



2011 Sustainability Report Development Process

Report History

For more than a decade, a special committee of our Board of Directors has reviewed NiSource's sustainability practices, including environmental, health and safety performance. In 2009, driven by our commitment to transparency and progressive governance practices, we determined it necessary to begin publicly reporting our sustainability initiatives in a single report.

The process began with a small team investigating how peers in the energy industry and sustainability leaders in other industries approach their sustainability reporting. Our findings provided the benchmark to evaluate the company's wants, needs and capabilities in generating the first successful report. To complement this research, we further evaluated how to incorporate the Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines.

Under the guidance of our Executive Committee and Board of Directors, a group of senior leaders from across the organization came together to discuss the research, the report concept and how to effectively approach the report's data collection, concept and implementation. At the same time, NiSource developed and approved its company-wide Sustainability Policy, which helped guide the report content.

These leaders determined that the report should focus on our three main business units and our corporate operation, which encompasses nearly 100 percent of our business operations. They also determined it was appropriate to report on both the positive and negative aspects of the company's performance.

The final report concentrated on the following four categories, which are relevant to our industry and include our material impacts on sustainability.

- Customer Focused Energy Solutions
- Environmental Stewardship
- Strong Stable Communities
- Engaged, Aligned and Safe Teams

An employee Sustainability Council, comprised of leaders from various areas across the organization, was formalized in early 2011 and has provided input and direction during the report development process and will continue to play a critical role in future reports.

In the past year, the Council has been hard at work to develop a broad knowledge and awareness of initiatives underway, and to create a common understanding across our organization of what sustainability means to NiSource. The Council is now focused on finalizing our strategy, with defined goals, objectives and performance indicators that will be incorporated into our business planning processes as well as our future sustainability reports.

Report Preparation

A small group of report contributors, primarily from the corporate communications and environmental, safety & sustainability departments gathered to outline the goals of the report. This group, along with a representative of the Executive Committee, made the decision to follow the same four categories from the 2009 and 2010 reports, and continue to pursue the GRI assessment level B for the second year in a row.

These goals were ultimately derived from the following:

- Sustainability Policy
- Regulatory/Legal Requirements
- Stakeholder Interests
- Data Availability
- Board of Directors
- Executive Committee
- Sustainability Council
- Internal Audit

Using data from the employee Intranet and various internal and external company documents, this group then identified and gathered potential stories and examples of sustainability from throughout the organization. In addition, this group spoke with business leaders about struggles and successes with their sustainability initiatives and meticulously went through the GRI guidelines to identify areas where data was needed and who would be accountable for securing and providing the data.

This group also engaged a consultant to help assist with the process. The consultant's main role was to provide recommendations on best practices and ensure compliance with the expectations of the GRI 3.1 reporting guidelines.

Once the approach was initially approved by the Executive Committee and Sustainability Council, this group was tasked with collecting data from across the organization. The company's 2011 Form 10K and our annual Proxy Statement acted as complementary resources on many of the required disclosures.

Data Collection

Much of the data provided in this report is required in one form or another due to regulatory or legal mandates. However, prior to the development of the sustainability report, much of the data was considered confidential or difficult to find in one place.

Each data point is secured either through automated systems or a subject matter expert accountable for the data as part of his/her job responsibility. Generally, the automated system is checked on a regular basis and data collection is routinely assessed. We also completed an internal Audit of our 2010 report and also found ways to improve data collection for future reports, including the 2011 report.

For example:

- Water usage tables use flow meter data and estimates.
- Air emissions from electric generation are collected via a continuous emissions monitoring system
- Waste metrics are provided by a third party responsible for providing enterprise-wide waste management, emergency response, and industrial cleaning services
- Customer satisfaction and employee engagement are calculated via survey using third-party vendors.
- Safety metrics are calculated from an on-line incident management system

Most other data is compiled using generally accepted financial and operational reporting.

Now after successfully publishing our third report, we continue to learn a lot as a company. In particular, we learn more about what our stakeholders want and expect from a sustainable company, and that employee engagement throughout the process is essential to improving - and gaining adoption of - sustainability initiatives.

Our focus on sustainability is geared toward continuous improvement in support of our aspiration to be North America's Premier Regulated Energy Company.

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