




**NW Natural
HOLDINGS™**



2020
Environmental,
Social and Governance
(ESG) Report

Reported as of August 2, 2021

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



To Our Stakeholders

Since 1859, NW Natural Holdings 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 safely and affordably, with superior service. Our communities have confidence that we'll lead on energy and water, and environmental and local community issues. Regulators rely on us to adhere to the highest standards and to be fair and equitable in our dealings. Our shareholders trust us to use their investments wisely and to be transparent and forthcoming. Integrity—along with our other core values of safety, caring, service ethic, and environmental stewardship—guide all our actions.

More than 2.5 million people depend on us to deliver the energy and essential services they need to heat their homes, cook their meals and keep their businesses running. More than 60,000 people depend on us for clean, safe water and wastewater utility services. Our 1,200 employees step up every day to fulfill these critical missions. Our key initiatives include: aggressively pursuing a renewable, carbon-neutral future for our gas utility; growing and investing in our water and wastewater utility business; and actively advancing diversity, equity and inclusion 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 2020, our nation and the communities we serve experienced the unprecedented challenges of the coronavirus pandemic (COVID) and a sharpened focus on social justice. Our core values guided our decisions during these unprecedented times—as they always have. Even in the face of challenges, we continued to look ahead and execute on key long-term priorities, laying the foundation for continued success and maintaining an unwavering focus on the health and safety of our employees, customers and the communities in which we live and serve.

This report outlines some of the most important work we at NW Natural Holdings are focused on, and for the second year in a row, we've provided the information recommended for our industry by the Sustainability Accounting Standards Board.

I hope this 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

TABLE OF CONTENTS

About NW Natural Holdings

- Our Mission
- Our Values

2020 Event Responses

NW Natural

- Safety and Reliability
- Environmental Stewardship
- Our Communities, Our Customers
- Employees
- Diversity, Equity & Inclusion

NW Natural Water

Governance

Forward-Looking Statements

Appendix

- Sustainability Accounting Standards Board (SASB) Disclosures
- Workforce Statistics



SAFETY

- Continued to operate one of the most modern, tightest systems in the nation, with an emphasis on investing in people, processes, and technology for continuous improvement
- Inspected nearly three times more transmission pipeline than required by the Pipeline and Hazardous Materials Safety Administration (PHMSA)
- Successfully implemented an enhanced employee safety program, reducing injury and accident rates to the lowest in a decade, and we continue to strive for zero system and employee safety incidents

ENVIRONMENT

- On track to meet or exceed our voluntary carbon savings goal of 30% from our own operations and customers' use of our product by 2035¹
- Saved just over 379,000 metric tons of carbon in 2020, equivalent to taking roughly 82,000 cars off the road
- Groundbreaking legislation and regulatory rules were enacted in Oregon, enabling us to procure renewables for customers
- Laid groundwork to leverage renewables in our existing, modern system, along with other innovations to further our vision of becoming a carbon-neutral energy provider by 2050

COMMUNITIES & CUSTOMERS

- Continued to deliver essential energy safely and reliably with excellent customer service
- Communicated frequently and transparently with stakeholders
- Invested time and resources to improve the communities in which we live and serve, and contributed nearly \$1 million to nonprofits in our service territory during 2020
- Provided low income, energy-efficiency programs that funded weatherization upgrades for customers in need
- Voluntarily suspended late fees and customer disconnections in March 2020 related to the pandemic
- Initiated a COVID giving campaign with overwhelming support from employees

EMPLOYEES

- Fostered a culture of accountability, creativity and collaboration that is inclusive and supports opportunities for cross-functional effectiveness, career development and advancement
- 95% of our surveyed employees report being proud to work for NW Natural
- Ranked #2 in the West for residential customer service among large utilities in the J.D. Power 2020 Gas Utility Residential Customer Satisfaction Study
- Implemented strict COVID safety measures and supported employee wellness

DIVERSITY, EQUITY & INCLUSION

- Promoted our Diversity, Equity and Inclusion vision to acknowledge, embrace and value differences and give everyone the opportunity to thrive
- Increased the percentage of Black, Indigenous, and People of Color (BIPOC) representation in our workforce by nearly 75% since 2000
- Increased the diversity of our recruiting pipeline for construction jobs to 56%, up from 27% in 2019
- Launched several employee resource groups (LGBT+, Latinx, Asian American, African American and Veterans)

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



GOVERNANCE

- Maintained well-qualified, diverse, independent and active board of directors with separate chair and CEO roles
- Executed comprehensive board succession planning and refreshment plan
- 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 employees participating in ethics and compliance training in 2020 and rolled out training to water employees in 2021
- 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 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 has been doing business for more than 160 years. We own NW Natural Gas Company (NW Natural), NW Natural Water Company (NW Natural Water) and other business interests.

NW Natural 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 tightest, most modern pipeline systems in the nation. We consistently lead the industry with high J.D. Power & Associates customer satisfaction scores. NW Natural owns and operates 20 Bcf of underground gas storage capacity in Oregon.

NW Natural Water currently provides water distribution and wastewater services to communities throughout the Pacific Northwest and in Texas. NW Natural Water currently serves about 64,000 people through approximately 26,000 connections.



Salmon Valley Water
Sunriver Water and Wastewater



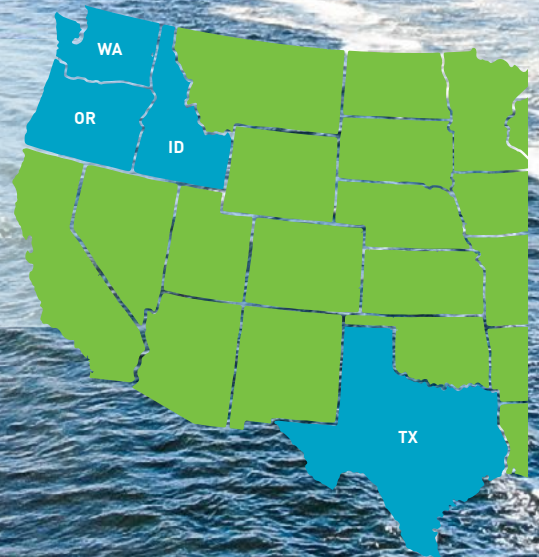
Cascadia Water
Suncadia Water and Wastewater



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.



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.



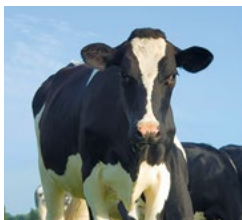
Caring

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.



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.



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 care for the environment. They carry out NW Natural's commitment 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.

2020 Event Responses



“Following a year of unprecedented circumstances, I want to extend my gratitude to our employees who worked around the clock to reconnect service and to our customers for their patience and resiliency.”

— David Anderson,
NW Natural president and CEO

COVID

Our COVID response is just one example of our values in action. COVID was declared a pandemic in March 2020 by the World Health Organization, and it has caused global, national, and local economic and societal disruptions. Stay-at-home orders were issued later the same month in Oregon and Washington, where we serve our natural gas customers, and Idaho and Texas where we serve our water customers. As essential service providers, our natural gas and water utilities continued to serve our customers without interruption through the year.

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 2020 and initiated these procedures at our water utilities. The protocols were focused on the safety of our 1,200 employees, our customers and our communities.

Employees working in the field followed CDC, OSHA and state-specific guidance for personal protective equipment, social distancing, sanitizing protocols and other measures to mitigate the spread of the virus. We also created a response team with special training and equipment to work in homes where there was a known or suspected case of COVID. For most office employees, we implemented work-from-home plans that remained in place in 2021 as we maintained a measured approach to reopening our headquarters and operations center. By following these stringent health guidelines, fewer than 2% of our employees tested positive in 2020. Our experience and approach to workplace safety enabled us to preserve business continuity while continuing to focus on our commitment to the safety of our customers and our communities.

Western Wildfires

In response to wildfires in our region last summer, NW Natural's Incident Command Team mobilized and responded quickly, monitoring multiple fires, developing system shutdown plans to ensure safety, and coordinating with county and state emergency managers. Our natural gas system is designed to allow us to isolate and depressurize sections when conditions require. We worked to stay ahead of the moving fires and shut down sections of the system as needed. Once the fires were controlled and conditions were safe, our crews re-energized the system and relit about 2,500 customers.

NW NATURAL SUPPORTING OUR CUSTOMERS AND COMMUNITIES IN THESE UNUSUAL TIMES	
STOPPED LATE FEES & DISCONNECTIONS	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 situation
RAISED \$100,000	Lent a hand to customers in need through our Gas Assistance Program
DONATED \$100,000	Initiated a special employee-giving campaign for local nonprofits providing COVID-related services, and through our corporate philanthropy fund contributed to supporting communities affected by the wildfires in our region
PROVIDED \$17 MILLION ANNUAL BILL CREDIT	Provided Oregon natural gas customers with their annual bill credit in June 2020 totaling approximately \$17 million. This was a record amount for our customer revenue-sharing mechanism that generates this credit and helped support customers in a challenging time.

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. To support employees displaced or affected by the fires, we coordinated a special relief fund, with a portion of donations personally matched by our president & CEO.

Hood River Service Restoration

On Dec. 20, 2020, a vehicle crashed into a Williams Northwest Pipeline Co. regulator station in the Columbia Gorge, causing NW Natural's single largest outage in 65 years. NW Natural's Incident Command Team responded with a full activation, coordinating an extraordinary mobilization and service restoration event for the 5,500 customers affected. The mobilization included NW Natural crews, contractors, and approximately 40 mutual aid utility workers from neighboring gas utilities NW Natural called on to help.





NW Natural employees acquired and handed out heaters and blankets to customers during the Hood River event.

Employees from across NW Natural scoured the region to acquire and transport 2,200 portable heaters and 1,100 electric blankets to customers. We also worked with local agencies and partners to provide hotel rooms for customers without heat. A team of employees worked to identify the most vulnerable customers, and crews fueled

and hauled compressed natural gas trailers to provide emergency backup for two area hospitals. As areas of the system began to come back online, service was restored to vulnerable customers first. Throughout the week, including Christmas Day, field techs slogged through snow and ice to relight every home and business they were able to contact.

Reconnecting customers after a such a large-scale outage is a labor-intensive process, and through remarkable coordination NW Natural completed the work quickly, safely and efficiently.

NW NATURAL SUPPORTING OUR EMPLOYEES

We understand that these unusual times present unique challenges for employees' emotional well-being and ability to balance 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
- Support and access to obtain COVID vaccine



Social Justice

The events of 2020 provided a stark reminder that we still have a long way to go to achieve social justice in our nation, communities and workplaces, and emphasized the importance of the commitment we've made for more than 20 years to diversity, equity and inclusion (DE&I). As a company, we have stated publicly that we don't tolerate racism in any form, and our vision is to acknowledge, embrace, and value differences so that everyone may thrive.

In 2020 we intensified our efforts to bring more people from underrepresented groups into our field positions, promote DE&I values internally and through recruitment, and expand our spending with businesses owned by women, veterans, disabled people, and minorities. We remain focused on continuous improvement as we strive to build an increasingly diverse workforce across all levels of our organization, ensure equity in pay and opportunities for development, and foster a culture where all voices are heard and respected.

Safety and Reliability

Safe, reliable delivery of natural gas is our greatest responsibility to our customers, our employees and the communities we serve. In 2020, we invested nearly \$280 million² in our natural gas infrastructure to support system reliability, growth, and improvements.

Pictured employees were part of the team that removed the last bare steel from NW Natural's system in 2015

2020 FEDERAL REPORTS

ZERO

- Reportable pipeline incidents
- Corrective action orders
- Safety-related condition reports
- Notices of probable violation

² Cap-ex is on an accrual basis

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.

Modern, Tight System

In the 1980s, NW Natural worked with our public utility commissions to proactively create a pipeline replacement program, and by 2015 the company had replaced all its cast iron and bare steel pipe. We believe we are the first pure-play local distribution company to completely remove these legacy pipelines, and **today we operate one of the tightest, most modern natural gas systems in the nation.**

Among U.S. natural gas utilities, NW Natural consistently has one of the lowest ratios of leaks per mile of pipe.

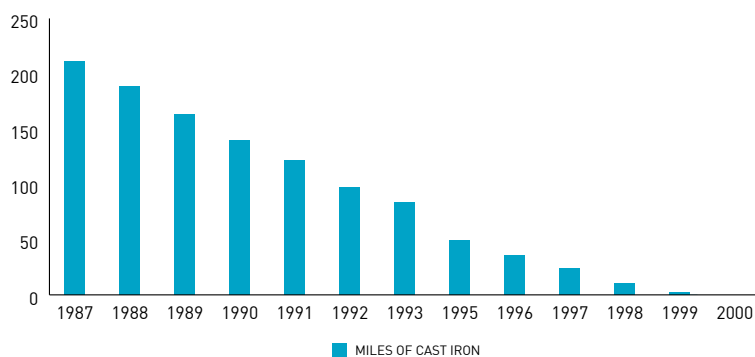
Continuous Inspection and Monitoring

Completing our pipeline replacement program created a tighter system with fewer leaks and advanced our efforts to distribute natural gas in a safe and environmentally responsible manner. In addition, we vigilantly manage our 736 miles of transmission pipelines and approximately 14,000 miles of distribution pipeline, performing preventative maintenance and proactive monitoring, investigating and repairing potential issues. Our employees performed approximately 210,000 routine field visits in 2020. We operate a 24/7 emergency hotline so we can immediately dispatch nearby responders if there is a problem, and on average, we respond to damage and odor calls across our service territory in about 30 minutes or less.

In 2020, we performed safety inspections on our transmission system at nearly three times the rate required by federal and state regulations. We use a combination of direct assessments and technologically advanced inline inspection tools that internally assess the integrity of transmission pipelines while in service. Our modern system makes it possible to perform a majority of our inspections through an inline approach, the best available today as it is done from the inside of the pipe. At the end of 2020, we had inspected 78% of our transmission system—577 miles—primarily through inline inspection.

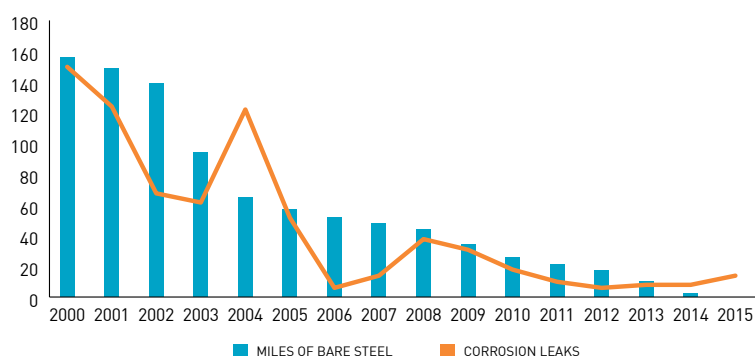
NW Natural consistently **leads the industry in the lowest number of leaks per mile of distribution pipeline**—a ratio of approximately

CAST IRON PIPE REPLACEMENT COMPLETED IN 2000



Source: Annual Department of Transportation (DOT) reports

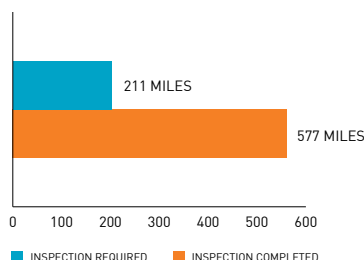
BARE STEEL PIPE REPLACEMENT COMPLETED IN 2015



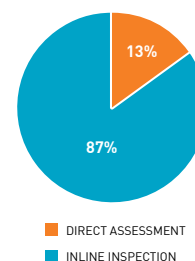
Source: Annual DOT reports

0.80 leaks per 100 miles in 2020. For comparison, the industry average was 7.65 leaks per 100 miles in 2019, based on DOT Annual Report data for natural gas operators reporting more than 7,000 miles of distribution main. We add another layer of safety by vigilantly monitoring gas distribution lines. We strive to perform a leak survey on 20% of our gas mains annually, with every gas main surveyed at least every five years. We also perform leakage and atmospheric corrosion surveys every three years on residential service lines and annually in business districts and high-occupancy buildings. We believe a proactive and prevention-based approach is the foundation of a safe and environmentally responsible system.

EXCEEDED TRANSMISSION INSPECTION REQUIREMENTS



MAJORITY OF TRANSMISSION PIPELINE INSPECTED USING INLINE APPROACH



System Improvements

We continuously work to upgrade the system to ensure safety and reliability for current customers and accommodate future growth. In 2020, NW Natural completed a slate of projects, investing nearly \$280 million on capital expenditures on an accrual basis. Major upgrades and new installations in six cities in our service area can help improve the company's ability to perform inline inspections of transmission pipelines and maintain adequate pressure for delivering gas during periods of cold weather and high demand. In addition, a large project to replace and modernize dehydration equipment at our Mist gas storage facility supports continued reliable gas supply to our region during peak demand times.



Reliability and Resiliency

Reliable delivery of natural gas when it's needed is essential to public safety and well-being. NW Natural has developed a risk-based method for determining what resources we need to keep serving our customers without interruption when demand is highest. This modeling is done through a process of evaluating different energy-demand scenarios and resource-acquisition strategies, as outlined in our [Integrated Resource Plan \(IRP\)](#). We plan thoroughly, looking at near- and long-term potential scenarios, so we can be prepared and diversified and thus keep costs low for customers.

To mitigate the risk of interruptions to our supply, we purchase natural gas from geographically varied sources and maintain a diversified portfolio of supply contracts. We also own and contract with natural gas storage facilities. Through our planning process, we project the day of highest demand to be approximately 10 million therms. We expect to meet about 56% of this projected requirement with gas from storage in or near our service area. For example, 20 Bcf of underground gas stored at NW Natural's facility near Mist, Oregon can supply natural gas to the Portland metro and surrounding area for approximately one month during an average winter.

Resilient Infrastructure

Below-ground natural gas infrastructure is more resilient than above-ground infrastructure and less vulnerable to hurricanes, fires and other natural disasters, according to a 2019 [study](#) by the consulting firm ICF. A [study](#) by Portland State University's Center for Public Service released in 2019 suggests the natural gas system could be a crucial resource in the event of a major disaster that disrupts power to the Pacific Northwest. Disaster recovery efforts could take advantage of NW Natural's modern natural gas distribution system, which includes resilient pipeline materials protected underground, a significant amount of existing regional storage capacity, and the potential for renewable gas production at multiple locations.

Our operations and training center in Oregon is built to function even after a major earthquake, so that in the event of a disaster we can operate critical business functions, including gas control and emergency response. The center meets the same seismic standards as essential facilities such as emergency operation centers, hospitals, and police and fire stations. The new headquarters for our core operations, which opened in March 2020, is also designed to function after a major earthquake and support operational resilience.

Cybersecurity

Reliable service requires investing in technology to protect our critical systems and customer data. Along with our comprehensive physical-safety efforts we have an equally vigorous cybersecurity program that diligently follows best practices to help us minimize the risk of cyberattack, detect and respond to threats and avoid disrupting natural gas delivery.

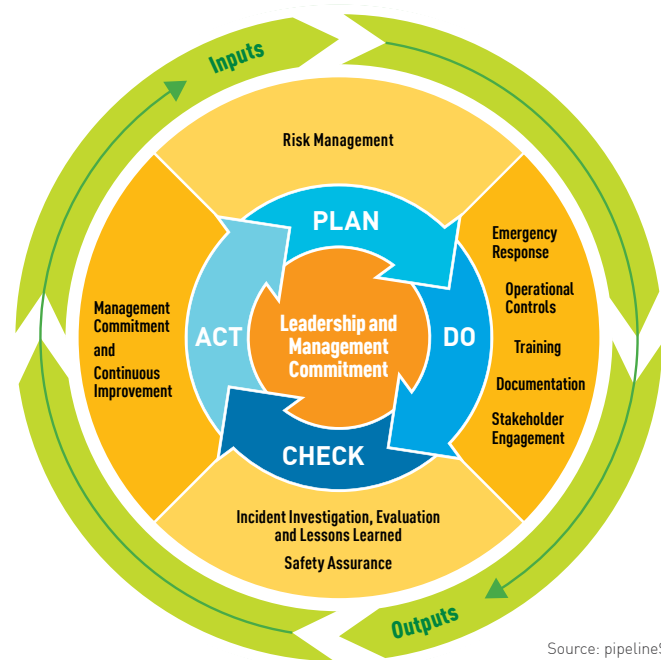
To be aware of threats and share mitigation techniques, we work closely with numerous local and federal agencies, including the U.S. Department of Homeland Security, Department of Energy, Transportation Security Administration and the FBI. We use multiple layers of security technology and follow cybersecurity frameworks like the Department of Energy's Cybersecurity Capability Maturity Model (C2M2) and National Institute of Standards and Technology (NIST) Cyber Security Framework. To further reduce cyber risks, we adhere to process controls, perform periodic maturity assessments and execute third-party penetration tests to expose vulnerabilities. Our



Taking the Next Steps in System Safety

We are taking our safety program to the next level by implementing a Pipeline Safety Management System (PSMS), a voluntary industry-developed framework for continuously improving safety performance. PSMS is designed to create a holistic and comprehensive approach to system safety by building on our existing safety structure. We believe that strengthening and reinforcing our existing procedures and risk-management activities will enhance our ability to prevent small problems from becoming significant events. Our employees play a critical role in our PSMS, and in 2020, we developed a plan to actively engage them in supporting the program through their efforts to identify, prevent and remediate pipeline issues before they occur. At the industry level, NW Natural supports holistic safety management efforts as a member of the American Gas Association (AGA) PSMS steering committee.

PIPELINE SAFETY MANAGEMENT SYSTEM FURTHER MITIGATES RISK



Source: pipelineSMS.org

multi-factor authentication (MFA) allowed us to meet the challenge when a significant portion of NW Natural's workforce needed to work securely from home during the pandemic.

In 2020, our Information Technology & Services department:

- Updated our incident-monitoring solution with new technology that makes it possible to identify potential threats faster
- Enhanced cybersecurity monitoring as cyberattackers became more active with much of the economy using work-from-home protocols as a result of COVID
- Completed a full reevaluation of our long-term cybersecurity strategy, with the goal of continuous refreshment as circumstances evolve
- Nearly doubled the size of our cybersecurity team and increased the breadth of coverage, so we can more closely monitor threats and continue engaging in preparedness exercises to support our readiness in the event an incident occurs

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 safety practices, and we participate in system and employee safety benchmarking and peer reviews—most notably the American Gas Association (AGA) Peer Review Program. NW Natural adheres to the Natural Gas Industry Safety Programs as outlined by the AGA, and we have begun a multiyear effort to implement the PSMS program recommended for AGA members and the pipeline industry. We are a member of the U.S. Environmental Protection Agency's (EPA) Natural Gas STAR Program, which promotes safe and environmentally conscious practices for pipeline maintenance activities.

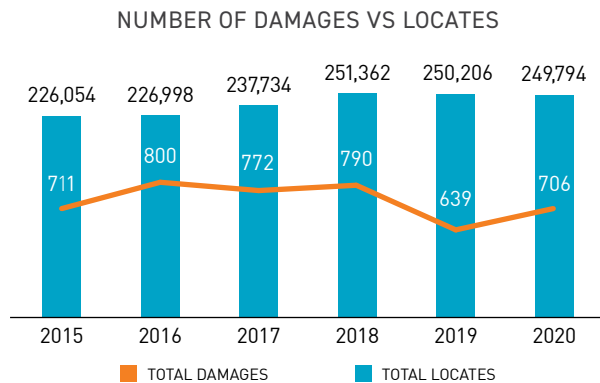
Excess Flow Valves

NW Natural is taking steps to extend system safety beyond the minimum regulatory requirements. We are installing excess flow valves (EFVs) on new service lines and planning to retrofit EFVs on service lines meeting certain specifications in the coming years. EFVs can automatically stop the flow of natural gas to a home or business if the service line is damaged by a seismic disturbance or other catastrophic event that severs the service line. To date, we've installed more than 275,000 EFVs on about 38% of the service lines in our system. In 2019, we had EFVs on 36% of the service lines in our system, which compares to an industry average of 23% based on 2019 Pipeline and Hazardous Materials Safety Administration (PHMSA) data for natural gas distribution companies with more than 400,000 service lines.



Damage Prevention

Digging by third-party contractors is the most common cause of damage to natural gas pipelines. **NW Natural began comprehensive efforts to address this issue in 2006, and since then damages due to digging have declined by about 70%.** We've worked with our state regulators to help develop and implement more rigorous dig laws and provide an online excavator training module to help contractors dig safely. In 2020 we implemented an industry-leading analytical model to enhance our ability to identify locates that could result in damages. Now we can identify the risk level of each locate request to assist in prioritization and response. Through a robust, multichannel safety outreach strategy, we provide natural gas safety information to our customers and the general public.



Employee Safety

Safety Management Program

NW Natural strives for zero safety incidents with a safety culture based on prevention, open communication, collaboration, and a strong service and safety ethic. We are laser-focused on safety at all levels of the company.

We believe employee safety is critical to our success. Our dedicated safety team is led by subject matter experts reporting 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.

A safety steering committee overseen by our executives seeks to develop comprehensive, proactive solutions aimed at prevention. Their process incorporates input from employees with diverse skill sets at

all levels of the company. The committee provides performance monitoring and measurement of our health and safety programs, which includes closely tracking injuries and trends in safety metrics and evaluating the effectiveness of trainings. A safety oversight committee formed in 2019 developed additional performance monitoring capabilities to help us understand the underlying drivers of incidents and develop root cause trend analysis, and all incidents in 2020 used this comprehensive approach.

NW Natural's health and safety policies and procedures are designed to comply with all applicable regulations (e.g., OSHA, PHMSA, manufacturers' recommendations), but we strive to go beyond compliance. We work to incorporate industry best practices and benchmarking, including peer analysis and assessments done by the AGA. Our internal auditors periodically audit the Safety Department and our health and safety policies. We also conduct third-party assessments on a periodic basis to audit aspects of our safety management system—for example, a Federal Motor Carrier Safety Administration (FMCSA) driver audit is planned for 2021.

To ensure injuries are reported and addressed immediately, we have a strict stop-work policy when an employee is involved in an accident. To encourage prompt care and decrease injury severity, we have a 24/7 nurse care line available for all employees. We provide alternative working opportunities, such as additional light-duty activities, that allow employees to recover while continuing to contribute.

To ensure our contractors strive to meet strict safety, insurance, and drug and alcohol testing standards, we use ISNetworld's contractor management services for contractors that conduct critical activities for us. ISNetworld allows us to easily evaluate and grade these contractors based on our specific criteria. We seek to work with contractors that meet or exceed their industry standards and injury averages.



Charlie Emerson, Jim Hart and Larry Buchanan (L-R) led development of the Journey to Zero initiative.

- Lost-time incident rate (LTIR) decreased by 74% from 2019 to 2020
- Good-catch rate (near-miss frequency rate) increased nearly eight-fold from a rate of 1.12 in 2019 to 8.91 in 2020, indicating accidents are being prevented
- Motor vehicle collisions, including preventable collisions, were the lowest in number since 2011
- Fatality rate was zero

The success of Journey to Zero was a result of commitment and personal accountability at every level of the organization, from the program developers who integrated input from field personnel, to leaders who modeled safe behavior and engaged in caring conversations with employees about the importance of personal safety. Employees became actively involved in solutions and consistently put safety first, for themselves and their peers.

In 2021, Journey to Zero will continue emphasizing the most critical on-the-job safety practices to keep them top of mind. The program will also focus on improving fleet safety by equipping all company vehicles with telematics software and other safety features. Many of the planned safety measures are a direct result of suggestions from employees. Also planned for 2021 is an initiative to improve safety for office employees, which will focus on improving workspace ergonomics and preventing slips, trips and falls.

Journey to Zero

In October 2019, NW Natural's officer team brought together managers, supervisors and employees from across the company and asked them to take a fresh look at strategies to improve employee safety. From that call to action came Journey to Zero, a companywide initiative with the ultimate goal of getting as close as possible to zero injuries and motor vehicle collisions.

Journey to Zero launched in 2020, and by the end of the year, workplace injuries were the lowest in more than a decade:

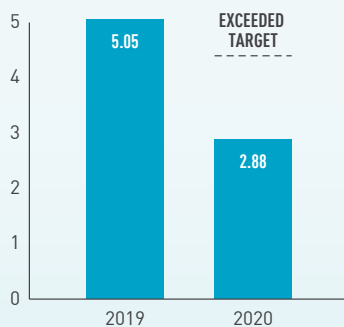
- Total recordable injuries (TRIR) declined by over 43% from 2019 to 2020
- Cases with days away from work or work restrictions (DART) was 59% lower than in 2019



“NW Natural is an industry leader in customer satisfaction, pipeline integrity and response to damages and odor calls. We also need to be a leader in employee safety, and we knew we could make that happen with innovative ideas and buy-in from supervisors, managers and employees. While striving for zero isn't easy, we can get there together.”

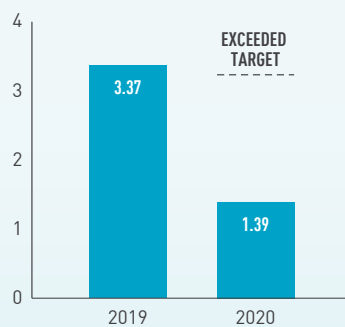
— David Anderson, NW Natural president and CEO

TOTAL RECORDABLE INCIDENT RATE (TRIR)



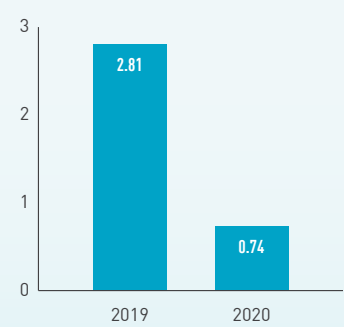
$$\text{TRIR} = \frac{\text{\# of incidents requiring medical attention} \times 200,000}{\text{Number of hours worked}}$$

DAYS AWAY OR RESTRICTED TIME RATE (DART)



$$\text{DART} = \frac{\text{\# of incidents with lost time or restricted duty} \times 200,000}{\text{Number of hours worked}}$$

LOST TIME INCIDENT RATE (LTIR)



$$\text{LTIR} = \frac{\text{\# of lost time injuries} \times 200,000}{\text{Number of hours worked}}$$



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

Employee Safety Trainings

As part of our commitment to health and safety for our employees, we maintain training programs for compliance, emergency preparedness and procedures for identifying hazards and handling high-risk emergency situations. Employees complete classroom instruction and hands-on, scenario-based training at our state-of-the-art 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. These trainings prepare firefighters and NW Natural field employees to deliver an integrated, seamless response in the event of an emergency that involves or affects the natural gas system.

In 2020, despite the restrictions created by COVID, training hours increased for employees by about 9% compared to 2019. We navigated the pandemic with limited class sizes and online training to keep people safe. We also implemented a new learning management system that helps us comply with regulatory requirements and provides more

efficiency and flexibility in how we train. The system went live in early 2021. We also enhanced our training for contractors focusing on NW Natural standards and basic safety procedures.

OVER 2,700 HOURS

Clocked by employees at “Training Town” our mock neighborhood at our training center

ON TOP OF REGULAR TRAININGS

Employees completed quarterly, annual, and scenario-based safety trainings, as well as monthly safety presentations provided to field staff

PLUS 366 FIREFIGHTERS TRAINED

Held about 28 trainings early in 2020 for over 330 firefighters prior to COVID

FOR MORE INFORMATION SEE ALSO:

- [Residential Safety](#)
- [Our Safety Measures](#)
- [Pipeline Safety](#)

Environmental Stewardship

We believe NW Natural has an important role to play in helping our region move to a low-carbon, renewable-energy future.



NW Natural's core value of environmental stewardship is a driving force behind the business decisions we make every day and the plans we make for our future. We believe climate change is today's challenge—an imperative that requires our collective action. We're committed to helping achieve deep decarbonization in our region by:

- Lowering energy use through aggressive energy efficiency and decreased consumption
- Reducing the carbon intensity of conventional natural gas across the value chain
- Evolving our supply to include renewables in the pipelines, while encouraging the development of public policies to facilitate the transition to renewables

We believe the gas infrastructure in place today will be an asset in the clean-energy economy, and using the existing pipeline makes the energy transition as affordable as possible for customers. We are working to shape a future in which renewable molecules delivered and stored in the gas system provide our customers with a cost-competitive, carbon-neutral energy option.

Building on a Legacy of Environmental Leadership

In the 1980s, NW Natural and its regulators committed to modernizing our infrastructure, and today our system is **one of the tightest, lowest-emitting systems in the nation**. We're proud of our history of environmental leadership. We were one of the first gas utilities in the U.S. to replace all cast iron and bare steel pipe in our system; to adopt a rate structure that encourages energy conservation; and to provide customers with

a voluntary program that allows them to offset some or all of the emissions.

Our aggressive pipe replacement program has yielded important results: 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 at that time³, and our system's fugitive emission levels are below the EPA national average for distribution companies. Reducing emissions is crucial not only for gas utility systems, but also for electrical power generation, which accounts for more gas use than direct residential and commercial customers combined in the United States.

Today, natural gas is the cleanest energy option that can reliably meet our home's biggest energy needs. We believe natural gas and our modern energy future in the Pacific Northwest, and we're proud to continue our legacy of environmental leadership.

³ 2013 study led by Washington State University and the Environmental Defense Fund

⁴ Reported by ONE Future using latest available data (2012) from EIA and greenhouse gas reporting program from EPA

⁵ MMscf of methane emissions per MMscf of methane throughput

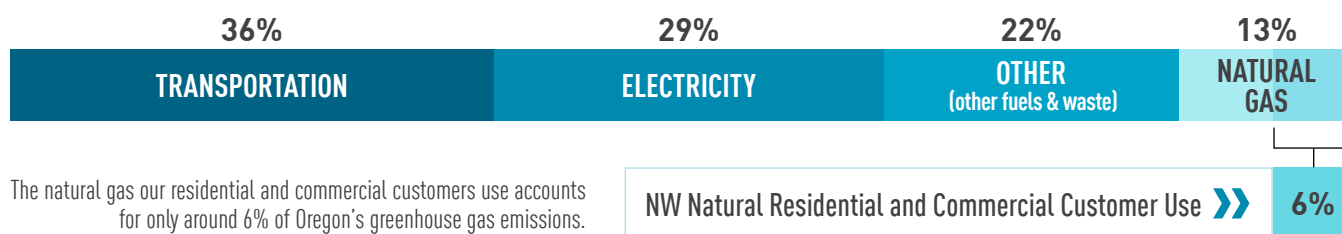
⁶ Greenhouse gas emissions expressed in metric tons CO₂e

⁷ Scope 2 Facility Electricity Emissions represent 12 months of electricity usage at the 18 main facilities operated by NW Natural. Due to the meter reading dates on the utility bills this value is approximate. The emissions are expressed in metric tons of CO₂e.

2020 NATURAL GAS DISTRIBUTION SYSTEM EMISSIONS	NW NATURAL	INDUSTRY AVERAGE ⁴
Fugitive Methane Emissions Rate ⁵	0.1%	0.26%
Scope 1 Emissions ⁶	92,043	N/A
Scope 2 Facility Electricity Emissions ⁷	2,312	N/A

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

OREGON GREENHOUSE GAS EMISSIONS BY SECTOR



Source: Oregon DEQ In-Boundary GHG Inventory preliminary 2019 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, based on 2015 emissions associated with our own operations and the use of our product by customers.⁸

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.

Energy Efficiency

Energy efficiency is a powerhouse for reducing emissions. Since 1970, the average NW Natural residential customer has cut their emissions in half. From conservation to technological innovation, energy efficiency accounts for the single largest savings toward our low carbon pathway goal, and we are driving to increase that savings in the coming years. In our 2020 IRP update we project that emissions are likely to be cut by another 50% or more by 2050 from 2020 levels.

NW Natural was one of the first gas utilities in the nation to implement a rate structure based on decoupling, beginning in 2002. Decoupling is intended to break the link between earnings and the quantity of gas used by customers, removing any financial incentive a utility might have to discourage customers from conserving energy. Today more than 75% of our gas utility revenues are decoupled.

Through Energy Trust of Oregon, NW Natural supports energy-efficiency improvements such as cost-effective equipment upgrades, insulation and building improvements that last for many

Variation from Goal

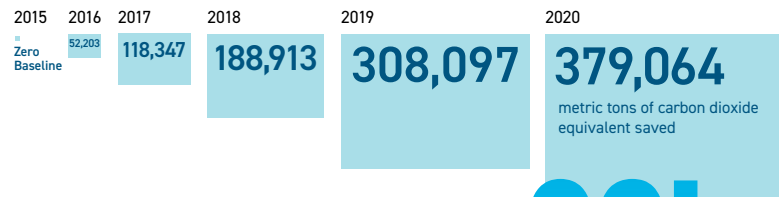


2020: Above Target Savings Rate. 379,064 metric tons of carbon dioxide equivalent saved. This marks 29.4% of savings toward goal, ahead of target pace.

2020 Source of Savings Mix



Annual Savings



2020 savings equal to removing approximately 82,000 cars from the road.



years. In 2020, NW Natural and our customers provided funding that covered approximately \$29 million of expenses and generated nearly 6.8 million therms in energy savings. That's equivalent to removing greenhouse gas (GHG) emissions from nearly 7,800 cars for one year. By market, our Oregon service territory had 644,000 MMBtu of net energy savings and our Washington service territory had about 33,000 MMBtu of gross savings.

Energy efficiency contributed nearly half of the savings we achieved in 2020 toward our voluntary goal of 30% carbon savings by 2035. That's about **172,000 METRIC TONS SAVED IN 2020 RELATED TO EFFICIENCY WORK SINCE 2016.**

⁸ This is an emissions savings goal equivalent to 30% of the weather-normalized carbon emissions from our customers' gas use and company operations in 2015, or about 1.3 million metric tons annually by 2035

Energy Education

NW Natural is working with Bonneville Environmental Foundation's program called "CE—Clean Energy. Bright Futures," which partners with teachers and the greater community to bring energy education into the classroom. Preparing K-12 students to participate in a just and equitable clean energy economy is at the heart of this initiative. And NW Natural's commitment to a low-carbon future aligns with CE's mission. NW Natural is working with CE to develop curriculum around renewable hydrogen and renewable natural gas and bring those topics to teachers, who will educate their students while developing the renewable energy workforce of the future. In fall 2020, CE convened the first cohort of teachers to begin developing the curriculum. Teachers participated from Beaverton, Camas, Cottage Grove, Gresham, Hood River and Sheridan.

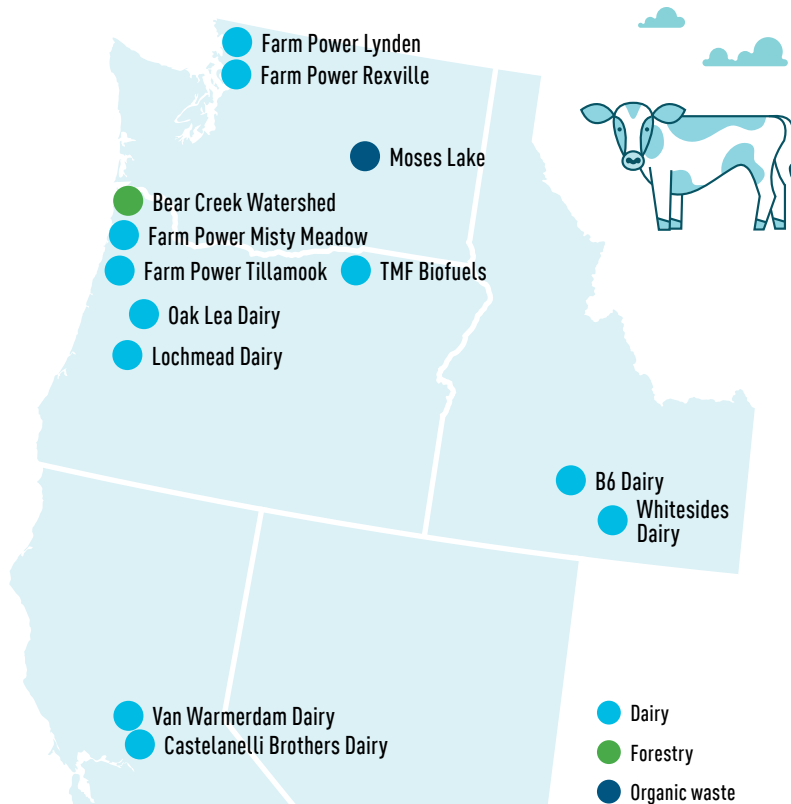


Not to be used for investment purposes—see NW Natural and NW Natural Holdings most recent Form 10-Ks as updated by the most recent 10-Q for information relevant to investment decisions.

Carbon Offsets for Customers: 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 helping to fund biogas projects on local farms that reduce or prevent the release of greenhouse gases. The **Smart Energy** program's mantra, "Use Less, Offset the Rest," reinforces that verifiable offsets are a valuable tool to effectively lowering emissions. Today nearly 9% of our customers—over 67,000—are enrolled in the Smart energy program. In 2020, they funded approximately 174,000 metric tons in emission reductions, equivalent to removing about 38,000 cars from the road. **That made Smart Energy the second largest contributor to the low-carbon goal** NW Natural set in 2016, and accounted for 146,000 metric tons of savings toward the goal in 2020. Since its inception, the Smart Energy program has funded over a million metric tons of CO₂e emissions reductions.

SMART ENERGY PROJECTS



Not shown: Davis Landfill (Layton, UT)

SINCE ITS INCEPTION, THE SMART ENERGY PROGRAM HAS FUNDED OVER A MILLION METRIC TONS OF CO₂e EMISSIONS REDUCTIONS.



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, Low Carbon Resources Initiative, and Northwest Energy Efficiency Alliance to encourage innovation through new products like gas heat pumps, zero-net energy homes, fuel cells and other progressive technologies that use less energy. An American Gas Foundation report prepared by Enovation Partners in 2019 indicates that these new technologies have the potential to reduce energy use by 40%⁹ or more, while still serving customers' energy needs. In late 2019, we co-founded the North American Gas Heat Pump Collaborative with local distribution companies across North America, representing 31% of North American customers, to support the adoption of new technology that will reduce carbon through deployment of highly efficient space and water heat equipment. Additional efforts are underway to develop innovative solutions with resilience in mind, including self-powered gas furnaces and water heaters that can continue to work in power outages.

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.

⁹ Opportunities for Reducing Greenhouse Gas Emissions Through Emerging Natural Gas Direct-Use Technologies. An American Gas Foundation report prepared by Enovation Partners, 2019.

Greener Natural Gas




Our residential and commercial customers use accounts for only about 6% of Oregon’s greenhouse gas emissions, and we are working to reduce that footprint even further. Reducing emissions across the supply chain is foundational to this effort.

NW Natural purchases natural gas from Canada and the Rocky Mountain region, two of the most stringently regulated production areas in North America, with lower methane leaks. Because upstream natural gas production and processing are where the bulk of emissions occur¹⁰ in the value chain, we’re also working with like-minded industry members and trade groups to encourage producers to adopt best practices. NW Natural is a proud member of **ONE Future**, a coalition of more than 40 companies that set a goal of voluntarily reducing methane emissions across

the natural gas value chain to 1% or less by 2025—a goal the membership is already exceeding by a wide margin.

We are also a discerning purchaser of our gas supplies. NW Natural is one of the first utilities in the nation to develop and implement an emissions-screening tool that allows us to analyze EPA sub part W emissions data reported by U.S. producers and understand the carbon intensity of gas supplies. With this capability, we can include environmental impact as one of the key considerations in our supply purchases (alongside other key purchasing criteria such as price, credit worthiness and geographic diversity) and reward lower emitting producers with our contracts. Since implementing this scorecard in 2018, we’ve prioritized purchases from responsible producers, which has reduced the methane leakage rate associated with our purchases from the Rocky Mountain region by roughly 20%. By targeting gas purchases from more environmentally conscious producers, we have avoided more than 39,000 dekatherms of methane emissions for savings of more than 57,000 metric tons of CO₂e.

¹⁰ U.S. EPA, Inventory of U.S. Greenhouse Gases and Sinks: 1990 – 2018

<p>NWN FOUNDING MEMBER</p> 	<p>The Natural Gas Supply Collaborative is a group of natural gas purchasers focused on promoting safe and responsible practices for natural gas supply through more robust reporting and engagement with producers. The collaborative seeks to promote greater transparency in natural gas production, specifically around key issues such as water and land use, air quality and emissions.</p>
<p>NWN MEMBER</p> 	<p>NW Natural is a member of Our Nation’s Energy Future (ONE Future), a coalition representing more than 15% of the U.S. natural gas value chain and committed to reducing methane emissions through adopting science-based standards and deploying best practices.</p> <p>ONE Future’s members set a target of reducing cumulative methane emissions from production, midstream and downstream operations to below 1% by 2025. One Future’s 2020 Methane Emissions Intensity Report showed that the coalition registered a methane intensity number of 0.3% in 2019, beating its one percent goal by 67%.</p>
<p>NWN FOUNDING MEMBER</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. But by flaring it with a mobile flaring unit we reduce potential greenhouse gas emissions by 90%. In 2020 these voluntary practices helped avoid releasing the equivalent of nearly 3,000 metric tons of carbon dioxide, reducing emissions by more than 60% on these projects.</p>

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. Energy-efficient upgrades in seven school buildings over the past three years included a natural gas-fired condensing boiler, condensing tank water heaters, upgraded building controls for better performance, and more. Energy savings from these improvements slashed annual natural gas use by an estimated 53,400 therms and cut energy costs by an estimated \$42,300. The School District has been working with Energy Trust since 2010 to reduce energy use in schools. Including the savings from the above projects, Camas School District has decreased annual energy costs by an estimated \$73,300.



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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 using less.



Spin Laundry

Morgan Gary started the Spin Laundry Lounge in Portland 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 to use less and conserve 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 company’s 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

Renewable natural gas derived from organic materials like food, wastewater and agricultural and forestry waste is an important part of our energy future. Renewable natural gas (RNG) reduces carbon emissions by as much as 300%, and it’s available when it’s needed. NW Natural’s goal is to put RNG into our pipeline system to help heat homes and water. In its first inventory of technical potential, the Oregon Department of Energy found nearly 50 billion cubic feet of renewable natural gas sources—equivalent to the total amount of natural gas used by all Oregon residential customers today. We are working to educate customers about renewable natural gas. A [video](#) for NW Natural’s Less We Can campaign asks customers, “What if all this waste wasn’t waste at all?”

Salem Buses Roll With RNG

Powering over half its fleet with renewable natural gas since the spring of 2020, NW Natural’s longtime customer and community partner Cherrriots is now Oregon’s cleanest public transit operation. By using renewable natural gas, the public transportation system in Salem expects to reduce harmful smog-forming tailpipe emissions by more than 90% and greenhouse gas emissions by more than 40%. The cost savings from using RNG will allow Cherrriots to expand its bus service and help maintain affordable prices.

“Clean public transit is key as we move toward a more healthy, sustainable and equitable Oregon. I commend Cherrriots for leading the way with cleaner, renewable natural gas buses.”

— Oregon Governor
Kate Brown



Baker Rock Resources
with NW Natural's CNG
truck loan program.



A CNG Hybrid Solution for the Biggest Jobs

Until recently, diesel-fueled trucks were the only way to transport the heaviest loads on public roads. Because diesel trucks are highly polluting, Baker Rock Resources was searching for an alternative that would align with the company's environmental ethos while meeting its transportation needs as a landscaping and construction materials supplier. Trucks operating on CNG historically haven't had enough horsepower to compete with diesel for the biggest jobs, and the family-owned business needed a truck capable of hauling a full load of rock through the hills near its Beaverton, Oregon operation.

NW Natural's CNG truck loan program connected Baker Rock with Hylion, a company that developed a system that boosts the power of a Class 8 CNG truck so it can pull 100,000 pounds or more uphill with little or no decrease in performance. The E-axle runs off a self-charging electric battery, adding neither pollution nor operating costs. NW Natural arranged with Hylion for Baker Rock to try a model of the CNG/hybrid at no cost, and Onboard Dynamics in Bend, Oregon provided a mobile CNG fueling station. After a driver piloted a fully loaded truck uphill at regular speed, Baker Rock saw that it had a powerful option for saving money while meeting sustainability goals.

Transportation and Compressed Natural Gas

Replacing 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 emit 90% less nitrogen oxide (NOx) air pollutants and particulate matter emissions¹¹, and emissions do not vary with engine load; diesel engine emissions vary significantly from idle to highway speeds. Natural gas technology also provides reliability and cost-savings unmatched by other alternative fuels. In 2020, NW Natural supplied 13 companies with 5 million therms of CNG to power their fleets.

Trucks on Loan

Fleet owners were 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 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.

In addition to a 12-liter natural gas Class 8 CNG truck, the loan program offers a hybrid CNG-electric truck. NW Natural teamed up with Austin, Texas-based Hylion, Inc. to make the high-power, high-mileage hybrid available to companies that transport the heaviest loads. The hybrid adds 120 horsepower to a Class 8 CNG truck, making it powerful enough to pull 100,000 pounds uphill and compete with diesel for the biggest jobs. NW Natural covers both leasing and fuel costs during the trial period. Real-world testing by commercial customers, including Tillamook County Creamery Association and the largest producer of cement and construction material products on the west coast, CalPortland, showed the new CNG solution can deliver power, sustainability and fuel efficiency.

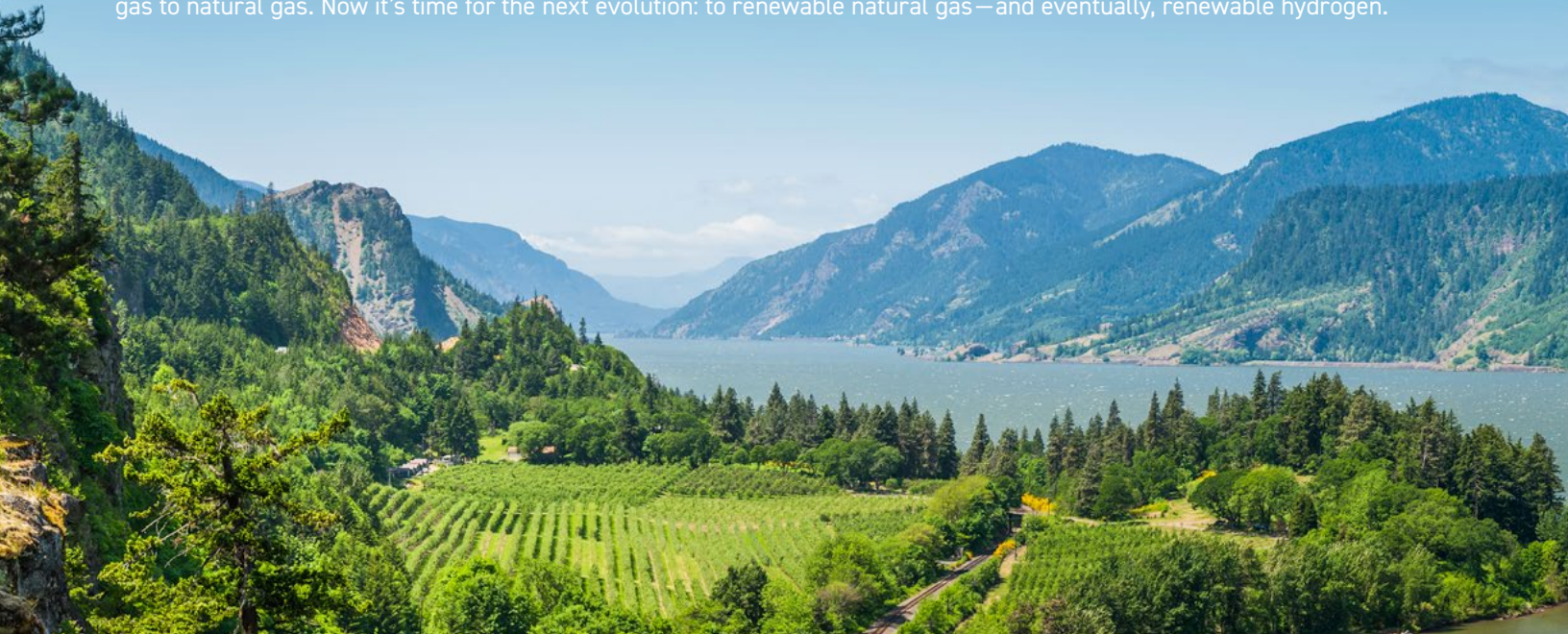


Tillamook Creamery took
part in NW Natural's CNG
Trucks on Loan program

Our Vision Forward: Carbon Neutral 2050

WE'RE EXCITED TO DRIVE THIS TRANSFORMATION FOR OUR CUSTOMERS.

What is the future of the gas system in a world that needs to achieve decarbonization? In our view, it starts with thinking about gas infrastructure in the same way we do the electric system. Taking steps to decarbonize the electric grid meant rethinking the energy that could be transmitted and distributed across existing poles and wires—and that's our vision for the gas system. Since NW Natural started delivering energy 163 years ago, the fuel going through our pipes has changed from manufactured gas to natural gas. Now it's time for the next evolution: to renewable natural gas—and eventually, renewable hydrogen.



As we've made progress on our 2035 savings goal, we've evolved our thinking on what's possible for our system, based on promising advancements in renewables for the pipeline system. To achieve a carbon-neutral future, we will continue to look for emissions reductions throughout the natural gas value chain, from producers, to our own operations and customers, to the transportation sector. Our long-term vision and goals are focused on collective action to:

- Continue pursuing deep energy efficiency and offset projects
- Lower the carbon intensity of the product we deliver, using a mix of technologies and renewable energy sources such as RNG and clean hydrogen
- Provide resiliency, diversity, and reliability to our region's energy supply by continuing to leverage the strengths of our energy delivery system and long-duration storage assets
- Keep energy affordable by using our existing system—one of the most modern in the U.S.—in new, innovative ways

“By combining new technologies with renewables developed for the pipeline network and lower use through energy efficiency, we see a technical path to a carbon-neutral natural gas system. It's a strategy already emerging in Europe, and it's our vision forward.”

— David Anderson,
NW Natural president and CEO

Our Vision for the Gas System

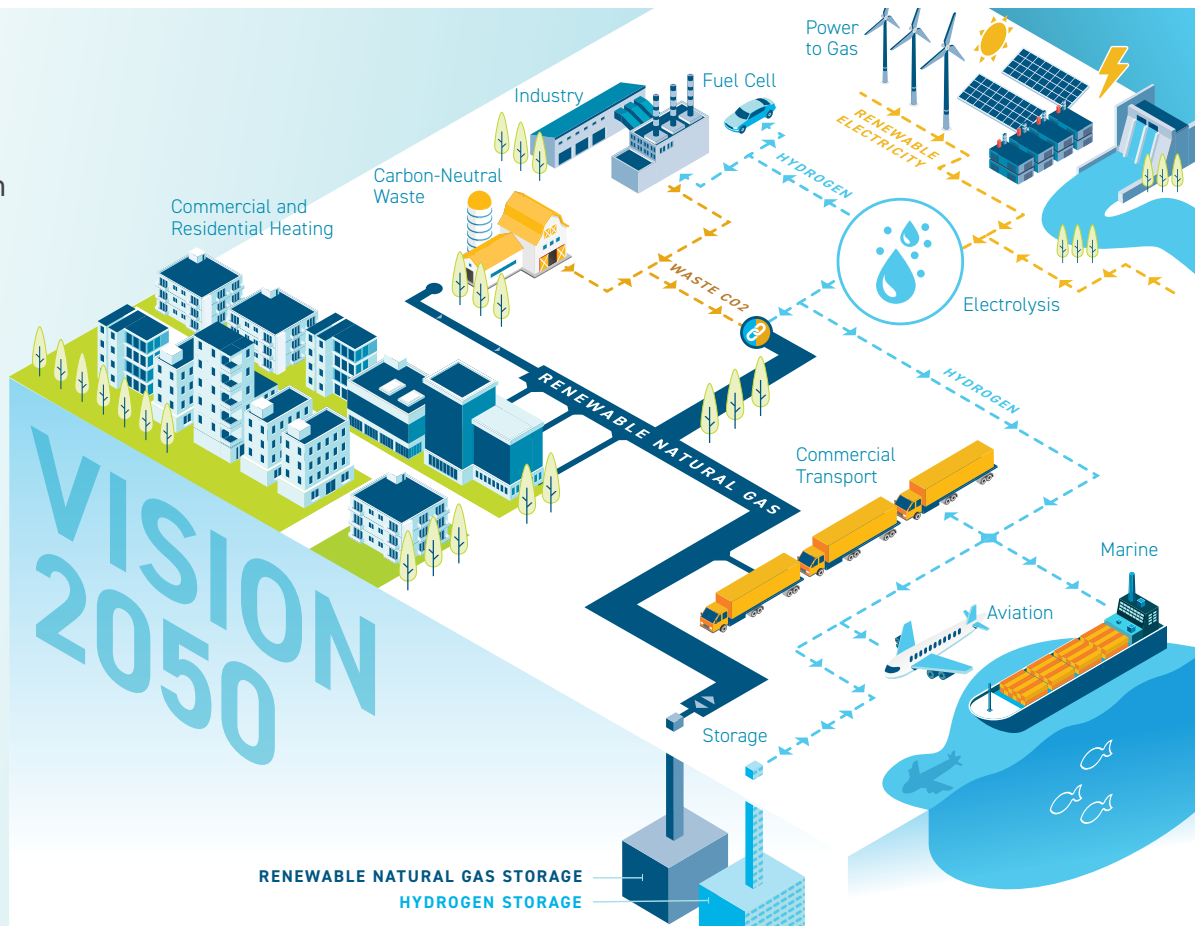
Destination Zero:

The pathway to our vision of carbon neutral

A decarbonized network:

- Deep energy efficiency
- Renewable natural gas
- Renewable hydrogen
- Blended and dedicated hydrogen systems

- Renewable Natural Gas
- - - Dedicated Hydrogen
- - - Waste CO₂
- - - Renewable Electricity



Renewable Natural Gas for the Pipeline

Multiple studies have shown that natural gas and the gas pipeline network will be needed for the Pacific Northwest to achieve its climate goals.

A [report by the premier environmental consultant Energy and Environmental Economics \(E3\)](#) outlines how our system—leveraging renewables developed for the pipeline—can be instrumental in achieving deep decarbonization in our region most affordably and reliably.¹²

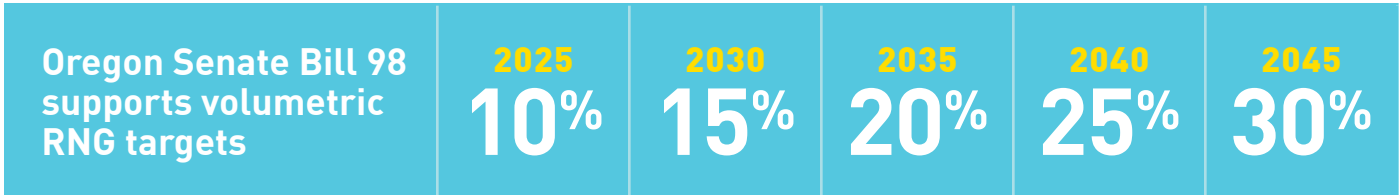
Renewable natural gas (RNG) can be cleaned up and added into the gas pipeline network to serve homes and businesses today. RNG produced from organic materials like food, agricultural and forestry waste, landfills and wastewater can be used in our existing pipeline network and consumer appliances, turning waste streams that currently contribute to

methane release into a powerful climate solution. The E3 study found that our region can achieve its deep decarbonization goals by blending just 25% RNG into the existing gas system.

Studies indicate that the potential supply of RNG is ample. A 2018 Oregon Department of Energy [study](#) on RNG supply identified 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. Initial estimates by [ICF Consulting](#)¹³ show that the technical potential of RNG supply is substantial when compared to current natural gas throughput. When looking at development costs and existing technologies, the ICF report estimates there is enough potential renewable natural gas to achieve a 95% reduction in emissions in the residential sector.

¹² Independent consulting firm Energy and Environmental Economics (E3) study published in December 2018 and commissioned by NW Natural.

¹³ Renewable Sources of Natural Gas: Supply and Emissions Reduction Assessment. An American Gas Foundation Study Prepared By ICF, 2019



Oregon Supports Renewables

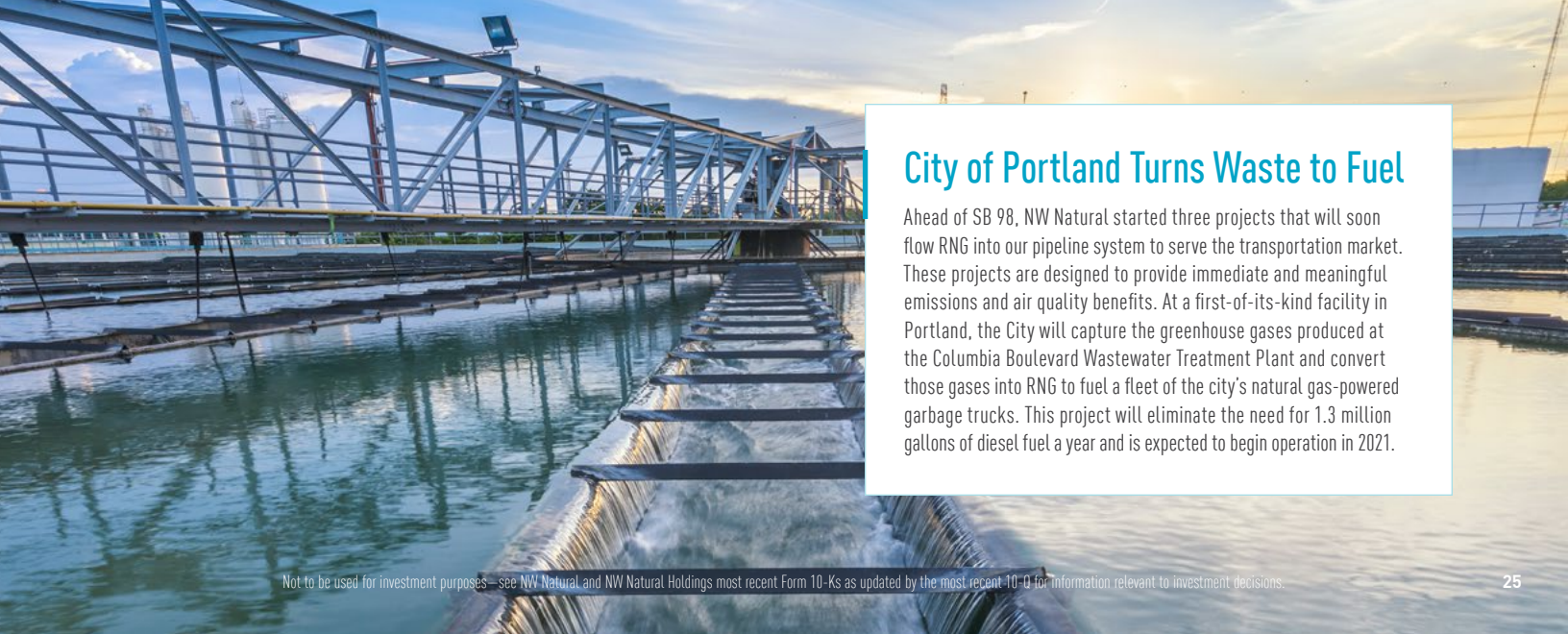
Supporting the evolution of our renewable-energy supply is groundbreaking Oregon RNG legislation, **Senate Bill 98**. This law, passed with bipartisan support, goes further than any other current U.S. law by outlining voluntary goals for adding as much as 30% RNG into the state’s pipeline system by 2050. It allows up to 5% of a natural gas utility’s revenue requirement to be used to cover the incremental cost of RNG; currently, that equates to over \$30 million annually for NW Natural. Gas utilities can invest in interconnections with the gas system, and investments in RNG facilities can be included in their rate base if that is the lowest cost option for customers. The bill enables NW Natural to procure supply across the nation to secure the best price for our customers and provides local communities a potential revenue source to turn their waste into energy.

Procuring RNG for our Customers

In 2020, NW Natural created a dedicated RNG team whose mission is to help us meet SB 98 targets and secure renewable supply at the best prices for our customers. The team’s first request for proposal (RFP) in July 2020 received a strong response and provided valuable market discovery information.

In December 2020, the RNG team secured our first investment under the landmark law. NW Natural is partnering with BioCarbN, a developer and operator of sustainable infrastructure projects, to convert methane from Tyson Foods facilities into RNG to heat homes and businesses. Under this partnership, NW Natural has options to invest up to an estimated \$38 million in four separate RNG development projects that will access biogas derived from water treatment at Tyson Foods’ processing plants. In December 2020, NW Natural exercised its option for the first development project in Nebraska, initiating investment in an estimated \$8 million project. Construction on the first project is expected to begin during the summer of 2021, with completion and commissioning expected in early 2022.

Once all four facilities are fully operational, these projects are expected to generate more than 1.2 million MMBtu of renewable natural gas each year—enough RNG to provide heat for about 18,000 homes NW Natural serves in Oregon.



City of Portland Turns Waste to Fuel

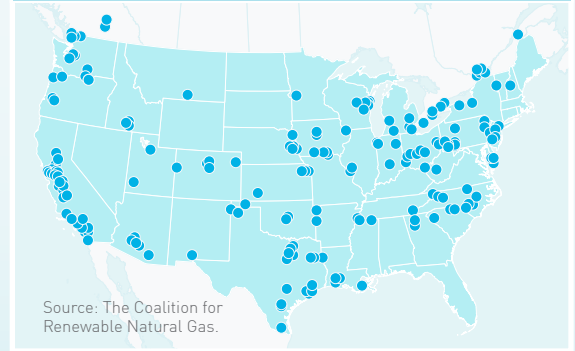
Ahead of SB 98, NW Natural started three projects that will soon flow RNG into our pipeline system to serve the transportation market. These projects are designed to provide immediate and meaningful emissions and air quality benefits. At a first-of-its-kind facility in Portland, the City will capture the greenhouse gases produced at the Columbia Boulevard Wastewater Treatment Plant and convert those gases into RNG to fuel a fleet of the city’s natural gas-powered garbage trucks. This project will eliminate the need for 1.3 million gallons of diesel fuel a year and is expected to begin operation in 2021.

Coalition for Renewable Natural Gas

NW Natural is a member of the Coalition for Renewable Natural Gas, a member-led nonprofit organization representing nearly 300 companies, municipalities, universities, and environmental and non-profit organizations that are dedicated to the advancement of RNG. The coalition advocates for public policy that supports sustainable development and use of renewable natural gas, so present and future generations will have access to renewable, clean fuel.

The coalition's Sustainable Methane Abatement & Recycling Timeline (SMART) is a new initiative to capture and control methane from more than 43,000 organic waste sites in North America by 2050, achieving significant benchmarks by 2025, 2030 and 2040. Currently there are more than 300 RNG facilities either operating or under construction in North America.

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



Hydrogen: The Other Piece of the Puzzle

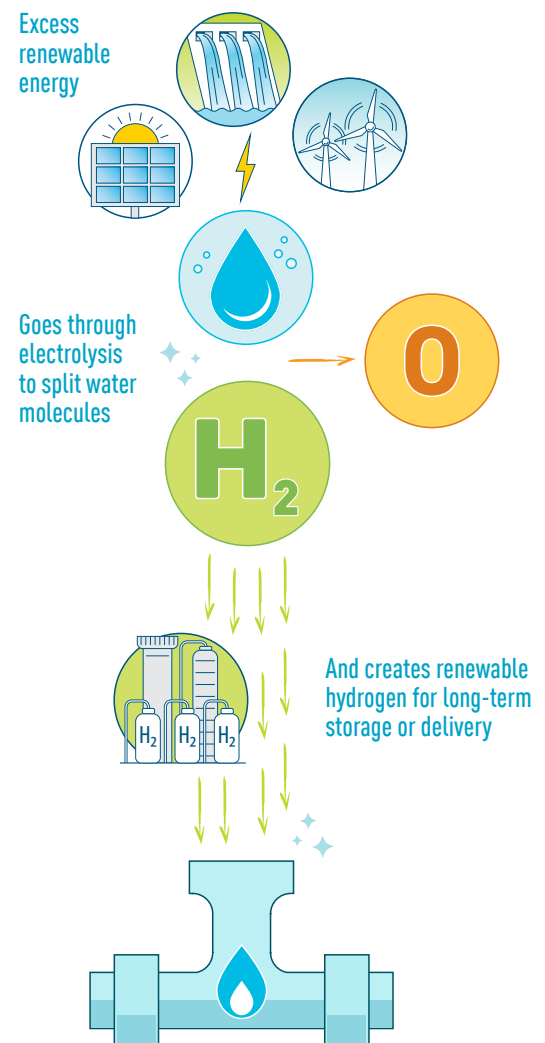
Looking into the more distant future, we're working to bring renewable hydrogen into our energy mix. Through the **power-to-gas** process, renewable hydrogen can be created using wind, solar and hydro energy sources that often produce excess power at times of low demand. Renewable hydrogen can be blended with natural gas for delivery into the existing pipeline system, or converted to synthetic methane and used as a direct replacement for natural gas. Power-to-gas can introduce considerable flexibility into the energy system, since renewable hydrogen can be stored for months and then delivered to provide energy when it's needed.

Clean, low-carbon hydrogen can also be produced by steam-methane reforming of conventional natural gas, paired with carbon capture and storage ("blue hydrogen") to make it carbon neutral. Other options include gasification of biomass feedstocks such as agriculture and forest waste. These various technologies create even greater opportunities to decarbonize hard-to-electrify sectors and processes across the economy.

In October 2019 NW Natural sent a technical team to research several leading decarbonization efforts in Europe. Over the past decade, countries like Germany, France and the Netherlands have funded research, developed policies, and deployed pilot projects that demonstrate new roles for natural gas infrastructure and renewable fuels in a decarbonized energy system. On the trip, the NW Natural team repeatedly heard from European government agencies, think tanks and gas companies that existing gas infrastructure can be deployed in new, innovative ways to address climate change.

Subsequently, NW Natural and other forward-thinking North American gas utilities have formed working partnerships to apply those lessons at home. In December 2020, the Downstream Natural Gas Initiative issued a

report, *The Role of Gas Networks in a Low-Carbon Future*, which synthesized the potential for this transition to a lower-carbon future and the steps needed to move ahead.





NW Natural technician testing blended hydrogen gas at NW Natural's Sherwood facility

Hydrogen Testing on Our System

In 2020, we began testing a 5% hydrogen blend at NW Natural's state-of-the-art training facility in Sherwood, Oregon. So far, these positive blend tests focused on the performance of pipes, leakage instrument, and end-use equipment. In 2021, we plan to expand our blend testing to include additional end-use equipment performance on furnaces, fireplaces, and water heaters.

HyReady

The transition to renewable hydrogen will require broad support and investments in best practices and science-based research. We're collaborating with like-minded businesses, organizations and public utility districts to advance the development of renewable hydrogen.

We're part of the Zero Carbon Hydrogen Coalition, and in 2020 we joined HyReady, a worldwide

collaboration on hydrogen, which is focused on creating guidelines and best practices for natural gas distribution companies blending hydrogen into their distribution systems. We are also partnering with other North American utilities to begin mapping out the technical tests we need to do at different blending percentages for hydrogen.

Reliable, Resilient, Renewable, Affordable: The Gas System Delivers

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**.¹⁴ 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 the 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 process and through transmission to homes and businesses.

Below-ground natural gas infrastructure is more resilient than above-ground infrastructure and less vulnerable to hurricanes, fires and other natural disasters, according to a 2019 **study** by the consulting firm ICF. Our modern underground system also provides resiliency, as it is less vulnerable than above ground infrastructure. A **study** by Portland State University's Center for Public Service released in 2019 suggests the natural gas system could be a crucial resource in the event of a major disaster that disrupts power to the Pacific Northwest. Disaster recovery efforts could take advantage of NW Natural's modern natural gas distribution system, which includes resilient pipeline materials protected underground, a significant amount of existing regional storage capacity, and the potential for renewable gas production at multiple locations.

¹⁴ Northwest Power and Conservation Council, 2019



Renewable Hydrogen Alliance

NW Natural helped establish the **Renewable Hydrogen Alliance** in 2018 to convene interested parties in our region on emerging hydrogen and power-to-gas technologies. Since then, the association has grown to nearly 80 members including utilities, advocacy groups, manufacturers, project developers, and others dedicated to the mission of using renewables to create clean fuels.

The Alliance has successfully worked on legislation in both Oregon and Washington state. In Oregon, the Alliance sponsored legislation that directs the state's energy department to study benefits of, and barriers to, renewable hydrogen production and use in Oregon.

February 2021 Weather Event Underscores Resiliency of Natural Gas

In the gas utility industry, we talk about resilience constantly. We plan for extreme weather all year long. After the extreme cold weather we saw in February 2021, resiliency has been on a lot of minds. February 15, 2021 was the second-highest natural gas delivery day ever and, along with February 14, 2021, it set a record for the largest demand for a two-day period for our nation. Parts of the United States saw extreme cold and there were sufficient natural gas supply and delivery capacity for space heating, hot water, cooking, manufacturing, electricity generation and our export agreements with foreign allies. Thirty-eight percent of the natural gas delivered on February 15 came from storage.

The event underscored that utilities, system operators, regulators and policymakers need to recognize that a diverse supply of energy assets, including natural gas, is critical to achieving a resilient, prosperous and cleaner energy future. We believe policies need to focus on optimizing the characteristics of both the natural gas and electric systems. We are committed to driving a conversation that considers system resilience impacts as part of the energy system transformation. **We can achieve both—resilience and decarbonization—leveraging our gas infrastructure.**

Affordable Storage for Renewables

Another strength of the gas infrastructure is its ability to provide long-duration energy storage that doesn't degrade. This same storage facility could store RNG or methanated renewable

hydrogen. We believe that by leveraging this unique asset, gas utilities will be able to provide renewables at significant cost advantages when compared to electrification and battery storage.

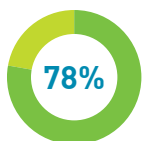
- For example, NW Natural has 20 billion cubic feet of underground storage today, which we believe could be used to store renewable molecules in the future
- That's equivalent to about 6 million megawatt hours¹⁵ of storage
- Based on today's lithium-ion technology, a battery with that capacity would cost about \$2 trillion¹⁶
- The gas system can deliver 2.5 times the energy of hydrogeneration facilities¹⁷ and gas storage provides about 1,500 times the energy delivered from current large-scale utility batteries,¹⁸ which has significant cost implications for decarbonization strategies across the energy sector
- A large power-to-gas plant can enable renewable energy storage in the gas system for about half the cost per kilowatt hour of a battery storing the same energy¹⁹

The increasing use of intermittent renewable sources like wind and solar will require this kind of flexible, large-scale energy storage to balance electricity demand and production. Renewable gas systems can complement decarbonization of the electric grid, helping to further reduce emissions and offering storage and transport capability to safeguard against interruption of service to customers.

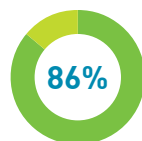
When it comes to affordability, no energy option available today can compete with conventional natural gas. But we believe renewable molecules stored and delivered in the gas system are quite cost-competitive when compared with decarbonized electricity, considering the investment in infrastructure and batteries that would be required to electrify the energy currently served by the gas system. In addition, leveraging the gas infrastructure we have in place will create a closed loop for reusing rather than building new resources.

Our Customers Want Choice, Balance, Renewables

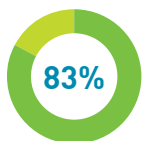
As we transition to renewables, we care about our customers' values and beliefs, so we reached out. Research by Oregon firm DHM²⁰ in late 2019 showed that people in NW Natural's Oregon and Southwest Washington service territory want the freedom to choose natural gas as an energy source for their homes and businesses. People want choice and a diversified set of solutions to lower carbon emissions affordably. That includes natural gas and RNG.



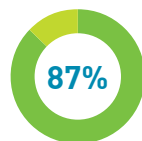
78% agree that families and businesses should have a choice of energy options to meet their needs.



86% agree that all forms of renewable energy, including 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.

Moving Toward Our Carbon-Neutral Vision: A Call to Action

The effort to decarbonize the electric grid has depended on public policy that supports the development of renewable power sources, and policy is equally important in decarbonizing the gas system. In Oregon, we have Senate Bill 98—the first legislation of its kind—which sets 30-year targets for gas utilities to procure renewable natural gas, and eventually renewable hydrogen, for our customers.

While we're excited about our early steps, we're also working toward additional policy support. At the federal level, we hope to see large-scale investment in hydrogen R&D and deployment—as we're seeing in Europe, Australia, Asia and Canada—and production tax credits for RNG and hydrogen development, similar to what has been successful for wind and solar. Finally, we see biomass gasification as an important component of our nation's climate and wildfire mitigation strategy.

We're also working on deeper modeling analysis and pathways to achieve net zero carbon emissions by 2050. This includes scope 1 and scope 2 emissions associated with company operations, as well as scope 3 emissions that result from the use of natural gas by our utility customers. This work builds on prior work, including our integrated resource planning, voluntary carbon savings commitments of 30% by 2035, and the [study](#) by premier consultant Energy and Environmental Economics (E3) that modeled various pathways to an 80% reduction in economy-wide greenhouse gas emissions by 2050 in the Pacific Northwest.

Efforts underway in 2021 will examine the pathway options and policy implications of reaching net zero while continuing to meet the energy needs of our Oregon and Washington customers, and doing so in an environment of continued growth in population and energy needs throughout the region. The goal of this work will be to illustrate the roles of the various levers available to us for decarbonization, including development and deployment of renewable fuels (RNG and hydrogen), conservation, energy efficiency, systems and equipment innovation, closer integration and coordination between gas and electric networks, carbon storage and sequestration, carbon offsets and more.

¹⁵ To convert natural gas volumes to MWh for comparison, this figure uses a national average heat content of 1036 btu/cf and a direct energy conversion of 0.29307 MWh/MMBtu

¹⁶ Prices based on NREL <https://www.nrel.gov/docs/fy19osti/73222.pdf>

¹⁷ Source: [EIA Weekly Natural Gas Storage Report](#) - Withdrawals are calculated and aggregated from a weekly regional report. The figure for hydroelectric generation is the total net generation from hydroelectric facilities and does not distinguish between what can and cannot be stored.

¹⁸ Source: [EIA 923 Form](#) - Hydroelectric and battery generation are pulled from generator level data identified with prime movers "HY" and "BA", respectively. Net generation is aggregated for hydroelectric generators and gross generation is aggregated for batteries.

¹⁹ Northwest Power and Conservation Council, 2019

²⁰ NW Natural Climate Change & Related Issues Survey Conducted by DHM Research, 2019

"The renewable supply exists, the technology exists, and we already have a modern delivery system in place. With our customers and our policymakers, we're committed to leading the way to solutions that work."

— David Anderson,
NW Natural president and CEO



**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 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:

- **Energy Conservation Measures** – Through our high-efficiency building envelope (wall, roof and window assemblies), efficient heating, ventilation and air-conditioning system and controls, 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, compared to a code-compliant building—more than 550,000 kilowatt hours and approximately 8,000 therms of natural gas.
- **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, within walking distance of three transit stops for six public bus lines, light rail and the streetcar. We provide secure and 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.

A Low-Waste Move

As soon as employees began moving to NW Natural's new corporate headquarters, the Facilities team went to work clearing out the former office space in northwest Portland. Through the moving process, more than 55 tons of materials were captured for recycling, and 407 tons of furniture and other items were donated to nonprofits for reuse. The effort kept 90% of the discarded items out of the landfill.



Clean Operations

In 2020, NW Natural used approximately 8.1 megawatt hours of electricity at our facilities and 3.9 million therms of natural gas in our own operations and facilities. And that energy was used with an emphasis on renewables. For our use of natural gas, we pay for carbon offsets through our Smart Energy program. In fact, in 2007 we became our own first Smart Energy customer and in 2020 we offset 100% of the CO2 associated with our natural gas heating. All of our electricity is consumed from the grid. In 2020, NW Natural's largest electricity provider, Portland General Electric, derived 12% of its power for its retail load from wind and solar and 18% from hydro. We are also part of the Energy Trust of Oregon's Strategic Energy Management Program, which helps us continually improve our own operations through strategic equipment and building choices as well as employee behavior. We are examining additional renewable electricity program options, and we expect to use increasing amounts of RNG in the future as we procure RNG under [Oregon Senate Bill 98](#).

Environmental Policy and Leadership

Our board, executives, employees, and customers have been committed for decades to environmental stewardship, environmental protection and environmental performance. The Public Affairs and Environmental Policy Committee of the NW Natural Holdings and NW Natural boards of directors provides oversight of environmental matters.

Our dedicated environmental management and sustainability team focuses daily on these issues, and 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
- Operating our business in an increasingly sustainable manner

The policy is reviewed and approved annually.

FOR OUR USE OF NATURAL GAS, WE PAY FOR CARBON OFFSETS THROUGH OUR SMART ENERGY PROGRAM. IN FACT, IN 2007 WE BECAME OUR OWN FIRST SMART ENERGY CUSTOMER AND IN 2020 WE OFFSET 100% OF THE CO2 ASSOCIATED WITH OUR NATURAL GAS HEATING.

With one of the most modern natural gas distribution systems in the country, in a well-established service territory, NW Natural performs a limited amount of new construction or other work that might disrupt local communities and the environment, including waterways.

WHEN WORK IS REQUIRED, OUR ENVIRONMENTAL MANAGEMENT TEAM STRIVES TO COMPLY WITH ALL ENVIRONMENTAL REGULATIONS AND LEAVE THE AREA THE SAME AS, OR BETTER THAN, IT WAS WHEN WE BEGAN.



Biodiversity, Land, Water, and Non-GHG Emissions Environmental Management

To help us use our precious resources wisely and efficiently, we have strong environmental programs that we diligently follow, and we strive for continual improvement.

With one of the most modern natural gas distribution systems in the country, in a well-established service territory, NW Natural performs a limited amount of new construction or other work that might disrupt local communities and the environment, including waterways. When work is required, our environmental management team strives to comply with all environmental regulations and leave the area the same as, or better than, it was when we began. We have 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 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. The procedure manual outlines how to design sites to prevent runoff and soil erosion, mitigate spills, obtain necessary Clean Water Act permits, and follow federal, state and local rules and regulations. These rules and regulations are primarily related to water quality, air quality, chemical handling, spill response, waste, cultural resources and threatened and endangered species.

In addition, the EMS is used as a guide to rigorously vet products, substances, activities and services to help us minimize our impact on the environment and use the safest and most environmentally responsible materials appropriate in our operations. We keep environmental records and provide environmental training for each project, and

we offer awareness programs and trainings for new employees and refresher trainings for established employees. The EMS allows us to assign roles and responsibilities, as well as monitor activities for compliance 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.

We strive to reduce and recycle any byproducts of our process. We perform waste audits periodically at all our resource centers. We have implemented recycling programs in our operations and currently recycle 100% of the following items: batteries, waste oil from our fleet transportation, oil filters, antifreeze, scrap metal, and some types of plastic. We follow EPA's rules and regulations for hazardous waste and report to the state government the amount of hazardous waste that is incinerated or sent to the landfill annually. In addition to materials recycled in 2020, NW Natural disposed of materials from ordinary operations as well as remedial site wastes. Of the ordinary operational waste that was disposed, 85% was non-hazardous waste (100% landfilled) and 15% was hazardous waste (80% incinerated and 20% landfilled).

While our natural gas distribution operations are not water intensive, we strive to adhere to all Clean Water Act requirements, and we use limited water for hydrostatic testing and pipeline construction. We also repurpose water, use leading stormwater-management techniques and conduct regular audits at construction sites.

We work to promote healthy air quality in several areas. We have invested in five CNG stations for our own fleet, which includes over 150 vehicles. A station at our Sherwood Service Center is designed to provide backup service for our CNG customers. We strongly believe that natural gas as a transportation fuel provides significant economic and environmental benefits to our customers and to the overall community. We also have an idling-reduction initiative aimed at reducing particulate emissions. Non-greenhouse gas emissions such as sulphur oxides (SOx), nitrogen oxides (NOx) and non-methane volatile organic compounds (VOCs) are not significant to our operations.



FOR MORE INFORMATION SEE ALSO:

- [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 investing in and interacting with our communities. We're a key employer and an essential service provider, and we 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. We owe our continued success to our customers and our dedicated employees, who live NW Natural's core value of service every day.

In 2020, our customer service center answered more than 800,000 calls, and our service technicians, along with other field resources, responded to about 210,000 requests. Our internal customer satisfaction survey continued to show high satisfaction ratings²¹ among contacted customers:

93% OF CUSTOMERS SATISFIED WITH SERVICE TECHNICIANS

89% OF CUSTOMERS SATISFIED WITH PHONE REPRESENTATIVES

77% OVERALL SATISFACTION WITH NW NATURAL CUSTOMER SERVICE

Among the Best in the West and the U.S. in J.D. Power Study

Thanks to our customers, NW Natural scored second in the West for large utilities in the 2020 J.D. Power Gas Utility Residential Customer Satisfaction Study. In a year when our customers needed us more than ever, we received the second highest score in our history. We continue to be a customer favorite, placing in the top two for the seventeenth time in the West large segment, which represents utilities serving 500,000 or more residential customers.



A Great Customer Experience on Any Device

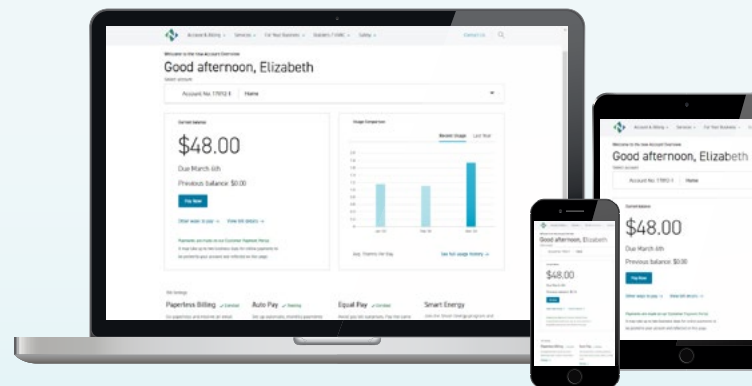
Excellent service includes investing in easy-to-use customer-facing technology. In October 2020 NW Natural launched a new website that customers can access from a smartphone, tablet or computer and is designed to give customers a seamless experience on any device. The redesigned nwnatural.com was developed with input from customers to create an experience tailored to their needs. It features a modern design, faster response times, new options for security and self-service, and a dashboard that makes it easy for customers to manage their account in one spot. Mobile users – who account for half the traffic to the website – now have access to 100% of the content available on nwnatural.com. With accessibility features such as keyboard navigation, larger font sizes, and transcripts available for videos, the site can serve a more diverse set of customers. Concurrent with the website launch, NW Natural rolled out an improved Interactive Voice Response (IVR) system for people who call in, as well as an online payment processing system that gives customers new features and options.

NW Natural also scored in the top 10 in the nation among large gas utilities, which it has done every year for 18 years since it began participating in the study. The study measures residential customer satisfaction with natural gas utilities across six categories: safety and reliability; billing and payment; price; corporate citizenship; communications; and customer service.

Customer Champion in Escalent Study

NW Natural placed second among all electric, combo, and gas utilities in the nation as well as the West in the 2020 Syndicated Utility Trusted Brand & Customer Engagement™ Residential study by Escalent (formerly Cogent), earning NW Natural the designation of Customer Champion. The study goes beyond J.D. Power customer-satisfaction scores to gauge the level to which customers want to do business with utility brands. It benchmarks and trends performance of the largest 140 utilities on the Engaged Customer Relationship (ECR) score, a composite index of service satisfaction, brand trust and product experience performance based on customer interviews.

²¹ Percentage of customers rated us either 9 or 10 on a 10-point scale, where 1 means poor and 10 excellent. Note: the methodology for this study switched from telephone to web beginning in July 2020. As expected, the scores declined modestly as people tend to provide more candid feedback online than when talking to a human interviewer.

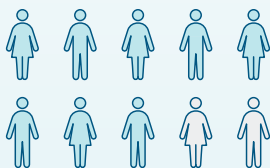




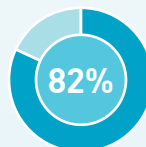
Homebuyers Have a Strong Preference for Natural Gas

In December 2020, we engaged Escalent to conduct an independent study to understand homebuyers' energy preferences in our service territory. The result: local homebuyers favor—and will pay more for—homes with natural gas. Buyers recognize that natural gas is affordable and efficient, prefer it to electricity for heating and cooking, and consider it a key feature when looking for their “ideal” single-family home.

RESEARCH CONFIRMS A STRONG PREFERENCE FOR NATURAL GAS



8 IN 10 PROSPECTIVE HOMEBUYERS SAY NATURAL GAS IS PREFERABLE TO ELECTRICITY FOR HEATING AND COOKING



WOULD PAY \$50,000 MORE FOR NATURAL GAS



83% CHOOSE A NATURAL GAS HOME

Source: Escalent December 2020 Study

Clean, Affordable Natural Gas

Natural gas is the most affordable utility bill our customers have. We maintain a constant focus on efficient operations as we strive to keep our service affordable for our customers.

REDUCTIONS IN BILLS OVER THE LAST 15 YEARS

39% ↓
RESIDENTIAL BILLS

43% ↓
SMALL COMMERCIAL BILLS

RESIDENTIAL AVERAGE MONTHLY UTILITY BILLS

Natural Gas ²²	Electricity for Home that: ²³		Water & Sewer ²⁴	Cell Phone ²⁵
Gas Space & Water Heating	Has Gas Space & Water Heating	Is an All-Electric Home		
\$60	\$58	\$147	\$102	\$148
\$118				

Today, our customers are paying about 40% less for natural gas than they did 15 years ago. Affordability of natural gas utility bills depends on the wider economic dynamics of our service territory, the cost of the natural gas commodity, and the efficiency with which we operate our organization.

The Portland metro area continues to be one of the most affordable cities on the West Coast, and the commodity cost for natural gas has been declining over the last decade, due to technology advancements that have made the U.S. the world's largest supplier of natural gas.

In June 2020, NW Natural issued a record \$17 million in bill credits in Oregon. The average residential customer in Oregon received a credit of about \$16.88, which equates to savings of 30% of an average monthly bill. With so many people facing financial challenges due to COVID, it was an excellent time to share these cost savings. The credits resulted from services provided at the company's underground natural gas storage facility at Mist, Oregon, as well as from efficient pipeline capacity management. Bill credits in 2020 were a record for customers, reflecting the first full year of an updated revenue-sharing mechanism with the Oregon Public Utility Commission. For the past 16 years, NW Natural has issued nearly \$160 million in bill credits to Oregon customers.

110 YEARS

NATURAL GAS SUPPLY AVAILABLE TO MEET U.S. ENERGY NEEDS²⁶

NW Natural works to maintain affordability by focusing on effective and efficient operations. A typical monthly gas bill for a residential customer using 50 MMBtu or 100 MMBtu of gas delivered per year is \$45.32 and \$82.65, respectively.

NW NATURAL GAS UTILITY STATS

Sector	Customers (as of 12/31/2020)	Gas Delivered (During 2020)		Natural Gas Rate (Weighted Average Rates from 11/1/20 – 10/31/21)	
		THERMS	MMBtu	VARIABLE RATE PER THERM	FIXED RATE PER MONTH
Residential	704,675	435,226,263	43,522,626	\$0.90	\$8
Commercial	68,713	242,044,737	24,204,474	\$0.79	\$25
Industrial	768	82,933,355	8,293,336	\$0.61	\$244
Transportation	320	382,692,436	38,269,244	\$0.11	\$889
TOTAL	774,476	1,142,896,791	114,289,680		

²² Natural gas bill data for NW Natural customers with current rates and normal weather usage

²³ Electric bill information uses current rates in NW Natural's service territory and the Oregon Public Utility Commission Stat Book and other regional sources for usage information

²⁴ 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

²⁵ Cell phone bill data is from J.D. Power's 2020 Oregon Wireless - Full Service Purchase Experience study for average bill for people that made a recent cell phone purchase

²⁶ Source: U.S. Energy Information Administration - Natural Gas Data

Caring for Our Communities

Our communities are the key stakeholders in our business. They are our customers, our neighbors, and our family and friends. Community matters are overseen by our Public Affairs and Environmental Policy Committee of our board of directors. Our VP of public affairs and sustainability is the NW Natural executive tasked with primary responsibility for community and government affairs and community involvement.

Stakeholder Engagement

We value our stakeholders and the communities we serve, and that is why we actively seek a broad range of perspectives in our decision-making processes. Our senior management and board of directors use feedback received through our various outreach activities to help inform our business strategy and decisions. Our community of stakeholders starts with our employees and extends to our customers, business partners, suppliers, organized labor unions, shareholders, lenders, financial analysts, regulators, government officials, community leaders, the media and nonprofits and other organizations.



We regularly engage with stakeholders to provide ongoing opportunities for communication, discussion and collaboration, with the goal of informing business decisions through meaningful dialogue. As a regulated utility, we remain transparent through our ongoing meetings, workshops and proceedings before the public utility commissions in the states in which we do business. In addition, approximately every two years, we develop our integrated resource plan (IRP), a strategic plan designed to demonstrate how we will meet our customers' energy needs now and into the future while fulfilling our commitment to help the region achieve important climate goals. The IRP is developed through a process open to the public, informed by feedback and a formal review by a diverse set of interested parties, and is ultimately filed with the public utility commissions that regulate our business.

Service ethic is one of our core values, and a way we foster this value is by engaging regularly with customers through satisfaction surveys and our website, newsletter and social media channels. Our Government Affairs team regularly solicits feedback from governments, legislators, nonprofit organizations and community members on important issues, trends and policies so we can be responsive to the communities we serve. We also engage with our communities through partnership, programs and philanthropic support of nonprofit organizations that provide essential services. In 2020, increased need associated with the pandemic resulted in additional direct engagement with nonprofits serving those most vulnerable.

We aim to be the employer of choice and engage with employees through a wide variety of channels such as internal and external websites, meetings and events, communications and surveys, including our annual engagement survey. In 2020, we also engaged more frequently via "pulse" surveys and other means in order to attend to employee concerns related to COVID. We have a hotline, maintained by a third party, available for our employees, our communities or anyone else to anonymously raise concerns.

NOTABLE ENGAGEMENTS IN 2020

- Moved customer surveys to an online format, allowing us to reach more customers overall and receive input from a broader demographic; as a result, we were able to survey approximately 3,650 residential customers in 2020
- Published our inaugural Environmental, Social and Governance Report, helping a variety of stakeholders understand the important work we've been doing in these areas
- Participated in ongoing policy, potential renewables project and climate action planning discussions at the federal, state and local level, and worked with elected officials, community leaders and nongovernmental organizations to share our low carbon pathway goals and pipeline decarbonization strategies
- Successfully engaged with stakeholders in connection with rulemaking under Oregon Senate Bill 98, which allows us to acquire renewable natural gas for our customers
- Established an arrearage management program, allowing up to 1% of our 2019 retail revenues to be used for grants to support our residential customers during the pandemic

Bill Payment Assistance

As a partner in the communities we serve, we care deeply about equity and we provide a variety of programs to financially assist our most vulnerable community members.

We work with multiple organizations and agencies to help low-income customers pay their bills and stay warm. **More than \$4.1 million was disbursed to over 10,000 households in need during the 2020 program year.** In March 2020, due to COVID, we voluntarily suspended late fees and customer disconnections. The suspension of disconnections for nonpayment continued until summer 2021 for the majority of our residential customers, and we resumed our normal processes for the majority of our commercial and industrial customers in December 2020. To support customers during the pandemic, we provided more flexible payment arrangements to our residential, commercial, and industrial customers. In the spring of 2021, prior to resuming residential disconnection for nonpayment, we began offering an arrearage management program for our residential customers. This program allows NW Natural to provide up to 1% of our 2019 retail revenues to be used for grants to our customers to help reduce their balance and avoid disconnection. In 2020 prior to the pandemic, about 0.5% of our residential customers were disconnected for nonpayment, and 77% of those customers were reconnected to the gas system within 20 days.

Customers and shareholders contributed \$160,000 to NW Natural's Gas Assistance Program (GAP) in 2020 to help the most vulnerable low-income families and seniors in our communities cover heating costs. **Since GAP began in 1982, it has raised more than \$6.5 million for community-action agencies to distribute directly to those in need. NW Natural covers the program's administrative costs so 100% of the funds raised can be donated. GAP supplements federal and state assistance programs.**

Low-Income Energy-Efficiency Programs

For many customers, upgrading to energy-efficient equipment is too costly. The Oregon and Washington Low-Income Energy-Efficiency Programs paid for by public purpose charges, help income-qualified customers weatherize and upgrade to high-efficiency equipment.

PROGRAMS TO ASSIST CUSTOMERS

- Suspension of disconnections during extreme winter weather events, prolonged periods of extreme cold and the winter holidays
- Time Payment Agreements (TPAs) that allow customers to pay a portion of their bill to avoid disconnection
- Energy assistance programs that provide funding to our low-income customers
- Installment payment plans
- Medical exemptions for our customers with certificates from their doctors
- Arrearage management program for residential customers affected by the pandemic

Households earning less than 200% of the federal poverty level can receive assistance at no cost. Improvements include caulking and sealing, insulation, window upgrades and furnace tuneups or replacements.

In 2020, NW Natural added \$1.7 million to the energy-efficiency funds dedicated to low-income customers in Oregon and now provides \$4.8 million total each plan year. Funding goes toward weatherization projects and deeper energy-efficiency upgrades, reaching additional low-income households and supporting the development of new programs each year. The expansion to reach more households faster is made possible by establishing 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.



248 OREGON PROJECTS

**SAVING OVER 68,000 THERMS
OR 6,800 MMBTU**



8 WASHINGTON PROJECTS

**SAVING ABOUT 21,100 THERMS
OR 2,110 MMBTU**



20% REDUCTION

**AVERAGE ANNUAL
GAS USAGE REDUCTION**

Helping Homes for Good

Homes for Good in Eugene, Oregon, serves as a hub for affordable housing and owns 700 low-income units it operates on a limited maintenance budget. In 2020, when the centralized water heaters started to fail in a 150-unit building for low-income seniors and people with disabilities, NW Natural was ready to help out. The company contributed engineering expertise toward system planning and covered the full cost of purchasing and installing new water heaters, as well as upgraded water and natural gas piping. This project was the first of its kind for NW Natural, which had previously provided services like these only to low-income residents of single-family homes.

In 2021, NW Natural is working on a plan to support Homes for Good's weatherization program, which helps income-qualified homeowners and renters reduce energy use in their homes with services and upgrades such as duct sealing, heating-equipment repairs, insulation and improved ventilation.



"We are beyond grateful for our partnership with NW Natural."

— Ela Kubok, Homes for Good communication director

Charitable Donations

NW Natural gave \$0.9 million to local nonprofits in 2020 through our shareholder-funded corporate philanthropy fund. These funds go to more than 250 organizations and focus on the needs and resiliency of children and families at risk, with additional support for education and health; diversity, equity and inclusion; environmental stewardship; and arts and culture.

Our corporate giving values and guiding principles reflect those of NW Natural. Diversity, equity and inclusion guide our priorities for giving, and we believe they are core to the success of our business. We're committed to working with the community to improve outcomes for people who face barriers based on racial, social, economic and geographic inequalities. That's why we prioritize requests from organizations that demonstrate actions, programming and practices that align with a commitment to DEI principles.

While many companies pared down or suspended their philanthropic contributions in 2020, we emphasized giving. Our partner nonprofits needed us to be flexible as they navigated the pandemic, and we tailored our giving to their needs,

NW NATURAL GAVE OVER \$0.9 MILLION to local nonprofits in 2020 through our shareholder-funded corporate philanthropy fund.

demonstrating NW Natural's longstanding commitment to being a caring neighbor our communities can rely on.

Spirit of Giving

Even while working apart, NW Natural employees came together to support our communities in 2020. Responding to the great needs they saw, they stepped up multiple times and gave generously to local nonprofits. Employees and retirees gave \$175,000 to their favorite nonprofits through the company's annual Spirit of Giving campaign and a special COVID giving opportunity. They answered the call to support local nonprofits helping people most vulnerable to COVID, donated to a relief fund to help NW Natural employees and others affected by wildfires in the Northwest, and over Christmas they provided aid to customers in the Hood River area who suffered an extensive outage from a car crashing into a Williams Northwest Pipeline facility that delivers gas to NW Natural's system. NW Natural also redirected in-kind donations it typically makes to the community by providing food through its food service department and use of its meeting space to causes in immediate need due to COVID. Donations were matched by the Corporate Philanthropy Fund, for a total impact of \$350,000, a record amount and a significant increase over the \$300,000 that was raised in 2019 through the Spirit of Giving campaign.

Top 10 Employee-Supported Nonprofits in 2020

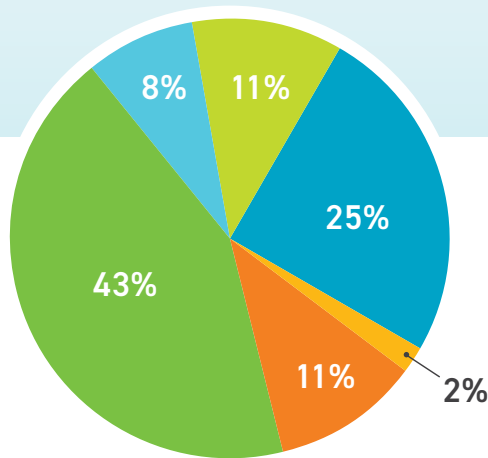
BASED ON THE NUMBER OF EMPLOYEE CONTRIBUTIONS:

1. Oregon Food Bank
2. Portland Homeless Family Solutions
3. Meals on Wheels
4. Oregon Humane Society
5. Janus Youth Programs
6. Oregon Community Warehouse
7. A Village for One
8. American National Red Cross
9. CASA for Children
10. Black United Fund of Oregon/United Way of the Columbia-Willamette



2020 CORPORATE CONTRIBUTIONS BY CATEGORY

- Families & Children in Crisis
- Youth Services & Education
- Diversity Equity & Inclusion
- Environmental Stewardship
- Arts & Culture
- Civic



Dollars for Doers

NW Natural employees are committed to serving, and they volunteer in their communities every day. Each year, the Dollars for Doers program invites employees to apply for contributions for the nonprofits they serve as volunteers. The program, funded with shareholder dollars through the corporate philanthropy fund, is one of the ways NW Natural supports our culture of caring and the good work employees do in the community. Though 2020 offered fewer opportunities for in-person volunteering, employees found new ways to volunteer in their communities. Employees assisted nonprofits with research, created remote learning opportunities for children, set up COVID safety protocols for the nonprofits, and even played key roles in helping with overhauls of nonprofit fundraisers in a new format.



TOP: Willa Proby chaired the March of Dimes' March for Babies Portland walk in 2019 and 2020. BOTTOM: Marilyn Webber long-time volunteer with the Oregon Humane Society.

32 NUMBER OF 2020 GRANTS

457 AVERAGE EMPLOYEE HOURS VOLUNTEERED PER MONTH

5,478 TOTAL EMPLOYEE HOURS VOLUNTEERED IN 2020

2020-2022 Programs of Focus

Programs of Focus Going Forward

In 2019, NW Natural selected five nonprofit Programs of Focus for 2020 - 2022. 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. NW Natural made its scheduled contribution for 2020. 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 across the company.



A VILLAGE FOR ONE empowers each member of the community to unite with others to heal the impact of commercial sexual exploitation on our youth and our community. It provides a safe and healthy environment for young people to heal physically, mentally and spiritually, along with training, outreach and advocacy.



BONNEVILLE ENVIRONMENTAL FOUNDATION'S "CLEAN ENERGY. BRIGHT FUTURES" program supports educator leadership, and seeks to illuminate energy career pipelines, eliminate opportunity gaps and inequitable access to these careers, and bring energy education to life in classrooms. In 2020, NW Natural worked with the program to begin developing a curriculum for teachers to educate their students about renewable natural gas and renewable hydrogen.



Melissa Moore (left) with Amy Paterson (right)

Living NW Natural's Core Value of Caring

Melissa Moore, NW Natural's Corporate Communications Director in 2020, is dedicated to making life easier for parents who need childcare during medical appointments. In 2020 she was recognized as NW Natural's Volunteer of the Year for her decade of work as co-founder of My Little Waiting Room, which offers free, trustworthy drop-in childcare for parents with medical appointments.

Moore founded the nonprofit in 2010 with her friend Amy Paterson, who was undergoing treatment for breast cancer and having difficulty finding someone to care for her toddler during her appointments. Since then, My Little Waiting Room has served families during more than 60,000 visits, and the organization now has operations at two hospitals in Portland, Oregon. Sadly, Paterson passed away in 2018, but Moore serves as board chair and keeps My Little Waiting Room true to its mission to provide a place "Where Children Thrive as Families Heal." She embodies NW Natural's core value of caring and our spirit of giving.



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 it was first organized in the mid-1990s.



JANUS YOUTH PROGRAMS serves more than 6,000 at-risk children, youth and families each year, providing a second chance for kids who have few resources and no place to turn for help. Since it was founded in 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 into housing and stay long term. It envisions a community where no family experiences homelessness and where every family receives the support and compassion necessary to thrive.

Paperless Signups Support Foster Kids

To thank our many customers who receive paperless bills, NW Natural shareholders donated \$5,000 to CASA (Court Appointed Special Advocates), a nonprofit dedicated to ensuring local children in foster care have someone to advocate in court for their best interests. The support came at a time when the organization was preparing for a surge in the number of children entering foster care as a result of stressors facing many families at home during the pandemic. NW Natural donated an additional \$5,000 to acknowledge new paperless enrollments between March 1 and July 1. The result: 4,673 customers enrolled in paperless billing, CASA received \$10,000, and NW Natural was able to highlight the organization's work in addition to reducing consumer waste and helping the environment.



Political Contributions

NW Natural makes campaign contributions to state and local candidates and political committees and caucuses, as allowed by law. Our Code of Ethics sets forth our expectations regarding the use of company funds for political purposes. We also maintain memberships in various business and trade associations that advocate on public policy. In 2020 we made campaign contributions and had lobbying expenditures totaling \$285,000.²⁷

FOR MORE INFORMATION SEE ALSO:

- [Supporting our Community](#)
- [Bill Assistance Programs](#)

²⁷ Calculated using Internal Revenue Service guidance

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 every day.



Employees Suzanne Kruse and Jason Cawood are frequent bike commuters

Workforce of the Future

Recruiting and retaining people who share NW Natural’s core values and reflect the diversity of our surrounding communities is vital to our success. That’s why we are committed to nurturing an inclusive and equitable environment that provides opportunities, prioritizes health and safety, encourages respect and trust, and supports growth and learning.

Employee Benefits

To attract employees and meet the needs of our workforce, NW Natural strives to offer competitive total compensation packages. Our package options vary depending on date of hire and whether the employee is full-time or part-time or a union member. The company continuously looks for ways to support employees’ work-life balance and well-being and this is reflected in physical, mental and financial wellness programs to meet the needs of employees and help them care for their families. 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) for employees not in pension plan	Paid Holidays and Floating Holidays		
Vision	Activity Rewards Program				
Flexible Spending Accounts	Tobacco Cessation	Financial Education	Flexible Work Arrangements	Sustainability Committee	Recognition of years of service (every five years)
Health Savings Account	Weight-Loss Program	Employee Stock Purchase Plan	Employee Assistance Program	Diversity, Equity & Inclusion Committee	
Life Insurance	Wellness Advisory Committee		Pension for employees hired before January 1, 2007 for nonunion and January 1, 2010 for union employees	Education Assistance	Employee Charitable Giving
	Lactation & Quiet Rooms (Company Headquarters)				
Short-Term and Long-Term Disability	Free Fitness Centers (Company Headquarters & Certain Resource Centers)		Paid Parental Leave	Casual Attire Dress Code	Free Annual Transportation Pass (Company Headquarters)

Workforce Demographics

We actively work to build a more diverse workforce that reflects the communities we serve. Today, 19% of our employees self-identify as Black, Indigenous or People of Color (BIPOC)—a nearly 75% increase since 2000. Currently, approximately 25% of Oregonians identify as BIPOC. Currently, our 12-person officer team includes five women, and our 11-member NW Natural Holdings’ Board of Directors includes three directors who identify as BIPOC,

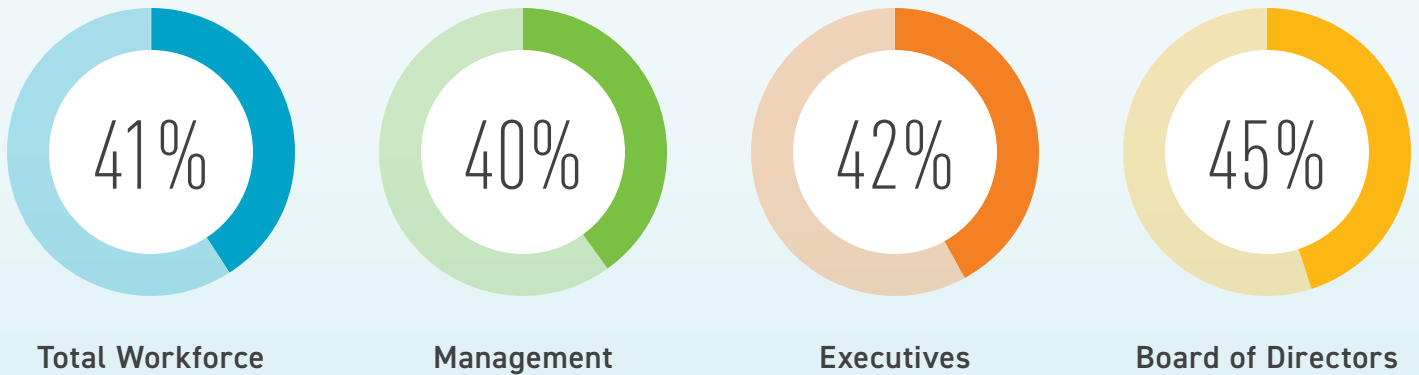
and four women—an achievement that earned us recognition for the third year in a row from the nonprofit Women on Boards, which described the board’s gender diversity as a “shining example of enlightened business leadership.”

As a federal contractor, NW Natural maintains Affirmative Action Plans for its Portland, Sherwood and Salem employee centers, programs that have been audit compliant since the first one in 2003. We strive to provide pay equity for our work force. We do a comprehensive analysis for each new hire, and annually an external consultant reviews our pay practices including protected characteristics such as gender and race. In addition, to maintain equity, we periodically review and work to provide pay adjustments when needed during an employee’s tenure.

WORKFORCE DIVERSITY AT NW NATURAL				
Year	Black, Indigenous, People of Color (BIPOC)	Female	Veterans	Disabilities
2000	11%	28%	NA*	NA*
2010	17%	32%	7%	1%
2020	19%	28%	7%	2%

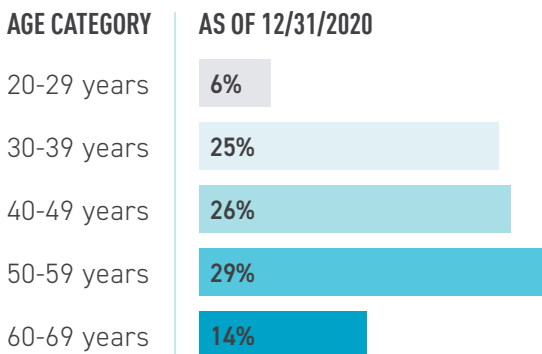
*Data is collected via voluntary employee disclosure beginning in 2015 and may be underreported.

BIPOC & Women in our Workforce



A Multigenerational Workforce

The company highly values every employee from every generation, background, and way of life. Their diverse skills, deep company knowledge and broad experience help us meet customers' needs. The average age of our employees is 47 years old.



Employee Satisfaction

Each year, we ask our employees how satisfied they are with their individual jobs, their work groups and the company overall. This feedback gives company leaders valuable guidance on ways to make NW Natural a more effective company and a better place to work.

In our 2020 survey, employees overwhelmingly reported that they're engaged in their work and happy to be at NW Natural. More than 80% of employees completed the company's 2020

organization-wide survey—in contrast to the average employee-survey response rate of 30-40% in U.S. companies. Over 91% of NW Natural employees described themselves as engaged, compared with just 36% of employees nationwide. High-level survey results improved upon 2019 scores that were already high.

Growth and Development

NW Natural provides growth and development opportunities through programs designed to build skills and relationships. These 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. We are collaborating with the company's employee resource groups to ensure the program remains successful, culturally relevant and meets the needs of our female and BIPOC employees.
- 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 nearly \$335,000 in assistance for higher education.
- GAS CLASS** – Our three-month internal class provides a big-picture understanding of the industry, outlines how we operate, helps participants understand how they contribute to achieving our key goals, and helps participants identify opportunities for career growth. The course returned in early 2021 in a flexible, remote format with no limit on class size.
- LEADERSHIP AND EMPLOYEE DEVELOPMENT** – Each year, many of our employees attend a wide range of internal and continuing education courses relevant to their areas of expertise. Our employees also have the opportunity to engage in ongoing

management and leadership training through a variety of programs, including: University of Idaho Energy Executive Course, Portland Business Alliance Leadership Portland Program, AGA Executive Leadership Development Program, Willamette Utility Management Certificate Program, WEI Business Acumen for Emerging Leaders, Willamette Leadership for Attorneys in Business, Executive Development Institute (EDI) programs, Executive Forum Advanced Leadership Program, AGA Next Level Leadership Women’s Program and Utility Finance for Non-Finance Professionals.

Partnership in Action

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 is in effect from December 2019 through May 2024. During calendar year 2020, NW Natural did not experience any work stoppages (strikes or lockouts) and had zero idle days for the year.

Union Employees Testify in Support of Natural Gas

In 2021, several NW Natural Union employees testified to local policymakers in Oregon and Washington about the importance of the natural gas system, its role in a carbon-neutral world, and the economic benefits and job creation NW Natural brings to its local communities. One example is Sonia Consani, a NW Natural service technician who is passionate about environmental science. She worked on the AB 32 Global Warming Solutions Act while in college, and she is personally committed to reducing greenhouse gases. As a former agricultural business owner, she testified during a local city council meeting about the value of a circular economy focused on conservation, eliminating waste and reusing our resources.



Sonia Consani, NW Natural service technician.

She believes the energy system can be a deeper part of the circular economy by using the existing natural gas infrastructure to reduce emissions with renewable fuels like RNG and renewable hydrogen that also eliminate other waste streams.

2020 EMPLOYEE SURVEY RESULTS



EMPLOYEES ALSO AGREED OR STRONGLY AGREED WITH THE FOLLOWING:

- We provide **excellent service** to our external customers (96%)
- We demonstrate **safe work practices** in our work area (96%)
- In my work area, we operate with **integrity and ethical conduct** (96%)
- We engage with customers and the community in a way that **respects and values diversity and inclusion** (95%)
- I understand the **importance of my job** to the success of NW Natural (95%)



Workplace Culture and Community

Employee-led groups develop programs and activities that build awareness around issues important to their co-workers, families, customers and our community. Groups include the Diversity, Equity & Inclusion Council, African-American, Rainbow Alliance (LGBTQ+), Veterans, Somos Unidos (Latinx), and Asian-American employee resource groups, Wellness Advisory Committee, Women's Network, and Sustainability and Equity Engagement Team. 2020 highlights include:

SAY HEY! NETWORKING EVENTS – Employees participated in [Partners in Diversity](#) virtual networking events, which convened business and community leaders online 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, chief human resources and diversity officer serves on their board.

DIVERSITY RECRUITMENT – NW Natural employees attended or hosted virtual events aimed at recruiting BIPOC and women. These included the [Urban League of Portland Job Fair](#), which focuses on providing job opportunities to African Americans, and events with Partners in Diversity and [Constructing Hope](#), which support women and people of color in various industries. Employees also participated in a virtual career fair for veterans and attended happy hours sponsored by [Portland Women in Tech](#), which helps empower women, nonbinary and underrepresented people to join and remain in the technology field.

STEP CHALLENGES – Every year during NW Natural's seasonal step challenges, teams and individuals compete against each other to log the most steps and earn reward points they can convert into prizes or cash. The challenges are part of a voluntary step tracking, wellness and healthy-habits program. To help employees stay more active in 2020, the NW Natural Wellness Team increased the number of step challenge events. About 70 teams of five employees each participated in spring, summer and fall challenges, with the top steppers averaging up to 30,000 steps per day.

BOOK CLUB – In July, the Women’s Network and the Diversity, Equity & Inclusion Council sponsored a book club event featuring books focused on racial justice. More than 50 employees chose to participate, and a team of trained facilitators helped guide discussions in breakout groups during the event.

ECOCHALLENGE – The Sustainability and Equity Engagement Committee sponsored an EcoChallenge in November, partnering with NW Natural’s Women’s Network, Diversity, Equity & Inclusion Council, and Wellness Team. Nearly 100 office and field employees competed to complete specific challenges that provided ways to learn more about climate justice and reduce environmental impacts through simple lifestyle adjustments. Participants earned funds for reaching preset goals, and NW Natural donated the funds to organizations assisting with local wildfire relief and environmental justice.

VIRTUAL CHARITY DRIVE – NW Natural employees team up every year on a holiday gift drive in partnership with local nonprofits. In 2020, we couldn’t collect gifts in person because of COVID, so Community Affairs and the Women’s Network took the event virtual. Employees purchased gifts online for homeless youth served by two local nonprofits: [P:ear](#), which mentors homeless youth in Portland, and [SnowCap Community Charities](#), which provides food, clothing, advocacy and other services to those in need.

#TAKEOUTTUESDAY – In May, NW Natural joined the national #TakeoutTuesday social media campaign encouraging people to support local restaurants hit hard by mandatory closures during the COVID quarantine. Over the month, dozens of employees from across the company ordered food to go and shared photos of their meals on social media and the company intranet.



#SHOPLOCAL – In December 2020, employees participated in a #ShopLocal campaign to support local businesses facing economic hardship because of the pandemic. Employees shared photos of their shopping experiences and gifts they purchased online or through safe in-person shopping, and NW Natural featured them on social media and on the company intranet.

THE NEW NORMAL – The way we work changed dramatically with the coronavirus pandemic, and NW Natural’s Corporate Communications team invited employees to share images and stories from their “new normal.” It was just one of the ways the company helped employees to stay connected, encourage each other and share ideas.



FOR MORE INFORMATION SEE ALSO:

- [Careers at NW Natural](#)
- [Diversity, Equity & Inclusion](#)

Diversity, Equity and Inclusion

For more than 20 years, NW Natural has been committed to creating a diverse, inclusive culture that reflects and supports the communities we serve. That means we strive to ensure a fair, just and safe workplace, with pathways of growth for everyone. We prioritize racial and gender equity in all aspects of our work, from the way we hire and operate every day, to how we support and interact with our customers and communities, to the biggest decisions we make as a business.



DEI Council and Employee Resource Group Leaders, (L-R) Mickey Lee, Darren Nakata, Victor Solis, Walter Fuller, Rebecca Mateo, Marsha Taylor, Tara Richard, Bruce Pan, Tracy Taylor

To accelerate our work in diversity, equity and inclusion, in 2017 we hired an outside consultant to review our progress. We convened focus groups and created an assessment and set of recommendations for our executives. Incorporating this feedback, in 2019 we introduced a comprehensive new diversity, equity and inclusion strategy focused on three pillars: people, partners and customers and community. The strategy is overseen by the Public Affairs and Environmental Policy Committee of our board of directors. We see the events of 2020 and the growing movement for racial equity as opportunities to accelerate our work and serve as an active force for change.



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. We view this emphasis on empowering a diverse workforce as a solid business decision that makes our company stronger and more innovative. We have a diversity strategy for all levels in our organizations, including senior management. Our VP, human resources and chief diversity officer leads these efforts and reports directly to the CEO, because we believe a diverse, equitable and inclusive workplace is vital to our long-term success.

2020 Highlights

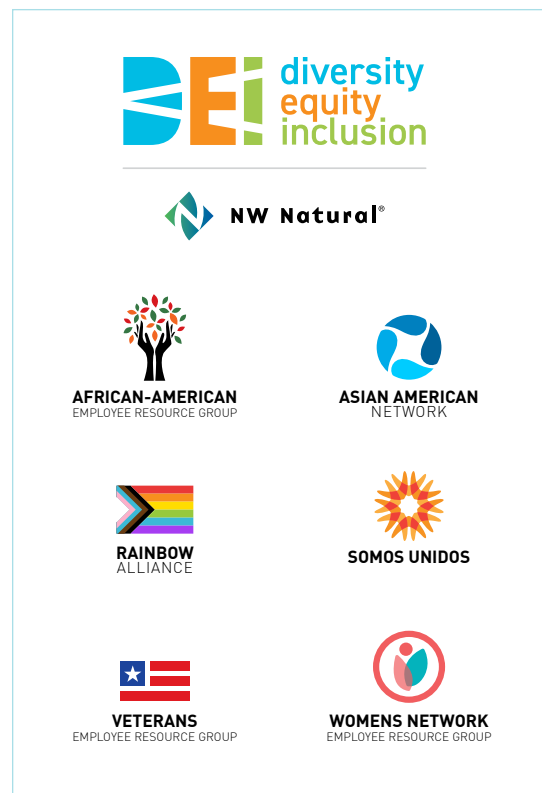
Strengthened efforts to increase the number of applicants and employees from underrepresented groups

- Increased the diversity of our recruiting pipeline for construction jobs to 56%, up from 27% in 2019.
- Continued to build relationships with DE&I community partners such as the [National Association of Minority Contractors](#), [Oregon Tradeswomen](#) and [Constructing Hope](#).
- Hosted two events at which we shared information about careers at NW Natural with the Urban League, including their new construction-centric career coach.
- Identified six NW Natural internship positions to be made available through [Emerging Leaders PDX](#), a Portland nonprofit that connects talented students of color with leadership-track paid internships.

Promoted DE&I values internally and through recruitment

- Replaced our previous website with a new Careers site that emphasizes messaging about DE&I principles.

- Amplified the voices of our diverse employees by launching five new ERGs, in addition to our longstanding Women's Network, that we'll support. These new ERGs are: Veterans, Asian American, Somos Unidos (Latinx), African American, Rainbow Alliance (LGBTQ+). Each ERG includes a member of our officer team that serves as their executive sponsor to support their work.



Increased employee feedback on DE&I topics

- Conducted focus groups with employees of color on their experiences at NW Natural.
- Added a question to our employee survey: "I feel like I belong at NW Natural."

Emphasized DE&I values through training and education

- Expanded new-employee orientation to underscore our diversity policy, highlight employee resource groups, and provide information on how to report workplace issues.
- Continued providing diversity and inclusion education throughout the year through management staff meetings, lunch and learn sessions, employee book club discussions. We offered employee workshops conducted by representatives from our Diversity, Equity and Inclusion Council and facilitated by external resources.



Brandon Lockheart, NW Natural service technician.

Not Just a Job, a Career

Brandon Lockheart joined NW Natural's Construction Internship Program in 2018 because he wanted "a career, not a job." He knew nothing about underground utilities or gas, but he committed himself to the program, which provides members of underserved populations with paid training in the skills they need to begin a construction career at NW Natural. He studied the operations manual on his own time, received positive evaluations from supervisors and crew members, and NW Natural immediately offered him a full-time job after he completed his internship. Today he is a fully certified construction employee, and five of his six fellow interns are his NW Natural colleagues.

Lockheart considers NW Natural "a great company to work for," and he intends to stay for the long term. The Construction Internship Program qualified him for a career in a field that might have been difficult for him to enter as an untrained candidate, and he knows of other program graduates with similar stories. Everywhere he goes, he looks for prospective interns and tells them it's possible to have a great career at NW Natural, even if you don't have the experience today.

"The Construction Internship Program allowed me to learn and become confident, so that when I got a full-time job opportunity I would be ready. NW Natural really stands behind us."

— Brandon Lockheart, Construction

To continue promoting diversity within our field workforce, in 2021 we are resuming NW Natural's innovative Construction Internship Program, which was on pause in 2020 due to the pandemic. The paid internship provides members of underserved populations with on-the-job training to develop the skills they need to begin a construction career at NW Natural. The program recruits candidates through public schools, online channels, social media and community organizations focused on diversity, equity and inclusion. Internships include practical work experience for up to nine months, and can lead to full-time employment.

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. In 2021, we are developing a comprehensive "Philosophy & Practice" blueprint that includes: implementing new recruitment and hiring strategies, strengthening our community partnerships to increase our pool of BIPOC candidates, providing anti-bias training for HR and hiring managers, and creating an inclusive onboarding process. In collaboration with NW Natural's employee resource groups, we are revising our mentoring program to focus on career advancement for women and BIPOC employees to ensure it is culturally relevant.



Partners: Our Suppliers

The goal of NW Natural's supplier diversity program is to increase the number of diverse companies we do business with and the amount we spend with them. Working with companies owned by those who are BIPOC, women, veterans, disabled, and economically disadvantaged – as well as small businesses – allows NW Natural to broaden our partnerships and support our local economies. These efforts are led by our CFO and VP, controller and treasurer, who oversee our supply and procurement activities in conjunction with our chief diversity officer.

\$31.5 MILLION GOODS AND SERVICES

**PURCHASED FROM VERIFIED MINORITY-, WOMAN-
OR VETERAN-OWNED BUSINESSES IN 2020,
A 130% INCREASE SINCE 2014**

**\$26.3 MILLION PURCHASED
FROM SMALL BUSINESSES IN 2020**

In 2021, we're focused on revising our supply-chain policies to further expand our network of suppliers and provide more business to vendors owned by people of color and women. We're also continuing to build strategic relationships with partners that can help us achieve our objective, including Northwest Mountain Minority Supplier Development Council, National Association of Minority Contractors (NAMC), National LGBT Chamber of Commerce (NGLCC), Oregon Association of Minority Entrepreneurs (OAME), Oregon Native American Chamber (ONAC), Women's Business Enterprise Council (WBEC), and Latino Built, a trade association for Latino contractors in Oregon.

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.

Looking ahead, we are exploring tools to give diverse companies a better view of opportunities at NW Natural. We have plans to publish monthly purchasing objectives and reestablish an annual workshop to help minority suppliers build their skills to sell to companies like NW Natural.

Customers & Community

To serve our increasingly diverse community, our customers and community strategy is focused on building partnerships, providing financial support, and ensuring equitable access to natural gas programs and services. These efforts are embedded in multiple groups within our organization, including our customer service team, diversity council, and environmental and sustainability team. These groups work closely with our chief diversity officer.

2020 Highlights

- To better serve customers whose first language is not English, we expanded the Spanish Resource Team in our Customer Contact Center and added a full-service Spanish language interactive voice response (IVR) phone system. In 2020, the team maintained its high level of service while working from home.

- The Corporate Philanthropy group implemented a new granting process to help ensure that 100% of the nonprofits we support are aligned with DE&I values.
- Our support for organizations that advocate for minority communities' civil rights and economic access grew from 26 organizations to 36.
- In recognition of social justice movements, NW Natural made financial contributions to a number of organizations focused on social justice, including **Oregon Worker Relief Fund**, **MRG Foundation** and **Causa**, Oregon's immigrant rights organization. Several of these organizations were new to our programs and offerings.
- We began developing a deeper DE&I strategy to continue ensuring all customers have equitable access to natural gas programs such as weatherization, bill assistance and annual inspections.



Elevating the Customer Experience for Spanish-Speaking Customers

The Spanish Resource Team is a small group of Customer Contact Center employees who provide Spanish-speaking callers with the high-quality customer service NW Natural is known for. Their work has increased first-call resolution, reduced the number of escalated calls in the Customer Contact Center, and cut costs by handling calls that previously would have required a third-party translation service. Most important, Spanish-speaking customers can make a direct connection with a NW Natural employee rather than sitting on hold while a service representative calls an outside interpreter line. The team also supports other NW Natural groups and translates calls for the Emergency Contact Center to help expedite a response when Spanish-speaking customers report an emergency.

“You get a lot of satisfaction from how happy the customer is to talk with someone who can speak to them in their language.”

— Salvador Ibarra, Spanish Resource Team member

Spanish Resource Team, (L-R) Liz Markle, Salvador Ibarra, Joel Rojas, Maribel Martinez, James Landrum

Human Rights, Equal Opportunity and Prohibition on Discrimination

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

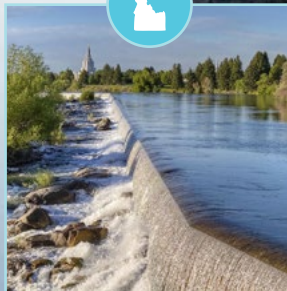
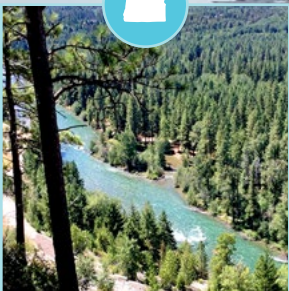
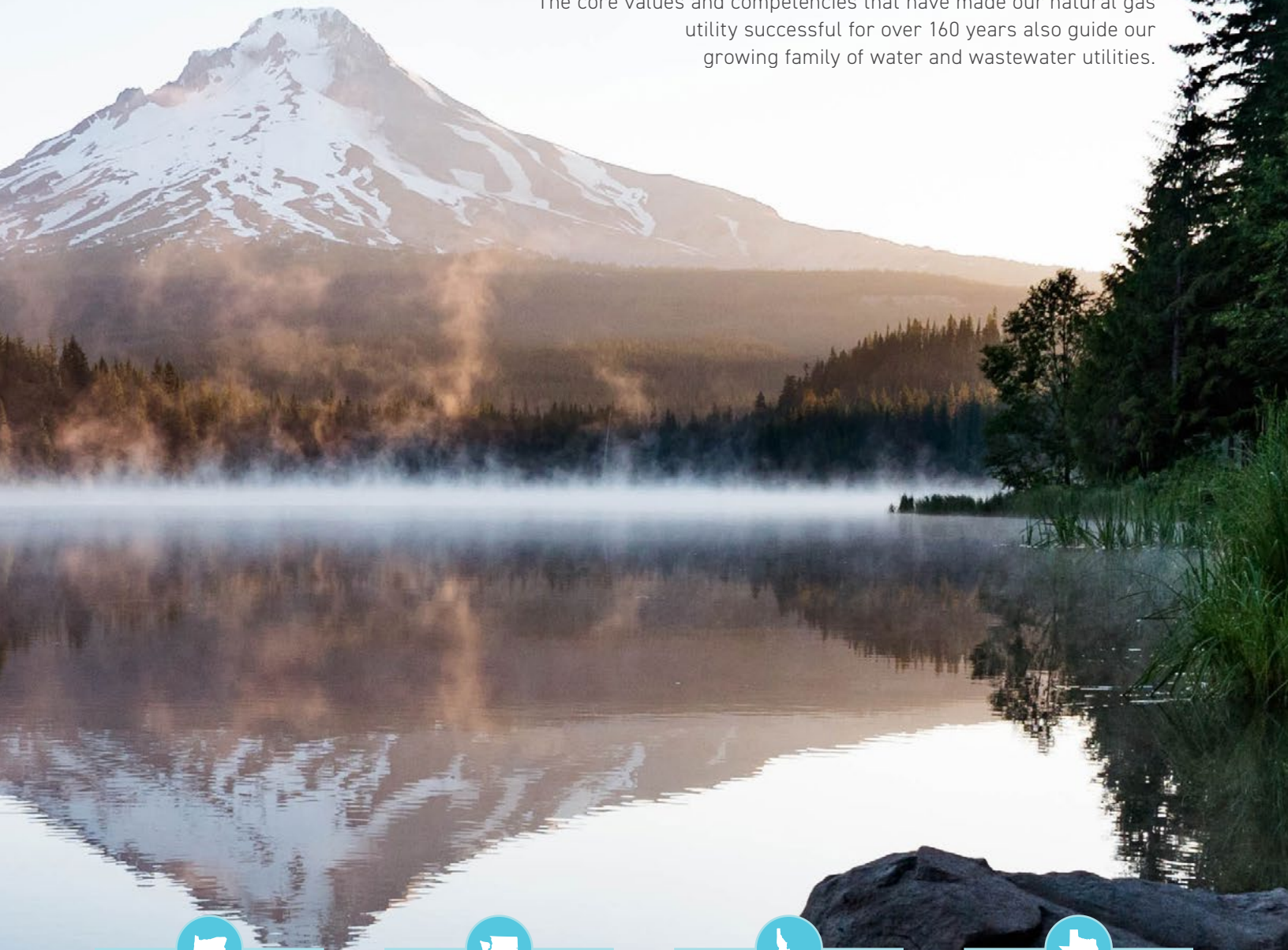
Our Human Rights policy was reviewed and approved by our board of directors and articulates our commitment to identifying, preventing and mitigating human rights risks, including: prevention of harassment and discrimination; commitment to diversity; freedom of association; safety and security; land rights and biodiversity; and prohibition of child or forced labor, among other things. We also maintain our equal employment opportunity policy and prohibition on discrimination and harassment to further of our intentions of fostering a culture of inclusivity and supporting employees' right to work in an environment free of discrimination and harassment.

FOR MORE INFORMATION SEE ALSO:

- [Diversity, Equity & Inclusion](#)
- [Human Rights Policy](#)
- [Employees](#)

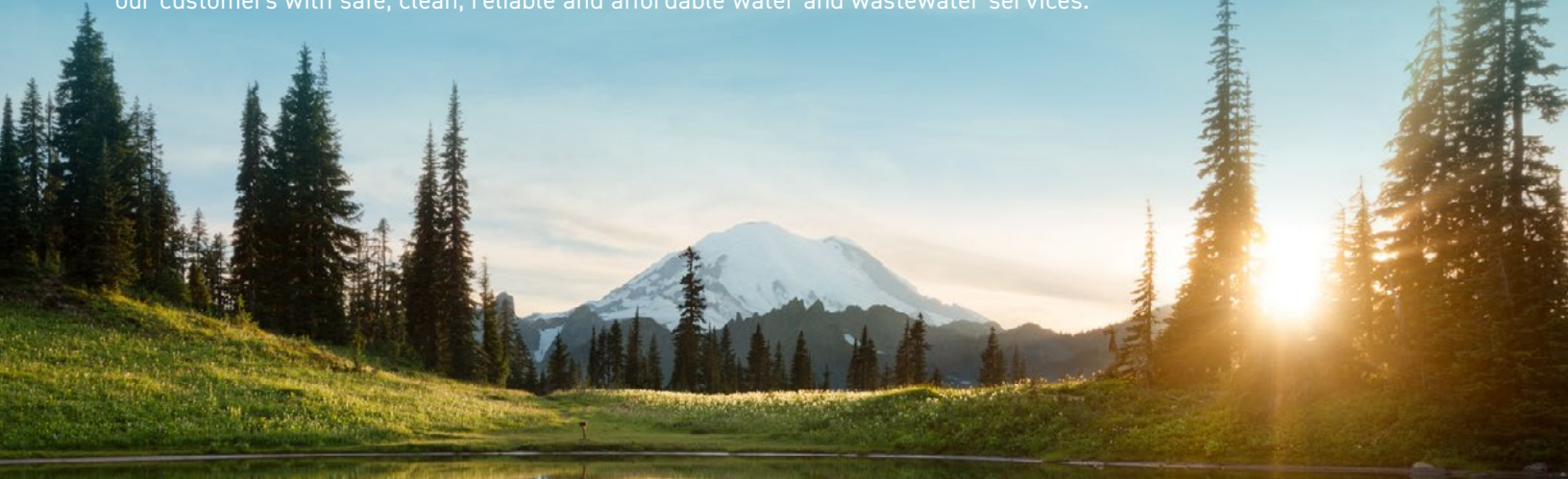
Water & Wastewater

Water is essential for life, growth, food security and stability. We value this critical resource and take our responsibility to provide and protect it seriously. The core values and competencies that have made our natural gas utility successful for over 160 years also guide our growing family of water and wastewater utilities.



Building a Strong Foundation

We are committed to building a strong foundation of superior customer service, responsible environmental stewardship and constructive regulatory engagement. We work to provide the financial, technical and regulatory resources to support our service territories, so each and every day we can provide our customers with safe, clean, reliable and affordable water and wastewater services.



NW Natural Holdings entered the water utility sector in December 2017, announcing acquisitions of several water utilities in the Pacific Northwest, where our natural gas distribution business is located. Our deliberate and measured approach to acquisitions paid off. Since our initial transactions, NW Natural Water has expanded into four states and quadrupled the number of connections it serves.

In 2020, we kept up a steady pace, acquiring five utilities and expanding our service territory with our first acquisition in Texas and our first municipal acquisition. These acquisitions are giving us important experience and insight into another aspect of the water business. With the support NW Natural Water is able to provide, these utilities are better equipped to address a host of issues, including system maintenance, employee

safety, improvements to infrastructure and technology, increased regulation, and emerging challenges from climate change.

Safety

We work on several fronts to keep our water systems safe and reliable, and to provide clean drinking water to customers. We regularly invest in infrastructure improvements such as pipe replacements and new wells, and execute on multiyear plans for larger upgrades. In 2020, we invested \$7 million in our water and wastewater infrastructure on an accrual basis with plans to invest \$40 to \$50 million in capital expenditures over the next five years.

Technology is also crucial to providing reliable service. In 2020, we worked to implement or upgrade supervisory control and data acquisition (SCADA) systems at utilities across our water platform. This technology can determine the status of equipment at every lift and pump station, making it possible to proactively detect leaks and pressure drops that can compromise water quality and cause service interruptions. The SCADA systems allow our employees to proactively check on equipment, more quickly assess anomalies and deploy staff to correct issues faster than before, ultimately improving safety and reliability for customers.

To build a culture of safety, we've begun implementing consistent safety standards and training across our water businesses. In 2020 we created a companywide safety training program by leveraging the experience and expertise at NW Natural. Employees at all our water utilities quickly adopted the program and completed industry-specific

“The challenges of this past year, from COVID to wildfires to a cold weather event in February 2021, reinforced our decision to build a water and wastewater utility platform, and highlighted the value we can bring to and create in this sector.”

— Justin Palfreyman,
president NW Natural Water

and OSHA-required safety training. We now provide regular trainings through an online system. In addition, we formed a safety steering committee that meets regularly to share best practices and arrive at holistic proactive solutions. We also implemented COVID health and safety standards and ensured all of our subsidiaries had the equipment and support required to keep employees and customers safe and healthy during the pandemic. We're continuing to work collaboratively across the water utilities and leverage resources and experience to expand our employee safety program.

OUR COMMITMENT TO SAFETY AND RELIABILITY SERVED NW NATURAL WATER CUSTOMERS WELL

In February 2021 when many Texans faced water disruptions due to winter storms. Power outages resulted in freezing and bursting pipes on roughly half of our systems in Texas, but we were able to restore water service within 24 to 48 hours and get customers back online very rapidly relative to many other utilities in the state. For many of our smaller water systems in Texas, backup generation is not required; however, we have been making prudent investments in standby backup capabilities and portable generators to bolster reliability and resiliency for our customers during power outages.

Environmental Stewardship

Water is a precious resource, and we're committed to using it wisely. To this end, we strive to operate and maintain high-quality water and wastewater systems. As we undertake comprehensive planning, we seek to ensure that our investments in infrastructure and technology are resource-efficient, cost-effective over their lifecycle, and consistent with the goals of our communities.

We strive to meet the highest standards for reuse and environmental sustainability at our wastewater treatment plants. The SCADA systems we installed in 2020 at lift stations helps prevent wastewater overflow

to protect lakes, rivers and streams, in addition to its other safety benefits. After extensive planning in 2020, we broke ground on a new wastewater facility in 2021 for our Sunriver utility. The new facility will be equipped with the latest technologies and equipment for treating wastewater, meeting stringent environmental guidelines and helping Sunriver continue to provide safe, reliable service to the area.

We strive to effectively manage water supply in order to protect the long-term availability of clean and safe water for the customers that we serve. The risks posed by climate change increase the importance of this. To encourage conservation, many of our water utilities have implemented measures designed to reduce water usage by residential customers who consume the highest percentage of water. Our Sunriver water utility continues to publish articles on water and water conservation measures annually in the consumer confidence report issued to all metered users. Conservation issues discussed in the report include household water conservation tips, repair of leaky fixtures, replacement of aging fixtures with new water saving fixtures, water-conserving lawn irrigation practices, as well as water system and water quality information.

To safeguard our long-term water supply, we promote conservation throughout our value chain, work to minimize water leakage throughout our infrastructure, and utilize water-reuse strategies in areas of limited supply. In addition, we use technology and innovation coupled with customer education and efficiency in an effort to provide reliable water supply to customers.

Sunriver Closing the Loop on Waste

Treated wastewater from our Sunriver wastewater treatment plant is used to irrigate 64 acres of hay fields and nearby golf courses. Putting to work about 51 million gallons of water that would otherwise be released into local waterways yielded approximately 77 tons of orchard grass hay in 2020. Using the solid byproducts of the treatment process, in 2020 we created more than 5,240 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.





Investing in Safety and Communities from the Beginning

One of NW Natural Water's first acquisitions was Salmon Valley Water, a small family-run water system in northwest Oregon. In 2017 the owners were looking for a suitable partner to run their business as the owners retired. After considering multiple organizations, they chose NW Natural Water because of NW Natural's strong reputation as a business and the high ratings it receives from customers.

With NW Natural Water's resources and support, Salmon Valley Water has been able to move forward on infrastructure improvements it would have been forced to postpone as an independent company. Through its partnership with NW Natural Water, the company is positioned to serve its growing community safely well into the future.

"We were looking for someone not just to buy the company, but to invest in the community, too."

— Michael Bowman, Salmon Valley Water general manager

Our Communities, Our Customers

NW Natural Water strives for superior customer service and believes strong relationships with its communities are essential for success.

This commitment means we work to keep the water running for our customers every day of the year. In 2020, despite challenges created by the pandemic, our water systems experienced no COVID-related service interruptions. Faced with supply-chain disruptions, PPE shortages and new safety protocols, we quickly implemented rotating shift cycles and other safety procedures to protect employees and customers. We also implemented a new online billing system so customers can easily pay their bills without contact. All our current subsidiaries are now on the same billing platform and can share knowledge to improve customer service.

We are active in the communities we serve, supporting nonprofit organizations at the local level and tailoring our contributions to meet each community's needs. For example, in the Central Oregon resort community of Sunriver, we have continued our subsidiary's longstanding support of a winter holiday event that provides gifts and grocery gift cards to families in need. In 2020 the in-person portion of the celebration was cancelled due to COVID, but in prior years we donated time and equipment in addition to the monetary contributions.

Employees

Attracting and retaining a talented workforce is vital to the success of NW Natural Water, and we continuously look for ways to meet the needs of the dedicated employees who keep our water businesses running smoothly.

In 2020, NW Natural Water conducted its first employee engagement survey, and 96% of employees reported that they take pride in their work and in the company. In addition, 96% of NW Natural Water employees described themselves as engaged—compared with just 36% of employees nationwide.

2020 EMPLOYEE SURVEY RESULTS

96%

ENGAGED, COMMITTED, AND ENTHUSIASTIC ABOUT THEIR WORK AT NW NATURAL WATER

96%

PROUD TO WORK FOR NW NATURAL WATER

82%

PARTICIPATED

Employees also agreed or strongly agreed with the following:

- We provide **excellent service** to our external customers (96%)
- We demonstrate **safe work practices** in our work area (96%)
- In my work area, we operate with **integrity and ethical conduct** (96%)
- We engage with customers and the community in a way that **respects and values diversity and inclusion** (96%)

Smaller water systems often experience challenges providing competitive compensation packages for their employees. We continue to seek opportunities to bring our employees' wages in line with market rates. In 2020, our subsidiary Falls Water Company was able to align wages with the market. Sunriver Water in Oregon was able to introduce a certification-based salary program to help provide competitive wages. Partnering with NW Natural Water has also enabled our smaller water utilities to provide benefits they weren't previously able to offer, including formalized paid time off programs and 401k retirement accounts. In 2021, we rolled out ethics and compliance training to our water employees to further foster a culture that mitigates risk and promotes integrity and ethical behavior.

We're Committed

We're committed to managing our water and wastewater systems responsibly, and we will continue to focus on the following priorities:

- Continually maintain and invest in systems as aging infrastructure must be replaced
- Provide 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 change and natural disasters
- Implement new technologies, including cybersecurity measures
- Attract and develop talented employees, as well as manage an aging workforce

FOR MORE INFORMATION SEE ALSO:

→ [NW Natural Water](#)

Continuing a Tradition of Putting Customers First

After owning and operating a group of small water utilities in northwest Washington for more than 40 years, the Lehman family realized the company needed capital improvements to maintain safe and reliable service, meet changing customer demands, and adapt to growth. They decided to sell their operation to NW Natural because of its strong community-oriented reputation, and Cascadia Water was established as a NW Natural Water subsidiary in 2018. Former owners Culley Lehman and his wife, Amy, continue to play an active role as Cascadia's general manager and office manager.

In 2020, when Cascadia Water needed to replace a well in the middle of the pandemic, the partnership with NW Natural Water made it possible to move forward immediately. Prior to the acquisition, the Lehmans would have needed to go through the time-consuming and unpredictable process of obtaining a bank loan to drill a new well. Instead they were able to get funding approved almost immediately.

During the six weeks it took to drill a new well, the Lehmans hand-delivered bottled water to customers who needed it. As longtime operators of family-run utilities, they remain deeply connected to their customers—and they can continue investing in the communities they serve while NW Natural Water invests in infrastructure to provide safe, reliable water services for the long term.

“Providing bottled water while the well was under construction wasn't a requirement, it was something we as the Cascadia team felt was necessary to maintain that extra level of customer service.”

— Amy Lehman, Cascadia Water office manager and former owner

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>Board of Directors</p>	<ul style="list-style-type: none"> • Maintain a well-qualified, diverse and active board of directors • Determine independence of directors (10 of 11 directors meet independence criteria) • Engage in robust succession planning process supporting board refreshment (3 independent directors added to the board of directors during 2020 and early 2021) • Separate roles of Chair and CEO under current leadership structure • Hold regular executive sessions of nonmanagement directors • Oversee company's risk management programs and policies • Evaluate board of directors and committees on an annual basis • Provide comprehensive director orientation and continuing education to enable directors to develop and maintain skills necessary or appropriate for the performance of their duties
<p>Other Governance Practices</p>	<ul style="list-style-type: none"> • Maintain stock ownership guidelines • Maintain Insider Trading Policy applicable to directors, officers and employees, agents, advisors and independent contractors • Maintain a Hedging and Pledging policy applicable to directors and officers
<p>Business Integrity and Ethics</p>	<ul style="list-style-type: none"> • Maintain and promote an active Ethics and Compliance Program • Foster a culture that mitigates risk and promotes ethical behavior and integrity

Governance Practices

Board of Directors

The Board of Directors of NW Natural Holdings establishes policies designed 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. The following sections highlight our approach to corporate governance.

Board Composition

The board is responsible for selecting candidates for board membership, and the Governance Committee of the NW Natural Holdings' Board of Directors has been assigned the responsibility of recommending nominees to the board of directors 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 Natural Holdings, NW Natural 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 Natural 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.

In recent years, the board undertook a comprehensive succession planning and refreshment review in anticipation of the retirements of several long-tenured directors. In line with those plans, the board has undergone substantial refreshment in recent years, with 5 of the 10 current independent directors being added to the board in the last three years. Three of these directors were appointed to the board in the last year alone, including Hon. Dave McCurdy,

effective July 1, 2020, and Ms. Karen Lee and Mr. Nathan I. Partain, effective January 1, 2021. Our corporate governance standards provide for several mechanisms to encourage director refreshment, including: annual peer reviews of individual directors, a requirement to offer notice of resignation upon a change in principal position, and a mandatory retirement age of 75.

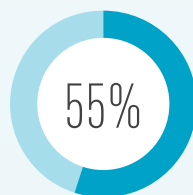
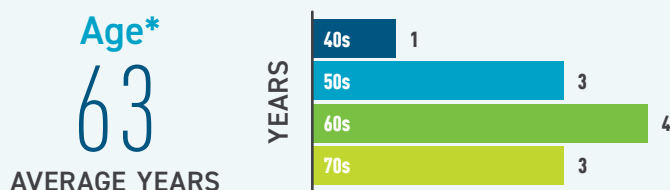
COMMITMENT TO DIRECTOR INDEPENDENCE

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 10 out of 11 directors are independent, according to NW Natural 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

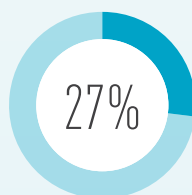
NW Natural Holdings' director selection criteria include a consideration of diversity as a factor in evaluating candidates for board membership. The board believes that diversity with respect to factors such as background, experience, skills, geographic location, race and gender are important considerations 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 11 members of our board, four directors are women, and three 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, which described the board's gender diversity as a "shining example of enlightened business leadership."

Our Board Composition



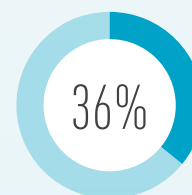
Board Refreshment*

6 out of 11 directors were first added to the board in the last five years



BIPOC Diversity*

3 out of 11 directors are BIPOC



Gender Diversity*

4 out of 11 directors are female

Independence



10 out of 11 directors are independent (all directors except the president and CEO)

■ Chairperson of the board is independent

*Information provided as of July 31, 2021

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 Natural 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 and disaster response, gas supply, distribution and storage operations, strategic planning and business development, environmental and climate change matters, business improvement and information technology, market competition, economic environment, governance, legislative and regulatory risk and compliance, state and federal regulatory process and environment, financial performance, business integrity and compliance, financial reporting and internal controls, financing programs, pensions and retirement plans, reputational risk, human capital management, compensation and employee benefits, succession planning (including the CEO), human risks such as safety and diversity, equity and inclusion matters, and company culture. 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 to execute its responsibilities. Appropriate members of management serve as liaisons to board committees, attend board and committee meetings, and regularly discuss with the board and the committees various risks confronting the company.

An important aspect of the board's oversight role is the comprehensive enterprise risk management process, under which significant enterprise-wide risks have been identified and assessed with respect to likelihood of occurrence, potential impact on the business, and likely speed of onset, along with the mitigative measures to address and manage such risks. The enterprise risk management process allows the board to remain informed of risks, developing trends, or potential problems that might require their attention. Management conducts the enterprise risk management process annually with periodic interim updates, and discusses those findings with the board and 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 and in their governance and oversight responsibilities.

Stock Ownership Requirements

To closely align director interests with shareholder interest, the board has adopted stock-ownership guidelines that require directors to own NW Natural Holdings shares of at least \$400,000 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 Natural Holdings stock, the company maintains an insider trading policy that specifies that if a director, officer, any employee of NW Natural Holdings 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 Natural Holdings Securities

NW Natural Holdings has adopted a policy on hedging and pledging of securities that 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.

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 on our [website](#). Each committee 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.

MANAGEMENT LEADERSHIP

Our officer team is responsible for leading and managing our business and for developing and 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; identify, assess and manage company risks and opportunities; and develop and implement strategy to achieve sustainable, long-term performance. Each of our officers has identified goals in support of sustainable, long-term business performance, with a portion of their compensation tied to the achievement of these goals. 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.

AUDIT COMMITTEE	PUBLIC AFFAIRS AND ENVIRONMENTAL POLICY COMMITTEE	FINANCE COMMITTEE	ORGANIZATION AND EXECUTIVE COMPENSATION COMMITTEE	GOVERNANCE COMMITTEE
<ul style="list-style-type: none"> • Oversight and evaluation of policies with respect to significant risks and exposures and the procedures for assessing, monitoring and managing those risks. • Oversight of accounting, financial reporting, internal controls, auditing, information technology systems and cybersecurity, enterprise risk management process, business continuity and disaster planning, capital projects and contingencies, and material litigation • Oversight of business compliance and integrity program, including code of ethics, and the company's system for review and treatment of integrity hotline complaints. 	<ul style="list-style-type: none"> • Oversight of legislative and regulatory matters and policies and practices on public and political issues, including charitable and political contributions and budgets. • Oversight of current and emerging political and societal trends. • Oversight of programs and policies relating to civic affairs, human rights, charitable and community affairs, safety, diversity, equity and inclusion, equal employment opportunities, and other corporate social responsibility matters. • Review and recommendation of environmental matters and policies and sustainability efforts. • Review of major environmental risks, and plans for managing those risks. 	<ul style="list-style-type: none"> • 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. • Oversight of investor relations program, and credit agency and New York Stock Exchange relationships. • Financial oversight of pension and retirement plans. • Review and recommendation of finance aspects of corporate development strategies. 	<ul style="list-style-type: none"> • Oversight of company's human capital management. • Review and recommendation of plans and preparations for talent succession and management of risks associated with transfer of knowledge and expertise. • Recommendation of executive compensation programs and benefit plans to the board, as well as monitoring of risks and alignment of incentives related to such plans and programs. • Review and approval of grants under equity incentive plans to eligible employees. • Primary responsibility for ensuring executive compensation programs and plans are consistent with corporate objectives and OECC's compensation philosophy. 	<ul style="list-style-type: none"> • Recommendations to the board regarding nominees for election to the board, and committee composition and structure. • Establishment of criteria for board and committee membership and policies that govern the board's activities. • Review and recommendation of governance policies and structure, including the corporate governance standards, to the board. • Evaluation of board and individual director performance. • Oversight and consideration of plans and preparations for board succession. • Oversight of integrated environmental, social and governance matters.

Business Integrity

Since 1859, NW Natural has been viewed as a respected leader in Oregon and Southwest Washington. We could not have maintained this reputation for over 160 years without one fundamental characteristic—integrity. Our customers trust us to provide them with essential energy and deal with them fairly, in a caring and equitable fashion. Our business integrity program aims to reinforce our core values in our everyday work.



Code of Ethics

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 real-life 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 of the Board of Directors.

"Integrity is fundamental to everything we do at NW Natural Holdings. As our first core value, it informs how we serve our customers, operate our business, treat our employees, and engage with the community. The way we behave—guided by our Code of Ethics—is one of our greatest assets."

— David Anderson, president & CEO

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, including updates on business integrity reports, management actions, business integrity trends and updates, and benchmarking analysis.

Code of Ethics Training and Communications

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 provides guidance on what employees should do if they suspect a possible information security incident. In 2020, 100% of our active NW Natural and NW Natural Gas Storage employees participated in these online information security and ethics and compliance trainings. In 2020, we also provided specialized live training to help managers and supervisors navigate pertinent business integrity questions and emphasize their role as the front line of integrity at NW Natural and the resources available to them.

We reinforce our annual Code of Ethics and Information Security trainings with periodic communications spotlighting pertinent business integrity topics and messages from senior leadership. We also provide additional resources to employees via an internal intranet page dedicated to business integrity.



Reporting, Investigations and Actions

We maintain our 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 on our [Integrity website](#), which is managed by a third party and is available through our external and internal websites. Our hotline offers employees and others the opportunity to anonymously ask questions about ethical decisions. We also provide several other avenues to raise issues or report concerns in addition to our hotline.

Our chief compliance officer and our director of internal audit handle matters reported on the hotline and through other reporting avenues. Both regularly report to the audit committee regarding hotline activity, and the chief compliance officer regularly reports to the audit committee regarding our Business Compliance and Integrity program.

In 2020, we received 23 interactions with our hotline and other business integrity reporting channels (approximately 1.9 per 100 employees), of which 19 (approximately 1.6 per 100 employees) were determined to involve business integrity reports. Business integrity reports are reviewed by our Business Integrity team and investigated as necessary with assistance from the company's internal audit, human resources, legal, or other

departments and/or other internal or external resources as appropriate under the circumstances, depending on the type and nature of the allegation. 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.

We maintain a [Violation Reporting Policy](#), approved by the Audit Committee of the Board of Directors, that prohibits retaliation for good faith reports of possible violations of the Code of Ethics, company policy or law. Employees who have engaged in retaliation may face disciplinary action, up to and including termination.

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 nonutility subsidiaries. Our Code of Ethics also sets forth our strict prohibition on bribes and kickbacks. In 2020, we received zero reports of bribery or corruption through our Integrity Hotline.

FOR MORE INFORMATION SEE ALSO:

→ [Governance website](#)

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, emergency preparedness and response, cybersecurity, 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, gas storage capabilities, 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 and timing and completion thereof, procurement of renewable natural gas or hydrogen 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 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.

APPENDIX

Sustainability Accounting Standards Board (SASB) Disclosures WORKFORCE STATISTICS

NORTHWEST NATURAL HOLDING COMPANY

SASB Disclosures

For the year ended December 31, 2020

The following index sets forth Northwest Natural Holding Company's SASB reporting disclosures for our primary industry, Gas Utilities & Distributors. While we report information on nearly all of SASB's metrics, we may report a different unit of measure, different metric or partial information for the topic area or accounting metric as noted. Unless otherwise noted, data in the below SASB disclosure is as of, or for the year ended December 31, 2020.

Gas Utilities & Distributors Accounting Standard

ENERGY AFFORDABILITY		
SASB CODE	ACCOUNTING METRIC	2020 DISCLOSURE RESPONSE
IF-GU-240a.1	Average retail gas rate for residential customers ²⁸ per MMBtu	\$8.96
	Average retail gas rate for commercial customers ²⁸ per MMBtu	\$7.95
	Average retail gas rate for industrial customers ²⁸ per MMBtu	\$6.05
	Average retail gas rate for transportation services ²⁸ per MMBtu	\$1.08
IF-GU-240a.2	Typical monthly gas bill for residential customers for 50 MMBtu of gas delivered per year ²⁹ (USD)	\$45.32
	Typical monthly gas bill for residential customers for 100 MMBtu of gas delivered per year ²⁹ (USD)	\$82.65
IF-GU-240a.3	Number of residential customer gas disconnections for nonpayment, percentage reconnected within 30 days	Approx. 3,847 within 20 days ³⁰ 2020 ESG Report, "Our Communities, Our Customers"
	Percentage of residential customer gas disconnections for nonpayment reconnected within 30 days	77% reconnected within 20 days ³⁰ 2020 ESG Report, "Our Communities, Our Customers"
IF-GU-240a.4	Discussion of impact of external factors on customer affordability of gas, including the economic conditions of the service territory	2020 ESG Report, "Our Communities, Our Customers"

²⁸ Weighted average rates from 11/1/20 – 10/31/21.

²⁹ Based on weighted average rates for the heating year beginning 11/1/2019 and ending 10/31/2020.

³⁰ We report reconnections within 20 days rather than 30 days, consistent with our internal practice regarding measurement and reporting of reconnections. In March 2020, we voluntarily suspended disconnections for nonpayment due to the pandemic; therefore, 2020 reconnection percentage is higher than a typical year.

END-USE EFFICIENCY		
SASB CODE	ACCOUNTING METRIC	2020 DISCLOSURE
IF-GU-420a.1	Percentage of gas utility revenues from rate structures that are decoupled	77%
	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: 644,000 Washington Service Territory: 33,000 2020 ESG Report, "Energy Efficiency"
INTEGRITY OF GAS DELIVERY INFRASTRUCTURE		
SASB CODE	ACCOUNTING METRIC	2020 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, 2020 ³¹
	Percentage of gas distribution pipelines inspected	21% ³²
IF-GU-540a.4	Description of efforts to manage the integrity of gas delivery infrastructure, including risks related to safety and emissions	2020 ESG Report, "Safety". "Environment"

³¹ Pipeline inspected through December 31, 2020, but not limited to inspections during the calendar year 2020. As of December 31, 2020, we inspected 577 miles compared to 211 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).

³² We strive to perform a leak survey on 20% of our gas mains annually, with every gas main surveyed at least every five years. We also perform leakage and atmospheric corrosion surveys every three years on residential service lines and annually in business districts and high-occupancy buildings.

ACTIVITY METRICS

SASB CODE	ACTIVITY METRIC	2020 DISCLOSURE
IF-GU-000.A	Number of residential customers served	704,675
	Number of commercial customers served	68,812
	Number of industrial customers served	989
IF-GU-000.B	Amount of natural gas delivered to residential customers (MMBtu)	43,522,626
	Amount of natural gas delivered to commercial customers (MMBtu)	24,204,474
	Amount of natural gas delivered to industrial customers (MMBtu)	8,293,336
	Amount of natural gas transferred to a third party (MMBtu)	38,269,244
IF-GU-000.C	Length of gas transmission pipelines	736 miles
	Length of gas distribution pipelines	Approx. 14,000 miles

NORTHWEST NATURAL GAS COMPANY WORKFORCE STATISTICS

For the payroll ending December 31, 2019

The following table sets forth Northwest Natural Gas Company's consolidated EEO-1 data as submitted for the payroll period 12/15/2019 through 12/31/2019.

JOB CATEGORIES	HISPANIC OR LATINO		NON-HISPANIC OR LATINO											OVERALL TOTALS	
	MALE	FEMALE	MALE						FEMALE						
			WHITE	BLACK OR AFRICAN AMERICAN	NATIVE HAWAIIAN OR PACIFIC ISLANDER	ASIAN	AMERICAN INDIAN OR ALASKAN NATIVE	TWO OR MORE RACES	WHITE	BLACK OR AFRICAN AMERICAN	NATIVE HAWAIIAN OR PACIFIC ISLANDER	ASIAN	AMERICAN INDIAN OR ALASKAN NATIVE		TWO OR MORE RACES
EXECUTIVE/SR OFFICIALS & MGRS	2	0	59	1	0	3	1	1	33	0	0	1	3	0	104
FIRST/MID OFFICIALS & MGRS	3	0	50	1	0	3	1	1	14	3	0	0	0	0	76
PROFESSIONALS	11	7	179	5	0	12	4	4	98	6	0	17	2	1	346
TECHNICIANS	0	0	1	0	0	1	0	0	0	0	0	0	0	0	2
SALES WORKERS	0	0	3	0	0	0	0	0	2	0	0	0	0	0	5
ADMINISTRATIVE SUPPORT	4	13	33	4	0	1	1	1	89	15	0	7	1	8	177
CRAFT WORKERS	25	1	316	9	0	6	17	0	5	1	0	0	0	0	380
OPERATIVES	1	0	44	2	0	3	2	1	5	0	0	0	0	0	58
LABORERS & HELPERS	0	0	12	3	0	2	0	1	1	0	0	0	0	0	19
SERVICE WORKERS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	46	21	697	25	0	31	26	9	247	25	0	25	6	9	1167
PREVIOUS REPORT TOTAL	49	20	693	24	4	28	24	7	254	29	1	19	6	9	1167