



**NW Natural
HOLDINGS™**



NW Natural®

A scenic landscape photograph of a calm lake reflecting a snow-capped mountain peak. The foreground shows large, dark rocks in the water. The sky is a soft, hazy blue, suggesting dawn or dusk. The forest on the right is dense and dark green.

NW Natural Holding Company and NW Natural Sustainable Financing Framework

November 3, 2021

Contents

Introduction

Sustainability Approach and Initiatives

Rationale for Framework

Bond Principle Alignment

Use of Proceeds

Process for Project Evaluation and Selection

Management of Proceeds

Reporting

External Review

Second Party Opinion

Assurance



Introduction

For over 160 years, NW Natural Holding Company's, (NYSE: NWN) (NW Natural Holdings), family of companies has provided the public with infrastructure and energy needed to support growing communities. Today, we manage more than 20,000 miles of gas and water transmission and distribution pipelines connecting more than 800,000 homes and businesses across the country. Holdings' owns NW Natural Gas Company (NW Natural), NW Natural Water Company (NW Natural Water), and other business interests.

NW Natural is a local distribution company that currently provides natural gas service to approximately 2.5 million people in more than 140 communities through more than 780,000 meters in Oregon and Southwest Washington, with one of the most modern pipeline systems in the nation. NW Natural consistently leads the industry with high J.D. Power & Associates customer satisfaction scores. NW Natural 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 approximately 65,000 people through about 27,000 connections.



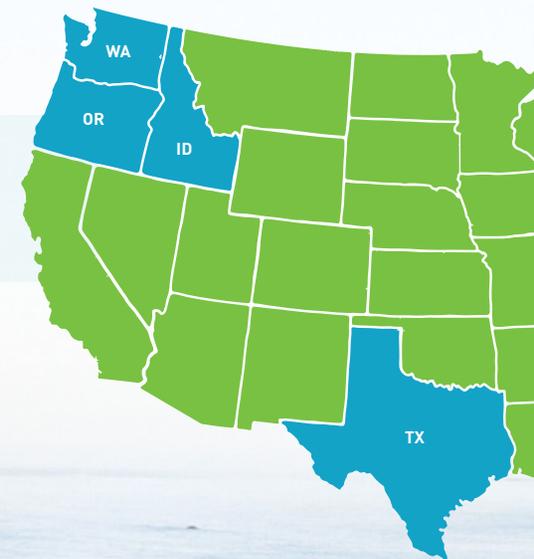
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Salmon Valley Water
Sunriver Water and Wastewater
- 

Cascadia Water
Suncadia Water and Wastewater
- 

Falls Water
Gem State Water
- 

T&W Water



At the core of our company is our mission to provide safe, reliable and affordable essential utility services in an environmentally responsible way to better the lives of the public we serve.

Integrity—along with our other core values of safety, caring, service ethic, and environmental stewardship—guides all our actions.



As a utility company, we are long-term planners. We put 30-year infrastructure in place, hold safety as our greatest priority, and live and work in the communities we serve with a focus on philanthropic giving, and strong governance. NW Natural's core value of environmental stewardship is also a driving force behind the business decisions we make every day and our plans for the future. We believe the gas infrastructure in place today will be an asset in the clean-energy economy. By leveraging the strengths of the existing pipeline, we believe

we can provide resiliency, diversity, and reliability to our region's energy supply and keep energy 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.

As a result of our mission and values, sustainability has been incorporated in and has been at the center of our business decisions for many years.

Our stakeholders have recognized us for our dedication to sustainability efforts. For example, NW Natural consistently is recognized by customers with high J.D. Power rankings. NW Natural has been designated as both a Customer and Environmental Champion by Escalent in their Syndicated Utility Trusted Brand & Customer Engagement Residential studies. And, our strong governance oversight, incorporating components of diversity, equity and inclusion, has been recognized for multiple years by the nonprofit Women on Boards, which described the NW Natural Holding Company board's gender diversity as a "shining example of enlightened business leadership."

This work is not easy and there are no shortcuts, but each year we set goals, make strides and move closer to achieving our vision. In the following pages, we describe some of the key initiatives we continue to work on as we make progress toward a more sustainable future.



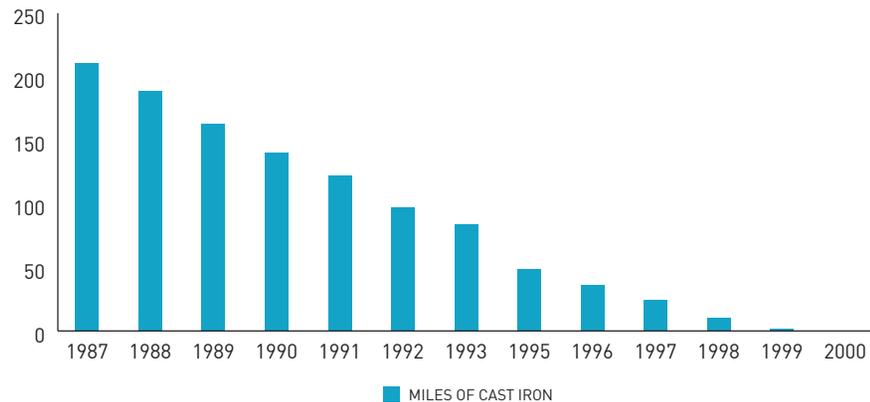
National award for Best Ethics and Compliance Program (Small and Mid-Cap) at the 2018 Corporate Governance Awards



Safety—Our Highest Priority

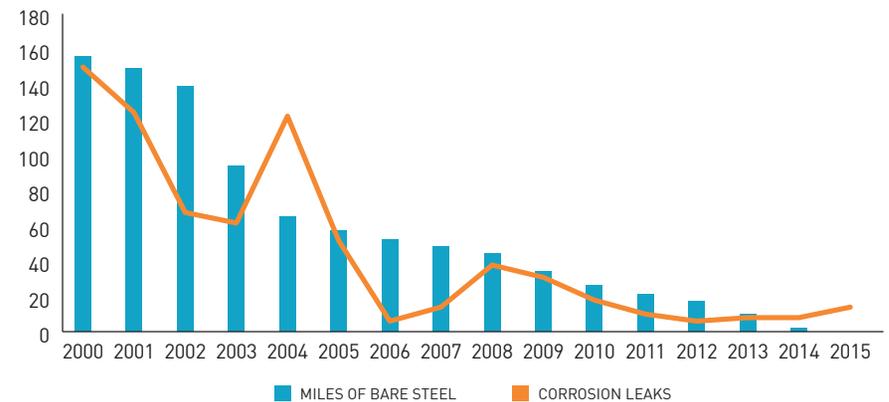
In the 1980s, NW Natural proactively created a pipeline replacement program with our public utility commissions, and by 2015 the company had replaced all its cast iron and bare steel pipe. We believe we are the first pure-play local distribution company to completely remove these legacy pipelines, and today we operate one of the tightest, most modern natural gas systems in the nation. NW Natural consistently has one of the lowest ratios of leaks per mile of pipe among natural gas utilities in the United States, which also provides environmental benefits.

CAST IRON PIPE REPLACEMENT COMPLETED IN 2000



Source: Annual Department of Transportation (DOT) reports

BARE STEEL PIPE REPLACEMENT COMPLETED IN 2015



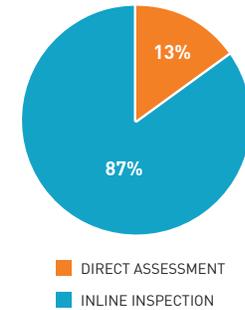
Source: Annual DOT reports

NW Natural is taking steps to extend system safety beyond the minimum regulatory requirements. Historically, we've performed safety inspections on our transmission system at nearly three times the rate required by federal and state regulations. We installed excess flow valves (EFVs) on new service lines before it was required and we are planning to retrofit EFVs on service lines meeting certain specifications in the coming years. Our system continues to have an above-average level of EFVs on its service lines.

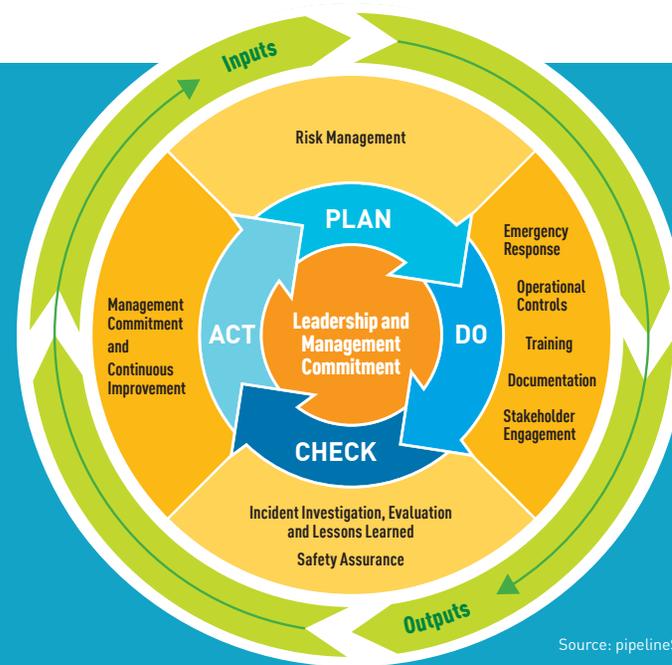
EXCEEDED TRANSMISSION INSPECTION REQUIREMENTS



MAJORITY OF TRANSMISSION PIPELINE INSPECTED USING INLINE APPROACH



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 a Pipeline Safety Management System 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.

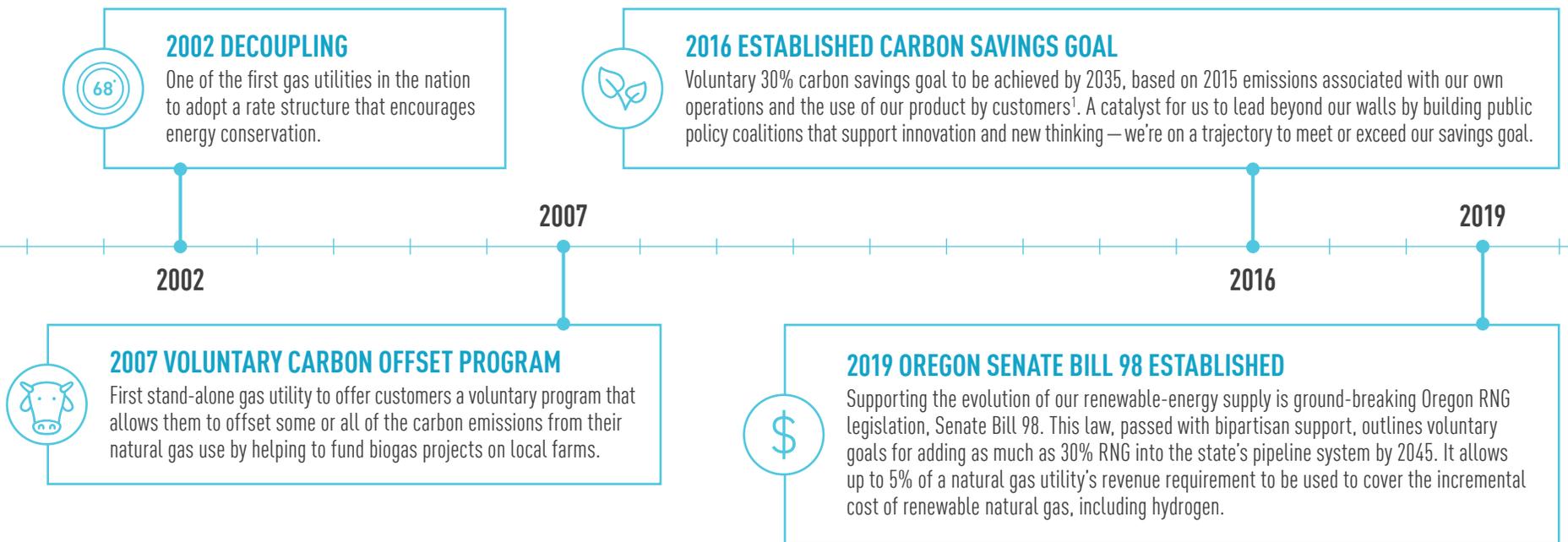


Source: pipelineSMS.org

Environmental Stewardship—Our Vision Forward

Since NW Natural started delivering energy over 160 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. We're excited to drive this transformation for our customers.

WE STARTED ON OUR CLEAN ENERGY JOURNEY YEARS AGO:



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.

Our Vision Forward: Carbon Neutral 2050

As we've made progress over the years, we've evolved our thinking on what's possible for our system, based on promising advancements in renewables technology. To achieve a carbon neutral future, we 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



Diversity, Equity and Inclusion

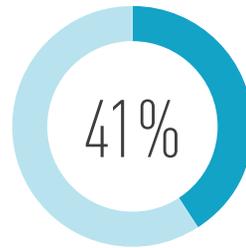
For more than 20 years, NW Natural has been committed to creating a diverse, inclusive culture that reflects and supports the communities we serve. That means we strive to ensure a fair, just and safe workplace, with pathways for growth for everyone. We prioritize racial and gender equity in all aspects 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.

To accelerate our work in this area, in 2017 we hired an outside consultant to review our progress on Diversity, Equity and Inclusion, convened focus groups and created an assessment and set of recommendations for our executives. Incorporating this feedback, in 2019 we introduced a comprehensive new diversity, equity and inclusion strategy focused on three pillars: people, partners, and customers and community. 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.

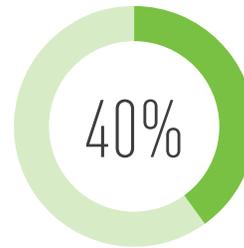


We're actively working to build a more diverse workforce that reflects the communities we serve. We're proud of our progress to date. In 2020, 19% of our employees self-identify as Black, Indigenous or People of Color (BIPOC)—a nearly 75% increase since 2000 and compares to approximately 25% of Oregonians identify as BIPOC at that time. We have expanded the number of women and BIPOC at all levels of the company, from total workforce to our board of directors.

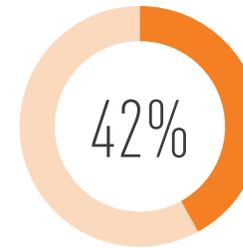
BIPOC & Women in our Workforce



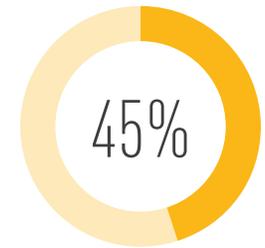
Total Workforce



Management



Executives



Board of Directors



NW Natural's supplier diversity program goal 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, LGBTQ+, veterans, and disabled—as well as small businesses—allows NW Natural to broaden our partnerships and support our local economies.

Rationale for Framework

NW Natural is one of the first natural gas utilities in the nation to establish voluntary carbon emission reduction policies and goals, champion policies that encourage renewable natural gas development, and achieve aggressive system safety goals with no cast iron or bare steel pipe, while also maintaining a legacy of superior customer and community service. NW Natural Holdings also supports sustainability in its financings. Through the creation of a Sustainable Financing Framework under which NW Natural Holdings and NW Natural and our subsidiaries may issue Green Bonds, Social Bonds, Sustainability Bonds, or other financial instruments (collectively the “Sustainable Financing Instruments”), we’re striving to contribute to the transition to a sustainable economy.

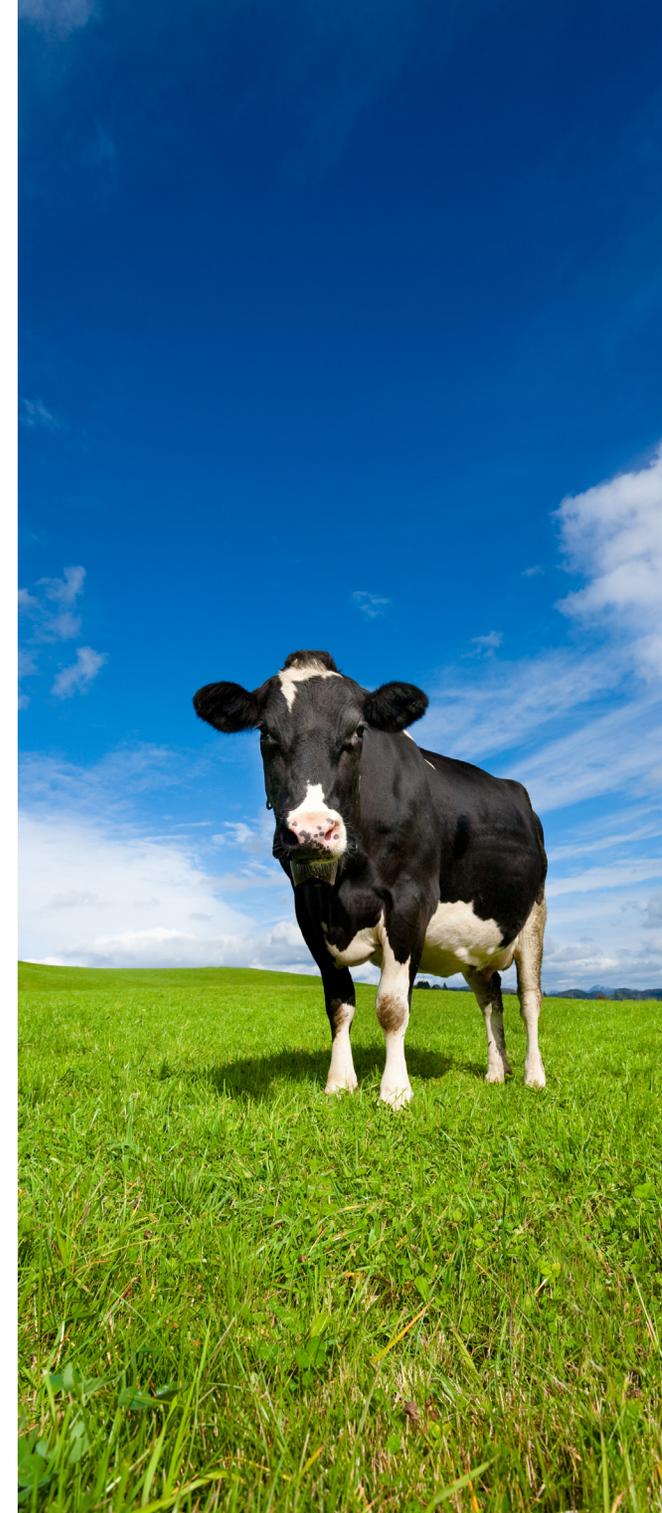


Bond Principle Alignment

The Green Bond Principles, 2021 (“GBP”), Social Bond Principles, 2021 (“SBP”), and Sustainability Bond Guidelines, 2021 (“SBG”) are voluntary process guidelines for best practices when issuing or borrowing Sustainable Financing Instruments. The GBP, SBP, and SBG recommend transparency and promote integrity in the sustainability bond market. Our Sustainable Financing Framework is aligned with the GBP, SBP, and SBG. This framework covers Sustainable Financing Instruments issuances for NW Natural Holding Company and NW Natural (“Issuing Entity”).

Use of Proceeds

Each Issuing Entity intends to allocate an amount equivalent to the net proceeds from any Sustainable Financing Instrument, in whole or in part, to one or more Eligible Projects. “Eligible Projects” are investments and expenditures made by an Issuing Entity or any of its subsidiaries and/or affiliates beginning with the issuance date of any Sustainable Financing Instrument or in the 36 months prior to or 24 months after any such issuance. Each Issuing Entity issuing under this framework intends to allocate an amount equivalent to the net proceeds within 24 months of the issuance.



Eligibility Criteria

The offering document for each Sustainable Financing Instrument will specify which eligible categories below are applicable to the associated offering. The Issuing Entities reserve the right to continue to do new issuances that do not fall into Sustainable Financing Instruments under this Framework.

Renewable Energy

Expenditures and investments related to the construction, development, expansion, production, acquisition, maintenance, transmission, research and development, and operation of renewable energy generation and infrastructure including:

- Renewable natural gas³
- Hydrogen

The purchase of renewable energy from renewable natural gas³ and hydrogen facilities.

UN SDG ALIGNMENT²

7 Affordable & clean energy



13 Climate action



Energy Efficiency

Programs to aid customers with energy efficiency.

UN SDG ALIGNMENT²

7 Affordable & clean energy



13 Climate action



Green Buildings

Expenditures related to the new construction/renovation, development, expansion, maintenance, rent or operation of offices or service centers that have received or are expected to receive LEED Gold or Platinum certification.

UN SDG ALIGNMENT²

9 Industry, innovation and infrastructure



13 Climate action



Our Partners: Our Supplier Diversity Program

Socioeconomic Advancement & Empowerment

Diverse Supplier Procurement and Empowerment—expenditures and program investments related to enabling opportunities for diverse business enterprises (minority-owned, women-owned, veteran-owned, LGBTQ-owned, and/or small businesses). Examples include:

- Procurement of products and services from diverse and small business suppliers
- Programs that empower diverse and small businesses through training, education on potential business opportunities and mentoring programs

UN SDG ALIGNMENT²

5 Gender equality



8 Decent work and economic growth



10 Reduced inequalities

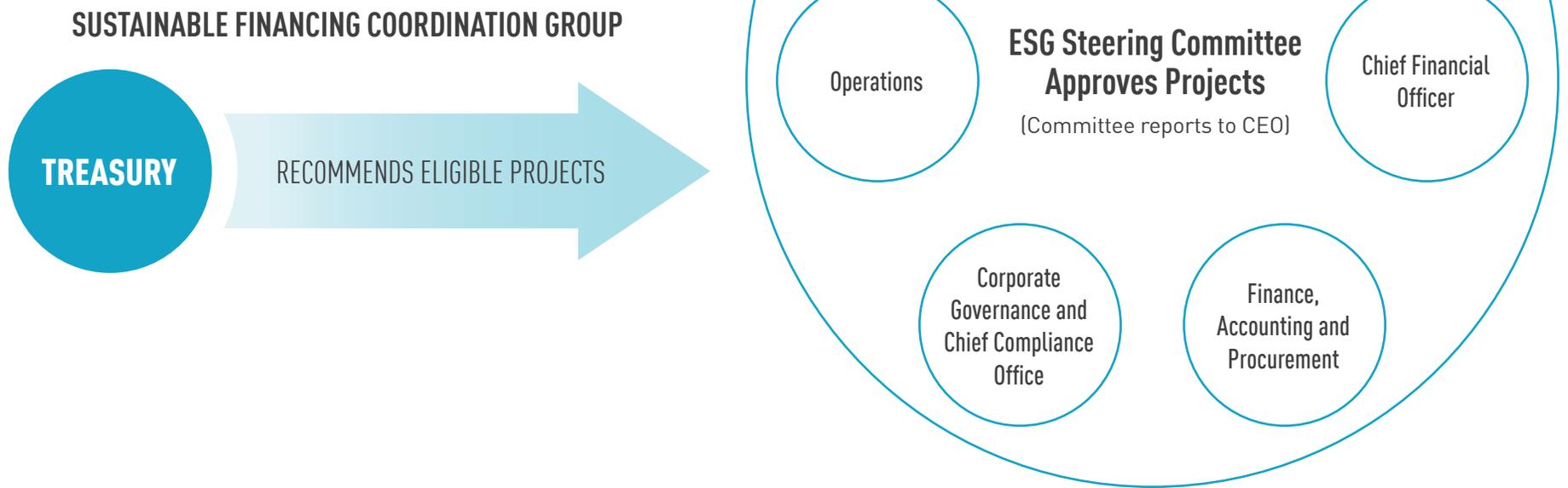


² <https://sdgs.un.org/goals>

³ Renewable natural gas eligible for Sustainable Financing will follow the European Union directive 2018/2001 on feedstock for advanced biofuels.

Process for Project Evaluation and Selection

A Sustainable Financing coordination group, comprised of members of the following different areas of the Company: Treasury and the ESG Steering Committee (which includes representatives from environmental policy and sustainability, corporate responsibility, operations, corporate governance and chief compliance office, accounting, procurement and finance, and our chief financial officer). This committee reports to our chief executive officer. The Sustainable Financing coordination group will evaluate potential Eligible Projects and meet to select them. The Treasury Department will recommend these selections to the ESG Steering Committee, who will approve such selection. The Treasury Department will oversee internal tracking systems to manage the allocation of an amount equivalent to the net proceeds from any Sustainable Financing Instrument to Eligible Projects. The Issuing Entity intends to determine the allocation of the amount equivalent to the net proceeds of any Sustainable Financing Instrument issued by such entity issuing under this Framework within 24 months after the issuance date of such Sustainable Financing Instrument.



Management of Proceeds

Net proceeds will become part of the Issuing Entity's treasury funds used for corporate purposes. The Treasury department will track an amount equivalent to the net proceeds from the sale of any Sustainable Financing Instruments allocated to Eligible Projects until full allocation is complete. Pending allocation, an amount equivalent to the net proceeds from the issuance of any Sustainable Financing Instruments will be held in accordance with the Issuing Entity's internal liquidity policy and may be temporarily invested in cash or cash equivalents or used to repay outstanding indebtedness.

In the case of divestment or if a project no longer meets the eligibility criteria listed above, the Issuing Entity intends to reallocate the funds to other Eligible Projects.

Any payment or amount of principal and interest on any Sustainable Financing Instruments will be made from the general account of the Issuing Entity and will not be linked to the performance of any Eligible Project.



Reporting

Annually, until full allocation of an amount equivalent to the net proceeds from the sale of any Sustainable Financing Instruments, NW Natural Holdings will publish a report (a Report) on its website (currently on the NW Natural’s Sustainability page) that will include:

- An amount equivalent to the net proceeds from the sale of any Sustainable Financing Instruments that have been allocated to one or more Eligible Projects either individually or by category, subject to confidentiality considerations;
- The list of Eligible Project categories with brief descriptions;
- The percentage of allocation of an amount equivalent to net proceeds between financing/ refinancing of existing and new Eligible Projects;
- Expected impact metrics such as carbon dioxide equivalent emissions saved or avoided and/or number of diverse suppliers reached and case studies as applicable; and
- The outstanding amounts equivalent to the net proceeds from the sale of any Sustainable Financing Instruments which have yet to be allocated to Eligible Projects at the end of the reporting period.

On a timely basis in the event of material developments, as determined by the Company under SEC regulations for publicly traded companies, a form 8-K is expected to be filed with the SEC.

EXPECTED IMPACT METRICS

GBP Eligible Project Category	
Renewable Energy	Carbon dioxide equivalent emissions saved or avoided in metric tons
Energy Efficiency	Carbon dioxide equivalent emissions saved or avoided in metric tons
Green Buildings	LEED Gold or Platinum certified buildings or components of building certified to this standard
SBP Eligible Project Category	
Our Partners: Our Supplier Diversity Program	Number of suppliers engaged and/or dollar amount of good and services procured from such suppliers

External Review

Second Party Opinion

NW Natural Holdings has retained an independent consultant with recognized environmental and social expertise to provide a Second Party Opinion (“SPO”) on the environmental and social benefits of NW Natural Holdings’ Sustainable Financing Framework as well as the alignment to GBP, SBP and SBG. The SPO is available on the SPO provider’s website, and NW Natural’s Sustainability page of its website.

Assurance

At a minimum, the first Report following full allocation of an amount equal to the net proceeds of a Sustainable Financing Instrument will be accompanied by assertions by management of the Issuing Entity that an amount equivalent to the net proceeds of an offering of a Sustainable Financing Instrument was allocated to Eligible Projects, and an attestation report from an independent accountant in respect of the independent accountant’s examination of management’s assertion conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.



Disclaimer/Forward-Looking Statements

This report and other materials prepared by NW Natural Holdings from time to time, may contain forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, which are subject to the safe harbors created by such Act. Forward-looking statements can be identified by words such as "anticipates," "intends," "plans," "seeks," "believes," "estimates," "expects" and similar references to future periods. Examples of forward-looking statements include, but are not limited to, statements regarding the following: plans, objectives, estimates, timing, goals, strategies, future events, projections, expectations, outlooks, commitments, intentions, acquisitions and timing, completion and integration thereof, infrastructure investments, safety and implementation of safety initiatives, system modernization, improvements and reliability, infrastructure resiliency, risk management programs, commodity costs and sourcing, competitive advantage, marketing, service territory, customer service including implementation of new customer service technologies, customer and business growth, customer satisfaction ratings, weather, customer rates, customer preference, business risk, efficiency of business operations, business development and new business initiatives, water and wastewater industry and investments including timing, completion and integration of such investments and related operational initiatives, financial positions and performance, economic and housing market trends and performance, capital expenditures, technological innovations and investments, strategic goals and visions, environmental initiatives, decarbonization and the role of natural gas and the gas delivery system, including use of renewables, carbon emissions, targets and savings, renewable natural gas projects or investments and timing and completion thereof, renewable hydrogen projects and programs, procurement of renewable natural gas for customers, energy efficiency initiatives, carbon offset projects, 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 the COVID-19 pandemic and resulting economic disruption, the impact of efforts to

mitigate risks posed the spread of COVID-19, 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.