

A background photograph of a man and a woman in a kitchen. The man, in the foreground, is wearing a blue denim shirt and a white apron, and is smiling while cooking with a wooden spoon in a pan on a stove. The woman, in the background, is smiling and looking towards the man. The image is dimmed to allow text to be overlaid.

# ESG 2020 Annual Report

In a year of constant political, social and economic change, SJL remained a reliable partner for our employees, investors and the more than 700,000 families and businesses we serve.

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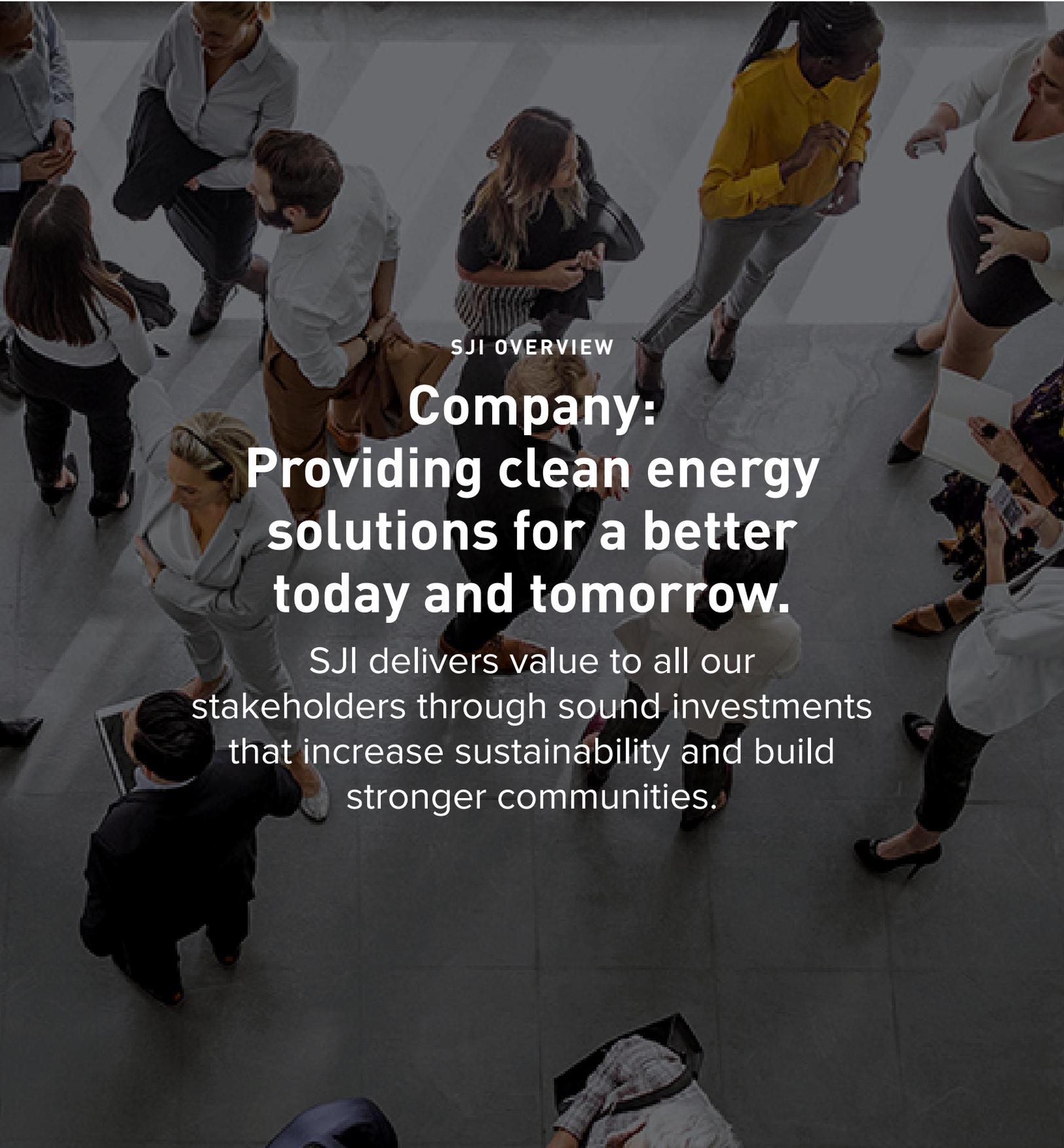
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SJI OVERVIEW

**Company:  
Providing clean energy  
solutions for a better  
today and tomorrow.**

SJI delivers value to all our stakeholders through sound investments that increase sustainability and build stronger communities.

# A Letter From Our CEO

## **SJI's commitment to innovation and customer service enabled us to meet unprecedented challenges in 2020.**

A lot has changed since our company started more than a hundred years ago. Still, one thing that remains the same is our mission to deliver safe, reliable, affordable clean energy for a better today and tomorrow.

From social injustice to the global COVID-19 pandemic, SJI's Environmental, Social and Governance (ESG) efforts are supported by the core values of our Collective Ambition—safety, service, inclusion and community. Thanks to a steadfast commitment to those values, we emerged from 2020 not only as more resilient, but also a more inclusive company.

Under the leadership of our Diversity and Inclusion Council, we confronted the racial and social injustice that continues to divide and harm so many of our communities. We launched powerful Listening Sessions, providing our employees with the opportunity to openly discuss their feelings and experiences. We continued to reinforce and strengthen One SJI and our efforts to build a stronger, more inclusive culture—one where everyone feels empowered to “bring your whole self to work.”

On March 13, 2020, we made the extremely difficult decision to shut down our offices and move to a remote, work from home posture. More than a year later, our 1,100 plus employees continue to show tremendous resilience and dedication to exceptional service. From our first responders and field personnel, to our Customer Experience team, to all of our corporate support functions, across every department and every level, SJI teams came together to ensure that critical energy was delivered safely and without interruption to the more than 700,000 homes, businesses, schools and hospitals that depend on us.

To help customers in financial distress, we utilized every channel available to inform them about energy assistance programs and we provided direct assistance through community partnerships. Among the efforts to support those in need across our communities, our organization and employees made significant contributions to several local and national organizations. Our investments during 2020 totaled nearly \$750,000 in financial support, over \$100,000 in employee giving and many employee volunteer hours of service. In this report, you will learn more about the contributions made by SJI and our employees that provided resources at a time of extraordinary need.

Over the past decade, we've made critical investments in modernizing our infrastructure to ensure that our system is



safe, reliable and resilient. In fact, in 2020 alone, SJI invested roughly \$135 million to replace vintage bare steel and cast-iron mains and services. We also continued to focus on storm-hardening measures around our vulnerable coastal communities.

Moving forward, we'll also be investing in innovative technologies that will enable our utilities to deliver cleaner-burning, lower-carbon energy. From Renewable Natural Gas to Energy Efficiency measures to Smart Meters to Green Hydrogen, SJI will play a vital role in achieving the long-term energy and environmental goals established by our State's leaders.

SJI also took significant strides to address climate change in 2020. Through the guidance of our newly-formed Clean Energy and Sustainability team, we outlined strategies to enhance our energy efficiency efforts and to meet our goals of reducing carbon emissions from our operations by 70% by the year 2030 as an effort to mitigate our climate risk. Furthermore, through a new series of sustainability initiatives, I am proud to say that SJI is on course to achieve 100% carbon reduction by 2040 and significantly reduce the fossil fuel consumption of our 700,000+ utility customers.

This is our 12th year producing this report, and this year we are enhancing our disclosures to include alignment with the Sustainability Accounting Standards Board (SASB) standards. We also continue to report in alignment with the Edison Electric Institute (EEI)-American Gas Association (AGA) ESG/Sustainability Reporting Template. These measures highlight our commitment to the environmental, social and governance priorities that matter most to our investors and stakeholders.

While operating two New Jersey gas utilities in separate parts of the State, we refer to ourselves as One SJI. We are determined to deliver safe, reliable, affordable clean energy for a better today and tomorrow, and to be a company where employees are proud to work and make an impact in the communities we serve. As we continue to transform our business for the future, we promise to maintain our commitment to sustainability, reinforcing the foundation for continued business growth and innovation and a clean energy future for our region.

Finally, I want to thank the Board, the Leadership team and all of our more than 1,100 dedicated employees for your steadfast commitment to our customers, our communities and each other. Throughout the year, you have led with purpose, operated with excellence, reinforced our values and built the foundation of a modern 21st Century infrastructure company- delivering the clean energy of the future.



**Michael J. Renna**  
President & CEO

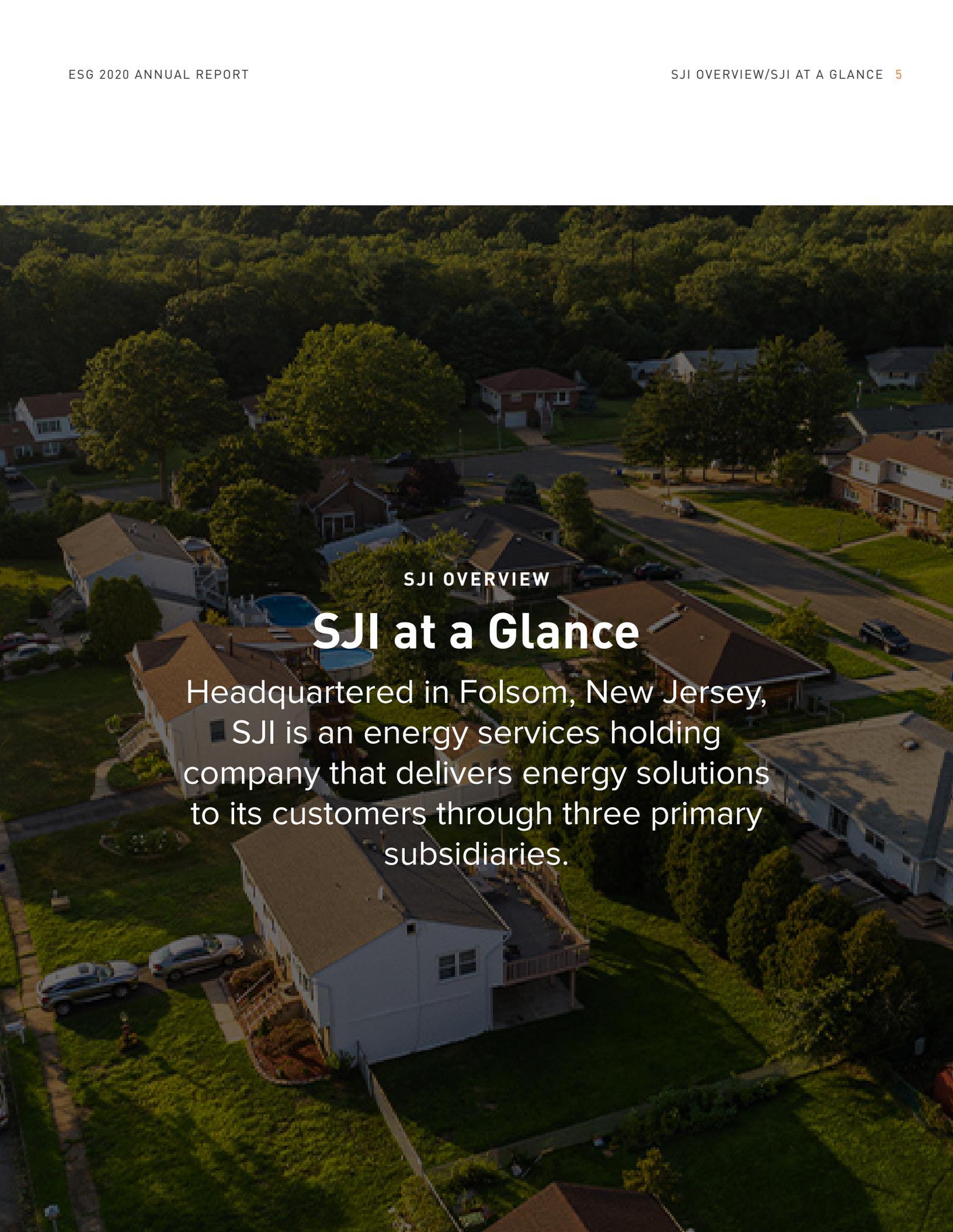
# Collective Ambition. The framework for One SJI.

We recognize that our industry and our business are at an inflection point. For more than a century, we’ve transformed our business to meet the changing needs of customers and established ourselves as a trusted partner to our stakeholders. Looking ahead, to protect the world we live

in and meet the needs of our customers, we’ll continue to evolve. Our Collective Ambition lays out the formula for how we will get there – from our vision to our purpose, strategic & operational priorities, customer promise, values and behaviors as leaders.



Our Collective Ambition unites us as One SJI and is driven by every one of us.



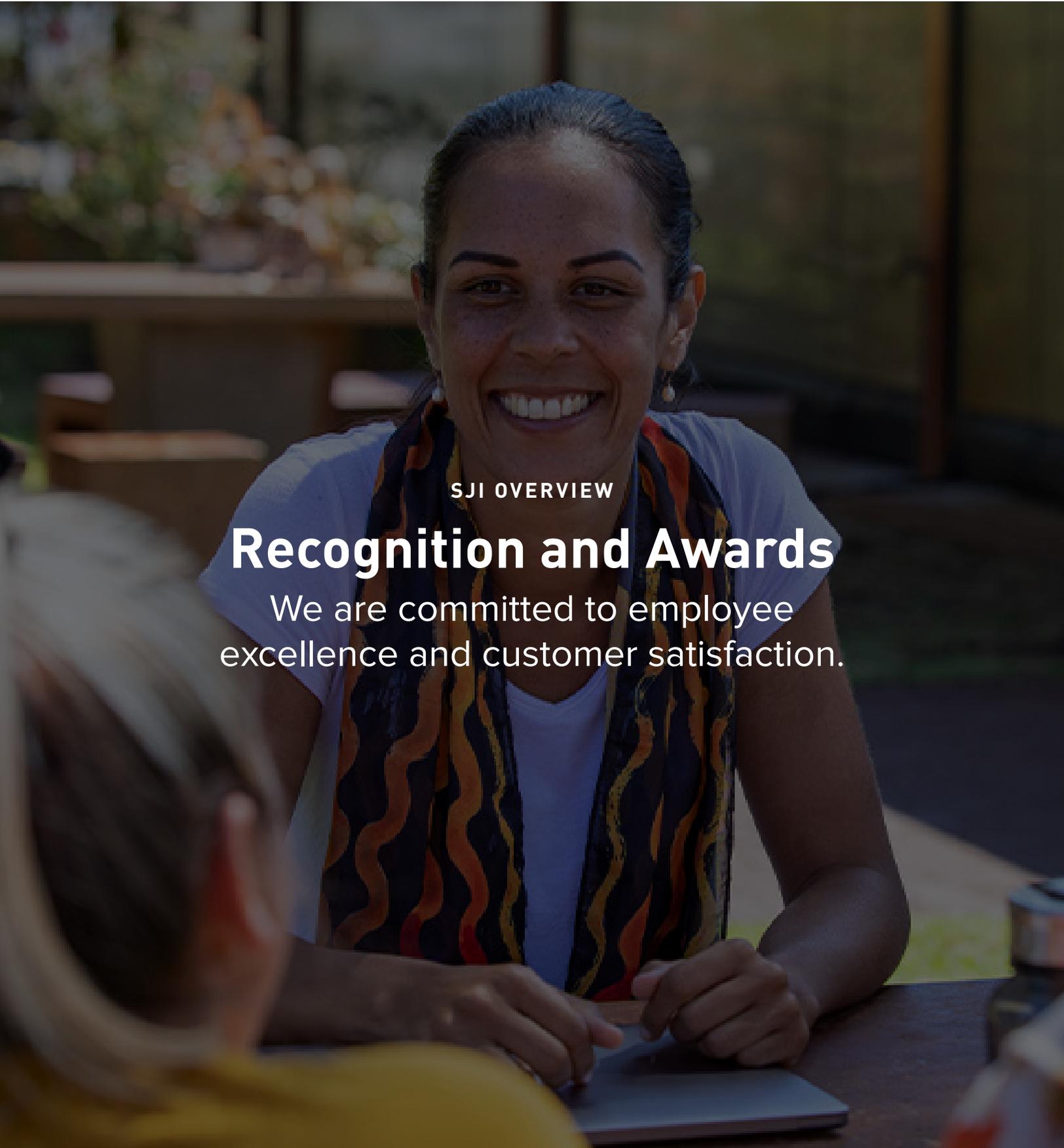
SJI OVERVIEW

# SJI at a Glance

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

 <b>SJI Utilities</b>	 <b>South Jersey Energy Solutions</b>	 <b>SJI Midstream</b>
<b>Serving 700,000+ homes and business</b> The holding company for our regulated natural gas utilities, SJI Utilities, serves more than 700,000 customers across New Jersey with its two utilities, South Jersey Gas and Elizabethtown Gas.	<b>South Jersey Energy Solutions</b> 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.	<b>Continued work on the PennEast Pipeline project</b> 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.



SJI OVERVIEW

# Recognition and Awards

We are committed to employee excellence and customer satisfaction.

			
<p>The American Gas Association recognized South Jersey Gas and Elizabethtown Gas for safety performance, naming each a 2020 Industry Leader in Accident Prevention. This is the second consecutive year both utilities received this award.</p>	<p>Escalent, a top human behavior and analytics research firm, named Elizabethtown Gas and South Jersey Gas among the top 25 "Easiest To Do Business With" utility companies in America.</p>	<p>Executive Women of New Jersey recognized SJI as a member of its Seat at the Table Honor Roll for having three or more women on the company's Board of Directors.</p>	<p>Elizabethtown Gas Highest in Customer Satisfaction with Residential Gas Utility Service in the East among Midsize Utilities, 6 Year in a Row. For J.D. Power 2020 award information visit <a href="http://jdpower.com/awards">jdpower.com/awards</a></p>

SJI OVERVIEW

# Governance, Stakeholder Engagement & Risk Management

As of April 2021, SJI is governed by  
a 10-member Board of Directors,  
nine of whom are independent.



Our Board of Directors, elected by the shareholders, is the company's ultimate decision-making entity, except for matters reserved for shareholder consideration. Three of SJI's 10 members 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.

In 2018, the Board of Directors established an internal Environmental, Social and Governance (ESG) Management Committee that includes cross-functional members of management from key areas of the Company such as ESG, human resources, legal, risk management, communications, safety and environment. The committee reports to the Board of Directors quarterly and at each ESG Committee of the Board meeting, and is responsible for the development and implementation of the company's key human capital management, sustainability and ESG strategies, initiatives, and policies. This includes management of SJI's commitment to diversity, equity and inclusion, safety, climate, health, human rights, human capital management, and community support strategies.

The ESG Committee of the Board provides oversight, monitoring and guidance of environmental and social related risk and opportunities regarding safety, corporate and social citizenship, public and legal policy, work force initiatives, corporate culture, climate change, environmental stewardship and compliance, political and regulatory activities, sustainability, employee work life, diversity and inclusion and economic and social vitality in the communities and markets in which the Company operates.

The Committee also oversees the production of the Company's annual Environmental, Social and Governance (ESG) Report, which provides an overview of the Company's commitment to ESG.

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](mailto:corpcommunications@sjindustries.com).

### Board of Directors:

- |  |                          |
|--|--------------------------|
| Michael J. Renna<br>(President & CEO, SJI) | Sunita Holzer            |
| Joseph M. Rigby (Chairman)                 | G. Edison Holland, Jr.   |
| Sarah M. Barpoulis                         | Kevin O’Dowd             |
| Victor A. Fortkiewicz*                     | Christopher J. Paladino* |
| Sheila Hartnett-Devlin*                    | Frank L. Sims*           |

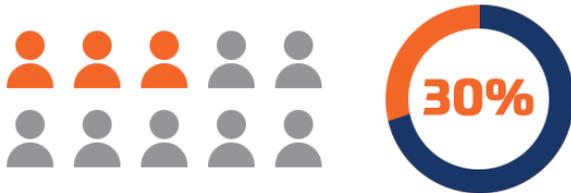
\*ESG Committee of the Board Member

### Board Committees:

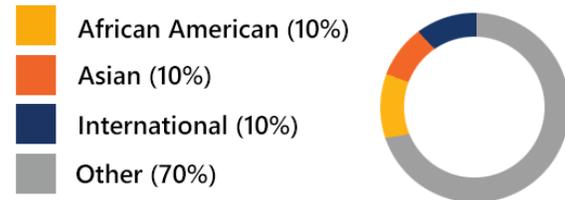
- |  |                                   |
|--|-----------------------------------|
| Audit Committee                                | Executive Committee               |
| Compensation Committee                         | Strategy & Finance Committee      |
| Environmental, Social and Governance Committee | Nominating & Governance Committee |

### Gender

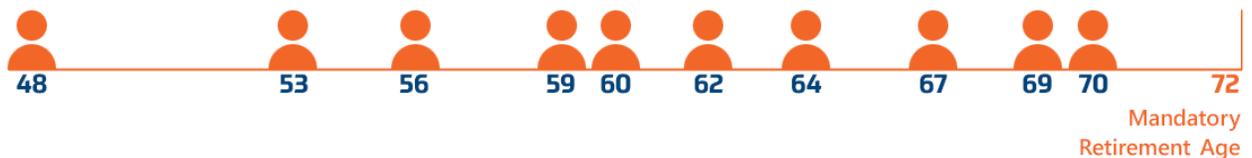
3 of our 10 directors are women



### Ethnic Diversity



### Director Age Diversity



# Stakeholder Engagement

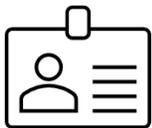
In an effort to move our Collective Ambition initiative forward, SJI engages with our stakeholders to understand their needs and expectations regarding our business and the services we provide. We believe these exchanges of information are fundamental to strategizing how we can continue to provide long-term value. SJI's stakeholders include customers, employees, regulators, shareholders and the communities we serve.

## Customers



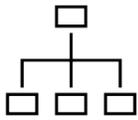
CSJI is committed to providing safe, reliable, affordable clean energy to our more than 700,000 customers across the state of New Jersey. The importance of delivering an outstanding experience for our customers is core to everything we do at our utilities — and the results of our commitment are clear. We continually strive to modernize critical infrastructure and enhance our customer experience. We are proud to have delivered uninterrupted service in 2020, despite numerous challenges related to the COVID-19 pandemic. We listen to the needs of our customers and provide solutions to help them save energy and lower their bills by proactively working to educate our customers about managing their accounts and accessing financial assistance. We are proud to deliver the quality service our customers expect and deserve, without sacrificing affordability — this year it is more important than ever. [Learn more about how we serve our customers here.](#)

## Employees



Employee Our employees are our greatest asset. Together, we work to foster a culture of belonging, where our professional, well-trained and knowledgeable staff treat each other with courtesy and respect. We're committed to engaging our workforce and helping them achieve their professional goals. At SJI, we do this by helping employees connect with one another in meaningful ways, offering helpful training and development resources and more. We also regularly survey our employees to measure the effectiveness of our employee engagement efforts, including career development and wellness programs. [Learn more about how we value our employees here.](#)

## Regulators



As a regulated company, public policy considerations often have a direct and measurable impact on our business. SJI works collaboratively with legislators and regulators to achieve results that ensure reliable, affordable and clean energy for our customers, while balancing the interests of the Company and public policy objectives. [Learn more about our government involvement here.](#)

## Shareholders



EmployeeMembers of SJI management and the Board periodically meet with our shareholders to foster dialogue around the issues that are of value to both SJI and our investors. A key objective of our outreach efforts is to listen to our shareholders to better understand their perspectives on our executive compensation and environmental, social and governance programs and to obtain recommendations for strengthening our approach on these matters. To achieve this, in 2020, we reached out to approximately 17 of our largest shareholders, aggregating approximately 67% of our shares outstanding. Members of the Board of Directors, including the Chairman and the Chairwoman of the ESG Committee of the Board, SJI management and members of the ESG Management Committee met with five of our top shareholders. Those meetings included our second and third largest shareholders, representing approximately 30% of our shares outstanding. We will continue to engage with our shareholders in similar ways to seek feedback on our performance and disclosed ESG information.

## Communities We Serve



EmployeeSJI provides more than just energy to the communities we serve; we are an active partner in addressing the financial, social, health and safety needs of communities throughout New Jersey. We offer assistance to hospitals, food banks, social services and civic organizations, first responders, school programs, athletic teams and many other worthy causes. SJI employees volunteer time as mentors, coaches, laborers and more as they seek to improve the communities where they live and work. SJI also serves as an economic engine by providing jobs and infrastructure enhancements and working with a diverse pool of local suppliers to support their businesses. [Learn more about how SJI serves surrounding communities here.](#)

# Risk Management

To strategically manage ESG risks that may impact SJI, the Risk Management Team established the following Enterprise Risk Management (ERM) process utilizing the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework:

- Conduct annual one-on-one meetings with Business Area Leads to identify and assess risks for
- likelihood and criticality, including Environmental (specifically climate-related risks), Social and Governance (ESG) risks.
- Develop risk assessment scores for short-, medium- and long-term risks to determine materiality.
- Evaluate the speed of onset or velocity (the time that elapses between the event and the impact to the company).
- Create and obtain an understanding of the controls that have been established to mitigate significant risks.
- Communicate material risks to the Risk Management Committee (RMC) via monthly distribution of a Risk Dashboard Report, monthly Key Risk Indicator & Emerging Risk Report, real-time PowerBI ERM Dashboard, and at the Q1 RMC meeting; communicate strategic risks, including ESG-related risks, at the Q2 RMC meeting, and Communicate material ESG-related risks annually at the ESG Management Committee meeting and the ESG Board Committee meeting as needed.

Leveraging the ERM process will provide consistent evaluations and common language throughout the risk assessment process. The ERM risk assessment includes the integration of identifying, assessing, managing, monitoring and communicating ESG risks. Data, metrics and controls are then communicated to the RMC, Internal Audit, Audit Committee of the Board, the ESG Management Committee and the ESG Committee of the Board. This comprehensive approach enhances SJI's ability to mitigate ESG risks, creates resiliency and contributes to our mission to deliver safe, reliable, affordable clean energy for a better today and tomorrow.

# 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 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 policymaking processes to ensure that legislators and regulators are properly informed about the decisions they make that may impact our business, and ultimately, our customers, employees and communities. Notably, SJI's efforts in this regard include informing policymakers about the company's decarbonization initiatives.

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 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.

SJI reports all legislation and proposed regulations upon which advocacy activities are undertaken to the New Jersey Election Law Enforcement Commission (ELEC) and provides annual reports to ELEC on all corporate expenditures to support such activities. ELEC makes all such disclosures and reports available to the public on its website, <https://www.elec.nj.gov/>.

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.

**(POLITICAL INVOLVEMENT CONTINUED)**

Finally, it should be noted that for more than two decades, SJI employees have 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.

SJI OVERVIEW

# Employees: Creating a Truly Empowered Workforce

SJI encourages employees to “bring their whole self to work” every day by fostering an inclusive work environment that engages and empowers employees.

# Building a “Can Do” Culture

As One SJI, our collective ambition unites us under a singular vision, purpose and aspiration to build a “Can Do” culture that drives our success. Our core values of safety, service, community and inclusion foster diverse perspectives and champion our talented, dedicated employees.

We believe our employees are our most valuable asset. They think big, lead & inspire, deliver results and do the right thing. As part of our One SJI culture, we want to make sure every employee is accountable, empowered and included.



218

corporate staff members

37

non-utility employees

866

utility company employees

42%

population represented by unions



## EMPLOYEE ENGAGEMENT

# A highly engaged workforce is key to our growth and achieving our goals.

At SJI, we encourage our employees to use their voices to build a high-performing and engaged culture. We conduct biennial engagement surveys and periodic pulse surveys to measure how we're performing in these areas.

Since we started surveying employees, their valuable feedback has 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.

## Pandemic Response

During 2020, we shifted most of our workforce to remote work due to the COVID-19 pandemic.



We also increased our efforts to both engage and ensure the emotional health and well-being of our employees during this unprecedented time through the following strategic initiatives:

- Formed an Executive Pandemic and COVID-19 Task Force  
Created a dedicated COVID-19 Information Hub for Employees
- Equipped essential employees with the necessary PPE to protect their physical health
- Leveraged our Employee Assistance Program to provide resources, training and support to promote emotional health and well-being
- Conducted pulse surveys to ensure the psychological safety and well-being of our workforce and gather employee feedback
- Engaged our Employee Resource Groups to drive inclusion through virtual events and activities
- Offered courses on best practices for working and managing remotely
- Provided ergonomics training to ensure physical safety while working remotely
- Established a Suggestion Committee for employees to share ideas to improve the workplace

- Enhanced time off benefits
- Offered education sessions and incentives for COVID-19 Vaccination
- Began the development and communication of a Return to Workplace plan with a focus on ensuring employee safety”

### SJI Wellness Program

Employee wellness is a priority for SJI as we continue to implement initiatives focused on our key stakeholders and move forward with “Doing the Right Thing” as part of our Collective Ambition. The SJI Wellness Program promotes good habits and strengthens employees’ physical, mental and emotional health. Employees can earn points for participating in health challenges, webinars, wellness coaching and submitting annual health screenings that can be redeemed for gift cards and other incentives.

The SJI Employee Wellness Program addresses eight essential principles of wellness.



### Employee Participation

During 2020, we saw a shift in employee engagement with the SJI Wellness Program that coincided with remote work limitations and the challenges of the COVID-19 pandemic. While participation decreased in some aspects of the program, SJI increased outreach efforts to promote initiatives, including employee assistance opportunities designed to help cope with change, loss and uncertainty.

- Employees who earned points in SJI Wellness Program:
  - 2019 – 65% 778 employees (out of 1,202 active employees)
  - 2020 – 52% 596 employees (out of 1,155 active employees)

### Employee Assistance Program

This program provides professional assistance (counseling and guidance) available 24 hours a day, seven days a week for employees and their immediate family members regarding work/life issues, such as depression, anxiety, grief, anger, substance abuse and financial and family pressures. Thanks to outreach efforts, participation in employee assistance increased in 2020.

- 29 employee assistance cases in 2019
- 59 employee assistance cases in 2020

### Annual Wellness Week

Each year we promote utilization of resources in the SJI Wellness Program through our Annual Wellness Week. Over the course of this week, employees are encouraged to pursue wellness using resources available through SJI. The week includes:

- Financial webinars.
- Physical exercise/stretching sessions.
- Wellness workshops.
- Daily challenges that allow employees to earn prizes and rewards.

As employees participate remotely, they can build a sense of community by sharing photos of their wellness activities.



## Keeping Employees Connected

In addition to our engagement efforts in response to the pandemic, we continued to focus on delivering on employee needs and expectations, while also connecting employees with one another and our purpose.

### SJI Today

SJI Today, our intranet, offers opportunities for employees to provide feedback and get involved in different initiatives. We continued to develop more employee-driven content and features, leveraging this employee communication channel to recognize our employees and keep them informed of important company news. Our Diversity Corner within the site provides an opportunity for us to promote a culture of inclusion by highlighting employees from various backgrounds and learning about their professional and personal experiences. Recent examples of these highlights are from our Black, Asian, LGTBQ and disability communities.

### Video Communications

We introduced video communications to help employees feel more connected, despite being socially distanced for much of the year. Video communications focused on pandemic updates, features with leadership and more.

## Monthly One SJI Newsletter

We stayed consistent in delivering a monthly newsletter to all employees called One SJI. In the newsletter, we focused on timely and important messages, employee recognition and information on key dates and events. The newsletter served as an important tool in our employee engagement efforts, keeping all employees well informed of the same top-priority messages every month and celebrating our successes.

## Monthly Managers' Checklist

We continued with our data-driven checklist that provides information and visual support to encourage managers in their efforts to effectively and in a timely manner share consistent messages with their employees across the organization. We also solicited feedback from people managers on how we can best support them through the checklist and introduced huddle meetings focused on the same topics with Human Resources and managers to support effective cascading of messages.

## Engagement Weeks

We completed our second year of quarterly engagement campaigns to better connect employees to corporate strategic objectives through two-way communications and activities ranging from recognition boards,

sharing of stories and more focused on topics including:

- **Women's Week** – recognizing Women's history month and celebrating the contributions of our female employees.
- **Customer Week** – celebrating the achievement of customer count milestones and recognizing the importance of our customers and providing them with an excellent experience through everything we do.
- **Collective Ambition Week** – introducing employees to our new Collective Ambition that unites us under a singular vision, purpose, and aspiration.
- **Health & Wellness Week** – educating employees on the resources available to them to support their overall health and well-being.

## Town Hall Meeting

We hosted our first company-wide town hall meeting in 2020. This created opportunities for two-way dialogue, giving employees a voice in the larger corporate strategy conversation. This event will be held annually to support both collaboration and engagement in our corporate strategy.

DIVERSITY AND INCLUSION

# At SJI, we operate as *One SJI*.

Together, we're committed to fostering a diverse and inclusive environment, where we value differences and work together to better serve each other, our key stakeholders and the communities we serve.

Our Diversity and Inclusion (D&I) efforts are rooted in three tenets: talent, supplier diversity and community partnerships. These tenets are the foundation of our program and represent our D&I Strategy.



Our commitment to Diversity and Inclusion is central to who we are at SJI, with Inclusion as a core value in our Collective Ambition that unites us under a singular vision, purpose and aspiration.

Our values are inextricably linked to the work we do every day, as they govern our behavior and demand a commitment to personal excellence. They are not just the traits of character to which we hold our leaders – every employee is responsible for upholding each of these values in their work, every day.

**(CONTINUED)**

That's why at SJI, we're all responsible for fostering a culture that values differences, creates a sense of belonging and encourages everyone to be their best self by the way we conduct ourselves and treat one another.

We deliver safe, reliable, affordable clean energy to more than 700,000 customers across 14 New Jersey counties. We serve a population diverse in experiences, background and thought. To best serve our customers, we believe our company, our suppliers and the way we support our communities should reflect that diversity.

**Talent**

At SJI, we work to build a culture of inclusion where employees feel comfortable bringing their whole selves to work each day – regardless of their race, gender, ethnicity, sexual orientation, generation, disability status or any other distinguishing difference that makes up a diverse workforce. We support courageous conversations to grow in our D&I journey and we seek diverse talent to make our business stronger. [Learn more about Talent Acquisition and Development here.](#)

**Supplier Diversity**

Our Supplier Diversity Program helps us support diverse businesses in the communities we serve and provide them with opportunities to grow as our organization grows. When we work with diverse suppliers, we're supporting our values as an organization –helping our company and local economy reflect the diversity of the communities we serve. [Learn more about Supplier Diversity here.](#)

**Community Partnerships**

We're a dedicated community partner. As part of our D&I strategy, we support diverse community organizations. These partnerships help us to establish deeper relationships with our customers and the communities we serve. We invest time and money to support these essential organizations and also partner with customers to help them with their energy costs through assistance and energy efficiency programs. [Learn more about our Community Partnerships here.](#)

# A Workplace Culture Built on Diversity and Inclusion

For us to succeed, we must continue to work collaboratively. We all represent a diverse spectrum of backgrounds and thought, and we are a stronger One SJI because of it.

We work to build a culture of inclusion where every employee feels comfortable bringing their whole selves to work each day. Our commitment to building a diverse and inclusive workplace is reflected in our workplace demographics summary which outlines our generational, gender and ethnic employee composition.

In 2020, our commitment took on even greater importance following news events that brought to light the racial and social injustice that exists around us. To strengthen diversity and inclusion across the organization, we've taken several meaningful steps that will continue to foster a culture of belonging long into the future.

## Diversity Council

We launched our Diversity Council to support our commitment to fostering a diverse and inclusive working environment where we value and develop employees of all backgrounds and experiences. This cross-disciplinary committee, reports in to

senior leadership, and consists of a diverse representation of key leaders charged with providing strategic guidance to the company around all corporate diversity and inclusion priorities including talent, community partnership and supplier diversity while also serving as champions for diversity and inclusion.

## Listening Sessions

To increase awareness and gather ideas for how we should continue to strengthen our culture of inclusion, we've introduced listening sessions. These listening sessions give employees from various backgrounds a chance to share their unique perspectives about inclusion at SJI in order to increase awareness and further inform our D&I strategy. They also provide a chance for members of the Diversity Council and members of senior management to learn about perceived gaps and opportunities at SJI related to diversity and inclusion.

## Diversity and Inclusion Study

We conducted an in-depth D&I study and review of external best practices to better understand our strengths and identify areas of opportunity across the company to further inform our strategy.

## Diversity and Inclusion Tools and Resources

We expanded our delivery and sourcing of relevant diversity and inclusion training to equip leaders with tools and resources for meaningful diversity discussions. In an effort to build consciousness and awareness of diversity and inclusion we sourced tools, resources and trainings focused on:

- Unconscious Bias
- Having Crucial Conversations
- Communicating Across Cultures
- Civil Treatment
- Diversity, Inclusion and Belonging

## Engagement Pulse Survey

To provide all employees an opportunity to provide feedback, we completed several pandemic-focused engagement pulse surveys. Responses helped us understand our progress on navigating the global pandemic, as well as fostering an engaged and inclusive environment. This data also informed our pandemic response plans and return to work planning, making sure that our future represents the needs of our diverse workforce. We also incorporated additional questions related to inclusion into our biannual engagement survey. As a result, SJI has a baseline measurement for inclusion, a comparison to external benchmarks and further input into our D&I strategy.

# Employee Resource Groups

Employee Resource Groups play a critical role in driving employee engagement, fostering an inclusive and collaborative workplace, developing employees, broadening community partnerships and attracting diverse talent to join SJI.



American Association of Blacks in Energy



Emerging Leaders



Women's Leadership Initiative



Veterans Engagement Team

Each Employee Resource Group focuses on workforce development, community partnerships, employee engagement and fostering inclusion. Participation and support of the groups' initiatives are vital for our continued growth as One SJI, where everyone can bring their best selves to work.

We currently have four Employee Resources Groups that serve to further engage our workforce. These include:

- **SJAABE – American Association of Blacks in Energy:** American Association of Blacks in Energy is a national association of energy professionals dedicated to ensuring African Americans and other minorities have input into the development of energy policy regulations, research and development technologies and environmental issues. SJAABE provides SJI associates the opportunity to mentor high school and college student, provide scholarships and community service and to network with others in the industry. Because of the commitment to providing this resource for its employees the South Jersey Chapter of AABE is sponsored by SJI.
- **Emerging Leaders:** The mission of Emerging Leaders is to develop, equip and retain Emerging Leaders through targeted initiatives and programs encouraging innovation, professional growth and development.
- **WLI – Women's Leadership Initiative:** The mission of SJI's Women's Leadership Initiative is to cultivate a diverse and inclusive environment that fosters an employee's career by building strong work relationships through networking, skill development and community outreach.
- **VETS – Veteran's Engagement Team:** The mission of the SJI Veterans Employee Resource Group is to improve the organization through engaging Veteran employees and using their experience as an asset to the company, addressing issues unique to the Veteran community, and support initiatives, both at SJI and in our service area, that help those who proudly served in the Armed Forces of the United States.

All of these diversity and inclusion efforts help make SJI a stronger and healthier company and community partner.

**TALENT ACQUISITION AND DEVELOPMENT**

# Our talented employees make SJI a great place to work.

To help our employees truly thrive, we emphasize the importance of recruiting the best talent to help us meet our strategic priorities. Our approach to talent acquisition is focused on both our current and potential employees.

At SJI, we pride ourselves on developing internal talent and capitalizing on opportunities to provide our employees with roles that will grow and challenge them. In our external recruiting, we look for talented individuals with strong technical skills, a creative vision and the ability to thrive in a highly collaborative and dynamic environment. Internally, we also focus on fostering the next generation of leaders through our development programs for early career talent.

## Flexibility Policy

SJI recognizes the benefits of providing employees with the flexibility to work from remote locations, when possible, to allow for increased productivity, job satisfaction and wellness. This flexibility can also improve the organization's ability to recruit and retain well-qualified employees.

SJI's Remote Work Arrangement policy applies to full time, non-field, non-union

employees whose eligibility is determined if working remotely allows them to fulfill the objectives of our Collective Ambition by:

- Providing excellent service to employees, customers and key stakeholders
- Effectively collaborating within and across Company departments
- Meeting performance and productivity expectation.

## Talent Acquisition

During the final quarter of 2020, we transformed our Talent Acquisition organization to further align with the growth and evolution of our business. This transformation has revolved around both operational and strategic enhancement, with a focus around expanding our talent network, brand, experience, efficiency, connectivity, collaboration, community and pipeline growth. In 2021, we'll also be looking to develop greater alignment with our Employee Resource Groups to further share our SJI story and build our network. Through these efforts, we're developing bench strength and equipping SJI with the strong leaders and talented contributors that will help us achieve our goals.

Also, in 2020, we welcomed 106 new employees to SJI and 10% of our employee population assumed new roles and responsibilities through a combination of filling open positions and in-line promotions. Through our early career talent development programs, we also welcomed 17 new employees. Our development programs include:

- **IGNITE** - our internship program for college students.
- **POWER** - our rotational leadership development program for early career talent.
- **Partnership with Atlantic County Institute of Technology** – our training program for high school seniors.

This was an unprecedented year for recruitment due to the pandemic and a decrease in the overall number of available positions in comparison to 2019. There were noted decreases in interviews, offers and starts, with the largest decreases noted with white females. In 2021, SJI will work to address this decrease through the building of brand awareness and connectivity in and with the external market by:

- Driving greater alignment and connectivity with our Employee Resource Groups (ERGs); we will be collaborating with and across our ERGs to drive our newly created referral program.



- Focusing on enhancing our community visibility and connectivity to further build our brand.
- Enhancing the steps within our candidate lifecycle in Workday to allow for a far greater level of data, trends and analysis that will help us address areas of opportunity to drive our strategy forward.
- Improving our Career Site to attract a larger pool of talent (will include more information around our D&I focus).
- Implementing a Candidate Relationship Management/Recruitment Marketing platform that will enable us to build and connect with broader talent communities.
- Enhancing the sourcing technology we use to provide opportunities to reach and review a broader network of talent.

In addition to talent acquisition, SJI is focused on training, professional development and performance management to help our employees advance themselves and their careers.

## Training

Through our corporate university, Empower U, aspiring and appointed management employees can develop critical leadership skills and hone industry knowledge. Training opportunities provide employees at every level the knowledge, skills and abilities they need to grow with the organization.

During 2020, employees benefitted from a wide range of training modules offered through Empower U. Trainings focused on relevant topics ranging from professional development, business skills, leadership development, safety and cybersecurity. Collectively, employees gained close to 6,000 hours of relevant training to support their professional development.

## Professional Development

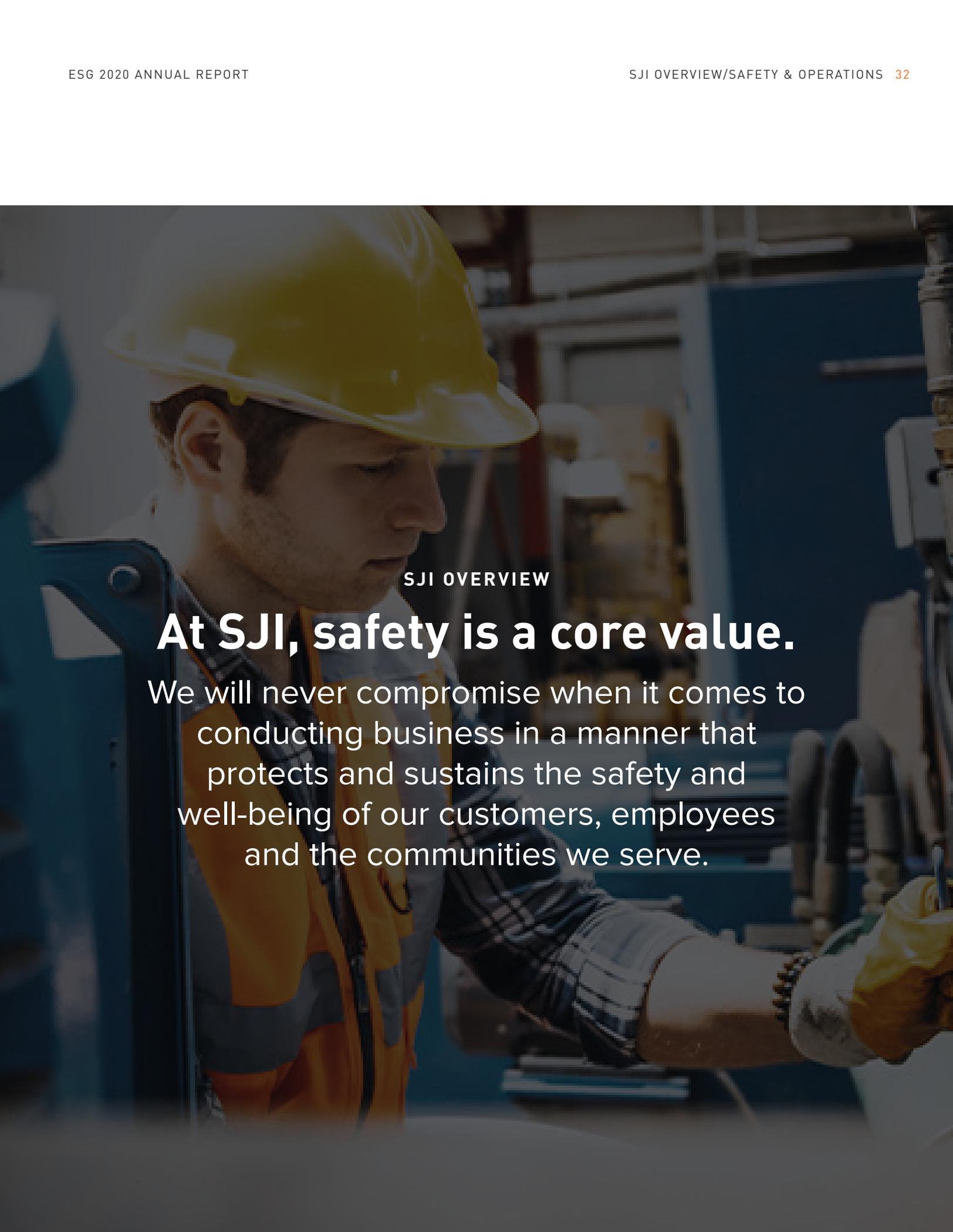
To maintain our commitment to develop and retain high-potential talent, SJI offers a Leadership Development Program for highly talented early- to mid-career leaders. The program was designed to develop the next level of leaders at SJI and create a ready-now talent pool to help replenish the anticipated attrition due to pending retirements over the next few years.

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.

## Employee Performance

SJI's Performance Management Process (PMP) ensures that employees are getting the regular feedback and development needed to build capabilities, improve performance and drive a high-performing culture. The overall success of this performance management process involves aligning employee's individual goals with the organization's goals to drive engagement and produce positive business results.

Looking ahead, we will continue to identify opportunities to help our employees learn, grow and get the most out of their careers with SJI.



SJI OVERVIEW

**At SJI, safety is a core value.**

We will never compromise when it comes to conducting business in a manner that protects and sustains the safety and well-being of our customers, employees and the communities we serve.

**SAFETY**

# Safety Policy Summary

Safety is a core value at SJI and an integral part of our corporate culture and Collective Ambition. Every day we work to ensure that our activities are safe and that they do not negatively affect the physical or mental well-being of our employees, contractors, and the communities we serve. We strive to Make Every Day A Safe Day.

SJI has developed a Safety Compliance Manual with developed and adopted safety policies and programs that, when implemented, ensure health and safety are maintained in the workplace. This safety manual, and the policies and programs contained, applies to all SJI facilities and operations.

At the center of our Make Every Day A Safe Day culture is SJI's Safety Management System (SMS). The SMS promotes pipeline integrity, safety, and environmental protection. All employees are expected to participate in the continuous improvement of the SMS by reporting safety concerns, sharing their ideas for improvements, communicating changes to the system following the incorporated changes into the management of change process (MOC) and being a champion for safety. Supervisors and Managers assess, evaluate, and apply established policies and programs vertically down through the organization to daily operations.

**They are responsible for:**

- communicating changes in policies and programs;
- reporting incidents and near misses;
- participating in incident investigations;
- reviewing the impact of change; and
- soliciting employee feedback for continuous improvement of the safety manual.

**Employees are responsible for:**

- following policies and programs as set forth in the manual;
- conducting hazard analyses;
- identifying and communicating risks to a Supervisor or Manager;
- participating in training; and
- reporting all defects, incidents and near misses.

Employees are strongly encouraged to engage in safety meetings and are supported by the organization in facilitating a culture of continuous improvement of the health and safety program. Top management is expected to lead by example and demonstrate a commitment to risk reduction and hazard elimination by implementing policies and programs, establishing goals, communicating the importance of safe behaviors, and holding employees accountable for adhering to SJI's safety manual. Any violation of the safety policy may result in disciplinary action, up to and potentially including termination. Corrective actions may include retraining on parts or all of the Safety Manual.

## At SJI, we make every day a safe day.



There is no greater responsibility than ensuring every employee gets home safe every day. During 2020 we continued to review our operations and construction activities, track and report on compliance items and deliver ongoing Health, Safety and Environment (HSE) training.

Our safety efforts and initiatives in 2020 contributed to results that had South Jersey Gas and Elizabethtown Gas achieve 1st Quartile performance among American Gas Association members. In addition, the performance led to recognition by the American Gas Association, which issued

both entities "Industry Leader Accident Prevention" safety awards. Combined, South Jersey Gas and Elizabethtown Gas had a DART rate of 0.68 compared to a rate of 1.31 average from other local distribution companies.

We are proud to highlight the following resources made available to employees:

### **Safety Talking Points**

Members of the Safety Department prepare and distribute communications for leaders to review with their teams. These strategic communications promote safety education, risk reduction, and continuous improvement. Each communication presents a focused topic that incorporates a high-level overview, steps to reduce the risk, and how it applies to the work environment. Topics are selected to meet compliance requirements, reviews

of internal and external incidents and near misses, along with general incident prevention.

### **Family Safety & Health**

This is a quarterly magazine featuring information focused on safety for on and off the job. Part of the safety culture improvement plan has been to focus on overall safety for employees while both at work and at home. This magazine is intended to strengthen our culture by reinforcing that safety is not just a benefit at work but for our families as well.

### **Monthly Safety News**

Our monthly employee newsletter, One SJI, includes a standing safety section to celebrate safety successes and milestones, remind employees about key safety learnings and strengthen our safety culture.

### **MySafeWorkplace®**

A confidential and anonymous communication resource for employees to voice workplace safety and conduct concerns.

### **IT Security Training**

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

### **Motor Vehicle Safety**

Company vehicles are equipped with tracking devices which provide telemetric data utilized to calculate driver safety

scorecards. A driver's safety score is developed using key data such as seat belt usage, speeding, harsh cornering, harsh braking, and harsh accelerating. This data is reviewed regularly and used to develop training and communication materials. In 2020, these efforts resulted in driver safety scores improving from 91.67% to 96.2%.

### **Safety Ergonomics Training**

Resources and a training program offered to all employees to help them learn and implement better workplace ergonomics and reduce the risk of injury.

### **Triage Medical Services**

Employees have access to a free, confidential support line after experiencing an ache, having pain, or having an incident on the job. This "fast-access" triage process provides early symptom intervention, includes virtual appointments as appropriate, and results in quicker, personalized response.

Our utilities take an aggressive, proactive approach to maintain safe operations. Our company officers make annual visits to all divisional offices to discuss safety performance and reinforce safety as an SJI core value. 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.

## PIPELINE OPERATIONS

# To ensure the integrity of our system, we regularly 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 any other anomalies. This gathered data is then used to assess the pipeline and determine the

need for any repairs. In some instances, pipeline inspections are performed more frequently than required by regulations, allowing us to respond to leaks at an earlier point in time.

### **Pipeline Safety Management System**

As part of its overall safety management system, SJI's Pipeline Safety Management System (PSMS), serves as a resource to improve pipeline safety, culture and performance.



Our utilities also use a third-party vendor to conduct leak surveys along our transmission system as follows:

- Highway and railroad crossings (quarterly)
- Transmission pipeline surveys (annually)

Additionally, for South Jersey Gas infrastructure, we utilize a combination of internal resources and a third-party vendor to conduct leak surveys on our distribution system as follows:

- Distribution mains (annually)
- Distribution services (every 3 calendar years)
- Business district services (annually)
- Exposed pipe survey (annually)

For Elizabethtown Gas infrastructure, we utilize a combination of internal resources and a third-party vendor to conduct leak surveys on our distribution system as follows:

- Distribution mains and services in business districts (annually)
- Unprotected steel and cast-iron distribution mains (annually)
- Remaining distribution mains and services (every 3 calendar years)
- Exposed pipe survey (annually)

All surveys for both utilities are conducted using natural gas sensing equipment on vehicular and walking surveys along the pipelines, distribution mains and distribution services. This equipment can identify the location and potential classification of a leak, should one be encountered. This data is then used to inform the prioritization of repairs.

We understand the importance of pipeline safety to the communities in which we operate, and that our community stakeholders are our partners in ensuring natural gas safety. Accordingly, we strive to educate our community stakeholders about natural gas 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 conduct subsurface work 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.

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



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 significant benefit to 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 are also making an impact on greenhouse gas emissions.

MAIN REMOVED / INSTALLED IN 2020, MILES	REMOVED	INSTALLED	TOTAL (INSTALLED - REMOVED)
SJG	94	182	88
ETG	53	93	40
<b>TOTALS</b>	<b>147</b>	<b>275</b>	<b>128</b>

**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.

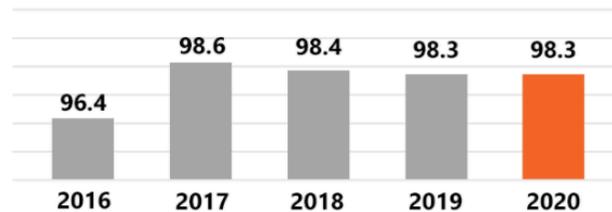
In 2020, our emergency preparedness department completed several comprehensive safety exercises. Employees addressed scenarios simulating various gas leak emergency situations, including an explosion from a gas leak, a vehicle striking a gas meter on a commercial property and a large coastal storm affecting the entire state of New Jersey. All of our comprehensive drills required coordination and cooperation between multiple departments, including operations, dispatch, safety, government affairs, communications and construction.

Simulation exercises help 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.

**SJG Leak Response Time**  
*Within 60 Minutes %*

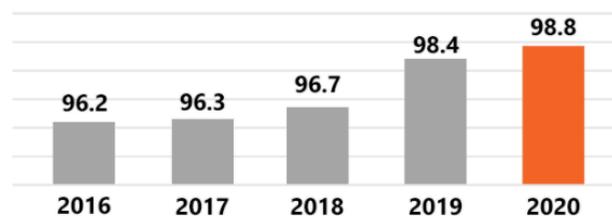


**SOUTH JERSEY GAS**

Received 11,907 potential gas leak calls

Responded on average within 29 minutes

**ETG Leak Response Time**  
*Within 60 Minutes %*



**ELIZABETHTOWN GAS**

Received 8,968 potential gas leak calls

Responded on average within 24.9 minutes



#### 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. 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.

**CYBERSECURITY**

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

Our cybersecurity efforts exemplify the way SJI conducts business in a manner that protects and sustains the safety and security of our customers and employees. We leverage relationships with government and industry peers in several cybersecurity programs to maintain situational awareness of threats and vulnerabilities on an ongoing basis. 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 that, 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 senior management responsible for assessing risks, including risks related to our cyber program. At each quarterly meeting of the Board of Directors, an overview of the cybersecurity program and related risks are discussed with the Board of Directors and Audit Committee.

THE ENVIRONMENT

# Sustainable Business Practices

At SJI, we are passionate about taking care of the environment.



# Environmental Policy Statement and Principles

SJI strives to be a leader in clean energy, energy efficiency, and carbon reduction. We believe protecting and sustaining the environment for future generations is a shared responsibility. As an energy company, we honor that responsibility by measuring our environmental impacts while making efforts to reduce or mitigate them. Most notably, we are committed to achieving carbon-neutrality by the year 2040.

## Environmental Principles

Our Environmental Principles explain the relationship between our daily operational activities and efforts to reduce our environmental impacts while maintaining compliance with all applicable environmental laws, regulations, and corporate policies. At SJI, we are committed to:

- Sustainable business practices and designing our facilities to ensure we help protect the planet while minimizing the environmental risks to customers, employees, and the communities where we operate.
- Providing sufficient resources to drive positive outcomes, including energy solutions to achieve our environmental obligations.
- Utilizing suppliers and contractors with the same high environmental standards.
- Reduction of climate change-driven risks and greenhouse gas emissions, through prudent, deliberate strategies to prevent pollution, minimize waste and mitigate adverse environmental impacts.
- Continuous improvement of our environmental performance through employment of an Environmental Management System (EMS) that includes procedures training and periodic assessments specifically designed to minimize waste and the use of hazardous materials, energy, and other natural resources.
- Furthering our environmental stewardship through the development of the next generation of environmentally friendly energy technologies while aligning with regulatory agencies to develop scientific, fact-based environmental policies and regulations that reduce greenhouse gas emissions.

## Environmental Key Focus Areas

The commitment to our environmental principles includes the following key strategies focused on meeting SJI's sustainability goals:

- **Climate-related Risks and Greenhouse Gas Emissions Reduction:** SJI continuously evaluates the potential for decarbonizing our utilities and invests in clean energy technology that reflects our commitment to sustainability.
  - We focus on initiatives that 1) reduce energy consumption and emissions, 2) accelerate deployment of renewable energy, 3) educate customers on maximizing energy efficiency, and 4) modernize operations through technological innovations.
  - We are committed to continually responding to the growing attention to greenhouse gas emissions, fossil fuel consumption and achieving carbon-neutrality by the year 2040.
  - SJI plans to reach these benchmarks through infrastructure enhancements, clean energy investments, and increased energy efficiency and conservation programs.
- **Environmental Protection:** It is our priority to protect the environment and minimize impacts on the community and landowners. SJI selects pipeline construction routes that avoid environmentally sensitive areas such as wetlands, wildlife habitats and their associated buffer zones. SJI also works with landowners and others in the community to choose routes with the fewest impacts to property.
- **Environmental Investigation, Remediation and Restoration:** SJI oversees several long-inactive manufactured gas plants and sites owned by past or present subsidiary companies. SJI is committed to meeting its legal obligations to ensure that these sites are properly investigated and remediated and meet all environmental standards and regulations. When remediation of these sites is complete, we aspire to improve the surrounding community and help enhance public safety by restoring any disturbed infrastructure, curbs, sidewalks, pavement, and landscaped areas. At sites where degraded or impacted wetland areas are part of the scope of remediation, our restoration efforts allow for a "better-than-existing" approach

to the restoration. Frequently, these sites upon full restoration, develop a more ecologically enhanced habitat than areas that were once degraded or consisted of a monoculture plant population.

- **Waste Minimization and Recycling:** SJI works to minimize its waste production through source reduction, effective purchasing, chemical substitution, good housekeeping, and recycling.
- **Water Disclosure:** Our goal at SJI is to maintain compliance with all environmental regulations and minimize any water impacts because of our operations. SJI reduces water use through low flow or waterless restroom facilities and filtered water stations that help reduce waste from discarded plastic water bottles.
- **Environmentally-friendly Workplace:** As SJI continues to grow and expand, we constantly look for ways to minimize our environmental footprint with recycling programs, following Leadership in Energy and Environmental Design (LEED) standards and processes, installing efficient HVAC equipment in newer and renovated offices, utilizing janitorial services that use green chemical products whenever possible, and using a cafeteria vendor that sources food products with a focus on reducing their carbon footprint.

# Energy Efficiency for Customers

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, including:

- 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 joining SJI. The program is designed to provide a transparent platform for 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, South Jersey Gas and Elizabethtown Gas 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 to reach our goal replacement rate of at least 5% per year.

## TRACKING AND REDUCING GREENHOUSE GAS EMISSIONS FROM OUR INFRASTRUCTURE

**As part of our efforts to reduce our environmental impact, we track the greenhouse gas emissions from our entire natural gas delivery system annually as required under applicable regulations.**

**(CONTINUED)**

Through the robust infrastructure replacement programs at South Jersey Gas and Elizabethtown Gas SJG and ETG, the combined total miles of main in our systems have increased by 16%, while CO<sub>2</sub>-equivalent emissions from these mains and associated services have been reduced by 63% since 2006 (NJ Energy Master Plan baseline year).

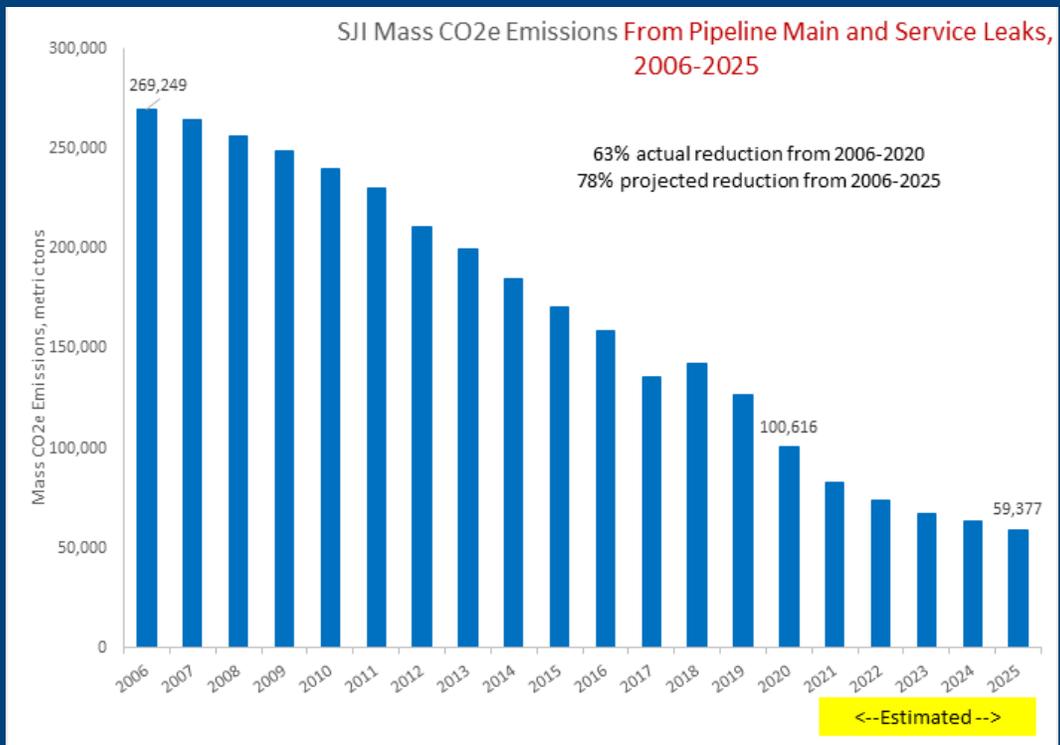
SJI's infrastructure replacement programs will continue to be instrumental in our corporate emissions reduction efforts by supporting a projected decrease in CO<sub>2</sub>-equivalent emissions from our mains and services of approximately 78% by 2025 compared to 2006 while increasing the total miles of main in our system by a projected 22%.

### **SJI Main Replacement and CO<sub>2</sub>e Reductions from 2006-2020 and Projections for 2025**

PARAMETER <sup>1</sup>	2006	2020	AMOUNT REDUCED	2006-2020 PERCENT REDUCED	2025 PROJECTED	PROJECT AMOUNT DIFFERENCE	2006-2025 PROJECTED PERCENT DIFFERENCE
SJI CO <sub>2</sub> equivalent Emissions, metric tons	269,249	100,616	168,633	63%	59,377	209,872	78%
SJI Unprotected Steel & Cast Iron Main, Miles	2,237	360	1,877	84%	57	2,180	97%
SJI Unprotected Steel & Cast Iron Services, Number	61,666	19,863	41,803	68%	613	61,053	99%
SJI Total Main, Miles	8,812	10,209	-	16%	10,724	-	22%
SJI Total Services, Number	532,869	581,503	-	-	595,370	-	-

**(CONTINUED)**

Note: Only emissions from pipeline main and service leaks 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, SJI miles of pipeline protected steel include transmission main and ETG miles of pipeline cast iron main includes ductile iron.



Additional Greenhouse Gas Emissions data is provided in the Sustainability Metrics section of this report developed using the American Gas Association/Edison Electric Institute 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 our Form 10-K.

## Emissions Reduced from Excess Flow Valve Installation

To further support SJI's emission reduction goals as of the end of 2020, SJI has 291,298 excess flow valves installed across our utilities, representing 50% 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 are equal to 160 Mcf per installation of 350 Excess Flow Valves. This equates to a methane emissions reduction of 133,165 Mcf for SJI.

## Emissions Reduced during Natural Gas Blowdown Events

Beginning in 2019, SJG and ETG implemented blowdown gas recovery initiatives by shortening line segments to be blown down using pressure control fittings and/or routing gas to a lower pressure system to reduce system pressure prior to maintenance. Using this approach, in 2020 SJI realized a 61% reduction in distribution and transmission pipeline blowdown events compared to what would have been released using older, less efficient methods.

2020 Emissions Reduced during Natural Gas Blowdown Events	SJI	SJG	ETG
Natural Gas Volume Released during Blowdown, cf	3,363,374	3,204,292	159,082
Natural Gas Volume Recovered, cf	5,353,654	5,136,440	217,214
CO2e Emissions Reduced, metric tons/yr	2,444	2,345	99
Percent CO2e Emissions Reduced, metric tons/yr	61%	62%	58%

#### CLEAN ENERGY INVESTMENTS

**SJI is a leader in clean energy, energy efficiency and carbon reduction initiatives, allowing us to expand on the progress we've made, while continuing to deliver on our mission to provide safe, reliable and affordable energy.**

Through 2020, we evaluated the potential for decarbonizing our utilities and invested in clean energy technology that reflects our commitment to sustainability. We are focused on initiatives that 1) reduce energy consumption and emissions, 2) accelerate deployment of renewable energy, 3) educate customers on maximizing energy efficiency, and 4) modernize operations through technological innovations.

South Jersey Gas continues its efforts to support the expansion of fueling station infrastructure to make the conversion to compressed natural gas possible for more businesses and vehicle fleets. Currently, South Jersey Gas supplies CNG at 13 refueling stations across southern New Jersey. Elizabethtown Gas also has a fueling station, located at its headquarters in Elizabeth, New Jersey, that is open to the public and fleet customers. Through 2020, SJI operated more than 200 CNG-fueled fleet vehicles.

South Jersey Gas and Elizabethtown Gas made significant progress in efforts intended to ultimately eliminate our consumption of natural gas at all company-owned and operated compressed natural gas (CNG)

stations. We are working to displace natural gas in all company-owned and operated CNG stations with renewable natural gas (RNG) – a clean, sustainable fuel made from renewable methane. Additionally, we continue to make investments in certified responsible natural gas, which is 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 throughout production.

In 2020, SJI took new strides toward a cleaner energy future by making investments and forming partnerships to develop several clean and renewable fuel technologies, including:

- Acquired two fuel cell projects totaling 7.5MW as part of a new joint venture called Catamaran Renewables, in partnership with renewable energy leader Captona.
- Acquired a minority interest in REV LNG, LLC, to begin developing renewable natural gas (RNG) projects.
- Entered a partnership with Atlantic Shores Offshore Wind to create a pilot program to study the feasibility of producing green hydrogen in conjunction with their proposed wind farm off the New Jersey coast.

SJI is also committed to helping customers consume less energy to reduce their carbon footprints through energy efficiency programs, which we plan to expand, as noted in the energy efficiency section of this report. Starting in summer 2021, SJG and ETG will greatly expand these programs by \$216 million over a three-year period. Fully subscribed, the programs could collectively save customers approximately \$329 million and prevent the release of more than 950,000 tons of CO<sub>2</sub> emissions.

[Learn more about SJI's clean energy and sustainability strategy and goals here.](#)

**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 design 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 the fewest impacts to property.

It is our goal to perform project work in compliance with all applicable federal, state and local laws, guidance documents and other applicable requirements, as well as the terms of any licenses, permits and authorizations of any governmental authority or public utility.

SJI restores all disturbed land to its original condition after construction is complete. During the 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 the restoration of an area, including final grading and installation of permanent erosion control structures and seeding grass in a timely fashion.

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 construction, surface restoration and the operation of the pipeline to minimize impacts on areas available for agriculture.

## 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 its recycling of asphalt, concrete, used oil, inefficient lighting lamps and blasts, contaminated soils, wood waste and more. In 2020, SJI recycled 588 tons of business-related pipeline construction and division/office location debris, which was 54% of total waste information available at the time of the report. At SJI, we manage necessary waste disposal responsibly and we schedule frequent disposal pick-ups with waste disposal contractors.

## 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 meeting its legal obligations to ensure that these sites are properly investigated and remediated and meet all environmental standards and regulations.

As a result, in 2020 SJI has worked to meet its responsibilities with respect to 18 sites that required investigation or remediation. When remediation of these sites is complete, we often have the opportunity to improve the surrounding community and help enhance public safety by restoring any disturbed infrastructure, curbs, sidewalks, pavement and landscaped areas. Additionally, at our remediation sites where degraded or impacted wetland areas are part of the scope of remediation, our restoration efforts allow for a “better-than-existing” approach to the restoration. We can leave behind a more ecologically diverse habitat in areas that were once degraded or monocultural with regard to the plant population.

# Building an Environmentally-Friendly Workplace

As SJI continues to grow and expand, we constantly look for opportunities to minimize our environmental footprint, including in our workplaces. In 2020, we made efforts at our facilities across New Jersey to reduce our environmental footprint with measures such as:

- All of our SJI facilities have implemented comprehensive recycling programs.
- Our South Jersey Gas Headquarters follows the rigorous Leadership in Energy and Environmental Design (LEED) standards and processes, including the implementation of 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 and filtered water stations that helped reduce the waste from discarded plastic water bottles.
- Our newly renovated Folsom office now includes motion sensor lighting controls (with high efficiency LED fixtures) and more efficient HVAC equipment.
- 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.

## Water Disclosure

SJI has already implemented water use reduction methods through low flow or waterless restroom facilities and filtered water stations that helped reduce the waste from discarded plastic water bottles. Based on SJI's current operations, water is not considered a material issue, which is the same for our utilities. Our goal at SJI is to maintain compliance with all environmental regulations and minimize any water impacts as a result of our operations.

**WE ARE EXCITED TO BE PART OF THE SOLUTION IN NEW JERSEY'S CLEAN ENERGY FUTURE.**

# Climate-related Risks and Greenhouse Gas Emission Reduction Opportunities

As a distributor of natural gas, a fossil fuel, policy changes to address climate change and reduce greenhouse gas emissions have the potential for impacting SJI's operations and financial performance.

The New Jersey Energy Master Plan (EMP) and other regional climate plans call for increased electrification of residential and commercial heating and other appliances, and SJI is working towards complying with these and other policy and regulatory changes intended to address climate change and reduce greenhouse gas emissions. Because natural gas is a fossil fuel with low carbon content, SJI's natural gas products may also have an important role to play in meeting demand for electricity production, and as a fuel source in homes and businesses as our customers work to meet future carbon constraints.

In 2020, SJI took a major step towards defining its pathway to responding to growing attention to greenhouse gas emissions and fossil fuel consumption and established a goal of achieving carbon-neutrality by the year 2040.

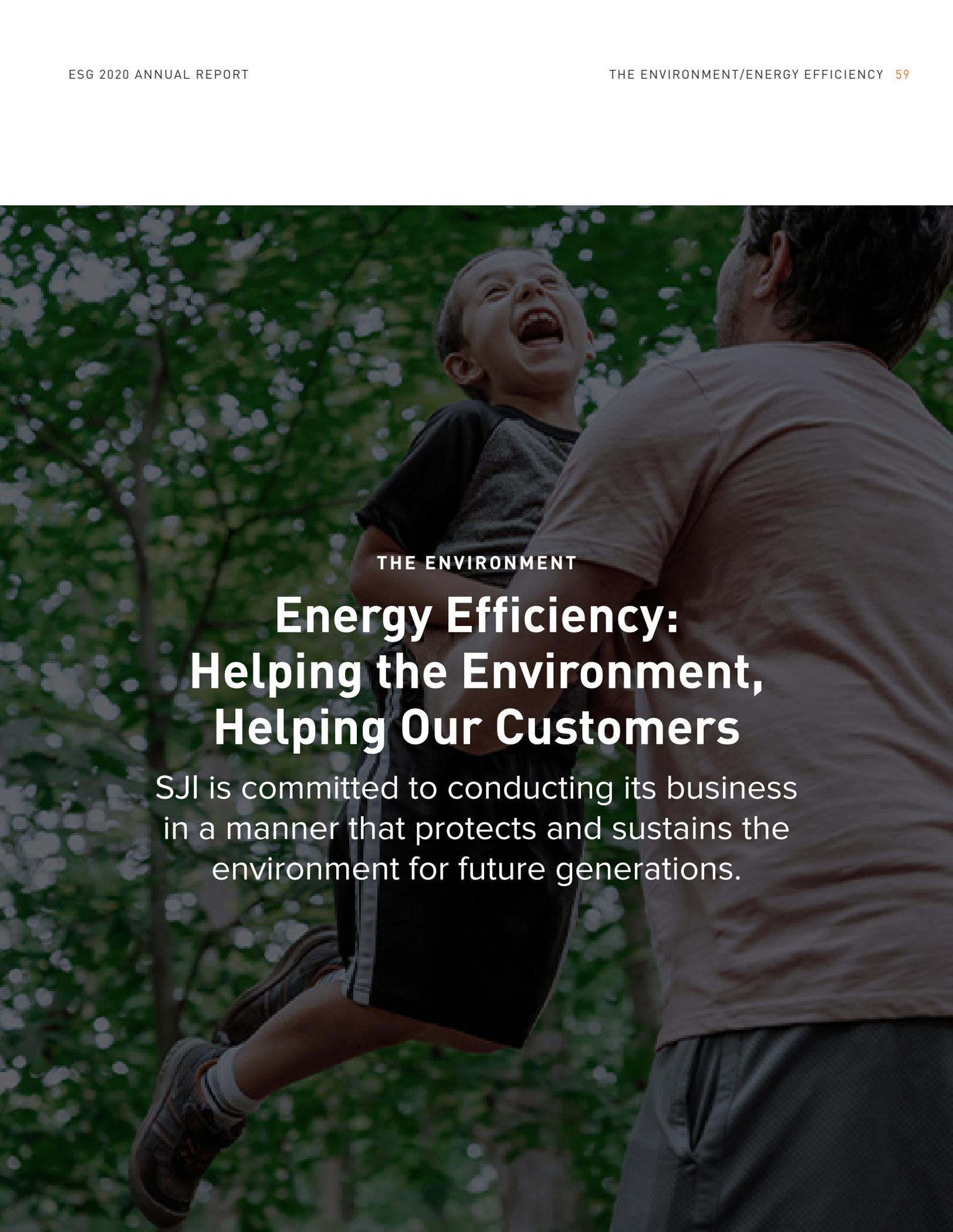
Through a series of environmental sustainability initiatives, SJI has developed a plan to eliminate its carbon footprint and significantly reduce the fossil fuel consumption of its 700,000+ utility customers. To achieve this goal, SJI has formed an internal Clean Energy and Sustainability team which consists of individuals across various business lines who have been tasked with creating and implementing strategies to accomplish SJI's 2040 target.

This plan, which was prepared for [announcement](#) in Spring 2021, sets forth benchmarks to:

- Achieve a 70% carbon reduction of operational emissions and consumption by the year 2030
- Achieve 100% carbon reduction by 2040
- Commit at least 25% of annual capital expenditures to sustainability projects.

SJI plans to reach these benchmarks through infrastructure enhancements, clean energy investments, and increased energy efficiency and conservation programs.

Under a proposed five-year program, South Jersey Gas seeks to invest approximately \$742.5 million to replace 825 miles of aging steel mains and install Excess Flow Valves (EFVs) on new service lines. Elizabethtown Gas is mid-way through a five-year plan, approved in 2019, to invest \$300 million in replacing aging steel mains and installing EFVs. These upgrades will reduce “fugitive” methane emissions, which are responsible for the largest portion of SJI’s operational emissions. Other enhancements, such as outfitting our facilities with solar panels and converting more service vehicles to low carbon-density fuels like compressed natural gas (CNG), which in some instances is provided by renewable natural gas (RNG), will reduce SJI’s overall carbon consumption. These capital investments, focused on environmental sustainability, will help SJI deliver cleaner fuels of the future.



THE ENVIRONMENT

# Energy Efficiency: Helping the Environment, Helping Our Customers

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

# Making Energy Efficiency Accessible To Customers

Our utilities are dedicated to involving and engaging customers in our efforts to protect the environment and sustain our natural resources. Since 2009, South Jersey Gas and Elizabethtown Gas, combined, have invested more than \$133 million in energy efficiency programs.

South Jersey Gas and Elizabethtown Gas have long prioritized energy efficiency programs to help customers reduce their energy consumption and costs. From 2009 through 2020, more than 79,500 residential and commercial 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, benefitting 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 101.1 billion cubic feet, enabling them to save \$920.2 million in energy costs and reduce CO2 output by 5.18 million metric tons in the process. For CIP fiscal year ending

September 2020, customers reduced usage by 11.1 billion cubic feet and saved \$11.7 million in energy costs and reduced CO2 output by 571,783 metric tons.

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 for low-to-moderate-income customers and home energy audits. From 2018 – 2020, South Jersey Gas invested \$54.9M in energy efficiency and continues to offer energy-saving 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.

Elizabethtown Gas offers a collection of energy efficiency programs including high efficiency equipment rebates, home energy assessments, home weatherization for income-qualified customers and a commercial steam trap program for municipalities, universities, hospitals and schools. Enhancements of Elizabethtown's efficiency programs are ongoing.

## Home Energy Reports

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.

## Income Qualified Programs

South Jersey Gas and Elizabethtown Gas partner with the New Jersey Board of Public Utilities to deliver the Comfort Partners Program, a free program that helps income-eligible customers reduce their utility bills through implementing cost-effective measures which save energy and money while improving their home's safety and comfort at no cost to them.

In 2020, South Jersey Gas spent \$1.8 million serving 300 customers through the Comfort Partners Program, while Elizabethtown Gas spent \$1.4 million serving 286 customers. In addition, South Jersey Gas and Elizabethtown Gas offered a moderate-income free weatherization program and spent over \$540,000 combined while serving 104 customers in 2020.

## Expanding Energy Efficiency

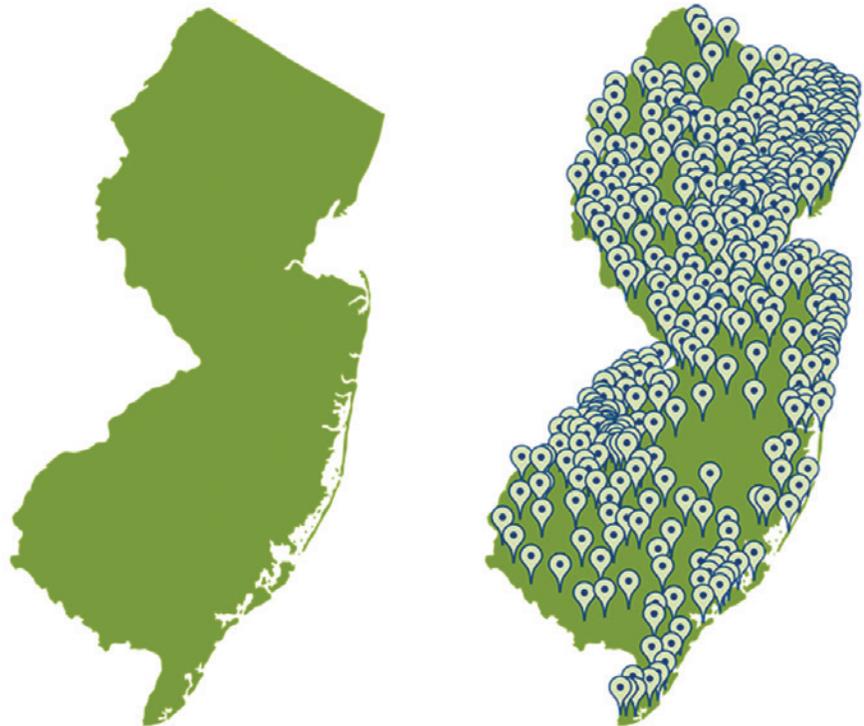
Looking ahead, we will remain committed to energy efficiency access and education, with a focus on benefitting our customers and the environment. To further solidify our commitment to the state's climate priorities, South Jersey Gas and Elizabethtown Gas submitted a new suite of energy efficiency investments to the New Jersey Board of Public Utilities in September 2020. In July of 2021 we will be expanding energy efficient programs for customers at both utilities with a total of \$216 Million dollars in investments.

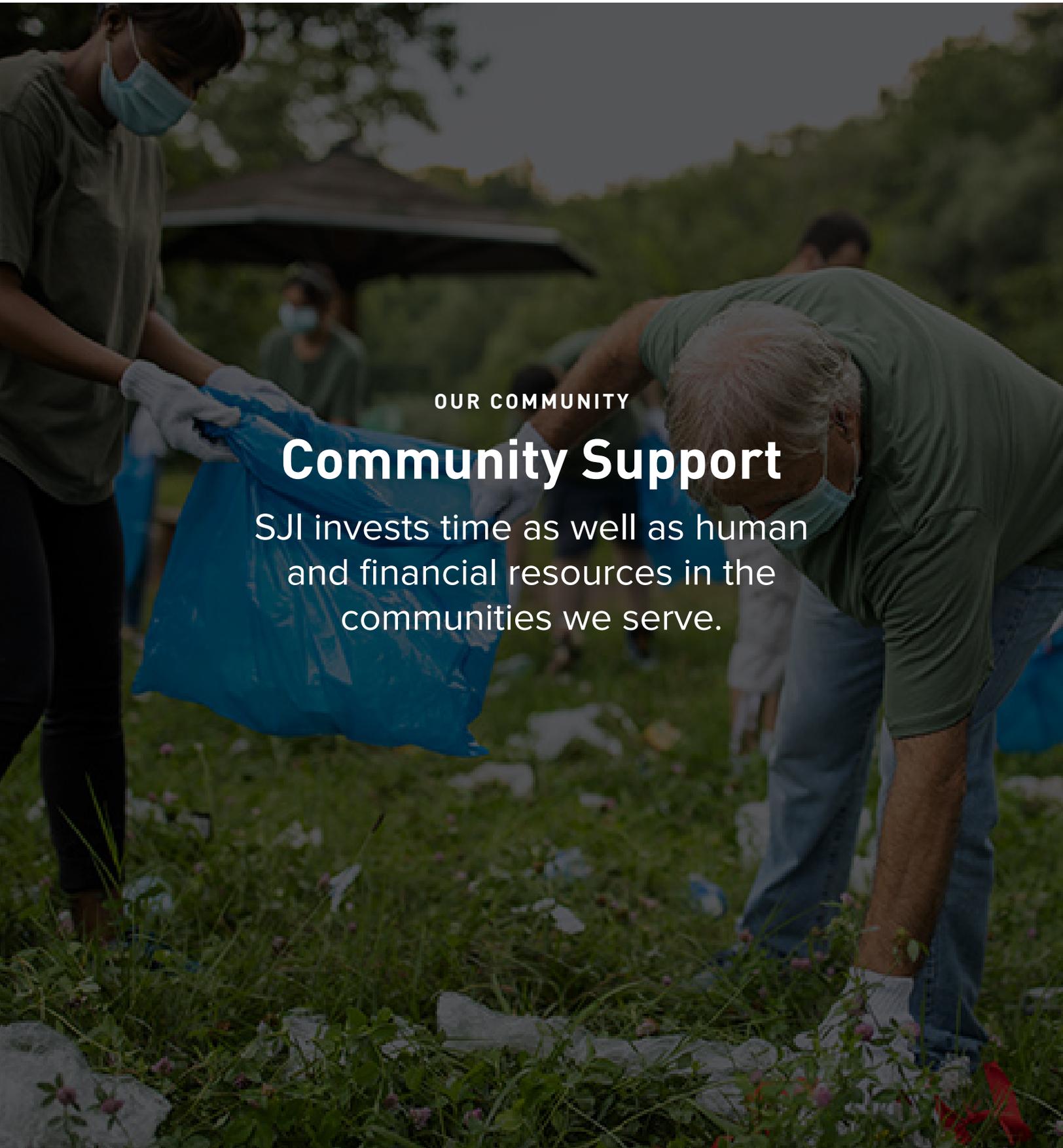
# Building Sustainable Communities

To support energy efficiency, community outreach and education, South Jersey Gas and Elizabethtown Gas partner with Sustainable Jersey. Sustainable Jersey works with communities and school districts to reduce waste, cut greenhouse gas emissions and improve environmental quality. Through 2020, South Jersey Gas and Elizabethtown Gas have provided Sustainable Jersey with over \$1 million to support its efforts in New Jersey.

South Jersey Gas is also a sponsor of the Alliance to Save Energy’s PowerSave Schools program which 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, 38 schools have participated in the program.

## Sustainable Jersey





OUR COMMUNITY

# Community Support

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

## COMMUNITY PARTNERSHIPS

**Our company prides itself on being a committed community partner, assisting local, regional and statewide organizations that deliver critical support to those in need, providing vital funding and contributing countless volunteer hours to programs that benefit the communities we serve.**

In 2020, our organization sought to enhance the positive impact we have in the community through the creation of an External Affairs Department that is led by our newly appointed Vice President of External Affairs. This newly formed external affairs team aligns all the organization's key external-facing functions, including stakeholder and community engagement, external communications and government affairs. Through this alignment of resources and personnel, we can drive a more cohesive strategy to identify and deliver actionable solutions to the challenges facing our communities.

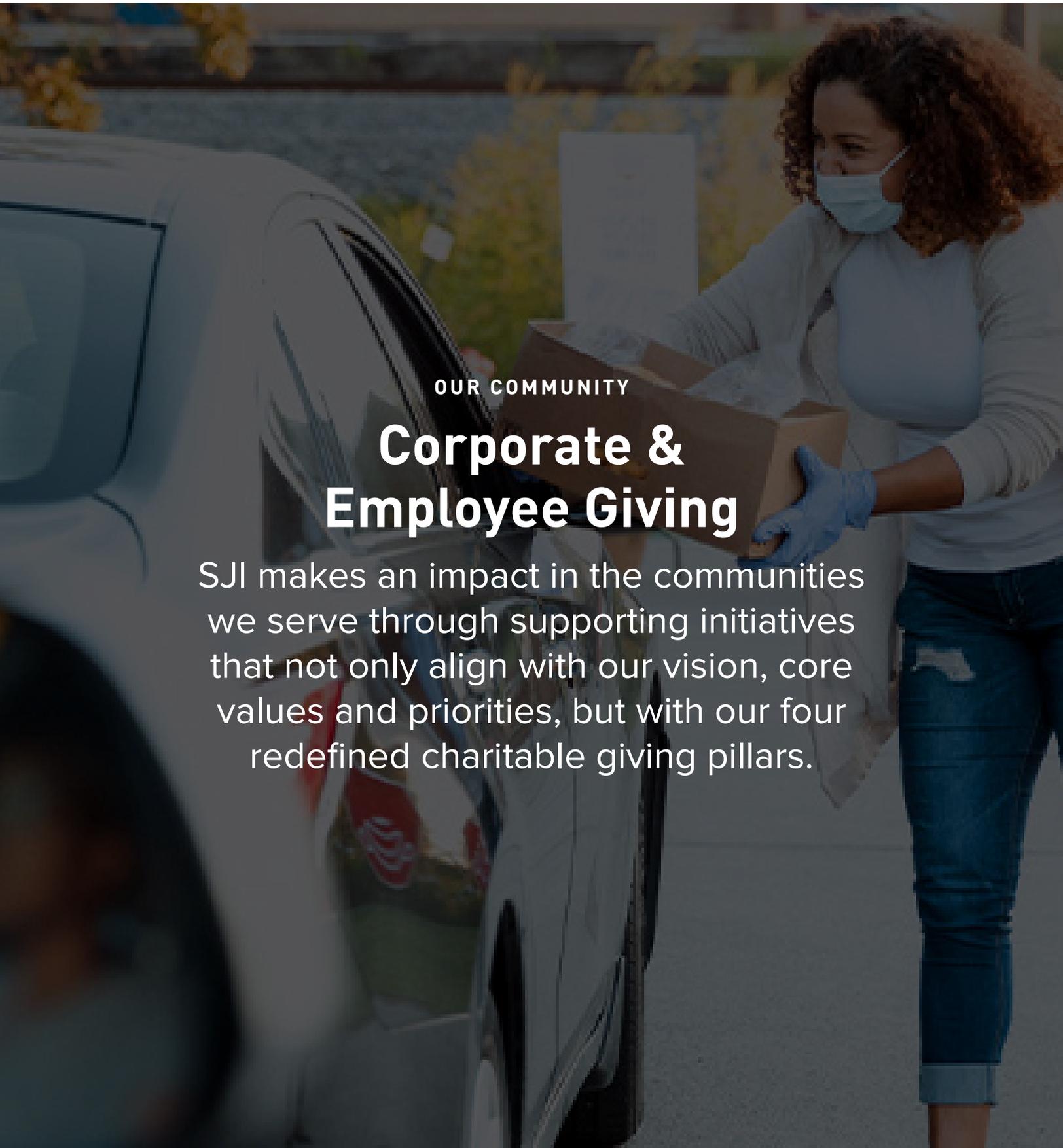
This enhanced focus on community engagement was needed more than ever in 2020 as the COVID-19 pandemic brought unprecedented economic contraction to our state and nation. Through it all, we have remained committed to helping our

customers maintain energy security by providing for the uninterrupted delivery of safe and reliable natural gas to our more than 700,000 customers and critical support to the communities we serve.

Most notably, SJI instituted extended deferred payment arrangements without interest or penalty for our customers, worked to align our customers with available energy assistance support programs that fit their needs and voluntarily commenced a moratorium on utility shut offs. The External Affairs team worked with our customer care professionals to enhance SJI's efforts to connect our customers with available assistance programs through education and pairing those in need with service providers and public assistance agencies. We utilized social media, news media, email newsletters, bill messages and inserts, as well as live and virtual events,

to deliver important messages to our customers and other stakeholders.

The team also provided necessary support to hundreds of municipal, county and state officials in New Jersey, keeping them informed about energy and utility issues facing their residents throughout the pandemic and maintaining an open line of communication. We not only educate and advocate for the priorities of our company, customers and industry, but we also provide a critical communications channel concerning our infrastructure enhancements and government-regulated projects. The government affairs professionals within our External Affairs team work to identify the best use of financial resources to support civic, health, economic development and charitable programs in the communities we serve.

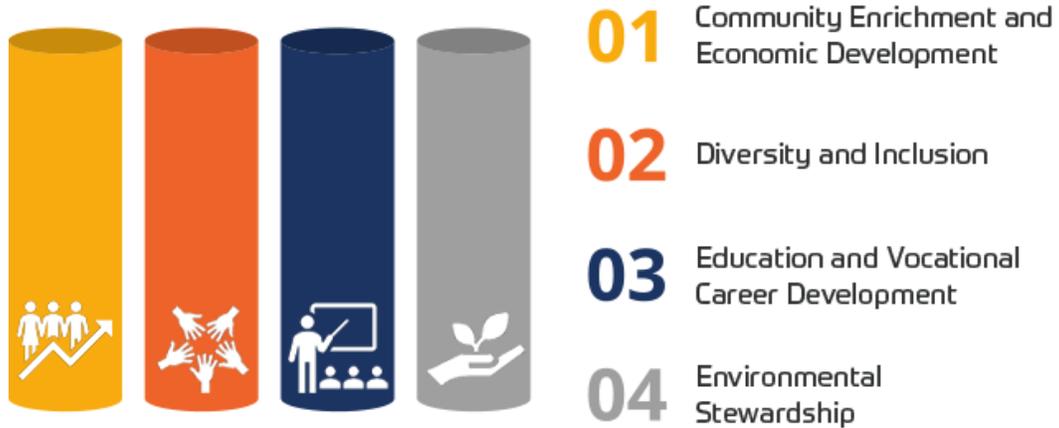


OUR COMMUNITY

## Corporate & Employee Giving

SJI makes an impact in the communities we serve through supporting initiatives that not only align with our vision, core values and priorities, but with our four redefined charitable giving pillars.

# Charitable Giving Pillars



# Corporate Giving

During an unprecedented year marked by the COVID-19 pandemic, challenges were thrust upon the communities we serve, making it more important than ever to step up as a corporate partner and offer a helping hand. Our investments during 2020 totaled nearly \$750,000 in financial support, over \$100,000 in employee giving and significant employee volunteer hours of service.

In recognition of the extraordinary needs facing our medical and first responder communities, SJI contributed \$50,000 to the New Jersey Pandemic Relief Fund, established by New Jersey First Lady Tammy Murphy. These funds went directly toward fighting the medical, social, and economic impacts of COVID-19 on New Jersey’s most vulnerable, supporting organizations that provide essential services and aiding those on the front line of the pandemic. Additionally, South Jersey Gas made a \$25,000 donation to the AtlantiCare Foundation and Elizabethtown Gas supported the Trinitas Health Foundation with a donation of the same value. Both organizations are centrally located within the respective communities our utilities serve.

To support operations and programming challenges during the pandemic, corporate donations were also made to the Boys and Girls Club of Atlantic City, the Boys and Girls Club of Union County, the Community Food Bank of NJ, Union County College Foundation and the Hispanic Association of Atlantic County.

SJI made a \$15,000 contribution to the Boys and Girls Clubs of Gloucester County for the renovations on their Paulsboro Clubhouse which allowed local children to return to the clubhouse for socially distanced after-school programming. The renovations included a new roof, security cameras, fencing and conversion from oil to safe, reliable, affordable natural gas heat – allowing the children to enjoy a safer, more comfortable environment for learning, career exploration and social development.

## Game On Grant Program

For the last nine years, the South Jersey Gas Game On Grant Program has provided critical financial aid to local, community-centered children's athletic programs, leagues, clubs, associations and recreational organizations. We're proud to partner with these organizations and support them in their missions to provide safe, fun activities for kids in our region.

While many of the organizations were not able to enjoy their sport's season due to COVID-19 restrictions, our donations were intended to be used for when activities resume. In 2020, the program awarded \$20,000 in grants toward the purchase of equipment, uniforms and field improvements in local communities. Since the program was founded in 2011, South Jersey Gas has provided \$175,000 in grants.



Magnolia Little League (Camden County) won a Game On Grant in 2020 but postponed their season until 2021. Players pose with the presentation check on their Opening Day.

# First Responders Grant Program

In its fifth year, the South Jersey Gas First Responders Grant Program supports the critical safety training and lifesaving efforts conducted by local fire, police and EMS first responders. This year, the program took on a new meaning to support those who kept us safe during the COVID-19 pandemic through their tireless work.

Nearly \$39,000 in grants were awarded in 2020, supporting purchases including combustible gas detectors, turn out gear, UV rapid sanitizers and portable water tanks for fires in rural areas. Since the program was founded in 2016, South Jersey Gas has provided more than \$130,000 in grants.



Deepwater Fire Department (Salem County) used their First Responders Grant toward the purchase of LED traffic control devices. These devices will alert motorists to stop when the fire department’s vehicles are leaving the station to respond to an emergency.

## A WORKFORCE THAT GIVES

# Employee Giving

The pandemic’s devastating effects also served as a call to action for SJI employees, who rose to the occasion by way of our annual Employee Giving Campaign. The 2020 campaign saw an employee participation increase of 40%, and total contributions increased by an impressive 70% over 2019, bringing in a total of over \$100,000 to support the Community Food Bank of New Jersey, the American Red Cross, the United Negro College Fund, Habitat for Humanity and the Plainfield Area Humane Society.

# Employee Volunteerism

While our volunteerism may have looked a bit different from Spring of 2020 until the end of the year, our hearts remained in the same place. Whether it was volunteer work that was socially distanced with personal protective equipment or virtual via a computer screen, our employees put in the hours to make a difference in lives across the State. These efforts include:

- To celebrate the life and legacy of Dr. Martin Luther King, Jr., over one hundred SJI employees and their families volunteered for projects to help the communities we serve. Projects included making sandwiches for the Atlantic City Rescue Mission, crafting cards for senior citizens in nursing homes, and sewing pillows for AtlantiCare.
- SJI employees met with eighth-grade students at an event hosted by Salem Community College and talked with them about future career opportunities in the energy industry.
- The American Heart Association of Southern NJ held its first virtual Heart Walk in 2020 and 81 SJI employees participated, raising nearly \$7,000 to support the heart health of those in our communities.
- Elizabethtown Gas and South Jersey Gas continued their support of several community social service organizations that benefit lower-income individuals and families in each of the utilities' service areas. Customer Outreach Program teams attended food drives and other events to reach those in need during the pandemic.





OUR COMMUNITY

# 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 2020 these efforts included:

- Disbursing more than \$96.4 million in base salaries to our more than 1,100 employees
- Paying in excess of \$78 million in federal and state taxes \*
- Investing more than \$750,000 in community support
- Spending \$486.5 million in capital expenditures
- Purchasing more than \$86 million of materials, services and equipment from minority, service-disabled veteran, women-owned businesses.

\*Tax information for 2020 reflects data from Federal Energy Regulatory Commission (FERC) filings, previous ESG reports did not.

**CAPITAL INVESTMENTS**

# The New Jersey Board of Public Utilities 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 ensure our customers receive the service they expect and deserve.

The Accelerated Infrastructure Replacement Program (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 2020, South Jersey Gas has replaced 804 miles of main and restored 40,700 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 2020, SHARP II resulted in the installation of approximately 9,100 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. From 2019 through 2020, Elizabethtown Gas replaced 89.9 miles of main and restored 10,055 services.

SJI is a partner in the proposed PennEast Pipeline, a more than \$1 billion 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 contribute to reducing air emissions and will benefit the local job market by bringing more than 12,150 projected direct and indirect jobs to New Jersey and Pennsylvania.

**JOB CREATION**

# SJI is focused on economic development in our region through the creation of jobs to support our growing business and strategic initiatives.

The SHARP II program, designed to enhance the South Jersey Gas system in coastal communities, will generate 413 jobs throughout its execution. In 2020, SJI created hundreds of jobs with infrastructure enhancement projects that included:

- Absecon Island Loop (SHARP II) - \$13.6 million project created 88 jobs
- Ocean City Loop (SHARP II) - \$6.7 million project created 44 jobs
- New Century Pump Station - \$36.1 million project created 235 jobs



## SUPPLIER DIVERSITY

**In 2020, SJI purchased approximately \$86 million in materials, services and equipment from minority, veteran, service-disabled veteran and woman-owned businesses.**

One of the cornerstones of SJI's continued success is linked to our ability to grow with our suppliers. We believe that building a more diverse supplier base will support our commitment to the growth and economic advancement of the communities in which we do business. SJI recognizes the importance of supplier diversity as part of the sourcing process in order to provide opportunities for diverse businesses to participate as partners in the acquisition of goods and services. We also recognize that sourcing products and services from previously under-utilized suppliers helps to sustain and progressively transform a company's supply chain, thus quantitatively reflecting the demographics of the community in which it operates by recording transactions with diverse suppliers.

### **Our Approach**

At SJI, the Supplier Diversity Program provides:

- Opportunities to diverse, small or underutilized businesses.
- Enhanced economic growth to these businesses in the communities in which SJI does business.
- A focus on diversity within the business community, as well as within SJI.

**(CONTINUED)**

SJI's sourcing process strives to ensure equal and fair participation of suppliers in a competitive procurement process. We will invite diverse suppliers to participate in sourcing events such as requests for quotation (RFQ), requests for proposal (RFP) and/or requests for information (RFI).

**Strengthening Supplier Relationships**

SJI's continued success depends on our ability to achieve business objectives. Our suppliers are integral to those objectives. SJI's Supplier Diversity Program looks to expand relationships with business owned by women, minorities, veterans, service-disabled veteran and LGBTQ that provide competitive prices and services. We believe that building a more diverse supplier base will help us to better serve our customers and remain competitive.

**Measuring Progress**

In 2020, SJI reached the following milestones:

- Procurement Services: Encouraged business units to explore opportunities to include and utilize all classifications of diverse suppliers to compete for business and from whom to obtain goods and services whenever possible.
- Department Managers: All business unit managers initiated and explored opportunities to obtain goods and services from diverse suppliers,

Also in 2020, SJI spent \$793 million on products in services, compared to \$806 million spent in 2019. Highlights from 2020 included the following spending statistics:

- Minority-Owned Business Enterprises: \$3.9 million \*
- Woman-Owned Business Enterprises: \$39.3 million
- Veteran-Owned Business Enterprises: \$44.3 million
- Disabled Veteran-Owned Business Enterprises: \$14.9 thousand
- LGBTQ-Owned Business Enterprises: increased efforts for inclusion in 2021 across the utilities.

\*Minority Owned includes Asian-Indian, Asian-Pacific, Black, Hispanic and Native American.

(CONTINUED)

## Two-Year Supplier Diversity Trend

Supplier Diversity and Small Business Results:	2019	2020
SJI	\$2.6	\$2.9
SJG	\$36.5	\$35.3
ETG	\$48.3	\$49.4

CATEGORY	SJI	SJG	ETG
Minority-Owned Business Enterprise (MBE)	\$ .8	\$ 1.4	\$ 1.6
Women-Owned Business Enterprise (WBE)	\$ 2.1	\$ 6.9	\$ 30.3
Veteran-Owned Business Enterprise (VBE)	\$ 0*	\$ 26.8	\$ 17.4
Disabled Veteran-Owned Business Enterprise (DVBE)	\$ 0*	\$ .1	\$ 0*
*No spend in these categories			

## 2021 Company Targets

SJI	SJG	ETG
2%	11%	27%
(1% or \$5.5 million increase from 2020)	(1% or \$4 million increase from 2020)	(2% or \$4.2 million increase from 2020)

## Non-Diverse Small Business

NA
*Initiating collection of SBE spend for capture and tracking in 2021.

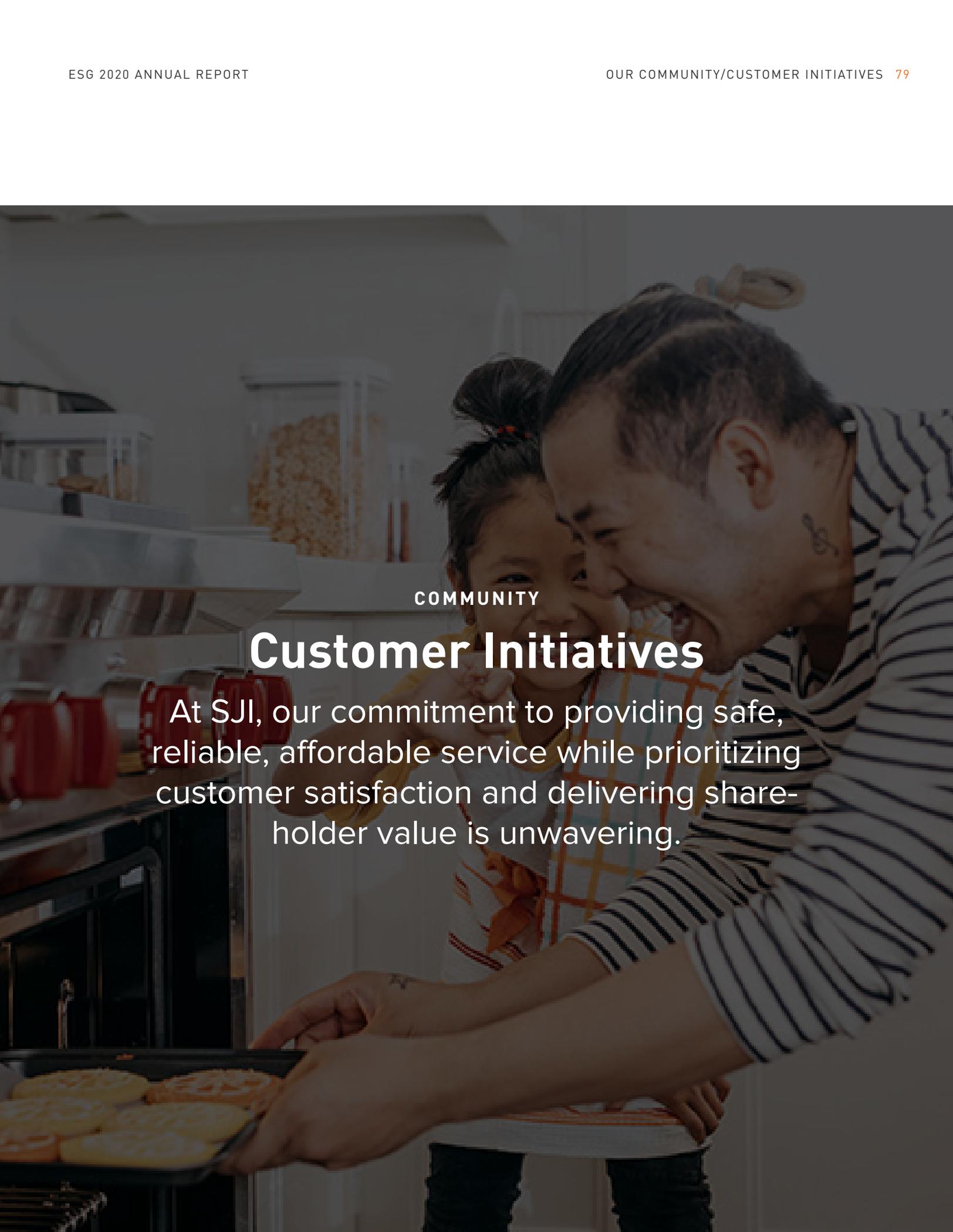
## 2020 Supplier Diversity Spend

SJI	SJG	ETG
\$2.9	\$35.3	\$49
(1% of total spend)	(10% of total spend)	(26% of total spend)

# Looking Ahead

In addition to the many benefits of our Supplier Diversity Program, we will continue to grow our program and practice outreach and support for small and diverse businesses in the Tri-State area with an emphasis on New Jersey-based businesses and the communities they serve. To do this, we plan to do the following:

- Support small and diverse businesses through continued awareness and focusing on opportunities for their business growth and inclusion into SJI.
- Engage in providing business opportunities to subcontractors with our prime suppliers.
- Provide executive and internal training initiatives to further function and process awareness for supplier diversity within the organization.
- Increase advocacy through active outreach and defining qualifications for diverse businesses by providing resources on navigating the procurement process.
- Participate in RFP's and onboarding and engagement with business units across the companies.
- Drive participation with Tier 2 supplier initiatives through regular engagement with category management and Primes.

A photograph of a man and a young girl in a kitchen. The man, wearing a striped shirt, is leaning over a counter, looking at a tray of cookies. The girl, wearing a white shirt with a yellow pattern, is smiling and looking at the cookies. The background shows kitchen shelves with various items.

COMMUNITY

## Customer Initiatives

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

## CUSTOMER EXPERIENCE

# SJI is ready to serve you when you need us.

At South Jersey Gas and Elizabethtown Gas, our customers are the reason we show up every day. Never has that commitment been more important than over the last year, when our ability to “show up” was inexorably tested by the pandemic, at a time when our customers needed us most. The resource investments made over the last several years in our customer experience – from technology and system implementations to training and employee engagement – paid invaluable dividends in 2020, as we were able to seamlessly adapt to remote work while still delivering exceptional service to our customers.

No matter the conditions, we show up for our customers. In 2020, through the following accomplishments, our teams demonstrated that we keep our promise:

- Elizabethtown Gas received the highest score in the East Midsize segment of the J.D. Power 2015-2020 Gas Utility Residential Customer Satisfaction Studies (tied in 2015) of customers’ satisfaction with their residential gas provider. For more information on this award, visit [here](#).
- In 2020, SJI’s outreach teams explored innovative ways to connect with customers due to the limited number of in-person events allowed. These teams implemented regular email blasts and outbound calls to inform customers of energy assistance and partnered with municipalities, local food banks and libraries to share vitally important information regarding energy assistance programs in creative ways, including through bag drops and bookmarks, in addition to detailed pamphlets.
- We’ve long cited employees as our greatest asset, both for our business and our customers. Employee outreach was prioritized not only for traditional customer service employees, but also for the field personnel. Our field teams were educated and armed with quick reference cards to provide much needed information about energy assistance programs when they encountered customers in need.
- Our employees provided outreach and education that helped our customers secure 224,626 Energy Assistance payments totaling \$15.8 million – ensuring customers could continue to rely on natural gas for their heating, hot water and cooking needs.

- Our customer service representatives worked hard to align our customers with assistance programs and payment plans that fit their needs. During 2020, 39% of our customers availed themselves of the opportunity to manage their accounts and pay their bills through convenient self-serve options available in My Account.
- During 2020, South Jersey Gas surveyed 14,435 customers to ensure their satisfaction after service interactions, achieving a valued customer rating of

- 81.3%, a 4.5% annual improvement.
- The implementation of a new email management system in 2020 cleared the way for faster response times to customers who increasingly rely on this communication channel for service.

As your trusted energy provider, we are committed to delivering safe, reliable and consistent service in a timely manner. We will continue to employ professional, well-trained and knowledgeable staff and treat you with courtesy and respect.

**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 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 4,422 net customers in 2020, representing a growth rate of 1.5%.

## South Jersey Gas

- Serves more than 400,000 families and businesses in 117 southern NJ communities.
- Added 7,802 net customers in 2020, representing a growth rate of 1.96%, as a moratorium on service disconnections amplified growth.





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

## 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 by 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, this year SJI established a Clean Energy and Sustainability team – responsible for strategy development, initiative execution and oversight of all energy efficiency, clean energy and environmental sustainability initiatives that will support our carbon reduction goals to achieve a 70% carbon reduction of operational emissions and consumption by the year 2030 and to achieve 100% carbon reduction by 2040 . The members of this team, a collaboration of individuals across various business

lines, enable us to 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, while facilitating our carbon emission reduction targets.

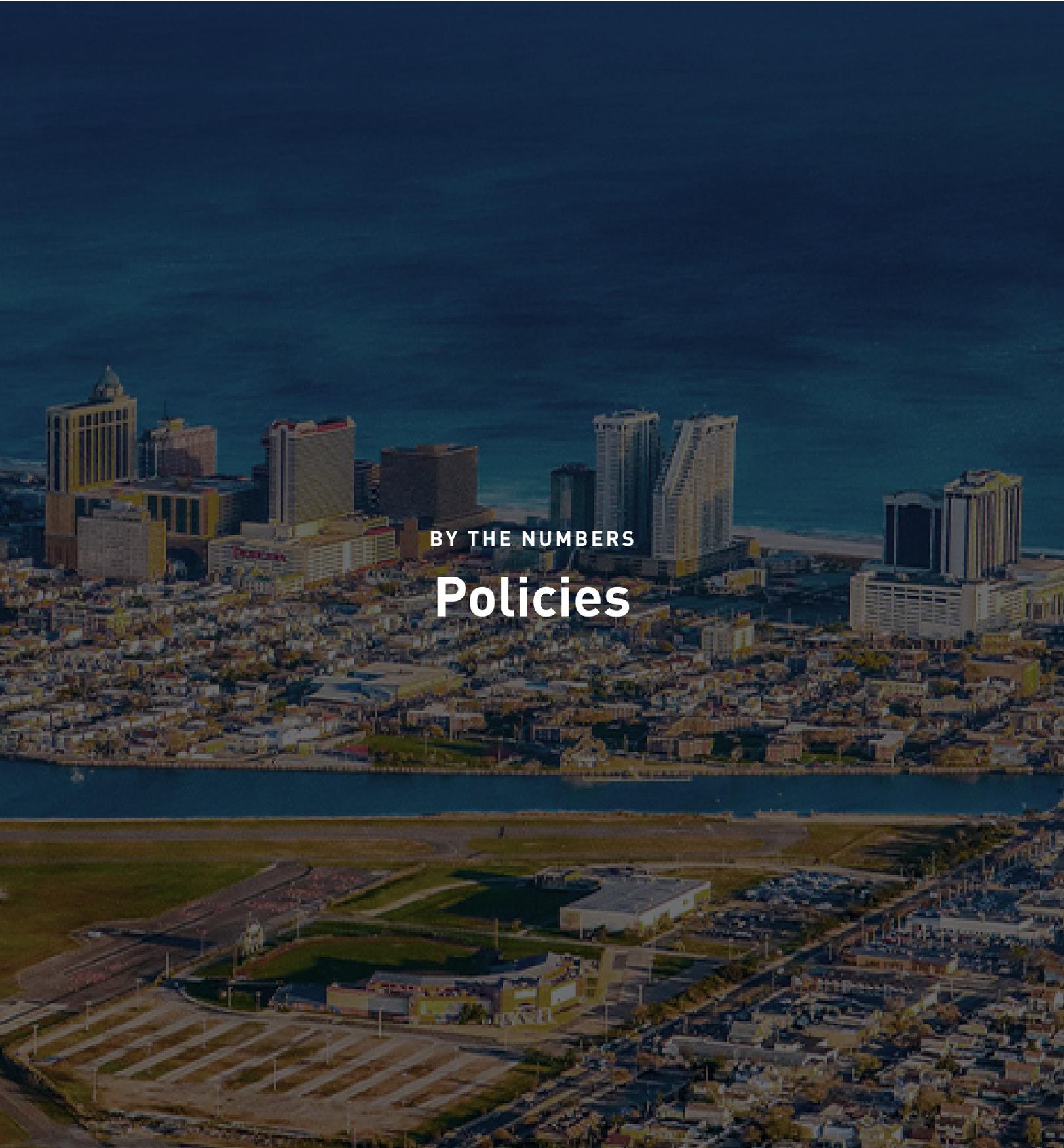
See Sustainable Business Practices Section of this report for further ESG/Sustainability Strategy information.

## The ESG Management Committee

The ESG Management Committee carries out several key functions, including:

- Monitors and responds to emerging ESG issues and makes recommendations to the Board where appropriate to improve SJI's ESG performance.
- Reviews and monitors the Company's environmental and sustainability policies, practices and performance to ensure compliance with the relevant legal and regulatory requirements.
- Implements, reviews and evaluates Company policies, procedures and practices relating to employment practices, including workforce diversity, employee work-life, Equal Employment Opportunity (EEO), talent acquisition, employee retention and compliance with employment-related laws, regulations and policies.
- Manages environmental and socially responsible business practices that align with the Company's values and long-term strategic goals.
- Assists the Company in monitoring and bringing to the attention of the Board of Directors, as appropriate, current and emerging political and social actions, public policy, environmental and social issues that may affect the business operations, financial performance or public image of the Company.
- Receives periodic reports regarding ESG (including climate) related risks and the corresponding procedures for monitoring, controlling and reporting these risks.
- Annually reviews Company's environmental, social and governance metrics to be included in the annual ESG Report.
- Reviews the ESG report before distribution to the ESG Committee of the Board.
- Evaluates and approves environmental, social and health and safety metrics that will be publicly disclosed to external stakeholders.

- Receives reports from members of Management on the Company's relationship with key stakeholders, their view on the company and any issues raised by them.
- Provides guidance on environmental impact and sustainability issues.
- Receives reports on ESG related investor engagement.



BY THE NUMBERS

# Policies

# Our Policies

Human Rights  
Policy<sup>1</sup>

Code of Ethics for  
Directors/Employees<sup>2</sup>

Code of Ethics for  
Financial Officers<sup>3</sup>

Supplier Code  
of Conduct<sup>4</sup>

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](https://www.sjindustries.com/sji/media/pdf/Supplier_Code_of_Conduct_-_Final_4-23-20.pdf)



BY THE NUMBERS

# 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 our Form 10-K.

## EEI-AGA ESG/Sustainability Metrics

The Edison Electric Institute/American Gas Association (EEI/AGA) ESG/Sustainability Template is a voluntary reporting template developed to assist gas and electric companies in providing the financial sector with comparable and consistent ESG data and information.

MEASUREMENT	2020	2019	2018	BASELINE 2011
<b>UTILITY SYSTEM EMISSIONS (IN METRIC TONS)</b>				
Direct CO <sub>2</sub> -Equivalent Emissions - Scope 1	101,792	127,761	142,234	232,741
Product-Supplied CO <sub>2</sub> -Equivalent Emissions - Scope 3 (partial)	4,553,554	4,956,154	5,064,650	5,199,791
CO <sub>2</sub>	1,788	1,887	1,991	3,112
Methane	4,000	5,035	5,610	9,185
Nitrous Oxide	0.0030	0.0030	0.0040	0.0050
<b>METHANE EMISSIONS AND MIGRATION FROM DISTRIBUTION MAINS</b>				
Number of Gas Distribution Customers	706,499	694,281	684,764	-
Distribution Mains in Service	10,209	10,081	9,943	9,277
Plastic (miles)	7,135	6,860	6,484	4,464

**(TOTALS CONTINUED)**

<b>MEASUREMENT</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>BASELINE 2011</b>
Cathodically Protected Steel - Bare & Coated (miles)	2,714	2,774	2,865	2,956
Unprotected Steel - Bare & Coated (miles)	51	89	151	957
Cast Iron/Wrought Iron - without upgrades (miles)	292	338	418	870
Ductile Iron (miles)	17	20	24	31
Copper	0.5	0.4	0.5	0.5
<b>PLAN/COMMITMENT TO REPLACE/UPGRADE REMAINING MILES OF DISTRIBUTION MAINS (# YEARS TO COMPLETE)</b>				
Unprotected Steel - Bare & Coated	2 SJG; 5 ETG	3 SJG; 6 ETG	4	-
Cast Iron/Wrought Iron	2 SJG; 5 ETG	3 SJG; 6 ETG	4	-
<b>DISTRIBUTION CO2E FUGITIVE EMISSIONS</b>				
CO2e Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	100,003	125,872	140,242	229,626
CO2e Fugitive Methane Emissions from Infrastructure (Pipeline Main & Services), includes ductile iron for ETG	100,615	127,058	142,011	230,215
Percent Reduction from 2006 to each year	63%	53%	47%	14%

**(TOTALS CONTINUED)**

<b>MEASUREMENT</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>BASELINE 2011</b>
CH4 Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	4,000	5,035	5,610	9,185
CH4 Fugitive Methane Emissions from Gas Distribution Operations (MMSCF/year)	208	262	292	478
Annual Natural Gas Throughput from Gas Distribution Operations in thousands of standard cubic feet (Mscf/year)	94,209,006	102,812,976	105,001,394	96,299,261
Annual Methane Gas Throughput from Gas Distribution Operations in millions of standard cubic feet (MMscf/year)	89,499	97,672	99,751	91,484
Fugitive Methane Emissions Rate (Percent MMscf of Methane Emissions per MMscf of Methane Throughput) %	0.23%	0.27%	0.29%	0.52%
<b>BLOWDOWN EMISSIONS REDUCTION INITIATIVE</b>				
Natural Gas Volume Released during Blowdown, cf	3,363,374	779,310	2,063,349	-
Natural Gas Volume Saved, cf	5,353,654	1,402,476	97,899	-

**(TOTALS CONTINUED)**

<b>MEASUREMENT</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>BASELINE 2011</b>
CO2e Emissions Reduced, metric tons/yr	2,444	640	45	-
Percent CO2e Emissions Reduced, metric tons/yr	61%	64%	5%	-
<b>EXCESS FLOW VALVE INSTALLATION PROGRAM**</b>				
Excess Flow Valves (EFVs)	291,298	236,597	206,927	-
Total Number of Services	581,503	551,886	544,220	-
% EFVs to total Services	50%	43%	38%	-
EFVs Methane Emissions Reduction, Mcf	133,165	108,159	94,595	-
** EFVs Methane Emissions Reduction calculation based on the EPA's Natural Gas Star Program Partner Reported Opportunities for Reducing Methane Emissions, the estimated annual methane emission reductions is equal to 160 Mcf per installation of 350 Excess Flow Valves.				
Tons of Municipal Waste, Landfilled***	504	356	412	-
Tons of Municipal Waste, Recycled***	588	798	614	-
% Recycled***	54%	69%	60%	-
*** Waste data is from all division locations based on information available at the time of the report				
<b>WATER DISCLOSURE (OFFICE, DIVISION SITES, LNG FACILITIES) ****</b>				
Total Water Used/Consumed, gallons	3,585,916	8,287,820	12,011,120	-
City Water Usage, gallons	3,083,567	5,178,200	6,363,200	-
Water Withdrawn from Well, gallons	502,348	3,109,620	5,647,920	-
**** 2020 water usage decreased due to reduced occupancy during Covid				

# South Jersey Gas

MEASUREMENT	2020	2019	2018	BASELINE 2011
<b>UTILITY SYSTEM EMISSIONS (IN METRIC TONS)</b>				
Direct CO2-Equivalent Emissions - Scope 1	49,215	69,899	74,436	135,230
Product-Supplied CO2-Equivalent Emissions - Scope 3 (partial)	2,291,928	2,491,760	2,575,648	2,591,032
CO2	1,259	1,388	1,502	2,067
Methane	1,918	2,740	2,917	5,326
Nitrous Oxide	0.0020	0.0020	0.0030	0.0040
<b>METHANE EMISSIONS AND MIGRATION FROM DISTRIBUTION MAINS</b>				
Number of Gas Distribution Customers	404,886	397,090	391,092	-
Distribution Mains in Service	6,918	6,830	6,697	6,144
Plastic (miles)	5,169	4,987	4,706	3,030
Cathodically Protected Steel - Bare & Coated (miles)	1,709	1,760	1,845	1,923
Unprotected Steel - Bare & Coated (miles)	40	83	145	955
Cast Iron/Wrought Iron - without upgrades (miles)	0	0	1	236
Ductile Iron (miles)	0	0	0	0
Copper	0	0	0	0

**(SOUTH JERSEY GAS CONTINUED)**

<b>MEASUREMENT</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>BASELINE 2011</b>
<b>PLAN/COMMITMENT TO REPLACE/UPGRADE REMAINING MILES OF DISTRIBUTION MAINS (# YEARS TO COMPLETE)</b>				
Unprotected Steel - Bare & Coated	2	3	4	-
Cast Iron/Wrought Iron	2	3	4	-
<b>DISTRIBUTION CO2E FUGITIVE EMISSIONS</b>				
CO2e Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	47,955	68,509	72,933	133,161
CO2e Fugitive Methane Emissions from Infrastructure (Pipeline Main & Services), includes ductile iron for ETG	47,041	67,582	72,023	131,137
Percent Reduction from 2006 to each year	69%	55%	52%	13%
CH4 Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	1,918	2,740	2,917	5,326
CH4 Fugitive Methane Emissions from Gas Distribution Operations (MMSCF/year)	100	143	152	277
Annual Natural Gas Throughput from Gas Distribution Operations in thousands of standard cubic feet (Mscf/year)	49,364,522	54,496,700	55,690,815	45,164,947

**(SOUTH JERSEY GAS CONTINUED)**

<b>MEASUREMENT</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>BASELINE 2011</b>
Annual Methane Gas Throughput from Gas Distribution Operations in millions of standard cubic feet (MMscf/year)	46,896	51,772	52,906	42,907
Fugitive Methane Emissions Rate (Percent MMscf of Methane Emissions per MMscf of Methane Throughput) %	0.21%	0.28%	0.29%	0.65%
<b>BLOWDOWN EMISSIONS REDUCTION INITIATIVE</b>				
Natural Gas Volume Released during Blowdown, cf	3,204,292	672,767	1,969,844	-
Natural Gas Volume Saved, cf	5,136,440	1,348,181	97,018	-
CO <sub>2</sub> e Emissions Reduced, metric tons/yr	2,345	615	44	-
Percent CO <sub>2</sub> e Emissions Reduced, metric tons/yr	62%	67%	5%	-
<b>EXCESS FLOW VALVE INSTALLATION PROGRAM **</b>				
Excess Flow Valves (EFVs)	187,375	144,299	125,762	-
Total Number of Services	350,734	322,000	315,475	-
% EFVs to total Services	53%	45%	40%	-
EFVs Methane Emissions Reduction, Mcf	85,657	65,965	57,491	-

\*\* EFVs Methane Emissions Reduction calculation based on the EPA's Natural Gas Star Program Partner Reported Opportunities for Reducing Methane Emissions, the estimated annual methane emission reductions is equal to 160 Mcf per installation of 350 Excess Flow Valves.

# Elizabethtown Gas

MEASUREMENT	2020	2019	2018	BASELINE 2011
<b>UTILITY SYSTEM EMISSIONS (IN METRIC TONS)</b>				
Direct CO <sub>2</sub> -Equivalent Emissions - Scope 1	52,577	57,862	67,798	97,511
Product-Supplied CO <sub>2</sub> -Equivalent Emissions - Scope 3 (partial)	2,261,626	2,464,394	2,489,002	2,608,759
CO <sub>2</sub>	529	499	489	1,046
Methane	2,082	2,295	2,692	3,859
Nitrous Oxide	0.0010	0.0010	0.0010	0.0010
<b>METHANE EMISSIONS AND MIGRATION FROM DISTRIBUTION MAINS</b>				
Number of Gas Distribution Customers	301,613	297,191	293,672	-
Distribution Mains in Service	3,291	3,251	3,246	3,133
Plastic (miles)	1,966	1,873	1,778	1,434
Cathodically Protected Steel - Bare & Coated (miles)	1,005	1,014	1,020	1,033
Unprotected Steel - Bare & Coated (miles)	10	6	6	2
Cast Iron/Wrought Iron - without upgrades (miles)	292	338	417	634
Ductile Iron (miles)	17	20	24	31
Copper	0.5	0.4	0.5	0.5

**(ELIZABETHTOWN GAS CONTINUED)**

MEASUREMENT	2020	2019	2018	BASELINE 2011
<b>PLAN/COMMITMENT TO REPLACE/UPGRADE REMAINING MILES OF DISTRIBUTION MAINS (# YEARS TO COMPLETE)</b>				
Unprotected Steel - Bare & Coated	5	6	-	-
Cast Iron/Wrought Iron	5	6	-	-
<b>DISTRIBUTION CO2E FUGITIVE EMISSIONS</b>				
CO2e Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	52,048	57,363	67,309	96,464
CO2e Fugitive Methane Emissions from Infrastructure (Pipeline Main & Services), includes ductile iron for ETG	53,574	59,476	69,988	99,078
Percent Reduction from 2006 to each year	55%	50%	41%	17%
CH4 Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	2,082	2,295	2,692	3,859
CH4 Fugitive Methane Emissions from Gas Distribution Operations (MMSCF/year)	108	120	140	201
Annual Natural Gas Throughput from Gas Distribution Operations in thousands of standard cubic feet (Mscf/year)	44,844,484	48,316,276	49,310,579	51,134,314

**(ELIZABETHTOWN GAS CONTINUED)**

<b>MEASUREMENT</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>BASELINE 2011</b>
Annual Methane Gas Throughput from Gas Distribution Operations in millions of standard cubic feet (MMscf/year)	42,602	45,900	46,845	48,578
Fugitive Methane Emissions Rate (Percent MMscf of Methane Emissions per MMscf of Methane Throughput) %	0.25%	0.26%	0.30%	0.41%
<b>BLOWDOWN EMISSIONS REDUCTION INITIATIVE</b>				
Natural Gas Volume Released during Blowdown, cf	159,082	106,542	93,505	-
Natural Gas Volume Saved, cf	217,214	54,295	881	-
CO <sub>2</sub> e Emissions Reduced, metric tons/yr	99	25	0.40	-
Percent CO <sub>2</sub> e Emissions Reduced, metric tons/yr	58%	34%	1%	-
<b>EXCESS FLOW VALVE INSTALLATION PROGRAM**</b>				
Excess Flow Valves (EFVs)	103,923	92,298	81,165	-
Total Number of Services	230,769	229,886	228,745	-
% EFVs to total Services	45%	40%	35%	-
EFVs Methane Emissions Reduction, Mcf	47,508	42,193	37,104	-
** EFVs Methane Emissions Reduction calculation based on the EPA's Natural Gas Star Program Partner Reported Opportunities for Reducing Methane Emissions, the estimated annual methane emission reductions is equal to 160 Mcf per installation of 350 Excess Flow Valves.				

**(ELIZABETHTOWN GAS CONTINUED)**

MEASUREMENT	2020	2019	2018	BASELINE 2011
Tons of Municipal Waste, Landfilled***	149	119	137	-
Tons of Municipal Waste, Recycled***	88	81	86	-
% Recycled***	37%	40%	39%	-
*** Waste data is from all division locations based on information available at the time of the report				
<b>WATER DISCLOSURE (OFFICE, DIVISION SITES, LNG FACILITIES)</b>				
Total Water Used/Consumed, gallons	673,273	1,067,500	1,333,500	-
City Water Usage, gallons	504,592	853,650	1,119,650	-
Water Withdrawn from Well, gallons	168,682	213,850	213,850	-
**** 2020 water usage decreased due to reduced occupancy during Covid				

## Social

MEASUREMENT	2020	2019	2018	BASELINE 2011
<b>TOTAL EMPLOYEES**</b>	<b>1,128</b>	<b>1,117</b>	<b>1,110</b>	
Corporate	20%	18%	14%	
Utility Company	77%	79%	82%	
Non-Utility Company	3%	3%	4%	

**(SOCIAL CONTINUED)**

<b>MEASUREMENT</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>BASELINE 2011</b>
% of Employees Represented by Unions**	41%	44.3%	45.0%	
Employee Turnover Rate**	8%	6.7%	6.9%	
Retirements	4%	6%	3%	
<b>EMPLOYEE POPULATION ETHNICITY REPRESENTATION**</b>				
Male	62%	61%	63%	
Female	38%	39%	37%	
White	71%	72%	74%	
Minority (including women)	51%	51%	49%	
Non White	29%	28%	26%	
Breakdown of Non-White Employees				
American Indian	1%	1%	1%	
Asian	10.7%	9%	10%	
Black	40%	42.5%	47.5%	
Hispanic	43%	42.5%	37.5%	
Two or More Races	4%	5%	4%	
Native Hawaiian or Other Pacific Islander	0.3%	N/A	N/A	
Median Employee Age**	44	45	47	
<b>EMPLOYEE POPULATION GENERATIONAL REPRESENTATION**</b>				
Traditionalists (Over 75)	0%	0%	0.1%	
Baby Boomers (56-74)	24%	31%	37.3%	

**(SOCIAL CONTINUED)**

MEASUREMENT	2020	2019	2018	BASELINE 2011
Generation X (40-55)	35%	34%		32.6%
Millenials/Generation Y (25-39)	37%	34%		29.5%
I Gen/Generation Z (24 and younger)	4%	1%		0.5%
<b>NEW HIRE REPRESENTATION</b>				
New Hire Males	70%	51%		52%
New Hire Women	30%	49%		48%
New Hire Minorities (including Women)	52%	75%		75%
New Hire Non White	38%	40%		40%
Median Employee Tenure**	5	6		7
Leadership Roles Held by Women	38%	39%		39%
Entry Level Engineer Positions Held by Women and Minorities****	62%	55%		69%
Internship Program Participants	7	14		23
Employee Engagement Survey Response Rate	N/A	82%		N/A
Employee Engagement Survey Engagement Rate	N/A	88%		N/A
Employee Participation in Corporate Training/Development Programs (in hours)	5945	4,877		5,714

\*\*Intern Population included

\*\*\*Senior Engineer Positions: Engineer V and Above

\*\*\*\*Entry Level Engineer Positions: Coordinator, Associate, Intermediate, Level

## Safety

MEASUREMENT	2020	2019	2018	BASELINE 2011
OSHA Recordable Rate	1.13	1.97	2.31	2.31
DART Rate	0.68	1.23	1.27	1.27
Preventable Auto Rate	1.34	2.8*	2.84*	2.84*
SJI Fatality Rate	0.00	0.00	0.00	0.00

\* Numbers are for SJG only as miles were not tracked for ETG until 2020.

## Governance

MEASUREMENT	2020	2019	2018	BASELINE 2011
Members of the Board of Directors	10	11	10	10
Female Members of the Board of Directors	3	3	3	3
Ethnic Diversity of Board				
African American	1	1	1	1
Asian	1	1	1	1
International	1	1	1	1
Other	7	8	7	7

## SASB Gas Utility Standards

The SASB standards are intended to provide industry-specific financially material sustainability information that will provide investors with consistent decision-useful information.

SASB CODE	ACCOUNTING METRIC	SJG 2020	ETG 2020
<b>ENERGY AFFORDABILITY</b>			
IF-GU-240a.1	Average gas retail rate for residential customers (USD per MMBtu)	\$14.40	\$10.48
	Average gas retail rate for commercial customers (USD per MMBtu)	\$12.28	\$10.53
	Average gas retail rate for industrial customers (USD per MMBtu)	\$5.31	\$6.33
	Average gas retail rate for transportation services only (USD per MMBtu)	\$3.65	\$2.46
IF-GU-240a.2	Typical monthly gas bill for residential customers for (1) 50MMBtu of gas delivered per year	\$66.12	\$50.38
	Typical monthly gas bill for residential customers for (2) 100 MMBtu of gas delivered per year	\$122.02	\$90.67

**(SASB GAS UTILITY STANDARDS CONTINUED)**

MEASUREMENT	2020	2019	2018	BASELINE 2011
IF-GU-240a.3	Number of residential customer gas disconnections for non-payment		Moratorium in effect during entirety of 2020	
IF-GU-240a.4	Discussion of impact of external factors on customer affordability of gas, including the economic conditions of the service territory		Please see this item in SASB Discussion and Analysis Section	
<b>END-USE EFFICIENCY</b>				
IF-GU-420a.1	Percentage of gas utility revenues from rate structures that are decoupled or contain a lost revenue adjustment mechanism		81%	N/A
IF-GU-420a.2	Customer gas savings from efficiency measures by market (MMBtu)		670,496	153,027
	Residential Total (All Program - Non CIP) Savings		333,940	
	Home Performance with Energy Star Loans		18,784	
	HVAC Loans		20,373	
	HVAC Rebates		30,039	
IF-GU-420a.2	Efficient Product Marketplace		131,264	
	Home Weatherization for Income-Qualified Customers		718	

**(SASB GAS UTILITY STANDARDS CONTINUED)**

<b>MEASUREMENT</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>BASELINE 2011</b>
	Home Energy Assessment with Direct Install		189	
	Behavioral Program		132,573	
	Commercial Customers (SJG CI Loan Program)		2,617	
<b>INTEGRITY OF GAS DELIVERY INFRASTRUCTURE</b>				
	Number of reportable pipeline incidents		0	0
IF-GU-540a.1	Number of corrective action orders		0	0
	Notices of probable violation		0	0
IF-GU-540a.2	Percentage of distribution pipeline that is (1) cast and/or wrought iron		0%	9%
	Percentage of distribution pipeline that is (2) unprotected steel		1%	0%
IF-GU-540a.3	Percentage of gas (1) transmission pipelines inspected		15%	26%
	Percentage of gas (2) distribution pipelines inspected		0%	0%
IF-GU-540a.4	Description of efforts to manage the integrity of gas delivery infrastructure, including risks related to safety and emissions		Please see this item in SASB Discussion and Analysis Section	

**(SASB GAS UTILITY STANDARDS CONTINUED)**

<b>MEASUREMENT</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>BASELINE 2011</b>
<b>ACTIVITY METRICS</b>				
IF-GU-000.A	Number of residential customers served		375,091	275,592
	Number of commercial customers served		26,104	23,453
	Number of industrial customers served		458	121
IF-GU-000.B	Amount of natural gas delivered to residential customers (MMBtu)		24,382,196	22,412,856
	Amount of natural gas delivered to commercial customers (MMBtu)		12,143,991	13,100,558
	Amount of natural gas delivered to industrial customers (MMBtu)		15,168,019	12,116,886
	Amount of natural gas transferred to a third party (MMBtu)		-	-
IF-GU-000.C	Number of gas transmission pipelines		236	21
	Length of gas distribution pipelines (km)		10,897	5,278

**(SASB GAS UTILITY STANDARDS CONTINUED)**

MEASUREMENT	2020	2019	2018	BASELINE 2011
<b>SASB DISCUSSION AND ANALYSIS</b>				
<p>IF-GU-540a.4 - Description of efforts to manage the integrity of gas delivery infrastructure, including risks related to safety and emissions</p>	<p>Our system improvement efforts across our utilities focus on enhancing the safety, reliability and resiliency of our natural gas systems. 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. As shown in our metrics table our infrastructure improvement programs at our utilities have resulted in a reduction in CO2 equivalent emissions from 2006 levels of 69% at SJG and 55% at ETG. Further discussion on our infrastructure improvements can be found within the infrastructure modernization section of the ESG report.</p>			
<p>IF-GU-240a.4 - Discussion of impact of external factors on customer affordability of gas, including the economic conditions of the service territory</p>	<p>The challenges presented to our Customers and the Country as a whole related to the financial impact of the COVID-19 pandemic has increased cases of financial hardship and in turn affected the ability for some in our service territory to pay for utility service. In addition to the Moratorium that was placed on utility shutoffs during the last year SJG has continued to partner with providers to promote financial assistance to those in need through low income assistance programs, including the Low-Income Home Energy Assistance Program (“LIHEAP”), Payment Assistance for Gas and Electric (“PAGE”), Lifeline, Comfort Partners and NJ SHARES, as well as other grants and relief funds administered by our State and Federal agency partners.</p>			

# Other

MEASUREMENT	2020	2019	2018	BASELINE 2011
Utility Customer Count	706,499	701,080	701,080	691,448
<b>CUSTOMER REPRESENTATION</b>				
Residential	92.8%	92.80%	92.80%	92.80%
Commercial	7.08%	7.10%	7.10%	7.20%
Industrial	0.07%	0.10%	0.10%	<0.10%
Gas Leak Hotline Calls	20,875	24,540	24,540	27,067
Gas Leak Hotline Average Call Response Time (in Minutes)	27.2	25.6	25.6	26
Customer Growth Rate	1.76	1.40%	1.40%	1.40%
Total Utility Customer Bill Financial Support Given (in Millions of Dollars)	15.75	16.50	16.50	15.00
Capital Investment (in Millions of Dollars)	486.5	504.20	504.20	361.60
Salaries Paid to Employees (in Millions of Dollars)	96.4	90.30	90.30	76.80*
Total Supplies and Services Expenditures from New Jersey-Based Companies (in Millions of Dollars)	327.8	233.6**	233.6**	253.7**
Total Supplies and Services Expenditures from Minority-, Service-Disabled Veteran-, Woman-Owned Businesses (in Millions of Dollars)	86.00	87.40	87.40	55.00*

**(OTHER CONTINUED)**

<b>MEASUREMENT</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>BASELINE 2011</b>
Economic Earnings (in Millions of Dollars)	163.00	103.00	116.20	
Annualized Dividend Declared Per Common Share (in Dollars)	1.21	1.18	1.15	
<p>*Includes only partial year data from Elizabethtown Gas and former SJI utility Elkton Gas</p> <p>**Data from 2018-2019 revised to reflect more accurate methods for extracting data on New Jersey-based suppliers that SJI adapted after a forensic review of procurement records related to the acquisition of Elizabethtown Gas.</p>				