



NorthWestern Corporation

doing business as

NorthWestern Energy

ISS Governance  
Disclosure Report

For Calendar Year 2022

Disclosed December 2023

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# Board Commitments

## Details on the position of CEO

Board Commitments / Details on the position of CEO

Publicly available details on the CEO at NorthWestern Energy

Is the CEO overboarded? No
What is the CEO's employment agreement length? 0
Does the company disclose a CEO and key executive succession plan? Yes

References:





 [2023 Proxy Statement](#) Page(s) 10-40



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## Board Composition and Commitments

Board Commitments / Board Composition and Commitments

Publicly disclosed details regarding the board of directors at NorthWestern Energy

How many directors are on the board? 10
What percentage of the board is independent according to the ISS local market classification? 90
What percentage of the board is independent according to the ISS global classification? 90
What is the classification of the Board Chair? Independent
Does the company have a Lead Director? Not Applicable
What percentage of the board consists of immediate family members of majority shareholders, executives, and former executives? 0
 <a href="#">2022 Proxy Statement</a>  <a href="#">2023 Proxy Statement</a>
What percentage of the board consists of former or current employees of the company? 10
 <a href="#">2022 Proxy Statement</a>  <a href="#">2023 Proxy Statement</a>


<p>What percentage of the board has familial relationships with other directors?</p> <p>20</p>
<p>How many executive directors are overboarded?</p> <p>0</p>
<p>How many non-executive directors are overboarded?</p> <p>0</p>
<p>How many directors are overboarded?</p> <p>0</p>
<p>Is the Board Chair overboarded?</p> <p>No</p>
<p>What percentage of the directors attended less than seventy-five percent of all meetings?</p> <p>0</p>
<p>Did any director attend less than seventy-five percent of all meetings without a valid reason?</p> <p>No</p> <div style="border: 1px solid black; padding: 5px; margin-top: 5px;"> <p> <a href="#">2022 Proxy Statement</a></p> <p> <a href="#">2023 Proxy Statement</a></p> </div>
<p>How many vacancies are on the board?</p> <p>0</p>

**Additional Comments**

NorthWestern has 10 directors. One of those directors is NorthWestern's CEO, a current employee of the company. Two of the independent directors are first cousins.

**References:**

 [2022 Proxy Statement](#)

 [2023 Proxy Statement](#)  
**Aligned Frameworks/Raters**  
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**Board Policies**

Board Commitments / Board Policies

## Board policy information and disclosures

Does the company disclose an annual board performance evaluation policy? Yes <input type="text"/>
Does the company disclose governance guidelines? Yes <input type="text"/>
Does the company have an anti-hedging policy for directors and executives? Yes <input type="text"/>
Are all directors elected annually? Yes <input type="text"/>

### References:

 [2023 Proxy Statement](#)

 [Corporate Governance Guidelines](#)

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## Stock Ownership

### Board Commitments / Stock Ownership

Publicly available information regarding stock options and ownership for executives and directors.

What percentage of directors with more than one year tenure own stock? 100 <input type="text"/>
Are directors subject to stock ownership guidelines? Yes <input type="text"/>
What is the holding period for executive options? until minimum is met <input type="text"/>
What is the holding period for executive restricted stock? until minimum is met <input type="text"/>
What salary multiple of the CEO is subject to stock ownership guidelines? 6x <input type="text"/>
What salary multiple of non-CEO executives is subject to stock ownership guidelines? 2x-5x <input type="text"/>
What are the pricing conditions for executive options? We do not have stock options <input type="text"/>

### References:

 [Corporate Governance Guidelines](#)

 [2023 Proxy Statement](#)

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## Meeting Quorums & Second Vote Policy

Board Commitments / Meeting Quorums & Second Vote Policy

Publicly available details about shareholder and director meeting quorums, and Board Chair second or casting vote policy.

Is quorum for shareholder meetings at least two people representing at least twenty-five percent of the outstanding shares? Yes <hr/>
What is the quorum for director meetings? 6 <hr/>
Does the company allow the Board Chair a second vote at director meetings in the event of a tie? No <hr/>

References:

 [2023 Proxy Statement](#)

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## Board Structure Controversies

Board Commitments / Board Structure Controversies

Publicly available information on board structure

How many directors received a majority of against or withhold votes? 0 <hr/>
Has the board adequately addressed a shareholder proposal supported by a majority vote? Not Applicable <hr/>
Has the board adequately responded to low vote support for a management proposal? Not Applicable <hr/>
Has ISS identified problematic governance practices? No <hr/>
What was the lowest percentage of vote support for management-nominated directors? 98 <hr/>
What percentage of directors received vote support below eighty percent? 0 <hr/>

References:

 [2023 Proxy Statement](#)

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## Shareholder Meeting & Voting

Board Commitments / Shareholder Meeting & Voting

Publicly available information regarding shareholder voting standards as well as most recent annual meeting.

What was the percentage of vote support for the CEO? 99.62
What was the percentage of vote support for the Board Chair? 98.01
Are there directors not up for election by all shareholders? No
Does the company have a plurality vote standard for contested elections? No
Does the company require a supermajority to approve amendments to the charter or bylaws? No
Does the company require a supermajority to approve mergers? Yes
Did the company employ a show of hands at the last meeting? No
Does the company have a majority vote standard in uncontested elections? Yes
Does the company have individual or bundled director elections? Yes
If the company has a plurality vote standard with majority voting and a director resignation policy, is there a plurality carve-out for contested elections? Yes
What was the greatest percentage of vote support for environmental or social shareholder proposals? n/a
What was the greatest percentage of vote support for climate-related shareholder proposals? n/a

**Additional Comments**












There were no environmental or social shareholder resolutions at the most recent annual meeting.

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## Diversity and Inclusion

Board Commitments / Diversity and Inclusion

What percentage of non-executive directors has lengthy tenure? 10 
How many women are on the board? 4 
Does the board have a retirement and/or tenure policy? Yes 
What is the percentage of women on the board? 40 
What percentage of non-executive directors has been on the board less than six years? 40 
How many women are in board leadership roles? 2   <a href="#">2023 Proxy Statement</a>
How many women are executives at the company? 5 
What is the standard deviation of director age? 8.72 
What is the standard deviation of director tenure? 3.87 
Does the board exhibit ethnic diversity? Yes 

Additional Comments

References:

 [2023 Proxy Statement](#)

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## Board Structure Diversity

Board Commitments / Board Structure Diversity



Publicly available information about diversity policies and data.

What is the disclosure level of the company's board and executive aggregate diversity data? full
What was the greatest percentage of vote support for diversity, equity, and inclusion shareholder proposals? 0
Does the company have a board gender diversity policy with a target? No
Does the company have an executive gender diversity policy with a target? No
Does the company have a gender diversity statement for the board and/or executives? No
Does the board exhibit diversity based on aggregate disclosure? Yes
Do executives exhibit diversity based on aggregate disclosure? Yes
Do executive or senior level officials and managers exhibit ethnic and racial diversity? Yes
Do executive or senior level officials and managers exhibit gender diversity? Yes
Are there LGBTQ+ directors on the board? No
Do the leaders on the board exhibit ethnic diversity? Yes

References:

 [2023 Proxy Statement](#)

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## Key Committee Composition

Board Commitments / Key Committee Composition

Please provide publicly available details about the composition of key committees at NorthWestern Energy

<b>Nominating Committee</b>
Does the company have a nominating committee? Yes
What percentage of the nominating committee is independent according to the ISS local market classification? 100

<p>What percentage of the nominating committee is independent according to the ISS global classification?</p> <p>100</p>
<p>Are there executive directors on the nominating committee?</p> <p>No</p>
<p>What is the classification of the nominating committee chair?</p> <p>Independent</p>
<p><b>Compensation/Remuneration Committee</b></p>
<p>Does the company have a compensation/remuneration committee?</p> <p>Yes</p>
<p>What percentage of the compensation committee is independent according to the ISS local market classification?</p> <p>100</p>
<p>What percentage of the compensation committee is independent according to the ISS global classification?</p> <p>100</p>
<p>Are there executive directors on the compensation committee?</p> <p>No</p>
<p>What is the classification of the compensation committee chair?</p> <p>Independent</p>
<p><b>Audit Committee</b></p>
<p>Does the company have an audit committee?</p> <p>Yes</p>
<p>What percentage of the audit committee is independent according to the ISS local market classification?</p> <p>100</p>
<p>What percentage of the audit committee is independent according to the ISS global classification?</p> <p>100</p>
<p>Are there executive directors on the audit committee?</p> <p>No</p>
<p>What is the classification of the audit committee chair?</p> <p>Independent</p>
<p>How many financial experts are on the audit committee?</p> <p>2</p>
<p><b>Sustainability Committee</b></p>
<p>Does the company have a sustainability committee?</p> <p>No</p>
<p>What percentage of the sustainability committee is independent?</p>

References:

 [2023 Proxy Statement](#)

## Material Related-Party Transactions (RPTs)

Board Commitments / Material Related-Party Transactions (RPTs)  
Publicly available details of material related-party transactions (RPTs).


What percentage of the directors are involved in material related party transactions? 0
Are the directors with related party transactions on key board committees? Not Applicable
Are there material related-party transactions (RPTs) involving the CEO? No
Are there related-party transactions with significant shareholders? No
Does the company disclose related party transactions? Yes

References:

 [2023 Proxy Statement](#) Page(s) 30-50

## Board Practices for Share Pledging

Board Commitments / Board Practices for Share Pledging  
Publicly available details of share pledging practices for directors and executives.

Does the company have an anti-pledging policy for directors and executives? Yes  <a href="#">Insider Trading Policy</a>
What is the aggregate value of pledged shares by directors and executives? 0
What percentage of outstanding shares are pledged by directors and executives? 0

## Compensation

### Compensation Report

Compensation / Compensation Report  
Details on transparency of senior management remuneration.

What is the disclosure level of performance measures for the executive short-term incentive plan?

Detailed in the proxy statement.

 [2023 Proxy Statement](#)

Are executives granted multi-year guaranteed bonuses?

No

Are executive bonuses guaranteed?

No

Did the company grant a discretionary or special award to executives?

No

What percentage of outstanding stock do directors and executives own?

0.009%

 [2023 Proxy Statement](#) Page(s) 72

Does the company apply a limit on the annual bonus for the CEO?

Yes

Does the company apply a limit on the annual bonus for non-CEO executives?

Yes

What percentage of the annual bonus for the CEO can be deferred?

100

What percentage of the annual bonus for non-CEO executives can be deferred?

100

What is the percentage of the CEO's non-performance-based compensation to base salary?

0.1

What is the ratio of the CEO's total compensation to the next highest-paid executive?

1.26

What is the size of the CEO's one-year pay as a multiple of the median pay of the company's peers (MOM)?

.74

What is the degree of alignment between the company's total shareholder return and the change in CEO pay over the past five years (PTA)?

Unknown

What was the average total compensation for non-executive directors as a multiple of the median of the company's peers?

Unknown

What is the degree of alignment between the company's annualized three-year pay percentile rank, relative to its peers, and its three-year annualized total shareholder return rank, relative to its peers (RDA)?

Unknown

Does the company have a relative performance measures for the executive short-term or any long-term incentive plan?

Yes

<p>What is the degree of alignment between the CEO's pay and the company's financial performance over the past three years, relative to peers (FPA)?</p> <p>Unknown</p>
<p>What percentage of the CEO's equity pay mix by value is performance-conditioned?</p> <p>70</p>

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## Performance Measure Disclosures

Compensation / Performance Measure Disclosures

Publicly available details on disclosure of performance measures for executive stock option and/or restricted share plans.

<p>Does the company disclose a performance measure for executive options?</p> <p>No</p>
<p>Does the company disclose a performance measure for executive restricted stock?</p> <p>Yes</p>
<p>Does the company disclose a performance measure for all other executive long-term incentives?</p> <p>Yes</p>
<p>What is the disclosure level of information security-related performance measures for the executive short-term or any long-term incentive plan?</p> <p>All available information is included in the proxy statement that is included with this request.</p>

References:

 [2023 Proxy Statement](#)

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## Say-on-Pay Proposals

Compensation / Say-on-Pay Proposals

Publicly available information on say-on-pay proposals at NorthWestern Energy

<p>Did the most recent Say-on-Pay proposal receive significant shareholder opposition?</p> <p>No</p>
<p>Has the company voluntarily adopted a management Say-on-Pay proposal?</p> <p>No</p>
<p>What was the percentage of vote support for the most recent Say-on-Pay proposal?</p> <p>98.81</p>

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## Compensation Linkage

Compensation / Compensation Linkage

Linkage between compensation and the organization's performance (including social and environmental performance).

What is the disclosure level of performance measures for executive long-term incentive plans?  Detailed. <a href="#">Proxy Materials</a> <hr/>
What is the disclosure level of environmental or social performance measures for the executive short-term incentive plan?  Detailed <hr/>
What is the disclosure level of environmental or social performance measures for any executive long-term incentive plan?  Not applicable. <hr/>
What is the disclosure level of diversity, equity, and inclusion performance measures for the executive short-term or any long-term incentive plan?  Not applicable <hr/>
What is the performance period for the executive long-term incentive plan?  Three years <hr/>
What is the disclosure level of climate-related performance measures for the executive short-term or any long-term incentive plan?  Not applicable <hr/>
What is the disclosed ratio of CEO total compensation to the median total compensation of all employees?  26 to 1 <hr/>

References:

 [2023 Proxy Statement](#) Page(s) 15-34

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## Compensation Controversies

Compensation / Compensation Controversies

Publicly available information on compensation features and practices

Has ISS identified a pay-for-performance misalignment?  No <hr/>
Has ISS identified a problematic pay practice or policy that raises concerns?  No <hr/>

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## Special Grants

Compensation / Special Grants

Publicly available information on special grants to executives and/or CEO outside the scope of the compensation plan at NorthWestern Energy .

Has the company made special grants to non-CEO executives? No <input type="text"/>
What percentage of the CEO's total compensation was due to special grants? 0 <input type="text"/>

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## Vesting Years

Compensation / Vesting Years

Publicly available information on the minimum number of years for stock grants to vest for employees of NorthWestern Energy

What is the minimum vesting period mandated in the equity plan for options and/or stock appreciation rights? 0 <input type="text"/>
What is the minimum vesting period mandated in the equity plan for restricted stock? 0 <input type="text"/>
What is the minimum vesting period mandated in the equity plan for all other long-term incentives? 0 <input type="text"/>

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## Clawback Provisions

Compensation / Clawback Provisions

Details on whether the company has any compensation clawback provisions in place.

Does the company have a clawback or malus provision?

No

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Additional Comments





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## Non-Executive Pay

Compensation / Non-Executive Pay

Publicly available details about non-executive pay practices.

What percentage of outstanding equity is attributed to equity plans? .01 
Has the company provided loans to directors? No 
Do directors participate in equity plans? No 
What percentage of total director compensation is option-based? 0 

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## Termination and Severance Policies

Compensation / Termination and Severance Policies



Publicly available information on termination and severance policies

What is the change-in-control agreement trigger type? Our only change in control provisions are in our equity compensation plan. <hr/>
Do equity plans vest upon a change-in-control for executives? Other <hr/>
Do equity plans vest upon executive termination? Yes <hr/>
What is the multiple of pay in the change-in-control or the severance agreements for the CEO? 1 <hr/>
What is the basis for the change-in-control or severance payment for the CEO? <input type="checkbox"/> No Information Disclosed <input type="checkbox"/> Salary <input type="checkbox"/> Salary + Average Bonus <input type="checkbox"/> Salary + Most Recent Bonus <input type="checkbox"/> Salary + Maximum Bonus <input type="checkbox"/> Salary + Other <input type="checkbox"/> Salary + Last/Highest Paid Bonus <input checked="" type="checkbox"/> Salary + Target Bonus <input type="checkbox"/> Bonus <input type="checkbox"/> Benefits <hr/>
How long is the notice period to terminate the CEO's contract? <hr/>
Does the company provide excise tax gross-ups for change-in-control payments? No <hr/>

References:

 [2023 Proxy Statement](#) Page(s) 18, 40-41

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## Use of Equity

Compensation / Use of Equity

Does the company's equity plan prohibit options or stock appreciation rights recycling? Yes <input type="text"/>
Does the company's three-year average adjusted burn rate exceed the average plus one standard deviation of its industry and index peers? No <input type="text"/>
Does the company's equity plan prohibit options or stock appreciation rights repricing? Yes <input type="text"/>
Has the company repriced options or exchanged them for stock, options, or cash without shareholder approval? Not Applicable <input type="text"/>
Does the company's equity plan prohibit options or stock appreciation rights cash buyouts? Yes <input type="text"/>
Does the company's equity plan have an evergreen provision? No <input type="text"/>
Does the company's equity plan have liberal change-in-control vesting provisions? No <input type="text"/>
What is the company's three-year average adjusted burn rate? 0.5 <input type="text"/>

**Additional Comments**

We have no stock options outstanding.






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## Pay-For-Performance

Compensation / Pay-For-Performance

Publicly available details of CEO pay and pay-for-performance.

What is the overall quantitative concern level for the CEO's pay-for-performance evaluation?  None. 
What is the concern level of the size of the CEO's one-year pay as a multiple of the median pay of the company's peers (MOM)?  None. 
What is the concern level of the degree of alignment between the company's total shareholder return and the change in CEO pay over the past five years (PTA)?  None. 
What is the concern level of the degree of alignment between the company's annualized three-year pay percentile rank and its three-year annualized total shareholder return rank relative to its peers (RDA)?  None. 
What is the initial quantitative concern level for the CEO's pay-for-performance evaluation?  None. 

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## Shareholder Rights

### Shareholder Rights & Restrictions

Shareholder Rights / Shareholder Rights & Restrictions

Can shareholders act by written consent? No <input type="text"/>
Does the company have an exclusive venue or forum provision? No <input type="text"/>
Can the board materially modify the company's equity capital structure without shareholder approval? No <input type="text"/>
Does the company have a fee-shifting provision? No <input type="text"/>
Does the company have a representative claim limitation or other significant litigation rights limitations? No <input type="text"/>
Has the company entered into a private placement without an accompanying share purchase plan? No <input type="text"/>
What is the dilution limit to issue shares under a general mandate? unknown <input type="text"/>
What is the discount limit to issue shares under a general mandate? unknown <input type="text"/>

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## Special Meeting

Shareholder Rights / Special Meeting

Percentage share ownership required to call a board special meeting.

What is the percentage of shares required to call a special meeting? 25 <input type="text"/>
Are there material restrictions to call a special meeting? Yes <input type="text"/>

Additional Comments

Bylaws Section 2.3

References:

 [Bylaws](#)

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## Proxy Access

Shareholder Rights / Proxy Access

Publicly available information on proxy access at NorthWestern Energy

Does the company provide proxy access to shareholders? No <hr/>
What is the proxy access ownership threshold? <hr/>
What is the proxy access ownership duration threshold? <hr/>
What is the proxy access shareholder nominee limit? <hr/>
What is the proxy access shareholder aggregation limit to form a nominating group? <hr/>

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## Shareholder Voting Rights

Shareholder Rights / Shareholder Voting Rights

Publicly available information about shareholder voting rights and non-voting shares at NorthWestern Energy .

Does the company have an unequal voting structure? No <hr/>
Is there a sunset provision on the company's unequal voting structure? Not Applicable <hr/>
What is the percentage of multiple voting rights or certificates relative to total voting rights? 0 <hr/>
What percentage of issued share capital is composed of non-voting shares? 0 <hr/>
Is there a coattail provision attached to the company's unequal voting structure? Not Applicable <hr/>
Does the company have a controlling shareholder? No <hr/>

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## Poison Pill Plan

Shareholder Rights / Poison Pill Plan

Details on the poison pill plan.

Does the company have a poison pill in effect? No <input type="text"/>
What is the trigger threshold for the poison pill?
Does the poison pill have a sunset provision?
Does the poison pill have a qualified offer clause?
What is the expiration date of the poison pill? <input type="text"/>
Is the poison pill designed to preserve tax assets?
When was the poison pill implemented or renewed? <input type="text"/>
Does the company's poison pill include a modified slow-hand or dead-hand provision?

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## Blank Check

Shareholder Rights / Blank Check

Publicly available details on whether the board is authorized to issue blank check preferred stock.

Is the board authorized to issue blank check preferred stock?

No

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Additional Comments

Certificate of Incorporation, Section  
4.3

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References:

 [Certificate of Incorporation](#)

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## Audit & Risk Oversight

### External Auditor/Audit and Accounting Controversies

Audit & Risk Oversight / External Auditor/Audit and Accounting Controversies

Publicly available information on audits and audit/accounting controversies

Does the company disclose audit fees? Yes  <a href="#">2023 Proxy Statement</a> Page(s) 11
What is the percentage of non-audit fees paid to the external auditor? 6.83
What is the external auditor's tenure? 20
What is the external auditor's opinion?
Has the company restated its financial statements? No
Has the company disclosed its financial statements late? No
Has a regulator initiated an enforcement action against the company? No
Has a regulator initiated an enforcement action against a director or executive in the past two years? No
Has a regulator initiated an investigation of the company, directors, or executives? No
Has the company disclosed any material weaknesses in its internal controls? No

References:

 [2023 Proxy Statement](#) Page(s) 11

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## EEO-1 Reports

Audit & Risk Oversight / EEO-1 Reports

Details on EEO-1 report disclosures.

Has the company publicly disclosed an EEO-1 report in the last 3 years? Yes
How long ago was the most recent EEO-1 report disclosure? 05/04/2022

Additional Comments

NorthWestern Energy files EEO-1 reports annually.

References:

 [Key Sustainability Statistics Report](#) Page(s) 9

**Aligned Frameworks/Raters**

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## Information Security Risk Management

Audit & Risk Oversight / Information Security Risk Management

Publicly available information on information security risk management at NorthWestern Energy .

Does the company disclose an approach on identifying and mitigating information security risks? Yes
What are the net expenses incurred from information security breaches over the last three years relative to total revenue? If not applicable, enter N/A 0.00
Has the company experienced an information security breach in the last three years? No
What are the net expenses incurred from information security breach penalties and settlements over the last three years relative to total revenue? If not applicable, enter N/A N/A
Does the company have information security risk insurance? Yes
Is the company externally audited or certified by top information security standards? Yes
Does the company have an information security training program? Yes
How long ago did the most recent information security breach occur (in months)? If not applicable, enter N/A N/A
Does the company disclose its third-party information security risks? Not Applicable
Has the company experienced a third-party information security breach? Not Applicable

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## Information Security Oversight

Audit & Risk Oversight / Information Security Oversight

Publicly available information about oversight of information security matters at NorthWestern Energy .

What percentage of the committee responsible for information security risk is independent?
100%
How often does senior leadership brief the board on information security matters?
Five times a year at every board meeting
How many directors have information security skills?
7

### Additional Comments

The Board of Directors of NorthWestern Energy has long recognized the importance of information security oversight. NorthWestern Energy has formally been updating the Board of Directors via the full board, Audit Committee and/or Operations Committee on this topic since 2009. Information security has been on every agenda (five times per year) since 2016.

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## Identification under the HFCA Act

Audit & Risk Oversight / Identification under the HFCA Act

Publicly available information on whether your company is conclusively identified under the Holding Foreign Companies Accountable Act.

Is the company conclusively identified under the Holding Foreign Companies Accountable Act?

No

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## Environmental and Social Risk Oversight

Audit & Risk Oversight / Environmental and Social Risk Oversight

Please provide publicly available details about environmental and social risk oversight at your company.

What percentage of the committee responsible for health and safety is independent?
100
How many directors have climate skills?
0
How many directors have diversity, equity, and inclusion skills?
4
What percentage of the committee responsible for human capital management is independent?
100
What percentage of the committee responsible for climate is independent?

References:





 [2023 Proxy Statement](#)

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## Risk Oversight

### Audit & Risk Oversight / Risk Oversight

Please provide publicly available details about risk oversight at your company.

What percentage of the committee responsible for risk is independent? 100 
What percentage of the committee responsible for succession is independent? 100 
What is the average percentage of director skills? 40 
What percentage of the committee responsible for mergers and acquisitions is independent? 100 

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#### References:

 [2023 Proxy Statement](#) Page(s)  
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