

Being a premier company means conducting ourselves in a way that earns respect, supports our goals, and inspires us all to do our best work. Our aspiration is to be the best in our industry.

In that regard, Inclusion and Diversity is central to our efforts to build a stronger company that respects and values everyone's unique contributions, views and fundamental desire to do good work.

This commitment is more than just the right thing to do. It drives tangible benefits for our company, our customers and all our stakeholders, including:

- **Enhanced employee engagement**
- **Improved customer service and satisfaction**
- **Stronger communities, stakeholder relationships and regulatory outcomes**
- **High performance teams and results**
- **A stronger NiSource brand and sustainability rating**



NiSource
**Inclusion &
Diversity**

2014 Report

Local I&D Councils

Inclusion & Diversity (I&D) Councils across NiSource generate local strategies supporting our overall corporate I&D goals. Many of the activities described in this report were led by state and regional I&D councils and our Employee Resource Groups (ERGs). A list of our local I&D Councils, all co-sponsored by executive-level leaders, is below and our ERGs are highlighted later in this report.

Columbia Gas of Kentucky

- Kentucky/Ironton (Ohio)

Columbia Gas of Ohio

- Northern Region
- Central Region
- Southern Region
- Eastern Region
- Marble Cliff/Greater Columbus

Columbia Gas of Massachusetts

- Lawrence
- Springfield
- Westboro

Columbia Gas of Pennsylvania and Maryland

- Maryland
- PA - East
- PA - North
- PA - South
- PA - Central
- Southpointe

Columbia Gas of Virginia

- NoVa (Northern VA)
- Surf & Turf (Southern VA)
- Valley Jump (Piedmont Area)

Columbia Pipeline Group

- North Region
- South Region
- East Region
- Central Region
- Houston

NIPSCO

- Indiana

EMPLOYEES

CUSTOMERS

COMMUNITY

**SUPPLIER
DIVERSITY**

I&D programs across NiSource in 2014 are highlighted throughout this report.

NiSource's I&D Commitment

Our I&D Vision

Create an inclusive environment built upon mutual respect, with a firm commitment to attract and retain talent that reflects the communities and customers we serve, and where our employees are given the opportunity to achieve their full potential.

Our I&D Philosophy

NiSource's success depends on our ability to be open to new ways of thinking that help make us a better community partner and stronger company. Unique ideas, perspectives and talents are encouraged and respected.

I&D is an essential part of who we are at NiSource. We promote inclusive behaviors such as transparent communication, mutual respect, teamwork, valuing differences and acceptance. It's these behaviors that help us meet our commitment to customers and create a richer, more rewarding workplace for everyone on our team.

NiSource's I&D approach is grounded in four primary dimensions: Customers, Communities, Employees and Supplier Diversity. This four-part focus anchors our I&D agenda and shapes the activities, goals and objectives of our many I&D Councils, Employee Resource Groups (ERGs), mentoring programs and various community events. It is through these dimensions that NiSource employees foster, promote and celebrate an inclusive culture.

I&D Dimension: Employees

We want each of our nearly 9,000 employees to feel comfortable, supported and appreciated when they come to work. From diverse recruiting strategies and training opportunities to I&D Councils and ERGs, we strive to ensure an inclusive, engaging work environment for the unique individuals who make us who we are.

We proudly support four ERGs, which are open to all employees. With more than 1,800 participants collectively, our ERGs are entirely employee-driven, fueled by common interests and a shared sense of purpose. From welcoming and mentoring new employees to creating professional development and cultural learning opportunities, our ERGs are a vital component of life at NiSource. These groups also maintain a presence in our communities through philanthropy, mentoring and volunteerism.

2014 NiSource Workforce Stats*

Total Employees: 8,966

6,713	(75%)	Men
2,253	(25%)	Women
1,102	(12%)	Minorities

Total Management Team: 1,657

389	(24%)	Women (Mgr. & Above)
145	(9%)	Minorities (Mgr. & Above)

Total Generations Represented: 4

Traditionalists (1925-48)	1%
Baby Boomers (1949-64)	44%
Generation X (1965-76)	24%
Millennials/Gen Y (1977-Present)	31%

Total Executive Leadership Team: 10

8	Men
2	Women
10	Caucasian

Total Board of Directors: 11

8	Men
3	Women
2	Minorities

* As of December 31, 2014

DAWN

(Developing and Advancing Women at NiSource)

700 Members

The mission of DAWN is to live the values of I&D by communicating and exchanging information that enlightens and empowers women both professionally and personally; and to create a NiSource environment that attracts, retains and promotes women.

DAWN aspires to:

- Recruit, retain and accelerate the development of women at NiSource
- Participate in community service efforts that impact our customers and communities
- Serve as a collaborative voice
- Broaden understanding and awareness of inclusion, diversity and cultural competence

2014 Highlights:

DAWN provided a variety of initiatives for members and other interested employees to take part in. For instance, in 2014 DAWN raised \$10,000 for the American Cancer Society through a golf outing and company-wide T-shirt sales. The group also hosted 150 Girl Scouts and daughters of NiSource employees for *Introduce a Girl to Engineering Day* at NiSource's headquarters.

DAWN members had a new opportunity for development in 2014 with the introduction of DAWN Resource Circles. Participants were grouped together based on several factors, including geographical location and/or willingness to participate on a virtual team. Each team included two manager-level leaders and eight additional participants. The teams conducted monthly team meetings and/or conference calls, completed quarterly team activities supplied by DAWN leaders and reported feedback to DAWN leadership on team successes and challenges.





NiSource GOLD

(Generating Opportunities for Latinos and Diversity)

212 Members

GOLD was established to promote the advancement, professional development, recruitment and retention of Latinos within NiSource. GOLD is focused on creating strong relationships among all employees and providing a professional support system with an emphasis on diversity, cultural awareness, education and professional excellence.

The members of GOLD aim to:

- Build and enhance business and community relationships in order to recruit, retain and develop Latino employees
- Leverage the talents and contributions of the Latinos at NiSource to achieve and exceed goals
- Participate in community service efforts focused on Latino issues that impact the customers and the communities we serve
- Broaden the understanding and awareness of I&D and cultural competence internally and externally, with a particular focus on Latinos
- Be a collective voice around shared issues or concerns that help to promote an inclusive, respectful workplace for Latinos

2014 Highlights:

GOLD members celebrated the history, culture and contributions of American citizens of Hispanic ancestry during Hispanic Heritage Month with educational messages to employees and events like a “Taste of Latin America” featuring various foods from Latin American countries.

The ERG was also active in our communities. In Columbus, Ohio, GOLD collected more than \$500 in school supplies for Our Lady of Guadalupe Center and sponsored a booth at the Columbus Latino Festival. GOLD also wrapped gifts for Toys for Tots and sponsored 75 children for the annual St. Joseph Carmelite Home Christmas Party in East Chicago, Indiana.



LEAD

(Leadership & Education for African American Development)

265 Members

LEAD focuses on promoting an environment of respect and inclusion by educating, enlightening and empowering African Americans both professionally and personally. This ERG partners with senior leadership to enhance NiSource I&D efforts to attract, retain and advance African Americans at all levels.

Launched in 2013, LEAD has prioritized these goals:

- Be a collective voice around shared issues and I&D best practices that help to promote an inclusive, respectful workplace
- Serve as I&D change champions to broaden customer and community relationships by supporting, participating in and partnering with local organizations and community initiatives that positively affect the NiSource image and brand
- Leverage existing talent management systems and processes to mentor, develop and promote African American employees to create a pipeline of successful leaders for NiSource
- Participate in community efforts focused on issues that impact our customers and the communities we serve

- Broaden understanding and awareness of I&D and cultural competence at NiSource and in the communities where we live, work and serve

2014 Highlights:

LEAD increased its presence throughout NiSource in 2014 with various cultural and professional development events, community outreach projects and an enhanced communication strategy that enabled virtual participation. LEAD offered its members opportunities to step into new roles and work on projects they hadn't been involved in before. For example, members working in locations throughout the corporate footprint were able to step into new Area Liaison roles to increase engagement locally.

Area Liaisons were instrumental to the success of LEAD's Give a Card/Send a Card drive, which the group hosted to spread cheer to service members away from their loved ones during the holiday season. This widespread company effort resulted in 10 moving boxes full of cards donated to the USO.



NiVets

640 Members

The NiSource Veterans Employee Resource Group, or NiVets, promotes an inclusive environment which enlightens and empowers veterans and their supporters through education, partnerships and corporate stewardship to enhance our workplace and communities.

The goals of NiVets are to:

- Recruit, retain and develop NiSource employees who are veterans
- Build and enhance business and community relationships in the support of veterans and the issues facing them
- Leverage the talents and contributions of veterans to achieve/exceed NiSource's business goals
- Participate in community service efforts focused on veterans' issues that impact customers and the communities we serve
- Broaden the understanding and awareness of I&D efforts with a particular focus on veterans
- Raise awareness and employee pride regarding veteran-related issues

2014 Highlights:

In 2014, NiVets worked on several employee development initiatives. In an effort to educate and retain NiSource employees, NiVets published Veteran Mythbusters: Debunked Myths of Veterans in the Workplace, a document that faced misconceptions surrounding veterans in the workplace head on. The ERG also hosted Myers-Briggs Type Indicator and Front-Line Leader Facilitator trainings for employees.

NiVets was also active in the community, donating time and dollars to veteran-affiliated causes like the Wounded Warrior Project. The group also played a supportive role in NIPSCO's Charity of Choice campaign raising more than \$100,000 for veteran-focused charities and organizations, primarily benefiting local veterans in Indiana.



NI VETS

I&D Dimension: Customers and Communities

Our customers and communities are the reason we are here. With a presence in hundreds of townships, cities and districts across 16 states, it is safe to say the communities in which we work are diverse. We understand and appreciate that across our service territory is a spectrum of diverse individuals with unique experiences, perceptions and cultures. At NiSource, we believe that each of our nearly four million customers deserves an experience that is in line with his or her abilities, wants and needs, and we are striving to provide just that. That's why we continuously work to understand the ever-changing customers we serve and provide them with a customer experience that is best suited for them. We also want to be an active part of the community. From volunteer opportunities to fundraising and corporate giving, we are fully committed to our local communities.

Understanding Diverse Cultures in the Regions We Serve

Throughout 2014, the Kentucky/Ironton I&D Council focused on learning more about the diverse cultures and unique perspectives of the customers they serve. Members of the council participated in a variety of learning opportunities and translated what they learned into enhanced interactions with customers.

To learn more about the rich cultural history of Kentucky's coal industry, members of the council also visited Wayland, Kentucky, a once-thriving coal company-owned community built in 1911. Today, the coal mine is gone and Wayland's

population has fallen from its high of 3,500 residents to about 400. Members learned about the struggles of this community, gaining an increased understanding of customers who are in the midst of significant social and economic change.

Council members visited Kentucky Refugee Ministries in Lexington and met with refugees from multiple countries of

varied backgrounds, who shared their experiences of transitioning to new lives, the lengthy process of official refugee status and the challenges faced by refugees relocating to Kentucky.

The visit also resulted in information sharing between Columbia Gas of Kentucky and the group to ease establishing service for customers who are refugees.

During a visit to Bluegrass Community & Technical College (BCTC), council members learned about the many cultures represented by international students at BCTC and the University of Kentucky. Members took away useful information including advice from international students

regarding in-home interactions with customers of diverse cultural and religious backgrounds.

Preparing for Crisis

We have a responsibility to provide our customers with the best-possible service – even in times of crisis. So, we plan ahead and take training seriously to prepare, to be ready for the situations we hope never happen.

NiSource collaborated with 100 gas utilities and a host of trade associations to simulate the gas industry's first mutual-aid mock disaster drill, designed to identify gaps in

Connecting Employees to the Community

When the Columbia Pipeline Group (CPG) I&D Council wanted a new slogan to use for I&D initiatives, they saw an opportunity to help an employee make a difference in the community. The winner's prize was a \$1,000 charitable donation to a charity of his/her choice.

After considering many submissions, **"Many Voices. One Columbia."** was selected by the CPG I&D Steering Committee and CPG Leadership Team.

The donation was provided to the Lonesome Dove Equestrian Center in Powhatan, Virginia.

how gas mutual assistance needs are communicated and evaluated during a major emergency. Mutual aid is a voluntary partnership between energy utilities across the country to provide support through employees, contractors and specialized equipment to help restoration efforts during a major emergency.

Company representatives were provided with a natural disaster scenario and participated in a series of conference calls over a 24-hour period. Prior to each call, a status update was sent out via email to all the participating companies detailing changes in weather and resource needs. Each company was challenged to pull together resources and provide reports detailing the level of help they could provide by 10 a.m. the next day.

Teams from NiSource came together to create a strategic plan, considering near- and long-term impacts of deploying employees and supplies, while ensuring minimal impacts to our customer base.

Although this was just a drill, training experiences like this help us to evaluate our readiness and ensure that we are equipped to address the changing needs of our customers and company in times of disaster or crisis.

Delivering Meals to Those in Need

Employees in Columbus, Ohio, deliver daily meals to LifeCare Alliance clients in need five days per week, every week of the year as part of the Meals on Wheels program. This dedication translates to a savings of \$12,000 per year for the program, which provides hot, nutritious meals to seniors and chronically ill persons who are unable to provide meals for themselves.

In addition to delivering meals to clients in need, the Meals on Wheels team helped to provide money to LifeCare Alliance by using corporate Dollars for Doers program. In 2014, this group of NiSource and Columbia Gas of Ohio volunteers presented the non-profit with \$11,460.

Coming Together for a Charity of Choice

Each year NIPSCO employees come together to support a cause chosen by a majority vote, known as the NIPSCO Charity of Choice. In 2014, employees voted overwhelmingly to support local veterans.

Starting in June and wrapping up at the end of September, employees volunteered and donated money to the Charity of Choice. NIPSCO departments came together to host and participate in events aimed at supporting local veterans. Some of the biggest events included a hog roast, a charity motorcycle ride and a charity golf outing.

All told, the 2014 Charity of Choice campaign surpassed its goal by more than 37 percent, raising nearly \$103,000.

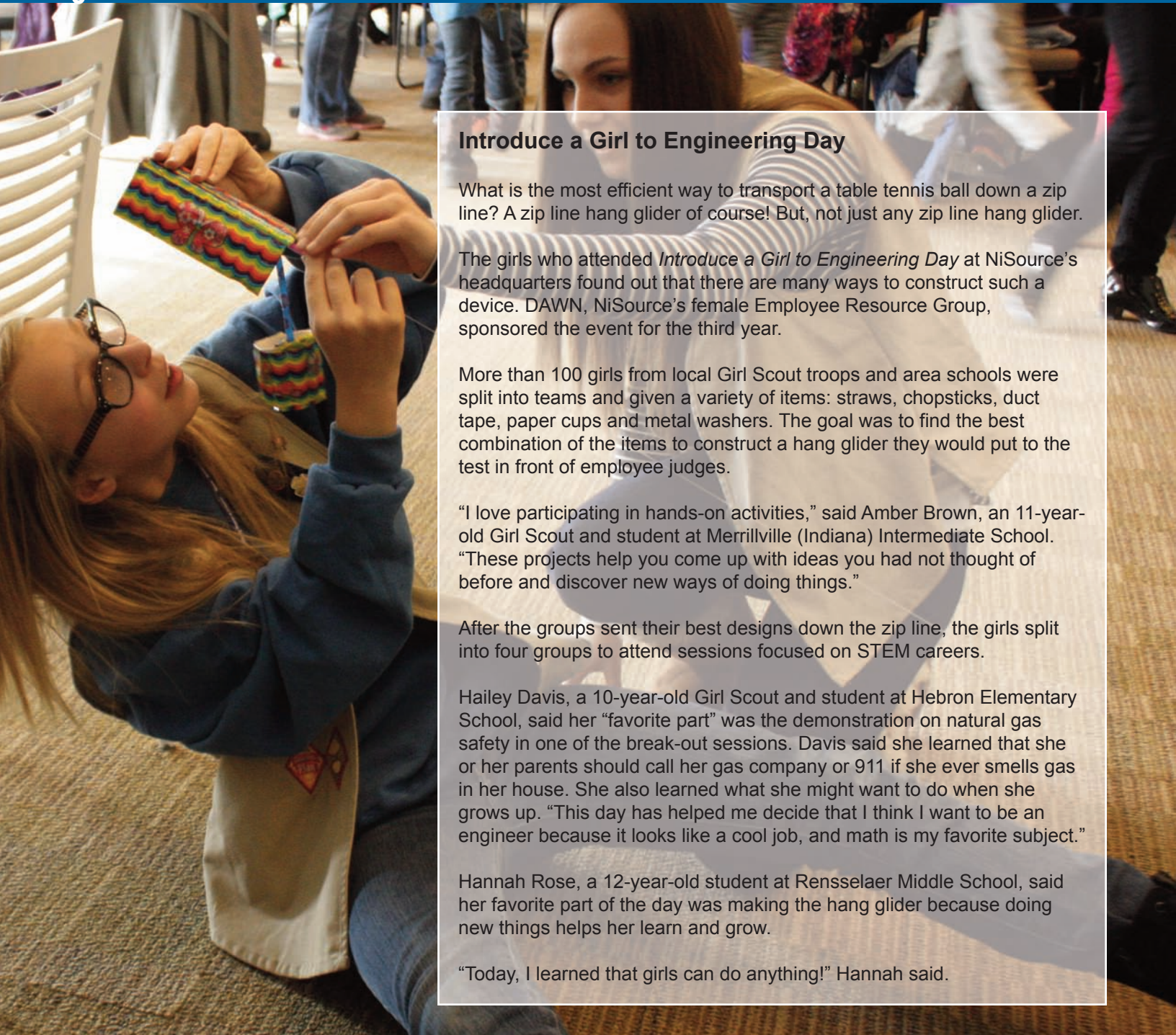
Opening Our Doors to Endless Options

Columbia Gas of Pennsylvania's (CPA) Southpointe and CPA North offices taught at-risk students about job preparation during CPA's first Disability Mentoring Day.

Fifteen middle school students from South Side School District in Beaver County met with different customers and operational teams before participating in mock interviews.

CPA North welcomed nine students from Holy Family Institute and Beaver County Prevention Services. The 10th to 12th graders rotated through five stations including engineering, natural gas safety, human resources, damage prevention and a backhoe demonstration.

Event organizers received a note of thanks from the Principal of Holy Family Institute's Educational Program saying the event reinforced that there are endless options for the students' futures.



Introduce a Girl to Engineering Day

What is the most efficient way to transport a table tennis ball down a zip line? A zip line hang glider of course! But, not just any zip line hang glider.

The girls who attended *Introduce a Girl to Engineering Day* at NiSource's headquarters found out that there are many ways to construct such a device. DAWN, NiSource's female Employee Resource Group, sponsored the event for the third year.

More than 100 girls from local Girl Scout troops and area schools were split into teams and given a variety of items: straws, chopsticks, duct tape, paper cups and metal washers. The goal was to find the best combination of the items to construct a hang glider they would put to the test in front of employee judges.

"I love participating in hands-on activities," said Amber Brown, an 11-year-old Girl Scout and student at Merrillville (Indiana) Intermediate School. "These projects help you come up with ideas you had not thought of before and discover new ways of doing things."

After the groups sent their best designs down the zip line, the girls split into four groups to attend sessions focused on STEM careers.

Hailey Davis, a 10-year-old Girl Scout and student at Hebron Elementary School, said her "favorite part" was the demonstration on natural gas safety in one of the break-out sessions. Davis said she learned that she or her parents should call her gas company or 911 if she ever smells gas in her house. She also learned what she might want to do when she grows up. "This day has helped me decide that I think I want to be an engineer because it looks like a cool job, and math is my favorite subject."

Hannah Rose, a 12-year-old student at Rensselaer Middle School, said her favorite part of the day was making the hang glider because doing new things helps her learn and grow.

"Today, I learned that girls can do anything!" Hannah said.



Supporting STEM Careers

Education has long been a major focus for NiSource as it strives to improve lives in the communities it serves and where its employees live and work. More recently, the focus has been sharpened on science, technology, engineering and mathematics (STEM), and encouraging more youth to pursue these types of careers.

I&D Dimension: Supplier Diversity

We have seen firsthand that diverse businesses help us harness new ideas, gain a competitive advantage and strengthen the communities we serve. The use of diverse suppliers reflects the growing diversity our communities, driving tangible benefits for our company, our customers and our stakeholders. To put it simply, we believe that using diverse suppliers is the right thing to do.

NiSource created its Supplier Diversity Program in 2009 to educate suppliers while exposing decision makers to the talent and skills of diverse companies.

Achieving Goals, Breaking Records

The NiSource Supplier Diversity Program began with \$12.5 million spent with diverse suppliers in the first year. Our sights were set high for 2014 after a momentous 2013 marked by record diverse spending of \$103.5 million. NiSource met the 2014 diverse spending goal of 6 percent, which translates to \$150 million in products and services, exceeding the record.

Much of the success of the Supplier Diversity Program can be attributed to the heavy lifting of NiSource employees and leaders, who embrace the program, recognize the value in utilizing diverse suppliers and provide transparency throughout the process.

Tracking Tier 2 Data

We started tracking Tier 2 supplier data for the first time in 2014. Using a web-based tool, NiSource suppliers can track diverse secondary suppliers they subcontract with.

Incorporating a Tier 2 program is considered a best practice of a mature supplier diversity program.

During the first year of tracking, 46 suppliers reported diverse subcontracting efforts, totaling nearly \$34 million. Currently support of the program is requested of our suppliers, but not required. Our supplier organization plans to work towards implementing a more formal process in 2015.

Diverse Suppliers include:

- Woman-owned businesses
- Historically underutilized business zones
- Veteran-owned businesses
- Disabled-owned businesses
- Minority business enterprises
- Workshops for Americans with disabilities

2014 Diverse Spending by NiSource Business Unit

Columbia Gas Utilities	\$73.7M
Columbia Pipeline Group	\$15.8M
NIPSCO	\$17.6M
NiSource Corporate Services	\$9.5M
Tier II Suppliers	\$33.4M
NiSource TOTAL	\$150M

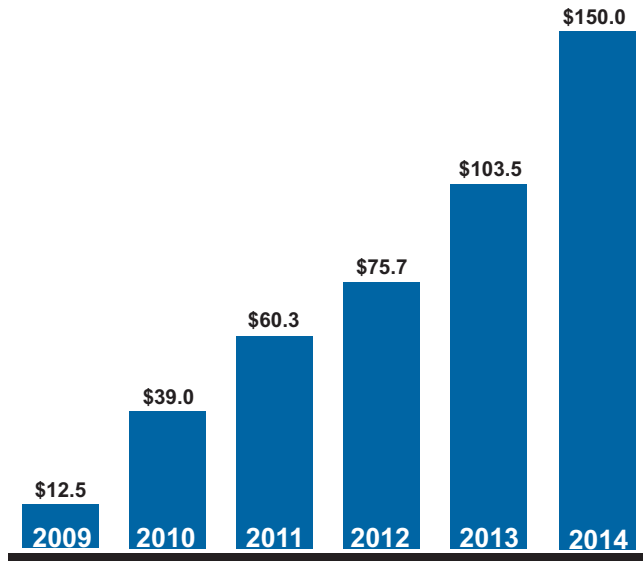
Leveraging Ambassadors, I&D Councils & ERGs

Representatives from I&D Councils throughout our footprint acted as ambassadors, serving as boots-on-the-ground to educate frontline employees and members of the diverse business community about the Supplier Diversity Program and achievements, as well as the

economic impacts suppliers have on local communities. As part of this initiative, local diverse suppliers were invited to present during several educational lunch and learns.

Employees also supported supplier diversity. For instance, GOLD proudly used diverse suppliers for all of its sponsored events in 2014. Other ERGs and I&D councils engaged minority-owned, woman-owned and service disabled veteran-owned suppliers for meals and promotional products purchases.

NiSource Diverse Supplier Spend Total (\$M)



Partnering for Supplier Diversity Events

In an effort to increase business opportunities with diverse and local suppliers, NiSource hosted the 2014 Supplier Invitational at the company's headquarters.

More than 130 representatives from diverse companies around the company's Indiana service territory attended the event to learn more about opportunities, as well as qualifications and experience needed to move forward toward doing business together.

Representatives from various departments around the company participated in the invitational to meet vendors and provide information about doing business with the company. During an informational panel discussion department leaders from generation, facility management, transmission engineering, electric field operations, gas field operations, customer operations, major projects, communications and major accounts highlighted current opportunities.

Company leaders also spoke with suppliers one-on-one about projects or services for which they could potentially qualify.



Supplier Diversity Innovation

Edison Electric Institute (EEI) acknowledged NiSource for outstanding leadership with the Supplier Diversity Innovation Award. This award is given to EEI-member companies in recognition of innovative approaches to diverse supplier development.

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