



**Global Reporting
Initiative (GRI)**

This report is 'In Accordance' with the Global Reporting Initiative (GRI) G4 Guidelines – Core option. 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 2015. 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 and analysis and descriptions of our management structure and stakeholders.

STRATEGY & ANALYSIS

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

As a local energy provider, we understand the value of integrating sustainable practices in our daily operations and long-term strategies. And we made great strides in 2015; whether through community improvement initiatives, system 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 diverse portfolio of businesses, which allowed us to strengthen our electric and natural gas systems and expand into new horizons over the past year. Natural gas infrastructure modernization plans continued throughout our territory, and the frequency and duration of power outages in our southwest Indiana territory continued to decrease thanks to electric system enhancements. We also gained from pursuing new opportunities, a fact best reflected in our growing Energy Services division, which benefited from an acquisition and is finding success in the rapidly emerging markets for sustainable infrastructure and energy efficiency.

Our customers and communities also benefited from sustainability initiatives. In the past year, we debuted a number of new outreach efforts for cities and towns which offer redevelopment and revitalization opportunities, and our suite of energy efficiency programs, including rebates on high-efficiency products and home weatherization services, set record energy savings in 2015.

We appreciate your interest in Vectren and invite you to explore this report, which is our second report to contain voluntarily-disclosed information adhering to Global Reporting Initiative (GRI) Guidelines. This year's report is 'In Accordance' with the GRI G4 Guidelines – Core option. As we move forward with new and exciting innovations and tackle the challenges presented by new regulatory and market constraints, we hope you will recognize our efforts to establish sustainability as a cornerstone of our business.

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

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

G4-5 Headquarters

Vectren Corporation is based in Evansville, Indiana. Additional information can be found on the *About Vectren* page (https://www.vectren.com/Corporate/About_Vectren.jsp) 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's energy delivery subsidiaries provide natural gas and/or electricity to more than 1 million customers in 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 the U.S. For a detailed description of the company, please see 2015 Form 10-K (<http://www.vectrenlivesmart.com/sustainability/reporting/10K2015.pdf>), page 9.

G4-9 Scale of the reporting organization

Workforce

As of December 31, 2015, Vectren and its consolidated subsidiaries had approximately 5,600 employees. Of those employees, 700 are subject to collective bargaining arrangements negotiated by Vectren's utility division, and 3,000 are subject to collective bargaining arrangements negotiated by the infrastructure services division. Please see response to Standard Disclosures indicator G4-10 below for a detailed breakdown of Vectren utility and corporate employees by region.

Shareholders

As of December 31, 2015, Vectren had 82.8 million shares outstanding and approximately 8,200 registered shareholders. This equaled a market capitalization of \$3.5 billion. Vectren's largest shareholder is 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 2015, Vectren reported a net revenue of \$2,434.7 million. For additional financial data, please see response to Economic indicator G4-EC1, page 26, and 2015 Form 10-K (<http://www.vectrenlivesmart.com/sustainability/reporting/10K2015.pdf>).

Products & Services

Utility Volumes By Customer Type (Twelve Months Ended December 31, 2015)

	Electric	Natural Gas
Residential & Commercial Customers	2,714.4 GWh	104.9 MMDth
Industrial Customers	2,721.5 GWh	125.3 MMDth
Other Customers	22.2 GWh	-
Total	5,458.1 GWh	230.2 MMDth

G4-10 Total utility and corporate workforce

Total Workforce By Gender And Territory (2013-2015)

	2013	2014	2015
Vectren Indiana - North	345 Male: 280 Female: 65	413 Male: 346 Female: 67	433 Male: 362 Female: 71
Vectren Indiana - South	1,209 Male: 761 Female: 448	1,175 Male: 733 Female: 442	1,220 Male: 763 Female: 457
Vectren Ohio	179 Male: 154 Female: 25	159 Male: 133 Female: 26	170 Male: 144 Female: 26
Annual Total	1,733 Male: 1,195 Female: 538	1,747 Male: 1,212 Female: 535	1,823 Male: 1,269 Female: 554

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 (2013-2015)

	2013	2014	2015
Total Bargaining Headcount	659	672	706
– Vectren Indiana - North Bargaining Headcount	251	262	267
– Vectren Indiana - South Bargaining Headcount	306	302	324
– Vectren Ohio Bargaining Headcount	102	108	115
Total Non-Bargaining Headcount	1,074	1,075	1,117
Total Employee Headcount	1,733	1,747	1,823
– % Bargaining	38.0%	38.5%	38.7%

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 supplier 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 ensures supplier agreements look beyond the price paid and are reflective 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 a copy of 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 2015, Vectren spent more than \$175 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 vendor 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

Diversity and inclusion are business imperatives at Vectren. We want our vendor base to be reflective of the communities we serve. In order to achieve this, we emphasize three activities aimed at providing opportunities to minority, women, veteran and service-disabled veteran owned businesses:

- Inreach: Educating colleagues and incumbent suppliers about the value proposition for supplier diversity
- Outreach: Targeted recruitment aimed at increasing the number of diverse business enterprises participating in sourcing events
- Development: Education and assistance provided to diverse-owned companies increasing the likelihood of success in earning our business and improved performance after business is awarded



As a result of these efforts, 52 percent of the 2015 sourcing events included participation by at least one diverse-owned business. Providing these opportunities allowed 95 diverse-owned companies to earn \$48.6 million from direct business with Vectren. An additional \$4.8 million was earned indirectly via sub-contracting activities by primary suppliers. Combined, these efforts yielded more than \$53 million in revenue for diverse-owned companies, representing 10.5 percent of our utility and corporate spending.

In order to sustain these results, Vectren is actively engaged with multiple advocacy groups including local chambers of commerce, regional councils and national trade shows ensuring Supply Chain capitalizes on opportunities to provide access to sourcing events for diverse owned businesses.

The Mid-States Minority Supplier Development Council recognized Vectren's supplier diversity initiatives by presenting us with the Minority Business Enterprise Total Spend Growth Award in the fall of 2015.

Supply Chain's Impact

Supply Chain's efforts resulted in \$11.2 million in direct savings and cost avoidance in 2015. In addition, procurement strategies resulted in \$185 million spent with Indiana and Ohio firms, contributing to the economic stability of Vectren's service territory.

G4-13 Significant changes during the reporting period regarding size, structure, ownership or supply chain
None

G4-14 Precautionary approach

Please see 2015 Form 10-K (<http://www.vectrenlivesmart.com/sustainability/reporting/10K2015.pdf>), page 14, for an assessment of 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 below 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 Builders Owners and Managers Association (BOMA), Downtown Dayton Partnership, Dayton Society of Natural History, Edison Electric Institute (EEI), Evansville Sports Corporation, Greater Dayton Air Conditioning & Heating Association (DACHA), Greater Indianapolis Progress Committee, Indiana 811, Indiana Association of Cities & Towns, Indiana Chamber of Commerce (and a variety of local Indiana 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 (IILG), 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 Ohio 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, Indiana Energy Association (IEA), Central Indiana Corporate Partnership (CICP)



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 (VEDIN), Vectren Energy Delivery of Indiana - South (VEDIS) and Vectren Energy Delivery of Ohio (VEDO). 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 Global Reporting Initiative (GRI) responses in this report focus solely on the Utility Group comprised of Vectren's energy delivery subsidiaries (VEDIN, VEDIS and VEDO), with the exception of the Economic Performance indicators which include data on both the Utility Group and Nonutility Group.

G4-18 Process for defining report content

Vectren conducted a materiality survey in 2015 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, page 19, for identified stakeholder groups).

Results from this exercise identified Employee Safety, Public Safety and Emissions and Compliance as the highest-ranked materiality aspects (see response to Standard Disclosures indicator G4-19 below for a complete list of identified material topics).

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

Economic Performance, Indirect Economic Impacts, Energy, Emissions, Effluents and Waste, Environmental Compliance, Environmental (Overall), Employment, Occupational Health and Safety, Training and Education, Diversity and Equal Opportunity, Non-discrimination, Local Communities, Anti-corruption, Public Policy, Customer Health and Safety, Product and Service Labeling, Customer Privacy

G4-20 Aspect boundary within the organization

The material aspects identified in Standard Disclosures indicator G4-19 above are applicable to the Utility Group operating units (VEDIN, VEDIS and VEDO) identified within the scope of this report.

G4-21 Aspect boundary outside of the organization

The material aspects identified in Standard Disclosures indicator G4-19 above are applicable to the Utility Group operating units (VEDIN, VEDIS and VEDO) identified within the scope of this report.

Our external stakeholders, including customers and local communities, identified the following aspects as highest priority: Customer Health and Safety, Product Service and Labeling, Customer Privacy and Local Communities.

G4-22 Restatements of information

None

G4-23 Significant changes in scope and boundaries

Sustainability in Practice 2015 is the fourth edition of Vectren's corporate sustainability report and the second report in adherence with Global Reporting Initiative (GRI) guidelines. A new materiality assessment was conducted in 2015 and the material issues identified have been mapped to GRI G4 guidelines.



STAKEHOLDER ENGAGEMENT

G4-24 Stakeholder groups

The following table includes the methods in which the organization engages its various stakeholders ("Methods of Engagement") and topics indicated as key areas of importance in stakeholder surveys ("Key Topics").

Stakeholder	Key Topics & Methods of Engagement
Customers	<p>Key Topics: Emissions; Effluents and waste; Compliance; Non-discrimination; Anti-corruption; Customer health and safety; Customer satisfaction; Customer privacy</p> <p>Methods of Engagement: 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 utility 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</p>
Employees	<p>Key Topics: 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</p> <p>Methods of Engagement: Vectren Intranet; Webportal; Biannual employee engagement surveys; Vectren Forum; CEO Night; Management; <i>Vectren Connect</i> newsletter; HR Talent Management; <i>Vectren News</i> emails and videos; Email Media Alerts; Ethics call-in line</p>
Communities	<p>Key Topics: Community impact; Environmental compliance; Environmental stewardship; Community engagement; Customer health and safety</p> <p>Methods of Engagement: 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</p>
Suppliers	<p>Key Topics: Economic performance; Environmental compliance; Employee health and safety</p> <p>Methods of Engagement: 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</p>
Investors	<p>Key Topics: Economic performance; Energy consumption and conservation; Emissions; Compliance; Community engagement; Customer satisfaction</p> <p>Methods of Engagement: 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</p>
Government*	<p>Key Topics: 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</p> <p>Methods of Engagement: Comments on proposed rules; Regulatory filings and hearings; State and Federal Government Affairs staff; Corporate lobbying efforts; Trade organization participation</p>
Non-Governmental Agencies	<p>Key Topics: Indirect economic impacts; Energy consumption and conservation; Compliance; Customer satisfaction; Customer privacy</p> <p>Methods of Engagement: Vectren website; Sustainability reporting; Annual reporting; Stakeholder dialogues; IRP process</p>
<p><small>*Government entities include Environmental Protection Agency (EPA), Indiana Department of Environmental Management (IDEM), Indiana Utilities Regulatory Commission (IURC) and Public Utilities Commission of Ohio (PUCO)</small></p>	



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 indicator G4-24, page 19, for a list of identified stakeholder groups.

G4-26 Approaches to engaging stakeholders

Please see responses to Standard Disclosures indicators G4-18 and G4-24 on pages 18 and 19, respectively.

G4-27 Response to stakeholder concerns

See response to Standard Disclosures indicator G4-19, page 18, for stakeholder material topics and concerns. These topics are addressed through indicators within this report and through publicly available reports such as the 2015 Annual Report and Form 10-K (<http://www.vectrenlivesmart.com/sustainability/reporting/10K2015.pdf>).

REPORT PROFILE

G4-28 Reporting period (e.g., fiscal/calendar year) for information provided
2015 (data from additional years provided where appropriate)

G4-29 Date of most recent previous report
2014

G4-30 Reporting cycle
Annual

G4-31 Contact point for questions
Angila M. Retherford, Vice President, Environmental Affairs and Corporate Sustainability

G4-32 GRI Content Index
This report was developed using the Global Reporting Initiative (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.

GOVERNANCE

G4-34 Governance structure

Carl Chapman holds the combined position of Board of Directors (“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’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 Committee, as provided for in its charter. Please see 2016 Proxy Statement (<http://www.vectrenlivesmart.com/sustainability/reporting/proxy2016.pdf>), page 25, for information on the Audit Committee’s scope of responsibilities and pages 22-23 for our director independence standards.

The Nominating and Corporate Governance Committee is a standing committee of the Board primarily responsible for corporate governance matters affecting Vectren and our subsidiaries. The Compensation and Benefits Committee is a standing committee of the Board responsible for administering Vectren’s management incentive and stock-based compensation plans and 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 chief executive officer, 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 financing activities of our utility and nonutility businesses. The Corporate Responsibility and Sustainability Committee is a standing committee of the Board responsible for ensuring Vectren operates as a responsible corporate citizen. Additionally, this committee is responsible for oversight of policies and strategies fostering the sustainability of Vectren to meet the evolving needs of our customers and investors.

The responsibilities of the Board committees can be found in each committee's respective charter and report on the *Corporate Governance* page (https://www.vectren.com/Corporate/Corporate_Governance.jsp) on Vectren.com.

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

The 11-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 Nominating and Corporate Governance (Governance) Committee, the Audit and Risk Management (Audit) Committee, the Compensation and Benefits (Compensation) Committee, the Finance Committee, and the Corporate Responsibility and Sustainability (CRS) Committee. The name, tenure, age, gender and Board committee membership of the current Board members are summarized in the following table:

Board of Directors Composition & Committee Memberships (2015)

Director	Term Start	Age (Gender)	Committee(s)
Carl L. Chapman	2009	60 (M)	
James H. Degraffenreidt, Jr.	2010	62 (M)	Governance; Audit
John D. Engelbrecht	2000	64 (M)	Chair of CRS; Finance
Anton H. George ¹	2000	56 (M)	Governance; Compensation
Martin C. Jischke	2007	74 (M)	Compensation; CRS
Robert G. Jones	2011	59 (M)	Chair of Finance; CRS
J. Timothy McGinley ²	2000	75 (M)	Lead Director; Chair of Governance; Finance
Patrick K. Mullen ³	2014	51 (M)	Compensation; CRS
R. Daniel Sadlier ⁶	2003	68 (M)	Audit; Compensation; Finance
Michael L. Smith	2006	67 (M)	Chair of Audit; Governance
Teresa Tanner ⁴	2015	47 (F)	
Jean L. Wojtowicz ⁵	2000	58 (F)	Chair of Compensation; Audit

1 Mr. George was assigned to the CRS Committee in May 2016. He is no longer a member of the Governance Committee.
 2 Mr. McGinley did not stand for reelection at the annual meeting of the shareholders on May 24, 2016. His decision was not the result of any dispute or disagreement with management or the Board, and, instead is pursuant to the director retirement guidelines established by the Board.
 3 Mr. Mullen was assigned to the Governance Committee in May 2016. He is no longer a member of the CRS Committee
 4 Ms. Tanner joined the Board effective September 1, 2015 and was assigned to the Finance Committee and the Compensation Committee in May 2016.
 5 Ms. Wojtowicz was elected by the independent members of the Board as the next Lead Director, which became effective upon Mr. McGinley's retirement. Pursuant to the Corporate Governance Guidelines, Ms. Wojtowicz became Chair of the Governance Committee in May 2016. Mr. Sadlier is now Chair of the Compensation Committee.

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

Board of Directors Other Commitments (2015)

Director	Principal Job Function	Other Commitments
Chapman	Chairman, President & CEO of Vectren Corporation	Director and Board chair of VUHI, Vectren Infrastructure Services Corporation (VISCO) and Vectren Energy Services Corporation (VESCO); Director of IGC, SIGECO and VEDO
Degraffenreidt, Jr.	Retired Chairman & CEO of WGL Holdings, Inc.	Director of Massachusetts Mutual Life Insurance Company, Maryland State Board of Education and Harbor Bankshares Corporation



Board of Directors Other Commitments (2015)

Director	Principal Job Function	Other Commitments
Engelbrecht	Chairman & President of South Central Communications Corporation	Director of Deaconess Health Systems, Inc.; Trustee of Evansville Museum of Arts, History & Science
George	Principal of Vision Investments, LLC	Director of Hulman & Company, Clabber Girl Corporation, Indianapolis Motor Speedway Corporation, Indy Racing League, LLC and First Financial Corporation
Jischke	President Emeritus of Purdue University	Director of Duke Realty Corporation; Board chair of Wabash National Corporation
Jones	Chairman & CEO of Old National Bancorp	Director of Old National Bancorp
McGinley	Principal & Founder of House Investments, Inc.	Chairman Emeritus of the Board of Trustees of Purdue University
Mullen	Executive Vice President of Chicago Bridge & Iron	President of CB&I's engineering and construction operating group
Sadler	Retired President & CEO of Fifth Third Bank (western Ohio)	Director of Fifth Third Bank (Greater Cincinnati); Trustee of Sinclair Community College
Smith	Retired Executive Vice President & CFO of Anthem, Inc.	Director and Audit Committee chair of Envision Healthcare Holding, Inc.; Director of Hulman & Company, LDI Ltd., LLC, Carestream Health Services, Inc., USI, Inc., and Novax, Inc.
Tanner	Executive Vice President & Chief Administrative Officer of Fifth Third Bancorp	Director of Fifth Third Bank (North Carolina)
Wojtowicz	President & Founder of Cambridge Capital Management Corporation	Director of First Merchants Corporation, First Internet Bancorp and American United Mutual Insurance Holding Company

Annually, the Board completes a matrix of shared strengths and experiences. This assessment is conducted from a collective perspective. Therefore, even if one, or a few directors, possess acumen in a particular area, such skill or experience may not necessarily be captured in this matrix. Based on the Board's analysis, the directors maintain satisfactory skill and experience in the following areas:

- Board Governance and Public Company Experience;
- Industry and Regulatory Experience;
- Strategic Visioning, Management, and Entrepreneurism;
- Mergers and Acquisitions;
- Finance, Audit, and Accounting;
- Human Resources and Legal;
- Public Policy;
- Public and Government Affairs;
- Technology; and
- Connection to Communities Served

G4-39 Board Chair

Carl Chapman is the Board chair as well as the president and chief executive officer (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 that 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 (https://www.vectren.com/Corporate/Corporate_Governance.jsp) 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 (https://www.vectren.com/Corporate/Corporate_Governance.jsp) on Vectren.com.

ETHICS & INTEGRITY

G4-56 Organizational values and code of conduct

The vice president of 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 Corporate Code of Conduct, 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 Code training and acknowledge acceptance of the Code as part of the on-boarding process. The Corporate Code of Conduct is posted on the *Corporate Governance* page on Vectren.com at (https://www.vectren.com/Corporate/Corporate_Governance.jsp). No waivers from the Code's provisions were granted in 2015.

On a biannual basis, employees participate in an employee engagement survey that encompasses the entire employee experience. Certain questions gauge the employee's ethical perception of whether Vectren is a good place work, whether senior management "walks the walk" and whether employees are treated with respect. Employee responses are compared to a benchmark of high-performing companies. For the ethics-related questions, engagement scores were at, or above their benchmarks. The last survey was conducted in 2014; the next survey will be conducted in 2016.

G4-57 Mechanisms for ethical consultation

The Corporate Code of Conduct 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 of Conduct awareness training. In addition, posters publicizing where to find the Code and how to report issues or seek advice can be found in break rooms where employees are located 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 Corporate Code of Conduct 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 the vice president of corporate audit. Tier 1 issues are characterized by any of the following; officer or board member involvement, manipulation of financial results, theft that exceeds \$30,000 or outside legal costs that exceed \$250,000. The vice president of corporate audit also monitors the completion of investigations on fraud and allegations made anonymously to senior management or the Board or through the hotline.

ELECTRIC UTILITY SECTOR SUPPLEMENT (EUSS)

G4-EU1 Installed capacity

Capacity (2015)

	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
All electric capacity of the utility operates within the Vectren Indiana - South service territory.	

G4-EU2 Net energy output

Net Generation (2015)

	Indiana (MWh)	Ohio (MWh)	Total (MWh)
Coal	4,825,435	0	4,825,435
Natural Gas	42,797	0	42,797
Landfill Gas	13,492	0	13,492
Purchased Coal	84,583	59,585*	144,168
Purchased Wind	218,953	0	218,953
Total Net Generation	5,185,260	59,585	5,244,845
* Generated in Ohio through Vectren's 1.5 percent ownership in the Ohio Valley Electric Corporation.			

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

Average Natural Gas Customer Accounts (2015)

	VEDIS	VEDIN	VEDO	Total
Residential	100,277	527,904	290,226	918,407
Commercial	10,275	50,942	23,488	84,705
Industrial	111	932	661	1,704
Total	110,663	579,778	314,375	1,004,816
VEDIN: Vectren Energy Delivery of Indiana - North; VEDIS: Vectren Energy Delivery of Indiana - South; VEDO: Vectren Energy Delivery of Ohio				



Average Vectren Electric Customer Accounts (2015)

	Total
Residential	124,986
Commercial	18,471
Industrial	113
Other	38
Total	143,608

All electric customers reside in the Vectren Indiana - South service territory.

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)

	Km (Miles)
Transmission (All Voltages)	1,613 (1,002)
Distribution (All Voltages)	6,910 (4,294)
Total T&D	8,523 (5,296)
– Overhead T&D	6,515 (4,048)
– Underground T&D	2,008 (1,248)

Transmission & Distribution Primary Circuit-Miles By Voltage Category

Voltage	Km (Miles)
4.16kV	164 (102)
12.47kV	6,746 (4,192)
69kV	906 (563)
138kV	604 (375)
345kV	103 (64)

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

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 earnings growth, while simplifying the business structure and reducing risk. As a result of this focus, Vectren released updated financial targets in November 2014.

- Provide Total Annual Shareholder Return of 9-11%
- Deliver Consolidated Earnings and Dividend Growth of 5-7%
- Deliver Utility Earnings Growth of 4-6%
- Deliver Nonutility Earnings Growth of 12-15%
- Target a Consolidated Payout Ratio of 60% with a Utility Payout Ratio of 70%

Strategy to Achieve Financial Performance and Targets

Vectren's utility business remains the core of the company and is the key driver of consistent earnings growth. The continuation of gas system infrastructure investment programs not only drives consistent earnings growth, but also enhances reliability and public safety. Vectren earns current returns on a large percentage of the new infrastructure investments as provided in Indiana and Ohio legislation/regulation. In addition to infrastructure investment, Vectren is aggressively managing costs through performance management and strategic sourcing activities. Together, these initiatives allow the utility companies to earn at or near our allowed rate of return (~10.3 percent in 2015), which is key to achieving Vectren's financial targets.

In the nonutility business, organic growth is expected to be the principal driver of earnings growth following the completion of commodity business divestitures and key acquisitions between 2011 and 2015. Our infrastructure services division is well positioned in an environment with strong demand. The infrastructure services division's distribution business is focused on utility pipeline replacement and modernization work, while maintenance/integrity work remains the focus in the transmission business. The infrastructure services division's 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.

The energy services division's platform for energy performance contracting and sustainable infrastructure growth is now in place via a 2014 acquisition increasing our federal business capabilities. This acquisition positions the energy services division to compete in all market segments (federal, public sector and sustainable infrastructure) and meet long-term demands as the national focus on energy conservation and security, renewable energy and sustainability continues to grow.

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

G4-EC1 Direct economic value generated and distributed

Selected Financial & Corporate Data for Vectren Corporation (2014-2015)

(In millions except employees, customers & per share data)	2014	2015
Revenues (1)	\$2,611.7	\$2,434.7
Operating Expenses (1)	\$2,297.2	\$2,072.9



Selected Financial & Corporate Data for Vectren Corporation (2014-2015)

(In millions except employees, customers & per share data)	2014	2015
Net income, excluding coal mining results* (2)	\$188.0	\$197.3
Total assets (3)	\$5,146.0	\$5,409.9
Total liabilities (3)	\$3,539.4	\$3,726.1
Total equity (3)	\$1,606.6	\$1,683.8
Basic EPS, excluding coal mining results* (2)	\$2.28	\$2.39
Cash flow from operations (4)	\$488.2	\$505.2
Payments to capital providers and the government	\$351.7	\$371.0
– Dividends paid on common stock (4)	\$120.4	\$127.3
– Interest expense (1)	\$87.5	\$84.2
– Tax expense (1)	\$144.6	\$159.2
Capital expenditures, excluding AFUDC equity (4)	\$448.3	\$476.9
Community investments**	\$5.1	\$5.5
Customers	1,141,000	1,148,000
Employees of Vectren and consolidated subsidiaries	5,500	5,600
<small>(1) From 2015 Form 10-K (http://www.vectrenivesmart.com/sustainability/reporting/10K2015.pdf), page 68, Income Statement (2) From 2015 Form 10-K, page 29, Non-GAAP measure (3) From 2015 Form 10-K, page 67, Balance Sheet (4) From 2015 Form 10-K, page 70, Cash Flow Statement * Net income including coal mining results was \$166.9 million or \$2.02 per share in 2014 ** Includes Community Sustainability O&M and Low Income Assistance as well as Vectren Foundation</small>		

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 internal and external stakeholders.

Economic Development Initiatives within Vectren's Indiana Service Territory

In 2015, Vectren's economic development team worked with the State of Indiana and regional and local economic development partners. This collaboration resulted in the announced private investment of \$734 million and plans to create 5,300 direct jobs. The vast majority of the announced jobs (4,320 or 82 percent) were the result of existing business expansions while the remaining 980, or 18 percent, came from business attraction. The greatest level of new investment announced in 2015 occurred in Tippecanoe County, with a total investment of approximately \$214 million. These projects included the expansions of Subaru Indiana, Tate & Lyle, Triclinic Labs, Spensa Technologies and Delmar Software Development. This was followed by Madison County (\$211 million), Hamilton County (\$60 million), Hancock County (\$51 million) and Clark County (\$50 million). The fact that Indiana leads the nation in terms of percentage of GDP tied to manufacturing equated to a strong economy in 2015, with auto-related manufacturing leading the way. In fact, more than \$430 million of the aforementioned \$734 million of planned investment in Vectren's Indiana service territory is directly linked to the automotive industry.

Economic Development Initiatives within Vectren's Ohio Service Territory

In 2015, Vectren's economic development team worked with the State of Ohio and regional and local economic development partners. This collaboration resulted in a banner year of \$569 million in new capital investment from 35 economic development projects. The new investment was centered in Montgomery County, but also impacted several other counties in Vectren's Ohio service territory. Total growth was approximately 3,100 new



jobs, accounting for \$139 million in new payroll. The region also retained more than 11,100 jobs. These economic development projects were led by Fuyao Glass of America, Inc., committing to an additional 750 jobs. Other companies bringing new jobs to the region include: CareSource Management Group, Clopay, R&L Carriers, NuVasive Manufacturing, LLC, DMAX, Ltd., Radiance Technologies, Ahresty Wilmington Corp. and Yamada North America, Inc. These excellent results earned Dayton second place in *Site Selection* magazine's Governor's Cup for mid-sized metros. The region also placed fifth in *Business Facilities* magazine for STEM (Science, Technology, Engineering and Math) Leaders, with Dayton as the only Ohio city recognized in the top 10.

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 has invested approximately \$385 million in the replacement of aged bare steel and cast iron distribution pipeline infrastructure in Indiana and Ohio. Vectren has also invested approximately \$112 million on improvements to its transmission pipeline infrastructure since 2012 and \$39 million on improvements to its distribution system infrastructure since 2013. Vectren's total investment in infrastructure modernization programs in Indiana and Ohio is approximately \$536 million.

Since their inception in 2008, Vectren's infrastructure modernization programs have had a total effect – the combined direct¹, indirect² and induced³ effects – of \$976 million, including \$330 million in labor income and an average of 1,097 jobs per year. Direct effects from the programs have accounted for approximately \$578 million of the total effect, including \$208 million in labor income and an average of 518 jobs per year. Additionally, our programs are estimated to have generated a total of \$33 million in state and local taxes and \$65 million in federal taxes over the 8-year investment period.

In addition to \$10 million in state and local taxes and \$19 million in federal taxes, our 2015 programs generated \$273 million in total effects, including \$96 million in labor income and 1,754 jobs.

Economic Impact of Infrastructure Modernization Program (2015)

	2015 Investment	2015 Labor Income	2015 Jobs
Direct Effect	\$161M	\$62M	826
– Direct Effect: Indiana	\$96M	\$39M	538
– Direct Effect: Ohio	\$65M	\$23M	288
Indirect Effect	\$60M	\$19M	511
– Indirect Effect: Indiana	\$34M	\$11M	296
– Indirect Effect: Ohio	\$26M	\$8M	215
Induced Effect	\$52M	\$16M	417
– Induced Effect: Indiana	\$30M	\$9M	243
– Induced Effect: Ohio	\$22M	\$7M	174
Total Effect	\$273M	\$97M	1,754
– Total Effect: Indiana	\$160M	\$59M	1,077
– Total Effect: Ohio	\$113M	\$38M	677

Analysis utilizes the IMPLAN Professional® input-output system to evaluate the economic contribution of pipeline modernization program activities.

¹ Direct effect: Economic activity that results directly from replacing gas pipelines (i.e. the investment, the number of people employed to complete the construction work and what the employees are collectively paid).

² Indirect effect: the incremental business to business economic activity experienced by other firms as a result of the pipeline construction activity and all of the supply chains supporting these other businesses.

³ Induced effect: the incremental economic activity experienced by households as a result of the direct and indirect effects of the pipeline construction activity.



Indiana Programs

Between 2008 and 2015, the total effect of Vectren's Indiana pipeline infrastructure modernization programs was estimated at \$567 million, including \$342 million, \$123 million and \$102 million in direct, indirect and induced effects, respectively. The total economic effect of our Indiana efforts, which varies based on the investment amounts each year, reached \$160 million in 2015, the highest annual value since the program's inception. The 2015 total effect consisted of \$96 million in direct effects, \$34 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 666 jobs have been created or sustained annually through all effects related to the programs; each year, an average of 335, 179 and 152 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 \$199 million from 2008 to 2015, a figure consisting of \$131 million, \$38 million and \$30 million in direct, indirect and induced labor income, respectively. Labor income reached its highest annual 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 taxes from the 8-year investment in Vectren's Indiana pipeline infrastructure modernization program is estimated at \$19 million; the total contribution to federal taxes is estimated at \$40 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 2015, the total effect of Vectren's Ohio pipeline infrastructure modernization programs was estimated at \$409 million, including \$236 million, \$96 million and \$77 million in direct, indirect and induced effects, respectively. The total economic effect of our Ohio efforts, which varies based on the investment amounts each year, reached \$113 million in 2015, the highest annual value since the program's inception. The 2015 total effect consisted of \$65 million in direct effects, \$26 million in indirect effects and \$22 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 431 jobs have been created or sustained annually through all effects related to the programs; each year, an average of 183, 136 and 112 jobs have been contributed by direct, indirect and induced effects, respectively. The highest annual total was recorded in 2015, when 677 jobs were created or sustained, including 288 related to direct effects, 215 related to indirect effects and 174 related to induced effects.

Labor income, which is also defined in terms of direct, indirect and induced contributions, totaled \$131 million from 2009 to 2015, a figure consisting of \$77 million, \$30 million and \$24 million in direct, indirect and induced labor income, respectively. Labor income reached its highest annual value in 2015 at \$38 million, including \$23 million in direct labor income, \$8 million in indirect labor income and \$7 million in induced labor income.

Lastly, the total contribution to state and local taxes from the 7-year investment in Vectren's Ohio pipeline infrastructure modernization program is estimated at \$15 million; the total contribution to federal taxes is estimated at \$26 million. Tax amounts, which vary from year to year, reached their highest annual value in 2015 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. Our current situation is summarized in the following table:



Projected & Required Planned Reserve Margins (PRM) (2016-2025)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
PRM - Unforced Capacity (UCAP)	9.0%	11.2%	11.6%	11.9%	11.9%	11.9%	11.8%	11.8%	11.8%	11.9%
PRM - UCAP Requirement*	7.6%	7.5%	7.4%	7.4%	7.3%	7.3%	7.3%	7.3%	7.2%	7.2%
* Requirements determined by Midcontinent Independent System Operator (MISO)										

Vectren’s existing power generation fleet has adequate reserve margin to reliably serve the projected load for the IRP horizon of 20 years. However, there are a variety of factors beyond capacity planning which could impact Vectren’s generation fleet in the future. The relative prices of coal, natural gas, renewable energy, demand side options, new generating sources and future regulations are evaluated in the IRP process because of their potential impact on Vectren’s future power generation fleet.

No new capacity is currently under construction, however the 2016 IRP process may lead us to make changes in our generating 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 2015, the Vectren EE portfolio achieved more than 40,000 MWh electric savings and approximately five 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 700 million kWh. Vectren’s natural gas EE programs have saved approximately 135 million therms since their inception in 2006.

Vectren’s EE programs are generally separated into two groups: residential and business. In 2015, the residential electric programs achieved nearly 26 million kWh of savings and the natural gas residential programs achieved an estimated 3.8 million therms of savings. The business electric programs achieved more than 14 million kWh of savings and the natural gas business programs achieved an estimated 1.2 million 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 DSM programs to its customers. For example, using thermostat research from a 2014 national award-winning research paper conducted by Vectren and its evaluation associates, Vectren added Wi-Fi enabled thermostats to its 2015 DSM portfolio with the knowledge that the measures are strong energy savers. The measure has been very popular among our customer base and rebates and installations greatly exceeded initial participation estimates. In 2015, there were approximately 6,000 Wi-Fi thermostat rebates awarded to customers.

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 2015, about 25,000 customers have switches installed in their homes. Vectren is able to curtail 17.6 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. Front-line managers, as well as departments engaging in market research and strategic analysis of technologies, play an important role in understanding the future of the utility industry and Vectren's long-term planning.

Vectren colleagues, across a variety of its businesses and departments, actively maintain relationships with equipment and solutions vendors, as well as public and private market research and technical research organizations. The subject areas range from distribution grid operations, to environmental control technologies, to customer facing technologies and more.

G4-EU11 Average generation efficiency of thermal plants

Fleet Efficiency (2015)

Efficiency	
Coal Fleet Annual Efficiency	10,947 BTU per kWh (31.2% Efficient)
Natural Gas Peaking Unit Fleet Efficiency	1,896 BTU per kWh (24.6% Efficient)

Federal Energy Regulatory Commission (FERC) Form 1 Heat Rates (2015)

	Fuel Burned	Avg. Fuel Heat Content	Avg. BTU per kWh of Net Generation
A.B. Brown Units 1 & 2: Coal	1,154,154 tons	11,677	11,056
A.B. Brown Units 1 & 2: Natural Gas	236,738 Mcf	1,019	-
A.B. Brown Unit 3: Natural Gas	87,686 Mcf	1,019	13,899
A.B. Brown Unit 3: Oil	3,317 gal	139,000	-
A.B. Brown Unit 4: Natural Gas	339,164 Mcf	1,019	13,285
BAGS* 2: Natural Gas	154,146 Mcf	1,019	15,357
F.B. Culley: Coal	658,535 tons	11,217	10,779
F.B. Culley: Natural Gas	400,651 Mcf	1,019	-
Northeast Turbines (1 & 2): Natural Gas	2,189 Mcf	1,019	24,242
Warrick Unit 4: Coal	451,590 tons	11,490	10,915
Warrick Unit 4: Natural Gas	68,945 Mcf	1,019	-

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 2.22 percent and 2.82 percent, respectively, as a percentage of total available energy for the twelve months ending December 31, 2015.



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 and develops and implements plans to minimize energy consumption. All new utility and corporate facilities and building remodels are designed to meet ENERGY STAR® standards and with the minimization of energy use in mind. Through the implementation of new, relevant vehicle fleet technology, Vectren continuously works toward building a more sustainable fleet with lower overall fuel consumption.

G4-EN6 Energy efficiency initiatives

2015 Facility Improvements

In 2015, the following energy improvements were made to Vectren facilities:

- Replaced chiller number 2 (installed in 1991) at the Norman P. Wagner building
- Tinted windows at the Evansville, Indiana, fleet garage to reduce heat transfer
- Replaced the water pressurization pumps at the corporate headquarters building with more efficient sequencing pumps
- Replaced the Vincennes, Indiana, storage facility with an ENERGY STAR®-compliant building
- Moved the Lafayette, Indiana, location from a leased space to a remodeled building in compliance with ENERGY STAR® standards

2015 Fleet Upgrades

In 2015, the following efficiency upgrades were made to Vectren's vehicle fleet:

- Replaced 63 fleet assets with E85 Flex Fuel vehicles
- Purchased one (1) Chevrolet Volt (plug-in electric hybrid)
- Replaced 13 diesel trucks with Bio-Diesel (B20) capable trucks

G4-EN7 Reductions in energy requirements of products and services

As a result of the turbine enhancements which took place between 2012 and 2013, the A.B. Brown generating facility in Mt. Vernon, Indiana, achieved an increase in efficiency greater than five percent.

Between 2012 and 2013, Vectren installed dense pack technology and other improvements on both of its coal-fired units at the A.B. Brown power plant in Mount Vernon, Indiana. The dense pack technology adds density to the turbine which enables it to generate the same amount of electricity while burning less coal. A reduction in burned coal translates to fewer air emissions released, less coal ash produced and a net decrease in customer cost. This technology has also been successfully implemented on Warrick Unit 4, which is a 300-megawatt unit located near Vectren's F.B. Culley generating facility in Warrick County, Indiana, and jointly owned with Alcoa.

G4-EN8 Water usage

See the following table. 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 water temperature and flow data.



Surface & Ground Water Usage (2015)

	Surface Water*	Ground Water
A.B. Brown	2,177.50 million gal.	123.70 million gal.
F.B. Culley	58,303.26 million gal.	129.03 million gal.
Total	60,480.76 million gal.	252.73 million gal.

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

G4-EN10 Water recycling and reuse

Water Recycling & Reuse (2015)

	Water Recycled or Reused
A.B. Brown	142,953.48 million gal.
F.B. Culley	0.32 million gal.
Total	142,953.80 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

Annual System Emissions (2014-2015)

	2014 (Tons)	2015 (Tons)
Sulfur Oxide (SO _x)	14,618	12,894
Nitrogen Oxide (NO _x)	5,773	4,639
Particulate Matter (PM)*	232	219
Total	20,623	17,752

* 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 on pages 34 and 35, respectively.

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.

- 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 gas utility service territories;
- Implementing conservation and demand side management initiatives in our electric service territory;
- Adding to our 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 the EPA via the Clean Air Market Division. Natural gas peaking turbine emissions 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 (2015)

	Metric Tons of CO ₂
Electric Generation	7,046,432
Natural Gas LDC Operations	256,451
Total	7,302,883

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 our Energy Delivery business, the gas distribution operations collect unused and expired natural gas pipeline for plastic recycling. In our Power Supply business, the generating facilities have recycled more than 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, the 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 efforts 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 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 (2015)

Amount Discharged	
A.B. Brown Planned Discharge	585.74 million gal.
A.B. Brown Unplanned Discharge	21.26 million gal.
F.B. Culley Planned Discharge	59,055.20 million gal.
Total	59,662.20 million gal.
<small>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.</small>	

G4-EN23 Total weight of waste

See following tables. In 2015, Vectren recycled approximately 80 percent of all waste generated.

Waste Generated (2015)

Pounds Generated	
Non-Hazardous Waste	297,885,089 (148,942.54 Tons)
Hazardous Waste	3,223 (1.61 Tons)
Recycled Waste	1,152,893,829 (576,446.91 Tons)
Total Waste	1,450,782,141 (725,391.06 Tons)
<i>% of Waste Recycled</i>	<i>80%</i>

Recycling Totals By Type Of Waste (2015)

Pounds Recycled	
Paper	322,422 (161.21 Tons)
Aluminum	27,238 (13.62 Tons)
Plastic	48,232 (24.12 Tons)
Cardboard	213,872 (106.94 Tons)
Fly Ash	286,298,000 (143,149.00 Tons)
Gypsum	864,068,000 (432,034.00 Tons)
Universal Waste (Lamps, Ballasts and Batteries)	8,234 (4.12 Tons)
Electronics	15,317 (7.66 Tons)
Scrap Metals	668,785 (334.39 Tons)
Transformers	417,904 (208.95 Tons)
Oil/Glycol	70,552 (35.28 Tons)
Industrial Plastics	108,153 (54.08 Tons)
Wood Pallets and Reels	124,120 (62.06 Tons)
Tree Trimmings	492,000 (246.00 Tons)
Automotive Batteries	9,900 (4.95 Tons)
Misc. Office Items	1,100 (0.55 Tons)
Total	1,152,893,829 (576,446.93 Tons)



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 its facilities and carries its 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 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 Environmental indicator G4-EN23, page 35, 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 our 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 (2015)

Expenditure Type	Expenditure Amount
Manufactured Gas Plant (MGP) Remediation	\$379,645
Air Protection Expenditures	\$45,356,041
Waste and Water Expenditures	\$15,806,866
Total 2015 Environmental Protection Investment	\$61,542,552



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 it operates, Vectren understands investing in its workforce is critical to future success. We know great companies are made up of great people and we are 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 is devoted to preserving a culture of health and wellness for all of our employees by offering programs and services to support their physical and emotional well-being. Vectren understands the physical and mental demands placed on its workforce and promotes a positive work-life balance by offering paid holidays, vacation days and paid time off for approved volunteer projects.

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 offers a 401(k) Savings Plan to current and newly-hired 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 and interactive tools and educational resources that address life and work issues. The program can help with family support, substance abuse, counseling services, relationships and financial and legal advice. The EAP is available around the clock to assist employees with everyday challenges or more serious complex problems.

Vectren offers numerous established wellness programs to employees. Wellness program participation is high and continues to increase due to a variety of factors: upper management involvement and support; two onsite health and wellness centers staffed with a physician, nurse practitioners, licensed practical nurses, wellness nurse, health specialist, health coach and a dietician; 24-hour phone access to a registered nurse; an established wellness committee with Wellness Champions that promote the programs and services and incentives for health achievements; and participation in programs. Additional services available to our employees include an online tool which analyzes local healthcare options and prices and a service which offers a second opinion on current diagnoses and treatment plans from expert doctors at no cost. Nursing mothers at each of our Evansville locations can utilize a special room equipped with a hospital-grade pump and assorted supplies.



We offer onsite biometric screenings, influenza vaccinations and online health risk appraisals to both employees and spouses. Vectren's annual Wellness Fair allows employees to have a mid-year biometric screening which includes cholesterol, blood pressure, blood sugar, tobacco usage and body mass index (BMI) checks. A specialty screening, including EKGs, men's and women's exams and screenings for hearing, vision and colon cancer, is offered monthly or bi-monthly.

An extensive online wellness portal with exercise and calorie trackers, health articles and various behavior modification courses on topics such as weight loss, nutrition, exercise, tobacco cessation, stress management and alcohol abuse is available to help employees reach their health goals. A 14-week lifestyle modification program to lose weight and an 8-week program to quit smoking are also available via the wellness portal.

Lunchtime webinars focusing on important wellness topics are offered as well as healthy cooking classes and nutrition stations for food sampling. Our exercise and self-defense classes, wellness walks and basketball leagues help employees stay active. Annual challenges such as the *Biggest Loser* contest, a pedometer challenge and the *Get Down* campaign entice employees to focus on wellness. Each month, Vectren recognizes an employee who has overcome a health challenge or maintained a healthy lifestyle.

Vectren's approach to health and wellness continues to drive positive lifestyle changes as evidenced by our biometric screening results.

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 with coaching which provides 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 of global impact 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 which enable cross-functional process mapping, root cause analysis and structured problem solving so issues can be addressed by those involved with the work.

Safety – Communication

Based on feedback from the safety culture advisory team and the results of a safety culture assessment completed in Q4 2013, we decided to focus our attention on improving communication and employee recognition in 2015. We communicate concise, relevant content more frequently and leverage technology to its fullest potential in order to reach all employees.

Safety – Engagement

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 (2013-2015)

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



New Employee Hires By Age (2013-2015)

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

New Employee Minority Hires (2013-2015)

	2013	2014	2015
Total Minority External Hires	27	32	42
Total Minority External Hires (% of total)	23.9%	20.3%	19.6%

Turnover (2013-2015)

	2013	2014	2015
Voluntary Separations	103	136	120
– Voluntary Retirements	64	74	52
– Voluntary Resignations	39	62	68
Involuntary Separations	17	22	15
Total Separations (Voluntary and Involuntary)	120	158	135
Total Minority Separations (Voluntary and Involuntary)	18	18	24

Retirements & Resignations By Gender (2013-2015)

	2013	2014	2015
Retirements	64	74	52
– Male Retirements	57	65	38
– Female Retirements	7	9	14
Resignations	39	62	68
– Male Resignations	16	30	41
– Female Resignations	23	32	27



Retirements & Resignations By Age (2013-2015)

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

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 *Our Benefits* page (https://www.vectren.com/Corporate/Careers/Our_Benefits.jsp) on Vectren.com for information on employee benefits.

G4-EU15 Employees eligible for retirement

As of December 31, 2015, 477 employees were eligible for retirement (age 55 and 10 years of service).

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 seek to continually improve our 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, every Vectren employee is responsible for making 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.

As a result of leadership, education and the pursuit of continuous improvement, Vectren received the 2015 AGA Safety Achievement Award for excellence in employee safety.



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

Vectren emphasizes a commitment to safety across all 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 Occupational Safety and Health Administration (OSHA) recordkeeping standard 29CFR1904. Please see Part 1904 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 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 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/or 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 following chart:

OSHA Recordables & Rate (2015)

Group/Location	OSHA Recordables	OSHA Rate
Energy Delivery	28	3.22
Power Supply	1	0.50
Utility Support	1	0.27
Corporate	0	0
Total	30	1.71

Injury Rate for Independent Contractors

A portion of Injury Rate data for independent contractors is tracked by Metro Indianapolis Coalition for Construction Safety, Inc. (MICCS), 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.



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.

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 (2015)

Group/Location	DART Rate	DART Severity Rate
Energy Delivery	1.61	71.55
Power Supply	0.5	18.03
Utility Support	0	0
Corporate	0	0
Total	0.86	37.62

Vectren received the 2015 AGA Safety Achievement Award for excellence in employee safety.

Absentee Rate

Employee absenteeism is included in the following chart:

Absenteeism (2015)

Group/Location	Work Hours
Energy Delivery	21,300.08
Power Supply	7,487.40
Utility Support	28,802.83
Corporate	10,254.28
Total	67,844.59

Figures in chart reflect hours absent due to a non-work related illness or injury.

Fatalities

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

G4-LA7 Workers with high incidence or high risk of diseases related to their occupation

Vectren is devoted to preserving a culture of health and wellness for all of our employees by offering programs and services to support their physical and emotional well-being. Vectren understands the physical and mental demands placed on our workforce and promotes a positive work-life balance by offering paid holidays, vacation days and paid time off for approved volunteer projects.

Health & Wellness Resources

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.

For more about Vectren's employee health and wellness resources, please see response to Labor Practices DMA: Employment on page 37. 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.



Wellness Awards

Vectren was awarded the American Heart Association's Fit Friendly Platinum award in April 2016 and the Gold Wellness Council of America (WELCOA) "Well Workplace" Award in May 2014. In October 2015, Vectren was honored with a Five 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.

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

Six percent of all topics covered in formal labor agreements are related to safety, including:

- 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 our employees have the knowledge and skills necessary to perform their work safely and efficiently. Training is a requirement for all field employees. Through training, our field employees acquire the knowledge and skills required to perform their job functions, improve upon existing knowledge and skills and capitalize on increased efficiencies.

Vectren's technical training department develops, instructs and coordinates job-specific training and qualifications. Training and qualifications include the process of designing, constructing, operating and maintaining our gas and electric infrastructure. 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 material is reviewed on an annual basis. The training department continuously monitors triggers which require additional reviews of the OQ program and/or training material. These triggers include modifications to our policies or procedures, changes in state or federal regulations, individual performance problems, use of new equipment and/or technology and new information from equipment or product manufacturers. Our training and development review process promotes a safer and more efficient work environment.

Technical training is conducted in two centralized training locations; the Evansville, Indiana, location for electric operations and the Franklin, Indiana, location for gas operations. Training is also provided at each of our operating centers, as needed.

To meet Vectren's employment qualifications, employees demonstrate mastery of the job-related competencies learned by passing all required performance assessments, which are pass/fail. Field employees receive initial training through their apprenticeships and maintain qualifications through subsequent training. The apprenticeship programs at Vectren range from three to four years depending on the job classification.

Vectren currently has 122 apprentices enrolled, with plans to hire 16 additional apprentices in 2016. Total headcount for field employees in 2015 was 494.

G4-LA9 Average training hours per year per employee

Vectren employees recorded 27,693 safety training hours and 49,162 technical training hours in 2015. Training hours are not currently tracked by gender or employee category.



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 learning portal.

Career Paths is an online tool which helps employees identify personal development strategies and define clear and realistic paths for achieving career objectives. This tool provides an understanding of the competencies and experience required for each position and illustrates potential moves between various positions within a business unit as well as transitions to other relevant business units.

Vectren believes managing employee talent through a competency-based model is vital to sustaining an effective workforce. We have identified core competencies which are expected of all employees. Built upon this core are job-specific competencies and competencies specific to the business unit. Identifying these competencies enables us to strategically recruit, plan for succession and identify developmental needs.

Please see the *Careers* page https://www.vectren.com/Corporate/Careers/Careers_Home.jsp 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

All non-bargaining employees receive an evaluation of their skills and/or performance on an annual basis. Beginning in 2014, Vectren transitioned to quarterly feedback sessions which lead up to the annual performance review.

DIVERSITY & EQUAL OPPORTUNITY

G4-DMA Diversity and equal opportunity

Vectren is committed to promoting and fostering equal opportunities in all areas of the organization. We believe diversity and inclusion is a fundamental and indispensable objective which strengthens our company by maximizing the potential of all of our colleagues. We have developed and launched initiatives which go beyond compliance with equal opportunity laws and affirmative action to achieve our goal of being a leader in diversity, inclusion and human equity. Human equity is the optimization of all the intangible assets that people bring to their jobs to maximize their engagement and realize their full potential. By including language in our corporate plan focused on diversity and inclusion, the entire organization is held accountable for helping achieve our goal of being a recognized leader.

Our senior executives are involved in the planning, implementation and monitoring of our diversity and inclusion strategies. These strategies include strengthening our culture of inclusiveness and transitioning to a human equity model, maintaining a recruiting pipeline filled with talented candidates of various ethnicities, ages and backgrounds and providing diversity training to all employees. We continue to build our employees' knowledge of diversity and inclusion by publishing relevant articles in a monthly newsletter, hosting diversity and inclusion fairs and maintaining an active Diversity Action Council (DAC). In 2015, we expanded our DAC to include Ambassadors that assist the DAC build a culture of inclusion through helping implement diversity and inclusion strategies and supporting events, activities and programs within the organization. The Board of Directors receives a biannual report on the results of these strategies and provides recommendations.

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, page 21, for breakdowns of the Board of Directors.

Females & Minorities As Percentage Of Workforce (2013-2015)

	2013	2014	2015
Regular Headcount	1,733	1,747	1,823
– % Female	31.0%	30.6%	30.4%
– % Minority	9.7%	10.4%*	10.6%*
* One employee in 2014 and five in 2015 did not specify an ethnicity.			



Gender & Ethnicity As Percentage Of Employee Group (2013-2015)

	2013	2014	2015
Senior Executive (Headcount)	4	6	5
– Senior Executive: % Female	0.0%	16.7%	20.0%
– Senior Executive: % Minority	0.0%	0.0%	0.0%
Vice President/Director (Headcount)	52	50	52
– Vice President/Director: % Female	26.9%	24.0%	26.9%
– Vice President/Director: % Minority	5.8%	6.0%	13.5%
Manager/Supervisor (Headcount)	252	261	279
– Manager/Supervisor: % Female	28.2%	29.1%	28.3%
– Manager/Supervisor: % Minority	7.5%	7.3%	6.1%
Customer Service (Headcount)	133	141	125
– Customer Service: % Female	83.5%	81.6%	82.4%
– Customer Service: % Minority	17.3%	19.9%	24.0%
Office and Clerical (Headcount)	197	158	168
– Office and Clerical: % Female	82.7%	90.5%	90.5%
– Office and Clerical: % Minority	12.2%	14.6%	16.1%
Other Non-Bargaining (Headcount)	436	465	489
– Other Non-Bargaining: % Female	34.2%	33.8%	35.2%
– Other Non-Bargaining: % Minority	10.6%	10.6%	10.3%
Bargaining (Headcount)	659	666	705
– Bargaining: % Female	4.6%	4.7%	4.7%
– Bargaining: % Minority	8.0%	8.9%	8.9%
Regular Headcount	1,733	1,747	1,823
– Regular Headcount: % Female	31.0%	30.6%	30.4%
– Regular Headcount: % Minority	9.7%	10.4%*	10.7%*

* One employee in 2014 and five in 2015 did not specify an ethnicity.

Ethnicity Breakdown As Percentage Of Workforce (2013-2015)

	2013	2014*	2015*
White	90.3%	89.6%	89.3%
Black/African-American	7.1%	7.3%	7.3%
Hispanic/Latino	1.1%	1.1%	1.2%
Asian	0.6%	0.6%	0.7%
American Indian/Alaska Native	0.3%	0.4%	0.3%
Native Hawaiian/Other Pacific Islander	0.1%	0.0%	0.1%
Two or More Races (Not Hispanic or Latino)	0.5%	0.9%	1.2%

* One employee in 2014 and five in 2015 did not specify an ethnicity.



Diversity & Inclusion

Vectren's diversity and inclusion initiatives are led 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 into the organization. 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; and
- 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 OFCCP desk audit and received accolades for its policies, processes and documentation.

Vectren's 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 and diversity surveys help ensure we are building an inclusive culture and diverse workforce.



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.

G4-HR3 Incidents of discrimination and corrective actions taken

Vectren had no substantiated legal claims of discrimination in 2015.



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 approximately 1 percent of pre-tax income (3-year trailing average) to fund the Foundation and corporate contributions. This amount will increase to 1.1 percent in 2016. In 2015, Vectren and the Vectren Foundation contributed \$2.6 million to 328 organizations in three areas of focus: access to and advancement in education; energy conservation and environmental stewardship; and community revitalization & sustainability.

Vectren Foundation Giving (2013-2015)

	2013	2014	2015
Total Vectren Foundation Giving	\$2.3M	\$2.3M	\$2.6M

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 2015, 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

	<u>Organize</u> Build relationships, identify partners	<u>Decide</u> Visioning, working groups, action planning, early actions	<u>Act</u> Action plan, implementation, evaluation
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 38,000 hours (combined on-the-clock and off-the-clock) in 2015. The Vectren Foundation provides matching programs for hours invested by employees as well as contributions made to colleges and universities. These programs accounted for \$30,300 dollars in 2015. Finally, a matching program also exists for contributions to local United Way organizations within Vectren's service territory. The 2015 United Way campaign generated more than \$780,000 in employee giving and Foundation matching.



Employees are also encouraged to engage in leadership positions in the communities we serve. In 2015, 85 Vectren officers, directors and managers held board and committee positions in 182 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

In 2015, three residents (two owners and one non-owner) were displaced as a result of a gas pipeline integrity project.

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 those caused by fires, earthquakes, floods, ice storms, tornadoes, acts of civil unrest or workplace violence, pandemic/infectious disease, 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, drills, tabletop exercises and educational sessions are conducted 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 crisis management and emergency response plans and controls to prevent, detect and respond to physical security and cybersecurity events. These events could include physical attacks, malicious cyber-attacks, data breaches, user errors or other activities which impact operations or disclose sensitive or confidential information.

Vectren has dedicated internal and third-party physical security and cybersecurity teams. Vigilance is maintained with regard to the communication and assessment of physical security and cybersecurity risks. Measures are employed to protect information technology assets, critical infrastructure and our customers' personal information from these threats. Vectren assesses plans and controls when new threats are identified.

ANTI-CORRUPTION

G4-DMA Anti-corruption

The vice president of corporate audit oversees Vectren's ethics program and monitors Vectren'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 of Directors 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 on page 23.
- 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.
- Vendors, suppliers and contractors who transact more than \$1 million with Vectren and our subsidiaries 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 on page 23.
- 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

All employees receive Code of Conduct training as part of new hire orientation. Vectren's intranet provides information related to our Code of Conduct and how to report ethical & code issues. Issues may be reported by contacting a manager, the vice president of corporate audit, the Chair of the Board Audit Committee or anonymously by email or by internet. Any deliberate failure to disclose violations may result in disciplinary action.

Please see response to Society DMA: Anti-corruption above for additional information.



PUBLIC POLICY

G4-SO5 Confirmed incidents of corruption and actions taken

Throughout 2015, nine employees (out of approximately 5,600) were terminated for reasons other than performance. The Corporate Audit department did monitor the completion of nine investigations of allegations made anonymously and/or through the hotline. Upon conclusion of the investigations monitored by Corporate Audit, no confirmed incidents of corruption were identified.

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 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 (EEI), 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-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. For more information, see the *Political Contributions & Reporting* page (https://www.vectren.com/Corporate/Political_Contributions_&_Reporting.jsp) on Vectren.com.

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.

For more information, visit the *Public Safety* page (https://www.vectren.com/Public_Safety/Public_Safety.jsp) on Vectren.com.

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 Council of American Survey Research Organizations (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 services. In 2015, our vendor conducted two studies, speaking with approximately 6,000 customers. The perception survey was given to a random sample of residential, commercial and key accounts, while the contact study was a transaction-based survey used to rate the customer experience for power outages, gas leaks and customer move-ins.

In addition, our market research department conducts approximately 5,000 residential email 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 email addresses.

G4-PR5 Results of surveys measuring customer satisfaction

Vectren is committed to continuously improving the customer experience and 2015 was a successful year for Vectren's Improving Customer Experience (ICE) initiatives. We restructured our customer-facing utility operations into a single organization solely focused on the customer experience and appointed a vice president of customer experience to oversee it. This reorganization represents our commitment to the ICE initiatives.



We value customers' opinions and consistently seek feedback to help shape our customer experience initiatives. Customers are given numerous opportunities through a variety of channels to provide feedback about Vectren and our service(s).

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. When prompted to select a number from 1 to 7 to designate overall satisfaction with Vectren, 76 percent of participants reported being highly satisfied by selecting a "6" or a "7" in 2015. Additionally, 85 percent of customers indicated they 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.). Customer comments are monitored to identify breakdowns in specific processes and reported to managers for follow-up.

In 2015, Vectren subscribed to independent research conducted by firms such as JD Power and Associates, Market Strategies International 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 percent 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 4). 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 4). Vectren funds 30 percent of the total cost of the program. Special payment arrangements are also available.

More than 17,000 customers participated in the Ohio regulated Percentage of Income Payment Plan Plus program. This program allows low-income customers to pay six 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 119 visits to 53 counties served in 2015. 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 \$949,000 has been raised to weatherize 470 homes.

G4-EU27 Residential disconnections for non-payment

Time between disconnection of service and arrangement of payment

- Less than 48 hours: 19,500 customers
- 48 hours to one week: 3,900
- One week to one month: 3,500
- One month to one year: 9,500
- More than one year: 2

Time between arrangement of payment and reconnection of service

- Less than 24 hours: 17,400 customers
- 24 hours to one week: 19,300
- More than one week: 60



G4-EU28 Power outage frequency

In 2015, Vectren recorded a System Average Interruption Frequency Index (SAIFI) of 0.85. 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 2015, Vectren recorded a System Average Interruption Duration Index (SAIDI) score of 70.8. 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, we engage more than 13,000 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 multilingual 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 maintains 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 voluntary effort aimed at increasing transparency among businesses and organizations worldwide. The reporting period for most information is 2015. Data from additional years is provided where appropriate.



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