

Integrated ESG Report

E S G

ENVIRONMENTAL

SOCIAL

GOVERNANCE

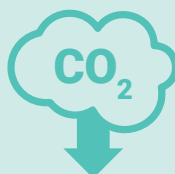
2022
Powering A Better Tomorrow

ESG At-A-Glance

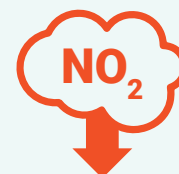
Hoosier Energy acknowledges that you can't manage what you don't measure. At Hoosier, we collect and use our environmental, social and governance (ESG) performance data to measure our progress, identify issues and risks and establish work plans for continuous improvement.

Here are some examples of the type of data we use to evaluate Hoosier Energy's progress against our strategic priorities. Please note all data provided in the ESG portion of the Annual Report is through 2022.

38%
decrease in
CO₂ emissions
since 2005



87%
decrease in
NO₂ emissions
since 2005



30%
decrease in coal
ash generated
in 2022



91%
decrease in
SO₂ emissions
since 2005



33% increase in
gender diversity
among women
member system
CEOs as of
year-end 2022



40%
improvement
in safety
performance
since 2018



As of 2022,
\$178M
in total
patronage credits
given back to
member systems



As of 2022,
renewable
resources comprised
9% of total MWh of
electricity generated



Hoosier Energy & ESG

At Hoosier Energy, we have a unique mission — one rooted in the cooperative principles to serve and pursue innovative solutions that improve the quality of life for our 18-member distribution systems and the communities they represent across southeastern Illinois and southern Indiana. Putting our purpose in action means that Hoosier Energy is building an energy ecosystem that prioritizes reliable, affordable and sustainable solutions while leveraging technology innovation and strong partnerships to create value across our footprint.


Our six Strategic Priorities begin with our people, guiding long-term plans to form a strong foundation for sustainable success. At no other time in modern history has there been a confluence of issues driving uncertainty within the industry, from rapidly rising inflation, ongoing global supply chain disruptions, and shifting policy considerations around generation assets and emerging technology.

Hoosier is part of the critical infrastructure of the communities our members serve, and we take our social responsibility seriously. We know that to deliver reliable and resilient energy solutions, we need to reaffirm our social commitments daily. This begins with building a strong culture in our workplace where our employees look forward to showing up each day so they can deliver on our commitment of safe, reliable and affordable service for our members.

As our nation continues to feel the effects of the pandemic, the labor market has also been impacted. Despite this, Hoosier's employee engagement and retention remained strong. We maintained a competitive workplace, valued by existing employees and sought after by job-seeking candidates. We adapted to the competitive labor market and an increasingly virtual work environment by adjusting our recruitment strategies and reinvesting in employees through more intentional workplace culture activities such as team building, service projects and community outreach opportunities.

Our employees sought to participate in many volunteer programs and charitable activities during the past year, including ongoing involvement with Habitat for Humanity; the Hoosier Energy Endowment Fund, in partnership with the Sullivan County Community Foundation; and support for the American Red Cross, just to name a few. This spirit of caring for each other drives our desire to be living examples of the cooperative principles as we continue to foster a culture of inclusion and belonging across our organization.





At Hoosier Energy, our commitment to operational excellence, superior value, financial discipline and responsible environmental stewardship is woven into every aspect of our business, from the board room to field crews. Our Environmental, Social and Governance (ESG) strategy is simple and straightforward:

- **Maintain a Member-Owner Focus** — Hoosier Energy champions the cooperative model that advances our members and the communities they serve, prioritizing reliability, affordability and the innovative energy solutions our stakeholders have come to expect. Each member cooperative is founded upon democratic values, and we are proud to uphold the democratic process of a one member, one vote election of our members to represent them at Hoosier.
- **Responsibly Manage Energy Transition** — Hoosier Energy is committed to responsible decision making, investment in critical infrastructure, and optimizing its generation portfolio to enhance reliability at affordable rates while supporting the transition to a diverse and cleaner grid.
- **Drive Superior Value for Member-Systems and Customers** — Strong corporate governance and thought leadership provide the foundation for our commitment to operate with the highest level of integrity. The true value of our business is rooted in helping our employees, members and stakeholders forge a strong, resilient, better tomorrow for everyone.

Powering the quality of life for our members and communities also means being a strong corporate citizen. We are extremely proud of the positive impact we have across our footprint. This couldn't be more evident over the last year as Hoosier employees have stepped up and stepped out to support our communities and neighbors.

Hoosier Energy's investment in all of these areas demonstrates how fundamental ESG is to the future success of our organization. At Hoosier, that means leading from the front by creating a culture that is transparent, innovative and intentional to address complex issues for decades to come.

I'm proud to introduce Hoosier Energy's second annual ESG Integrated Report. We look forward to continuing to benchmark our progress in these critically important areas.



DONNA L. WALKER
President and CEO

Introduction

Hoosier Energy, like our counterparts across the energy landscape, is in the midst of the most impactful transformation in modern history. Hoosier is responding to this evolving landscape with a shared vision to address complex issues with cooperative solutions.

This approach, based on the seven cooperative principles, has an eye to the future in which the benefits of this transition are shared by everyone across our footprint.

Execution of our six Strategic Priorities reflects a renewed and progressive approach to stay agile by creating flexibility for membership and finding opportunities to expand the benefits of a cleaner grid through innovative, efficient energy solutions and effective collaboration supporting employee and community development.

2022 marked a year of tremendous uncertainty in the industry. The complex challenges are different and carry significant risks than those which faced our



predecessors. As we continue to navigate through this transition together, Hoosier Energy's commitment to the cooperative principles underpin our approach to ESG and remain central to this journey.

Quantitative Data Disclosure

Hoosier Energy reports ESG performance across multiple platforms, including this report, to provide member systems and stakeholders with an understanding of how we align ESG and our corporate strategic priorities. This is a critical step forward to achieving that goal.

Hoosier's culture of continuous improvement — coupled with our track record of delivering tangible results for our membership — best highlights this shared vision of the future.

Our Integrated Report follows Global Reporting Initiative¹ (GRI) and Sustainability Accounting Standards Board (SASB) guidance to provide a cohesive and comprehensive approach. We remain flexible and open to new approaches as the reporting environment continues to evolve.

For purposes of this report, our data disclosures cover Hoosier Energy's operations, with important historical context, spanning more than 15 years, beginning with 2005 as the baseline for all data. To bring clarity to the tasks in front of us, Hoosier formalized our ESG journey by engaging in the development of a comprehensive pilot program, including a formal materiality assessment, to identify and prioritize the most critical focus areas for Hoosier member systems and stakeholders.

The analysis identified those areas as:

- **Affordability**
- **Air Emissions**
- **Biodiversity**
- **Community Contributions**
- **Data & Cyber Security**
- **Financial Strength**
- **Good Governance**
- **Good Place to Work**
- **Greenhouse Gas Emissions**
- **Portfolio Metrics**
- **Portfolio Strategy**
- **Public Policy**
- **Reliability**
- **Safety**
- **Water Consumption**
- **Waste Production**

¹ The Global Reporting Initiative (GRI) is a recognized international framework for economic, environmental and social performance disclosure.

² The Sustainability Accounting Standards Board (SASB) provides a reporting framework with industry-specific disclosures for sustainability topics.

³ We are committed to correcting and reporting errors in prior-year data when found, and we work to continually improve our data measurement, gathering and reporting processes to increase the integrity of information presented.



We acknowledge these 16 focus areas interact and, in many cases, are interdependent. Hoosier will continue to assess additional opportunities for inclusion in future reports.

By choosing an Integrated Report format and highlighting the link between ESG and financial performance, Hoosier is creating a more complete picture of our progress and the value we generate for our member systems and stakeholders.

Resource Portfolio

Hoosier Energy's resource portfolio, like the industry landscape, continues to transition as we diversify generation scale, types and counterparties to meet load obligations. In 2020, Hoosier Energy's Long Range Resource Plan set in motion a path towards a more dynamic approach to the generation supply.

Our resource strategy includes a combination of thermal and non-thermal assets, in addition to other risk mitigation tactics such as a formal hedging program. Through hedging activities, Hoosier and our partners at ACES and PA Consulting work collaboratively to understand market trends, refine assumptions and make decisions about buying and selling opportunities that protect our position in response to market uncertainty.

Adding additional tools to our toolbox helps Hoosier support a holistic, proactive and strategic approach to decision-making for the generation side of our business. Hoosier Energy's collaboration with ACES helps us to anticipate and quantify the market economic impact around generating capacity so we can better plan the system.

Another aspect of Hoosier's adaptation to the changing energy ecosystem is how we continue to serve commercial and industrial loads given wide-ranging corporate objectives and goals. Hoosier is constantly evaluating potential solutions for new load users. Whether it is employing interruptible contracts to lessen capacity requirements or navigating securitization discussions to ensure Hoosier and its members are protected, Hoosier approaches each unique scenario seeking to both mitigate risk and maintain optionality.

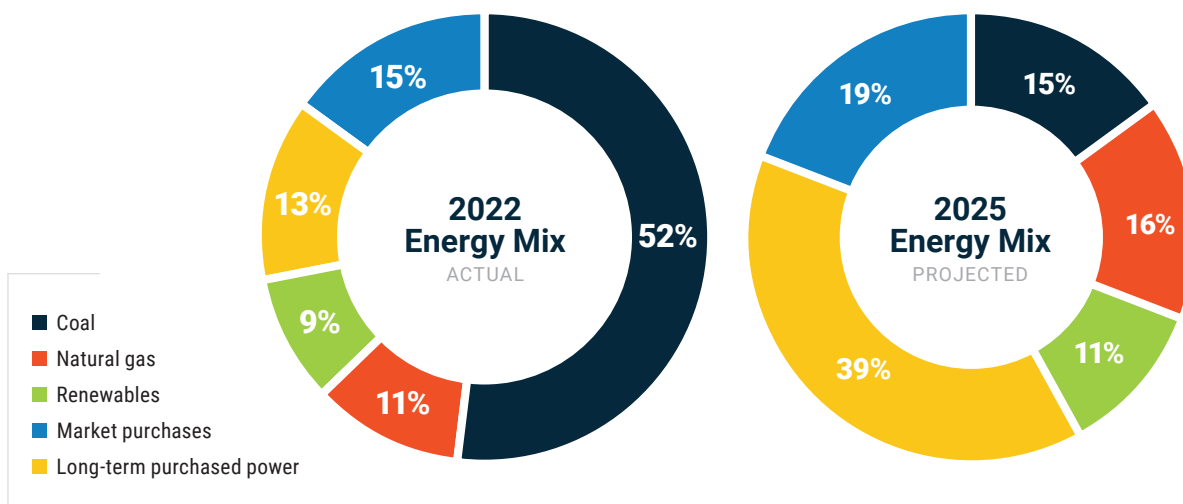
Several years ago, it would have been nearly impossible to predict today's energy landscape. Between the lingering effects of the pandemic economy, rising interest rates, inflation and supply chain disruptions, we find ourselves in unprecedented times that require cooperative solutions. With the increased volatility all around us, Hoosier recognizes its strategies must be flexible and reflect our collective risk tolerance.

During this time of uncertainty, it's important to recognize future areas of opportunities that can support ongoing operational objectives while creating exceptional value and resilience for our members. Meeting member needs in the future means planning for them today.

Opportunities exist for Hoosier to evaluate new avenues of value for our resource portfolio. Programs such as renewable energy credits (RECs), flexible rate design, green tariffs, DSM, energy efficiency and smart thermostats are just a few of the options Hoosier currently employs to help us serve member and customer needs.

Electricity Generated

	2005	2018	2019	2020	2021	2022
Coal	7,956,572	5,867,827	4,597,648	2,585,135	5,271,820	4,252,875
Natural Gas	147,382	661,774	769,379	1,257,902	1,109,636	1,109,409
Hydro	0	0	0	0	0	0
Landfill Gas	0	75,122	94,759	101,911	142,031	74,312
Nuclear	0	0	0	0	0	0
Petroleum	0	0	0	0	0	0
Solar	0	17,560	18,044	16,450	15,016	16,016
Wind	0	0	0	0	0	0
Total Owned/Operated	8,103,954	6,622,283	5,479,830	3,961,398	6,538,503	5,452,612
Total Contracted	3,456,202	2,872,027	3,562,121	5,188,117	3,251,441	4,535,511
Total MWh Generated	11,560,156	9,494,310	9,041,951	9,149,515	9,789,944	9,988,123



Hoosier also recognizes that new technologies offer possibilities to achieve diversity and a reduced carbon footprint. Strategic, cost-effective investments in emerging technologies, beneficial electrification, electric vehicles and battery storage allow for deeper dives into their potential complements to our resource portfolio.

Additionally, by periodically revisiting our Board policies around resources, we are able to stay agile during this time of transition. These governance documents are a key part of how Hoosier can tailor its operational stance for resources.

Drawing upon a combination of owned and contracted assets enables Hoosier to maintain reliability and affordability, while also achieving sustainability objectives. This holistic approach saves members millions of dollars on an annual basis while positioning Hoosier Energy for sustainable success for the future.



ENVIRONMENTAL



Environmental

Being a good steward of the environment means making the right choices.

Hoosier Energy is committed to protecting natural resources and the environment. We invest in low- and zero-emissions generation. We support environmental conservation and research. We engage with environmental and government agencies and local stakeholders. We follow our Board Environmental Policy that includes our strategies to prevent pollution, minimize waste and conserve natural resources and habitats where we operate.

At Hoosier, we respect our public-facing role within the community and take care to balance the needs of member systems with our obligation to future generations, demonstrating environmental stewardship in every aspect of our business strategy. From low and carbon-free energy solutions to a variety of energy efficiency programs and incentives, our near-term renewable energy projects help members and their consumers reduce their emissions and meet clean energy goals.

Businesses and organizations around the globe are becoming increasingly more deliberate about commitments to sustainability. This trend aligns with Hoosier Energy's mission and core values while playing a key role in our long-term strategy as a prudent risk mitigation tool.



Sustainability is rooted in Hoosier's culture and is an essential part of our heritage of delivering forward-looking, innovative solutions to help transform our footprint across southeastern Illinois and southern Indiana. From our beginnings in 1949, we built a framework to support growing needs for our members, produced electricity and created transmission infrastructure to bring the first electricity to rural and insular communities.

Since that time, the core focus of Hoosier's DNA has propelled us forward: our people and communities, and a focus on innovation.

Today, Hoosier Energy is recognized as a thought leader. We are among the first cooperatives to take intentional and transparent efforts to decrease carbon emissions while responsibly delivering reliable, affordable energy that our members expect and deserve. Our diverse and flexible resource portfolio is a game changer among cooperatives.

Renewable energy and emerging technologies play key roles in Hoosier's future. Our partnerships with DeLorean, for example, are accelerating the adoption of smart technologies to support customer demand.

	2005	2018	2019	2020	2021	2022
GHG Emissions: Carbon Dioxide (CO₂)						
Total Owned Generation CO₂ Emissions (metric tons)	7,992,995	6,916,203	5,860,341	4,212,052	6,671,785	4,993,654

Since 2005, Hoosier Energy has reduced carbon emissions by over 64%. Our reductions are attributable to the responsible and safe transition of our generation fleet over time to more diverse and economic resources. Hoosier Energy remains committed to balancing the pace of change with costs to our member systems, reliability, sustainability and innovation.

Nitrogen Oxides (NO_x) 2022 87% Reduction Since '05						
Total NO_x Emissions (metric tons)	11,646	1,842	1,485	963	1,890	1,470
Sulfur Dioxide (SO₂) 91% Reduction Since '05						
Total SO₂ Emissions (metric tons)	32,608	3,508	2,698	1,503	3,566	2,947
Mercury (Hg)						
Total Hg Emissions (kilograms)	No data	10	10	10	20	13
Particulate Matter (PM₁₀)						
Total PM Emissions (micro grams/cubic meter)	489	89	79	76	127	104
Waste Management						
Total Coal Combustion Residuals (CCRs) Generated (metric tons)	No data	772,859	583,066	249,400	626,752	511,195
% CCRs recycled	No data	12.5% recycled	10.6% recycled	17.5% recycled	9.24% recycled	13% recycled

We believe the best way to deliver environmental value is by minimizing our waste footprint. This begins with reducing the amount of waste we generate and then finding opportunities to reuse and recycle materials. Hoosier Energy provides documented training to employees to ensure that hazardous waste is properly identified, stored and disposed or recycled. All aspects of waste management are validated through facility environmental audits that include records review, site inspection and personnel interviews.

Hoosier's Environmental Services Department oversees the hazardous waste Resource Conservation and Recovery Act (RCRA) program and U.S. Department of Transportation HAZMAT requirements for the company. This includes annual training for staff, submittal of annual reports, on-site audits, spill response and mitigation.

Water Consumption (1000 cubic meters)	895	1,048	1,182	1,270	4,327	3,684
Water Withdrawal	895	1,201	1,318	1,478	7,467	6,191

Water resources are an essential component to Hoosier Energy's reliable operation of its generation resources. Hoosier is steadfast in its commitment to responsible water management, conservation and compliance with all local, state and federal laws and regulations. To ensure sustainable access to water, Hoosier Energy is an active steward of sourcing, using and managing this critical resource in the communities in which we operate.

Hoosier does not withdraw or consume water within a high or extremely high baseline water stress area. In low or moderate stress areas, water consumed for each facility is either a 1:1 match, or less than quantities withdrawn. Additionally, to provide educational support to the local area, Hoosier Energy launched the Environmental Education Center which sits on the grounds of the Turtle Creek Reservoir. The center has a large classroom/laboratory available to educators, scouting groups and others with an interest in science, energy, and the environment.

The 1,550-acre reservoir serves as a source of cooling water for Merom Generating Station and boasts one of the best fishing and waterfowl hunting recreational spots open to the public in Indiana. For the fishing enthusiast, Turtle Creek Reservoir is stocked with bluegill, red-ear sunfish, largemouth bass, and channel catfish. For the waterfowl hunter, Turtle Creek provides in-season goose and duck hunting.

Biodiversity

At Hoosier Energy, environmental stewardship includes significant measures for habitat and wildlife protection. Before Hoosier sites an operating or transmission facility, we ensure we understand the local ecosystem and what it takes to be a partner in its preservation. We carefully consider the presence of any endangered species, as well as significant wildlife corridors, wetlands or other critical ecological areas.

We strive to minimize and mitigate the impact of our projects, and we monitor potential impacts to biodiversity throughout its lifecycle. In addition to following all federal and state regulations, Hoosier voluntarily adheres to several policies and programs to protect threatened and endangered species.

To protect those areas of high biodiversity, Hoosier Energy maintains an Operation and Maintenance Agreement with the U.S. Forest Service on the permitted right-of-way within the Hoosier National Forest. This is a 50-year permit in effect through 2067.

We are proud to be a recent recipient of a Certificate of Inclusion for the U.S. Fish and Wildlife Service Nationwide Candidate Conservation





Agreement with Assurances (CCAA) for the Monarch Butterfly. The CCAA was developed along with consideration for listing under the Endangered Species Act for the Monarch and focuses on vegetation management practices encouraging habitat maintenance and development.

Hoosier has a unique opportunity to play a vital role in the species' conservation through this agreement and is one of the first cooperatives in the country to join the CCAA. Additionally, the NRECA has called upon Hoosier to be a model for co-ops considering the agreement and has been asked to participate in presentations and question/answer sessions to encourage involvement. The CCAA is associated with the Enhancement of Survival Permit issued to the University of Illinois-Chicago (UIC), which serves as the program administrator.

Restoration and habitat development will remain a priority for our infrastructure projects.

Reliability

A reliable and resilient transmission system is at the heart of Hoosier Energy's operations, and we take advantage of technology to improve upon our consistent and dependable reliability metrics. As communities across Hoosier's footprint grow, we are charged with maintaining and expanding the transmission system to accommodate the energy needs of our member systems.

With 1,730 miles of transmission lines, 28 transmission substations and approximately 250 distribution substations, Hoosier remains vigilant to replace and upgrade aging infrastructure to increase safety, maintain reliability and position our cooperative to meet future power and technology needs.

Hoosier's transmission reliability and performance metrics are the result of continuous due diligence, sound maintenance and operation practices, the inclusion of advanced technology, and improved protection systems.



	2005	2018	2019	2020	2021	2022
(1) System Average Interruption Duration Index (SAIDI)	No data available	SAIDI – 62 SAIFI – 0.80	SAIDI – 69 SAIFI – 0.86	SAIDI – 89.3 SAIFI – 0.79	SAIDI – 38.5 SAIFI – 0.63	SAIDI – 44.1 SAIFI – 0.91
(2) System Average Interruption Frequency Index (SAIFI)		CAIDI – 77.5 Incidents attributable to severe spring thunderstorms and extensive ice collection	CAIDI – 80.2 Incident(s) attributable to tornado outbreak	CAIDI – 113 Incident attributable to severe thunderstorm	CAIDI – 61.1	CAIDI – 48.5
(3) Customer Average Interruption Duration Index (CAIDI) (minutes)						

Beneficial Electrification

Beneficial Electrification is the application of electricity to end-use equipment and systems where doing so satisfies at least one of the following conditions, without adversely affecting the others:

1. Saves consumers money over time
2. Benefits the environment and reduces greenhouse gas emissions
3. Improves product quality or consumer quality of life
4. Fosters a more robust and resilient grid

Hoosier Energy, in cooperation with the Beneficial Electrification League and Wabash Valley Power Alliance, hosted Electrify Indiana in 2022, an event showcasing Beneficial Electrification and its opportunities and challenges. The event drew more than 300 industry leaders, policy makers and technology experts and featured 23 exhibitors, showcasing the many benefits and applications of electrification.

Representatives from both cooperative and investor-owned utilities participated in panels and attendance.

Environmental stakeholders included the National Resource Defense Council (NRDC) and government entities included the Indiana Department of Environmental Management (IDEM) and Indiana Office of Energy Development (OED).

The combination of stakeholders brought diversity, expertise and new ideas to the utility-focused conference. Topics included emerging technologies in electric vehicles, energy storage systems, electric school busses, off-peak grid strategies and policy overviews.

Electrify Indiana accelerated Indiana and Hoosier Energy's drive to sustainable beneficial electrification research, pilots, and programs for its member-consumers:

Completing its first full Market Potential Study since 2016, Hoosier Energy dove deeper into residential, transportation and commercial electrification data to help us prepare for our Long-Term Resource Plan.

Hoosier recently teamed up with its member cooperatives to also continue its exploration of waste-heat recovery research for southern Indiana poultry farmers.



Supporting grid reliability and resiliency, Hoosier paired its research in beneficial electrification to develop the newest initiative within our Cooperative Power Management Program, a load modifying resource (LMR) service for large commercial and industrial consumers.

Hoosier recently expanded its Connect to Save pilot program to three member cooperatives, allowing consumers to earn incentives by connecting their smart thermostats and using less energy during peak usage hours.

These are just a few examples of Beneficial Electrification in practice at Hoosier Energy. Given the significant transition underway, we view this to be an optimal time to holistically examine the energy landscape. Hoosier's measured approach will rely on both research and direct experience in order to identify tangible opportunities.

By empowering our members and their consumers with the knowledge to make responsible decisions, Hoosier Energy is supporting the increase in electrification and efficiency throughout our service territory.





Social

Our commitment to care for each other shapes how we operate. People come first.

As we take action to move into an exciting future — from a more diversified resource portfolio to understanding the needs of our workforce — we are dedicated to making sure all feel welcome at Hoosier. We strive to power a better tomorrow for our employees, members and community partners, while continuing to earn trust and succeed as an organization.

First and foremost, we prioritize health and safety. Hoosier is committed to delivering the highest level of safety through our Safe By Choice initiative and by offering a vast array of no-cost wellness programs to our employees.

Our commitment to care for each other and our communities is more than just a cooperative principle. It is woven into the fabric of Hoosier's culture. We demonstrate this commitment with our actions, building our culture through training, awareness and strong talent pipelines, developing and honing programs that protect our employees and members.

Support to our members across southeastern Illinois and southern Indiana is at the core of Hoosier's mission. Our members are often the closest and most appropriate entity to provide support to the communities served by Hoosier. We collaborate with our member systems to assist dozens of organizations and causes, contributing to locally identified needs while helping build the capacity that sustains quality of life in rural communities.

SOCIAL



Our efforts come in many forms, from direct monetary and physical donations during the holidays to supporting Habitat for Humanity with volunteers during its annual Women's Build to providing educational scholarships to rural youth.

Hoosier Energy's commitment to our member systems and the communities they serve reflects our belief that people are our greatest asset. Our positive impact in member communities includes maintaining assets and facilities that support employment while also prioritizing the health and well-being of our employees as the lifeblood of our organization.

Hoosier Energy is built to serve, powering a better tomorrow alongside our members.

Health, Safety & Human Resources

	2005	2018	2019	2020	2021	2022
Total Number of Employees	432	441	436	415	406	278
Total Number on Board of Directors	17	18	18	18	18	18
Total Number of Women on Board of Directors	0	2	2	2	2	2
Total Number of Female Member System CEOs	0	1	1	3	3	3
% employees by gender and age	No data available	—	—	Senior mgmt.: 89% male 11% female – Under 30: 0% – 30-50: 44% – 50+: 56% Middle mgmt.: 91% male 9% female – Under 30: 3% – 30-50: 48.5% – 50+: 48.5% Individual contributors: 83.9% male 16.1% female – Under 30: 7.3% – 30-50: 50.5% – 50+: 42.2%	Senior mgmt.: 90% male 10% female – Under 30: 0% – 30-50: 40% – 50+: 60% Middle Mgmt.: 83% male 17% female – Under 30: 0% – 30-50: 46% – 50+: 54% Individual contributors: 86% male 14% female – Under 30: 3.4% – 30-50: 52% – 50+: 44.5%	Senior mgmt.: 80% male 20% female – Under 30: 0% – 30-50: 55% – 50+: 45% Middle mgmt.: 86% male 14% female – Under 30: 0% – 30-50: 60% – 50+: 40% Individual contributors: 80% male 20% female – Under 30: 3.7% – 30-50: 58.5% – 50+: 37.8%
Total number of incidents of discrimination resulting in review or implementation of remediation plans	0	0	0	0	0	0
Total number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety resulting in a warning, fine, or penalties	0	0	0	0	0	0
Employee fatalities	0	0	0	0	0	0
Recordable work-related injuries (excluding fatalities)	No data available	8	7	4	6	5

Hoosier Energy's employees are our most valuable asset. We encourage an open, collaborative and inclusive work environment that reflects the seven cooperative principles. We craft our compensation packages to attract and retain the best and brightest talent. We foster employee development by offering leadership development, a variety of training opportunities and educational incentives, including on-the-job training/apprenticeships, tuition reimbursements, internships, and more.

Hoosier believes that for employees to be successful, they need a positive environment that feels safe and welcoming.



IBEW PARTNERSHIP

At Hoosier Energy, 28% of our workforce is represented by a collective bargaining agreement with IBEW 1393. Our partnership with this union goes back more than 50 years and forms the backbone of Hoosier Energy and our ability to successfully serve our members.

We have a long-standing culture that acknowledges and works with employee representatives. Hoosier ensures representation of bargaining employees in everything we do to promote the highest quality work and best practices for health and safety.

At Hoosier, we seek to build bridges, creating common ground to strengthen trust and engagement between all employees.

Investing In Our Employees

Hoosier Energy has a robust culture that promotes personal growth and professional development to support the workforce of the future. At Hoosier, people are at the center of everything we do.

To better support our workforce, we are on a focused multi-year journey to evolve our culture and make Hoosier an even better place to work. That means building a culture that values continuous improvement, inclusion, continuing to focus on safety, and providing additional employee support to enhance well-being.

We believe in lifelong learning and encourage employees to expand their capabilities and enhance their career potential through onsite training, tuition assistance and professional events:

- **Tuition Assistance** — Hoosier Energy employees may be reimbursed for up to 18 university credit hours per calendar year, or for non-university coursework, the cash equivalent. Tuition is reimbursed after satisfactory completion of the course with a C or better grade. This benefit is given to employees who desire job or industry-related education and/or professional certifications.
- **Indiana State University Partnership** — Hoosier Energy and Indiana State University partnered to create a Certificate in Emerging Energy Technology program, aimed specifically at retraining Hoosier Energy employees interested in obtaining fundamental skills to pursue jobs in the electric transmission and distribution field.
- **The undergraduate, work-based certificate program** — consisting of six online courses and a hands-on lab—is designed to teach fundamental skills in electric transmission metering, protection systems and field communications, areas in which skilled workers are in high demand throughout the utility industry. The program can be completed in one year and is offered fully online to best meet the needs of working professionals.
- **Hoosier Energy Executive Leadership Development (HEELD)** — As a multi-week, action learning based experience in collaboration with Indiana University's Kelley School of Business, HEELD is designed to take high potential contributors to the next level in their professional journey. It is a forward-looking development process for the next generation of future Hoosier and member cooperative leaders.

The program, informed by many years of experience in similar business leadership programs, is uniquely customized for the cooperative experience. The outcome is to build a stronger cooperative system where leaders work together to enhance the ability of their cooperative to accomplish challenging tasks, advancing the business and creating value for members.

2022 was an important milestone in the program as it was the first cohort group to emerge since 2019, just prior to the COVID-19 pandemic. This group — comprised of five member system employees and seven Hoosier employees — focused on continuous improvement through the lens of stakeholder management and information sharing, data governance and technology management.





At Hoosier, we believe that adopting the continuous improvement philosophy is transformative to a workplace culture; it becomes a way of thinking and a way of working for employees. The concept of implementing improvements has always been instinctive at Hoosier Energy — reaching higher, going the extra mile and breaking down silos that impede growth.

We know organizations that achieve the best long-term results have employees who are actively engaged in continuous improvement activities. Hoosier seeks to do whatever we can to leverage our employees' collective capacity for creative problem solving, efficiency and operational excellence to foster our growth an organization today, tomorrow and into the future.

Safety

At Hoosier Energy, commitment to and responsibility for safety is shared across all work areas. This approach is strategic, practical and founded upon best industry practices, recognizing that hazards within each department may be different.

Hoosier believes the people closest to the work are the most familiar with the execution and consequential risks associated with it. We regularly educate our entire workforce on safety risks through training, team meetings and ongoing communications, and we share best practices for risk mitigation between and among departments.

Employees perform job safety analysis hazard assessments at each work location to identify risks and mitigation strategies. These routine, periodic assessments and inspections ensure corrective measures are developed for newly identified hazards. Hoosier also benefits from safety committees made up of both bargaining and non-bargaining employees, as well as an Executive Safety Steering Committee that reviews and addresses work related injury risks.

We take our responsibility for the health and safety of all employees very seriously. Top priorities include addressing issues such as stress management, mental health and functional movement. We also help our employees prevent acute or chronic health issues through steps that can be integrated into their daily work routine.

Key safety leadership development and coworker engagement initiatives include:

- **Safe By Choice** — Through our “Safe By Choice” safety culture initiative, we work to educate our employees on dangers in the workplace and provide them with parameters and rules of conduct that help keep them safe. The Safe By Choice program was introduced throughout all of Hoosier Energy in 2016.
- **Safety Culture Survey** — In 2015, Hoosier Energy teamed up with NRECA to develop a Safety Culture Survey to review the effectiveness of our occupational health practices and identify opportunities for improvement. Responses from employees allow Hoosier Energy to refine our objectives, creating a road map for the future. The survey is conducted every three years.
- **Hoosier Energy Apprenticeship, Training and Safety (HEATS) Program** — Celebrating 47 years, the HEATS program was initially formed to address safety issues and training for co-op employees. The program has evolved to require Line, Meter and Substation indentured apprentices to complete 576 hours of classroom instruction and 8,000 hours of on-the-job training. Indentured graduates also take four college-level courses to earn an Associates of Applied Sciences degree from Ivy Tech.

With the opening of the Franklin Training Center in 2003, the HEATS program expanded its reach to industry workers across Indiana. In 2019, based on requests and input from member systems, a new class was offered — Member Service Representatives (MSR) HEATS program for both member systems and Hoosier Energy employees. The framework for the MSR HEATS class is approved by the Indiana Department of Labor. At the end of this 2.5-year program, participants are awarded an apprenticeship certificate.

In 2022, the HEATS program graduated 104 individuals — a large class representing multiple program years due to the COVID-19 pandemic.

- **Safety Training** — Throughout the year, Hoosier requires standard training for all employees. Further, for each senior staff and departmental meeting, the first agenda item is dedicated to a “Safety Moment” and discussion of relevant safety and health hazards. These practices reinforce the importance of a safety culture in our daily work.

At Hoosier Energy, we’re proud of our decades-long record of safe operations. Since 2018, we’ve seen nearly a 40% improvement in safety performance, and we plan to continue improving in these areas.





Strategic Partners

Strategic partnerships and robust stakeholder engagement are critical, value-driven activities that can mitigate risk and create broader visibility during times of uncertainty, including this energy transition. Partnerships often cross professional, geographic and experiential boundaries. While we face common issues, the solutions and paths to success are very complex and require dedicated commitment.

At Hoosier, we know that defining and embedding our corporate purpose and allowing that to drive decisions helps our cooperative stay agile and identify strategic partnerships and engagement opportunities that will yield the greatest value over time, for both Hoosier and our members.

Below are examples of partnerships with routine engagement:

WHO	WHY
Hoosier Energy Employees	Hoosier Energy's strength is our people. The continued commitment of our skilled and talented workforce enables Hoosier to fulfill its mission.
Member Distribution Systems	Hoosier Energy was created to achieve a greater scale and quality of life for the people of southern Indiana and southeastern Illinois. Strong relationships exist to achieve our shared vision for the future.
Peer Utilities, NRECA & Energy Industry Trade Organizations	Hoosier's partnerships with our peers, NRECA and trade organizations are important to the success of rural cooperative model. In Hoosier's 73-years history, we have worked together to power possibilities.
Financial Partners/Lenders/Ratings Agencies	Hoosier Energy is supported from member system revenues, RUS and commercial financing. Hoosier is well positioned to respond to increased interest in Environment, Social and Governance (ESG) and shifting regulatory metrics with our financial partners.
Economic Development Authorities	Hoosier's dedicated economic development team is committed to building relationships with businesses and organizations looking to expand. Our team has intimate knowledge of the communities we serve. We're committed to bringing affordable, reliable and sustainable energy to the businesses who seek to operate in our communities.
NGOs	Non-governmental organizations provide valuable insight and guidance on emerging issues. Hoosier Energy coordinates with multiple social and environmental organizations to develop long-term and balanced energy solutions to issues material to our member systems and the communities they serve.
Commercial & Industrial Partners/Suppliers	By understanding the priorities and interests of commercial partners, Hoosier is able to maintain a competitive advantage in the industry. Our suppliers are diverse and like Hoosier, contribute to the prosperity of the communities served by our membership.
Elected Officials; Federal and State Policymakers	Hoosier is a generation and transmission (G&T) rural electric cooperative focused on strengthening existing relationships and building new partnerships that support the continued success of the Cooperative Model. Key efforts across multiple government agencies advance the rural cooperative voice for regulatory, environmental, emerging technologies, and policy issues.
University & Research Partners	Hoosier partners with universities and other research organizations to identify, research and demonstrate new technologies that have potential to impact the future of energy for Hoosier and our member systems.



Care for Community

As a cooperative, Hoosier Energy values opportunities to serve local needs in support of our member systems. We accomplish this with a focus on four pillars:

1. Education & Workforce Opportunities
2. Health & Well-Being
3. Community Quality of Life
4. Employee Philanthropic Initiatives

The organizations we support are very diverse. For example, Hoosier supports Project Indiana, which enables Indiana's electric co-ops to band together to electrify remote villages in Guatemala and bring not only light, but also community hope, progress, and opportunities.

In 2022, Hoosier proudly partnered with CoBank to provide additional funding for the American Red Cross Home Fires Program. Hoosier and CoBank collectively donated \$20,000.00 to support the program that saves lives and enhances fire safety education and preparedness. To date, the Home Fires program has saved over 1,400 lives and installed 2.4 million alarms nationally.

Our community engagement strategy continues to grow and expand. Below is a representative sample of organizations supported by Hoosier:

- Boys & Girls Clubs of America
- Camp Kilowatt
- Cancer Support Community
- Desert Rose Foundation
- Fairfield Illinois Lions Club
- Florida Disaster relief programs
- Indiana State University Foundation
- Local 4-H organizations
- Local Chambers of Commerce
- Middle Way House
- Monroe County Habitat for Humanity
- Pike County Foundation/Frank Ratts Memorial Fund
- Riley Children's Hospital
- Sullivan County Foundation
- Sullivan County Salvation Army
- Sullivan County Soil and Water Conservation District
- The Nature Conservancy
- Wabash Valley Community Foundation
- United Way of Monroe County

GOVERNANCE

G

Governance

A Democratic History

Strong corporate governance and leadership guides Hoosier Energy's commitment to a sustainable future. One of the key strengths of our business model is that cooperatives are, by their very nature, democratic organizations rooted in the democratic process of a one member, one vote election of their representatives. Our governance structure is critical to driving operational excellence and performance.

Our mission is also different from that of public, investor-owned utilities. We built a governance structure within the organization that provides oversight and perspectives capable of driving progress through transparency. We maintain high ethical standards and are committed to full openness, accountability, and member and stakeholder engagement.

Hoosier Energy is owned by our 18 member systems, and our Board of Directors is appointed by the member systems. These 18 directors gather monthly to make governing decisions for Hoosier based on the seven cooperative principles and the needs of our organization.

Our members systems, not distant shareholders, are the driving force behind our strategy, our business decisions, and our ongoing energy transition.



Member Engagement

Our board ensures that members have a regular, formal opportunity to be equally represented within Hoosier Energy, regardless of the members system's size or location. In addition to an annual meeting, the board conducts a yearly strategic forum featuring in-depth educational sessions to determine strategic priorities accomplished via future company initiatives.

In each of these forums, members have a voice in shaping the future of our cooperative. In unpredictable times, planning through the uncertainty can be a challenge, especially when the industry continues to face unprecedented economic pressures and supply shortages. Hoosier strives to maintain open channels of communication with all our stakeholders, with no assumptions or surprises.

Within the Hoosier Board of Directors are three standing committees:

- **Finance & Audit Committee** — Responsibilities include the 5-year business plan, budget and financial reports/audits, and portfolio investments
- **Employee Relations Committee** — Responsibilities include Hoosier's compensation, benefits and training, and HR plans and programs
- **Operations Committee** — Responsibilities include resource planning, asset management and member services

In addition to the board committee structure, an association of member CEOs provides valuable insight and expertise across a variety of business operations. The Hoosier Energy Managers Association is comprised of all 18 member cooperative CEOs, each serving on assigned working committees:

- **Rates Committee** — Engagement in wholesale rate development, implementation and evaluation
- **Member Services Committee** — Engagement in member-system focused programs, services and educational opportunities offered to member cooperatives
- **Emerging Technology Committee** — Engagement in the research and development of emerging tech, grant opportunities and future grid investments ; includes the Distributed Energy Resources (DER) Strategy Subcommittee comprised of six member system staff and six Hoosier staff who determine DER and EV strategy recommendations.

Through these and other avenues, Hoosier Energy's member systems review and provide input on our performance and share their needs and priorities. This feedback shapes our services and day-to-day business and is helping Hoosier define the modern role of a generation and transmission cooperative.

Financial Integrity & Strength

Hoosier Energy maintains a healthy financial posture to support and manage our operations. At the end of 2022, Hoosier had total assets of approximately \$1.9 billion. Total equity was over \$400 million, or 27% of total capitalization, which is comparable to highly rated peer G&Ts.

Hoosier's wholesale rates continue to be competitive among Hoosier's peers. Financial performance reflects board-approved financial goals, which allow us to maintain A credit ratings with the ability to continue making reliable, affordable, responsible energy decisions.

Enterprise Risk Management

Taking a holistic, organization-wide approach, Hoosier is broadening the lens by which it identifies potential risks while engaging subject matter experts to support ongoing mitigation efforts. This approach, enterprise risk management, will deliver value for members and stakeholders alike and, when coupled with new technologies and expanding business models, deliver positive opportunities.

At its core, value is a function of risk and return, and every decision either increases, preserves or erodes value. It is understood that better decisions come from better data, open communication and strategic intelligence across the evolving landscape. As the energy sector navigates through uncertainty stemming from shifting customer expectations and technological advancements, risk management programs must play a greater strategic role as we embrace the future.

As the electric landscape continues to transition to an energy ecosystem, markets, technology, and regulatory perspectives are critical, but far more complex. Hoosier Energy's cross-functional Risk Advisory Committee (RAC) and Risk Management Committee (RMC) are designed to build and maintain situational awareness and understanding of the industry not only in terms of what, but also how it is changing and where interdependencies exist.

As one of Hoosier's Strategic Priorities, Enterprise Risk Management is intended to provide a 360-degree view of how Hoosier Energy identifies, measures and approaches risk. This process is dynamic and iterative to yield the greatest value to the organization.

Since its inception, the Enterprise Risk Management framework continues to evolve through the strategic planning process to ensure that an intentional and active risk culture is created and maintained across all levels of Hoosier Energy.

The level of risk management maturity varies across industries and across organizations, but Hoosier believes that all organizations need to refresh and strengthen their risk posture to be better prepared for the next "normal." To that end, Hoosier will continue to eliminate information silos, encourage information sharing and work across business and functional divisions to maintain forward-looking, comprehensive taxonomies of the fundamental drivers of risks.



Patronage: How Hoosier Energy Puts Annual Earnings To Use

As a cooperative, Hoosier Energy provides at-cost service to its member systems. Any earnings after operating costs are called margins. Margins, or capital credits, represent investments by members into Hoosier Energy and ensure adequate funds to operate the business. Over time, the Board of Directors may approve retiring capital credits and paying them back to member systems. This practice is called patronage.

Hoosier Energy first returned patronage capital credits to eligible member systems in 2000 and has continued distributions every year since. Patronage retirements and related special bill credits represent the G&T's fiscal stewardship and are tangible evidence of the cooperative difference. At the end of 2022, total Hoosier patronage capital returned to our members was \$178 million.

Public Policy

Complex legislative and regulatory matters impact Hoosier's business regularly, particularly in the areas of portfolio transition and environment management.

Coordinating with Indiana Electric Cooperatives (IEC), the Association of Illinois Electric Cooperatives (AIEC) and NRECA is crucial to ensuring the stability of our business model and, most importantly, our members' interests when addressing public policy.

Hoosier Energy maintains a robust network of relationships across state and federal policymakers and regulatory agencies — as well as with external stakeholders — to educate and raise awareness of rural electric issues and mitigate any potential negative impacts of federal and state policies. Since Hoosier's founding in 1949, our engaged posture has helped to mitigate risk, create opportunities for growth, and ensure a more predictable environment for Hoosier and our member systems.

Navigating Complexity With Cooperation

Hoosier Energy is proud to tell our story as it continues to evolve. The future of this industry is complex and its more important than ever to deliver value, seek operational excellence and continue to provide unmatched professional expertise to our members and stakeholders. The energy ecosystem is evolving, and Hoosier is well-positioned to meet the challenges along this journey, just like we've been doing since 1949.

