



2020 Annual Report

CLEAN ENERGY

SAFE. RELIABLE. AFFORDABLE.



An aerial photograph of a coastal town, likely San Jose, California, showing a dense residential area with many houses and a large body of water (the San Francisco Bay) to the right. The entire image is covered with a semi-transparent blue overlay. The text is positioned on the right side, over the water area.

SJI delivers safe, reliable,
affordable clean energy
for a better today and
tomorrow to 700k+
families and businesses.
We are committed to
growing and innovating
our renewable and
sustainable energy
assets, including green
technologies, to build
a clean future and advance
critical decarbonization
efforts by 2050.

LETTER TO SHAREHOLDERS

Despite the challenges of COVID-19, SJI continued to deliver reliable service for customers, safe operations for its employees and communities, record earnings growth, and new commitments to state-of-the-art clean energy investments.

We all can agree that 2020 was a year like no other in recent memory. Not only did the novel coronavirus upend our nation almost overnight for school, work, and commerce, it tragically took the lives of over 20,000 of our New Jersey neighbors.

There was no playbook or manual to consult in a year like we just experienced. Unlike other emergencies resulting from natural disasters, it was not our utility infrastructure that needed rebuilding or a helping hand, but our ***customers and the communities we serve.***

COVID-19 forced closures of businesses, some temporary, and some permanently – from mom-and-pop restaurants on Main Street to the casinos on the Atlantic City Boardwalk. As ‘stay at home’ orders spilled across the Northeast, remote learning also became the norm for kids and parents alike. For many, homes became classrooms and workplaces combined, all under the same roof.

Through it all, SJI was there for its more than 700,000 customers –reliably delivering affordable energy safely to homes, businesses, schools, and hospitals, particularly important at a time of unprecedented public health challenges and great economic uncertainty. And we did it while retaining and supporting our 1,100-employee workforce, whose commitment to the job, whether remote or in the field, was

more essential than ever to our continued operations and success.

Stable Growth for Investors

SJI continues to be positioned for measured growth. Through its two regulated businesses, SJI has added approximately 12,000 new customers and saw economic earnings increase by \$60 million in calendar year 2020. Additionally, SJI raised its dividend for its 22nd consecutive year.

Safe and Affordable Energy for Customers

We continue to modernize critical infrastructure, investing approximately \$135 million last year to modernize gas mains and invest in storm hardening around coastal communities. Regulators also approved changes to base rates for South Jersey Gas last fall that took effect October 1. These base rate changes reflect investments made since 2017 to improve the customer experience and enhance the safety, reliability, and resiliency of the company’s gas distribution system. South Jersey Gas’ annual revenues from base rates will increase by \$39.5 million and include a return on equity of 9.6%, with a 54% common equity component. Even with this base rate change, customers experienced a net decrease on their bills, as a result of the prudent management of gas commodity costs and changes to other company rates. As we continue to navigate the COVID-19 Pandemic,

this is more important than ever – we are proud to deliver the quality service our customers expect and deserve, without sacrificing affordability.

Advancing a Cleaner Energy Future

SJI remains committed to clean energy and decarbonization initiatives in support of the environmental goals of our State and region. SJI has been a leader in advancing New Jersey's clean energy outlook as we do our part to decarbonize our natural gas distribution system, particularly with increased public focus on low-carbon resources and interest in green energy technologies. System upgrades to reduce methane leaks, as well as natural gas conversions away from propane and heating oil, and enhanced energy efficiency measures are examples of ongoing endeavors that continue the progress on reducing emissions in New Jersey.

A new partnership was announced in December with Atlantic Shores Offshore Wind to collaborate on a green hydrogen pilot program, to research the future application of hydrogen blending within SJI's natural gas infrastructure in the years ahead. SJI also acquired two fuel cell projects in New York to advance carbon-free generation technologies.

Additionally, in December SJI acquired a minority interest in REV LNG, LLC, a supply, design and operations company specializing in the development, production, and transportation of renewable natural gas (RNG), liquefied natural gas and compressed natural gas, along with the rights to develop RNG production facilities at a portfolio of dairy farms. The RNG produced from these dairy farms will have the lowest carbon intensity among transportation fuels. With this investment, SJI is positioned to advance our decarbonization goals to lower our carbon footprint.

Looking Forward

A special thanks to our more than 1,100 employees for their steadfast commitment to our customers, communities, and to each other. Throughout the year, they overcame unprecedented challenges – they innovated, they led with purpose, they operated with excellence, and they laid the foundation of a modern 21st Century infrastructure company, delivering the clean energy of the future.

Thank you for your continued interest and investment in South Jersey Industries.

Michael J. Renna,
President & CEO



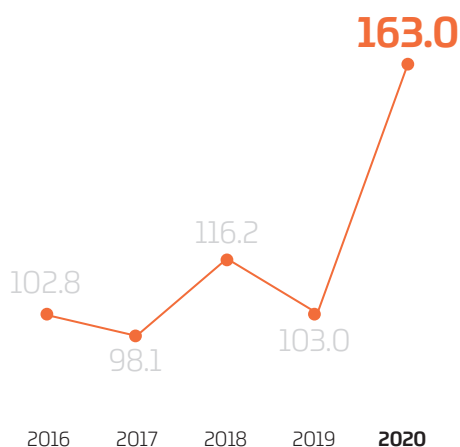
Joseph M. Rigby,
Chairman



PERFORMANCE AT A GLANCE

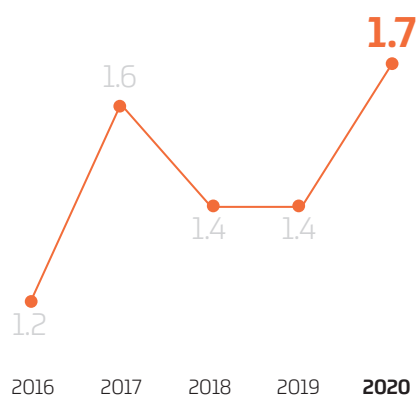
ECONOMIC EARNINGS

(in millions of dollars)



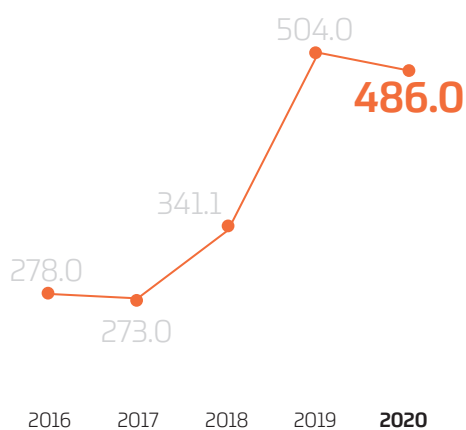
UTILITY CUSTOMER GROWTH RATE

(as percentage year over year)



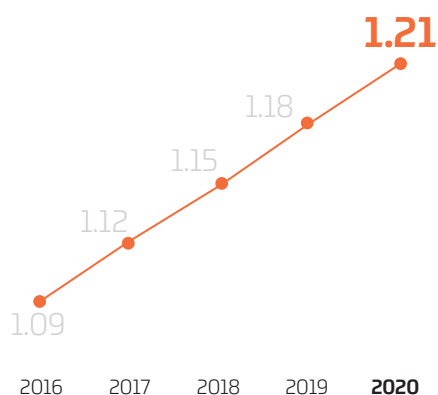
UTILITY CAPITAL EXPENDITURES

(in millions of dollars)



ANNUALIZED DIVIDEND DECLARED PER COMMON SHARE

(in dollars)



Performance in 2020 reflected significant progress toward the goals of our strategic plan. In a year that presented challenges for the entire globe, SJI achieved strong results while continuing to strengthen its balance sheet by identifying opportunities that pursue clean energy investments and drive long-term growth.

SJI GAAP income from continuing operations totaled \$157.3 million in 2020 compared to \$77.2 million in 2019. Economic Earnings increased to \$163.0 million, compared with \$103.0 million in 2019, **reflecting a significant improvement in 2020 financial results**, despite the historic challenges of the COVID Pandemic. This was driven by increased profitability from utility and non-utility operations.

GAAP Earnings Per Share totaled \$1.62 in 2020 compared with \$0.84 in the prior year. We are pleased with the full results with an increased Economic Earnings per share of \$1.68 from \$1.12 in the prior year, significantly above the midpoint of our guidance. SJI Utilities contributed \$156.1 million to GAAP income from continuing operations in 2020 compared with \$122.2 million in 2019. SJI Utilities contributed \$157.3 million to Economic Earnings, compared to \$122.2 million in 2019 due to an increase in base rates as the New Jersey Board of Public Utilities approved the settlement of South Jersey Gas' rate case in September 2020, along with customer growth, and the roll-in to rates of infrastructure program investments. South Jersey Gas contributed \$109.3 million to earnings through infrastructure investments and customer growth. Elizabethtown Gas contributed \$47.7 million, primarily driven by favorable changes in base rates resulting from the completion of Elizabethtown Gas' rate case in November 2019, customer growth

and the roll-in to rates of infrastructure program investments.

Our wholesale marketing and fuel management businesses within South Jersey Energy Group, contributed \$24.6 million in GAAP earnings compared with \$(0.7) million in 2019. South Jersey Energy Group, contributed \$23.8 million to Economic Earnings in 2020 compared with \$9.5 million in 2019, reflecting new contracts that became operational over the last 12 months, increased volumes in our fuel management business, improved asset optimization opportunities, a reshaped portfolio, and pipeline supplier refunds in our wholesale marketing business.

Our energy production and account services businesses, housed within South Jersey Energy Services, produced 2020 GAAP earnings of \$17.1 million compared with \$(6.7) million in 2019. South Jersey Energy Services, produced 2020 Economic Earnings of \$18.0 million as compared to \$0.1 million for the prior year primarily reflecting the recognition of investment tax credits (ITC's) related to Fuel Cell and Solar acquisitions that were announced and/or achieved operation in 2020.

SJI Midstream contributed GAAP/Economic Earnings of \$4.2 million, which is consistent with 2019, reflecting Allowance for Funds Used During Construction (AFUDC) related to the PennEast Pipeline project.



2020 Highlights

We continue to make progress on optimizing the value of our non-core, non-regulated businesses. In 2020, SJI sold both its Marina Thermal Facility in Atlantic City, NJ and Elkton Gas in Elkton, MD. These asset sales support our strategic plan – focusing investments, energy, and resources on our core utilities in New Jersey – while also helping strengthen our balance sheet in support of further opportunities for innovation and growth.

Our fuel supply management remains consistent in 2020. We currently serve nine facilities with a contracted total volume of 1.23 BCF/day and continue evaluating new opportunities to add contracted margin to support repeatable earnings.

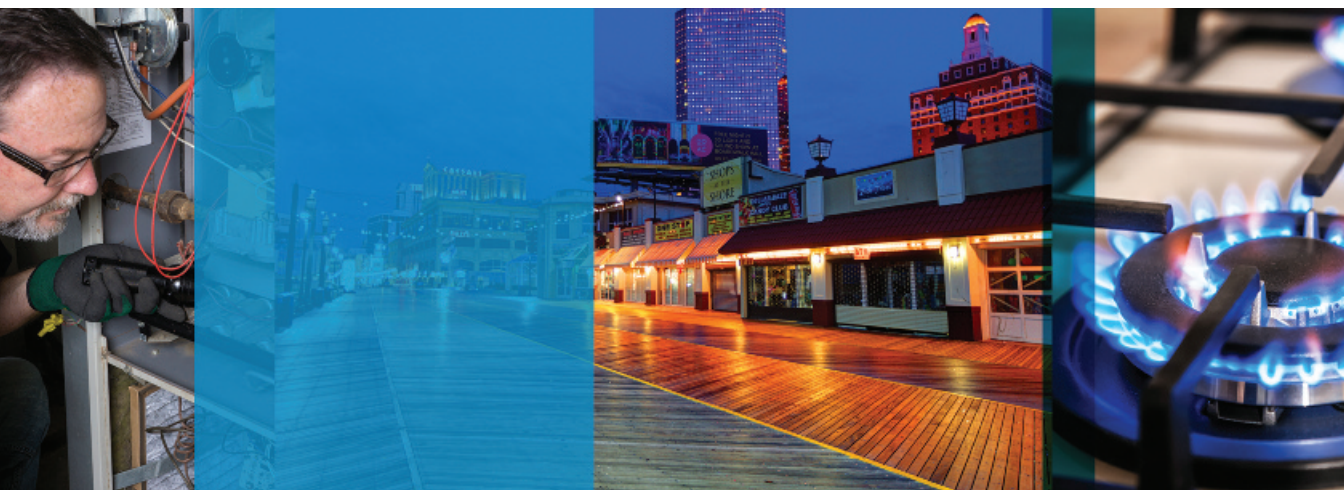
A non-utility business focused on wholesale commodity marketing, asset optimization, and fuel supply management best supports our long-term growth strategy – delivering strong results, while ensuring we have the flexibility to pursue investments demanded by consumer preference and the changing political environment.

Midstream Highlights

We look forward with our PennEast partners to advance this important project – one that

will, in an environmentally responsible manner, bring critical new supply to our region. On January 30, 2020, FERC approved PennEast’s petition for a declaratory order and expedited action requesting that the body issue an order interpreting the Natural Gas Act’s eminent domain authority. On the same day, PennEast filed an amendment with FERC to construct PennEast in two phases. PennEast has provided all required documents and is awaiting action to be taken by FERC. Concurrently, PennEast has been granted writ of certiorari from the United States Supreme Court. A decision is expected in or about June 2021.

The economic benefit to New Jersey homeowners and businesses from access to this natural gas, which is among the lowest priced in the country, means lower energy bills and lower costs to heat homes, cook food and power businesses. In addition to supplying safe, reliable, affordable, clean energy, PennEast will also support 12,160 direct and indirect jobs to the region. Once operational, PennEast will deliver 1 BCF of clean and reliable natural gas from the Marcellus region in Pennsylvania to New Jersey, geographically diversifying the region’s fuel supply, enhancing system reliability, and supporting clean energy.



SJI UTILITIES

SJI Utilities, the holding company for our regulated natural gas utilities, serves more than 700,000 customers across two utilities, South Jersey Gas and Elizabethtown Gas in New Jersey.

Every day, our employees play a critical role in building the foundation that will support the future growth of SJI. Through our emphasis on safety, community outreach efforts, our commitment to service, and focus on diversity and inclusion initiatives, we are invested in creating a truly empowered workforce to meet the needs of our customers.

Safety

Safety is a core value. In 2020 we faced many challenges, but we worked together as One SJI to develop meaningful solutions and to ***Make Every Day a Safe Day***. Our safety performance was one of our most notable accomplishments in 2020. Together we achieved record, AGA top-quartile safety performance across the organization. These results were driven by the implementation of new safety programs such as new safety management system, safe driving incentive and near miss program. Every employee across the organization has a role to play in achieving our safety goals.

Keeping our Customers and Employees Safe Through COVID-19

Since the onset of the COVID-19 Pandemic, SJI has committed to helping our customers maintain energy security by providing the uninterrupted delivery of safe and reliable natural gas. As the operator of two natural gas distribution companies in New Jersey, we recognize our responsibility to help support the State's response to the pandemic as it

relates to meeting the energy demands of our citizens that depend on us.

To ensure the continued safety and health of our employees, SJI established a Pandemic Task Force and set into motion a Pandemic Management Plan to guide our actions. Beginning in March and continuing into 2021, we successfully transitioned all employees, except for field representatives, to work-from-home reporting. For those in the field at South Jersey Gas and Elizabethtown Gas, we instituted special safety measures, including the use of Personal Protective Equipment ("PPE") such as face coverings and gloves, as well as following CDC guidelines for social distancing. Our utilities also postponed work (other than emergency response) for 14 days at any property where a resident reported sickness or exposure to COVID-19 and enhanced training to ensure our field employees and contractors exercise caution and utilize all precautionary measures.

Inclusion

We foster a culture that values differences, creates a sense of belonging, and encourages everyone to be their best self. For over a century, South Jersey Industries has served as one of the leading energy providers in New Jersey. With over 700,000 customers and 1,100 employees, respect, inclusion and acceptance are central to SJI's values. We believe that to deliver value to our stakeholders, our company should reflect the diversity of the communities where we serve.

All of us at SJL have a responsibility to fulfill our commitment to inclusion. Our inclusion efforts are rooted in three pillars, supporting our employees, supplier diversity, and community partnerships. We're hard at work to create a culture of inclusion for all – one where every employee can feel comfortable bringing their best selves to work each day. We create an environment that fosters diverse perspectives and a support structure that champions our employees.

Service

We deliver exceptional service to our customers. 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. Elizabethtown Gas ranked #1 in Customer Satisfaction with Residential Gas Service in the East among Midsize Utilities, 6 years in a row. Additionally, this year, we launched My Account and a new dispatch team for Elizabethtown Gas, we integrated a new email management tool to better serve a growing customer channel for South Jersey Gas, and we expanded training offerings for both utilities. In addition, we continue to expand our energy assistance outreach efforts to keep our customers informed about resources available to meet their needs. Both of our utilities continue to make great strides in improving service delivery and remain focused on enhancing the customer experience for all those we serve.

Disclaimer: Elizabethtown Gas received the highest score in the East Midsize segment of the J.D. Power 2015-2020 Gas Utility Residential Customer Satisfaction Studies (tied in 2015) of customers' satisfaction with their residential gas provider. Visit jdpower.com/awards

Community

We invest in the communities where we live and work. SJL's investments during 2020 totaled more than half a million dollars in

financial support for community, civic, and business organizations across New Jersey. Underserved communities, veterans, first responders, food banks, college foundations, hospital foundations, and more benefited from our giving – as we forged partnerships to create lasting impacts.

At SJL, we value
safety, inclusion,
service, and our
community while
providing energy
solutions that fit our
customers' lives.

Energy Assistance

Across all our utilities, we continued to partner with providers to promote financial assistance for those in need, advocating for programs including the Low-Income Home Energy Assistance Program (LIHEAP), Payment Assistance for Gas and Electric (PAGE), and NJ SHARES, as well as other grants and relief funds administered by our State and Federal agency partners. In 2020, these programs provided over 78,000 eligible households in the South Jersey Gas and Elizabethtown Gas service areas with nearly \$18 million, aided by the strategic outreach efforts of our own Energy Assistance teams.

A PARTNER FOR A CLEAN ENERGY FUTURE

SJI remains committed to investments that advance the clean energy and decarbonization goals of New Jersey and our region.

SJI invested \$84.0 million in traditional clean energy investments in 2020, recognizing \$21.3 million in investment tax credits (ITCs). SJI now holds ownership interests across the clean energy spectrum.

Our employees, customers, shareholders, and regulators are looking to us for the cleanest energy solutions we can deliver. SJI is inspired to help build a clean energy future for New Jersey and is committed to advancing positive environmental outcomes, including reducing carbon emissions, promoting energy efficiency, and enhancing the deployment of clean energy technologies.

Energy Efficiency and Conservation

In 2020, SJI formed the Clean Energy and Sustainability team that is responsible for the development, execution, and oversight of all clean energy and sustainability initiatives for the organization. With the formation of this team, SJI is poised to be a leader in clean energy, energy efficiency, and carbon reduction initiatives, allowing us to expand on the progress we have already made, while continuing to deliver on our mission to provide safe, reliable, affordable energy.

In 2006 South Jersey Gas became one of the first utilities in the country to implement a Conservation Incentive Program. Today, the program continues to encourage customers to use natural gas more efficiently and benefits both South Jersey Gas and its customers by

eliminating the link between utility profits and the quantity of natural gas sold. Since its inception, customers have reduced their natural gas usage by a total of 101.1 billion cubic feet, enabling them to save \$920.2 million in energy costs and reduce 5.18 million metric tons of CO₂.

At SJI, we are dedicated to involving and engaging customers in our efforts to protect the environment and sustain our natural resources. Combined, South Jersey Gas and Elizabethtown Gas have invested more than \$133 million in energy efficiency programs to help customers reduce their energy footprint. In 2018, South Jersey Gas expanded its energy efficiency programs, making them more accessible to our customers and offering \$72 million in rebates, financing, an efficient products marketplace, residential weatherization program for low-to-moderate income customers, and home energy audits as well as solutions for commercial customers.

SJI's utilities, South Jersey Gas and Elizabethtown Gas, filed petitions with the New Jersey Board of Public Utilities to meet Statewide energy efficiency goals and create and expand energy efficiency programs for the next three years beginning in July 2021.

Infrastructure Enhancements

For many years, SJI has pursued and implemented programs to accelerate the replacement of aging infrastructure to improve safety and reliability for customers while reducing greenhouse gas emissions (GHG).



In November of 2020, South Jersey Gas filed a petition with the New Jersey Board of Public Utilities seeking approval of an Infrastructure Investment Program (IIP) that would accelerate planned capital expenditures to enhance the delivery of safe, reliable, affordable natural gas, create jobs, and support the State's environmental goals. Under the proposed five-year program beginning in June 2021, South Jersey Gas seeks to invest approximately \$742.5 million to replace 825 miles of aging steel mains, and install Excess Flow Valves (EFVs) on new service lines. EFVs are mechanical safety devices designed to shut off the flow of natural gas automatically in the event of a service line break.

Elizabethtown Gas submitted its annual filing to the New Jersey Board of Public Utilities for updated rates to recover investments made under its IIP, which was originally approved in June 2019. Elizabethtown Gas' approved program authorizes the recovery of costs

Clean Energy Investments

Consistent with our commitment to a clean energy future, SJL announced the formation of **Catamaran Renewables** (Catamaran), a joint venture between SJL subsidiary Marina Energy and renewable industry-leader Captona, to develop, own, and operate renewable energy projects. The Catamaran joint venture brings more than 1.3 GW of operational experience across all types of renewable energy and has financed more than \$1 billion in renewable energy transactions.

Fuel Cells

In conjunction with the formation of Catamaran, the partners announced the acquisition of two fuel cell projects in Staten Island, New York from NineDot Energy, an experienced renewable development company based in the NYU Urban Future Lab cleantech incubator in Brooklyn, NY. The projects, reflecting 7.5 MW of installed capacity, qualify



associated with investments of approximately \$300 million between 2019-2024 to replace cast-iron and bare steel vintage mains and related services. The NJBPU issued an Order in September 2020 approving the updated IIP rates effective October 1, 2020.

under New York's Value of Distributed Energy Resources (VDER) program, with 75% of revenues fixed over 25 years. The projects are further supported by a 95% availability guaranty from the operator. The projects achieved commercial operation in December

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and are expected to deliver an unlevered internal rate of return (IRR) of 11%.

Solar

In 2020, SJI also made strides in solar development including the installation of solar platforms at SJI corporate facilities and the installation of four small solar platforms in New Jersey for a total investment of \$3.8 million. The projects, reflecting 1.3 MW of installed capacity, qualify under the NJ Transition Renewable Energy Certificates (TREC) program.

Decarbonization

SJI has announced important partnerships and investments in recent months to reduce carbon emissions from our operations.

Renewable Natural Gas

In December 2020, SJI entered into an agreement to acquire a minority equity interest and development rights in REV LNG, LLC (REV), a vertically integrated services and development company specializing in renewable natural gas (RNG), liquefied natural gas (LNG), and compressed natural gas (CNG) assets in North America. Over the last few years, REV has become one of the country's leading developers of dairy RNG projects through capturing, cleaning, and converting bio-methane to RNG. REV works with dairy farms to acquire the rights to manure feedstock and land leases, along with presiding over the development and construction of anaerobic digesters and gas processing to produce RNG.

SJI's investment in REV includes an interest in multiple proven producing portfolios of RNG projects, a developing pipeline of RNG projects, as well as energy infrastructure assets associated with transporting and supplying RNG to market. The farms that SJI is investing

in have the lowest (negative) carbon intensity of key transportation fuels.

Hydrogen. In December 2020, SJI announced a partnership with Atlantic Shores Offshore Wind (Atlantic Shores) to collaborate on a green hydrogen pilot program, which will research, monitor, and analyze the deployment of green hydrogen technology and natural gas blending in New Jersey. Atlantic Shores is a partnership between Shell New Energies US LLC and EDF Renewables North America, representing years of technical, operational, and commercial energy expertise.

Forward Looking

Our employees, customers, shareholders, and regulators are looking to us for the cleanest energy solutions we can deliver. For many years, SJI has been an industry leader in reducing methane leaks through system modernization, and in advancing energy efficiency goals through a suite of products and services aimed at reducing consumption.

While we will continue to focus on these important issues, the future of our company will be built around the efficient and effective deployment of clean energy technologies. Advancements in the production of these energy sources will help us to decarbonize our gas supply while continuing to achieve our core mission of providing safe, reliable, affordable, clean energy for the customers and communities we serve.

We look forward to continuing to provide high-quality services to our customers, being a trusted partner in our communities, and consistently providing excellent value to our shareholders.

BOARD AND OFFICERS

SJI Board of Directors

Joseph M. Rigby (Chairman)

Sarah M. Barpoulis

Keith S. Campbell

Victor A. Fortkiewicz

Sheila Hartnett-Devlin, CFA

G. Edison Holland

Sunita Holzer

Kevin M. O'Dowd

Christopher J. Paladino

Michael J. Renna (President & CEO)

Frank L. Sims

SJI Senior Executives

Michael J. Renna

President & Chief Executive Officer

Steven R. Cocchi

Senior Vice President & Chief Financial Officer

David Robbins Jr.

Senior Vice President and President, SJI Utilities

Melissa Orsen

Senior Vice President, SJI and

President and Chief Operations Officer, SJG

Kathleen Larkin

Senior Vice President

& Chief Human Resources Officer

Leonard Brinson Jr.

Vice President & Chief Information Officer

Eric Stein

Vice President General Counsel

Annual Meeting Information

The Annual Meeting of Shareholders
will be held online

Friday, April 30, 2021

9:00 a.m.

www.virtualshareholdermeeting.com/SJI2021

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“SJI is 100+ year old trusted
energy leader providing
safe, reliable, affordable
clean energy for a better
today and tomorrow
to over 700,000 families
and businesses.”



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