



# DEEPENING OUR COMMITMENTS

**2020** SUSTAINABILITY SCORECARD

A SUPPLEMENT TO NISOURCE'S 2020 INTEGRATED ANNUAL REPORT







## 2020 Sustainability Scorecard

### A Supplement to NiSource's 2020 Integrated Annual Report

As we execute on our priorities, we are relentlessly focused on our path forward. We are more confident than ever that our well-established business strategy will deliver sustainable value for customers, communities and other stakeholders.

With our commitments as a foundation, we've identified milestones our teams are working to achieve. This Sustainability Scorecard, a supplement to our 2020 Integrated Annual Report, mirrors the format of the report and highlights the key metrics and milestones we track regarding the company's and stakeholders' priorities. Please refer to the definitions at the end of the scorecard for additional context.

Additional related information is available in our Supplemental Sustainability Data document, which includes more historical measurements and sustainability metrics commonly tracked and requested by individual stakeholders. These supporting materials and the Global Reporting Initiative (GRI) table are available on our website at [NiSource.com/Sustainability](https://www.nisource.com/Sustainability).





## INVESTING IN SAFETY

- At the foundation of our business is the safety of and care for our employees, business partners, customers and the public
- In our gas segment, we're accelerating the implementation of a Safety Management System aligned with the framework developed for pipeline operators by the American Petroleum Institute

MEASURE	MILESTONE	2020 STATUS	2019 STATUS	CURRENT PERFORMANCE
DART* Rate	Industry Top Decile	0.81	1.08	Second Quartile
Recordable Injury Rate	Industry Top Decile	1.30	1.61	Top Quartile
Vehicle Collision Rate	Industry Top Decile	1.77	2.10	Top Quartile
Business Partner DART Rate	Industry Top Decile	0.23	0.19	Top Decile
Business Partner Recordable Injury Rate	Industry Top Decile	0.49	0.66	Top Decile
Facility Damage Prevention Rate	Industry Top Quartile by 2021 Industry Top Decile (long-term)	2.09	2.19	Second Quartile

\*Days away, restricted or transferred



## INVESTING IN SAFETY

- Engaged in a robust, multi-year effort to replace existing cast-iron and unprotected steel natural gas distribution pipes with modern, state-of-the-art materials, such as advanced plastics and protected steel
- Leading a long-term effort to modernize our electric systems, as well as overhaul our electric generation fleet to meet long term energy needs and improve environmental performance

MEASURE	MILESTONE	2020 STATUS	2019 STATUS	CURRENT PERFORMANCE
Miles of Priority Pipe Replaced	Continued Reduction	274 Miles Replaced	358 Miles Replaced	On Track
Natural Gas System Leaks Found	Continued Reduction	20% Reduction in Leaks Found (2020 v. 2019)	20% Reduction in Leaks Found (2019 v. 2018)	On Track



## PRESERVING THE ENVIRONMENT

- Our business plan raises the bar on environmental improvements, including actions to reduce risks and improve our performance
- Targets through 2030 to reduce greenhouse gas and other air emissions, water withdrawal, water discharge and coal ash generated

MEASURE	REDUCTION TARGETS (BY 2030 FROM 2005 LEVELS)	2020 STATUS (% REDUCTION SINCE 2005)	2019 STATUS (% REDUCTION SINCE 2005)	CURRENT PERFORMANCE
<b>GAS</b>				
<b>Methane Emission Reduction (Service &amp; Main Lines)</b>	50%+	39%	37%	On Track
<b>ELECTRIC</b>				
<b>Carbon Dioxide</b>	90%+	66%	50%	On Track
<b>Nitrogen Oxide</b>	99%	89%	84%	On Track
<b>Sulfur Dioxide</b>	99%	98%	97%	On Track
<b>Mercury</b>	99%	96%	94%	On Track
<b>Water Withdrawal</b>	99%	91%	89%	On Track
<b>Water Discharge</b>	99%	95%	93%	On Track
<b>Coal Ash</b>	100%	71%	52%	On Track

Additional environmental data and metrics (including greenhouse gas emissions) are covered in the GRI Table and Supplemental Sustainability Data available on our website at [NiSource.com/Sustainability](https://www.nisource.com/Sustainability).



## PRESERVING THE ENVIRONMENT

- 100% of our coal electric generating capacity is set to retire by 2028
- Three wind projects are in progress and we're seeking additional renewable resources to replace our coal-fired generating capacity

MEASURE	REDUCTION TARGETS (BY 2030 FROM 2005 LEVELS)	2020 STATUS (% REDUCTION SINCE 2005)	2019 STATUS (% REDUCTION SINCE 2005)	CURRENT PERFORMANCE
GAS AND ELECTRIC				
Greenhouse Gas	90%	63%	48%	On Track
MEASURE	MILESTONE	2020 STATUS	2019 STATUS	CURRENT PERFORMANCE
PIPELINE REPLACEMENT				
EPA Natural Gas STAR Methane Challenge (2016 Baseline)	1.5% Per Year - Priority Pipe Replacement	4.8% Priority Pipe Replaced	6.2% Priority Pipe Replaced	On Track

Additional environmental data and metrics (including greenhouse gas emissions) are covered in the GRI Table and Supplemental Sustainability Data available on our website at [NiSource.com/Sustainability](https://www.nisource.com/Sustainability).



## SERVING OUR CUSTOMERS AND COMMUNITIES

- Committed to transforming our customer experience by adopting best practices across all customer touchpoints
- Fostering a customer-centric culture among employees, enhancing our processes and implementing new technologies to meet customers' changing expectations

MEASURE	MILESTONE	2020 STATUS	2019 STATUS	CURRENT PERFORMANCE
Emergency Response Time	98% of Emergency Response <45 Minutes	97%	96%	Aligned with Industry
On-Time Appointment Rate	99%	97%	96%	On Target
J.D. Power Residential Score	First Quartile	Second Quartile	Third Quartile	Aligned with Industry
Customer Satisfaction	91%	90%	90%	On Target
LiHEAP Funding	-	\$51.9M	\$47.6 M	Advocating for Full Funding



## SERVING OUR CUSTOMERS AND COMMUNITIES

- Continued support of customer programs to help ensure affordability, increase comfort and reduce energy usage
- Promoting several programs that allow customers to generate electricity using renewable resources
- Supply chain diversity focused on reflecting the communities where we do business

MEASURE	MILESTONE	2020 STATUS	2019 STATUS	CURRENT PERFORMANCE
Energy Efficiency – Customer Participation	-	1,150,000 Customers	~980,000 Customers	-
Energy Efficiency – Energy/Dollars Saved	-	\$17.5M	~\$20M	-
Customer Renewable Electric Generation (Feed-In Tariff)	-	185,730 MWh	122,678 MWh	-
Total Diverse Supplier Spend	14%	11.6%	9.9%	Striving to Meet Industry Average
NiSource Diverse Suppliers	5%	2.13%	2.2%	Striving to Meet Industry Average
NiSource Diverse Supplier Spend (\$1M+)	12%	27.78%	20%	On Track





# FINANCIAL PERFORMANCE

- 100% regulated natural gas and electric utility business with \$30B in identified long-term investment opportunities
- Commitment to healthy balance sheet, growing cash flow and investment-grade credit ratings

MEASURE	MILESTONE	2020 STATUS	2019 STATUS	CURRENT PERFORMANCE
Customer Growth	Sustained 1% Annual Growth (Net)	0.94%	0.79%	On Track
Net Operating Earnings Per Share Guidance (Non-GAAP)*	-	\$1.32	\$1.32	Cost and regulatory mitigation efforts reduced financial impacts of COVID-19
Net Operating Earnings Per Share Growth (Non-GAAP)*	-	0%	1.5%	Cost and regulatory mitigation efforts reduced financial impacts of COVID-19
Earnings Per Share – Continuing Operations (GAAP)	-	\$(0.19)	\$0.88	2020 GAAP Results Reflect Impacts Of MA Divestiture And Early Extinguishment Of Long-term Debt
Operating Income (GAAP)	-	\$(72.7M)	\$328.0M	2020 GAAP Results Reflect Impacts Of MA Divestiture And Early Extinguishment Of Long-term Debt
Annual Dividend	-	\$0.84	\$0.80	-
Total Shareholder Return	-	(14.7%)	13%	-

See Regulation G Disclosure Statement on page 12. For a reconciliation of non-GAAP earnings to GAAP earnings, see Schedule 1 on page 13.



## GROWING OUR TEAM

- Respecting individuality while fostering collaboration, rewarding performance and providing the tools and resources our employees need to build their careers
- National recognition from Bloomberg, Dow Jones, Forbes and others
- Actively engaged in the community through volunteerism and philanthropy, making them great places to live and call home

### Employee Resource Groups

**DAWN:** Developing and Advancing Women at NiSource; **GENesis:** The next 'gen'eration of the company; **GOLD:** Generating Opportunities for Latinos and Diversity; **LEAD:** Leadership & Education for African-American Development; **NiPride:** To recruit, retain, develop and support LGBTQ employees and allies; **NiVets:** NiSource Veterans; **PACE:** Promoting Asian Culture and Engagement

MEASURE	MILESTONE	2020 STATUS	2019 STATUS	CURRENT PERFORMANCE
Number of Employees	-	7,389	8,315	-
Employee Engagement	Recognized as a High-Performing Organization	-	83%	Annual employee survey delayed by COVID-19
Would Recommend NiSource as a Great Place to Work	Recognized as a High-Performing Organization	-	78% of Employees	Annual employee survey delayed by COVID-19
Dollars for Doers Employee Volunteer Hours	>10,000 Hours per Year	~8,000 Hours	~14,500 Hours	Due to COVID-19, volunteerism for 2020 was down from 2019
NiSource Charitable Giving	-	\$7.4M	~\$3.5M, including \$1.5M from the NiSource Charitable Foundation	-



## DEFINITIONS

- **CUSTOMER SATISFACTION:** This metric is based on a third-party customer survey measuring the percent of customers who say we met or exceeded their expectations in a recent interaction.
- **DAYS AWAY RESTRICTED OR TRANSFERRED RATE (DART):** The number of OSHA recordable incidents that resulted in lost time, restricted or transferred to other work incidents for every 200,000 hours worked (or approximately per every 100 employees)
- **EMERGENCY RESPONSE TIME:** The percent of the time a gas local distribution company responds to an emergency (odor of gas) in less than 45 minutes.
- **FACILITY DAMAGE PREVENTION:** The number of excavation and demolition damages to underground facilities per one thousand locate requests received through a state one-call center in a given time period.
- **J.D. POWER RESIDENTIAL SCORE:** A quarterly survey sent out by J.D. Power that ranks us in many customer service related topics.
- **NEW HIRE EXPERIENCE INDEX:** Combines a number of factors including retention, safety and engagement to assess our effectiveness in recruiting and bringing new employees on board.
- **NISOURCE DIVERSE SUPPLIER SPEND \$1M+:** Percentage of diverse suppliers with which we spend more than one million dollars annually.
- **NISOURCE DIVERSE SUPPLIERS:** Measures the percentage of all suppliers across our companies that fall within the definition of diverse supplier.
- **ON-TIME APPOINTMENT RATE:** The percent of customer-generated appointments that are met within the appointment window or according to state regulation, where applicable.
- **RECORDABLE INJURY RATE:** The number of OSHA recordable incidents for every 200,000 hours worked (or approximately per every 100 employees).
- **PREVENTABLE VEHICLE COLLISION RATE:** A measure of the number of company vehicle accidents deemed "preventable" under a reasonable standard.
- **TOP DECILE:** Rated in the top 10 percent of our industry.
- **TOP QUARTILE:** Rated in the top 25 percent of our industry.
- **TOTAL DIVERSE SUPPLIER SPEND:** Percentage of total supplier dollars spent with diverse suppliers.
- **TOTAL SHAREHOLDER RETURN:** Stock price appreciation + annual dividend amount, divided by the year-end closing stock price for the previous year-end.



## FORWARD-LOOKING STATEMENTS

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. 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 document 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; 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 the company's annual report on Form 10-K for the year ended December 31, 2020, 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 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 Securities and Exchange Commission's (SEC) 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. In addition, the company is not able to provide a reconciliation of its non-GAAP net operating earnings guidance to its GAAP equivalent without unreasonable efforts.



Schedule 1 - Reconciliation of Consolidated Net Income (Loss) Available to Common Shareholders to Net Operating Earnings Available to Common Shareholders (Non-GAAP)  
(unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	2019	2020	2019
<i>(in millions, except per share amounts)</i>				
<b>GAAP Net Income (Loss) Available to Common Shareholders</b>	<b>\$ 70.7</b>	<b>\$ (153.0)</b>	<b>\$ (72.7)</b>	<b>\$ 328.0</b>
<b>Adjustments to Operating Income (Loss):</b>				
<b>Operating Revenues:</b>				
Weather - compared to normal	8.0	(11.8)	24.0	(24.8)
Massachusetts Business transaction revenue <sup>(1)</sup>	(9.0)	—	(9.0)	—
<b>Operating Expenses:</b>				
Greater Lawrence Incident <sup>(2)</sup>	1.3	(54.2)	16.7	(233.6)
Plant retirement costs <sup>(3)</sup>	—	—	4.6	—
NiSource Next initiative <sup>(4)</sup>	19.2	—	45.8	—
Massachusetts Business sale related amounts <sup>(5)</sup>	18.9	414.5	400.3	414.5
Loss (Gain) on sale of assets, net	(1.4)	0.1	(1.8)	—
Total adjustments to operating income (loss)	37.0	348.6	480.6	156.1
<b>Other Income (Deductions):</b>				
Loss on early extinguishment of long-term debt <sup>(6)</sup>	0.1	—	243.5	—
<b>Income Taxes:</b>				
Tax effect of above items <sup>(7)</sup>	(10.4)	(90.5)	(191.8)	(38.2)
Income taxes - discrete items <sup>(8)</sup>	32.7	64.5	47.9	48.8
Total adjustments to net income (loss)	59.4	322.6	580.2	166.7
<b>Net Operating Earnings Available to Common Shareholders (Non-GAAP)</b>	<b>\$ 130.1</b>	<b>\$ 169.6</b>	<b>\$ 507.5</b>	<b>\$ 494.7</b>
<b>Basic Average Common Shares Outstanding</b>	<b>387.0</b>	<b>377.2</b>	<b>384.3</b>	<b>374.6</b>
<b>GAAP Basic Earnings (Loss) Per Share</b>	<b>\$ 0.18</b>	<b>\$ (0.41)</b>	<b>\$ (0.19)</b>	<b>\$ 0.88</b>
Adjustments to basic earnings (loss) per share	0.16	0.86	1.51	0.44
<b>Non-GAAP Basic Net Operating Earnings Per Share</b>	<b>\$ 0.34</b>	<b>\$ 0.45</b>	<b>\$ 1.32</b>	<b>\$ 1.32</b>

<sup>(1)</sup>Represents certain reimbursed costs for services rendered as part of the sale of the Massachusetts Business to Eversource that occurred on October 9, 2020.

<sup>(2)</sup>Represents costs incurred for estimated third-party claims and related other expenses as a result of the Greater Lawrence Incident, net of insurance recoveries recorded.

<sup>(3)</sup>Represents costs incurred in connection with the planned retirement of the Schahfer Generating Station. Includes costs for write downs of certain capital projects and materials and supplies inventory balances.

<sup>(4)</sup>Represents incremental severance and third-party consulting costs incurred in connection with the NiSource Next initiative.

<sup>(5)</sup>2020 represents third-party consulting costs incurred for the separation and transition of the Massachusetts Business and the loss on sale to Eversource, offset by depreciation and amortization expense that was ceased for GAAP purposes as a result of classifying the Massachusetts Business as held for sale. 2019 represents a non-cash impairment of the Columbia of Massachusetts franchise rights and of the goodwill attributable to Columbia of Massachusetts as a result of the announced sale to Eversource.

<sup>(6)</sup>Represents non-recurring costs incurred for the early redemption of \$1,603.6 million in long-term notes, consisting primarily of early redemption premiums.

<sup>(7)</sup>Represents income tax expense calculated using the statutory tax rates by legal entity.

<sup>(8)</sup>2020 represents non-deductible fines and penalties related to Greater Lawrence Incident and tax discrete adjustments in connection with the sale of the Massachusetts Business, including (i) deferred taxes on a TCJA regulatory liability divested, (ii) consolidated state deferred taxes and (iii) associated valuation allowance related to state net operating loss carryforward. 2019 represents (i) the non-deductible goodwill impairment, (ii) non-deductible fines and penalties and (iii) adjustments to consolidated state deferred taxes, all related to the Greater Lawrence Incident.