



NorthWestern Corporation

doing business as

NorthWestern Energy

Sustainalytics
Disclosure Report

For Calendar Year 2022

Disclosed December 2023

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General Disclosures

Reporting Practice

Notes for Sustainalytics

General Disclosures / Reporting Practice / Notes for Sustainalytics

Additional information, comments and/or explanatory information for the Sustainalytics analyst(s).

Notes to Sustainalytics analyst:

Please see our Key Sustainability Statistics Report for a 5-year history of robust quantitative ESG metric and disclosures.

References:

 [Key Sustainability Statistics Report](#)







Material ESG Issues

Environmental Issues

Water Management Programs

Material ESG Issues / Environmental Issues / Water Management Programs

Details on the company's water management programs.

Water Management Program Attributes	Comment	References
<input type="checkbox"/> Policy commitment to reduce water use		
<input type="checkbox"/> Managerial responsibility for water use		
<input type="checkbox"/> Initiatives to reduce fresh water use		
<input type="checkbox"/> Water reduction targets and deadlines		
<input type="checkbox"/> Water use monitoring and measurement		
<input checked="" type="checkbox"/> Water use reporting	Water use for Natural Gas and Coal Facilities is shown in the Key Sustainability Report	

Additional Comments

As a hydroelectric operator, NorthWestern utilizes the Clarks Fork, Madison, and Missouri rivers and East Rosebud Creek flows to generate clean renewable electricity. Prudent and coordinated operations is essential to optimize the use of water and comply with license requirements.

References:

 [Key Sustainability Statistics Report](#)

Non-GHG Air Emissions Programs

Material ESG Issues / Environmental Issues / Non-GHG Air Emissions Programs

Provide details of the company's targets and programs in place to reduce non-GHG air emissions.

Non-GHG Air Emissions Programs Attributes	Comment	References
<input checked="" type="checkbox"/> Commitment to reduce non-GHG air emissions		
<input type="checkbox"/> Deadlines to reduce non-GHG air emissions		
<input type="checkbox"/> Initiatives to reduce non-GHG air emissions		
<input type="checkbox"/> Non-GHG air emission monitoring		
<input type="checkbox"/> Identification of relevant non-GHG air emissions		
<input type="checkbox"/> Targets to reduce non-GHG air emissions		

Additional Comments

Refer to our Net Zero by 2050 document referenced below.

References:

 [Net Zero by 2050 \(pdf\)](#)

Supplier Environmental Programs and Certifications

Material ESG Issues / Environmental Issues / Supplier Environmental Programs and Certifications

Details on the company's targets and programs for environmental improvement by suppliers.

Supplier Environmental Program(s) Attributes	Comment	References
<input checked="" type="checkbox"/> Company-wide managerial responsibility for environmental management of suppliers	See Environmental Policy and Supplier Code of Conduct	
<input checked="" type="checkbox"/> Systematic consideration of suppliers' environmental performance during procurement	NorthWestern has adopted Sustainable Procurement & Practices Guidelines and is actively working through a Sustainable Procurement and Practices Committee to institute sustainable behavior throughout the company	
<input checked="" type="checkbox"/> Compliance with environmental standards included in legally binding agreements with suppliers	Besides the Supplier Code of Conduct, NorthWestern includes provisions in its contracts requiring compliance with environmental requirements.	
<input type="checkbox"/> Monitoring of suppliers' environmental performance		
<input type="checkbox"/> Engagement with suppliers to address non-compliance or improve their environmental performance		
<input type="checkbox"/> Targets and deadlines for the environmental improvement of suppliers		
<input type="checkbox"/> External certification (ISO 14001, organic, etc) covering over 50% of the company's suppliers		
<input type="checkbox"/> Engagement with NGOs or industry peers to address environmental issues in the supply chain		
<input type="checkbox"/> Reporting on environmental issues in the supply chain		
Supplier Environmental Certifications	Comment	References
Percentage of suppliers receiving external certification		

References:

 [Supplier Code of Conduct](#)

 [Environmental Policy](#)

Carbon Intensity & Trend

Material ESG Issues / Environmental Issues / Carbon Intensity & Trend

Details on carbon intensity and trend over the last three years.

Carbon Intensity Unit	Carbon Intensity KPI Value	Comment	References
Unit of Data/Dimension Metric Tons of CO2e / MWh	Indicator Value for Most Recent Financial Year 0.438	Comment on carbon intensity trend: down 36% from 2008 baseline of 0.681 Metric Tons of CO2e/MWh.	

Additional Comments

Data is from calendar year 2022 and based on owned and long-term contracted resources
 The trend is that we are down 36% from 2008 levels and 4.6% from 2019 levels
 NorthWestern Energy has established a 2050 Net-Zero target for all Scope 1 & Scope 2 CO2 emissions.




References:

-  [EEI/ESG Sustainability Document](#) Page(s) 4
-  [Net Zero by 2050 \(pdf\)](#)

Environmental Management System and Certification

Material ESG Issues / Environmental Issues / Environmental Management System and Certification

Provide details of the company's Environmental Management System and EMS Certification.

EMS Attribute	Comment	References
<input checked="" type="checkbox"/> Assigned roles and responsibilities <input type="checkbox"/> Compliance with environmental regulation <input type="checkbox"/> Corrective actions to stimulate continual improvement <input type="checkbox"/> Environmental performance records <input type="checkbox"/> Environmental programs <input type="checkbox"/> External environmental audits <input type="checkbox"/> Identification of products, activities and services that have significant impacts on the environment <input type="checkbox"/> Internal and external communications on environmental management issues <input type="checkbox"/> Internal environmental audits <input type="checkbox"/> Managerial or board level responsibility for environmental issues <input type="checkbox"/> Monitoring and measurement <input type="checkbox"/> Objectives, targets and deadlines <input type="checkbox"/> Training and awareness programs for employees <div style="border: 1px solid #ccc; padding: 5px; margin-top: 10px;">  Environmental Policy  SETO Committee Charter </div>		
EMS Certification	Comment	References
<input checked="" type="checkbox"/> Externally certified (provide details of certifications in comment box to the right) <div style="border: 1px solid #ccc; padding: 5px; margin-top: 10px;">  Environmental Policy </div>	Key Provision #3 of NorthWestern's Environmental Policy	

Additional Comments

NorthWestern's Environmental Management System is not certified however it is generally structured after the framework of ISO 14000 and 14001-2015.

Biodiversity Programs

Material ESG Issues / Environmental Issues / Biodiversity Programs

Information on Biodiversity Programs.

Biodiversity Program Attributes	Comment	References
<input checked="" type="checkbox"/> Managerial or board level responsibility for biodiversity issues	Responsibility for environmental compliance, including biodiversity is described in our Environmental Policy. (updated 2022)	
<input checked="" type="checkbox"/> Identification of biodiversity priority areas	Priority areas for protection, mitigation or enhancement projects are identified through an annual collaborative process with the Technical Advisory Committees (TACs). The TACs are made up of biologists and other technical experts from resource agencies and NorthWestern.	
<input checked="" type="checkbox"/> Biodiversity management plans for priority areas	Certain areas near our hydroelectric projects are a focus for restoration to enhance wetlands and/or aquatic habitats, such as O'Dell Creek. Management plans are prepared for each site identified by a Technical Advisory Committee (TAC) for restoration. See Bright Magazine for a description of the O'Dell Creek project.	
<input type="checkbox"/> Systematic consideration of local threats to biodiversity beyond the company's business activities		
<input type="checkbox"/> Implementation of best-practice mitigation hierarchy		
<input type="checkbox"/> Targets and deadlines related to biodiversity		
<input checked="" type="checkbox"/> Engagement with local residents or biodiversity experts	Protection, mitigation or enhancement projects are identified through a collaborative process with the Technical Advisory Groups who provide technical advice and guidance on the Protection, Mitigation and Enhancement Program. The annual TAC meetings are open to local residents or other stakeholders interested in the projects.	
<input checked="" type="checkbox"/> Reporting on biodiversity programs or impacts	Reports are prepared annually on PM&E projects and posted on the NorthWestern Energy website Our Environment (northwesternenergy.com)	
<input type="checkbox"/> Formal policy commitment to avoid operating in areas with the highest biodiversity value		
<input type="checkbox"/> Formal commitment to 'no net loss' or having a 'net positive impact' on biodiversity		
<input checked="" type="checkbox"/> Formal commitment to minimize impact on biodiversity or to consider biodiversity in planning	The Environmental Policy includes principles that NorthWestern is to be good stewards of the environment and that environmental concerns be considered in business planning and decision making.	
<input type="checkbox"/> Framework for minimizing impacts in High Conservation Value (HCV) areas		
<input type="checkbox"/> Framework for minimizing impacts in High Conservation Value (HCV) areas includes references to external standards or guidelines		
<input type="checkbox"/> Framework for minimizing impacts in High Conservation Value (HCV) areas describes a formal process for evaluating projects		

Additional Comments

NorthWestern's Environmental Management System is not certified however it is generally structured after the framework of ISO 14000 and 14001-2015.

References:

-  [Missouri-Madison Protection, Mitigation and Enhancement Prog...](#)
-  [December 2021 Bright Magazine on the Environment](#)
-  [2022 Bright Magazine Environmental Edition](#)

Social Issues



Community Involvement Programs

Material ESG Issues / Social Issues / Community Involvement Programs

Seek information on the company's community involvement programs.

Community involvement programs include:	Comment	References
<input checked="" type="checkbox"/> A formal system for identifying local stakeholders or communities of interest <input checked="" type="checkbox"/> Policy commitment to consult with local communities <input checked="" type="checkbox"/> Accessible mechanism to collect, record and address complaints or grievances <input checked="" type="checkbox"/> Executive responsibility for community relations <input checked="" type="checkbox"/> Community consultation guidelines <input type="checkbox"/> Ongoing consultation mechanisms <input type="checkbox"/> Operation-specific responsibility for community relations <input checked="" type="checkbox"/> Consultation conducted at early stages of a project		

References:

-  [Code of Conduct and Ethics](#) Page(s)
28
-  [Regulatory Engagement](#)
-  [Stakeholder Engagement](#)

Supplier Social Compliance

Material ESG Issues / Social Issues / Supplier Social Compliance

Provide details on the company's social supplier standards, supply chain management, and supplier certifications.

Scope of Social Supplier Standards	Comment	References
Select all that apply <input checked="" type="checkbox"/> Addresses forced labor <input checked="" type="checkbox"/> Addresses child labor <input checked="" type="checkbox"/> Addresses maximum working hours <input checked="" type="checkbox"/> Addresses minimum living wages <input checked="" type="checkbox"/> Addresses non-discrimination <input checked="" type="checkbox"/> Addresses freedom of association and the right to collective bargaining <input checked="" type="checkbox"/> Addresses health and safety <input type="checkbox"/> Addresses acceptable living conditions <input type="checkbox"/> Addresses corporal punishment/disciplinary practices <input type="checkbox"/> Other		
Supply Chain Monitoring	Comment	References
Does the company monitor supplier compliance with social standards? No		
Supply Chain Management System	Comment	References
The company's supply chain management system contains the following attributes: <input type="checkbox"/> Managerial responsibility for supply chain management <input type="checkbox"/> Monitoring of supply chain non-compliance incidents or practices <input type="checkbox"/> Systematic consideration of suppliers' social performance during procurement <input type="checkbox"/> Compliance with social standards included in legally binding agreements with suppliers <input type="checkbox"/> Is applicable to second-tier suppliers <input type="checkbox"/> Reporting on audit results <input type="checkbox"/> Targets and deadlines related to supply chain management <input type="checkbox"/> Regular internal supplier audits <input type="checkbox"/> Engagement with non-compliant suppliers to reach compliance <input type="checkbox"/> Engagement with NGOs, labor groups or industry peers on social supply chain issues <input type="checkbox"/> Regular training programs for suppliers on labor rights issues <input type="checkbox"/> Formal channels for supply chain workers to raise concerns <input type="checkbox"/> Regular external supplier audits <input type="checkbox"/> Board-level responsibility for supply chain management		
Social Supplier Certification	Comment	References
Does the company track external social supplier certifications received by its suppliers? No		

Additional Comments

We are not aware of any instances of non compliance with our supplier code of conduct.








References:

 [Supplier Code of Conduct](#)


Community Development Program

Material ESG Issues / Social Issues / Community Development Program
 Information on community development programs.

Community Development Program(s)	Comment	References

<input checked="" type="checkbox"/> Commitment to promote community development	Please provide details Economic Development Plan At-A-Glance Economic Impact Analysis Grant Program Charitable Contribution Programs Dedicated employees working in community relations, economic development and key account activities Community Volunteerism Sponsorship Program Community Infrastructure Upgrades/Expansions Code of Conduct	
<input checked="" type="checkbox"/> Community development initiatives	Please provide details Economic Development Plan At-A-Glance Economic Impact Analysis Grant Program Charitable Contribution Programs Community Volunteerism Sponsorship Program Community Infrastructure Upgrades/Expansions LED Street Light & Area Conversion Advanced Metering Infrastructure (AMI) Upgrade Energy Efficiency Programs Renewable Energy Pilot Programs	
<input checked="" type="checkbox"/> Systematic involvement of local stakeholders in community development planning and/or monitoring	Please provide details Advantage South Dakota Montana Economic Developers Association Local Economic Development and Chamber of Commerce Montana Ambassadors Specialized Stakeholder Groups such as: -DSM -Green Tariff - Specialized Infrastructure Working Groups	
<input checked="" type="checkbox"/> Community development targets and deadlines	Please provide details Net Zero Publication Load Growth Revenue Growth Customer Growth/Stability Annual Community Development Budget DSM Targets EV Implementations Fleet Electrification Natural Gas Expansion in South Dakota Sustainable Energy Portfolio Renewable Targets	
<input checked="" type="checkbox"/> Monitoring of community development programs	Please provide details JD Power Customer Satisfaction Survey Flynn Wright Operational & Reputational Survey Key Account Customer Satisfaction Survey Community Development Related Budget Reviews Renewable Energy Pilot Programs Sustainability Plans	
<input checked="" type="checkbox"/> Initiatives to promote economic development after closure	Please provide details Succession Planning Workforce Development Next Step Consultation/Identification of Alternatives Facility Reuse Rate Deviation in South Dakota Economic Impact Analyses	
<input checked="" type="checkbox"/> Reporting on community development programs and results	Please provide details Community Report JD Power Customer Satisfaction Survey Flynn Wright Operational & Reputational Survey Key Account Customer Satisfaction Survey Business Leader Survey Community Development Related Budget Reviews Renewable Energy Pilot Programs Sustainability Plans Annual Environmental Report Quarterly Bright Magazine Publications	

References:

-  [Montana's LED street and yard lighting project](#)
-  [Natural Gas Expansion in South Dakota](#)

Freedom of Association Policy and Collective Bargaining Agreements

Material ESG Issues / Social Issues / Freedom of Association Policy and Collective Bargaining Agreements

Information on the company's Freedom of Association Policy and the percentage of employees that are covered by collective bargaining agreements.

Freedom of Association Policy	Comment	References
The company does not have a policy on freedom of association.	Describe the company's Freedom of Association Policy and the percentage of employees that are covered by collective bargaining agreements. 41% of employees are represented	

Employee Turnover Rate

Material ESG Issues / Social Issues / Employee Turnover Rate

Seeks information on the company's turnover rates.

Employee Turnover Rate	Comment	References
Does the company disclose employee turnover rates? Yes	2022 Turnover rate for Regular / Full-Time Employees was 12.7% 2022 Turnover rate for All employees including seasonal & temporary was 15.2%	

Additional Comments

ESG Key Stats Report 2018-2022

References:

Health and Safety Management System

Material ESG Issues / Social Issues / Health and Safety Management System

Details on the company's Health and Safety Management System.

Health and Safety Management System Attributes	Comment	References
Select all that apply		
<input checked="" type="checkbox"/> Formal health and safety policy commitment		
<input checked="" type="checkbox"/> Managerial responsibility for health and safety issues		
<input checked="" type="checkbox"/> Procedures for hazard identification and risk assessment		
<input checked="" type="checkbox"/> Regular health and safety training programs for employees		
<input checked="" type="checkbox"/> Operating guidelines or procedures that are relevant for the industry		
<input checked="" type="checkbox"/> Targets to reduce health and safety incidents		
<input checked="" type="checkbox"/> Emergency preparedness procedures		
<input checked="" type="checkbox"/> Performance monitoring and measurement		
<input checked="" type="checkbox"/> Internal or external health and safety audits conducted at least every three years		
<input checked="" type="checkbox"/> Reporting on health and safety programs and performance		

Lost-Time Incident Rate (LTIR) and Trend

Material ESG Issues / Social Issues / Lost-Time Incident Rate (LTIR) and Trend

Seek information about the company's LTIR over the last three years.

Lost-Time Incident Rate	Comment	References
Does the company disclose its LTIR? Yes	Please provide information regarding the company's LTIR and the trend over the last three years: LTIR last three years: 2020: 0.39, 2021: 0.66 and 2022: 0.59.	

References:

 [Key Sustainability Statistics Report](#) Page(s) 8

Diversity Programs

Material ESG Issues / Social Issues / Diversity Programs

Please provide the company's workforce diversity targets and information related to those targets.

Diversity Program Attribute	Comment	References
<input checked="" type="checkbox"/> Managerial or board level responsibility for diversity initiatives		
<input checked="" type="checkbox"/> Initiatives to recruit from diverse talent	Our Diversity, Equity and Inclusion Plan outlines targeted outreach about Karen and Hispanic population in our Huron SD area. Also, energy career awareness targeting Native American populations in Great Falls, MT area. In general NorthWestern Energy is interested in expanding career awareness among all diverse candidates. We have partnered with the State of SD Department of Labor to place diverse candidates as well as working with the state's disability outreach coordinators in both Montana and South Dakota.	
<input checked="" type="checkbox"/> Training and guidance regarding diversity	Our Diversity, Equity and Inclusion Plan includes specific focus on unconscious bias and inclusion training. We utilize a top down method to establish awareness and commitment to our organization development initiatives which is being applied to diversity and inclusion efforts. Our ongoing training includes Code of Conduct, EEO and fairness topics annually. All members of hiring committees go through fairness training to set expectations for their role in the selection process.	
<input checked="" type="checkbox"/> Employee affinity groups, diversity councils, or networking groups	Externally we participate in Edison Electric Institute Diversity Programs and Center For Energy Workforce Development Diversity Programs. We are also members of Western Energy Institute and regularly participate in diversity committees in support of promoting diversity in the industry. We attend the MEA Energetic Women's Conference which focuses on developing and enhancing leadership and interpersonal skills.	
<input checked="" type="checkbox"/> Mentorship programs	NorthWestern Energy maintains a mentorship component within our employee development programs and leadership development programs. We are active participants in Western Energy Institutes Women in Leadership program providing employee mentors and sending employee mentees. We offer adhoc internal mentorship to female professionals and leaders.	
<input checked="" type="checkbox"/> Initiatives supporting a diverse workforce	We have established scholarships with preference for female and minority candidates, mentoring programs, career outreach at K-12 and college/ vocational level, structured fair and robust hiring and promotional processes, inclusive immersive business acumen and networking programs, open access training content, affirmative action planning, calibrated succession planning, calibrated performance management, unconscious bias training and inclusion training, new supervisor learning plans, annual code of conduct training with certification, general and targeted career outreach, interview team process and fairness training, annual performance management training, employee engagement survey including DE&I assessment questions and overall cultural assessment.	
<input checked="" type="checkbox"/> Diversity monitoring or audits	Annual Affirmative Action analysis and plans	
<input type="checkbox"/> The company has a program that applies to less than 50% of operations	Our programs apply to 100% of operations	

Governance Issues

Seek information on the company's level oversight for ESG-specific issues -by the board, management, or other bodies, as an indicator of the effectiveness and scope of that oversight.

ESG Governance	Comment	References
<p>What is the highest level of oversight of ESG-specific issues?</p> <p>A board member or a board committee is responsible for overseeing ESG issues</p>	<p>The primary oversight responsibilities for ESG fall within the Board's Nominating and Governance Committee's purview. The Governance Committee's charter indicates it is responsible for ESG matters. However, certain topics related to ESG are covered by other committees. For instance, the Board's Human Resources Committee oversees a variety of social issues, such as work force diversity, equity, and inclusion, and a host of employee related matters. Our Board's Safety, Environmental, Technology, and Operations Committee oversees safety and environmental matters, among other responsibilities. Each of these committees hears from company and external subject matter experts on these topics and receives reports on these topics at each meeting.</p>	

Additional Comments

Our customer satisfaction information is publicly available through JD Power, so the Company does not disclose it.

References:

 [2022 Proxy Statement](#) Page(s) 3-8, 56-59

 [2023 Proxy Statement](#) Page(s) 68