

A background photograph of a bakery interior. A young girl with long brown hair is smiling and looking at a tray of freshly baked pastries. A person wearing a white glove is holding the tray. In the foreground, a person's arm and shoulder are visible, wearing a brown patterned shirt. The scene is warm and inviting, with soft lighting.

ESG 2019 Annual Report

Across our business this year, we reinforced the foundation needed for SJL to thrive - for our employees and the 700,000 customers we serve.

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SJI OVERVIEW / COMPANY

Meaningful Progress in Our Strategic Objectives

SJI continues to focus on driving shareholder value through investments that expand and modernize our utility infrastructure.

A Letter From Our CEO

In 2019, we emerged a better, stronger SJI.

We remained committed to building a sustainable business, prioritizing environmental, social and governance performance that reinforces the foundation needed for SJI to thrive – now and in the future.

We are proud of our achievements in 2019. From completing the integration of our gas utilities to executing several important long-term regulatory initiatives and others highlighted in this report, we continued to make meaningful progress towards the goals of our strategic plan.

As we navigate 2020, we have found ourselves confronting new challenges including the global COVID-19 pandemic and the civil unrest in response to racial and social injustice across our country. I am proud of how our organization has responded and how as One SJI we have stood together, united and strong.

Across SJI, we have actively responded to the COVID-19 Pandemic in accordance with guidance from the CDC, the State and our regulators. In March, all office-based employees began working remotely, including our dispatch and customer service teams. At the onset of the pandemic, our field operations teams immediately began to prioritize essential work and were equipped with proper PPE.

As part of our response, we have remained committed to keeping all of our stakeholders safe and informed through everything from shareholder outreach to timely customer and employee communications and more. We also made significant contributions to support the New Jersey Pandemic Relief Fund, the AtlantiCare Foundation, Trinitas Regional Medical Center and the Community FoodBank of New Jersey Southern Branch to directly support those in need across our communities.

I continue to be extremely proud of our employees and the resiliency they have shown throughout this unprecedented crisis. Through their selflessness and dedication, we have been able to deliver on our commitment to provide safe, reliable, affordable natural gas service without interruption while protecting the collective health and safety of our customers, employees, families and the communities we serve.



As we continue to navigate the pandemic, we remain focused on identifying ways that we can support our communities and employees, while developing a return to office protocol that puts safety first.

In the midst of our response, we were struck by the senseless killings of George Floyd and Ahmaud Arbery that brought to light the racial and social injustice that continues to exist around us and caused national civil unrest. As an organization, we are firm and clear on where we stand in response: this injustice is painful and has no place in our society or SJI.

At SJI, respect, inclusion and acceptance are central to our values and core to who we are. For that reason, we quickly informed our employees and other stakeholders of our position on this issue and the resources we have available to support them through this already difficult time, now made more challenging.

Across our organization we are working to take meaningful actions regarding race relations to address the evident inequities in our communities and to best serve all our stakeholders. As One SJI, we stand together committed to creating a better, more tolerant world within our organization and the communities where we are proud to live and work.

No matter what we face, our mission endures. We're committed to providing safe, reliable, affordable energy, ensuring the safety of our employees, customers and the communities we serve, while also delivering value to our shareholders and being stewards of the environment. We are unwavering in our mission, and our focus on sustainability helps us maintain this commitment to our more than 700,000 customers.

In this, our 11th report, we continue to highlight results that enhance the sustainability of our company, environment and community. We've also continued to enhance the document, preparing the appendix in accordance with the American Gas Association Voluntary Sustainability Metrics reporting guidelines to highlight our commitment to the environmental, social and governance priorities that matter most to our investors and other stakeholders. Looking ahead, we will continue to expand our metrics to meet the changing, dynamic needs of our stakeholders.

As we continue to transform our business for the future, we promise to maintain our commitment to sustainability, reinforcing the foundation for a sustainable business and energy future for our region.



Michael J. Renna
President & CEO

SJI at a Glance

Headquartered in Folsom, New Jersey, SJI is an energy services holding company that delivers energy services to its customers through three primary subsidiaries.



SJI Utilities

**700,000
customers
served across
three utilities**

The holding company for our regulated natural gas utilities, SJI Utilities, serves more than 700,000 customers across three utilities, including South Jersey Gas and Elizabethtown Gas in New Jersey and Elkton Gas in Maryland.



Non-Utility & Midstream

**Continued work
on the PennEast
Pipeline project**

Our non-utility businesses, South Jersey Energy Services and South Jersey Resources Group within South Jersey Energy Solutions, prioritize wholesale commodity marketing, asset optimization and fuel supply management. SJI Midstream houses the company's interest in the PennEast Pipeline project.

For information regarding financial performance, please visit the [Investors section](#) of our website.

Recognition and Awards

We are commitment to a high-performance culture for our employees.

			
Executive Women of New Jersey recognized SJI as a member of its A Seat at the Table Honor Roll for having three or more women on the company’s Board of Directors	The Forum of Executive Women recognized SJI and other companies where women directors comprise at least 25 percent of the Board as well as a top 100 public company for women on the company’s Board of Directors, in executive positions and as top earners.	American Gas Association recognized South Jersey Gas and Elizabethtown Gas for safety performance in 2019 as an Accident Prevention Industry Leader.	Escalent recognized Elizabethtown Gas as an Environmental Champion.

GOVERNANCE, SHAREHOLDER ENGAGEMENT & RISK MANAGEMENT

SJI is governed by a 10 member Board of Directors, as of July 2020, nine of whom are independent.

Our Board of Directors, elected by the shareholders, is the company's ultimate decision-making entity, except matters reserved for shareholder consideration. Three of our 10 members, as of July 2020, of the Board of Directors are female. We are proud of this 30% female representation on our Board and the significant, positive role diversity plays in our organization.

To support the creation of this report and the company's other corporate sustainability efforts, the Board of Directors reconstituted the former Corporate Responsibility Committee of the Board, renamed it the Environmental, Social and Governance Committee and revised the responsibilities of the committee to ensure oversight of key initiatives such as Human Capital Management and Climate. The Chair of the ESG Board Committee provides a

quarterly report to the full Board regarding ESG initiatives. Also, in 2018 the Board of Directors established the internal Environmental, Social and Governance (ESG) management Committee that reports to the Board ESG Committee at least quarterly.

The ESG Management Committee is responsible for the development and implementation of the company's key sustainability strategies, initiatives and policies. This includes management of SJI's commitment to safety, environmental, health, human rights, employee relations, governance and community support strategies. We welcome feedback on this report and our programs, as well as our environmental, social and governance metrics. Please submit comments to corpcommunications@sjindustries.com.

Board of Directors:

Michael J. Renna
(President & CEO, SJI)

Joseph M. Rigby (Chairman)

Sarah M. Barpoulis

Keith S. Campbell

Victor A. Fortkiewicz

Sheila Hartnett-Devlin

Sunita Holzer

G. Edison Holland, Jr.

Kevin O'Dowd

Frank L. Sims

*as of July 2020

Board Committees:

Audit Committee

Compensation Committee

Environmental, Social and
Governance Committee

Executive Committee

Strategy & Finance Committee

Nominating & Governance
Committee

3 of 10
members of the Board
are female, as of
July 2020



Members of SJI management and Board, periodically meet with our shareholders to discuss business topics, seek feedback on our performance, and address other matters such as executive compensation. A key objective of the 2019 outreach efforts was to listen to our shareholders, better understand their perspectives on our executive compensation program and obtain any recommendations for strengthening our approach. To achieve this, we reached out to approximately 35 of our largest shareholders, aggregating approximately 66% of our outstanding shares. Members of the Board of Directors, including the Chairman of the Board and the Chairman of the Compensation Committee, met with nine of our ten top shareholders. As a result of our shareholder outreach efforts, we received a high level of support for our 2020 say-on-pay proposal (approximately 96%). We will continue to engage with our shareholders to foster dialogue around the issues that are important and of value to both SJI and our investors.

To strategically manage risks to SJI, the Risk Management Team established the following Enterprise Risk Management (ERM) process utilizing the Committee of Sponsoring Organization (COSO) framework:

- Conduct annual one-on-one-meetings with business area leads to identify and assess risks for their likelihood and criticality; including Environmental (specifically climate-related risks), Social, and Governance (ESG) risks.
- Obtain risk assessment scores for short, medium, and long-term risks to determine materiality.

- Create and obtain an understanding of the controls that have been established to mitigate significant risks.
- Evaluate the speed of onset or velocity. The time that elapses between the event and the point the company is affected.
- Communicate material risks to the Risk Management Committee by distributing a monthly Risk Dashboard, Key Risk Indicators & Emerging & Strategic Risks document and a PowerBI ERM Dashboard.
- Communicate material ESG related risks at the ESG Management Committee meetings bi-annually and at the ESG Board Committee meetings as needed.

Our risk assessment includes integrating Environmental, Social, and Governance (ESG) related risks into the ERM Process. This integration will provide consistent evaluations and common language throughout the risk assessment process. Data, metrics, and controls are then accurately and timely communicated to the Risk Management Committee, the ESG Management Committee, and the ESG Board Committee. This comprehensive approach creates resiliency and sustainability and contributes to the SJI's mission to provide safe, reliable, and affordable energy services.

SJI OVERVIEW / EMPLOYEES

Invested in Creating a Truly Empowered Workforce

Chief among our achievements remain efforts intended to create an inclusive work environment that engages and empowers employees.

Creating a diverse and supportive work environment.

Every day, our employees come to work and play a critical role in building the foundation that will support the future growth of SJI. Through our employee engagement initiative, diversity and inclusion efforts, focus on talent acquisition and development, and our emphasis on safety, we are invested in creating a truly empowered workforce. We create an environment that fosters diverse perspectives and a support structure that champions our very talented and dedicated employees.

As of December 31, 2019, 1,117 people have made SJI their workplace of choice.



197

corporate staff
members

31

non-utility company
employees

889

utility company
employees in
New Jersey and
Maryland

44.3

of total population
represented by
unions



EMPLOYEE ENGAGEMENT

A stable and highly motivated workforce is at the core of our company's superior performance.

Our low voluntary employee turnover rate of 6.7% reflects our status as a desirable workplace with competitive pay, benefits and opportunities.

We listen to our employees and involve them in our mission. We know employees who experience a connection to corporate objectives, feelings of inclusion and engagement in their work are best suited to advance a high-impact work culture.

Employee engagement surveys, conducted biennially, have enabled us to gain a better understanding of why people choose to work at SJI, what they value and why they choose to stay. We are committed to continuing the outreach and two-way dialogue needed to inform decision-making that aligns our workplace culture with the needs and expectations of our employees. Additionally, we involve employees in decision-making through our cross-functional focus group that rotates on an annual basis and meets periodically throughout the year.

During 2019, we continued to grow employee engagement through enhanced communication and activities designed to drive a culture of safety, inclusion and high-impact performance.

SJI Today

We developed more employee driven content and features, while consistently employing tools that provided opportunities for involvement and feedback.

Monthly Manager's Checklist

This data driven checklist, launched in 2018, provided both information and visual support to encourage and assist people managers in their efforts to timely and effectively share consistent messages with their employees across the organization.

Engagement Weeks

Completed the first year of Quarterly Engagement Campaigns to better connect employees to corporate strategic objectives including:

- “Safety” Week to remind employees that we value safety at SJI and educate them on how they can help Make Every Day a Safe Day
- “IT” Week to remind employees we’re all accountable for the customer experience
- “CX” Week to educate all employees on our customer promise and customer experience efforts
- “HR” Week to educate employees of resources available to promote their well-being

Employee Programs

Nearly 70 different activities were executed during 2019 – including volunteer events, employee focus groups, family-focused programs, health and wellness activities and celebratory gatherings – all of which aimed to positively impact the employee experience in support of the continued safety and success of our organization.

DIVERSITY AND INCLUSION

We respect and value the unique contribution each employee brings to SJI.

Our commitment to inclusion ensures that we build a workforce whose differences serve to broaden our capabilities, drive performance and deliver results – now and well into the future.

In 2019 we continued to build a culture of inclusion and broadened our capabilities and commitment to diversity by:

- Introducing diversity and inclusion training to new hire onboarding
- Launched mandatory diversity and inclusion training for leaders at all levels of the organization
- Launched unconscious bias training for leaders
- Leveraged our employee resource groups to foster inclusion and drive employee engagement

Our commitment to building a diverse and inclusive workplace is reflected in our workplace demographics which outlines our generational, gender and ethnic employee composition at SJI during 2019.

Female representation in leadership positions has increased dramatically in the past five years. Today, 39% of our leadership is female, indicating not only our progress, but also our commitment to inclusion.

POSITION	PERCENTAGE
Senior Executive	50%
Officer	38%
Director	42%
Manager	38%
Supervisor	37%
TOTAL	39%

EMPLOYEE RESOURCE GROUPS

We are commitment to creating a high-performance culture.

Our commitment to a high-performance culture, achieved through a well-rounded employee population, includes allocating resources intended to strengthen our workplace. During 2019, SJI had several different active Employee Resource Groups facilitating events, activities and initiatives that helped develop our workforce, engage our employees and support our communities.



American Association of
Blacks in Energy



Emerging Leaders



Women's Leadership
Initiative

TALENT ACQUISITION

In 2019, 15% of our employee population was either transferred or promoted to a new role.

SJI prides itself on developing our internal talent, capitalizing on opportunities to provide growth and promotions to roles of increased responsibility within our organization. When we recruit externally, we look for employees with strong technical skills and creative vision, those who thrive in a highly collaborative and dynamic environment.

Through SJI's corporate university, Empower U, aspiring and appointed management employees can develop critical leadership skills and hone industry knowledge. Multiple training opportunities provide employees at every level the knowledge, skills and abilities they need to grow within the organization. During 2019, employees benefited from a variety of training modules in our corporate university, gaining over 4,877 hours of relevant training to support their professional development and contributions to the organization.

To maintain our commitment to develop and retain high-potential talent, SJI launched its inaugural Leadership Development Program for highly talented

early to mid-career leaders in 2019.

The program was designed to develop the next level of leaders at SJI and creates a ready-now talent pool to help replenish the anticipated attrition due to pending retirements over the next few years. Participants competed in-action learning classroom trainings designed to build fundamental leadership skills, strategies for decision making, as well as tools and techniques for communicating persuasively.

As part of our commitment to develop early career talent and provide meaningful development opportunities, SJI also offers the POWER Leadership Development Program. For over a decade, this two-year, rotational program has provided early career professionals with added opportunities to learn our business, while developing foundational leadership competencies and critical skills.

To ensure knowledge transfer of critical industry knowledge, SJI also delivers the Public Utilities Reports – Principles of Public Utilities Operations and Management program, annually. In 2019,

approximately 20 employees completed this intensive, 10-week program.

Additionally, SJI offers a comprehensive Tuition Reimbursement program to all eligible employees. This program assists employees pursuing certificates as well as undergraduate and graduate degrees, empowering them to contribute in new ways to the organization.

During 2019, the company partnered with top colleges and universities to prepare and provide students with meaningful internships. A total of 14 interns from more than 10 institutions gained valuable, real-life experience working with SJI professionals and serving the community, while we benefited from the education, creativity and fresh perspective these individuals offered.



SJI OVERVIEW / OPERATIONS

Safety is Essential to Our Business Operations

We remain committed to conducting business in a manner that protects, and sustains the environment of our customers, employees and neighbors.

SAFETY & OPERATIONS

At SJI, safety is our top priority.

There is no greater responsibility than ensuring every employee gets home safe every day. During 2019 we continued to audit our operations and construction activities, track and report on compliance items and deliver ongoing Health, Safety, and Environment (HSE) training.

We are proud to highlight the following resources:

Safety Talking Points

Sent weekly to managers to share helpful and timely safety and health information with their employees.

Family Safety & Health

A quarterly magazine featuring information for on and off the job safety.

Monthly Safety News

A standing safety section in our monthly employee newsletter, One SJI.

Safety Site Visits

An annual visit from company officers at all divisional offices to discuss safety performance and reinforce safety as SJI's top priority.

MySafeWorkplace®

Provide employees with a confidential and anonymous communication resource to voice workplace safety and conduct concerns.

IT Security Training

Training for all employees on cybersecurity risks using training modules to protect employees and the organization from potential threats.

Motor Vehicle Safety

Introduced a driver scorecard and corresponding metrics and goals.

Safety Ergonomics Training

Training and resources offered to all employees to help them learn and implement better workplace ergonomics and reduce risk of injury.

Motor Vehicle Safety

Developed and implemented a formal Near Miss program in order to capture near misses and drive safety improvements.

Drive Safe Program

Utilize driver safety score which is risk based score for each driver to improve vehicle driving performance.



Our utilities take an aggressive, proactive approach to maintain safe operations and our goal remains to minimize risks and promote a zero-injury culture. This comprehensive effort includes infrastructure modernization, as well as ongoing testing and emergency response planning.

These efforts and initiatives contributed to results in 2019 that had South Jersey Gas and Elizabethtown Gas recognized by the American Gas Association for Safety Performance.

PIPELINE OPERATIONS

On a regular basis, to ensure the integrity of our system, we inspect our pipelines throughout the areas we serve.

Specifically, our utilities inspect their transmission pipelines using External Corrosion Direct Assessment (ECDA) and Inline Inspection (ILI) technologies. The vast majority of our transmission pipelines are inspected using Inline Inspection, where a device is inserted into and travels through the pipeline. The device gauges and records if there are any signs of dents, corrosion, gouges, metal loss or other anomalies. This gathered data is then used to assess the pipeline and determine the need for any repairs.

Additionally, our utilities use a third-party vendor to conduct leak surveys along our transmission pipelines on an annual basis. This survey is conducted using natural gas sensing equipment on both vehicular and walking surveys along the pipelines. This equipment can identify the location and magnitude of a leak, should one be encountered. This data is then used to determine the need for any repairs.

At South Jersey Gas we also use a third-party vendor to conduct leak surveys along our distribution mains on an annual basis and on our distribution services every three years. At Elizabethtown Gas, we conduct leak surveys along our distribution mains

in business districts and our unprotected steel and cast iron mains annually and our remaining distribution mains and distribution services every three years. These surveys are conducted using natural gas sensing equipment on both vehicular and walking surveys along the distribution mains and services. This sensing equipment can identify the location and magnitude of a leak should one be encountered. This data is then used to determine the need for any repairs.

The community also plays a critical role in pipeline safety. Through our pipeline safety communications, in accordance with regulatory standards, we communicate not only to customers but also to the entire community we serve. We inform local officials, emergency responders, customers, residents and more of the importance of natural gas safety and safe practices including how to detect a natural gas leak, how to safely dig and what to do in the event of a natural gas emergency.

EXCESS FLOW VALVES

To further support safe pipeline operations, our utilities install Excess Flow Valves on all qualifying new and replacement service lines.

An Excess Flow Valve is a mechanical safety device designed to automatically shut off the flow of natural gas in the event of a service line break or excavation damage. Many of our service lines already have an Excess Flow Valve installed. As of the end of 2019, SJI has 238,922 installed across our utilities, representing 43% of the total services in our pipeline system. Based on the EPA's Natural Gas Star Program Partner Reported Opportunities for Reducing Methane Emissions, the estimated annual methane emission reductions for 160 Mcf per installation of 350 Excess Flow Valves. This equates to a methane emissions reduction of 109,221 Mcf for SJI.

Additionally, SJI installs remote control valves on the transmission system to allow for immediate, real-time gas flow shutoff capabilities should natural gas escape our transmission system.



INFRASTRUCTURE MODERNIZATION

Our system improvement efforts across our utilities focus on enhancing the safety, reliability and resiliency of our natural gas systems.

When our systems are safe, reliable and resilient there is a significant benefit for our customers and the environment. Our modernized system results in fewer leaks, and our diligent leak tracking and response program ensures timely repairs. With less natural gas escaping our system, we also see less greenhouse gas emissions.

MAIN REMOVED / INSTALLED IN 2019, MILES	REMOVED	INSTALLED	TOTAL INSTALLED - REMOVED
SJG	148	281	133
ETG	90	95	5
ELK	1	0	-1
TOTALS	238	376	138

EMERGENCY RESPONSE PREPARATION

At SJI, safety is our top priority.

To keep our customers and communities safe, we must ensure our utility crews are prepared for any emergency. Safety drills are the best way to prepare our dedicated crews.

In 2018, our utilities completed comprehensive safety exercises, mimicking various gas leak emergency situations from those caused by a lightning strike to those caused by damage from digging. All our drills involve a comprehensive effort involving many departments including operations, dispatch, safety, government affairs, communications and construction.

We believe these simulation exercises best prepare our workforce by requiring employees to assess and protect the safety of themselves, their colleagues and our customers while minimizing the impacts to our systems and service.

These exercises are part of our continued efforts to enhance response protocols, partner with emergency responders and local officials and improve overall emergency response.

We encourage anyone who suspects a natural gas leak in any of our service areas to call our respective utility Gas Leak Hotlines. Through customer and community outreach, we encourage awareness among customers and local

residents of our emergency contact information as well as the appropriate way to identify and respond to a potential leak.

SOUTH JERSEY GAS

Received 12,730 potential leak calls

Responded on average within 28.6 minutes

ELIZABETHTOWN GAS

Received 11,625 potential leak calls

Responded on average within 25.7 minutes

ELKTON GAS

Received 185 potential leak calls

Responded on average within 22.4 minutes

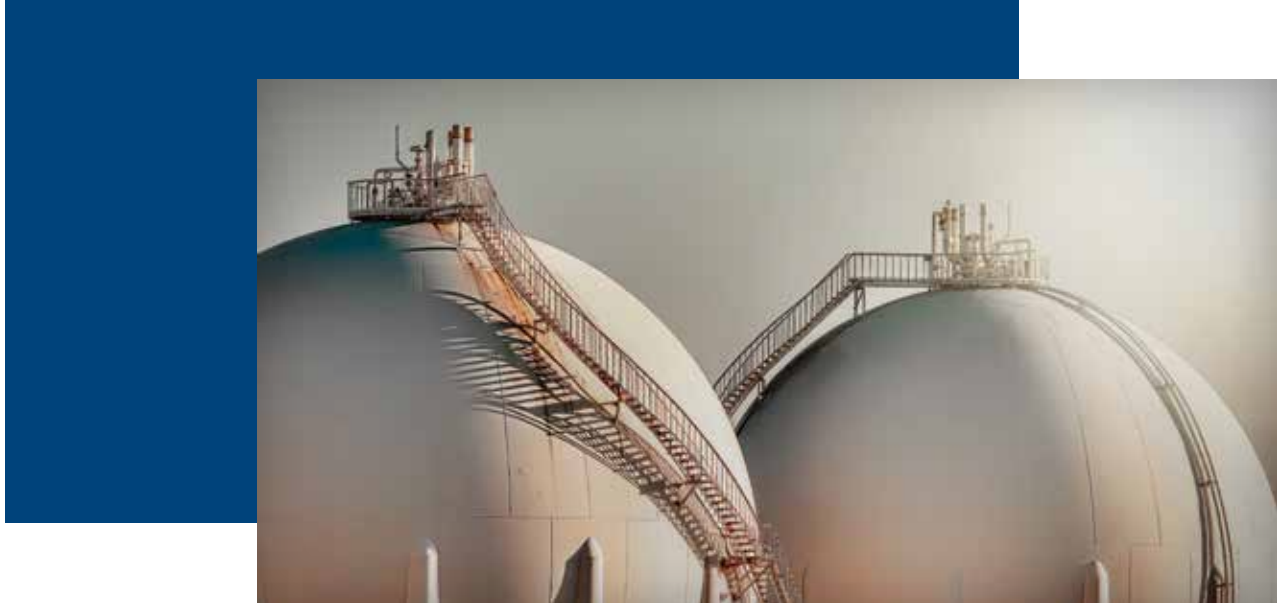
Tell All
We inform local officials,
emergency responders,
customers, residents



CYBERSECURITY

SJI deploys cybersecurity systems using a defense-in-depth approach, continuously improving and strengthening our external and internal posture to identify and prevent attacks.

We leverage relationships with government and industry peers in several cybersecurity programs to maintain situational awareness on threats and vulnerabilities. Additionally, we educate employees regarding cybersecurity using yearly security awareness training, security bulletins, and phishing-simulations to reinforce training. Across our organization, we also conduct vulnerability scans and penetration testing and work with a third party to perform a yearly baseline assessment of the cyber program that measures improvement and informs our strategy. We also validate recovery procedures and system resiliency to ensure if impacted we can return critical systems to normal operating levels in a timely manner. The National Institute of Science and Technology (NIST) Cybersecurity Framework informs our cyber program, and we have a Cyber Risk Committee that consists of cybersecurity professionals and senior management responsible for regularly assessing our program. An overview and status of the cybersecurity program is discussed quarterly with the Board of Directors.



LIQUIFIED NATURAL GAS

Our utilities are committed to ensuring that demand for natural gas can be met during peak periods.

For this reason, South Jersey Gas maintains and operates a natural gas Peak-shaving Plant at its McKee City facility. The liquefier at the facility draws natural gas from the existing pipeline system, converts it to liquefied natural gas and stores it. When demand is high, this liquefied natural gas can be returned to a vapor and injected into the South Jersey Gas system to reinforce supply and stabilize the pressure needed to ensure uninterrupted service.

Elizabethtown Gas maintains and operates a natural gas Satellite Plant at its Erie Street facility for the same purpose – to ensure that demand for natural gas can be met during peak periods. While the Plant's liquefier is being upgraded, the facility receives liquid natural gas via tanker truck and stores it. When demand is high, this liquefied natural gas can be returned to a vapor and injected into the Elizabethtown Gas system to reinforce supply and stabilize the pressure needed to ensure uninterrupted service.

THE ENVIRONMENT / SUSTAINABLE COMMUNITY

Helping Our Customers, Help the Environment

SJI is committed to conducting its business in a manner that protects and sustains the environment for future generations.

Energy Efficiency for Customers

Our utilities are dedicated to involving and engaging customers in our efforts to protect the environment and sustain our natural resources. Combined, SJG and ETG have invested more than \$118,000,000 in energy efficiency programs.

South Jersey Gas and Elizabethtown Gas have long prioritized energy efficiency programs as a means to help customers reduce their energy consumption and costs. To date, more than 51,000 customers have participated in these programs.

In 2006 South Jersey Gas became one of the first utilities in the country to implement a Conservation Incentive Program. Today, the program continues to encourage customers to use natural gas more efficiently and benefits both South Jersey Gas and its customers by eliminating the link between utility profits and the quantity of natural gas sold. Since its inception, customers have reduced their natural gas usage by a total of 101.3 billion cubic feet, enabling them to save \$915.9 million in energy costs and reduce 5.56 million metric tons of CO₂.

In 2018, South Jersey Gas expanded its energy efficiency programs, making them more accessible to our customers and offering \$72 million in rebates, financing, an efficient products marketplace,

residential weatherization program for low to moderate income customers and home energy audits as well as solutions for commercial customers. The South Jersey Gas energy efficiency suite of programs, Smart Energy Partners, represents our commitment to energy efficiency and helping customers save energy and money. The program offers customers 0% interest loans and rebates for customers that upgrade to high-efficiency equipment. Additionally, through the South Jersey Gas Marketplace, our online store customers can access \$150 instant rebates on smart thermostats and 50% discounts on LED light bulbs, advanced power strips and water-saving products. Over 18,500 customers ordered over 26,400 rebated efficient products to date.

To support energy efficiency, community outreach and education, South Jersey Gas partners with Sustainable Jersey and the Alliance to Save Energy PowerSave Schools program. Sustainable Jersey works with communities and school districts to reduce waste, cut greenhouse gas emissions and improve environmental quality. Through 2019, South Jersey Gas has provided Sustainable Jersey with over \$850 million to support their efforts in southern New Jersey. PowerSave Schools program empowers students to grow as

leaders, apply academic knowledge to solve real-world challenges and move their schools and communities toward a greener future. To date, 42 schools have participated in the program.

Elizabethtown Gas offers a collection of energy efficiency programs including high efficiency equipment rebates, home energy assessments and a commercial steam trap program for hospitals. Both of our utilities also offer additional programs for income-qualified customers.

To make smart decisions about their energy usage, customers must be informed. Home Energy Reports play

a critical role in this process. To date, South Jersey Gas and Elizabethtown Gas have collectively delivered more than one million Home Energy Reports. These personalized reports show each customer their unique energy usage data and provide recommendations for how they can control their energy consumption, cost and environmental impact.

Looking ahead, we remain committed to energy efficiency access and education, with a focus on benefitting our customers and the environment.

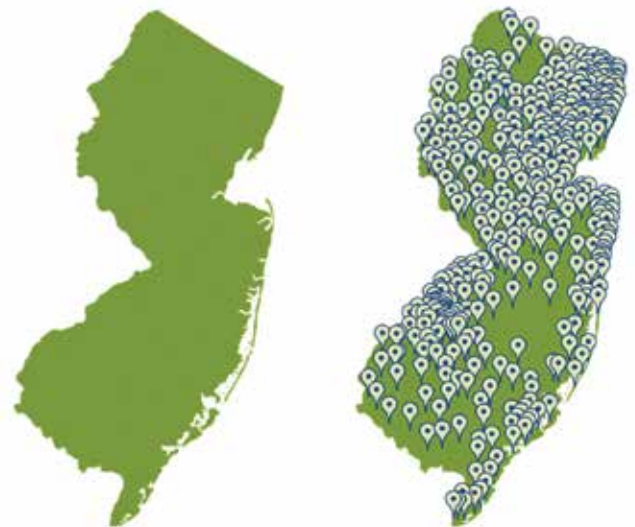
Building Sustainable Communities

Our New Jersey utilities, South Jersey Gas and Elizabethtown Gas, are both partners with Sustainable Jersey, a nonprofit group that provides tools, training and financial incentives to support communities and school districts as they pursue sustainability programs.

- Since 2013, South Jersey Gas has provided Sustainable Jersey with more than \$850,000.
- Since 2017, Elizabethtown Gas has provided Sustainable Jersey with more than \$30,000.

With our support, Sustainable Jersey offers a certification program, grants, educational resources and trainings that empower the communities we serve to reduce waste, cut greenhouse gas emissions and improve environmental quality.

This is just the beginning. SJG and ETG will further solidify our commitment to the state's climate priorities with the filing we expect to submit to the NJBPU in September 2020 to expand our energy efficiency investments for South Jersey Gas and its sister utility, Elizabethtown Gas, to advance New Jersey's clean energy goals in a manner that will benefit our customers, the environment and grow New Jersey's green economy.



THE ENVIRONMENT / SUSTAINABLE BUSINESS PRACTICES

Sustainable Business Practices

At SJI, we take our commitment to
environmental stewardship seriously.

We measure our environmental impacts while making significant efforts to reduce or mitigate them.

Additionally, we employ an Environmental Management System and procedures specifically designed to minimize waste and the use of hazardous materials, energy and other natural resources.

Across our organization we adhere to a strict set of environmental principles:

- Conduct operations in compliance with all applicable environmental laws, regulations and corporate policies
- Provide sufficient resources to achieve our environmental obligations
- Promote pollution prevention and/or waste minimization through best management practices
- Strive to continuously improve our environmental performance through environmental awareness training
- Assess the effectiveness and performance of the environmental program by conducting periodic site audits
- Work with regulatory agencies to develop scientific, fact-based environmental policies and regulations
- Seek to further our environmental stewardship through the development of the next generation of environmentally friendly energy technologies

EPA's Natural Gas STAR Methane Challenge Program

South Jersey Gas joined the U.S. Environmental Protection Agency's Natural Gas STAR Methane Challenge Program in 2016 as a founding partner. Elizabethtown Gas joined the program in 2019, after being acquired by SJI. The program is designed to provide a transparent platform to utilities to make, track and communicate commitments to reduce methane emissions.

The STAR Methane challenge aligns with our commitment to protect our region's environmental and natural resources.

As part of our participation, SJG and ETG follow the Cast Iron and Unprotected Steel Best Management Practice. We pledge to reduce emissions by replacing a significant portion of our aging and leak prone bare steel and cast-iron distribution mains and services with modern, medium-density plastic and protected steel mains and services at a replacement rate of at least 5% per year.

TRACKING AND REDUCING GREENHOUSE GAS EMISSIONS

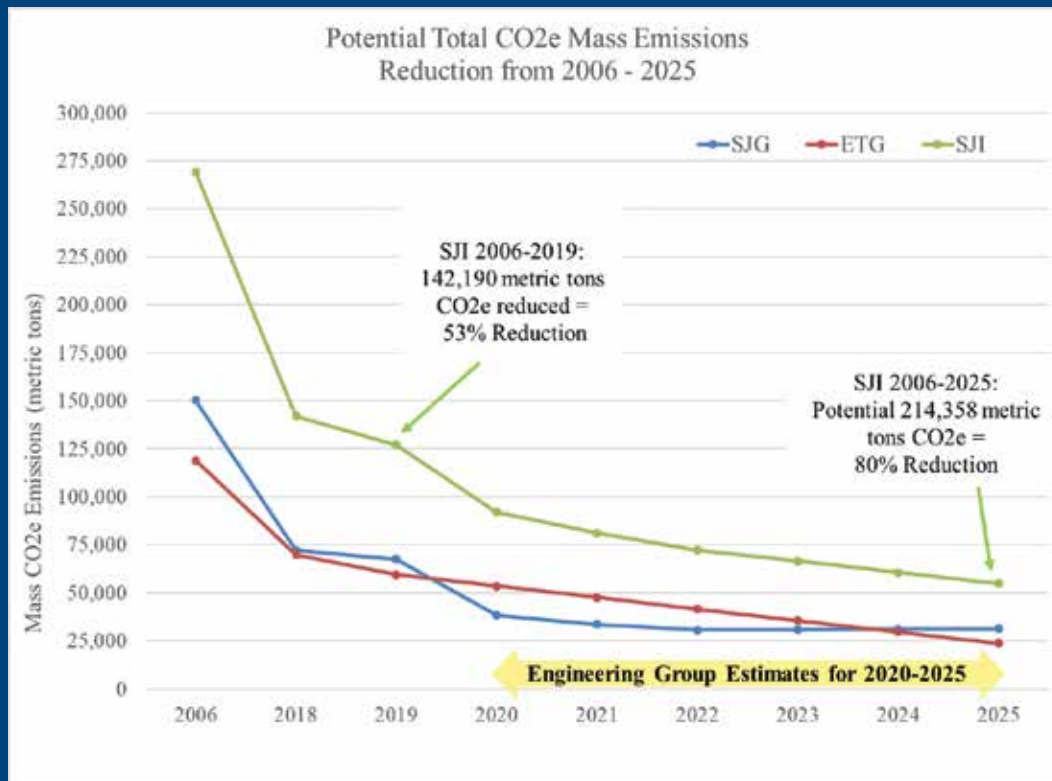
As part of our effort to reduce our environmental impact, we track the greenhouse gas emissions from our entire natural gas delivery system annually.

(CONTINUED)

South Jersey Gas decreased its direct CO₂-equivalent emissions from its system by 48 percent from 2011-2019. Elizabethtown Gas decreased its direct CO₂ direct CO₂-equivalent emissions from its system by 41 percent from 2011-2019. Elkton Gas only has cathodically protected coated steel and plastic mains and services within its system, which subsequently provides reduced greenhouse gas emissions when compared to unprotected steel and cast-iron systems.

Through SJI's robust infrastructure replacement program, SJI increased its total miles of main by 14% and decreased its CO₂-equivalent emissions from its system by 53% from 2006 to 2019. SJI's infrastructure replacement programs will help SJI reach CO₂-equivalent emissions reduction goal of approximately 80% by 2025 with the projected 20% increase of total miles of main when compared to 2006.

PARAMETER ¹	2006	2019	AMOUNT REDUCED	PERCENT REDUCED	2025 PROJECTED	PROJECT AMOUNT REDUCED	PROJECTED PERCENT REDUCED
SJI CO ₂ equivalent Emissions, metric tons	269,249	127,059	142,190	53%	54,891	214,358	80%
SJI Unprotected Steel & Cast Iron Main, Miles	2,237	447	1,791	80%	38	2,199	98%
SJI Unprotected Steel & Cast Iron Services, Number	61,666	45,254	16,412	27%	1,276	60,390	98%
SJI Total Main, Miles	8,812	10,081	-	-	10,564	-	-
SJI Total Services, Number	532,869	551,886	-	-	540,582	-	-

(CONTINUED)

Note: Emissions from pipeline main and service leaks only are included in above data. Emissions from above grade transmission-distribution transfer stations, above and below metering-regulating stations and combustion units are not included. In addition, ETG miles of pipeline cast iron main includes ductile iron.

Additional Greenhouse Gas Emissions data is provided in the ESG Metrics table, which was developed using the AGA/EEL template.

DISCLAIMER: The standards of measurement and performance as well as any goals disclosed in this report are based on various assumptions made in good faith at the time of publication and are not guarantees or promises of actual future performance and should not be construed as a characterization regarding the materiality or financial impact of that information. For a discussion of information that is material to SJI, please see our Annual Report or Form 10-K.

Waste Minimization and Recycling Program

SJI minimizes its waste production through source reduction, effective purchasing, chemical substitution, good housekeeping, and recycling when possible. SJI is proud of our recycling of asphalt, concrete, used oil, inefficient lighting lamps and blasts, contaminated soils, wood waste and more. In 2019, SJI recycled 798 tons of business-related pipeline construction and division/office location debris, which was 69% of total waste information available at the time of the report. SJI manages necessary waste disposal responsibly and we schedule frequent disposal pick-ups with waste disposal contractors.

SJI oversees Spill Prevention, Air Pollution Prevention, and Site Remediation programs and participates in EPA's WasteWise. EPA's WasteWise encourages organizations and businesses to achieve sustainability in their practices and reduce select industrial wastes. WasteWise is part of EPA's sustainable materials management efforts, which promote the use and reuse of materials more productively over their entire life cycles.

ENVIRONMENTAL PROTECTION AND LAND RESTORATION

It is our priority to protect the environment and minimize our impact on the community and landowners.

Our engineering and construction departments plan every phase of each project from the initial construction phase through final restoration. SJI selects pipeline construction routes that avoid environmentally sensitive areas such as wetlands, wildlife habitats and their associated buffer zones. SJI also works with the community and landowners to choose routes with fewer impacts to property.

It is our goal to perform all work in compliance with all applicable federal, state and local laws (including common law), statutes, regulations, ordinances, rules, guidance documents, orders, judgments, and requirements as well as the terms of any licenses, permits, and authorizations of any governmental authority or public utility.

SJI works to restore all disturbed land back to its original condition after construction is complete. During land disturbance, preventative measures are utilized to control sediment runoff. SJI works closely with landowners to restore each property as specified in landowner

agreements. This includes initial maintenance and repair work, as well as follow-up inspections of agricultural lands. SJI also makes every reasonable effort to complete cleanup of an area including final grading and installation of permanent erosion control structures and seeding disturbed right of way.

SJI and its partners have developed an Agricultural Impact Minimization Plan (AIMP) for major pipeline construction projects to address agricultural related issues, including restoration of agricultural land. The purpose of the plan is to outline how projects will impact landowners during the construction, surface restoration and the operation of the pipeline to minimize impacts on areas available for agriculture.

RESPONSIBLE ENERGY INVESTMENTS

South Jersey Gas is committed to building an infrastructure for natural gas vehicles in southern New Jersey.

To make the conversion to compressed natural gas possible for more businesses and vehicle fleets, South Jersey Gas supports the expansion of fueling station infrastructure. Currently, South Jersey Gas supplies 13 refueling stations across southern New Jersey. In 2019, South Jersey Gas began displacing gas at all company-owned and operated CNG stations with renewable natural gas – a clean, sustainable fuel made from methane. Elizabethtown Gas also has a fueling station, located at its headquarters in Elizabeth, New Jersey that is also open to the public and fleet customers. Through 2019, SJG operated more than 200 CNG-fueled fleet vehicles.

We also intend to initiate carbon reduction investments across both our utility and non-utility business over the next five years. Investments will be incremental to our prior utility capital plans. Specifically, we plan to focus on areas that 1) reduce energy consumption and emissions, 2) accelerate deployment of renewable energy, 3) educate customers on maximizing energy efficiency, and 4) modernize via technology innovations.

To date, we have already made significant investments in new energy sources that reflect our commitment to sustainability. First, our renewable natural gas supply will further reduce greenhouse gas emissions for all fleets using our SJG CNG stations, including the SJG fleet. Additionally, we have made investments in certified responsible natural gas, certified based on several factors such as emissions, water sourcing, well integrity and community engagement providing the assurance that producers upheld the highest standards of care.



Environmental Investigation and Remediation

During the 1800s manufactured gas was produced from materials such as coal and oil at Manufactured Gas Plants. SJI oversees several long-inactive plants and sites owned by past or present subsidiary companies.

SJI is committed to ensuring that these sites are properly investigated and remediated and meet all environmental standards and regulations. As a result, in 2019, SJI had liabilities to 18 sites that required investigation or remediation.

Building an Environmentally-Friendly Workplace

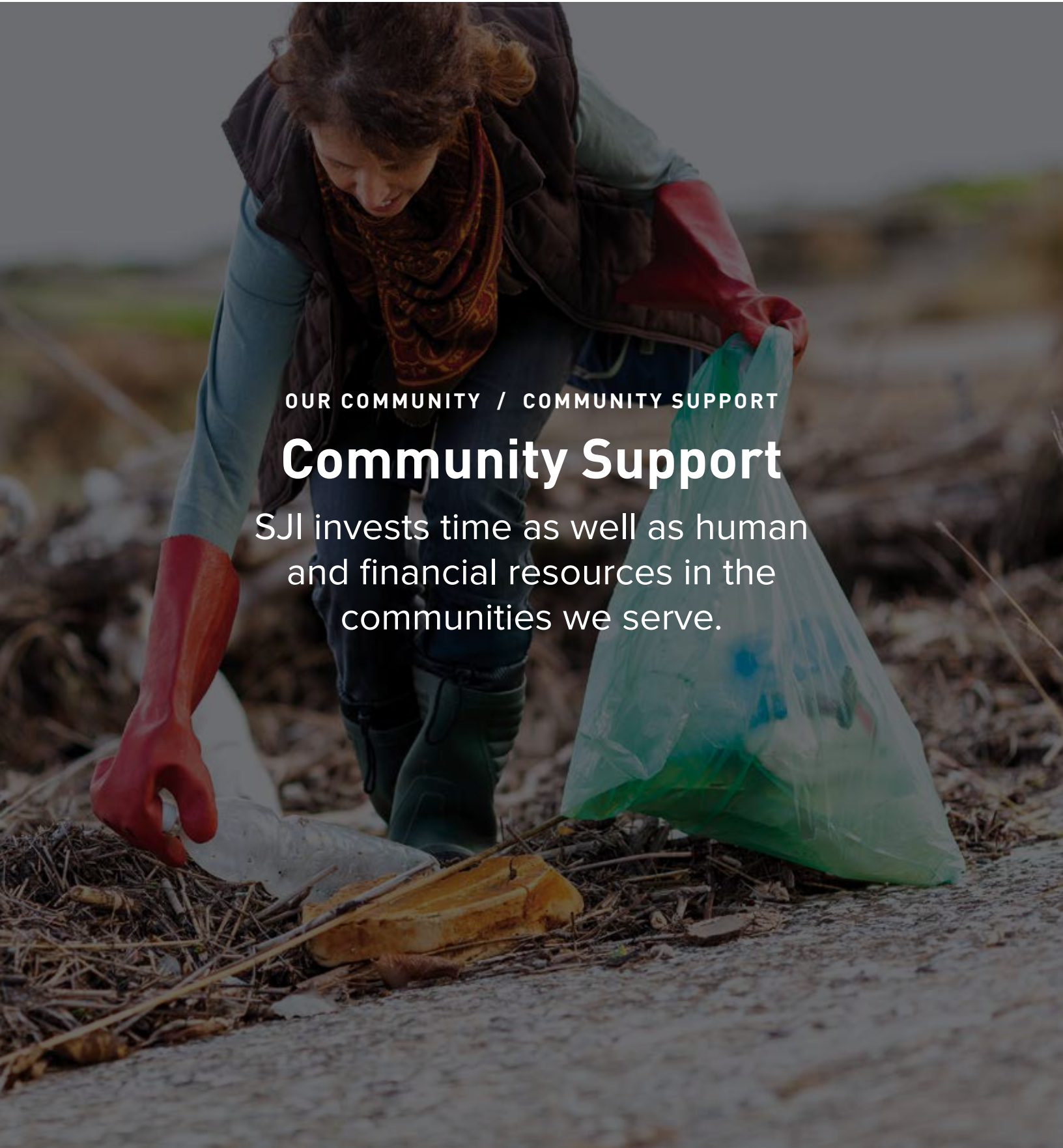
As SJI continues to grow and expand, we unendingly look for opportunities to minimize our environmental footprint, including in our workplaces. In 2019, we made efforts at our facilities across New Jersey and Maryland:

- All SJI facilities have comprehensive recycling programs
- Our South Jersey Gas Headquarters follows the strict Leadership in Energy and Environmental Design (LEED) standards and processes, including high-efficiency LED lighting with occupancy sensors, automated window shades with connectivity to the HVAC system, waterless men's restroom facilities, air hand dryers in all restroom facilities, filtered water stations that helped reduce the waste from discarded plastic water bottles.
- Our janitorial services use green chemical products and recycled materials whenever possible
- The cafeteria vendor for our new South Jersey Gas Headquarters sources food products with a focus on reducing their carbon footprint.

OUR COMMUNITY / COMMUNITY SUPPORT

Community Support

SJI invests time as well as human and financial resources in the communities we serve.



We support a variety of local non-profit, commerce and civic organizations that can have a measurable, positive impact.

Our investments during 2019 totaled more than \$750,000 in financial support, over \$50,000 in employee giving and significant hours of employee volunteerism.

The Government Affairs team builds strong relationships in the community, fostering open dialogue to not only better serve our customers, but to assist when issues arise. Our visibility and involvement within the communities we serve helps us to build relationships with elected officials and community leaders that are essential to ensure communication without customers is clear and support is available when needed. The team regularly sponsors and volunteers at local events to lend a hand and get to know the people we are serving.

To respond directly to the needs in our community our customer outreach teams host and attend events across our service territory – connecting customers with programs that make it easier to afford natural gas service. Additionally, we partner with local agencies to ensure customers know where they can turn if they ever need support with their natural gas services. The strategy employed by our teams ensures that customers have the opportunity to build relationships with our representatives as they become pillars of local support events.

Corporate & Employee Giving

Across our organization, giving is an invaluable part of how we serve our communities. From financial contributions to volunteering, we are proud to have a positive impact in our communities and continue to identify ways to support our neighbors.

Corporate Giving

Our investments during 2019 totaled more than \$750,000 in financial support for community, civic and business organizations across New Jersey. Underserved communities, veterans, first responders, food banks, college foundations, hospital foundations and more benefited from our giving – as we forged partnerships to create lasting impacts.

First Responders Grant Program

Now in its fourth year, the South Jersey Gas First Responders Grant Program supports the critical life-saving efforts conducted by first responders. This program assists paid or volunteer fire, emergency medical services and police departments that serve one or more municipalities in our service area. In 2019, South Jersey Gas distributed \$33,000 in grants towards new protective gear, thermal cameras, dual-band radios, carbon monoxide detectors and natural gas monitoring meters. Since the program was founded, South Jersey Gas has contributed more than \$92,000 to support our local first responders.



Game On Grant Program

Our South Jersey Gas Game On Grant Program provides much-needed support to sustain local, community youth-centered athletic programs, leagues, clubs, associations and recreational organizations. The program distributed \$20,000 in grants during 2019 towards field improvements, new uniforms and equipment. Since the program was founded in 2011, the program has provided \$155,000 in local support.



Employee Volunteerism

SJI Employee Resource Group members, departments seeking team-building opportunities and SJI interns volunteered for many initiatives throughout 2019:

- MLK Day of Service, where employees participated in multiple service activities across the region from packing meals to writing cards
- Adopt-A-Road Program where employees cleaned a road in the South Jersey Gas service territory multiple times throughout the year
- Funny Farm Rescue Animal Sanctuary in Mays Landing, where employees beautified the grounds and cared for the animals
- Gloucester County Chamber of Commerce's Day of Action, where employees assembled STEM program kits for Girl Scouts
- Folsom Elementary School, where employees taught 6th, 7th and 8th grade students about financial literacy through a grant with Junior Achievement of New Jersey
- Cape May County Zoo, where employees planted close to 1,000 pieces of shrubbery as part of a beautification project

- Coats for Kids through the NJ Motorsports Park in Millville, where employees paired up with underserved children to assist in picking out a new winter coat and gloves.

Our efforts to foster a culture of giving among our employees resulted in employee financial contributions through our annual Employee Giving campaign to support the Community FoodBank of New Jersey, the American Red Cross and Habitat for Humanity totaling more than \$50,000 as well as significant contributions totaling more than \$65,000 to support the American Heart Association and hours of volunteerism during 2019 to local causes.



OUR COMMUNITY / ECONOMIC DEVELOPMENT

Economic Development

SJI does more than contribute to the current economy – we work toward a sustainable future economy.

Economic Development

We're committed to generating long-term value through operations, sustainable investments, mutually-beneficial partnerships and innovative relationships.

During 2019 these efforts included:

- Disbursing more than \$90.3 million in base salaries to 1,100 employees
- Paying in excess of \$20 million in federal and state taxes
- Investing more than \$750,000 in community support
- Capital expenditures of \$504.2 million
- Purchasing more than \$87.4 million of materials, services and equipment from minority-, service-disabled veteran, woman-owned businesses.

CAPITAL INVESTMENTS

The New Jersey Board of Public Utilities (NJBPU) has approved several capital investment programs in the last ten years to modernize the South Jersey Gas and Elizabethtown Gas distribution systems.

These investments help us to ensure our customers receive the service they expect and deserve.

AIRP, currently in its second phase, targets the replacement of aging cast iron and bare steel South Jersey Gas distribution infrastructure to ensure system reliability, while also reducing greenhouse gas emissions. Through 2019, South Jersey Gas has replaced 727 miles of main and restored 37,400 services. As a result of AIRP and AIRP II, South Jersey Gas expects to replace all remaining bare steel and cast iron in its system by 2021.

Improvements to enhance South Jersey Gas system reliability and resiliency in coastal communities continued last year through the second phase of the Storm Hardening and Reliability Program (SHARP). The first phase resulted in the

replacement of 92 miles of main and the restoration of 11,090 services. Like the original initiative, SHARP II will further enhance and protect our infrastructure in advance of future significant weather events. Through 2019, SHARP II resulted in the installation of approximately 7,900 excess flow valves within the barrier island communities.

The Elizabethtown Gas Infrastructure Investment Program (IIP) – targeted at replacing vintage cast iron, bare steel, ductile iron, copper and vintage plastic mains and services – began on July 1, 2019. This \$300 million, five-year program will replace approximately 250 miles of main. In 2019, from the commencement of the program on July 1 to the end of the calendar year, IIP resulted in the replacement of 24.18 miles of main and the restoration of 2,152 services.

SJI is a partner in the proposed \$1.0+ billion PennEast pipeline project that will provide reliable and low-cost natural gas across New Jersey and Pennsylvania while reducing our region's reliance on coal and oil. In turn, this critically important

investment in our state's energy future will also protect our environment by reducing air emissions and will bring more than 12,150 jobs to New Jersey and Pennsylvania.

JOB CREATION

SJI drives economic development in our region, creating jobs to support our growing business and strategic initiatives.

- The PennEast pipeline project is expected to bring 12,150 direct and indirect jobs along its route across New Jersey and Pennsylvania
- The South Jersey Gas headquarters in Atlantic City completed in 2018 brought more than 200 permanent jobs to the city
- The SHARP II program, to enhance the South Jersey Gas system in coastal communities, will generate 413 jobs throughout its execution
- The acquisition of Elizabethtown Gas brought dozens of jobs to New Jersey



SUPPLIER DIVERSITY

To become a leaner, more agile and efficient business, SJI follows a procurement model that ensures we are receiving the highest quality services at the best prices.

The model allows us to target the highest impact vendors and business lines, based on spend.

During 2019, our efforts remained focused on improving the way we source and track suppliers – including expanding our partnerships with qualified women-, minority- and veteran-owned businesses. We aim to consistently solicit a minimum of one qualified diverse supplier for each request for purchase issued by the business. To ensure vendors and suppliers were acquainted with our procurement practices, SJI hosted and attended events with new and existing suppliers throughout the year.

(CONTINUED)

2019 Spending:

	SJI	SJG	ETG	TOTALS
NJ SPEND	\$31,728,579	\$75,114,385	\$48,700,569	\$155,543,533
DIVERSE SPEND	\$2,572,636	\$36,520,307	\$48,313,785	\$87,406,728
TOTAL SPEND	\$229,483,185	\$375,435,337	\$198,873,566	\$803,792,088

COMMUNITY / CUSTOMER SERVICE

Customer Initiatives

At SJL, our commitment to providing safe, reliable, affordable service while prioritizing customer satisfaction and delivering shareholder value is unwavering.

CUSTOMER EXPERIENCE

Our commitment to you as a customer is to be there, ready to serve you, when you need us.

Our Customer Experience initiative aims to drive continuous improvement in the service we provide all our customers and the technology we employ to support our Customer Promise: As your trusted energy provider, we are committed to delivering safe, reliable and consistent service in a timely manner. We will employ professional, well-trained and knowledgeable staff. We will treat you with courtesy and respect.

We're proud to serve our customers and we're proud of the work we accomplished in 2019 to maintain our commitment to them:

- For the fifth year in a row Elizabethtown Gas has ranked highest in customer satisfaction for residential gas service among east midsize utilities by J.D. Power and Associates
- South Jersey Gas ranked fifth in customer satisfaction for residential gas service among east midsize utilities by J.D. Power and Associates, improving its scores across all categories year over year
- Introduced a new customer portal across our utilities to equip customers with the tools they need to easily manage their account
- Surveyed 20,347 South Jersey Gas customers and improved the percentage of customers by 3.4% during 2019, ending the year with a 76.8% valued customer rating
- Increased customer service staffing and training to better meet customer needs – launching a New Jersey-based dispatch team for Elizabethtown Gas and a social media response team for South Jersey Gas
- Provided more than 60,000 customers in New Jersey with Energy Assistance totaling \$16.5 million– keeping them connected to service to support their heating, hot water and cooking needs.



CUSTOMER GROWTH

SJI is an industry leader in utility customer growth.

To sustain this growth, our talented teams of sales and marketing professionals partner with our operations teams and to support organic and planned new customer acquisitions. From coordinating the timing and density of new service installations to bundling projects, our methods help to reduce our costs as well as customer costs and increase new customer acquisitions.

Elizabethtown Gas

- Serves approximately 300,000 families and businesses in 86 northern NJ communities.
- Added 3,519 net customers in 2019, representing a growth rate of 1.2%.

South Jersey Gas

- Serves more than 400,000 families and businesses in 117 southern NJ communities.
- Added 5,998 net customers in 2019, representing a growth rate of 1.5%.

Elkton Gas

- Serves more than 6,000 families and businesses in Elkton, Maryland.
- Added 167 net customers in 2019, representing a growth rate of 2.5%.

Political Involvement

SJI is committed to advocating for sound public policies that advance the interests of our customers, employees and shareholders. Our participation in efforts to properly influence public policy takes many forms, but in every instance, we conduct such activities in full compliance with all federal, state and local laws, rules and regulations. Under the corporation's Code of Ethics, all directors and employees are required to uphold all laws and applicable regulations, which shall include provisions governing lobbying activities, issue advocacy, political contributions and government contracting.

As a heavily regulated company, public policy considerations often have a direct and measurable impact on our business. Accordingly, SJI takes an active role in legislative, regulatory and other policy-setting processes to ensure that legislators and regulators are properly informed about the decisions they make which may impact our business, and ultimately, our customers, employees and communities. To ensure proper compliance and adherence to the highest ethical standards, all persons performing lobbying activities on behalf of the company are required to be registered with the appropriate state and federal regulatory agencies and must file applicable reports and disclosure statements on a regular basis, as

required by law. Additionally, all persons conducting lobbying activities on behalf of the company, including third-party consultants, are required to report and avoid any and all conflicts of interest that may arise. Finally, SJI publicly reports all legislation and proposed regulations upon which advocacy activities are undertaken, and annually reports corporate expenditures to support such activities.

SJI believes that a healthy and robust economy is critical to enhancing the quality of life for our customers. In order to promote proper economic development in the communities we serve, SJI is a member of several business and industry trade associations at the national, state and local levels. State law only requires the disclosure of expenditures made to such organizations if the organization is engaging in traditional lobbying or grassroots lobbying on the corporation's behalf. SJI does not presently utilize such organizations for lobbying purposes and, as such, has no expenditures to report.

New Jersey law explicitly prohibits regulated corporations such as utilities, banks and insurance companies from using corporate funds to make or solicit political contributions. In strict adherence to State law, SJI does not make or solicit campaign contributions for candidates for

elected office at any level. Moreover, SJI does not permit the utilization of corporate resources, including staff time, supplies, equipment or property, in support of candidates for elected office at any level. It should be noted that since at least 1999, SJI employees have established and maintained a separate independent continuing political committee, known as the SJI PAC, in accordance with State laws, rules and regulations. The SJI PAC is not supported by, or controlled by, the corporation and participation by SJI employees is completely voluntary.



BY THE NUMBERS

ESG Overview

Introduction

These metrics are provided in response to the desire of investors and other stakeholders for ESG/Sustainability information that is consistent in terms of accessibility, content, timing and presentation. Companies that participate in voluntarily providing ESG/Sustainability information in this format share a common goal to provide investors with relevant information that:

- Allows integration of ESG/Sustainability data and performance
- Provides both qualitative and quantitative information
- Provides clarity of risks and opportunities and how they are being managed
- Serves as a primary reporting channel for consolidated ESG/Sustainability information relevant to investors and other stakeholders
- Provides insight into growth strategy, assumptions and future trajectory

ESG/Sustainability Strategy

SJI is dedicated to supporting the future of energy and the region. We're committed to working with customers and industry, commercial, and government stakeholders to ensure a balanced approach to addressing the energy needs of our region – driving energy independence and lowering costs. Natural gas plays a critical role in this future – helping to ensure a balanced approach while delivering a safe, reliable, affordable solution to meet the energy needs of our state. In addition to supporting the need for energy from diverse sources, SJI is committed to driving down the cost of energy, delivering safe and reliable service and improving energy efficiency.

To support this commitment, SJI has established its Clean Energy and Sustainability team – responsible for strategy development, initiative execution and oversight of all energy efficiency, clean energy and sustainability initiatives. Through this group, we continue to develop meaningful partnerships with all stakeholders to ensure we have a minimal impact on the environment and a positive impact on our customers and communities.

Climate-Related Risks and Greenhouse Gas Emission Reduction Opportunities

Climate change legislation could impact SJI's financial performance and condition as it is receiving ever increasing attention from both scientists and legislators. The outcome of federal and state actions to address global climate change may result in a variety of regulatory programs, including additional charges to fund energy efficiency activities or other regulatory actions. These actions could affect the demand for natural gas and electricity, result in increased costs to our business and impact the prices we charge our customers.

Because natural gas is a fossil fuel with low carbon content, it is possible that future carbon constraints could create additional demands for natural gas, both for production of electricity and direct use in homes and businesses. Any adoption by federal or state governments mandating a substantial reduction in greenhouse gas emissions could have far-reaching and significant impacts on the energy industry. We cannot predict the potential impact of such laws or regulations on our future consolidated financial condition, results of operations or cash flows.

Still, we intend to initiate carbon reduction investments across both our utility and non-utility business over the next five years. Investments that will be incremental to our prior utility capital plans. Specifically, we plan to focus on areas that 1) reduce energy consumption and emissions, 2) accelerate deployment of renewable energy, 3) educate customers on maximizing energy efficiency, and 4) modernize via technology innovations.

Across SJI and particularly in our utilities, we are uniquely positioned and prepared to make critical investments in support of greenhouse gas reduction and sound energy policy that will transform how we develop and use energy.

BY THE NUMBERS

Policies



Our Policies

Human Rights
Policy¹

Code of Ethics for
Directors/Employees²

Code of Ethics for
Financial Officers³

Supplier Code
of Conduct⁴

1 <https://www.sjindustries.com/sji/media/pdf/HumanRightsPolicy.pdf>

2 <https://www.sjindustries.com/investors/corporate-governance/code-of-ethics-for-directors-employees>

3 <https://www.sjindustries.com/investors/corporate-governance/code-of-ethics-for-financial-officers>

4 https://www.sjindustries.com/sji/media/pdf/Supplier_Code_of_Conduct_-_Final_4-23-20.pdf

BY THE NUMBERS

Sustainability Metrics

EEL-AGA ESG/Sustainability Metrics

DISCLAIMER: The standards of measurement and performance as well as any goals disclosed in this report are based on various assumptions made in good faith at the time of publication and are not guarantees or promises of actual future performance and should not be construed as a characterization regarding the materiality or financial impact of that information. For a discussion of information that is material to SJL, please see our Annual Report or Form 10-K.

* Waste information is from all division locations except for ETG New Village / Flemington as they weren't available at time of report

** numbers include intern population

Totals

MEASUREMENT	2019	2018	2017	2016	BASELINE 2011
UTILITY SYSTEM EMISSIONS (IN METRIC TONS)					
Direct CO2-Equivalent Emissions - Scope 1	128,384	142,763	135,185	161,466	233,238
Product-Supplied CO2-Equivalent Emissions - Scope 3 [partial]	5,024,549	5,130,336	4,863,376	5,092,375	5,260,258
CO2	1,888	1,991	1,562	4,776	3,113
Methane	5,060	5,631	5,345	6,267	9,205
Nitrous Oxide	0.0030	0.0040	0.0030	0.0130	0.0050
METHANE EMISSIONS AND MIGRATION FROM DISTRIBUTION MAINS					
Number of Gas Distribution Customers	701,114	691,448	681,857	671,197	-
Distribution Mains in Service	10,186	10,049	10,133	10,057	9,375

(TOTALS CONTINUED)

MEASUREMENT	2019	2018	2017	2016	BASELINE 2011
Plastic (miles)	6,934	6,558	6,311	5,984	4,493
Cathodically Protected Steel - Bare & Coated (miles)	2,805	2,897	2,826	2,869	2,956
Unprotected Steel - Bare & Coated (miles)	89	151	467	572	957
Cast Iron/Wrought Iron - without upgrades (miles)	338	418	504	607	938
Ductile Iron (miles)	20	24	24	24	31
Copper	0.4	0.5	0.5	0.5	0.5
PLAN/COMMITMENT TO REPLACE/UPGRADE REMAINING MILES OF DISTRIBUTION MAINS (# YEARS TO COMPLETE)					
Unprotected Steel - Bare & Coated	3 SJG; 6 ETG	4	4	5	-
Cast Iron/Wrought Iron	3 SJG; 6 ETG	4	4	5	-
DISTRIBUTION CO2E FUGITIVE EMISSIONS					
CO2e Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	126,495	140,769	133,621	156,685	230,122
CO2e Fugitive Methane Emissions from Infrastructure (Pipeline Main & Services), includes ductile iron for ETG	127,058	142,011	135,709	158,547	230,215

(TOTALS CONTINUED)

MEASUREMENT	2019	2018	2017	2016	BASELINE 2011
Percent Reduction from 2006 to each year	53%	47%	50%	41%	14%
CH4 Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	5,060	5,631	5,345	6,267	9,205
CH4 Fugitive Methane Emissions from Gas Distribution Operations (MMSCF/year)	264	293	278	326	479
Annual Natural Gas Throughput from Gas Distribution Operations in thousands of standard cubic feet (Mscf/year)	104,026,451	106,151,779	100,934,568	106,042,435	97,378,324
Annual Methane Gas Throughput from Gas Distribution Operations in millions of standard cubic feet (MMscf/year)	98,825	100,844	95,888	100,740	92,509
Fugitive Methane Emissions Rate (Percent MMscf of Methane Emissions per MMscf of Methane Throughput) %	0.27%	0.29%	0.29%	0.32%	0.52%

(TOTALS CONTINUED)

MEASUREMENT	2019	2018	2017	2016	BASELINE 2011
BLOWDOWN EMISSIONS REDUCTION INITIATIVE (* 2017 DATA ONLY INCLUDES ELEVATED DISTRIBUTION AND TRANSMISSION BLOWDOWNS, DOES NOT INCLUDE REGULAR DISTRIBUTION OR ETG BLOWDOWN NUMBERS AS WERE NOT AVAILABLE)					
Natural Gas Volume Released during Blowdown, cf	779,310	2,063,349	3,426,351	-	-
Natural Gas Volume Saved, cf	1,402,476	97,899	738,375	-	-
CO2e Emissions Reduced, metric tons/yr	640	45	337	-	-
EXCESS FLOW VALVE INSTALLATION PROGRAM					
Excess Flow Valves (EFVs)	238,922	209,168	244,115	214,557	-
Total Number of Services	557,264	549,499	619,037	611,904	-
% EFVs to total Services	43%	38%	39%	35%	-
EFVs Methane Emissions Reduction, Mcf	109,221	95,620	111,595	98,083	-
Tons of Municipal Waste, Landfilled*	365	421	283	250	-
Tons of Municipal Waste, Recycled*	798	614	705	864	-
% Recycled*	69%	59%	71%	78%	-

South Jersey Gas

MEASUREMENT	2019	2018	2017	2016	BASELINE 2011
UTILITY SYSTEM EMISSIONS (IN METRIC TONS)					
Direct CO2-Equivalent Emissions - Scope 1	69,899	74,436	58,469	76,227	135,230
Product-Supplied CO2-Equivalent Emissions - Scope 3 (partial)	2,491,760	2,575,648	2,345,926	2,371,043	2,591,032
CO2	1,388	1,502	1,170	1,654	2,067
Methane	2,740	2,917	2,292	2,983	5,326
Nitrous Oxide	0.0020	0.0030	0.0020	0.0030	0.0040
METHANE EMISSIONS AND MIGRATION FROM DISTRIBUTION MAINS					
Number of Gas Distribution Customers	397,090	391,092	383,633	377,625	-
Distribution Mains in Service	6,830	6,697	6,791	6,738	6,144
Plastic (miles)	4,987	4,706	4,533	4,273	3,030
Cathodically Protected Steel - Bare & Coated (miles)	1,760	1,845	1,781	1,825	1,923
Unprotected Steel - Bare & Coated (miles)	83	145	460	564	955
Cast Iron/Wrought Iron - without upgrades (miles)	0	1	17	76	236
Ductile Iron (miles)	0	0	0	0	0
Copper	0	0	0	0	0

(SOUTH JERSEY GAS CONTINUED)

MEASUREMENT	2019	2018	2017	2016	BASELINE 2011
PLAN/COMMITMENT TO REPLACE/UPGRADE REMAINING MILES OF DISTRIBUTION MAINS (# YEARS TO COMPLETE)					
Unprotected Steel - Bare & Coated	3	4	4	5	-
Cast Iron/Wrought Iron	3	4	4	5	-
DISTRIBUTION CO2E FUGITIVE EMISSIONS					
CO2e Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	68,509	72,933	57,299	74,571	133,161
CO2e Fugitive Methane Emissions from Infrastructure (Pipeline Main & Services), includes ductile iron for ETG	67,582	72,023	57,316	74,405	131,137
Percent Reduction from 2006 to each year	55%	52%	62%	50%	13%
CH4 Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	2,740	2,917	2,292	2,983	5,326
CH4 Fugitive Methane Emissions from Gas Distribution Operations [MMSCF/year]	143	152	119	155	277

(SOUTH JERSEY GAS CONTINUED)

MEASUREMENT	2019	2018	2017	2016	BASELINE 2011
Annual Natural Gas Throughput from Gas Distribution Operations in thousands of standard cubic feet (Mscf/year)	54,496,700	55,690,815	51,422,903	52,691,248	45,164,947
Annual Methane Gas Throughput from Gas Distribution Operations in millions of standard cubic feet (MMscf/year)	51,772	52,906	48,852	50,057	42,907
Fugitive Methane Emissions Rate (Percent MMscf of Methane Emissions per MMscf of Methane Throughput) %	0.28%	0.29%	0.24%	0.31%	0.65%
BLOWDOWN EMISSIONS REDUCTION INITIATIVE (* 2017 & 2018 DATA ONLY INCLUDES ELEVATED DISTRIBUTION AND TRANSMISSION BLOWDOWNS, DOES NOT INCLUDE REGULAR DISTRIBUTION OR ETG BLOWDOWN NUMBERS)					
Natural Gas Volume Released during Blowdown, cf	672,767	1,969,844	3,426,351	-	-
Natural Gas Volume Saved, cf	1,348,181	97,018	738,375	-	-
CO ₂ e Emissions Reduced, metric tons/yr	615	44	337	-	-
Percent CO ₂ e Emissions Reduced, metric tons/yr	67%	5%	18%	-	-

(SOUTH JERSEY GAS CONTINUED)

MEASUREMENT	2019	2018	2017	2016	BASELINE 2011
EXCESS FLOW VALVE INSTALLATION PROGRAM					
Excess Flow Valves [EFVs]	144,299	125,762	170,496	150,501	-
Total Number of Services	322,000	315,475	386,508	381,217	-
% EFVs to total Services	45%	40%	44%	39%	-
EFVs Methane Emissions Reduction, Mcf	65,965	57,491	77,941	68,800	-
Tons of Municipal Waste, Landfilled*	236	275	274	241	-
Tons of Municipal Waste, Recycled*	717	527	705	864	-
% Recycled*	75%	66%	72%	78%	-

Elizabethtown Gas

MEASUREMENT	2019	2018	2017	2016	BASELINE 2011
UTILITY SYSTEM EMISSIONS (IN METRIC TONS)					
Direct CO ₂ -Equivalent Emissions - Scope 1	57,862	67,798	76,189	84,724	97,511
Product-Supplied CO ₂ -Equivalent Emissions - Scope 3 (partial)	2,464,394	2,489,002	2,457,084	2,661,338	2,608,759
CO ₂	499	489	392	3,121	1,046
Methane	2,295	2,692	3,032	3,264	3,859
Nitrous Oxide	0.0010	0.0010	0.0010	0.0100	0.0010
METHANE EMISSIONS AND MIGRATION FROM DISTRIBUTION MAINS					
Number of Gas Distribution Customers	297,191	293,672	291,504	286,905	-
Distribution Mains in Service	3,251	3,246	3,237	3,216	3,133
Plastic (miles)	1,873	1,778	1,704	1,639	1,434
Cathodically Protected Steel - Bare & Coated (miles)	1,014	1,020	1,014	1,013	1,033
Unprotected Steel - Bare & Coated (miles)	6	6	7	8	2
Cast Iron/Wrought Iron - without upgrades (miles)	338	417	487	531	634
Ductile Iron (miles)	20	24	24	24	31
Copper	0.4	0.5	0.5	0.5	0.5

(ELIZABETHTOWN GAS CONTINUED)

MEASUREMENT	2019	2018	2017	2016	BASELINE 2011
YEARS TO COMPLETE)					
Unprotected Steel - Bare & Coated	6	-	-	-	-
Cast Iron/Wrought Iron	6	-	-	-	-
DISTRIBUTION CO2E FUGITIVE EMISSIONS					
CO2e Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	57,363	67,309	75,797	81,599	96,464
CO2e Fugitive Methane Emissions from Infrastructure (Pipeline Main & Services), includes ductile iron for ETG	59,476	69,988	78,393	84,142	99,078
Percent Reduction from 2006 to each year	50%	41%	34%	29%	17%
CH4 Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	2,295	2,692	3,032	3,264	3,859
CH4 Fugitive Methane Emissions from Gas Distribution Operations (MMSCF/year)	120	140	158	170	201
Annual Natural Gas Throughput from Gas Distribution Operations in thousands of standard cubic feet (Mscf/year)	48,316,276	49,310,579	48,427,952	52,259,567	51,134,314

(ELIZABETHTOWN GAS CONTINUED)

MEASUREMENT	2019	2018	2017	2016	BASELINE 2011
Annual Methane Gas Throughput from Gas Distribution Operations in millions of standard cubic feet (MMscf/year)	45,900	46,845	46,007	49,647	48,578
Fugitive Methane Emissions Rate (Percent MMscf of Methane Emissions per MMscf of Methane Throughput) %	0.26%	0.30%	0.34%	0.34%	0.41%
BLOWDOWN EMISSIONS REDUCTION INITIATIVE (* 2017 & 2018 DATA ONLY INCLUDES ELEVATED DISTRIBUTION AND TRANSMISSION BLOWDOWNS, DOES NOT INCLUDE REGULAR DISTRIBUTION OR ETG BLOWDOWN NUMBERS)					
Natural Gas Volume Released during Blowdown, cf	106,542	93,505	-	-	-
Natural Gas Volume Saved, cf	54,295	881	-	-	-
CO ₂ e Emissions Reduced, metric tons/yr	25	0.40	-	-	-
Percent CO ₂ e Emissions Reduced, metric tons/yr	34%	1%	-	-	-
EXCESS FLOW VALVE INSTALLATION PROGRAM					
Excess Flow Valves (EFVs)	92,298	81,165	71,481	61,932	-
Total Number of Services	229,886	228,745	227,316	225,493	-

(ELIZABETHTOWN GAS CONTINUED)

MEASUREMENT	2019	2018	2017	2016	BASELINE 2011
% EFVs to total Services	40%	35%	31%	27%	-
EFVs Methane Emissions Reduction, Mcf	42,193	37,104	32,677	28,312	-
Tons of Municipal Waste, Landfilled*	119	137	-	-	-
Tons of Municipal Waste, Recycled*	81	86	-	-	-
% Recycled*	40%	39%	-	-	-

Elkton Gas

MEASUREMENT	2019	2018	2017	2016	BASELINE
UTILITY SYSTEM EMISSIONS (IN METRIC TONS)					
Direct CO ₂ -Equivalent Emissions - Scope 1	623	528	526	516	497
Product-Supplied CO ₂ -Equivalent Emissions - Scope 3 (partial)	68,395	65,686	60,366	59,994	60,467
CO ₂	1	1	1	1	1
Methane	25	21	21	21	20
Nitrous Oxide	0.0000	0.0000	0.0000	0.0000	0.0000

(ELKTON GAS CONTINUED)

MEASUREMENT	2019	2018	2017	2016	BASELINE 2011
METHANE EMISSIONS AND MIGRATION FROM DISTRIBUTION MAINS					
Number of Gas Distribution Customers	6,833	6,684	6,720	6,667	-
Distribution Mains in Service	105	106	105	103	97
Plastic (miles)	74	74	74	72	29
Cathodically Protected Steel - Bare & Coated (miles)	31	32	31	31	0
Unprotected Steel - Bare & Coated (miles)	0	0	0	0	0
Cast Iron/Wrought Iron - without upgrades (miles)	0	0	0	0	68
DISTRIBUTION CO2E FUGITIVE EMISSIONS					
CO2e Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	622	528	526	515	497
CH4 Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	25	21	21	21	20
CH4 Fugitive Methane Emissions from Gas Distribution Operations (MMSCF/year)	1	1	1	1	1

(ELKTON GAS CONTINUED)

MEASUREMENT	2019	2018	2017	2016	BASELINE 2011
Annual Natural Gas Throughput from Gas Distribution Operations in thousands of standard cubic feet (Mscf/year)	1,213,475	1,150,385	1,083,713	1,091,620	1,079,063
Annual Methane Gas Throughput from Gas Distribution Operations in millions of standard cubic feet (MMscf/year)	1,153	1,093	1,030	1,037	1,025
Fugitive Methane Emissions Rate (Percent MMscf of Methane Emissions per MMscf of Methane Throughput) %	0.11%	0.10%	0.11%	0.10%	0.10%
EXCESS FLOW VALVE INSTALLATION PROGRAM					
Excess Flow Valves (EFVs)	2,325	2,241	2,138	2,124	-
Total Number of Services	5,378	5,279	5,213	5,194	-
% EFVs to total Services	43%	42%	41%	41%	-
EFVs Methane Emissions Reduction, Mcf	1,063	1,024	977	971	-
Tons of Municipal Waste, Landfilled*	9	9	9	9	-
Tons of Municipal Waste, Recycled*	0	0	0	0	-
% Recycled*	0%	0%	0%	0%	-

Social

MEASUREMENT	2019	2018	2017
TOTAL EMPLOYEES**	1,117	1,110	763
Corporate	18%	14%	19%
Utility Company	79%	82%	70%
Non-Utility Company	3%	4%	11%
% of Employees Represented by Unions**	44.3%	45.0%	40.0%
Employee Turnover Rate**	6.7%	6.9%	6.9%
EMPLOYEE POPULATION ETHNICITY REPRESENTATION**			
Male	61%	63%	59%
Female	39%	37%	41%
White	72%	74%	79%
Minority (including women)	51%	49%	52%
Non White	28%	26%	21%
American Indian	1%	1%	2%
Asian	9%	10%	15%
Black	42.5%	47.5%	50%
Hispanic	42.5%	37.5%	29%
Two or More Races	5%	4%	4%
Median Employee Age**	45	47	47
EMPLOYEE POPULATION GENERATIONAL REPRESENTATION**			
Traditionalists (Over 73)	0%	0.1%	0.3%
Baby Boomers (54-72)	31%	37.3%	37.3%
Generation X (38-53)	34%	32.6%	32.8%

(SOCIAL CONTINUED)

MEASUREMENT	2019	2018	2017
Millenials/Generation Y (23-37)	34%	29.5%	29%
I Gen/Generation Z (22 and younger)	1%	0.5%	0.6%
NEW HIRE REPRESENTATION			
New Hire Males	51%	52%	63%
New Hire Women	49%	48%	37%
New Hire Minorities (including Women)	75%	75%	49%
Median Employee Tenure**	6	7	6
Female Employees in Leadership Roles	39%	39%	37%
Internship Program Participants	14	23	28
Employee Engagement Survey Response Rate	82%	N/A	70%
Employee Engagement Survey Engagement Rate	88%	N/A	84%
Employee Participation in Corporate Training/Development Programs (in hours)	4,877	5,714	3,758
OSHA Recordable Injury Rate	-	2.31	4.11
Days Away, Restricted or Transferred (DART) Injury Rate	-	1.27	2.94
Preventable Motor Vehicle Accidents	-	2.84	2.68

* Waste information is from all division locations except for ETG New Village / Flemington as they weren't available at time of report

** numbers include intern population

Governance

MEASUREMENT	2019	2018	2017
Members of the Board of Directors*	11	10	10
Female Members of the Board of Directors	3	3	3

* [Click here for current board composition.](#)

Other

MEASUREMENT	2019	2018	2017
Utility Customer Count	701,080	691,448	385,000
CUSTOMER REPRESENTATION			
Residential	92.80%	92.80%	93.30%
Commercial	7.10%	7.20%	6.60%
Industrial	0.10%	<0.10%	0.10%
Gas Leak Hotline Calls	24,540	27,067	11,181
Gas Leak Hotline Average Call Response Time (in Minutes)	25.6	26	28
Customer Growth Rate	1.40%	1.40%	1.60%
Total Utility Customer Bill Financial Support Given (in Millions of Dollars)	16.50	15.00	9.70
Capital Investment (in Millions of Dollars)	504.20	361.60	273.00
Salaries Paid to Employees (in Millions of Dollars)	90.30	76.80*	63.70

(OTHER CONTINUED)

MEASUREMENT	2019	2018	2017	2016	BASELINE 2011
Salaries Paid to Employees (in Millions of Dollars)		90.30	76.80*	63.70	
Total Supplies and Services Expenditures from New Jersey-Based Companies (in Millions of Dollars)		155.50	239.00*	173.00	
Total Supplies and Services Expenditures from Minority-, Service-Disabled Veteran-, Woman-Owned Businesses (in Millions of Dollars)		87.40	55.00*	5.80	
Economic Earnings (in Millions of Dollars)		103.00	116.20	98.10	
Annualized Dividend Declared Per Common Share (in Dollars)		1.18	1.15	1.12	

* Includes only partial year data from Elizabethtown and Elkton.



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