



## NISOURCE INC.

### 2017 KEY PERFORMANCE INDICATORS INDEPENDENT VERIFICATION STATEMENT

#### Introduction

Trinity Consultants, Inc. (“Trinity”) was contracted by NiSource Inc. (“NiSource”) to verify its environmental key performance indicators (“KPIs”) for its North America operations for the 2017 calendar year time period. NiSource is reporting its 2017 environmental KPIs as part of its responses to the 2018 Dow Jones Sustainability Index (“DJSI”) Online Questionnaire. Pursuant to DJSI provisions, NiSource has the option to have this annual report independently verified by an accredited Verification Body (“VB”). The environmental performance index (“EPI”) inventory compiled by NiSource and the EPI inventory verification performed by Trinity is a component of NiSource’s long-term environmental sustainability management strategy.

NiSource has sole responsibility for preparation of the data collection, analysis, compilation, and external report. Trinity’s verification and assurance engagement are based on the assumptions that the NiSource’s data and information are sufficient, accurate and complete. Trinity’s responsibility in performing the verification and assurance work is to the management of NiSource only and are solely for NiSource’s benefit in accordance with the terms of the contract. Our assurance statement, however, represents Trinity’s independent opinion and is intended to inform all stakeholders, including NiSource. Trinity disclaims any liability or responsibility on Trinity’s work to DJSI or to any other party who may have access to this statement or the verification and assurance report.

#### Assurance Standard

Trinity’s work was conducted following our standard assurance methodology and approach for external verification of sustainability reports, in part based on the International Standard on Assurance Engagements (“ISAE”) 3000, Assurance Engagements Other Than Audits or reviews of Historical Financial Information, suitably adapted.

#### Scope of Verification and Assurance

The scope of work and tasks performed by Trinity as previously agreed with NiSource includes the following:

- Verification was carried out to a limited level of assurance;
- The verification of greenhouse gas (“GHG”) Scope 1 and Scope 2 emissions were conducted using World Business Council for Sustainable Development (“WBCSD”) / World Resources Institute (“WRI”) Greenhouse Gas Protocol;
- Environmental performance indicators were verified for the period of January 1st to December 31st, 2017;
- Environmental performance indicators for NiSource includes:
  - Scope 1 GHG emissions,
  - Scope 2 GHG emissions,
  - Particulate matter (“PM”) emissions,
  - Mercury (“Hg”) emissions,
  - Sulfur dioxide (“SO<sub>2</sub>”) emissions,
  - Nitrogen oxides (“NO<sub>x</sub>”) emissions,
  - Sulfur hexafluoride (“SF<sub>6</sub>”) emissions,

- Water consumption,
- Solid waste disposal,
- Hazardous waste disposal, and
- Fly ash and gypsum reuse and recycling
- Verification and assurance activities were conducted from April 2018 through May 2018.

## Verification Methodology

The objective of verification and assurance engagement by Trinity was to provide an independent and objective review of the emissions data report for North America enterprise-wide emissions for Scope 1 and 2, as well as other environmental KPIs for calendar year 2017. The data report is reviewed against the criteria and standards (as applicable and relevant) stated below:

- World Resources Institute / World Business Council for Sustainable Development Greenhouse Gas Protocol - A Corporate Accounting and Reporting Standard
- ISO14064-3:2006 – Greenhouse Gases Part 3: Specification with Guidance for the Validation and Verification of Greenhouse Gas assertions.
- International Standard on Assurance Engagements (“ISAE”) 3000

Trinity applied a risk-based approach throughout the assurance engagement, concentrating on the areas that Trinity believe are at risk of materiality.

The following tasks and methodologies were applied during the verification of NiSource’s GHG data, inventory, supporting documents, and management processes:

- Review documentation and interview relevant staff to understand and evaluate the processes and systems used to collect, compile, consolidate, analyze and report data for the specified environmental KPIs;
- Review suitability of calculations, and conversion and emission factors;
- Review the corporate consolidation of data for specified environmental KPIs, and compare it to data submitted from the individual facilities; and
- Select underlying facility source data on a sample basis (as applicable and relevant) and conduct a desktop review of these sample data to confirm specified site data for the NiSource facilities.

## Conclusions

NiSource’s environmental key performance indicators assertions for calendar year 2017 are as follows:

- Scope 1 GHG emissions of 12,033,952 metric tonnes CO<sub>2</sub>e
- Scope 2 GHG emissions of 48,849 metric tonnes CO<sub>2</sub>e
- Total fresh surface water withdrawal of 349.42 million cubic meters
- Total fresh ground water withdrawal of 6.76 million cubic meters
- Total water returns of 337.36 million cubic meters
- Total net water consumption of 18.82 million cubic meters
- PM dust emissions of 138.52 metric tonnes
- Hg emissions of 0.02785 metric tonnes
- SO<sub>2</sub> emissions of 2,471.77 metric tonnes
- NO<sub>x</sub> emissions of 6,201.62 metric tonnes
- SF<sub>6</sub> emissions of 4.1483 metric tonnes
- Solid waste disposal of 6,479.25 metric tonnes
- Hazardous Waste disposal of 20.865 metric tonnes
- Ash and gypsum reuse and recycling rate of 65.78%

Based on verification activities performed, Trinity attests with a limited assurance that the submitted environmental KPI assertions and/or environmental data report to DJSI are free of material misstatements for each calculated KPI metric. That is, the estimated percent error/discrepancy is less than 5% of the verified total for each performance indicator. Trinity's conclusions are based on the assumptions that the data and information provided by NiSource to Trinity are true and complete.

## Limitations

Trinity's work did not include visits or physical inspections of any of NiSource's operating facilities. Trinity's approach to this verification was not intended to detect all weakness in management controls. The verification was performed on corporate management controls on a sample basis as noted previously. Further, it should be noted that the reliability of environmental data may be subject to inherent uncertainties, based on the established methods used to measure or calculate the underlying information.

## Independence

Trinity is an independent professional services firm that specializes in environmental, health and safety, and sustainability compliance, risk and performance management. We have developed and maintain a quality management system, certified to ISO 9001:2008. No member of the verification/assurance team has a business relationship with NiSource, its Managers or Directors other than for the purpose of verification of the subject sustainability data and reporting, or has had any involvement in writing the DJSI questionnaire response, data collection or validation, or the development or implementation of data systems. This verification has been conducted independently and we believe that there has been no conflict of interest.

TRINITY CONSULTANTS



John Z. Zhang, C.P.P.  
Senior Consultant  
ARB accredited lead verifier

May 31, 2018



## **Assurance Statement**

Jacobs evaluated NiSource Inc.'s annual Integrated Report (2017), which combines the company's Annual Report to Stockholders and Sustainability Report into a single publication. The Integrated Report, the Sustainability Scorecard, and the Supplemental Data form the basis for its self-declaration of Global Reporting Initiative (GRI) In Accordance-Core, relative to the GRI reporting framework as detailed in the GRI G4 Guidelines. In addition, Jacobs recommended specific improvements for future reporting efforts.

## **Completeness**

NiSource reported on all Management Approaches and all Profile Indicators regarding Strategy and Analysis; Organizational Profile; Material Aspects and Boundaries; Stakeholder Engagement; Report Profile; Governance, and Ethics and Integrity, as included in the GRI G4 Guidelines. In addition, NiSource reported on the materiality aspects identified by stakeholders through the materiality assessment conducted in 2014. NiSource has provided its level of compliance with GRI G4 Guidelines for each performance indicator. Performance is reported primarily in the body of the 2017 Integrated Report, with references to documents including the 2017 Form 10-K, the 2017 Proxy Statement, the 2017 Sustainability Scorecard, and the Supplemental Data, as well as to the NiSource website, for additional data and information.

## **Assurance Approach**

Jacobs' assurance activities included multiple readings of the 2017 GRI Reporting, NiSource 2017 Integrated Report, review of reference documents; and comparison to the 2016 Sustainability Report to evaluate any improvements.

After Jacobs reviewed the initial draft of the report, we identified improvements for a few Core and Specific Standard Disclosures to provide greater transparency and navigability, as well as consistency with GRI G4 Guidelines.

## **Recommendations for Improvement**

Jacobs has identified areas for improvement, primarily with regard to the Disclosure Management Approach (DMA) for NiSource's top materiality aspects. Specifically, Jacobs recommends including additional details on: evaluating the effectiveness of the management approach for each material aspect; the results of the evaluation of the management approach; and any related changes to the management approach. We also provided direction on the upcoming transition to the GRI Standards for NiSource's 2018 GRI report next year.

## **Key Findings**

Based on the scope and limitations of our review:

- Based on the information provided by NiSource during the assessment, nothing has come to our attention which causes us to believe that the information reported by NiSource in the 2017 Integrated Report has been materially misstated.

- We found that the NiSource 2017 Integrated Report presents a clear focus on the company's material aspects and the clarity of information provided with respect to reporting on the GRI G4.
- Based on the verbal and written information provided by NiSource during the assessment, we found that the NiSource 2017 Integrated Report, 2017 Sustainability Scorecard, and Supplemental Data provides a reliable representation of NiSource's economic, environmental and social performance and that it meets the intent of the GRI G4 reporting framework with respect to boundary, balance, materiality, and quality. Nothing has come to our attention to cause us to believe that the NiSource self-declared application level of In Accordance-Core, in relation to its reporting against the GRI G4 Sustainability Reporting Guidelines, is materially misstated.

This independent statement is not intended to identify all errors, omissions or misstatements in the NiSource 2017 Integrated Report, 2017 Sustainability Scorecard, and Supplemental Data; third parties should not rely on it as a statement that there are no such errors, omissions or misstatements.

Jessica Wollmuth  
Sustainability Consulting Practice Director  
Jacobs  
April 10, 2018

Kylee Hamilton, ENV SP  
Senior Sustainability Consultant  
Jacobs  
April 10, 2018

# **NISOURCE INC.**

## **2017 CLIMATE DATA VERIFICATION STATEMENT**

### **Introduction**

Trinity Consultants, Inc. (“Trinity”) was contracted by NiSource Inc. (“NiSource”) to verify its greenhouse gas (“GHG”) emissions inventory for its North America operations for the 2017 calendar year time period. NiSource is reporting 2017 GHG emissions as part of its responses to the 2018 Carbon Disclosure Project (“CDP”) Investor Questionnaire. Pursuant to CDP provisions, NiSource has the option to have this annual report independently verified by an accredited Verification Body (“VB”). The GHG inventory compiled by NiSource and the GHG inventory verification performed by Trinity is a component of NiSource’s long-term GHG management strategy.

NiSource has sole responsibility for preparation of the data collection, analysis, compilation, and external report. Trinity’s verification and assurance engagement is based on the assumptions that the NiSource’s data and information are sufficient, accurate and complete. Trinity’s responsibility in performing the verification and assurance work is to the management of NiSource only and are solely for NiSource’s benefit in accordance with the terms of the contract. Our assurance statement, however, represents Trinity’s independent opinion and is intended to inform all stakeholders including NiSource. Trinity disclaims any liability or responsibility on Trinity’s work to CDP or to any other party who may have access to this statement or the verification report.

### **Scope of Verification and Assurance**

The scope of work agreed with NiSource includes the following:

- Organizational boundaries for the GHG inventory are all North America sites operating under NiSource’s operational control;
- Verification was carried out to a limited level of assurance;
- Verification was conducted using the ISO 14064-3 Standard;
- The reporting of the GHG emissions were conducted using World Business Council for Sustainable Development (“WBCSD”) / World Resources Institute (“WRI”) Greenhouse Gas Protocol;
- GHG emissions were verified for the period of January 1st to December 31st, 2017;
- Emissions data verified includes Scope 1, Scope 2 and Scope 3 (Business travel and other indirect emissions); and
- Verification activities were conducted in May through August of 2018.

### **Verification Methodology**

The objective of verification and assurance engagement by Trinity was to provide an independent and objective review of the emissions data report for North America enterprise-wide emissions for Scope 1, 2 and 3, for calendar year 2017. The emissions data report is reviewed against the criteria and standards stated below:

- World Resources Institute / World Business Council for Sustainable Development Greenhouse Gas Protocol - A Corporate Accounting and Reporting Standard
- ISO14064-3:2006 – Greenhouse Gases Part 3: Specification with Guidance for the Validation and Verification of Greenhouse Gas assertions.

Trinity applied a risk-based approach throughout the assurance engagement, concentrating on the areas that Trinity believe are at risk of materiality.

The following tasks and methodologies were applied during the verification of NiSource’s GHG data, inventory, supporting documents, and management processes:

- Identify and review conformance with the accuracy level declared in the CDP information request response and the accuracy requirements using ISO 14064-3:2006 verification standards as appropriate;
- Review and verify emission estimates with the applicable GHG emission calculations/reporting protocols and principles such as WRI/WBCSD Greenhouse Gas Protocol;
- Review and verify GHG facility data for completeness and accuracy;
- Review a selection of data provided from a sampling of NiSource facilities (Michigan City, R.M. Schafer, Sugar Creek, and Bailly) which is consistent with the selected level of assurance;
- Review NiSource's data management systems for emission data, transactions, bookkeeping records, reports, and compliance documents;
- Evaluate and check materiality of any misstatement in actual data;
- Review, identify, and list all deficiencies and conformance gaps; and
- Provide NiSource with an official verification statement with a verification summary that includes the findings of the verification process and any improvements and corrective actions taken

## Conclusions

NiSource's GHG assertions by Scope 1, Scope 2, and Scope 3 categories for calendar year 2017 are as follows:

- Scope 1 emissions of 12,033,952 metric tonnes CO<sub>2</sub>e
- Scope 2 emissions of 48,849 metric tonnes CO<sub>2</sub>e
- Scope 3 emissions of 3,401,572 metric tonnes CO<sub>2</sub>e

Based on verification activities performed, Trinity attests with a limited assurance that the submitted GHG assertions and/or emissions data report to CDP are free of material misstatements for each category of emissions including Scope 1, Scope 2, and Scope 3 emissions (i.e., the estimated percent error/discrepancy is less than 5% of the verified total for each Scope emissions). Trinity's conclusions are based on the assumptions that the data and information provided by NiSource to Trinity are true and complete.

## Limitations

Trinity's work did not include visits or physical inspections of any of NiSource's operating facilities. Trinity's approach to this verification was not intended to detect all weakness in management controls. The verification was performed on corporate management controls on a sample basis as noted previously. Further, it should be noted that the reliability of environmental data may be subject to inherent uncertainties, based on the established methods used to measure or calculate the underlying information.

## Independence

Trinity was not involved in the preparation of any part of NiSource's data or report. This is Trinity's second year of providing verification service for NiSource.

TRINITY CONSULTANTS

A handwritten signature in blue ink, appearing to read "John Z. Zhang", with a long horizontal flourish extending to the right.

John Z. Zhang, C.P.P.  
Senior Consultant  
CARB accredited lead verifier

August 22, 2018

Enclosures:  
Verification Plan  
Sampling Plan  
Materiality Assessment Summary  
Log of Issues and Findings