANCE
- Maintained well-qualified, diverse, independent and active Board of Directors with separate Chair and CEO roles
- Used Board structure and function that support appropriate business and risk oversight
- Fostered a culture that mitigates risk and promotes integrity and ethical behavior with 100% of active NW Natural and NW Natural Gas Storage employees participating in ethics and compliance training
- Maintained policies that align director and officer interests with shareholder and customer interests

WATER & WASTEWATER
- Provided safe, clean, reliable and affordable water and wastewater service
- Invested in critical infrastructure, cybersecurity, safety and customer support improvements across our water and wastewater utility platforms
- Provided coordinated COVID-19 response across all water and wastewater utilities

2019-2020 HIGHLIGHTS

[Image -1x583 to 613x793]
ABOUT NW NATURAL HOLDINGS
Northwest Natural Holding Company, (NYSE: NWN) (NW Natural Holdings), is headquartered in Portland, Oregon. And through its subsidiaries has been doing business for more than 160 years. It owns NW Natural Gas Company (NW Natural), NW Natural Water Company (NW Natural Water), and other business interests and activities.

NW Natural is a local distribution company that currently provides natural gas service to approximately 2.5 million people in more than 140 communities through more than 770,000 meters in Oregon and Southwest Washington with one of the most modern pipeline systems in the nation. NW Natural consistently leads the industry with high J.D. Power & Associates customer satisfaction scores.

NW Natural Holdings’ subsidiaries own and operate 35 Bcf of underground gas storage capacity with NW Natural operating 20 Bcf in Oregon.

NW Natural Water currently provides water distribution and wastewater services to communities throughout the Pacific Northwest and Texas. NW Natural Water currently serves about 62,000 people through approximately 25,000 connections.

OUR MISSION
We provide safe, reliable and affordable essential utility services in an environmentally responsible way to better the lives of the public we serve.

OUR VALUES
Integrity
Integrity means being honest and ethical in everything we do and being true to our word. It includes fiscal responsibility, trustworthiness and principled behavior. Integrity is fundamental to the company’s image, reputation and success.

Service Ethic
Commitment to service is the foundation for all we do to operate safely, reliably and efficiently. Driven by a desire to help others, our employees strive to be responsive problem solvers. Whether their customers are external or internal, they take pride in NW Natural’s reputation for service.

Caring
On and off the job, our employees live our value of caring. They treat each other with respect and value opportunities to grow professionally—all with a strong sense of teamwork, family and fun. And the company’s commitment to diversity and community involvement empowers them to give back through volunteerism and civic engagement.

Safety
Safety is critical in all aspects of our operations. Our employees participate in rigorous safety training and are dedicated to safe work practices. We are equally committed to educating customers, the community and contractors about using our product safely and preventing damage to utility lines.

Environmental Stewardship
Like our company, our employees are rooted in the Northwest. They value the region’s natural beauty and clean air and water, and they share in our dedication to caring for the environment. With them, we strive to meet or exceed all environmental rules and regulations, reduce energy use and emissions—and help customers do the same—and explore new ways to shrink our environmental footprint.
We suspended out-of-territory business partners and communities we serve. Our primary focus is the safety of our 1,200 structures and protocols. We mobilized emergency response command structures and protocols. As a critical infrastructure energy company, NW Natural has well-defined business continuity plans in early March, formalized and initiated these procedures at our water utilities, and continue to operate under these structures and protocols. Our primary focus is the safety of our 1,200 employees and the people, business partners and communities we serve.

We suspended out-of-territory business travel and implemented work-from-home plans for employees wherever possible. Remote working plans remain in place during 2020, and we’re taking a measured approach to reopening our headquarters and operations center. For employees whose role requires them to work in the field, we are following CDC, OSHA and state-specific guidance.

Measures include following social distancing guidelines; using personal protective equipment, including masks, face coverings and gloves; following enhanced sanitizing protocols; and other measures intended to mitigate the spread of the virus and keep our employees and customers safe and informed. At NW Natural, we have a special COVID-19 team that is specifically trained on how to enter homes where there’s a known or suspected case of COVID-19.

As an essential service provider, our natural gas and water utilities continue to serve our customers without interruption.

Oregon Wildfires
In response to wildfires in our region during September 2020, NW Natural’s Incident Command Team mobilized and responded quickly, monitoring multiple fires, developing system shutdown plans to ensure safety, and coordinating with emergency managers. Our natural gas system is designed to allow us to isolate and depressurize sections that are under threat during natural disasters and other emergencies. For example, during wildfires, we work to stay ahead of the moving fires and shut down sections of the system as needed. Once the fire is passed and conditions are safe, our crews work to re-energize the system and confirm it is safe to re-light customers.

To protect our employees and customers, we limited services to emergency calls while air quality was at its worst, required employees to wear N95 masks or respirators when outside, and improved indoor air quality at our service centers by using HEPA filters.

We understand that these unusual times present unique challenges for employees’ emotional well-being and ability to juggle work and family responsibilities. We are attending to these needs with:

• Frequent employee surveys
• Virtual water cooler chats on wellness topics
• Resiliency support
• Additional psychological support services
• Processes to facilitate flexible and reduced-schedule work where possible
• Virtual ergonomic assistance to help our remote employees work safely at home
• A long-standing fund that assists employees during catastrophic events
• A special relief fund for employees displaced or affected by the fires with a portion of donations personally matched by our President & CEO

We are proud of our essential workers and are committed to serving our customers when it matters most.
OUR GOALS

SAFETY
- Continue to operate one of the most modern systems in the nation safely & reliably
- Invest in people, processes and technology to enhance safety
- Strive for zero system and employee safety incidents

ENVIRONMENT
- Meet or exceed voluntary carbon savings goal of 30% by 20351 associated with our own operations and the use of our product by our residential and business sales customers from 2015 emission levels
- Leverage renewables in our existing, modern system along with other innovations to further our decarbonization efforts
- Our north star and vision forward in being a carbon neutral energy provider by 2050

COMMUNITIES & CUSTOMERS
- Continue to deliver essential energy safely and reliably with excellent customer service
- Communicate frequently and transparently with stakeholders
- Invest time and resources to improve the communities in which we live and serve

EMPLOYEES
- Foster a culture of accountability, creativity and collaboration that is inclusive and supports opportunities for cross-functional effectiveness
- Promote our Diversity, Equity and Inclusion vision, which is to acknowledge, embrace and value differences to give everyone the opportunity to thrive
- Provide meaningful opportunities for career development and advancement

GOVERNANCE
- Continue to maintain well-qualified, diverse, independent and active Board of Directors
- Maintain a Board structure and function that supports appropriate business and risk oversight
- Continue to foster a culture that mitigates risk and promotes integrity and ethical behavior
- Maintain policies that align director and officer interests with shareholder and customer interests

WATER & WASTEWATER
- Provide safe, clean, reliable and affordable water and wastewater service to our customers
- Upgrade aging infrastructure and invest in people, processes and technology to enhance safety and reliability

SAFETY
Safety is our greatest responsibility to our customers, our employees and the communities we serve. In 2019, we invested over $260 million1 in our natural gas infrastructure to support system reliability, growth, and improvements.

1 This is an emissions savings goal equivalent to 30% of the carbon emissions from our sales customers’ gas use and company operations from 2015.

Not to be used for investment purposes—see NW Natural and NW Natural Holdings most recent Form 10-K as updated by the most recent 10-Q for information relevant to investment decisions.
MODERN, TIGHT SYSTEM

In the 1980s, NW Natural proactively created a pipeline replacement program with regulators, and by 2015 the company had replaced all its cast iron and bare steel pipe. Today, we operate one of the most modern and tightest natural gas systems in the nation. In 2018, NW Natural had the lowest ratio of leak repairs per mile of pipe among natural gas utilities in the United States, according to S&P Global.

Continuous System Inspection and Monitoring

Completing our pipeline replacement program created a tighter system with fewer leaks, which furthers our efforts to distribute natural gas in an environmentally responsible manner. But we remain vigilant and actively manage our 736 miles of distribution pipeline and approximately 14,000 miles of transmission pipelines and actively manage our 736 miles of distribution pipeline to maintain, repair and investigate maintenance and proactively distribute natural gas in an environmentally responsible manner. Further Mitigates Risk

Our goal is to exceed federal and state pipeline safety regulations. Our transmission system is inspected using a combination of technologically advanced inline inspection tools and direct assessments. Because we have a modern system, we are able to perform a majority of our inspections through inline inspections. At the end of 2019, we had inspected 78% of our transmission system—577 miles—primarily through inline inspection. That’s about three times the amount we’re required to inspect.

Because of our modern and tight system, we consistently lead the industry in the lowest leaks per mile of distribution pipeline. In 2019, leaks as a ratio to miles of distribution pipeline was approximately 0.02. NW Natural is also vigilant about identifying leaks and monitoring our gas distribution lines. We work to perform a leak survey on about 20% of our gas mains annually with the intention of conducting a leak survey at least every five years on all gas mains. We also perform leakage and atmospheric corrosion surveys about every three years on residential service lines and annually in business districts and on high-occupancy buildings. We believe a proactive and prevention-based approach is the foundation of a safe system.

TAKING THE NEXT STEPS IN SYSTEM SAFETY

Pipeline Safety Management System Further Mitigates Risk

We are taking our safety program to the next level by implementing a Pipeline Safety Management System (PSMS). This recommended practice for the pipeline industry is designed to build on our existing safety structure, creating a more holistic and comprehensive approach to system safety. We believe that by strengthening and reinforcing existing procedures and risk management activities, we will further enhance our ability to prevent even low-probability, significant events. Our employees play a critical role in our PSMS and are actively engaged in efforts to identify, prevent and remediate pipeline issues before they occur, in support of our comprehensive pipeline safety program.

Continuous Improvement

NW Natural leverages new technologies and practices to keep our employees, our distribution system, our storage facilities, and the public safe. We work with industry partners to develop and evaluate new practices to enhance safety, and we participate in system and employee safety benchmarking and peer reviews, most notably the American Gas Association.

DAMAGE PREVENTION

Third-party contractors digging into natural gas pipelines is the most common cause of damages. To address this, we’ve developed and implemented more rigorous dig laws with state regulators, provided an online excavator training module to help contractors dig safely, and implemented a model to identify locate requests that present a higher likelihood of damage. Since NW Natural began these efforts in 2006, damages have declined about 70%. Through a robust, multichannel safety outreach strategy, we provide natural gas safety information to our customers and the general public. In 2019, our safety communications received over 48 million impressions.
NW Natural strives for zero safety incidents with a safety culture focused on prevention, open communication, collaboration, and a strong service and safety ethic. We are laser focused on safety at all levels of the company. Our dedicated safety team is led by subject matter experts who report to our VP, Chief Human Resources and Diversity Officer, who reports directly to the CEO. A portion of our executives’ compensation is tied to achieving our safety metrics, and our Board of Directors regularly reviews company safety metrics. We believe employee safety is critical to our success.

The safety team facilitates a safety steering committee oversees by our executives that seeks to incorporate input from employees at all levels in our organization and incorporate ideas from employees with diverse skill sets to arrive at holistic solutions aimed at prevention. The safety steering committee provides performance monitoring and measurement of our health and safety programs by closely tracking safety metrics, evaluating the effectiveness of safety trainings, monitoring injuries and incidents, and creating comprehensive proactive solutions. In 2019, we formed a safety oversight committee that developed additional performance monitoring capabilities, which focus on understanding the underlying drivers of incidents and developing root cause trend analysis to help us resolve issues. We fully enacted this deeper performance monitoring program with our Journey to Zero initiative in 2020.

We have a strict stop-work policy when an employee is involved in an accident to ensure injuries are reported and addressed immediately. To encourage immediate care and decrease injury severity, NW Natural implemented a 24/7 nurse care line for all employees in 2019. We also began providing more alternative working opportunities, such as additional light-duty opportunities, that allow employees to recover while continuing to contribute. In 2019, our days away and restricted time (DART) rate declined 15% and our lost time injury rate (LTIR) declined 15%, while our total recordable incident rate (TRIR) remained stable. We know we can do better, and in 2020 we rolled out our Journey to Zero initiative with several new safety programs to allow us to continue improving employee safety with the ultimate goal of reaching zero injuries.
PENN STATE UNIVERSITY
GAS SYSTEM RESILIENCE

A new study by Portland State University’s Center for Public Service, suggests the natural gas system could be a crucial resource in the event of a major disaster that disrupts power to the Pacific Northwest.

Recovery options after a disaster could take advantage of NW Natural’s modern natural gas distribution system, which includes resilient pipeline materials protected underground, a significant amount of regional storage capacity in place, and the potential for renewable gas production at multiple locations.

“The natural gas system is distributed both in terms of generation and storage, making a strong case for it to be evaluated as a low-cost, low-risk system.”
— Dr. Hal Nelson, assistant professor of public administration at Portland State and faculty adviser on the study

RESILIENCY: PLANNING FOR NATURAL DISASTERS

Emergency response is critical when natural disasters occur. NW Natural’s operations and training center in Oregon provides an integrated backup facility for business continuity, including gas control and emergency response. New seismic bracing installed in 2019 will help prepare this facility to remain operational after a major earthquake. The center now meets the same seismic standards as essential facilities such as emergency operation centers, hospitals, and police and fire stations. And in March 2020, after years of evaluation and planning, NW Natural moved its core operations to a new headquarters that is also designed and built to function after an earthquake.

Helping Our Communities Prepare—Get Ready Campaign
NW Natural educates the general public on how to handle their gas equipment if a natural disaster strikes. During September’s National Preparedness month, we teamed up with the American Red Cross and other emergency responders to host “Get Ready” events across the region. Since 2012, these free community fairs have provided safety demonstrations, materials from local preparedness groups and other activities to promote safety and preparedness for people of all ages.

FOR MORE INFORMATION VISIT:

> Residential Safety
> Our Safety Measures
> Pipeline Safety

NW Natural’s core value of environmental stewardship is a driving force behind the choices we make every day and in planning for our future.

ENVIRONMENTAL STEWARDSHIP
We believe today’s challenge is climate change—an imperative that requires our collective action. And we’re committed to reducing the carbon impacts of the energy we deliver. We’re also reimagining the fuel we deliver and pursuing our vision of a decarbonized system for our residential and business sales customers.

In keeping with our long-standing commitment to the environment and safety, in the 1980s NW Natural, along with our regulators, committed to modernizing our infrastructure. Today our system is among the most modern in the U.S. and one of the tightest, lowest-emitting systems in the nation, with no cast iron or bare steel pipe. An Environmental Defense Fund study led by Washington State University found that methane emissions on our system were 90% lower than Environmental Protection Agency (EPA) assumptions, and our system’s fugitive emission levels are below the EPA national average for distribution companies.

Since 1970, NW Natural residential customers have cut their energy use and emissions in half. And in 2002, NW Natural was among the first gas utilities to adopt a rate structure that encourages energy conservation.

We know natural gas and our modern system are critical to achieving a low-carbon energy future in the Pacific Northwest—and we’re proud to continue our legacy of environmental leadership.

**ENERGY EFFICIENCY**

Energy efficiency is a powerhouse for reducing emissions. Since 1970, NW Natural residential customers have cut their emissions in half. From conservation to equipment innovation, energy efficiency has driven the single largest savings toward our low carbon pathway goal to date, and we are driving to grow that savings in the coming years.

NW Natural was one of the first gas utilities in the nation to have a decoupling mechanism, which began in 2002. Decoupling is intended to break the link between earnings and the quantity of gas consumed by customers, removing any financial incentive to discourage customers from conserving energy. Today approximately 80% of our gas utility revenues are decoupled.

Through the Energy Trust of Oregon, NW Natural supports energy-efficiency improvements such as cost-effective equipment upgrades and insulation in homes and businesses, as well as building improvements that last for many years. In 2019, NW Natural and its customers provided funding that covered approximately $30 million of expenses and generated nearly 5.5 million therms in energy savings. That’s equivalent to removing greenhouse gas (GHG) emissions from over 6,000 cars for one year.

By market, savings were as follows: just over 509,000 MMtBtu of net savings in our Oregon service territory and about 40,000 MMtBtu of gross savings in our Washington service territory.

**ON TRACK TO MEET OR EXCEED OUR CARBON SAVINGS GOAL**

In 2016, we established a 30% carbon savings goal to be achieved by 2035, starting from 2015 emissions associated with our own operations and the use of the product by customers. In addition to the actions we have taken operationally, this voluntary goal has been a catalyst for us to lead beyond our walls by building public policy coalitions that support innovation and new thinking. And we’re proud of the progress we’ve made.

**Oregon Greenhouse Gas Emissions by Sector**

<table>
<thead>
<tr>
<th>Sector</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (other fuels &amp; waste)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural Gas</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

The natural gas our residential and commercial customers use accounts for only around 6% of Oregon’s greenhouse gas emissions.

**TODAY OUR NATURAL GAS SYSTEM IS A POWERHOUSE**

- Delivers more energy than any other utility in Oregon
- Meets 74% of home heating needs in the areas we serve
- Provides 90% of energy needs for our residential space and water heat customers on the coldest winter days

2x the Energy During winter peak-demand periods, the NATURAL GAS SYSTEM DELIVERS ABOUT TWICE AS MUCH ENERGY as the electric system

**Comparison of methane emissions**

- NW Natural's fugitive methane emissions are 97.49% lower than the industry average.

**Fugitive Methane Emissions Rate**

<table>
<thead>
<tr>
<th>System Emissions</th>
<th>2019 NW Natural</th>
<th>2019 INDUSTRY AVERAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fugitive Methane Emissions Rate</td>
<td>0.1%</td>
<td>0.26%</td>
</tr>
<tr>
<td>Scope 1 Emissions</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

**Note:** This is an emissions savings goal equivalent to 30% of the carbon emissions from our sales customers’ gas use and company operations from 2015.

**This marks 21% of savings toward goal, ahead of expected pace.**

**annual savings**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>118,347</td>
<td>188,913</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**275,101 metric tons of carbon saved in 2019**

**Source:** NW Natural Sales Load and Oregon DEQ In-Boundary GHG Inventory 2015 data

**Energy efficiency contributed nearly half of the savings we achieved as we work to meet or exceed our voluntary goal. That’s about 135,000 metric tons saved in 2019 related to efficiency work since 2016.**

**NOT TO BE USED FOR INVESTMENT PURPOSES—SEE NW NATURAL AND NW NATURAL HOLDINGS MOST RECENT FORM 10-KS AS UPDATED BY THE MOST RECENT 10-Q FOR INFORMATION RELATING TO INVESTMENT DECISIONS.**
NW Natural is a member of Our Nation's Energy Future (ONE Future), a coalition representing the entire natural gas value chain, we and other like-minded industry members and trade groups are encouraging producers to adopt best practices.

NW Natural is one of the first utilities in the nation to develop and implement an emissions screening tool that uses EPA data to calculate the relative emissions intensity of gas producer operations and prioritize purchases from the lowest-emitting producers. Beginning in 2019, we began using an emissions intensity screening tool alongside other purchasing criteria such as price, credit worthiness and geographic diversity. The result: a cost-neutral way to reduce carbon emissions associated with our natural gas supply. By targeting gas purchases from more environmentally conscious producers, we have avoided more than 700 tons of methane emissions for savings of nearly 21,000 metric tons of CO₂e.

**EQUIPMENT INNOVATION**

We are working with nonprofit organizations like the Gas Technology Institute and Northwest Energy Efficiency Alliance to encourage innovation through new products like gas heat pumps, zero-net energy homes, fuel cells and microgrids, solar thermal heating systems and other progressive technologies that use less energy. We believe these new technologies have the potential to reduce energy use by 40% or greater, while still serving the same energy needs.

**CAMAS SCHOOLS SAVE WITH EFFICIENCY**

The Camas School District collaborated with NW Natural and Energy Trust of Oregon to make energy- and cost-saving upgrades that also improve the learning environment for students and staff. In 2018 and 2019, energy-efficient upgrades in seven school buildings included a natural gas-fired condensing boiler, condensing tank water heaters, upgraded building controls for better performance, and more. Annual energy savings from these improvements are estimated at $40,000 or $53,000 therms.
LESS WE CAN

Less We Can is NW Natural’s public awareness campaign to support our Low Carbon Pathway. Through advertising and testimonials, our customers share how they are “doing less.”

Spin Laundry
Morgan Gary started Portland’s Spin Laundry Lounge with a goal to revolutionize the laundromat. Now with two locations, she sees her business as an opportunity to have a positive impact on the environment as well as her community. That means finding ways of using less and conserving more, starting with high-efficiency washers and dryers that use 3.5 times less water and 15% less energy than home machines.

She’s worked to further Spin’s eco-friendliness with every decision she makes, like participating in NW Natural’s Smart Energy program to offset her business’ natural gas use.

Meet the Newest Renewable
A new commercial developed for NW Natural’s Less We Can campaign asks customers, “What if all this waste wasn’t waste at all?” The goal is to begin educating customers about renewable natural gas.

The ad features many sources of waste that can become feedstock to produce renewable natural gas. It focuses on real places and real people who are already using high-efficiency natural gas, including The Yard Food cart pod in Salem, Old Town Brewing in Portland, Cherriots transit in Salem, and Gresham Sanitary Service.

Old Town Brewing
At age nine, Adam Milne fell in love with Old Town Pizza, an iconic restaurant in Portland’s Old Town district. Years later, he bought the business from its founders and went on to open a second restaurant, Old Town Brewing, in Northeast Portland. Milne feels a strong bond to the place where he grew up. That’s why both his establishments participate in Smart Energy, NW Natural’s carbon-offset program.

Milne participates in other waste-reduction actions too. At Old Town Brewing, he works with a farmer to haul away leftover grain from the brewing process—a waste product that becomes animal feed. And natural gas fuels the energy-efficient boiler and pizza oven that saves energy and gives his pizza crusts a crispness they wouldn’t get from electric ovens.

TRANSPORTATION AND COMPRESSED NATURAL GAS

Displacing dirtier transportation fuels such as diesel with clean-burning natural gas is another source of carbon savings. Heavy-duty vehicles that run on compressed natural gas (CNG) rather than diesel have 90% less NOx emissions. They also provide reliability and cost-savings unmatched by other alternative fuels. In 2019, NW Natural supplied 13 companies with 5 million therms of CNG to power their fleets.

Trucks on Loan
Fleet owners are being invited to test drive a CNG truck in a program sponsored by NW Natural and Penske Truck Leasing. The program gives qualified fleet owners a chance to test heavy-duty CNG truck technology by driving either a 12-liter natural gas Class 8 truck or a new generation CNG and hybrid electric Class 8 truck for up to three weeks. The “try it first” program lets participants experience the similarities between natural gas trucks and diesel trucks with respect to power, drivability, fuel range and fuel availability—plus the lower fuel costs and environmental benefits that natural gas trucks provide.

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WE CAN DO MORE—OUR VISION FORWARD

Multiple studies have shown that natural gas and the gas pipeline network will be needed for the Pacific Northwest to achieve its climate goals. In fact, a study by the premier environmental consultant Energy and Environmental Economics (E3) shows how our system—leveraging renewables developed for the pipeline—can be instrumental to helping achieve deep decarbonization in our region affordably and reliably.

Renewables for the Pipeline Network

Renewable natural gas (RNG) is produced from organic materials like food, agricultural and forestry waste, landfills and wastewater. With recent technological advancements, gases from those waste streams can now be cleaned up and added into our pipeline network to serve homes and businesses. This turns a waste problem that is currently contributing to atmospheric methane release into a powerful climate solution using our existing pipeline network.

NW Natural and its Customers Leading the Way

According to the E3 study, by blending just 25% of RNG into the existing gas system, our region can achieve its deep decarbonization goals.

To the issue of RNG supply, the Oregon Department of Energy conducted a study in 2019 that found there was nearly 50 billion cubic feet of technical potential, equivalent to the total amount of natural gas used by all Oregon residential customers today. On a national level, the technical potential for RNG is correspondingly greater. A recent study conducted by ICF Consulting1 provided initial estimates that show the technical potential of RNG supply is substantial when compared to current natural gas throughput.

In fact, when looking at development costs and existing technologies, the ICF report estimates there is enough potential RNG to achieve a 95% reduction in emissions in the residential sector.

HYDROGEN: THE OTHER PIECE OF THE PUZZLE

There’s also the ability to create renewable hydrogen from excess wind, solar and hydro energy that would otherwise go to waste—and distribute that into the pipeline network through a process and technology referred to as power to gas. Renewable hydrogen can be blended or methanated for delivery into the existing pipeline system as another climate solution.

Unlike large-scale utility batteries that can only store energy for several hours, renewable hydrogen can be stored for months and then be delivered through our existing pipeline system to provide energy when it’s needed.

Power-to-Gas Hydrogen Pilot in Eugene

A proposed power-to-gas project in Eugene, Oregon, could be the first in the Pacific Northwest to demonstrate this cutting-edge approach to producing renewable hydrogen. NW Natural is working with a consortium of partners to explore renewable hydrogen production using low-carbon and renewable electricity. This green hydrogen can be used for seasonal energy storage, power for fuel cell vehicles, or blended with carbon dioxide captured from industrial processes to create RNG.

The next piece of the puzzle includes importing renewable hydrogen from Europe and other countries. Forming a partnership with a company in the Netherlands, NW Natural is exploring a power-to-gas project in Eugene.

Lesson from Europe

In 2019, NW Natural sent a team to Europe to research the efforts underway to transform their natural gas networks to use decarbonized energy. Countries like Germany, France and the Netherlands are working to diversify the gas system with renewable natural gas and renewable hydrogen in tandem with carbon capture utilization and storage. Using these new innovations to address climate change, European countries are pursuing a carbon neutral pathway for the gas system.

Renaissance Hydrogen Alliance

Regional interest in hydrogen continues to grow. In 2019, NW Natural hosted the first Renewable Power to Clean Fuels Symposium. The sold-out event brought together experts in renewable electricity, power-to-fuels technologies, hydrogen transportation, clean-fuels markets, and policy. The conference was organized by the Renewable Hydrogen Alliance, an organization NW Natural helped establish in 2019 to convene regional interest in emerging hydrogen and power-to-gas technologies. Since then, the alliance has grown to over 60 company members.

LESSONS FROM EUROPE

In 2019, NW Natural sent a team to Europe to research the efforts underway to transform their natural gas networks to use decarbonized energy. Countries like Germany, France and the Netherlands are working to diversify the gas system with renewable natural gas and renewable hydrogen in tandem with carbon capture utilization and storage. Using these new innovations to address climate change, European countries are pursuing a carbon neutral pathway for the gas system.
RENEWABLE POLICY BREAKTHROUGH

Supporting the start to this evolution in our supply is ground-breaking Oregon RNG legislation, Senate Bill 98. This law goes further than any other current law in the U.S. by outlining goals for adding as much as 30% RNG into the state’s pipeline system by 2050. The law allows up to 5% of a utility’s revenue requirement to be used to cover the incremental cost of RNG. Currently, that equates to about $30 million annually for NW Natural. Gas utilities are also allowed to invest in interconnections with the gas system and could invest in RNG facilities and include them in rate base if that is the lowest cost option for customers.

“Oregon is helping lead the U.S. in developing a framework to promote greenhouse gas reductions from technologies like renewable natural gas. NW Natural is working to be a first-mover and deliver the significant environmental and economic benefits of RNG to their communities.”

– Sam Wade
Director of State Regulatory Affairs
Renewable Natural Gas Coalition

OUR CUSTOMERS WANT A DIVERSIFIED SET OF SOLUTIONS

Through broad-based communications to in-person presentations, we are educating our customers and communities about the beneficial role of our system today—and our efforts to lower emissions even further.

During winter peak-demand periods, the natural gas system in the Northwest delivers about twice as much energy as the electric system. Proposals to “electrify everything” put this reliability at risk. The Northwest electric grid currently faces serious capacity limitations, and driving more peak demand to the electric system jeopardizes energy reliability in our service territory, and could result in the kind of rolling blackouts and blackouts that sometimes occur during peak electric usage.

For the foreseeable future, cities will need to use natural gas in its most efficient way—which is to directly heat homes and businesses. The alternative is to use even more natural gas in less efficient natural gas-fired electric generating plants, where energy is lost in electric generation and through transmission to homes and businesses.

We care about our customers’ values and beliefs. So we reached out. In late 2019, research by Oregon firm DHM® showed that people in NW Natural’s Oregon and Southwest Washington service territory want the freedom to choose natural gas as an energy source for their homes and businesses. People want choice and a diversified set of solutions to lower carbon emissions affordably. That includes natural gas and RNG.

People in Our Service Territory Want Choice, Balance, Renewable

86% agree that all forms of renewable energy—hydro, wind, solar and renewable natural gas—are needed in a balanced, low-carbon future.

87% agree that before local governments ban natural gas for new homes and businesses, local governments should be required to determine the likely impacts on carbon emissions and costs to families and businesses.

83% support local government’s efforts to encourage use of renewable natural gas.

78% agree that families and businesses should have a choice of energy options to meet their needs.

Not to be used for investment purposes—see NW Natural and NW Natural Holdings most recent Form 10-Ks as updated by the most recent 10-Q for information relevant to investment decisions.

ADDRESSING THE CLIMATE IMPERATIVE

2016
NW Natural establishes a voluntary carbon savings goal of 30% by 2035 from 2015 emission levels

2019
First-of-its kind Oregon RNG legislation passed that supports targets of up to 30%

2020 and Beyond
Leverage renewables in our existing modern system along with other innovations to further our decarbonization efforts. Our north star and vision forward is being a carbon neutral energy provider by 2050

Not to be used for investment purposes—see NW Natural and NW Natural Holdings most recent Form 10-K for updated information. The most recent 10-Q is informational and is not investment advice.

OUR VISION FORWARD

Climate change is real and so is our communities’ need for choice and reliable, affordable energy. Balancing these needs is a complex challenge that requires new thinking, collective action and pragmatic solutions. With the customers we serve and our policymakers, we are committed to leading the way to solutions that work.

We believe replacing more and more of our natural gas supply with renewables using our existing pipeline infrastructure—combined with expanded energy efficiency and wide adoption of our carbon offset program—yields the fastest and most affordable climate results for our communities and the planet.

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Oregon Gov. Kate Brown signs landmark renewable natural gas legislation at a ceremony in September 2019. Pictured with David Anderson, NW Natural President and CEO, and Kathryn Williams, NW Natural VP of Public Affairs and Sustainability.

“Oregon has long been a place for innovation in environmental protections, and this legislation [Senate Bill 98] continues that tradition. Allowing our natural gas utilities to acquire a renewable product for their customers brings us one step closer to a clean energy future.”

– Governor Kate Brown

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WAYNE W. CRUM, President and Chief Executive Officer

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ENVIRONMENTAL POLICY AND LEADERSHIP

Our board, executives, employees, and customers are serious about environmental stewardship, environmental protection and environmental performance and have been committed to these objectives for decades. The Public Affairs and Environmental Policy Committee of the NW Natural Holdings and NW Natural Boards of Directors provides oversight of environmental matters and our dedicated environmental management and sustainability team focuses daily on these issues. The team report’s to our VP of Public Affairs and Sustainability, who report’s directly to our CEO. The sustainability team provides direct monitoring of our environmental performance, reporting regularly on environmental issues, and consulting with stakeholders on environmental issues.

The Board’s Public Affairs and Environmental Policy Committee is guided by the company’s environmental policy, which sets forth our commitment to environmental stewardship; reducing emissions, releases, and waste; using our natural resources and energy more efficiently; protecting and enhancing the quality of the natural environment; and operating our business in an increasingly sustainable manner. This policy is reviewed and approved annually.

BIODIVERSITY, LAND, WATER AND NON-GHG EMISSIONS

ENVIRONMENTAL MANAGEMENT

NW Natural operates one of the most modern natural gas distribution systems in the country in a well-established service territory. Therefore, we have limited new construction or disruption to our local communities, particularly with respect to water. When work is required, our environmental management team strives to leave the area in the same or better condition than when we began our work and comply with all environmental regulations. We work to meet this goal with a rigorous procedure manual that provides guidance on environmental matters including EPA, Oregon Department of Environmental Quality (DEQ) and Washington Department of Ecology (DDE) regulations, and other local jurisdictions’ requirements. In certain instances, we take the strictest regulation within our jurisdictions and apply it to our entire service territory, which assists us in holding ourselves to a higher standard and facilitates consistent procedures across our operations.

Our internal Environmental Management System (EMS) addresses how our resource centers and field work sites are designed and operated, and includes, among other matters, designs that prevent runoff and erosion in soil. While our operations are not water intensive, the procedure manual does address how to mitigate spills, obtain necessary Clean Water Act (CWA) permits, and follow federal, state and local rules and regulations related to water quality, air quality, chemical handling, spill response, waste, cultural resources, and threatened and endangered species.

In addition, the EMS also is used as a guide to rigorously vet products, substances, activities and services before they are used or we begin a project to help us minimize our impact on the environment and use the safest and most environmentally appropriate materials in our operations. We keep environmental records and provide training for each project and awareness programs and trainings for new employees and refresher trainings for established employees. We strive for continual improvement that along with our strong environmental programs help us focus on using our precious resources wisely and efficiently. The EMS allows us to assign roles and responsibilities as well as monitor and ensure our activities comply with our permits. Our internal audit department performs periodic audits of our environmental programs and trainings and external agencies such as EPA, DEQ and DOE also periodically audit our permitted facilities.

With respect to non-GHG emissions, we have an idling reduction initiative that is aimed at reducing particulate emissions. This initiative also has a GHG benefit.

FOR MORE INFORMATION VISIT:  
Less We Can  
Renewable Natural Gas  
Vision 2050: Destination Zero  
Public Affairs and Environmental Policy Committee  
Environmental Policy
OUR COMMUNITIES, OUR CUSTOMERS
We grew up here.

We’ve operated for over 160 years with a focus on integrating, investing, and interacting with our communities. While we’re a key employer and essential service provider, we also look for ways to lead beyond our walls with programs to assist our most vulnerable community members, robust support for local nonprofits, and substantial civic involvement.

CARING FOR OUR CUSTOMERS
Superior Service and Customer Satisfaction
It is not just what we do but how we do it. At NW Natural, we owe our continued success to our customers and our dedicated employees, who live our core value of service every day.

In 2019, our customer service center answered over 900,000 calls, and our service technicians, along with other field resources, responded to more than 230,000 requests. Our internal customer satisfaction survey continues to show high satisfaction ratings among contacted customers:

- 93% of customers satisfied with service technicians
- 89% of customers satisfied with phone representatives
- 83% overall satisfaction with NW Natural customer service

Most Trusted Brand in the West in Cogent Study
NW Natural topped all electric and gas utilities in the West in Escalent’s 2019 Cogent Syndicated Utility Trusted Brand & Customer Engagement Residential study. The study benchmarks and trends performance of 140 utilities on the Engaged Customer Relationship (ECR) score—a composite index of service satisfaction, brand trust and product experience performance based on customer interviews.

Best in the West and Nation in J.D. Power Studies
Thanks to our customers, NW Natural scored first in the nation and first in the West for large utilities in the 2019 J.D. Power Gas Utility Residential Customer Satisfaction Study. We received our highest score to date with 781 points in the West large utility segment, which represents utilities serving 500,000 or more residential customers.

Now in its 18th year, the study measures residential customer satisfaction with natural gas utilities across six factors: safety and reliability; billing and payment; price; corporate citizenship; communications; and customer service.

NW Natural also placed first in the West in the J.D. Power 2019 Gas Utility Business Customer Satisfaction Study for the fourth year running.

CLEAN, AFFORDABLE NATURAL GAS
Natural gas is the most affordable utility bill our customers have. As a company, we maintain a constant focus on efficient operations as we strive to maintain affordable service for our customers.

Oregon Residential Average Monthly Utility Bills

<table>
<thead>
<tr>
<th></th>
<th>Natural Gas</th>
<th>Electric</th>
<th>Water &amp; Sewer</th>
<th>Cell Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>$50</td>
<td>$67</td>
<td>$130</td>
<td>$102</td>
</tr>
<tr>
<td>Small Commercial</td>
<td>$67</td>
<td>$130</td>
<td>$102</td>
<td>$157</td>
</tr>
</tbody>
</table>

1 Natural gas and electric bill data obtained from 2018 Oregon Public Utility Commission Stat Book, latest data available.
2 Water and wastewater bill is the average combined bill for a typical U.S. household over 50 municipalities in 2019 per BluefieldData Insight Report. August 2020 average Oregon rates could differ from this.
3 Cell phone bill data is from J.D. Power’s 2018 Whistle: Full Service Purchase Experience study for average bill for people that made a recent cell phone purchase.

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Affordability of natural gas utility bills for our customers is dependent upon the wider economic dynamics of our service territory, the efficiency with which we operate our organization, and the cost of the natural gas commodity. Today, the Portland metro area continues to be one of the most affordable cities to live on the West Coast. Aiding affordability, the commodity cost for natural gas has been declining over the last decade. Due to advancements in technology, today the U.S. produces more natural gas than any nation in the world.

Finally, NW Natural’s corporate strategy includes a focus on effective and efficient operations. We continuously assess the appropriate staffing and expense levels for our organization to ensure we are providing our services at a reasonable price. The combination of these factors has resulted in NW Natural’s gas utility bill being affordable. A typical monthly gas bill for a residential customer using 50 MMBtu and 100 MMBtu of gas delivered per year is $40.73 and $74.40, respectively.

### NW Natural Gas Utility Stats

<table>
<thead>
<tr>
<th>Sector</th>
<th>Customers (as of 12/31/19)</th>
<th>Gas Delivered (during 2019)</th>
<th>Natural Gas Rate (Weighted Average Rates from 11/1/19 – 10/31/20)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>FIXED RATE PER MONTH</td>
</tr>
<tr>
<td>Residential</td>
<td>692,012</td>
<td>457,237,084</td>
<td>$0.81</td>
</tr>
<tr>
<td>Commercial</td>
<td>69,751</td>
<td>277,110,107</td>
<td>$0.52</td>
</tr>
<tr>
<td>Industrial</td>
<td>780</td>
<td>84,062,820</td>
<td>$0.49</td>
</tr>
<tr>
<td>Transportation</td>
<td>334</td>
<td>396,743,596</td>
<td>$0.13</td>
</tr>
<tr>
<td>TOTAL</td>
<td>762,877</td>
<td>1,215,153,607</td>
<td>121,515,361</td>
</tr>
</tbody>
</table>

*Source: U.S. Energy Information Administration – Natural Gas Data*

We work with a variety of programs and agencies to help low-income customers pay their bills and stay warm. Over $3 million was disbursed to nearly 12,000 households in need during the 2018-19 program year. In 2019, about 2% of our residential customers were disconnected for nonpayment. Of these customers, 69% were reconnected to the gas system within 20 days.

**PROGRAMS TO ASSIST CUSTOMERS**

- Suspension of disconnections during extreme winter weather events, prolonged periods of extreme cold and the holidays
- Time Payment Agreements (TPAs), allow customers to pay a lesser amount and avoid disconnection
- Local energy assistance programs that provide funding to our low-income customers
- Installment payment plans
- Medical exemptions for our customers with certificates from their doctors

We stepped up the support in our communities during the COVID-19 pandemic by voluntarily suspending disconnections and late fees.

### CARING FOR OUR COMMUNITIES

Our communities are the key stakeholders in our business. They are our customers, our neighbors, and our family and friends. Our communities are one of the areas of oversight provided by our Public Affairs and Environmental Policy Committee of our Board of Directors. Our VP of Public Affairs and Sustainability is our executive tasked with primary responsibility for community matters, and she leads our government affairs and community involvement teams.

We value our communities, and that is why we include them in our decision-making processes. We regularly conduct public meetings and do research to understand our communities’ views on topics such as: their energy needs, goals and preferences; our integrated resource planning; construction projects; energy policy; and other matters and initiatives. We have a system for identifying local stakeholders, consult with identified parties frequently, and provide ongoing opportunities for communication and discussion.

### ENERGY ASSISTANCE PROGRAMS

NW Natural helps low-income customers manage their bills and energy usage through a variety of programs.

**Low-Income Energy-Efficiency Programs**

For many customers, upgrading to energy-efficient equipment is too costly and out of reach. The Oregon (OLIEE) and Washington (WALIEE) Low-Income Energy-Efficiency Programs, paid for by public purpose charges, helps customers in need weatherize and upgrade to high-efficiency equipment. Households earning less than 200% of the federal poverty level can receive assistance at no cost. Improvements include caulking and sealing, insulation, window upgrades, furnace tuneups or replacements, and others as needed.

**260 OREGON PROJECTS**

- **SAVING OVER 72,000 THERMS OR 7,300 MMBTU**

**22 WASHINGTON PROJECTS**

- **SAVING ABOUT 20,000 THERMS OR 2,000 MMBTU**

**20% REDUCTION**

- **IN ANNUAL GAS USAGE ON AVERAGE DURING THE 2016-2019 HEATING SEASON**

While we strive to have community engagement occur as part of our regular and ongoing interactions, an anonymous hotline is available for our employees and communities to provide feedback or raise concerns. Hotline reports are reviewed, and investigated as necessary, thorough our Chief Compliance Officer and Director of Internal Audit.

As a partner in the communities that we serve, we care deeply about equity and we provide a variety of programs to financially assist our most vulnerable community members.
COMMUNITY SUPPORT: ENERGY ASSISTANCE PROGRAMS

New Funds to Increase Impact

We care about a just and equitable society. One step we are taking to bring the communities we serve closer to that goal is by supporting our most vulnerable community members. NW Natural is adding $1.7 million to the energy-efficiency funds dedicated to low-income customers in Oregon, beginning in 2020. Funding will go toward weatherization projects and deeper energy-efficiency upgrades, reaching additional low-income households each year and developing new program offerings.

The expansion to reach more households more quickly is made possible through new partnerships with affordable housing agencies, serving multifamily properties in addition to single-family homes, and allowing low-income customers to access Energy Trust of Oregon efficiency incentives.

Bill Payment Help: Gas Assistance Program

In 2019, customers and shareholders contributed more than $143,000 to NW Natural’s Gas Assistance Program (GAP) to help low-income families and seniors cover heating costs. Since GAP began in 1982, it has raised more than $6 million for community action agencies to distribute directly to those in need. NW Natural covers programs administrative costs so 100% of the funds raised can be donated. GAP supplements federal and state assistance programs.

Heating the Hoovers

In cold weather, Jesse and Norma Hoover’s monthly energy bills could reach $800, with heating charges taking half their monthly Social Security income. The Hoovers received bill payment assistance from the Community Services Consortium (CSC), a community action agency serving the Central Coast and central Willamette Valley. There they learned about the agency’s Weatherization Program, which receives major funding from NW Natural.

Last spring, the CSC’s crew worked alongside local contractors to install wall, attic and pipe insulation at the Hoover home. They replaced a Depression-era boiler with two standalone natural gas radiant heating units. The crews also installed mechanical ventilation and smoke and carbon monoxide detectors, and made other health and safety improvements. Thanks to NW Natural’s weatherization program, the Hoover home is safe, warm, more efficient, comfortable, and affordable.

NW NATURAL IS ADDING $1.7 MILLION to the energy-efficiency funds dedicated to low-income customers in Oregon, beginning in 2020.

CHARITABLE DONATIONS

NW Natural gave over $1.2 million in 2019 to local nonprofits as part of our shareholder-funded Corporate Philanthropy Fund. These funds go to more than 150 organizations that support stronger communities through resources for children and families at risk, the arts, the environment and education.

Spirit of Giving

During the 2019 Spirit of Giving campaign, NW Natural employees and retirees donated over $150,000 to a wide range of nonprofits. The Corporate Philanthropy Fund matched every dollar 100%, meaning that more than $300,000 went to support local nonprofits in the communities where our employees live and work.

Dollars for Doers

NW Natural employees volunteer in their communities every day and are committed to serving. Each year, employees are invited to apply for a $100-$500 Dollars for Doers grant for the nonprofits they serve.

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TOP 10 EMPLOYEE-SUPPORTED NONPROFITS, 2019

Based on the number of employee contributions:

- United Way of the Columbia-Willamette
- Oregon Food Bank
- American Red Cross Cascades Region
- Portland Homeless Family Solutions
- CASA for Children of Multnomah, Washington & Columbia Counties
- Planned Parenthood Columbia Willamette
- EarthShare Oregon
- Friends of The Children Portland
- Oregon Humane Society
- Regional Arts and Culture Council
**2020-2022 Programs of Focus**

**Programs of Focus Going Forward**

In 2019, NW Natural selected five Pacific Northwest nonprofit Programs of Focus for 2020-2022. Over the next three years, the company is scheduled to give each organization $35,000 annually for unrestricted operational support, plus in-kind resources and volunteer support from NW Natural employees. With a focus on organizations that serve children and families at risk, recipients were chosen through a competitive process by a selection committee that included employees from around the company.

- **Bonneville Environmental Foundation’s “Clean Energy Bright Futures” program** supports educator leadership, illuminates energy career pipelines, eliminates opportunity gaps and inequitable access to these careers, and brings energy education to life in classrooms.

- **Community Warehouse** is the only furniture bank serving the greater Portland area. Its mission is to provide essential household furnishings to neighbors in need, creating stronger homes and brighter futures for all. It has grown dramatically since first organized in the mid-1990s.

- **Janus Youth Programs** serve more than 6,000 at-risk children, youth and families each year, providing a second chance to kids who have few resources and no place to turn for help. Since 1972, Janus has become one of the largest nonprofits in the Northwest, operating more than 40 different programs in Oregon and Washington.

- **Portland Homeless Family Solutions** empowers homeless families with children to get back into housing and stay there long term. It envisions a community where no family experiences homelessness and where every family receives the support and compassion necessary to thrive.

- **A Village for One** empowers each member of the community, or village, to unite to heal the impact of commercial sexual exploitation on our youth and community. It provides a safe and healthy environment for impacted youth to heal physically, mentally and spiritually, along with training, outreach and advocacy.

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**Tents and Events**

NW Natural makes our region a better place all year long—feeding people at events, providing shelter for volunteers and donating our time. From cultural fairs and outdoor concerts, to events to feed people experiencing homelessness, NW Natural’s blue tents and canopies are a common sight.

**IN 2019:**

- **206 tents loaned**
- **24,000 people fed**

**For more information visit:**

- Supporting our Community
- Bill Assistance Programs

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EMPLOYEES 
Living Our Values

NW Natural’s core values of integrity, safety, caring, service ethic and environmental stewardship guide how we engage with customers, stakeholders, shareholders and communities. We actively work to foster these values in our employee culture, and expect our employees to model these values every day.

Recruiting and retaining people who share NW Natural’s core values and reflect our community is vital to our success. That’s why we work to nurture an inclusive and equitable environment that provides opportunities, encourages respect and trust, and supports growth and learning.

Employee Benefits
To attract employees and meet the needs of our workforce, NW Natural offers excellent total compensation packages for our union employees and our nonunion employees. Our package options vary depending on type of employee (union vs. nonunion and full-time versus part-time) and date of hire. The company continuously looks for ways to support employees’ work-life balance and well-being. These benefits are outlined below:

<table>
<thead>
<tr>
<th>Healthcare &amp; Insurance</th>
<th>Wellness</th>
<th>Financial</th>
<th>Work-Life Balance</th>
<th>Culture &amp; Community</th>
<th>Employee Recognition &amp; Discounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical</td>
<td>Health Screenings</td>
<td>401(k)</td>
<td>Paid Time Off</td>
<td>Employee Resource Groups</td>
<td>Formal Employee Recognition Program</td>
</tr>
<tr>
<td>Dental</td>
<td>Flu Shots</td>
<td>Enhanced 401(k)</td>
<td>Holidays</td>
<td>Volunteer Opportunities</td>
<td>Recognition of years of service (every five years)</td>
</tr>
<tr>
<td>Vision</td>
<td>Activity Rewards Program</td>
<td>Flexible Work Arrangements</td>
<td>Sustainability Committee</td>
<td>Diversity, Equity &amp; Inclusion Committee</td>
<td>20% Off Natural Gas Service</td>
</tr>
<tr>
<td>Flexible Spending Accounts</td>
<td>Tobacco Cessation</td>
<td>Financial Education</td>
<td>Employee Assistance Program</td>
<td>Free Annual Transportation Pass (Company Headquarters)</td>
<td></td>
</tr>
<tr>
<td>Health Savings Account</td>
<td>Weight-Loss Program</td>
<td>Employee Stock Purchase Plan</td>
<td>Education Assistance</td>
<td>Employee Charitable Giving</td>
<td></td>
</tr>
<tr>
<td>Life Insurance</td>
<td>Wellness Advisory Committee</td>
<td>Paid Parental Leave</td>
<td>Casual Attire Dress Code</td>
<td>Reduced Parking Rates (Company Headquarters)</td>
<td></td>
</tr>
<tr>
<td>Short-Term and Long-Term Disability</td>
<td>Lactation &amp; Quiet Rooms (Company Headquarters)</td>
<td></td>
<td></td>
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</tr>
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</table>

Workforce Demographics
We actively work to build a more diverse workforce that reflects the communities we serve. Today, 22% of our employees self-identify as Black, Indigenous or People of Color (BIPOC)—a 100% increase since 2000. Currently, approximately 25% of Oregonians identify as BIPOC. We have also expanded the number of women and BIPOC in leadership positions. Today, our 12-person officer team includes five women, and our 12-member NW Holdings Board of Directors includes four women, an achievement that earned us recognition for the third year in a row from the nonprofit Women on Boards and two Directors that identify as BIPOC. The average age of our employees is 47 years old.

As a federal contractor, NW Natural maintains Affirmative Action Plans for its Portland, Sherwood and Salem employee centers. These programs have been in compliance with every federal audit since the first one in 2003.

<table>
<thead>
<tr>
<th>Year</th>
<th>Black, Indigenous, People of Color (BIPOC)</th>
<th>Female</th>
<th>Veterans</th>
<th>Disabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>11%</td>
<td>28%</td>
<td>NA*</td>
<td>NA*</td>
</tr>
<tr>
<td>2009</td>
<td>16%</td>
<td>32%</td>
<td>NA*</td>
<td>NA*</td>
</tr>
<tr>
<td>2019</td>
<td>22%</td>
<td>28%</td>
<td>7%</td>
<td>3%</td>
</tr>
</tbody>
</table>

*Data is collected via voluntary employee disclosures beginning in 2015 and may be under-reported.

WORKFORCE OF THE FUTURE

Workforce Diversity at NW Natural

Workforce Diversity at NW Natural

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</tr>
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</table>

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Employee Satisfaction
Each year, we ask our employees how satisfied they are with their individual jobs, work groups, and the company overall. This feedback gives company leadership valuable guidance on ways to make NW Natural a more effective company and a better place to work. We enjoy a high employee survey participation rate.

82% EMPLOYEES PARTICIPATING

89% EMPLOYEES ENGAGED, COMMITTED, AND ENTHUSIASTIC ABOUT THEIR WORK AT NW NATURAL

93% EMPLOYEES PROUD TO WORK FOR NW NATURAL

Employees also agreed or strongly agreed with the following:

- We provide excellent service to our external customers (93%)
- We demonstrate safe work practices in our work area (94%)
- In my work area, we operate with integrity and ethical conduct (94%)
- I understand the importance of my job to the success of NW Natural (94%)

Partnership in Action: New Union Contract
More than half of NW Natural employees are represented by the Office and Professional Employees International Union Local 11. Working together, union leadership and NW Natural reached a mutually beneficial agreement that will be in effect from December 2019 through May 2024. During calendar year 2019, NW Natural did not incur any work stoppages (strikes or lockouts) and experienced zero idle days for the year.

Growth and Development
NW Natural provides growth and development opportunities through formal and informal programs designed to build skills and relationships. These programs include:

- Mentoring – NW Natural’s mentoring program creates opportunities for career growth by building relationships. Since the program began in 2006, more than 200 employees have participated.
- Scholarships and Tuition – Qualified employees are eligible for tuition support of up to $5,250 per year for undergraduate and graduate degree programs. Over the last five years, employees have received more than $350,000 in assistance for higher education.
- Gas Class – Our optional three-month internal class gives participants a big-picture understanding of the industry and how the company operates, equipping them to see how they contribute to the company’s success and identify opportunities for career growth.
- Leadership and Employee Development – Each year, many of our employees attend a wide range of internal and continuing educational curriculum relevant to their area of expertise. Our employees also have the opportunity to engage in ongoing management and leadership training through a variety of programs. Programs frequently attended by NW Natural employees include: the American Leadership Forum, University of Idaho Energy Executive Course, Portland Business Alliance Leadership Portland Program, AGA Executive Leadership Program, Willamette Utility Management Certificate Program, WEI Emerging Leaders Course, Willamette Leadership & Management Course for Attorneys, Executive Development Institute (EDI) program, Advanced Leadership Academy at Blueprint, Leadership Lab Program, Advanced Leadership Cooperative/Executive Forum, AQA Next Level Leadership Women’s Program, and AQA Professional Global Industry Leadership Program.

STEVE SALGADO, BUSINESS SYSTEM ANALYST

“Understanding how technology better enables operations allows me to have more meaningful conversations with work groups that are having issues with internal processes, or who need an advocate to help support changes in the way we do business.”

Business Systems Analyst Steve Salgado is completing a master’s degree in Operations and Technology Management at the University of Portland.

DIVERSITY, EQUITY AND INCLUSION
NW Natural has a longstanding commitment to creating a diverse, inclusive culture that reflects and supports the communities we serve. That means striving to ensure our workplace is fair, just and safe— with pathways of growth for everyone. We named a Chief Diversity Officer who reports directly to the CEO. To accelerate our work in this area, in 2017 we hired an outside consultant to review our progress on Diversity, Equity and Inclusion, convened focus groups and created an assessment and set of recommendations for our executives. Incorporating this feedback, in 2019 we introduced a comprehensive new strategy focused on three pillars: people, partners, and customers and community.

Our Chief Diversity Officer is leading these efforts with oversight by our CEO and Public Affairs and Environmental Policy Board Committee because we believe a diverse, equitable and inclusive workforce is vital to our long-term success.
2019 Highlights:
- Continued our commitment to increase employees from underrepresented groups in our field positions.
- Provided internships for three college students through Emerging Leaders PDX, a nonprofit committed to creating pathways to leadership for professionals of color in the Portland area.

Other initiatives we have begun advancing include:

- **Assessing Employee Perceptions**
  - The events of 2020 have brought social justice into sharper focus for many communities. We’re working to understand the impact of social justice issues on our employees by engaging in listening sessions regarding matters of diversity. We’re also leveraging our annual employee survey to identify areas for improvement in diversity, equity and inclusion.

- **Employee Resource Groups**
  - We’ve long had a Women’s Network, and in 2020 we are launching employee resource groups for African-American, Latinx, and LGBTQ+ employees. These groups are in addition to current employee book groups conducted in affiliation with the Women’s Network, and luncheon network.

- **Employee Education**
  - The company has invested heavily in employee education. Over the last decade employees at the manager level and above have participated in a three-day in-person, intensive and immersive diversity training. Supervisors complete a similar training in a more condensed format. Other diversity, equity and inclusion education occurs throughout the year. Examples in 2019 include: in-person workshops for each employee workgroup conducted by representatives from our Diversity, Equity and Inclusion Council; outside diversity speakers at management staff meetings, lunch and learn sessions; and employee book club discussions.

A significant focus going forward is to understand, and increase awareness of, internal systems and structures that could limit representation and equity for underrepresented employees. To that end, we’re working toward revising and relaunching new manager and new hire training to include implicit bias, diversity, equity and inclusion, and anti-racism education. We’re also working to expand involvement and engagement of employees in field center locations.

In 2020, we are working to expand our network of suppliers even further, in an effort to provide more business to vendors owned by people of color and women.

**CUST odurers & COMMUNITY**

To serve our increasingly diverse community, our customers & community strategy is focused on building partnerships, capacity and financial support and ensuring equitable access to natural gas programs and services.

2019 Highlights:
- To better serve customers whose first language is not English, we expanded the Spanish Resource Team in our Customer Contact Center and plan to add a full-service Spanish language interactive voice response (IVR) phone system in 2020. Spanish is the most common first language of customers who speak English as a second language.
- NW Natural has long prioritized supporting community organizations that advocate for equal rights and justice. In the past year our support for organizations that advocate for minority communities’ civil rights and economic access has grown from 20 to 26 organizations.
Employee-led groups develop programs and activities that build awareness around issues important to their coworkers, families, customers and our community. Groups include the Diversity, Equity & Inclusion Council, African-American, LGBT+ and Asian-American employee resource groups, Wellness Advisory Committee, Women’s Network and Sustainability Engagement Team. A few 2019 highlights follow below:

**SOLVE Oregon**
Three times in 2019, employees spent their lunch hour picking up litter in parks and areas around our headquarters building downtown. Removing litter from these high-traffic public areas adjacent to the river beautifies the neighborhood and helps to reduce aquatic pollution. In addition, over two weekends a group of 20-30 employees and family members picked up litter in parks across Oregon in SOLVE’s volunteer events. NW Natural has had a long partnership with SOLVE, participating in community events that restore environmental health and build community.

**Say Hey! Networking Events**
Employees participated in these Partners in Diversity networking events, which convene business and community leaders to welcome professionals of color who are new to Oregon and Southwest Washington.

**Diversity Recruitment**
NW Natural employees volunteered at recruitment events aimed at recruiting BIPOC and women, and the Urban League of Portland Job Fair, which focuses on providing job opportunities to African Americans. Employees also attended monthly happy hours sponsored by Portland Women in Tech, which helps empower women, nonbinary and underrepresented people to join and stay in the technology field.

**Step Challenges**
In 2019, an average of 400 employees participated in each of the seasonal step challenges through NW Natural’s wellness program. During the challenges, teams and individuals compete against each other to log the most steps and earn reward points that they can convert into prizes or cash. The challenges are part of a voluntary step tracking, wellness and healthy habits program that 1,187 employees participated in during 2019.

**Oregon Food Bank**
NW Natural employees have supported Oregon Food Bank for over 20 years, volunteering their time and donating thousands of dollars and tons of non-perishable food. In January, the company sponsored a food drive to collect dry and canned goods. And the NW Natural Women’s Network and community affairs team organized volunteer events—including on Thanksgiving weekend —where they gathered at the food bank to pack fresh vegetables and fruit for Oregonians facing food insecurity.

**Showing Pride**
NW Natural employees gather each year to march in the Portland Pride Parade. In 2019 our Diversity, Equity & Inclusion Council organized our parade contingent, which joined with the 171 organizations taking part in the parade and the 45,000 people who lined Portland streets to support the event.

**Bike More Challenge**
Each May, employees from Oregon businesses participate in the Bike More Challenge to log miles, earn points and encourage others to get on a bike and ride. In 2019, NW Natural placed first in the utilities and telecommunications industry section and sixth overall for companies with 500 to 1,999 employees. Our team of 63 active riders, including 13 first-time participants, biked an impressive 11,162 miles during the challenge.

**Charity Drives**
The Women’s Network sponsored drives to collect personal care items for the West Women’s & Children’s Shelter in the spring and toys and cash donations for families supported by Snowcap Community Charities during the holidays. The network also organized fundraising events to benefit nonprofits including Girl’s Inc., Rose Haven Women’s Shelter, and Elevate Oregon.

**Other Events**
Employees also participated in the annual Friends of the Children Bowl-A-Thon, a fundraiser that helps young children overcome adversity and build resilience and potential through long-term, nurturing relationships with consistent and caring adult mentors. Fifteen employees participated in an Ice Cream Scoopathon to benefit New Avenues for Youth, a nonprofit organization dedicated to the prevention and intervention of youth homelessness.

FOR MORE INFORMATION VISIT:
- Diversity, Equity & Inclusion
- Human Rights Policy
- Careers at NW Natural
Strong corporate governance and integrity form the foundation for everything we do. Our Board strives to adopt and maintain appropriate corporate governance practices. And we expect our employees to do what is right for our stakeholders, conduct business ethically, act with accountability, and work with business partners who share our high standards and principles.

**GOVERNANCE HIGHLIGHTS**

- **Board of Directors**
  - Maintain well-qualified, diverse and active board of directors
  - Determine independence of directors (11 of 12 directors meet independence criteria)
  - Separate roles of Chair and CEO under current leadership structure
  - Hold regular executive sessions of nonmanagement directors
  - Oversee company’s risk management programs and policies
  - Evaluate board of directors and committees on an annual basis
  - Comprehensive director orientation and continuing education to enable directors to develop and maintain skills necessary or appropriate for the performance of their duties

- **Other Governance Practices**
  - Maintain stock ownership guidelines
  - Maintain Insider Trading Policy applicable to directors, officers and employees, agents, advisors and independent contractors
  - Maintain a Hedging and Pledging policy applicable to directors and officers

- **Business Integrity and Ethics**
  - Maintain and promote an active Ethics and Compliance Program
  - Foster a culture that mitigates risk and promotes ethical behavior and integrity

**GOVERNANCE PRACTICES**

**Board of Directors**
The NW Natural Holdings Board of Directors establishes policies to ensure that our business is well managed to serve our stakeholders and maximize long-term shareholder value, that we conduct our business in compliance with all applicable laws and regulation, and that we do so with the highest standards of integrity. For complete information on our approach to corporate governance, please visit the Governance portion of our website at nwnaturalholdings.com. Highlights of our approach to corporate governance include:

**Board Composition**
The Board is responsible for selecting candidates for Board membership and the Governance Committee has been assigned the responsibility of recommending to the Board of Directors nominees for election as directors. The Governance Committee reviews director nominees in the context of the current composition and diversity of the Board, the operating requirements and existing and prospective business environment faced by NW Holdings, NW Holdings’ business strategy, and the long-term interests of shareholders. Director candidates must be able to make a significant contribution to the governance of NW Holdings by virtue of their business and financial expertise, educational and professional background, and current or recent experience as a chief executive officer or other senior leader of a public company or other relevant organization. The business discipline that may be sought at any given time will vary depending on the needs and strategic direction of our company and the disciplines represented by our incumbent directors. In addition, the Governance Committee looks at the overall composition of the Board and how a candidate would contribute to the overall synergy and collaborative process of the Board. In conducting its assessment, the Governance Committee considers a variety of criteria, including, but not limited to, the candidate’s integrity, reputation, judgment, knowledge, experience, commitment, skills, diversity, and independence.

Not to be used for investment purposes—see NW Natural and NW Natural Holdings most recent Form 10-K as updated by the most recent 10-Q for information relevant to investment decisions.
Commitment to Director Independence

The Board of Directors of NW Natural Holdings has adopted Director Independence Standards that comply with New York Stock Exchange (NYSE) rules. The Board of Directors has affirmatively determined that 11 out of 12 directors are independent according to NW Holdings’ Director Independence Standards as well as additional qualifications prescribed under the listing standards of the NYSE and applicable state and federal statutes. All standing committees of the Board are chaired by independent directors. The current Board leadership structure also separates the roles of Chair and CEO and is designed to promote independence between Board and management. Additionally, to support independence, the directors of the Board meet regularly in executive sessions at which the independent Board Chair presides and only the non-management directors are present.

Commitment to Board Diversity

NW Holdings’ Director Selection Criteria includes a consideration of diversity as one factor in evaluating candidates for Board membership. The Board believes that directors should have a deep respect with respect to factors such as background, experience, skills, geographic location, race and gender are important considerations in Board composition. The Governance Committee discusses diversity considerations in connection with each director candidate as well as on a periodic basis in connection with the composition of the Board as a whole. In addition, the Governance Committee and the Board conduct formal self-evaluations each year that include an assessment of whether the Governance Committee and the Board have adequately considered diversity, among other factors, in identifying and discussing director candidates. Currently, of 12 members of our Board, four directors are women, and two directors identify as BIPOC. Our composition of women on our Board earned a “Winning Company” award for the third year in a row from Women on Boards.

Board’s Role in Risk Oversight

Management is responsible for managing the day-to-day risks faced by the company, while the Board of Directors, collectively and through its committees, has responsibility for the oversight of risk management. The Corporate Governance Standards describe the Board’s primary responsibilities, which include oversight of NW Holdings’ mission, and key programs that enable the Board to assess and manage material risks, including, but not limited to, risks related to business continuity, operational matters, gas supply, distribution and storage operations, strategic planning and business development, environmental matters, business improvement and information technology, market competition, economic environment, corporate organizational structure, governance, legislative and regulatory risk and compliance, state and federal regulatory process, financial performance, business integrity and compliance, financial reporting and internal controls, financing programs, pensions and retirement plans, reputational risk, human capital management and employee benefits, compensation and succession planning (including the CEO). The Board periodically reviews its committee oversight authority to ensure the Board has adequate visibility and oversight of the Company’s key areas of risk. Management attends Board and committee meetings and regularly discusses with the Board and the committees various risks confronting the Company.

An important aspect of the Board’s oversight role is the enterprise risk management process, under which major enterprise-wide risks have been identified and addressed along with the mitigative measures to address and manage such risks. The enterprise risk management process allows the Board to remain informed of risks or potential problems that might require their attention. Management reports regularly to the Board on significant risk categories. Additional review or reporting on enterprise risks is conducted as needed or requested by the Board. The Board and management consider enterprise risks and opportunities in their strategic and capital spending decision process.

Board Structure and Function

Committees

There are five standing committees of the Board: Audit, Finance, Governance, Organization and Executive Compensation Committee (OECC), and Public Affairs and Environmental Policy Committee. Each of the standing committees operates according to a formal written charter, all of which are reviewed annually and are available at nwnaturalholdings.com. Each of the Audit Committee, the Finance Committee, the Organization and Executive Compensation Committee, the Governance Committee (which also serves as the nominating committee) and the OECC is comprised entirely of independent directors.

Board and Committee Oversight

The full Board considers key risks, issues and initiatives. Board committees additionally have primary responsibility and oversight with respect to the areas described below.

- Oversight and evaluation of policies with respect to significant risks and exposures and the procedures for assessing, monitoring and managing those risks.
- Oversight of accounting, internal controls, auditing, information technology systems, enterprise risk management process, business continuity and disaster planning, capital projects and contingencies, and material litigation.
- Oversight of Business Compliance and Integrity Program, including Code of Ethics, and the Company’s system for review and treatment of Integrity Hotline complaints.
- Oversight of legislative and regulatory matters, and policies and practices on public and political issues, including charitable and political contributions and budgets.
- Oversight of current and emerging political and societal trends.
- Oversight of programs and policies relating to civil, human rights, charitable and community affairs, safety, diversity and equal employment opportunities.
- Review and recommendation of environmental matters and policies and sustainability efforts.
- Review of major environmental risks and plans for managing those risks.
- Oversight of company’s human capital management.
- Review and recommendation of plans for talent succession and management of risks associated with transfer of knowledge and expertise.
- Recommendation of executive compensation programs and benefit plans to the Board, as well as monitoring of risks related to such plans and programs.
- Review and approval of grants under equity incentive plans to eligible employees.
- Primary responsibility for ensuring executive compensation programs and plans are consistent with corporate objectives and OECC’s compensation philosophy.

Management Leadership

Our officer team is responsible for executing company strategy as approved by the Board and meets regularly to actively monitor operations, financial performance, and legal, regulatory, policy and other external developments; ensure compliance with policies, procedures and ethical business practices; and implement strategy to achieve sustainable, long-term performance. We have a diverse group of corporate officers and have expanded the number of women in leadership positions. Our 12-person officer team includes five women.
Starting in 2019, all employees also complete annual online information security training. The course demonstrates how to identify potential cybersecurity risks and protect confidential information at work and what to do if they suspect a possible information security incident. In 2019, 100% of our active NW Natural and NW Natural Gas Storage employees participated in these online information security and ethics and compliance trainings.

POLICY ON HEDGING AND PLEDGING OF NW HOLDINGS SECURITIES

NW Holdings has adopted a Policy on Hedging and Pledging of Securities which prohibits the directors and executive officers of the Company and its subsidiaries from engaging in any short sales, zero-cost collars, or forward sale contracts with respect to the Company’s securities, or purchasing or selling puts, calls, options, or other derivatives securities based on the Company’s securities. In addition, the Policy restricts the ability of directors and executive officers to pledge their ownership of Company securities in a non-recourse loan, failing to meet a margin call with respect to a margin account resulting in the sale of Company stock, or buying Company securities on non-recourse margin.

BUSINESS INTEGRITY

**Code of Ethics Training**

We maintain a Code of Ethics that applies to all of our employees, including supervisors, managers and officers, as well as to our Board of Directors. We also expect everyone working on NW Natural’s behalf, including consultants, agents, vendors and other business partners, to adhere to similar standards of integrity while performing work for NW Natural. Our Code of Ethics is intended to set expectations for conduct that is consistent with our core values, help promote compliance with laws and NW Natural policies, establish our high standards of integrity, and provide information about how to resolve questions or concerns. Employees are required to annually certify their commitment to the principles outlined in the Code of Ethics and disclose any business integrity concerns. Our Code of Ethics is approved annually by the Board upon the review and recommendation of the Audit Committee. The Code of Ethics is managed on a day-to-day basis by our Business Integrity Team, which is a cross-functional team led by our Chief Compliance Officer and consisting of members of the internal audit, legal and human resources departments. Our Chief Compliance Officer and Director of Internal Audit each regularly provide updates on business integrity matters to the Audit Committee of the Board of Directors.

To reinforce the company’s core value of integrity, every employee completes an annual online Code of Ethics training to refresh their understanding of the company’s Business Compliance and Integrity Program and Code of Ethics. NW Natural’s program received the national award for Best Ethics and Compliance Program (Small and Mid-Cap) at the 2018 Corporate Governance Awards event, in recognition of its new Code of Ethics document and refreshed online training and certification program.

**Integrity Hotline**

We maintain an Integrity Hotline to empower employees, shareholders, customers, the public and other third parties to raise issues or report concerns through our Integrity Hotline, Chief Compliance Officer and Director of Internal Audit handle matters reported on the hotline and both regularly report to the Audit Committee regarding hotline activity and the Chief Compliance Officer regularly reports to the Audit Committee regarding the Business Compliance and Integrity program.

In 2019, we received 42 total business integrity hotline reports, all of which were reviewed by our Business Integrity team and investigated as necessary. When violations are detected, appropriate actions are taken, which may include coaching or counseling, administering disciplinary action, up to and including termination, and/or improvements to our policies, procedures or practices.

**Fairs Business Dealings**

As set forth in our Code of Ethics, we strive to deal fairly and in good faith with NW Natural’s customers, shareholders, employees, suppliers, competitors and others. We strive to avoid any attempt to take unfair advantage of any person through manipulation, misrepresentation, fraud, misuse of confidential information or any other unethical dealing, practice or act. Our Code of Ethics sets forth our policies and expectations regarding fair business dealings, including our expectations regarding expenses, purchasing and contracting, gathering competitive data, and engaging in transactions between utility and non-utility subsidiaries. Our Code of Ethics also sets forth our strict prohibition on bribes or corruption through our Integrity Hotline.

**For More Information Visit:**

Governance website
Sunriver Closing the Loop on Waste

Our Sunriver wastewater treatment plant strives to meet the highest standards for reuse and environmental sustainability. Treated water from our plant is used to irrigate 64 acres of hay fields and nearby golf courses. Putting about 54 million gallons of water to work this way yielded approximately 84 tons of orchard grass hay in 2019. Utilizing the solid biproducts of the treatment process, in 2019 we created over 4,500 yards of rich, black compost that our community can use in their gardens. Sustainable practices like these benefit the environment and help reduce costs for our customers.

Water is a precious resource that is essential for life, growth, food security and stability. We take this critical resource and our responsibility to provide it seriously.

As we continue to expand our operations, we are committed to building on a rich history of superior customer service, responsible environmental stewardship and constructive regulatory engagement. NW Natural Water takes system reliability and security seriously and works to provide the financial capital, technical and regulatory resources to support our rapidly expanding service territories, so each and every day we can provide our customers with safe, clean, reliable and affordable water and wastewater services.

After a comprehensive strategic planning process, in December 2017 NW Natural Holdings entered the water utility sector by announcing several water utility acquisitions in the Pacific Northwest, which NW Natural Water subsequently closed. NW Natural Holdings strives to provide stable, growing water utility earnings, while seeking to add earnings streams that have a similar risk and cash flow profile as our regulated gas utility.

We believe the regulated water utility sector not only fits our conservative profile, but it also aligns well with our core capabilities. Each of the core competencies that NW Natural excels at — customer service, safety, environmental stewardship, reliability and managing critical distribution infrastructure — are equally applicable to the water utility sector. In addition, we believe our ability to work constructively with regulators underscores the strategic rationale and the value we can add in this sector.

Our deliberate and measured approach has paid off. What began with two transactions in our Pacific Northwest has grown beyond our legacy service territory to owning water and wastewater utilities in four states.

Safety, reliability and excellent service is at the center of our water operations goals. To-date, we’ve invested in pipe replacement, new wells, and system reliability improvements to ensure water quality and reliable service. To improve customer service levels across our platform, we’ve invested in technology, cybersecurity, and customer information system upgrades. To support our employees’ and customers’ safety, we’re formalizing safety and compliance programs across our water businesses.

The same core values and competencies that have guided and made our natural gas utility successful for over 160 years now also guides our growing water and wastewater utilities.

We are committed to managing our water and wastewater systems responsibly and will continue to strive to focus on the following priorities:

• Continual maintenance and investment as aging infrastructure must be replaced
• Provide low-cost financial capital for infrastructure improvements
• Comply with increased and expanding regulation for water and wastewater systems
• Monitor for contamination and proactively address emerging threats from climate variability and natural disasters
• Implement new technologies, including cybersecurity measures
• Attract and develop talented employees, as well as manage an aging workforce

Our water and wastewater acquisitions to date have proven successful and we’ve met the needs of our customers, employees, and the communities they serve. NW Natural Water will work hard to continue expanding its operations and provide these essential services to its customers.

FOR MORE INFORMATION VISIT: NW Natural Water

Not to be used for investment purposes — see NW Natural and NW Natural Holdings most recent Form 10-Ks as updated by the most recent 10-Qs for information relevant to investment decisions.
FORWARD-LOOKING STATEMENTS

This report and other materials prepared by NW Natural Holdings from time to time, may contain forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, which are subject to the safe harbor protections of that act. Forward-looking statements can be identified by words such as “anticipates,” “intends,” “plans,” “seeks,” “believes,” “estimates,” “expects” and similar references to future periods. Examples of forward-looking statements include, but are not limited to: statements regarding the following: plans, objectives, estimates, timing, goals, strategies, future events, projections, expectations, outlooks, commitments, intentions, acquisitions and timing, completion and integration thereof, infrastructure investments, safety and implementation of safety initiatives, system modernization, improvements and reliability, infrastructure resiliency, risk management programs, commodity costs and sourcing, competitive advantage, marketing, service territory, customer service including implementation of new customer service technologies, customer and business growth, customer satisfaction ratings, weather, customer rates, customer preference, business risk, efficiency of business operations, business development and new business initiatives, water and wastewater industry and investments including timing, completion and integration of such investments and related operational initiatives, financial positions and performance, economic and housing market trends and performance, capital expenditures, technological innovations and investments, strategic goals and visions, environmental initiatives, decarbonization and the role of natural gas and the gas delivery system, including use of renewables, carbon emissions, targets and savings, renewable natural gas projects or investments and timing and completion thereof, renewable hydrogen projects and programs, procurement of renewable natural gas for customers, energy efficiency initiatives, investments and funding, energy usage and savings, charitable donations and volunteer programs, workforce trends, diversity, equity and inclusion initiatives, employee training, the regulatory environment, timing or effects of future regulatory proceedings or future regulatory approvals, effects of legislation and changes in laws and regulations, including but not limited to carbon, renewable natural gas and renewable hydrogen regulations, effects, extent, severity and duration of COVID-19 and resulting economic disruption, the impact of efforts to mitigate risks posed by its spread, ability of our workforce, customers or suppliers to operate or conduct business, reopening and remote work plans, governmental actions and timing thereof including actions to reopen the economy, and other statements that are other than statements of historical facts.

The forward-looking statements contained in this report are provided for the general information of our stakeholders and are not intended to induce any sales or purchases of securities or to be used in connection therewith for any investment purposes. Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by the forward-looking statements, so we caution you against relying on any of these forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. Important factors that could cause actual results to differ materially from those contemplated by the forward-looking statements, so we caution you against relying on any of these forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. Important factors that could cause actual results to differ materially from those contemplated by the forward-looking statements are discussed by reference to the factors described in Part I, Item 1A “Risk Factors,” and Part II, Item 7 and Item 7A “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Quantitative and Qualitative Disclosures About Market Risk” in the Company’s most recent Annual Report on Form 10-K, and in Part I, Items 2 and 3 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Quantitative and Qualitative Disclosures About Market Risk,” and Part II, Item 1A, “Risk Factors”, in the Company’s quarterly reports filed thereafter.

All forward-looking statements made in this report and all subsequent forward-looking statements, whether written or oral and whether made by or on behalf of the Company, are expressly qualified by these cautionary statements. Any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.
APPENDIX

Sustainability Accounting Standards Board (SASB) Disclosures

NORTHWEST NATURAL HOLDING COMPANY

SASB Disclosures
For the year ended December 31, 2019

The following index sets forth Northwest Natural Holding Company’s SASB reporting disclosures for our primary industry, Gas Utilities & Distributors. While we strive to align with SASB’s accounting metrics where feasible, we may report a different unit of measure, different metric or partial information for the topic area or accounting metric, including as noted below. Unless otherwise noted, data in the below SASB disclosure is as of, or for the year ended December 31, 2019.

<table>
<thead>
<tr>
<th>SASB CODE</th>
<th>ACCOUNTING METRIC</th>
<th>2019 DISCLOSURE RESPONSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>IF-GU-240a.1</td>
<td>Average retail gas rate for residential customers per MMBtu</td>
<td>$8.08</td>
</tr>
<tr>
<td></td>
<td>Average retail gas rate for commercial customers per MMBtu</td>
<td>$5.16</td>
</tr>
<tr>
<td></td>
<td>Average retail gas rate for industrial customers per MMBtu</td>
<td>$4.89</td>
</tr>
<tr>
<td></td>
<td>Average retail gas rate for transportation services per MMBtu</td>
<td>$1.26</td>
</tr>
<tr>
<td>IF-GU-240a.2</td>
<td>Typical monthly gas bill for residential customers for 50 MMBtu of gas delivered per year (USD)</td>
<td>$40.73</td>
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<tr>
<td></td>
<td>Typical monthly gas bill for residential customers for 100 MMBtu of gas delivered per year (USD)</td>
<td>$74.40</td>
</tr>
<tr>
<td>IF-GU-240a.3</td>
<td>Number of residential customer gas disconnections for non-payment, percentage reconnected within 30 days</td>
<td>Approx. 13,700 within 30 days</td>
</tr>
<tr>
<td></td>
<td>Percentage of residential customer gas disconnections for non-payment reconnected within 30 days</td>
<td>69% reconnected within 30 days</td>
</tr>
<tr>
<td>IF-GU-240a.4</td>
<td>Discussion of impact of external factors on customer affordability of gas, including the economic conditions of the service territory</td>
<td>2019 ESG Report, &quot;Our Communities, Our Customers&quot;</td>
</tr>
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</table>

¹Weighted average rates from 11/1/19 – 10/31/20.
²Based on weighted averages rates for the heating year beginning 11/1/2019 and ending 10/31/2020.
³We report reconnections within 20 days rather than 30 days, consistent with our internal practices regarding measurement and reporting of reconnections.
**END-USE EFFICIENCY**

<table>
<thead>
<tr>
<th>SASB CODE</th>
<th>ACCOUNTING METRIC</th>
<th>2019 DISCLOSURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>IF-GU-420a.1</td>
<td>Percentage of gas utility revenues from rate structures that are decoupled</td>
<td>Approx. 81%</td>
</tr>
<tr>
<td>IF-GU-420a.2</td>
<td>Percentage of gas utility revenues from rate structures that contain a lost revenue adjustment mechanism</td>
<td>0%</td>
</tr>
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</table>

**INTEGRITY OF GAS DELIVERY INFRASTRUCTURE**

<table>
<thead>
<tr>
<th>SASB CODE</th>
<th>ACCOUNTING METRIC</th>
<th>2019 DISCLOSURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>IF-GU-540a.1</td>
<td>Number of reportable pipeline incidents</td>
<td>0</td>
</tr>
<tr>
<td>IF-GU-540a.2</td>
<td>Number of corrective action orders</td>
<td>0</td>
</tr>
<tr>
<td>IF-GU-540a.3</td>
<td>Percentage of distribution pipeline that is cast and/or wrought iron</td>
<td>0%</td>
</tr>
<tr>
<td>IF-GU-540a.4</td>
<td>Percentage of distribution pipeline that is unprotected steel</td>
<td>0%</td>
</tr>
<tr>
<td>IF-GU-540a.5</td>
<td>Percentage of gas transmission pipelines inspected</td>
<td>78% as of December 31, 2019</td>
</tr>
<tr>
<td>IF-GU-540a.6</td>
<td>Percentage of gas distribution pipelines inspected</td>
<td>We work to perform a leak survey on about 20% of our gas mains annually with the intention of conducting a leak survey at least every five years on all gas mains. We also perform leakage and atmospheric corrosion surveys about every three years on residential service lines and annually in business districts and on high-occupancy buildings.</td>
</tr>
<tr>
<td>IF-GU-540a.7</td>
<td>Description of efforts to manage the integrity of gas delivery infrastructure, including risks related to safety and emissions</td>
<td>2019 ESG Report, “Safety” “Environment”</td>
</tr>
</tbody>
</table>

**ACTIVITY METRICS**

<table>
<thead>
<tr>
<th>SASB CODE</th>
<th>ACTIVITY METRIC</th>
<th>2019 DISCLOSURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>IF-GU-000.A</td>
<td>Number of residential customers served</td>
<td>672,012</td>
</tr>
<tr>
<td>IF-GU-000.B</td>
<td>Amount of natural gas delivered to residential customers (MMBtu)</td>
<td>45,723,708</td>
</tr>
<tr>
<td>IF-GU-000.C</td>
<td>Length of gas transmission pipelines</td>
<td>737 miles</td>
</tr>
<tr>
<td>IF-GU-000.1</td>
<td>Number of commercial customers served</td>
<td>69,958</td>
</tr>
<tr>
<td>IF-GU-000.2</td>
<td>Amount of natural gas delivered to commercial customers (MMBtu)</td>
<td>23,711,011</td>
</tr>
<tr>
<td>IF-GU-000.3</td>
<td>Amount of natural gas delivered to industrial customers (MMBtu)</td>
<td>8,496,382</td>
</tr>
<tr>
<td>IF-GU-000.4</td>
<td>Amount of natural gas delivered to a third party (MMBtu)</td>
<td>39,674,360</td>
</tr>
<tr>
<td>IF-GU-000.5</td>
<td>Length of gas distribution pipelines</td>
<td>Approx. 14,000 miles</td>
</tr>
<tr>
<td>IF-GU-000.6</td>
<td>Number of industrial customers served</td>
<td>1,007</td>
</tr>
<tr>
<td>IF-GU-000.7</td>
<td>Length of gas transmission pipelines</td>
<td>737 miles</td>
</tr>
<tr>
<td>IF-GU-000.8</td>
<td>Amount of natural transferred to a third party (MMBtu)</td>
<td>39,674,360</td>
</tr>
<tr>
<td>IF-GU-000.9</td>
<td>Length of gas distribution pipelines</td>
<td>Approx. 14,000 miles</td>
</tr>
</tbody>
</table>

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1 Pipeline inspected through December 31, 2019, but not limited to inspections during the calendar year 2019. As of December 31, 2019, we inspected 577 miles compared to 196 miles required by 49 CFR 192.903 and reassess covered pipelines every seven years as set forth in 49 CFR §192.939(6) by the Pipeline and Hazardous Materials Safety Administration (PHMSA).