



NW Natural  
HOLDINGS™



# 2019 Environmental, Social and Governance (ESG) Report

Published on October 6, 2020



President and CEO David Anderson volunteering for Habitat for Humanity's Executive Build project

## TO OUR STAKEHOLDERS

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 customers trust us to deliver essential energy and critical resources to their homes and 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.

We believe meeting the needs of all our stakeholders is essential. Integrity — along 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 gas utility, diversifying into and growing our water and wastewater utility business, and actively advancing social justice in our workplace and our wider community. This work is not easy and there are no shortcuts, but each year we set goals, make strides and move closer to achieving our vision.

In the spring of 2020, our nation and the communities we serve were confronted with the unprecedented challenges of the coronavirus

(COVID-19) pandemic and a sharpened focus on matters of social justice. During these unprecedented times, our values are guiding our decisions — as they always have — and we continue to have an unwavering focus on the health and safety of our employees, customers and the communities we serve. More than 2.5 million people depend on us to heat their homes, cook their meals and keep their businesses running, and our 1,200 employees step up every day to fulfill that critical mission. Even in the face of sustained challenges, our highest priority is, and will continue to be, our employees, customers and the communities in which we live and serve.

I am humbled by and proud of our dedicated employees and their engagement with our communities and stakeholders. This report outlines some of the most important work NW Natural Holdings is focused on, and for the first year, we've expanded our disclosures and provided the information recommended for our industry by the Sustainability Accounting Standards Board.

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

# 2019-2020 HIGHLIGHTS



## SAFETY

- Continued to operate one of the most modern, tightest 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 sales customers from 2015 emission levels<sup>1</sup>
- Saved just over 275,000 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 therms for 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

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

## EMPLOYEES

- 93% of our surveyed employees report being proud to work for NW Natural
- Ranked #1 in the nation and West for residential customer service among large utilities in the J.D. Power 2019 Gas Utility Residential Customer Satisfaction Study
- Doubled the percentage of Black, Indigenous, and People of Color (BIPOC) representation in our workforce since 2000
- Employed strict employee safety measures amid COVID-19 pandemic in 2020



## 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 platform
- Provided coordinated COVID-19 response across all water and wastewater utilities

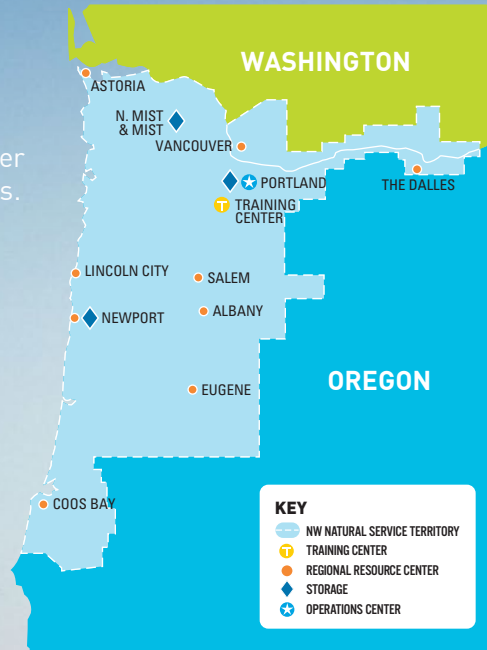
## ABOUT NW NATURAL HOLDINGS


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.



 Salmon Valley Water  
Sunriver Water and Wastewater

 Cascadia Water  
Suncadia Water and Wastewater

 Falls Water  
Gem State Water

 T&W Water



## 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.



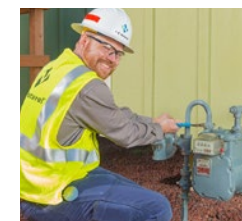
### Service Ethic

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.



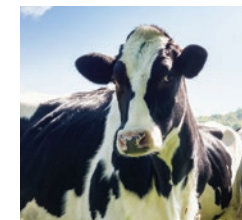
### Caring

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.



**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-energized 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.

**NW NATURAL  
SUPPORTING OUR EMPLOYEES**

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

**2020 EVENT RESPONSES**

**COVID-19**

Our COVID-19 response is just one example of our values in action. In March 2020, COVID-19 was declared a pandemic by the World Health Organization, and it has caused global, national, and local economic and societal disruptions. In Oregon and Washington, where we serve our natural gas customers, stay-at-home orders were issued on March 23, 2020. As an essential service provider, our natural gas and water utilities continue to serve our customers without interruption.

As a critical infrastructure energy company, NW Natural has well-defined emergency response command structures and protocols. We mobilized our Incident Command Team and 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-

NW NATURAL SUPPORTING OUR CUSTOMERS AND COMMUNITIES IN THESE UNUSUAL TIMES	
<b>STOPPED LATE FEES &amp; DISCONNECTIONS</b>	Voluntarily and temporarily stopped charging late fees and disconnecting customers for nonpayment in March 2020 and began offering flexible payment options tailored to the COVID-19 situation
<b>RAISED \$100,000</b>	Dispersed assistance to customers in need through our Gas Assistance Program
<b>DONATED \$100,000</b>	Initiated a special COVID-19 employee giving campaign for local nonprofits providing COVID-related services and working to support communities affected by the wildfires in our region through our corporate philanthropy fund
<b>PROVIDED \$17 MILLION ANNUAL BILL CREDIT</b>	Provided Oregon natural gas customers with their annual June bill credit totaling approximately \$17 million, a record amount for our customer revenue sharing mechanism that generates this credit

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.

**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 2035<sup>1</sup> 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 is being a carbon neutral energy provider by 2050



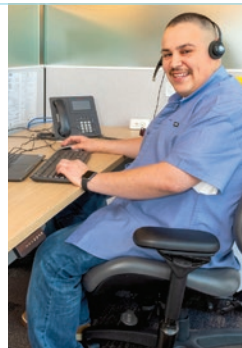
## COMMUNITIES & CUSTOMERS

- 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



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



## 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 million<sup>1</sup> in our natural gas infrastructure to support system reliability, growth, and improvements.



2019 FEDERAL REPORTS

# ZERO

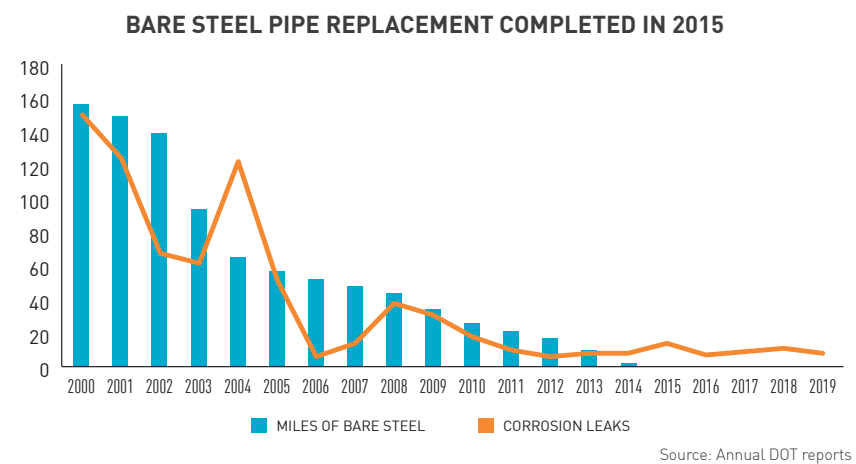
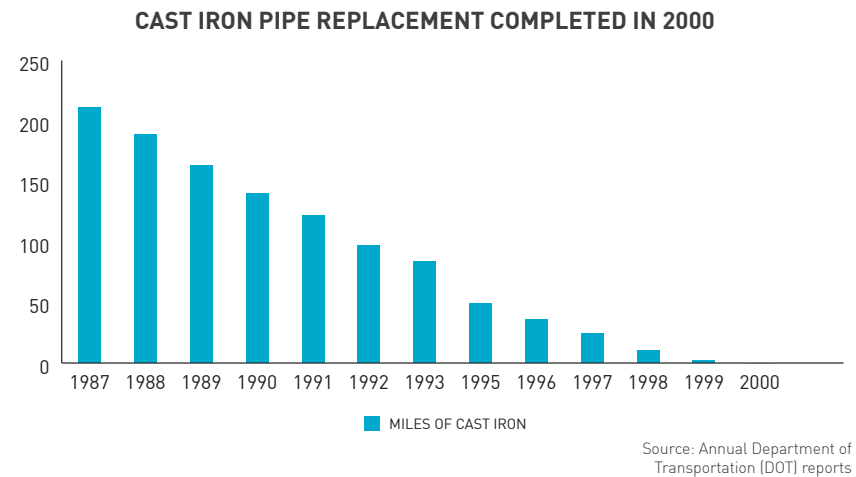
- Reportable pipeline incidents
- Corrective action orders
- Safety-related condition reports
- Notices of Probable Violation

## 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.<sup>1</sup>

### 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 transmission pipelines and approximately 14,000 miles of distribution pipeline to effectively perform preventative maintenance and proactively monitor, repair and investigate reported and identified potential issues. Our employees perform approximately 230,000 routine field visits each year, and we operate a 24/7 emergency hotline so we can immediately dispatch nearby responders if

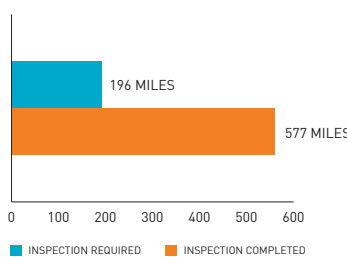


there is a problem. On average, we respond to damage and odor calls across our service territory in 30 minutes or less.

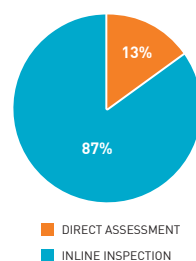
### Our goal is to exceed federal and state pipeline safety regulations.

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.

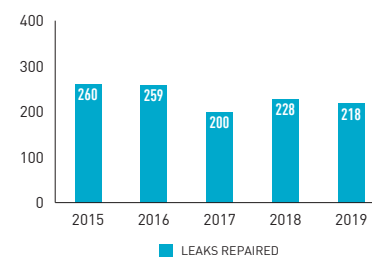
### EXCEEDED TRANSMISSION INSPECTION REQUIREMENTS



### INSPECT USING MULTIPLE APPROACHES



### DISTRIBUTION SYSTEM LEAKS ON MAINS REPAIRED



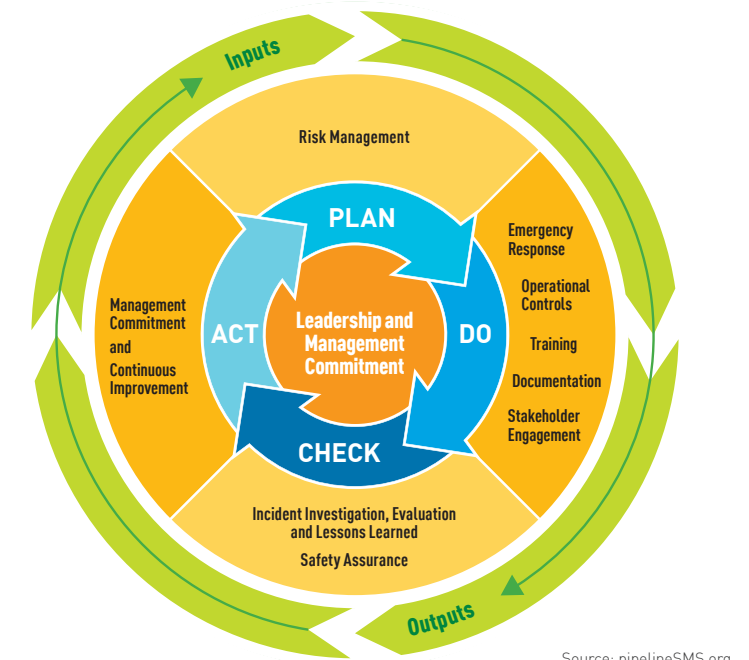
Source: DOT Annual Reports

Because of our modern and tight system, we consistently lead the industry in the lowest leaks per mile of distribution pipeline.<sup>1</sup> 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.



Source: pipelineSMS.org

### 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

<sup>1</sup> Source: S&P Global Data Dispatch Article on August 22, 2019 related to 2018 pipeline information



## 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.

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.

(AGA) Peer Review Program. We are in the process of implementing the PSMS, which was developed by the American Petroleum Institute and is a recommended practice for the pipeline industry. In addition, we adhere to the Natural Gas Industry Safety Programs as outlined by the AGA and are a member of the U.S. Environmental Protection Agency's (EPA) Natural Gas STAR Program.

### Excess Flow Valves

NW Natural is taking steps to extend system safety beyond the minimum requirements. We are installing excess flow valves (EFVs) on new and existing service lines and plan to retrofit EFVs on certain identified lines in the coming years. EFVs can automatically stop the flow of natural gas to a home or business if the service line is severed or otherwise disrupted in a way that could increase gas flow, such as in a seismic event. To date, we've installed more than 260,000 EFVs on about 36% of the service lines in our system.

### Cybersecurity

Reliable, safe service also requires investments in technology to protect our critical systems and customer data. We diligently follow cybersecurity management practices in an effort to minimize cyber vulnerabilities, boost our capability to detect malicious traffic, mitigate

impacts of a cyberattack, and avoid disrupting natural gas delivery. We use multiple layers of security technologies, strive to follow cybersecurity frameworks like C2M2, perform periodic maturity assessments and third-party penetration tests, and adhere to process controls. Our cybersecurity team closely monitors threats and engages in preparedness exercises in the event a threat occurs.

## EMPLOYEE AND COMMUNITY SAFETY

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 overseen 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.

## JOURNEY TO ZERO

NW Natural's health and safety policies and procedures are designed to comply with all applicable regulations (e.g. OSHA, PHMSA, manufacturer's recommendations), but we also work to go beyond compliance by striving to incorporate industry best practices and benchmarking. The Safety Department and health and safety policies and procedures are audited periodically by our internal auditors. We also conduct third-party assessments on a periodic basis to audit aspects of our safety management system.

As part of our commitment to health and safety for our employees we maintain regular training programs, emergency preparedness procedures, and specific training and procedures to identify hazards and handle high-risk emergency situations. Employees complete hands-on, scenario-based training at our state-of-the-art training facility in Oregon. Our training center allows employees to experience realistic situations in a controlled environment. We also host natural gas safety training events for first responders, which prepares our teams to deliver integrated, seamless response in the event of an emergency that involves or affects the natural gas system.

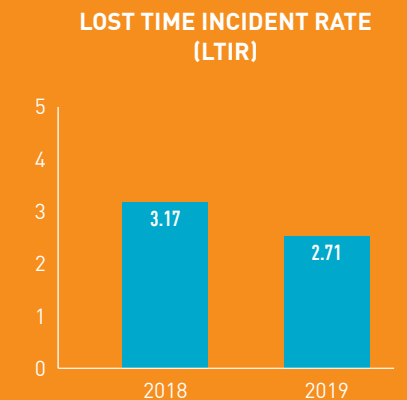
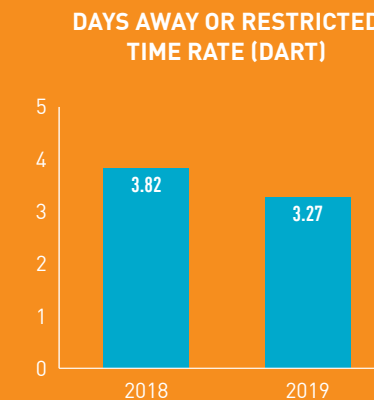
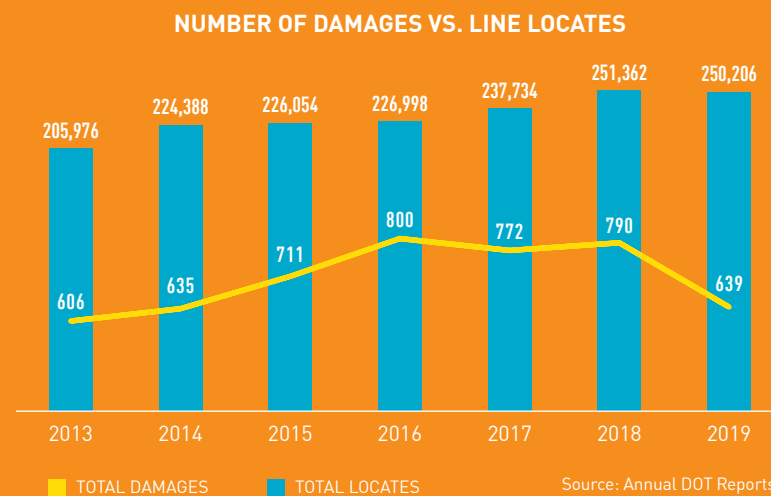
<b>OVER 2,500 HOURS</b>	Clocked by employees at "Training Town" our mock neighborhood at our training center
<b>ON TOP OF REGULAR TRAININGS</b>	Employees complete quarterly, annual, and scenario-based safety trainings
<b>PLUS 800 FIREFIGHTERS TRAINED</b>	Held about 60 trainings for over 800 firefighters at our training center

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



NW Natural safety trainers and firefighters at our state-of-the-art training facility.

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 14% 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.





## 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

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# ENVIRONMENTAL STEWARDSHIP



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.



## PSU STUDIES 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

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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,

TODAY OUR NATURAL GAS SYSTEM IS A POWERHOUSE	
NW Natural's pipeline system	<ul style="list-style-type: none"> <li>Delivers more energy than any other utility in Oregon</li> <li>Meets 74% of home heating needs in the areas we serve</li> <li>Provides 90% of energy needs for our residential space and water heat customers on the coldest winter days</li> </ul>
2x the Energy	During winter peak-demand periods, the <b>NATURAL GAS SYSTEM DELIVERS about TWICE AS MUCH ENERGY</b> as the electric system

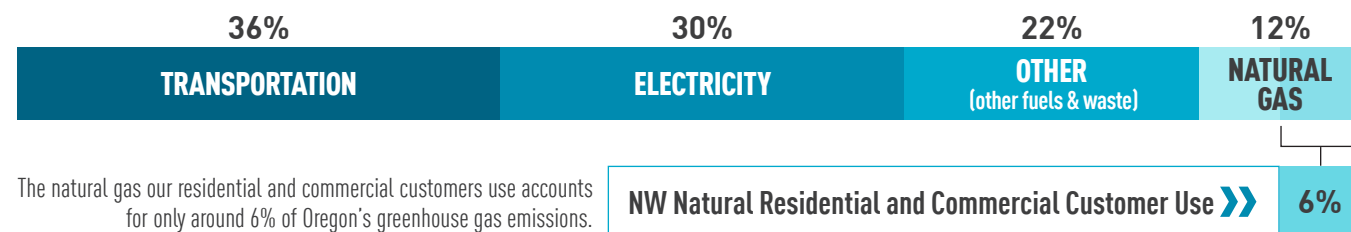
NATURAL GAS DISTRIBUTION SYSTEM EMISSIONS	2019 NW NATURAL	INDUSTRY AVERAGE <sup>2</sup>
Fugitive Methane Emissions Rate <sup>1</sup>	0.1%	0.26%
Scope 1 Emissions <sup>3</sup>	97,499	N/A

<sup>1</sup> MMscf of methane emissions per MMscf of methane throughput  
<sup>2</sup> Reported by ONE Future using latest available data (2012) from EIA and greenhouse gas reporting program from EPA  
<sup>3</sup> Greenhouse gas emissions expressed in metric tons CO<sub>2</sub>e

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.

### Oregon Greenhouse Gas Emissions by Sector

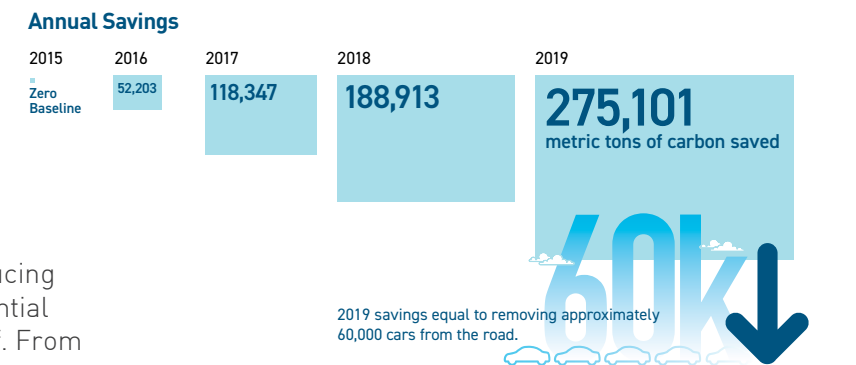
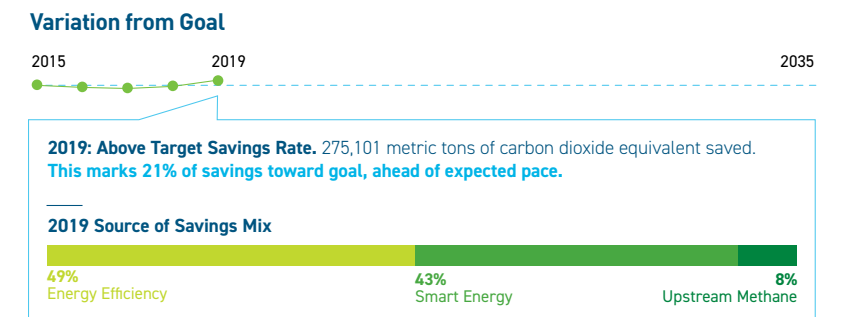


Source: NW Natural Sales Load and Oregon DEQ In-Boundary GHG Inventory 2015 data

## 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 our product by customers.<sup>1</sup> 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.

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



## 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 MMBtu of net savings in our Oregon service territory and about 40,000 MMBtu of gross savings in our Washington service territory.

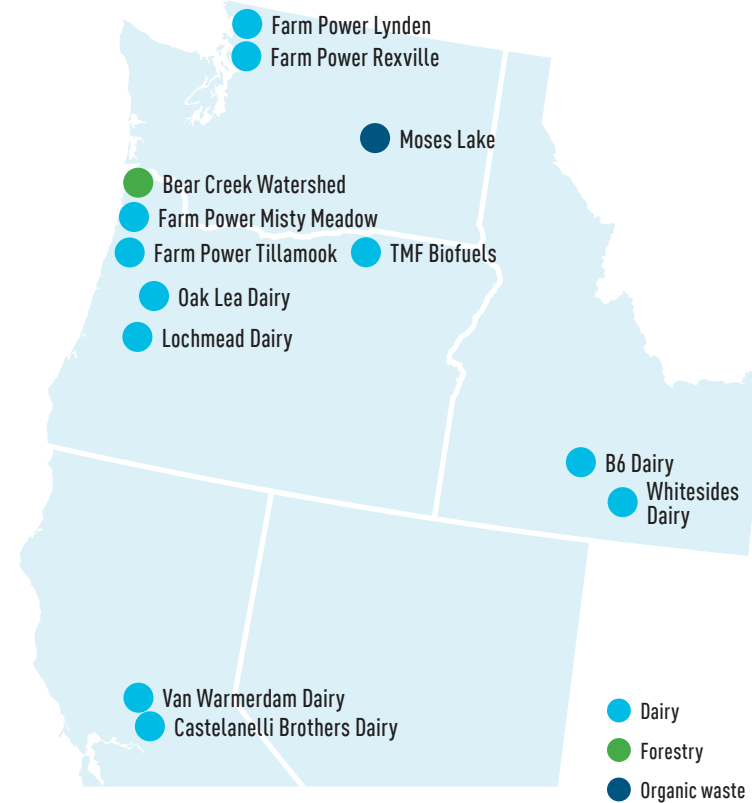
Energy efficiency contributed nearly half of the savings we achieved as we work to meet or exceed our voluntary goal. That's about 135,000 metric tons saved in 2019 related to efficiency work since 2016.

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 relevant to investment decisions.

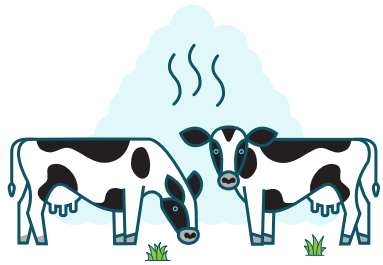
## Now That's Smart Energy

Our customers play a vital role in fighting climate change. In 2007, NW Natural was the first stand-alone gas utility to offer customers a voluntary program that allows them to offset some or all of the carbon emissions from their natural gas use by funding biogas projects on local farms. The program's mantra, "Use Less, Offset the Rest," reinforces that offsets, coupled with aggressive efficiency, are a valuable tool to address remaining emissions. More than 8% of our customers — about 58,000 — are enrolled in the Smart Energy program. In 2019, they funded approximately 160,000 metric tons in emission reductions, equivalent to removing about 34,600 cars from the road. This program was the second largest contributor to our low carbon goal. Customers who signed up for Smart Energy since the goal's inception in 2016 account for 119,000 metric tons of savings toward our goal in 2019.

## SMART ENERGY PROJECTS



Not shown: Davis Landfill (Layton, UT)



**THE AVERAGE HOME ENROLLED IN SMART ENERGY** prevents more than 20 pounds of greenhouse gas emissions from entering the atmosphere every day.

## PURCHASING GREENER GAS

NW Natural purchases natural gas from Canada and the Rocky Mountain regions. While these are two of the most stringently regulated production areas in North America, with minimal methane leaks, we know upstream natural gas production and processing<sup>1</sup> are where the bulk of emissions occur. Working across the 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 CO<sub>2</sub>e.

<p><b>NWN FOUNDING MEMBER</b></p>	<p>The Natural Gas Supply Collaborative, a group of natural gas purchasers promoting safe and responsible practices for natural gas supply through more robust reporting and engagement with producers. The collaborative promotes greater transparency in natural gas production, specifically around key issues such as water and land use, air quality and emissions.</p>
<p><b>NWN MEMBER</b></p>	<p>NW Natural is a member of Our Nation's Energy Future (ONE Future), a coalition representing the entire natural gas value chain and committed to reducing methane emissions through science-based standards and deploying best practices.</p> <p>ONE Future's members set a target of reducing cumulative methane emissions from the production, midstream and downstream operations to below 1% by 2025.</p> <p>ONE Future's 2018 Methane Intensity Report, registered a methane intensity number of 0.326% for their member companies. That's a drop from the year prior, and is significantly lower than the U.S. EPA's methane emissions rate of 1.3% and the coalition's own 2025 goal.</p>
<p><b>NWN FOUNDING MEMBER</b></p>	<p>As a member, NW Natural is adopting advanced practices to further reduce methane emissions, such as alternative blowdown methods in pipeline construction and maintenance. The traditional approach to depressurizing a pipeline is to vent the gas to the atmosphere. By flaring it with a mobile flaring unit we reduce potential greenhouse gas emissions by 90%. In 2018 and 2019, these voluntary practices helped avoid releasing the equivalent of 6,500 metric tons of carbon dioxide, reducing emissions by more than 80% on these projects.</p>

<sup>1</sup> U.S. EPA, Inventory of U.S. Greenhouse Gases and Sinks: 1990 – 2018



Gas heat pumps like the one pictured can help reduce energy usage.

## 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%<sup>1</sup> or greater, while still serving the same energy needs.

<sup>1</sup> Opportunities for Reducing Greenhouse Gas Emissions Through Emerging Natural Gas Direct-Use Technologies. An American Gas Foundation report prepared by Enovation Partners, 2019

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## 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 53,500 therms.

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## 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. And she helps her customers reduce their impact — suggesting they always wash in cold water, offering earth friendly soaps and other laundry products that are free of harsh dyes and chemicals— even encouraging them to wash their clothes less often.

### 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.<sup>1</sup> 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.

<sup>1</sup> Ultra-Low NOx Natural Gas Vehicle Evaluation. Report prepared by University of California Riverside's College of Engineering-Center for Environmental Research and Technology, 2016



“The renewable supply exists, the technology exists, and we already have a tight, modern delivery system in place. Our focus is to drive these new innovations forward for a substantial climate benefit.”

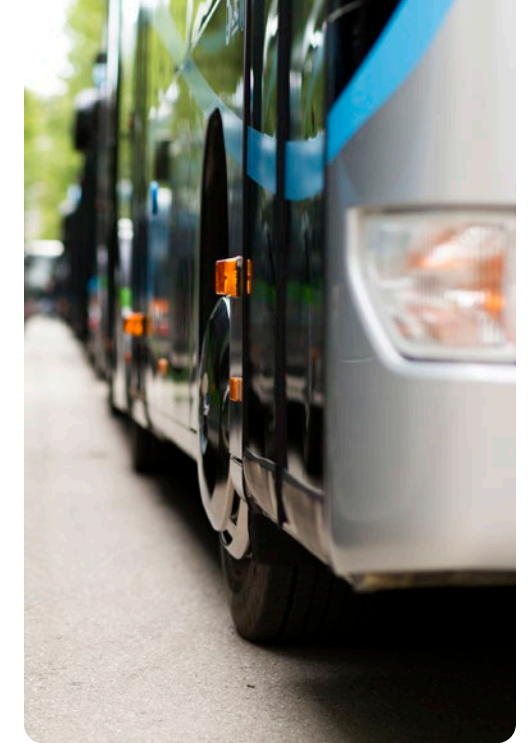
– David H. Anderson  
NW Natural President & CEO



## 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.



## 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.<sup>1</sup>

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 Consulting<sup>2</sup> provided initial estimates that show the technical potential of RNG supply is substantial when compared to current natural gas throughput.

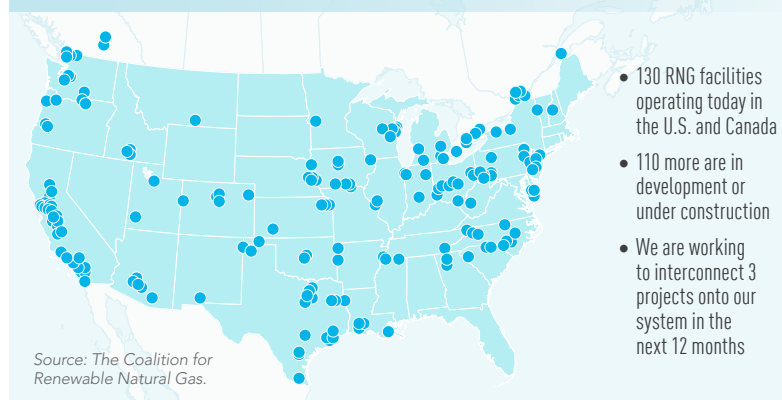
### Renewables for the Pipeline Network

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.

### Wave of renewable natural gas projects are turning waste into energy today



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.

<sup>1</sup> Independent consulting firm Energy and Environmental Economics (E3) study published in December 2018 and commissioned by NW Natural

<sup>2</sup> Renewable Sources of Natural Gas: Supply and Emissions Reduction Assessment. An American Gas Foundation Study Prepared By ICF, 2019



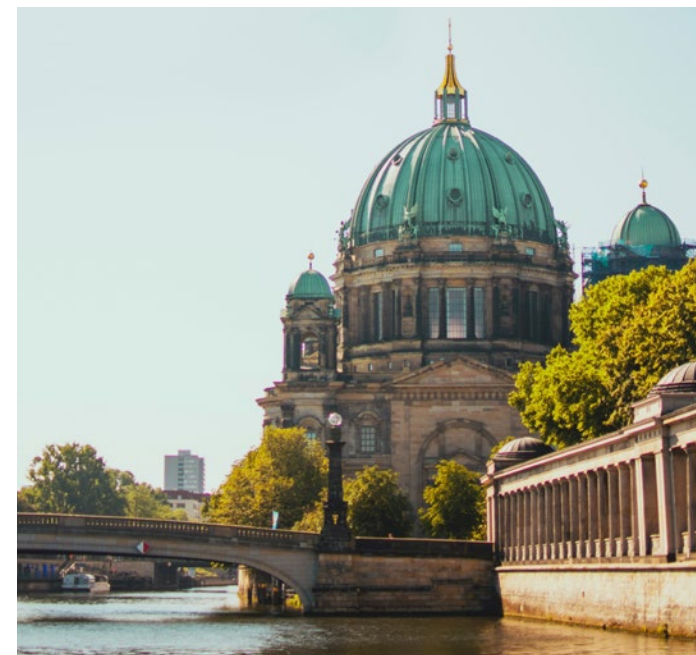
Developing both RNG and renewable hydrogen provides a potential path to **100% renewable energy** in the natural gas pipeline system. In fact, Europe is currently using this combination to pursue its climate goals.

### 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.

### Renewable Hydrogen Alliance

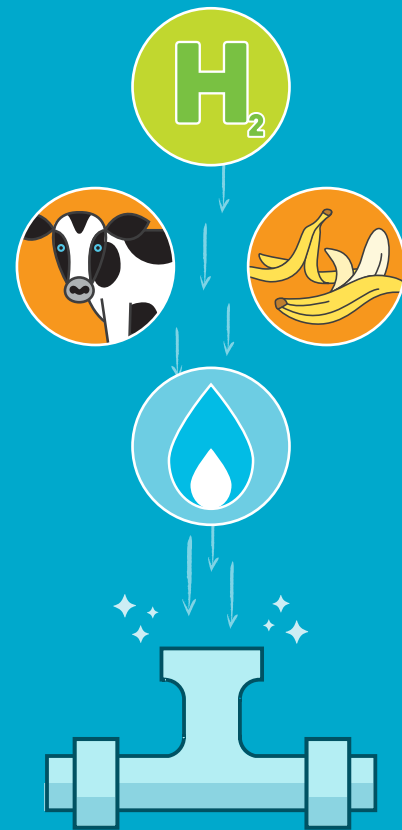
Regional interest in hydrogen continues to grow. In 2019, NW Natural hosted the first Renewable Power to Clean Fuels Symposium. The sold-out event brought together experts in renewable electricity, power-to-fuels technologies, hydrogen transportation, clean-fuels markets, and policy. The conference was organized by the Renewable Hydrogen Alliance, an organization NW Natural helped establish in 2018 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.

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## OREGON RENEWABLE NATURAL GAS PROJECTS

NW Natural is working on projects now that will soon flow renewable natural gas into our pipeline system to serve the transportation market: at the City of Portland Bureau of Environmental Services' Columbia Boulevard Wastewater Treatment Plant; at the Metropolitan Wastewater Management Commission facility in Lane County; and at Shell New Energies in Junction City. Collectively, these projects are designed to provide immediate and impactful emissions and air quality benefits.

## RENEWABLE POLICY BREAKTHROUGH

Supporting the start to this evolution in our supply is groundbreaking 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



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

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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## 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.

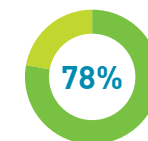
During winter peak-demand periods, the natural gas system in the Northwest delivers about twice as much energy as the electric system. Proposals to "electrify everything" put this reliability at risk. The Northwest electric grid currently faces serious capacity limitations<sup>1</sup>, and driving more peak demand to the electric system jeopardizes energy reliability in our service territory, and could result in the kind of rolling brownouts 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

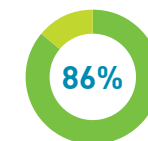
less efficient natural gas-fired electric generating plants, where energy is lost in electric generation and through transmission to homes and businesses.

We care about our customers' values and beliefs. So we reached out. In late 2019, research by Oregon firm DHM<sup>2</sup> 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.

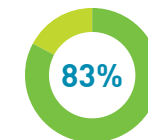
### People in Our Service Territory Want Choice, Balance, Renewable



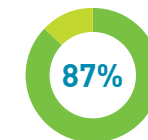
**78%** agree that families and businesses should have a choice of energy options to meet their needs.



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



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



**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.

<sup>1</sup> Northwest Power and Conservation Council, 2019

<sup>2</sup> NW Natural Climate Change & Related Issues Survey Conducted by DHM Research, 2019

## OUR VISION FORWARD

Climate change is real and so is our communities' need for choice and safe, reliable and 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.

## ADDRESSING THE CLIMATE IMPERATIVE

### 2016

NW Natural establishes a voluntary carbon savings goal of **30% by 2035** from **2015 emission levels**<sup>1</sup>

### 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**

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

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CORE AND SHELL  
GOLD CERTIFIED



## ENVIRONMENTAL STEWARDSHIP IS A PRIORITY WITHIN OUR ORGANIZATION

Our values are reflected in our operations, at our facilities, and through policies and procedures that protect our environment as we serve customers.

### New Headquarters and Operations Center

In the spring of 2020, we moved into our new headquarters and operations center in Portland, Oregon. Environmental stewardship, seismic resiliency, and employees' health and wellness helped guide how we designed, built and now operate this center. The building is LEED Core and Shell Gold certified, meeting the U.S. Green Building Council's rigorous standard for healthy and sustainable buildings. A range of features allow us to use less energy, conserve natural resources, minimize waste and support our strategic goals. Features include:

- **Energy Conservation Measures** – Through our high-efficiency building envelope (wall, roof and window assemblies), efficient heating, ventilation and air-conditioning system and controls, and the use of 100% LED lighting, and other measures, we estimate energy cost savings for the building's core and shell of approximately 28% annually—or more than 550,000 kilowatt hours and approximately 8,000 therms of natural gas—compared to a code-compliant building.

- **Water Savings** – By installing efficient plumbing fixtures that use approximately 40% less water than code-compliant fixtures, we've reduced water demand with estimated savings of just under 600,000 gallons of potable water annually. Our total outdoor water savings are estimated to be over 14,000 gallons annually (75% lower potable water use for irrigation than a typical building), as a result of planting native and adaptive trees, shrubs, and groundcover, and installing a drip irrigation system.
- **Use of Green Building Materials** – Nearly 21% of the materials cost for the building core and shell construction came from recycled materials, reducing environmental impacts of extracting and processing virgin materials.
- **Convenient Downtown Location** – Our headquarters are conveniently located in downtown Portland, within walking distance of three transit stops for six public bus lines, light rail and the streetcar. We provide secure indoor bicycle parking to further encourage sustainable transportation alternatives and reduce pollution from automobile use.
- **Onsite Recycling and Composting** – To limit waste, each floor is equipped with central recycling and compost stations.

Our building supports employees' health and wellness with an onsite wellness center, locker room and indoor bike parking, ample daylight in work areas and access to the outdoors and nature on our rooftop deck.

## 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 reports to our VP of Public Affairs and Sustainability, who reports 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 (DOE) 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<sup>1</sup> 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

<sup>1</sup> Percentage of customers rated us either 9 or 10 on a 10-point scale, where 1 means poor and 10 excellent.

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.

### REDUCTIONS IN BILLS OVER THE LAST 15 YEARS

**40% ↓**  
RESIDENTIAL BILLS

**37% ↓**  
SMALL COMMERCIAL BILLS

### Oregon Residential Average Monthly Utility Bills

Natural Gas <sup>1</sup>	Electric <sup>1</sup>	Water & Sewer <sup>2</sup>	Cell Phone <sup>3</sup>
\$50	Gas Space & Water Heating \$67	\$102	All-Electric Home \$157

<sup>1</sup> Natural gas and electric bill data obtained from 2018 Oregon Public Utility Commission Stat Book, latest data available

<sup>2</sup> Water and wastewater bill is the average combined bill for a typical U.S. household over 50 municipalities in 2019 per Bluefield Data Insight Report, August 2020 Average Oregon rates could differ from this

<sup>3</sup> Cell phone bill data is from J.D. Power's 2018 Wireless - Full Service Purchase Experience study for average bill for people that made a recent cell phone purchase

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.

**110 YEARS**

**NATURAL GAS SUPPLY AVAILABLE TO MEET U.S. ENERGY NEEDS<sup>1</sup>**

<sup>1</sup> Source: U.S. Energy Information Administration – Natural Gas Data

### NW Natural Gas Utility Stats

Sector	Customers (as of 12/31/2019)	Gas Delivered (During 2019)		Natural Gas Rate (Weighted Average Rates from 11/1/19 – 10/31/20)	
		THERMS	MMBtu	VARIABLE RATE PER THERM	FIXED RATE PER MONTH
Residential	692,012	457,237,084	45,723,708	\$0.81	\$7
Commercial	69,751	277,110,107	27,711,011	\$0.52	\$432
Industrial	780	84,062,820	8,406,282	\$0.49	\$439
Transportation	334	396,743,596	39,674,360	\$0.13	\$1,976
<b>TOTAL</b>	<b>762,877</b>	<b>1,215,153,607</b>	<b>121,515,361</b>		

## 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.

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.

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

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, through our Chief Compliance Officer and Director of Internal Audit.

## 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.



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.

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.



**260 OREGON PROJECTS**

**SAVING OVER 73,000 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 2018-2019 HEATING SEASON**

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.



## 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.

**NW NATURAL GAVE OVER \$1.2 MILLION** in 2019 to local nonprofits as part of our shareholder-funded Corporate Philanthropy Fund.



Willa Proby chaired the March of Dimes' March for Babies Portland walk in 2019 and 2020.

DOLLARS FOR DOERS GRANTS

20

AVERAGE HOURS VOLUNTEERED PER MONTH

439

TOTAL HOURS EMPLOYEES VOLUNTEERED

5,268

## 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

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# 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.



**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.



**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.

## 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**

FOR 53 COMMUNITY AND CIVIC EVENTS

**24,000 PEOPLE FED**

BY OUR CATERING TEAM AT NEARLY 100 EVENTS — VALUED AT OVER \$250,000



### FOR MORE INFORMATION VISIT:

- » Supporting our Community
- » Bill Assistance Programs

# 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.



Construction crew members  
Aron Ruljancich, Tony Thao &  
John Eckerson

## WORKFORCE OF THE FUTURE

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:

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

### 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.

WORKFORCE DIVERSITY AT NW NATURAL				
Year	Black, Indigenous, People of Color (BIPOC)	Female	Veterans	Disabilities
2000	11%	28%	NA*	NA*
2009	16%	32%	NA*	NA*
2019	22%	28%	7%	3%

\*Data is collected via voluntary employee disclosure beginning in 2015 and may be underreported.

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.

## 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 (95%)
- 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.

## 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 to 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.

## 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 Bluepoint, Leadership Lab Program, Advanced Leadership Cooperate/Executive Forum, AGA Next Level Leadership Women's Program, and AGA Professional Global Industry Leadership Program.



Our Spanish Resource Team serves Spanish-speaking customers and supports teams across the company.

## 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.

## PEOPLE: OUR WORKFORCE

Recruiting, promoting and retaining diverse talent, building inclusive teams, and creating a culture that embraces differences are at the core of our people strategy.

### 2019 Highlights:

- Continued our commitment to increase employees from underrepresented groups in our field positions.
- To increase the pool of qualified applicants for our entry-level construction jobs, continued our construction internship program that provides eight months of training and mentoring in utility construction. We actively recruit underrepresented groups to this program as a pathway to increasing diversity in our applicant pool. In 2019, 100% of the interns who completed the program were offered full-time 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 are launching employee resource groups for Asian-American, African-American, Veteran, Latinx, and LGBT+ 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 refocusing 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.

## PARTNERS: OUR SUPPLIERS

The goal of NW Natural's supplier diversity program is to increase the level of spend and the number of diverse businesses providing goods and services to NW Natural. Doing business with companies owned by those who are women, veterans, disabled and economically disadvantaged — as well as small businesses — allows us to broaden our partnerships and support our local economies.

### 2019 Highlights:

**\$54 MILLION GOODS AND SERVICES**

**PURCHASED FROM VERIFIED MINORITY-, WOMAN- OR VETERAN-OWNED BUSINESSES  
+45% SINCE 2014**

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.

## CUSTOMERS & 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.



Victor Solis is on the Spanish Resource Team, which serves Spanish-speaking customers.



Intern Santiago Aldaz-Puga (right) and Facilities Manager Walter Fuller (left) go over plans for the headquarter move.

## FOCUSING ON DIVERSITY

Three college interns, hired through a rigorous screening and interview process, participated in projects and meetings alongside NW Natural employees, received feedback from managers, and shared perspectives on their experience.

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.

## HUMAN RIGHTS, EQUAL OPPORTUNITY AND PROHIBITION ON DISCRIMINATION

At NW Natural, we believe that human rights are fundamental rights, freedoms and standards of treatment to which all people are entitled. To that end, we have adopted several policies in furtherance of our responsibility to uphold and respect human rights, including our Human Rights Policy, Equal Employment Opportunity Policy and Prohibition on Discrimination and Harassment.

Our Human Rights Policy was approved by our Board of Directors and sets forth our policies and expectations regarding the prevention of harassment and discrimination, commitment to diversity, freedom of association, safety and security, as well as our prohibition on child or forced labor, among other things. We also maintain an Equal Employment Opportunity Policy and Prohibition on Discrimination and Harassment in furtherance of our objectives to foster a culture of inclusivity and support the right of our employees to work in an environment free of discrimination and harassment.

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# WORKPLACE CULTURE AND COMMUNITY

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.

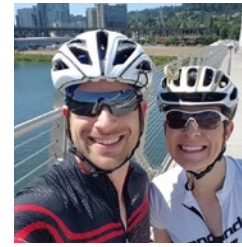
NW Natural is a founding member of Partners in Diversity, and our VP of Human Resources and Chief Diversity Officer serves on their board.



### 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.



### 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.



### 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.



### 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



## 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.

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.

## 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.

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.



# GOVERNANCE



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

<p><b>Board of Directors</b></p>	<ul style="list-style-type: none"> <li>• Maintain well-qualified, diverse and active board of directors</li> <li>• Determine independence of directors (11 of 12 directors meet independence criteria)</li> <li>• Separate roles of Chair and CEO under current leadership structure</li> <li>• Hold regular executive sessions of nonmanagement directors</li> <li>• Oversee company's risk management programs and policies</li> <li>• Evaluate board of directors and committees on an annual basis</li> <li>• Comprehensive director orientation and continuing education to enable directors to develop and maintain skills necessary or appropriate for the performance of their duties</li> </ul>
<p><b>Other Governance Practices</b></p>	<ul style="list-style-type: none"> <li>• Maintain stock ownership guidelines</li> <li>• Maintain Insider Trading Policy applicable to directors, officers and employees, agents, advisors and independent contractors</li> <li>• Maintain a Hedging and Pledging policy applicable to directors and officers</li> </ul>
<p><b>Business Integrity and Ethics</b></p>	<ul style="list-style-type: none"> <li>• Maintain and promote an active Ethics and Compliance Program</li> <li>• Foster a culture that mitigates risk and promotes ethical behavior and integrity</li> </ul>

## 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](http://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.

### 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 diversity 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 assessed, 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. Each of the standing committees operates according to a formal written charter, all of which are reviewed annually and are available at [nwnaturalholdings.com](http://nwnaturalholdings.com). Each of the Audit 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.

AUDIT COMMITTEE	PUBLIC AFFAIRS AND ENVIRONMENTAL POLICY COMMITTEE	FINANCE COMMITTEE	ORGANIZATION AND EXECUTIVE COMPENSATION COMMITTEE	GOVERNANCE COMMITTEE
<ul style="list-style-type: none"> <li>Oversight and evaluation of policies with respect to significant risks and exposures and the procedures for assessing, monitoring and managing those risks.</li> <li>Oversight of accounting, financial reporting, internal controls, auditing, information technology systems, enterprise risk management process, business continuity and disaster planning, capital projects and contingencies, and material litigation.</li> <li>Oversight of Business Compliance and Integrity Program, including Code of Ethics, and the Company's system for review and treatment of Integrity Hotline complaints.</li> </ul>	<ul style="list-style-type: none"> <li>Oversight of legislative and regulatory matters, and policies and practices on public and political issues, including charitable and political contributions and budgets.</li> <li>Oversight of current and emerging political and societal trends.</li> <li>Oversight of programs and policies relating to civic, human rights, charitable and community affairs, safety, diversity and equal employment opportunities.</li> <li>Review and recommendation of environmental matters and policies and sustainability efforts.</li> <li>Review of major environmental risks and plans for managing those risks.</li> </ul>	<ul style="list-style-type: none"> <li>Oversight of financing programs, budgets and forecasts, financial policy matters, including hedging policies and practices, economic environment, gas supply and pricing, including liquidity and cash flow impacts, and material regulatory issues, including regulatory policy related to financial strategy and policy, capital structure and dividend policy.</li> <li>Oversight of investor relations program, and credit agency and New York Stock Exchange relationships.</li> <li>Financial oversight of pension and retirement plans.</li> <li>Review and recommendation of finance aspects of corporate development strategies.</li> </ul>	<ul style="list-style-type: none"> <li>Oversight of company's human capital management.</li> <li>Review and recommendation of plans and preparations for talent succession and management of risks associated with transfer of knowledge and expertise.</li> <li>Recommendation of executive compensation programs and benefit plans to the Board, as well as monitoring of risks related to such plans and programs.</li> <li>Review and approval of grants under equity incentive plans to eligible employees.</li> <li>Primary responsibility for ensuring executive compensation programs and plans are consistent with corporate objectives and OECC's compensation philosophy.</li> </ul>	<ul style="list-style-type: none"> <li>Recommendations to the Board regarding nominees for election to the Board and committee composition and structure.</li> <li>Establishment of criteria for Board and committee membership and policies that govern the Board's activities.</li> <li>Review and recommendation of governance policies and structure, including the Corporate Governance Standards, to the Board.</li> <li>Evaluation of Board and individual director performance.</li> </ul>

### Management Leadership

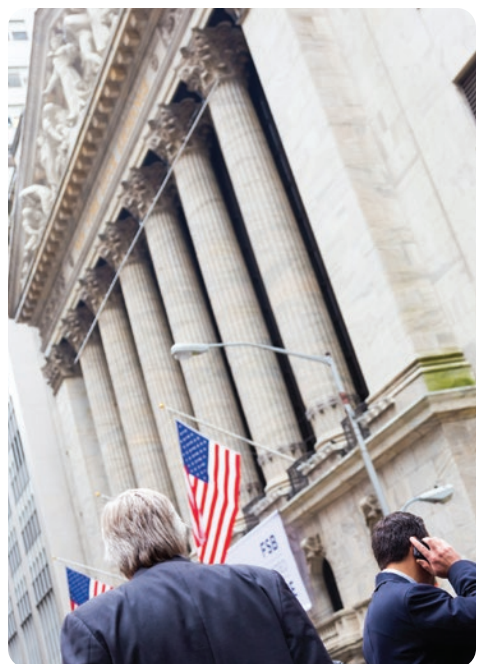
Our officer team is responsible for executing company strategy as approved by the Board and meets regularly to actively monitor operations, financial performance, and legal, regulatory, policy and other external developments; ensure compliance with policies, procedures and ethical business practices; 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. Today, our 12-person officer team includes five women.



## OTHER GOVERNANCE PRACTICES

### Stock Ownership Requirements

To closely align director interests with shareholder interest, the Board has adopted stock ownership guidelines that require directors to own NW Holdings shares of at least \$350,000 in value within five years of joining the Board. Similarly, executive officers are required to hold stock at a dollar value that is a multiple of base salary, with the CEO holding four times his or her annual salary, senior vice presidents holding two times their annual salary and vice presidents holding one times their annual salary.



### Insider Trading

To foster integrity in trading in NW Holdings stock, the company maintains an Insider Trading Policy that specifies that if a director, officer, any employee of NW Holding or its subsidiaries, has material nonpublic information relating to the company, it is the company's policy that neither that person nor any related person may buy or sell securities of the company or engage in any other action to take advantage of, or pass on to others, that information.

### Policy on Hedging and Pledging of NW Holdings Securities

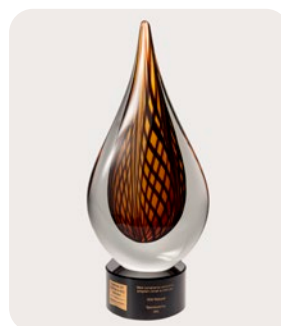
NW Holdings has adopted a Policy on Hedging and Pledging of Securities which prohibits the directors and executive officers of the Company and its subsidiaries from engaging in any short sales, zero-cost collars, or forward sale contracts with respect to the Company's securities, or purchasing or selling 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.



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.



### Integrity Hotline

We maintain an Integrity Hotline to empower employees, shareholders, customers, the public and other third parties to raise issues or submit concerns anonymously at **1-866-546-3696** or **NWNIntegrity.com**, which is available through our external and internal websites. We also provide several other avenues to raise issues or report concerns to our hotline. Our 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.

### Fair 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, regulators, 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 and kickbacks. In 2019, we received zero reports of bribery or corruption through our Integrity Hotline.

### FOR MORE INFORMATION VISIT:

» Governance website

# WATER & WASTEWATER



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.



**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.**

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 gas 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.

**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-Q for information relevant to investment decisions.

## 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 byproducts 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.



## 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 harbors created by such 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 in 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 Disclosure 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.

# 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.

# APPENDIX

## Sustainability Accounting Standards Board (SASB) Disclosures

### Gas Utilities & Distributors Accounting Standard

ENERGY AFFORDABILITY		
SASB CODE	ACCOUNTING METRIC	2019 DISCLOSURE RESPONSE
IF-GU-240a.1	Average retail gas rate for residential customers <sup>1</sup> per MMBtu	\$8.08
	Average retail gas rate for commercial customers <sup>1</sup> per MMBtu	\$5.16
	Average retail gas rate for industrial customers <sup>1</sup> per MMBtu	\$4.89
	Average retail gas rate for transportation services <sup>1</sup> per MMBtu	\$1.26
IF-GU-240a.2	Typical monthly gas bill for residential customers for 50 MMBtu of gas delivered per year <sup>2</sup> (USD)	\$40.73
	Typical monthly gas bill for residential customers for 100 MMBtu of gas delivered per year <sup>2</sup> (USD)	\$74.40
IF-GU-240a.3	Number of residential customer gas disconnections for non-payment, percentage reconnected within 30 days	Approx. 13,700 within 20 days <sup>3</sup> 2019 ESG Report, " <a href="#">Our Communities, Our Customers</a> "
	Percentage of residential customer gas disconnections for non-payment reconnected within 30 days	69% reconnected within 20 days <sup>3</sup> 2019 ESG Report, " <a href="#">Our Communities, Our Customers</a> "
IF-GU-240a.4	Discussion of impact of external factors on customer affordability of gas, including the economic conditions of the service territory	2019 ESG Report, " <a href="#">Our Communities, Our Customers</a> "

<sup>1</sup> Weighted average rates from 11/1/19 – 10/31/20.

<sup>2</sup> Based on weighted average rates for the heating year beginning 11/1/2019 and ending 10/31/2020.

<sup>3</sup> We report reconnections within 20 days rather than 30 days, consistent with our internal practices regarding measurement and reporting of reconnections.

END-USE EFFICIENCY		
SASB CODE	ACCOUNTING METRIC	2019 DISCLOSURE
IF-GU-420a.1	Percentage of gas utility revenues from rate structures that are decoupled	Approx. 80%
	Percentage of gas utility revenues from rate structures that contain a lost revenue adjustment mechanism	0%
IF-GU-420a.2	Customer gas savings from efficiency measures by market (MMBtu)	Oregon Service Territory: 509,000 MMBtu Washington Service Territory: 40,000 MMBtu 2019 ESG Report, " <a href="#">Energy Efficiency</a> "
INTEGRITY OF GAS DELIVERY INFRASTRUCTURE		
SASB CODE	ACCOUNTING METRIC	2019 DISCLOSURE
IF-GU-540a.1	Number of reportable pipeline incidents	0
	Number of corrective action orders	0
	Number of notices of probable violation	0
IF-GU-540a.2	Percentage of distribution pipeline that is cast and/or wrought iron	0%
	Percentage of distribution pipeline that is unprotected steel	0%
IF-GU-540a.3	Percentage of gas transmission pipelines inspected	78% as of December 31, 2019 <sup>1</sup>
	Percentage of gas distribution pipelines inspected	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.
IF-GU-540a.4	Description of efforts to manage the integrity of gas delivery infrastructure, including risks related to safety and emissions	2019 ESG Report, " <a href="#">Safety</a> ", " <a href="#">Environment</a> "

<sup>1</sup> 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).

ACTIVITY METRICS		
SASB CODE	ACTIVITY METRIC	2019 DISCLOSURE
IF-GU-000.A	Number of residential customers served	692,012
	Number of commercial customers served	69,858
	Number of industrial customers served	1,007
IF-GU-000.B	Amount of natural gas delivered to residential customers (MMBtu)	45,723,708
	Amount of natural gas delivered to commercial customers (MMBtu)	27,711,011
	Amount of natural gas delivered to industrial customers (MMBtu)	8,406,282
	Amount of natural gas transferred to a third party (MMBtu)	39,674,360
IF-GU-000.C	Length of gas transmission pipelines	737 miles
	Length of gas distribution pipelines	Approx. 14,000 miles