

Vectren 2016 report

aligned with the GRI G4 Guidelines



VECTREN
Live Smart

about this report

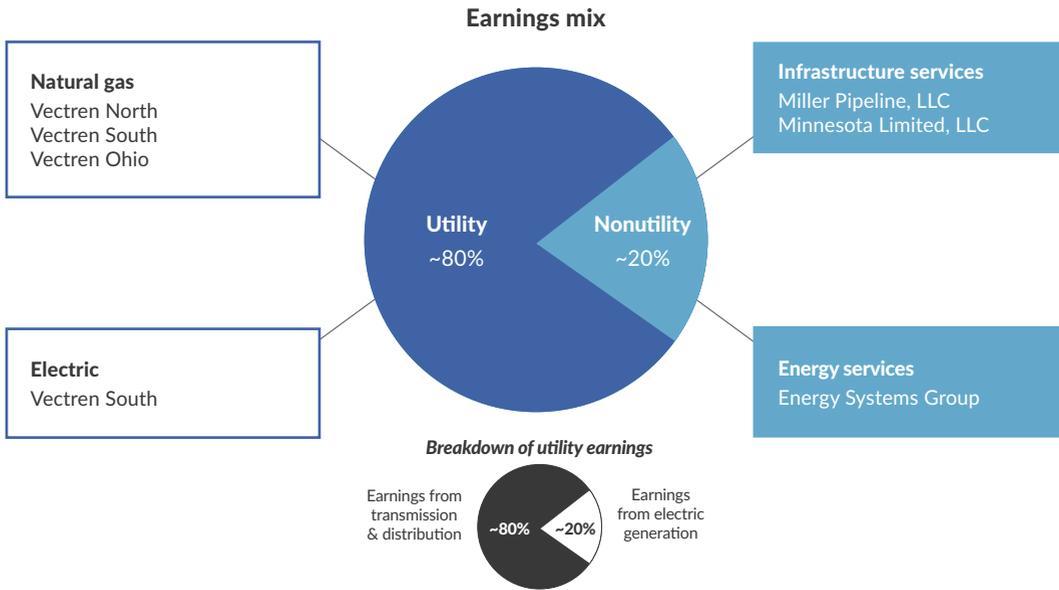
This report is 'In Accordance' with the Global Reporting Initiative (GRI) G4 Guidelines – Core option. GRI is a sustainability framework aimed at increasing transparency among businesses and organizations worldwide.

This index includes the Electric Utility Sector Supplement (EUSS). Indicators specific to the EUSS are shown as EU(#) and can be found in the 'Standard Disclosures' section. The reporting period for most information is 2016. Data from additional years is provided where appropriate.

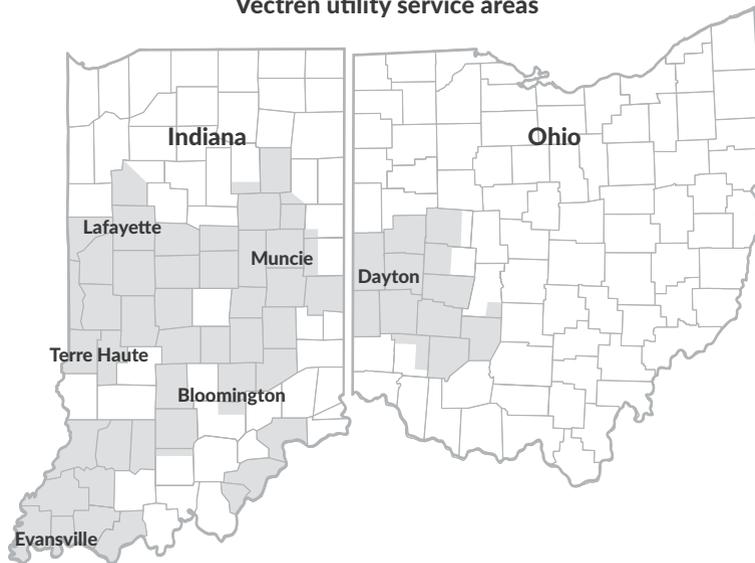
about Vectren	1
standard disclosures	2
economic	15
environmental	21
labor practices	26
human rights	35
society	36
product responsibility	40
GRI G4 content index	43

about Vectren

Vectren Corporation is an energy holding company headquartered in Evansville, Indiana. Our energy delivery subsidiaries provide gas and/or electricity to more than one million customers in adjoining service territories that cover nearly two-thirds of Indiana and about 20 percent of Ohio, primarily in the west-central area. Our nonutility subsidiaries and affiliates currently offer energy-related products and services to customers throughout the U.S. These include infrastructure services and energy services.



Vectren utility service areas



standard disclosures

This section of indicators contains fundamental information about our organization, details about basic strategy and analysis and descriptions of our management structure and stakeholders.

STRATEGY & ANALYSIS

G4-1 Statement from the most senior decision-maker of the organization

At Vectren, we are committed to being a leader in corporate citizenship and sustainability. As a local energy provider, we understand the value of integrating sustainable practices in our daily operations and long-term strategies. Whether through community improvement initiatives, system reliability enhancements, employee wellness offerings or energy efficiency programs, we continue to operate on the principle that sustainability and our stakeholders form the backbone of our performance and identity as a company. Although an evolving energy environment will demand a new approach to areas of our business, our commitment to this principle will remain unchanged.

Our vision for sustainable growth is reflected in our continued investment in natural gas infrastructure modernization plans throughout our service territory to ensure safe and reliable energy delivery and our multi-year investment plan for grid modernization which will further improve safety and reliability, reduce the frequency and duration of electric outages and enhance customer experience. Vectren strongly believes these investments in infrastructure modernization contribute to the economic sustainability of our communities through income and job growth. Since their inception in 2008, our infrastructure modernization programs have generated approximately \$330 million in labor income and an average of 1,097 jobs per year.

In our continuing commitment of environmental stewardship and strong economic performance, Vectren completed a comprehensive integrated resource planning process in 2016, which included multiple opportunities for stakeholder input, and culminated in a transformative preferred future generation portfolio which calls for the retirement of three aging coal-fired units, replacement with a new highly-efficient natural gas-fired generation and a significant investment in utility solar projects. This diversified generation portfolio is expected to reduce Vectren's carbon emissions 60 percent from 2005 levels.

We appreciate your interest in Vectren and invite you to review our Global Reporting Initiative (GRI) information which is provided in accordance with the GRI G4 Core Option Guidelines.

Carl L. Chapman
Chairman, President & CEO

John D. Engelbrecht
Chair, Corporate Responsibility
and Sustainability Committee of
the Board of Directors

Angila Retherford
Vice President, Environmental Affairs
& Corporate Sustainability

ORGANIZATIONAL PROFILE

G4-3 Name of the organization

Vectren Corporation

G4-4 Primary products, services and divisions

Vectren Corporation is an energy holding company. Vectren's wholly owned subsidiary, Vectren Utility Holdings, Inc., serves as the intermediate holding company for three operating utilities: Vectren Energy Delivery of Vectren Indiana-North (Vectren Indiana-North), Vectren Energy Delivery of Vectren Indiana-South (Vectren Indiana-South) and Vectren Energy Delivery of Ohio (Vectren Ohio).

Vectren Indiana-North provides energy delivery services to 587,000 natural gas customers located in central and southern Indiana. Vectren South provides energy delivery services to 144,000 electric customers and 111,000 gas customers located in southwestern Indiana. Vectren Indiana-South also owns and operates electric generation to serve its electric customers and optimizes those assets in the wholesale power market. Vectren Ohio provides energy delivery services to approximately 316,000 natural gas customers located in west central Ohio.

Vectren's Nonutility Group is involved in Infrastructure Services and Energy Services. Infrastructure Services provides underground construction, repair and replacement services (Miller Pipeline and Minnesota Limited). Energy Services provides energy performance contracting services and renewable energy project development (Energy Systems Group).

G4-5 Headquarters

Vectren Corporation is based in Evansville, Indiana. Additional information can be found on the *About Vectren* page (<http://www.vectren.com/corporate/about>) on Vectren.com.

G4-6 Countries of operation

Vectren solely operates in the United States of America.

G4-7 Ownership and legal form

Vectren Corporation is an investor-owned corporation trading on the New York Stock Exchange under the symbol, VVC.

G4-8 Markets served



Vectren energy delivery subsidiaries provide natural gas and/or electricity to more than 1 million customers in the adjoining service territories which cover nearly two-thirds of Indiana and about 20 percent of Ohio, primarily in the west-central area. While the energy delivery subsidiaries serve residential, commercial and industrial customers within a regulated footprint of Indiana and Ohio, Vectren's nonutility subsidiaries and affiliates offer energy-related products and services to customers throughout the United States. The infrastructure services division serves the pipeline industry by providing underground pipeline construction and repair to utility infrastructure. The targeted business sectors include natural gas, oil, gasoline/petroleum, water and sewer. Vectren's energy services division serves schools, hospitals, governmental facilities and other private institutions across America. For a detailed description of the company, please see our 2016 Form 10-K (<http://www.vectrenlivesmart.com/sustainability/reporting/10K2016.pdf>, page 9).

G4-9 Scale of the reporting organization

Workforce

As of December 31, 2016, Vectren and its consolidated subsidiaries had approximately 5,800 employees. Of those employees, 700 are subject to collective bargaining arrangements negotiated by Vectren's utility division and 3,100 are subject to collective bargaining arrangements negotiated by the infrastructure services division. Please see response to Standard Disclosures indicator [G4-10](#) for a detailed breakdown of Vectren utility and corporate employees by region.

Shareholders

As of December 31, 2016, Vectren had 82.9 million shares outstanding and approximately 7,900 registered shareholders. Vectren had a market capitalization of 4.3 billion and our largest shareholder was The Vanguard Group who held approximately 7.1 million shares, or 8.6 percent.

Financial Information

All revenues are sourced from operations within the U.S. In 2016, Vectren reported net revenue of \$2,448.3 million. For additional financial data, please see the response to Economic indicator [G4-EC1](#) and our 2016 Form 10-K (<http://www.vectrenlivesmart.com/sustainability/reporting/10K2016.pdf>, page 28).

Products & Services

Vectren provides energy delivery services to natural gas and electric to customers in Indiana and Ohio. For a detailed breakdown of our customers by fuel source and region, please refer to indicator [G4-EU3](#).

G4-10 Total utility and corporate workforce

Total Workforce By Gender And Territory (2016)

	Males	Females	Total
Vectren Indiana-North	372	73	445
Vectren Indiana-South	774	468	1,242
Vectren Ohio	146	31	177
Total Employee Headcount	1,292	572	1,864

Excludes subsidiaries. Vectren does not track this information for contractors.

G4-11 Percentage of employees covered by collective bargaining agreements

Total Workforce By Employment Type/Contract And Territory (2014-2016)

	2014	2015	2016
Total Bargaining Headcount	672	706	704
- Vectren Indiana-North Bargaining Headcount	262	267	274
- Vectren Indiana-South Bargaining Headcount	302	324	311
- Vectren Ohio Bargaining Headcount	108	115	119
Total Non-bargaining Headcount	1,075	1,117	1,160
Total Employee Headcount	1,747	1,823	1,864
- % Bargaining	38.5%	38.7%	37.8%

Excludes subsidiaries. Vectren does not track this information for contractors.

G4-12 Supply chain

Role of Supply Chain

Supply Chain partners with other business units to develop strategic relationships that provide the best value to the company. Sourcing decisions are based on the total cost of ownership which includes quantitative and qualitative considerations. Our collaborative, comprehensive approach ensure supplier agreements look beyond the price paid and are reflections of Vectren's core values.

How Vectren Buys Smart

Supply Chain practices are governed by a strategic plan that brings transparency and sound management principles into the procurement process. Our procurement policies provide clear direction to our colleagues that make purchasing decisions on when and how to involve Supply Chain to fulfill requirements for goods and services. Information systems are leveraged to ensure defined processes are followed and desired results are achieved.

Vectren provides new suppliers with the Corporate Code of Conduct, demonstrating external business partners are expected to conduct business with the same level of integrity as our employees.

Risk Mitigation

During 2016, Vectren spent more than \$150 million to modernize our natural gas infrastructure. To ensure this work is carried out safely, Supply Chain utilizes Oracle's Supplier Life Cycle Management (SLM) application to monitor each contractor's compliance with Vectren's qualification criteria. SLM alerts Supply Chain and other groups of pending expiries, allowing for proactive supplier management. A cross-functional committee meets monthly to review the status of contractor relationships and remove non-compliant contractors from the supply base.

Formal contracts are used extensively with at-risk contractors due to the complexity of the agreements. Supply Chain leverages an electronic contract management system which serves as the central repository for agreements pertaining to

materials and services. Supply Chain receives automatic notifications of contract expiration dates, ensuring agreements remain current. In addition, the contract management application ensures agreements follow Vectren's contract review process.

Supplier Diversity and Development

Vectren Corporation recognizes that a diverse and inclusive corporate culture is an essential asset for maintaining a competitive advantage in the marketplace. Our company's commitment to integrating diversity and inclusion into all aspects of our operations strengthens our business capacity, maximizes shareholder value, connects us to our community and positions us as leaders in the utilities industry.

Our Supplier diversity and development commitment includes:

- Engaging qualified diverse businesses that can provide competitively priced high-quality products and services.
- Promoting support of supplier diversity and development initiatives with our major suppliers through their supply chain of materials and services.
- Targeting opportunities to assist in developing competitive diverse businesses through instruction, mentoring and other outreach activities.
- Executing a continuous improvement plan across our Supply Chain procurement and communications processes.

By providing opportunities for minority, women, veteran and service-disabled veteran owned businesses, current year 2016 spend with diverse suppliers totaled more than \$58.8 million, thus sustaining our 10 percent of total sourceable spend. Our inclusion of diverse suppliers in our competitive sourcing events yielded 52 percent participation, resulting in 42 percent of diverse participants awarded opportunities.

Vectren's supplier diversity colleagues are actively involved on advocacy organizations' boards and committees that support the development and inclusion of diverse suppliers. In 2016, the Indiana Minority Business Magazine recognized one of our colleagues as a Champion of Diversity, a recognition given to individuals and institutions that demonstrate tremendous efforts in the areas of diversity and inclusion.

Vectren Corporation was recognized by the Great Lakes Women's Business Council as Indiana's 2016 Outstanding Corporate Supporter, for our dedication and support of women owned businesses throughout the state.

Supply Chain's Impact

Supply Chain's efforts resulted in \$5 million in direct savings and cost avoidance in 2016. Procurement strategies resulted in over \$300 million spent with Indiana and Ohio suppliers.

G4-13 Significant changes during the reporting period regarding size, structure, ownership or supply chain

None

G4-14 Precautionary approach

Please see our 2016 Form 10-K (<http://www.vectrenlivesmart.com/sustainability/reporting/10K2016.pdf>, Item 1A, pages 15-24) for an assessment on company risk.

G4-15 External initiatives and endorsements

Vectren supports the programs of the United Way. Please see response to Standard Disclosures indicator G4-16 for additional information.

G4-16 Memberships in associations

American Association of Blacks in Energy (AABE), American Gas Association (AGA), Association of Energy Services Professionals (AESP), Better Business Bureau of the Miami Valley, Boston College Center on Corporate Citizenship, Builders Association of Greater Indianapolis, Central Indiana Clean Cities Alliance, Central Indiana Corporate Partnership, Common Ground Alliance, Dayton Building Owners and Managers Association (BOMA), Downtown, Dayton Partnership, Dayton Society of Nat. History, Edison Electric Institute (EEI), Evansville Sports Corp, Greater Dayton Air Conditioning & Heating Association (ACCA), Greater Indianapolis Progress Committee, Indiana 811, Indiana Association of Cities & Towns, Indiana Chamber of Commerce (and a variety of local state Chambers of Commerce), Indiana Coal Council, Inc., Indiana Economic Development Association, Indiana Association of Community Economic Development, Indiana Fiscal

Policy Institute, Indiana Industry Liaison Group (ILG), Indiana Legal Foundation, Indiana Manufacturing Association (IMA), Indiana Philanthropy Alliance, Indiana Recycling Coalition, Indiana Sports Corporation, Indiana State University, Indiana Technology Partnership, Institute for Supply Management, Kentucky 811, Main Street Marion, Mid-States Minority Supplier Development Council, Midwest Energy Association, Midwest Energy Efficiency Alliance (MEEA), Multicultural Professional Network, The Nature Conservancy, National Association of Manufacturing (NAM), National Coal Alliance, National Fuel Funds Network, Ohio 811, Ohio Chamber of Commerce (and a variety of local state Chambers of Commerce), Ohio Gas Association (OGA), Ohio Minority Suppliers Development Council, One Southern Indiana, One Zone Commerce Connected, Philanthropy Ohio, Society for Diversity, Southern Indiana Builders Association (SIBA), Tri-State Better Business Bureau, Urban Land Institute, Utility Solid Waste Activities Group (USWAG), United States Chamber of Commerce)

IDENTIFIED MATERIAL ASPECTS & BOUNDARIES

G4-17 Operational structure

Vectren Corporation is an energy holding company headquartered in Evansville, Indiana. Vectren’s wholly owned subsidiary, Vectren Utility Holdings, Inc. (Utility Holdings or VUHI), serves as the intermediate holding company for three public utilities: Vectren Energy Delivery of Indiana–North (Vectren Indiana–North), Vectren Energy Delivery of Indiana–South (Vectren Indiana–South) and Vectren Energy Delivery of Ohio (Vectren Ohio). Vectren’s consolidated utility operations are collectively referred to as the Utility Group.

Vectren is also involved in nonutility activities in two primary business areas: infrastructure services and energy services. Infrastructure services are provided through the company’s wholly owned subsidiaries Miller Pipeline, LLC, and Minnesota Limited, LLC. Energy services are performed through Vectren’s wholly owned subsidiary Energy Systems Group, LLC. Vectren’s nonutility operations are collectively referred to as the Nonutility Group.

The GRI responses in this report focus solely on the Utility Group comprised of Vectren’s energy delivery subsidiaries (Vectren Indiana–North, Vectren Indiana–South and Vectren Ohio), with the exception of the Economic Performance indicators which include data on both the Utility Group and the Nonutility Group.

G4-18 Process for defining report content

Vectren conducted a materiality survey in accordance with GRI guidelines to determine which aspects were most important to our stakeholder groups. Each stakeholder group was asked to rank the aspects in order of importance (see response to Standard Disclosures indicator [G4-24](#) for identified stakeholder groups).

Results from this exercise identified employee safety, public safety, emissions and compliance as the highest-ranked materiality aspects (see Standard Disclosures indicator [G4-19](#) for a complete list of identified material topics).

G4-19 Material aspects identified in the process of defining report content

Material Aspects	Scope	Aspect Boundary
Economic Performance	Meeting and exceeding performance targets while driving efficiency and managing costs	Employees, Communities, Suppliers, Investors, Government
Indirect Economic Impacts	Continuing to economically grow Indiana and Ohio through infrastructure and capital investments	Communities, Government, Non-Governmental Agencies (NGOs)
Energy	Providing energy efficient solutions for our customers and maximizing energy efficiency in our own operations	Investors, Government, Customers
Emissions	Monitoring and reducing harmful emissions	Customers, Investors, Government, NGOs

Material Aspects	Scope	Aspect Boundary
Effluents and Waste	Monitoring our effluents and waste while keeping in compliance with all regulations	Customers, Communities, NGOs
Environmental Compliance	Complying with all local, state and federal environmental laws	Customers, Employees, Communities, Suppliers, Investors, Government, NGOs
Environmental (overall)	Engaging in environmentally friendly practices to create a more sustainable business and community	Communities, Government
Employment	Maintaining and retaining a skilled and engaged workforce	Employees
Occupational Health and Safety	Keeping employees healthy and safe on and off the clock	Employees, Suppliers, Government
Training and Education	Maintaining a safe, educated and well trained workforce	Employees, Investors
Diversity and Equal Opportunity	Ensuring equal opportunity employment and maintaining a diverse workforce	Employees, Government
Non-discrimination	Ensuring no stakeholder will be treated differently regarding race, gender, ethnicity, etc.	Customers, Employees
Local Communities	Benefitting the communities in which we operate	Communities, Investors
Anti-corruption	Demonstrating ethical business behavior	Customers, Government
Public Policy	Engaging with local, regional and federal leaders to maintain compliance	Government, NGOs
Customer Health and Safety	Ensuring the safety, security and privacy of all residential and commercial customers	Customers, Employees, Investors, Communities, Government, NGOs
Product Service and Labeling	Correctly labeling products and services for health and safety concerns	Customers

G4-20 Aspect boundary within the organization

The material aspects identified in Standard Disclosures indicator [G4-19](#) are applicable to the Utility Group operating units (Vectren Indiana–North, Vectren Indiana–South and Vectren Ohio) identified within the scope of this report. Please see Standard Disclosures indicator [G4-19](#) for material aspects inside the boundary of the organization.

G4-21 Aspect boundary outside of the organization

Material aspects identified in Standard Disclosures indicator [G4-19](#) affect many of our external stakeholders outside the actual Utility Group operating units (Vectren Indiana–North, Vectren Indiana–South and Vectren Ohio). Our external stakeholders, including customers and local communities, identified the following aspects as highest priority: customer health and safety, product services and labeling, environmental issues and local communities. Please see Standard Disclosures indicator [G4-19](#) for more information on material aspects and the external stakeholders that each material aspect affects outside of the organization.

G4-22 Restatements of information

None

G4-23 Significant changes in scope and boundaries

None

STAKEHOLDER ENGAGEMENT

G4-24 Stakeholder groups

The following table includes the identified stakeholder groups and key topics of concern identified in our materiality survey.

Stakeholder	Key Topics Of Concern
Communities	Community impact; Environmental compliance; Environmental stewardship; Community engagement; Customer health and safety; Effluents and waste
Customers	Emissions; Effluents and waste; Environmental compliance; Non-discrimination; Anti-corruption; Customer health and safety; Customer satisfaction; Customer privacy
Employees	Economic performance; Environmental compliance; Employee hiring, turnover, benefits and retention; Employee health and safety; Training and education; Diversity and equal opportunity; Non-discrimination; Customer health and safety; Customer satisfaction
Government	Economic performance; Indirect economic impacts; Energy consumption and conservation; Emissions; Compliance; Occupational health and safety; Diversity and equal opportunity; Public policy; Customer health and safety; Customer privacy
Investors	Economic performance; Energy consumption and conservation; Emissions; Environmental compliance; Community engagement; Customer satisfaction
Non-Governmental Agencies	Indirect economic impacts; Energy consumption and conservation; Compliance; Customer satisfaction; Customer privacy
Suppliers	Economic performance; Environmental compliance; Employee health and safety

G4-25 Identification of stakeholders

Vectren defines a stakeholder as any person or group impacted by or impacting company operations. Please see response to Standard Disclosures indication [G4-24](#) for a list of identified stakeholder groups.

G4-26 Approaches to engaging stakeholders

Stakeholder	Methods of Engagement
Communities	Vectren Foundation; Online grant applications; Community events and sponsorships; Low income energy assistance; Employee volunteerism; Community partnerships to revitalize lower income neighborhoods; City and County Council meeting presentations
Customers	Call center; Vectren website; Customer service online webchat; Social media; Television, radio, email and marketing campaigns; Mobile application to report outages and make payments; Speaker's Bureau (presentations to local clubs and agencies on energy efficiency and understanding the bill); Bill inserts; Email newsletters; Customer surveys and focus groups; Energy efficiency/demand side management initiatives; Trade shows; Large business customer forums; Business and commercial account managers

Stakeholder	Methods of Engagement
Employees	Call center; Vectren website; Customer service online webchat; Social media; Television, radio, email and marketing campaigns; Mobile application to report outages and make payments; Speaker's Bureau (presentations to local clubs and agencies on energy efficiency and understanding the bill); Bill inserts; Email newsletters; Customer surveys and focus groups; Energy efficiency/demand side management initiatives; Trade shows; Large business customer forums; Business and commercial account managers
Government	Comments on proposed rules; Regulatory filings and hearings; State and Federal Government Affairs staff; Corporate lobbying efforts; Trade organization participation
Investors	Quarterly earnings calls, webcasts, presentations and press releases; Analyst and investor meetings; Industry conferences; Shareholders services online and by phone; Annual shareholders' meeting; Annual report to shareholders; Availability of Investor Relations staff
Non-Governmental Agencies	Vectren website; Sustainability reporting; Annual reporting; Stakeholder dialogues
Suppliers	Request for proposals; Periodic meetings with key suppliers to review Key Performance Indicators (KPIs); Supplier diversity events; Industry trade show participation; Fair dealing; Timely payments; Competitive bidding processes; Supplier Code of Conduct; Ethics call-in line; Supplier Diversity & Development Program

G4-27 Response to stakeholder concerns

Please see response to Standard Disclosures indicator [G4-19](#) for stakeholder material topics and concerns. These topics are addressed through indicators within this report and through publicly available reports such as the 2016 Annual Report and Form 10-K.

REPORT PROFILE

G4-28 Reporting period (e.g., fiscal/calendar year) for information provided

January 1, 2016–December 31, 2016 (data from additional years provided where appropriate)

G4-29 Date of most recent previous report

Released 2015 Vectren Annual Sustainability Report in accordance with GRI G4 in August 2016.

G4-30 Reporting cycle

Annual

G4-31 Contact point for questions

sustainability@vectren.com

G4-32 GRI Content Index

This report was developed using the GRI G4 Guidelines reporting framework with the Electric Utilities Sector Supplement (EUSS). This report is "In Accordance" with the GRI G4 Guidelines – Core option. The [GRI G4 Content Index](#) is contained within this listing.

G4-33 External assurance

This report has not been externally assured. However, all aspects referencing the 2016 Form 10-K have been externally assured by Deloitte.

GOVERNANCE

G4-34 Governance structure

Mr. Carl Chapman holds the combined position of Board chair, president and chief executive officer (CEO). The Board has determined that with the exception of Mr. Chapman, all members of the Board are independent and satisfy Vectren's director independence standards. The Board's composition continues to evolve due to changes in risk and corporate strategy. The election of two new directors and the succession of a new lead director demonstrate the Board's ability to embrace new perspectives while maintaining a balanced mix of skills and experiences.

The Board is ultimately responsible for risk oversight across the organization. That responsibility is shared by the committees of the Board in addressing financial, compensation, reputational and governance risks, with specific responsibility for reviewing management's risk oversight function delegated to the Audit and Risk Management (Audit) Committee, as provided for in its charter.

The Nominating and Corporate Governance (Governance) Committee is a standing committee of the Board primarily responsible for corporate governance matters affecting Vectren and our subsidiaries. The Compensation and Benefits (Compensation) Committee is a standing committee of the Board responsible for administering Vectren's management incentive and stock-based compensation plans as well as overseeing the administration of Vectren's retirement and welfare plans. Additionally, this committee is responsible for establishing the base salary, incentive compensation and any other compensation for Vectren's president and CEO, as well as each of the other executive officers.

The Finance Committee is a standing committee of the Board responsible for ensuring the discharge of the Board's duties relating to the financial activities of our utility and nonutility businesses. The Corporate Responsibility and Sustainability (CRS) Committee is a standing committee of the Board responsible for oversight of policies and strategies fostering the sustainability of Vectren to meet the evolving needs of our stakeholders.

G4-38 Composition, mandate & responsibilities of Board of Directors

As of December 31, 2016, the eleven member Board consists of two women and one minority. The non-employee Board members are elected to various committees. The standing Board level committees are: the Governance Committee, the Audit Committee, the Compensation Committee, the Finance Committee and the CRS Committee. The name, tenure, age, gender and Board committee membership of the current Board members are summarized in the following table:

Board Composition & Committee Memberships (2016)

Director	Term Start	Age (Gender)	Committee(s)
Carl L. Chapman	2009	61 (M)	
James H. DeGraffenreidt, Jr.	2010	63 (M)	Governance; Audit
John D. Engelbrecht	2000	65 (M)	Chair of CRS; Finance
Anton H. George	2000	57 (M)	Compensation; CRS
Martin C. Jischke ¹	2007	75 (M)	Compensation; CRS
Robert G. Jones	2011	60 (M)	Chair of Finance; CRS
Patrick K. Mullen	2014	52 (M)	Compensation; Governance
R. Daniel Sadlier	2003	69 (M)	Audit; Chair of Compensation; Finance
Michael L. Smith	2006	68 (M)	Chair of Audit; Governance
Teresa Tanner	2015	48 (F)	Finance; Compensation
Jean L. Wojtowicz	2000	59 (F)	Lead Director; Chair of Governance; Audit

¹ Mr. Jischke did not stand for reelection at the annual meeting of the shareholders on May 16, 2017.

The name, primary job function and other commitments of the current Board members are summarized in the following table:

Board Commitments (2016)

Director	Primary Job Function & Other Commitments
Carl L. Chapman	Chairman, President & CEO of Vectren Corporation <i>Other commitments:</i> Director and Board chair of VUHI, Vectren Infrastructure Services Corporation (VISCO) and Vectren Energy Services Corporation (VESCO); Director of IGC, SIGECO and Vectren Ohio
James H. DeGraffenreid, Jr.	Retired Chairman & CEO of WGL Holdings, Inc. <i>Other commitments:</i> Director of Massachusetts Mutual Life Insurance Company and Harbor Bankshares Corporation
John D. Engelbrecht	Chairman & President of South Central Communications Corporation <i>Other commitments:</i> Director of Deaconess Health Systems, Inc.
Anton H. George	Principal of Vision Investments, LLC <i>Other commitments:</i> Director of Hulman & Company, Clabber Girl Corporation, Indianapolis Motor Speedway Corporation, Indy Racing League, LLC, and First Financial Corporation
Martin C. Jischke	President Emeritus of Purdue University <i>Other commitments:</i> Director of Duke Realty Corporation; Board chair of Wabash National Corporation
Robert G. Jones	President & CEO of Old National Bancorp <i>Other commitments:</i> Director of Old National Bancorp
Patrick K. Mullen	Executive Vice President of Chicago Bridge & Iron <i>Other commitments:</i> President of CB&I's engineering and construction operating group
R. Daniel Sadlier	Retired President & CEO of Fifth Third Bank (Western Ohio) <i>Other commitments:</i> Director of Fifth Third Bank (Greater Cincinnati); Trustee of Sinclair Community College
Michael L. Smith	Retired Executive Vice President & CFO of Anthem, Inc. <i>Other commitments:</i> Director and Compensation Committee chair of Envision Healthcare Holding, Inc.; Director of Hulman & Company, LDI Ltd., LLC, Carestream Health Services, Inc., USI, Inc., Agilon, Inc., and Norvax, Inc.
Teresa Tanner	Executive Vice President & Chief Administrative Officer of Fifth Third Bank
Jean L. Wojtowicz	President & Founder of Cambridge Capital Management Corporation <i>Other commitments:</i> Director of First Merchants Corporation, First Internet Bancorp and American United Mutual Insurance Holding Company

G4-39 Board chair

Mr. Carl Chapman is the Board chair as well as the president and CEO. The combination of the Board chair and CEO positions positively serves Vectren's interests. Based upon Mr. Chapman's performance since he assumed leadership of the company, the Board continues to believe combining the responsibilities of the Board chair and CEO is in the best interest of Vectren and our stakeholders. Mr. Chapman's insights and perspective resulting from his first-hand knowledge of Vectren's operations are beneficial to the Board during its deliberations on company affairs.

To ensure the preservation of good governance, the Board has and will continue to maintain the position of an independent lead director who is elected by independent Board members and is charged with the responsibility to coordinate the activities of the non-employee, independent directors. More information on the lead director's responsibilities can be found in the Corporate Governance Guidelines on the *Corporate Governance* page (<http://www.vectren.com/corporate/governance>) on Vectren.com.

G4-41 Board processes for resolving and avoiding conflicts of interest and disclosure practices

Vectren monitors transactions with related persons (directors and executive officers or their immediate family members, or shareholders owning 5 percent or greater of our outstanding stock). The approach to monitoring related party transactions with Board members is described in our Corporate Code of Conduct, Code of Ethics for the Board and annual disclosure practices by Board members. Vectren's Corporate Code of Conduct directs Board members to avoid relationships with, and financial interests in, business partners and those who are seeking to become business partners. Board members complete an annual acknowledgement stating that they agree to abide by the Code of Conduct. In addition, Board members complete annual questionnaires requesting information about, among other matters, related person transactions. Vectren policy requires Board members to promptly disclose to the chair of the Governance Committee any situation that involves, or may potentially involve a conflict of interest. The Governance Committee reviews all relationships that exist between Vectren and the non-management Board members, other than relationships relating to service on the Board. Material relationships are disclosed annually to stakeholders in the Report of the Nominating and Corporate Governance Committee posted on the *Corporate Governance* page (<http://www.vectren.com/corporate/governance>) on Vectren.com.

ETHICS & INTEGRITY

G4-56 Organizational values and code of conduct

Corporate audit is responsible for promoting the Corporate Code of Conduct (the Code) and training employees regarding the Code and ethical behavior in general. Employees, including all corporate officers, complete an annual certification stating they have read the Code and agree to abide by it. This annual awareness training familiarizes employees with 1) the Code, 2) the responsibility of Vectren representatives to demonstrate ethical behavior, and 3) the communication lines available to report violations or seek advice. Various annual awareness processes exist for different employee groups, but all of them result in communication, acknowledgement and acceptance of the Code. New employees receive training and acknowledge acceptance of the Code as part of the on-boarding process. The Code is posted on the *Corporate Governance* page (<http://www.vectren.com/corporate/governance>) on Vectren.com. No waivers from the Code's provisions were granted in 2016.

On a biannual basis, employees participate in an employee engagement survey that encompasses the entire employee experience. A survey was conducted in 2016. Certain questions gauge the employee's ethical perception of whether Vectren is a good place to work, whether senior management "walks the walk" and whether employees are treated with respect and know how to address ethical issues. Employee responses are compared to a benchmark of high-performing companies. For the ethics-related questions, engagement scores compared favorably to these benchmarks and increased compared to the last survey conducted in 2014. The next survey plans to be conducted in 2019.

G4-57 Mechanisms for ethical consultation

The Code lists the communication lines available for seeking advice or reporting concerns about unethical or unlawful behavior. Employees are informed of the various methods for seeking advice or reporting violations in the annual Code awareness training. In addition, posters publicizing where to find the Code, how to report issues and how to seek advice are located in break rooms and on intranet sites where company policy and procedures are maintained.

G4-58 Reporting ethical concerns and violations

Employees can report concerns about unethical or unlawful behavior without fear of retaliation. Certain internal and external mechanisms listed in the Code allow stakeholders to report concerns or request advice anonymously, including the third-party ethics hotline and direct correspondence with the chair of the Audit Committee. The third-party ethics hotline is available 24 hours a day, 7 days a week.

Vectren's fraud and misconduct reporting framework ensures Code violations are investigated and questions are addressed in a timely, consistent manner, regardless of how issues are reported. The ultimate outcome of this framework is Vectren's ability to monitor overall adherence to its established standards and to elevate material issues to senior leadership and the Board. Investigations of Tier 1 issues are led by corporate audit. Tier 1 issues are characterized by the following: officer or Board member involvement, manipulation of financial results, theft that exceeds \$30,000, or outside legal costs that exceed \$250,000, or a pattern of lower tier violations either in terms of offender or offense. Corporate audit also monitors the completion of investigations on fraud and allegations made anonymously to senior management or the Board through the hotline.

ELECTRIC UTILITY SECTOR SUPPLEMENT (EUSS)

G4-EU1 Installed capacity

Capacity (2016)

	MW
Installed Capacity	1,248
- Installed Capacity: Coal	1,000
- Installed Capacity: Natural Gas	245
- Installed Capacity: Landfill Gas	3
Purchased Capacity	112
- Purchased Capacity: Coal	32
- Purchased Capacity: Wind	80

G4-EU2 Net energy output

Net Energy Output (2016)

	Total (MWh)
Coal	4,825,435
Natural Gas	42,797
Landfill Gas	13,492
Purchased Coal	157,356
Purchased Wind	195,947
Total Energy Output	5,235,027

G4-EU3 Number of residential, industrial, institutional and commercial customer accounts

Customer Accounts By Territory (2016)

	Residential	Commercial	Industrial	Other	Total
Vectren Indiana-North	534,315	51,277	950	-	586,542
Vectren Indiana-South (Natural Gas)	100,672	10,288	112	-	111,072
Vectren Indiana-South (Electric)	125,662	18,551	113	39	144,365
Vectren Ohio	292,063	23,625	667	-	316,355

G4-EU4 Length of above and underground transmission and distribution lines by regulatory regime

We calculate circuit lengths and transmission circuits in circuit-miles (not pole or line miles). Vectren's system is in one regulatory regime (Indiana).

Transmission & Distribution Primary Circuit-Miles (All Voltages) (2016)

	Miles
Transmission (All Voltages)	1,002.1
Distribution (All Voltages)	4,293.9
Total T&D	5,296.0
- Overhead Transmission & Distribution	4,048.4
- Underground Transmission & Distribution	1,247.6

Transmission & Distribution Primary Circuit-Miles By Voltage Category (2016)

Voltage	Miles
4.16kV	101.8
12.47kV	4,192.1
69kV	562.9
138kV	375.4
345kV	63.8

G4-EU5 Allocation of CO₂ emissions allowances or equivalent, broken down by carbon trading framework

Not applicable in the United States

economic

This section of indicators contains information about our economic performance and position and how we directly and indirectly impact markets and communities.

ECONOMIC PERFORMANCE

G4-DMA Economic performance

Vectren's utility business remains the core of the company and is the key driver of achieving consistent earnings growth by focusing on the execution of infrastructure programs and cost control strategies. The company considers these next several years as a time of transformation for the utility. This transformation involves three components. The first component is the continuation of Vectren's successful gas infrastructure investment programs to further improve the company's ability to deliver safe and reliable service to its gas customers in Indiana and Ohio. The company earns current returns on a large percentage of the new infrastructure investments as provided in Indiana and Ohio legislation/regulation. The second component is a new infrastructure investment program to modernize and upgrade Vectren's electric transmission and distribution grid that will improve the reliability of the electric system, reduce the frequency and duration of service outages and enhance the overall customer experience. The company filed its 7-year electric infrastructure improvement plan in spring 2017. The third component is the expected diversification of Vectren's generation fleet that would improve our overall fuel-source flexibility, further reduce emissions and enhance the utility's ability to adapt to new technologies and changing customer needs. The execution of this third component is tied to the Indiana Commission's resolution of the company's Integrated Resource Plan (IRP). The IRP and electric infrastructure plans, combined with our ongoing gas investments, will transform and prepare the utility business for a smart energy future.

In addition to these strategic long-term investments, the utility is aggressively managing costs through performance management and strategic sourcing activities. Together, these initiatives allow the utility companies to earn at or near Vectren's allowed rate of return (approximately 11 percent in 2016), which is key to achieving the Company's financial targets.

In the Nonutility business, organic growth is expected to be the principal driver of earnings growth with the completion of commodity business divestitures and key acquisitions between 2011 and 2015. Infrastructure Services is well positioned in this strong demand environment. Infrastructure Services' distribution business is focused on utility pipeline replacement and modernization work, while maintenance/integrity work remains the focus in the transmission business. Infrastructure Services' organic growth strategy is focused on adding high quality, highly skilled field personnel to serve existing and new customers exceptionally well, in addition to identifying strategic investments in equipment.

Energy Services' platform for energy performance contracting and sustainable infrastructure growth is now in place with the acquisition of Chevron's federal business unit in 2014. This acquisition positions Energy Services to compete in all market segments (federal, public sector and sustainable infrastructure) and meet the long-term demands as the national focus on energy conservation and security, renewable energy and sustainability continues to grow given the expected rise in power prices across the country and customer focus on efficiency.

The combination of business mix and focused strategies will enable Vectren to continue achieving its established financial targets and provide excellent shareholder returns.

Financial Targets

Over the past several years, Vectren has developed a utility growth strategy focused on gas infrastructure replacement throughout its service territories, while narrowing its nonutility business mix by exiting commodity-based businesses and making key acquisitions within the Infrastructure and Energy Services business sectors. The goal of these initiatives is to achieve consistent and higher earnings growth, while simplifying the business structure and reducing risk. The company also recently communicated its plan for a Smart Energy Future reflecting increased capital investment needs at our electric utility coupled with our continuing gas infrastructure investments and supplemented by a strong nonutility group outlook. As a result of this focus, Vectren communicated increased financial targets in February 2017.

- Provide Total Annual Shareholder Return of 9-11 percent
- Deliver Consolidated Earnings and Dividend Growth of 6-8 percent
- Deliver Utility Earnings Growth of 5-7 percent
- Deliver Long-term Nonutility EPS growth of approximately \$0.06-0.10/year.
- Target a Consolidated Payout Ratio of 60-65 percent with a Utility Payout Ratio of 70 percent

G4-EC1 Direct economic value generated and distributed

Selected Financial & Corporate Data for Vectren Corporation (2015-2016)

(In millions except per share data)	2015	2016
Revenues ¹	\$2,434.7	\$2,448.3
Operating expenses ¹	\$2,072.9	\$2,066.8
Net income ¹	\$197.3	\$211.6
Total assets ²	\$5,409.9	\$5,800.7
Total liabilities ²	\$3,726.1	\$4,032.6
Total equity ²	\$1,683.8	\$1,768.1
Basic EPS ¹	\$2.39	\$2.55
Cash flow from operations ³	\$505.2	\$524.1
Payments to capital providers and the government ³	\$371.0	\$272.7
– Dividends paid on common stock ³	\$127.3	\$134.2
– Interest expense ¹	\$84.2	\$86.6
– Tax expense ¹	\$159.2	\$51.9
Capital expenditures, excluding AFUDC equity ³	\$476.9	\$542.0
Community investments ⁴	\$5.5	\$5.2
<small>1 From Form 10-K Income Statement 2 From Form 10-K Balance Sheet 3 From Form 10-K Cash Flow Statement 4 Includes Community Sustainability O&M, Low Income Assistance, as well as Foundation Contributions</small>		

Our 2016 Form 10-K can be found online at <http://www.vectrenlivesmart.com/sustainability/reporting/10K2016.pdf>.

Our 2015 Form 10-K can be found online at <http://www.vectrenlivesmart.com/sustainability/reporting/10K2015.pdf>.

INDIRECT ECONOMIC IMPACTS

G4-DMA Indirect economic impacts

Vectren is committed to enhancing the communities in which we operate. Our community investments, volunteer work and philanthropic giving creates jobs, promotes gross domestic product (GDP) growth and elevates overall social well-being for the people and businesses within our service territory. This is accomplished through:

- proactive community engagement,
- designing and constructing infrastructure to serve new sites,
- reliable electrical and natural gas delivery, and
- continuous engagement of all internal and external stakeholders.

Economic Development Initiatives within Vectren's Indiana Service Territory

In 2016, Vectren saw continued economic growth throughout its Indiana service territories. This was facilitated by Vectren's continued partnerships with the Indiana Economic Development Corporation and regional and local economic development organizations. Specific to Vectren Indiana-North, these partnerships resulted in the announced private investment of \$778.5 million along with the intent to create an additional 4,978 full-time jobs over the next several

years. A majority of the announced new jobs (3,896 or 79 percent) were the direct result of existing business expansions while the balance (1,089 or 21 percent) came from new business attraction. The 5 largest projects in terms of capital investment announced in 2016 include ELSA Corporation (\$11 million expansion), Ryobi Die Casting (\$97.5 million expansion), Ken's Foods (\$90.5 million attraction project), Honda Manufacturing of Indiana (\$52.4 million expansion) and Nippon Steel & Sumikin Cold Heading Wire (\$50 million attraction project).

In Vectren Indiana-South, announced capital investment was \$77 million, with the projected creation of 601 jobs. As is typically the case, most new investment came from expansions (72.4M or 94 percent), with the rest coming from new location projects (4.6M or 6 percent). Several companies announced the creation of over 100 new jobs including E Luxury Supply (104), Toyota Boshoku (160), Shield Global Partners (135) and Electronics Research Incorporated (102). In 2016, Vectren Indiana-South was a microcosm of Indiana's diversifying economy, with a wide variety of industries announcing growth projects. Examples of these sectors include automotive, e-commerce, plastics, back office, agribusiness and electronics. The strong trend is expected to continue in 2017, with many attractive projects currently in the pipeline.

Economic Development Initiatives within Vectren's Ohio Service Territory

In 2016, the Vectren Energy Delivery of Ohio economic development team worked with regional and local economic development partners resulting in \$290.5 million in new capital investment. The new investment was centered in Montgomery County although several counties experienced the total growth of approximately 3,672 new jobs, accounting for \$158.4 million in new payroll. The region also retained approximately 10,618 jobs. The 31 economic development projects were led by CareSource Management Group projecting an additional 650 jobs.

G4-EC7 Development and impact of infrastructure investments

Vectren invests substantially in natural gas pipeline infrastructure upgrade and replacement programs. These programs include the replacement of aged bare steel and cast iron (BS/CI) distribution pipelines, as well as improvements to transmission and other distribution gas system infrastructure assets. These investments are driven by existing or pending pipeline safety regulations and existing transmission and distribution integrity management program requirements.

Since 2008, Vectren invested approximately \$480 million in the replacement of aged bare steel and cast iron distribution pipeline infrastructure in Indiana and Ohio. Vectren has also invested approximately \$156 million on improvements to its transmission pipeline infrastructure since 2012, and \$56 million on improvements to its distribution system infrastructure since 2013. Vectren's total investment in infrastructure modernization programs in Indiana and Ohio is approximately \$692 million.

Since their inception in 2008, Vectren's infrastructure modernization programs have had a total effect - the combined direct, indirect and induced effects - of \$1,269 million, including \$430 million in labor income and an average of 840 jobs per year. Direct effects from the programs have accounted for approximately \$752 million of the total effect, including \$271 million in labor income and an average of 376 jobs per year. Additionally, our programs are estimated to have generated a total of \$44 million in state and local taxes and \$85 million in federal taxes over the 9 year investment period.

In addition to \$10 million in state and local taxes and \$19 million in federal taxes, our 2016 programs generated \$271 million in total effects, including \$93 million in labor income and 1,634 jobs.

Indiana Programs

Between 2008 and 2016, the total effect of Vectren's Indiana pipeline infrastructure modernization programs is estimated at \$732 million, including \$444 million, \$158 million and \$130 million in direct, indirect and induced effects, respectively. The economic effect of our Indiana efforts varies each year based on annual investment amounts, and reached its highest annual total in 2015 at \$163 million. The 2015 total effect consisted of \$98 million in direct effects, \$35 million in indirect effects and \$30 million in induced effects.

The economic contribution of our Indiana pipeline infrastructure modernization programs can also be viewed through employment totals, or the number of jobs created or sustained by the efforts. Since 2008, an average of 502 jobs have been created or sustained annually through all effects related to the programs; each year, an average of 238, 149 and 115 jobs have been contributed by direct, indirect and induced effects, respectively. The highest annual total was recorded in 2015, when 1,077 jobs were created or sustained, including 538 related to direct effects, 296 related to indirect effects and 243 related to induced effects.

Labor income, which is also defined in terms of direct, indirect and induced contributions, totaled \$254 million from 2008 to 2016, a figure consisting of \$166 million, \$49 million and \$39 million in direct, indirect and induced labor income, respectively. Labor income reached its highest value in 2015 at \$59 million, including \$39 million in direct labor income, \$11 million in indirect labor income and \$9 million in induced labor income.

Lastly, the total contribution to state and local from the 9 year investment in Vectren's Indiana pipeline infrastructure modernization program is estimated at \$25 million; the total contribution to federal taxes is estimated at \$51 million. Tax amounts, which vary from year to year, reached their highest annual value in 2015 with an estimated \$6 million in state and local taxes and \$12 million in federal taxes.

Ohio Programs

Between 2009 and 2016, the total effect of Vectren's Ohio pipeline infrastructure modernization programs is estimated at \$537 million, including \$308 million, \$125 million and \$104 million in direct, indirect and induced effects, respectively. The total economic effect of our Ohio efforts, which varies based on annual investment amounts, reached \$119 million in 2016, the highest annual value since the program's inception. The 2016 total effect consisted of \$67 million in direct effects, \$27 million in indirect effects and \$25 million in induced effects.

The economic contribution of our Ohio pipeline infrastructure modernization programs can also be viewed through employment totals, or the number of jobs created or sustained by the efforts. Since 2009, an average of 380 jobs have been created or sustained annually through all effects related to the programs; each year, an average of 156, 125 and 99 jobs have been contributed by direct, indirect and induced effects, respectively. The highest annual total was recorded in 2016, when 730 jobs were created or sustained, including 323 related to direct effects, 217 related to indirect effects and 190 related to induced effects.

Labor income, which is also defined in terms of direct, indirect and induced contributions, totaled \$176 million from 2009 to 2016, a figure consisting of \$105 million, \$39 million and \$32 million in direct, indirect and induced labor income, respectively. Labor income reached its highest value in 2016 at \$42 million, including \$26 million in direct labor income, \$8 million in indirect labor income and \$8 million in induced labor income.

Lastly, the total contribution to state and local from the 8 year investment in Vectren's Ohio pipeline infrastructure modernization program is estimated at \$19 million; the total contribution to federal taxes is estimated at \$35 million. Tax amounts, which vary from year to year, reached their highest annual value in 2016 with an estimated \$4 million in state and local taxes and \$8 million in federal taxes.

G4-DMA Availability and reliability

Vectren maintains its generation fleet for reliable operation. An all-inclusive maintenance management process for work identification, prioritization and scheduling allows us to achieve reliable operation of our generating units. Continuous improvement projects and employee training are also key elements of our short and mid-term reliability strategy. In the long term, the Integrated Resource Plan (IRP) helps to assure the best resource plan is in place to reliably meet future load requirements.

G4-EU10 Planned capacity against projected electricity demand

Planned capacity and projected demand are addressed in our Integrated Resource Plan (IRP), which is submitted to state regulatory agencies. The 2016 IRP can be viewed at <http://www.vectren.com/IRP>.

No new capacity is currently under construction, however the 2016 IRP release tells of future changes to our generation portfolio. Vectren's existing coal fired generators are 100 percent equipped with sulphur dioxide (SO₂) scrubbers and 90 percent are equipped with selective catalytic reduction systems (SCRs) for nitrogen oxide (NO_x) removal.

G4-DMA Demand side management

Energy efficiency (EE) has generally been accepted as a critical function of utilities to mitigate climate change, delay the need to build new generation, save customers money on their utility bills and improve customer satisfaction. Vectren's commitment to EE programs continues to achieve significant energy savings.

Vectren's gas and electric EE programs encourage customers to manage their energy use through a variety of approaches including: residential and business audits which help customers identify energy savings opportunities; in-store lighting discounts which apply utility-sponsored rebates at the time of purchase; appliance recycling which encourages customers to remove their inefficient refrigerators and freezers; rebates on equipment and services which reduce the

initial higher costs for efficient products; home energy reports that utilize behavioral science to influence energy usage; and commercial equipment upgrades and maintenance. In 2016, the Vectren EE portfolio achieved more than 46,000 MWh electric savings and approximately 4.9 million therms for measures implemented or installed in that year. Most of these measures will continue to reap savings for many years to come. Since their inception in 2010, Vectren's electric EE programs have saved nearly 980 million kWh. Vectren's natural gas EE programs have saved approximately 140 million therms since their inception in 2006.

Vectren's EE programs are generally separated into two groups: residential and commercial. In 2016, the residential electric programs achieved over 25 million kWh of savings and the natural gas residential programs achieved approximately 4 million therms of savings. The Commercial electric programs achieved almost 21 million kWh of savings and the natural gas business programs achieved an estimated 828 thousand therms of savings.

Vectren's demand side management (DSM) program implementers are actively seeking and researching which methodologies will most accurately estimate savings potentials and, in turn, allow Vectren to offer the most cost effective EE programs to its customers. Expanding upon prior 2014 Vectren thermostat research, a smart thermostat demand response pilot was offered for the 2016 summer. Two thousand smart thermostat units were installed in eligible homes for with the intent of conducting a billing analysis for comparison to traditional Summer Cycler switches. Demand response capable smart thermostats will not only be a viable option for savings, but will serve as an avenue of customer engagement.

The Energy Efficiency Department has also altered its primary mix of light bulb offerings due to the Energy Independence and Security Act (EISA) policies. Larger amounts of LED bulbs were incented in 2016, and LEDs became approximately 49 percent of all bulbs purchased in the 2016 Residential Lighting program. LED bulbs will become the only bulb incented by Vectren in 2017 due to these bulb standards.

Vectren continues to offer integrated EE programs, meaning that its electric and natural gas programs are jointly delivered to best penetrate customer markets. With combined efforts, the same home or business may be given deeper savings in the same retrofit rather than having to participate in separate programs.

Demand Response

Vectren's demand response program, referred to as Summer Cycler, is a voluntary energy management program which briefly cycles air conditioning and water heating units in customer homes during periods of peak electricity demand. Summer Cycler participants earn \$5 monthly bill credits during the cooling season of June through September. By cycling off major electric appliances for short periods of time, peak power demand can be trimmed with little or no customer discomfort or inconvenience. As of 2016, about 23,000 residential customers have switches installed in their homes. Over the next decade, Vectren plans to replace direct load control switches with smart thermostats. Today, our direct load control program is able to curtail 19.2 MW in peak demand savings during times of high use.

G4-DMA Research and development

Vectren actively monitors and tracks trends and advancements in both conventional and emerging energy technologies as a normal part of its operations. Multiple departments engage in market research and strategic analysis of emerging technologies and play an important role in understanding the future of the utility industry.

Vectren colleagues actively develop and maintain relationships with industry peers and providers of equipment and solutions. Vectren also cultivates connections with public and private market and technical research organizations. The company's research activities cover a broad range of subject areas including distributed grid operations and energy resources, environmental control technologies such as carbon capture and storage and other cutting edge innovations such as energy storage and resource aggregation.

Vectren also works to advance knowledge in customer facing technologies such as energy efficiency and distributed generation. For example, in one current project (the Urban Living Research Center), the company is developing a living research facility, a mixed use commercial and multi-family development, to test a variety of technologies right at the nexus between the utility and its customers. Technologies considered for inclusion in the project include zero energy building, photovoltaics, behind- and front-of-the-meter lithium-ion battery storage, electric vehicle charging, high-efficiency HVAC and water heating technology and a host of other smart-home solutions driving the next-generation of energy consumers.

G4-EU11 Average generation efficiency of thermal plants

Fleet Efficiency (2016)

Efficiency	
Coal Fleet Annual Efficiency	11,236.02 BTU per kWh (30.4% efficient)
Natural Gas Peaking Unit Fleet Efficiency	12,877.52 BTU per kWh (26.5% efficient)

Federal Energy Regulatory Commission (FERC) Form 1 Heat Rates (2016)

	Fuel Burned	Avg. Fuel Heat Content	Avg. BTU per kWh of Net Generation
A.B. Brown Units 1 & 2: Coal	1,015,044 Tons	11,614	11,276
A.B. Brown Units 1 & 2: Natural Gas	203,820 Mcf	1,022	-
A.B. Brown Unit 3: Natural Gas	142,799 Mcf	1,022	12,472
A.B. Brown Unit 3: Oil	262 Gallons	139,000	-
A.B. Brown Unit 4: Natural Gas	157,974 Mcf	1,022	12,219
BAGS* 2: Natural Gas	111,633 Mcf	1,022	14,540
F.B. Culley: Coal	542,827 Tons	11,312	11,213
F.B. Culley: Natural Gas	358,657 Mcf	1,022	-
Northeast Turbines (1 & 2): Natural Gas	1,226 Mcf	1,022	13,441
Warrick Unit 4: Coal	404,892 Tons	11,555	11,166
Warrick Unit 4: Natural Gas	127,792 Mcf	1,022	-

Heat rates shown are annual operating heat rates and include start up shutdown and the effects of low load operation. Full load heat rates are better than the annual rates shown.
* Broadway Avenue Generating Station

G4-EU12 Transmission and distribution losses

Transmission and distribution energy losses were 2.19 percent and 3.04 percent respectively, as a percentage of total available energy for the twelve months ending December 31, 2016.

environmental

This section of indicators contains information about our energy conservation initiatives and land and habitat management efforts.

ENERGY

G4-DMA Energy

Vectren actively monitors the consumption of energy, water and fuel to evaluate issues as they arise while simultaneously developing and implementing energy efficient plans. All new utility, corporate and remodeled buildings are designed to meet ENERGY STAR® standards and with the minimization of energy use in mind. Through the implementation of new, relevant fleet vehicle technology, Vectren continuously works towards building a more sustainable fleet with lower overall fuel consumption.

G4-EN6 Energy efficiency initiatives

2016 Facility Improvements

In 2016, we made the following improvements to Vectren facilities:

- Installed new HVAC equipment at various Indiana facilities including Noblesville, Danville, Bedford, Facilities and Fleet Office, Gas Control IT closet and Norman P. Wagner UPS locations
- Upgraded HVAC control software for better control and system balance
- Replaced 148,175 Watt Metal Halide outdoor lights with 148, 60 Watt LED outdoor lights at the Norman P. Wagner building. This measure resulted in a reduction of 62,123 KWH annually, which is equivalent to 43.7 metric tons of greenhouse gas emissions. Additionally, half of the lights are on an automated switch that turns the lights on only during non-daylight hours.
- Replaced 345 florescent light fixtures with LED light fixtures at Vectren Ohio locations resulting in annual energy savings of 144,953 kWh, which is equivalent to approximately 100 metric tons of greenhouse gas emissions.

2016 Fleet Upgrades

In 2016, the following efficiency upgrades were made to Vectren's vehicle fleet:

- Purchased 1 plug-in, hybrid electric bucket truck
- Replaced 35 light-duty vehicles with E85-compliant vehicles
- Replaced 13 heavy-duty vehicles with Bio-Diesel (B20) capable trucks

G4-EN8 Water usage

Please see the following table for information for water withdrawal by source. At A.B. Brown, water withdrawal is calculated using circulating water flows, outside temperature, percentage of evaporation loss, cooling tower cycles and generating hours. At F.B. Culley, water withdrawal is calculated using circulating temperature and flow data.

Surface & Ground Water Usage (2016)

	Surface Water*	Ground Water
A.B. Brown	2,089.8 million gal.	382.6 million gal.
F.B. Culley	52,842.9 million gal.	116.9 million gal.
Total	54,932.7 million gal.	499.5 million gal.

* Surface Water includes water from wetlands, rivers, lakes and oceans.

G4-EN10 Water recycling and reuse

Water Recycling & Reuse (2016)

Water Recycled or Reused	
A.B. Brown	139,379.6 million gal.
F.B. Culley	0.2 million gal.
Total	139,379.8 million gal.
The variance between plants is primarily attributable to recirculation in the cooling towers at A.B. Brown. In addition, A.B. Brown has the ability to reuse ash pond water in the plant.	

G4-EN21 Air emissions

All emission tonnage measured data from CEMS (Continuous Emission Monitoring System) and are as reported for the various emissions allowance programs. CEMS are the utility industry standard emission measurement process.

Annual System Emissions (2015-2016)

	2015 (Tons)	2016 (Tons)
Sulfur Oxide (SO _x)	12,894	6,004
Nitrogen Oxide (NO _x)	4,639	4,325
Particulate Matter (PM)*	219	279
Total	17,752	10,608
* Totals include Vectren's share (50 percent) of total Warrick Unit 4 emissions.		

G4-EN25 Transported hazardous waste

None

G4-EN33 Significant negative environmental impacts in the supply chain

Vectren strives to reduce the consumption of new materials and the waste streams resulting from its extensive supply chain. Our robust reuse and recycle program for hazardous and non-hazardous waste has diverted more than a half million tons of waste from the landfill each year, reducing the need to purchase new materials and generating new revenue streams which help offset disposal costs. This program has been effective in reducing environmental impacts while utilizing materials already in our supply chain.

For more about Vectren's recycling programs, please see Environmental [DMA: Effluents and waste](#) and Environmental indicator [G4-EN23](#).

G4-EN34 Environmental grievances filed, addressed and resolved through formal grievance mechanisms

None

EMISSIONS

G4-DMA Emissions

Vectren is dedicated to environmental stewardship. Our employees and their families live and work in the same cities and towns, breathe the same air and utilize the same natural resources as our customers. We are committed to fully complying with all environmental regulations and providing energy products and services that not only meet customer needs, but also enhance the quality of life in each of our communities.

Vectren's power system is one of the best controlled in the Midwest. By investing millions of dollars in new emissions control technology, we have been able to dramatically reduce emissions at existing facilities.

- Since 2005 and through 2015, we have reduced emissions of CO₂ by 31 percent.
- SO₂ emissions are down more than 90 percent since 1970. All units in the Vectren system are equipped with scrubbers for SO₂ control.
- NO_x emissions are down 80 percent since 1970. All units in the Vectren system are controlled for NO_x, with four of the five units having selective catalytic reduction technology for advanced NO_x control.
- All units in Vectren's system have advanced controls for particulate matter, with two units having state-of-the-art fabric filters which remove 99 percent of soot and dust.

Current initiatives to increase conservation and reduce emissions include:

- Implementing conservation initiatives in Vectren's Indiana and Ohio natural gas utility service territories;
- Implementing conservation and demand side management initiatives in our electric service territory;
- Adding to a renewable energy portfolio to complement base load generation in advance of mandated renewable energy portfolio standards;
- Evaluating potential carbon requirements with regard to new generation, other fuel supply sources and future environmental compliance plans;
- Reducing Vectren's carbon footprint by utilizing hybrid vehicles and optimizing generation efficiencies through dense pack technology;
- Reducing methane emissions through the continued replacement of bare steel and cast iron gas distribution pipeline and other actions such as implementing distribution integrity management measures, installing more excess flow and remote control valves on service lines and transmission systems and enhancing damage prevention programs.

G4-EN15 Direct greenhouse gas (GHG) emissions

Electric generation data measurement is made by Certified Continuous Emission Monitors (CEMS) as required by federal rule. These numbers are reported to EPA via the Clean Air Market Division. Natural gas peaking turbines are calculated using the engineering calculation and air emission factor. CO₂ emissions from natural gas LDC operations are determined using emission factors and calculations as required by the EPA mandatory greenhouse gas reporting rule.

Annual CO₂ Emissions (2016)

	Metric Tons of CO ₂
Electric Generation	4,155,188
Natural Gas LDC Operations	222,886
Total	4,378,074

EFFLUENTS & WASTE

G4-DMA Effluents and waste

Vectren continues to seek commercial opportunities to recycle and reuse its waste products wherever possible and has a robust recycling program in place across all business units.

In the Energy Delivery business, the gas distribution operations collect unused and expired natural gas pipeline for plastic recycling. In the Power Supply business, the generating facilities have recycled nearly 90 percent of the fly ash they have generated since 2009 for use by a cement kiln as a replacement for virgin materials. In addition, our F. B. Culley plant has recycled nearly 100 percent of the synthetic gypsum it has produced since 1996. Construction routing for new gas or electric transmission lines is planned to avoid or minimize disturbance of environmentally sensitive areas. Vectren has engaged in these partnerships with an understanding that a focus on recycling and conservation during the planning and design phase of a project can yield significant savings by limiting the long-term environmental impact.

Additional waste streams diverted from the landfill include paper, aluminum, plastic, cardboard, lamps, batteries, ballasts, electronic waste, scrap metal, oil, wood debris and other items recycled, reused and donated to local charities.

G4-EN22 Water discharge

Water Discharges (2016)

	Amount Discharged
A.B. Brown Planned Discharge	545.05 million gal.
A.B. Brown Unplanned Discharge	9.07 million gal.
F.B. Culley Planned Discharge	52,746.97 million gal.
Total	53,301.09 million gal.

Volumes derived from flow measuring and calculations utilized for monthly National Pollutant Discharge Elimination System (NPDES) permit reporting. Thermal discharges included. The variance between plants is primarily attributable to the cooling towers at A.B. Brown. A.B. Brown has the ability to reuse ash pond water. Additionally, F.B. Culley lowered ash pond levels, which resulted in higher-than-normal discharge.

G4-EN23 Total weight of waste

Total Weight Of Waste (2016)

	Hazardous (Tons)	Non-hazardous (Tons)
Power Plant Waste	2.67	1,080.44
- A.B. Brown Waste	2.66	674.62
- F.B. Culley Waste	0.01	405.82
Energy Supply Waste	4.16	627.51
Total	6.83	1,707.95

Recycling Totals By Type Of Waste (2016)

	Pounds Recycled
Paper	576,776
Aluminum	24,455
Plastic	20,861
Cardboard	351,420
Fly Ash	247,878,000
Gypsum	356,322,000
Lamps	2,810
Batteries	2,802
Electronics	14,645
Scrap Metals	656,893
Transformers	654,321
Oil	15,750
Glycol	1,078
Industrial Plastics	79,600
Wood Pallets and Reels	46,330
Tree Trimmings	811,000

Recycling Totals By Type Of Waste (2016)

	Pounds Recycled
Automotive Batteries	17,350
Tires	69,111
Total	607,545,202

ENVIRONMENTAL COMPLIANCE

G4-DMA Environmental compliance

Vectren seeks to maintain 100 percent compliance with all environmental regulations. A reportable environmental incidents matrix is used to document and communicate potential environmental concerns. Regular meetings are held with operations, management and engineering staff to review expectations and provide guidance on how to avoid deviations.

G4-EN29 Fines and sanctions related to environmental laws and regulations

None

ENVIRONMENTAL (OVERALL)

G4-DMA Environmental

Vectren strives to protect and preserve the environment which hosts our facilities and carries our pipelines and power lines. Our environmental policy requires us to operate in full compliance with applicable legal requirements and we hold ourselves and those working on our behalf accountable for this commitment. We constantly seek out ways to improve energy delivery while reducing our impact on the environment. We have made strides to protect air, water and land quality by installing emissions control equipment on our power plants, improving the efficiency of our materials purchasing process, participating in stewardship projects and substantially reducing our waste streams through reuse and recycle programs (see [G4-EN23](#) for details on waste volumes diverted from the landfill). We work with environmental stakeholders at the national, state and local levels to identify and advance environmental and energy policies which benefit customers, shareholders and communities. We make environmental performance metrics available on an annual basis to reiterate our commitment to transparency in operations, aid in open discussions on environmental issues and build trust in the community.

G4-EN31 Environmental protection expenditures and investments

Vectren's environmental protection expenditures include annual costs for environmental compliance, ongoing operations and maintenance, chemicals and capital improvements.

Environmental Protection Expenditures & Investments (2016)

Expenditure Type	Expenditure Amount
Manufactured Gas Plant (MGP) Remediation	\$13,456
Air Protection Expenditures	\$37,109,160
Waste and Water Expenditures	\$30,943,895
Permit Expenditures	\$412,133
Total 2016 Environmental Protection Investment	\$68,478,644

labor practices

This section of indicators contains information about the composition of our workforce, compensation practices and labor relations initiatives.

EMPLOYMENT

G4-DMA Employment

Given the rapidly evolving energy industry in which we operate, Vectren understands investing in its workforce is critical to our future success. We know great companies are made up of great people and we're committed to providing employees the tools and resources necessary for success and safety.

Learning and Development

Vectren fosters a work environment which encourages ongoing learning and development. Online learning programs are offered to employees through a personalized learning and development system, Learn Connection. Learn Connection houses an extensive library of online courses, which cover everything from competency-based training to modules specific to the energy industry. Employees interested in furthering their education may participate in Vectren's tuition reimbursement program for qualifying education expenses. Onsite training sessions are used to meet the unique needs of our workforce. Career development tools and resources help employees grow and develop the right skills to meet their career goals and the changing requirements of the business.

Vectren's Emerging Leaders mentoring program pairs less experienced employees who demonstrate leadership capabilities and a commitment to company values with more experienced employees in leadership roles. The purpose of the program is to develop the leadership skills of emerging talent and ensure Vectren has an appropriate supply of talented leadership and a continuity of culture.

Health and Wellness

Vectren has continually devoted its energy in preserving a culture of health and wellness for all of its employees by offering programs and services to support their physical and emotional well-being. Vectren promotes a positive work-life balance due to the physical and mental demands placed on their workforce by offering paid holidays, vacation days and paid time off for approved volunteer projects. Vectren offers a 401(k) Savings Plan to current and new hire employees.

Employees and eligible family members receive health, dental and vision insurance options as well as long term disability, short term disability and life insurance options. Flexible Pre-Tax Spending Accounts and Health Savings Accounts are also available to employees.

Vectren's Employee Assistance Program (EAP) offers a wide range of employee assistance and well-being services. Employees and eligible family members have access to free and confidential professional care, self-help programs, interactive tools and educational resources addressing life and work issues. The program can help with family support, substance abuse, counseling services, relationships and financial and legal advice. The Employee Assistance Program is available around the clock to support employees with everyday challenges or more serious complex problems.

Vectren offers numerous established wellness programs to support employees. Participation in wellness programs have achieved high levels of participation and continue to increase primarily due to upper management involvement and support, two comprehensive worksite health and wellness centers staffed with a physician, nurse practitioners, licensed practical nurses, wellness nurse, health specialist, health coach and a dietician, an established wellness committee with wellness Champions for our outlying area and incentives for health achievements and participation in programs.

Vectren offers employees onsite biometric screenings, including cholesterol, blood pressure, blood sugar, tobacco usage and body mass index (BMI) checks, with simultaneous online Health Risk Appraisals for employees and spouses and influenza vaccinations to employees. An extensive wellness portal with exercise and calorie trackers, health articles and various behavior modification courses such as weight loss, nutrition, exercise, tobacco cessation, stress management and alcohol abuse is available to help employees reach their health goals. Lunch and learn webinars focusing on important wellness topics are offered as well as healthy cooking classes and healthy nutrition stations for food sampling. Fitness and self-defense classes, wellness walks and basketball leagues help employees stay active. Challenges such

as a Maintain Don't Gain, a pedometer challenge and an annual Get Down campaign entices employees to focus on wellness to achieve wellness incentives. Each month, Vectren recognizes a Wellness Person of the Month that highlights employees that have overcome a health challenge or maintained a healthy lifestyle. Vectren's approach of positive reinforcement continues to drive positive results as evidenced in our biometric screening results.

As a result of creating a culture of Wellness, Vectren was awarded the American Heart Association's Fit Friendly Platinum award in April 2016 and achieved the Gold Wellness Council of America (WELCOA) "Well Workplace" Award in May 2014. Vectren will be applying for Platinum WELCOA "Well Workplace" Award in 2017.

Safety

We have gained considerable momentum in terms of safety culture improvement and injury prevention in recent years by increasing collaboration, communication and engagement with employees at all levels of the organization.

Safety – Collaboration

Vectren continues to empower our Safety Culture Teams at the grassroots level and provide two-way communication between the local teams and the jointly-led safety culture advisory team. The advisory team, which is a mix of executive, operations and union leadership, meets quarterly to review any over-arching concerns that surface from guidance teams and provides guidance and support of the strategic vision to improve culture and keep our employees, contractors and the public safe.

To help the local teams improve processes and solve problems autonomously, the advisory team has been working with Vectren's performance management and continuous improvement department to provide formal training and continuous improvement events that enable cross-functional process mapping, root cause analysis and structured problem solving so issues can be addressed by those involved with the work. These tools are inspiring and enabling our workforce to promote changes necessary to enhance safety.

Safety – Communication

Based on feedback from the safety culture advisory team and a safety culture assessment completed in 2013, we decided to focus our attention on improving communication. We send routine and formal communication including weekly Near Misses and Lessons Learned, safety reports, the Safety Buzz newsletter, as well as monthly motor vehicle incident summary with preventative measures and an injury prevention update. We communicate less content more frequently and leverage technology to its fullest potential since all field employees now have email and mobile devices.

Safety – Engagement

The growth of our Safety Management System continues to help employees protect our workforce, assets and the public from risk while aligning us with future regulation. The Safety Management System Vision is to empower others to live safely by actively reducing risks, aligning priorities throughout the organization and focusing on the everyday journey to zero incidents.

Our long-term vision for colleague engagement includes continued growth of current safety initiatives relative to collaboration, communication and continuous improvement. We believe by involving our workforce in activities that support the mission and vision of our organization, we can learn from the past and work together toward a more effective, safe and efficient future for all.

G4-LA1 New employee hires and employee turnover

New Employee Hires By Gender (2013-2016)

	2013	2014	2015	2016
Male External Hires	67	121	146	99
Female External Hires	46	37	68	68
Total External Hires	113	158	214	167
<i>Total Female External Hires (% of total)</i>	<i>40.7%</i>	<i>23.4%</i>	<i>31.8%</i>	<i>40.7%</i>

New Employee Hires By Age Group (2016)

	2013	2014	2015	2016
Under 25	19	17	24	20
25-30	22	39	50	38
30-35	26	41	47	29
35-40	14	27	33	24
40-45	12	11	18	20
45-50	10	15	19	14
50-55	6	5	13	9
55-60	4	2	9	7
60-65	0	1	1	6
Total Employee Hires	113	158	214	167

New Employee Minority Hires (2013-2016)

	2013	2014	2015	2016
Total Minority External Hires	27	32	42	21
<i>Total Minority External Hires (% of total)</i>	23.9%	20.3%	19.6%	12.6%

Turnover (2013-2016)

	2013	2014	2015	2016
Voluntary Separations	103	136	120	106
– <i>Voluntary Retirements</i>	64	74	52	52
– <i>Voluntary Resignations</i>	39	62	68	54
Involuntary Separations	17	22	15	15
Total Separations (Voluntary and Involuntary)	120	158	135	121

Retirements & Resignations By Gender (2013-2016)

	2013	2014	2015	2016
Retirements	64	74	52	52
– <i>Male Retirements</i>	57	65	38	37
– <i>Female Retirements</i>	7	9	14	15
Resignations	39	62	68	54
– <i>Male Resignations</i>	16	30	41	26
– <i>Female Resignations</i>	23	32	27	28

Retirements & Resignations By Age (2013-2016)

	2013	2014	2015	2016
Retirements	64	74	52	52
– 55-64 Retirements	41	63	33	36
– 65 & Over Retirements	23	11	19	16
Resignations	39	62	68	54
– Under 25 Resignations	1	4	5	2
– 25-34 Resignations	19	22	33	18
– 35-44 Resignations	10	22	14	16
– 45-54 Resignations	5	11	9	9
– 55-64 Resignations	4	2	5	6
– 65 & Over Resignations	0	1	2	3

G4-LA2 Benefits provided to full-time employees that are not provided to temporary or part-time employees

Vectren does not provide benefits to temporary or part-time employees. Please see the *Benefits & Compensation* page (<http://www.vectren.com/careers/compensation>) on Vectren.com for more information on our employee benefits.

G4-EU15 Employees eligible for retirement

Eligibility of retirement is available for all employees age 55 and over with at least 10 years of service. As of December 31, 2016:

- 487 employees are eligible for retirement,
- 704 employees will be eligible for retirement in five years, and
- 984 employees will be eligible for retirement in 10 years.

OCCUPATIONAL HEALTH & SAFETY

G4-DMA Occupational health and safety

Vectren is dedicated to providing a safe and healthy workplace and to conducting business with the utmost regard for the health and safety of our employees, customers and the public. This philosophy is in accordance with our mission to integrate a strong focus on safety and health into day-to-day business management and process design. No aspect of operations is more important than the health and safety of our stakeholders.

Vectren is committed to complying with all applicable government regulations and internal health and safety requirements and maintaining management systems designed to ensure compliance. We commit to continual improvements of these health and safety management systems and strive for best-in-class performance within the energy industry. In order to accomplish this, we establish health and safety objectives and targets, conduct regular management system and performance evaluations and frequently report the results to employees, customers and the public for accountability.

We encourage interested parties, including employees and the public, to voice safety concerns and suggestions. To promote transparency, we openly communicate and share information regarding our health and safety systems and the impacts of our activities, services and products.

Within Vectren, departmental leadership is primarily responsible for implementing our Health and Safety Policy and allocating resources to establish and support health and safety programs. Management, at all levels, will take actions to ensure all employees understand the meaning and importance of the policy.

While management must provide the leadership and support essential to maintaining a safe and healthy work environment, it is the responsibility of every Vectren employee to make safety an integral part of his or her daily work. Each employee will be held accountable for his/her individual safety performance in alignment with our health and safety procedures and programs.

G4-LA5 Workforce representation in formal joint management-worker health and safety committees

Vectren emphasizes a commitment to safety across all of our utility operations. A safety team comprised of senior leaders, safety personnel and key members of operations meets regularly to discuss safety strategy. At the director level, we have formal safety committees which are spearheaded by operations personnel and include both bargaining unit and non-bargaining unit employees. Approximately 11 percent of the workforce is involved in these formal safety committees.

G4-LA6 Injuries, occupational diseases, absenteeism and work-related fatalities

Rules for Reporting Accident Statistics & Definitions

Vectren reports and records safety statistics in accordance with OSHA recordkeeping standards. Please see Recording and Reporting Occupational Injuries and Illness to review the OSHA standards related to recordkeeping. (Source: OSHA Recordkeeping Standard 1904)

- **OSHA Recordable Cases:** Definition of “recordable” per OSHA Recordkeeping Standard 1904 (i.e., “a work-related injury or illness resulting in medical treatment beyond first aid”). Calculation: Total OSHA cases YTD
- **OSHA Recordable Rate:** Incidence rate of OSHA recordables based on number of man-hours. Calculation: # of OSHA recordables x 200,000/man-hours
- **DART Cases:** OSHA Recordable resulting in Days Away, Restricted or Transferred. Calculation: Total DART cases YTD
- **DART (Incidence) Rate:** Incidence rate of DART cases based on number of man-hours. Calculation: # of DART cases x 200,000/man-hours
- **DART Severity Rate:** Severity rate of DART cases based on lost time (more days away = more severe cases) Calculation: # of DART days x 200,000/man-hours

Injury Tracking

We track first-aid injuries which require treatment at a medical facility but do not result in an OSHA recordable case (based on the OSHA Recordkeeping Standard describing the difference between first aid and cases – 29CFR1904). Incidents only requiring on-site first-aid intervention are not currently included in this tracking, but are reviewed by safety personnel for future prevention.

Injury Time

Per the OSHA recordkeeping standard, “days away” means calendar days, and the count begins on the first day after the illness or injury.

Injury Rate for Total Workforce

The Injury Rate for Total Workforce is equivalent to the “OSHA Rate” on Vectren reports. See the following chart:

OSHA Recordables & Rate (2016)

Group/Location	OSHA Recordables	OSHA Rate
Energy Delivery	20	2.58
Power Supply	3	1.67
Utility Support	1	6.96
Corporate	0	0.00
Total	24	1.40

Injury Rate by Gender

Vectren does not currently track Injury Rate, or OSHA Rate, by gender. Measures are currently being implemented to disclose this data in future reports.

Injury Rate for Independent Contractors

A portion of Injury Rate data for independent contractors is tracked by MICCS (Metro Indianapolis Coalition for Construction Safety, Inc.), to manage our contractor’s safety pre-qualification. Contractors must be certified before they can work for Vectren. MICCS data is not available for this report as its database is shared amongst many companies and the data is not aggregated to exclusively include contractors hired by Vectren.

Occupational Diseases Rate

The Occupational Diseases Rate (ODR) for total workforce (total employees plus supervised workers) is zero. This rate is not tracked for independent contractors.

Lost Day Rate

The Lost Day Rate is equivalent to the "DART Rate" on Vectren reports. The DART data in the following chart does not include independent contractors.

DART Rate & DART Severity Rate (2016)

Group/Location	DART Rate	DART Severity Rate
Energy Delivery	1.68	34.99
Power Supply	1.11	50.09
Corporate	0.00	0.00
Total	0.87	21.04

Fatalities

No workforce fatalities were recorded during the reporting period. This is not tracked for independent contractors.

G4-LA8 Health and safety topics covered in formal agreements with trade unions

Topics covered in formal labor agreements related to safety include:

- membership support of a safe working environment;
- provision to provide personal protective equipment/uniforms;
- formation of safety committees;
- additional benefits for employees who suffer work related injuries beyond state workers compensation provisions; and
- implementation of safety rules.

TRAINING & EDUCATION

G4-DMA Training & education

Vectren provides training to ensure employees have the knowledge and skills necessary to perform their work safely and efficiently. Training is a requirement for all field employees to acquire the knowledge and skills required to perform job functions, improve upon existing knowledge and skills and capitalize on increased efficiencies and ensuring a safer work environment.

Vectren’s Technical Training Department develops, coordinates and provides instruction on job-specific training and qualifications, including (but not limited to) designing, constructing, operating and maintaining Vectren’s gas and electric infrastructure. The training and qualifications are tracked and reported by the Technical Training Department and are evaluated to determine performance gaps and mitigating measures necessary to meet workforce needs.

Vectren’s Operator Qualification (OQ) Program and training materials are reviewed on an annual basis. In addition, Technical Training continually monitors triggers that may necessitate additional reviews of the OQ Program and/or training materials. These triggers include modifications to policies or procedures, changes in state or federal regulations, individual performance problems and the use of new equipment, technology and information from equipment or product manufacturers.

Technical training is typically conducted in one of two locations – Evansville, Indiana for electric operations and Franklin, Indiana for gas operations. Training is also provided at each of the local operating centers. Field employees receive initial training through the apprenticeship programs and receive subsequent training based on the type of work being performed. To meet Vectren’s OQ requirements, employees demonstrate task-specific competencies by successfully completing the required performance evaluations, which are pass/fail.

Vectren currently has 159 apprentices enrolled, with plans to hire 15-20 apprentices in 2017. Total headcount for field employees in 2016 was approximately 780.

G4-LA10 Skills management and lifelong learning programs

In order to maintain a high level of employee engagement, Vectren must ensure colleagues are provided the time, tools, training and opportunity to succeed. Employees have access to free online learning modules through our portal.

Career Paths, our learning portal, provides an understanding of the competencies and experience required for each position and illustrate potential moves between various positions within a business unit as well as transitions to other relevant business units. These Career Paths may assist employees to identify personal development strategies and define clear and realistic paths for achieving career objectives.

As part of the HR Integrated Strategy, understanding the value of competencies for both individual and organizational performance is critical as it aligns measurable behaviors that drive performance. Implementing a talent management system based on a competency foundation is vital to providing effective workforce and succession planning, diagnosing developmental needs and assisting with career planning decisions. Vectren has identified Core Competencies that are expected of all colleagues, built upon this core with job specific competencies and identified business unit specific competencies to further define success in a position. These competencies enable Vectren to provide the strategic recruitment and development required by the business.

Please see the *Careers* page (<http://www.vectren.com/careers>) on Vectren.com for additional information on skills and learning opportunities for employees.

G4-LA11 Percentage of employees receiving regular performance and career development reviews

Our philosophy and expectations are that all non-bargaining employees receive an evaluation of their skills and/or performance on an annual basis. Vectren is transitioning to quarterly feedback sessions leading up to the annual performance review.

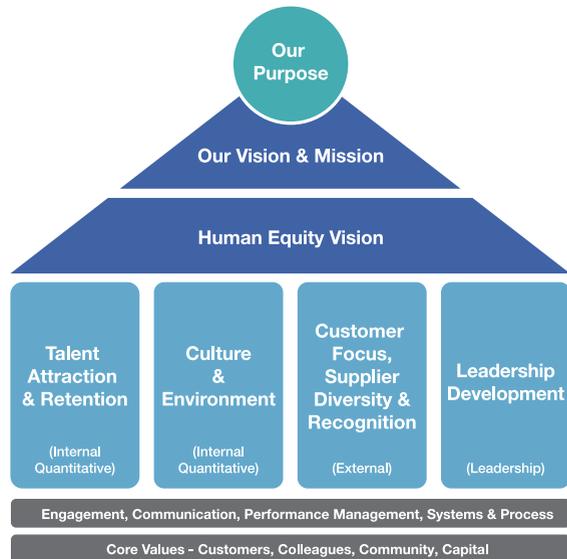
DIVERSITY & EQUAL OPPORTUNITY

G4-DMA Diversity and equal opportunity

Over the past year and a half, the Human Resources Advisory Committee (HRAC) has been working to ensure that our diversity and inclusion initiatives continue to support our corporate goal of being a leader in diversity and inclusion. At Vectren, we recognize that people are what differentiate a high performing company resulting in better communities, customer service, innovative energy solutions and financial outperformance relative to our peers. In order to be successful as a company, it is our people that drive that differentiation and success.

What sets us apart is how intentional and deliberate our efforts and actions are in this area, driven by our Human Equity Strategy. We believe that moving from "Diversity" to "Inclusion" and, ultimately, "Human Equity" (D, I & HE) is a required shift. Our strategy aims to ensure that each employee feels valued, included and is an integral part of our organization's success. This positions us to leverage the unique skills, attributes and talents of each individual. Ultimately, this will result in Vectren being an employer of choice for all. This strategy was developed along with HRAC, our vice president of human resources, manager of diversity and inclusion and Trevor Wilson, the author of the Equity Continuum and the Human Equity Model.

The D, I & HE strategy is divided into four key focus areas, each of which has three sub-taskforces. Each area or pillar focuses on defined strategic initiatives, projects and programs to



drive our transformation and will be led by our senior executives and vice president of human resources. The taskforce includes approximately 90 colleagues across the organization, and includes both bargaining and non-bargaining colleagues from all levels of the company. The taskforces have been meeting since March 2016.

G4-LA12 Composition and diversity of governance bodies and workforce

The following tables detail the gender and ethnicity breakdown of our total workforce. Please see response to Standard Disclosures indicator [G4-38](#) for a breakdown of the Board.

Gender Analysis by EEO Category (2016)

	Female (% of Total Females)	Male (% of Total Males)	Total (Female % of Total)
Senior Executive	1 (0.2%)	5 (0.4%)	6 (16.7%)
Vice President/Director	17 (3.0%)	38 (2.9%)	55 (30.9%)
Manager/Supervisor	85 (14.9%)	219 (17.0%)	304 (28.0%)
Customer Service	114 (19.9%)	24 (1.9%)	138 (82.6%)
Office and Clerical	142 (24.8%)	29 (2.2%)	171 (83.0%)
Other Non-bargaining	175 (30.6%)	311 (24.1%)	486 (36.0%)
Bargaining	38 (6.6%)	666 (51.5%)	704 (5.4%)
Total	572 (100.0%)	1,292 (100.0%)	1,864 (30.7%)

Minority Analysis by EEO Category (2016)

	Minority (% of Total Minorities)	Non-minority (% of Total Non-Minorities)	Total (minority % of Total)
Senior Executive	0 (0.0%)	6 (0.4%)	6 (0.0%)
Vice President/Director	7 (3.5%)	48 (2.8%)	55 (12.7%)
Manager/Supervisor	18 (8.7%)	286 (17.3%)	304 (5.9%)
Customer Service	33 (16.0%)	105 (6.3%)	138 (23.9%)
Office and Clerical	31 (15.0%)	140 (8.5%)	171 (18.1%)
Other Non-bargaining	51 (24.8%)	431 (26.1%)	482 (10.6%)
Bargaining	66 (32.0%)	638 (38.6%)	704 (9.4%)
Total	206 (100.0%)*	1,654 (100.0%)*	1,860 (100.0%)*

* Four employees in 2016 did not specify an ethnicity.

Females & Minorities As Percentage Of Workforce (2012-2016)

	2012	2013	2014	2015	2016
Regular Headcount	1,742	1,733	1,747	1,823	1,864
- Regular Headcount - Female	532	538	535	554	572
- Regular Headcount - Minority	156	168	181*	194*	206*
- % Female	30.5%	31.0%	30.6%	30.4%	30.7%
- % Minority	9.0%	9.7%	10.4%*	10.6%*	11.1%*

* One, five and four employees in 2014, 2015 and 2016, respectively, did not specify an ethnicity.

Ethnicity As Percentage Of Employee Group (2014-2016)

	2014	2015	2016
White	1,565	1,624	1,654
- % White	89.6%	89.3%	88.9%
Black/African-American	128	132	138
- % Black/African-American	7.3%	7.3%	7.4%
Hispanic/Latino	20	22	24
- % Hispanic/Latino	1.2%	1.2%	1.3%
Asian	11	13	16
- % Asian	0.6%	0.7%	0.9%
American Indian/Alaska Native	7	5	4
- % American Indian/Alaska Native	0.4%	0.3%	0.2%
Native Hawaiian/Other Pacific Islander	0	1	1
- % Native Hawaiian/Other Pacific Islander	0.0%	0.1%	0.1%
Two or More Races (Not Hispanic or Latino)	15	21	23
- % Two or More Races (Not Hispanic or Latino)	0.9%	1.2%	1.2%
Total	1,746*	1,818*	1,860*

* One, five and four employees in 2014, 2015 and 2016, respectively, did not specify an ethnicity.

human rights

This section of indicators contains information regarding our non-discrimination policies and provides insight into incidents of discrimination.

NON-DISCRIMINATION

G4-DMA Non-discrimination

The purpose of Vectren's Anti-Harassment and Non-Discrimination Policy is to establish a work environment in which all individuals are treated with respect and dignity by spreading awareness as to the definition and various forms of discrimination and harassment.

Each individual has the right to work in a professional atmosphere which promotes equal opportunity and prohibits discrimination and harassment. Therefore, we expect all relationships among persons in the workplace will be business-like and free of bias, prejudice and discrimination.

Vectren prohibits discrimination and harassment by fellow employees, whether it be a supervisor, manager, supervised employee, or a third party who does business with the company (e.g., an outside vendor, consultant or customer).

According to our policy, discriminatory conduct is prohibited in the workplace, on company property and in any work-related setting outside the workplace, such as during business travel, meetings and business-related social events. All employees are expected to refrain from discrimination and harassment of others.

The company prohibits retaliation against any individual who, in good faith, reports discrimination or harassment or participates in an investigation of such reports.

G4-HR3 Incidents of discrimination and corrective actions taken

Vectren had no substantiated legal claims of discrimination in 2016.

society

This section of indicators contains information about our impact on the communities we serve, how we mitigate the risk of bribery and corruption in our operations and our approach to public policy.

LOCAL COMMUNITIES

G4-DMA Local communities

One of Vectren’s core values is a commitment to the communities in which we live and serve. Our commitment to community is demonstrated by our financial and human resource contributions.

Vectren Foundation

The Vectren Foundation was established in 2000 to provide support for the many nonprofit organizations in the communities served by our utility operations. Annually, Vectren allocates a percentage of a 3-year trailing average of pre-tax income to fund the Foundation and corporate contributions. This percentage grew from 1 percent in 2015, to 1.1 percent in 2016, and growth is targeting 1.5 percent by 2020. In 2016, Vectren and the Vectren Foundation contributed \$3.2 million to 552 organizations in three primary areas of focus: access to and advancement in education, energy conservation & environmental stewardship and community revitalization & sustainability.

Community Catalyst, a key program initiated by the Vectren Foundation, uses an asset-based community development model to focus resources on revitalizing high-stress neighborhoods. Through this effort, Vectren partners and collaborates with like-minded entities across a number of fields including education, healthcare, faith and non-profit, as well as neighborhood residents. In 2016, the Foundation served as the catalyst in convening and collaborating with the following communities in Vectren’s service territory: Anderson, Dayton, Evansville, Lafayette, Marion, Muncie and Terre Haute. An estimated 9,500 homes were impacted.

Ongoing Community Catalyst Initiatives (2016)

Location	Organize <i>Build relationships, identify partners</i>	Decide <i>Visioning, working groups, action planning, early actions</i>	Act <i>Action plan, implementation, evaluation</i>
Anderson, Ind.	✓	(Current Stage)	
Dayton, Ohio	✓	(Current Stage)	
Lafayette, Ind.	✓	(Current Stage)	
Terre Haute, Ind.	✓	✓	(Current Stage)
Evansville, Ind.	✓	✓	(Current Stage)
Marion, Ind.	✓	✓	(Current Stage)
Muncie, Ind.	✓	✓	(Current Stage)

Human Resources

Vectren employees share in the commitment to community by volunteering their time and talents, whether by serving on a nonprofit board, contributing personal funding to a local charity, or spending a day volunteering at a local agency. Our employees are community-minded and highly engaged. Volunteer hours continue to increase annually—approaching 48,000 hours (combined on-the-clock and off-the-clock) in 2016. The Vectren Foundation provides matching programs for hours invested by employees as well as contributions made to colleges and universities. These programs accounted for \$57,600 dollars in 2016. Finally, a matching program also exists for contributions to local United Way organizations within Vectren’s service territory. The 2016 United Way campaign generated \$716,600 in employee giving and Foundation matching.

Employees are also encouraged to engage in leadership positions in the communities we serve. In 2016, Vectren officers, directors and managers held board and committee positions over 180 community-minded organizations.

Relocation Assistance Program

Vectren makes every effort to minimize the impact on property owners in our service territory. However, circumstances arise when relocation is required in order to maintain the integrity of our energy delivery system to ensure safety and reliability for neighboring property owners and customers.

Vectren's Relocation Assistance Program is designed to help minimize any hardships residential or commercial property owners may experience when relocation is required. All property owners displaced by a pipeline or similar utility project undertaken by Vectren are offered relocation assistance services for the purpose of locating a suitable replacement property. A relocation agent is available for each impacted property owner and has the ability to assist with the following:

- determine any special needs and requirements;
- explain the relocation process and entitlements;
- offer relocation advisory assistance;
- ensure the availability of a comparable property in advance of displacement;
- provide referrals to comparable properties;
- provide the amount of maximum replacement housing entitlement in writing 90 days or more before the required vacate date;
- inspect replacement homes for decent, safe and sanitary (DSS) standards;
- supply information about other federal, state and local programs offering assistance to displaced persons; and
- provide assistance to minimize hardships.

G4-SO1 Operations with local community engagement, assessments and development programs

Each of our operating units employs a system for handling community concerns on a local level. We also share issues among units and develop shared solutions where appropriate.

G4-EU22 Individuals physically or economically displaced and compensation

There were no physically or economically displaced persons in 2016.

G4-DMA Disaster/emergency planning and response

Disaster/Emergency Preparedness and Response

Disaster/emergency preparedness and response are key components of Vectren's enterprise-wide risk management program. Our crisis management and emergency response personnel are trained to identify, evaluate and manage a wide variety of natural and man-made hazards including, but not be limited to, those caused by fires, earthquakes, floods, ice storms, tornadoes, acts of civil unrest or workplace violence, pandemic/infectious disease, physical attacks, cyber-attacks, or other similar occurrences that adversely affect our stakeholders. Additionally, Vectren monitors and participates in industry groups related to preparedness and response for electromagnetic pulses (EMPs) and geomagnetic disturbances (GMD).

In accordance with customary industry practices, Vectren maintains insurance against a significant portion of these hazards and related losses.

Crisis Management and Response

Vectren has comprehensive crisis management and emergency response plans designed to ensure we react timely and appropriately to crises, maintain or resume critical business functions and communicate effectively with all stakeholder groups. The plans are also designed to ensure best practices and lessons learned are applied consistently across the organization.

Under these plans we conduct drills, tabletop exercises and educational sessions internally and with local, regional and national groups to test our crisis management in the areas of operations, communications and corporate support. The drills, tabletop exercises and educational sessions include participation by our senior leadership, emergency responders and business unit stakeholders.

Physical and Cybersecurity

Vectren has implemented processes to align with the core security activities – Identify, Protect, Detect, Respond, Recover. Vectren has dedicated and third-party physical and cybersecurity teams to identify, protect and detect both physical and cyber-attacks. Crisis management and emergency response plans are in place to both respond and recover

from physical and cyber events. These events could include attacks on company facilities, malicious cyber-attacks, data breaches, user errors, or other activities which impact operations or disclose sensitive or confidential information. Vectren assesses plans and controls when new threats are identified.

Vectren participates in local, state-level and national information sharing programs to share and receive indicators of compromises and lessons learned. In addition, Vectren has joined the national level Cyber Mutual Assistance program where utilities across the country provide aid to member utilities during a cybersecurity event.

ANTI-CORRUPTION

G4-DMA Anti-corruption

The vice president of corporate audit oversees Vectren's ethics program and monitors the company's overall adherence to the ethical standards established in our Corporate Code of Conduct. The vice president of corporate audit reports functionally to the Audit Committee of the Board and administratively to the executive vice president and chief legal and external affairs officer. The direct line of communication to the Audit Committee and the executive vice president emphasizes the vice president of corporate audit's governance role within the organization.

Vectren's ethics program employs the following instruments for avoiding and managing corruption:

- Our Corporate Code of Conduct directs employees to avoid relationships with, and financial interests in, business partners and those who are seeking to become business partners. Further, our Code requires employees owning or acquiring a financial interest in a vendor, supplier, or contractor to report such relationships to their immediate supervisor using a prescribed form. If the supervisor determines a conflict exists, the supervisor is required to contact the appropriate executive officer and the corporate audit department for resolution. For information on how conflicts of interest for the highest governance body are avoided and managed, please see response to Standard Disclosures indicator [G4-41](#).
- Our Corporate Code of Conduct prohibits employees from accepting gifts, favors, or entertainment that compromise, or appear to compromise their ability to make objective business decisions. Employees are required to report gifts, business meals or entertainment, services, or anything else from a single business partner, of more than a nominal value, to their immediate supervisor using a prescribed form.
- Significant vendors, suppliers and contractors are kept aware of our Code provisions regarding conflicts of interests and inappropriate gifts, favors and entertainments via an annual letter.
- Vectren provides various methods for employees to seek advice or report compliance issues. For more information on the internal and external mechanisms for seeking advice or reporting concerns about unethical or unlawful behavior, please see responses to Standard Disclosures indicators [G4-57](#) and [G4-58](#).
- Vectren has adopted a fraud and misconduct reporting framework to ensure Code violations are investigated and questions are addressed in a timely, consistent manner. This framework ensures communication channels are known among the business units, subsidiaries and the corporate office. The framework affirms theft and corruption of any size violates trust is not tolerated and will be dealt with swiftly.

G4-SO4 Anti-corruption training, communication, policies and procedures

Employees receive Code of Conduct training as part of new hire orientation. On an annual basis all non-bargaining, utility bargaining, officers and Board members complete Code of Conduct acknowledgements. Vectren's intranet provides information related to our Code of Conduct and how to report issues and seek advice. Issues may be reported by contacting a manager or the vice president of corporate audit, and can also be reported anonymously by email, internet, or hotline. Any deliberate failure to disclose violations may result in disciplinary action.

PUBLIC POLICY

G4-DMA Public policy

Public policy decisions can affect businesses, and at Vectren we believe engaging in the political process is in the best interest of our company, employees and stakeholders. We track proposed legislation at the federal, state and local level and advocate our positions when appropriate. We strive to educate public officials about our businesses, the impacts of potential policy decisions and participate in industry trade associations to assist in developing industry-wide positions, including memberships in the Edison Electric Institute (EII), American Gas Association (AGA), Indiana Energy Association (IEA) and Ohio Gas Association (OGA).

As part of our commitment to contemporary governance practices, we regularly report our corporate political activities to the Board's Corporate Responsibility and Sustainability Committee.

G4-SO5 Confirmed incidents of corruption and actions taken

In 2016, 60 employees (out of approximately 5,900) were terminated for reasons other than performance. Two Tier 1 allegations were made in 2016, neither of which were determined to have merit. The corporate audit department monitored the completion of 12 investigations of allegations made anonymously and/or through the ethics hotline. Upon conclusion of the investigations monitored by corporate audit, no confirmed incidents of corruption were identified.

G4-SO6 Political contributions

The Vectren Corporation Federal Employees' Political Action Committee (Vectren PAC) provides our employees a voice in the political process. The Vectren PAC is a voluntary employee political action committee and, through the Vectren PAC, we make bipartisan political contributions where permitted by law. We comply with all Federal Election Commission and state regulations, and PAC contributions are publicly disclosed in our filings with state and federal election commissions and agencies. In recognition of various stakeholder interests, all PAC activities are overseen by the PAC Board.

We voluntarily prohibit corporate dollars from being used to directly benefit a candidate or party. We also do not make corporate expenditures, as authorized by the *Citizens United* decision, and do not have any plans to do so at this time.

As part of our commitment to contemporary governance practices, we regularly report our corporate political activities to the Board's Corporate Responsibility and Sustainability Committee.

product responsibility

This section of indicators contains information on how we measure customer satisfaction, improve the customer experience and protect customer data.

CUSTOMER HEALTH & SAFETY

G4-DMA Customer health and safety

The safety of our customers, employees and the public is our highest concern, and Vectren maintains industry-leading energy safety outreach and education programs which engage and educate the public, emergency-responders and excavators.

We actively engage with educate contractors and municipalities on the importance of marking the underground locations of natural gas pipeline and other utilities. Additionally, we clarify safe digging laws and regulations and promote contact with the state's One-Call contact center. Permitting packets containing "811" and "Call Before You Dig" materials are distributed to city permitting offices, which provide the packets to individuals requesting work permits.

Across our service territory, we invite local excavators, emergency responders, locators and Vectren employees to "Safety Days" featuring pipeline safety resources and opportunities to interact with local damage prevention specialists. Additionally, we host annual emergency responder group meetings to help ensure emergency responders are prepared to respond to related incidents.

Each fall, we offer the Energy Safe Kids program to area fourth-grade classrooms across our service territory. This program provides valuable electric and natural gas safety information, including demonstrations on how to detect a natural gas leak and what to do if a natural gas leak is suspected.

G4-PR1 Significant product categories for which health and safety impacts are assessed for improvement

Health and safety impacts are assessed for improvement across all product and services.

G4-EU25 Injuries and fatalities to the public involving company assets

Vectren does not disclose information that may relate to potential litigation.

PRODUCT & SERVICE LABELING

G4-DMA Product and service labeling

Our third party vendor follows CASRO Code of Standards and Ethics for Survey Research, which has long been the benchmark for the research industry. Monthly phone surveys are conducted by our vendor to gauge customers' overall perception of Vectren and satisfaction with their recent experience. In 2016 our vendor conducted two studies, perception and contact, speaking with approximately 6,000 customers. The perception survey is given to a random sample of residential, commercial and key accounts, while the contact study is a transaction based survey used to rate the customer experience for power outages, gas leaks and customer move ins.

Additionally, our market research department conducts approximately 5,000 residential e-mail surveys annually to identify specific areas of improvement within customer touch points (customer service, billing, communications, etc.). Residential customers are randomly selected to participate in this survey using known e-mail addresses.

G4-PR5 Results of surveys measuring customer satisfaction

Vectren is committed to continuously improving the customer experience and 2016 was a successful year for Vectren's Improving Customer Experience (ICE) initiatives, which included the replacement of Vectren's contact technology systems. Led by the VP of Customer Experience, the ICE team meets regularly to discuss progress on projects aimed at improving the customer experience. Vectren continues to include ICE initiatives in business plans throughout the company.

We value customers' opinions and consistently seek feedback to help shape customer experience initiatives. Customers are offered opportunities throughout the year to give feedback about Vectren and the services we provide through a variety of channels.

Internal research consists of both quantitative and qualitative feedback collected using several methods. Monthly phone surveys are conducted by a third party vendor to gauge customers' overall perception of Vectren and satisfaction with their recent experience. In 2016 80.4 percent of our customers reported being highly satisfied with Vectren, which was the highest rating Vectren has ever received for this measure. Additionally, 85.7 percent of customers were highly satisfied with their recent service experience.

A quarterly online study is also conducted to identify specific areas of improvement within customer touch points (customer service, billing, communications, etc.). Regardless of survey method, customer comments are monitored to identify breakdowns in specific processes and reported to managers throughout the company for follow-up.

In 2016, Vectren also subscribed to independent research conducted by firms such as JD Power and E Source to track year over year improvement and performance relative to other utilities.

G4-DMA Access to electricity and customer support

With a focused effort on keeping low-income customers safe, comfortable and secure, Vectren embraces programs and relationships which maximize federal, state and third-party financial support. We were the first utility in the United States to have a certified Bridges Out of Poverty trainer, which has allowed us to focus on the challenges faced by our most vulnerable customers and how communities can collaborate to break the cycle.

Vectren's Universal Service Program (USP) provides discounts of 15 to 32 percent to Indiana customers receiving Energy Assistance (LIHEAP) whose household income is 150 percent of the Federal Poverty Level (\$36,375 for a family of four). Identified as a best practice, enrollment in USP is automatic when applying for energy assistance. An additional crisis/hardship component is available to households up to 200 percent of the Federal Poverty Level (\$48,500 for a family of four). Vectren funds 30 percent of the total cost of the program. Special payment arrangements are also available.

Nearly 15,000 customers participated in the Ohio regulated Percentage of Income Payment Plan Plus program. This program allows low-income customers to pay 6 percent of their income toward utility bills while providing a credit for on-time payments.

As a result of continued collaboration with our agency partners, outreach representatives made 195 visits to 54 counties served in 2016. Assistance agencies recognize our agency website as the premiere tool to provide an efficient means to obtain accurate information for assisting customers.

Vectren established Share the Warmth, Inc., as a private foundation to assist income-eligible households with energy conservation measures to reduce their utility bills. Due to growth, Share the Warmth was reclassified as a public charity in 2014. Each year, Vectren matches all public donations up to \$200,000. Funds are distributed to Indiana and Ohio Low Income Weatherization Assistance programs and combined with other funding for a whole house approach. Since 2007, more than \$1,445,000 has been raised to weatherize 619 homes.

G4-EU27 Residential disconnections for non-payment

Time between disconnection of service and arrangement of payment

- Less than 48 hours: 20,055 customers
- 48 hours to one week: 3,773
- One week to one month: 2,894
- One month to one year: 7,422
- More than one year: 8

Time between arrangement of payment and reconnection of service

- Less than 24 hours: 17,322 customers
- 24 hours to one week: 18,510
- More than one week: 70

G4-EU28 Power outage frequency

In 2016, Vectren recorded a System Average Interruption Frequency Index (SAIFI) of 0.82. The SAIFI score is calculated by dividing the total number of customers interrupted by a power outage by the total number of customers served.

G4-EU29 Average power outage duration

In 2016, Vectren recorded a System Average Interruption Duration Index (SAIDI) score of 61.3. The SAIDI score is calculated by dividing the number of "customer-minutes" (the product of the total number of customers interrupted by a power outage and restoration time) by the total number of customers served.

G4-DMA Provision of information

Vectren considers the needs of a diverse set of customers and stakeholders when determining important safety and account information. Annually, Vectren provides customers with a complete brochure detailing their utility service. The brochure includes information related to financial assistance programs, gas supplier options, billing/payment, electric outage reporting, natural gas safety, gas piping and safe digging. The documents are available in both English and Spanish via our company website. Throughout the year, Vectren communicates via bill inserts and messages and online content regarding gas and electric safety. In addition, each year we engage nearly 15,000 fourth-grade students in an Energy Safe Kids classroom program, which teaches natural gas and electricity safety. The program materials are available in both English and Spanish. An interactive demonstration of how a live electric line works is also available for students, the community and emergency response training.

Customer bills are available in both print and online versions. Customers with special visual needs may request a large-font printed bill. Vectren's contact center staffs both English and Spanish-speaking representatives. Through the company's low income programs team, Vectren actively engages community organizations who help address customers' financial needs. They provide information on safety, budget programs, energy efficiency, payment plans and other available assistance options.

CUSTOMER PRIVACY

G4-DMA Customer privacy

Vectren understands the need to protect our customers' personally identifiable information and has implemented a number of physical and cybersecurity controls to protect customer data. Vectren also has documented response procedures for data breaches that are reviewed and tested on a regular basis. To date, there have been no identified instances of misuse, leaks, thefts, or losses of customer data.

Vectren collects information from our users through several methods, including phone, website, email and letter in order to understand how to better serve our customers. Vectren is the sole owner of the information collected and will not sell, share or rent this information to others, as disclosed in our privacy statement. The information will be used to access customer services, respond to or communicate with customers, address issues, improve services, or forward to another agency or entity for appropriate action.

We work with outside companies to process customer billing and payment. These companies do not retain, share, store, or use personally identifiable information for any secondary purposes. In the event we partner with another party to provide specific services, we will only share names and contact information of those users who sign up for these services. These parties can only use personally identifiable information for the purpose of providing these specific services.

G4-PR8 Substantiated customer privacy and data loss complaints

None

GRI G4 content index



This report is 'In Accordance' with the Global Reporting Initiative (GRI) G4 Guidelines – Core option. GRI is a sustainability framework aimed at increasing transparency among businesses and organizations worldwide.

STANDARD DISCLOSURES

Strategy & Analysis

ID	Indicator Name	Page
G4-1	Statement from the most senior decision-maker of the organization	2

Organizational Profile

ID	Indicator Name	Page
G4-3	Name of the organization	2
G4-4	Primary products, services and divisions	2
G4-5	Headquarters	3
G4-6	Countries of operation	3
G4-7	Ownership and legal form	3
G4-8	Markets served	3
G4-9	Scale of the reporting organization Significant changes in scope and boundaries	3
G4-10	Total workforce broken down by employees, supervised workers and gender	4
G4-11	Percentage of employees covered by collective bargaining agreements	4
G4-12	Supply chain	4
G4-13	Significant changes during the reporting period regarding size, structure, ownership or supply chain	5
G4-14	Precautionary approach	5
G4-15	External initiatives and endorsements	5
G4-16	Memberships in associations	5

Identified Material Aspects & Boundaries

ID	Indicator Name	Page
G4-17	Operational structure	6
G4-18	Process for defining report content	6

Identified Material Aspects & Boundaries

ID	Indicator Name	Page
G4-19	Material aspects identified in the process of defining report content	6
G4-20	Aspect boundary within the organization	7
G4-21	Aspect boundary outside of the organization	7
G4-22	Restatements of information	8
G4-23	Significant changes in scope and boundaries	8

Stakeholder Engagement

ID	Indicator Name	Page
G4-24	Stakeholder groups	8
G4-25	Identification of stakeholders	8
G4-26	Approaches to engaging stakeholders	8
G4-27	Response to stakeholder concerns	9

Report Profile

ID	Indicator Name	Page
G4-28	Reporting period (e.g., fiscal/calendar year) for information provided	9
G4-29	Date of most recent previous report	9
G4-30	Reporting cycle	9
G4-31	Contact point for questions	9
G4-32	GRI Content Index	9
G4-33	External assurance	9

Governance

ID	Indicator Name	Page
G4-34	Governance structure	10
G4-38	Composition, mandate & responsibilities of Board of Directors	10
G4-39	Board chair	11
G4-41	Board processes for resolving and avoiding conflicts of interest and disclosure practices	12

Ethics & Integrity

ID	Indicator Name	Page
G4-56	Organizational values and code of conduct	12
G4-57	Mechanisms for ethical consultation	12
G4-58	Reporting ethical concerns and violations	12

Electric Utility Sector Supplement (EUSS)

ID	Indicator Name	Page
G4-EU1	Installed capacity	13
G4-EU2	Net energy output	13
G4-EU3	Number of residential, industrial, institutional and commercial customer accounts	13
G4-EU4	Length of above and underground transmission and distribution lines by regulatory regime	13
G4-EU5	Allocation of CO ₂ emissions allowances or equivalent, broken down by carbon trading framework	14

ECONOMIC

Economic Performance

ID	Indicator Name	Page
G4-DMA	Economic performance	15
G4-EC1	Direct economic value generated and distributed	16
G4-DMA	Indirect economic impacts	16
G4-EC7	Development and impact of infrastructure investments	17
G4-DMA	Availability and reliability	18
G4-EU10	Planned capacity against projected electricity demand	18
G4-DMA	Demand side management	18
G4-DMA	Research and development	19
G4-EU11	Average generation efficiency of thermal plants	20
G4-EU12	Transmission and distribution losses	20

ENVIRONMENTAL

Energy

ID	Indicator Name	Page
G4-DMA	Energy	21
G4-EN6	Energy efficiency initiatives	21
G4-EN8	Water usage	21
G4-EN10	Water recycling and reuse	22
G4-EN21	Air emissions	22
G4-EN25	Transported hazardous waste	22
G4-EN33	Significant negative environmental impacts in the supply chain	22
G4-EN34	Environmental grievances filed, addressed and resolved through formal grievance mechanisms	22

Emissions

ID	Indicator Name	Page
G4-DMA	Emissions	22
G4-EN15	Direct greenhouse gas (GHG) emissions	23

Effluents & Waste

ID	Indicator Name	Page
G4-DMA	Effluents and waste	23
G4-EN22	Water discharge	24
G4-EN23	Total weight of waste	24

Environmental Compliance

ID	Indicator Name	Page
G4-DMA	Environmental compliance	25
G4-EN29	Fines and sanctions related to environmental laws and regulations	25

Environmental (Overall)

ID	Indicator Name	Page
G4-DMA	Environmental	25
G4-EN31	Environmental protection expenditures and investments	25

LABOR PRACTICES

Employment

ID	Indicator Name	Page
G4-DMA	Employment	26
G4-LA1	New employee hires and employee turnover	27
G4-LA2	Benefits provided to full-time employees not provided to temporary or part-time employees	29
G4-EU15	Employees eligible for retirement	29

Occupational Health & Safety

ID	Indicator Name	Page
G4-DMA	Occupational health and safety	29
G4-LA5	Workforce representation in formal joint management-worker health and safety committees	30
G4-LA6	Injuries, occupational diseases, absenteeism and work-related fatalities	30
G4-LA8	Health and safety topics covered in formal agreements with trade unions	31

Training & Education

ID	Indicator Name	Page
G4-DMA	Training & education	31
G4-LA10	Skills management and lifelong learning programs	32
G4-LA11	Percentage of employees receiving regular performance and career development reviews	32

Diversity & Equal Opportunity

ID	Indicator Name	Page
G4-DMA	Diversity and equal opportunity	32
G4-LA12	Composition and diversity of governance bodies and workforce	33

HUMAN RIGHTS

Non-discrimination

ID	Indicator Name	Page
G4-DMA	Non-discrimination	35
G4-HR3	Incidents of discrimination and corrective actions taken	35

SOCIETY

Local Communities

ID	Indicator Name	Page
G4-DMA	Local communities	36
G4-SO1	Operations with local community engagement, assessments and development programs	37
G4-EU22	Individuals physically or economically displaced and compensation	37
G4-DMA	Disaster/emergency planning and response	37

Anti-corruption

ID	Indicator Name	Page
G4-DMA	Anti-corruption	38
G4-SO4	Anti-corruption training, communication, policies and procedures	38

Public Policy

ID	Indicator Name	Page
G4-DMA	Public policy	38
G4-SO5	Confirmed incidents of corruption and actions taken	39
G4-SO6	Political contributions	39

PRODUCT RESPONSIBILITY

Customer Health & Safety

ID	Indicator Name	Page
G4-DMA	Customer health and safety	40
G4-PR1	Significant product categories for which health and safety impacts are assessed for improvement	40
G4-EU25	Injuries and fatalities to the public involving company assets	40

Product & Service Labeling

ID	Indicator Name	Page
G4-DMA	Product and service labeling	40
G4-PR5	Results of surveys measuring customer satisfaction	40
G4-DMA	Access to electricity and customer support	41
G4-EU27	Residential disconnections for non-payment	41
G4-EU28	Power outage frequency	41
G4-EU29	Average power outage duration	42
G4-DMA	Provision of information	42

Customer Privacy

ID	Indicator Name	Page
G4-DMA	Customer privacy	42
G4-PR8	Substantiated customer privacy and data loss complaints	42



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