

Introduction

NiSource is among the Edison Electric Institute (EEl) 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

NiSource's [Environmental Safety & Sustainability \(ESS\) Board Committee](#) – 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:

- Reviewing and evaluating our programs, policies, practices and performance with respect to the environment; sustainability; and employee, contractor and public safety.
- Reviewing stockholder proposals related to the environment, safety and sustainability, and assessing the impact to the company.
- Reviewing and evaluating our programs, policies, practices and performance with respect to environmental, health and safety compliance auditing.

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

Executive Oversight:

- President & Chief Executive Officer
- Executive Vice President, Chief Operating Officer, & President, NiSource Utilities
- Executive Vice President, Chief Financial Officer & President, NiSource Corporate Services
- Executive Vice President & Chief Experience Officer
- Executive Vice President, General Counsel & Corporate Secretary
- Chief Diversity, Equity & Inclusion Officer (as of 2021)
- Senior Vice President, Strategy & Chief Risk Officer

Management:

- Communications
- Federal Government Affairs, Environmental & Sustainability
- Legal
- Investor Relations
- Risk & Strategy
- Operations

ESG/Sustainability at NiSource

NiSource companies serve nearly 4 million natural gas and electric customers across six states under the Columbia Gas and NIPSCO brands. We employ over 7,000 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

With these commitments underpinning our strategy, we've identified milestones and targets that our teams are working to achieve. Our [sustainability scorecard](#), a supplement to our [2020 Integrated Annual Report](#), highlights the key metrics and milestones we track regarding the company's priorities and how our priorities are aligned with our stakeholders' views of material issues.

Managing and Adapting to ESG/Sustainability Issues

Safety and energy infrastructure reliability

NiSource's \$40 billion long-term infrastructure modernization program is rooted in safety and reliability. In 2020, NiSource invested approximately \$1.7 billion in its gas and electric utilities. We replaced 274 miles of priority pipe, 37 miles of underground electric cable and 1,380 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.

Our relentless focus on safety is producing results, with improvements in key metrics during 2020. While safety has always been at our core, we have developed an SMS to more solidly ingrain safety into our core operating model. Our SMS, which includes management objectives and metrics, assures that our business units support our safety culture and align business decisions with safety practices and metrics.

Our electric business strategy

Branded "[Your Energy. Your Future.](#)" our long-term electric generation strategy guides us to 100 percent coal-free owned generation by 2028, with accelerated reductions as we plan to retire nearly 80 percent of our coal-fired electric generation by 2023. As our plan to invest in and purchase renewable energy matures, we expect to save NIPSCO electric customers more than \$4 billion over 30 years. The plan is expected to be a key element of a 90 percent reduction in our greenhouse gas emissions by 2030 (from a base year of 2005). More broadly, it has created incremental investment opportunities for NiSource, with \$1.8 to \$2 billion in planned renewable energy investments through 2023.

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.

Our renewable generation strategy includes purchase power agreements (PPAs), joint ventures, build-transfer agreements (BTAs), as well as purchases from the Midcontinent Independent System Operator (MISO). As a result of the new electric generation strategy, several projects have been announced as described in our Form 10-Q for the period ended March 31, 2021.

Project Name	Transaction Type	Technology	Nameplate Capacity (MW)	Storage Capacity (MW)	Submitted to IURC	IURC Approval	Estimated Construction Completion
Jordan Creek	20 year PPA	Wind	400	—	02/01/2019	6/05/2019	In Service (12/10/2020)
Rosewater ⁽¹⁾	BTA	Wind	100	—	02/01/2019	8/07/2019	In Service (12/29/2020)
Indiana Crossroads ⁽²⁾	BTA	Wind	300	—	10/22/2019	2/19/2020	Q4 2021
Greensboro	20 year PPA	Solar & Storage	100	30	7/17/2020	1/27/2021	Q4 2022
Brickyard	20 year PPA	Solar	200	—	7/17/2020	1/27/2021	Q4 2022
Cavalry ⁽²⁾	BTA	Solar & Storage	200	60	11/30/2020	5/5/2021	Q4 2023
Dunn's Bridge I ⁽²⁾	BTA	Solar	265	—	11/30/2020	5/5/2021	Q4 2022
Dunn's Bridge II ⁽²⁾	BTA	Solar & Storage	435	75	11/30/2020	5/5/2021	Q4 2023
Green River	20 year PPA	Solar	200	—	12/23/2020	5/5/2021	Q2 2023
Gibson	22 year PPA	Solar	280	—	01/29/2021	Pending	Q2 2023
Fairbanks ⁽²⁾	BTA	Solar	250	—	03/03/2021	Pending	Q3 2023
Indiana Crossroads ⁽²⁾	BTA	Solar	200	—	03/19/2021	Pending	Q4 2022
Elliot ⁽²⁾	BTA	Solar	200	—	03/31/2021	Pending	Q2 2023
Indiana Crossroads II	15 year PPA	Wind	200	—	04/30/2021	Pending	Q4 2023

⁽¹⁾ Refer to Note 15, "Variable Interest Entities," for additional information.

⁽²⁾ Ownership of the facility will be transferred to joint ventures whose members include NIPSCO and an unrelated tax equity partner.

Our gas operations methane reduction strategy

While our electric generation strategy results in significantly lower emissions, we are also demonstrating our commitment to emissions reductions in our gas distribution operations. In 2016, NiSource joined 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 mass-based 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 our share of the nationally determined contribution of the Paris Agreement.

NISOURCE – ALL COMPANIES AND ACTIVITIES (Scope 1)			
	Progress Through 2020 (% reduction from 2005)	2025 Target (% reduction from 2005)	2030 Target (% reduction from 2005)
Greenhouse Gases	63%	50%	90%+

NIPSCO GAS and COLUMBIA GAS (Scope 1)			
	Progress Through 2020 (% reduction from 2005)	2025 Target (% reduction from 2005)	2030 Target (% reduction from 2005)
Methane from mains and services	39%	50%	50%+

NIPSCO ELECTRIC (Scope 1)			
	Progress Through 2020 (% reduction from 2005)	2025 Target (% reduction from 2005)	2030 Target (% reduction from 2005)
Carbon Dioxide	66%	50%	90%+
Nitrogen Oxide	89%	90%	99%
Sulfur Dioxide	98%	90%	99%
Mercury	96%	90%	99%
Water Withdrawal	91%	90%	99%
Water Discharge	95%	60%	99%
Coal Ash Generated	71%	50%	100%

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 \$40 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 2020, customers generated over 185,000 megawatt hours from renewable resources, and over 905,000 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, and that includes our COVID-19 response. We're 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.
- Offered our most flexible payment plans to customers impacted by or facing hardship as a result of COVID-19.
- 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 advise safe social distancing, take advanced hygienic cleaning measures and issue communications to our employees and contractors with personal and workspace best practices.
- We advise all 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

[2020 EEI/AGA Quantitative Template](#)

[2020 GRI Table](#)

[2020 Integrated Annual Report](#)

[2020 Sustainability Scorecard](#)

[2020 Supplemental Sustainability Data](#)

[2018 NIPSCO Integrated Resource Plan](#)

[2020 CDP Climate Change Response](#)

[2020 CDP Water Security Response](#)

[2020 Form 10-K](#)

This document contains "forward-looking statements," within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). 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. These forward-looking statements include, but are not limited to, statements concerning our 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. Expressions of future goals and expectations and similar expressions, including "may," "will," "should," "could," "would," "aims," "seeks," "expects," "plans," "anticipates," "intends," "believes," "estimates," "predicts," "potential," "targets," "forecast," and "continue," reflecting something other than historical fact are intended to identify forward-looking statements. 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 presentation include, among other things, our ability to execute our business plan or growth strategy, including utility infrastructure investments; potential incidents and other operating risks associated with our business; our ability to adapt to, and manage costs related to, advances in technology; impacts related to our aging infrastructure; our ability to obtain sufficient insurance coverage and whether such coverage will protect us against significant losses; the success of our electric generation strategy; construction risks and natural gas costs and supply risks; fluctuations in demand from residential and commercial customers; fluctuations in the price of energy commodities and related transportation costs or an inability to obtain an adequate, reliable and cost-effective fuel supply to meet customer demands; the attraction and retention of a qualified workforce and ability to maintain good labor relations; our ability to manage new initiatives and organizational changes; the performance of third-party suppliers and service providers; potential cyber-attacks; any damage to our reputation; any remaining liabilities or impact related to the sale of Massachusetts Business; the impacts of natural disasters, potential terrorist attacks or other catastrophic events; the impacts of climate change and extreme weather conditions; our debt obligations; any changes to our credit rating or the credit rating of certain of our subsidiaries; any adverse effects related to our equity units; adverse economic and capital market conditions or increases in interest rates; economic regulation and the impact of regulatory rate reviews; our ability to obtain expected financial or regulatory outcomes; continuing and potential future impacts from the COVID-19 pandemic; economic conditions in certain industries; the reliability of customers and suppliers to fulfill their payment and contractual obligations; the ability of our subsidiaries to generate cash; pension funding obligations; potential impairments of goodwill; changes in the method for determining LIBOR and the potential replacement of the LIBOR benchmark interest rate; the outcome of legal and regulatory proceedings, investigations, incidents, claims and litigation; potential remaining liabilities related to the Greater Lawrence Incident; compliance with the agreements entered into with the U.S. Attorney's Office to settle the U.S. Attorney's Office's investigation relating to the Greater Lawrence Incident; compliance with applicable laws, regulations and tariffs; compliance with environmental laws and the costs of associated liabilities; changes in taxation; and other matters set forth in Item 1, "Business," Item 1A, "Risk Factors" and Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," of our annual report on Form 10-K for the year ended December 31, 2020, and Item 1A, "Risk Factors," of our quarterly report on Form 10-Q for the quarter ended March 31, 2021, some of which risks are beyond our control. In addition, the relative contributions to profitability by each business segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time. All forward-looking statements are expressly qualified in their entirety by the foregoing cautionary statements. We undertake no obligation to, and expressly disclaim any such obligation to, update or revise any forward-looking statements to reflect changed assumptions, the occurrence of anticipated or unanticipated events or changes to the future results over time or otherwise, except as required by law.

Regulation G Disclosure Statement

This presentation includes financial results for NiSource with respect to net operating earnings available to common shareholders and operating earnings which are non-GAAP financial measures as defined by the Securities and Exchange Commission's (SEC) Regulation G. This presentation also includes guidance for NiSource with respect to net operating earnings per share and adjusted funds from operations / total debt. The company includes these measures because management believes they permit 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 for net operating earnings per share, 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. NiSource 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. With respect to such guidance for adjusted funds from operations / total debt it should be noted that there will likely be a difference between this measure and its GAAP equivalent due to various adjustments the S&P and Moody's rating agencies apply when calculating their metrics. NiSource is not able to provide a reconciliation of its non-GAAP net operating earnings or adjusted funds from operations / total debt guidance, to their GAAP equivalents without unreasonable efforts.