



## 2012 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.

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 preparation of our first report.

The first report, which has evolved over time in complexity and level of reporting, concentrates on the following categories, which are relevant to our industry and of particular importance to our various stakeholders.

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

In addition, the team determined to follow the generally accepted reporting framework outlined by the Global Reporting Initiative and followed by many peer organizations. The current report follows the GRI3.1 framework. More information about GRI can be found at [www.globalreporting.org](http://www.globalreporting.org).

To further embed Sustainability into the organization, an employee Sustainability Council, comprised of leaders from a variety of disciplines, was formalized in early 2011 and provides a two-way internal channel of sustainability communications, action and data collection.

As an effort to ensure our reporting authenticity and accuracy, we pursue external verification. In addition, an internal audit was completed of our sustainability reporting in 2012. No significant weaknesses were discovered during the audit; however recommendations from the audit were incorporated into future reports.

As our approach to sustainability has matured, the Executive Committee and the Board of Directors oversaw the development of an enterprise-wide Sustainability Strategy. Guided by our long-standing Sustainability Policy, the strategy was adopted by the Board of Directors in January 2013, in time to apply the strategy to the 2012 report process.

This Sustainability Strategy is a key guidepost for helping define the content of our Sustainability Report, including determining what topics may have a direct and indirect impact on our ability to create, preserve or weaken economic, environmental and social value for the company, our stakeholders and the broader society.

### Report Preparation

Under the direction of a representative of NiSource's Executive team, a small group of report contributors, primarily from the corporate communications and environmental, safety & sustainability (ES&S) departments gathered to identify and prioritize the report content under the guide of the NiSource Sustainability Strategy and ongoing input from stakeholders.

The communications and ES&S teams provide a much-valued stakeholder perspective as they manage many of the key relationships with our various stakeholders, including investors, environmental groups, customers, communities, elected officials, regulators, employees and the media. A similar team also assembles a variety of our standard environmental, financial, safety, human resources, supply chain and other sustainability-related reports for internal and external purposes. While they are not the subject matter experts in all respects, they work with individual subject matter experts to secure and validate information.

The content of the report is ultimately derived from the following:

- G3.1 Reporting Requirements
- Sustainability Strategy
- Sustainability Policy
- Stakeholder Interests
- Regulatory/Legal Requirements
- Data Availability
- Board of Directors
- Executive Committee
- Sustainability Council

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 and weighted them based on impact to the company and impact on stakeholders.

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. The company's 2012 Form 10K, our annual Proxy Statement and the 2012 Greenhouse Gas Report 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. 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.

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.

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

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