

Introduction

NiSource is among the Edison Electric Institute (EEI) and American Gas Association (AGA) member companies using the voluntary Environmental, Social, Governance (ESG) / Sustainability reporting qualitative and quantitative templates for investors. This information is being provided in response to the desire of investors and other stakeholders for ESG/Sustainability information that is consistent across the electric and gas utility sectors.

ESG/Sustainability Governance, Oversight & Management

NiSource's [Environmental Safety & Sustainability \(ESS\) Board Committee](#) – currently comprised of four NiSource board members – assists the board in overseeing the programs, performance and risks relative to environmental, safety and sustainability matters. Its responsibilities include evaluating company environmental and sustainability policies, practices and performance related to our employees, contractors, and the general public; reviewing and assessing shareholder proposals related to the environment, safety and sustainability; reviewing and evaluating the company's programs, policies, practices and performance with respect to health and safety compliance auditing; and assessing major legislation, regulation and other external influences that pertain to the committee's responsibilities.

The following individuals play key roles in the ESG/Sustainability efforts at NiSource.

Executive Oversight:

- President and Chief Executive Officer
- Executive Vice President, Chief Operating Officer, and President, NiSource Utilities
- Executive Vice President, Chief Financial Officer and President, NiSource Corporate Services
- Executive Vice President and Chief Experience Officer
- Executive Vice President and Chief Legal Officer, and Chief Executive Officer

Management:

- Sr. Vice President and Chief Communications Officer
- Sr. Vice President General Counsel & Corporate Secretary
- Vice President, Environmental & Sustainability
- Vice President, Deputy General Counsel, Environmental
- Vice President, Investor Relations & Treasurer
- Director, Environmental Policy & Sustainability
- Corporate Communications Lead
- Manager, Investor Relations
- Manager, Sustainability

ESG/Sustainability at NiSource

NiSource companies serve nearly 4 million natural gas and electric customers across seven states under the Columbia Gas and NIPSCO brands. We employ over 8,400 people who are engaged in the communities we serve. Our business strategy is built on five commitments that drive our aspirations well into the future:

- Industry-Leading Safety Culture and Performance
- Top-Tier Customer Satisfaction and Value
- Recognized Throughout Our Communities as One of the Best Places to Work and Grow
- Compelling Annual Total Shareholder Return with Long-Term Visibility to Investment Opportunities
- Sustained Stewardship of Our Environment

Using these commitments, we've identified milestones and targets that our teams are working to achieve. Our [sustainability scorecard](#), a supplement to our [2019 Integrated Annual Report](#), highlights the key metrics and milestones we track regarding the company's priorities and stakeholder materiality.

Managing and Adapting to ESG/Sustainability Issues

Safety and energy infrastructure reliability

NiSource’s \$30 billion long-term infrastructure modernization program is rooted in safety and reliability. In 2019, NiSource invested nearly \$1.9 billion in its gas and electric utilities. We replaced 358 miles of priority pipe, 33 miles of underground electric cable and more than 1,900 electric poles – with the goal of enhancing the safety, reliability and environmental performance of our systems and supporting improved customer service.

At the foundation of our business is the safety and care of our customers, employees, business partners and the public. We continue to invest in safety improvements, implement policies and procedures, develop technical training and guidelines for our employees, and leverage new tools and technology to improve our maps, records and infrastructure performance. In 2019 we enhanced the rigor of our safety commitment through a significant investment of time and resources in accelerating implementation of a Safety Management System (SMS). We made substantial progress in shifting SMS from a project to full organizational ownership, realigning our teams to better protect our employees, contractors, customers and communities.

Our electric business strategy

Our plans call for retiring all of our remaining coal-fired electric generation by 2028, and we plan to have nearly 80 percent retired by 2023. This capacity will be replaced with lower-cost, reliable and cleaner options such as wind, solar, and battery storage. As a result, the plan would save Northern Indiana Public Service Company (NIPSCO) electric customers more than \$4 billion over 30 years and is expected to drive a 90 percent reduction in our greenhouse gas emissions by 2030, from a base year of 2005.

The timeline for NIPSCO’s five remaining coal-fired units identified in NIPSCO’s [Integrated Resource Plan](#) shows the expected retirement of its R.M. Schahfer Generating Station (Units 14, 15, 17 and 18), located in Wheatfield, Indiana, no later than 2023, and its Michigan City Generating Station (Unit 12) located in Michigan City, Indiana, by 2028.

Operation of NIPSCO’s existing natural gas-fired Sugar Creek Generating Station in West Terre Haute, Indiana, and the Norway and Oakdale Hydroelectric Dams along the Tippecanoe River will continue.

As a result of the new electric generation strategy, three wind projects have been announced, representing approximately 800 megawatts (MW) of nameplate capacity:

- Jordan Creek** (Benton and Warren Counties)
400 MW wind project, estimated 160 turbines
Groundbreaking late spring, 2020
- Rosewater** (White County)
102 MW wind project, estimated 25 turbines
- Indiana Crossroads** (White County)
302 MW wind project, estimated 80 turbines

NIPSCO recently announced the addition of two new solar farms that will be based in central Indiana:

Brickyard Solar – The 200 MW solar project, to be developed, constructed, owned and operated by a subsidiary of NextEra Energy Resources, LLC, will be located in Boone County. The project will include an estimated 675,000 solar panels. NIPSCO will purchase the power directly from Brickyard Solar.

Greensboro Solar – This solar project, to be developed, constructed, owned and operated by a subsidiary of NextEra Energy Resources, LLC, will provide 100 MW of solar, along with 30 MW of battery storage. It will be located in Henry County. The project will include an estimated 329,500 solar panels. NIPSCO will purchase the power directly from Greensboro Solar.

NIPSCO expects to announce additional renewable projects later in 2020.

Our gas operations methane reduction strategy

In addition to our electric generation strategy, we have demonstrated our commitment to emissions reductions in our gas distribution operations. In 2016, [NiSource joined the EPA's Natural Gas STAR Methane Challenge as a founding member](#), reinforcing our commitment to investments that improve safety and reliability while reducing methane emissions from pipeline replacements. Through our five-year Methane Challenge Program commitment, we estimate that our companies will collectively reduce methane emissions by more than 145,000 metric tons of carbon dioxide equivalent (CO₂e). And, by 2025 we expect to reduce methane emissions from mains and services by 50 percent from 2005 levels.

Environmental targets

We've identified targets for 2025 and 2030 to reduce our methane and electric generation greenhouse gas emissions, other air emissions, water withdrawals, wastewater discharge and coal ash generated. Our generation strategy, along with our Methane Challenge commitments, are expected to reduce emissions to a level exceeding the goals of the Paris Agreement and the Clean Power Plan.

Measure	Reduction Targets by 2025 from 2005 Baseline	Reduction Targets by 2030 from 2005 Baseline	2019 Status (% reduction since 2005)	2018 Status (% reduction since 2005)
GAS				
Methane Emission Reduction (Service & Main Lines)	50%	50%+	37%	34%
ELECTRIC				
Carbon Dioxide	50%	90%+	50%	37%
Nitrogen Oxide	90%	99%	84%	79%
Sulfur Dioxide	90%	99%	97%	96%
Mercury	90%	99%	94%	90%
Water Withdrawal	90%	99%	89%	76%
Water Discharge	60%	99%	93%	81%
Coal Ash Generated	50%	100%	52%	37%

ESG/Sustainability risks and opportunities

Please read our [2018 Climate Report](#), published in 2019, which describes our journey to achieve our aggressive greenhouse gas emissions reduction targets, along with several of the risks and opportunities associated with climate change.

Integrating climate-related issues into our business strategy

NiSource's climate-related investments and initiatives include: providing energy-savings incentives for customers, procuring renewable energy resources, planning to retire our coal-fired electric generation capacity, and reducing methane emissions from company natural gas systems. With an investment plan that includes approximately \$30 billion in infrastructure modernization programs that help reduce emissions and multiple energy efficiency programs for our customers, NiSource continues to plan for a carbon-reduced future.

Renewable energy - Customer programs

NIPSCO offers optional [customer programs](#) aimed at promoting renewable generation opportunities. The Net Metering program allows customers to generate their own electricity from renewable energy to offset their usage each month. The Feed-In Tariff program provides an opportunity for customers to sell back the electricity generated from renewable energy projects. A third program, Green Power, allows electric customers to designate a percentage of their monthly electric usage to be attributable to power generated by renewable energy sources. In 2019, customers generated over 122,000 megawatt hours from renewable resources, and over 719,400 megawatt hours since 2011.

Energy efficiency and energy assistance programs

NiSource energy efficiency programs offer rebates or discounts on home energy audits, high-efficiency appliances and HVAC equipment, weatherization projects and smart thermostats. We advocate for federal funding to ensure that customers who struggle to heat their homes in the winter and cool their homes in the summer have access to funds to help maintain their service. We also educate eligible customers about local energy assistance programs available and we offer payment options to help spread seasonal utility costs more evenly throughout the year.

Customer value and affordability

Keeping customer bills affordable, and providing programs to save money and energy are a key focus area. We're taking steps to expand our customer base and become more efficient through technology and process enhancements to keep customer bills affordable while enhancing the customer experience.

Our response to the COVID-19 pandemic

The safety of our employees, contractors, customers and the communities we serve is at the forefront of everything we do at NiSource. We're also committed to protecting the health and wellness of our customers and employees to ensure we continue providing safe, reliable gas and electric service during the COVID-19 pandemic. NiSource and our operating companies, Columbia Gas and NIPSCO, are following health and safety protocols recommended by the World Health Organization, Centers for Disease Control and Prevention, and federal, state and local governments, and have taken the following actions:

- Suspended shutoffs for nonpayment for an extended period of time.
- Columbia Gas and NIPSCO are offering their most flexible payment plans to customers impacted by or facing hardship as a result of COVID-19. Customers should contact the Columbia Gas or NIPSCO utility in their state directly for details.
- Activated an enterprise-wide incident command system response team that is vigilantly monitoring updates related to the virus.
- Advised employees who can do so to work remotely, while avoiding critical business disruption.
- For employees reporting to work, we are advising on safe social distancing, taking advanced hygienic cleaning measures and issuing communications to our employees and contractors with personal and workspace best practices.
- We are advising any employees, who have direct contact with customers, to take social distancing precautionary measures.

For more ESG- and sustainability-related information please visit www.nisource.com/sustainability.

Related Links

[2019 EEI/AGA Quantitative Template](#)

[2019 Integrated Annual Report](#)

[2019 Sustainability Scorecard](#)

[2019 Supplemental Sustainability Data](#)

[2018 NIPSCO Integrated Resource Plan](#)

[2018 CDP Climate Change Response](#)

[2018 CDP Water Security Response](#)

[2019 10-K](#)

This document contains “forward-looking statements” within the meaning of federal securities laws. 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. Examples of forward-looking statements in this press release include, but are not limited to, statements and expectations regarding NiSource’s or any of its subsidiaries’ 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. 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, NiSource’s debt obligations; any changes in NiSource’s credit rating or the credit rating of certain of NiSource’s subsidiaries; NiSource’s ability to execute its growth strategy; changes in general economic, capital and commodity market conditions; pension funding obligations; economic regulation and the impact of regulatory rate reviews; NiSource’s ability to obtain expected financial or regulatory outcomes; NiSource’s ability to adapt to, and manage costs related to, advances in technology; any changes in our assumptions regarding the financial implications of the Greater Lawrence Incident; compliance with the agreements entered into with the U.S. Attorney’s Office for the District of Massachusetts to settle the U.S. Attorney’s Office investigation relating to the Greater Lawrence Incident; the pending sale of the Columbia Gas of Massachusetts business, including the terms and closing conditions under the asset purchase agreement; potential incidents and other operating risks associated with our business; potential impacts from the COVID-19 pandemic; our ability to obtain sufficient insurance coverage; the outcome of legal and regulatory proceedings, investigations, incidents, claims and litigation; any damage to NiSource’s reputation, including in connection with the Greater Lawrence Incident; compliance with environmental laws and the costs of associated liabilities; fluctuations in demand from residential and commercial customers; economic conditions of certain industries; the success of NIPSCO’s electric generation strategy; the price of energy commodities and related transportation costs; the reliability of customers and suppliers to fulfill their payment and contractual obligations; potential impairments of goodwill or definite-lived intangible assets; changes in taxation and accounting principles; the impact of an aging infrastructure; the impact of climate change; potential cyberattacks; construction risks and natural gas costs and supply risks; extreme weather conditions; the attraction and retention of a qualified work force; the ability of NiSource’s subsidiaries to generate cash; NiSource’s ability to manage new initiatives and organizational changes; the performance of third-party suppliers and service providers; changes in the method for determining LIBOR and the potential replacement of the LIBOR benchmark interest rate; and other matters set forth in Item 1A, “Risk Factors” section of NiSource’s Annual Report on Form 10-K for the fiscal year ended December 31, 2019, and in other filings with the Securities and Exchange Commission. A credit rating is not a recommendation to buy, sell or hold securities, and may be subject to revision or withdrawal at any time by the assigning rating organization. In addition, dividends are subject to board approval. All forward-looking statements are expressly qualified in their entirety by the foregoing cautionary statements. NiSource expressly disclaims any duty to update, supplement or amend any of its forward-looking statements contained in this press release, whether as a result of new information, subsequent events or otherwise, except as required by applicable law.

Regulation G Disclosure Statement

This document includes financial results and guidance for NiSource with respect to net operating earnings available to common shareholders, which is a non-GAAP financial measure as defined by the SEC’s Regulation G. The company includes this measure because management believes it permits investors to view the company’s performance using the same tools that management uses and to better evaluate the company’s ongoing business performance. With respect to such guidance, it should be noted that there will likely be a difference between this measure and its GAAP equivalent due to various factors, including, but not limited to, fluctuations in weather, the impact of asset sales and impairments, and other items included in GAAP results. The company is not able to estimate the impact of such factors on GAAP earnings and, as such, is not providing earnings guidance on a GAAP basis.