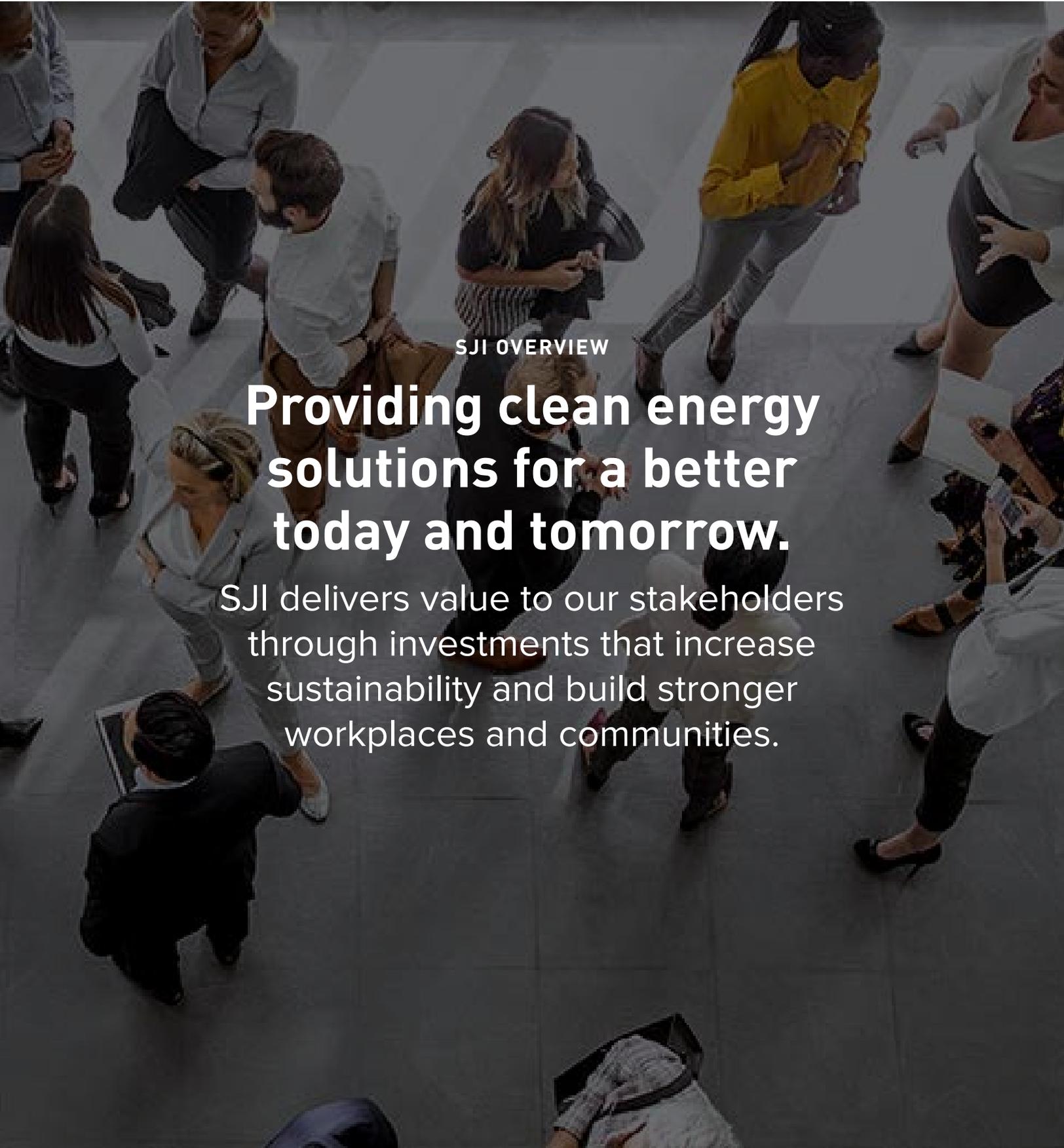
A photograph of a man in a dark polo shirt leaning on the hood of a white utility truck. The truck has a yellow light on top. The background is a building with a window. The image is overlaid with a semi-transparent dark grey rectangle containing text.

# ESG 2021 Annual Report

With the continued challenges of the pandemic in 2021, South Jersey Industries again experienced solid growth across our core businesses, continued to provide exceptional service and took bold new steps to become a cleaner, more modern, and resilient energy provider.

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SJI OVERVIEW

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

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

## A LETTER FROM OUR CEO

# As the pace of change in our world seems to accelerate at unprecedented levels year over year, SJI is embracing that change and seizing it as an opportunity to Lead the Way to a Clean Energy Future.

In 2021, SJI continued to provide exceptional service to our customers and took bold new steps to become a cleaner, more modern and more resilient energy provider.

SJI further enhanced its infrastructure, made unprecedented investments in clean energy technologies, and added more than 12,000 new customers while improving upon the quality of our customers' and employees' experiences.

## Advancing a Clean Energy Future

SJI's bold decarbonization initiative includes a 70 percent reduction of operational carbon emissions and consumption by the year 2030 and carbon neutrality by 2040. Our decarbonization strategy is focused on modernizing our infrastructure, expanding energy efficiency initiatives, and developing clean and renewable fuel sources. Importantly, we are also committing at least 25 percent of annual capital expenditures to sustainability projects.

Our pipe replacement programs play a major role in lowering operational emissions. Through Elizabethtown Gas's five-year infrastructure investment program (IIP) and the completion of South Jersey Gas's Accelerated Infrastructure Replacement Program (AIRP) and Storm Hardening and Reliability Program (SHARP), SJI utilities continue to replace hundreds of miles of older, leak-prone cast iron and bare steel mains with quality, long-lasting high-density plastic.

SJI's new pipes not only reduce fugitive emissions, a key contributor of greenhouse gases across the gas utility industry, they also prepare our system for the clean fuels of the future.



## **Making Long-Term Clean Energy Investments**

Through a new division of SJI Renewable Energy Ventures called SJI RNG DevCo, we broke ground in 2021 with our partner, Rev LNG, LLC on eight new renewable natural gas (RNG) production facilities at dairy farms in Connecticut, Michigan and New York. It was exciting to visit Oakridge Dairy, Connecticut's largest dairy farm, and see first-hand how the technology used to repurpose agricultural by-products and other waste will enable us to utilize RNG as SJI helps meet the clean energy goals of our state and region.

Decarbonization remains central to our mission as shown by our investments in low carbon energy production facilities, including fuel cells and solar which came on-line in 2021. Additionally, in 2020, SJI and Atlantic Shores Offshore Wind entered a memorandum of understanding to explore the production of "green hydrogen," a renewable energy source that can be blended with SJI's supply to lower carbon intensity. And in June 2021, Atlantic Shores Offshore Wind received key regulatory approval for its proposed wind farm off the Jersey Shore.

We also secured our largest-ever regulatory approval for energy efficiency programs amounting to \$216 million – helping customers save money, conserve energy, and reduce their carbon footprint. We are expanding programs for buying energy-efficient appliances, performing home weatherization and energy audit services, and launched a new online tool called Conserve on our South Jersey Gas and Elizabethtown Gas websites that provides tips on saving energy.

## **Committed to Diversity, Inclusion and Equity - Today and Everyday**

New Jersey is one of the most diverse states in the nation, and SJI is committed to fostering a diverse and inclusive environment. We value our differences and work together to better serve each other, our stakeholders, and the communities we serve. Through the work of our Diversity Council and growing SJI's Diversity, Inclusion, and Equity Team, SJI laid out new diversity, equity and inclusion initiatives focusing on psychological safety, civic engagement and partnerships, and supplier diversity.

Our employee resource groups provide unique opportunities for our workforce to connect with each other, further their personal and career goals and serve the communities we call 'home.' From organizing food drives to cleaning up parks, our employees volunteer side by side, sharing their time and resources in meaningful ways.

We also take time to listen to our employees and celebrate our unique experiences and cultures through our Diversity Corner and other inclusion-focused initiatives.

## Continuing to Act as One SJI

As a company, we faced challenges in 2021, from the ongoing response to the COVID-19 pandemic to storms that ravaged our service territory and affected our customers, communities and even our employees. But even in moments like the historic damage caused by Hurricane Ida, our employees came together and assisted each other through mutual aid. I can think of no greater demonstration of our commitment and character than critical moments like these.

In 2021, the SJI team answered over 500,000 customer service calls, responded to nearly 50,000 email inquiries and added over 12,000 new customers. Work like this is recognized not just internally, but also by those outside the company, including the recently announced J.D. Power awards, where Elizabethtown Gas was named Highest in Customer Satisfaction with Residential Gas Utility Service in the East among Midsize Utilities for the seventh year in a row.

Having two utilities rank in the top three in our peer group is an achievement shared by everyone in the company. Even more meaningful, this work was completed while staying within our safety targets – helping each utility earn the national distinction of “Industry Leader in Accident Prevention” by the American Gas Association.

## The Path Ahead

As we continue to progress in 2022, we look forward to new opportunities with the acquisition of SJI by the Infrastructure Investments Fund (IIF), a private investment vehicle advised by a dedicated infrastructure investment group within J.P. Morgan Investment Management Inc. IIF is a trusted partner and long-term investor in utility and renewable energy companies. With this transaction, we will be well positioned to execute on our clean energy and decarbonization initiatives with additional resources to continue to modernize our critical infrastructure, maintain our high standard of customer service at reasonable rates, and further enhance the safety, reliability, and sustainability of our businesses.

In other words – at SJI, we will continue to meet our core objectives while positioning ourselves to Lead the Way to a Clean Energy 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.

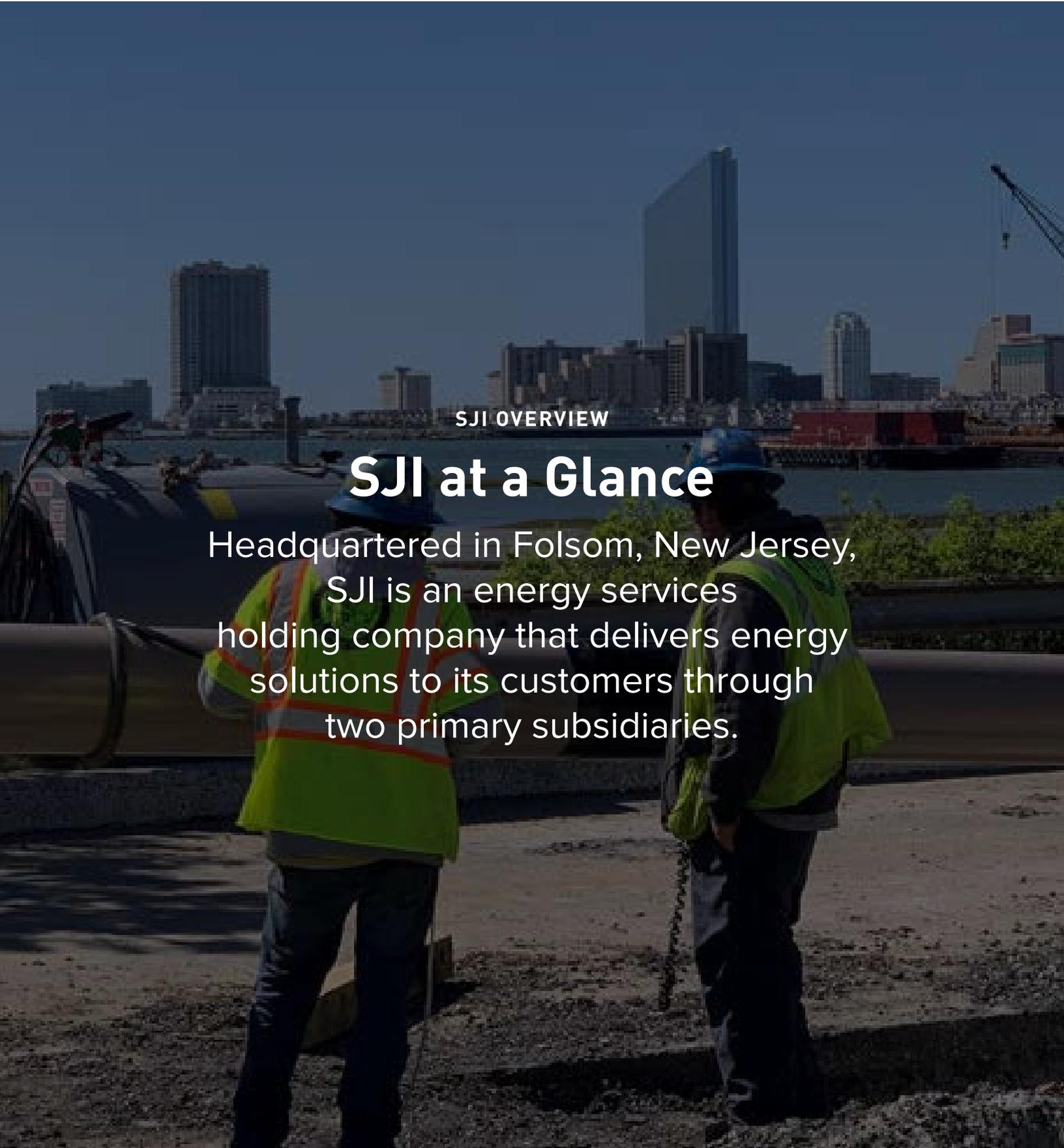
Our Collective Ambition unites us as One SJI and is driven by every one of us. Our company succeeds when we come together and act as OneSJI.



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 two primary subsidiaries.





### SJI Utilities

#### Serving 700,000+ homes and business

SJIU houses the company's regulated natural gas utility operations, delivering safe, reliable and affordable natural gas to more than 700,000 residential, commercial and industrial customers across New Jersey via its South Jersey Gas and Elizabethtown Gas subsidiaries.



### South Jersey Energy Solutions

#### SJI Energy Enterprises Group

SJIEEG houses the company's non-utility operations primarily focused on clean energy development and decarbonization via renewable energy production and energy management activities.

[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.



For the 7th consecutive year, J.D. Power named Elizabethtown Gas Highest in Customer Satisfaction for Residential Gas Utility Services in the East Region, Midsize Utilities. For more information visit [jdpower.com/awards](https://www.jdpower.com/awards).



The American Gas Association recognized South Jersey Gas and Elizabethtown Gas for safety performance, naming each a 2021 Industry Leader in Accident Prevention. This is the third consecutive year both utilities received this award.



Escalent, a leading consumer research firm, named both South Jersey Gas and Elizabethtown Gas to their list of “Easiest to Do Business With” utilities, out of 140 of the largest utility companies in the U.S.



The Silicon Review named SJI as one of the “50 Most Admired Companies of the Year 2021.”



The New Jersey Alliance For Action (NJAA) honored South Jersey Gas with the Distinguished Engineering Award for its New Sentury Pump Station, a key \$69M infrastructure project.



Esri, the global leader in location intelligence, presented SJI with the “Special Achievement in GIS (SAG) Award” for its innovative use of mapping and analytics technology, as well as leadership in the utility industry.

THE ENVIRONMENT

**At SJI, we are passionate  
about responsible  
stewardship of the  
environment.**



## INTRODUCTION

# 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.

**We continue to assess and reevaluate our decarbonization efforts as the market and our company's strategy change. As a result, we have clarified one of our decarbonization goals to better reflect our goal of 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 for 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:**  
As a distributor of natural gas, policy changes to address climate change and reduce greenhouse gas emissions have the potential for impacting SJI's operations and financial performance. However, SJI continuously evaluates the potential for decarbonizing our utilities and invests in clean energy technology that reflects our commitment to environmental 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 reducing 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, upon full restoration, these sites 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 resulting from office use and utility 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 an environmental sustainability focus.

## 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.**

SJI has evaluated the potential for decarbonizing our utilities and, through its non-utility subsidiary, SJI Energy Enterprises Group (SJIEE), 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) decarbonize the energy delivered to our customers 4) educate customers on maximizing energy efficiency, and 5.) modernize operations through technological innovations.

With more than 200 compressed natural gas vehicles in SJI's fleet, the company continues its efforts to support the expansion of fueling station infrastructure to make the conversion to compressed natural gas (CNG) possible for more businesses and vehicle fleets. Currently, there are a total of 13 publicly accessible CNG fueling stations located in southern New Jersey, five of which are owned and operated by South Jersey Gas with one additional station under development. Elizabethtown Gas has one public CNG station open for fleet access and a second station under development.

South Jersey Gas and Elizabethtown Gas are making efforts 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,

**(CONTINUED)**

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 2021, SJI took additional steps toward a cleaner energy future by moving forward with the development of several clean and renewable fuel projects, including:

- Marina Energy, a subsidiary of SJIEE, successfully began operating two fuel cells and is continuing development of a third fuel cell in 2022, via Catamaran Renewables, a joint venture with Captona.
- SJI RNG Devco began development on eight RNG anaerobic digester projects, supported by development partner REV LNG, LLC. An additional portfolio of RNG projects will be executed in 2022.
- SJI began operating five solar projects at certain SJI office locations. These projects will help to offset SJI's carbon footprint. Additional projects are planned for 2022.
- SJI continued development of our Hydrogen Demonstration Project with Atlantic Shores Offshore Wind, which in 2021 received regulatory approval to proceed with development of a wind farm off the coast of southern New Jersey.
- SJI began construction on a small scale green hydrogen demonstration project at the South Jersey Gas New Century Compression Station property in South Harrison Township, NJ.

SJI is also committed to helping customers reduce their carbon footprint by consuming less energy through the use of energy efficiency programs. In April of 2021, South Jersey Gas and Elizabethtown Gas were approved for their largest Energy Efficiency Programs to date, totaling \$216 million. This allows SJG and ETG to make investments in our customers, our environment and actively contribute to the state's climate priorities.

**(CONTINUED)**

In 2006, South Jersey Gas became one of the first utilities in the country to implement a Conservation Incentive Program (CIP) to encourage customers to use natural gas more efficiently, benefiting both South Jersey Gas and its customers by reducing the link between utility profits and the quantity of natural gas sold. For CIP fiscal year ending September 2021, SJG customers reduced usage by 10.9 billion cubic feet and saved \$4.4 million in energy costs and reduced CO2 output by 559,209 metric tons. In April 2021, Elizabethtown Gas was approved for a Conservation Incentive Program, putting ETG in a stronger position to help customers manage their energy bills.

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

# EPA's Natural Gas STAR Methane Challenge Program

South Jersey Gas is a founding partner of the U.S. Environmental Protection Agency's Natural Gas STAR Methane Challenge Program. 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 evaluate the greenhouse gas emissions from our natural gas delivery system. This evaluation includes an annual measurement of our comprehensive emissions footprint.

Through the robust infrastructure replacement programs at South Jersey Gas and Elizabethtown Gas, the combined total miles of main in our systems have increased by 17%, while CO<sub>2</sub>-equivalent emissions from these mains and associated services have been reduced by 65% (as compared to NJ Energy Master Plan baseline year of 2006).

**(CONTINUED)**

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 80% by 2025 (again compared to 2006) while increasing the total miles of main in our system by a projected 21%<sup>1</sup>.

<sup>1</sup> Projections are re-evaluated every year and adjusted based on current infrastructure improvement programs.

**SJI Main Replacement and CO<sub>2</sub>e Reductions**

PARAMETER <sup>1</sup>	2006	2021	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	94,181	175,069	65%	54,774	214,475	80%
SJI Unprotected Steel & Cast Iron Main, Miles	2,237	272	1,965	88%	47	2,190	98%
SJI Unprotected Steel & Cast Iron Services, Number	61,666	21,644	40,022	65%	205	61,461	100%
SJI Total Main, Miles	8,812	10,272	-	17%	10,684	-	21%
SJI Total Services, Number	532,869	590,426	-	11%	621,382	-	17%

Note: Only emissions from pipeline main and service leaks are included in the above data. Emissions from above grade transmission-distribution transfer stations, above and below metering-regulating stations, combustion units and other sources are not included. In addition, SJI miles of pipeline unprotected steel main include transmission main and ETG miles of pipeline cast iron main includes ductile iron.

Note: SJI total miles of main and number of service percent values indicated in the "percent of emissions reduced" column is the actual percentage increase in miles of main.

(CONTINUED)



**Additional Greenhouse Gas Emissions data is provided in the Sustainability Metrics section of this report.**

DISCLAIMER: The 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 2021, SJI has 319,785 excess flow valves installed across our utilities, representing 54% 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 146,187 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 2021 SJI realized a 59% reduction in distribution and transmission pipeline blowdown events compared to what would have been released using older, less efficient methods.

In addition, in 2021 SJI performed a pilot study and utilized ZEVAC technology for depressurization of the pipelines to further minimize environmental and social impact during a blowdown event. Instead of releasing the gas into the atmosphere, ZEVAC equipment moves the gas out of the pipeline being depressurized into another section of the system.

2021 Emissions Reduced during Natural Gas Blowdown Events	SJI	SJG	ETG
Natural Gas Volume Released during Blowdown, cf	3,262,044	3,198,772	63,272
Natural Gas Volume Recovered, cf	4,617,795	4,606,868	10,927
CO <sub>2</sub> e Emissions Reduced, metric tons/yr	2,108	2,103	5
Percent CO <sub>2</sub> e Emissions Reduced, metric tons/yr	59%	59%	15%

SUSTAINABLE BUSINESS PRACTICES

# Sustainable Business Practices



## 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 endeavors to restore 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. This year, the company separated the calculation of municipal waste into different categories. In 2021, SJI recycled 149 tons of business-related office debris, which was 28% of the total office debris. We also recycled 859 tons of utility operations (includes pipeline construction and maintenance jobs) debris, which was 10% of the total utility operations debris based on the waste information available at the time of the report. At SJI, we aim to manage necessary waste disposal responsibly and we schedule frequent disposal pick-ups with waste disposal contractors.

## Environmental Investigation and Remediation

During the late 1800s and early 1900s, manufactured gas was produced from materials such as coal and oil at manufactured gas plants (MGP) all across the United States. SJI oversees the cleanup of 20 such sites owned by past or present subsidiary companies. The Company is committed to meeting its legal obligations to ensure that these sites are properly investigated and remediated and meet all environmental standards and regulations.

SJI has continuously worked to meet its responsibilities with respect to sites that required investigation or remediation including completing the cleanup and closure of over 80% of our MGP. The remainder of our sites are being actively remediated and are projected to be closed within the next 5 years.

Remediation of these sites often improves the surrounding community and helps to 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 2021, 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 and SJI Headquarters sources food products with a focus on reducing their carbon footprint. Additionally, all utensils and food containers are made from recycled materials and are recyclable.
- The Facilities Team has developed a plan to replace the lighting at the Operating Divisions to a more efficient LED solution and the HVAC systems at the Operating Divisions to reduce our carbon footprint and meet our sustainability goals.
- Including projects completed in 2021, we now have Solar Arrays at 4 South Jersey Gas Operating Divisions (Glassboro, Millville, Waterford, Pleasantville) with a plan to add arrays at the SJI Headquarters and 2 Elizabethtown sites in 2022. Each Array was constructed with the future in mind. In addition, the company is considering the installation of EV charging stations at each location over the next few years.

## Water Disclosure

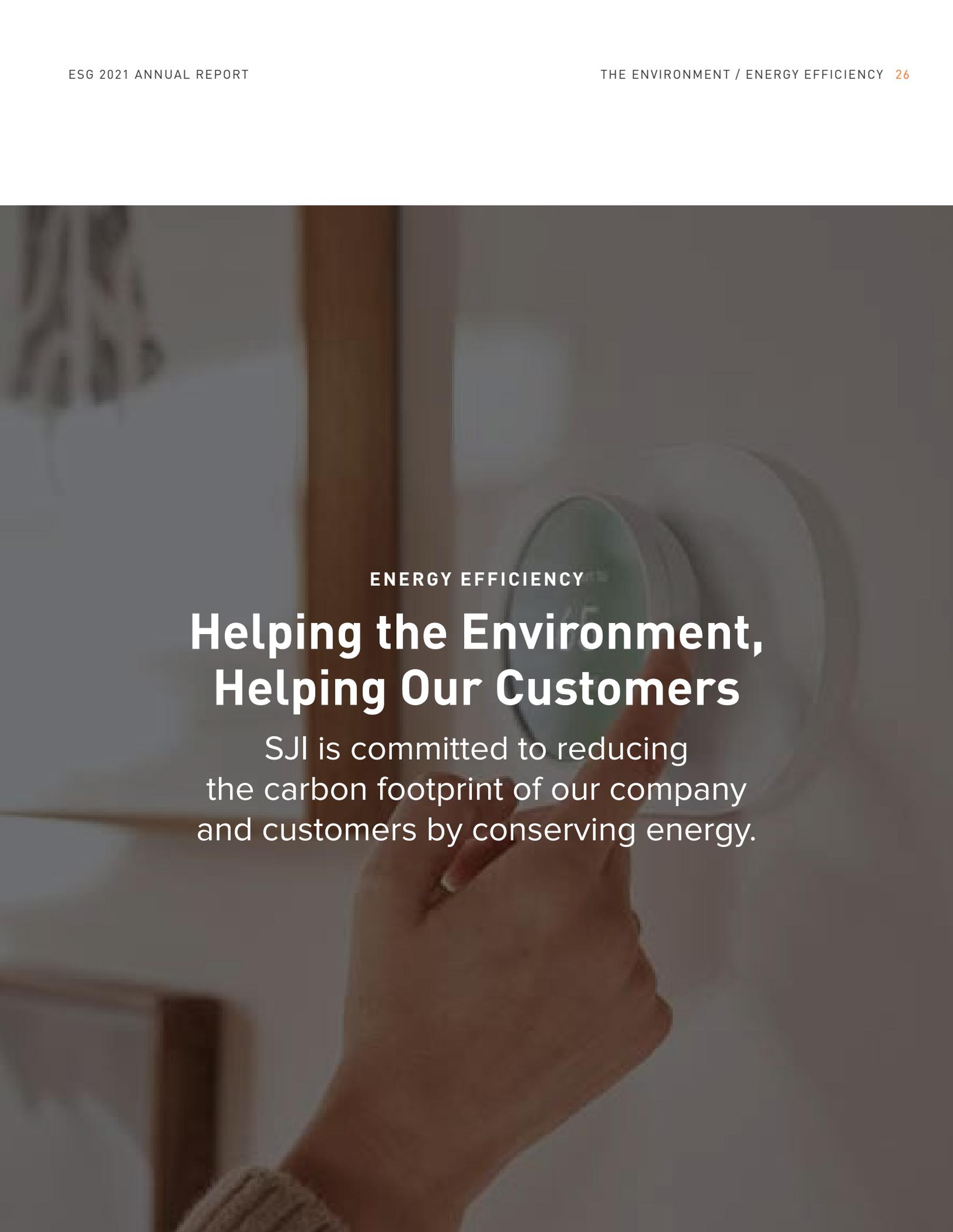
SJI has already implemented water use reduction methods through low flow or waterless restroom facilities and filtered water stations that helped reduce the waste from discarded plastic water bottles. Based on SJI's current operations, water use is not considered a material issue. Our goal at SJI is 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 outline key strategies for attaining the goal of 100% clean energy by 2050. SJI is working towards complying with policy and regulatory changes intended to address climate change and reduce greenhouse gas emissions. It is anticipated that our natural gas infrastructure will have an important role to play in delivering the clean fuels of tomorrow to homes and businesses as we work collectively to meet future carbon constraints.

In the 4th quarter of 2021 SJI began a process to align our climate disclosure and internal practices with the Task Force for Climate Related Financial Disclosure (TCFD) framework. As part of this process, we plan to assess SJI's physical and transitional climate risks and opportunities.

A close-up photograph of a hand adjusting a white thermostat dial on a wall. The dial has a green circular display showing the number '15'. The background is slightly blurred, showing a wooden door frame and a white wall.

ENERGY EFFICIENCY

# Helping the Environment, Helping Our Customers

SJI is committed to reducing the carbon footprint of our company and customers by conserving energy.

# Making Energy Efficiency Available for Others

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 \$168 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 2021, South Jersey Gas and Elizabethtown Gas customers have installed over 99,000 energy-efficient measures in their homes and businesses.

In 2006, South Jersey Gas became one of the first utilities in the country to implement a Conservation Incentive Program (CIP). Today, the program continues to encourage customers to use natural gas more efficiently, benefiting both South Jersey Gas and its customers by reducing 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 114.5 billion cubic feet, enabling them to save \$1.044 billion in energy costs and reduce CO<sub>2</sub> output by 5.87 million metric tons in the process. For the CIP fiscal year ending September 2021, customers reduced usage by 10.9 billion cubic feet and saved \$4.4 million in energy costs and reduced CO<sub>2</sub> output by 559,209 metric tons. In April

2021, Elizabethtown Gas was approved for a Conservation Incentive Program, putting ETG in a stronger position to help customers manage their energy bills.

In April of 2021, South Jersey Gas and Elizabethtown Gas were approved for their largest Energy Efficiency Programs to date, totaling \$216 million. This allows SJG and ETG to make investments in our customers, our environment and actively contribute to the state's climate priorities. Beginning in July 2021, SJG and ETG offered a new comprehensive suite of residential, multifamily, commercial and industrial energy efficiency programs that encourages all customers, regardless of customer type or income, to reduce energy usage and save money. These programs include on-bill repayment and rebates for energy efficiency equipment upgrades, an efficient products marketplace featuring discounted smart thermostats, enhanced features and free weatherization measures for low to moderate-income customers, free energy audits, and tailored solutions for commercial and industrial customers.

## Energy Efficiency Education

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.

In 2021, ETG and SJG launched Conserve, a new online Energy Efficiency resource. Free and available through the utility websites, Conserve offers tips and information to help customers decrease their energy consumption, lower their energy bills and reduce their impact on the environment, while maintaining comfort at home or work.

### **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 low-income 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 2021, South Jersey Gas spent \$2.75 million serving 480 customers through the Comfort Partners Program, while Elizabethtown Gas spent \$1.95 million serving 415 customers. In addition, South Jersey Gas and Elizabethtown Gas offered a moderate-income free weatherization program and spent approximately \$1.6 million combined while serving 312 customers in 2021.

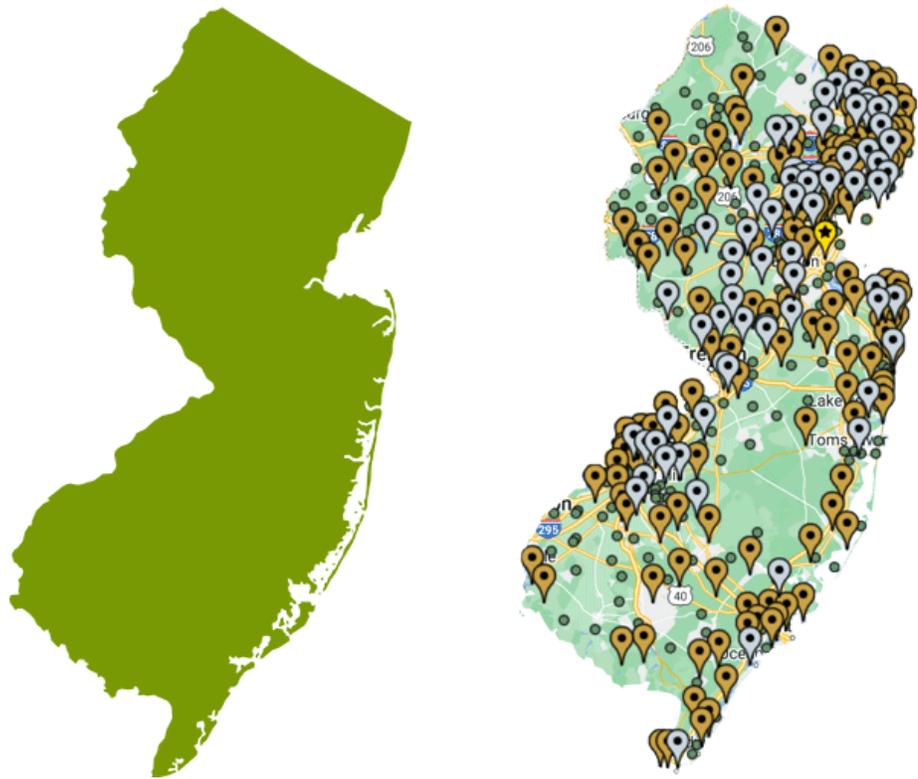
### **Expanding Energy Efficiency**

Looking ahead, we remain committed to energy efficiency access and education, with a focus on benefiting our customers and the environment. Our new energy efficiency suite brings a host of new programs and enables us to now serve the multi-family sector in a meaningful way through equipment upgrades and weatherization measures through rebates and on-bill financing. SJG utilities will continue to conduct outreach and provide educational opportunities to see that our Energy Efficiency programs are utilized to their full potential, making the most positive impact possible for our customers and the environment.

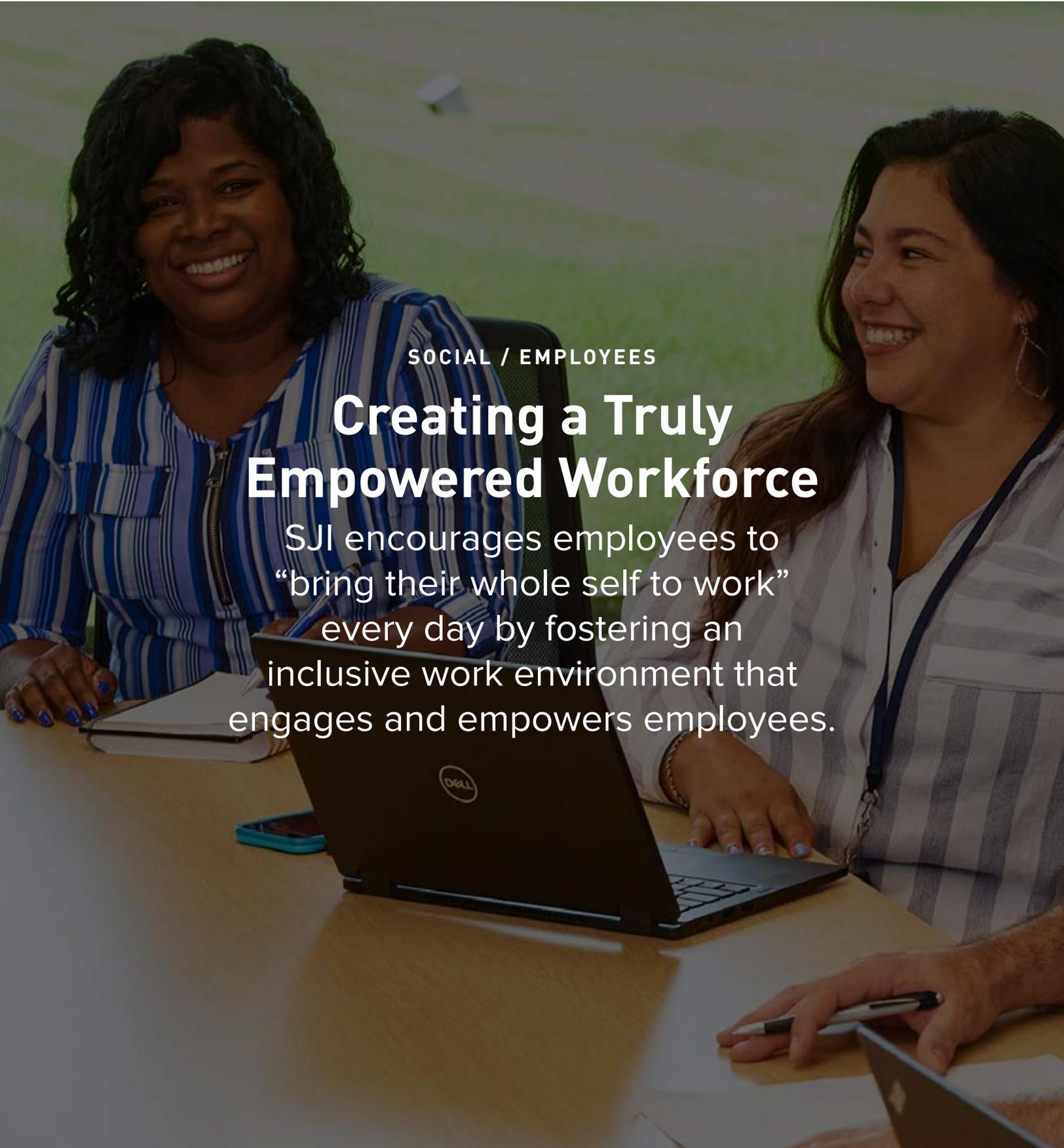
# Building Sustainable Communities

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 2021, South Jersey Gas and Elizabethtown Gas have provided Sustainable Jersey with over \$1.2 million to support its efforts in New Jersey.

## Sustainable Jersey



South Jersey Gas and Elizabethtown Gas have also sponsored the Alliance to Save Energy’s Empowered 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, 40 schools have participated in the program.



SOCIAL / 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 OneSJI Culture

At SJI, we encourage our employees to use their voices to build a high-performing and engaged culture by conducting biennial engagement surveys and periodic pulse surveys that measure our performance in these areas. These efforts are part of building a Culture of Care at SJI.

Since we started surveying employees, their valuable feedback has enabled us to better understand 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.



As part of our OneSJI culture, we want to ensure every employee is accountable, empowered and included. Through various programs, events and Employee Resource Groups, our focus remains on building community within our organization, developing employees and broadening community partnerships.

# Employee Data

Together, our 1,173 employees drive growth for our business, deliver on our purpose and bring us closer to achieving our vision of a clean energy future.



## EMPLOYEE ENGAGEMENT

# Better Together – The power of staying connected and engaged.

At SJI, we're better together. Our focus is on what we are capable of achieving as OneSJI, collaborating and building connections with one another in our hybrid work environment. We've learned a lot in the past two years, and we're excited about our path forward, working together to achieve our goals.

## Navigating the Pandemic

To respond to the continuing challenges the COVID-19 Pandemic presented to our business and our workforce in 2021, we continued to focus on the health and physical and emotional safety of our workforce while building opportunities to stay connected.



As OneSJI we:

- Equipped essential employees with the necessary PPE to protect their physical health.
- Leveraged our Executive Pandemic Team and COVID task force to inform decision making.
- Offered incentives for COVID vaccinations.
- Partnered with Cooper University Health Care to provide educational information sessions on COVID-19 and vaccinations.
- Incorporated employee recommendations into our newly renovated SJI Folsom Headquarters.
- Instituted a business-wide Mental Health Day during the summer.
- Debuted a Voluntary Return Program for employees to ease into returning to the office.
- Implemented a new Workplace Flexibility Policy to prepare our workforce to navigate our new hybrid work model.
- Encouraged workplace flexibility to support work/life balance throughout the pandemic.
- Showed appreciation for our frontline employees with a complimentary breakfast and site visits from Leaders.
- Sent SJI branded care packages to all employees to show appreciation to employees.
- Increased our focus on the psychological safety of our workforce to create a "Culture of Care," leveraging our Employee Assistance Program to provide resources, training and support to promote emotional health and well-being.
- Offered courses on best practices for working and managing remotely.
- Provided ergonomics training to ensure physical safety while working remotely.
- Conducted pulse surveys to ensure the psychological safety and well-being of our workforce to inform decision making throughout the pandemic.

## 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

Employee participation improved in 2021 with the deceleration of the pandemic. Significant increases in participation were reported in annual wellness exams, cancer screenings and wellness portal engagement.

	2021 Count	Participation Rate
Annual wellness exam	470	11 ppt increase YOY
Cancer screenings	406	16 ppt increase YOY
Wellness website access	545	13 ppt increase YOY

During 2021, SJI continued to promote initiatives that included assistance opportunities designed to help employees cope with change, loss, uncertainty, and the anticipation of returning to the workplace in early 2022.

## With the growth in wellness program participation, employee wellness point accumulations for 2021 increased by 13%.

Employees who earned points in SJI Wellness Program:

- **2020** - 596 employees (out of 1,155 active employees) = 52%
- **2021** - 755 employees (out of 1,168 active employees) = 65%

## 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 the employee assistance program increased in 2021.



## Annual Wellness Week

employees at a conference room table Each year we promote the utilization of resources in the SJI Wellness Program through our Annual Wellness Week. Over the course of this work week, employees are encouraged to pursue wellness within the eight principles using resources available through SJI. The week includes:

- Financial webinars
- Physical exercise/stretching sessions
- Wellness workshops
- Learning modules
- Daily challenges that allow employees to earn prizes and rewards
- Extra wellness points for participating employees

As employees participate remotely, they can build a sense of community by sharing photos of their wellness activities. During 2021 Wellness Week, employees were asked to share either an inspirational quote or a selfie with their family and/or pet as one of the daily participation challenges. Over 80 employees posted a photo, quotation, or both.

**In total, 668 employees participated in one or more activities during Wellness Week.**

## Keeping Employees Connected

In addition to our engagement efforts in response to the pandemic, we continued to focus on addressing 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 the company 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, LGBTQ and disability communities.

### Video and Audio Communications

To help employees feel more connected to each other and our leadership, we expanded our multimedia communications to include video interviews with executives and podcast episodes devoted to strategic messaging and personal stories. Topics included green energy technology, personal wellness and DEI initiatives.

### 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 share consistent messages with their employees, in a timely manner, across the organization. We also solicited feedback from managers on how to best support them through the checklist and introduced virtual huddle meetings between Human Resources and managers.

### Engagement Initiatives

Throughout the year, SJI engaged its employees through creative activities that help build and maintain connections through a hybrid work environment. This year's initiatives included:

- Energize Weeks are quarterly campaigns focused on aspects of our OneSJI Collective Ambition and included activities such as recognition boards, sharing of stories and more. The 2021 Energize Week topics were:
  - **Vision Week** – introducing employees to our Clean Energy and Sustainability Plan.
  - **Brand Promise Week** – exploring the different ways we deliver solutions to customers through infrastructure improvements and customer service.

DIVERSITY, EQUITY, INCLUSION

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

At SJI, we are committed to fostering a culture of inclusion and belonging that is safe for all and where our employees feel comfortable bringing their whole selves to work each day. To ensure it remains the focus of what we do every day – Inclusion is a core value for our company as OneSJI, united under a collective vision, purpose, and ambition.

To best grow our business and serve our communities, we believe our company should reflect that diversity with a culture rooted in care and belonging.



Our commitment to diversity, equity and inclusion goes beyond who we are - it's also about how we operate. 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 character traits to which we hold our leaders – every employee is responsible for upholding each of these values in their work, every day.

**(CONTINUED)**

Together, we've taken measurable steps to support our commitment to DEI and we continue to expand on what our commitment means for us in our changing world.

Our efforts focus on three key areas: Talent Support, Supplier Diversity, and Community Partnerships.

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 DEI journey and seek diverse talent to strengthen our business. [Learn more about Talent Acquisition and Development.](#)

**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.](#)

**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.](#)

# 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 company 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, in the By the Numbers section of this report, which outlines our generational, gender, and ethnic employee composition.

The need for authentic care actions for our employees was underlined by the significant challenges posed by the pandemic and the unsettling racial and social climate happening all around us. We implemented several meaningful action items to further strengthen our culture of diversity, equity, and inclusion as OneSJI.

## Dedicated DEI Experts

In 2021, a dedicated DEI team was put in place to develop strategy, tactics and provide the structure, that aids in administering a broader focus on DEI solutions at SJI. The DEI team, positioned in Human Resources, now leads all DEI efforts and works in consultation and collaboratively with all levels of the organization.

## Cross-Functional Interdisciplinary Approach

Utilizing a cross-functional approach to DEI developments, the dedicated DEI team works with senior leadership, the Diversity Council, human resources leaders, employee resource groups and all other organization leaders with building strategies, priorities, psychological safety, and inclusive language into every aspect of the business. By implementing an interdisciplinary approach, the team aims to integrate DEI information, broad views, data, tools, techniques, and concepts into all parts of the organization.

## Diversity Council

Our Diversity Council supports 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 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.

## Listening Sessions

Employee listening sessions across the organization provide insight into our diversity gaps, increase DEI awareness and gather ideas to further inform our efforts to strengthen our culture of inclusion and belonging.

These listening sessions create safe spaces for authentic dialogue around race, racism, diversity, equity, and inclusion at SJI to help identify meaningful action steps to address diversity, equity, and inclusion concerns.

## Diversity and Inclusion Tools and Resources

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

- Unconscious Bias
- Performing Crucial Conversations
- Communicating Across Cultures
- Civil Treatment
- Diversity, Equity Inclusion, and Belonging
- Allyship
- Inclusive Leadership

## Engagement Pulse Survey

To provide all employees an opportunity to give feedback, we completed several pandemic-focused engagement “pulse surveys”. Responses helped us understand our progress in 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 DEI strategy.

## Diversity Programs & Initiatives

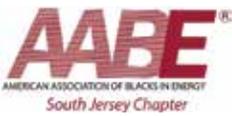
In 2021, new programs and initiatives were launched introducing key topics and DEI concepts to the SJI workforce to further strengthen cultural competence and foster a more inclusive environment.

The launch of the One SJI Diversity Podcast provided the opportunity for employees to be spotlighted, tell their stories and help SJI’s workforce build cultural competency and awareness around various dimensions of diversity.

Monthly DEI Spotlights were provided to honor and celebrate heritage months, which included; Virtual MLK Day of Service, Black History Month a celebration of Women’s History Month, Pride Month, and Hispanic/Latinx History Month. An additional floating holiday was also introduced to allow for greater flexibility for diverse heritages, religious holidays, or other significant cultural events.

# 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 ERG 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 OneSJI, where everyone can bring their best selves to work.

In 2021, four employee resources groups served to further engage our workforce. They include:

- SJAABE – American Association of Blacks in Energy - South Jersey Chapter:** The mission of American Association of Blacks in Energy is ensuring African Americans and other minorities have input into the development of energy policy regulations, research, development technologies and environmental issues and provide scholarships and service to the community. 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 employees through targeted initiatives and programs encouraging innovation, professional growth, and development.
- WLI – Women's Leadership Initiative:** The mission of the 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 Veterans Employee Resource Group is to improve the organization through engaging Veteran employees and using their experience as an asset to the company,

With a focus on intergenerational diversity, the group strives to successfully coach and develop career professionals at SJI, provide key resources to members, and foster a culture of business innovators.

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.

Many of SJI's diversity programs and initiatives were powered by our ERG's, who partnered with the DEI Team, the Diversity Council and Executive Sponsors to develop programs and initiatives to help achieve DEI objectives. Some highlights for 2021 include:

- The VETS ERG was featured in Lifetime's "Military Makeover: Operation Career" and hosted a drive-up food drive in partnership with the American Red Cross, collecting nearly 4,000 pounds of food for families at the Joint Base McGuire-Dix-Lakehurst.
- The South Jersey Chapter of the American Association of Blacks in Energy hosted a Black History Month panel titled "Diversity & Inclusion – Where Do We Go from Here" with almost 150 attendees and hosted an annual scholarship golf outing with 144 golfers that raised \$25,000 for students pursuing degrees in STEM fields.

- The Women's Leaders Initiative hosted a series of educational opportunities including a book club series focused on the topics of influence and negotiation skills for women, a LinkedIn Learning Path for Women's Leadership, and monthly Lunch and Learns
- The Emerging Leaders ERG hosted several "generational diversity" panels, one of which featured Impact SJI and included employee experiences with over 130 employees in attendance.

All of our ERGs and employees helped contribute to the 2021 Heart Walk, raising more than \$50,000 for the American Heart Association. Additional ERG developments for next year have been discussed with the Diversity Council and the senior leadership.

**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 talent acquisition approach focuses on 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.

In 2021, we welcomed 249 new employees to SJI and 30% of our current employee population assumed new roles and responsibilities through a combination of filling open positions and in-line promotions. The Company also welcomed 17 new employees through our early career talent development programs.

### Meeting an Evolving Workforce

In the first quarter of 2021, we hired our first Talent Acquisition Operations Lead to focus on the operational aspects of talent attraction, including designing and implementing initiatives and programs that

focus on attracting diverse talent across the organization and creating a best-in-class candidate experience. Talent Acquisition partnered with our DEI team and our ERG's to ensure we are aligned with our corporate strategy of being an employer of choice in New Jersey. This has resulted in a number of notable achievements, including:

- Sponsorship of Mark Cuban's Artificial Intelligence Bootcamp program
- A re-established relationship with Women in Sustainable Employment
- SJI's inaugural Veterans Career Fair
- Participation in New Jersey's Junior Achievement Career Fair
- A referral program designed to build a broader and more diverse talent pipeline

Almost a year into the pandemic, we saw hiring confidence rise amongst employers nationwide, with SJI proving no exception. However, we also saw an unprecedented shift in employee and candidate behavior resulting in what has been called the Great Resignation or the Great Reshuffle. Because of this shift, the number of job applicants decreased by almost 40%. In response, SJI is continuing to increase brand awareness by:

- Creating campaigns that highlight our clean energy strategy and initiatives.
- Collaborating with community partners to build robust and diverse talent pipelines.

- Using data to track and understand talent market trends and changes, leading to flexible and data-driven talent attraction strategies.
- Utilizing technology to increase our reach and provide meaningful content to our talent network.
- Evaluating our current method of capturing applicant data to ensure inclusivity.
- Designing programs that reach and provide opportunities for unconventional talent.

### Professional Development

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



### Flexibility Policy

SJL 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.

SJL’s flexibility policy applies to full-time, non-field, non-union employees who can work remotely while also:

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

### New Employee Onboarding

In an effort to enhance the new employee experience, New Employee Orientation expanded to an interactive full day experience. Employees gain a greater understanding of our company vision, purpose, and values in addition to meeting senior leaders and networking across functions.

To foster inclusion and belonging from day one, each new employee is paired with a New Employee Ambassador who integrates the new employee into the OneSJL culture and serves as a guide during the new employee’s first 90 days of employment.

In addition, new employees participate in our Natural Gas 101 workshop within their first 90 days to learn more about the utility industry as a whole.

## Employee Workshops

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

During 2021, employees benefited from a wide range of content focused on relevant topics ranging from professional development, business skills, leadership development, safety and cybersecurity. Collectively, employees gained close to 6,700 hours of relevant training to support their professional development.

## Professional Development

To maintain our commitment to develop and retain high-potential talent, SJI offers employees the opportunity to grow their skills through the EmpowerU University. Workshops are delivered to develop next level talent at SJI, close skill gaps, and further develop successors for key roles in the organization.

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

New in 2021, employees have access to over 16,000 online courses through LinkedIn Learning to further build their business, technical, and creative skills.

## 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 identifying opportunities to help our employees learn, grow and get the most out of their careers with SJI.

## Future Skill Building

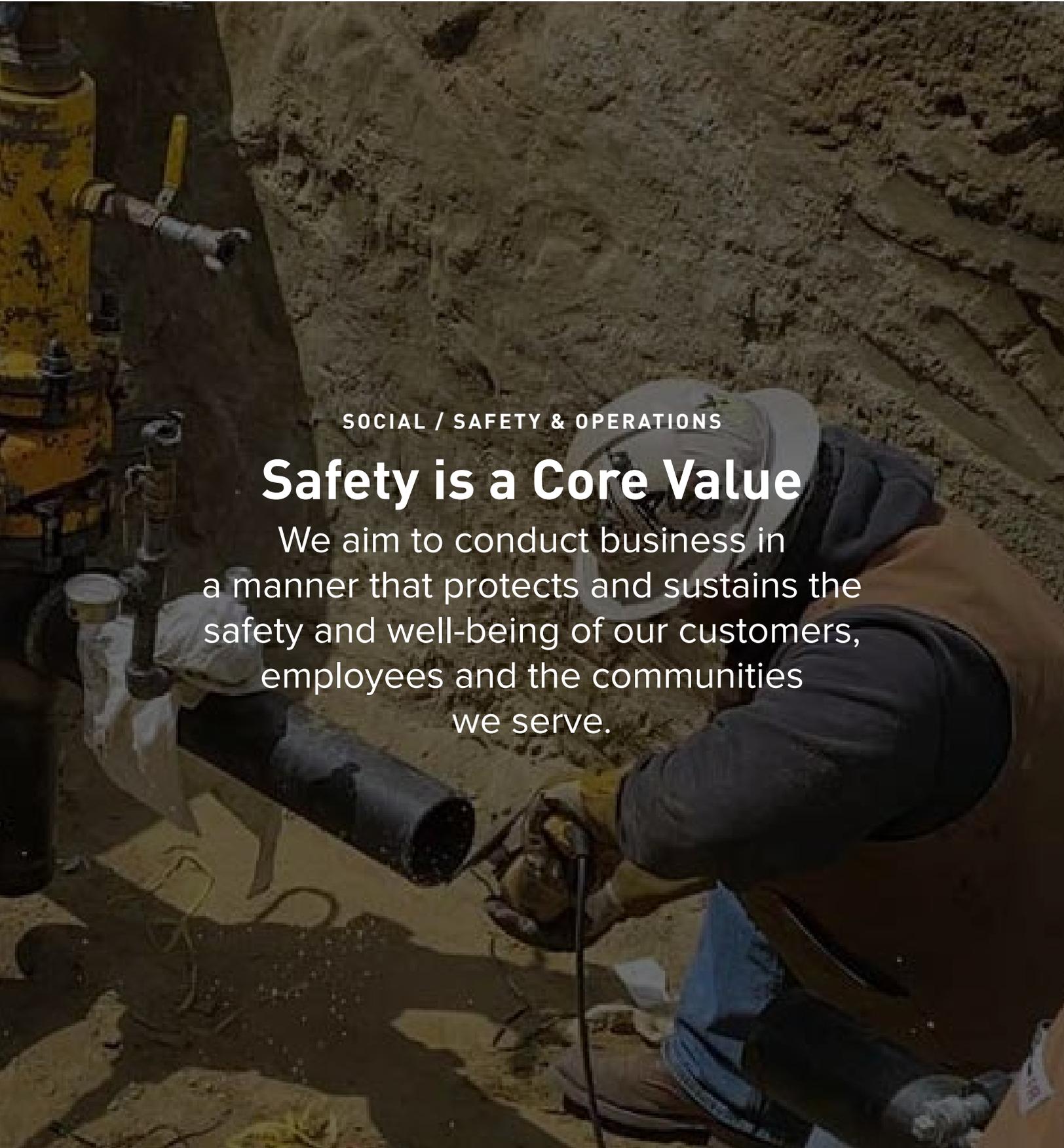
The demands of our employees and leaders continue to shift as a result of the impacts of our environment and the mental, emotional, and social well-being of our employees. To prepare our employees and ensure their success in a hybrid work environment, employees participated in a Navigating Hybrid Series and Leading in a Hybrid Environment. SJI also provided programs through our EAP to increase awareness, employee support and resilience as it relates to employee well-being.

Looking ahead, we will continue to monitor the need for future skill building and plan to implement new programs in 2022.

SOCIAL / SAFETY & OPERATIONS

## Safety is a Core Value

We aim to conduct business in a manner that protects and sustains the safety and well-being of our customers, employees and the communities we serve.



## 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 make our activities safe so 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 to promote health and safety 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. The role of supervisors and managers is to assess, evaluate, and apply established policies and programs vertically down through the organization to daily operations.

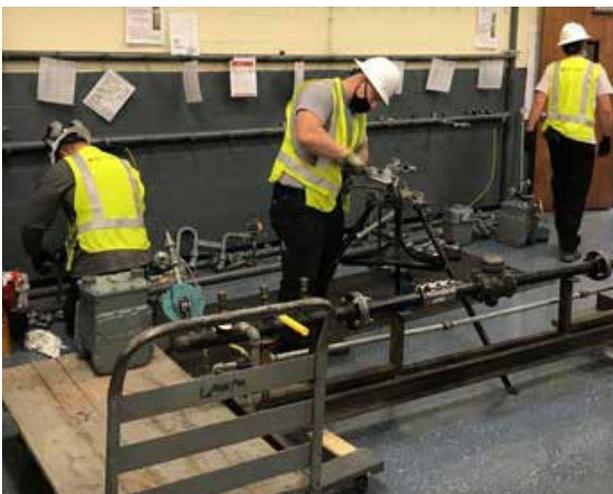
Employees are strongly encouraged to engage in safety meetings and are supported by the organization in facilitating a culture of continuous improvement of the health and safety program. The objective for top management is to demonstrate a commitment to risk reduction and hazard elimination by implementing 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.

**SAFETY**

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

There is no greater responsibility than ensuring every employee gets home safe every day. During 2021 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 2021 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 0.45 compared to a rate of 1.49 average from other local distribution companies.



The following safety resources are 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 2021, these efforts resulted in driver safety scores improving from 96.2% to 98.2%.

**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.

**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 2021, our Emergency Preparedness Department completed several comprehensive safety exercises. Employees addressed scenarios simulating various gas leak emergency situations, including:

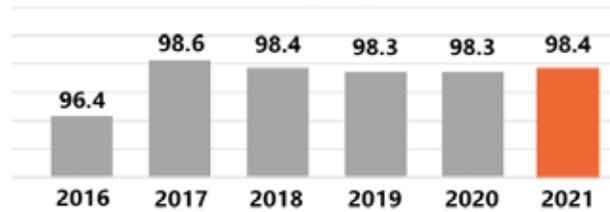
- A third party damage on a pipeline in the SJG Glassboro Division in Gloucester County and another in the SJG Cape May Division in Cape May County.
- A large coastal storm affecting the entire state of New Jersey but specifically the SJG Cumberland Division in Cumberland County where a dam breach was exercised. An exercise simulating an explosion in an ETG Gate Station in Woodbridge Township, Middlesex County.
- A joint drill between SJG and ETG where the large scale coastal storm was expanded upon to include several operational areas throughout both companies. The final drill of the year was held in ETG Northwest Division in Warren County where an accident impacted company facilities.

In addition to the Safety exercises listed above, the SJIU Emergency Preparedness Department provides training to Fire/EMT/Police First Responders to teach them about Natural Gas Safety. In 2021, 37 training sessions were held across the SJI Utility territory which was comprised of municipal paid and volunteer First Responders.

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 %*



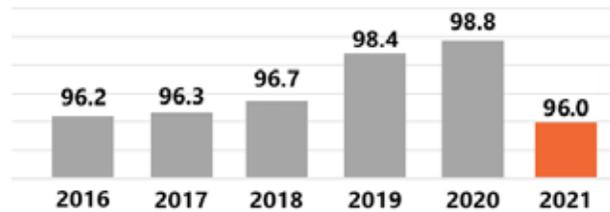
### SOUTH JERSEY GAS

Received 11,147 potential gas leak calls

Responded on average within 29 minutes

### ETG Leak Response Time

*Within 60 Minutes %*



### ELIZABETHTOWN GAS

Received 11,776 potential gas leak calls

Responded on average within 32 minutes

## 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.**

The SJI Information Security program 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. The SJI cybersecurity team holds certifications across industry-leading training partners, including ISC2, ISACA, GIAC, SANS, and EC-Council. Additionally, we educate employees regarding cybersecurity using yearly security awareness training, security bulletins, and phishing simulations to reinforce training. Across our organization, we conduct cyber incident response tabletop exercises, vulnerability scans, and penetration testing. We work with a third party to perform a yearly baseline assessment of the cyber program that measures improvement and informs our strategy.

We have partnered with the Department of Homeland (DHS) Cybersecurity Infrastructure and Security Agency (CISA) and other third parties to complete Validated Architecture Design Reviews (VADR) to assess and validate our technical and administrative controls. 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.



SOCIAL / INFRASTRUCTURE MODERNIZATION

# Safe Systems Benefits Customers and the Environment

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

# Modernizing our 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 RETIRED / INSTALLED IN 2021, MILES	RETIRED	INSTALLED	TOTAL (INSTALLED - RETIRED)
SJG	113	172	59
ETG	85	74	-11
<b>TOTALS</b>	<b>198</b>	<b>246</b>	<b>48</b>

## PIPELINE OPERATIONS

**To ensure the integrity of our system, we regularly inspect our pipelines throughout the areas we serve.**

SJI’s 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)

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 (quarterly or annually)

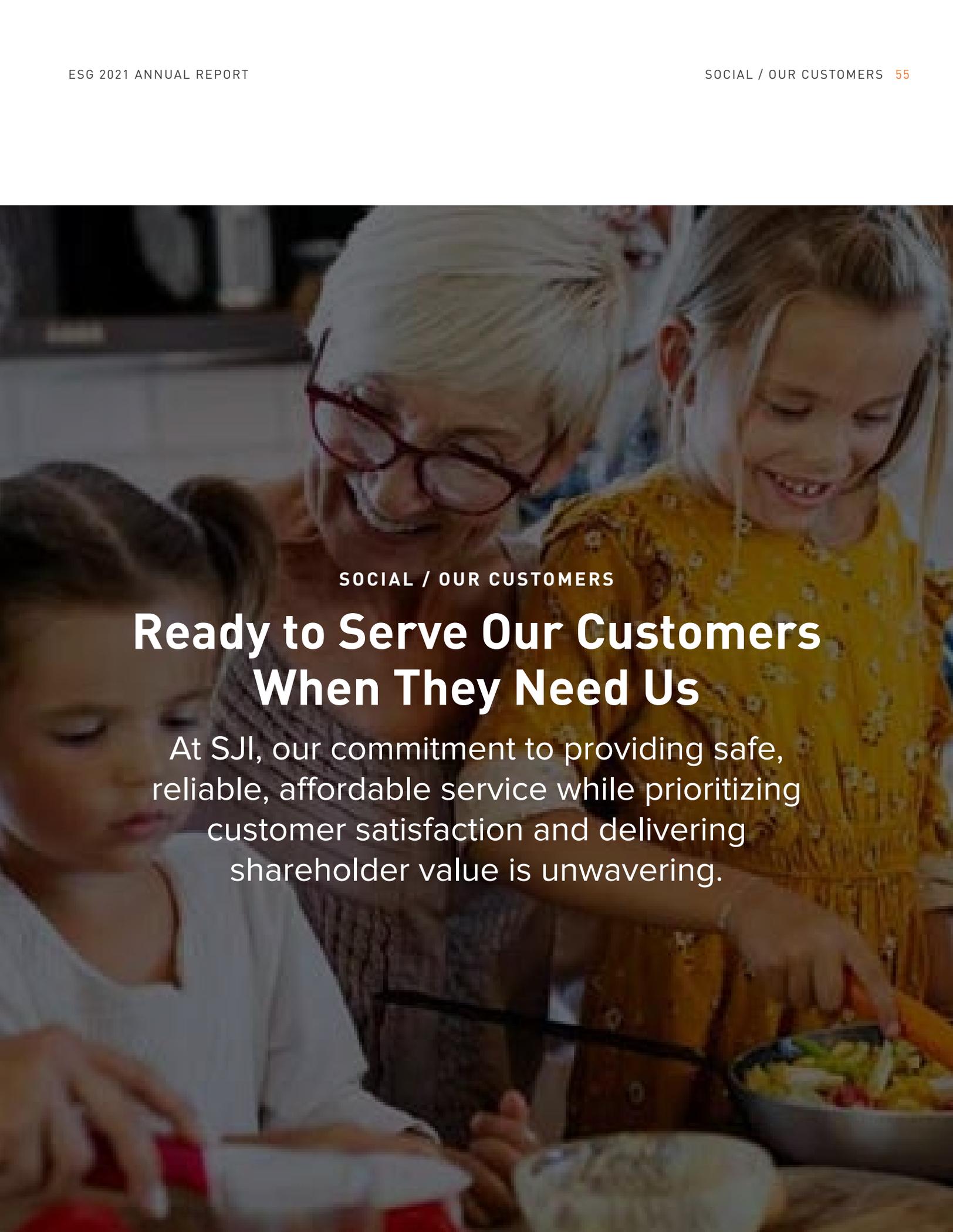
## Excess Flow Values

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.

In addition to the level of protection provided by excess flow valves remote control valves are present on the transmission system to allow for immediate, real-time gas flow shutoff capabilities.





SOCIAL / OUR CUSTOMERS

## Ready to Serve Our Customers When They Need Us

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

## CUSTOMER EXPERIENCE

# 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 two years, when our ability to “show up” was inexorably tested, at a time when our customers needed us most. Resource investments – from technology and system implementations to training and employee engagement – remain core to our strategy for enhancing the customer experience.

Here are some examples of how we continue to show up for our customers:

- Elizabethtown Gas received the highest score in the East Midsize segment of the J.D. Power 2015-2021 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](#).
- SJI’s outreach teams safely and enthusiastically returned to in-person events, helping connect thousands of customers with energy assistance information, program enrollment support, and flexible payment solutions.
- In partnership with the New Jersey Board of Public Utilities and the Department of Community Affairs, South Jersey Gas and Elizabethtown Gas helped 36,682 customers secure over \$22 million in energy assistance funding - ensuring customers could continue to rely on natural gas for their heating, hot water and cooking needs.
- In response to the competitive labor market, our utilities pivoted and employed a mix of resources to meet customer needs by implementing technology to better serve our customers, including: deployment of a more customer-centric interactive voice response(IVR) system to answer customer inquiries; addition of email response representatives;and investments in kiosk technology for faster self-service.
- During 2021, nearly 51% 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, a secure method for customers to manage their accounts and also reduces waste.

- Our commitment to service is rooted in the voice of the customer. During 2021, our utilities benefited from the feedback provided in 26,657 customer survey responses - mining insights that enable us to improve customer satisfaction after service interactions, achieving a combined valued customer rating of 82% within our utilities, a nearly 2.6% improvement over the prior year.

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.

In 2021, both South Jersey Gas and Elizabethtown Gas experienced strong demand for natural gas services which was driven by increases in gas conversion from alternative fuels such as oil and propane, and from new construction.

#### Elizabethtown Gas

- Serves approximately 305,464 families and businesses in 110 northern NJ communities.
- Added 3,851 net customers in 2021, representing a growth rate of 1.28%.

#### South Jersey Gas

- Serves more than 411,301 families and businesses in 117 southern NJ communities.
- Added 6,415 net customers in 2021, representing a growth rate of 1.56%, as a moratorium on service disconnections amplified growth.



SOCIAL / COMMUNITY SUPPORT

# Being a Committed Community Partner

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

## COMMUNITY PARTNERSHIPS

# External Affairs

SJI's External Affairs team strives to enhance the positive impact the organization has in the community through 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.

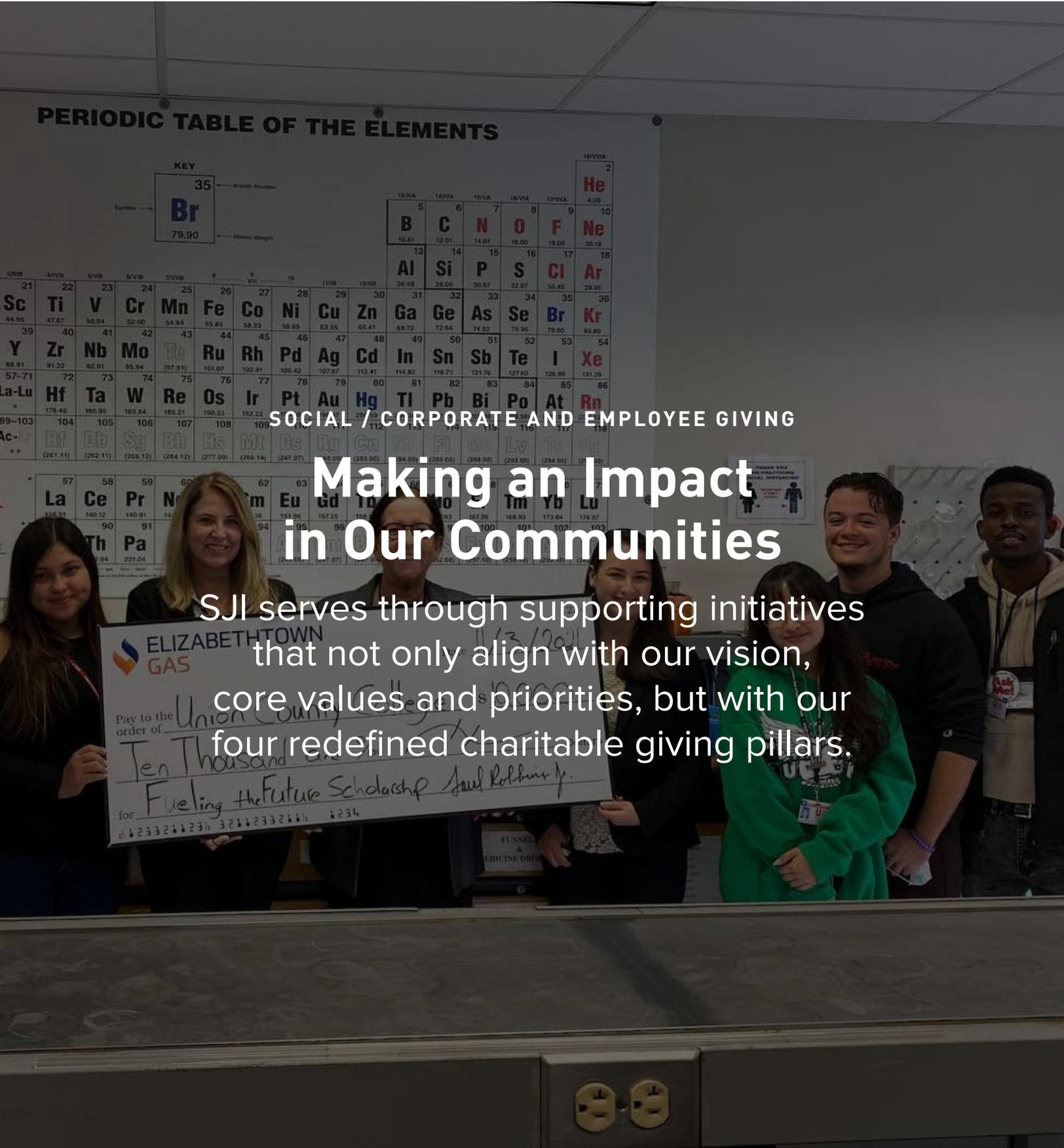
This enhanced focus on community engagement was needed more than ever in the past few years as the COVID-19 pandemic brought unprecedented economic contraction to our state and nation. Through it all, we have remained committed to helping our customers maintain energy security by providing for the uninterrupted 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.

The External Communications team educates stakeholders on SJI's mission to provide safe, reliable, affordable clean energy to the communities we serve through communications on the company website, social media, media partnerships, and community events. The team showcases SJI's efforts to "Lead the Way" to a clean energy future while elevating SJI's brand as a trusted energy provider for our over 700,000 customers throughout New Jersey.

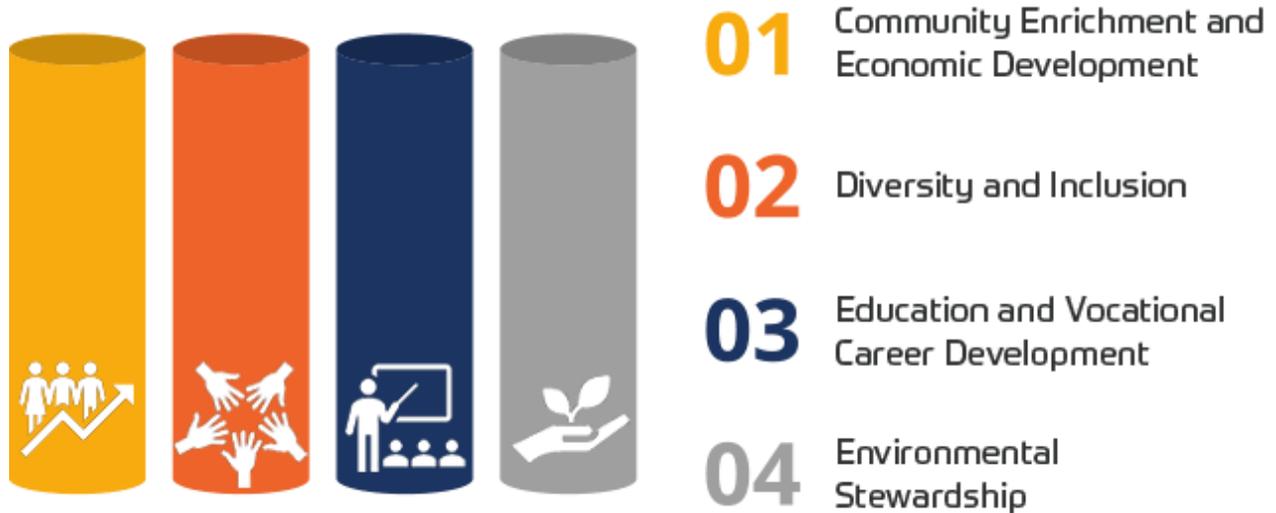


SOCIAL / CORPORATE AND EMPLOYEE GIVING

# Making an Impact in Our Communities

SJI serves 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

2021 marked a year where communities and organizations started to adapt to the challenges brought on by the COVID-19 pandemic and began hosting events again. As a corporate partner to the communities we serve, SJI committed to continue giving to organizations and communities throughout the SJG and ETG service areas. Our investments during 2021 totaled nearly \$530,000 in financial support and significant employee volunteer hours of service.

To support medical and educational challenges resulting from the pandemic, corporate donations were also used to assist hospital and college foundations throughout the South Jersey Gas and Elizabethtown Gas service

areas. This year, \$17,000 was distributed directly to college and university foundations that help advance the lives of our future generations as they pursue degrees in New Jersey. Direct support to universities like Rowan, allow SJI to play a key role in ensuring our workforce is prepared for the future. Recognizing that hospitals continue to work tirelessly rebounding from the ongoing pandemic, SJI continued it's support to hospitals that have done so much in 2021. Roughly \$35,000 was dedicated to supporting hospitals and their foundations as we remain committed partners to those who serve.

### Game On Grant Program

For the last ten 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. This year, we were excited to expand the program to include Elizabethtown Gas.

In 2021, the programs awarded \$40,000 in grants, \$20,000 from each utility, toward the purchase of equipment, uniforms and field improvements in local communities. Since the program was founded, South Jersey Gas and Elizabethtown Gas have provided \$215,000 in grants.



### First Responders Grant Program

The First Responders Grant Program, at both South Jersey Gas and Elizabethtown Gas, supports the critical safety training and lifesaving efforts conducted by local fire, police and EMS first responders.

In total, for 2021, 28 grants were awarded totaling nearly \$120,000. These grants are utilized by first responders to support necessary purchases including combustible

gas detectors, turn out gear, fire hoses, medical supplies and equipment, body armor, and security cameras . Since the program was founded, South Jersey Gas and Elizabethtown Gas have provided more than \$250,000 in grants.



### Employee Giving – A Workforce that Gives

Through our Employee Giving Campaign, our workforce comes together collectively to make an impact and help support our local communities. The 2021 campaign produced an increase of 50% over last year and raised the most in a single year of the campaign with \$150,000 - to support the Community Food Bank of New Jersey, the

American Red Cross, the American Association of Blacks in Energy South Jersey Chapter, Arc, Junior Achievement, the Nature Conservancy and the New Jersey Veterans Network. Since 2018, our employees have made a collective impact on our communities, raising over \$400,000 for area non-profit organizations.



SOCIAL / ECONOMIC DEVELOPMENT

# Ensure Long Term Values

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

**SUMMARY**

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

During 2021 these efforts included:

- Disbursing \$100 million in base salaries to our more than 1,100 employees.
- Investing nearly \$530,000 in community support.
- Spending approximately \$532 million in capital expenditures.
- Purchasing more than \$106 million of materials, services and equipment from minority, service-disabled veteran, women-owned businesses.
- Breaking ground on eight renewable natural gas (RNG) production facilities at a portfolio of dairy farms throughout the U-S.
- Hosting the first SJI Veterans Career Fair for veterans and their families.
- Helping thousands of students prepare for future careers with Junior Achievement of New Jersey's virtual Career Fair.
- Acquiring a third fuel cell project through Catamaran Renewables, SJI Marina Energy's joint venture with renewable industry leader Captona.

## 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), which ended on September 30, 2021, targeted 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 the end of the program, South Jersey Gas replaced 825 miles of main and restored 41,500 services. As a result of AIRP and AIRP II, South Jersey Gas replaced almost all of the remaining bare steel and cast iron in its system.

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). This program ended on June 30, 2021. 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 further enhanced and protected our infrastructure in advance of

future significant weather events. Through the end of the program, SHARP II resulted in the installation of approximately 9,000 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 2021, Elizabethtown Gas replaced 135 miles of main and restored approximately 15,400 services.

SJI was a partner in the proposed PennEast Pipeline, a project that was slated to provide low-cost natural gas across New Jersey and Pennsylvania. As disclosed in South Jersey Industries 2021 Annual Report, following extensive evaluation and discussion, the PennEast partners determined that further development of the project is no longer supported.

**JOB CREATION**

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

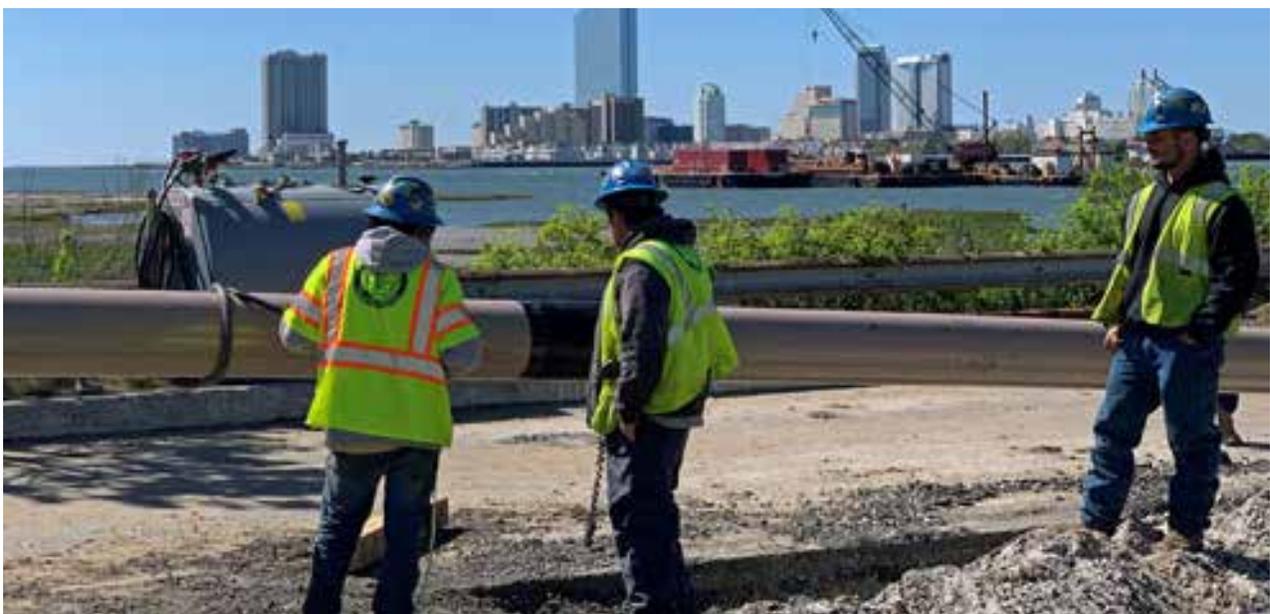
South Jersey Gas system improvements are designed to enhance safety and reliability. In 2021, SJI created hundreds of jobs with infrastructure enhancement projects.

**South Jersey Gas**

- **New Sentury Pump Station -**  
\$69 million project created 46 jobs
- **WAG Line Cut Out -**  
\$1.9 million project created 8 jobs
- **Galloway Lateral Project -**  
\$3.7 million project created 15 jobs
- **Accelerated Replacement Program -**  
\$30.7 million project created 123 jobs
- **Distribution Main Replacement -**  
\$64.0 million project created 256 jobs

**Elizabethtown Gas**

- **Pipe Replacement Program (including IIP) -**  
\$112.2 million in projects created 449 jobs
- **Leak Detection related improvements -**  
\$5.1 million in work created 20 jobs
- **Pressure Improvement Projects -**  
\$3.2 million in projects created 13 jobs



## SUPPLIER DIVERSITY

**In 2021, SJI purchased approximately \$100 million in materials, services and equipment from minority, veteran, service-disabled veteran and woman-owned businesses.**

At SJI, we share a passion for diversity and inclusion and view certified diverse businesses as valued partners. This guides how we do business. We believe the energy and talent each diverse supplier brings provides SJI with a competitive advantage and will help the company grow and develop. This not only benefits SJI, but also empowers the communities we serve.

### **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.

SJI's sourcing process strives to ensure equal and fair participation of suppliers in a competitive procurement process. The implementation of Workday Strategic Sourcing in late 2021 has allowed SJI to ensure that diverse suppliers are able to participate in more requests for proposals (RFPs) and requests for information (RFIs).

**(CONTINUED)**

## **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.

### **Highlights from 2021 included the following spending statistics:**

- Minority-Owned Business Enterprises: \$8.7 million\*
- Woman-Owned Business Enterprises: \$53 million
- Veteran-Owned Business Enterprises: \$43.1 million
- Disabled Veteran-Owned Business Enterprises: \$851 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:	2021	2020
SJI	2.5	2.9
SJG	1.4	35.3
ETG	0.036	49.4

CATEGORY	SJI	SJG	ETG
Minority-Owned Business Enterprise (MBE)	\$3.7	\$3.3	\$1.7
Women-Owned Business Enterprise (WBE)	\$2.2	\$16.2	\$34.6
Veteran-Owned Business Enterprise (VBE)	\$0*	\$28.7	\$14.4
Disabled Veteran-Owned Business Enterprise (DVBE)	\$0*	\$0.9	\$0*

\*No spend in these categories

### 2021 Company Targets

SJI	SJG	ETG
10% increase	10% increase	10% increase

### Non-Diverse Small Business

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

### 2021 Supplier Diversity Spend

SJI	SJG	ETG
\$7M	\$55M	\$55M
(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.

GOVERNANCE

# Governance, Stakeholder Engagement & Risk Management

As of April 2022, SJI is governed by a 10-member Board of Directors, nine of whom are independent.

# Corporate Governance

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 ESG Management Committee 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.

Several department subject matter experts provide the ESG Management Committee with updates on the company's environmental, social and governance activities at the quarterly meetings. The Co-Chair of the ESG Management Committee presents a report of the Committees' activities at the quarterly ESG Committee of the Board meetings.

The ESG Committee of the Board provides oversight, monitoring and guidance of environmental and social related risks and opportunities regarding safety, corporate and social citizenship, public and legal policy, workforce 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. Management presents an update of the Company's Environmental, Social and Governance activities at each ESG Board Committee meeting and the Chair of the ESG Board Committee provides a report to the Board of Directors at each quarterly meeting. The ESG Committee of the Board 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 [media@sjindustries.com](mailto:media@sjindustries.com).

### Board of Directors:

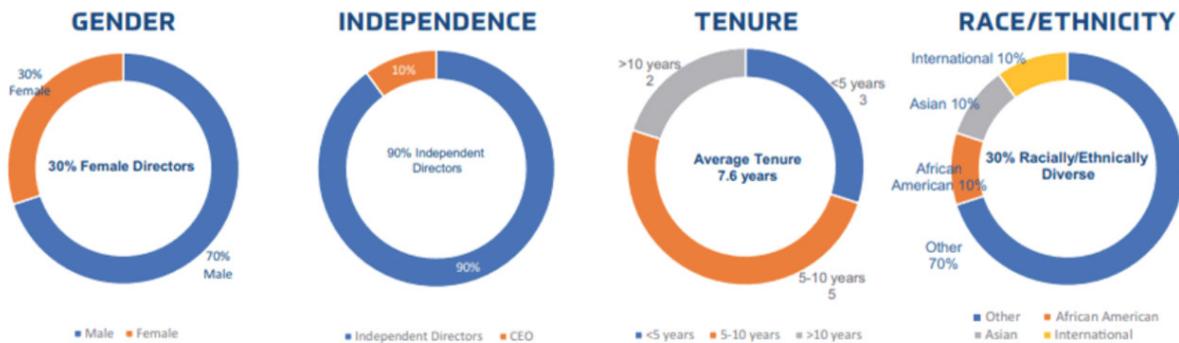
- |   |                           |
|---|---------------------------|
| Michael J. Renna (President & CEO, SJI) | G. Edison Holland, Jr.    |
| Joseph M. Rigby (Chairman)              | Sunita Holzer             |
| Sarah M. Barpoulis                      | Kevin O'Dowd              |
| Victor A. Fortkiewicz**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

\* ESG Committee Chair  
 \*\* 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 |

## Director Tenure and Diversity



## Director Age



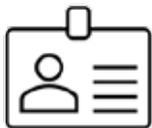
# Stakeholder Engagement

In an effort to move our Collective Ambition initiative forward, SJL 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. SJL's stakeholders include customers, employees, regulators, shareholders and the communities we serve.



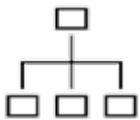
## Customers

SJL 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 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. [Learn more about how we serve our customers here.](#)



## Employees

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 SJL, we do this by helping employees connect with one another in meaningful ways, offering helpful training and development resources, providing education on wellness programs 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. SJL 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

Members 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 2021, we reached out to our largest shareholders, aggregating approximately 79% of our outstanding shares. Members of the Board of Directors, including the Chairman and the Chair of the ESG Committee of the Board, SJI management and members of the ESG Management Committee met with four of our top shareholders. Those meetings included our first and third largest shareholders, representing approximately 27% 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. [Learn more about our shareholder engagement here.](#)



## Communities We Serve

SJI 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:

- Facilitate annual one-on-one meetings with Business Area Leads to ensure a systematic approach to identifying and assessing risks for likelihood (probability) and criticality (financial impact), including Environmental (specifically climate-related risks), Social, and Governance risks.
- Develop inherent and residual risk assessment scores for low, medium, high, and very high risks to determine materiality.
- Evaluate the speed of onset or velocity (the time that elapses between the event and the impact on the company).
- Create and obtain an understanding of the controls that have been established to mitigate significant risks.

Leveraging the ERM process provides consistent evaluation and common language throughout the risk assessment process. The ERM risk assessment includes the integration of identifying, assessing, managing, monitoring and communicating ESG-related risks. Data, metrics, and controls are then communicated to Internal Audit, the Risk Management Committee (RMC), Audit Committee of the Board, ESG Management Committee, and the ESG Committee of the Board. This comprehensive approach enhances SJI's ability to mitigate ESG risks, create resiliency and contribute 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, stakeholders and the communities we serve. Our participation in efforts to properly influence public policy takes many forms, and is conducted 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 avoid any and all prohibited conflicts of interest that may arise.

Finally, 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.

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.

## 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, 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 carbon neutrality by 2040. The members of this team, a collaboration of individuals across various business lines, enable us to ensure we are working to decrease the impact on the environment and to have a positive impact on our customers and communities, while facilitating our carbon emission reduction targets. The Vice President of this team serves as a member of the ESG Management Committee.

In 2021, to provide focused effort on each of the emissions categories within the SJI footprint, the Sustainability and Green House Gas Emissions Reduction Committee was formed to centralize communication, lateral visibility and monitoring of decarbonization metrics and key performance indicators across business lines. This group is comprised of business leaders and subject matter experts who meet monthly within subcommittee Team of Teams groups to discuss progress of their area of emissions reductions and potential future strategies. The Chair of this Committee serves as a member of the ESG Management Committee and provides a quarterly update of the Sustainability and Green House Gas Emissions Reduction Committee's activities and initiatives.

**[See Sustainable Business Practices Section of this report for further ESG/Sustainability Strategy information.](#)**

# ESG/Sustainability Governance

To support the creation of this report and the company's other ESG and corporate sustainability efforts, the ESG Committee of the Board provides oversight on key initiatives such as Human Capital Management, Safety and Climate. The Chairwoman of the Committee provides a quarterly report to the full Board of Directors regarding ESG initiatives.

The ESG Management Committee includes cross-functional members of management from key areas of the Company such as ESG, human resources, legal, risk management, communications, safety and environment. Several department subject matter experts provide the ESG Management Committee with updates on the company's environmental, social and governance activities and the Co-Chair of the ESG Management Committee provides a report of the Committees' activities at the quarterly ESG Committee of the Board meetings.

The ESG Management Committee is responsible for the development and implementation of the company's key sustainability strategies, initiatives and policies. This includes management of SJI's commitment to safety, climate, health, human rights, human capital management, diversity, equity and inclusion, governance and community support strategies.

## 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.

## Policies

[Human Rights Policy](#)

[Code of Ethics for Directors/Employees](#)

[Code of Ethics for Financial Officers](#)

[Supplier Code of Conduct](#)

[Environmental Policy](#)

[Safety Policy](#)



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 stakeholders 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 stakeholder



BY THE NUMBERS

# Sustainability Metrics

DISCLAIMER: The measurement and performance results, 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.

## EEL-AGA ESG/Sustainability Metrics

The Edison Electric Institute/American Gas Association (EEL/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.

### South Jersey Industries

MEASUREMENT	2021	2020	2019	2011
<b>UTILITY SYSTEM EMISSIONS (IN METRIC TONS)</b>				
Direct CO <sub>2</sub> -Equivalent Emissions - Scope 1	95,619	101,792	127,761	232,741
Product-Supplied CO <sub>2</sub> -Equivalent Emissions - Scope 3 (partial)	4,856,846	4,553,554	4,956,154	5,199,791
CO <sub>2</sub>	1,947	1,788	1,887	3,112
Methane	3,747	4,000	5,035	9,185
Nitrous Oxide	0.0038	0.0030	0.0030	0.0050
<b>METHANE EMISSIONS AND MIGRATION FROM DISTRIBUTION MAINS</b>				
Number of Gas Distribution Customers	716,765	706,499	694,281	-
Distribution Mains in Service	10,271	10,209	10,081	9,277

**(SOUTH JERSEY INDUSTRIES CONTINUED)**

<b>MEASUREMENT</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2011</b>
Plastic (miles)	7,381	7,135	6,860	4,464
Cathodically Protected Steel - Bare & Coated (miles)	2,619	2,714	2,774	2,956
Unprotected Steel - Bare & Coated (miles)	23	51	89	957
Cast Iron/Wrought Iron - without upgrades (miles)	236	292	338	870
Ductile Iron (miles)	13	17	20	31
Copper	0.4	0.5	0.4	0.5
<b>PLAN/COMMITMENT TO REPLACE/UPGRADE REMAINING MILES OF DISTRIBUTION MAINS(#YEARS TO COMPLETE (# YEARS TO COMPLETE))</b>				
Unprotected Steel-Bare & Coated	1 SJG;4 ETG	2 SJG; 5 ETG	3 SJG; 6 ETG	
Cast Iron/ Wrought iron	1 SJG;4 ETG	2 SJG; 5 ETG	3 SJG; 6 ETG	
<b>DISTRIBUTION CO2E FUGITIVE EMISSIONS</b>				
CO2e Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	93,670	100,003	125,872	229,626
CO2e Fugitive Methane Emissions from Infrastructure (Pipeline Main & Services), includes ductile iron for ETG	94,181	100,615	127,058	230,215
Percent Reduction from 2006 to each year	65%	63%	53%	14%
CH4 Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	3,747	4,000	5,035	9,185

**(SOUTH JERSEY INDUSTRIES CONTINUED)**

<b>MEASUREMENT</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2011</b>
CH4 Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	195	208	262	478
Annual Natural Gas Throughput from Gas Distribution Operations in thousands of standard cubic feet (Mscf/year)	98,632,573	94,209,006	102,812,976	96,299,261
Annual Methane Gas Throughput from Gas Distribution Operations in millions of standard cubic feet(MMscf/year)	93,701	89,499	97,672	91,484
Fugitive Methane Emissions Rate (Percent MMscf of Methane Emissions per MMscf of Methane Throughput)%	0.21%	0.23%	0.27%	0.52%
<b>BLOWDOWN EMISSIONS REDUCTION INITIATIVE</b>				
Natural Gas Volume Released during Blowdown	3,262,044	3,363,374	779,310	-
Natural Gas Volume Saved	4,617,795	5,353,654	1,402,476	-
CO2e Emissions Reduced	2,108	2,444	640	-
Percent CO2e Emissions Reduced	59%	61%	64%	-

**(SOUTH JERSEY INDUSTRIES CONTINUED)**

MEASUREMENT	2021	2020	2019	2011
<b>EXCESS FLOW VALVE INSTALLATION PROGRAM**</b>				
Excess Flow Valves (EFVs)	319,785	290,668	236,597	-
Total Number of Services	590,426	581,503	551,886	-
% EFVs to total Services	54%	50%	43%	-
EFVs Methane Emissions Reduction, Mcf	146,187	132,877	108,158	-
** 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.				
<b>RECYCLED WASTE</b>				
Tons of Municipal Waste, Landfilled***	391	522	375	-
Tons of Municipal Waste, Recycled***	149	207	110	-
Tons of Municipal Waste, % Recycled***	28%	28%	23%	-
Tons of Utility Operations Solid Waste, Landfilled	7,660	6,716	5,619	-
Tons of Utility Operations Solid Waste, Recycled	859	965	1,371	-
Tons of Utility Operations Solid Waste, % Recycled	10%	13%	20%	-
Tons of Manifested Waste	1.57	0.78	2.03	-
Gallons of Utility Operations Liquid Waste	154,597	117,749	69,619	-
***Waste data is from all division locations based on information available at the time of the report. In 2021, SJI reorganized municipal waste into office municipal waste and utility operations waste (both solid and liquid) with new information and added manifested waste.				

**(SOUTH JERSEY INDUSTRIES CONTINUED)**

MEASUREMENT	2021	2020	2019	2011
<b>WATER DISCLOSURE (OFFICE, DIVISION SITES, LNG FACILITIES) ****</b>				
Total Water Used/Consumed, gallons	3,838,498	3,266,088	6,469,681	-
City Water Usage, gallons	3,043,608	2,767,910	3,360,061	-
Water Withdrawn from Well, gallons	794,890	498,178	3,109,620	-
**** 2020 water usage decreased due to reduced occupancy during Covid. This year's report replaced estimated water information with actual data that was not available at the time of last year's report.				

## South Jersey Gas

MEASUREMENT	2021	2020	2019	2011
<b>UTILITY SYSTEM EMISSIONS (IN METRIC TONS)</b>				
Direct CO <sub>2</sub> -Equivalent Emissions - Scope 1	50,303	49,215	69,899	135,230
Product-Supplied CO <sub>2</sub> -Equivalent Emissions - Scope 3 (partial)	2,470,878	2,291,928	2,491,760	2,591,032
CO <sub>2</sub>	1,453	1,259	1,388	2,067
Methane	1,954	1,918	2,740	5,326
Nitrous Oxide	0.0030	0.0020	0.0020	0.0040
<b>METHANE EMISSIONS AND MIGRATION FROM DISTRIBUTION MAINS</b>				
Gas Distribution Customers	411,301	404,886	397,090	-
Distribution Mains in Service	6,977	6,918	6,830	6,144
Plastic (miles)	5,341	5,169	4,987	3,030
Cathodically Protected Steel - Bare & Coated (miles)	1,618	1,709	1,760	1,923
Unprotected Steel - Bare & Coated (miles)	19	40	83	955
Cast Iron/Wrought Iron - without upgrades (miles)	0	0	0	236
Ductile Iron (miles)	0	0	0	0
Copper	0	0	0	0

**(SOUTH JERSEY GAS CONTINUED)**

MEASUREMENT	2021	2020	2019	2011
<b>PLAN/COMMITMENT TO REPLACE/UPGRADE REMAINING MILES OF DISTRIBUTION MAINS (# YEARS TO COMPLETE)</b>				
Unprotected Steel-Bare & Coated	1	2	3	0
Cast Iron/Wrought Iron	1	2	3	0
<b>DISTRIBUTION CO2E FUGITIVE EMISSIONS</b>				
CO2e Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	48,848	47,955	68,509	133,161
CO2e Fugitive Methane Emissions from Infrastructure (Pipeline Main & Services), includes ductile iron for ETG	48,281	47,041	67,582	131,137
Percent Reduction from 2006 to each year	68%	69%	55%	13%
CH4 Fugitive Methane Emissions from Gas Distribution Operations	1,954	1,918	2,740	5,326
CH4 Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	102	100	143	277
Annual Natural Gas Throughput from Gas Distribution Operations in thousands of standard cubic feet (Mscf/year)	51,629,711	49,364,522	54,496,700	45,164,947

**(SOUTH JERSEY GAS CONTINUED)**

<b>MEASUREMENT</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2011</b>
Annual Methane Gas Throughput from Gas Distribution Operations in millions of standard cubic fee (MMscf/year)	49,048	46,896	51,772	42,907
Fugitive Methane Emissions Rate (Percent MMscf of Methane Emissions per MMscf of Methane Throughput)%	0.21%	0.21%	0.28%	0.65%
<b>BLOWDOWN EMISSIONS REDUCTION INITIATIVE</b>				
Natural Gas Volume Released during Blowdown,cf	3,198,772	3,204,292	672,767	-
Natural Gas Volume Saved, cf	4,606,868	5,136,440	1,348,181	-
CO2e Emissions Reduced metric tons/yr	2,103	2,345	615	-
Percent CO2e Emissions Reduced metric tons/yr	59%	62%	67%	-
<b>EXCESS FLOW VALVE INSTALLATION PROGRAM**</b>				
Excess Flow Valves (EFVs)	205,756	187,375	144,299	-
Total Number of Services	359,471	350,734	322,000	-
% EFVs to total Services	57%	53%	45%	-
EFVs Methane Emissions Reduction, Mcf	94,060	85,657	65,965	-
** 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.				

**(SOUTH JERSEY GAS CONTINUED)**

MEASUREMENT	2021	2020	2019	2011
<b>RECYCLED WASTE</b>				
Tons of Municipal Waste, Landfilled	285	373	255	-
Tons of Municipal Waste, Recycled	72	140	43	-
Tons of Municipal Waste, % Recycled	20%	27%	14%	-
Tons of Utility Operations Solid Waste, Landfilled	108	121	22	-
Tons of Utility Operations Solid Waste, Recycled	713	798	683	-
Tons of Utility Operations Solid Waste, % Recycled	87%	87%	97%	-
Tons of Manifested Waste	0.00	0.45	1.61	-
Gallons of Utility Operations Liquid Waste	122,763	60,690	31,626	-
***Waste data is from all division locations based on information available at the time of the report. In 2021, SJI reclassified municipal waste into office municipal waste and utility operations waste (both solid and liquid) with new information and added manifested waste.				
<b>WATER DISCLOSURE</b>				
Total Water Used/Consumed, gallons	2,939,420	2,674,026	5,503,277	-
City Water Usage, gallons	2,372,030	2,344,530	2,607,507	-
Water Withdrawn from Well, gallons	567,390	329,496	2,895,770	-
**** 2020 water usage decreased due to reduced occupancy during Covid. This year's report replaced estimated water information with actual data that was not available at the time of last year's report.				

# Elizabethtown Gas

MEASUREMENT	2021	2020	2019	2011
<b>UTILITY SYSTEM EMISSIONS (IN METRIC TONS)</b>				
Direct CO <sub>2</sub> -Equivalent Emissions - Scope 1	45,316	52,577	57,862	97,511
Product-Supplied CO <sub>2</sub> -Equivalent Emissions - Scope 3 (partial)	2,385,968	2,261,626	2,464,394	2,608,759
CO <sub>2</sub>	493	529	499	1,046
Methane	1,793	2,082	2,295	3,859
Nitrous Oxide	0.0008	0.0010	0.0010	0.0010
<b>METHANE EMISSIONS AND MIGRATION FROM DISTRIBUTION MAINS</b>				
Gas Distribution Customers	305,464	301,613	297,191	-
Distribution Mains in Service	3,294	3,291	3,251	3,133
Plastic (miles)	2,040	1,966	1,873	1,434
Cathodically Protected Steel - Bare & Coated (miles)	1,001	1,005	1,014	1,033
Unprotected Steel - Bare & Coated (miles)	4	10	6	2
Cast Iron/Wrought Iron - without upgrades (miles)	236	292	338	634
Ductile Iron (miles)	13	17	20	31
Copper	0.4	0.5	0.4	0.5

**(ELIZABETHTOWN GAS CONTINUED)**

MEASUREMENT	2021	2020	2019	2011
<b>PLAN/COMMITMENT TO REPLACE/UPGRADE REMAINING MILES OF DISTRIBUTION MAINS (# YEARS TO COMPLETE)</b>				
Unprotected Steel-Bare & Coated	4	5	6	
Cast Iron/Wrought iron	4	5	6	
<b>DISTRIBUTION CO2E FUGITIVE EMISSIONS</b>				
CO2e Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	44,822	52,048	57,363	96,464
CO2e Fugitive Methane Emissions from Infrastructure (Pipeline Main & Services), includes ductile iron for ETG	45,900	53,574	59,476	99,078
Percent Reduction from 2006 to each year	61%	55%	50%	17%
CH4 Fugitive Methane Emissions from Gas Distribution Operations	1,793	2,082	2,295	3,859
CH4 Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	93	108	120	201
Annual Natural Gas Throughput from Gas Distribution Operations in thousands of standard cubic feet (MMscf/year)	47,002,862	44,844,484	48,316,276	51,134,314

**(ELIZABETHTOWN GAS CONTINUED)**

<b>MEASUREMENT</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2011</b>
Annual Methane Gas Throughput from Gas Distribution Operations in millions of standard cubic feet (Mscf/year)	44,653	42,602	45,900	48,578
Fugitive Methane Emissions Rate (Percent MMscf of Methane Emissions per MMscf of Methane Throughput)%	0.21%	0.25%	0.26%	0.41%
<b>BLOWDOWN EMISSIONS REDUCTION INITIATIVE</b>				
Natural Gas Volume Released during Blowdown, cf	63,272	159,082	106,542	-
Natural Gas Volume Saved, cf	10,927	217,214	54,295	-
CO <sub>2</sub> e Emissions Reduced metric tons/yr	5	99	25	-
Percent CO <sub>2</sub> e Emissions Reduced metric tons/yr	15%	58%	34%	-
<b>EXCESS FLOW VALVE INSTALLATION PROGRAM**</b>				
Excess Flow Valves (EFVs)	114,029	103,293	92,298	-
Total Number of Services	230,955	230,769	229,886	-
% EFVs to total Services	49%	45%	40%	-
EFVs Methane Emissions Reduction, Mcf	52,128	47,220	42,193	-

\*\* 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. This year's report includes a correction for an erroneous number of total EFVs from 2020.

**(ELIZABETHTOWN GAS CONTINUED)**

MEASUREMENT	2021	2020	2019	2011
<b>RECYCLED WASTE</b>				
Tons of Municipal Waste, Landfilled	106	149	119	0
Tons of Municipal Waste, Recycled	77	67	67	0
Tons of Municipal Waste, % Recycled	42%	31%	36%	-
Tons of Utility Operations Solid Waste, Landfilled	7,552	6,595	5,597	-
Tons of Utility Operations Solid Waste, Recycled	146	168	687	-
Tons of Utility Operations Solid Waste, % Recycled	2%	2%	11%	-
Tons of Manifested Waste	1.57	0.34	0.42	-
Gallons of Utility Operations Liquid Waste	31,834	57,059	37,993	-
***Waste data is from all division locations based on information available at the time of the report. In 2021, SJI recategorized municipal waste into office municipal waste and utility operations waste (both solid and liquid) with new information and added manifested waste.				
<b>WATER DISCLOSURE</b>				
Total Water Used/Consumed, gallons	899,078	592,062	966,404	-
City Water Usage, gallons	671,578	423,380	752,554	-
Water Withdrawn from Well, gallons	227,500	168,682	213,850	-
**** 2020 water usage decreased due to reduced occupancy during Covid. This year's report replaced estimated water information with actual data that was not available at the time of last year's report.				

# Social

MEASUREMENT	2021	2020	2019
<b>TOTAL EMPLOYEES**</b>	<b>1,173</b>	<b>1,128</b>	<b>1,117</b>
Corporate	20%	20%	18%
Utility Company	77%	77%	79%
Non-Utility Company	3%	3%	3%
<b>% of Employees Represented by Unions**</b>			
	39%	41%	44%
<b>Employee Turnover Rate**</b>			
	8%	8%	7%
Retirements	2%	4%	6%
<b>EMPLOYEE POPULATION ETHNICITY REPRESENTATION</b>			
Male	63%	62%	61%
Female	37%	38%	39%
White	70%	71%	72%
Non White	30%	29%	28%
People of Color (including women)	51%	51%	51%
<b>Breakdown of Non-White Employees</b>			
American Indian	1%	1%	1%
Asian	10%	10.7%	9%
Black	40%	40%	42.5%
Hispanic	43%	43%	42.5%
Two or More Races	5%	4%	5%
Native Hawaiian or Other Pacific Islander	0.3%	0.3%	N/A
<b>Median Employee Age**</b>			
	43	44	45

**(SOCIAL CONTINUED)**

MEASUREMENT	2021	2020	2019
<b>EMPLOYEE POPULATION GENERATIONAL REPRESENTATION</b>			
Traditionalists (Over 75)	0%	0%	0%
Baby Boomers (56-74)	21%	24%	31%
Generation X (40-55)	34%	35%	34%
Millennials/Generation Y (25-39)	40%	37%	34%
I Gen/Generation Z (24 and younger)	5%	4%	1%
<b>NEW HIRE REPRESENTATION</b>			
New Hire Males	60%	70%	51%
New Hire Women	40%	30%	49%
New Hire People of Color (including Women)	57%	52%	75%
New Hire Non White	39%	38%	40%
Median Employee Tenure**	5	5	6
Leadership Roles Held by Women	40%	38%	39%
Entry Level Engineer Positions Held by Women and Minorities ****	40%	62%	55%
Internship Program Participants	19	7	14
Employee Engagement Survey Engagement Rate	92%	N/A	88%
Employee Engagement Survey Response Rate	88%	N/A	82%
Employee Participation in Corporate Training/Development Programs (in hours)	6,730	5,945	4,877

\*\* Intern Population included

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

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

## Safety

MEASUREMENT	2021	2020	2019
OSHA Recordable Rate	0.66	1.13	1.97
DART Rate	0.45	0.68	1.23
Preventable Auto Rate	1.64	1.3	2.8
SJI Fatality Rate	0.00	0.00	0.00

## Governance

MEASUREMENT	2021	2020	2019
Members of the Board of Directors	10	10	11
Female Members of the Board of Directors	3	3	3
Ethnic Diversity of Board			
African American	1	1	1
Asian	1	1	1
International	1	1	1
Other	7	7	8

## SASB Gas Utility Standards

SASB CODE	ACCOUNTING METRIC	SJG 2021	ETG 2021
<b>ENERGY AFFORDABILITY</b>			
IF-GU-240a.1	Average gas retail rate for residential customers (USD per MMBtu)	\$15.98	\$10.51
	Average gas retail rate for commercial customers (USD per MMBtu)	\$14.93	\$11.13
	Average gas retail rate for industrial customers (USD per MMBtu)	\$7.97	\$8.83
	Average gas retail rate for transportation services (USD per MMBtu)	\$4.50	\$2.83
IF-GU-240a.2	Typical monthly gas bill for residential customers for (1) 50MMBtu of gas delivered per year	\$69.29	\$47.86
	Typical monthly gas bill for residential customers for (2)100 MMBtu of gas delivered per year	\$127.93	\$85.64
IF-GU-240a.3	Number of residential customer gas disconnections for non-payment	Moratorium in effect during the entirety of 2021	
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	

**(SASB GAS UTILITY STANDARDS CONTINUED)**

<b>SASB CODE</b>	<b>ACCOUNTING METRIC</b>	<b>SJG 2021</b>	<b>ETG 2021</b>
<b>END-USE EFFICIENCY</b>			
IF-GU-420a.1	Percentage of gas utility revenues from rate structures that are decoupled	89%	84%
	Percentage of gas utility revenues from rate structures that contain a lost revenue adjustment mechanism (LRAM)	-	-
IF-GU-420a.2	Residential Customer gas savings from efficiency measures by market (MMBtu)	231,363	118,740
	Commercial Customer gas savings from efficiency measures by market	774	863
	Multifamily gas savings from efficiency measures by market	-	-
<b>INTEGRITY OF GAS DELIVERY INFRASTRUCTURE</b>			
IF-GU-540a.1	Number of reportable pipeline incidents,	0	0
	Number of Corrective Action Orders (CAO)	0	0
	Number of Notices of Probable Violation (NOPV)	0	0
IF-GU-540a.2	Percentage of distribution pipeline that is (1) cast and/or wrought iron	0%	7%
	Percentage of distribution pipeline that is (2) unprotected steel	0.28%	0.11%

**(SASB GAS UTILITY STANDARDS CONTINUED)**

<b>SASB CODE</b>	<b>ACCOUNTING METRIC</b>	<b>SJG 2021</b>	<b>ETG 2021</b>
IF-GU-540a.3	Percentage of gas (1) transmission pipelines inspected	4%	0%
	Percentage of gas (2) distribution pipelines inspected	2%	2%
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	
<b>ACTIVITY METRICS</b>			
IF-GU-000.A	Number of residential customers served	384,058	281,614
	Number of commercial customers served	26,925	23,748
	Number of industrial customers served	318	102
IF-GU-000.B	Amount of natural gas delivered to residential customers (MMBtu)	25,444,651	23,152,773
	Amount of natural gas delivered to commercial customers (MMBtu)	12,720,970	13,795,821
	Amount of natural gas delivered to industrial customers (MMBtu)	10,791,401	11,989,219
IF-GU-000.C	Number of gas transmission pipelines	236	21
	Length of gas distribution pipelines (km)	10,992	5,280

**(SASB GAS UTILITY STANDARDS CONTINUED)**

SASB CODE	ACCOUNTING METRIC	SJG 2021	ETG 2021
<b>SASB DISCUSSION AND ANALYSIS</b>			
IF-GU-240a.4 Discussion of impact of external factors on customer affordability of gas, including the economic conditions of the service territory	<p>The challenges presented to our Customers and the Country as a whole related to the financial impact of the COVID-19 pandemic has caused continued financial hardship and 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 that continued through 2021, 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>		
IF-GU-420a.2 Customer gas savings from efficiency measures by market	<p>For additional information on our energy efficiency programs please see the "<a href="#">Clean Energy Investments</a>" and "<a href="#">Energy Efficiency</a>" sections of this report.</p>		
IF-GU-540a.4 Description of efforts to manage the integrity of gas delivery infrastructure, including risks related to safety and emissions	<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 68% at SJG and 61% at ETG. Further discussion on our infrastructure improvements can be found within the <a href="#">infrastructure modernization section of the ESG report</a>.</p>		

## Other Metrics

MEASUREMENT	2021	2020	2019
Utility Customer Count	716,765	706,499	701,080
<b>CUSTOMER REPRESENTATION</b>			
Residential	92.19%	92.8%	92.8%
Commercial	7.77%	7.08%	7.10%
Industrial	0.03%	0.07%	0.10%
Gas Leak Hotline Calls (SJG) ***	39,222	20,875	24,540
Gas Leak Hotline Calls (ETG) ***	31,135	-	-
Gas Leak Hotline Average Call Response Time (in Minutes) (SJG) ***	29	27.2	25.6
Gas Leak Hotline Average Call Response Time (in Minutes) (ETG) ***	32	-	-
Customer Growth Rate	1.5%	1.76%	1.40%
Total Utility Customer Bill Financial Support Given (in Millions of Dollars)	14.18	15.75	16.5
Capital Investment (in Millions of Dollars)	532	486.5	504.2
Salaries Paid to Employees (in Millions of Dollars)	99.8	96.4	90.3
Total Supplies and Services Expenditures from New Jersey-Based Companies (in Millions of Dollars)**	624	327.8	233.6**
Total Supplies and Services Expenditures from Minority-, Service-Disabled Veteran-, Woman-Owned Businesses (in Millions of Dollars)	104	86.00	87.40

**(OTHER METRICS CONTINUED)**

MEASUREMENT	2021	2020	2019
Economic Earnings (in Millions of Dollars)	178.00	163.00	103.00
Annualized Dividend Declared Per Common Share (in Dollars)	1.24	1.21	1.18
<p>** Data from 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> <p>*** This year, Gas Leak Hotline Calls and Average Call Response Time broken out by utility</p>			

**DISCLAIMER AND FORWARD-LOOKING STATEMENTS**

The information and opinions contained in this report are provided as of the date of this report and are subject to change without notice. South Jersey Industries (SJI) does not undertake to update or revise any such statements. This report represents current SJI policy and intent and is not intended to create legal rights or obligations. This report may contain or incorporate by reference public information not separately reviewed, approved, or endorsed by SJI, and no representation, warranty, or undertaking is made by SJI as to the accuracy, reasonableness, or completeness of such information. Inclusion of information in this report is not an indication that the subject or information is material to SJI's business or operating results.

This report includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical or current facts, including statements regarding our plans, initiatives, projections, goals, commitments, expectations, or prospects, are forward-looking. We use words such as aim, believe, commit, drive, estimate, ensure, expect, goal, intend,

may, mission, plan, project, seek, strategy, strive, target, and will or similar expressions to identify forward-looking statements. Forward-looking statements reflect management's current expectations and inherently involve risks and uncertainties. Actual results could differ materially due to a variety of factors, including assumptions not being realized, scientific or technological developments, evolving sustainability strategies, changes in carbon markets, evolving government regulations, our expansion into new products, services, technologies, and geographic regions, or other changes in circumstances, as well as the factors set forth in the "Risk Factors" section of SJI's most recent Annual Report on Form 10-K and subsequent filings. The standards of measurement and performance contained in the report are developing and based on assumptions, and no assurance can be given that any plan, initiative, projection, goal, commitment, expectation, or prospect set forth in this report can or will be achieved.