



Smart Energy for a Sustainable Future



2015/2016

Corporate Sustainability Report



South Jersey Industries



Feedback

We welcome your feedback on this report and our programs. To submit your comments by email, send them to CorpCommunications@sjindustries.com. For more information about our company, please visit www.sjindustries.com.

About This Report

South Jersey Industries (SJI) has long held the belief that business success and corporate social responsibility go hand in hand. We continue to prioritize environmental stewardship, community partnerships, customer and employee safety, diversity, and corporate governance across our business.

Smart Energy for a Sustainable Future, our eighth-annual Corporate Sustainability Report, highlights the progress and achievements made in 2015 and 2016 for our stakeholders.

This report was produced under the guidance of the Corporate Responsibility Committee of the SJI Board of Directors.

*Cover photo courtesy of Lisa Batzar, SJI Human Resources Business Partner
Cape May Wetlands State Natural Area, NJ*

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Leadership Perspective

Sustainability is more than just making the choice to become sustainable. At South Jersey Industries, we believe it is living that choice each day, and weighing each area of our business to assess its impact on stakeholders, and on the long-term economic and environmental viability of the communities where we live and work.

As we work to become a more sustainable organization, SJI is committed to being a valued, supportive and respectful corporate citizen. We are proud to be an energy provider for more than 375,000 customers in our natural gas utility, as well as for thousands of customers served through our non-utility businesses. But we recognize there is still room to improve on our performance.

This is our 8th annual Corporate Sustainability Report and within it we continue to highlight both business and social responsibility results in driving our strategic priorities. These outcomes, pursued with a consistent focus on safety, diversity, corporate governance, environmental stewardship, and social investment, also represent our opportunity to deliver exceptional service to our customers.

We are fortunate that our industry allows us to offer a variety of sustainable energy solutions for customers – solutions that mitigate the customer’s environmental footprint and resource demand, while still being economically advantageous. We take our responsibility one step further—encouraging consumers to change their mindsets around energy usage, providing training to students for skilled jobs in the energy industry, and supporting the communities where we live and work, both through financial and time commitments. We do all this while also growing the value of an investment in SJI for our shareholders.

Reaching our corporate objectives, and doing so sustainably, requires the commitment of a talented and diverse pool of employees, a leadership team with unparalleled experience, and a Board of Directors whose expertise and commitment continues to guide us to success. I am grateful to each of these groups, as well as to the customers who turn to us each and every day. It is for them, and for their families and their businesses, that we continue down the path toward sustainability.

Michael J. Renna
President and CEO
October 2016

OUR VISION

To be the Energy Company of First Choice for Customers, Shareholders and Employees

- Energy Industry Leader
- Growth, Innovation, Service
- One-Stop Energy Shopping
- Entrepreneurial Leadership, Strategic Alliances, Empowered Employee Base
- Serving the Collective Good of Customers, Shareholders, and Employees

OUR MISSION

Create Value through Customer-focused Energy Solutions

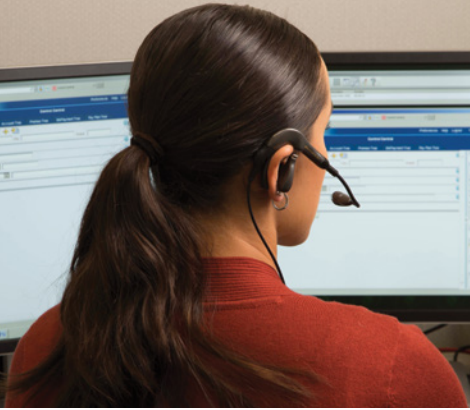
- Maximize Long-Term Shareholder Value
- Expanded Menu of Products and Services
- Competitively Priced, Innovative, and High Quality
- Improved Growth of Stock
- Value Added Provider of Energy Solutions
- Returns Exceeding Traditional Regulation

OUR VALUES

- Live up to Commitments and Conduct Our Business Guided by the Highest Set of Principles
- Commitment to Customers, Shareholders, Employees, and Community
- Integrity
- Highest Standards of Safety
- Innovation
- Performance
- Respect



*Photo courtesy of Shelly Parkhurst, SJI Executive Assistant ▲
Lake at Batsto Park, Batsto, NJ*



Our stakeholders include employees, customers, public officials, agency regulators, environmental and conservation experts, teachers and educational institutions, and investors, to name a few. We work to collaborate with, involve, consult, and inform appropriate stakeholders on a regular basis. To help accomplish this, our employees serve as members of utility, energy, and financial associations, board members of nonprofit and business groups, and advisors to other entities on an ad hoc basis.

About South Jersey Industries

South Jersey Industries (SJI) is a customer-focused business of energy professionals serving homes, workplaces, schools, hospitals and more. We do this through the operation of a natural gas utility; as a provider of wholesale gas and retail gas and electric; and as a developer of commercial energy production projects. We help our customers warm their homes or businesses, dry their clothes, heat their water, and cook their meals. And as the use of natural gas continues to grow, we will provide the resources needed to help drive cost-effective and efficient electricity generation.

▼ *SJI is an energy services holding company with facilities, operations, and interests spanning eight states.*



We started as a utility business in 1910. Back then, SJI was Atlantic City Gas Company serving customers in Atlantic City, NJ. Today, SJI is an energy services holding company spanning eight states, comprised primarily of a natural gas utility, **South Jersey Gas (SJG)**, and a group of non-utility energy businesses under **South Jersey Energy Solutions (SJES)**.

SJG delivers clean, efficient natural gas, and promotes energy efficiency to more than 375,000 residential, commercial and industrial customers in the seven southernmost counties of New Jersey. In 2015, SJG contributed 67 percent of SJI's Economic Earnings.

SJES promotes efficiency, clean energy technology and renewable energy by:

- Developing, owning, and/or operating on-site energy production facilities, including Combined Heat & Power, Solar, District Heating and Cooling, and Landfill Gas-to-Energy;
- Providing wholesale commodity marketing and fuel supply management services;
- Acquiring and marketing natural gas and electricity to retail customers; and
- Offering HVAC and other energy-efficiency related services.

Also, under the SJI regulated umbrella is **SJI Midstream**, formed in 2014 to house our interest in the PennEast Pipeline project.

SJI is headquartered in Folsom, NJ and employs over 730 people in a variety of roles. The company's stock is traded on the New York Stock Exchange under the trading symbol SJI.



375K+

Utility Customers in 113 Southern NJ Municipalities



1.7%

Customer Base Growth in 2015



74.4M
dekatherms
of Gas Sold
and Transported
in 2015



Corporate Governance

SJI is governed by an 11-member Board of Directors, 10 of whom are not SJI employees. Our Board of Directors, elected by the shareholders, is the company's ultimate decision-making entity, except with respect to matters reserved for shareholder consideration. The board includes Michael J. Renna (SJI President and CEO), Walter M. Higgins III (Chairman), Sarah M. Barpoulis, Thomas A. Bracken, Keith S. Campbell, Victor A. Fortkiewicz, Sheila Hartnett-Devlin, Sunita Holzer, Joseph H. Petrowski, Joseph M. Rigby, and Frank L. Sims.

The board maintains five standing committees: the Audit Committee, the Compensation Committee, the Corporate Responsibility Committee, the Executive Committee, and the Governance Committee.

SJI received the Corporate Board Gender Diversity Award in 2015 from Executive Women of New Jersey (EWNJ) for leading the way in boardroom gender diversity. In October 2016, the Forum of Executive Women will recognize SJI and other companies where women directors comprise at least 25 percent of the Board.

South Jersey Industries

Regulated

South Jersey Gas

Regulated Natural Gas Distribution Company

SJI Midstream

FERC-Regulated Gas Pipeline/Projects

Non-Utility

South Jersey Energy Solutions

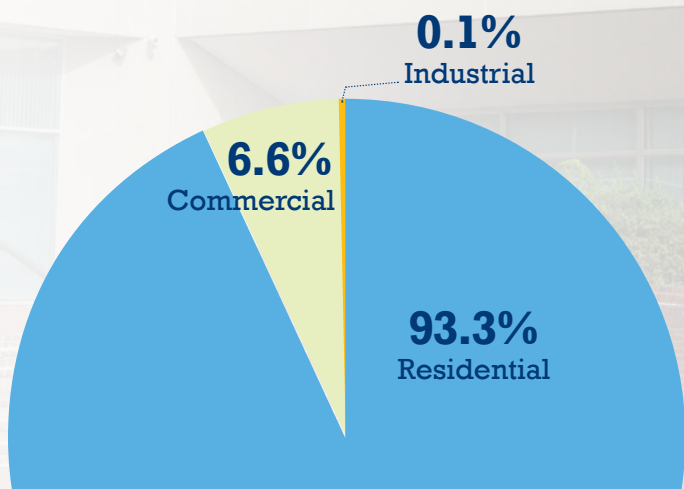
SJ Energy Services

- Energy production assets (solar, CHP and landfill gas to electric)
- Meter reading, HVAC and appliance maintenance

SJ Energy Group

- Wholesale and retail natural gas and electric commodity marketing
- Fuel management services


Customer Composition



Fueling the Economy



\$440M
Investment
in South Jersey Gas'
Infrastructure from 2009-2017



6,490 Miles
of Utility and
Distribution Mains

South Jersey Industries stimulates significant economic activity in the region, both directly and indirectly.

As one of the largest employers in the region, we paid base salaries totaling \$60.4 million to approximately 730 employees in 2015.

We also fueled significant indirect employment as a result of the more than \$210 million spent by our utility business alone with vendors and partners in 2015, a number of whom qualify for our Supplier Diversity Program. Of note, \$186 million of these funds were spent with New Jersey-based businesses. These funds were paid to pipeline construction subcontractors, environmental consulting and testing firms, small business owners, traffic control firms, temporary staffing firms, law firms, municipalities for permitting and traffic control, information technology firms, engineering and design entities, pipe and valve distributors, uniform companies, facilities management and janitorial companies, among many others.

If we expand our scope across all of South Jersey Industries, the economic impact we have increases exponentially. The dollars exchanged with vendors in our utility and non-utility businesses, as well as the roughly \$66 million paid in dividends to our shareholders, fuel significant economic growth and opportunity both within and well beyond the southern New Jersey region.



Additionally, our charitable donations and sponsorships of nonprofit and business organizations through our community investments add to the impact we make on the economy. Details of our Social Investment Program are provided on page 37.

SJI Financial Highlights and Statistics

The repositioning executed within our business during 2015 and 2016 emphasized the tenets of our forward strategy to deliver meaningful growth for our business. As we reinforce the foundation for growth and long-term success, we've set our sights on the year 2020.

Guided by the corporate strategic objectives of growing earnings from high-quality, regulated and contracted assets, while minimizing risk and maintaining a strong financial position, we are focused on delivering \$150 million of Economic Earnings by 2020. Further, SJI expects as much as 80 percent of earnings in 2020 to come from utility and other regulated investments.

Through June 30, 2016, income from continuing operations on an Economic Earnings basis was \$65.7 million or \$0.89 per diluted share, as compared with \$60.8 million or \$0.89 per diluted share in the same period in 2015.

For more information about SJI's 2016 performance to date and the non-GAAP measure of Economic Earnings, please visit www.sjindustries.com to view SJI's earnings news releases.





500 mi.

Aging Mains Replaced



Investments in the System

Enhancing the reliability and safety of our distribution system is at the core of South Jersey Gas' operation. We use what we've learned from our experiences, as well as the experiences of other utilities, to continually improve our system.

For this reason, South Jersey Gas has worked collaboratively with the New Jersey Board of Public Utilities to aggressively address aging infrastructure. This infrastructure must be replaced to achieve operational efficiencies and continue the employment benefits created by main replacements programs. The current low price of natural gas makes this the right time to make these investments, while still keeping customer rates lower than they were 15 years ago.

SJG currently has two infrastructure improvement programs underway:

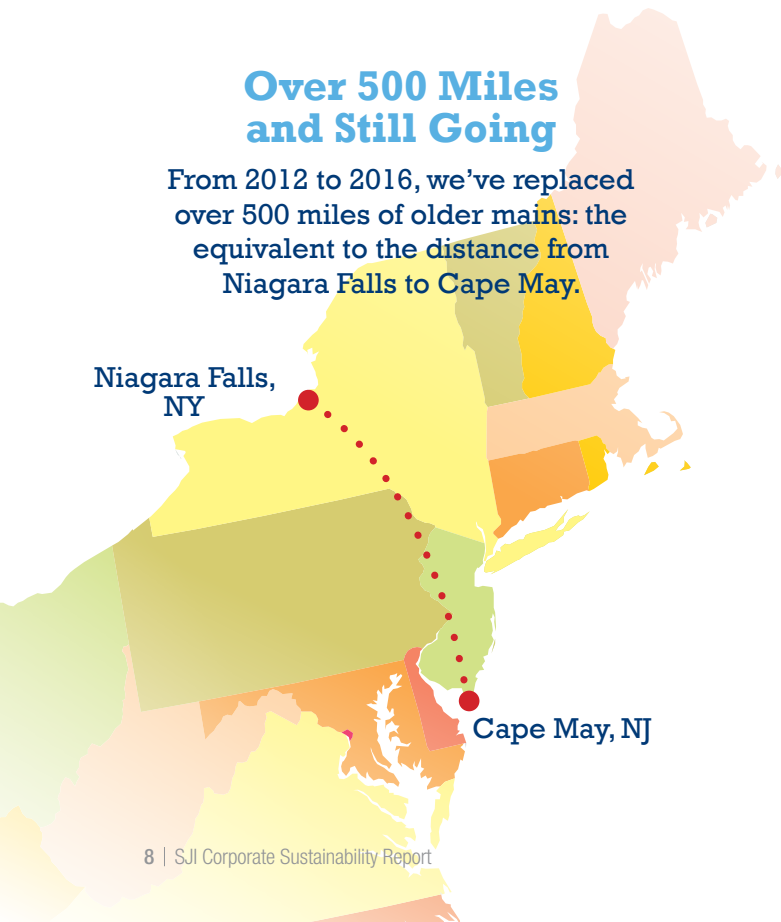
- **Accelerated Infrastructure Replacement Program (AIRP)** focuses on the replacement of aging cast iron and bare steel infrastructure in our distribution system on a fast-tracked timeline. From 2012 to 2016, the program is estimated to create 141 jobs annually and invest \$141.2 million in service territory safety and reliability enhancements.
- **Storm Hardening and Reliability Program (SHARP)** concentrates on the replacement of our low-pressure mains along the barrier islands in SJG service territory in defense of significant weather events. Between 2014 and 2017, system investments totaling \$103.5 million are planned for this program, with a job creation estimate of 138 jobs annually.

Over 500 Miles and Still Going

From 2012 to 2016, we've replaced over 500 miles of older mains: the equivalent to the distance from Niagara Falls to Cape May.

Niagara Falls, NY

Cape May, NJ



\$103.5M Investment in Coastal Community Storm Hardening and Reliability through June 2017

Both programs involve partnerships—planning and coordinating activities—with town officials to minimize disruption for communities.

SJG's initial system investment efforts began in 2009, creating jobs in support of New Jersey's Economic Stimulus Plan while improving the natural gas delivery infrastructure. Since then, the NJBPU has approved several proposals by SJG to continue its infrastructure improvement programs, totaling \$440 million into 2017.

Future Investment Opportunities

Even though we have made significant progress through the current AIRP program, there was still approximately 700 miles of bare steel and cast iron mains in need of replacement at the end of 2015. It is our hope we can partner further with the NJBPU to continue this critically important work. As such, we have requested approval from the NJBPU to invest an additional \$500 million over the next seven years to extend our efforts to increase safety and reliability in the years ahead.

With the accelerated infrastructure replacement programs that have been in place since 2009, and if the NJBPU approves our proposal to continue making these improvements to our system, elimination of all bare steel and cast iron in our system will complete by 2021, as opposed to what would have otherwise been a 50-year capital improvement schedule.





Mural Title: Glasstown Arts District Under Construction. Artist: Maryann Cannon

\$985K
in Grants
Awarded to
Community
Revitalization
Programs



Community Investment

Neighborhood Revitalization Tax Credit Program

In May 2016, SJG provided a grant award totaling \$985,000 through the Neighborhood Revitalization Tax Credit (NRTC) program to the Holly City Development Corporation in Millville, NJ. The program, administered by the New Jersey Department of Community Affairs' Division of Housing and Community Resources, provides community-based nonprofit groups with funding from corporate contributions for neighborhood revitalization projects. Since the creation of the NRTC program, 34 corporations have contributed \$88,081,000 to fund 29 neighborhood revitalization plans in 15 urban municipalities throughout the state.

Our grant funded numerous activities throughout the community, including:

- down payment and closing cost assistance to attract new home buyers;
- 10-week summer camp, back-to-school fair, neighborhood cleanups, and fitness and education programming;
- mural arts project featuring a professional muralist and two local artists (reflected above); and
- small grants for non-traditional capital projects with a community-wide benefit.





Proudly Serving



Since 1910

Revitalization of Atlantic City

SJG and Atlantic City have a long history together. Our roots there were laid in 1910 when one of our predecessor companies began serving customers as Atlantic City Gas Company. Today, we share the vision of most elected leaders, economists and the region's business community that a greater economic diversity in Atlantic City, NJ, will help it once again become an economic engine for the region, and the state as a whole.

Recently, SJG came to need additional office space as a direct result of a growing and changing workforce. After considering options, management became interested in the opportunity in collaboration with the Atlantic City Development Corporation (AC Devco) to construct a new office in Atlantic City.

As of late September 2016, proposals are still in development for a design of our new office at the Gateway Project, adjacent to the proposed Stockton Island Campus, which would consolidate multiple leases that host staff across the region. This new office could accommodate SJG employees while also supporting the economic diversification of the city.

Folsom, NJ has been the corporate office location for South Jersey Industries for more than 40 years. It will continue to be our headquarters, housing nearly 200 employees. This site will also be upgraded over the next two years. The proposed location mix will allow us to access talent from the Philly metropolitan area, Delaware, shore towns, and everywhere in between.



Smart Energy for Life



600K

Consumers Provided with
Pipeline Safety Information



\$58 Credit

on Customer Winter Natural
Gas Bills Totaling **\$20M**

As an organization, we work as an advocate for our customers by focusing on energy efficiency measures that support reductions in energy costs and usage.



Educating Consumers About Efficiency, Comfort and Savings

SJL is committed to providing customers with an affordable, reliable and safe energy supply. Educating consumers about the significant role they play in sustainability is an important component of this commitment. Consumers are the decision-makers driving the market. We give them the tools to evaluate their energy usage. Our work incorporates the goals of the New Jersey 2011 Energy Master Plan for Energy Efficiency and Conservation.

SJL's nonregulated businesses, under South Jersey Energy Solutions, work to encourage customers to implement energy efficient equipment and measures. Their activities reduce energy consumption for our customers and simultaneously stimulate the economy through the creation of jobs.

South Jersey Gas wants customers to take steps toward lowering their energy consumption. Marketing and education materials encourage residential customers to think more broadly about their energy consumption and quantity. Our social marketing and education initiative targets 170,000+ residential customers each year with letters and emails to motivate them to be more energy conscious and take advantage of energy efficiency programs.

Utility Initiatives for Reducing Customers' Energy Usage

Conservation Incentive Program

In 2006, SJG was one of the first utilities in the country to implement a Conservation Incentive Program (CIP). Today, the program continues to encourage customers to use natural gas more efficiently through education.

Residential, government, and business customers continue to reduce their natural gas bills by implementing energy efficiency measures, such as those on the following page, and lowering their usage. The program benefits both SJG and its customers by eliminating the link between utility profits and the quantity of natural gas sold.

Since inception, customers have reduced their natural gas usage by a total of 59.9 billion cubic feet, enabling them to save \$598.7 million in energy costs, while \$43 million of SJG's net income remained protected as a result of CIP.





170K
Home Energy
Reports
to Homeowners



Energy Efficiency Programs

SJG offers a series of energy efficiency program incentives, in conjunction with the New Jersey Clean Energy Program (NJCEP), to help customers reduce energy usage and save money while strengthening the local economy.

In August 2015, SJG received the New Jersey Board of Public Utilities' approval for investments totaling \$36.3 million both to continue and enhance its energy efficiency programs through August 31, 2017.

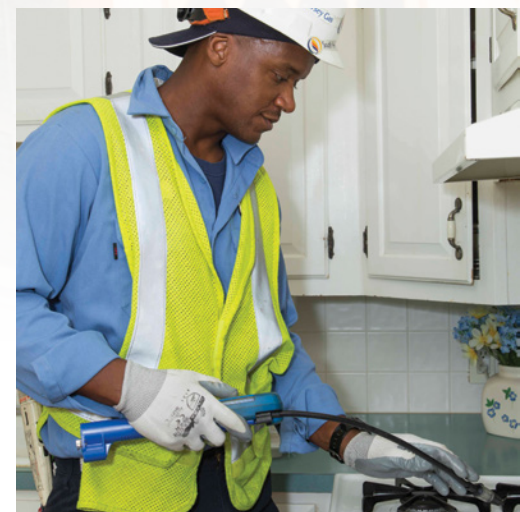
Programs promoting energy efficiency:

- **Residential Home Performance and Finance Energy Efficiency Program**

- Educates and motivates customers to take advantage of New Jersey's Home Performance with ENERGY STAR® program
- Customers receive an assessment and report on how their home is losing energy
- SJG provides significant financing offers up to \$10,000 as a seven-year loan at zero percent interest with no money down, or up to \$15,000 as a 10-year loan at 4.99 percent interest

- **Enhanced Residential HVAC Rebate Program**

- Motivates customers with existing Heating, Ventilation, and Air Conditioning systems to install high-efficiency heating and water heating equipment
- SJG offers grants of \$500 or financing up to \$6,500 at zero percent interest for a five-year term to eligible customers after the installation of a qualifying heating and water system and a free home assessment performed by an accredited home energy auditor





• **Nonresidential Energy Investment Program**

- Generates significant energy savings for commercial and industrial customers, so they can achieve efficiency, better environmental results, and cost savings
- SJG offers financing of up to \$100,000 at zero percent interest for a five-year term to qualified customers who are eligible for financing offers through the NJCEP's SmartStart, Pay for Performance, and Custom Measures programs

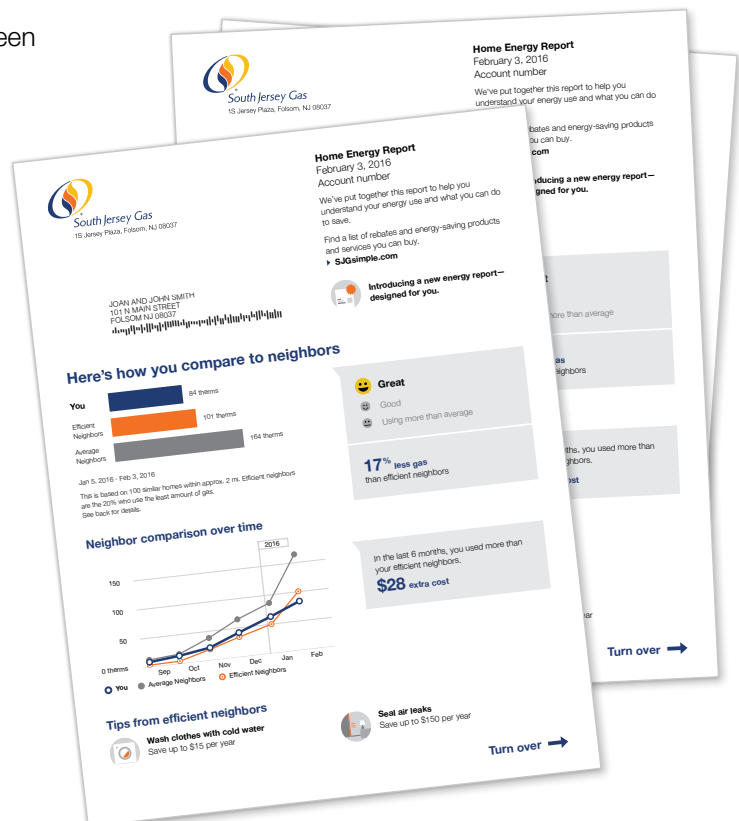
• **Commercial Customer Direct Install Financing Program**

- Encourages NJCEP Direct Install participation for customers whose peak demand did not exceed 150 kilowatts in any of the preceding 12 months
- Financing is available for the difference between the project cost and the NJCEP Direct Install incentive, which covers 70 percent of the project cost or a maximum of \$125,000
- SJG offers financing of up to 30 percent of the project cost, up to a maximum of \$53,571, with no money down at zero percent interest for a three-year term

Home Energy Reports Using Custom Technology

In early 2016, SJG introduced a new energy efficiency program in partnership with cloud-based software company, Opower. The program makes more robust energy efficiency goals achievable by providing customers with personalized energy use data and targeted recommendations.

Since the start of the program, SJG has distributed Home Energy Reports to over 170,000 households in southern New Jersey. Recent survey data from a third party, who surveyed recipients of these home energy reports, will assist in determining effectiveness, and support future improvements to maximize efficiency.



4

Natural Gas for Vehicles

THIS SALE
\$ 32.25
19.488
GASOLINE GALLON EQUIVALENT

Welcome to Clean Energy
Have Your Road
and Understand
the Proper Fueling
Instructions

2903
FILLING PRESSURE (PSI)

Price Per
GGE

GILBARCO
VEEOR-ROOT

REFUELING INSTRUCTIONS
STOP MOTOR
NO SMOKING
FLAMMABLE GAS

1. Ensure the vehicle system is turned off.
2. Note the location of the emergency shut down button.
3. Remove the refueling nozzle from the holder and connect it to the vehicle receptacle. Turn the nozzle to the ON / FILL position.
4. (a) If the dispenser is controlled by a card reader, insert your card and follow the card reader instructions.
(b) If the dispenser is not controlled by a card reader, proceed to step 5.
5. Lift the dispenser handle. Once the dispenser handle has been raised, refueling will begin.
6. At the end of fill, turn nozzle to the OFF / VENT position and disconnect the refueling nozzle from the vehicle.
7. Lower the dispenser handle and return the refueling nozzle to its holder.

Lift
Handle
To
Fuel



South Jersey Gas



**100 CNG
Vehicles
in SJG Fleet**

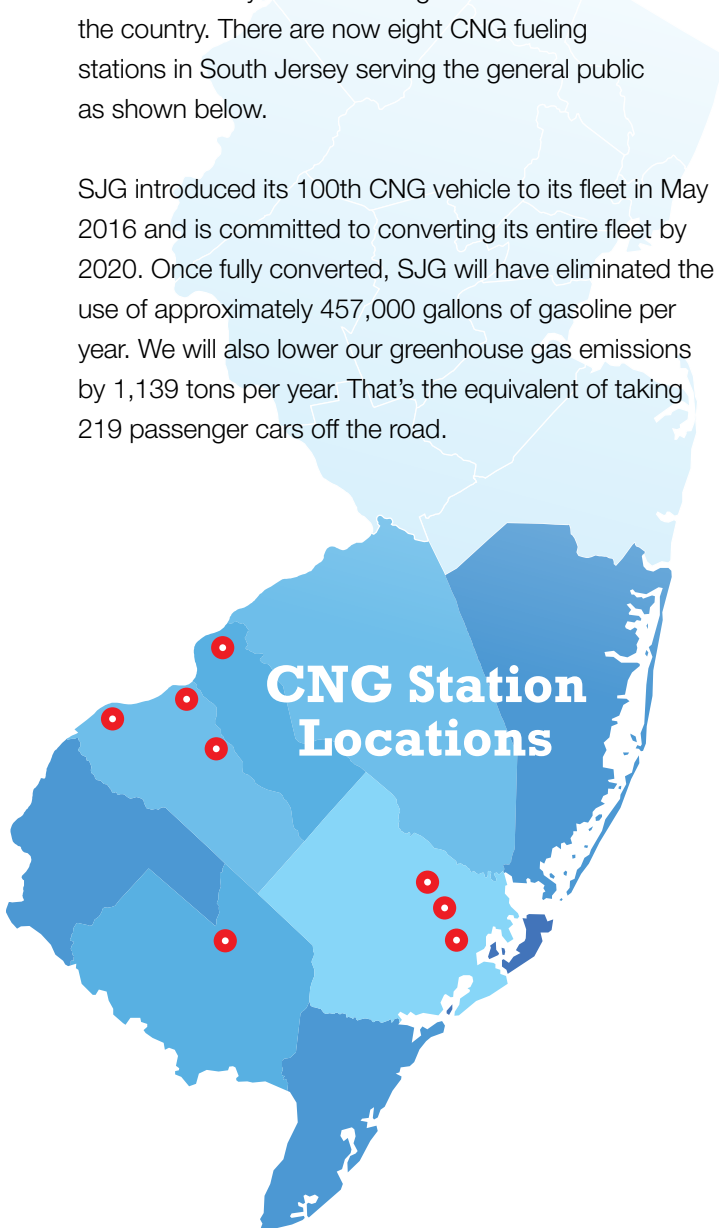
Compressed Natural Gas (CNG) for Vehicles

SJG is committed to building an infrastructure for natural gas vehicles in order to benefit businesses, consumers, and the environment.

SJG Conversion Agents work with businesses to analyze the anticipated return on investment of a fleet before they make the switch to CNG. To help make conversion possible for more businesses and government vehicle fleets, we continue to add to our existing fueling station infrastructure.

We recently partnered with Wawa to open a CNG station at their location in Paulsboro, NJ. This partnership is the first of its kind in the region following models used by other natural gas utilities across the country. There are now eight CNG fueling stations in South Jersey serving the general public as shown below.

SJG introduced its 100th CNG vehicle to its fleet in May 2016 and is committed to converting its entire fleet by 2020. Once fully converted, SJG will have eliminated the use of approximately 457,000 gallons of gasoline per year. We will also lower our greenhouse gas emissions by 1,139 tons per year. That's the equivalent of taking 219 passenger cars off the road.



CNG Fast Facts

Natural gas prices are less volatile than diesel and gasoline prices.

According to the U.S. Energy Information Administration, natural gas prices are projected to remain relatively stable for the next 20 years or longer. Gasoline and diesel prices are anticipated to rise significantly during that same time period.

CNG is the cleanest-burning commercially available alternative fuel today.

When used for vehicles, it improves air quality through significant reductions in greenhouse gas emissions compared to gasoline and diesel. By converting 100 vehicles in our fleet, we've already eliminated the use of approximately 265,700 gallons of gasoline per year and reduced our greenhouse gas emissions by 662 tons per year.

Natural gas as a transportation fuel helps reduce our dependence on foreign oil.

Domestic gas production accounts for nearly 93 percent of all natural gas consumed in the United States and shale gas production now accounts for about 50 percent of gas produced.





500
TRUCKLOAD
SHIPMENTS
SAVED



Partnerships for Improved Service, Smaller Environmental Impact

Millennium Account Services, our joint venture investment with Conectiv Solutions, has provided meter-reading services to SJG and Atlantic City Electric for the past 17 years. Since the two service territories overlap in many areas, the joint venture was the most cost-effective and environmentally friendly way for the companies to have customer meters read.

This joint venture has allowed each utility to:

- conserve 19,341,278 miles;
- avoid the consumption of 1,265,944 gallons of fuel;
- prevent the discharge of 25,297,080 pounds of carbon dioxide into the atmosphere.

Creating LNG Locally

In order to ensure that demand for natural gas can be met during peak periods of high customer use, SJG began construction in mid-2015 of a liquefier at our McKee City, NJ Liquefied Natural Gas (LNG) facility.

The McKee City facility will now have the capability to draw natural gas from the utility's existing pipeline system, turn it into LNG at extremely low temperatures through the newly constructed liquifier, store it in the existing double-walled, insulated storage tank, and then warm it back into a vaporous natural gas and infuse it into the piping infrastructure. Natural gas usage changes throughout the year with peak needs typically occurring in the winter months. The liquifier is anticipated to run up to 200 days per year depending on winter temperatures.

Construction of the unit is complete and it is planned to be in service in November 2016. Once operational, the liquefier will offset more than 500 truckload shipments of LNG per year. The project generated significant purchasing and contractor support. In addition to adding personnel to operate and maintain the plant, the project's capital expenditures were approximately \$35 million with nearly 25,000 hours worked during construction.

Non-Utility Initiatives to Reduce Customers' Energy Consumption

Our non-utility businesses remain uniquely positioned to advance New Jersey's clean energy objectives.

The Power of Aggregation

In 2015, South Jersey Energy won the Alliance for Competitive Energy Service (ACES) contract with the New Jersey School Boards Association. Then, in early 2016, SJE won three community 'resident energy aggregation' or municipal contracts. These acquisitions helped SJE meet and exceed its sales goals, while lowering energy costs for residents and helping school districts direct more of their available funds to the children they educate.

Under the ACES contract, SJE serves roughly 2,600 accounts across approximately 185 school boards. To date, the program has saved \$8.4 million for participants. The contract continues until May 2017.

\$8.4M SAVED

in energy costs
for 185 New Jersey
School Boards

Governmental Energy Aggregations

Community Energy Aggregations recently awarded multi-year contracts to SJE:

Old Bridge (OBCEA)

- Electric supply at 15% cost savings
- Typical resident will save approximately \$240
- Aggregate savings estimated at nearly \$4.3 million

South Hunterdon Regional Energy Cooperative (SHREC CEA) Round II

- Electric supply at 14% cost savings
- Typical resident will save approximately \$240
- Aggregate savings estimated at nearly \$650,000

Eatontown (ECEA)

- Electric supply at 19% cost savings
- Typical resident will save approximately \$325
- Aggregate savings estimated at nearly \$1.6 million

North Plainfield Community Energy Aggregation

- Participant potential of 6% cost savings
- Typical resident will save approximately \$70
- Aggregate savings estimated at nearly \$500,000

Updating, Upgrading, and Maintaining Energy Efficiency

SJESP is a leading authority in high-efficiency Heating, Ventilation, and Air Conditioning and plumbing services and solutions. In conjunction with New Jersey's Clean Energy programs, we promote high-efficiency, ENERGY STAR®-rated, residential heating and cooling equipment and commercial equipment upgrades through the Direct Install Program.

SJESP partners with HomeServe USA®, a leading supplier of home repair programs, and has the exclusive right to provide service to maintain customers' equipment for function at peak performance. This agreement allows SJESP to continue growing its business while freeing up resources for installation, service and maintenance of HVAC systems in southern New Jersey.

Cleaner Air through Gas Supply to Electric Markets

South Jersey Resources Group identified a niche market as electric generation plants were required to phase out use of coal power. The business was able to broaden its scope to include contracts with these plants, especially as natural gas became more abundant and affordable with the discovery of shale gas.

Over the past five years, the number of fuel supply management agreements have increased. As a result, SJRG has already met its goal of 10 contracts to support the projected contribution by this area to Economic Earnings in 2020.

New multi-year agreements were announced in 2016 for:

- Invenergy LLC, Lackawanna Energy Center power plant in Lackawanna County, PA
- Caithness Moxie Freedom Power Genein Luzerne County, PA
- Lordstown Energy Center, near Cleveland, OH

These long-term, low-risk arrangements have helped redirect the focus of our wholesale business on securing net income from contracted assets while improving air quality and potentially lowering costs for customers.



Distribution of Assets

In early 2016, Energenic®, a joint venture partnership between Marina Energy and DCO Energy on multiple energy projects, distributed their assets to better align with the strategic objectives of each partner. Selected assets became wholly owned by either Marina Energy or DCO Energy.

Marina became the sole owner of the following energy facilities:

- Marina Thermal Plant Cogeneration Facility
- Atlantic County Landfill Gas to Electricity Facility
- Salem County Landfill Gas to Electricity Facility
- Sussex County Landfill Gas to Electricity Facility
- New Brunswick Solar
- Seabrook Brothers Solar

Through Marina Energy, SJI currently owns and operates:

- Cogeneration facilities
- Solar photovoltaic arrays
- Landfill to Gas to Electricity facilities

The Marina Cogeneration Facility provides power to the Marina Thermal Facility, which ultimately powers the Borgata Hotel Casino & Spa in Atlantic City, NJ. This project includes a combustion turbine that generates electricity to replace power normally drawn. Our landfill sites generate renewable electricity to support Borgata's green energy objectives through a long-term power purchase agreement.

Solar Photovoltaic Electric Generation

Marina has constructed more than 194 megawatts of solar projects throughout the mid-Atlantic and northeast region. The business also operates solar arrays that deliver power directly to the electric grid in New Jersey, Maryland and Massachusetts. These projects include open-field and roof-top arrays that sell power directly to commercial and industrial customers through Power Purchase Agreements.

These solar projects have positively impacted the environment. The energy produced by our fleet in 2015:

- Offset 100,830 tons of CO₂—the equivalent of more than 7,801,908,710 trees
- Could power nearly 801,551 sixty-watt light bulbs for one year
- Avoided the use of more than 5.6 million gallons of water by a coal-fired plant



\$500K
in Contributions

Given to
Sustainable
Jersey

Partnerships for Collaboration

Sustainable Jersey

SJG is a partner and major contributor to Sustainable Jersey, a nonprofit group working with communities and their school districts to reduce waste, cut greenhouse gas emissions and improve environmental quality. Since 2012, SJG has provided Sustainable Jersey with over half a million dollars to support the group's southern New Jersey efforts.

Regional Energy Action Team

SJI executives have joined with more than 80 business, public sector, labor and academic leaders as part of the Greater Philadelphia Energy Action Team to capitalize on the benefits offered by the Marcellus and Utica natural gas reserves, leveraging the region's energy and manufacturing assets to accelerate economic growth.

The team works in partnership with the Greater Philadelphia Chamber of Commerce to advocate for increasing the supply of low-cost natural gas that is available to support heating, manufacturing, petrochemical processing and other energy-intensive industries. One proposed solution, additional pipeline development from Pennsylvania shale gas wells to the Greater Philadelphia region, would significantly enhance efforts to attract manufacturing companies and, more importantly, well-paying jobs, back to southeastern Pennsylvania, southern New Jersey and northern Delaware.



Energy at Work



25%
Reduction
of CO₂-Equivalent
Emissions by SJG
from 2011 - 2015



2,500 sq.mi.
of Southern NJ
Served by SJG



Natural Gas: Environmentally Friendly, Economical Fuel

Natural gas is a highly efficient form of energy and the cleanest burning fossil fuel. Using it to replace less environmentally friendly fuels, such as oil and coal, can help reduce smog, acid rain, and greenhouse gas emissions. According to the American Gas Association (AGA), it now supplies nearly one-fourth of all of the energy used in the United States.

Supply and Extraction

As a member of the AGA, South Jersey Industries endorses its Responsible Natural Gas Resource Development principle. We believe the domestic resource of natural gas can be developed in a responsible manner using improved technologies to provide clean, abundant, and cost-effective supply to our customers.

Safe and reliable extraction, transport, and delivery of natural gas to consumers remain the first priority for all AGA natural gas industry members. For the role our utility subsidiary plays in delivering natural gas supply and services, South Jersey Gas meets all applicable federal, state and local regulations. In addition, we interact with a wide variety of stakeholders to engage in open and transparent communications.

We strongly believe that by responsibly utilizing this resource, New Jersey can benefit from its proximity and abundance of supply to help drive down gas pricing in our market area through the safe and responsible extraction and transportation of natural gas.

SJI focuses on delivering energy solutions to customers after natural gas is extracted. While SJI does not drill for natural gas, we support environmentally responsible drilling by producers who comply with strict local, state and federal regulations and regularly monitor and test to confirm that their work is proceeding safely.

Penn East Pipeline Project

In support of our commitment to provide reliable, low-cost natural gas, SJI is a partner in the proposed PennEast Pipeline. It is intended to deliver lower-cost natural gas produced in the Marcellus Shale region to homes and businesses in Pennsylvania and New Jersey through a 118-mile underground system. It is designed to service the equivalent of 4.7 million homes and offer consumers additional savings through reduced gas transportation costs. The pipeline's route begins in Luzerne County in northeastern Pennsylvania and ends at Transco's Trenton-Woodbury interconnection in New Jersey.

The anticipated benefits of this project are best illustrated using the experience from winter 2014. At that time, natural gas prices in New Jersey traded as high as \$100 per dekatherm. In the area that PennEast will access, natural gas traded in the range of \$3 to \$4 per dekatherm. Had the pipeline been in service then, energy costs to consumers in our state could have been reduced by as much as \$890 million.





Cape Atlantic Reliability Pipeline Project

SJG is committed to the construction of a pipeline to deliver cleaner burning, efficient natural gas to the B.L. England Generating Station, supporting its conversion from coal to natural gas. Importantly, the new pipeline will also help reinforce SJG's transmission pipeline system with much needed redundancy, improving system reliability for the 142,000 customers we serve in Cape May and Atlantic counties, NJ. Currently, a disruption to the one transmission line feeding Cape May County could affect service for thousands of customers for multiple months.

Construction of the Cape Atlantic Reliability Pipeline is projected to create 75 full-time jobs, cost approximately \$100 million, and run 22-miles long, primarily within existing public rights-of-way.

Since this project's inception, SJG has worked collaboratively and cooperatively with all of the governing agencies involved in this project, including the U.S. Army Corps of Engineers, NJ Department of Environmental Protection, NJ Board of Public Utilities, and Pinelands Commission. We remain optimistic that the project will move forward with construction in 2017.

Environmental Policy and Goals

We are committed to reducing our environmental impact and continually improving our environmental performance as an integral and fundamental part of our business strategy and operating methods.

SJI's Environmental Committee is comprised of several senior executives who meet to monitor the status of matters related to safety, the environment, remediation, health, regulatory or legislative matters, and performance. The committee provides the Board regular updates of the program status.

As an organization, we recognize the importance of the following environmental principles:

- Products and operations comply with or exceed all applicable regulations and requirements.
- Management systems and procedures are specifically designed to minimize the use of hazardous materials, energy and other natural resources, minimize waste generated, and enable recycling and reuse of materials.
- Minimize energy and water usage in our buildings, vehicles, and processes to conserve supplies and minimize our consumption of nonrenewable natural resources.
- Continuous improvement of air, water, noise, and light pollution from our premises and reduction of any impacts from our operations on the environment and local community.
- Purchase products and services that do the least damage to the environment and encourage others to do the same.
- Offer our customers the most environmentally friendly energy supplies and encourage them to purchase energy-efficient equipment and implement efficiency measures.
- Communicate and promote our commitment to responsible environmental management, inform suppliers of our environmental policy and encourage them to adopt effective environmental management practices.

Land Renewal and Management

During the 1800s, in many towns and cities across the United States, manufactured gas was produced from materials such as coal and oil. The fuel produced at a Manufactured Gas Plant (MGP) site was used to light homes, businesses, and street lamps. Prior to World War II, more than 5,000 plants existed throughout the country, particularly in cities and towns in the Midwest and East. When the interstate pipeline introduced natural gas to the area in the 1950s, MGPs rapidly disappeared. The operations of these plants left by-products at these sites that are being cleaned up under today's environmental standards.

SJG, via our corporate lineage and historic operations, is responsible for the remediation of a number of MGP sites, including two where significant remediation activity occurred during 2016.

Hammonton, New Jersey

In March 2016, work began at the former Hammonton MGP site located in the Town of Hammonton, NJ. The remediation will address environmental impacts caused by inadvertent releases that occurred during the operation of the facility in the early 1900s. The soil and groundwater impacts are being addressed via a combination of excavation and offsite disposal, In Situ Stabilization, and Monitored Natural Attenuation. In total, work at the site is scheduled to last approximately 12 months.

Swedesboro, New Jersey

Cleanup work at the former Swedesboro MGP site began in 2015 and concluded during 2016 after a period of approximately 12 months. During this time approximately 40,000 tons of contaminated soil was removed and sent for treatment at a recycling facility. The site was backfilled with clean material and the streets, curbs, grass, and trees were restored.



Remediation at Discontinued Non-Utility Subsidiary Sites

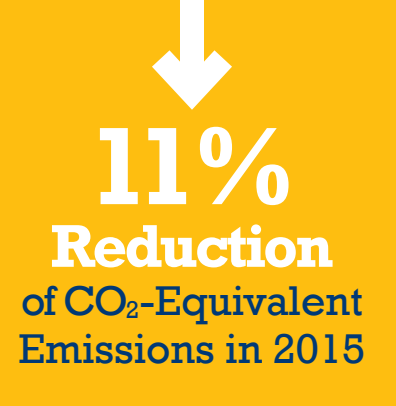
In addition to the remediation liabilities associated with the MGP sites, SJL also maintains environmental responsibility at several properties owned by two discontinued non-utility subsidiaries. Due to historic activities at the sites, such as fuel storage, maintenance and fueling, five sites previously owned by South Jersey Fuel and nine sites previously owned by The Morie Company are in various stages of environmental investigation or remediation. Six of the sites have been completely investigated and remediated.

Wildlife and Wetlands Protection Efforts

Protecting the wildlife and wetlands of our region is central to SJL's environmental protection focus. Through board memberships, sponsorships, donations, and volunteer hours dedicated to preserving and rehabilitating natural resources, SJL has supported:

- Energy efficiency upgrades to **Woodford Cedar Run Wildlife Refuge's** rehabilitation hospital, which treats more than 4,000 wild animals each year
- **Coastal America Foundations'** initiatives in New Jersey that protect, preserve, and restore local aquatic habitats





- Shore protection, beach replenishment, and advocacy for coastal resources through **Jersey Shore Partnership**
- **Marine Mammal Stranding Center's** rescue, rehabilitation, and release of stranded or otherwise distressed marine mammals and sea turtles along the 1,800-mile New Jersey coastal waterway
- An upcoming blue carbon feasibility study coordinated by **The Nature Conservancy** to determine the ability of New Jersey coastal wetlands to provide carbon sequestration benefits with the ultimate goal of generating salable carbon credits to offset carbon emissions
- The **New Jersey Audubon Society's** World Series of Birding, a 24-hour competition to identify the greatest number of bird species throughout the state, with all proceeds raised dedicated to bird conservation
- Raising broods of Quail, a grassland bird population requiring rehabilitation in southern New Jersey, through **South Jersey Quail Project's** work with the local Boy Scouts of America
- Horseshoe Crab rescue walks through **The Wetlands Institute**, where volunteers collect information on horseshoe crab strandings and rescues, work to remove debris from sponsored beaches, organize data, and report results to project partners and the NJ Division of Fish and Wildlife

Air Quality Commitment

Climate change represents a serious challenge for virtually all industry sectors—particularly those dealing with energy generation and distribution. Recently, the EPA issued the Mandatory Report of Greenhouse Gases Rule to collect greenhouse gas data and other relevant information from large sources and supplies so that accurate and timely greenhouse gas data is available when formulating future policy decisions.

A Mandatory Greenhouse Gas Reporting Rule required local distribution companies, like SJG, to report yearly greenhouse gas emissions. SJG has monitoring and record-keeping systems in place to estimate its annual emissions.

Emissions Tracking

SJG tracks the greenhouse gas emissions of its natural gas delivery system annually. In 2015, SJG infrastructure emitted 85,360.43 metric tons of CO₂-equivalent emissions from its system, a decrease of 11 percent from prior year emissions. As we continue our progress with infrastructure replacement programs, which remove aging infrastructure by replacing it with secure plastic piping, these numbers are anticipated to continue their steady decline year-over-year.

Overall, SJG reduced CO₂-equivalent emissions from its system by 25 percent from 2011 to 2015.





EPA STAR
Challenge Partner
to Reduce Emissions

Marina Energy tracks the greenhouse gas emissions from its Marina Thermal Facility in Atlantic City, NJ on an annual basis. The energy produced at this natural gas powered facility emitted 43,224 metric tons of carbon dioxide (CO₂) emissions in 2015. This is a reduction of approximately 111,787 metric tons when compared to a traditional or conventional powered facility, such as a coal-fired plant.

Marina Energy has four landfill gas-to-electric projects (LFGTE) in Atlantic, Burlington, Salem, and Sussex counties in New Jersey. The electric capacity of these combined projects is over 15.7 megawatts. Importantly, they convert more than 31 thousand tons of environmentally harmful methane gas per year into electricity capable of powering approximately 9,400 residences.

In addition, Marina Energy is committed to reducing the amount of emissions released into the atmosphere by treating the landfill gas as necessary prior to its combustion in stationary engines. Both facilities in Burlington and Sussex counties have existing landfill gas treatment systems. An additional landfill gas treatment system is anticipated to go online at the Atlantic County facility by the end of 2017.

STAR Methane Challenge

SJG joined the U.S. Environmental Protection Agency's (EPA) Natural Gas STAR Methane Challenge Program in 2016 as a founding partner. The program is designed to provide a transparent platform for utilities to make, track, and communicate commitments to reduce methane emissions.

We are excited to join with industry peers to make ambitious and transparent commitments to reducing our methane emission as part of our consistent focus on sustainability. The STAR Methane Challenge aligns with our commitment to help protect our region's environment and natural resources.

In participating, SJG will follow the Challenge's Cast Iron and Unprotected Steel Best Management Practice commitment. SJG will reduce emissions by replacing a significant portion of its aging bare steel and cast iron distribution mains and services over the next five years with modern medium-density plastic mains and services.





23 Interns
from 14 Colleges
and Universities
in 2016



Occupational Safety and Health

SJG has based its safety philosophy on six principles:

- All injuries can be prevented
- Management is dedicated to preventing injuries and illnesses
- All hazards can be controlled
- Safety is a condition of employment
- Employees must be trained to work safely
- Preventing injuries is good business for everyone

Steering Committee

SJG's Safety and Health Strategic Steering Committee leads the development of programs by providing guidance, making decisions and establishing policies that reduce accidents and injuries, and maintain or improve the health of our employees, contractors, and the general public.

The committee's responsibilities are to:

- Ensure safety remains a core value for the company by providing oversight of safety performance and leading communications activities in areas of safety and health
- Establish goals, policies, and programs to support the creation of a safe and healthy work environment
- Promote accountability for safety at all levels of the organization
- Ensure adequate resources are provided to achieve company safety and health goals

- Evaluate the effectiveness of company safety and health programs, and modify programs as required to improve performance
- Evaluate the impact of legislation or regulatory actions in the areas of safety and health, and ensure responses to the changing environment are timely and appropriate
- Ensure lessons learned from safety incidents are communicated and implemented across SJG

SJG continues its commitment to reducing the number of Occupational, Safety, and Health Administration (OSHA) recordable incidents and preventable motor vehicle accidents. Our goal in 2015, which continues in 2016, is to aggressively pursue improvement in safety performance with the ultimate goal of zero injuries and zero preventable motor vehicle accidents, while tracking our injuries and determining the root cause of injuries. We are attempting to achieve top quartile performance among our peers by 2017.

	Incident/ Accident Targets	Incident/ Actual
	2015	2015
OSHA Recordable Work Incidents	<16	7
Lost-Time Accidents	<9	2
Preventable Motor Vehicle Accidents	<6	16

Utility Safety Training

SJG's training center provides necessary technical and safety training to service and street department employees. Some of the programs offered include:

- Traffic Control
- Defensive Driving
- Incident Command System
- Proper Lifting Techniques
- Gas Leak Investigations
- Operator Qualification

Safety and Public Awareness

SJG maintains a multifaceted Pipeline Safety Public Awareness Communication Plan to ensure all stakeholders are well-informed on pipeline safety. Company leaders oversee this plan to ensure compliance with laws set by the Federal Office of Pipeline Safety and the American Petroleum Institute. At regular intervals, evaluations occur to gauge its effectiveness and identify opportunities for improvement.

The Plan targets outreach and messages to customers, noncustomers who live near a pipeline facility, emergency officials, public officials, excavators, and employees. Information is shared with these audiences through special events, bill inserts, direct mailings, news releases, public service announcements, social media, presentations, and more.

In 2015 and 2016, our teams partnered with Atlantic City Electric, NJ One Call, UtiliQuest® and Atlantic InfraTrac to educate customers at special events.

SJG personnel are also involved in the Common Ground Alliance. This group raises infrastructure damage prevention awareness on national and statewide bases. The national 811 "Call Before You Dig" phone number is regularly promoted in Pipeline Safety Public Awareness Communication Plan efforts. Our actions have led to fewer damages per thousand markout tickets. Since 2012, we have reduced this number from 4.98 to 3.75.

Operations Technician Training

Our Operations Technician Training Program, implemented in conjunction with several local community colleges, the Northeast Gas Association, and local workforce investment boards, continues to help build a pool of qualified and diverse applicants for SJG and our contractors. We partner with the Atlantic City Branch of NAACP to both broaden and increase the number of applicants for training programs.

The program has now graduated over 50 students. These graduates have received jobs with SJG or our contractors, benefiting our local economy. We have received industry recognition for this unique program and shared the model at numerous industry gatherings, including the Northeast Gas Association (NGA), American Gas Association (AGA), and NGDC meetings.

Emergency Response Preparation

SJG recently participated in an AGA-led National Mutual Assistance mock drill with the NGA to test mutual aid assistance plans. The exercise enabled the SJG team to practice its response process along with other utilities. Drills like this one connect SJG with local organizations to better prepare for potential emergencies.

Our training staff also provides information to fire departments in our service area to instruct first response personnel on how to respond to emergency situations involving natural gas.



Talent and Community



50%
Diverse Workforce
in 2015

\$100K

Raised in Employee
United Way Campaign



Fueling the Future of Our Employees

At South Jersey Industries, we take pride in recruiting and retaining the best talent. From the moment employees start their careers at SJI, we fuel their future by offering opportunities to grow across business lines. Opportunities include sales, engineering, communications, technical services, accounting, human resources, legal services, customer care, and more. We look for enthusiastic, talented professionals for every facet of our company.

Workforce Demographics

As of December 31, 2015, SJI had 731 employees:

- 108 corporate staff
- 490 in the South Jersey Gas utility encompassing all locations
- 133 in the nonregulated companies (South Jersey Energy Solutions and its subsidiaries)
- 44% of total workforce represented by unions

Promoting a Diverse and Inclusive Workforce

We continue to make progress in increasing our diversity in the workforce. Currently, 19 percent of our employees represent an African American, Hispanic or Latino, Asian, or other diverse classification. Thirty-nine percent of our employees are women serving in various roles throughout the company. We also doubled diversity hires year-over-year.

We ensure that all levels of our workforce reflect the composition of the region we serve. Our framework for diversity and inclusion includes talent management, community partnerships, and providing opportunities for diverse suppliers.

Our commitment to inclusion is demonstrated through our support of employees from all backgrounds to realize their full potential. We strongly believe that differences of culture, circumstance, and view points play a key role in broadening our ability to grow our company. A diverse workplace maximizes employee performance and creates value for our customers and our shareholders.

Employee Resource Groups

Beyond continuing to grow our diverse workforce, we offer resource groups to employees and are exploring additional ways to continue to share and learn more about our cultures. Currently we offer two groups, and we are looking to expand offerings in the coming year.

- **Women’s Leadership Initiative (WLI):** Encourages growth and development, provides ongoing mentoring, and establishes a strong community through education, collaboration, and networking. This year, WLI provided community support to Cozies for Chemo, Atlantic City Rescue Mission’s Sister Circle, St. Vincent DePaul, Image and Attitude, Bringing Hope Home, and others.
- **American Association of Blacks in Energy (AABE):** This national association of energy professionals was founded and dedicated to ensure the input of African Americans and other

South Jersey Industries’ Employee Diversity

	American Indian or Alaska Native	Asian	Black	Hispanic or Latino	Two or More Races	White	Grand Total
Female	1	3	39	14	2	226	285
Male	1	12	45	21	2	365	446
Total	2	15	84	35	4	591	731



SJI Workforce
39%
Women



Recipient of
2015
 Supplier Diversity
 Development
 Council Award

minorities into the discussions and developments of energy policies, regulations, R&D technologies, and environmental issues. AABE South Jersey focuses its efforts on employee development, community service, and scholarships. Through its annual golf tournament and other fundraising events, AABE South Jersey was able to provide 16 scholarships to high school seniors pursuing college degrees in a business or STEM-related discipline.

Supplier Diversity

We believe that building a more diverse supplier base will help us to better serve our customers and remain competitive. It's our policy to encourage and afford opportunities to minority, women, and service disabled veteran-owned businesses, while ensuring the best combination of quality, service, and cost-effectiveness.

SJI is a proud member of the New Jersey Board of Public Utilities Supplier Diversity Development Council, which is dedicated to forging effective working relationships between diverse businesses and New Jersey public utilities. An SJI employee sits on the SDDC Board of Directors, in addition to our regular submission of progress reports. In 2015, we were awarded the Supplier Diversity Development Council Award.

“If you're looking for a company where you can learn, grow, and be mentored by passionate professionals, South Jersey Industries is that place!”

—M. M., Salisbury University
 POWER Program Professional



Labor Philosophies, Policies, and Practices

SJI has policies and procedures in place that help us acquire and retain high-quality employees. We expect our employees to perform their jobs in accordance with commonly accepted workplace standards, courtesy, and common sense. Our employees' actions are guided by our corporate values.

SJI's Human Resources Policy addresses Equal Employment Opportunity and Affirmative Action/Nondiscrimination practices. SJI is fully committed to ensuring that the principles of Equal Employment Opportunity and Affirmative Action and Nondiscrimination are endorsed and enforced by all employees.

The policy states that SJI will:

- recruit and hire employees without regard to race, color, religion, gender, sexual orientation, age, national origin, physical or mental disability, or veteran's status.
- treat employees equally with respect to compensation, benefits, opportunities for advancement, including upgrading, promotion and transfer, and all other privileges, terms, and conditions of employment.
- provide equal employment and advancement opportunities on the basis of individual qualifications and job performance.
- maintain a working environment that is free from harassment.
- promote a values-based culture.

“‘Exponential growth’ is the phrase I use to describe my summer internship with SJI. In eleven weeks, I went from being a timid college student to a confident professional. This was NOT a ‘get me a coffee and scan this’ internship.”

—J. M., University of Delaware
SJI Intern

Strengthening Our Employee Pipeline

We strive to help our employees learn and grow both professionally and personally. Employees have a variety of developmental opportunities, such as the ability to network with our management and leadership teams, attend training classes, and participate in our tuition reimbursement program.

We are always looking for new and innovative ways to promote development. Our programs are structured in a way that will assist our employees to become well-rounded in all aspects of the organization:

- **Internship/Co-op programs for students:**

We have structured intern and co-op programs that provide the opportunity for students to experience a meaningful real-world work environment.

Beyond providing enrichment in their professional experience, interns have a chance to network and give back to the community.

This year, our interns participated in a community service day, attended an SJI executive speed networking breakfast with company senior leaders, participated in an intern swap for a day to learn about other internships, and took field trips to other offices and facilities.

SJI representatives attended 26 job fairs to recruit for interns in 2016. As we have grown our curriculum we have also increased our participation. We nearly doubled intern hires from 12 to 23, representing 17 colleges over the past three years. Our goal is to convert interns into full-time employees. To date, we have hired 30% of the graduating seniors from the 2015 Intern Class.



- **POWER Program for working professionals:**

We also offer a leadership development program, known as the POWER Program, in which employees work in various functional areas to enhance their overall knowledge of the business. Currently, we have seven individuals participating in this program and we have hired three who successfully completed the program.

- **Development opportunities for seasoned employees and beyond:**

We offer training to keep employees ahead of the curve for industry and business knowledge. The Principles of Public Utilities Operations and Management program is a 10-week course designed to provide exposure and insight into public utilities operations through weekly half-day classroom sessions taught by internal experts from the business areas.

- **Development for managers:**

New this year, we are piloting a Manager’s Bootcamp to help managers gain the skills they need to be successful in leadership roles. This year’s curriculum included a session on tips to develop their teams, a coaching seminar, and the opportunity to learn about the professional background of a senior executive. In 2016, we are launching SJI 101, where participants will learn about the businesses that make up SJI, corporate departments and what they do, and how rates are determined.

“I loved the challenge of the steep learning curve required to succeed in the company, and the high level of responsibility that I was given as soon as I was familiar with the basics.”

—S. M., University of Pennsylvania
SJI Intern

Talent Pipeline Outreach

In 2016, we attended regional and national events to extend our outreach into the community. We also participated in the NAACP Conference in Philadelphia, Hire Our Heroes Veteran's Initiative, and HireAbility.

Partnerships with Rowan College at Burlington County in creating and executing the Women in Sustainable Energy (WISE), Career in Energy Workforce Development, and an Operations Technician Program complement our outreach strategy.

Fairness Training

SJI regularly trains its employees to avoid engaging in behavior that could constitute discrimination or harassment based on a characteristic prohibited by state or federal law. In addition, we train employees how to respond if they view or feel they are victims of harassment or discrimination. As part of this training, company policies on antiharassment and discrimination that strictly prohibit harassing and/or discriminating behavior are reviewed with employees.

We provide ethics training to newly hired employees within a short time of hire that encompasses antiharassment/discrimination training. Further, we provide new hires our HR policy/procedure manual, which contains anti-harassment discrimination policies. Employees sign off on an acknowledgment of receipt and understanding of those policies.

The company also provides employees with a web portal through which they can anonymously report behavior they believe to be problematic. Through MySafeWorkplace.com, employees have access to a third-party complaint mechanism in addition to the company's internal complaint procedures.

Employee Health and Wellness

SJI recognizes the importance of promoting healthy living and equipping its employees to make positive lifestyle choices. In recognition of the company's commitment to employee health and wellness, the American Heart Association again awarded SJI with Platinum-Level Certification.

Our corporate wellness program provides the following benefits:

- **Wellness Reimbursement Program** – reimbursement of gym or weight-loss program membership costs.
- **Onsite Programs**
 - **Weight Watchers® at Work** – two sessions held in 2015 with 35 employees participating
 - **Exercise** – a six-week, instructor-led Zumba class
 - **Wellness Seminars** – topics such as Heart Health, Memory Loss, and Men's and Women's Health, for nearly 100 employees
 - **Flu Shot Clinics** – offered every year at most locations, plus free vaccinations for adult dependents with 158 employees participating in 2015
 - **Mammograms** – mobile facility visits annually
 - **Blood Drive** – at multiple locations throughout the year, 60 participants combined
- **Walking Programs**
 - Company-sponsored American Heart Association/American Stroke Association *Heart Walk* and March of Dimes *March for Babies* walk
 - **Walking Day** – employees walk as a group to begin a new healthy habit of walking daily at lunch
 - **Walking Competitions** – four-week competition to incentivize increased steps per week with prizes for winners



Community Partnerships

In our commitment to the community, SJI has provided millions of dollars in financial support to local nonprofit, business, and civic organizations. SJI and its subsidiaries support more than 150 civic and nonprofit organizations each year that directly and positively impact the customers and towns we serve. It is important to recognize that our employees volunteer their time to both business and social service organizations as well.

Through our corporate Community Partnership Grant Program, SJI made the following impact between fall 2015 and spring 2016:

- Funded 65 local nonprofit programs serving five areas:
 - 10% Cultural Diversity
 - 12% Economic Development
 - 13% Environmental Preservation
 - 42% Health & Social Services
 - 23% Vocational & Technical Education
- Game On Grants and Energy for the Arts Programs
 - Game on Grants through SJG invested \$20,000 in more than 570 youth sports teams representing over 15 sports
 - Energy for the Arts through SJES awarded \$20,000 in 20 schools, supporting Fine Arts, Instrumental Music, Jazz Band, Marching Band, Chorus, Drama, Dance, and Digital Media programs
- Next generation in energy careers
 - SJG sponsored teentech 2016, a science, technology, engineering, and math (STEM) careers event for teen girls hosted by Atlantic



Cape Community College. The event was designed to encourage young women to further their education in STEM allowing them to participate in hands-on, science-based workshops.

- 65 girls in grades 9 through 11 attended workshops based on their interests, with topics ranging from television production to medical training. The girls also heard from a panel of women in STEM careers, including two female SJG engineers. A portion of the funding created a scholarship for one of the attendees.
- In-kind donations
 - SJESP donated the HVAC and hot water systems for a Cumberland County Habitat for Humanity home construction in Vineland, NJ in 2015. A longtime supporter of Habitat for Humanity, SJESP has previously installed systems for several homes in Cumberland and Gloucester counties. The company has also provided materials for many other projects.
- Eagles Charitable Foundation
 - SJE presented the Eagles Charitable Foundation with a \$5,000 donation to further improve health outcomes for low-income children in the Greater Philadelphia and southern New Jersey regions in early 2016. SJE's donation provided children in the community greater access to vision care and autism research and services. Its eye doctor on wheels program, via the Eagles Eye Mobile, travels to a different school each day to make free comprehensive vision care accessible to under-insured and uninsured children in the area.



- Employee volunteer efforts
 - A group of SJG volunteers gave approximately 460 local school children from Cumberland County the gift of warmth thanks to the New Jersey Motorsports Park's annual Coats For Kids event, of which SJG is a major sponsor. Underserved children gathered to meet with Santa Claus, enjoy a warm meal, and pick out their very own brand-new coat, gloves, hat, and scarf. Additionally, with the help of a company collection, SJG donated 350 children's books distributed at the event.
 - In May 2016, SJI employees joined with the American Red Cross and members of the community to install smoke detectors and educate residents about fire prevention and disaster preparedness during a walk along a designated route through residential areas of Atlantic City.
 - SJI volunteers gave back to the community as part of the United Way of Greater Philadelphia and Southern New Jersey's Day of Action. Volunteers packed summer learning and activity kits, that included books, pencils, notebooks, worksheets, sunscreen, frisbees, and jump ropes to keep students engaged over the summer.
 - SJI's summer intern class participated in a day of service at The Community Food Bank of New Jersey's southern branch in Egg Harbor Township in July 2016. The interns packed 300 boxes of 25 different food items, ranging from pancake mix to pasta, for families in need.
 - Through Junior Achievement of New Jersey, 12 SJI employees offered their time and talents for a day to help prepare sixth-, seventh-, and eighth-grade students for a successful future. With the help of our volunteers, students learned entrepreneurship, work readiness, and financial literacy concepts and skills.

Recognition and Awards

Community Champion Award

In June 2016, SJI was honored with the New Jersey Community Champion Award from the United Way of Greater Philadelphia and Southern New Jersey. The award recognizes the company's exceptional commitment across the community through service and support. For the southern New Jersey region, that covers more than 600,000 residents. Employee generosity, along with corporate contributions, helped SJI raise more than \$100,000 for United Way priority programs.



Fit-Friendly Worksite

The American Heart Association acknowledged SJI as both a 2015 and 2016 Platinum-Level Fit-Friendly Worksite. This level of achievement recognizes corporate commitment to promoting a wellness culture through proof of its effectiveness in changing behavior and/or saving costs.

Member of the Year Award

At the 2015 Cape May County Chamber of Commerce Annual Meeting, SJES received the Member of the Year Award—the highest honor given by the Chamber. The award recognizes the member company that excels beyond all others in supporting Chamber programs, including outstanding event attendance, and overall assistance to other member companies.



▲ SJJ summer internship students tour the McKee City, NJ Liquefied Natural Gas facility, June 2016.



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