

# Sustainable Financings

Through our Sustainable Financing Framework, we can issue Sustainable Financing Instruments, helping us further support and contribute to the transition to a sustainable economy.



NW Natural Holdings supports sustainability in its financings. Under its Sustainable Financing Framework, NW Natural and its subsidiaries may issue Green Bonds, Social Bonds, Sustainability Bonds, or other financial instruments to invest in a lower-carbon, sustainable economy. In addition, NW Natural and NW Natural Holdings' credit facilities have provisions that link borrowing costs to environmental and safety metrics.

## Sustainable bond allocated in 2022

NW Natural issued its [inaugural sustainable bond](#) in November 2021, and net proceeds from the issuance totaled \$129 million. By the end of 2022, 100% of the amounts equivalent to the proceeds were allocated to finance or refinance projects in one of four eligibility categories: renewable energy, energy efficiency, green buildings, and our supplier diversity program. Funds were allotted to the following NW Natural initiatives:

- Renewable natural gas investments and procurement
- Energy efficiency programs
- Seismically secure and more sustainable headquarters building, which is LEED core and shell gold certified
- Purchases from or support of culturally or racially diverse-owned, women-owned, veteran-owned, LGBTQIA+-owned and/or small businesses

An independent accountants' [report](#) confirmed these allocations.

## Sustainable bond and Sustainable Financing Framework

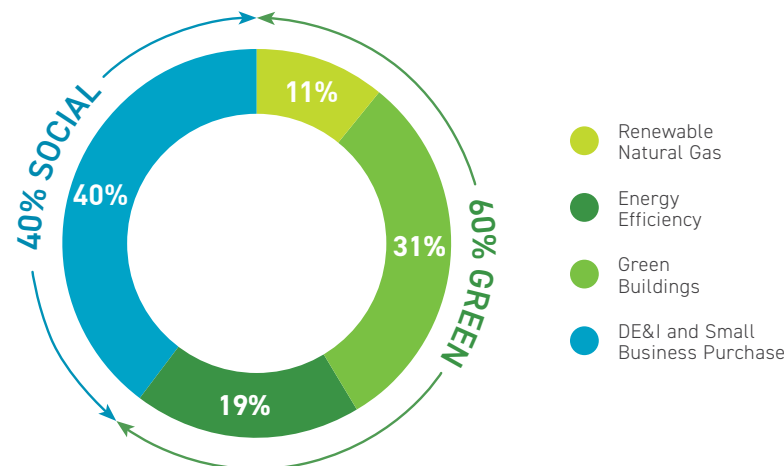
NW Natural Holdings and NW Natural can each issue sustainable bonds under our Sustainable Financing Framework, with an amount equivalent to the proceeds of the bond issuance being used to finance or refinance projects related to renewable energy, energy efficiency, green buildings, and our supplier diversity program. The framework has been reviewed by Vigeo Eiris (V.E), an independent global provider of ESG research and analysis.

V.E issued a second-party opinion confirming that the framework aligns with the four core components of the [Sustainable Bond Principles 2021](#) and that investments in the eligible categories will lead to positive environmental and social impacts and advance the UN Sustainable Development Goals (SDGs). V.E is a participant in the United Nations Global Compact.

In line with sustainable standards, NW Natural has agreed to publish an annual report to track the financing of sustainable projects and their associated environmental and social impacts, where feasible. The framework, together with the V.E opinion, are available on NW Natural's Sustainability webpage. For more information on our SDG eligible categories, see the Appendix.

The allocation of net proceeds was 60% to green initiatives and 40% social projects.

## ALLOCATION OF NET PROCEEDS BY ELIGIBLE PROJECT CATEGORY



## Sustainability-linked Credit Facility

In November 2021, NW Natural Holdings and NW Natural each amended and restated its revolving credit facility, resulting in the extension of the maturity date to November 3, 2026, and an increase in NW Natural Holdings and NW Natural's total borrowing capacity to \$600 million. The amendments include provisions that link each Company's borrowing costs to an environmental metric related to NW Natural's carbon savings goal of 30% by 2035 and a safety metric related to in-line inspections of NW Natural's transmission pipeline.

"With these financings, we've incorporated sustainability—a long-held focus of our company—into another important component supporting our business strategy."

— David Anderson, NW Natural Holdings CEO