



ESG 2022 Annual Report

2022 was a year of action for SJL as we made strides in our renewable fuel development program, embarked on operational and infrastructure enhancements to promote sustainability and served our diverse employee and customer populations with intentionality.

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SJI OVERVIEW

Providing cleaner energy solutions for a better today and tomorrow.

SJI makes strategic investments and dedicates resources to increase sustainability and build stronger workplaces and communities.

A LETTER FROM OUR CEO

2022 was an inspiring year for SJI as we took bold new steps to become a cleaner, safer, and more reliable energy provider. We embraced new efforts to be a more inclusive and equitable workplace while positively impacting the communities we serve.

**Leading the Way to a Cleaner Energy Future**

As SJI continues to support the clean energy goals of our state and region, including working toward our goal of carbon-neutral operations by the year 2040, we're proud of our progress this year in developing renewable energy solutions and modernizing our infrastructure.

Construction continued throughout the year at more than a dozen dairy farms across the country with several expected to begin full production of renewable natural gas (RNG) by year-end of 2023.

With exclusive development rights totaling over 40 large dairy farms, our subsidiary SJI Renewable Energy Ventures is positioned to become a national leader in dairy RNG.

Prep work, including a 1.5-megawatt solar array, is almost complete for our first green hydrogen project, which we expect South Jersey Gas to bring online in early 2024. These low-carbon and renewably produced fuels of the future can be blended with geological natural gas and delivered safely through existing infrastructure.

We continue to invest in modernizing our utility infrastructure. 2022 saw us kick off a third-generation, five-year \$250 million modernization program at South Jersey Gas. Elizabethtown Gas is entering year five of its \$300 million Infrastructure Investment Program (IIP). These investments not only improve the safety and reliability of our systems, they create good-paying union jobs, reduce greenhouse gas emissions and enable our infrastructure to deliver the decarbonized fuels of the future.

We also increased our solar capacity by completing solar rooftop and car canopy arrays at our corporate headquarters and field operation facilities.

Infrastructure enhancements are part of SJI's commitment to spending at least 25% of our annual capital expenditure investments on sustainability projects and preparing our systems for the cleaner fuels of the future.

Putting Customers First

Demand for reliable energy in the form of natural gas remains strong. In 2022, we added about 8,400 new customers, bringing the total count across our utilities to more than 700,000 customers. Thanks to the recent \$216 million expansion of our energy efficiency programs, our commercial and residential customers are receiving exciting opportunities to reduce their energy consumption and lower their bills.

SJI's online marketplaces and Conserve websites opened new avenues for customers to obtain energy efficient products for their homes and learn energy-saving tips.

Our community outreach and education teams work to help customers learn how to lower their energy costs and, when necessary, receive help paying their bills by connecting them with utility assistance programs.

Our dedicated information technology professionals continue to protect our customers and systems from cyber threats as they drive innovation throughout the company.

We are proud to say, in 2022, our utilities both earned the American Gas Association's safety award for the third consecutive year, and J.D. Power named Elizabethtown Gas number one in its class for customer satisfaction for the eighth consecutive year, with South Jersey Gas receiving high praise as well.

Supporting Employees and Advancing DEI

As an energy company that manages two gas utilities with more than 1,000 employees throughout New Jersey, we work together as OneSJI by celebrating each other's differences and fostering a culture of belonging and inclusion.

We make our employees' emotional well-being and individual goals our priority. Our employee resource groups, recognition programs, DEI coffee chat series, career advancement initiatives, wellness resources, community volunteerism and team building events are just a few examples of how we prioritize our values of safety, service, inclusion and community.

In 2022, we named Shawn Abner-Purnell as SJI's first Chief Diversity Officer, taking another important step in our commitment to support DEI initiatives throughout the company.

Through the work of our DEI team, diversity council, and our dedicated human resources department, we are providing meaningful ways for employees to bring their whole selves to work each day and know they are accepted and respected.

We launched the Better Together initiative to help support employees' post-pandemic work and lifestyle adjustments. This included welcome parties at our various locations, engagement and inclusion fairs, and the Better Together panel series with panel discussions on topics important to our employees.

Committed to Community

We strengthened our commitment to the community this year by donating more time and resources.

Our employees provided countless volunteer hours during activities like the MLK Day of Service; American Heart Association's Heart Walk; Veteran Engagement Team's food drive; service days at the Funny Farm animal sanctuary and Sister Jean's Community Garden in Atlantic City; the Mark Cuban Foundation's Artificial Intelligence Bootcamps; Careers in Utilities Day - and many other efforts to give back to the communities we serve.

Our employee resource groups spearhead many of the community engagement efforts including the newly created SJI Green Team which hit the ground running as ambassadors for environmental sustainability within the company and working with local organizations to help protect and beautify the environment.

SJI employees also pledged more than \$166,000 to local charities during our

annual Employee Giving Campaign. SJI provided a dollar-for-dollar match for the first time to double the total of that campaign to more than \$330,000.

As a company, SJI gave an additional \$517,00 in 2022 to charitable and economic development initiatives, including to our First Responder and Game-On grant programs, which provide resources to emergency response agencies and recreational organizations.

Leading On

From our field operations to our call centers and corporate services – it truly takes a team to further our Environmental, Social and Governance values at SJI.

All our employees, contractors, and community partners should be proud of what we have achieved this year, and we believe the best is yet to come!

On behalf of the SJI Board of Directors and all our leaders – thank you for making 2022 a great year.



Michael J. Renna

President & CEO

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
(SJIU)**

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

SJIU houses the company’s regulated natural gas utilities South Jersey Gas and Elizabethtown Gas which collectively deliver safe, reliable and affordable natural gas to more than 700,000 residential, commercial and industrial customers throughout New Jersey.



**SJI Energy
Enterprises Group
(SJIEE)**

**SJI Energy
Enterprises
Group**

SJIEE houses the company’s non-utility operations primarily focused on clean energy development and decarbonization via renewable energy production and energy management activities. SJIEE projects include solar, fuel cells, and renewable natural gas (RNG).



SJI OVERVIEW

Recognition and Awards

We are committed to employee excellence and customer satisfaction.




For the 8th consecutive year, J.D. Power named Elizabethtown Gas Highest in Customer Satisfaction with Residential Gas Utility Service in the East among 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 2022 Industry Leader in Accident Prevention. This is the fourth consecutive year both utilities received this award.



Escalent, a consumer research firm, gave Elizabethtown Gas the Utility Customer Champion award for the third consecutive year and named the company to their list of the "Easiest to Do Business With" utility companies in the U.S.



THE ENVIRONMENT

**At SJI, we strive to
be responsible stewards
of the environment.**

INTRODUCTION

Environmental Policy Statement and Principles

We believe protecting and sustaining the environment for future generations is a shared responsibility. As an energy company, we honor that responsibility by monitoring our carbon reduction strategy and developing ways to provide cleaner energy to our customers.

We continue to assess and reevaluate our decarbonization efforts as the market and our company's strategy change.

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 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 goals.
- Utilizing suppliers and contractors who agree to comply with all environmental laws and regulations.
- Reduction of climate-related risks and greenhouse gas emissions, through prudent strategies to reduce pollution, minimize waste and mitigate adverse environmental impacts.
- Continuous improvement of our environmental performance through the employment of an Environmental Management System (EMS) that includes procedures for training and periodic assessments specifically designed to minimize risk, and the generation of 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.

Our company has created a comprehensive clean energy plan that includes a timeline to achieve carbon-neutral operations and a series of new sustainability initiatives. The following benchmarks guide our current and future practices:

70%

Achieve a 70% carbon reduction of operational emissions and consumption by the year 2030

100%

Achieve 100% carbon neutral operations by 2040

25%

Commit at least 25% of annual capital expenditures on sustainability projects.

Carbon reduction/neutrality goals are set based on the 2018 baseline year and consider Scope 1 and Scope 2 emissions for SJI's utility companies, South Jersey Gas and Elizabethtown Gas.

[Please click here to learn more about our sustainability projects.](#)

Environmental Key Focus Areas

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

- **Climate-related Risks and Greenhouse Gas Emissions Reduction:** SJI frequently evaluates the potential for decarbonizing our utilities and is investing 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. Over time, we are committed to reducing greenhouse gas emissions, fossil fuel consumption and achieving carbon neutrality. SJI plans to reach these benchmarks through infrastructure enhancements, clean energy investments, and increased energy efficiency and conservation programs.
- **Environmental Protection:** SJI strives to protect the environment and minimize impacts on the community and landowners and to select pipeline construction routes that avoid environmentally sensitive areas such as wetlands, wildlife habitats and their associated buffer zones. SJI also works with landowners and others in the community to choose routes with the fewest impacts to property.
- **Environmental Investigation, Remediation and Restoration:** SJI oversees several long-inactive manufactured gas plants and sites owned by past or present subsidiary companies. SJI is committed to meeting its legal obligations to ensure that these sites are properly investigated and remediated and meet all environmental standards and regulations. When remediation of these sites is complete, we aspire to improve the surrounding community and help enhance public safety by restoring any disturbed infrastructure, curbs, sidewalks, pavement and landscaped areas. At sites where degraded or impacted wetland areas are part of the scope of remediation, our restoration efforts allow for a "better-than-existing" approach to the restoration. Frequently, these sites upon full restoration, develop a more ecologically enhanced habitat than areas that were once degraded or consisted of a monoculture plant population.
- **Waste Minimization and Recycling:** SJI works to minimize its waste production through source reduction, effective purchasing, chemical substitution, good housekeeping and recycling.

- **Water Disclosure:** Our goal at SJI is to maintain compliance with all environmental regulations and minimize any water impacts 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 a focus on reducing their carbon.



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. SJI is working to comply with policy and regulatory changes intended to address climate change and reduce greenhouse gas emissions. In 2021 SJI began a process to align our climate disclosure and internal practices with the Task Force for Climate Related Financial Disclosure (TCFD) framework.

Governance

[See the Sustainability Governance Section.](#)

Strategy

The focus of the TCFD process is SJI's core geographical location of New Jersey, centering on key operation sites and pipeline supply networks. The climate-related risk and opportunities that could impact SJI were identified through a survey of key stakeholders, risk inventory evaluation and scenario analysis.

Risk Management

SJI has implemented a systematic strategy for addressing physical and transitional risks by utilizing the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Enterprise Risk Management (ERM) Framework in the assessment and management of Environment, Social, and Governance (ESG)-related risks. This integration provides a consistent, systematic process to identify and assess risks, including climate.

Enterprise Risk Management (ERM) Framework



Metrics and Targets

Beginning with Calendar Year 2018 SJI has completed an annual analysis of our Scope 1 and Scope 2 emissions. Based upon the 2018 values the company set goals for emissions reductions and decarbonization efforts. Progress against these goals continues to progress since setting our benchmarks.

CLEAN ENERGY INVESTMENTS

SJI continues to deliver safe, reliable and affordable energy as the Company strives to become a leader in clean energy, energy efficiency and carbon reduction initiatives.

In addition to the carbon reduction strategies and initiatives outlined throughout this report, SJI has prioritized renewable and clean energy development through the non-utility subsidiary SJI Energy Enterprises Group (SJIEE). These strategic investments have accelerated the deployment of renewable energy.

In 2022 SJIEE, through investments and partnerships, expanded the company's clean energy portfolio. Projects and technologies include:

- Catamaran Renewables, a partnership between SJI's Marina Energy and energy investor Captona, currently operates several fuel cell projects producing 12.5 megawatts of electricity. Catamaran is also evaluating other fuel cell opportunities in the Northeast.
- SJI's clean energy development subsidiary SJI Renewable Energy Ventures, in partnership with energy logistics and development expert REV LNG LLC, expanded its renewable natural gas portfolio at large dairy farms throughout the United States with early development of more than 20 projects. These projects support approximately 2.7M MMBtu of RNG Production and will enter commissioning phases throughout 2023 and 2024, with additional projects anticipated to enter the construction phase during the period.
- Marina Energy expanded on its commitment to reduce emissions by adding four on-site net metered solar locations, bringing the total installed capacity of the solar portfolio to 4.2 MW. These additional solar projects at both South Jersey Gas and Elizabethtown Gas facilities, as well as SJI's Corporate office have reduced the company's overall carbon footprint.

(CONTINUED)

- In addition to the projects at SJIEE, South Jersey Gas continued the design and construction of a green hydrogen project at the South Jersey Gas New Century Compression Station.

In addition to investments in renewable and clean energy technology, SJI continues to look for ways to incorporate energy-saving and carbon-reducing practices at every level of its operations. With more than 240 compressed natural gas vehicles in SJI's fleet, the company continues its efforts to support the expansion of the fueling station infrastructure to make the conversion to compressed natural gas (CNG) possible for more businesses and vehicle fleets.

South Jersey Gas and Elizabethtown Gas are making efforts to displace natural gas in company-owned and operated CNG stations with renewable natural gas (RNG). Renewable natural gas (RNG) is a clean, sustainable fuel made from renewable methane. Additionally, we continue to make investments in certified responsible natural gas, which is certified based on several factors such as emissions, water sourcing, well integrity and community engagement. Adhering to these factors provides the assurance that producers upheld the highest standards of care throughout production.

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 through June 2024.

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

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.

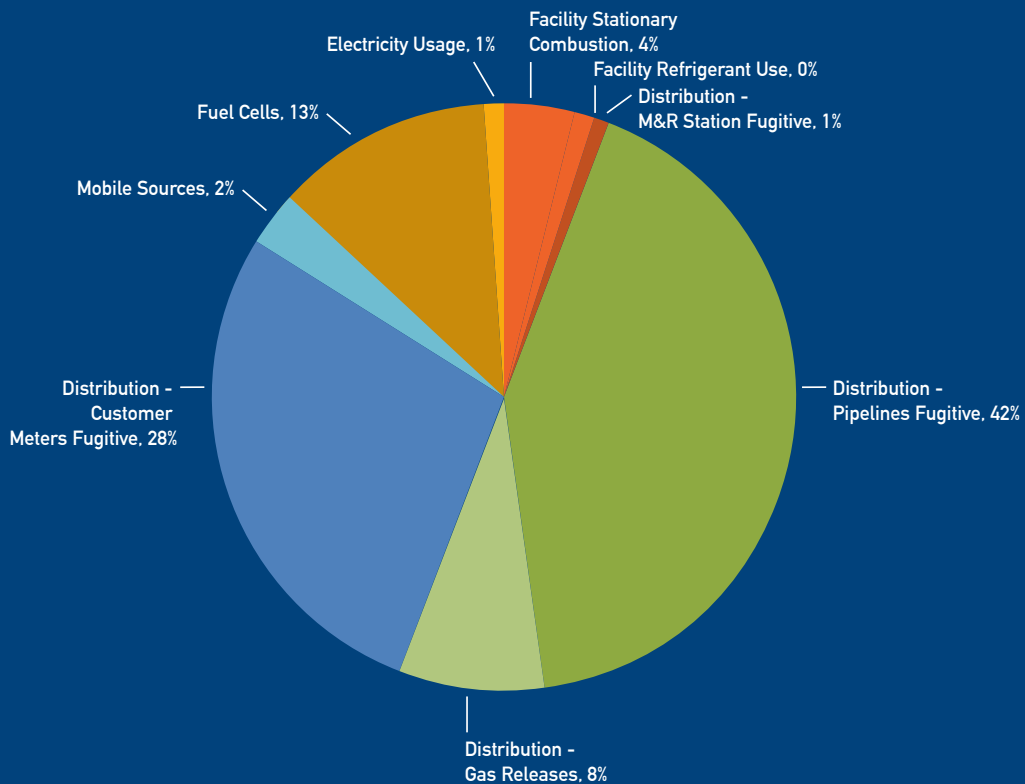


The STAR Methane challenge aligns with our commitment to protect our region's environmental and natural resources. As part of our participation, South Jersey Gas and Elizabethtown Gas follow the Cast Iron and Unprotected Steel Best Management Practice. We aim to reduce emissions by replacing a significant portion of our aging and leak-prone unprotected 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.

2022 GHG EMISSIONS (CO2e, METRIC TONS) - COMPANY WIDE

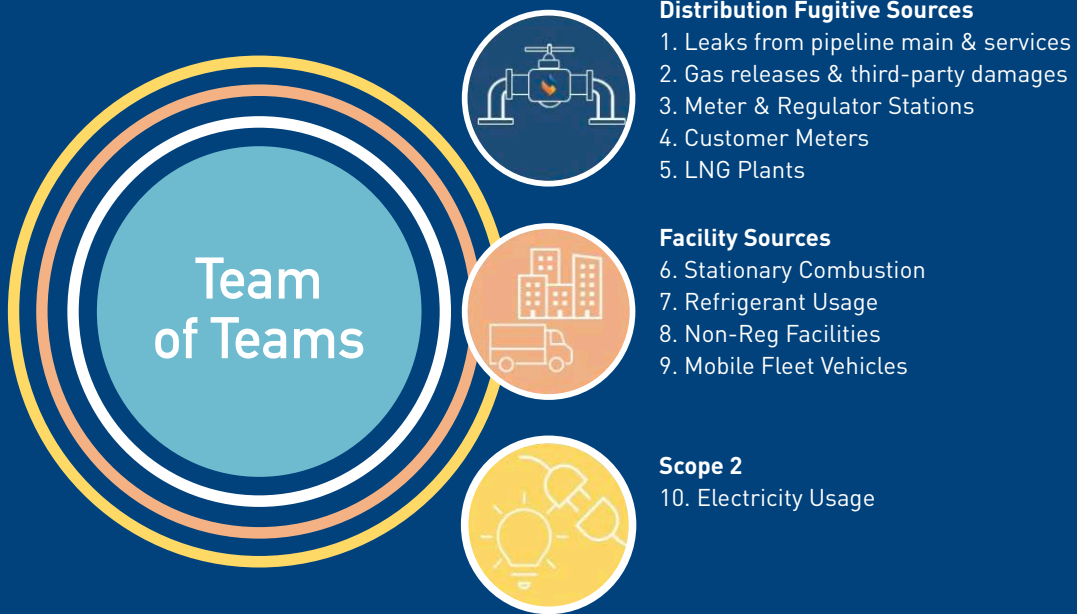


Through the infrastructure replacement programs at South Jersey Gas and Elizabethtown Gas, the combined total miles of main in our systems have increased by 18%, while CO₂-equivalent emissions from these mains and associated services have been reduced by 69% (as compared to NJ Energy Master Plan baseline year of 2006).

(CONTINUED)

The Sustainability and Greenhouse Gas Management Committee works to further develop the Company’s Emissions Reduction Strategy, utilizing a “Team of Teams” approach. Ten teams were developed as part of this Committee, each addressing and identifying opportunities for emissions reductions related to one emissions source.

EMISSIONS REDUCTION STRATEGY



Emissions Avoided from Excess Flow Valve Installation

SJI has 335,310 excess flow valves installed across our utilities, representing 57% of the total services in our pipeline system. Based on the EPA's Natural Gas Star Program Partner Reported Opportunities for Reducing Methane Emissions¹, the estimated annual avoided methane emissions are equal to 160 Mcf per installation of 350 Excess Flow Valves. This equates to a methane emissions avoidance of 153,285 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.

In 2022 SJI continued to utilize cross compression technology for depressurization of the pipelines to further minimize environmental and social impact during blowdown events. Instead of releasing the gas into the atmosphere, cross compression equipment moves the gas out of the pipeline being depressurized into another section of the system. Using these approaches, in 2022, SJI realized an estimated 69% reduction in distribution and transmission pipeline blowdown events.

¹ EPA's Natural Gas Star Program Partner Reported Opportunities for Reducing Methane Emissions can be found here: <https://19january2017snapshot.epa.gov/sites/production/files/2016-06/documents/installexcessflowvalves.pdf>



SUSTAINABLE BUSINESS PRACTICES

Sustainable Business Practices

ENVIRONMENTAL PROTECTION AND LAND RESTORATION

It is our priority to 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 endeavors to select pipeline construction routes with a goal of avoiding environmentally sensitive areas such as wetlands, wildlife habitats, and their associated buffer zones. SJI also works with the community and landowners to attempt 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 and stormwater 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. Where applicable, SJI implements site restoration practices that include pollinator friendly grasses and plantings to help ensure a healthy pollinator population.

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

Waste Minimization and Recycling Program

SJI minimizes its waste production through source reduction, effective purchasing, chemical substitution, good housekeeping and recycling when possible. SJI is proud of its recycling of asphalt, concrete, used oil, inefficient lighting lamps and blasts, contaminated soils, wood waste and more. In 2022, SJI recycled 101 tons of business-related office debris, which was 23% of the total office debris. We also recycled 33,421 tons of utility and remediation operations (includes pipeline construction, maintenance and remediation jobs) debris, which was 88% of the total utility and remediation operations debris based on the waste information available at the time of the report. In 2022, we saw an increase in the amount of recycled solid waste and liquid waste due to the inclusion of the remediation waste. 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 (MGPs) 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 MGPs. 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.

A close-up photograph of a hand adjusting a modern, white smart thermostat. The thermostat has a circular display showing the number '15'. The background is a blurred interior space with 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 Accessible To Customers

Our utilities are committed 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 \$219 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 2022, South Jersey Gas and Elizabethtown Gas customers have installed over 152,000 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). In 2021, Elizabethtown Gas was approved for a CIP. Today, the program continues to encourage customers to use natural gas more efficiently, benefiting both South Jersey and Elizabethtown 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 125 billion cubic feet, enabling them to save \$1.129 billion in energy costs and reduce CO₂ output by 6.41 million metric tons in the process.

In 2021, South Jersey Gas and Elizabethtown Gas were approved for their largest Energy Efficiency Programs to date, totaling \$216M. This allows SJG and ETG to make investments in our customers, our environment and actively contribute to the state's climate priorities through June 2024. SJG and ETG offer a 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

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 2022, South Jersey Gas spent \$3.10 million serving 478 customers through the Comfort Partners Program, while Elizabethtown Gas spent \$2.42 million serving 390 customers. In addition, South Jersey Gas and Elizabethtown Gas offered a moderate-income free weatherization program and spent approximately \$2.9 million combined while serving 357 customers in 2022.

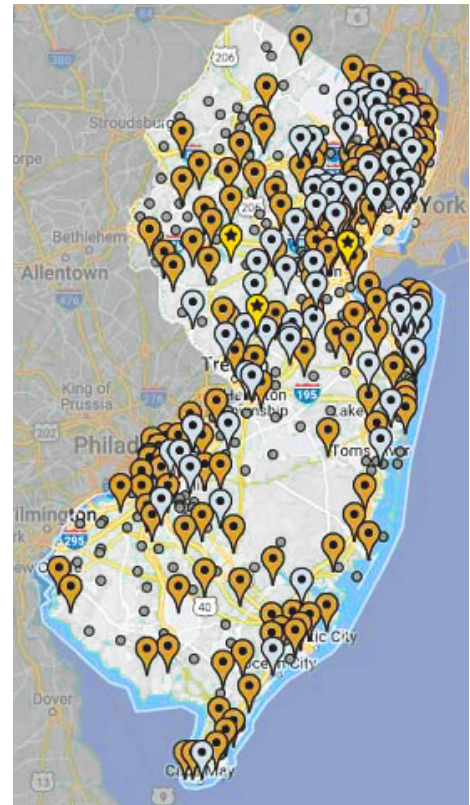
Expanding Energy Efficiency

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, weatherization measures through rebates, and on-bill financing.

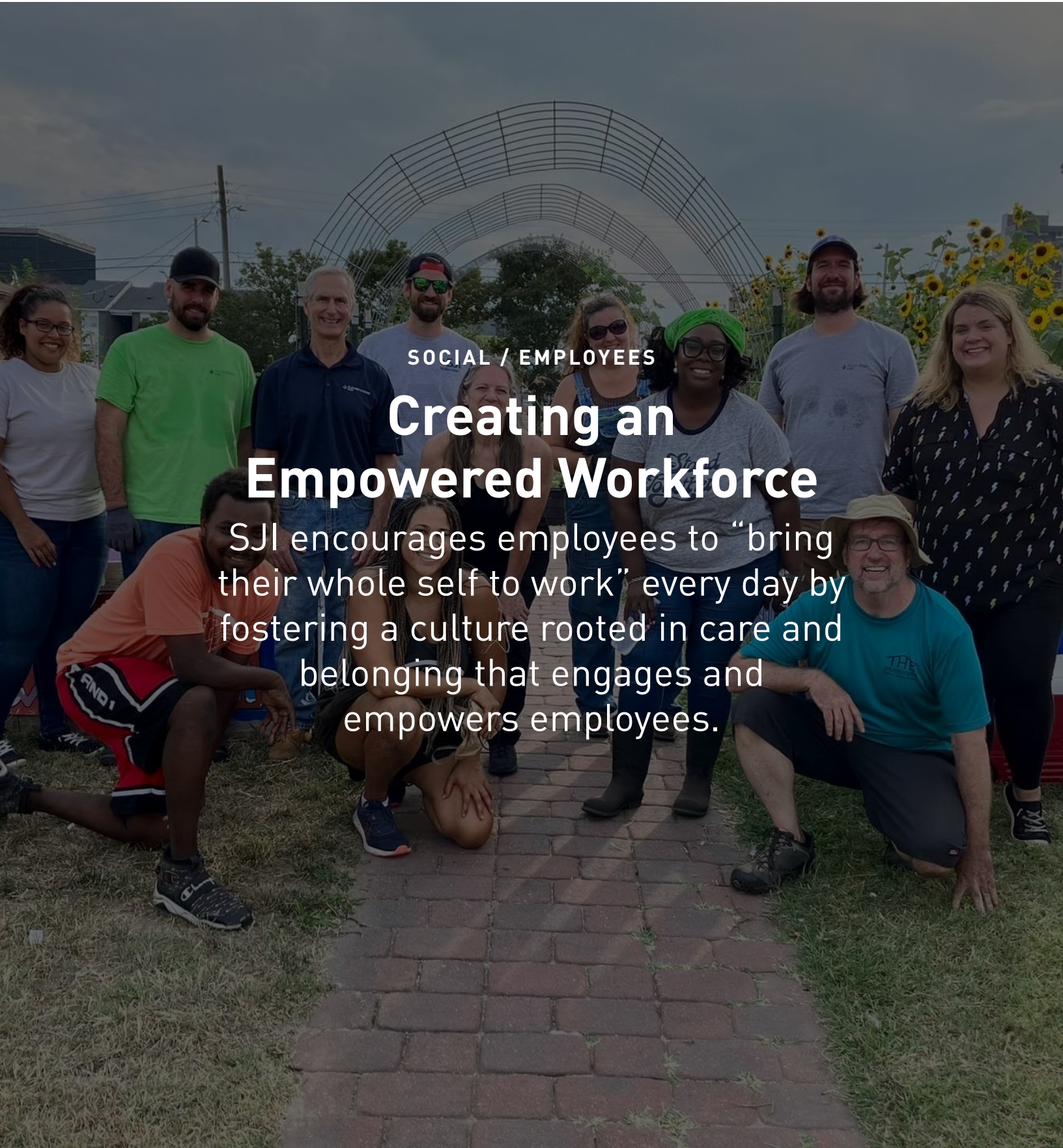
Building Sustainable Communities

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 2022, South Jersey Gas and Elizabethtown Gas have provided Sustainable Jersey with over \$1.3 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 an Empowered Workforce

SJI encourages employees to “bring their whole self to work” every day by fostering a culture rooted in care and belonging that engages and empowers employees.

Building a OneSJI Culture

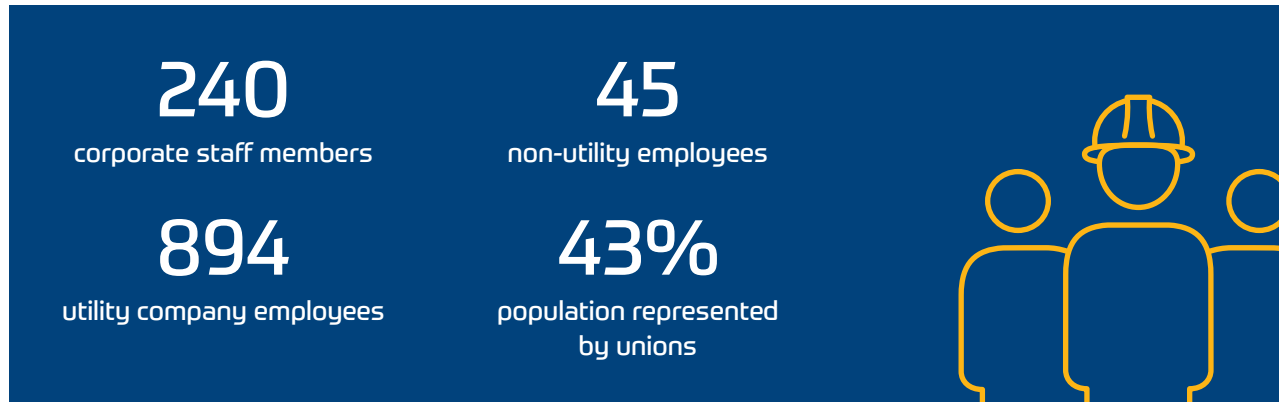
Our Employees are the engine of our continued success, from creating innovative solutions to bringing award-winning service to our more than 700,000 residential, commercial and industrial customers across New Jersey. We achieve our goals by operating together as OneSJI.

Our focus remains on building community within our organization. Across SJI, we continue to leverage our programs, events and Employee Resource Groups to build community and focus on delivering an excellent employee experience.



Employee Data

Together, our 1179 employees drive growth for our business, deliver on our purpose and bring us closer to achieving our vision of a clean energy future.



Collective Ambition. The framework for OneSJI.

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 community 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 OneSJI and is driven by every one of us. Our company succeeds when we come together and act as OneSJI.



EMPLOYEE ENGAGEMENT AND WELLNESS

Better Together – The Workplace of the Future

SJI Wellness Program

Employee wellness is a priority for SJI as we continue to implement initiatives focused on one of 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 quarterly 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 Assistance Program (EAP)

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.

Annual Wellness Week

Each year we promote the utilization of resources in the SJI Wellness Program through our Annual Wellness Week. Over the course of the 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
- Participating employees accrue extra wellness points for completing each activity

Keeping Employees Connected

In addition to our engagement efforts, 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 Latinx/Hispanic 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.

Monthly OneSJI Newsletter

We stayed consistent in delivering our OneSJI monthly newsletter to all employees. In the newsletter, we focused on timely and important messages, employee recognition and information on key dates and events.

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 and timely messages with their employees 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.

Quarterly Employee Newsletter

An Employee Newsletter was launched and mailed quarterly directly to employee homes, to keep them informed of the latest initiatives, updates and projects. This newsletter offers a direct way to reach employees at all levels of our company and complements our digital communications.

Engagement Initiatives

Throughout the year, SJI engaged its employees through creative activities to help build and maintain connections. This year's initiatives included:

- Energize Weeks are quarterly campaigns focused on connecting employees with SJI's strategic initiatives and included activities such as podcast interviews, challenges and more. The 2022 Energize Week topics were, ESG, DEI, Employee Engagement and Wellness.
- Employee Spotlights were used to recognize our collective and individual employee and celebrating an Employee Appreciation Day across the organization.
- Implemented the OneSJI Employee Recognition Program to acknowledge and celebrate outstanding achievement in one or more of the areas core to who we are as OneSJI.
- Employee Resource Groups driving inclusion through events and activities.
- Organized "Better Together" events, welcoming employees back to the office with giveaways, panel discussions and catered events.
- Hosted a viewing party for the Atlantic City Air Show at our South Jersey Gas Headquarters and invited employees to Adventure Aquarium at the Camden Waterfront for the annual Holiday Party.
- Came together to make a collective difference for our communities through the Employee Giving Campaign – raising over \$166,000 for local nonprofits, a company record. SJI also offered a company match for the first time, resulting in a total of over \$332,000 supporting our communities.



DIVERSITY, EQUITY, INCLUSION

At SJI, we operate as *OneSJI*.

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.



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 Attraction and Development here.](#)

(CONTINUED)

SUPPLIER DIVERSITY

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

COMMUNITY PARTNERSHIPS

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

A Workplace Culture Built on Diversity, Equity, and Inclusion

We work to build a culture of inclusion where every employee feels comfortable bringing their whole selves to work each day.

The need for 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

The DEI team, positioned in Human Resources, leads all DEI efforts and works in consultation and collaboratively with senior leadership, the Diversity Council, human resources leaders, employee resource groups and all other organization leaders to develop strategy, tactics and provide the structure, that aids in administering a broader focus on DEI solutions at SJI.

DEI Management and Governance

In 2022, DEI expanded to appoint SJI's first Chief Diversity Officer (CDO) to provide and execute an executive level inclusion business strategy. The CDO works in collaboration with the Diversity Council, a cross-disciplinary committee which consists of a diverse representation of key leaders, and the Senior Leadership team to drive the DEI strategy

across the company. Our governance is shaped by a cross-disciplinary approach that embeds Diversity, Equity, and Inclusion (DEI) into our operations. In addition, our board provides oversight of our DEI efforts through a quarterly report and discussion at respective board committee meetings. Our approach is designed so that DEI principles are not siloed but integrated seamlessly into our strategies, policies, and practices.

Listening Sessions

Employee listening sessions across the organization provide insight into our diversity gaps, and seek to create safe spaces for authentic dialogue at SJI.

Diversity, Equity, and Inclusion Tools and Resources

We expanded our delivery and sourcing of relevant diversity and inclusion tools, resources and training to equip leaders for meaningful discussions. Some of the topics of focus include:

- Unconscious Bias
- Bias in Performance Management
- Administering Crucial Conversations
- Communicating Across Cultures
- Diversity, Equity Inclusion, and Belonging
- Allyship
- Inclusive Leadership

Annual Employee Engagement Surveys

At SJI, we administer annual anonymous employee engagement surveys. All employees are invited to participate in the surveys to provide their feedback on our culture and their sense of belonging.

Full engagement surveys that assess all elements of engagement are conducted every other year. During off cycle years, to ensure we are monitoring our progress, we issue smaller engagement pulse surveys.

Our engagement survey results measure performance against company and external benchmarks which include industry and same sized peers.

In 2022, a pulse survey was conducted that was focused on key engagement drivers. The pulse survey results inform our overall employee engagement strategy and provides the data needed to make improvements ahead of the full engagement survey.

Diversity Programs & Initiatives

New programs and initiatives were launched in 2022 introducing key topics and DEI concepts to further strengthen cultural competence and foster a more inclusive environment.

The launch of the **OneSJI 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.

SJI Women of Color In The Workplace

(WOCITW) This initiative was created to connect Women of Color employees with Women leaders in the organization. This initiative aimed to support career advancement, provide professional and emotional support to address issues unique to women of color. As a result the launch of SJI's Women of Color in the Workplace cohort, over 140 women were provided with the opportunity for informal mentorship and professional support.

In 2022, **DEI Coffee Chats** were launched as an opportunity for employees to build community, and learn more about Diversity Equity & Inclusion in the workplace and the world at large. Each month employees join on a volunteer basis and discuss various DEI topics reaching to date more than 500 employees.

Additionally, to attempt to build belonging amongst employees, belonging sessions were created to foster the opportunity to connect employees, demonstrate care, promote inclusion amongst employees, and encourage growth and development.

Monthly DEI Spotlights panels and events 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. The Company continues to offer an additional floating holiday to allow for greater flexibility for diverse heritages, religious holidays, or other significant cultural events.

Employee Resource Groups

Employee Resource Groups (ERG) are volunteer, employee-led groups that play a critical role in driving employee engagement, fostering an inclusive and collaborative workplace, developing employees, broadening community partnerships growing sentiments of belonging amongst all talent and attracting diverse talent to join SJI.



American Association of Blacks in Energy



Emerging Leaders



Women's Leadership Initiative



Veterans Engagement Team



The Green 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 2022, five employee resources groups served to further engage our workforce. They include:

- SJAABE – American Association of Blacks in Energy - South Jersey Chapter** is focused on ensuring African Americans and other minorities have input into the development of energy policy regulations, environmental issues and provide scholarships and service to the community.
- 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** works to enhance an employee's career by building strong work relationships through networking, skill development and community outreach.
- VETS – Veteran's Engagement Team's** focus is to, engage Veteran employees and use their experience as an asset to the company, addressing issues unique to the Veteran community and provide supportive initiatives that help those who proudly served in the Armed Forces of the United States.
- The Green Team** In 2022, a new Employee Resource Group was chartered. The Green Team strives to be an interactive and educational resource group that empowers employees to help support and create a more sustainable environment in our local communities.

Many of SJI's diversity programs and initiatives were powered by our ERGs, 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 2022 include:

- The Emerging Leaders launched a Peer Mentoring program to facilitate networking and build cross functional understanding to over 70 employees throughout SJI companies.
- The Green Team hosted a Decarbonization Panel to help educate employees on SJI's Carbon Footprint, Decarbonization Goals, and how we plan to reach our targets.
- The Women's Leadership Initiative hosts an annual Trailblazer Award that recognizes one woman each year within SJI that empowers and supports women, leads by example and embodies being OneSJI. There were 40 employee nominees, this year.
- The South Jersey Chapter of the American Association of Blacks in Energy hosted a Black History Month panel titled "DEI Panel Discussion: Allyship, Mentorship, Sponsorship" with nearly 150 attendees

and hosted the 10th annual scholarship golf outing that supported the chapter to award \$39,000 in scholarships and stipends to high students pursuing college degrees in STEM fields.

- The VETs ERG, in partnership with the Talent Attraction Team, hosted the U.S. Army PaYS Signing Ceremony. The Partnership for Your Success (PaYS) Program is a strategic partnership between the U.S. Army and a cross-section of corporations nationwide, with the shared goal of providing Soldiers with a job interview, and the possibility of employment after the completion of their service.

All of our ERGs and employees helped contribute to the 2022 Southern New Jersey Heart Walk, raising more than \$46,000 for the American Heart Association.

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.

At SJI, we pride ourselves on working to 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 and frontline leadership.

In 2022, we welcomed 161 new employees to SJI and 28% 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 18 new employees through our early career talent development programs.

Meeting an Evolving Workforce

In the last quarter of 2022, the Talent Attraction team transitioned to our Chief Diversity Officer and VP of Talent further aligning best in class talent practices between Talent Attraction, Talent Management, and our DEI teams. These three teams have worked collaboratively throughout the year to align our talent and corporate strategies.

Building an Early Talent Pipeline

Today, SJI partners with higher education institutions and local high school Institutes of Technology to develop early talent through internship opportunities. Our early talent programs include:

- **SPARK** - our high school internship partnership with Atlantic County Institute of Technology
- **IGNITE** - our 11-week internship program for college students
- **POWER** - our rotational leadership development program for early career talent

Workplace Flexibility

SJI recognizes the benefits of workplace flexibility to allow for increased productivity, job satisfaction and wellness. The goal of our policy is to provide flexibility, where possible, while also continuing to deliver on the goals of our Collective Ambition.

Creating a Welcoming and Engaging Onboarding Experience

Our New Employee Orientation is 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 OneSJI 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.

Fostering a Learning Culture

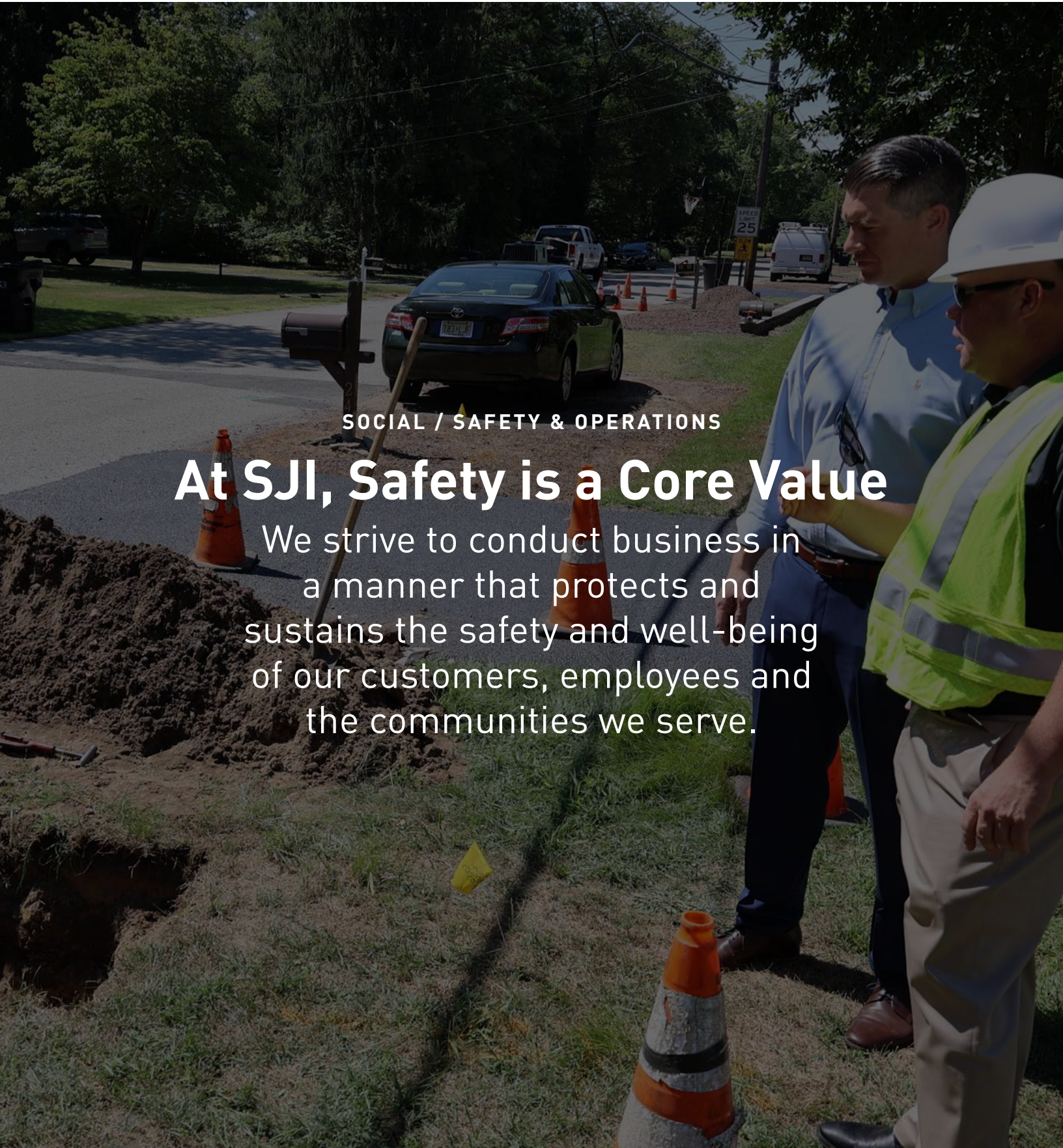
Through our corporate university, **Empower U**, employees can develop critical leadership skills and hone industry knowledge.

To continually foster our learning culture, each employee has access to over 16,000 online courses through LinkedIn Learning to further build their business, technical, and creative skills.

To further enhance utility and energy industry knowledge, selected employees across the business participated in a ten-week cohort program called Public Utility Reporting (PUR). PUR provides exposure and insight into public utility operations and SJI departments through a weekly session taught by internal SJI experts.

Developing Our Future Leaders

In 2022, SJI developed a new five-month frontline leadership cohort program, ACCELERATE, to focus on upskilling and empowering new leaders with developing their teams, driving results, and creating inclusive and engaged workplaces. Leaders participated in workshops and peer coaching, with inter-session activities to reinforce their learning.



SOCIAL / SAFETY & OPERATIONS

At SJI, Safety is a Core Value

We strive 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 ensure that our activities are safe and that they do not negatively affect the physical or mental well-being of our employees, contractors, and the communities we serve. We strive to Make Every Day A Safe Day. SJI has developed a Safety Compliance Manual with developed and adopted safety policies and programs that, when implemented, ensure health and safety are maintained in the workplace. This safety manual, and the policies and programs contained, applies to all SJI facilities and operations. At the center of our Make Every Day A Safe Day culture is SJI's Safety Management System (SMS). The SMS promotes pipeline integrity, safety, and environmental protection.

All employees are expected to participate in the continuous improvement of the SMS by reporting safety concerns, sharing their ideas for improvements, communicating changes to the system following the incorporated changes into the management of change process (MOC) and being a champion for safety. Supervisors and Managers assess, evaluate, and apply established policies and programs vertically down through the organization to daily operations. They are responsible for:

- communicating changes in policies and programs;
- reporting incidents and near misses;
- participating in incident investigations;

- reviewing the impact of change; and
- soliciting employee feedback for continuous improvement of the safety manual.

Employees are responsible for:

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

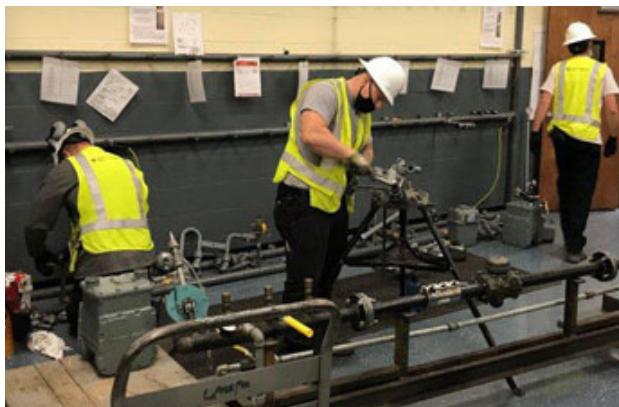
Employees are strongly encouraged to engage in safety meetings and are supported by the organization in facilitating a culture of continuous improvement of the health and safety program. Top management is expected to lead by example and demonstrate a commitment to risk reduction and hazard elimination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

SAFETY OVERVIEW

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

During 2022 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 2022 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.



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.

Family Safety & Health

This is a quarterly magazine featuring information focused on safety 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, OneSJI, 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.

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, 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 a quicker, personalized response.

EMERGENCY RESPONSE PREPARATION

At SJI, safety is a priority.

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

In 2022, the Emergency Preparedness Department completed multiple comprehensive safety exercises. Safety exercises help prepare our workforce by requiring employees to assess and protect the safety of themselves, their colleagues and our customers while minimizing the impacts to our systems and service. These exercises are part of our continued efforts to enhance response protocols, partner with emergency responders and local officials and improve overall emergency response.

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.

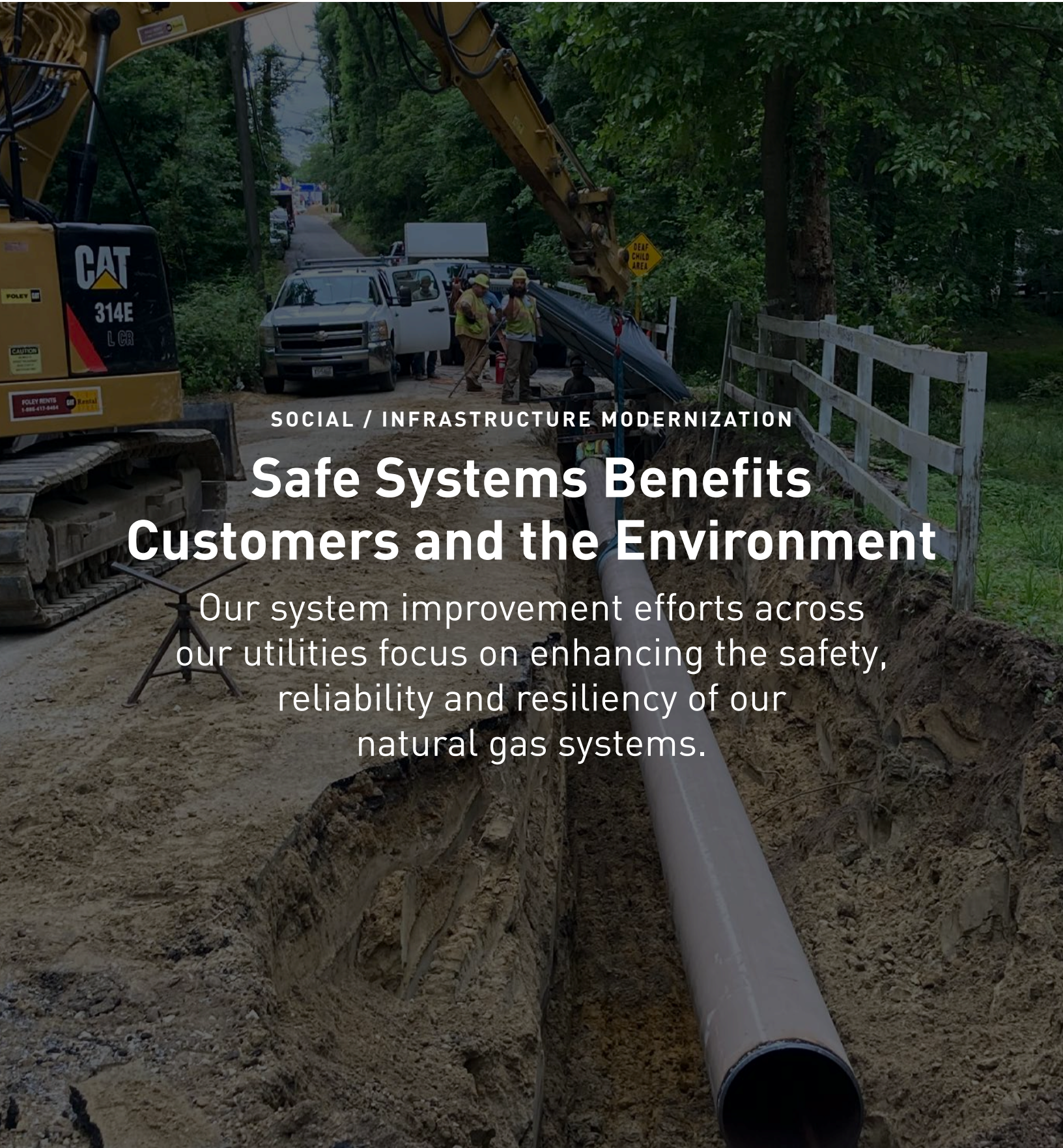
We encourage anyone who suspects a natural gas leak in any of our service areas to call our respective utility Gas Leak Hotlines. Through customer and community outreach, we encourage awareness among customers and local residents of our emergency contact information as well as the appropriate way to identify and respond to a potential leak.

CYBERSECURITY

SJI deploys cybersecurity systems using a defense-in-depth approach, that attempts to assess, improve and strengthen 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. 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 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 focus our ability if impacted, we can return critical systems to normal operating levels in a timely manner.



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.

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 information gathered is then used to assess the pipeline and determine the need for repairs.

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. We regularly conduct leak surveys along our distribution and transmission systems. All surveys for both utilities are conducted using natural gas sensing equipment on vehicular and walking surveys along the pipelines, distribution mains and distribution services.



We understand the importance of pipeline safety to the communities in which we operate, and that our community stakeholders are our partners in ensuring natural gas safety. Accordingly, we strive to educate our community stakeholders about natural gas safety. Through our pipeline safety communications, in accordance with regulatory standards, we communicate not only to customers but also to the entire community we serve. We inform local officials, emergency responders, customers, residents and more of the importance of natural gas safety and safe practices, including how to detect a natural gas leak, how to safely conduct subsurface work and what to do in the event of a natural gas emergency.

Excess Flow Valves

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

An Excess Flow Valve is a mechanical safety device designed to automatically shut off the flow of natural gas in the event of a service line break or excavation damage.

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.



Liquefied Natural Gas

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

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

Elizabethtown Gas maintains and operates a natural gas Peak-shaving Plant at its Erie Street facility using the same process and for the same purpose – to ensure that demand for natural gas can be met during peak periods.

In addition to providing vapor supply during times of high demand, both the LNG facilities at Erie Street and McKee City also provide supply resiliency and redundancy to the companies' distribution systems in the event of a supply disruption.

A photograph of a woman and a young girl in a kitchen. The woman, wearing a red shirt and a white apron, is smiling broadly and holding a tray of food. The girl, wearing a plaid shirt and denim shorts, is also smiling and looking at the woman. They are both crouching on a wooden floor. The background shows white kitchen cabinets and a window.

SOCIAL / CUSTOMER INITIATIVES

Ready to Serve Our Customers When They Need Us

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

CUSTOMER EXPERIENCE

The commitment of South Jersey Gas and Elizabethtown Gas to delivering an exceptional customer experience is evidenced by the companies' proactive approach to resources and investments that drive customer and employee engagement while reinforcing reliable and responsive utility services.

The examples below illustrate the utilities' dedication to meeting customer needs, enhancing customer satisfaction, and providing essential energy services.

- **Customer Satisfaction Ranking:**

Elizabethtown Gas achieved the highest ranking in the East Midsize segment of the J.D. Power 2022 Gas Utility Residential Customer Satisfaction Studies for the eighth consecutive year. This reflects the high level of satisfaction that customers have with their residential gas provider. [For more information on this award, visit here.](#)

- **Energy Assistance Funding:** Through collaboration with the New Jersey Board of Public Utilities and the Department of Community Affairs, South Jersey Gas and Elizabethtown Gas helped customers secure energy assistance funding. These efforts promoted service continuity that ensured customers could continue to rely on natural gas for their heating, hot water and cooking needs.
- **Streamlining Processes and Continuous Improvement:** Streamlining processes across both utilities allows the company to concentrate resources on improving the

customer experience. Process improvement and alignment around measures of success, quality and training programs, and billing enhancements were successfully deployed throughout the year with additional opportunities identified. Employee professional development remained a priority, ensuring each team member had the opportunity to both strengthen and grow their skill sets.

- **Self-Service Options:** In 2022, the majority of customers utilized the self-serve options available in My Account, a secure method for managing accounts and making payments. This demonstrates the commitment of SJI Utilities to offering convenient and eco-friendly ways for customers to manage the services.
- **Customer Feedback and Improvements:** The commitment to service is driven by voice of the customer feedback. In 2022, the utilities benefited from insights gathered from customer survey responses, which led to improvements in customer satisfaction after service interactions.

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 2022, both South Jersey Gas and Elizabethtown Gas noted a demand for natural gas services that was driven by increases in gas conversion from alternative fuels such as oil and propane, and from new construction.

Elizabethtown Gas

Serves approximately 309,896 families and businesses in 110 northern NJ communities.

South Jersey Gas

Serves more than 415,306 families and businesses in 117 southern NJ communities.



SOCIAL / COMMUNITY SUPPORT

Being a Committed Community Partner

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

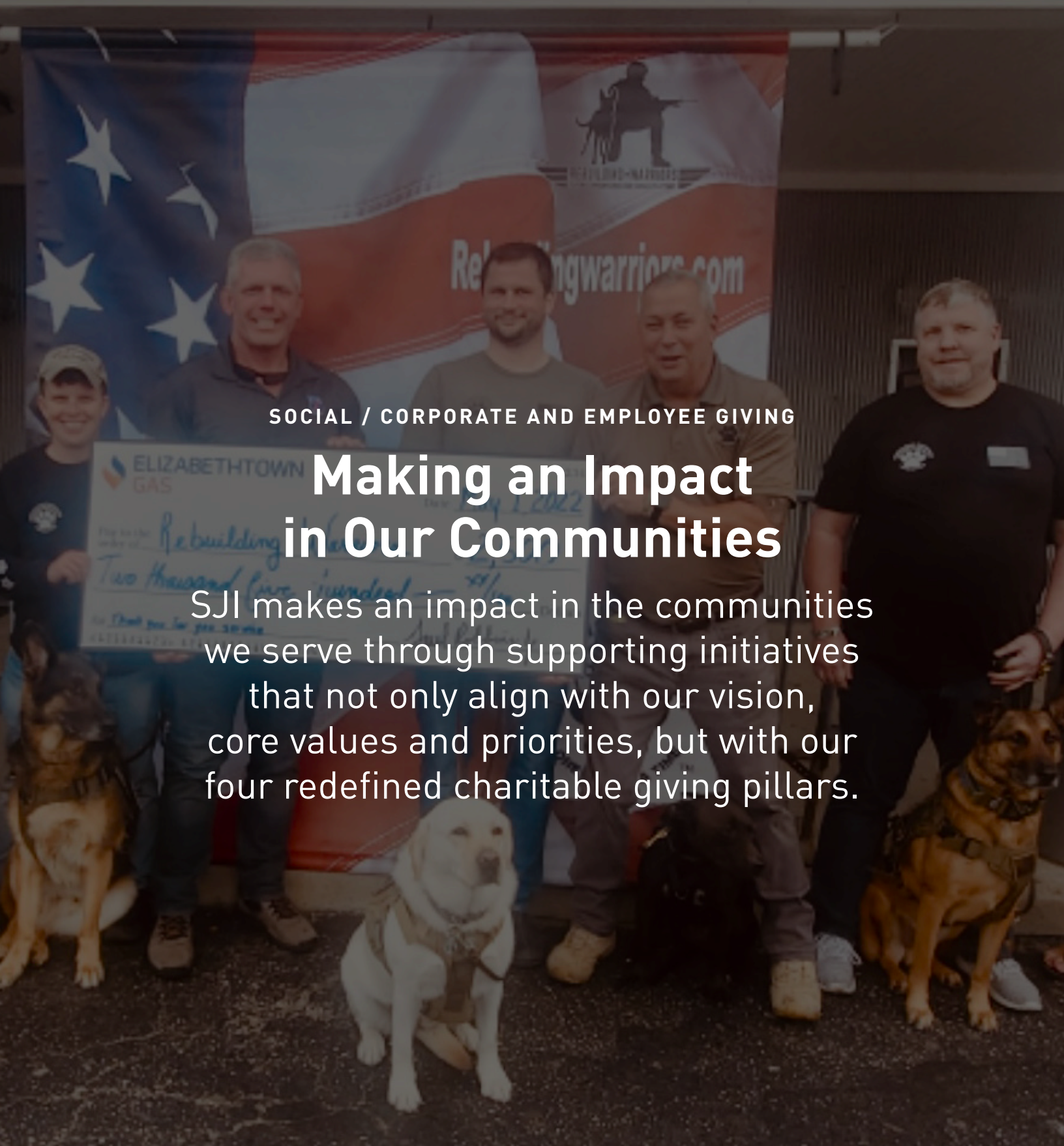
COMMUNITY PARTNERSHIPS

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

External Affairs

SJI's External Affairs team, consisting of Government Relations and External Communications, 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.

Additionally, the government affairs professionals within the External Affairs team work to identify the beneficial use of financial resources to support civic, health, economic development and charitable programs in the communities we serve, aligning those initiatives with the company **Charitable Giving Pillars**.

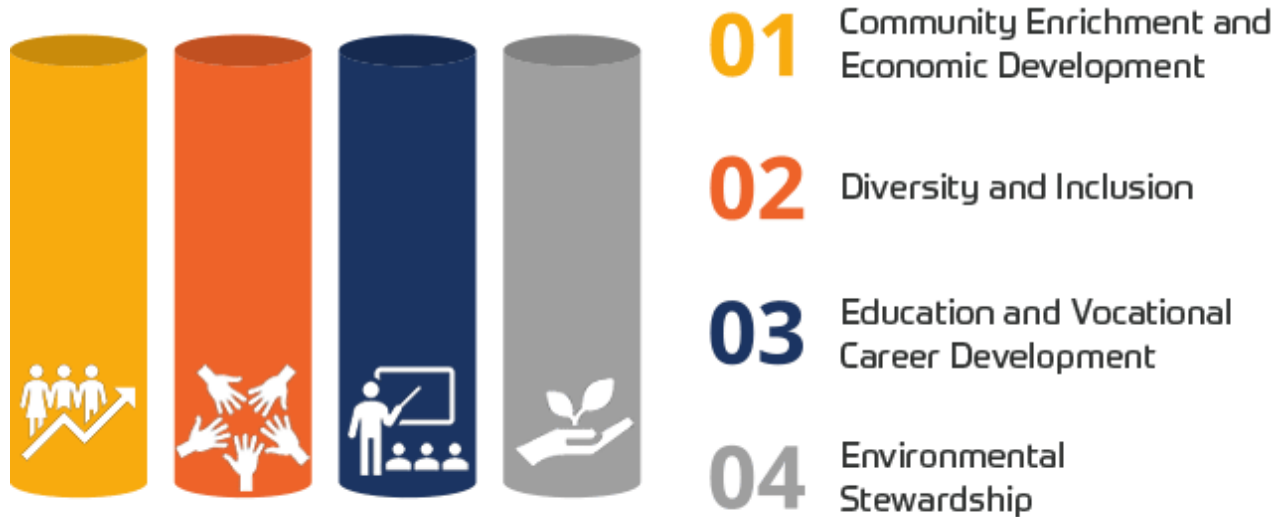


SOCIAL / CORPORATE AND EMPLOYEE GIVING

Making an Impact in Our Communities

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

Charitable Giving Pillars



Corporate Giving

The Charitable Giving Pillars illustrate the alignment of SJI’s giving with its values. As a corporate partner, committed to the communities we serve, SJI continues to support a number of organizations throughout the ETG and SJG service areas. Many of our employees performed volunteer community service, and gave over \$160,000 to seven charities as part of SJI’s annual Employee Giving Campaign. For the first time ever, SJI matched, dollar-for-dollar, all donations/pledges made by our employees as part of the company Employee Giving Campaign. In 2022, SJI and its utilities spent approximately \$847,000 for charitable and economic development purposes.

The Game On Grant and First Responders grant programs are two long standing programs that SJI supports.

Game On Grant Program

For over 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. Beginning in 2021, and continuing through 2022, we have expanded this program to include communities within the Elizabethtown Gas service territory.

In 2022 alone, the Game on Grant programs of South Jersey Gas and Elizabethtown Gas collectively awarded \$40,000 in grants toward the purchase of equipment, uniforms and field improvements to local communities.



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 2022 alone, our utilities collectively awarded approximately \$58,000 in such grants. These grants are used by first responders to support necessary purchases including combustible gas detectors, turn out gear, fire hoses, medical supplies, and other equipment.

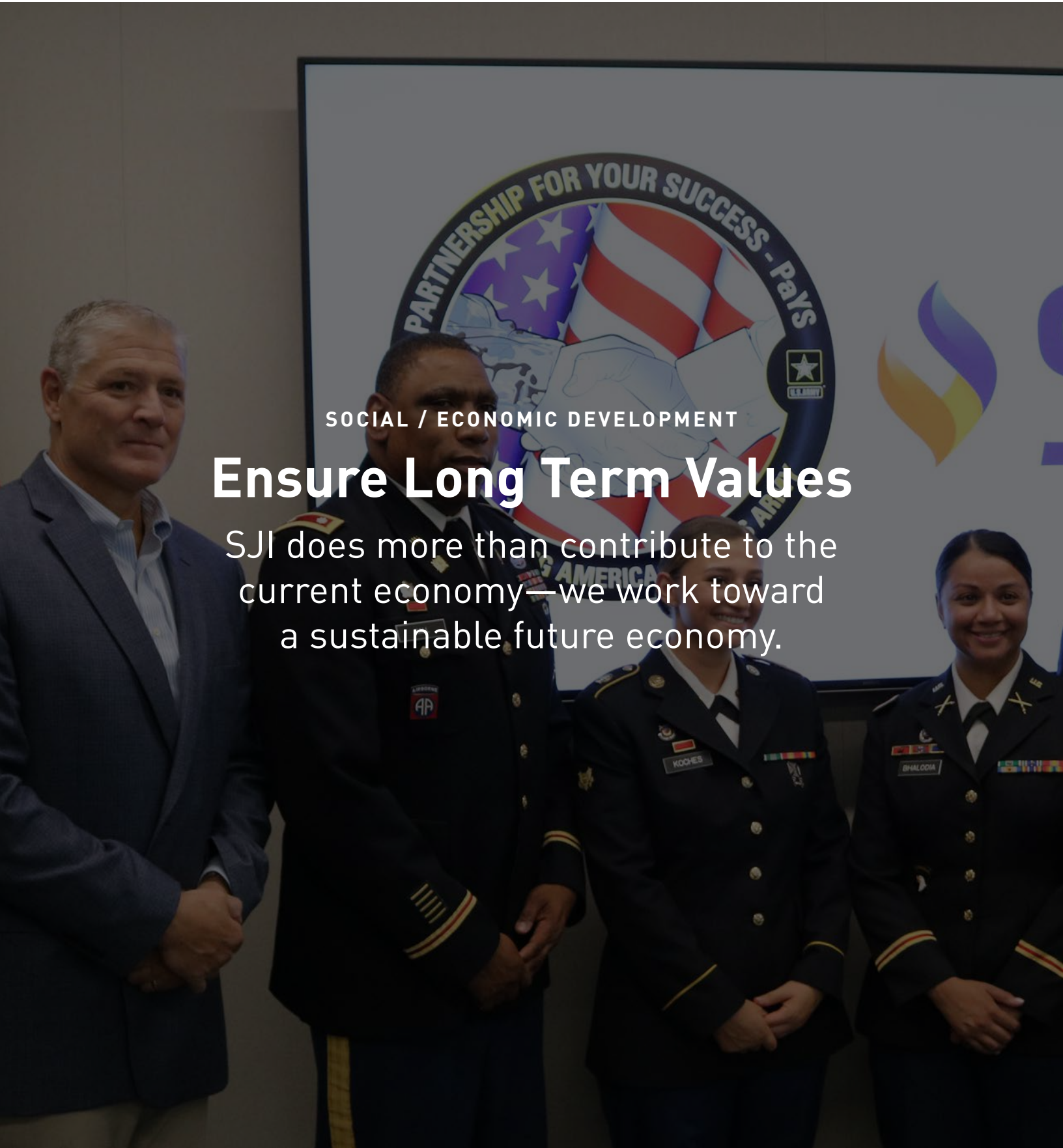
A Workforce that Gives

Employee Giving

Through our Annual Employee Giving Campaign, our workforce comes together collectively to make an impact and help support our local communities. The 2022 campaign exceeded the 2021 record year with our employees giving/pledging approximately \$166,000 to outstanding non-profits, exceeding the campaign’s goal of \$160,000. For the first time ever, SJI and its utilities matched dollar-for-dollar all employee donations and pledges,

effectively doubling the impact of the Employee Giving Campaign. In 2022, our Company and its employees generously supported the Community Food Bank of New Jersey, the American Red Cross, the American Association of Blacks in Energy (South Jersey Chapter), the Arc of Union and Atlantic Counties, the Nature Conservancy, Covenant House, and the New Jersey Veterans Network.





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 2022 these efforts included:

- Disbursing \$106 million in base salaries to our more than 1,000 employees.
- Investing approximately \$847 thousand in community support across SJI, SJG and ETG.
- Spending approximately \$668 million in capital expenditures.
- Obtaining approval from the New Jersey Board of Public Utilities for South Jersey Gas to implement a \$200 million, five-year Infrastructure Investment Program (IIP).
- Joining the U.S. Army's Partnership for Your Success job Recruitment Program.
- Construction on a dozen renewable natural gas production facilities at large dairy farms throughout the United States.

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 South Jersey Gas Infrastructure Investment Program (IIP) – targeted at replacing pre-code coated steel and pre-1971 vintage Aldyl-A plastic mains and related services, as well as the installation of excess flow valves - began on July 1, 2022. This \$200 million, five-year program will replace approximately 250 miles of main. From July 1, 2022 through December 31, 2022, South Jersey Gas replaced 22 miles of main and restored approximately 1,400 services.

The Elizabethtown Gas Infrastructure Investment Program (IIP) – targeted at replacing vintage cast iron, unprotected steel, ductile iron, copper – began on July 1, 2019. This \$300 million, five-year program will replace approximately 250 miles of main. From July 1, 2019 through December 31, 2022, Elizabethtown Gas replaced 176 miles of main and restored approximately 20,700 services.



SUPPLIER DIVERSITY

In 2022, SJI purchased approximately \$150 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.

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.

(CONTINUED)**Highlights from 2022 included the following:**

- Adopted new pay terms for small diverse suppliers of Net15 in lieu of our normal Net45 to support small diverse business' with increased cash flow.
- Provided support to advocacy groups by attending and sponsoring events that assist with educating diverse suppliers on the value of being certified.
- A nomination for WBEC East's Done Deal awarded by Partner's Consulting (WBE) for the mentorship SJI has provided.
- Assisted Lantier Construction (VBE) with obtaining their diversity certification through the National Veteran-Owned Business Association.
- Became of member of the NJ Pride Chamber of Commerce to identify LGBTQ certified vendors to add to our supplier database.

GOVERNANCE

Governance & Stakeholder Engagement

In 2022, SJI was governed by a 10-member Board of Directors, nine of whom are independent.

Company Governance

Our Board of Directors, elected by the shareholders, is the company's ultimate decision-making entity, except for matters reserved for shareholder consideration. In 2022, three of SJI's 10 members of the Board of Directors were female. We are proud of this 30% female representation on our Board and the significant, positive role diversity plays in our organization.

In 2018, the Board of Directors established an internal Environmental, Social and Governance (ESG) Management Committee that includes cross-functional members of management from key areas of the Company such as ESG, human resources, legal, risk management, communications, safety and environment. The committee reports to the Board of Directors quarterly and at each ESG Committee of the Board meeting, and is responsible for the development and implementation of the company's key human capital management, 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.

In 2022 the ESG Committee of the Board provided 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.

The Committee also oversaw 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.

Board of Directors:

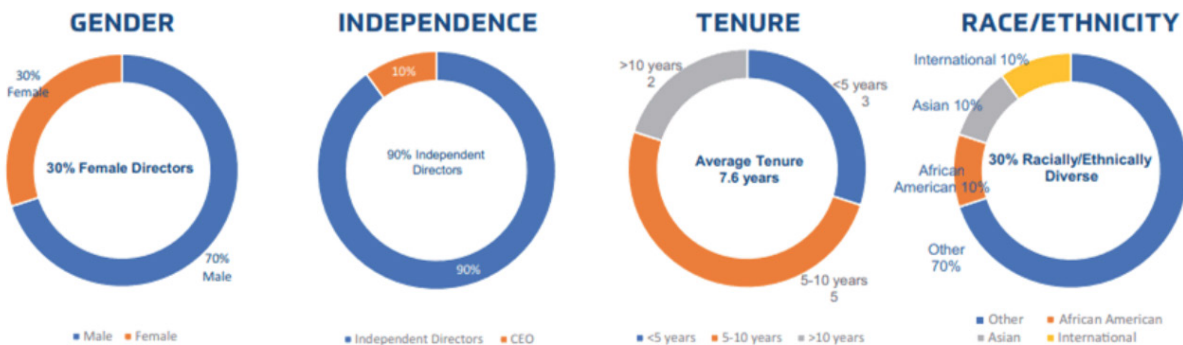
- | | |
|---|---------------------------|
| Michael J. Renna (President & CEO, SJI) | G. Edison Holland, Jr. |
| Joseph M. Rigby (Chairman) | Sunita Holzer |
| Sarah M. Barpoulis | Kevin O'Dowd |
| Victor Fortkiewicz** | Christopher J. Paladino** |
| Sheila Hartnett-Devlin* | Frank L. Sims** |

* ESG Committee Chair
 ** ESG Committee of the Board Member

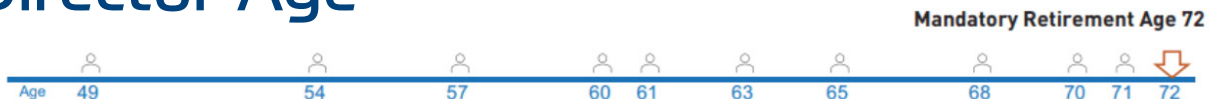
Board Committees:

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

Director Tenure and Diversity



Director Age



Note: All information as of December 31, 2022, unless otherwise stated

Stakeholder Engagement

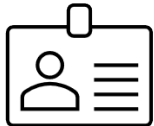
SJI engages with our stakeholders to understand their needs and expectations regarding our business and the services we provide. We believe these exchanges of information are fundamental to strategizing how we can continue to provide long-term value. SJI's stakeholders include customers, employees, regulators,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

Customers



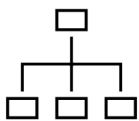
SJI is committed to providing safe, reliable, affordable energy to our more than 700,000 customers across the state of New Jersey. We work to modernize critical infrastructure, ensure the safety of our systems and enhance our customer experience. We listen to the needs of our customers and provide solutions to help them save energy and lower their bills by educating our customers about energy-efficient products and practices, managing their accounts and accessing financial assistance. We are proud to deliver the quality service our customers expect and deserve, while making affordability a top priority. [Learn more about how we serve our customers here.](#)

Employees



Our employees are our greatest asset. Together, we work to foster a culture of inclusion and belonging, where our professional, well-trained and knowledgeable staff treat each other with courtesy and respect. We engage our workforce to address their well-being and help them achieve their professional goals. At SJI, we do this by helping employees connect with one another in meaningful ways, offering helpful training and development resources, 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 the owner and operator of two regulated utility companies, public policy considerations often have a direct and measurable impact on our business. SJI works collaboratively with legislators and regulators to achieve results that ensure reliable and affordable energy for our customers, while balancing the interests of the Company and public policy objectives. We support the climate goals of our state and region and work together with public officials to provide energy solutions for a sustainable future. [Learn more about our government involvement here.](#)

Shareholders



In 2022, we continued to monitor information from our shareholders that provides perspective on their investment policies. Our objective is to understand and respond to those policies with consistent, comparable information.

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.](#)

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, but in every instance, we conduct such activities in full compliance with all federal, state and local laws, rules and regulations. Under the corporation's Code of Ethics, all directors and employees are required to uphold all laws and applicable regulations, which include provisions governing lobbying activities, issue advocacy, political contributions and government contracting.

As a heavily regulated company, public policy considerations often have a direct and measurable impact on our business. Accordingly, SJI takes an active role in legislative, regulatory and other policymaking processes to ensure that legislators and regulators are properly informed about the decisions they make that may impact our business, and ultimately, our customers, employees and communities. Notably, SJI's efforts in this regard include informing policymakers about the company's decarbonization initiatives.

To ensure proper compliance and adherence to the highest ethical standards, all persons performing lobbying activities on behalf of the company are required to be registered with the appropriate regulatory agencies and must file applicable reports and disclosure statements on a regular basis, as required by law. Additionally, all persons conducting lobbying activities on behalf of the company, including third-party consultants, are required to 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 committed 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 improving energy efficiency.

[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 cross-functional 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.

Also, to provide focused effort on each of the emissions categories within SJI's decarbonization strategy, 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 sub committee Team of Teams groups to discuss the progress of their area of emissions reductions and potential future strategies. The ESG Management Committee is provided a quarterly update from the Sustainability and Green House Gas Emission Reduction Committee.

Our Policies

[Human Rights Policy](#)

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

[Supplier Code of Conduct](#)

[Environment 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
- Serves as a primary reporting channel for consolidated ESG/Sustainability information relevant to stakeholders



BY THE NUMBERS

Sustainability Metrics

DISCLAIMER: The standards of measurement and performance, as well as any goals disclosed in this report, are based on various assumptions made in good faith at the time of publication and are not guarantees or promises of actual future performance and should not be construed as a characterization regarding the materiality or financial impact of that information.

EPA Greenhouse Gas Reporting Program

The Greenhouse Gas Reporting Program (GHGRP) requires reporting of greenhouse gas (GHG) data and other relevant information from large GHG emission sources, fuel and industrial gas suppliers, and CO₂ injection sites in the United States. The GHGRP covers emissions from different aspects of the oil and gas industry through several of its subparts. Data contained in this section is reported in accordance with Subparts NN and W. More information about the GHGRP and Subparts NN and W can be found at the links below.

[EPA Greenhouse Gas Reporting Program](#)

[EPA GHGRP Subpart NN](#)

[EPA GHGRP Subpart W](#)

South Jersey Industries

MEASUREMENT	2022	2021	2020	2011
UTILITY SYSTEM EMISSIONS (IN METRIC TONS)				
Direct CO ₂ -Equivalent Emissions - Scope 1	87,749	95,619	101,792	232,741
Product-Supplied CO ₂ -Equivalent Emissions - Scope 3 (partial)	4,955,199	4,856,846	4,553,554	5,199,791
CO ₂	1,911	1,947	1,788	3,112
Methane	3,433	3,747	4,000	9,185
Nitrous Oxide	0.0034	0.0038	0.0030	0.0050

South Jersey Gas

MEASUREMENT	2022	2021	2020	2011
UTILITY SYSTEM EMISSIONS (IN METRIC TONS)				
Direct CO ₂ -Equivalent Emissions - Scope 1	46,985	50,303	49,215	135,230
Product-Supplied CO ₂ -Equivalent Emissions - Scope 3 (partial)	2,615,489	2,470,878	2,291,928	2,591,032
CO ₂	1,422	1,453	1,259	2,067
Methane	1,822	1,954	1,918	5,326
Nitrous Oxide	0.0026	0.0030	0.0020	0.0040

Elizabethtown Gas

MEASUREMENT	2022	2021	2020	2011
UTILITY SYSTEM EMISSIONS (IN METRIC TONS)				
Direct CO ₂ -Equivalent Emissions - Scope 1	40,765	45,316	52,577	97,511
Product-Supplied CO ₂ -Equivalent Emissions - Scope 3 (partial)	2,339,710	2,385,968	2,261,626	2,608,759
CO ₂	490	493	529	1,046
Methane	1,611	1,793	2,082	3,859
Nitrous Oxide	0.0008	0.0008	0.0010	0.0010

EEI-AGA ESG/Sustainability Metrics

The Edison Electric Institute-American Gas Association (EEI-AGA) ESG/Sustainability Template is a voluntary reporting template developed to assist gas and electric companies in providing the financial sector with comparable and consistent ESG data and information. Definitions for these sustainability metrics can be found on the EEI website [here](#), under Quantitative Metrics and Definitions.

South Jersey Industries

MEASUREMENT	2022	2021	2020	2011
METHANE EMISSIONS AND MIGRATION FROM DISTRIBUTION MAINS				
Number of Gas Distribution Customers	725,202	716,765	706,499	—
Distribution Mains in Service	10,364	10,271	10,209	9,277
Plastic (miles)	7,608	7,381	7,135	4,464
Cathodically Protected Steel - Bare & Coated (miles)	2,546	2,619	2,714	2,956
Unprotected Steel - Bare & Coated (miles)	15	23	51	957
Cast Iron/Wrought Iron - without upgrades (miles)	185	236	292	870
Ductile Iron (miles)	10	13	17	31
Copper	0.4	0.4	0.5	0.5
PLAN/COMMITMENT TO REPLACE/UPGRADE REMAINING MILES OF DISTRIBUTION MAINS (#YEARS TO COMPLETE)				
Unprotected Steel-Bare & Coated	0 SJG; 3 ETG	1 SJG; 4 ETG	2 SJG; 5 ETG	—
Cast Iron/ Wrought iron	0 SJG; 3 ETG	1 SJG; 4 ETG	2 SJG; 5 ETG	—

(SOUTH JERSEY INDUSTRIES CONTINUED)

DISTRIBUTION CO2E FUGITIVE EMISSIONS				
CO2e Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	85,836	93,670	100,003	229,626
CO2e Fugitive Methane Emissions from Infrastructure (Pipeline Main & Services, metric tons), includes ductile iron for ETG	84,262	94,181	100,615	230,215
Percent Reduction from 2006 to each year	69%	65%	63%	14%
CH4 Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	3,433	3,747	4,000	9,185
CH4 Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	179	195	208	478
Annual Natural Gas Throughput from Gas Distribution Operations in thousands of standard cubic feet (Mscf/year)	105,215,005	98,632,573	94,209,006	96,299,261
Annual Methane Gas Throughput from Gas Distribution Operations in millions of standard cubic feet (MMscf/year)	99,954	93,701	89,499	91,484
Fugitive Methane Emissions Rate (Percent of Methane Throughput) (Percent of Methane Emissions per MMscf of Methane Throughput)%	0.18%	0.21%	0.23%	0.52%
BLOWDOWN EMISSIONS REDUCTION INITIATIVE				
Natural Gas Volume Released during	2,830,297	3,262,044	3,363,374	—
Natural Gas Volume Saved	6,253,714	4,617,795	5,353,654	—
CO2e Emissions Reduced	3,005	2,108	2,444	—
Percent CO2e Emissions Reduced	69%	59%	61%	—

(SOUTH JERSEY INDUSTRIES CONTINUED)

EXCESS FLOW VALVE INSTALLATION PROGRAM				
Excess Flow Valves (EFVs)	335,310	319,785	290,688	—
Total Number of Services	586,885	590,426	581,503	—
% EFVs to total Services	57%	54%	50%	—
EFVs Methane Emissions Reduction, Mcf	153,285	146,187	132,877	—
**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				
RECYCLED WASTE ****				
Tons of Municipal Waste, Landfilled***	340	391	522	—
Tons of Municipal Waste, Recycled***	102	149	207	—
Tons of Municipal Waste, % Recycled***	23%	28%	28%	—
Tons of Utility Operations Solid Waste, Landfilled	4,424	7,660	6,716	—
Tons of Utility Operations Solid Waste, Recycled	33,421	859	965	—
Tons of Utility Operations Solid Waste, % Recycled	88%	10%	13%	—
Tons of Manifested Waste	.02	1.57	0.78	—
Gallons of Utility Operations Liquid Waste	—	154,597	117,749	—
****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. In 2022, we saw an increase in the amount of recycled solid waste and liquid waste due to the inclusion of waste from remediation projects.				
WATER DISCLOSURE				
Total Water Used/Consumed, gallons	9,270,637	4,741,108	3,266,088	—
City Water Usage, gallons	4,052,177	3,043,608	2,767,910	—
Water Withdrawn from Well, gallons	5,218,460	1,697,500	498,178	—

** 2020 water usage decreased due to reduced occupancy during Covid. This year's report replaced the 2021 estimated water information with actual data that was not available at the time of last year's report

South Jersey Gas

MEASUREMENT	2022	2021	2020	2011
METHANE EMISSIONS AND MIGRATION FROM DISTRIBUTION MAINS				
Gas Distribution Customers	415,306	411,301	404,886	—
Distribution Mains in Service	7,037	6,977	6,918	6,144
Plastic (miles)	5,482	5,341	5,169	3,030
Cathodically Protected Steel - Bare & Coated (miles)	1,544	1,618	1,709	1,923
Unprotected Steel - Bare & Coated (miles)	11	19	40	955
Cast Iron/Wrought Iron - without upgrades (miles)	0	0	0	236
Ductile Iron (miles)	0	0	0	0
Copper	0	0	0	0
PLAN/COMMITMENT TO REPLACE/UPGRADE REMAINING MILES OF DISTRIBUTION MAINS (#YEARS TO COMPLETE)				
Unprotected Steel-Bare & Coated	0	1	2	—
Cast Iron/Wrought Iron	0	1	2	—
DISTRIBUTION CO2E FUGITIVE EMISSIONS				
CO2e Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	45,561	48,848	47,955	133,161
CO2e Fugitive Methane Emissions from Infrastructure (Pipeline Main & Services, metric tons)	44,781	48,281	47,041	131,137
Percent Reduction from 2006 to each year	70%	68%	69%	13%
CH4 Fugitive Methane Emissions from Gas Distribution Operations	1,822	1,954	1,918	5,326
CH4 Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	95	102	100	277

(SOUTH JERSEY GAS CONTINUED)

Annual Natural Gas Throughput from Gas Distribution Operations in thousands of standard cubic feet (Mscf/year)	55,071,839	51,629,711	49,364,522	45,164,947
Annual Methane Gas Throughput from Gas Distribution Operations in millions of standard cubic feet (MMscf/year)	52,318	49,048	46,896	42,907
Fugitive Methane Emissions Rate (Percent MMscf of Methane Emissions per MMscf of Methane Throughput)%	0.18%	0.21%	0.21%	0.65%
BLOWDOWN EMISSIONS REDUCTION INITIATIVE				
Natural Gas Volume Released during Blowdown, cf	2,744,203	3,198,772	3,204,292	—
Natural Gas Volume Saved, cf	6,238,224	4,606,868	5,136,440	—
CO ₂ e Emissions Reduced metric tons/yr	2,998	2,103	2,345	—
Percent CO ₂ e Emissions Reduced metric tons/yr	69%	59%	62%	—
EXCESS FLOW VALVE INSTALLATION PROGRAM**				
Excess Flow Valves (EFVs)	211,782	205,756	187,375	—
Total Number of Services	352,650	359,471	350,734	—
% EFVs to total Services	60%	57%	53%	—
EFVs Methane Emissions Reduction, Mcf	96,815	94,060	85,657	—

**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)

RECYCLED WASTE ****				
Tons of Municipal Waste, Landfilled	249	285	373	—
Tons of Municipal Waste, Recycled	59	72	140	—
Tons of Municipal Waste, % Recycled	19%	20%	27%	—
Tons of Utility Operations Solid Waste, Landfilled	36	108	121	—
Tons of Utility Operations Solid Waste, Recycled	6,359	713	798	—
Tons of Utility Operations Solid Waste, % Recycled	99%	87%	87%	—
Tons of Manifested Waste	0.08	0.00	0.45	—
Gallons of Utility Operations Liquid Waste	143,329	122,763	60,690	—

****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. In 2022, we saw an increase in the amount of recycled solid waste and liquid waste due to the inclusion of waste from remediation projects.

WATER DISCLOSURE ****				
Total Water Used/Consumed, gallons	8,523,535	3,842,030	2,674,026	—
City Water Usage, gallons	3,532,575	2,372,030	2,344,530	—
Water Withdrawn from Well, gallons	4,990,960	1,470,000	329,496	—

**** 2020 water usage decreased due to reduced occupancy during Covid. This year's report replaced the 2021 estimated water information with actual data that was not available at the time of last year's report

Elizabethtown Gas

MEASUREMENT	2022	2021	2020	2011
METHANE EMISSIONS AND MIGRATION FROM DISTRIBUTION MAINS				
Gas Distribution Customers	309,896	305,464	301,613	—
Distribution Mains in Service	3,326	3,294	3,291	3,133
Plastic (miles)	2,125	2,040	1,966	1,434
Cathodically Protected Steel - Bare & Coated (miles)	1,002	1,001	1,005	1,033
Unprotected Steel - Bare & Coated (miles)	4	4	10	2
Cast Iron/Wrought Iron - without upgrades (miles)	185	236	292	634
Ductile Iron (miles)	10	13	17	31
Copper	0.4	0.4	0.5	0.5
PLAN/COMMITMENT TO REPLACE/UPGRADE REMAINING MILES OF DISTRIBUTION MAINS (#YEARS TO COMPLETE)				
Unprotected Steel-Bare & Coated	3	4	5	—
Cast Iron/Wrought iron	3	4	5	—
DISTRIBUTION CO2E FUGITIVE EMISSIONS				
CO2e Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	40,275	44,822	52,048	96,464
CO2e Fugitive Methane Emissions from Infrastructure (Pipeline Main & Services, metric tons), includes ductile iron for ETG	39,481	45,900	53,574	99,078
Percent Reduction from 2006 to each year	67%	61%	55%	17%
CH4 Fugitive Methane Emissions from Gas Distribution Operations	1,611	1,793	2,082	3,859
CH4 Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	84	93	108	201

(ELIZABETHTOWN GAS CONTINUED)

Annual Natural Gas Throughput from Gas Distribution Operations in thousands of standard cubic feet (MMscf/year)	50,143,166	47,002,862	44,844,484	51,134,314
Annual Methane Gas Throughput from Gas Distribution Operations in millions of standard cubic feet (Mscf/year)	47,636	44,653	42,602	48,578
Fugitive Methane Emissions Rate (Percent MMscf of Methane Emissions per MMscf of Methane Throughput)%	0.18%	0.21%	0.25%	0.41%
BLOWDOWN EMISSIONS REDUCTION INITIATIVE				
Natural Gas Volume Released during Blowdown, cf	86,094	63,272	159,082	—
Natural Gas Volume Saved, cf	15,490	10,927	217,214	—
CO ₂ e Emissions Reduced metric tons/yr	7	5	99	—
Percent CO ₂ e Emissions Reduced metric tons/yr	15%	15%	58%	—
EXCESS FLOW VALVE INSTALLATION PROGRAM**				
Excess Flow Valves (EFVs)	123,528	114,029	103,293	—
Total Number of Services	234,235	230,955	230,769	—
% EFVs to total Services	53%	49%	45%	—
EFVs Methane Emissions Reduction, Mcf	56,470	52,128	47,220	—

**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)

RECYCLED WASTE****				
Tons of Municipal Waste, Landfilled	91	106	149	0
Tons of Municipal Waste, Recycled	43	77	67	0
Tons of Municipal Waste, % Recycled	32%	42%	31%	—
Tons of Utility Operations Solid Waste,	4,388	7,552	6,595	—
Tons of Utility Operations Solid Waste,	27,062	146	168	—
Tons of Utility Operations Solid Waste, %	86%	2%	2%	—
Tons of Manifested Waste	0.12	1.57	0.34	—
Gallons of Utility Operations Liquid Waste	1,218,227	31,834	57,059	—

****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. In 2022, we saw an increase in the amount of recycled solid waste and liquid waste due to the inclusion of waste from remediation projects.

WATER DISCLOSURE				
Total Water Used/Consumed, gallons	747,102	899,078	592,062	—
City Water Usage, gallons	519,602	671,578	423,380	—
Water Withdrawn from Well, gallons	227,500	227,500	168,682	—

**** 2020 water usage decreased due to reduced occupancy during Covid. This year's report replaced the 2021 estimated water information with actual data that was not available at the time of last year's report.

Social

MEASUREMENT	2022	2021	2020
TOTAL EMPLOYEES**	1,179	1,173	1,128
Corporate	20%	20%	20%
Utility Company	76%	77%	77%
Non-Utility Company	4%	3%	3%
% of Employees Represented by Unions **			
Employee Turnover Rate**	9%	8%	8%
EMPLOYEE POPULATION ETHNICITY REPRESENTATION			
Male	62%	63%	62%
Female	38%	37%	38%
White	71%	70%	71%
Breakdown of Non-White employees			
American Indian	0.5%	1%	1%
Asian	11%	10%	10.7%
Black	41%	40%	40%
Hispanic	42%	43%	43%
Two or More Races	5%	5%	4%
Native Hawaiian or Other Pacific Islander	0.5%	0.3%	0.3%
Median Employee Age **	44	43	44
Median Employee Tenure**	6	5	5
Leadership Roles Held by Women	41%	40%	38%
Entry Level Engineer Positions Held by Women and Minorities ****	60%	40%	62%
Internship Program Participants	16	19	7
Employee Engagement Survey Engagement Rate	N/A	92%	N/A
Employee Engagement Survey Response Rate	N/A	88%	N/A

** Intern Population included

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

Safety

MEASUREMENT	2022	2021	2020
OSHA Recordable Rate	0.86	0.66	1.13
DART Rate	0.66	0.45	0.68
Preventable Auto Rate	1.15	1.64	1.34
SJI Fatality Rate	—	—	—

Governance

MEASUREMENT	2022	2021	2020
Members of the Board of Directors	10	10	10
Female Members of the Board of Directors	3	3	3
ETHNIC DIVERSITY OF BOARD OF DIRECTORS			
African American	1	1	1
Asian	1	1	1
International	1	1	1
Other	7	7	7

SASB Gas Utility Standards

SASB Standards for Gas Utilities and Distributors are intended to aid entities in disclosing information about sustainability-related risks and that could be financially material. The information below was sourced using Version 2018-10 of the SASB standards. Additional guidance and definitions can be found [here](#).

SASB CODE	ACCOUNTING METRIC	SJG 2022	ETG 2022
ENERGY AFFORDABILITY			
	Average gas retail rate for residential customers (USD per MMBtu)	\$18.95	\$12.80
IF-GU-240a.1	Average gas retail rate for commercial customers (USD per MMBtu)	\$17.21	\$13.12
The entity shall disclose its average bundled gas rate per million British thermal units (MMBtu) of bundled gas delivered to retail customers.	Average gas retail rate for industrial customers (USD per MMBtu)	\$12.22	\$11.62
	Average gas retail rate for transportation services (USD per MMBtu)	\$4.49	\$2.81
IF-GU-240a.2	Typical monthly gas bill for residential customers for (1) 50MMBtu of gas delivered per year	\$82.01	\$57.63
The entity shall disclose the typical monthly gas bill for (1) the first 50 million British thermal units (MMBtu), and separately, (2) the first 100 MMBtu, of bundled gas delivered to its residential customers per year.	Typical monthly gas bill for residential customers for (2) 100 MMBtu of gas delivered per year	\$153.51	\$104.64

(SASB GAS UTILITY STANDARDS CONTINUED)

<p>IF-GU-240a.3 The entity shall disclose the total number of gas disconnections among residential customers during the reporting period that resulted from non-payment, where a disconnection is defined as the entity, or its service provider, intentionally turning off a customer’s access to gas</p>	<p>Number of residential customer gas disconnections for non-payment</p>	<p>6,663</p>	<p>4,979</p>
<p>IF-GU-240a.4 The entity shall describe the external factors that cause, or are reasonably likely to cause, a significant impact on the affordability of gas among the entity’s retail customers.</p>	<p>Discussion of impact of external factors on customer affordability of gas, including the economic conditions of the service territory</p>	<p>Please see this item in SASB Discussion and Analysis Section</p>	

(SASB GAS UTILITY STANDARDS CONTINUED)

END USE EFFICIENCY			
IF-GU-420a.1	Percentage of gas utility revenues from rate structures that are decoupled	93%	86%
Revenue decoupled rate structures are defined, according to the U.S. National Association of Regulatory Utility Commissioners, as a rate adjustment that separates the entity’s gas utility’s fixed cost recovery from the amount of gas sold – and the utility’s revenues are collected based on the regulatory-determined revenue requirement.	Percentage of gas utility revenues from rate structures that contain a lost revenue adjustment mechanism (LRAM)	—	—
Rate structures that contain a LRAM are defined as volumetric rates that contain a mechanism that allows the entity to recover revenues lost directly resulting from energy conservation, energy efficiency, demand side management, and/or distributed generation programs that are directly managed and/or implement.			
IF-GU-420a.2	Residential Customer gas savings from efficiency measures by market (MMBtu)	358,093	188,707
The entity shall disclose the total amount of gas savings delivered to customers, in million British thermal units (MMBtu), from energy efficiency measures during the reporting period for each of its markets.	Commercial Customer gas savings from efficiency measures by market	666	10,671
	Multifamily gas savings from efficiency measures by market	1,780	3,154

(SASB GAS UTILITY STANDARDS CONTINUED)

INTEGRITY OF GAS DELIVERY INFRASTRUCTURE			
IF-GU-540a.1 The entity shall disclose the number of U.S. Department of Transportation (DOT) Pipeline and Hazardous Materials Safety Administration (PHMSA) reportable pipeline incidents, the number of PHMSA Corrective Action Orders (CAO) received, and the number of Notices of Probable Violation (NOPV) received. The entity shall discuss notable incidents such as those that affected a significant number of customers, created extended disruptions to service, or resulted in a PHMSA “serious incident.”	Number of reportable pipeline incidents,	0	1
	Number of Corrective Action Orders (CAO)	0	0
	Number of Notices of Probable Violation (NOPV)	1	0
IF-GU-540a.2 The entity shall disclose the percentage, by length, in kilometers, of its natural gas pipelines that are (1) cast and/or wrought iron, and separately, (2) unprotected steel.	Percentage of distribution pipeline that is (1) cast and/or wrought iron	0%	6%
	Percentage of distribution pipeline that is (2) unprotected steel	0.20%	0.10%
IF-GU-540a.3 The entity shall disclose the percentage, by length, of gas (1) transmission pipelines, and separately, (2) distribution pipelines that were inspected during the reporting period.	Percentage of gas (1) transmission pipelines inspected	16%	69%
	Percentage of gas (2) distribution pipelines inspected	—%	—%

(SASB GAS UTILITY STANDARDS CONTINUED)

<p>IF-GU-540a.4</p> <p>The entity shall describe its efforts to manage the integrity of gas delivery infrastructure.</p>	<p>Description of efforts to manage the integrity of gas delivery infrastructure, including risks related to safety and</p>	<p>Please see this item in SASB Discussion and Analysis section</p>	
ACTIVITY METRICS			
<p>IF-GU-000.A</p> <p>The number of customers served for each category shall be considered as the number of meters billed for residential, commercial, and industrial customers.</p>	<p>Number of residential customers served</p>	387,723	286,148
	<p>Number of commercial customers served</p>	27,193	23,648
	<p>Number of industrial customers served</p>	390	100
<p>IF-GU-000.B</p> <p>The amount of natural gas delivered to residential, commercial, and industrial customers shall be disclosed by bundled gas and transportation service only.</p>	<p>Amount of natural gas delivered to residential customers (MMBtu)</p>	27,252,953	23,877,182
	<p>Amount of natural gas delivered to commercial customers (MMBtu)</p>	14,244,580	14,745,057
	<p>Amount of natural gas delivered to industrial customers (MMBtu)</p>	10,752,612	12,045,176

(SASB GAS UTILITY STANDARDS CONTINUED)

<p>IF-GU-000.C Transmission pipeline is defined as a pipeline, other than a gathering line, that: transports gas from a gathering line or storage facility to a distribution center, storage facility, or large volume customer that is not down-stream from a distribution center; (2) operates at a hoop stress of 20 percent or more of SMYS; or (3) transports gas within a storage field. A distribution pipeline is defined as a pipeline other than a gathering or transmission line.</p>	<p>Number of gas transmission pipelines</p>	<p>236</p>	<p>21</p>
	<p>Length of gas distribution pipelines (km)</p>	<p>11,090</p>	<p>5,332</p>

SASB DISCUSSION AND ANALYSIS

IF-GU-240a.4 Discussion of impact of external factors on customer affordability of gas, including the economic conditions of the service territory

Throughout 2022, our utilities continued partnering with the state, community stakeholders and our customers to ensure that those impacted by the pandemic could access energy assistance funds. While our utilities were permitted to discontinue service for non-payment as of March 15, 2022, we continued to focus our efforts on outreach and communication around financial assistance, energy savings and payment arrangement opportunities, utilizing discontinuance only when necessary. As a result, we helped over 23,000 customers secure more than \$10M in funds from the American Rescue Plan, as well as additional funding from other state and federal programs and partners.

IF-GU-540a.4 Description of efforts to manage the integrity of gas delivery infrastructure, including risks related to safety and emissions

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 70% at SJG and 67% at ETG. Further discussion on our infrastructure improvements can be found within the infrastructure modernization section of the ESG report.

DISCLAIMER: The standards of measurement and performance, as well as any goals disclosed in this report, are based on various assumptions made in good faith at the time of publication and are not guarantees or promises of actual future performance and should not be construed as a characterization regarding the materiality or financial impact of that information.