NISOURCE

CLIMATE REPORT

2021

NiSource Stakeholders:

NiSource is committed to being a partner in addressing climate change and reducing greenhouse gas emissions through smart innovation, new and modernized infrastructure, and advanced technologies that maintain reliable, resilient and affordable energy service choices for our customers. People must be at the center of any effort aimed at shifting to a greener, more sustainable energy supply, a central focus of this 2021 NiSource Climate Report and a core principle that guides our shared path forward.

That understanding serves as the foundation of NiSource's Your Energy, Your Future program and ensures that the work we do to satisfy future energy needs provides financial, economic, social and environmental benefits to all stakeholders — including our employees, customers and communities. It also means making sure that economically vulnerable customers are not left behind and that they share in the benefits of the new energy paradigm.

The incredibly complex shift to renewable sources must balance multiple factors — including reliability, affordability, resilience and environmental impact. That means that as solar, wind and other sources are brought online to reduce the environmental impact of energy production and supply, we must continue to deliver a reliable, resilient supply of energy at an affordable cost.

Natural gas remains an important part of the energy mix. It not only supports the transition by serving as a feedstock to help satisfy demand during the transition to new energy technologies, but also provides the infrastructure to blend hydrogen and renewable natural gas with natural gas — further utilizing a natural resource bountiful across the United States.

Balancing these factors also enhances diversification of energy sources — meaning it keeps our options open as we move forward and while we remain vigilant to develop new opportunities to provide a dependable, affordable and sustainable energy system that advances our commitment to economic growth and environmental stewardship.

Our company maintains a strong focus on action to address climate change in order to protect our planet for future generations. We continually make investments across our footprint to improve safety, reliability and environmental performance. In fact, these investments will help reduce our greenhouse gas emissions by approximately 90 percent by 2030 (direct Scope 1 emissions from a 2005 baseline).

At NiSource, we are committed to continuing these discussions to ensure we reach a sustainable, reliable and affordable energy system of the future that meets the needs of our stakeholders. And, I know that — with the input and assistance of all our stakeholders — NiSource will continue to move confidently into our shared energy future.

"NiSource is committed to being a partner in addressing climate change and reducing greenhouse gas emissions."

JOE HAMROCK
President and CEO
NiSource Inc.

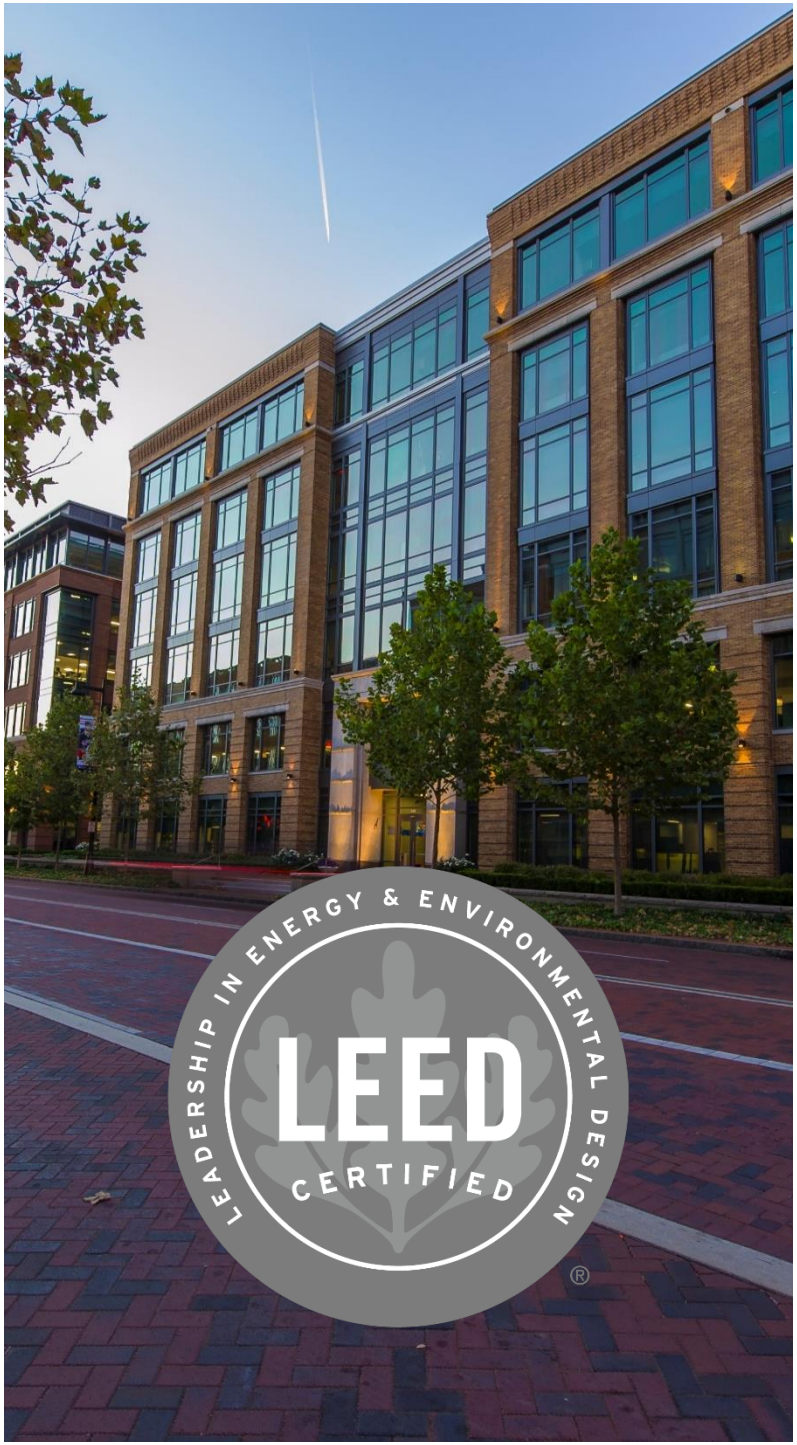
SUMMARY

This climate report has been prepared by NiSource for the benefit of our stakeholders and is structured into four main sections: Governance, Strategy, Risk and Opportunity Management, and Metrics and Targets. This structure is aligned with the Task Force on Climate-related Financial Disclosure's (TCFD) recommended disclosures.

Climate change poses a strategic risk to and opportunity for our business as well as for our customers. Climate change is linked to more extreme weather events that can impact and disrupt our business operations (physical risks). Policy and regulatory changes, technology evolution and consumer preferences could also impact our business (transition risks). We are constantly working to adapt and plan for the future in order to maintain a resilient business model, anticipating the potential changes ahead.

As an energy provider, NiSource is fully engaged in the opportunity to address climate change. We are rapidly reducing greenhouse gas emissions and transitioning our electric generation to become coal-free by 2026-2028. We are also reducing methane emissions from our natural gas system, providing energy efficiency programs, delivering and expanding sustainable gas offerings and supporting research, development, demonstration and collaboration for sustainable economy-wide decarbonization. Looking to the future, we have further opportunities to provide our customers — both gas and electric — with carbon-free energy and reduce our Scope 1 greenhouse gas emissions beyond a 90 percent reduction.

Note: When we discuss renewable energy and emission reductions in this report, we note that our company, NIPSCO, has sold, and may in the future sell, renewable energy credits from electric generation to third parties because this helps keep our energy more affordable for our customers.



COMPANY OVERVIEW

Energizing the Lives of Nearly **4 Million Customers** and **Actively Reducing Emissions in Our Communities**

~500K	~3.2M	~7,500
ELECTRIC CUSTOMERS	NATURAL GAS CUSTOMERS	EMPLOYEES

Each day, across six states, our team of about 7,500 employees works hard to ensure nearly four million customers – families and businesses – have the essential energy they need. NiSource is one of the largest fully regulated utility companies in the United States. We heat and light homes and businesses and provide the hidden ingredient in much of what's produced in our service territories across Indiana, Kentucky, Maryland, Ohio, Pennsylvania and Virginia.

We are relentlessly focused on serving our customers in a way that is safe, reliable, environmentally responsible and sustainable. And, we are proud to be part of the communities we have served for generations and consider the economic, social and environmental impact our operations have on our customers and communities today and in the future.

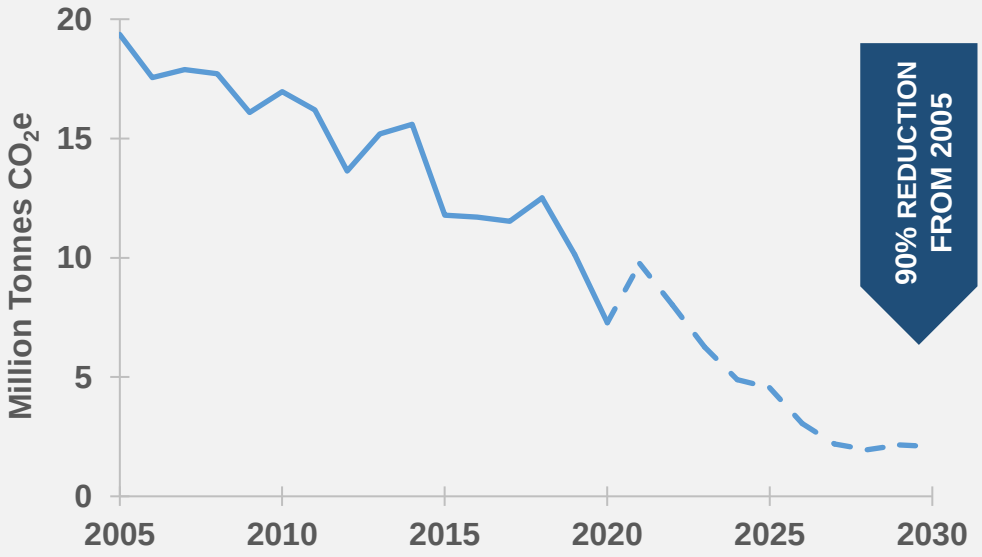
RECOGNIZED NATIONALLY AND REGIONALLY

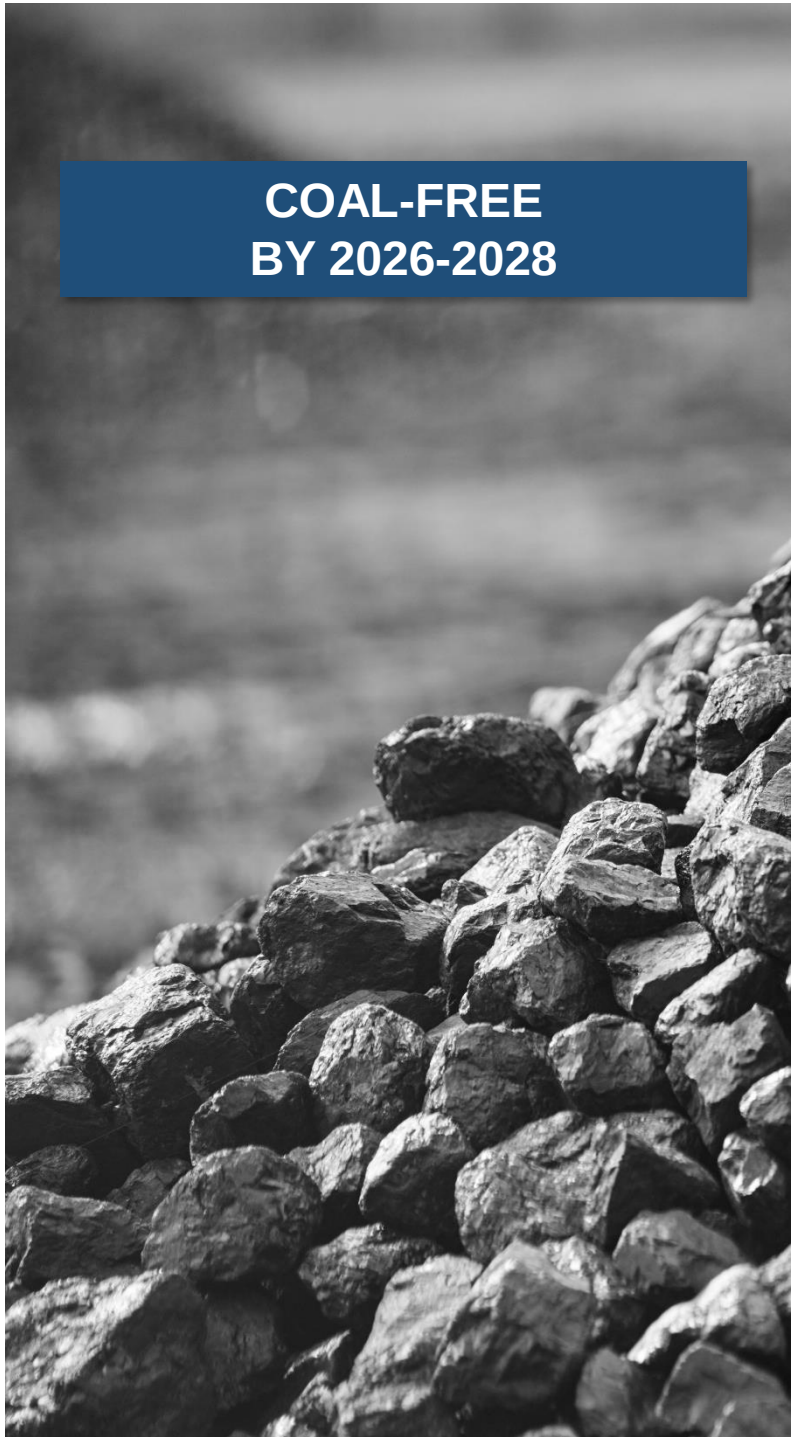
BEST PLACE TO WORK, MSCI AA ESG RATING, DOW JONES SUSTAINABILITY INDEX, BLOOMBERG GENDER-EQUALITY INDEX, FORBES' AMERICA'S BEST LARGE EMPLOYERS AND FTSE4GOOD INDEX

ON TRACK FOR A 90% GREENHOUSE GAS (GHG) REDUCTION BY 2030

America's energy consumers expect and deserve access to a reliable, affordable and sustainable supply of energy. NiSource's operating strategy allows us to meet those needs in a carefully balanced way. This strategy ensures a steady supply of affordable energy, encourages the development and implementation of new energy technologies, promotes efficient customer use of energy resources, strengthens communities, spurs economic development, and protects and preserves the nation's shared resources for common future needs.

We are working toward a sustainable energy future by engaging stakeholders on the transition to cleaner energy sources while actively implementing plans that result in a projected 90 percent reduction of our greenhouse gas emissions from all operations by 2030 (NiSource-wide from a 2005 baseline) through the retirement of all of our coal-fired electric generation and methane reduction. As of the end of 2020, we had already reduced our Scope 1 greenhouse gas emissions by 63 percent from 2005 levels.





GOVERNANCE OF CLIMATE CHANGE ISSUES

For more than a decade, NiSource's commitment to implementing our climate change policy, greenhouse gas emission reduction targets and sustainability reporting has been guided by the Environmental, Safety and Sustainability (ESS) Committee of the NiSource Board of Directors. The ESS Committee is currently chaired by Mr. Aristides Candris. Ms. Deborah Hersman, Mr. Michael Jesanis and Mr. Lloyd Yates also serve as members appointed by the Board. All members of the Board possess the necessary breadth and depth of skills and experience to oversee our business operations and long-term strategy including in the areas of Environmental, Sustainability, Corporate Responsibility and Ethics.

With respect to climate-related issues, the ESS Committee:

- Reviews and evaluates the company's programs, policies, practices and performance
- Reviews major legislation, regulation and other external influences pertaining to responsibilities of the Committee and assesses the impact on the company
- Oversees risk

Our management and leadership team continues to set and drive key priorities for NiSource, especially around the management of climate-related risks and opportunities.

A cross-functional leadership team meets monthly to identify and execute strategic initiatives that mitigate climate-related risk and advance opportunities. This team is represented by leaders in the following departments:

- Strategy & Risk
- Corporate Finance
- Legal
- Communications
- Customer Experience
- Federal Government Affairs, Environmental & Sustainability
- Regulatory & Utilities Planning
- Operations

A portion of the NiSource officers' (vice president and above) long-term equity incentive (performance shares) is tied to progress against our emission reduction targets. This applies to approximately 60 individuals in addition to the CEO and named executives.

STRATEGY: YOUR ENERGY, YOUR FUTURE

Climate-related risks and opportunities, both transitional and physical, are integrated into our strategy and financial planning. Your Energy, Your Future (YEYF) is our holistic, customer-centric strategic priority aimed at identifying and executing strategic initiatives that mitigate risk and advance opportunities. We have built out an organizational structure through YEYF with the following near-term initiatives and objectives:

OUTREACH & ADVOCACY
Inform long-term strategic plan through transparent, collaborative outreach and engagements with stakeholders for each operating company.

CLEAN ENERGY REGULATORY FILINGS
Advance regulatory initiatives that support pathways to decarbonize energy consumption for our customers.

DECARBONIZATION PATHWAYS & PILOTS
Produce an enhanced methane reduction plan that establishes goals and informs work across the operating companies, and identify and analyze decarbonization pathways across our operations and customer usage while driving learnings that can inform strategic commitments and initiatives.

TRANSPORTATION DECARBONIZATION
Ensure NiSource is prepared for broader transportation decarbonization policy shifts, demand acceleration and customer expectations by monitoring, planning and coordinating internal transportation decarbonization efforts.

SCENARIO ANALYSIS
NiSource has completed a scenario analysis for its regulated electric utility business in 2021 and will conduct a comprehensive scenario analysis for its regulated natural gas distribution businesses in 2022. The natural gas distribution scenario analysis plans to build on the electric utility scenario analysis and include a 2-degree Celsius or lower scenario using a mix of the following decarbonization pathways: end-use energy efficiency, low- and zero-carbon fuel blending and end-use electrification.

GUIDING PRINCIPLES
- Environmental sustainability across our electric and gas businesses is critical to our long-term success.
- Natural gas infrastructure will have an important, long-term role to play in delivering cost-effective and reliable energy to customers in our territories, especially as low- and zero-carbon supplies become more cost-effective and technology advances to provide zero-carbon solutions.
- YEYF endeavors to identify and drive decarbonization pathways that continue to deliver affordable, safe, reliable and resilient service to our customers.

ELECTRIC GENERATION STRATEGY

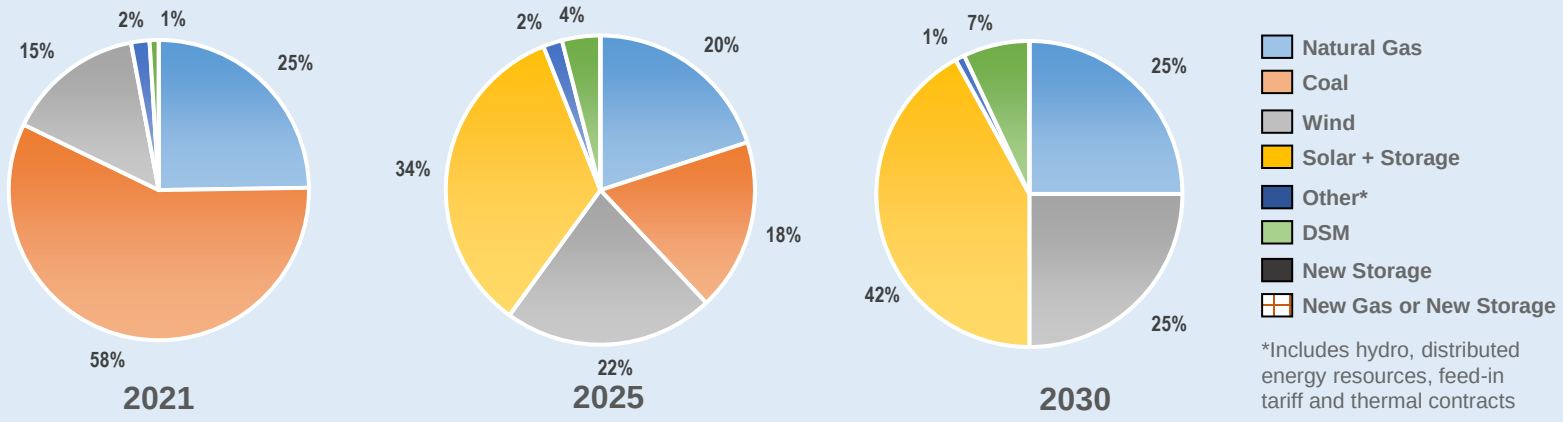
The NIPSCO Integrated Resource Plan (IRP) charts a path to best meet the energy needs of our electric customers for the next 20 years. It is updated every three years. The 2021 plan reflects the dynamic changes taking place in the electric industry, the changing needs and behaviors of our customers, and the subsequent evolving policy and market rules.

Our process considers different climate-related scenarios, including economy-wide decarbonization and a net-zero emissions power sector, and a comprehensive portfolio analysis of our future energy mix, informed by valuable input from numerous stakeholders including customers, regulators and local community leaders.

NIPSCO's industry-leading plan creates a vision for the future that keeps our customers' best interests at the forefront. It is consistent with our goal to transition to the best cost and cleaner electric supply mix while maintaining reliability, diversity and flexibility for the technology and market changes on the horizon. For these reasons, we view our electric generation strategy as resilient. Our plan achieves the following:

- Refines the window to retire all remaining coal-fired generation between 2026 and 2028, with the precise timing influenced by system reliability impacts, federal/state regulatory policy direction, MISO market rules evolution and securing the replacement resources
- Retires our largest coal plant by 2023
- Retires aging gas peaker units between 2025 and 2028
- Replaces retired generation resources with a diverse, flexible and scalable mix of incremental resources, including short-term contracted capacity resources, expanded demand side management (DSM) programs, solar, large battery energy storage and new gas peaking resources
- Explores potential hydrogen generation pilots and emerging energy storage technologies on the path toward further decarbonization of the generation portfolio
- Continues on the trajectory of reducing carbon emissions from generation by 90% (from a 2005 baseline) by 2030 identified in the 2018 IRP, and illuminates the pathway for further emissions reductions

NIPSCO PROJECTED ENERGY MIX



*Includes hydro, distributed energy resources, feed-in tariff and thermal contracts

NIPSCO 2021 IRP

NIPSCO's 2021 IRP is the result of a year-long, multi-disciplinary analytical exercise that incorporates the following major elements:

SCENARIO ANALYSIS	Scenario analysis to evaluate four integrated, but divergent future states-of-the-world for commodity prices, load growth, carbon regulation, other environmental policy drivers and the evolution of the MISO power market
ROBUST RISK ANALYSIS	Robust risk analysis to assess uncertainty in gas and power prices and, new to the 2021 IRP, hourly wind and solar output
MULTI-PHASED PORTFOLIO ANALYSIS	A multi-phased portfolio development process that identified a wide range of future plans with different existing fleet retirement dates, various levels of carbon emissions reductions and a range of dispatchability characteristics
ENHANCED RELIABILITY ASSESSMENT	An advanced assessment of reliability, which evaluated a range of economic and technical reliability components, including ancillary services, blackstart and other operational considerations

METRICS FOR PORTFOLIO OPTIONS TO TRANSPARENTLY REVIEW TRADEOFFS AND RELATIVE PERFORMANCE

OBJECTIVE	INDICATOR
AFFORDABILITY	COST TO CUSTOMER
RATE STABILITY	COST CERTAINTY
	COST RISK
	LOWER COST OPPORTUNITY
ENVIRONMENTAL SUSTAINABILITY	CARBON EMISSIONS
RELIABLE, FLEXIBLE AND RESILIENT SUPPLY	RELIABILITY
	RESOURCE OPTIONALITY
POSITIVE SOCIAL AND ECONOMIC IMPACTS	EMPLOYEES
	LOCAL ECONOMY

REPORT FROM THE INDIANA UTILITY REGULATORY COMMISSION (IURC) ON THE 2018 IRP

> **"NIPSCO has committed to continually assess its planning tools and its methodologies for modeling complex topics such as load forecasting, energy efficiency, demand response and all other forms of distributed energy resources. NIPSCO has also made great strides to integrate probabilistic (or stochastic) analysis into its IRP. NIPSCO and its consultants provided an excellent discourse on the value of utilizing traditional scenario analysis with probabilistic analysis."**

NIPSCO 2021 IRP

LOAD FORECAST HIGHLIGHTS

New to 2021, NIPSCO forecasted the impact of customer owned distributed energy resources (DER) and Electric Vehicles (EV) on load across a range of adoption scenarios. NIPSCO's final forecasts combined the baseline econometric load projections with the DER and EV analysis across planning scenarios to capture a range of future load growth outcomes.

Learn more at **NIPSCO.com/IRP**.

PEAK LOAD	NIPSCO's 2021 IRP load forecast expects near-term **summer peaks** to be around **2,300 MW** and **winter peaks** to be around **1,600 MW.** Peak load expectations are over **600 MW lower** than those from the 2018 IRP due to a new industrial service tariff, although interruptible demand response supply resources from industrial customers are also down.
EVs	The load forecast includes a range of **electric vehicle penetration** scenarios, representing between approximately **10 to 80 MW of peak load** impact and **up to 8% of total sales** over the long term.
DERs	The load forecast scenarios suggest that **customer-owned distributed energy resources** have the potential to reduce summer peak loads between **40 to 160 MW** over the long term.

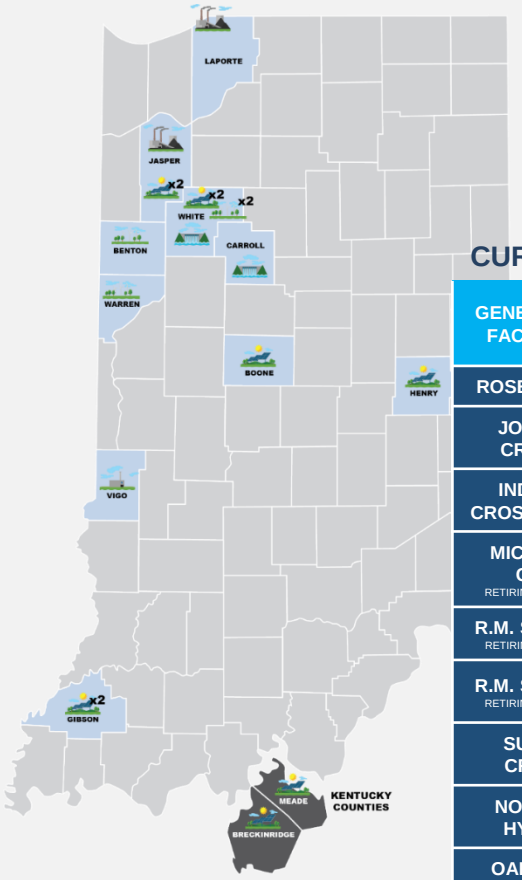
ACTION PLAN

	NEAR-TERM ACTIONS (2022-2025)	MID-TERM ACTION (2026-2028)
RETIRE	• R.M. Schahfer Units 17 and 18 (by 2023)	• Michigan City Unit 12 • R.M. Schahfer Units 16A and 16B
PREPARE	• MC12-related transmission projects • Further diligence to optimize quantities and resource types • Secure approvals for replacement projects	• Full implementation of Transmission projects • Secure approvals for replacement projects • Optimize quantities/resource types
REPLACE	• ~3,000MW of wind/solar projects approved by the IURC • Currently approved DSM plan and future approved DSM plan • NIPSCO Owned DER (up to 10MW) • Short-term Capacity Contracts (150MW) • Storage (135-370MW*)	• Sugar Creek Uprate (30-53MW) • Solar (100-250MW) • Storage (135-370MW*) • Gas Peaking (up to 300MW) • Hydrogen Electrolyzer Pilot (20MW**)
ONGOING		
MONITOR	• Actively monitor changing federal/state policy, MISO market rules and technology advancements	

*Exact Storage ICAP MW to be optimized
**Assumes Green Hydrogen; Quantities to be optimized

2023 ANTICIPATED GENERATION FOOTPRINT

NIPSCO's resource portfolio is in the midst of a transition. Since the 2018 IRP, NIPSCO has proceeded with retirement activities at the R.M. Schahfer Generating Station. R.M. Schahfer Coal Units 14 and 15 were retired in 2021, while the remaining R.M. Schahfer Coal Units 17 and 18 are on track to retire by the end of 2023. To replace the retired capacity at R.M. Schahfer, the company continues to make progress on its 14 approved renewable energy projects.



PLANNED RENEWABLE RESOURCES EXPECTED TO ADD 3,330MW INSTALLED CAPACITY

ADDITIONAL $5B IN CAPITAL INVESTMENTS, MUCH OF WHICH STAYS IN THE INDIANA ECONOMY

CURRENT FACILITIES

GENERATION FACILITIES	INSTALLED CAPACITY (MW)	FUEL	COUNTY
ROSEWATER	102MW	WIND	WHITE
JORDAN CREEK*	400MW	WIND	BENTON WARREN
INDIANA CROSSROADS	300MW	WIND	WHITE
MICHIGAN CITY RETIRING 2026-2028	469MW	COAL	LAPORTE
R.M. Schahfer RETIRING 2021/2023	1,780MW	COAL	JASPER
R.M. Schahfer RETIRING 2025-2028	155MW	NATURAL GAS	JASPER
SUGAR CREEK	535MW	NATURAL GAS	VIGO
NORWAY HYDRO	7.2MW	WATER	WHITE
OAKDALE HYDRO	9.2MW	WATER	CARROLL

FUTURE GENERATION FACILITIES

PROJECT	INSTALLED CAPACITY (MW)	COUNTY	IN SERVICE
DUNNS BRIDGE SOLAR I	265MW	JASPER	2022
BRICKYARD SOLAR*	200MW	BOONE	2022
GREENSBORO SOLAR*	100MW +30MW BATTERY	HENRY	2022
INDIANA CROSSROADS SOLAR	200 MW	WHITE	2022
GREEN RIVER SOLAR*	200MW	BRECKINRIDGE & MEADE (KENTUCKY)	2023
DUNNS BRIDGE SOLAR II	435MW +75MW BATTERY	JASPER	2023
CAVALRY SOLAR	200MW +60MW BATTERY	WHITE	2023
GIBSON SOLAR*	280MW	GIBSON	2023
FAIRBANKS SOLAR	250MW	SULLIVAN	2023
INDIANA CROSSROADS II WIND*	204 MW	WHITE	2023
ELLIOT SOLAR	200 MW	GIBSON	2023

*Projects are Power Purchase Agreements (PPAs)

JUST ENERGY TRANSITION

As the energy landscape continues to transition, the topic of equity and a Just Energy Transition has become a core issue. Our vision of a Just Energy Transition provides universal access to clean, affordable energy for our customers and communities, includes public participation in strategy and decision-making, ensures a fair division of costs and benefits, and improves workforce development and retraining.

Our planning for a Just Energy Transition began in 2018 as part of the selection of electric generation projects to replace the retiring R.M. Schahfer Generating Station coal units. NIPSCO indicated a strong preference for projects that were located in the communities that NIPSCO serves or within the broader State of Indiana. Thirteen of the fourteen projects that we selected are in Indiana, and the construction and ongoing operations of the plants will deliver enduring economic benefits to our communities and the state. Of note, the Dunn's Bridge I and II projects will be located in Jasper County, where the R.M. Schahfer Generating Station is located, and these projects will contribute significantly to the property tax base in Jasper County for years to come. Furthermore, as part of the 2019 and 2021 Request for Proposal (RFP) solicitations, NIPSCO incorporated proposal-specific benefit and risk factors outlined in the evaluation criteria, which included, but were not limited to, impacts on local communities that NIPSCO serves, minority- or women-owned business enterprises, and the enterprise's supplier diversity spending. Incorporating these factors into the bidding process was another step to integrate equity considerations into the IRP.

We recognize that measuring equity in the energy transition is a complex process, and we are taking steps to further expand our knowledge and understanding of approaches to evaluate this issue. For example, NIPSCO and NiSource employees are participating in the Equity in a Clean Energy Economy Collaborative, which brings together diverse stakeholders to create new approaches and tools to ensure equity in a clean energy economy for at-risk customers and communities. We will continue to examine future resource decisions within the context of broader issues like equity and, where possible, will seek to develop metrics and measures to better assess the impact of those decisions.

We look forward to engaging with state commissions, other utilities and interested stakeholders on how to implement a Just Energy Transition.

Dunn's Bridge Groundbreaking

Dunn's Bridge Project with R.M. Schahfer Generating Station

ENERGY EFFICIENCY REDUCES EMISSIONS AND SAVES MONEY

Each of our companies offers energy efficiency programs. We are looking to expand offerings so the programs can benefit as many customers as possible. Educating customers about the benefits of energy efficiency is the right thing to do because it results in savings for our customers, conserves natural resources and reduces emissions. In 2020, more than 1.1 million customers participated in NiSource's programs for energy-efficiency upgrades, home checkups and weatherization services, which saved customers more than $17 million.

Gary Public Library in Indiana participated in NIPSCO's Prescriptive Incentive Program to replace inefficient lighting and other steps, saving an estimated 84,000 kilowatt hours per year.

ENERGY STAR PARTNER OF THE YEAR

Each year, EPA honors a group of businesses and organizations that have made outstanding contributions to protecting the environment through energy efficiency achievements. Columbia Gas of Ohio has been recognized for its year-over-year commitment to energy efficiency through the ENERGY STAR program's highest honor, the ENERGY STAR Partner of the Year – Sustained Excellence Award, for eight consecutive years.

ENERGY STAR AWARD 2021
PARTNER OF THE YEAR

This commitment reflects our customer partnerships to address the challenge of climate change and enable a transition to a clean energy economy.

Columbia Gas of Ohio is a leader in energy efficiency committed to incentivizing construction of ENERGY STAR certified homes, performance of energy audits and purchase of ENERGY STAR certified products. Columbia Gas of Ohio offers its customers a portfolio of 11 energy efficiency programs to help them save energy and money. In 2020, more than 660,000 Columbia Gas of Ohio customers were served through energy efficiency programs. These programs are expected to reduce customers' energy use by more than 10.6 billion cubic feet of natural gas over their lifetime, which is equivalent to reducing carbon dioxide emissions by approximately 640,000 tons.

HELPING VULNERABLE CUSTOMERS

Across NiSource, our operating companies offer a number of programs to assist low-income customers to manage their energy usage.

- **Columbia Gas of Pennsylvania's WarmWise Low Income Usage Reduction Program** – Free home weatherization program that assists customers in reducing their home's natural gas consumption by identifying and remedying areas in the home where heat escapes.
- **Columbia Gas of Pennsylvania's Energy Repair Program** – Financial assistance for the repair and replacement of natural gas furnaces, water heaters, service and house lines, and space heaters serving as the primary heat source of low-income customers who own and are living in their home.
- **Columbia Gas of Ohio's WarmChoice® Program** – Provides income-qualified customers with whole-home energy efficiency services. Participating customers receive an energy inspection, which includes a safety check of natural gas appliances and many safety issues that are identified during the energy inspection are corrected at no cost to the customer in order to safely weatherize the customer's home.
- **Columbia Gas of Virginia's Age and Income Qualifying Program** – Eligible customers receive a visit to their home from our qualified professional partner to install certain energy savings products based on whether they have natural gas water heating, space heating or both.

REDUCING METHANE EMISSIONS

We remain committed to maintaining and strengthening the flexibility, reliability and versatility of a natural gas delivery system that continues to reduce U.S. greenhouse gas emissions, enables the increased integration of renewable energy and provides consumers with uninterrupted access to a sustainable and affordable supply of energy. To this end, we are on track to achieve **a 50 percent reduction in methane emissions from our natural gas main and service lines by 2025** through pipe replacement and modernization. We are planning for our next-level methane reduction target.

We are a founding member of the U.S. Environmental Protection Agency's Methane Challenge Program, a framework through which companies voluntarily made commitments to reduce methane emissions and track their achievements.

NiSource also participates in the Natural Gas Sustainability Initiative (NGSI), a voluntary, collaborative approach for companies to calculate methane emissions intensity by segment through the Methane Emissions Intensity Protocol. This consistent, transparent and comparable method for measuring and reporting methane emissions throughout the natural gas supply chain improves the quality of information available and helps companies more effectively identify ways to reduce methane emissions and communicate progress. Please see the "Metrics and Targets" section of this report for our methane intensity values.

DRIVING TOWARD NEXT-LEVEL METHANE REDUCTIONS

INNOVATIVE TECHNOLOGY TO IMPROVE SAFETY AND REDUCE EMISSIONS

We care about our customers' safety and our environment, which is why we monitor for potential natural gas leaks regularly. Through continuous inspections, monitoring and upgrades, we're focused on maintaining a safe natural gas system year-round.

We recently announced the latest addition of a revolutionary innovation to our array of existing natural gas detecting tools. Created by Picarro, the world's leading provider of advanced mobile leak detection, our new Picarro Surveyor vehicles (pictured below) are faster, more advanced and more sensitive than anything available before. Picarro's innovative technology measures ultra-trace methane concentrations in the air and are up to 1,000 times more sensitive than traditional methods.

Information collected is mapped with high resolution GPS, which allows us to gather more information and analyze it so we can quickly assess and proactively respond to a potential leak, should we come across one.

The surveyor vehicle does it all while on the move quickly and efficiently. All of this leads to a range of benefits, including incremental reductions in methane emissions from our gas infrastructure, prompt response to emergency conditions, enhanced ability to prioritize maintenance work and much more.

REDUCING EXCAVATION DAMAGES LOWERS METHANE EMISSIONS

As of 2020, excavation damages had been reduced on the NiSource system by 52 percent since 2012.

As part of NiSource's Gold Shovel Standard (GSS) Certification, all contractors performing excavation work for any NiSource company are now required to be registered with the GSS program.

GSS is a certification program focused on reducing risks and damages to our underground assets and requires all excavators to follow industry best practices for performing underground excavations.

GSS will help raise the bar for excavation safety performance and reduce dig-ins throughout the company's service territories by:

- **Requiring all contractors performing excavation services to be GSS Certified.**
- **Enhancing our damage prevention data and analytics capabilities.** GSS will give us enhanced damage prevention metrics and access to tools that will help us better track, analyze and measure contractor performance.
- **Helping to keep our employees, customers and communities safe.** Current GSS data shows NiSource contractors that are already GSS Certified have a damage per 1,000 ticket rate of 1.40 versus 2.42 for non-GSS Certified contractors.

As an organization, NiSource is focused on reducing risks and evolving its Safety Management System (SMS) vision, centered on asset management, process safety and our culture. Through the GSS, NiSource is increasing its rigor around our damage prevention practices and driving consistency. NiSource is also committed to educating the public about the importance of safe digging by promoting local 811 programs, National Safe Digging Month and National Safe Digging Day.

811 Know what's **below.** **Call** before you dig.

DELIVERING AND EXPANDING SUSTAINABLE GAS OFFERINGS

We are focused on ways to help customers reduce their emissions while maintaining the affordability of natural gas service. As we look forward at the role of natural gas in a decarbonizing economy, we see opportunities for increased use of renewable natural gas (RNG), hydrogen blending, methane reductions from the natural gas supply chain and emissions offsets.

We currently interconnect with and transport RNG from several producers, including two of the nation's largest dairy RNG projects in Indiana. We have filed, or are in the process of filing, RNG gas quality and interconnection tariffs in all of our states. These will encourage more RNG production and streamline the process for producers to connect to our system. We continue to evaluate and look at options for our customers, such as voluntary RNG tariffs, hydrogen pilots and other options to lower emissions. We are also evaluating equitable ways to make RNG available to low-income customers.

Columbia Gas of Ohio has proposed a program where customers can voluntarily purchase carbon offsets – at a cost of $5 per month for the average residential customer – to reduce their environmental impact.

Natural gas remains a low-cost and reliable source of energy to heat homes and businesses across our service territory. With time, we expect new policies to reduce energy use and expand sustainable gas offerings. Technology and supply advancements can also continue to bring forward lower-cost climate change solutions that utilize gas infrastructure.

RESEARCH, DEVELOPMENT, DEMONSTRATION AND COLLABORATION TO ENABLE DECARBONIZATION

In 2021, NiSource joined the Low-Carbon Resources Initiative (LCRI), a five-year initiative jointly led by the Electric Power Research Institute (EPRI) and the Gas Technology Institute (GTI) to accelerate the development and demonstration of low-carbon energy technologies. LCRI's Research Vision focuses on technologies such as clean hydrogen, bioenergy and renewable natural gas needed to enable affordable pathways to economy-wide decarbonization.

The Low-Carbon Resources Initiative aligns with NiSource's commitment to affordable, dependable and sustainable energy. We are working closely with our stakeholders to ensure that our ongoing transition to more sustainable energy over the long term produces the best, most productive outcomes for all people and communities. Through this approach, we are advancing decarbonization pathways that will lead to further reductions beyond our current target of 90 percent by 2030 for Scope 1 emissions, as well as enhanced opportunities to reduce our Scope 3 emissions associated with our customers' use of natural gas.

NiSource also participates in the Downstream Natural Gas Initiative (DSI), a group of leading natural gas utilities collaborating to build a shared vision for the role of utilities and the gas distribution network in the transition to a low-carbon future. DSI is focused on opportunities to leverage the existing infrastructure to support near- and long-term environmental and economic goals and to address key technical and regulatory challenges related to these goals and opportunities.

LCRI LOW-CARBON RESOURCES INITIATIVE

For more information, visit
epri.com/lcri

MANAGEMENT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

Our enterprise risk management process – overseen by our Risk Management Committee – facilitates the assessment of transitional and physical climate risk.

To complement our enterprise risk management process, in 2020 we implemented a framework for continuous cross-functional assessment of climate-related risks and opportunities. Your Energy, Your Future (YEYF) is our holistic, customer-centric strategic priority aimed at identifying and executing strategic initiatives that mitigate these risks and advance these opportunities.

The following tables represent several of the climate-related risks and opportunities that shape the landscape for NiSource.

TRANSITIONAL RISKS AND OPPORTUNITIES	OUTLOOK
While we continue to reduce GHG emissions through the retirement of coal-fired electric generation, increased sourcing of renewable energy, priority pipeline replacement, energy efficiency programs, and leak detection and repair, GHG emissions are currently an expected aspect of the electric and natural gas business. Revised or additional future GHG legislation and/or regulation related to the generation of electricity or the extraction, production, distribution, transmission, storage and end use of natural gas could materially impact our gas supply, financial position, financial results and cash flows. **Short-term and long-term**	We support appropriately crafted policy on climate change that: • Targets deep greenhouse gas reductions consistent with achievability, affordability and reliability • Protects against undue increases in energy costs or creates reliability issues to any particular regions or customers, in particular the most vulnerable • Includes the option of natural gas for consumers and preserves customer choice • Recognizes the mitigation, adaptation, affordability and reliability benefits of natural gas and natural gas infrastructure to reduce emissions effectively and quickly • Removes barriers that prevent modernization of natural gas infrastructure, which is key to lowering emissions and ensuring safe, reliable and climate-resilient infrastructure • Recognizes the role natural gas infrastructure plays for rapid expansion of renewable energy • Promotes an environment of innovation needed for deep reductions
Alternative energy sources, new technologies or alternatives to natural gas space heating, including cold climate heat pumps and/or efficiency of other products, could reduce demand and increase customer attrition, which would impact our ability to recover on our investments in our gas distribution assets. **Long-term** Technology and supply advancements can continue to bring forward lower cost climate change solutions that utilize gas infrastructure. **Short-term and long-term**	Our future transition success will depend, in part, on our ability to anticipate and successfully adapt to technological changes, reduce our own and our customers' greenhouse gas emissions and to have supportive stakeholder and regulatory environments. In 2021, NiSource joined the Low-Carbon Resources Initiative (LCRI), a five-year initiative jointly led by the Electric Power Research Institute (EPRI) and the Gas Technology Institute (GTI) to accelerate the development and demonstration of low-carbon energy technologies.

TRANSITIONAL RISKS AND OPPORTUNITIES	OUTLOOK
If we fail to comply with environmental laws and regulations or are found to have caused damage to the environment or persons, that failure or harm may result in the assessment of civil or criminal penalties and damages against us, injunctions to remedy the failure or harm and the inability to operate facilities as designed.	We are committed to complying with all environmental laws and regulations and reducing our greenhouse gas emissions. Our target is a 90% reduction in our Scope 1 greenhouse gas emissions by 2030, from a 2005 baseline.
Climate change and the transition to a lower carbon economy have the potential to impact the demand for and consumption of our products and services. **Short-term and long-term**	Our future success will depend, in part, on our ability to offer services that meet customer demands and evolving industry standards. Our electric generation transition is significantly reducing the carbon intensity of electricity supplied while saving customers money. Additionally, we are executing and planning for grid modernization initiatives, methane reductions and lower carbon gas supply.
Natural gas may cease to be viewed as an economically and environmentally attractive fuel. Environmental activist groups, investors and governmental entities may continue to oppose natural gas delivery and infrastructure investments in the jurisdictions where we operate because of perceived environmental impacts associated with the natural gas supply chain and end use. **Short-term and long-term**	While it is difficult to predict the ultimate impact of adverse publicity, it provides an opportunity for the company to further engage with stakeholders and conduct transparent, collaborative outreach as we develop and drive decarbonization pathways.
Our plan to replace 80% of our coal generation capacity by mid-2023 and all of our coal generation by the end of 2028 with primarily renewable resources may not progress as anticipated. There are inherent risks and uncertainties in executing the Integrated Resource Plan, including changes in market conditions, regulatory approvals, environmental regulations, commodity costs and customer expectations, which may impede NIPSCO's ability to achieve the intended results. **Short-term and mid-term**	NIPSCO's future success will depend, in part, on its ability to successfully implement its long-term electric generation plans. The Midcontinent Independent System Operator (MISO) approved NIPSCO's plan to retire two coal units in 2021 and two additional coal units in 2023 at R.M. Schahfer Generating Station. The 2019 NIPSCO electric rate case order included approval to create a regulatory asset upon the retirement of the R.M. Schahfer Generating Station. The order allows for the recovery of and on the net book value of the station by the end of 2032. For its renewable energy projects, NIPSCO has received approval from the Indiana Utility Regulatory Commission (IURC) for all of its build-transfer agreements and power purchase agreements.
Climate change and the transition to a lower carbon economy have the potential to affect the economic health of the regions in which we operate. **Short-term and long-term**	We actively consider the impacts to local economies in our projects, including our renewable generation projects. We also work with economic development organizations and offer programs to support and incentivize development in the communities we serve.
As transportation is increasingly electrified primarily through the increased adoption of electric vehicles, we expect an increase in electricity demand from electric charging. **Short-term and long-term**	In late 2020, NIPSCO joined a consortium of eight Indiana utilities to apply for Electric Vehicle DC Fast Charging funding through the Indiana VW Environmental Mitigation Trust Fund. In May 2021, $5.5 million in funding was awarded to the consortium to install at least 61 DC Fast Charging stations. Ten of these stations are planned for NIPSCO service territory.

PHYSICAL RISKS AND OPPORTUNITIES

We recognize that physical climate risk is widespread and that regular monitoring and assessment of physical risk is necessary. In 2021, certain physical risks and opportunities to NiSource were evaluated and prioritized through discussion with internal and external subject matter experts. In 2022, we plan to build business cases to mitigate risks and advance opportunities to deliver value for our customers and shareholders.

NiSource does not have significant exposure to wildfire risk, as indicated by the Wildfire Hazard Potential map from the U.S. Forest Service. Also, by reducing our water withdrawal and discharge by more than 90 percent from 2005 levels and by targeting a 99 percent reduction in water withdrawal and discharge by 2030 through the retirement of all of our coal-fired generation, we have mitigated our water stress risk. Two of our coal units at the NIPSCO R.M. Schahfer Generating Station – which is in an area of "high water stress" as identified by the WRI Aqueduct Tool – retired in 2021. The two remaining coal units have been announced to retire by 2023. MSCI noted in its June 2021 upgrade of NiSource: "Updated water stress data, which includes regional groundwater availability, lowered the water stress-related risk assessment for the company. Furthermore, NiSource's water management also improved. Freshwater withdrawal intensity decreased 82 percent, compounded annually, in the five years through FY2019, leading peers."

The Fourth National Climate Assessment and Indiana Climate Change Impacts Assessment report that increases in extreme heat, heavy rain events and flooding, and other extreme weather events are expected to be the primary impacts to our service territory from climate change.

PHYSICAL RISKS AND OPPORTUNITIES	GAS COMPANY OUTLOOK	ELECTRIC COMPANY OUTLOOK
A disruption or failure of natural gas distribution systems, or within electric generation, transmission or distribution systems, in the event of a major hurricane, tornado, flood or other catastrophic event could cause delays in completing sales, providing services or performing other critical functions. **Short-term**	• Columbia Gas of Virginia conducts an annual review of its Hurricane Preparedness Emergency Plan. • The safe and reliable operation of our gas storage and distribution facilities is critical during extremely cold weather events, such as the one that swept through the country during February 2021. • Additionally, each of our companies have Emergency Preparedness Plans that are regularly updated and drilled.	• Several company facilities are located in the 100-year flood plain, as mapped by EPA's EJSCREEN tool. NIPSCO substations and transmission towers in the flood plain have been documented in our Safety Management System (SMS) Corrective Action Program to review, prioritize, address and track progress to reduce risk. • Our new electric generation facilities are not sited in the 100-year flood plain, and our wind turbines are equipped with cold weather packages.
Climate change may exacerbate the risks to physical infrastructure, including heat and temperature stress, storms that damage infrastructure, lake and sea level changes that damage the manner in which services are currently provided, droughts or other stresses on water used to supply services, and other extreme weather conditions. **Short-term**	• Case studies indicate that natural gas infrastructure (e.g., underground assets) and services exhibit significant physical resilience to climate-related events. • Our continued implementation of our SMS program supports the mitigation of risk to our infrastructure, including risks that may be exacerbated by climate change.	• We continue to review our vegetation management program and other plans to mitigate storm risk on our electric system. • Our hydroelectric facilities in Indiana are subject to occasional drought and operate with a low flow provision from the Federal Energy Regulatory Commission and U.S. Fish and Wildlife Service. • NiSource has reduced its water withdrawal and discharge by more than 90 percent since 2005, and we are targeting a 99 percent reduction by 2030 through the retirement of all of our coal generation.
In general, rising mean temperature decreases natural gas demand for heating and increases electric demand for cooling for residential and commercial customers. Energy sales are sensitive to variations in weather. Forecasts of energy sales are based on "normal" weather, which represents a long-term historical average. Significant variations from normal weather could have, and have had, a material impact on energy sales. **Short-term**	• While historical rate design at the distribution level has been structured such that a large portion of cost recovery is based upon throughput rather than in a fixed charge, operating costs are largely incurred on a fixed basis and do not fluctuate due to changes in customer usage. As a result, our Gas Distribution Operations have pursued changes in rate design to more effectively match recoveries with costs incurred.	• Increased cooling demand could necessitate increased supplies of electricity while maintaining reliability. NIPSCO conducts regular Integrated Resource Plans to evaluate long-range supply and demand needs.

METRICS AND TARGETS

In 2017, we set forward-looking greenhouse gas reduction targets. Two years later, we targeted a 90 percent reduction in Scope 1 emissions by 2030, from 2005 levels. We are on track to achieve this target, as well as our 2025 target to reduce fugitive methane emissions from main and service lines by 50 percent through pipe replacement and modernization. Next-level targets are being developed for our greenhouse gas emissions.

	PROGRESS THROUGH **2020** % REDUCTION FROM 2005 LEVELS	**2030 TARGET** % REDUCTION FROM 2005 LEVELS
GHG EMISSIONS (NISOURCE SCOPE 1)	**63%**	**90%**

Methane reduction (39% through 2020) is on track to meet 50% interim 2025 target

2020 GREENHOUSE GAS EMISSIONS	METRIC TONNES CO2e
Scope 1	**7,272,053**
Electric Generation	6,332,981
Natural Gas Distribution and Storage	875,207
Electric Transmission and Distribution	4,986
Mobile/Fleet	50,610
Buildings	8,269
Scope 2	**31,410**
Scope 3	**51,334,138**
Purchased Power for Electric Customers	2,585,983
Gas Customer End-Use*	48,750,155

*This quantity represents the approximate emissions from all natural gas delivered to customers. NiSource purchased and supplied 19% of gas delivered to customers in 2020. The remainder was supplied by natural gas marketers.

METRICS AND TARGETS

RENEWABLE ENERGY PROGRAMS

We offer three options to promote further renewable generation opportunities and respond to customers' interest in powering their home and businesses with renewable energy.

Green Power: Voluntary program that allows customers to designate a portion or all of their monthly electric usage to come from power generated by renewable sources
Net Metering: Allows customers to generate their own electricity from renewable energy to offset usage each month
Feed-in Tariff: Similar to Net Metering, but allows customers to sell electricity to NIPSCO for the amount generated from solar, wind and biomass energy

	2018	2019	2020
Feed-in Tariff Production (MWh)	123,429	122,678	185,731

ELECTRIC GENERATION CARBON INTENSITY

The Edison Electric Institute (EEI), in collaboration with member companies, corporate customers and the World Resources Institute, developed a carbon emissions and electricity mix reporting database for corporate customers to calculate their Scope 2 emissions, supporting disclosure of its carbon-related sustainability goals. This database can be accessed at *eei.org*.

	2019	2020
NIPSCO Utility Average CO_2 Emissions Rate*	1,703	1,534
NIPSCO Utility Specific Residual Mix CO_2 Emissions Rate**	1,729	1,574

NATURAL GAS SUSTAINABILITY INITIATIVE (NGSI) METHANE INTENSITY PROTOCOL

Launched by a CEO task force on natural gas issues convened by the Edison Electric Institute (EEI) and the American Gas Association (AGA), NGSI is working to advance a voluntary, industry-wide approach for companies to report methane emissions intensity by the segments of the natural gas supply chain in which they operate. NGSI is intended to bolster and complement methane management efforts, including methane regulatory standards and direct methane measurement strategies, all of which are important elements for reducing emissions and providing certainty to both the regulated industry and its customers in the supply chain.

Methane emissions intensity is a measure of methane emissions relative to natural gas throughput.

	2020
Total Methane Emissions, GHG Inventory emission factors (metric tons)	22,239
Natural Gas Delivered to End Users, as Reported (Mscf)	861,193,110
Natural Gas Delivered to End Users, Normalized (Mscf)	789,701,273
Methane Emissions Intensity, GHG Inventory emission factors	0.14%
Normalized Methane Emissions Intensity, GHG Inventory emission factors	0.16%

*The "Utility Average" Emissions Rate is the average CO2 lbs per MWh of electricity delivered to customers, including from all owned generation and energy purchases.
**The "Utility Specific Residual Mix" Emissions Rate is the average CO2 lbs per MWh of electricity delivered to customers, including generation for which attributes are retained by the utility and retired in the reporting year, with accounting adjustments made for specified green energy products where another entity owns the renewable attributes.

FORWARD-LOOKING STATEMENTS

This report contains “forward-looking statements,” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. These forward-looking statements include, but are not limited to, statements concerning our plans, strategies, objectives, expected performance, expenditures, recovery of expenditures through rates, stated on either a consolidated or segment basis, and any and all underlying assumptions and other statements that are other than statements of historical fact. Expressions of future goals and expectations and similar expressions, including “may,” “will,” “should,” “could,” “would,” “aims,” “seeks,” “expects,” “plans,” “anticipates,” “intends,” “believes,” “estimates,” “predicts,” “potential,” “targets,” “forecast” and “continue,” reflecting something other than historical fact are intended to identify forward-looking statements. All forward-looking statements are based on assumptions that management believes to be reasonable; however, there can be no assurance that actual results will not differ materially.

Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed in this press release include, among other things, our ability to execute our business plan or growth strategy, including utility infrastructure investments; potential incidents and other operating risks associated with our business; our ability to adapt to, and manage costs related to, advances in technology; impacts related to our aging infrastructure; our ability to obtain sufficient insurance coverage and whether such coverage will protect us against significant losses; the success of our electric generation strategy; construction risks and natural gas costs and supply risks; fluctuations in demand from residential and commercial customers; fluctuations in the price of energy commodities and related transportation costs or an inability to obtain an adequate, reliable and cost-effective fuel supply to meet customer demands; the attraction and retention of a qualified workforce and ability to maintain good labor relations; our ability to manage new initiatives and organizational changes; the performance of third-party suppliers and service providers; potential cyber-attacks; any damage to our reputation; any remaining liabilities or impact related to the sale of the Massachusetts Business; the impacts of natural disasters, potential terrorist attacks or other catastrophic events; the impacts of climate change and extreme weather conditions; our debt obligations; any changes to our credit rating or the credit rating of certain of our subsidiaries; any adverse effects related to our equity units; adverse economic and capital market conditions or increases in interest rates; economic regulation and the impact of regulatory rate reviews; our ability to obtain expected financial or regulatory outcomes; continuing and potential future impacts from the COVID-19 pandemic; economic conditions in certain industries; the reliability of customers and suppliers to fulfill their payment and contractual obligations; the ability of our subsidiaries to generate cash; pension funding obligations; potential impairments of goodwill; changes in the method for determining LIBOR and the potential replacement of the LIBOR benchmark interest rate; the outcome of legal and regulatory proceedings, investigations, incidents, claims and litigation; potential remaining liabilities related to the Greater Lawrence Incident; compliance with the agreements entered into with the U.S. Attorney’s Office to settle the U.S. Attorney’s Office’s investigation relating to the Greater Lawrence Incident; compliance with applicable laws, regulations and tariffs; compliance with environmental laws and the costs of associated liabilities; changes in taxation; and other matters set forth in Part I, Item 1, "Business" and Item 1A, “Risk Factors” of the company's annual report on Form 10-K for the year ended December 31, 2020; Part II, Item 1A, “Risk Factors,” of the company’s quarterly report on Form 10-Q for the quarter ended March 31, 2021, and Part 1, Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of the company’s quarterly report on Form 10-Q for the quarter ended September 30, 2021, many of which risks are beyond our control. In addition, the relative contributions to profitability by each business segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time.

All forward-looking statements are expressly qualified in their entirety by the foregoing cautionary statements. We undertake no obligation to, and expressly disclaim any such obligation to, update or revise any forward-looking statements to reflect changed assumptions, the occurrence of anticipated or unanticipated events or changes to the future results over time or otherwise, except as required by law.