



Global Reporting Initiative (GRI)

Vectren has utilized the Global Reporting Initiative (GRI) G3.1 framework for this report. GRI is a voluntary effort 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 2013-2014. Data from additional years is provided where appropriate.

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Standard Disclosures

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

Fully reported indicators are marked with a full circle (●).

Partially reported indicators are marked with a half circle (◐).

STRATEGY & ANALYSIS

● 1.1 Statement from the most senior decision-maker of the organization

As a local energy provider, we understand the wellbeing of our customers and the long-term health of the communities we serve are directly connected to the strength and success of our company. Because of this, we continue to offer redevelopment and revitalization opportunities and the financial support necessary for sustainable growth to our cities and towns. Coupled with these larger initiatives is a suite of energy efficiency programs in which we partner with customers to curb energy consumption and encourage sustainable living.

Our diverse portfolio of businesses helped deliver another year of solid earnings and sustainable growth. Pipeline safety and gas infrastructure modernization plans continue throughout our territory, involving inspecting and upgrading our transmission lines and replacing distribution mains. Electric infrastructure enhancements have reduced the overall number of power outages in our southwest territory and strengthened the reliability of our system. Acquisitions in our energy solutions company have allowed for broader access to federal contracting partnerships. As a company, we will continue to look for opportunities like these which strengthen our business in the ever-expanding energy market.

This year's report is the first to adhere to the Global Reporting Initiative (GRI) guidelines. While the inaugural release of this voluntary data features financial indicators for Vectren Corporation, all other indicators use Vectren Utility Holdings data and subsidiary data where applicable. Our intent is to build upon the success of this report and to expand upon this data in future reports.

We are proud to present this report with GRI data and invite you to follow our progress as we continue to establish sustainability as a cornerstone of our business.

Carl L. Chapman
Chairman, President & CEO

Angila Retherford
Vice President, Environmental Affairs & Corporate Sustainability

ORGANIZATIONAL PROFILE

● 2.1 Name of the organization

Vectren Corporation

● 2.2 Primary products, services and divisions

Please see the *About Vectren* page (https://www.vectren.com/Corporate/About_Vectren.jsp) on Vectren.com.

● 2.3 Operational structure of the organization, including main divisions, operating companies, subsidiaries and joint ventures

Please see the *About Vectren* page (https://www.vectren.com/Corporate/About_Vectren.jsp) on Vectren.com.

● 2.4 Headquarters

Vectren Corporation is based in Evansville, Ind. Additional information can be found on the *About Vectren* page (https://www.vectren.com/Corporate/About_Vectren.jsp) on Vectren.com.

● 2.5 Countries of operation

United States of America



● 2.6 Ownership and legal form

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

● 2.7 Markets served

Vectren Corporation is active throughout the United States. The energy delivery subsidiaries provide gas and/or electricity to more than 1 million residential and commercial customers in adjoining service territories that cover nearly two-thirds of Indiana and west central Ohio. Vectren's nonutility subsidiaries and affiliates currently offer energy-related products and services to customers throughout the U.S.

While the energy delivery subsidiaries serve residential and commercial customers within a regulated footprint of Indiana and Ohio, our nonutility subsidiaries serve a variety of different sectors. The infrastructure services division serves the pipeline industry. Targeted business sectors include natural gas, oil, gasoline/petroleum, water and sewer. Vectren's energy services division targets hospitals, universities, government and schools across the United States. For a detailed description of the company, please see *2013 Form 10-K* (<http://www.vectrenlivesmart.com/sustainability/reporting/10K2013.pdf>), page 9.

● 2.8 Scale of the reporting organization

Workforce

As of December 31, 2013, Vectren and its consolidated subsidiaries had approximately 5,500 employees. Of those employees, 1,733 are employed by Vectren Utility Holdings, 700 are subject to collective bargaining arrangements negotiated by Vectren Utility Holdings and 3,200 are subject to collective bargaining arrangements negotiated by Infrastructure Services. For a detailed breakdown Vectren Utility Holdings employees by region, please see answer to Labor Practices Indicator LA1.

Shareholders

As of December 31, 2013, Vectren had 82.4 million shares outstanding and approximately 8,500 registered shareholders. This equaled a market capitalization of \$2.9 billion. Vectren's largest shareholder is The Vanguard Group who held approximately 5.5 million shares, or 6.7%.

Financial Information

All revenues are sourced from operations within the U.S. In 2013, Vectren reported a net revenue of \$2,491.2 million. For additional financial data, please see answer to Economic Indicator EC1 and *2013 Form 10-K* (<http://www.vectrenlivesmart.com/sustainability/reporting/10K2013.pdf>).

Products & Services

See table below. For additional information, please see *2013 Form 10-K* (<http://www.vectrenlivesmart.com/sustainability/reporting/10K2013.pdf>), pages 37-38.

Utility Volumes By Customer Type (Twelve Months Ended December 31, 2013)

	Electric	Natural Gas
Residential & Commercial Customers	2,722.1 GWh	111.9 MMDth
Industrial Customers	2,735.2 GWh	111.7 MMDth
Other Customers	21.8 GWh	-
Total	5,479.1 GWh	223.6 MMDth

From *2013 Form 10-K* (<http://www.vectrenlivesmart.com/sustainability/reporting/10K2013.pdf>), pages 37-38

● 2.9 Significant changes during the reporting period regarding size, structure, or ownership

None

● 2.10 Awards received in the reporting period

Vectren received the Gold Award in 2014 from the Wellness Council of the American for developing comprehensive employee wellness programs that produce results. In November 2014, Vectren was recognized by PA Consulting Group, Inc., as the recipient of the 2014 ReliabilityOne™ Award for Outstanding Midsize Utility, which awards electric utilities for outage prevention and reduction performance.



REPORT PARAMETERS

● 3.1 Reporting period (e.g., fiscal/calendar year) for information provided
2013-2014 (data from additional years provided where appropriate)

● 3.2 Date of most recent previous report (if any)
2013

● 3.3 Reporting cycle (annual, biennial, etc.)
Annual

● 3.4 Contact point for questions
Angila M. Retherford, Vice President, Environmental Affairs and Corporate Sustainability

● 3.5 Process for defining report content

Thoughtful consideration was given to the important process of defining report content and determining materiality. A formal stakeholder analysis was performed and the results are presented in detail with Standard Disclosure 4.14 stakeholder groups engaged by the organization. Vectren defines a stakeholder as any person or group impacted by or impacting company operations. A list of relevant topics was developed for each stakeholder with the attempt to respond to the needs of each included in the list.

We enlisted Governance & Accountability Institute (G&A) to analyze the content of our previous report and perform a competitive benchmarking to provide additional data used in our materiality assessment and in defining report content. G&A is the exclusive data partner for the Global Reporting Initiative (GRI) in the United States and in this role is responsible for maintaining key data for GRI reports issued by organizations headquartered in the US. G&A utilized its unique data set on GRI reporters to compare our report to the reports of 49 global energy utility companies. The results of this analysis highlighted the GRI aspects and indicators where other energy utility reporters and their stakeholders found material. These data driven determinations served to further validate the feedback we received from our own stakeholders.

Relevant topics include all areas impacting the delivery of safe, reliable and affordable energy to our customers. Our stakeholder research, combined with the analysis performed by G&A, identified key topics of interest among stakeholders including customers, employees, peers, shareholders, community, partners, regulators, non-governmental organizations (NGOs), academia, media and other thought-leaders.

Based on this thorough process, the chosen material topics have been determined by Vectren to be considered important for reflecting our organization's economic, environmental and social impacts, especially as it relates to our most important stakeholders. Further analysis showed overlapping areas of relevancy, thus building priority among the topics outlined. *Sustainability in Practice 2013-2014* is structured to address these areas of importance and GRI indicators were selected to be reported from each area according to this materiality and relevance study.

● 3.6 Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)

Vectren Corporation (Indiana Gas Company, Southern Indiana Gas and Electric Company, Vectren Energy Delivery of Ohio and subsidiaries) data is used for financial indicators. All other indicators use Vectren Utility Holdings data, including only our utility operations; Indiana Gas Company, Southern Indiana Gas and Electric and Vectren Energy Delivery of Ohio.

● 3.7 State any specific limitations on the scope or boundary of the report
None

● 3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can significantly affect comparability from period to period and/or between organizations

Financial data is sourced from the Vectren Corporation consolidated 10-K and includes subsidiaries. Environmental data comes from Vectren's regulated utilities; Indiana Gas Company (IGC), Southern Indiana Gas & Electric Company (SIGECO) and Vectren Energy Delivery of Ohio (VEDO). See response to Indicator 3.6 "Boundary of the report" for more detailed information. All other responses are based on Vectren Utility Holdings, unless otherwise stated.



- 3.10 Explanation of the effect of any re-statements of information provided in earlier reports and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods)

None

- 3.11 Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report

Sustainability in Practice 2013-2014 is Vectren's third edition corporate sustainability report. This is the first report that adheres to the Global Reporting Initiative (GRI) 3.1 standards.

- 3.12 Table identifying the location of the Standard Disclosures in the report

Contained within this listing

GOVERNANCE, COMMITMENTS & ENGAGEMENT

- 4.1 Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight

Governance Structure of the Organization

Mr. Carl Chapman holds the Board of Directors ("Board") chair as well as the combined positions 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 since they satisfy our Director Independence Standards. 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 Committee ("Audit Committee"), as provided for in its charter. *From 2014 Proxy Statement (<http://www.vectrenlivesmart.com/sustainability/reporting/proxy2014.pdf>), pages 16-17. See pages 24-25 for Director Independence Standards.*

The Corporate Affairs Committee ("Committee") is a standing committee of the Board of Directors and is responsible for ensuring the company operates as a responsible corporate citizen and within compliance of the law. In 2014, the Committee elevated responsibility of sustainability oversight by renaming the committee the Corporate Responsibility and Sustainability Committee, and revising the Committee charter to include oversight of policies and strategies fostering sustainability of the company to meet the evolving needs of customers and investors.

Composition, Mandate & Responsibilities of Board of Directors

All members serving on Vectren Board committees are independent. For more information, please visit the *Corporate Governance* page (https://www.vectren.com/Corporate/Corporate_Governance.jsp) on Vectren.com.

Board of Directors Composition By Age

	Male	Female
50-59	4	1
60-69	5	0
70-79	2	0
All data as of December 31, 2014		

Board of Directors Composition By Ethnicity

	Male	Female
Caucasian	10	1
African American	1	0
All data as of December 31, 2014		

- 4.2 Indicate whether the Chair of the highest governance body is also an executive officer

Carl Chapman is the Chairman of the Board, President and CEO of Vectren Corporation. Please see *2014 Proxy Statement* (<http://www.vectrenlivesmart.com/sustainability/reporting/proxy2014.pdf>), page 17, for additional information.



- 4.3 For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members

Vectren has a unitary board structure. The Board has determined that with the exception of Mr. Chapman, who is our chair, president and chief executive officer, all members of the Board are independent since they satisfy our Director Independence Standards. *From 2014 Proxy Statement (<http://www.vectrenlivesmart.com/sustainability/reporting/proxy2014.pdf>), page 16.*

Vectren's independent and/or non-executive Board is composed of ten males and one female. This excludes Mr. Chapman.

- 4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body

Shareholders, employees and other interested parties may confidentially communicate directly with the Lead Director, Chair of the Audit Committee or the non-employee directors as a group by writing to:

Lead Director / Audit Committee Chair / Non-Employee Directors
Vectren Corporation, P.O. Box 3144, Evansville, IN 47731-3144

- 4.14 List of stakeholder groups engaged by the organization

The following lists include the methods in which the organization engages its various stakeholders:

Customers

Call Center; Company 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

Employees

Vectren Intranet; Webportal; Employee engagement surveys; Vectren Forum; CEO Night; Management; Vectren Connect newsletter; HR Talent Management; Vectren News e-mails and videos; E-mail Media Alerts; Ethics call-in line

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

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

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

Government (Environmental Protection Agency, Indiana Department of Environmental Management, Indiana Utilities Regulatory Commission, Public Utilities Commission of Ohio)

Comments on proposed rules; Regulatory filings and hearings; State and Federal Government Affairs staff; Corporate lobbying efforts; Trade organization participation

Non-Governmental Agencies

Company website; Sustainability reporting; Annual reporting; Stakeholder dialogues

- 4.15 Basis for identification and selection of stakeholder with whom to engage

Please see answers to Standard Disclosures Indicators 3.5 and 4.14.

- 4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group

Please see answers to Standard Disclosures Indicators 3.5 and 4.14.



ELECTRIC UTILITY SECTOR SUPPLEMENT (EUSS)

● EU1 Installed capacity by primary energy source and by regulatory regime

2013 Capacity

	MW
Installed Capacity	1,288
– Installed Capacity: Coal	1,000
– Installed Capacity: Natural Gas	285
– Installed Capacity: Landfill Gas	3
Purchased Capacity	112
– Purchased Capacity: Coal	32
– Purchased Capacity: Wind	80
All electric capacity of the utility operates within the state of Indiana.	

● EU2 Net energy output by primary energy source and by regulatory regime

2013 Net Generation

	Indiana (MWh)	Ohio (MWh)	Total (MWh)
Coal	5,233,093.1	0	5,233,093.1
– Coal: A.B. Brown 1	1,323,982.0		1,323,982.0
– Coal: A.B. Brown 2	1,121,436.0		1,121,436.0
– Coal: F.B. Culley 2	265,237.0		265,237.0
– Coal: F.B. Culley 3	1,579,747.0		1,579,747.0
– Coal: Warrick 4*	942,691.1		942,691.1
Natural Gas	30,083.0	0	30,083.0
– Natural Gas: A.B. Brown 3	6,104.0		6,104.0
– Natural Gas: A.B. Brown 4	18,710.0		18,710.0
– Natural Gas: Broadway 1	244.0		244.0
– Natural Gas: Broadway 2	4,992.0		4,992.0
– Natural Gas: Northeast 1	18.0		18.0
– Natural Gas: Northeast 2	15.0		15.0
Landfill Gas	16,033.0	0	16,033.0
Purchased Coal	89,106.8	80,391.2	169,498.0
Purchased Wind	195,734.0	0	195,734.0
Total Net Generation	5,564,049.9	80,391.2	5,644,441.1
All electric capacity of the utility operates within the state of Indiana.			
* Vectren's portion of Warrick Unit 4 – Unit is shared with Alcoa			



● EU3 Number of residential, industrial, institutional and commercial customer accounts

Average Natural Gas Customer Accounts (Twelve Months Ended December 31, 2013)

	VEDIS	VEDIN	VEDO	Total
Residential	99,782	519,026	287,360	906,168
Commercial	10,234	50,448	23,558	84,239
Industrial	113	899	663	1,675
Total	110,128	570,373	311,581	992,082

Source: Dec 2013 QFR. VEDIN: Vectren Energy Delivery of Indiana - North VEDIS: Vectren Energy Delivery of Indiana - South VEDO: Vectren Energy Delivery of Ohio

Average Electric Customer Accounts (Twelve Months Ended December 31, 2013)

	Total
Residential	123,780
Commercial	18,380
Industrial	116
Other	36
Total	142,312

Source: Dec 2013 QFR

● 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). All information contained in the tables below is as of December 31, 2013.

Transmission & Distribution Circuit-Miles (All Voltages)

	Km
Transmission (All Voltages)	1,599 (994 mi)
Distribution (All Voltages)	6,870 (4,268 mi)
Total T&D	8,469 (5,262 mi)
– Overhead T&D	6,492 (4,034 mi)
– Underground T&D	1,976 (1,228 mi)

Transmission & Distribution Circuit-Miles By Voltage Category

Voltage	Km
4.16kV	166 (103 mi)
12.47kV	6,704 (4,165 mi)
69kV	894 (556 mi)
138kV	603 (374 mi)
345kV	103 (64 mi)

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

Not applicable in the United States



Economic Indicators

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

Fully reported indicators are marked with a full circle (●).

Partially reported indicators are marked with a half circle (◐).

- ◐ EC1 Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments

Selected Financial & Corporate Data

(In millions except employees, customers & per share data)	2013	2012
Revenues (1)	\$2,491.2	\$2,232.8
Operating Expenses (1)	\$2,157.6	\$1,880.3
Net income, excluding Energy Marketing Results* (2)	\$174.1	\$176.6
Total assets (3)	\$5,102.6	\$5,089.1
Total liabilities (3)	\$3,548.3	\$3,563.0
Total equity (3)	\$1,554.3	\$1,526.1
Basic EPS, excluding Energy Marketing Results* (2)	\$2.12	\$2.15
Cash flow from operations (4)	\$587.0	\$387.4
Payments to capital providers and the government	\$332.8	\$350.1
– Dividends paid on common stock (4)	\$117.3	\$115.3
– Interest (1)	\$87.9	\$96.0
– Taxes paid (1)	\$127.6	\$138.8
Capital expenditures, excluding AFUDC equity (4)	\$393.4	\$365.8
Community investments**	\$5.2	\$4.4
Customers	1,134,000	1,128,000
Employees of the Company & consolidated subsidiaries	5,500	5,400

(1) From 2013 Form 10-K (<http://www.vectrenlivesmart.com/sustainability/reporting/10K2013.pdf>), page 72, Income Statement (2) From 2013 Form 10-K, page 133, Non-GAAP measure (3) From 2013 Form 10-K, page 70, Balance Sheet (4) From 2013 Form 10-K, page 74, Cash Flow Statement
* Net income including Energy Marketing Results was \$136.6 million or \$1.66 per share in 2013 and \$159.0 million or \$1.94 per share in 2012
** Includes Corporate donations, Vectren Foundation contributions, Community Outreach and Low Income Assistance funding

- EC2 Financial implications and other risks and opportunities for the organization's activities due to climate change

For additional information, please see the *Climate Change* page (https://www.vectren.com/Corporate/Environmental_Stewardship/Global_Climate_Change.jsp) on Vectren.com and 2013 Form 10-K (<http://www.vectrenlivesmart.com/sustainability/reporting/10K2013.pdf>), page 24.



● EC3 Coverage of the organization's defined benefit plan obligations

Vectren maintains three qualified defined benefit pension plans. The defined benefit plans are no longer open to new hires as of January 1, 2013.

Pension & Postretirement Funding Obligations

As of December 31, 2013, assets related to Vectren's qualified pension plans were approximately 101 percent of the projected benefit obligation on a GAAP basis and 112 percent of the target liability for Employee Retirement Income Security Act (ERISA) purposes. Vectren currently anticipates making no contributions to qualified pension plans in 2014, due to the plans being at or above 100 percent funded levels.

Pension & Other Postretirement Obligations

Vectren estimates the expected return on plan assets, discount rate, rate of compensation increase and future health care costs, among other inputs, and obtains actuarial estimates to assess the future potential liability and funding requirements of Vectren's pension and postretirement plans. Vectren used the following weighted average assumptions to develop 2013 periodic benefit cost: a discount rate of approximately 4.00 percent, an expected return on plan assets of 7.75 percent, a rate of compensation increase of 3.50 percent and an inflation assumption of 2.75 percent. Due to low interest rates, the discount rate is 80 basis points lower from the assumption used in 2012. The rate of return and inflation rates remained the same from 2012 to 2013. To estimate 2014 costs, the discount rate, expected return on plan assets, rate of compensation increase and inflation assumption were approximately 4.74 percent, 7.75 percent, 3.50 percent and 2.75 percent respectively, reflecting an increase in interest rates. Management currently estimates a pension and postretirement cost of approximately \$6 million in 2014. Future changes in health care costs, work force demographics, interest rates, asset values or plan changes could significantly affect the estimated cost of these future benefits.

Management estimates that a 50 basis point increase in the discount rate used to estimate retirement costs generally decreases periodic benefit cost by approximately \$2.0 million.



Environmental Indicators

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

Fully reported indicators are marked with a full circle (●).

Partially reported indicators are marked with a half circle (◐).

● EN5 Energy saved due to conservation and efficiency improvements

2013 Facility Improvements

In 2013, the following energy improvements were made to Vectren facilities:

- Replaced all masonry joints at N.P. Wagner Operations Center (Wagner), significantly reducing water and air leaks
- Tinted windows in Wagner lobby to reduce the amount of heat produced in the spring, summer and fall
- Replaced 1,039 T-12 light fixtures with LED fixtures (see table below)
- Caulked and sealed windows at various field offices
- Implemented visual Johnson Control HVAC Monitoring at Wagner, Support Services Center (SSC) and One Vectren Square (OVS)
- Automated HVAC and Generator alarms installed at OVS, Wagner and SSC
- Completed construction on an ENERGY STAR®-compliant facility in Danville, Ind.
- Began work on a new ENERGY STAR®-compliant facility in Marion, Ind.
- Replaced and sealed the flooring system in the Wagner fleet garage to prevent liquid seepage into the concrete

2013 Fleet Upgrades

In 2013, we added the following to our fleet:

- 5 B20 Bio Diesel Vehicles
- 5 Bi-Fuel (Unleaded and CNG) Vehicles
- 42 E85 Flexfuel (32 in Indiana, 10 in Ohio)

2013 Lighting Upgrades

In 2013, 1,039 T-12 light fixtures were replaced with LED fixtures. See the table below for estimated energy savings.

2013 Lighting Upgrades & Estimated Energy Savings

	Annual Energy Usage (Watt Hours)
Average Energy Usage from Old T-12 Fixtures	117,260
– Old 2-Bulb T-12 Fixtures (Quantity: 846) (1)	67,680
– Old 3-Bulb T-12 Fixtures (Quantity: 370) (2)	49,580
Average Energy Usage from New LED Fixtures	46,736
– New 2-Bulb LED Fixtures (Quantity: 846) (3)	30,456
– New 3-Bulb LED Fixtures (Quantity: 370) (4)	16,280
Total Estimated Power Savings (in Watt Hours)	70,524 (253,886,400 J)
Total Estimated Annual Power Savings (in Joules Per Year)	507,772,800,000 J

(1) Average energy usage of each old 2-Bulb T-12 Fixture = 80 Wh (2) Average energy usage of each old 3-Bulb T-12 Fixture = 134 Wh
 (3) Average energy usage of each new 2-Bulb LED Fixture = 36 Wh (4) Average energy usage of each new 3-Bulb LED Fixture = 44 Wh



● EN6 Initiatives to provide energy-efficient or renewable energy based products and services and reductions in energy requirements as a result of these initiatives

Vectren's Demand-side management programs are designed to help customers use energy wisely and efficiently. Vectren is committed to offering its customers more ways to take control of their energy usage, save money and benefit the environment. For more information on our suite of energy conservation programs, visit the *Save Energy* section (<http://www.vectren.com/saveenergy>) on Vectren.com.

Residential Behavior Savings Program

The Residential Behavior Savings Program, implemented by OPower and Vectren in 2012, motivates customers to take actions that can result in measurable energy savings. The program's design encourages natural gas and electric customers to save energy by providing them with individualized Home Energy Reports that display their monthly energy use, compare their use to similarly-sized homes and provide semi-customized energy-savings tips. More than fifty-five thousand Vectren customers are receiving the report on a monthly basis and are expected to save approximately 1% in their annual energy costs by making simple behavioral changes at home.

Residential Appliance Recycling Program

The Residential Appliance Recycling Program encourages customers to recycle their old inefficient refrigerators and freezers in an environmentally safe manner. Eligible customers can receive \$30 cash rebate for recycling a refrigerator or freezer. The customer can also save up to \$200 annually on energy costs by not running the extra appliance. Vectren's recycling partner, JACO, will pick up the old appliance at no charge to the customer. Nearly 100% of each unit is recycled at an Indianapolis, Ind., recycling facility. All recycling procedures follow guidelines and best practices from the U.S. Environmental Protection Agency (EPA), allowing Vectren to be a utility partner in the EPA's Responsible Appliance Disposal Program. More than 5,700 refrigerators and freezers have been recycled since the program began in 2010.

Residential Lighting Program

A simple and inexpensive way for customers to save energy is by changing their light bulbs. Vectren offers discounted Compact Fluorescent Lamps (CFLs) through Energizing Indiana. This program empowers customers to take advantage of new lighting technologies, accelerate the adoption of proven energy efficient technologies and experience the benefits of energy efficiency by decreasing their energy consumption. CFLs use 75% less energy than the typical incandescent light bulbs used in homes. By switching to CFLs, not only will the CFL bulbs last 10 times longer but the customer will also realize a potential savings of \$100 per year on their energy bill. Since 2011, Vectren has distributed more than 850,000 CFLs throughout its service area.

Home Energy Audit Program

The Home Energy Audit (HEA) program provides single-family homeowners with a no-cost home energy audit that includes the direct installation of energy-saving measures. The audit includes a walk-through of the customer's home to assess energy efficiency needs and the direct install of the following energy efficiency measures:

- Up to nine compact fluorescent lamps (CFLs): six 13-watt, two 18-watt and one 23-watt
- Up to two low-flow showerheads
- Up to three faucet aerators
- Hot water pipe wrap
- Water heater tank wrap

Since its implementation in 2012, over 10,500 customers have benefited from this program.

Commercial and Industrial Programs

Vectren's Commercial and Industrial electric customers also continue to benefit from energy-saving offers and incentives. For example, they can receive cash incentives for installing high-efficiency lighting, HVAC systems and other qualifying equipment. The use of energy efficient equipment enables our business and our commercial and industrial customers to improve their bottom lines by reducing energy consumption.

Residential Insulation and Air and Duct Sealing Programs

New in 2013 was an Insulation and Air/Duct Sealing program, offered to residential natural gas customers in both Indiana and Ohio. The programs are designed to offer cash incentives for attic insulation, wall insulation and air/duct sealing services. In order to participate, trade allies were required to attend training sessions and execute an agreement indicating they would install the measures according to program requirements. Targeted training to



contractors involved in the program ensured a thorough understanding of both the program procedures and the application of sound building science that resulted in the installation of effective energy measures. By the end of 2013, approximately 100 trade allies in Indiana and Ohio signed up as participating contractors. Participating contractors performed over 800 air and duct sealing services as well as over 600 insulation installs throughout the programs in 2013.

Residential and Commercial Prescriptive Rebates

Vectren continued to offer cash incentives for both residential and small commercial natural gas customers in 2013 that are designed to influence customer purchasing decisions either when replacing existing equipment prior to or at the time of failure or when installing new equipment. High-efficiency furnaces continue to drive savings in the Residential Rebate program; while direct install measures such as aerators and pre-rinse spray valves in addition to boilers, boiler tune-ups and high-efficiency furnaces drove savings in the Commercial Rebate program. In 2013 alone, Vectren paid more than 12,500 furnace rebates to residential and small commercial customers and the total natural gas rebates paid for all measures within these programs totaled more than 24,000 in 2013.

Smart Thermostat Pilot Program

Another new program in 2013 was the Smart Thermostat Pilot Program, which offered direct installation of standard programmable thermostats and Nest thermostats to residential end-use customers in Indiana. There was no cost to the customer to participate in the program, as the installation and product costs were covered by the program. In total, 300 standard programmable thermostats and 300 Nest thermostats were installed as part of the program. This program was designed as a research study in cooperation with The Cadmus Group to determine if ‘smart’ thermostats will save more energy than standard programmable thermostats. Loggers were installed in 150 homes each of the standard programmable thermostat group as well as the Nest thermostat participant group. Loggers were placed at the thermostat and on the air conditioning unit. The interior loggers measured interior temperature only and were used to corroborate programmable thermostat operation. The exterior loggers measured the run time of the air conditioners. In late 2014, Cadmus will issue a report comparing the energy use of three study groups: a control group, the standard programmable thermostat group and the Nest group.

● EN12 Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas

No significant impact on biodiversity from our Energy Delivery construction or operations activities was recorded in 2013. Vectren has avoided these impacts through compliance with seasonal tree clearing restrictions, resulting in reduced likelihood of affecting wildlife or natural habitats.

● EN13 Habitats protected or restored

T11 345kV Phase 1

- *The size and location of all habitat protected areas and/or restored areas (in hectares):*
Gibson County, Ind.; 23.9 ha
- *If restored: whether the success of the restoration measure was/is approved by independent external professionals:*
Currently being monitored by professionals and success criteria reported to state and federal agencies.
- *Whether partnerships exist with third parties to protect or restore habitat distinct from where the organization has overseen and implemented restoration or protection measures:*
Property will be deeded to a conservation entity upon completion of Vectren’s obligations.

T11 345kV Phase 2

- *The size and location of all habitat protected areas and/or restored areas (in hectares):*
Posey County, Ind.; 4.9 ha
- *If restored: whether the success of the restoration measure was/is approved by independent external professionals:*
Currently being monitored by professionals and success criteria reported to state and federal agencies.
- *Whether partnerships exist with third parties to protect or restore habitat distinct from where the organization has overseen and implemented restoration or protection measures:*
Property will be deeded to a conservation entity upon completion of Vectren’s obligations.



T12 345kV

- *The size and location of all habitat protected areas and/or restored areas (in hectares):*
Posey County, Ind.; 7.2 ha
- *If restored: whether the success of the restoration measure was/is approved by independent external professionals:*
Currently being monitored by professionals and success criteria reported to state and federal agencies.
- *Whether partnerships exist with third parties to protect or restore habitat distinct from where the organization has overseen and implemented restoration or protection measures:*
Property will be deeded to a conservation entity upon completion of Vectren's obligations.

Vectren Conservation Park

- *The size and location of all habitat protected areas and/or restored areas (in hectares):*
Gibson County, Ind.; 445.2 ha
- *If restored: whether the success of the restoration measure was/is approved by independent external professionals:* Not applicable
- *Whether partnerships exist with third parties to protect or restore habitat distinct from where the organization has overseen and implemented restoration or protection measures:*
Vectren entered into a long-term lease with the University of Evansville to establish the University of Evansville Environmental Research Site, an outdoor classroom that provides invaluable learning opportunities for students and researchers in the environmental sciences.

For more information, visit the *Land Management* page (https://www.vectren.com/Community/Environmental_Stewardship/Land_Management.jsp) on Vectren.com.

● **EN16 Total direct and indirect greenhouse gas emissions by weight**

See table below. The direct data measurement is made by Certified Continuous Emission Monitors as required by federal rule. These numbers are reported to EPA via the Clean Air Market Division. Natural gas peaking turbines are calculated using engineering calculation and air emission factor.

Annual CO₂ Emissions By Generation Unit

	2012 (Tons)	2013 (Tons)
A.B. Brown Unit 1	1,302,533	1,437,074
A.B. Brown Unit 2	1,446,394	1,339,059
A.B. Brown Unit 3	11,271	4,824
A.B. Brown Unit 4	15,442	15,036
F.B. Culley Bypass	2,806	2,551
F.B. Culley Units 2 & 3	2,158,320	2,350,296
Warrick Unit 4*	1,146,602	1,187,413
Broadway Avenue Generating Station 1	2,887	246
Broadway Avenue Generating Station 2	6,762	2,678
Blackfoot 1	7,318	8,045
Blackfoot 2	6,412	7,538
Northeast Gas Turbines (1 & 2)	176	43
Total	6,106,923	6,354,803

* 1/2 of total Warrick Unit 4 CO₂ emissions – Unit is shared with Alcoa



EN22 Total weight of waste by type and disposal method

Please see table below. In 2013, 697,275,679 pounds (348,638 tons) of recycled waste material was recorded.

Recycling Totals By Type Of Waste

	2012 (Pounds)	2013 (Pounds)
Office Recyclables (Paper, Aluminum, Plastic, Cardboard)	313,998 (157 Tons)	424,127 (212 Tons)
Industrial Plastics (Natural Gas Pipeline, Tanks, Barrels, etc.)	-	32,947 (16 Tons)
Universal Waste (Lamps, Ballasts, Batteries)	2,992 (1.5 Tons)	10,267 (5 Tons)
Electronics	12,439 (6 Tons)	13,602 (7 Tons)
Scrap Metal	1,058,585 (529 Tons)	573,249 (287 Tons)
Retired Transformers	482,847 (241 Tons)	300,007 (150 Tons)
Fly Ash	335,768,000 (167,884 Tons)	291,432,000 (145,716 Tons)
Gypsum	468,758,000 (234,379 Tons)	404,248,000 (202,124 Tons)
Wood Trimmings	-	150,000 (75 Tons)
Automotive Batteries	9,765 (5 Tons)	9,810 (5 Tons)
Oil	41,251 (21 Tons)	27,364 (14 Tons)
Glycol	5,682* (3 Tons)	18,219 (9 Tons)
Wooden Pallets & Reels	12,751* (6 Tons)	35,301 (18 Tons)
Printer & Toner Cartridges	740 (0.4 Tons)	786 (0.4 Tons)
Total	806,467,050 (403,233 Tons)	697,275,679 (348,638 Tons)

*Amounts not tracked until Q2 2012

EN28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations

We have begun tracking this indicator and plan to include it in our next Corporate Sustainability Report.



Labor Practices Indicators

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

Fully reported indicators are marked with a full circle (●).

Partially reported indicators are marked with a half circle (◐).

◐ LA1 The total workforce broken down by employees, supervised workers and gender

See tables below. For a breakdown of employees by gender and ethnicity, please see answer to Labor Practices Indicator LA13.

Total Workforce By Employment Type/Contract

	12/31/11	12/31/12	12/31/13
Total Bargaining Headcount	722	697	659
– VEDIN Bargaining Headcount	133	125	102
– VEDIS Bargaining Headcount	262	254	251
– VEDO Bargaining Headcount	327	318	306
Total Non-Bargaining Headcount	1,050	1,045	1,074
Total Regular Headcount (Excludes Interns)	1,772	1,742	1,733
– Members of a Collective Bargaining Unit (% of total)	40.7%	40.0%	38.0%

VEDIN: Vectren Energy Delivery of Indiana - North VEDIS: Vectren Energy Delivery of Indiana - South VEDO: Vectren Energy Delivery of Ohio

Employee Headcounts By Region

	12/31/11	12/31/12	12/31/13
Total Indiana Headcount	1,567	1,543	1,554
– VEDIN Headcount	342	330	345
– VEDIS Headcount	1,225	1,213	1,209
Total Ohio (VEDO) Headcount	205	199	179
Total Regular Headcount (Excludes Interns)	1,772	1,742	1,733

VEDIN: Vectren Energy Delivery of Indiana - North VEDIS: Vectren Energy Delivery of Indiana - South VEDO: Vectren Energy Delivery of Ohio

● LA2 Total number and rate of new employee hires and employee turnover by age group, gender and region

New Employee Hires By Gender

	12/31/11	12/31/12	12/31/13
Male External Hires	37	42	67
Female External Hires	38	36	46
Total External Hires	75	78	113
– Total Female External Hires (% of total)	50.7%	46.2%	40.7%



New Employee Minority Hires

	12/31/11	12/31/12	12/31/13
Total Minority External Hires	7	14	27
Total Minority External Hires (% of total)	9.3%	17.9%	23.9%

New Employee Hires By Region

	12/31/11	12/31/12	12/31/13
Total External Hires	75	78	113
– Indiana External Hires	73	77	110
– Ohio External New Hires	2	1	3

Turnover

	12/31/11	12/31/12	12/31/13
Voluntary Separations	91	85	103
– Voluntary Retirements	39	36	64
– Voluntary Resignations	52	49	39
Involuntary Separations	16	17	17
Total Separations	107	102	120

Retirements & Resignations By Gender

	12/31/11	12/31/12	12/31/13
Retirements	39	36	64
– Male Retirements	33	31	57
– Female Retirements	6	5	7
Resignations	52	49	39
– Male Resignations	27	25	16
– Female Resignations	25	24	23

Retirements & Resignations By Region

	12/31/11	12/31/12	12/31/13
Retirements	39	36	64*
– Indiana Retirements	33	31	48*
– Ohio Retirements	6	5	16*
Voluntary Separations	52	49	39
– Indiana Voluntary Separations	49	47	38
– Ohio Voluntary Separations	3	2	1
Involuntary Separations	16	17	17
– Indiana Involuntary Separations	14	17	12
– Ohio Involuntary Separations	2	0	5

* Above-average retirements in 2013 due to an opportunity to receive a higher multiplier if retired prior to 6/30/13



Retirements & Resignations By Age

	12/31/11	12/31/12	12/31/13
Retirements	39	36	64
– 55-64 Retirements	35	22	41
– 65 & Over Retirements	4	14	23
Resignations	52	49	39
– 24 & Under Resignations	5	1	1
– 25-34 Resignations	20	17	19
– 35-44 Resignations	17	11	10
– 45-54 Resignations	6	12	5
– 55-64 Resignations	3	7	4
– 65 & Over Resignations	1	1	0

● **LA3 Benefits provided to full-time employees that are not provided to temporary or part-time employees by major operations**

Vectren does not provide benefits to temporary or part-time employees. Benefits eligibility is defined as working 25 or more hours per week. Please see the *Our Benefits* page (https://www.vectren.com/Corporate/Careers/Our_Benefits.jsp) on Vectren.com for additional information on employee benefits.

● **LA4 Percentage of employees covered by collective bargaining agreements**

In 2013, 40.7% of total employees were counted as members of a collective bargaining unit. Please see *Total Workforce by Employment Type/Contract* chart in answer to Labor Practices Indicator LA1.

● **LA5 Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements**

Vectren complies with applicable laws and collective bargaining agreements.

● **LA6 Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs**

Based on the review of 2014 Safety Committee Charter, 8.3% of employees are involved in safety committees. Employee committees (spearheaded by Safety personnel and including both bargaining unit and non-bargaining unit employees) meet at the divisional level, with an over-arching safety strategy committee comprised of senior leadership, safety personnel and key members of Operations (including Operations management).

● **LA7 Rates of injury, occupational diseases, lost days and absenteeism and number of work-related fatalities by region**

Rules for Reporting Accident Statistics & Definitions

Vectren reports and records safety statistics in accordance with OSHA: Part 1904 Recording and Reporting Occupational Injuries and Illness. Note: The 200,000 hours in the formulas below represents the equivalent of 100 employees working 40 hours per week, 50 weeks per year and provides the standard base for calculating rates. (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 manhours. Calculation: # of OSHA recordables x 200,000/manhours
- *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 manhours. Calculation: # of DART cases x 200,000/manhours
- *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/manhours



Injury Tracking

We track First Aid injuries that 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/or cases – 29CFR1904). Incidents that only require 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 “OSHA Rate” on Vectren reports. See chart below.

2013 OSHA Recordables & Rate By Location

Group/Location	OSHA Recordables	OSHA Rate
Field Operations	28	4.26
– Field Operations: Northeast Division	4	3.50
– Field Operations: Northwest Division	6	6.28
– Field Operations: Ohio Division	7	4.56
– Field Operations: Southeast Division	10	8.33
– Field Operations: Southwest Division	1	0.57
Energy Delivery	28	3.42
– Energy Delivery: Network Operations	0	0
– Energy Delivery: Engineering	0	0
Power Supply	7	3.73
– Power Supply: A.B. Brown	5	5.19
– Power Supply: F.B. Culley	2	2.49
– Power Supply: Gas Turbines	0	0
Utility Holdings	2	0.55
– Utility Holdings: Contact Center	1	0
– Utility Holdings: Supply Chain	1	3.20
– Utility Holdings: All Others	0	0
Corporate	0	0
Total	37	2.29
<small>All data as of December 31, 2013</small>		

Injury Rate for Independent Contractors

A portion of Injury Rate data for independent contractors is currently tracked by MICCS (Metro Indianapolis Coalition for Construction Safety, Inc.), our third-party vendor for contractor safety pre-qualification. MICCS data is not available for this report as their database is shared amongst many companies and 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 (0). This rate is not tracked for independent contractors.

Lost Day Rate

The Lost Day Rate (LDR) is equivalent to “DART Severity Rate.” LDR rates are currently only tracked by region but a new tracking software is in development that will enable us to report this rate by gender in the future. The “DART Rate” (DART Incidence Rate) refers to the rate of incidents that result in Days Away or Restricted Time (we do not typically Transfer). Data in the chart below does not include independent contractors.



2013 DART Rate & DART Severity Rate

Group/Location	DART Rate	DART Severity Rate
Field Operations	3.04	115.38
– Field Operations: Northeast Division	0.87	2.62
– Field Operations: Northwest Division	5.24	124.65
– Field Operations: Ohio Division	3.91	222.12
– Field Operations: Southeast Division	5.83	219.80
– Field Operations: Southwest Division	0.57	18.35
Energy Delivery	2.44	92.65
– Energy Delivery: Network Operations	0	0
– Energy Delivery: Engineering	0	0
Power Supply	2.13	210.09
– Power Supply: A.B. Brown	4.15	408.86
– Power Supply: F.B. Culley	0	0
– Power Supply: Gas Turbines	0	0
Utility Holdings	0	2.74
– Utility Holdings: Contact Center	0	0
– Utility Holdings: Supply Chain	3.20	32.02
– Utility Holdings: All Others	0	0
Corporate	0	0
Total	1.55	71.90
All data as of December 31, 2013		

Absentee Rate

Employee absenteeism is included in the chart below.

2013 Employee Absenteeism By Location

Location	Employee Hours
A.B. Brown	4,676.00
– Short-Term Disability	416.00
– Sick Paid	4,260.00
F.B. Culley	3820.50
– Short-Term Disability	96.00
– Sick Paid	3724.50
Francisco	336.00
– Sick Paid	336.00
Franklin	475.00
– Short-Term Disability	408.00
– Sick Paid	67.00
Greenfield	33.50
– Sick Paid	33.50



2013 Employee Absenteeism By Location

Location	Employee Hours
Jeffersonville	560.00
– Short-Term Disability	560.00
Lafayette	1441.50
– Short-Term Disability	1216.00
– Sick Paid	225.50
Marion	1,116.00
– Short-Term Disability	1,056.00
– Sick Paid	60.00
Meter Shop (Indianapolis)	652.00
– Short-Term Disability	472.00
– Sick Paid	180.00
Mt. Vernon	664.00
– Sick Paid	664.00
Muncie	116.00
– Sick Paid	116.00
Noblesville	2,550.75
– Short-Term Disability	2,192.00
– Sick Paid	358.75
N.P. Wagner Operations Center (Evansville)	13,902.50
– Short-Term Disability	3,668.00
– Sick Paid	10,234.50
Richmond	56.00
– Sick Paid	56.00
Rockport	1,264.00
– Sick Paid	1,264.00
Support Services Center (Evansville)	16,301.92
– Short-Term Disability	8,978.75
– Sick Paid	7,323.17
Terre Haute	982.75
– Short-Term Disability	816.00
– Sick Paid	116.75
Turbine Maintenance	368.00
– Short-Term Disability	328.00
– Sick Paid	40.00
Vectren Green Street (Cleveland)	8.00
– Sick Paid	8.00
Vectren Green Street (Monroe)	35.00
– Sick Paid	35.00



2013 Employee Absenteeism By Location

Location	Employee Hours
Vectren Headquarters (Evansville)	10,006.80
– Short-Term Disability	5,178.80
– Sick Paid	4,828.00
Vectren Indianapolis	19.00
– Sick Paid	19.00
VEDO Bellefontaine	310.50
– First Day Illness	24.00
– Sick Paid	286.50
VEDO Centerville	1,655.50
– First Day Illness	375.50
– Sick Half Pay	16.00
– Sick Paid	1,264.00
VEDO Dayton West	3,784.50
– First Day Illness	288.00
– Short-Term Disability	144.00
– Sick Half Pay	240.00
– Sick Paid	3,112.50
VEDO Fairborn	1,875.50
– First Day Illness	192.00
– Sick Paid	1,683.50
VEDO Liberty Tower	50.00
– Sick Paid	50.00
VEDO Troy	1,854.00
– First Day Illness	118.00
– Sick Half Pay	648.00
– Sick Paid	1,088.00
VEDO Washington Court House	88.00
– First Day Illness	32.00
– Sick Paid	56.00
Vincennes	641.00
– Sick Paid	641.00
Washington	224.00
– Sick Paid	224.00
Total	75,837.72

All data as of December 31, 2013

Fatalities

There were no recorded workforce fatalities in the reporting period. This is not tracked for independent contractors.



● **LA8 Education, training, counseling, prevention and risk-control programs in place to assist workforce members, their families or community members regarding serious diseases**

Vectren has continually devoted its energy to 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.

Physical, Emotional & Financial Health

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 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 a 401(k) Savings Plan to current and new hire employees. Vectren maintains qualified defined benefit pension plans but the plans are no longer open to new hires as of January 1, 2013. 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. Please see the *Our Benefits* page (https://www.vectren.com/Corporate/Careers/Our_Benefits.jsp) on Vectren.com for additional information on education, training and counseling initiatives regarding serious diseases.

Health & Wellness Resources

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. Vectren’s annual Wellness Fair allows employees to have a mid-year biometric screening. NBC’s at home winner Pete Thomas shared his journey on how he became a healthy and active individual at Vectren’s 2014 Wellness Fair. 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. A fourteen week lifestyle modification program to lose weight is available as well as an eight week program to quit smoking. Lunch and learn webinars focusing on important wellness topics are offered as well as healthy cooking classes and healthy nutrition stations for food sampling. Exercise and self-defense classes, wellness walks and basketball leagues help employees stay active. Challenges such as a Biggest Loser contest, 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.

Wellness Awards

As a result of creating a culture of Wellness, Vectren was awarded the American Heart Association’s Fit Friendly Platinum award in November 2013 and achieved the Gold Wellness Council of America (WELCOA) “Well Workplace” Award in May 2014. In September 2012, Vectren was honored with a Four-Star AchieveWELL certification by the Wellness Council of Indiana, which recognizes excellence in the field of worksite wellness. In 2011, Vectren received the Silver WELCOA “Well Workplace” Award.

● **LA9 Health and safety topics covered in formal agreements with trade unions**

The labor union contracts vary depending on the Local and history. All 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
- Implementation of safety rules

Please see answer to Labor Practices Indicator LA8 for additional information.



LA10 Average hours of training per year per employee by gender and by employee category

24,239 safety training hours and 29,727 technical training hours were recorded during 2013. This is currently not tracked by gender or employee category.

LA11 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings

Given the rapidly evolving energy industry in which we operate, Vectren understands that investing in its workforce is critical to our future success. We know that great companies are made up of great people, and we're committed to giving them the tools and resources they need to meet these challenges.

As part of our onboarding process, new colleagues receive a "welcome package" with materials designed to familiarize them with the company. On their first day, new colleagues attend a formal orientation session that covers a variety of topics including benefits and compliance, safety training, diversity and harassment and Vectren's commitment to conservation and community service.

Vectren fosters a work environment that encourages ongoing learning and development. Employees are equipped with a range of tools. Online learning programs are offered through a personalized learning and development system, Learn Connection. Learn Connection allows colleagues to browse through an extensive library of online courses, which cover everything from competency based training to energy specific modules. 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 career resources allow employees to continue to grow their career with the right skills to meet career goals and the changing requirements of the business.

Vectren's Emerging Leaders Mentoring Program recognizes colleagues who demonstrate leadership skills and job excellence and pairs them with more experienced co-workers. The mentoring program helps colleagues gain knowledge from more experienced co-workers, share and retain knowledge, promote diversity, create a continuity of culture and ensure an adequate supply of leadership talent. Dependent children of active, retired, or deceased Vectren employees are eligible to participate in Vectren's Scholarship Program. All applicants remain confidential and are reviewed by Scholarship Management Services, a division of Scholarship America and Vectren's Scholarship Committee, whose members are appointed by Vectren. Vectren's Scholarship Committee members determine the scholarship recipients after receiving recommendations from Scholarship Management Services.

Please see the *Our Benefits* page (https://www.vectren.com/Corporate/Careers/Our_Benefits.jsp) on Vectren.com for additional information on skills and learning opportunities for employees.

Engaging Our Employees

Vectren's goal is to maintain an employee engagement score of 70% measured by favorable responses to survey questions on its biennial employee engagement survey. The 2014 survey received a favorable score of 69% with 79.3% of our employees participating in the survey. Additionally in 2014, Vectren transitioned to a model of measuring sustainable engagement, moving beyond commitment and motivation to measure enablement and energy as critical components to building long-term engagement. Sustainable engagement measures the degree to which our employees are motivated, enabled and energized to deliver their best performance. In 2014, our overall measure of sustainable engagement achieved a 77% favorable response rate.

Multiple improvements have been made to our survey administration process in 2014 providing a new baseline from which to develop. While we believe moving forward we are better able to measure sustainable engagement and develop action plans for continuous improvement, historical comparisons to previous surveys are not available at this time. For 2014, we compared our results to four different norms to determine our next step opportunities including a national aggregate of unionized employee populations, a national aggregate of utility company employees, a national aggregate of high performing companies and a national norm surveying all industries.

Going forward in 2014, we will utilize these benchmarks for performance comparisons, capitalizing on the strengths identified and developing action plans to address opportunities for improvement. Employees at all levels of the organization will be involved in developing and executing solutions against the action planning process.

LA12 Percentage of employees receiving regular performance and career development reviews by gender

Our philosophy and expectations are that all (100%) non-bargaining employees receive an evaluation of their skills and/or performance on an annual basis. Beginning in 2015, Vectren is implementing an electronic development planning tool. The expectation is that all new colleagues will have a career development plan in place.



● **LA13** Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity

The following tables detail the gender and ethnicity breakdown of our total workforce. Please see answer to Standard Disclosures Indicator 4.1 for gender, age and ethnicity breakdowns of Board of Directors.

Females & Minorities As Percentage Of Workforce

	12/31/11	12/31/12	12/31/13
Regular Headcount (Excludes Interns)	1,772	1,742	1,733
– % Female	30.4%	30.5%	31.0%
– % Minority	8.6%	9.0%	9.7%

Gender & Ethnicity As Percentage Of Employee Group

	12/31/12	12/31/13
Senior Executive (Headcount)	4	4
– Senior Executive: % Female	0%	0%
– Senior Executive: % Minority	0%	0%
Vice President/Director (Headcount)	49	52
– Vice President/Director: % Female	24.5%	26.9%
– Vice President/Director: % Minority	6.1%	5.8%
Manager/Supervisor (Headcount)	237	252
– Manager/Supervisor: % Female	25.3%	28.2%
– Manager/Supervisor: % Minority	7.2%	7.5%
Customer Service (Headcount)	150	133
– Customer Service: % Female	84.0%	83.5%
– Customer Service: % Minority	15.3%	17.3%
Office and Clerical (Headcount)	194	197
– Office and Clerical: % Female	81.4%	82.7%
– Office and Clerical: % Minority	11.9%	12.2%
Other Non-Bargaining (Headcount)	411	436
– Other Non-Bargaining: % Female	34.5%	34.2%
– Other Non-Bargaining: % Minority	8.5%	10.6%
Bargaining (Headcount)	697	659
– Bargaining: % Female	4.9%	4.6%
– Bargaining: % Minority	7.9%	8.0%
Regular Headcount (Excludes Interns)	1,742	1,733
– Regular Headcount: % Female	30.5%	31.0%
– Regular Headcount: % Minority	9.0%	9.7%



Ethnicity Breakdown As Percentage Of Workforce

	12/31/11	12/31/12	12/31/13
White	91.4%	91.0%	90.3%
Black/African-American	6.3%	6.5%	7.1%
Hispanic/Latino	0.7%	0.9%	1.1%
Asian	0.7%	0.6%	0.6%
American Indian/Alaska Native	0.3%	0.3%	0.3%
Native Hawaiian/Other Pacific Islander	0.1%	0.1%	0.1%
Two or More Races (Not Hispanic or Latino)	0.6%	0.5%	0.5%

Diversity & Inclusion

Vectren’s diversity and inclusion initiatives are spearheaded by a cross-functional Diversity Action Council (DAC). Sponsored by a steering committee made up of senior executive management this 28-member group represents all operating units and includes participants from management to front-line employees. Vectren’s DAC is responsible for the development of a corporate Diversity and Inclusion Strategic Plan to further integrate diversity and inclusion practices and procedures throughout the company. The DAC, which meets bi-monthly, comprises five committees focused on the following areas:

- Employee Attraction and Retention
- Diversity Leadership Development
- Marketing and Branding
- Performance Management
- Supplier Diversity and Development

Vectren is an Equal Opportunity and Affirmative Action Employer dedicated to diversity and inclusion in the workplace. All qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin, disability status, protected veteran status, or any other characteristic protected by law.

Vectren complies with the U.S. Department of Labor’s Office of Federal Contract Compliance Programs (OFCCP) requirement to maintain Affirmative Action Plans (AAPs). Vectren’s AAPs are subject to audits by the OFCCP in any given year. In 2014, Vectren successfully passed an OFFCP desk audit and received accolades for its policies, processes and documentation.

The Engagement Survey includes questions relating to diversity and inclusion and aids in measuring our performance. In addition, Vectren administers an internal Diversity Survey during non-Engagement Survey years to continuously assess performance on diversity and inclusion. The Engagement Survey and the Diversity Survey ensure Vectren is building an inclusive culture and diverse workforce.

LA14 Ratio of basic salary of men to women by employee category

Wages and salaries are benchmarked with the requirements of each job. Vectren’s policy is to comply with all laws, regulations and ordinances prohibiting discrimination.



Product Responsibility Indicators

This section of indicators contains information regarding our efforts to improve the customer experience, measurement and research practices and how we protect and manage customer data.

Fully reported indicators are marked with a full circle (●).

Partially reported indicators are marked with a half circle (◐).

● PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction
Vectren is committed to being an industry leader in customer experience. As part of our efforts to continuously improve, representatives from all primary customer touch points work together to identify, evaluate and implement customer focused improvements.

We value customers' opinions and consistently seek feedback to help shape improvement initiatives. Customers are offered opportunities throughout the year to give feedback about Vectren and the service(s) 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. A quarterly online study is also conducted to identify specific areas of improvement within customer touch points. Additionally, customer comments are monitored to identify breakdowns in specific processes and reported to managers throughout the company for follow up. Finally, we periodically conduct customer focus groups on various topics to better understand our customers.

Vectren also subscribes to independent research conducted by firms such as JD Power and Associates and E Source to track year over year improvement and performance relative to other utilities. We improved in each of the external benchmarking studies conducted in 2013.

● PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data

None



Society Indicators

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

Fully reported indicators are marked with a full circle (●).

Partially reported indicators are marked with a half circle (◐).

● SO3 The percentage of total number of management employees who have received anti-corruption training during the reporting period

100%. All employees have access, at all times, to Vectren Corporation's Code of Conduct. At least annually, all employees must execute the Employee Code of Conduct Acknowledgement and Acceptance form, acknowledging that they have read Vectren Corporation's Code of Conduct, understand it and agree to abide by it. Compliance with this requirement is electronically tracked and all employees receive periodic reminders, as necessary, until the task is complete each year.

● SO4 Actions taken in response to incidents of corruption

Employees or managers, who do not comply with our Code of Conduct, are subject to corrective action, up to and including termination of employment. We report employee turnover, including the number of employee dismissals, in LA2 but do not report the specific reasons leading to those dismissals.

During the reporting period, there were no contracts with business partners that were terminated due to violations related to corruption.

● SO5 Public policy positions and participation in public policy development and lobbying

Public policy decisions can affect our businesses, and at Vectren we believe that engaging in the political process is in the best interest of our company, our employees and our stakeholders. We track proposed legislation at the federal, state and local level and advocate our position when appropriate. We strive to educate public officials about our businesses and the impacts of potential policy decisions and also 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).

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 addition, we voluntarily prohibit corporate dollars from being used to directly benefit a candidate or party. In recognition of various stakeholder interests, all PAC activities are overseen by the PAC Board and annually reviewed by the Corporate Responsibility and Sustainability Committee of the Board.

● SO6 Total value of financial and in-kind contributions to political parties, politicians and related institutions by country

The Vectren Corporation Employee Federal 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 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. All political engagement is completed in the United States.

We do not use corporate funds for direct contributions to federal candidates. We also do not make independent 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, beginning this year all our corporate political activities will be conducted under the oversight of the Corporate Responsibility and Sustainability Committee of the Board.



● SO7 Total number of legal actions for anti-competitive behavior, anti-trust and monopoly practices and their outcomes

Vectren is party to various legal proceedings and audits and reviews by taxing authorities and other government agencies arising in the normal course of business. In the opinion of management, there are no legal proceedings or other regulatory reviews or audits pending against Vectren that are likely to have a material adverse effect on its financial position, results of operations, or cash flows. See the notes to the consolidated financial statements [pages 67-120 of 2013 Form 10-K] regarding commitments and contingencies, environmental matters and rate and regulatory matters. From 2013 Form 10-K (<http://www.vectrenlivesmart.com/sustainability/reporting/10K2013.pdf>), page 28.

● SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations

Please see answer to Society Indicator SO7.



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Vectren has utilized the Global Reporting Initiative (GRI) G3.1 framework for this report. GRI is a voluntary effort aimed at increasing transparency among businesses and organizations worldwide. The reporting period for most information is 2013-2014. Data from additional years is provided where appropriate.



Fully reported indicators are marked with a full circle (●).
Partially reported indicators are marked with a half circle (◐).

PROFILE DISCLOSURES

Strategy & Analysis

ID	Disclosure	Status	Page(s)
1.1	Statement from the most senior decision-maker of the organization	●	14

Organizational Profile

ID	Disclosure	Status	Page(s)
2.1	Name of the organization	●	14
2.2	Primary brands, products and/or services	●	14*
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries and joint ventures	●	14*
2.4	Location of organization's headquarters	●	14
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	●	14
2.6	Nature of ownership and legal form	●	15
2.7	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries)	●	15
2.8	Scale of the reporting organization	●	15
2.9	Significant changes during the reporting period regarding size, structure or ownership	●	15
2.10	Awards received in the reporting period	●	15
EU1	Installed capacity broken down by primary energy source and by regulatory regime	●	19
EU2	Net energy output broken down by primary energy source and by regulatory regime	●	19
EU3	Number of residential, industrial, institutional and commercial customer accounts	●	20
EU4	Length of above and underground transmission and distribution lines by regulatory regime	●	20
EU5	Allocation of CO ₂ emissions allowances or equivalent broken down by carbon trading framework	●	20

* Additional information can be found on the *About Vectren* page (https://www.vectren.com/Corporate/About_Vectren.jsp) on Vectren.com.



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Report Parameters

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3.2	Date of most recent previous report (if any)	●	16
3.3	Reporting cycle (annual, biennial, etc.)	●	16
3.4	Contact point for questions regarding the report or its contents	●	16
3.5	Process for defining report content	●	16
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	●	16
3.7	State any specific limitations on the scope or boundary of the report	●	16
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can significantly affect comparability from period to period and/or between organizations	●	16
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/periods, nature of business, measurement methods)	●	17
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report	●	17
3.12	Table identifying the location of the Standard Disclosures in the report	●	17

Governance, Commitments and Engagement

ID	Disclosure	Status	Page(s)
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	●	17
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	●	17
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members	●	18
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	●	18
4.14	List of stakeholder groups engaged by the organization	●	18
4.15	Basis for identification and selection of stakeholders with whom to engage	●	16,18



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Economic Performance

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EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments	●	21
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	●	21**
EC3	Coverage of the organization's defined benefit plan obligations	●	22

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Energy

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EN5	Energy saved due to conservation and efficiency improvements	●	23
EN6	Initiatives to provide energy-efficient or renewable energy based products and services and reductions in energy requirements as a result of these initiatives	●	24

Biodiversity

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EN12 COMM	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	●	25
EN13	Habitats protected or restored	●	25-26

Emissions, Effluents and Waste

ID	Disclosure	Status	Page(s)
EN16 COMM	Total direct and indirect greenhouse gas emissions by weight	●	26
EN22 COMM	Total weight of waste by type and disposal method	●	27

SOCIAL: LABOR PRACTICES & DECENT WORK PERFORMANCE INDICATORS

Employment

ID	Disclosure	Status	Page(s)
LA2 COMM	Total number and rate of new employee hires and employee turnover by age group, gender and region	●	28-30
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees by major operations	●	30

** Additional information can be found on the *Global Climate Change* page (https://www.vectren.com/Corporate/Environmental_Stewardship/Global_Climate_Change.jsp) on Vectren.com.



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Labor/Management Relations

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LA4 COMM	Percentage of employees covered by collective bargaining agreements	●	30
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	◐	30

Occupational Health and Safety

ID	Disclosure	Status	Page(s)
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	●	30
LA7 COMM	Rates of injury, occupational diseases, lost days and absenteeism and number of work-related fatalities by region and by gender	●	30-34
LA8	Education, training, counseling, prevention and risk-control programs in place to assist workforce members, their families or community members regarding serious diseases	●	35
LA9	Health and safety topics covered in formal agreements with trade unions	●	35

Training and Education

ID	Disclosure	Status	Page(s)
LA10	Average hours of training per year per employee by gender and by employee category	◐	36
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	●	36
LA12	Percentage of employees receiving regular performance and career development reviews by gender	●	36

Diversity and Equal Opportunity

ID	Disclosure	Status	Page(s)
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity	●	37-38

Equal Remuneration for Women and Men

ID	Disclosure	Status	Page(s)
LA14	Ratio of basic salary and remuneration of women to men by employee category and significant locations of operation	◐	38



SOCIAL: SOCIETY PERFORMANCE INDICATORS

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SO4	Actions taken in response to incidents of corruption	●	40

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SO5	Public policy positions and participation in public policy development and lobbying	●	40
SO6	Total value of financial and in-kind contributions to political parties, politicians and related institutions by country	●	40

Anti-Competitive Behavior

ID	Disclosure	Status	Page(s)
SO7	Total number of legal actions for anti-competitive behavior, anti-trust and monopoly practices and their outcome	●	41

Compliance

ID	Disclosure	Status	Page(s)
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	●	41

SOCIAL: PRODUCT RESPONSIBILITY PERFORMANCE INDICATORS

Product and Service Labeling

ID	Disclosure	Status	Page(s)
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	●	39

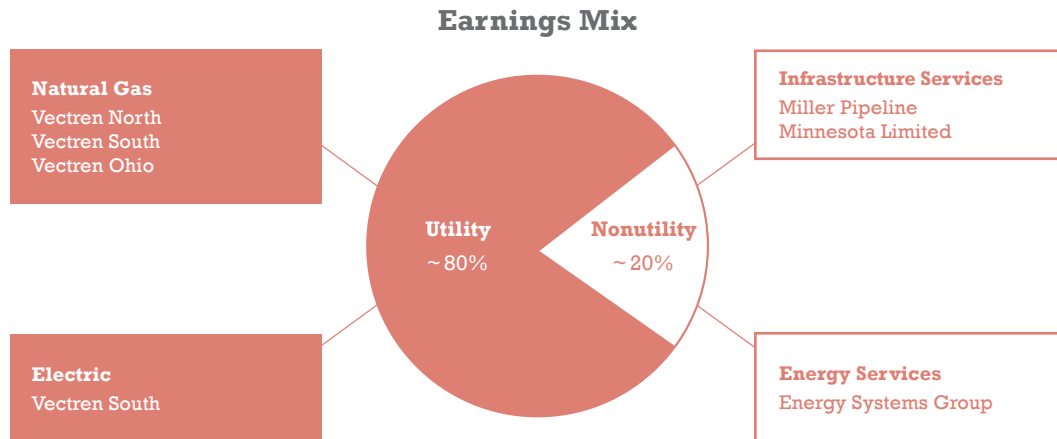
Customer Privacy

ID	Disclosure	Status	Page(s)
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	●	39



About Vectren

Vectren Corporation is an energy holding company headquartered in Evansville, Ind. Our core utility operations of gas and electric energy delivery serve more than 1 million customers in Indiana and Ohio and are supported by our nonutility operations that provide energy and energy-related services to customers throughout the U.S.



Vectren Utility Service Areas



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