SUSTAINABILITY REPORT 2021

Black Hills Energy
Ready

Contents

The City of Lincoln, Neb., Water Resource Recovery Facility, seen here and on the front cover, is a wastewater treatment plant that recovers about 20 million gallons of water daily. As wastewater breaks down it emits methane, which can be captured and cleaned to create renewable natural gas (RNG). We quality test the RNG, then inject into our gas distribution system.

Powering a better future

At Black Hills Energy, it is our responsibility and privilege to provide the safe and reliable electricity and natural gas our customers depend on to power their homes and businesses and enable their daily lives. We understand the importance of our role in advancing the health and well-being of those we serve, and we strive to have a positive impact in all we do. As the energy provider to 1.3 million customers across eight states, the employer of choice for 3,000 team members, an integral partner to over 800 communities, a valued investment to many, and a committed environmental steward, our actions have a real impact on real people.

We are pleased to share our 2021 Corporate Sustainability Report with all our stakeholders, detailing our performance in environmental, social and governance (ESG). The pillars of our ESG strategy—environmental stewardship, social responsibility, sustainable growth and corporate governance—are fundamental to who we are and how we do business.

We are powering a better future by:

- **Enabling a smart energy transition.** We've reduced our electric utilities' greenhouse gas (GHG) emissions intensity by over one-third since 2005 and have a clear path to responsibly achieve our future reduction goals of 40% by 2030 and 70% by 2040. Our new Net Zero by 2035 target for our natural gas distribution system complements our commitment to safety and determination to achieve a cleaner energy future.

- Caring for our communities. In 2021, **our community support totaled $5.3 million**, including over $644,000 in employee giving to United Way and more than $768,000 from our expanded energy assistance fund, where we match customers' and employees' contributions dollar-for-dollar.

- Creating value. Our investment in the safety, reliability and sustainability of our extensive utility systems delivers meaningful growth and sustains jobs, families and communities. In 2021, Black Hills Energy's **direct economic impact totaled $1.3 billion.**

- **Cultivating a culture of belonging.** We intentionally and continually invest in a diverse and inclusive workplace that develops employees and empowers our team to **place safety at the forefront of all we do** on the job and at home.

In the following pages, you'll see our commitment to sustainability reflected in every aspect of our business — not just in what we do, but in the values-driven way we do things. Thank you for your interest in Black Hills Energy.

Sincerely,

Linden "Linn" R. Evans
President and CEO

Sustainability at Black Hills Energy

With 139 years in operation, two years is barely a page in the company history book. However, in the time since I accepted Black Hills Energy's sustainability leadership role in 2020, we can write chapters about building upon our historical ESG efforts and expanding our ESG strategy. Building upon our strong history of environmental stewardship, we have advanced an authentic, people-centered sustainability strategy, setting our first GHG reduction goals, crafting new ESG disclosures and increasing engagement with our varied stakeholders.

In 2021, we integrated key functional areas bringing together corporate planning, sustainability and ESG under one team. With oversight by our Black Hills Corp. Board of Directors and senior management leadership, this structure aligns the organization around this critical work. New steps, like utilizing the Task Force on Climate Related Financial Disclosures (TCFD) to better assess and share our climate-related risks and opportunities, demonstrate the value of this alignment.

This report, and our other ESG disclosures, provides transparency into Black Hills Energy's current performance and insight into how we're evolving our business to meet the needs of our customers in a cleaner energy future.

- To that end, we're excited to announce a **new commitment to achieve Net Zero emissions by 2035** for our natural gas distribution system. This target replaces our previous commitment of a 50% reduction in GHG emissions intensity for mains and services by 2035, doubling our reduction target and expanding the boundary of the goal to all sources of emissions in our distribution system.

- We've also advanced our role in renewable natural gas (RNG). In 2021, we developed a **voluntary RNG and carbon offset program** to help our residential and small business natural gas customers offset up to 100% or more of the emissions associated with their own natural gas usage. We've recently filed for approval to launch these programs in three of our states and seek to offer to all customers by 2023.

- Our electric utilities are also achieving strong GHG emissions reductions, **surpassing the one-third reduction mark** and achieving a nearly 10% reduction in emissions intensity since announcing our goals. As we look to the future, our more than 570 MW of battery storage and planned renewable generation additions, and investments in innovation, like our hydrogen pilot, position us to achieve deeper carbon reductions that also deliver reliable and cost-effective energy to our customers.

Thank you for joining us on this exciting journey. There's much more ahead.

Sincerely,

Katie Fleming,
Director of Corporate Planning, Sustainability and ESG

About this report

Our corporate sustainability report provides insight and transparency into the social, environmental and economic impacts of Black Hills Energy. This voluntary report is informed by sustainability reporting guidelines and strives to provide relevant insights into our business and how we view sustainability.

Reporting framework
This report was developed using guidance from the Edison Electric Institute (EEI) and the American Gas Association (AGA) ESG quantitative disclosure and the Global Reporting Initiative (GRI). In addition to our corporate sustainability report, we also disclose through the following ESG frameworks, which can be found at **www.blackhillsenergy.com/sustainability**:

- **Task force on Climate Related Financial Disclosures (TCFD)**
- **Sustainability Accounting Standards Board (SASB)**
- **EEI quantitative report**
- **AGA quantitative report**
- **Natural Gas Sustainability Initiative (NGSI) protocol**

Additional information
Several of Black Hills Corporation's subsidiaries do business as Black Hills Energy. As this trade name is the commonly recognized name by many of our customers and shareholders, Black Hills Energy and Black Hills Corporation are used interchangeability throughout this report for ease of reference. Please note, the data supporting the disclosures contained in this report is representative of all subsidiary companies, not just those subsidiaries who operate under the trade name.

Black Hills Energy is committed to sharing information about our business and operations that we know is important to our stakeholders. We have issued new and updated reports, which can be found at **www.blackhillsenergy.com/sustainability**. Additional financial information is posted at **ir.blackhillscorp.com**.

We welcome your feedback
As you review our corporate sustainability report, we encourage you to provide us feedback. Please send any comments to investorrelations@blackhillscorp.com. Thank you.

Forward-looking statements
This report includes "forward-looking statements" as defined by the Securities and Exchange Commission, or SEC. We make these forward-looking statements in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this report that address activities, events or developments that we expect, believe or anticipate will or may occur in the future, are forward-looking statements, which are subject to various risks and uncertainties. Factors that could cause actual results to differ from those in the forward-looking statements may accompany the statements themselves.

These forward-looking statements are based on assumptions which we believe are reasonable based on current expectations and projections about future events and industry conditions and trends affecting our business. Our business and any offering may be influenced by many factors that are difficult to predict, involve uncertainties that may materially affect actual results and are often beyond our ability to control. These factors include, but are not limited to, our ability to deliver safe and reliable and cost-effective energy to our customers.

Whether actual results and developments will conform to our expectations and predictions is subject to a number of risks and uncertainties that, among other things, could cause actual results to differ materially from those contained in the forward-looking statements, including without limitation, the risk factors described in Items 1A of our **2021 Annual Report** on Form 10-K and other reports that we file with the SEC from time to time.

New factors that could cause actual results to differ materially from those described in forward-looking statements emerge from time-to-time, and it is not possible for us to predict all such factors, or the extent to which any such factor or combination of factors may cause actual results to differ from those contained in any forward-looking statement. We assume no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise.

Sustainability strategy

We are excited to announce significant advancements in our decarbonization journey. We have continued to achieve progress toward our goal to reduce electric utility emission intensity 40% by 2030 and 70% by 2040, and have expanded our natural gas utility goal to be net zero for our distribution system by 2035.

NATURAL GAS EMISSIONS
↓**Net Zero** by 2035

Goals and progress

In 2020, we took an important step by setting climate goals to reduce electric utility greenhouse gas (GHG) emissions intensity 40% by 2030 and 70% by 2040 and reduce natural gas utility emissions intensity 50% by 2035. This year we're excited to announce significant advancements in our decarbonization journey.

We've now achieved over a one-third reduction in electric utility emissions since 2005, reaching a nearly 10% reduction since announcing our goal. We're also committing to a new net zero by 2035 target for our natural gas utilities, expanding both the depth and breadth of our goal to reduce all sources of emissions on our natural gas distribution system.
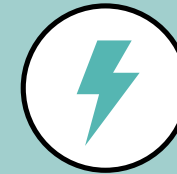
ELECTRIC EMISSIONS
↓**70%** by 2040

Commitment to sustainability

At Black Hills Energy, our mission of improving life with energy means we must be ready to make tomorrow even better than today. That is why we are committed to creating a cleaner energy future which builds upon our responsibility to provide the safe, reliable and cost-effective energy that improves our customers' lives. By investing in the success of our employees, continually innovating, thoughtfully utilizing resources and keeping people at the core of our decision-making, we are dedicated to the sustainability of our company, communities and planet.

ESG strategy and management

Black Hills Energy is continuously strengthening our sustainability strategy. We are building upon our success of delivering cost-effective energy for customers and strong returns for investors by seeking renewable energy growth opportunities, minimizing risk and responding to stakeholders' evolving expectations. ESG and sustainability are inherently connected throughout our business and our ESG management is structured accordingly. Our board of directors oversees ESG, with management leadership from our CEO and executive ESG Steering Committee, our dedicated ESG and sustainability department and our cross functional sustainability working group.

Risks and Opportunities

We recognize the inherent role our business plays in the well-being of our planet and communities. Please see **Black Hills Corp's 2021 Form 10-K** and our **Task force on Climate-related Financial Disclosures** for a discussion on ESG risks and opportunities, including climate change, policy and regulatory developments, emerging technology and customer growth.

Stakeholder engagement

We value our stakeholders and the diverse perspectives they offer. We engage with our stakeholders in a variety of methods and frequencies to both share information and receive feedback. The table on the right outlines engagement channels by stakeholder group.

Our stakeholders include:	Engagement channels:	
Customers	• Websites • Market research • Customer feedback (surveys, online comments, web chat, phone calls, email) • Billings statements, inserts and messages • Direct mail and letters • Emails	• Text messaging • Social media • Paid media placement • Citizen advisory councils • Energy efficiency programs • Business account representatives • J.D. Power survey
Communities	• Support of community events and programs • First responder training • Volunteerism	• Ongoing dialogue • Infrastructure project planning
Employees	• Company huddles • Intranet • Training events • Team meetings	• Surveys • Employee resource groups • Performance reviews • Email newsletters
Investors and shareholders	• Earnings calls and presentations • Annual meeting • News releases	• Investor/industry conferences • Investor relations website • Analyst meetings
Regulators	• Direct communication with staff/consumer councils	• Filing applications • Routine outreach
Local, state and federal government	• Franchise agreements	• Public meetings/hearings
Unions	• Benefits meetings • Ongoing dialogue	• Annual meetings • Total Rewards statements
Suppliers	• Supplier meetings and onboarding • Supplier portal communication	• Code of Business Conduct • Surveys
Banks and rating agencies	• Ongoing dialogue	• Quarterly updates
Non-governmental organizations	• Presentation at, and participation in, organizations' meetings	• Direct outreach

Environmental social and governance priorities

Based on our stakeholders' expectations and our company's needs, we have four ESG pillars that form the basis of our reporting strategy and business execution. Each section of this report explores topics in each pillar that are material to our company and stakeholders.

Corporate governance:

Developing and executing policies and principles that lay a strong groundwork for sustainable success.
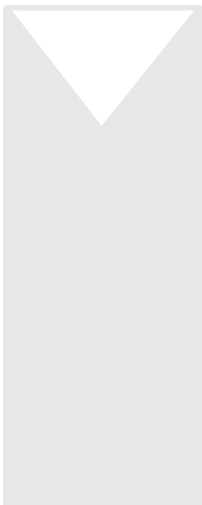
Environmental stewardship:

Creating a cleaner energy future that provides safe, reliable and cost-effective energy.
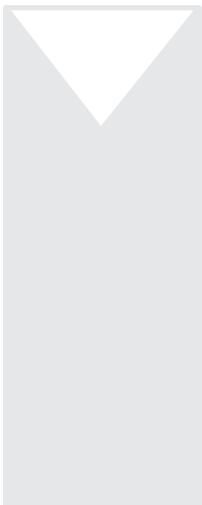
Social responsibility:

Keeping people at the center of our decision making—our employees, customers and communities.
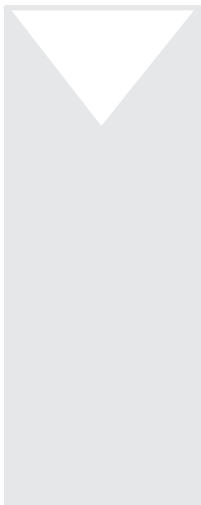
Sustainable growth:

Delivering long term value to our customers, communities and shareholders.

Company profile

OUR VISION

To be the Energy Partner of Choice

OUR MISSION

Improving Life with Energy

Black Hills Corp. (NYSE: BKH) is a customer focused, growth-oriented utility company with a tradition of exemplary service and a vision to be the energy partner of choice. Based in Rapid City, South Dakota, the company serves over 1.3 million electric and natural gas utility customers in 824 communities in Arkansas, Colorado, Iowa, Kansas, Montana, Nebraska, South Dakota and Wyoming. Employees partner to produce results that Improve Life with Energy.
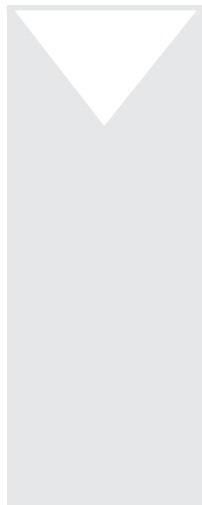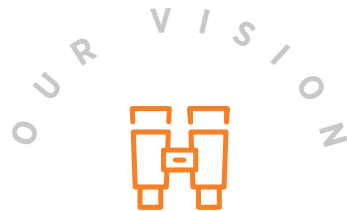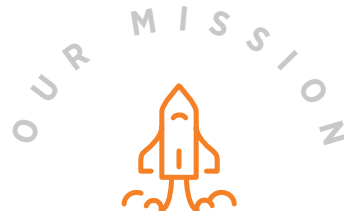
We are composed of regulated natural gas utilities and electric utilities which are supported by vertically integrated power generation and mining businesses. We operate one of the largest natural gas and electric infrastructure systems in the country, across eight geographically diverse states.

Agility
We embrace change and challenge ourselves to adapt quickly to opportunities.

Communication
Consistent, open and timely communication keeps us focused on our strategy and goals.

Creating Value
We are committed to creating exceptional value for our shareholders, employees, customers and the communities we serve ... always.

Customer Service
We are committed to providing a superior customer experience every day.

Integrity
We hold ourselves to the highest standards based on a foundation of unquestionable ethics.

Leadership
Leadership is an attitude. Everyone must demonstrate the care and initiative to do things right.

Partnership
Our partnerships with shareholders, communities, regulators, customers and each other make us all stronger.

Respect
We respect each other. Our unique talents and diversity anchor a culture of success.

Safety
We commit to live and work safely every day.

By the numbers

Service territory map

- 🟠 Electric Utilities
- 🔵 Natural Gas Utilities
- ⬗ Electric and Natural Gas Utilities
- 🚃 Mine
- ⚡ Power Generation
- 🌀 Wind Generation
- ★ Company Headquarters
- 🔥 Renewable natural gas interconnection

Electric utility customers

- **COLORADO**
  98,735 customers
- **MONTANA**
  47 customers
- **SOUTH DAKOTA**
  71,011 customers
- **WYOMING**
  46,404 customers

Natural gas utility customers

- **ARKANSAS**
  178,281 customers
- **COLORADO**
  197,817 customers
- **IOWA**
  160,952 customers
- **KANSAS**
  116,973 customers
- **NEBRASKA**
  296,778 customers
- **WYOMING**
  132,136 customers

Communities served

AR	CO	IA	KS	MT	NE	SD	WY
100	119	133	66	2	319	29	56
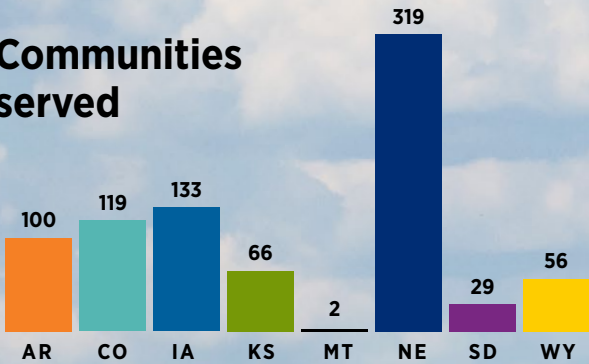
Customers are listed by state, rather than by state utility as referenced in Black Hills Corp.'s 2020 10-K.

By the numbers

Electric

We own approximately 1,850 miles of transmission lines and more than 7,050 miles of distribution lines. That's enough cable to circle the moon 1.3 times.

Natural gas

We own more than 4,700 miles of intrastate gas transmission pipelines and over 42,200 miles of gas distribution mains and service lines. That's enough pipeline to circle the earth nearly twice.

Total owned generation

- **NATURAL GAS** *760 MW • 51%*
- **COAL** *394.7 MW • 26.6%*
- **WIND** *288.8 MW • 19.5%*
- **OIL** *38 MW • 2.6%*
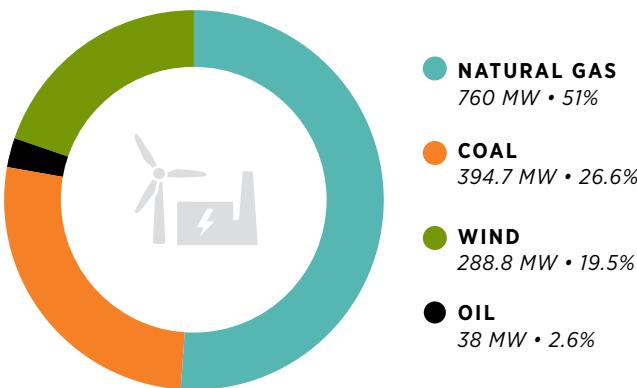
2021 awards and recognition

Achievers 50 Most Engaged Workplaces® in North America	Gold Level Colorado Environmental Leadership	"Cowboy Star" Voluntary Protection Program (VPP) safety award	Edison Electric Institute Advocacy Excellence Award	U.S. Dept of Labor Platinum level Medallion Award	EPA Energy Star Award Arkansas Gas Energy Efficiency	#1 on the InHerSight list for the 20 Best Utility Companies to Work For

Environmental stewardship

We are committed to creating a cleaner energy future that builds upon our responsibility to provide the safe, reliable and cost-effective energy that improves our customers' lives.

NATURAL GAS EMISSIONS
↓**Net Zero** by 2035

ELECTRIC EMISSIONS
↓**70%** by 2040
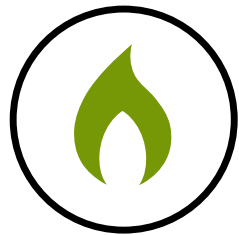
Natural gas emission reduction target*

We are excited to announce a goal for our natural gas distribution system to achieve **net zero emissions by 2035**. This net zero target replaces our previous commitment of a 50% reduction in GHG emissions intensity for mains and services by 2035, doubling our reduction target and expanding the boundary of the goal to all sources of emissions in the distribution system.
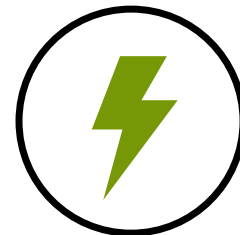
Electric emissions reduction target**

We have continued to achieve progress towards our goal to reduce electric utility emission intensity 40% by 2030 and 70% by 2040, already reducing emissions by more than a third since 2005. We'll continue our strategy of investing in operational improvements, renewable energy, and new technologies to further reduce our environmental impact, while continuing to deliver safe, reliable and cost-effective energy to customers.

* Natural gas: Based on Natural Gas Sustainability Initiative (NGSI) sources of methane emissions from our natural gas distribution system.
** Electric: Based on carbon intensity as compared to 2005 levels for our electric generation, including owned generation and purchased power.

Pathway to a clean energy future

We are enabling the energy transition through the addition of low or zero carbon generation sources, and fossil fuel retirements and conversions. Our preferred resource plans in South Dakota, Wyoming, and Colorado plan to add over 570 MW of renewable energy and battery storage by 2030, in addition to the already planned 80 MW Fall River solar project in 2023. We will be positioned to achieve our GHG reduction goals without reliance on future technologies through the conversion of our Neil Simpson II coal plant to natural gas, retirement of three diesel plants, expiration of the Wygen I coal plant purchased power agreement and added renewable energy resources and storage.

ADDED RENEWABLES

2023	2024	2025	2029	2030	2032	2033	2035	2039	2040
20 MW + 130 MW	50 MW	50 MW + 263 MW		144 MW	50 MW	100 MW	132 MW + 81 MW	50 MW	9 MW + 148 MW

COAL & DIESEL RETIREMENTS & CONVERSIONS

2025
- **80** MW — Neil Simpson II Coal to gas conversion
- **10** MW — Airport Diesels Retirement
- **8** MW — Pueblo Diesels Retirement

2029
- **10** MW — Rocky Ford Diesels Retirement

2030 — 40% ↓ EMISSIONS INTENSITY

2033
- **68.9** MW — Wygen I Purchase power agreement expiration

2040
- **72.4** MW — Wyodak Retirement — 70% ↓ EMISSIONS INTENSITY

Timeline of new renewable resources and coal and diesel fired generation retirements and modifications as indicated in our preferred resource plans. This is subject to change in future resource plan filings.

Reductions in GHG emission intensity over time: electric utility

Since 2005, we have made strides in building a modernized generation fleet comprised of additional renewable energy and natural gas turbines, while continuing to deliver reliable and cost-effective energy to our customers.

In the last decade, we retired four aged coal plants, high-intensity carbon energy sources, and replaced them with more efficient and cleaner power plants. We also added 289MW of renewable energy. Our Pueblo Airport Generating Station and Cheyenne Prairie Generation Station natural gas power plants added 550 MW of natural gas capacity to our system, which includes 60 MW from heat recovery systems. These efficient heat recovery systems use the exhaust gases from the gas turbines to convert water into steam and drive a steam turbine, generating clean electricity.

We will build on our emission reduction progress as we continue to transition to a clean energy future.

Electric NO_x and SO_2 emission reductions

We've nearly doubled the generating capacity of our system over the last two decades, while reducing nitrogen oxide and sulfur dioxide emissions by nearly 80% since 2005 through the installation of advanced pollution control equipment and plant retirements.

NO_x and SO_2 emissions
(Owned generation based on % ownership)

Legend: ● NO_x ● SO_2 — Net MWh generated
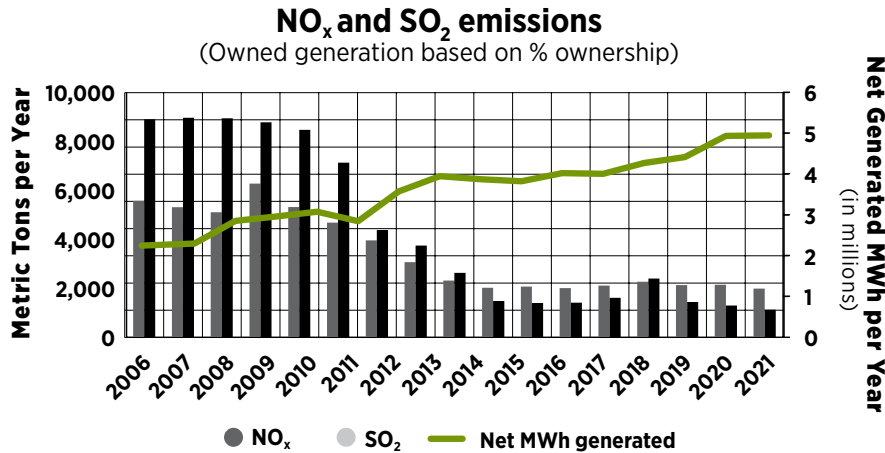
Electric utility carbon intensity reduction over time

Over 1/3 reduction in CO2e intensity since 2005

Legend:
- Regional purchased power
- Renewable purchased power
- Natural gas
- Heat recovery system
- Coal
- Wind
- Diesel
- CO2e intensity

288.8 MW WIND OWNED & OPERATED
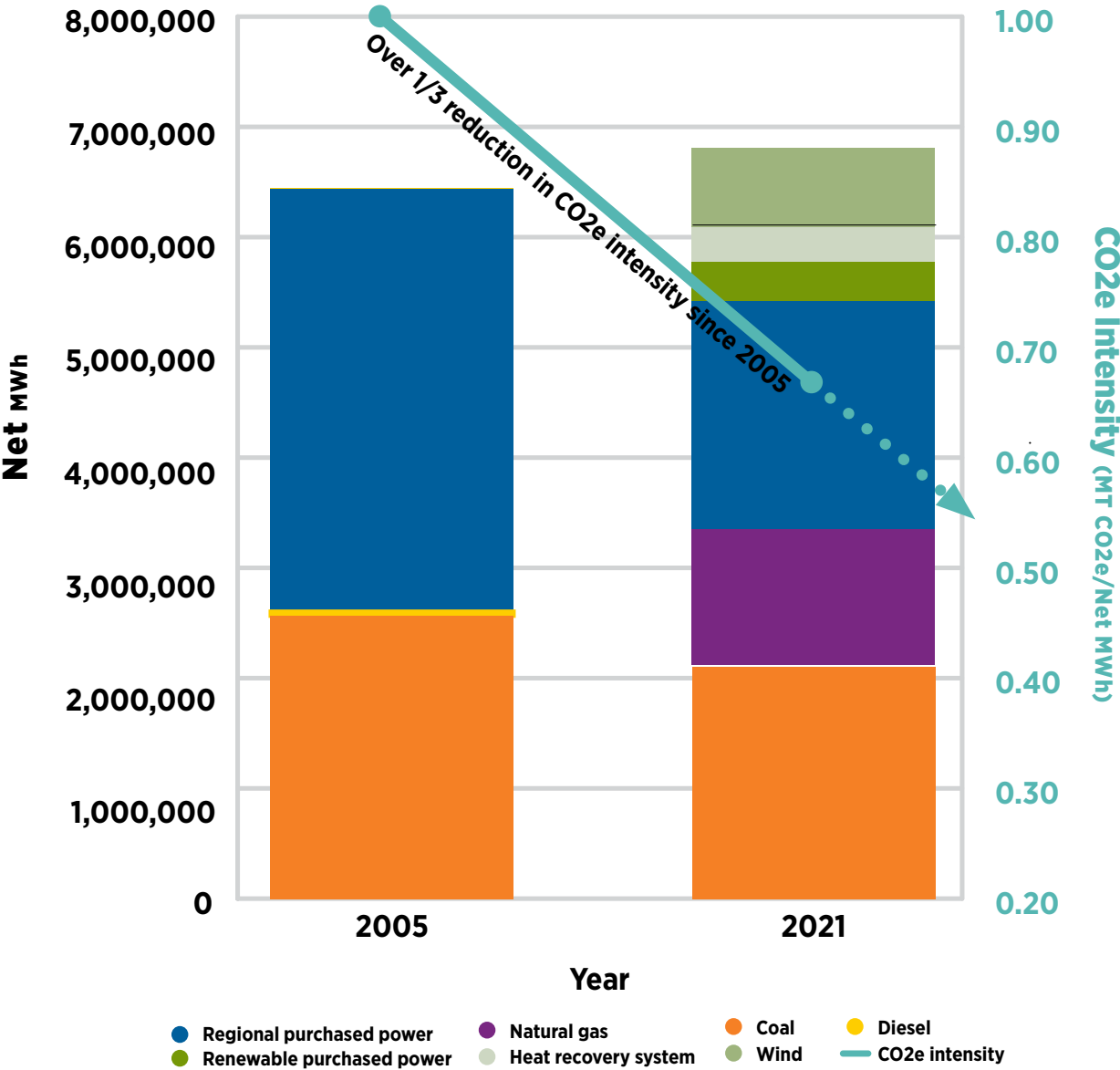
Renewable energy projects

We continue to expand our renewable energy portfolio, with 288.8 megawatts of owned and operated wind generation capacity across Wyoming, Colorado and Iowa.

In addition to company owned and operated renewable energy sources, securing renewable purchased power agreements (PPA) is a key strategy to achieving our GHG reduction goals. In Colorado, we recently secured a 10-year PPA for 60 megawatts of wind energy with Platte River Power Authority. South Dakota and Wyoming customers are delivered energy from Silver Sage and Happy Jack wind facilities through long-term PPAs. Our total renewable portfolio of owned and contracted renewable energy represents over 25% of our secured capacity.

Research and technology

In addition to renewable energy, we are continually evaluating new opportunities to lower emissions, such as battery storage, hydrogen fuel usage with combustion turbines and fuel cell technology.

Black Hills Energy was recently awarded a grant from the Wyoming Energy Authority for a hydrogen demonstration pilot project at the Cheyenne Prairie Generating Station (CPGS), a 132 MW combined cycle natural gas-fired power generation facility located in Cheyenne. The project team, consisting of General Electric (GE), Black & Veatch, and Tallgrass Energy, LP, will develop a feasibility study and cost estimate for a hydrogen use demonstration project for the Wyoming Energy Authority. The project will consider the generation of blue hydrogen (natural gas fed) and green hydrogen (renewable and water fed) for fuel feedstock for the combustion turbines, with conceptual engineering for any required equipment modifications.

Black Hills Energy and its partners began the study in 2021, and if the project is deemed feasible, a second phase will commence in 2022 to include a cofiring demonstration using a methane and hydrogen blended feedstock for Black Hills Energy's GE LM600 turbine.

Black Hills Energy owned renewable portfolio

59.4 MW: Busch Ranch II

Completed in 2019, this wind facility powers 28,000 homes and is a milestone in achieving 30 percent renewable energy for our Colorado customers.

29 MW: Busch Ranch I

Busch Ranch I provided an opportunity to develop a sixth renewable energy zone in Colorado as part of SB-100. This renewable energy zone enabled further opportunities to develop Bush Ranch II and Peak View, wind projects all constructed within this renewable energy zone. This project aligns with Colorado's policy to further reduce emissions in the front range of Colorado.

60.8 MW: Peak View

Located in southern Colorado, Peak View was our corporation's first regulated electric utility rate based renewable energy investment, and serves more than 94,000 customers. The western movie "Conagher", produced in 1991, was partially filmed at the Peak View site, utilizing a cabin adjacent to one of our wind turbines.

87.1 MW: Top of Iowa

Our largest wind facility, comprised of 88 turbines, is located in Worth County, Iowa.

52.5 MW: Corriedale

Our newest renewable facility located on the famous King Ranch near Cheyenne, WY is owned by our South Dakota and Wyoming electric utilities, and has the highest energy produced per MW of capacity to date for our wind facilities. This facility is named after the "Corriedale" sheep, a tribute to King Ranch's origination in 1904 raising these dual purpose sheep, and the ranch's role in the development of the Wyoming sheep industry.

2030 Ready: Colorado Clean Energy Plan

Our customers value renewable energy, and we are proud our Colorado energy supply is one of the cleanest in the state, powered 100% by natural gas-fired generation and renewable energy and has achieve a 54% reduction in emissions since 2005. With 2030 Ready: Our Colorado Clean Energy Plan, we are proposing to power our customers' homes and businesses with nearly 80% renewable energy by 2030.

Our 2030 Ready Plan establishes a roadmap and preferred resource portfolio to cost-effectively achieve the state of Colorado's "80 x 30" requirement, calling upon electric utilities to reduce greenhouse gas (GHG) emissions by a minimum of 80% by 2030.

Highlights of our 2030 Ready Plan:
- 90% reduction in GHG emissions by 2030 based on 2005 levels
- 79% of our customers' electricity generated by carbon-free sources by 2030
- 450 megawatts of new renewable resources, including wind, solar and battery storage
- Opportunities for customer bill savings and long-term bill stability

Our 2030 Ready Plan builds on a clean energy journey that began over a decade ago when we became the first utility in the state to move entirely away from coal.
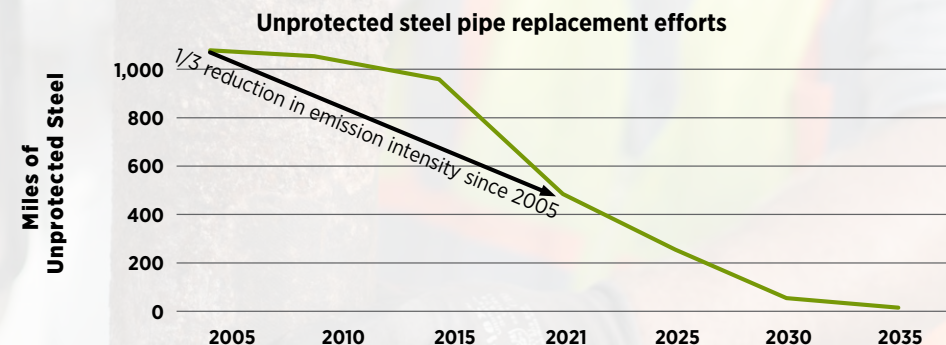
80% RENEWABLE ENERGY by 2030

Fueling the future: natural gas sustainability

Natural gas is a critical source of energy, which has and will continue to reduce our country's carbon emissions. Our natural gas utilities serve over one million customers in six states. We operate a gas system above industry standards, with no cast iron pipe since 2014 and nearly 99% of our infrastructure comprised of protected steel or plastic, materials with the lowest emissions factors. We have announced an updated target for our natural gas utility system to achieve net zero emissions by 2035, with a focus on system integrity, damage prevention and measurement improvement.

Highlights:

- Announced an updated goal to achieve net zero emissions for our natural gas distribution system by 2035.

- Continued participation with Our Nation's Energy (ONE) Future, a coalition of natural gas companies committed to reducing methane emissions to 1% or less of the natural gas value chain.

- Completed our second year disclosing through the new Natural Gas Sustainability Initiative (NGSI), providing improved calculations and transparency of emissions from our natural gas distribution and gathering and boosting systems.

- Replaced over 500 unprotected steel services with lower emitting materials including protected steel and plastic.

- Completed updates to our natural gas Operations & Maintenace (O&M) Plan to comply with the "Protecting our Infrastructure of Pipelines and Enhancing Safety Act of 2020" (PIPES Act). This included language and best management practices to address eliminating hazardous leaks and minimizing releases of natural gas from our systems.

- Brought two new renewable natural gas (RNG) interconnection projects into service, a food waste digester in Lexington, NE, and a landfill in Dubuque, IA, for a total of six projects company wide.

Unprotected steel pipe replacement efforts

Miles of Unprotected Steel

1/3 reduction in emission intensity since 2005

| | 1,000 | 800 | 600 | 400 | 200 | 0 |

2005 2010 2015 2021 2025 2030 2035

Corporate wide historic and future pipeline replacement efforts to remove unprotected steel pipe from service. Over 90% of existing unprotected steel pipeline material will be replaced with lower emissions materials by 2030, with 100% replacement by 2035.

Our pipeline replacement projects, like this one in Wayne, Nebraska, improve system safety and help reduce emissions.

Net zero target

Our newly announced net zero target for our distribution system leverages the company's focus on safety and system integrity, while advancing current strategies to include expanded damage prevention and advanced leak detection. Our comprehensive plan to achieve this target includes:

- **Pipeline replacement:** We're continuing to replace all remaining unprotected steel pipe by 2035 with lower emitting materials including plastic and protected steel. Our integrity plans detail the timeline and priority to complete system upgrades.

- **Expanded leak detection:** By collecting detailed emission data from our system, we can identify new opportunities for reductions. In addition to our regular system-wide leak surveying, we conduct additional leak surveys of our aboveground natural gas equipment to help determine fugitive emissions from our system. We will continue to expand these surveys, both by geographic location and rotational frequency, positioning us to address leaks quickly.

- **Damage prevention:** Our corporate goal to reduce third-party line hits to 1.5 (or below) hits per thousand excavations will be achieved through the expansion of excavation site visits, predictive analytics with risk modeling to identify high-risk locations, and a continued focus on employee, customer, and system safety.

These best management practices will drive system emissions down by 40%. To achieve deeper system reductions of over 60%, further damage prevention and advanced leak detection strategies can be utilized:

- **Expanded damage prevention:** By targeting "Best in Class" for third-party damage line hits, we would further reduce system gas releases.

- **Pursue advanced leak detection (ALD) system:** ALD systems can detect low concentrations of natural gas leaks and be paired with aerial mapping abilities to pinpoint leak locations. This combination allows natural gas operators to prioritize repairs based on magnitude, analyze trends across the system, and continue to improve operational safety and reliability.

To achieve net zero emissions, we will introduce low carbon fuels into our system such as renewable natural gas and hydrogen, utilize carbon offsets, and continue to explore and invest in emerging technologies.

Emission reduction commitment

Black Hills Energy is committing to net zero emissions for our natural gas distribution system by 2035.

40% EMISSION REDUCTION

Continue best management practices
- Replace remaining unprotected steel pipe with lower emitting materials.
- Tighten transfer station systems and increase leak surveys frequency.
- Reduce third-party line hits to 1.5 or below hits per thousand excavations.

20%+ EMISSION REDUCTION

Deep system reductions
- Pursue advanced leak detection system.
- Target "Best in Class" for third-party damage line hits.

0 ACHIEVE NET ZERO TARGET

Net zero strategies
- Utilize carbon offset credits.
- Integrate low carbon fuels into our system such as renewable natural gas and hydrogen.

Legend:
- Damages
- Meters
- Transfer stations
- Blowdowns
- Pressure relief valves
- Mains and services

Methane (metric tons) — Baseline 2020

EPA Methane Challenge

Through the Methane Challenge Program, the EPA encourages partners to transparently report systemic and comprehensive actions to reduce methane emissions. We joined the Methane Challenge in 2020 and are committed to three Best Management Practices: Distribution Mains Replacement, Distribution Services Replacement and Excavation Damages, which advances us to a position of industry leadership in challenge commitments. By participating in this program, we detail our planned pipeline replacements, damage prevention efforts, and quantified GHG reductions on a national level.

ONE Future

We are an active member of ONE Future Coalition, a group of natural gas companies working together to voluntarily reduce methane emissions across the natural gas value chain to 1% (or less) by 2025 and is comprised of some of the largest natural gas production, gathering and boosting, processing, transmission and storage and distribution companies in the US. The coalition represents more than 20% of the U.S. natural gas value chain. Black Hills Energy joined ONE Future in April of 2021, and as a member, will report its 2021 methane results within the distribution sector, holds a seat on the board of directors, and actively participates in the technical workgroup focused on methane reduction strategies.

Through the efforts of coalition members, ONE Future has surpassed its one percent goal in each of the four years that it has reported its methane intensity. The 2021 Methane Intensity Report, released in November 2021, registered an intensity number of 0.424% (versus the 2025 goal of 1.0%), beating its one percent goal by 58%. The 2020 ONE Future emissions intensity remained relatively flat year-over-year despite almost doubling membership. These results demonstrate that ONE Future continues to be significantly below the 2025 target of a 1.0% methane emissions intensity, indicating the natural gas industry can minimize methane emissions and increase production and throughput while supplying much needed energy to the U.S. and around the globe for years to come.
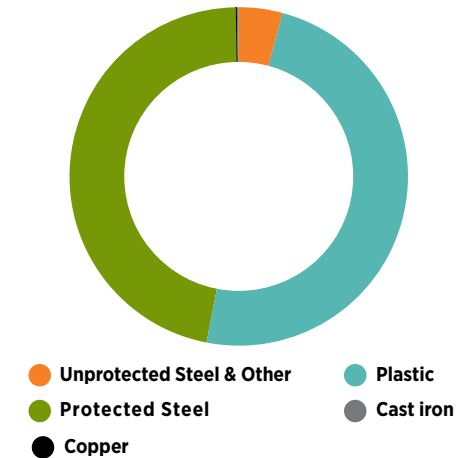
Research and technology

Energy efficiency and emerging technologies have potential to significantly reduce greenhouse gas emissions from natural gas transport and combustion. We're currently supporting project Veritas through our membership with ONE Future. Veritas, a GTI Energy Differentiated Gas Measurement and Verification Initiative, is designed to accelerate actions that reduce methane leakage from natural gas systems. The effort brings together scientists, academics, environmental organizations, certification organizations, and industry participants to demonstrate emissions reductions in a consistent, credible, and transparent way. The initiative will develop accurate and verified methane emissions intensities and the necessary protocols to calculate measurement-informed methane emissions for natural gas systems, by segment.

Damage prevention

Safety is our number one priority, and that translates directly into damage prevention. Our damage prevention strategy includes stakeholder outreach, employee training and education and public awareness. Safely digging around natural gas pipelines and preventing third-parties from hitting our lines has multiple benefits, including keeping our customers and employees safe, and reducing methane emissions. In 2021, we conducted over 14,000 excavation audits or site visits to check on the safety of the work being conducted on excavation job sites. We also participated in or held more than 340 events reaching over 78,000 attendees, including complimentary contractor trainings, home improvement store booths and recognition of crews digging safely.

2005 pipeline mains and services material percentages

- ● Unprotected Steel & Other
- ● Protected Steel
- ● Copper
- ● Plastic
- ● Cast iron

2021 pipeline mains and services material percentages

- ● Unprotected Steel & Other
- ● Protected Steel
- ● Plastic
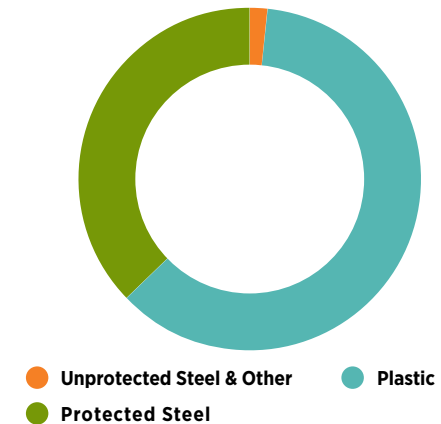
Nearly 99% of our natural gas distribution system is now comprised of materials with the lowest emissions factors. The transition to a safer and cleaner operating pipeline system is reflected from 2005 to 2020.

Renewable natural gas

Our natural gas supply includes renewable natural gas (RNG) interconnections from landfills and wastewater treatment facilities. We receive RNG into our pipelines from four facilities in Nebraska and two in Iowa, capturing methane that would otherwise vent into the atmosphere. In addition, we are evaluating dozens more RNG projects across our service territories. We see great potential to generate RNG supplies throughout our vast agricultural service area. For example, two of our current RNG Projects, the Lincoln Water Resource Recovery Facility project and the Sarpy County Landfill Gas Project Nebraska, produce enough pipeline quality RNG to fuel about 8,000 homes a year. For more information on our RNG projects, visit **www.blackhillsenergy.com/RNG**.

Voluntary RNG and Carbon Offset Program proposed for customers

We recently submitted proposals to state regulators in Colorado, Kansas and Nebraska seeking approval to offer a voluntary renewable natural gas and carbon offset program for residential and business customers. The program would allow participants to offset up to 100% or more of the emissions associated with their own natural gas usage.

"We believe natural gas will continue to play a critical role in a clean energy future," said Linn Evans, president and CEO. "While thousands of customers and communities rely on natural gas each day for highly efficient home and space heating, water heating, and cooking, our customers are increasingly looking to us for sustainable and cost-effective options to help them reduce the carbon footprint associated with their natural gas usage."

The program is designed as a comprehensive four-year pilot program starting in 2023 and running through 2026, pending approval. We will submit the voluntary RNG and carbon offset program to state regulators in Arkansas, Iowa and Wyoming by 2023.

RNG Senior Manager Paul C. at the Lincoln, Neb, Water Resource Recovery Facility RNG site.

Resource management

Air quality

Over the last decade, we developed and implemented an innovative "emissions control logic" program to reduce short-term air quality emission exceedances at our power plants. The emissions control logic, coupled with improved maintenance, has virtually eliminated exceedances while continuing to sustain high plant availability at each of our units. The software uses predictive analysis, and shuts down the operating electric generating units if air emissions approach the permitted limits, thus preventing an exceedance from occurring. The graph to the right illustrates the air quality performance of our coal-fired generating units at our Neil Simpson Complex in Wyoming. This power plant is uniquely surrounded by two national parks and a national monument, and requires strict air emission standards and controls. We are unaware of any other utility that has implemented this innovative technology.

Water conservation

Our service territories are located primarily in arid regions, making water conservation an important part of how we operate. To reduce our water consumption, we utilize air-cooled condensing technology at our coal-fired power plants. Based on the U.S. Energy Information Agency data, the average conventional coal power plant uses 78 gal/kwh to cool plant boilers. Black Hills Energy's water consumption rate at its coal-fired power plants using the air-cooled condensing technology consumes 0.01 gal/kwh resulting in an annual water savings of nearly 250 billion gallons. This savings equates to the water usage of 2.3 million single-family homes for a year! This provides cost benefits by not having to manage and discharge significant amounts of processed water to the environment and leaves this natural resource in place.

We have also implemented innovative and protective water management measures at our natural gas combustion plants. Cheyenne Prairie Generating Station discharges water to the local city's wastewater treatment plant, following stringent water limits set in our Industrial Pretreatment Water discharge permit. Pueblo Airport Generation Station uses an evaporation pond to settle out pollutants, before returning the water to the Earth's natural water cycle through the atmosphere.

Mine reclamation

Over the past 100 years, Wyodak Mine operations have occurred in three pits and reclamation of these areas is an important part of our mining activities. We have achieved 100% reclamation on our first mined pit, South Pit, and are on target with reclamation activities at the Peerless Pit and Clovis Pit. Reclamation activities include backfilling the pits, seeding and establishing vegetation to its original state, and preserving biodiversity.

Black Hills Energy uses 100% of its coal ash for backfill reclamation activities at the Wyodak mine in areas previously mined. This ash use and associated reclamation plan were approved by the State of Wyoming and the Office of Surface Mining Reclamation and Enforcement.

Neil Simpson Complex
SHORT-TERM HISTORICAL EXCESS EMISSIONS
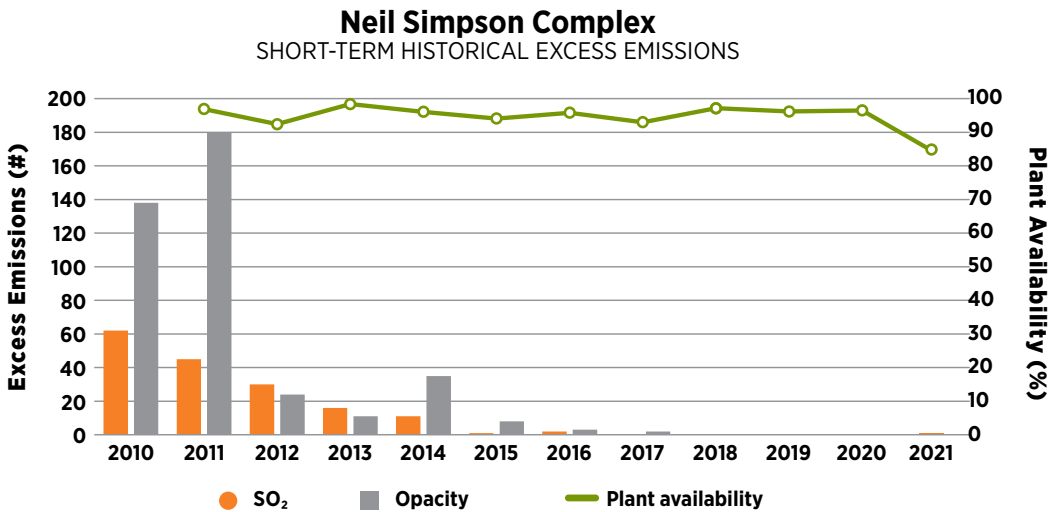
Number of times the SO_2 and opacity short-term emissions permit limits are exceeded each year.

Wyodak Mine reclamation

Pre-reclamation

Post-reclamation

Avian protection

We dedicate resources to the protection of migratory, threatened and endangered birds. For over 15 years, we have deployed an avian protection plan and conduct ongoing annual training for employees. All new power lines are built to raptor-safe standards per Avian Power Line Interaction Committee guidance and proactive retrofits are part of our ongoing maintenance programs. We build manmade nests to replace nests established on our powerline poles and work with local non-profits to provide raptor rehabilitation services when injured birds are discovered. We have developed Avian Protection Plans for all applicable company operations groups to provide guidance to mitigate the impact our equipment has on protected bird species.

We have developed an electronic reporting and tracking system for negative avian interactions which will help us to identify areas of the system to focus proactive retrofitting of our power poles. By using geographic information system mapping we can easily identify areas of our system that are not compliant with the newest avian-safe standards and where most interactions with birds occur. All negative avian interactions on our system with protected birds are reported to the U.S. Fish and Wildlife Service.

Dedicating time and energy to protect our feathered friends

Black Hills Energy Lead Operations Technician Tim G. knows a thing or two about birds of prey. He's become known as the "Crocodile Dundee" of raptors due to his knack for handling and caring for these majestic birds. It's no surprise that three years ago, Tim and his wife, Carrie, were approached by the Raptor Conservation Alliance (RCA) in Lincoln, Nebraska, to be a part of their statewide volunteer network that provides care and support for injured and orphaned raptors.

Tim's skills were recently put to the test when a bald eagle was found on the ground, lethargic and in need of medical attention. Tim was part of the team that was called in to rescue and rehabilitate the regal bird. Tim was able to safely capture the eagle

in a net and transport it a local rehabilitation center. The eagle was treated for lead poisoning and upon recovery, the bird was released back into the wild to soar the skies near Lincoln.

"Fortunately, this rescue was successful, but not all rescues have a happy ending. It's a good reminder of the impact that humans have on wildlife and the importance of cleaning up lead fishing weights and ammunition," said Tim. "Being an avid outdoorsman, I'm always aware of human imprints on wildlife habitats. I'm proud to work for a company that is committed to protect and mitigate risks to birds and other wildlife."

Black Hills Energy employees are trained to comply with federal avian protection laws and reporting requirements associated with injured or dead birds. Employees across our service territory are committed to take care of these very special birds.

In the fall of 2021, when an osprey became dangerously entangled in twine in Rapid City, South Dakota, Black Hills Energy team members stepped in to help with the rescue. The electric operations and environmental teams partnered with the South Dakota Game Fish and Parks and the Black Hills Raptor Center to free the tangled bird, which couldn't fly or fish from its nesting platform. Once the bird was retrieved from the nest using one of our bucket trucks, raptor experts transported it to a veterinary clinic for treatment and observation. Six days later, our team helped return the bird to the nest to rejoin its siblings.

Our team in Cañon City, Colorado, partnered with Colorado Parks and Wildlife (CPW) to rescue an osprey when the bird had become tangled in litter and couldn't fly. This bird was unable to leave its nest to hunt or gather food for its chicks. A Black Hills Energy lineman in a bucket truck was guided by CPW on how to safely untangle the raptor's legs and talons so it was able to care for its chicks.

The Colorado team didn't stop there. In partnership with the CPW, Black Hills Energy Colorado Electric operations donated and installed six raptor hunting perches near Lake Pueblo State Park. The perches were installed to create a barrier as a deterrent for prairie dog expansion into the campgrounds. Shortly after installation, osprey were photographed using the perches to eat a recent catch.

Emissions reductions: vehicles

Fleet vehicles

Black Hills Energy's goal is to electrify 20% of its on-road fleet by 2030. This plan will convert over 400 on-road vehicles to electric, plug-in hybrid electric, or plug-in idle mitigation technology, including approximately 40% of cars and SUVs and 45% of heavy-duty trucks by 2030. In 2021, 112 of our fleet vehicles and pieces of equipment utilized alternative fuels, such as electricity and compressed natural gas. During this timeframe we added 14 all-electric vehicles to our fleet.

Ready EV

Our Ready EV rebate program, launched in late 2019 in South Dakota and Wyoming, is making electric vehicle charging more convenient and more affordable for our customers. With more than 200 different types of electric vehicles on the market today, we believe customer demand will keep growing as technology continues to improve and more charging options become available.

Residential customers can receive a rebate up to $500 on a Level 2 charger and installation, covering a majority of the cost of the charger. Business customers can receive up to $2,000 per Level 2 charging port, while government and nonprofit organizations can receive up to $3,000 per port. Level 2 chargers support charge rates of about twenty-five miles of range per hour and provide customers with flexibility due to their faster charging speed.

In December 2021, the Colorado Public Utilities Commission approved our Colorado Ready EV plan, a multi-year Transportation Electrification Plan to address clean energy policy objectives that call on public utilities to support the widespread adoption of electric vehicles in the state of Colorado. Through customer rebates to significantly lower the cost of electric vehicle charging equipment; a new electric pricing option, the Time-of-Day rate; and a vehicle purchase rebate for income-qualified customers, Colorado Ready EV gives our electric customers more opportunity to access and benefit from EVs by making EV ownership more convenient and affordable. For more information visit **www.blackhillsenergy.com/EV.**

Patrick G
Damage Prevention Coordinator, NE

Environmental impact assessments

Prior to construction, we complete an environmental review checklist for applicable projects to determine if environmental permitting may be necessary. If any of the pre-determined permitting thresholds are triggered, the project is reviewed for impacts to water, air, wildlife, and land. Projects are viewed holistically, including the long-term impact to the environment.

Water

Black Hills Energy encounters many waterways, referred to as Waters of the United States (WOTUS) with natural gas pipeline and electric transmission line construction projects. Projects are typically designed to either be bored under or spanned across any WOTUS to minimize impacts to ecosystems and to reduce permitting requirements. If water resources are impacted, coordination with Army Corps of Engineers and other state or local permitting agencies is often required. All projects that disturb over one acre of land (or less in some local jurisdictions) require state stormwater permitting to support full re-vegetation post-construction.

Wildlife

Our environmental professionals work closely with U.S. Fish and Wildlife and state wildlife agencies. We comply with the Migratory Bird Treaty Act and the Endangered Species Act, as well as many other regulations. Prior to construction, we research project areas to identify which species may have suitable habitat in the area during the time of construction and organize surveys to determine the presence or absence of wildlife. Results are used in project planning to minimize impact and can result in timing or spatial buffers during construction.

Land

Projects on public lands can require significant permitting requirements. Projects involving federal lands typically require additional permitting to comply with the National Environmental Policy Act, which can include a requirement to complete an Environmental Assessment or Environmental Impact Statement. We also conduct archaeological and paleontological surveys prior to construction on public lands to protect areas of cultural significance.

SPOTLIGHT:

W.N. Clark reclamation and repurposing

We are working with Cañon City and the Colorado Department of Public Health and Environment to complete remediation of the previous W.N. Clark coal-fired power plant location in Cañon City, Colorado, and transform the site into an outdoor recreation park. In 2022, the site was reclaimed to residential standards, and we are processing necessary documentation to make this outdoor recreation park a reality for City residents.

Conceptual vision for the outdoor recreation park, which will be located at the WN Clark reclamation site.

Vegetation management

Black Hills Energy manages powerline rights-of-way to avoid vegetation/powerline conflicts. We follow industry standards and regulations to provide safe and reliable power to our customers. Black Hills Energy uses an Integrated Vegetation Management strategy to reduce tall growing vegetation and retain low growing vegetation in its place, which aims to decrease maintenance costs and increase wildlife habitat.

Tree planting

In 2021, we invested $89,000 in planting nearly 1,400 trees which will grow to save energy by blocking the hot summer sun and cold winter winds, as well as filter over 9.7 million gallons of storm water and avoid or sequester 3.4 million pounds of carbon dioxide. Since beginning our program in 1992, the Arbor Day Foundation and Trees Forever estimate the Black Hills Energy program has avoided 34.4 million pounds of carbon, filtered 99.7 million gallons of stormwater and saved about 8.7 million kWh of energy—the equivalent of taking 1,240 cars off the road each year.

Waste and recycling

All Black Hills Energy facilities are designated by the EPA as Conditionally Exempt Small Quantity Generators status. To achieve this status, facilities must generate no more than 220 pounds of hazardous waste per month and must implement rigorous recycling programs.

Recycling measures are implemented across our corporate footprint which includes designated universal waste collection sites to collect common hazardous waste including batteries, pesticides, mercury-containing equipment and lamps for recycling. Additionally, scrap metal is recovered at facilities to be introduced as a raw material in the production of new goods through local vendors. Used oil from electrical service activities such as transformer maintenance is commonly accumulated in drums and recycled through an approved vendor. All electronic waste is reused or recycled with no materials going to landfills.

RECYCLED SCRAP METAL

5X THE AMOUNT
of the metal used in the Statue of Liberty

2021 estimated waste, recycling, and savings data

RECYCLED
15,410 LBS
OF BATTERIES

WATER SAVINGS
248 BILLION GAL
OF POWER PLANT WATER SAVINGS

RECYCLED
1,317 LBS
OF LAMPS

ENERGY SAVED
1,038,247 KWH
FROM TREES PLANTED
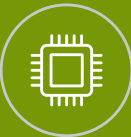
RECYCLED
18,501 LBS
OF ELECTRONIC WASTE

RECYCLED
15,410 LBS
OF MERCURY CONTAINING EQUIPMENT

RECYCLED
6,723 GAL
OF USED OIL

RECYCLED
1,181,041 LBS
OF SCRAP METAL

Total waste disposed of or recycled	
Total Hazardous Waste Disposed Of	3,300 lbs
Total Hazardous Waste Recycled	35,330 lbs
Total Non-Hazardous Waste Recycled	1,231,464 lbs

Energy efficiency and conservation

We offer our customers a wide variety of programs and rebates to help them conserve energy and lower their energy bills. Black Hills provided over $10 million in energy efficiency rebates in 2021 to residential and business customers, leading to annual energy savings of about 16 million kilowatt-hours of electricity and 380,000 dekatherms of natural gas - enough energy to power over 2,050 homes with electricity and about 4,500 homes with natural gas for one year.*

In 2021, we achieved a fourth consecutive annual ENERGY STAR award from the EPA for our energy efficiency program in Arkansas and are exploring ways to advance the adoption of advanced appliances, such as high efficiency natural gas furnaces and combined fuel heat pumps. For more on our energy efficiency efforts, visit **www.blackhillsenergy.com/efficiency-and-savings**

Company facility energy efficiency

In addition to helping our customers save energy and reduce emissions, we also implement energy efficiency and sustainability into the design of our facilities. Our Horizon Point headquarters building was designed and constructed following LEED Gold standards and holds an EPA Energy STAR Certification. To be certified as an ENERGY STAR building, it must meet strict energy performance standards set by the EPA. Once in operation, ENERGY STAR certified buildings use, on average, 35% less energy than similar buildings nationwide, resulting in reduced greenhouse gas emissions. We will continue to use these building standards with new facility construction for our company.

Assumes annual electricity usage of 7,800 KWh (650 kWh per month) and annual natural gas usage of 84 Dth (7 Dth per month).

Demand Side Management (DSM)/Energy Efficiency Program
Impact by Year (in thousands)*

Year	Spending ($)	Rebates Paid ($)	Electricity Savings (kWh)	Natural Gas Savings (Dth)
2021	19,030	10,290	16,267	380
2020	20,260	12,372	29,735	324
2019	16,800	6,950	27,075	312
2018	21,800	9,000	28,200	397

DSM/Energy Efficiency programs are funded by a surcharge on customers' bills depending on the conditions set forth by state public utilities commissions.

Ready to help customers

We are always ready to help our customers reduce energy waste, manage their energy use and make their homes more energy efficient. For example, our Colorado team stepped up to support this effort by providing energy-saving kits to customers in need in four Colorado communities in celebration of National Energy Awareness Month in October.

About 40 local volunteers helped our team distribute more than 1,500 kits which were distributed in partnership with local food pantries through drive-through events and also through door-to-door outreach. Each kit contained a smart power strip, LED light bulbs, caulk and dispenser, weatherstripping, outlet insulators, a water conserving shower head and sink aerator, LED nightlight refrigerator thermometer and instructions on how to install each item. The energy efficiency measures from these kits also produced substantial environmental benefits with carbon emissions reductions equivalent to switching 6,325 incandescent lightbulbs to LED's.

"By incorporating the distribution of energy efficiency kits with local food drives, we were able to reach our customers who were most in need of assistance and those who could really benefit from the energy efficiency kits," said Black Hills Energy Colorado Electric Energy Efficiency Coordinator Patti O.

By partnering with community leaders, we were able to turn the drive-through distributions into larger and more impactful community events for our customers in Pueblo, Cañon City, Rocky Ford, and Cripple Creek/Victor. With support from the Pueblo City Council, October 2021 was proclaimed "Energy Efficiency Month" with Council President Larry Atencio taking particular interest in the opportunity to encourage residents to learn about energy efficiency and participate in Black Hills Energy programs.

In Rocky Ford, Mayor Susan Jung helped hand out energy-saving kits in conjunction with the Small Town Project, which provided a meal kit, and Tri-County Family Care Center, which provides community and family resources.

"The citizens of Rocky Ford really appreciated receiving the kits from Black Hills Energy at the drive-through event," said Mayor Jung. "Thanks to Black Hills Energy, Small Town Project and Tri-County Family Care Center for coming together to make the day such a success."

Social impact

We consider it a privilege to serve as an integral partner to our customers and communities, delivering safe and reliable energy to nearly 1.3 million businesses and families across our expansive 8-state service territory. Our approximately 3,000 employees work together as one team, committed to making a positive impact on the lives of our customers and in the communities, we call home.

Our Team	As of December 31, 2021
Total employees	2,888
Gender diversity (women as a % of total employees)	26%
Women in executive leadership positions*	30%
Ethnic or racial diversity (non-white employees as a % of total)	12%
Military veterans	14%
Represented by a union	25%
	For the year ended December 31, 2021
Number of external hires	214
External hires gender diversity (as a % of total external hires)	25%
External hires ethnic or racial diversity (as a % of total external hires)	20%
Turnover rate**	11%
Retirement rate	3%

State	Percent of total
Arkansas	15.4%
Colorado	15.2%
Iowa	9.6%
Kansas	4.9%
Nebraska	13.3%
South Dakota	26.6%
Wyoming	14.2%
Other states	0.8%
TOTAL	100%

*Executive leadership positions are defined as positions with Vice President, Senior Vice President or Chief in their title.

**Voluntary and involuntary separations; excludes interns

Diversity, equity, inclusion and belonging

We are committed to building a diverse workforce representative of the communities we serve, and a culture of belonging for all. We recognize that each of our team members brings unique and valuable experiences, perspectives, and talents to the organization. With our value of respect as our guiding force, we strive to actively engage all employees to foster a culture of belonging where every team member can bring the best parts of themselves to work and is enabled to reach their full potential while contributing to business outcomes.

Some of the ways we are working to build a more diverse workforce and culture of belonging for all include:

- Recruiting diverse individuals and forming strategic partnerships within the communities we serve to increase our pipeline of diverse talent. Evaluating our internal systems and processes to support an equitable and inclusive experience for all people.

- Providing a variety of career development resources and tools for employees. These include tuition assistance, mentoring opportunities, book clubs, an annual career development challenge, and a college partnership program which allows employees to achieve college degrees at an advanced pace and/or discounted price.

- Encouraging participation in employee resource groups (ERGs). Our ERGs are employee-led and encourage connection and belonging for their members while also providing education and outreach to the organization. Our ERGs include:
  - **Aspire,** a women's resource group
  - **Analytics in Action,** a resource group for current and aspiring data and analytics professionals
  - **New Connections,** a resource group for new employees within their first year of service
  - **The Multicultural Team,** a resource group for racially/ethnically diverse employees
  - **The Project Management Interest Group,** a resource group for current and aspiring project management professionals
  - **The Veterans Engagement Team (VET),** a resource group for military personnel and Veterans.

- Hosting an annual diversity conference which provides opportunities for all employees to connect and focus on personal and professional development.

Diversity goals: EEI's member companies—America's investor-owned electric companies—have made diversity, equity, and inclusion (DEI) a strategic imperative for years. Now, and as the next step in this journey, EEI's member companies have joined together to align their DEI and workforce development initiatives and are pledging to take meaningful action to:

- Promote racial justice

- Advance DEI goals and diversify the workforce at all levels

- Provide more equitable access to employment opportunities for underrepresented and underserved members of their communities

- Create a workforce that is more representative and responsive to people of all backgrounds

- Take measurable actions that can address the racial and gender gaps within the industry and accelerate the ability to reach and support those suffering from systemic racism, poverty, and economic disadvantages.

As an EEI member, Black Hills Energy has committed to specific actions within EEI's industry goals for diversity, equity, and inclusion:

Industry goal: Ensure that diversity, equity, and inclusion are driven from the top

EEI-recommended action: Share Your Diversity and Inclusion Strategic Roadmap: Create a diversity council or leader within the organization who is responsible for advancing the DEI agenda and who will work closely with the our CEO, Senior Leadership Team, and the board of directors in driving action to cultivate inclusive culture and talent and to provide updates on progress.

What Black Hills Energy is doing: In support of our DEI efforts, our chief HR officer (CHRO) is responsible for advancing the DEI agenda and works closely with our CEO, Senior Leadership Team, and the board of directors. The Compensation Committee of the board of directors has direct oversight of our DEI strategy. We also have a Manager of Diversity who provides dedicated direction and support in executing on our "Diversity Roadmap." Our roadmap

outlines various of the strategies, objectives, and actions to guide and strengthen our diversity efforts.

Industry goal: remove barriers to entry by expanding and broadening the pool of diverse candidates

EEI-recommended action: Eliminate Biases and Provide a More Inclusive Work Environment: Adopt policies and practices that address unconscious bias in hiring, interviewing, and training with the goal of promoting broader representation of diverse genders and people of color within the workforce. Focus efforts on development, mentoring, and sponsorship programs to retain and advance diverse talent.

What Black Hills Energy is doing: To help attract, retain and develop diverse employees, we created additional Employee Resource Groups (ERGs) that provide support and development tools for diverse employees. Our ERGs work to foster inclusion and belonging and provide programming (e.g., a company-sponsored development conference, mentoring circles, career development workshops, among others).

Our Worldview Exchanges program pairs senior leaders with members of our ERGs to engage in a series of conversations around inclusion and belonging. Through the program, participants have an opportunity to learn about different lived experiences and discuss opportunities to strengthen our culture of belonging.

EEI-recommended action: Reassess Job Requirements: Identify a common industry set of critical skills for the future lineworker. Rethink how roles and responsibilities are defined using a DEI lens. Use these efforts to better inform position descriptions and to define physical requirements, critical skills, and knowledge needed for the current and future workforce.

What Black Hills Energy is doing: We are updating job descriptions to identify and remove language that may be a barrier to diverse applicants and creating a stronger focus on transferable skills when evaluating candidates for all jobs.

Empowering women in operations

When opportunity knocks, Emily L. isn't afraid to answer. Emily began working at Black Hills Energy as a Field Resource Center associate in 2019. In this behind-the-scenes role, she provided support for the utility operations team in Fayetteville, Arkansas, for two years.

When Emily was offered the chance to be a part of the new Black Hills Energy Operations Trainee Program, she jumped at the opportunity to receive the training necessary to launch her career in operations. "I knew I wasn't meant to sit at a desk for the rest of my career," said Emily. "I was really excited for the opportunity to further my education and get hands-on operations training."

In 2021, Black Hills Energy piloted the program which strives to increase diversity in operations by reducing barriers for women and racially and ethnically diverse individuals to receive the training and skills needed to begin a career in operations. In partnership with Mitchell Technical College in South Dakota, two female employees from our customer service organization were enrolled in the college's nine-month Natural Gas Technology program.

"The Operations Trainee Program helps us to be ready to serve our customers while providing career development opportunities for those who want to grow a career in energy," said Franki Coulter, vice president of human resources and program advisor. "Black Hills Energy not only provides financial support for participants to attend school, but we also identify operations-based mentors and arrange for trainees to conduct site visits during school breaks to learn more about natural gas operations. The site visits also allow for trainees to meet the people they will be working with after graduation which helps them build camaraderie and a sense of belonging."

Upon completion of the program in May 2022, Emily earned a full-time position as a maintenance technician where she is responsible for performing mechanical installation, repair and maintenance of natural gas pipelines. Her "office" now consists of the diverse Arkansas landscape and a great view from a backhoe, trencher or other digging equipment.

"I love being out in the field and I am passionate about my job," Emily added. "Many women are not exposed to tools and heavy machinery and are hesitant about going into this type of work if they haven't grown up around it. This was an amazing opportunity to learn the ropes in a controlled and safe environment. I look forward to growing my career at Black Hills Energy and I hope this program continues to pave the way for more women to enter operations roles in the energy industry." Black Hills Energy will continue the Energy Operations Trainee Program in 2022 with three new participants who will start school in August and graduate in 2023.

Jessie A.
Gas Operations Supervisor, NE
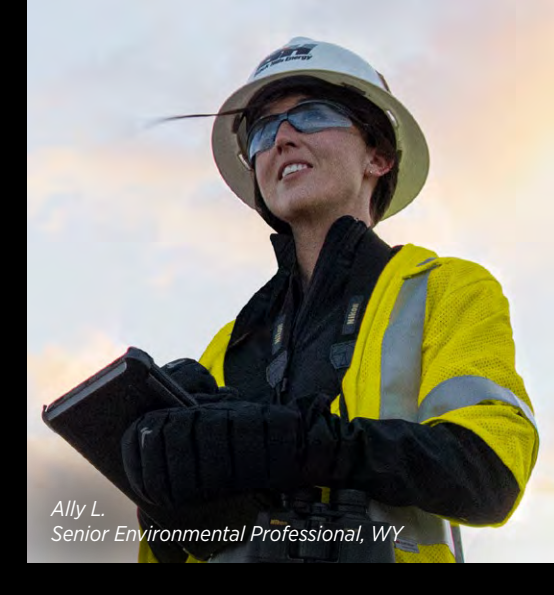
Ally L.
Senior Environmental Professional, WY

Emily L.
Maintenance Technician, AR

Sarah P.
Meter Shop Technician, IA

Nichole S.
Pipeline Safety Professional, IA

Workplace practices

Our respect for human rights is ingrained in our values and impacts every aspect of our company. We abide by all laws and regulations and support the principles outlined in the United Nations' Universal Declaration of Human Rights. See our Human Rights Policy for more information.

We believe our unique talents and diversity anchor a culture of success. We know that diverse teams and cultures deliver customer and shareholder value. Accordingly, we proactively and intentionally foster an environment that respects all people without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, ancestry, creed, disability, age, veteran status, or any other protected class.

We are committed to a work environment that is free from all forms of harassment — including sexual harassment and bullying. Regardless of the form it may take, harassment is not acceptable and is not tolerated. This applies to all employees, applicants, vendors, contractors, clients and customers of the company. Our Harassment Prevention policy has been in place since 2010, and violations of this policy are handled in accordance with the company's disciplinary policies and procedures up to and including termination.

Employee recognition

Employee recognition is an important part of our culture at Black Hills Energy. We value the many contributions of our employees, and intentionally recognize our employees who are passionate about Improving Life with Energy. Some of the ways we recognize employees include:

- **Energ!ze** Through our Energ!ze program, employees have the opportunity to recognize their co-workers for their efforts and accomplishments. The Energ!ze portal enables an employee to provide a message detailing the reason for the recognition. The recipient (and anyone else whom the nominator designates) receives a copy of the recognition, which is also posted on the Energ!ze portal for others to see. Recognitions can also come with points that can be exchanged by the recipient for items from the online rewards catalog. Points rewards can be given peer-to-peer; managers can give larger spot awards to recognize employees for going above and beyond.

- **Service Awards** Our Service Awards celebrate employee service anniversaries and are provided to employees at five-year intervals beginning at five years of service. Managers receive a service award packet the month prior to an employee's anniversary date. This package includes information and tools for the manager to use to recognize the important milestone and celebrate the occasion with the employee and his/her workgroup. The sealed presentation packet includes a congratulatory letter from our CEO, personalized acrylic service award, and catalog for the employee to order his or her service anniversary gift.

- **The CEO Summit Award** The CEO Summit Award, our top recognition program, honors employees who stand out within our Black Hills Energy family and in their communities. The award supports and reinforces Black Hills Energy's vision, mission, values and standards and promotes teamwork.

Benefits and awards

We offer our employees a Total Rewards package that reflects our company values and recognizes their contributions to our business. We provide market-competitive pay* and comprehensive benefits to help our employees take care of the things that are important to them and their families.

Health and Well-being	Work/Life	Retirement Planning
Medical, dental, vision plans for employees and dependents	Paid Time Off, company paid holidays, parental leave/ adoption leave	401(k) and Roth 401 (k) retirement savings plans with company match up to 6%
Flexible spending accounts for health care and dependent care; Health Savings Account (HSA) for health care	Hybrid work option – work from home 2 days a week (depending on position)	401(k) Company retirement contribution, up to 9% of total eligible pay
Company-paid basic life and accident insurance	Life Cycle Leave – additional leave when experiencing a substantial life event	Defined benefit plan (closed to new entrants)
Voluntary employee supplemental life and accident insurance	Educational Assistance program	Retiree Medical Savings Account
Company-paid short-term disability program and long-term disability insurance	Energy in Motion safety and wellness programs	Pre-65 retiree medical
Voluntary long-term care insurance	On-site biometric screenings	Quarterly Ready2Retire webinars
Employee assistance work/life program (EAP)	Virgin Pulse wellness program	

Bargaining-unit employees are compensated according to union contracts.

Employee engagement

We're dedicated to creating an exceptional employee experience and creating a culture where all individuals can thrive. As part of this commitment, we conduct quarterly employee pulse surveys to understand what our employees believe is working and where we can continuously improve. Additionally, we conduct regular employee engagement surveys every 18-24 months where we've maintained strong scores in both safety and employee engagement, as well as employee participation rates at or exceeding 85%.

Safety

Employee safety and wellness

Safety is one of our company values, a top priority in all we do and deeply embedded in our company culture. We are committed to being the safest utility company in the nation and this requires persistent, daily attention in all we do. Every meeting of three or more employees begins with a safety share, a practice which contributes to keeping safety top of mind. Since 2010, we have reduced workplace injuries by more than 75% and continue to see long-term, sustained improvements in our safety practices and performance. In 2021, our Occupational Safety and Health Administration (OSHA) Total Incident Case Rate (incidents per 200,000 hours worked) was 1.06, with the utility industry average of 1.71. Our Preventable Motor Vehicle Incident Rate (vehicle accidents per 1 million miles driven) was 1.81 in 2021, also well below the industry average of 2.74. Safety extends to employee health and wellness, in and outside of work, with 81% of employees participating in our proactive safety and wellness program.

Year	Total Case Incident Rate (incidents per 200,000 hrs worked)	Preventable Motor Vehicle Incident Rate (vehicle accidents per 1 million miles driven)	Proactive Safety and Wellness Participation Rate
2021	1.06	1.81	81%
2020	1.0	2.38	76%
2019	1.25	2.48	81%
2018	1.2	2.2	85%

Employee safety training

Our safety training is delivered through an online learning management system which tracks completion status and completion dates. We review classes to make sure they are in accordance with our procedures and practices. Training occurs throughout the year, with frequency driven by required regulation and assessed need. All online safety training is available in several languages.

All safety training is provided at no cost to our employees and may be completed during working hours. We evaluate the effectiveness of our training using several methods, including:

Audits and inspections: We perform field audits to assess the effectiveness of online training. For example, our online ladder training discusses the size and type of ladder required. During a field audit, we look specifically at ladders to see if the ones being used are the right type, capacity, labeling and under proper use. We then take the audit findings, compile them, and evaluate to see if our training is effective.

Personal and motor vehicles incidents: When an incident occurs, we complete an investigation to determine the root cause. We compare those findings to see if our online training covered the issue and determine effectiveness of the training.

Required annual safety training for new employees:

- Decision Driving Principles Module 1: Expand Your Look Ahead Capacity
- Decision Driving Principles Module 2: Sizing Up the Whole Scene
- Decision Driving Principles Module 3: Signal Your Intentions Early
- Decision Driving Principles Module 4: Plan An Escape Route
- Decision Driving Principles Module 5: Take Decisive Action

Required annual safety training for all employees:

- Access to Employee Medical and Exposure Records
- Bloodborne Pathogen Awareness - Refresher
- Emergency Action Plan Site Specific Acknowledgment
- Fire Extinguisher/Safety Principles - Refresher
- Incident Intervention with WorkCare
- Slips, Trips, and Falls

Required annual safety training for field employees:

Field employees are assigned additional required training based on role. For example, in 2021, an electric lineperson was required to complete the following additional safety training:

- Compressed gas safety
- Lockout and tagout guidelines
- Electric safety
- Confined spaces
- Trenching and excavation safety
- Ladder Safety
- Scaffolding and ladder Safety

Safety in our communities

Our safety culture extends beyond our buildings and into our communities. In 2021, we conducted 342 public safety trainings to first responders and excavators. We work each day to help our customers and communities learn how to stay safe around overhead and underground electric and natural gas lines.

Program/Service	About
Public safety training	Despite the challenges of COVID, we hosted emergency response and public awareness trainings for almost 520 first responders and excavators serving our communities.
811 - Call Before You Dig	We actively promote 811 - Call Before You Dig - to build awareness about this essential underground utility-marking service.
Pipeline awareness and outreach	We provide pipeline safety information to the public, emergency responders, excavators, and public officials to inform them about safe digging and recognizing pipeline emergencies in and around pipelines, compressor stations, LNG facilities and underground storage facilities. Various media messaging methods are used such as mailing of brochures, bill stuffers, email campaigns, online training website and participation in a variety of industry trade groups.
Power line safety	We provide information to our customers, community and the general public to help them stay safe around power lines.
Pipeline integrity management	We have a comprehensive pipeline integrity management plan to anticipate, proactively monitor, and assess risks to the integrity of our natural gas pipelines through continuous inspections and testing.
Vegetation management	To support the reliability of our electric distribution and transmission system, we perform tree trimming and integrated vegetation management activities to manage power lines' rights-of-way.

Learn more: ***blackhillsenergy.com/safety***

Caring for our communities

Serving over 1.3 million natural gas and electric utility customers in 824 communities across eight states, our direct economic impact included charitable giving, compensation for almost 3,000 employees, franchise fees, payments to suppliers, and property, sales and use taxes paid to our communities.

$768,000
ENERGY ASSISTANCE

Raised for our energy assistance program, Black Hills Cares, that helped over 2,400 families in need.

$802,000
UNITED WAY PLEDGES

Benefited more than 45 United Ways across our eight states including over $650,000 in employee pledges plus a 25% match from Black Hills Corp. Foundation.

$1.3 BIL
DIRECT ECONOMIC IMPACT

$390,000
IN-KIND OR OTHER DONATIONS

Supported community projects by sharing our unique skills and energy.

1,345
TREES PLANTED

Which will grow to filter over 9.7 million gallons of storm water and avoid or sequester over 3 million pounds of carbon.

$5.3 MIL
CHARITABLE GIVING

Included contributions and sponsorships to nonprofits, chambers and economic development organizations, United Way, energy assistance, in-kind donations, scholarships and investments in trees.

36,000+
VOLUNTEER HOURS

Shared by almost 800 employees with over 1,000 community organizations.

29,500+
CUSTOMERS SAVED ENERGY

By participating in energy efficiency programs and benefiting from energy savings.

$974,000
ECONOMIC DEVELOPMENT

Aided economic development organizations and chambers of commerce working to strengthen communities.

$2.2 MIL
CONTRIBUTIONS & SPONSORSHIPS

Invested by our state utilities and the Black Hills Corp. Foundation in the great work of hundreds of worthy local organizations and nonprofits.

9,600
FIRST RESPONDERS & EXCAVATORS

Trained on emergency response and safe digging practices so everyone knows safety is our top priority and the rules around 811.

Employee involvement

Each year, our employees give generously of their time and talents to support community organizations and nonprofits across our service territory. This support includes personal contributions to the United Way through monthly payroll donations and one-time gifts. In 2021, nearly 48% of our workforce participated in the company's annual United Way campaign, contributing at least their Fair Share (one hour of pay per month) for a total of $650,000. Combined with a 25% matching gift by the Foundation, 2021 giving to the United Way totaled over $800,000. In addition, almost 800 employees volunteered over 36,000 hours of their time, including nonprofit board service, mentoring to students in STEM education, coaching youth sports teams, and countless service projects — providing support to more than 1,000 organizations.

Ambassador program

The Ambassador 2.0 program is a corporate initiative that began in 2008, providing employees opportunities to serve and lead. Ambassadors serve as positive representatives of our company in both internal and external settings, connecting people with concepts and information on a personal and relevant level — the essence of a grassroots program. Ambassadors are nominated and selected to serve two-year terms that involve volunteering, coordinating initiatives at a local level and participating in key community events. Ambassadors are located in every state in our service area and help represent Black Hills Energy in community engagement, community service and corporate citizenship.

Community engagement

In addition to volunteerism by both our Ambassadors and employees, we also regularly engage with our customers and communities. Our community affairs team, who leads this engagement, is embedded within each state of our service area. Each state has a formal community engagement plan, unique to the makeup and needs of that area. Multiple tools are used for engagement, both formal and informal, including citizen advisory councils, community technician programs, periodic surveys of elected officials and direct community outreach.

In advance of and during construction projects that may impact stakeholders, we conduct outreach as part of the project plan. Depending on the project community engagement surrounding a project may entail:

- Open houses for landowners, the general public and affected neighbors
- Media relations/news releases
- Dedicated project website
- Tours of the project site with local leaders, elected officials or regulators
- Comprehensive communications with landowners
- Outreach to/coordination with businesses to reduce traffic and access issues
- Signage along the route to notify area residents
- Paid advertising

Charitable giving

We are committed to improving the communities in which we live and work. In 2021, our community support totaled $5.3 million, including over $650,000 in employee giving to United Way chapters and affiliates across our service territory and more than $768,000 in energy assistance funding through our Black Hills Cares program, which matches customers' and employees' charitable contributions dollar-for-dollar.

In 2021, our Black Hills Cares program provided critical energy assistance funding to almost 2,400 families. In the past 14 years, Black Hills Cares provided approximately $7.6 million in customer, employee and company donations to those in need.

Community Giving Areas	2021
Black Hills Cares/Energy Assistance	768,000
Contributions & Sponsorships*	2,297,000
In-Kind or Other Donations	390,000
Economic Development/ Chamber Sponsorships	974,000
United Way Contributions	802,000
Energy Saving Trees/ Power of Trees	89,000
TOTAL	$5,320,000

Contributions include charitable giving funded by our state utility budgets and corporate foundation.

Tree planting

In 2021, we helped our customers plant 1,345 trees across our service territory through tree giveaway programs administered through the Power of Trees program in Iowa and the Arbor Day Foundation's Energy Saving Trees program in Arkansas, Colorado, Kansas, Iowa, Nebraska, South Dakota and Wyoming.

Black Hills Cares

We all use energy to heat our homes when it's cold and keep the lights on when it gets dark. Last year was even more difficult with economic concerns, extraordinary weather and market events along with our communities overcoming the effects of the pandemic. Making the tough decision between paying for energy or feeding your family is beyond challenging.

Our energy assistance program, Black Hills Cares, is ready to help if any of our customers are struggling with these basic needs. Last year, Black Hills Cares provided critical energy assistance to almost 2,400 families through partnerships with two dozen agencies throughout our service territory. We match our customers' and employees' contributions to Black Hills Cares dollar-for-dollar, raising a total of almost $770,000 last year.

We knew many families were impacted by the pandemic and we wanted to do more to help, so last year we increased awareness of our Black Hills Cares programs. Spotlighting this critical program resulted in more than 50 percent growth in donations by our employees and customers.

In the past 14 years, Black Hills Cares has provided more than $7.6 million in customer, employee and company donations to provide energy assistance for those in need.

Black Hills Corp. Foundation

The Black Hills Corp. Foundation was established in 2001 to support community organizations across our service territory. Since that time, the Foundation has provided nearly $7.1 million in funding for long-lasting, "brick-and-mortar" projects and capital funding campaigns. Foundation grants are awarded in the following focus areas: Helping People, Responsible Energy & Environmental Stewardship, Strong Communities, and Workforce/Education. In 2021, the Black Hills Corp. Foundation approved $622,874 in gifts to qualifying nonprofits across our states.

To apply for an event sponsorship and donation from our state utilities or the Black Hills Corp. Foundation, *click here.*

Learn more about all our 2021 community efforts in our *Community Impact Report*.

Black Hills Energy employee Ambassador Lei T., volunteers on a building project with Habitat for Humanity.

Sustainable growth

Direct economic impact

Our social impact creates economic value within our local communities. By providing jobs and benefits to our employees, by paying taxes, community giving and purchasing goods and services to maintain and upgrade our vast network of electric and natural gas system infrastructure, we play a critical role in our communities' ecosystem. In 2021 our direct economic impact was estimated at $1.33 billion.

Direct Economic Impact Summary	2021 (in thousands)
City franchise fees[1]	33,953
Charitable Impact	5,320
Employee compensation (wages and benefits[2])	371,267
Payments to suppliers (total spend)	761,529
Property taxes	53,514
Sales tax[3]	82,418
Use tax	3,956
Coal tax	15,889
TOTAL	$1,327,846

Supply chain and diversity

Every day, we strive to improve life with energy by strengthening our communities through growth and development opportunities. Realizing this goal means building strong partnerships with diverse businesses.

In 2021, we spent approximately $762 million with suppliers to support our utility operations to better serve our customers. Over 48% of that spend was completed with businesses within our 8-state service territory. We also remain committed to supporting the small and diverse local businesses in our communities. In 2021, our spend with small businesses, women and minority-owned businesses and other diverse suppliers represented 15% of our total dollars spent. We recognize the value of not only supporting diverse businesses, but also integrating that diversity into our organization. For example, we partner with a local non-profit to provide meaningful employment to adults with disabilities while providing the benefit of onsite food service to our employees.

Black Hills Corporation is committed to safety, diversity, environmental leadership, social responsibility, and ethical business practices. These fundamental values guide how the decisions we make today are the right decisions for tomorrow. We expect our suppliers of goods and services to adhere to these fundamental values and apply them to how they do business. Our **Supplier Code of Conduct** describes our expectations in more detail.

Financial performance

We marked 138 years of delivering energy to customers in 2021, a testament to our long-term strategy and financial strength. Sustaining Black Hills Energy into the future requires solid financial performance to provide the necessary capital to invest in our customers and communities. Our financial results in 2021 reflected our ongoing investments to better serve our customers and support their increased demand for energy.

For 2021, we reported earnings per share from continuing operations, as adjusted, of $3.74*. Results were driven by disciplined cost management, fair returns on invested capital and ongoing customer growth. We served our customers extraordinarily well through Winter Storm Uri in February 2021, and our solid financial position allowed us to successfully carry the financial burden from that storm on behalf of customers as we set in place recovery plans and gained approval from regulators for those plans.

We extended the second longest dividend increase track record in the natural gas and electric utility sector in 2021. We completed 51 consecutive years of dividend increase when we increased our dividend by $0.12, or 5.5%, to $2.29 per share and averaged an increase of 6.4% annually over the last five years. This remarkable consistency speaks to the leadership, vision and perseverance of our company. We are equally proud that the company has paid dividends to our shareholders every year since 1942, or 79 years, another illustration of our resiliency and commitment to creating sustainable value for our shareholders.

1. Payments made to local governments for use of public rights-of-way.
2. Benefits include employer contributions for Health and Welfare benefits as well as 401(k) and retirement contributions.
3. Depending on state and local laws, we are required to collect sales tax from customers on taxable sales of goods and services. We also pay taxes on certain purchases made by Black Hills Energy that have not been previously taxed by the vendor or service provider.
4. Earnings per share, as adjusted is a non-GAAP measure; reconciled to GAAP

Blockchain tariff provides innovative solutions in Wyoming

To support the growing blockchain industry in Wyoming, Black Hills Energy developed an innovative solution to meet the unique energy demands of blockchain operation while protecting and that benefits current customers while protecting them from additional costs. Proposed by Black Hills Energy and approved by the Wyoming Public Service Commission in late 2018, the Blockchain Interruptible Service Tariff is an electric rate option tailored to large electric use customers such as blockchain and crypto mining operations.

The inner-workings of blockchain technology are complex, but it is a big deal because it enables online transactions that don't require a central entity — a bank, government or single company — to verify that a particular digital file, such as money, has changed hands and that only one, distinct version of that file exists. Blockchain needs high quantities of safe, cost-effective electricity to be viable. The algorithms involved in cryptocurrency uses a lot of energy and processing power. Black Hills Energy is essential to the development and sustainability of this new industry and economic opportunity for Wyoming.

In June 2022, we completed our first agreement for service under our Blockchain Interruptible Service Tariff. The customer, a crypto mining company, recently signed a five-year service agreement with Black Hills Energy for up to 45 megawatts (MW) of electric service with an option to expand service up to 75 MW. The company will locate initial operations in Cheyenne at the North Range Business Park just west of town.

"We are pleased to deliver yet another innovative solution to support business and technology growth in Wyoming while benefiting our other customers," Linn Evans, president and CEO of Black Hills Energy. "This agreement is the culmination of Wyoming's enabling legislation, our unique customer focused Blockchain Interruptible Service Tariff, and our team's business development efforts. We are excited to serve this new type of customer and to explore the benefits we can provide to other flexible load customers over the longer-term."

When operational in the fourth quarter of 2022, the crypto mining facility will represent one of the largest bitcoin mining operations in the region.

Capital investment

In a year challenged by the pandemic, our team successfully executed our customer focused capital investment program, prudently deploying $680 million in 2021 to improve the safety, reliability and resiliency of our extensive electric and natural gas infrastructure systems, while also expanding our renewable energy offerings. Our long-term, programmatic approach to planning and prioritizing resources forecasts capital investments of more than $3 billion in 2022 through 2026 to further enhance the safety and reliability of our infrastructure and meet our customers' growing energy needs.

Earnings per share as adjusted
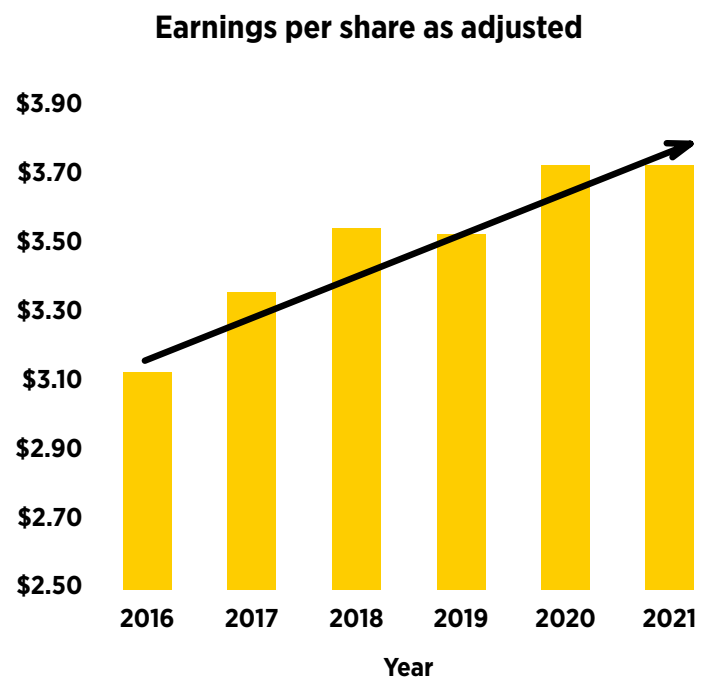
Base Capital Investment by Segment and Recovery (in millions)

	2020A	2021F	2022F	2023F	2025F	2026F	2022-2026F
Minimal Lag Capital - Electric Utilities[1]	$42	$30	$34	$30	$92	$32	$218
Rider Eligible Capital - Electric Utilities[2]	77	70	52	121	63	19	324
Growth Capital - Electric Utilities[3]	51	37	23	34	19	17	131
Other[4]	117	102	95	100	57	87	442
Electric Utilities	**$286**	**$239**	**$205**	**$285**	**$231**	**$1545**	**$1,115**
Minimal Lag Capital - Gas Utilities[1]	86	79	95	113	94	88	469
Rider Eligible Capital - Gas Utilities[2]	151	181	166	156	149	146	798
Growth Capital - Gas Utilities[3]	77	68	99	74	73	76	389
Other[4]	70	35	24	43	33	36	171
Gas Utilities	**$383**	**$363**	**$383**	**$386**	**$349**	**$346**	**$1,827**
Total Utilities	**$669**	**$602**	**$588**	**$671**	**$580**	**$501**	**$2,942**
Corporate	11	9	12	13	13	13	59
Incremental Projects	0	0	0	0	~60	~140	~200
Total Black Hills Forecast	**$680**	**$611**	**$600**	**$684**	**$653**	**$654**	**$3,202***

[1] Minimal Lag Capital - investment with regulatory lag of less than one year or incurred during expected regulatory test periods
[2] Rider Eligible Capital - capital expenditures recovered through state specific tariffs or FERC formula rates and meets minimal lag capital definition.
[3] Growth Capital - generates immediate revenue on customer connections.
*Incremental projects being evaluated for timing, cost, and other factors. Expecting total investment of $600+ million annually, or $3+ billion 2021-2025

Read the 2021 Annual Report to learn more.

Corporate governance

Sustainability begins at the highest levels in Black Hills Energy, with oversight from our board of directors and full support from our CEO and ESG Steering Committee. Our commitment to sustainability is integrated throughout the company with guidance from a cross-functional sustainability strategy team.

We believe that strong governance lays the groundwork for sustainable success and provides the foundation for constructive management and strategic oversight. It also supports a rigorous culture of compliance and accountability.

Business conduct
Our corporate compliance and ethics programs provide the foundation for our business conduct, essential for earning the trust of our customers and communities, our regulators and shareholders, and our employees. We hold ourselves accountable for complying with all company policies, state and federal laws, and the rules and regulations that govern our industry. To facilitate this compliance, employees at all levels of our company, along with contract workers and vendors, are expected to complete annual training on — and adhere to — **our Code of Business Conduct.**

Human rights
Our respect for human rights is reflected in our corporate values. We support the principles outlined in the United Nations Universal Declaration of Human Rights. Our **Human Rights Policy** outlines support for standards including ethical and lawful practices concerning human rights, diversity, nondiscrimination and harassment, labor standards, collective bargaining and supplier relationships.

Ethics Helpline
We strive to provide a workplace environment where employees feel comfortable asking questions or voicing concerns without fear of retaliation. To support this culture, we provide a dedicated and confidential Ethics Helpline that is available 24 hours a day, seven days a week. This service is available to all employees, as well as to anyone outside the company, to report actual or suspected ethical or illegal misconduct. The Ethics Helpline is managed by an independent, third-party operator and all reports are promptly investigated. Our ethics program is reviewed both internally and externally on a regular basis and employee understanding of the program is periodically assessed.

Political contributions
The Company stays informed about public policy issues that impact our business. The Company follows all federal, state, and local laws, rules, and regulations related to policy development and the political process.

As with all corporations, Black Hills Corporation is prohibited from contributing directly or indirectly in support of political candidates for elected federal offices in the United States. Additionally, the Company does not make direct contributions to candidates to state or local-level offices.

The employee-supported Black Hills Corporation Political Action Committee allows employees to engage voluntarily in the political process and in accordance with all federal, state and local laws. The PAC's board, which is comprised of employee representatives from across the company, is responsible for reviewing and approving state and federal political contribution requests.

Leadership and company oversight

Board of directors
The members of our board of directors have a fiduciary responsibility to act in the best interests of Black Hills Corp. and its shareholders. The board operates according to best practice principles outlined in the "Corporate Governance Guidelines of the Board of Directors." These principles lay the foundation for the board's oversight responsibilities.

Our corporate governance structure promotes a strong, independent board of directors composed of diverse individuals whose backgrounds, abilities, commitment and expertise combine to provide strong oversight for the company.

Board leadership
The board does not have a position regarding whether the roles of Chairman and CEO should be separate or combined. The board can choose the leadership structure it feels best represents the interests of the company and its shareholders. When the Chairman and CEO roles are combined, the board shall appoint one of its independent directors to be the lead director. The board believes that having separate positions and having an independent director serve as Chairman is currently the appropriate leadership structure of the company.

Board composition
The bylaws of Black Hills Corp. authorize the oversight of the company through a board of no less than nine members, with discretion to increase its size. As of April 27, 2022, our board was composed of 10 directors, nine of whom are considered independent within the listing standards of the New York Stock Exchange. The CEO is an inside director and is not deemed independent.

Our collaborative culture encourages differing views and perspectives, and we strive to create an inclusive environment at Black Hills Corp., starting with the composition of our board of directors. We intentionally recruit individuals diverse in race, gender and background, and seek diversity in both the prospective director pool and interview panel. Consistent application of these practices has

made us a leader among our peers for the diversity of our board, with over one-third of board seats currently held by gender or racially diverse directors.

The current composition of our board is currently as follows:

- Gender diversity: 30%
- Racial or ethnic diversity: 10%
- Average age: 62.2
- Average tenure: 5.4 years

For information on our current board of directors, **click here**.

Board responsibilities
To support effective management oversight of the critical issues related to financial and operating plans, long-range strategic issues, enterprise risk and corporate integrity, only independent board members serve on our board committees. The board has three committees to help execute its responsibilities:

- Audit committee
- Compensation committee
- Governance committee

A full description of committee responsibilities can be found in our committee charters and in our proxy statement. Notably, the board oversees ESG, and the governance committee oversees the reporting framework we use to track and monitor ESG progress. The compensation committee provides oversight of the company's diversity and inclusion. Our audit committee oversees financial risk and the process used to monitor compliance with our **Code of Business Conduct**. More information about our directors, governance documents and committee charters can be found at **ir.blackhillscorp.com**.

Executive compensation
Our board's compensation committee has an Executive Compensation Philosophy that provides the foundation for our executive

compensation program. The Philosophy states that the program should be market-based and maintain an appropriate and competitive balance between fixed and variable pay, short-term and long-term compensation and cash and stock-based compensation.
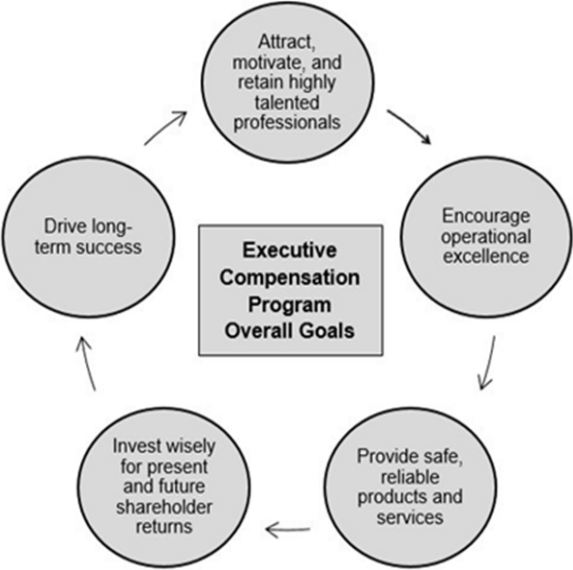
Company financial, safety and employee wellness goals are used as measures to determine incentive programs. Additional information on our performance in these areas is included later in this report. At our 2022 annual meeting, our executive compensation program received a 95% favorable vote from shareholders.

Access to shareholders
All shareholders have the ability to nominate a candidate for our board of directors and all candidates are given equal consideration, without regard for the nominating party. Additionally, all shareholders have the opportunity to submit a proposal to be included in our proxy materials.

Risk management and compliance

Risk management

Our enterprise risk management program is designed to identify, report, and manage all forms of relevant risk and opportunity. Managing all areas of risk, including ESG, cybersecurity, compliance, human resources, operational, regulatory, financial and reputational risks, are embedded into business processes and key decision making at all levels of the company. Our enterprise risk management program includes regular reporting to our Senior Leadership Team and quarterly reporting to our board of directors.

Cybersecurity

Black Hills Energy applies industry-standard security frameworks in our Corporate and Industrial Control System (ICS) environments as part of our commitment to the delivery of safe and reliable energy to our customers. We apply a standard of continuous improvement to cybersecurity, with ongoing employee training, education, and system enhancements. Security assessments are regularly conducted through internal threat hunting as well as external penetration testing. The company is subject to regular compliance audits which are conducted by outside audit firms and regulatory bodies, including North American Electric Reliability Corporation (NERC) and Transportation Security Administration (TSA). We incorporate government and industry-related security intelligence sources and actively participate in industry peer groups such as Edison Electric Institute (EEI), American Gas Association (AGA) and Cybersecurity and Infrastructure Security Agency (CISA). Our Chief Information Officer provides quarterly reports to the board of directors.

Black Hills Energy is also a member of the Cybersecurity Risk Information Sharing Program (CRISP), a partnership with energy providers and the Department of Energy. As a voluntary participant in the CRISP program, we share threat information which could potentially detect and prevent cyber threats directed at Black Hills Energy and other utilities.

At Black Hills Energy, each employee plays a role in security and our overall culture of security and security awareness is embedded in

our safety culture. Internal phishing drills are conducted monthly, and results show Black Hills Energy scores significantly better than industry benchmarks.

Reliability and operational continuity

Reliability and operational continuity are critical to us and those we serve. We evaluate our systems to identify opportunities to support a fire safe culture. We also routinely test our systems and conduct table-top drills and large event mock exercises to identify gaps in our response plans and enhance operating procedures.

Environmental

Our environmental policy outlines our commitment to protecting the planet and applies to our suppliers, vendors and contractors, as well as our company. Our comprehensive environmental management system (EMS) is used to track performance and compliance with all applicable state and federal regulations. In 2021, we achieved nine consecutive years of zero violations and penalties. Our EMS undergoes regular internal and external audits. Our last external audit found that our EMS follows the ISO 14001 requirements.

Regulatory

Our culture of compliance includes engagement with the North American Electric Reliability Corporation (NERC), Western Electricity Coordinating Council (WECC), and Midwest Reliability Organization (MRO) regulatory bodies. We have a history of early adoption of major NERC regulatory changes and strive to self-identify, assess and correct issues. Our goal is an integrity-driven approach that seeks to build trust with our regulators.

Pipeline safety management system

In 2018, we voluntarily began the continual implementation of a Pipeline Safety Management System (PSMS). As outlined by API Recommended Practice 1173, a PSMS quantitatively assesses risk to feed into a process to make better decisions. The process approach allows for a deliberate and systematic way of managing interrelated processes and resources

leading to consistency, effectiveness, and efficiency, while also allowing for identification of areas for improvement. Black Hills Energy uses the 10 elements of the PSMS to comprehensively manage all the many aspects of pipeline safety.

PSMS is an extension of our values and as a public stewards and prudent operator of natural gas pipelines, implementing a management system is the right thing to do for our shareholders, our employees and the public. The PSMS is intended to help anticipate problems and proactively solve them before they occur, in addition to improving the consistency, effectiveness, and efficiency of existing processes and resources.
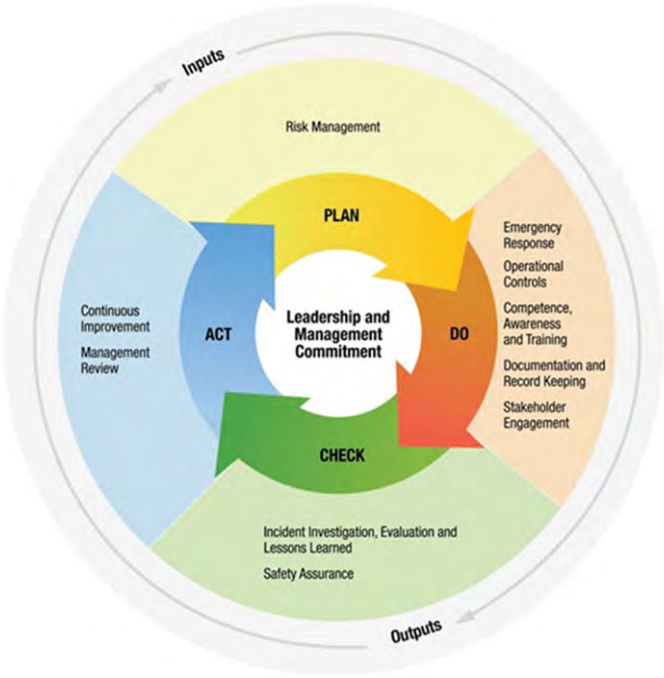
Appendix

NON-GAAP Reconciliation

Use of NON-GAAP measures
Limitations on the use of NON-GAAP measures

Non-GAAP measures have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Our presentation of these non-GAAP financial measures should not be construed as an inference that our future results will not be affected by unusual, non-routine, or nonrecurring items.

Non-GAAP measures should be used in addition to and in conjunction with results presented in accordance with GAAP. Non-GAAP measures should not be considered as an alternative to net income, operating income or any other operating performance measure prescribed by GAAP, nor should these measures be relied upon to the exclusion of GAAP financial measures. Our non-GAAP measures reflect an additional way of viewing our operations that we believe, when viewed with our GAAP results and the reconciliation to the corresponding GAAP financial measures, provide a more complete understanding of factors and trends affecting our business than could be obtained absent this disclosure. Management strongly encourages investors to review our financial information in its entirety and not rely on a single financial measure.

Earning per share, as adjusted and earnings from continuing operations, per share, as adjusted

Earnings per share, as adjusted, and earnings from continuing operations, per share, as adjusted, are Non-GAAP financial measures. Earnings per share, as adjusted, and earnings from continuing operations, per share, as adjusted, are defined as GAAP earnings per share and GAAP earnings from continuing operations, adjusted for expenses, gains and losses

that the Company believes do not reflect the Company's core operating performance. Examples of these types of adjustments may include one-time non-budgeted events, impairment of assets, acquisition and disposition costs, and other adjustments noted in the earnings reconciliation table below. The Company is not able to provide a forward-looking quantitative GAAP to Non-GAAP reconciliation for this financial measure because we do not know the unplanned or unique events that may occur later during the year.

Non-GAAP Financial Measures Chart Earnings, as adjusted (in millions)

	2017	2018	2019	2020	2021
Net income (loss) available for common stock (GAAP)	$177.0	$258.4	$199.3	$227.6	$236.7
Loss from discontinued operations (GAAP)	17.1	6.9	-	-	-
Net income from continuing operations available for common stock (GAAP)	194.1	265.3	199.3	227.6	236.7
Adjustments (after tax)					
Acquisition/integration costs	2.8	-	-	-	-
Tax reform and other tax items	(11.7)	4.0	-	-	-
Legal restructuring - income tax benefit	-	(72.8)	-	-	-
Impairment of investment	-	-	15.2	5.3	-
Rounding	0.1	-	-	-	-
Total Non-GAAP adjustments	(8.8)	(68.8)	15.2	5.3	-
Net income from continuing operations available for common stock, as adjusted (Non-GAAP)	$185.3	$196.5	$214.5	$232.9	$236.7

EEI

Electric Company ESG/Sustainability Quantitative Information

Parent Company:	Black Hills Corporation
Operating Company(s):	Black Hills Colorado Electric, LLC (d/b/a Black Hills Energy), Black Hills Power, Inc. (d/b/a Black Hills Energy), Cheyenne Light, Fuel and Power Company (d/b/a Black Hills Energy), Black Hills Colorado IPP, LLC, Black Hills Colorado Wind, LLC, Black Hills Electric Generation, LLC, Black Hills Wyoming, LLC, North Iowa Windpower LLC
Business Type(s):	Vertically Integrated
State(s) of Operation:	Colorado, South Dakota, Wyoming
State(s) with RPS Programs:	Colorado
Regulatory Environment:	Regulated and Non-Regulated
Report Date:	25-Jul-2022

Ref. No.	Refer to the 'EEI Definitions' tab for more information on each metric	Baseline 2005	Last Year 2020	Current Year 2021	Comments, Links, Additional Information, and Notes
	Portfolio				
1	**Owned Nameplate Generation Capacity at end of year (MW)**				Reported capacity values align with our 10K. Sources that are currently in service, and were operational in 2005, have been updated to nameplate capacity values. This was a reporting update completed in the 2021 10K.
1.1	Coal	366	394.7	394.7	
1.2	Natural Gas	209	760	760	
1.3	Nuclear	0	0	0	
1.4	Petroleum	140	138	138	Ben French Power Plant (100 MW) is duel fuel, and is reported under both natural gas and petroleum capacity.
1.5	Total Renewable Energy Resources	0	288.8	288.8	
1.5.1	Biomass/Biogas	0	0	0	
1.5.2	Geothermal	0	0	0	
1.5.3	Hydroelectric	0	0	0	
1.5.4	Solar	0	0	0	
1.5.5	Wind	0	288.8	288.8	
1.6	Other	0	0	0	
	Use the data organizer on the left (i.e., the plus/minus symbol) to open/close the alternative generation reporting options				
2	**Net Generation for the data year (MWh)**				
2.1	Coal	2,563,770	2,687,782	2,439,266	
2.2	Natural Gas	42,469	1,669,198	1,726,051	Net Generation adjusted for % equity of jointly owned sources. Includes 49.9% third party ownership of Black Hills Colorado IPP reported as noncontrolling interest.
2.3	Nuclear	0	0	0	
2.4	Petroleum	4,551	0	1,087	
2.5	Total Renewable Energy Resources	0	644,897	843,722	
2.5.1	Biomass/Biogas	0	0	0	
2.5.2	Geothermal	0	0	0	
2.5.3	Hydroelectric	0	0	0	
2.5.4	Solar	0	0	0	
2.5.5	Wind	0	644,897	843,722	
2.6	Other	3,827,200	2,322,732	2,797,907	"Other" includes market purchased power and PPAs. Purchased power data excludes internal purchases between Black Hills Corporation's regulated and nonregulated utilities, to avoid double counting MWh.
	Use the data organizer on the left (i.e., the plus/minus symbol) to open/close the alternative generation reporting options				
3	**Capital Expenditures and Energy Efficiency (EE)**				
3.1	Total Annual Capital Expenditures (nominal dollars)	Not available	$ 755M	$ 680M	
3.2	Incremental Annual Electricity Savings from EE Measures (MWh)	Not available	29,733	16,640	
3.3	Incremental Annual Investment in Electric EE Programs (nominal dollars)	Not available	$ 8,637,944	$ 6,424,996	
4	**Retail Electric Customer Count (at end of year)**				
4.1	Commercial	25,745	30,945	31,336	
4.2	Industrial	142	83	81	
4.3	Residential	165,783	184,872	186,852	
	Emissions				
5	**GHG Emissions: Carbon Dioxide (CO2) and Carbon Dioxide Equivalent (CO2e)**				
	Note: The alternatives available below are intended to provide flexibility in reporting GHG emissions, and should be used to the extent appropriate for each company.				
5.1	**Owned Generation (1) (2) (3)**				
5.1.1	Carbon Dioxide (CO2)				
5.1.1.1	Total Owned Generation CO2 Emissions (MT)	3,242,959	4,017,683	3,760,434	
5.1.1.2	Total Owned Generation CO2 Emissions Intensity (MT/Net MWh)	1.24	0.80	0.75	
5.1.2	Carbon Dioxide Equivalent (CO2e)				
5.1.2.1	Total Owned Generation CO2e Emissions (MT)	3,268,807	4,036,591	3,777,795	
5.1.2.2	Total Owned Generation CO2e Emissions Intensity (MT/Net MWh)	1.25	0.81	0.75	
5.2	**Purchased Power (4)**				
5.2.1	Carbon Dioxide (CO2)				
5.2.1.1	Total Purchased Generation CO2 Emissions (MT)	3,105,206	995,313	1,251,608	
5.2.1.2	Total Purchased Generation CO2 Emissions Intensity (MT/Net MWh)	0.81	0.43	0.45	
5.2.2	Carbon Dioxide Equivalent (CO2e)				
5.2.2.1	Total Purchased Generation CO2e Emissions (MT)	3,120,701	1,001,588	1,259,801	
5.2.2.2	Total Purchased Generation CO2e Emissions Intensity (MT/Net MWh)	0.82	0.43	0.45	
5.3	**Owned Generation + Purchased Power**				
5.3.1	Carbon Dioxide (CO2)				
5.3.1.1	Total Owned + Purchased Generation CO2 Emissions (MT)	6,348,165	5,012,995	5,012,043	
5.3.1.2	Total Owned + Purchased Generation CO2 Emissions Intensity (MT/Net MWh)	0.99	0.68	0.64	
5.3.2	Carbon Dioxide Equivalent (CO2e)				
5.3.2.1	Total Owned + Purchased Generation CO2e Emissions (MT)	6,389,508	5,038,179	5,037,595	
5.3.2.2	Total Owned + Purchased Generation CO2e Emissions Intensity (MT/Net MWh)	0.99	0.69	0.65	
5.4	**Non-Generation CO2e Emissions of Sulfur Hexafluoride (SF6) (5)**				
5.4.1	Total CO2e emissions of SF6 (MT)	Not applicable	Not applicable	Not applicable	Black Hills Corporation's facilities do not trigger the 40 CFR 98 Subpart DD reporting threshold.
5.4.2	Leak rate of CO2e emissions of SF6 (MT/Net MWh)	Not applicable	Not applicable	Not applicable	
6	**Nitrogen Oxide (NOx), Sulfur Dioxide (SO2), Mercury (Hg)**				
6.1	Generation basis for calculation (6)		Total		
6.2	**Nitrogen Oxide (NOx)**				
6.2.1	Total NOx Emissions (MT)	5,021	1,937	1,793	
6.2.2	Total NOx Emissions Intensity (MT/Net MWh)	0.001923	0.000387	0.000360	
6.3	**Sulfur Dioxide (SO2)**				
6.3.1	Total SO2 Emissions (MT)	8,017	1,175	1,021	
6.3.2	Total SO2 Emissions Intensity (MT/Net MWh)	0.003071	0.000235	0.000200	
6.4	**Mercury (Hg)**				
6.4.1	Total Hg Emissions (kg)	88.1	10.9	5.3	Current Hg emissions include only units that use performance-based measurement and are applicable to the EPA Mercury and Air Toxics Standard (MATS).
6.4.2	Total Hg Emissions Intensity (kg/Net MWh)	0.000034	0.000002	0.000001	
	Use the data organizer on the left (i.e., the plus/minus symbol) to open/close the Emissions section notes				
	Resources				
7	**Human Resources**				
7.1	Total Number of Employees	843	3,011	2,884	
7.2	Percentage of Women in Total Workforce	27%	26%	26%	
7.3	Percentage of Minorities in Total Workforce	9%	11%	12%	
7.4	Total Number on Board of Directors/Trustees	10	12	11	
7.5	Percentage of Women on Board of Directors/Trustees	10%	25%	27%	
7.6	Percentage of Minorities on Board of Directors/Trustees	10%	8%	9%	
7.7	Employee Safety Metrics				
7.7.1	Recordable Incident Rate	3.99	1.00	1.06	
7.7.2	Lost-time Case Rate	0.39	0.66	0.70	
7.7.3	Days Away, Restricted, and Transfer (DART) Rate	1.93	0.74	0.71	
7.7.4	Work-related Fatalities	-	1	0	
8	**Fresh Water Resources used in Thermal Power Generation Activities**				
8.1	Water Withdrawals - Consumptive (Millions of Gallons)	Not available	741.32	704.65	Water withdrawal based on operational control of the Facility.
8.2	Water Withdrawals - Non-Consumptive (Millions of Gallons)	Not available	0.00	0.00	
8.3	Water Withdrawals - Consumptive Rate (Millions of Gallons/Net MWh)	Not available	1.41E-04	1.35E-04	
8.4	Water Withdrawals - Non-Consumptive Rate (Millions of Gallons/Net MWh)	Not available	0.00	0.00	
9	**Waste Products**				
9.1	Amount of Hazardous Waste Manifested for Disposal	Not available	2.004	1.469	All Facilities are classified by the EPA as Very Small Quantity Generators (VSQGs), due to low quantities of hazardous waste generation.
9.2	Percent of Coal Combustion Products Beneficially Used	Not available	0%	0%	
	Additional Metrics (Optional)				

All information and data in the EEI and AGA ESG qualitative and quantitative reports are provided on a voluntary basis and could be subject to change. These reports contain forward-looking information as defined by the Securities and Exchange Commission. Whether actual results and developments will conform to our expectations and predictions is subject to a number of risks and uncertainties that, among other things, could cause actual results to differ materially from those contained in the forward-looking statements, including without limitation, the risk factors described in our 2021 Annual Report on Form 10-K. We assume no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise.

Gas Company ESG/Sustainability Quantitative Information

Parent Company:	**Black Hills Corporation**
Operating Company(s):	**Black Hills Energy Arkansas, Inc. d/b/a Black Hills Energy, Black Hills Colorado Gas, Inc. d/b/a Black Hills Energy, Black Hills/Iowa Gas Utility Company, LLC d/b/a Black Hills Energy, Black Hills/Kansas Gas Utility Company, LLC d/b/a Black Hills Energy, Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy, Black Hills Wyoming Gas, LLC d/b/a Black Hills Energy**
Business Type(s):	*Vertically Integrated*
State(s) of Operation:	**Arkansas, Colorado, Iowa, Kansas, Nebraska, Wyoming**
Regulatory Environment:	*Regulated*
Report Date:	*25-Jul-2022*

Ref. No.	Refer to the "Definitions" column for more information on each metric.	Last Year 2020	Current Year 2021	Definitions	Additional Comments
	Natural Gas Distribution				
				All methane leak sources per 98.232 (i) (1-6) are included for Distribution. Combustion sources are excluded. CO_2 is excluded.	Please reference the Black Hills Energy Natural Gas Sustainability Initiative (NGSI) metrics for natural gas distribution emission calculations.
1	METHANE EMISSIONS AND MITIGATION FROM DISTRIBUTION MAINS				
1.1	Number of Gas Distribution Customers	1,082,937	1,066,442	These metrics should include all local distribution companies (LDCs) held by the Parent Company that are above the LDC Facility reporting threshold for EPA's 40 C.F.R. 98, Subpart W reporting rule.	
1.2	Distribution Mains in Service				
1.2.1	Plastic *(miles)*	17,155	17,564		
1.2.2	Cathodically Protected Steel - Bare & Coated *(miles)*	12,102	12,088		
1.2.3	Unprotected Steel - Bare & Coated *(miles)*	523	510		
1.2.4	Cast Iron / Wrought Iron - without upgrades *(miles)*	0	0		
1.3	Plan/Commitment to Replace / Upgrade Remaining Miles of Distribution Mains *(# years to complete)*			These metrics should provide the number of years remaining to take out of service, replace or upgrade catholdically unprotected steel mains, and cast iron/wrought iron mains, consistent with applicable state utility commission authorizations.	
1.3.1	Unprotected Steel (Bare & Coated) *(# years to complete)*	by 2035	by 2035	Optional: # yrs by pipe type.	
1.3.2	Cast Iron / Wrought Iron *(# years to complete)*	n/a	n/a	Optional: # yrs by pipe type.	Black Hills Corporation completed all replacement of cast iron pipe in 2014.
	Natural Gas Transmission and Storage				
				All methane leak sources per 98.232 (e) (1-8), (f)(1-8), and (m) are included for Transmission and Storage. Combustion sources are excluded. CO_2 and N_2O are excluded.	Black Hills Corporation transmission operations fall below the reporting threshold for this segment.
	Natural Gas Gathering and Boosting				
					Please reference the Black Hills Energy Natural Gas Sustainability Initiative (NGSI) metrics for natural gas gathering & boosting emission calculations.
	Human Resources				
1.1	Total Number of Employees	3,011	2,884		
1.2	Percentage of Women in Total Workforce	26%	26%		
1.3	Percentage of Minorities in Total Workforce	22%	12%		
2.1	Total Number on Board of Directors/Trustees	12	11		
2.2	Percentage of Women on Board of Directors/Trustees	25%	27%		
2.3	Percentage of Minorities on Board of Directors/Trustees	8%	9%	Reference Section 7 Human Resources in EEI Definitions tab.	
3	Employee Safety Metrics				
3.1	Recordable Incident Rate	1.00	1.06		
3.2	Lost-time Case Rate	0.66	0.70		
3.3	Days Away, Restricted, and Transfer (DART) Rate	0.74	0.71		
3.4	Work-related Fatalities	1	0		
	Additional Metrics (Optional)				
	All information and data in the EEI and AGA ESG qualitative and quantitative reports are provided on a voluntary basis and could be subject to change. These reports contain forward-looking information as defined by the Securities and Exchange Commission. Whether actual results and developments will conform to our expectations and predictions is subject to a number of risks and uncertainties that, among other things, could cause actual results to differ materially from those contained in the forward-looking statements, including without limitation, the risk factors described in our 2021 Annual Report on Form 10-K. We assume no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise.				

BLACK HILLS CORPORATION
NATURAL GAS SUSTAINABILITY INITIATIVE (NGSI)
METHANE INTENSITY DISCLOSURE

Natural Gas Distribution Segment - Publicly Reported Data

NGSI participants are encouraged to publicly report the following data each year. NGSI requests data at a company level. However, companies may also choose to disclose facility-level methane emissions and intensity.

Disclosure Element	Reported Data	Description
Total Methane Emissions, GHGRP emission factors for mains and services (MT)	17,042.59	Total distribution segment methane emissions from GHGRP and non GHGRP facilities, calculated using GHGRP emission factors for mains and services
Total Methane Emissions, GHG Inventory emission factors for mains and services (MT)	13,147.01	Total distribution segment methane emissions from GHGRP and non GHGRP facilities, calculated using GHG Inventory emission factors for mains and services
Natural Gas Delivered to End Users, As Reported (Mscf)	229,198,351.00	Total volume of natural gas delivered to end users from GHGRP facilities and non GHGRP facilities, as reported
Natural Gas Delivered to End Users, Normalized (Mscf)	207,306,091.06	Total volume of natural gas delivered to end users from GHGRP facilities and non GHGRP facilities, normalized
Methane Content of Delivered Natural Gas, Reported (%)	93.4%	Methane content of delivered natural gas, as reported (weighted average methane content of all throughput).
Methane Content of Delivered Natural Gas, Normalized (%)	93.4%	Methane content of delivered natural gas, normalized (weighted average methane content of all throughput)
NGSI Methane Emissions Intensity, GHGRP emission factors for mains and services (%)	0.4165%	Methane emissions intensity associated with natural gas distribution using reported throughput and GHGRP emission factors for mains and services (methane emissions associated with natural gas distribution divided by total methane throughput)
Normalized NGSI Methane Emissions Intensity, GHGRP emission factors for mains and services (%)	0.4605%	Methane emissions intensity associated with natural gas distribution using normalized throughput and GHGRP emission factors for mains and services (methane emissions associated with natural gas distribution divided by total methane throughput)
NGSI Methane Emissions Intensity, GHG Inventory emission factors for mains and services (%)	0.3199%	Methane emissions intensity associated with natural gas distribution using reported throughput and GHG Inventory emission factors for mains and services (methane emissions associated with natural gas distribution divided by total methane throughput)
Normalized NGSI Methane Emissions Intensity, GHG Inventory emission factors for mains and services (%)	0.3536%	Methane emissions intensity associated with natural gas distribution using normalized throughput and GHG Inventory emission factors for mains and services (methane emissions associated with natural gas distribution divided by total methane throughput)

Natural Gas Gathering and Boosting Segment - Publicly Reported Data

NGSI participants are encouraged to publicly report the following data each year. NGSI requests data at a company level. However, companies may also choose to disclose facility-level methane emissions and intensity

Disclosure Element	Reported Data	Description
Total Methane Emissions (MT)	768.90	Total gathering and boosting segment methane emissions from GHGRP and non GHGRP facilities
Natural Gas Transported (Mscf)	15,380,200.00	Total volume of gas transported by GHGRP and non GHGRP facilities
Energy Content of Natural Gas Transported (MMBtu/Mscf)	1.235	Raw gas higher heating value (weighted average energy content of all natural gas transported)
Methane Content of Natural Gas Transported (%)	83.3%	Methane content of natural gas transported (weighted average methane content of all natural gas transported)
Hydrocarbon Liquids Transported (bbl)	0.00	Total volume of hydrocarbon liquids transported by GHGRP and non GHGRP facilities
Energy Content of Hydrocarbon Liquids Transported (MMBtu/bbl)	No Liquids	Heating value of all hydrocarbon liquids transported (weighted average energy content of all hydrocarbon liquids transported)
Gas Ratio (%)	100.00%	Share of natural gas transported on an energy equivalent basis (energy content of natural gas throughput divided by sum of energy content of natural gas and hydrocarbon liquid throughput)
NGSI Methane Emissions Intensity (%)	0.3126%	Methane emissions intensity associated with natural gas gathering & boosting (methane emissions allocated to natural gas divided by total methane throughput)

2021 Sustainability Accounting Standards Board (SASB) Mapping Report
Black Hills Corporation
SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS
Electric Utilities & Power Generators

Topic	SASB Code	Accounting Metric	Response
Greenhouse Gas Emissions & Energy Resource Planning	IF-EU-110a.1	(1) Gross global Scope 1 emissions, percentage covered under (2) emissions-limiting regulations, and (3) emissions-reporting regulations.	See EEI Disclosure (1). 3,777,795 MT (2). 4.2% (3). 100%
	IF-EU-110a.2	Greenhouse gas (GHG) emissions associated with power deliveries	See EEI Disclosure 5,037,595 MT
	IF-EU-110a.3	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	See page 11 of our Corporate Sustainability Report We've committed to reduce our electric operations' greenhouse gas emissions intensity 40% by 2030 and 70% by 2040 as compared to 2005. We're well on our way to achieving this goal, having already reduced our emissions by a third since 2005. We'll continue our strategy of investing in operational improvements, renewable energy, and new technologies to further reduce our environmental impact, while continuing to deliver safe, reliable and cost-effective energy to customers.
	IF-EU-110a.4	(1) Number of customers served in markets subject to renewable portfolio standards (RPS) and (2) percentage fulfillment of RPS target by market	(1). Colorado: 99,709 (2). 100%. Our Colorado electric utility has fulfilled the requirement of 30% of retail sales coming from renewable sources by 2020.
Air Quality	IF-EU-120a.1	Air emissions of the following pollutants: (1) NOx (excluding N2O), (2) Sox, (3) Particulate matter (PM10), (4) Lead (Pb), and (5) mercury (Hg); percentage of each in or near areas of dense population	See EEI Disclosure (1). 1,793 MT (2). 1,021 MT (3). 348 MT (4). 0.03 MT (5). 5.3 kg NOx (4.4%), SO2 (0.4%), PM10 (20.1%), Pb (0.1%), Hg (0%)

Topic	SASB Code	Accounting Metric	Response
Water Management	IF-EU-140a.1	(1) Total water withdrawn (2) Total water consumed, percentage of each in regions with high or extremely high baseline water stress	(1). 2,667 thousand cubic meters* (2). 2,667 thousand cubic meters* 99.37%
	IF-EU-140a.2	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	0
	IF-EU-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	See Page 19 of our Corporate Sustainability Report Our service territories are located primarily in arid regions, making water conservation an important part of how we operate. To reduce our water consumption, we utilize air-cooled condensing technology at our coal fired power plants, resulting in an annual water savings of nearly 250 billion gallons. We have also implemented innovative and protective water management measures at our natural gas combustion plants. Cheyenne Prairie Generating Station discharges water to the city wastewater treatment plan, following stringent water limits set in our Industrial Pretreatment Water discharge permit. Pueblo Airport Generation Station uses an evaporation pond to settle out pollutants, before returning the water to the Earth's natural water cycle through the atmosphere.
Coal Ash Management	IF-EU-150a.1	Amount of coal combustion residuals (CCR) generated, percentage recycled	186,184 metric tons 0%. All coal ash is used for back fill in reclamation; however, according to SASB guidance, this process does not meet the definition for being recycled.
	IF-EU-150a.2	Total number of coal combustion residual (CCR) impoundments, broken down by hazard potential classification and structural integrity assessment	0 impoundments
Energy Affordability	IF-EU-240a.1	Average retail electric rate for (USD/kWh): (1) residential, (2) commercial, and (3) industrial customers	Colorado: (1). $0.1799 (2). $0.1283 (3). $0.1121 South Dakota: (1). $0.1515 (2). $0.1370 (3). $0.0982 Wyoming: (1). $0.1527 (2). $0.1301 (3). $0.0736

Topic	SASB Code	Accounting Metric	Response
Energy Affordability (Cont.)	IF-EU-240a.2	Typical monthly electric bill for residential customers for: (1) 500 kWh and (2) 1,000 kWh of electricity delivered per month	Colorado: (1). $88.71 (2). $183.23 South Dakota: (1). $75.24 (2). $138.48 Wyoming: (1). $78.50 (2). $144.00
	IF-EU-240a.3	Number of residential customer electric disconnections for non-payment, percentage reconnected within 30 days	Colorado: 2,789 82% South Dakota: 1,156 81% Wyoming: 263 57%
	IF-EU-240a.4	Discussion of impact of external factors on customer affordability of electricity, including the economic conditions of the service territory	See 10-K Report, Item 1A. Risk Factors. We offer a variety of programs to help our customers, including budget billing, energy efficiency programs and energy assistance. See Billing and payments | Black Hills Energy for more information.
Workforce Health & Safety	IF-EU-320a.1	(1) Total recordable Incident Rate (TRIR), (2) Fatality Rate, and (3) Near Miss Frequency Rate (NMFR)	See EEI Disclosure and Page 30 of our Corporate Sustainability Report (1). 1.06 (2). 0.0 (3). N/A
End-Use Efficiency & Demand	IF-EU-420a.1	Percentage of electric utility revenues from rate structures that (1) are decoupled and (2) Contain a lost revenue adjustment mechanism (LRAM)	Colorado: (1). 0% (2). 0% South Dakota: (1). 0% (2). 0% Wyoming: (1). 1.09% (2). 0%
	IF-EU-420a.2	Percentage of electric load served by smart grid technology	99.99%

Topic	SASB Code	Accounting Metric	Response
End-Use Efficiency & Demand (Cont.)	IF-EU-420a.3	Customer electricity savings from efficiency measures, by market	See page 24 of our Corporate Sustainability Report Colorado: 11,289,917 kWh South Dakota: 1,750,731 kWh Wyoming: 3,228,029 kWh
Nuclear Safety & Emergency Management	IF-EU-540a.1	Total number of nuclear power units, broken down by U.S. Nuclear Regulatory Commission (NRC) Action Matrix Column	N/A
	IF-EU-540a.2	Description of efforts to manage nuclear safety and emergency preparedness	N/A
Grid Resiliency	IF-EU-550a.1	Number of incidents of non-compliance with physical and/or cybersecurity standards or regulations	In the interest of security and to avoid setting disclosure precedence, this response will be unanswered.
	IF-EU-550a.2	(1) System Average Interruption Duration Index (SAIDI), SAIDI inclusive of major event days, in minutes, (2) System Average Interruption Frequency Index (SAIFI), SAIFI inclusive of major event days, in minutes, (3) Customer Average Interruption Duration Index (CAIDI), and CAIDI inclusive of major event days, in minutes, inclusive of major event days.	(1). 53.918 Minutes 247.150 Minutes (2). 0.782 Minutes 1.778 Minutes (3). 68.914 Minutes 139.007 Minutes Roughly 50% of all 2021 "SAIDI inclusive of major event days" were attributed to a December 15-18, 2021, windstorm which impacted Black Hills Colorado Electric utility.
Activity Metrics	IF-EU-000.A	Number of: (1) residential, (2) commercial, and (3) industrial customers served; other	See Black Hills' 10-K for fiscal year ending Dec 31,2021 (1). 186,852 (2). 30,326 (3). 1,091
	IF-EU-000.B	Total electricity delivered to: (1) residential, (2) commercial, (3) industrial, (4) all other retail customers, and (5) wholesale customers	See Black Hills' 10-K for fiscal year ending Dec 31, 2021 (1). 1,494,028 MWh (2). 2,075,690 MWh (3). 1,751,344 MWh (4). 162,903 MWh (5). 1,213,060 MWh
	IF-EU-000.C	Length of (1) transmission and (2) distribution lines	Colorado Electric: (1). 598 miles (2). 3,157 miles South Dakota Electric: (1). 1,192 miles (2). 2,566 miles Wyoming Electric: (1). 59 miles (2). 1,327 miles

Topic	SASB Code	Accounting Metric	Response
Activity Metrics (Cont.)	IF-EU-000.D	(1) Total electricity generated, (2) percentage by major energy source, (3) percentage in regulated markets	See Black Hills' 10-K for fiscal year ending Dec 31, 2021; For regulated market, see page 11 & 12 of Black Hills' 10-K Coal: (1). 2,546,926 MWh (2). 48.9% (3). 31.0% Natural Gas: (1). 1,817,133 MWh (2). 34.9% (3). 53.3% Wind: (1). 842,616 MWh (2). 16.2% (3). 12.2% Petroleum: (1). 0 MWh (2). 0% (3). 3.5%
	IF-EU-000.E	Total wholesale electricity purchased	2,235,188 MWh

*Updated version published 3/22/23 to correct units of measure

2021 Sustainability Accounting Standards Board (SASB) Mapping Report
Black Hills Corporation
SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS
Gas Utilities & Distributors

Topic	SASB Code	Accounting Metric	Response
Energy Affordability	IF-GU-240a.1	Average retail gas rate for (1) Residential, (2) Commercial, (3) Industrial customers, and (4) Transportation services only	Arkansas: *(Arkansas customer bills are generated using volumes in CCF)* (1). $12.56/Mcf (2). $9.46/Mcf (3). $7.08/Mcf (4). $1.31/Mcf Colorado: (1). $8.48/Dth (2). $8.09/Dth (3). $5.75/Dth (4). $1.07/Dth Iowa: (1). $10.13/Dth (2). $8.16/Dth (3). $8.23/Dth (4). $0.27/Dth Kansas: (1). $10.13/Dth (2). $7.92/Dth (3). $4.39/Dth (4). $0.44/Dth Nebraska: (1). $10.99/Dth (2). $8.50/Dth (3). $6.06/Dth (4). $1.16/Dth Wyoming: (1). $9.78/Dth (2). $6.89/Dth (3). $4.56/Dth (4). $1.82/Dth
	IF-GU-240a.2	Typical monthly gas bill for residential customers for (1) 50 MMBtu and (2) 100 MMBtu of gas delivered per year	Arkansas: (1). $52.33 (2). $104.66 Colorado: (1). $35.31 (2). $70.63 Iowa: (1). $42.22 (2). $84.45 Kansas: (1). $43.42 (2). $86.84 Nebraska: (1). $45.78 (2). $91.55 Wyoming: (1). $40.75 (2). $81.50
	IF-GU-240a.3	Number of residential customer gas disconnections for non-payment, percentage reconnected within 30 days	Arkansas: 3,328 32% Colorado: 667 49% Iowa: 1,921 32% Kansas: 1,521 48% Nebraska: 2,315 40% Wyoming: 859 41%
Energy Affordability	IF-GU-240a.4	Discussion of impact of external factors on customer affordability of gas, including the economic conditions of the service territory	See 10-K Report, Item 1A. Risk Factors. We offer a variety of programs to help our customers, including budget billing, energy efficiency programs and energy assistance. See Billing and payments	Black Hills Energy for more information.
End-Use Efficiency	IF-GU-420a.1	Percentage of gas utility revenues from rate structures that (1) are decoupled or (2) Contain a lost revenue adjustment mechanism (LRAM)	Arkansas: (1). 2.04% (2). 0.49% Colorado: (1). 0% (2). 0% Iowa: (1). 0% (2). 0% Kansas: (1). 1.76% (2). 0% Nebraska: (1). 0% (2). 0% Wyoming: (1). 0% (2). 0%
	IF-GU-420a.2	Customer gas savings from efficiency measures by market	Arkansas: 150,735 Dth Colorado: 170,292 Dth Iowa: 23,353 Dth
Integrity of Gas Delivery Infrastructure	IF-GU-540a.1	Number of: (1) Reportable pipeline incidents, (2) Corrective Action Orders (CAO), and (3) Notices of Probable Violation (NOPV)	(1). 5 (2). 3 (3). 48
	IF-GU-540a.2	Percentage of distribution pipeline that is: (1) Cast and/or wrought iron and (2) Unprotected steel	(1). 0 % (2). 2.64%
	IF-GU-540a.3	Percentage of gas: (1) Transmission and (2) Distribution pipelines inspected.	(1). 3.33% was inspected by in-line inspection methods. In 2020, natural gas transmission pipeline inspection requirements were based on pipeline in high consequence areas. Our service area is largely rural and the ratio of transmission pipeline located in high consequence compared to total system miles is low. (2). 0% of distribution system was inspected by in-line inspection methods (this is not typically performed on the lower pressure distribution pipelines).
	IF-GU-540a.4	Description of efforts to manage the integrity of gas delivery infrastructure, including risks related to safety and emissions	See page 16 of our Corporate Sustainability Report Our newly announced net zero target for our distribution system leverages the company's focus on safety and system integrity, while incorporating new strategies including advanced leak detection and expanded damage prevention. Our comprehensive plan to achieve this target focuses on tightening up the distribution system and enhancing our measurement technologies, without reliance on development of future technologies. We have also committed to replacing all unprotected steel pipe by 2035 with lower emitting materials, including protected steel and plastic. This reduces releases of natural gas into the atmosphere, while improving the integrity and reliability of our natural gas distribution system. Safety is our number one priority, and that translates directly into damage prevention and emergency response. We will work toward our current corporate goal to reduce third-party line hits to 1.5 hits/thousand excavations through the expansion of excavation site visits, predictive analytics with risk modeling to identify high-risk locations, and a continued focus on employee, customer, and system safety. We seek to create a culture of safety and emergency preparedness by incorporating a corporate safety policy, comprehensive training programs, and a Pipeline Safety Management System. In effort to mitigate risks and promote emergency preparedness we conduct emergency plan training and conduct annual large-scale live event drills for our employees.
Activity Metrics	IF-GU-000.A	Number of: (1) residential, (2) commercial, (3) industrial, and (4) transportation customers served.	See Black Hills' 10-K for fiscal year ending Dec 31, 2021 (1). 853,908 (2). 84,234 (3). 2,158 (4). 153,929
	IF-GU-000.B	Amount of natural gas delivered to: (1) residential customers, (2) commercial customers, (3) industrial customers, and (4) transferred to a third party	See Black Hills' 10-K for fiscal year ending Dec 31, 2021 (1). 60,080,805 Dth (2). 29,091,657 Dth (3). 6,260,235 Dth (4) 154,570,280 Dth
	IF-GU-000.C	Length of gas (1) transmission and (2) distribution pipelines	Arkansas (1). 877 miles (2). 5,070 miles Colorado (1). 698 miles (2). 7,088 miles Iowa (1). 173 miles (2). 2,879 miles Kansas (1). 331 miles (2). 3,004 miles Montana (1). 9 miles (2). 0 miles Nebraska (1). 1,317 miles (2). 8,558 miles South Dakota (1). 1 mile (2). 0 miles Wyoming (1). 1,305 miles (2). 3,563 miles

Black Hills Corporation
Ready

Task Force on Climate-related Financial Disclosures (TCFD) Index

Governance

Describe the board's oversight of climate-related risks and opportunities.	Our Board oversees an enterprise risk management ("ERM") approach to risk management that supports our operational and strategic objectives. It fulfills its oversight responsibilities through receipt of quarterly reports from management regarding material risks involving strategic planning and execution, operations, physical and cybersecurity, environmental, social and governance ("ESG"), financial, legal, safety, regulatory, and human resources risks. While our full Board retains responsibility for risk oversight, it delegates oversight of certain risk considerations to its committees within each of their respective areas of responsibility as defined in the charter for each committee.
	Our Board oversees ESG and the governance committee oversees the reporting framework we use to track and monitor ESG progress. For more information on Board oversight, see page 39 of our Corporate Sustainability Report and our 2021 Proxy Statement.
Describe management's role in assessing and managing climate-related risks and opportunities.	Our management is responsible for day-to-day risk management and operates under our ERM program that addresses enterprise risks, including climate-related risks. The ERM program includes practices to identify risks, assess the impact and likelihood of occurrence, and develop action plans to prevent the occurrence or mitigate the impact of the risk. The ERM program includes meeting regularly with the risk owners, performing a formal annual review of material risks, quarterly reviews of top and emerging risks and quarterly reporting to our Board of Directors. Additionally, our internal audit department also partners with the ERM program to ensure top ERM risks are considered in the development of the annual internal audit plan.
	Climate-related risks and opportunities are also considered in our corporate strategic planning. This approach is also reflected in the alignment of our corporate planning and ESG/Sustainability functions in a dedicated department. This department works with leaders across the company to manage sustainability, including climate-related topics. Management of ESG includes our CEO, senior leadership team, an executive ESG Steering Committee chaired by the director corporate planning, sustainability & ESG, and a cross-functional sustainability working group. For more information, see page 4 of our Corporate Sustainability Report.

Strategy

Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	**Opportunities** Electric and natural gas utilities are uniquely positioned to realize climate-related opportunities. As market, technology and policy evolves, we have identified climate-related opportunities, including: *Energy Source:* Increased capital investment in low or no emissions technologies. Over the short, medium and long term, conversion or replacement of fossil fuel assets may occur to support the transition to lower carbon sources. Additionally, new generation to support the electrification of other sectors, including transportation, would provide further opportunity for capital investment over the medium to long term. *Products and Services:* Diversification of product and service offerings to meet customer demand. As customer needs and expectations evolve, we may be able to provide new products and services, including renewable offerings, behind the meter solutions, transportation decarbonization, smart grid technology and other innovation, generating new revenue streams. *Products and Services:* Increased capital investment in electric transmission and distribution systems to enable higher penetration of renewable energy. The energy transition may provide opportunity to invest in transmission and distribution software and hardware to meet customer demands for higher penetration of renewable energy sources, contributing to the decarbonization of generation capacity and demonstrating alignment with longer-term emissions reduction trends. **Risks** The nature of our business also subjects us to a climate-related risk, both stemming from physical risk and transition risk of climate change, over varying time horizons. Our risks include: *Physical – Acute:* Increased intensity and frequency of storms, resulting in increased likelihood of fire, wind and extreme cold temperature events. In the short and medium term, severe weather events, such as snow and ice storms (e.g., Storm Uri), fire, and strong winds could negatively impact our operations, including our ability to provide energy safely, reliably and profitably and our ability to complete construction, expansion or refurbishment of facilities as planned. Over the long term, unmitigated impacts of climate change may intensify these events or increase the frequency of their occurrence. *Transition – Policy:* Pricing of greenhouse gas (GHG) emissions. Policies such as a carbon or methane tax could increase costs associated with use of fossil fuel usage, resulting in higher operating costs including costs of energy generation, construction, and transportation. *Transition – Market:* Reduced customer demand for fossil-based energy. Risk of the transition to a low-carbon economy could result in shrinking customer demand for fossil fuel-based energy sources. This could come from increased use of behind the meter technology, such as residential solar and storage. *Transition – Reputation:* Difficulty accessing capital or insurance. Risk of investor pressure over climate risk, activist campaigns against coal producers, employee preferences to work for sustainable companies and consumers preference for renewable energy could impact our reputation and overall access to capital and/or adequate insurance policies. We are proactively responding to our short, medium and long term climate risks and opportunities, as discussed in our Corporate Sustainability Report. Additional information about our risks and opportunities can be found in our 2021 10-K and other SEC filings.
Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Climate-related risks and opportunities play a significant role in our overall strategy and planning for the future. Many of our business activities, capital investments and strategic initiatives are directly influenced by or complimentary to our response to climate risk or opportunities. Our Corporate Sustainability Report covers numerous examples of this impact throughout our company, including our commitment to a cleaner energy future, deployment of capital to replace natural gas pipeline with lower emitting materials and convert coal generation, damage prevention and leak detection programs, wildfire mitigation and use of water conservation technology. This approach also spurs development of customer solutions like Ready EV, which supports adoption of electric vehicles, and the Voluntary Renewable Natural Gas and Carbon Offset program, a recently filed tariff to help customers offset the carbon footprint associated with their natural gas usage. Additionally, projects like the proposed 450 MW of new renewable energy in our Colorado Clean Energy Plan and the approximately $260 million electric transmission expansion Ready Wyoming demonstrate the significant impact that climate-related opportunities can have on the company's future.
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	As described in our Risk Management response of this disclosure, we assessed our climate risks and opportunities in two climate scenarios, Strong Mitigation (1.5°C) and Business as Usual (4-5+°C), from multiple leading sources including the Intergovernmental Panel on Climate Change (IPCC) AR6 for assessing physical climate risk and the International Energy Agency (IEA) World Energy Outlook 2021 for transition risk. Based on this assessment, we may face greater acute physical climate-related risk in a Business as Usual (4-5+°C) future scenario due to projected increased intensity and frequency of extreme weather events. Conversely, our exposure to transition risk may be greater in a Strong Mitigation (1.5°C) scenario, with greater likelihood of policy, market and reputational risk. We are actively working to mitigate these risks of climate change and capitalize on climate-related opportunities to ensure our resilience in the energy transition. A strategic focus for Black Hills is to modernize and harden our utility infrastructure to meet customers' and communities' varied energy needs, ensure the continued delivery of safe, reliable and cost-effective energy and reduce GHG emissions. We utilize a multi-prong strategy to create a more resilient organization, including energy innovation, thoughtful utilization of resources and investments in renewable generation supported by reliable energy sources. See the Environmental Stewardship section of our Corporate Sustainability Report for additional information on our energy transition strategy, including a timeline for transforming our electric utilities' energy delivery and our roadmap to Net Zero by 2035 for our natural gas utilities.

Risk Management

Describe the organization's processes for identifying and assessing climate-related risks.	Our ERM approach to risk management is an iterative process that identifies and assesses material risks involving strategic planning and execution, operations, physical and cybersecurity, ESG, financial, legal, safety, regulatory, and human resources risks. In 2021, we sought to enhance our integration of climate risk into our overall risk management. We utilized a third-party climate consulting firm to facilitate conversations with our management team to identify the climate-related risks and opportunities that may impact Black Hills Corp. Through this process, we discussed our top risks and opportunities and selected the highest priority ones to analyze further. We then conducted a climate-scenario analysis exercise, based on TCFD, to assess which of these risks and opportunities could be the most impactful to the company. We leveraged two climate scenario and an array of third-party data to complete a quantitative stress-test analysis of the potential impact of each risk and opportunity over time. These results fed into a comprehensive climate-risk roadmap. Climate-related risks were also mapped to our existing ERM framework.
Describe the organization's processes for managing climate-related risks.	Management of climate-related risks is integrated into the company's overall approach to risk management and strategic planning. Climate-related risks identified through the ERM program or the strategic planning process have mitigation action plans in place to prevent or mitigate the impacts of the risks. Management regularly assesses the effectiveness of these programs while executing their oversight responsibilities. The programs are also subject to periodic Internal Audits.
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Climate-related risks are part of our ERM process and are regularly reviewed and assessed. The ERM program includes practices to identify risks, assess the impact and likelihood of occurrence, and develop action plans to prevent the occurrence or mitigate the impact of the risk. The ERM program includes meeting regularly with the risk owners, performing a formal annual review of material risks, quarterly reviews of top and emerging risks and quarterly reporting to our Board of Directors. Additionally, our internal audit department also partners with the ERM program to ensure top ERM risks are considered in the development of the annual internal audit plan.

Metrics and Targets

Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Climate-related metrics are tracked regularly throughout the organization and disclosed to the Board and our stakeholders, including regulators, governmental agencies and customers. Our Corporate Sustainability Report provides year over year company performance in many areas related to climate change, including GHG emissions, renewable energy, environmental compliance and water use. In 2020, we set climate goals to reduce GHG emissions and this year we have reported an over one-third reduction in both electric and natural gas utility emissions intensity (relative to a 2005 baseline). We also periodically assess our climate goals and may update the targets, such as our new commitment to Net Zero for our natural gas utilities, which expands the depth and breadth of our previous target.
Disclose Scope 1 and Scope 2 greenhouse gas (GHG) emissions, and the related risks.	Scope 1: 4,162,245 MT CO2e *Sources included: electric utility generating units, natural gas distribution system, natural gas gathering & boosting system, estimated natural gas company usage, company vehicles, all for calendar year 2021* Scope 2: 11,664 MT CO2e *Sources included: estimated electricity usage for buildings only using U.S. Energy Information Administration energy usage per square foot data, for calendar year 2021*
Disclose Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Scope 3: 11,265,101 MT CO2e *Sources included: natural gas distribution customer usage, electric utility purchased power for sales, both for calendar year 2021*
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Black Hill Energy has goals to reduce electric utility emissions intensity 40% by 2030 and 70% by 2040, based on a 2005 baseline. Emissions sources in the boundary for this goal include Scope 1 electric utility generating units and Scope 3 electric utility purchased power for sales. In 2021, we achieved over a one-third reduction in emissions intensity. Starting on page 11 of our Corporate Sustainability Report, we include details of current emission reductions and our plans to achieve our electric utility goals. We have a goal to achieve Net Zero emissions for our natural gas utility by 2035. Emissions sources in the boundary for this goal include all Scope 1 emissions on our natural gas distribution systems, including fugitive emissions from pipeline mains and service lines, meters, transfer stations, system damages and system blow downs. Starting on page 16 of our Corporate Sustainability Report, we include details of natural gas utility net zero goals.