



NORTHWEST NATURAL GAS COMPANY

CORPORATE GOVERNANCE STANDARDS

Purpose

The Corporate Governance Standards are intended to provide Northwest Natural Gas Company (the “Company”) and its Board of Directors with guidelines to ensure that business is conducted to serve stakeholders with the highest level of integrity.

Board Responsibilities

The Board is responsible for the oversight of business risk, strategy, the operation of the business and performance evaluation so as to promote the successful long-term performance of the Company. In order to maximize long-term shareholder value, the directors’ primary functions are to:

- Approve core values, core purpose, vision and mission of the Company.
- Establish and maintain an appropriate system of governance for the Board and the Company as a whole.
- Approve and oversee appropriate programs to ensure high ethical standards, adherence to the Company’s own core values and compliance with all applicable laws and the Listing Standards of the New York Stock Exchange.
- Select and evaluate the Chief Executive Officer, and plan for CEO succession.
- Review, approve and monitor the implementation of the Company’s capital budget and review and monitor the Company’s long-range strategic plan and financial plans.
- Monitor and evaluate the Company’s ongoing financial and operational performance.
- Approve and oversee a fair and appropriate compensation program for the Company’s executive officers and employees.
- Review and approve all matters involving the Company’s structure, including acquisitions, dispositions, dissolution, etc.
- Review and, where appropriate, approve financial disclosure and related disclosure controls and procedures.

Board Membership and Leadership

1. Board Leadership

The Board elects the Chairman of the Board. The Board does not have a requirement as to whether the role of Chief Executive Officer should be separate from that of Chairman of the Board, or, if the roles are separate, whether the Chairman should be selected from non-management directors or should be the Chief Executive Officer of the Company. It is the Board's policy that this is a matter to be considered at each time a new Chairman of the Board is selected, based upon the circumstances existing at that time.

The Chairman of the Board, or in the absence of the Chairman of the Board, the Chief Executive Officer, shall preside at all meetings of the Board. In the absence of the Chairman of the Board and the Chief Executive Officer, or when the non-management directors meet in executive session, the Chair of the Board's Governance Committee shall chair the meeting. In the event that none of the Chairman of the Board, the Chief Executive Officer or the Chair of the Board's Governance Committee are present, the Board, by vote of the majority of Board members present at the meeting, whether or not constituting a quorum, shall appoint a non-management independent director to preside at the meeting.

2. Board Size

The Company's Restated Articles of Incorporation provide that the Board shall consist of not less than nine or more than thirteen directors. The Board determines the precise number of directors based on its current composition and requirements.

3. Independence of Board

The Board believes that a substantial majority of its members should meet the Director Independence Standards initially adopted by the Board of Directors on July 24, 2003, as they may be updated from time to time. Such Director Independence Standards are hereby expressly incorporated by reference into these Corporate Governance Standards.

No director may be deemed independent unless the Board affirmatively determines, after due deliberation, that the director has no material relationship with the Company either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company. In each case, the Board shall broadly consider all the relevant facts and circumstances and shall apply its adopted Standards as well as additional qualifications prescribed under the listing standards of the New York Stock Exchange, applicable rules of the Securities and Exchange Commission and applicable state and federal statutes in effect from time to time. The Board will review annually the relationship that each director has with the Company. The identity of the independent directors and the basis for any determination that a

relationship is not material will be published in the Company's annual proxy statement. The Governance Committee reviews compliance with the definition of independence.

The Board believes that the Chief Executive Officer should be the only inside director, except when specifically authorized by the full board due to special circumstances such as pursuant to a Chief Executive Officer succession plan or as part of a transition arrangement resulting from a significant transaction.

Interlocking directorships are generally discouraged, but may be permitted in special circumstances by the independent directors. (An interlocking directorship would occur if a Company officer served on the Board of Company X and an officer of Company X served on the Company's Board.)

4. Former Chief Executive Officers' Board Membership

The Board, at its discretion, may approve the continuing service on the Board of one retired Chief Executive Officer in addition to the active Chief Executive Officer of the Company.

5. Annual Assessments

The Governance Committee oversees the annual assessment of the performance and effectiveness of the Board, including Board committees, and provides the results to the full Board for discussion. In addition, the Governance Committee conducts peer reviews of individual directors prior to the end of their term of office.

6. Membership Criteria and Selection; Majority Vote in Uncontested Election

The Board is responsible for selecting candidates for Board membership and delegates the screening process to the Governance Committee of the Board. The Governance Committee, with recommendations and input from the Chairman of the Board, the Chief Executive Officer and other directors, will evaluate the qualifications of each director candidate in accordance with the Director Selection Criteria established by the Board. Such Director Selection Criteria are hereby expressly incorporated by reference into these Corporate Governance Standards. The Company is committed to establishing and maintaining a professionally and culturally diverse board of directors. "Diversity" in this context includes considerations of geographic location, gender, race and professional background.

The Governance Committee is responsible for recommending to the full Board candidates for election as members of the Board. Following the Board's approval of a candidate, the invitation to join the Board is extended to the candidate on behalf of the Board by the Chair of the Governance Committee, the Chairman of the Board or the Chief Executive Officer.

Any nominee for director in an uncontested election who receives a greater number of votes “withheld” from his or her election than votes “for” such election shall tender his or her resignation for consideration by the Governance Committee. The Governance Committee shall determine whether to accept the director’s resignation and submit that recommendation for consideration by the Board. The Governance Committee and the Board may consider any factors they deem relevant in deciding whether to accept a director’s resignation. The director who tenders a resignation shall not participate in consideration of the resignation by the Board or Governance Committee. The Board will decide whether to accept the resignation within 100 days of the certification of the election results.

7. Orientation and Continuing Education

The Company shall assist the Board by providing appropriate orientation programs for new directors, which shall be designed both to familiarize new directors with the full scope of the Company’s business and key challenges and to assist new directors in developing and maintaining skills necessary or appropriate for the performance of their responsibilities. The Board and the Company’s management shall also work together to notify directors of educational opportunities and to develop appropriate continuing education programs for directors. Educational opportunities may include accredited third party programs, company-sponsored presentations, and a director’s personal educational activities intended to develop a director’s knowledge and expertise relevant to his or her role on the Board and that are reported to the Company’s Corporate Secretary for recordation purposes.

8. Change in Director’s Job Responsibilities

Individual members of the Board who retire or change the principal position they held when they were initially elected to the Board shall provide timely notice to the Chair of the Governance Committee volunteering to resign from the Board as of the date of retirement or change in position. The Board does not believe that a director in this circumstance should necessarily be required to leave the Board. Rather, the Board believes that the Governance Committee should have the opportunity to assess each situation based on the individual circumstances and make a recommendation to the Board in each case.

9. Length of Service

There are no limits to the number of terms that a member of the Board may serve. In accordance with the Company’s Bylaws, Directors must retire from the Board at the first annual meeting of shareholders after reaching age 73, unless otherwise determined by the Board.

10. Director Compensation

Director Compensation shall be paid in accordance with the [Northwest Natural Gas Company Compensation Policy for Non-employee Directors](#), which is expressly incorporated herein by reference. The Organization and Executive Compensation Committee shall from time to time, review the [Northwest Natural Gas Company Compensation Policy for Non-employee Directors](#), and recommend to the Board reasonable director compensation.

Directors who are also current employees of the Company receive no additional compensation for service as directors.

Board Committees—Structure and Function

1. Board Committees

There shall be a Governance Committee, an Audit Committee, an Organization and Executive Compensation Committee, a Finance Committee and a Public Affairs and Environmental Policy Committee and such other committees as the Board deems advisable. The purpose and responsibilities of each of these committees are outlined in written committee charters adopted by the Board. The Board reviews the charter of each committee periodically. The Governance Committee, the Audit Committee and the Organization and Executive Compensation Committee will consist entirely of independent directors, as defined by the rules of the New York Stock Exchange and applicable law.

The Board appoints committee chairs. The chair of each committee reports to the full Board, whenever appropriate, with respect to those matters considered and acted upon by his/her committee.

2. Committee Membership

Committee membership and chairs of committees are recommended by the Governance Committee for appointment by the Board and committee membership is rotated from time to time.

Board and Committee Meetings

1. Board Meeting Agendas and Materials

The Chairman of the Board, in consultation with the Chief Executive Officer (if the Chairman is not the CEO) and the chair of the Governance Committee, establishes the agenda for each Board meeting. Board members are encouraged to suggest the inclusion of items on the agenda.

The agenda for each meeting is provided in advance of the meeting, together with written materials on matters to be presented for consideration. To the extent possible, written materials are provided in advance on all matters requiring Board action, unless doing so would compromise the confidentiality of sensitive information, and directors will review materials provided to them in advance of the meeting.

2. Committee Agendas and Materials

The chair of each committee, in consultation with the appropriate members of management and staff, establishes the agenda for each meeting. The agenda for each committee meeting is provided in advance of the meeting. To the extent possible, written materials are provided in advance on all matters requiring committee action, unless doing so would compromise the confidentiality of sensitive information.

3. Meeting Attendance

A director is expected to attend all meetings of the Board and all meetings of committees of which the director is a member. The Board recognizes that occasional meetings may need to be scheduled on short notice when the participation of a member of the Board is not possible, and that conflicts may arise from time to time that will prevent a member of the Board from attending a regularly scheduled Board or committee meeting. However, the Board expects each director to make every possible effort to keep such absences to a minimum and manage their individual schedules in order to attend Board and committee meetings in person. Directors are expected to attend the Annual Meeting of Shareholders.

Although personal attendance of directors at meetings is expected and preferred, when necessary, members of the Board or members of any committee of the Board may participate in, and act at, a meeting through the use of a conference telephone or other communication equipment.

The Chairman of the Board may invite members of management to regularly attend meetings of the Board and Board committees, or to attend these meetings from time to time as appropriate to the circumstances.

4. Executive Session of Non-Management Directors

The Board will provide for an executive session of non-management directors at the end of each Board meeting. The chair of the Governance Committee will preside at these executive sessions. In the absence of the chair of the Governance Committee, a non-management, independent director designated by a majority of the independent directors will preside at the executive session of non-management directors.

Other Matters

1. Board Access to Senior Management and Independent Advisors

The Board encourages the Chairman of the Board and the Chief Executive Officer to bring management representatives to meetings of the Board who can help to explain items being acted upon, provide insights into factors affecting their area of the Company's business and who the Chairman of the Board and/or Chief Executive Officer feel should be exposed to the Board.

Board members shall have complete access to the Company's senior management and shall keep the Chief Executive Officer apprised of such contacts. In particular, there shall be a direct line of communication between the chair of the Audit Committee and the Company's Director of Internal Auditing.

The Board, in its sole discretion, shall have access to and authority to retain, including approval of fees and other terms of retention, such legal, accounting, financial and other advisors as it deems necessary for the fulfillment of its responsibilities.

2. Strategic Planning

Every year the Board will review and monitor the strategic plan and the one-year capital expenditure plans for the Company.

3. Succession Planning and CEO Performance Evaluation

The Chief Executive Officer will report to the Board on succession planning and management development at least annually. The Organization and Executive Compensation Committee, in consultation with the Governance Committee, shall be responsible for: (i) developing a plan of succession for the Chief Executive Officer in the event of retirement, death, disability, removal or resignation; (ii) leading the Board's process for selecting the Chief Executive Officer; and (iii) submitting its recommendations to the Board of Directors with respect to the Chief Executive Officer selection.

The Organization and Executive Compensation Committee shall annually review the performance of the Chief Executive Officer and report their findings to the full Board. The Board will evaluate the performance of the Chief Executive Officer at least annually in meetings of non-management directors.

4. Compensation and Stock Ownership

Executive incentive compensation plans will be designed to link pay directly and objectively to measured financial and other goals set in advance by the Board of

Directors. Stock options will not be granted below current market price at date of grant and will not be repriced (the exercise price for options will not be lowered even if the current market price of the stock is below the exercise price).

The Board believes that significant stock ownership by Board members further aligns their interests with the interests of the Company's shareholders. Accordingly, the Board has established that, within five years after joining the Board, each Board member own Company shares (including shares credited to the directors' deferred compensation accounts and vested and unvested shares awarded under the Non-Employee Directors Stock Compensation Plan) valued at least \$300,000.

Beneficial ownership of Company stock by executive officers is viewed by the Board as important and the guidelines set forth below have been established to further the accomplishment of this objective. The Organization and Executive Compensation Committee of the Board (OECC) will establish for each executive officer certain ownership multiples, expressed as a percentage of annualized base salary, and a timeframe for accomplishment. In establishing these guidelines, the OECC will take into account various factors including the executive's compensation, responsibility, and other relevant factors including personal circumstances. The OECC intends these ownership multiples and timeframe for accomplishment as simply a guideline and desires to maintain flexibility regarding any actions to be taken if an executive fails to meet the multiple in the timeframe desired. They will receive annual reports on progress toward attainment of these guidelines.

The general ownership guidelines are as follows: Executive officers should strive to buy and hold a multiple of annualized base salary. The multiples are four times salary for the CEO or President, three times salary for any Executive Vice President or Chief Operating Officer, two times salary for any Senior Vice President and any other Named Executive Officer in the annual proxy statement, and one times salary for any Vice President and other executive officer. The timeframe for accomplishing this objective is approximately five years. The timeframe for achieving the ownership multiple will be extended whenever the executive is moved to a higher multiple.

Shares counted for the purpose of executive stock ownership include all direct ownership and ownership of immediate family members, unvested restricted stock units or restricted stock and in the money stock options, shares credited to the officers' 401K and deferred compensation accounts.

5. Code of Ethics

The Board believes that in order to maintain the integrity of the Company's business, the Board should maintain and act in conformity with a Code of Ethics regarding: (i) conflicts of interest; (ii) corporate opportunities; (iii) confidentiality; (iv) fair dealing; (v) protection and proper use of company assets; (vi) compliance with laws, rules and regulations; and (vii) such other matters as the Board deems appropriate. The Code

of Ethics encourages the reporting of unethical or illegal behavior and ensures prompt and consistent action against violations of the Code of Ethics. Any waivers of the Code of Ethics for directors or executive officers may be made only by the Board or a Board committee, if so delegated, and must be promptly disclosed to shareholders, in the manner prescribed by applicable law.

6. Shareholder Access to Non-Management Directors

The Board shall maintain communication channels for access by the Company's shareholders to the non-management directors. Correspondence from shareholders will be administered confidentially by the Corporate Secretary and reported promptly to the chair of the Governance Committee or the Audit Committee, as appropriate. Questions or concerns regarding the Company's accounting, internal accounting controls or auditing matters will be referred to the chair of the Audit Committee and the chair of the Governance Committee. All other concerns will be referred to the chair of the Governance Committee.

7. Periodic Review of Governance Guidelines

These Corporate Governance Standards shall be reviewed annually by the Governance Committee and the Board of Directors to ensure that the Standards receive proper scrutiny by the Board and that the stated principles remain current.

Effective Dates

Adopted by the Board of Directors of Northwest Natural Gas Company on September 25, 1997.

Amended as of: July 26, 2007
 September 25, 2008
 July 23, 2009
 July 28, 2011
 May 24, 2012
 December 20, 2012
 July 25, 2013
 May 22, 2014